

# **VERMONT**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

***For the fiscal year ended JUNE 30, 2020***

*STATE OF VERMONT*

**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**

*For the fiscal year ended JUNE 30, 2020*



*Philip B. Scott*  
Governor

*Prepared by the Department of Finance and Management*

**STATE OF VERMONT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	PAGE
<b>INTRODUCTION (Unaudited)</b>	
Title page.....	1
Table of Contents.....	2 - 4
Letter of Transmittal.....	5 - 8
Certificate of Achievement .....	9
Organization Chart.....	10
Selected State Officials.....	11
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report.....	13 - 15
Management's Discussion and Analysis (Unaudited).....	16 - 34
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position.....	38 - 39
Statement of Activities.....	40 - 41
Governmental Funds Financial Statements	
Balance Sheet.....	44 - 45
Reconciliation of Governmental Fund Balances to the Statement of Net Position - Governmental Activities.....	46
Statement of Revenues, Expenditures and Changes in Fund Balances.....	48 - 49
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities - Governmental Activities.....	50
Proprietary Funds Financial Statements	
Statement of Net Position.....	52 - 55
Statement of Revenues, Expenses and Changes in Net Position.....	56 - 57
Statement of Cash Flows.....	58 - 59
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position.....	62
Statement of Changes in Fiduciary Net Position.....	63
Discretely Presented Component Units Financial Statements	
Statement of Net Position.....	66 - 67
Statement of Activities.....	68
Notes to the Financial Statements Index.....	69
Notes to the Financial Statements.....	70 - 176

	<u>PAGE</u>
<b>Required Supplementary Information (Unaudited)</b>	
Defined Benefit Pension Plans-Schedule of Changes in Net Pension Liability and Related Ratios.....	178 - 183
Defined Benefit Pension Plans-Schedule of Employer and Nonemployer Contributions.....	184
Defined Benefit Pension Plans-Notes to Required Supplementary Information.....	185
Defined Benefit Pension Plans-Schedule of State's Proportionate Share of the Net Pension Liability.....	186 - 187
Defined Benefit Pension Plans-Schedule of Investment Returns.....	188 - 189
Other Postemployment Benefit Plans-Schedule of Changes in Net OPEB Liability and Related Ratios...	190 - 191
Other Postemployment Benefit Plans-Schedule of Investment Returns.....	192
Other Postemployment Benefit Plans-Schedule of Employer and Non-Employer Contributions.....	192
Other Postemployment Benefit Plans-Notes to Required Supplementary Information.....	193
Other Postemployment Benefit Plans-Schedule of State's Proportionate Share of the Net OPEB Liability.....	194
Budgetary Comparison Schedule-General Fund.....	196 - 197
Budgetary Comparison Schedule-Transportation Fund.....	198
Budgetary Comparison Schedule-Education Fund.....	199
Budgetary Comparison Schedule-Special Fund.....	200 - 201
Budgetary Comparison Schedule-Federal Revenue Fund.....	202 - 203
Budgetary Comparison Schedule-Global Commitment Fund.....	204
Notes to Required Supplementary Information-Budgetary Reporting.....	205 -206
<b>Other Supplementary Information - Combining and Individual Fund Statements and Schedules</b>	
Governmental Funds	
Nonmajor Governmental Funds	
Combining Balance Sheet.....	210 - 213
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	214 - 217
Proprietary Funds	
Nonmajor Enterprise Funds	
Combining Statement of Net Position.....	220 - 221
Combining Statement of Revenues, Expenses and Changes in Net Position.....	222 - 223
Combining Statement of Cash Flows.....	224 - 225
Internal Service Funds	
Combining Statement of Net Position.....	228 - 232
Combining Statement of Revenues, Expenses and Changes in Net Position.....	234 - 238
Combining Statement of Cash Flows.....	240 - 244
Fiduciary Funds	
Pension and Other Postemployment Benefit Trust Funds	
Combining Statement of Fiduciary Net Position.....	246 - 247
Combining Statement of Changes in Fiduciary Net Position.....	248 - 249
Agency Funds	
Combining Statement of Changes in Assets and Liabilities.....	252 - 254
Discretely Presented Component Units	
Non-major Component Units	
Combining Statement of Net Position.....	256
Combining Statement of Activities.....	257

	<u>PAGE</u>
<b>STATISTICAL SECTION (Unaudited)</b>	
Statistical Section Contents.....	259
Financial Trends Information	
Table 1 - Net position by component, last 10 fiscal years.....	260 - 261
Table 2 - Changes in net position, last 10 fiscal years.....	262 - 265
Table 3 - Fund balances, governmental funds - last 10 fiscal years.....	266 - 267
Table 4 - Changes in fund balances, governmental funds - last 10 fiscal years.....	268 - 269
Revenue Capacity Information	
Table 5 - Personal income and earnings by major industry, last 10 calendar years.....	270 - 271
Table 6 - Personal income tax rates and collections, last 10 calendar years.....	272
Table 7 - Personal income tax filers and liability by income level, calendar years 2019 and 2010.....	273
Debt Capacity Information	
Table 8 - Ratios of outstanding debt by type, last 10 years.....	274
Table 9 - Ratios of general obligation bonded debt outstanding, last 10 fiscal years .....	275
Demographic and Economic Information	
Table 10 - Demographic and economic statistics.....	276 - 277
Table 11 - Annual average non-farm employment by industry.....	278
Operating Information	
Table 12 - State government full-time equivalent employees by function/program.....	279
Table 13 - Operating indicators by function/program, last 10 years.....	280 - 281
Table 14 - Capital asset statistics by function, last 10 years.....	282 - 283
Table 15 - Tax increment financing districts revenues, last 10 years.....	284
Legend of Acronyms.....	285 - 286



**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 David Zuckerman, Lieutenant Governor,  
Chairs of House Committees on Appropriations, Institutions and Ways and Means,  
Senate Committees on Appropriations, Finance and Institutions, and  
The Citizens of the State of Vermont:

Pursuant to 32 VSA § 182 (a)(8), the Department of Finance and Management is pleased to present the Comprehensive Annual Financial Report (CAFR) of the State of Vermont for the fiscal year ended June 30, 2020. The Department prepared these financial statements and assumes responsibility 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 fairly 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 CAFR. The first item is the Management 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 CAFR 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 CAFR 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 9,615 square miles of land and water area, ranking the state 45th in terms of land and water area among the 50 states. Vermont's population, as measured by the last decennial Census on April 1, 2010, was 625,741, ranking the state 49th among the 50 states - unchanged from the 2000 and 1990 Censuses per the U.S. Bureau of the Census. The state capital is Montpelier, and the largest city is Burlington. As of calendar year 2019, 93.1 percent of Vermonters aged 25 or older were at least high school graduates (ranked number 8 in the country) while 38.7 percent had at least a college bachelor's degree (ranked number 8 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 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 2020, General Fund tax revenues accounted for 94.7 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 74.3 percent of General Fund total tax revenues, or approximately 70.3 percent of total General Fund revenues. General Fund expenditures used 63.4 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, and Debt Service. Most of the remainder of the resources provided by 2020 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 started the fiscal year reflecting a steady but improving outlook. In calendar year 2019, the national economy as measured by current-dollar Gross Domestic Product (GDP) grew by 4.0 percent, while Vermont's current-dollar Gross State Product (GSP) grew at 3.1 percent, slightly lower than the national rate. Vermont's labor market was strong with an unemployment rate of 2.4 percent (seasonally adjusted), one of the lowest in the nation at the time. Vermont faces demographic challenges to labor market growth which contributes to forecasted economic growth being slightly lower than the national rate.

In March 2020, the World Health Organization declared COVID-19 a worldwide pandemic, the U.S. declared a national emergency, and Vermont's Governor declared a state of emergency in response to COVID-19. In Vermont and across the nation mitigation actions were implemented in an effort to control the severe public health crisis. These actions, while necessary to help contain the spread of the virus, put an abrupt end to the longest economic expansion in history. The COVID-19 pandemic is having a significant impact on global markets, supply chains, businesses, state and local governments, communities, and the health care system. In the first quarter of 2020, real GDP nationally decreased by 5.0%. The mitigation efforts put broad limits on economic activity causing unemployment insurance claims to spike upward. In April, the national unemployment rate increased to 14.7%.

Vermont has done relatively well controlling the disease to date. The measured reopening of the state's economy has not caused a significant rise in COVID-19 cases. Vermont's unemployment rate has steadily improved from a high of 16.5 percent in April, to 9.4 percent in June, and to 3.2 percent in October. However, with the risk of a virus resurgence developing, the future is highly uncertain. One bright spot in Vermont's economy is the housing market that has steadily strengthened during the fiscal year. Vermont's housing market has benefited from buyers seeking safe haven from more urban areas in which social distancing is more difficult. Vermont's home price growth is forecasted to grow at a higher rate than the U.S. national average.

Based on Vermont's August 2020 consensus forecast, the state's annual average unemployment rate is expected to average 7.9 percent for calendar year 2020 and then drop to 6.1 percent in calendar year 2021 and 4.9 percent in calendar year 2022. If estimates are correct, Vermont's unemployment rate as of the end of calendar year 2022 would be 1.7 percentage points below the forecasted U.S. unemployment rate for the same period. The rate of payroll job growth is expected to increase by 1.3 percent in calendar year 2021 and 3.2 percent in calendar year 2022. For calendar year 2021, Vermont's personal income growth is expected to decrease 1.1 percent, and increase to 4.3 percent in calendar year 2021. Housing prices in Vermont are then expected to increase by 5.2 percent and 6 percent in calendar years 2021 and 2022, respectively.

## **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 2020 meeting the Committee made a recommendation of net tax-supported debt not to exceed \$123.2 million for the 2022-2023 fiscal year biennium, reflecting no change from the previous biennium's recommendation. In the 2020 legislative session, the General Assembly authorized \$123.2 million in total capital project spending in new general obligation debt and \$11.6 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, 2020. 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 CAFR for the fiscal year ended June 30, 2019. This was the eleventh year Vermont has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. 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 CAFR 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: 2020.12.29 09:53:34  
-05'00'

Adam Greshin  
Commissioner  
Department of Finance and Management  
December 29, 2020



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**State of Vermont**

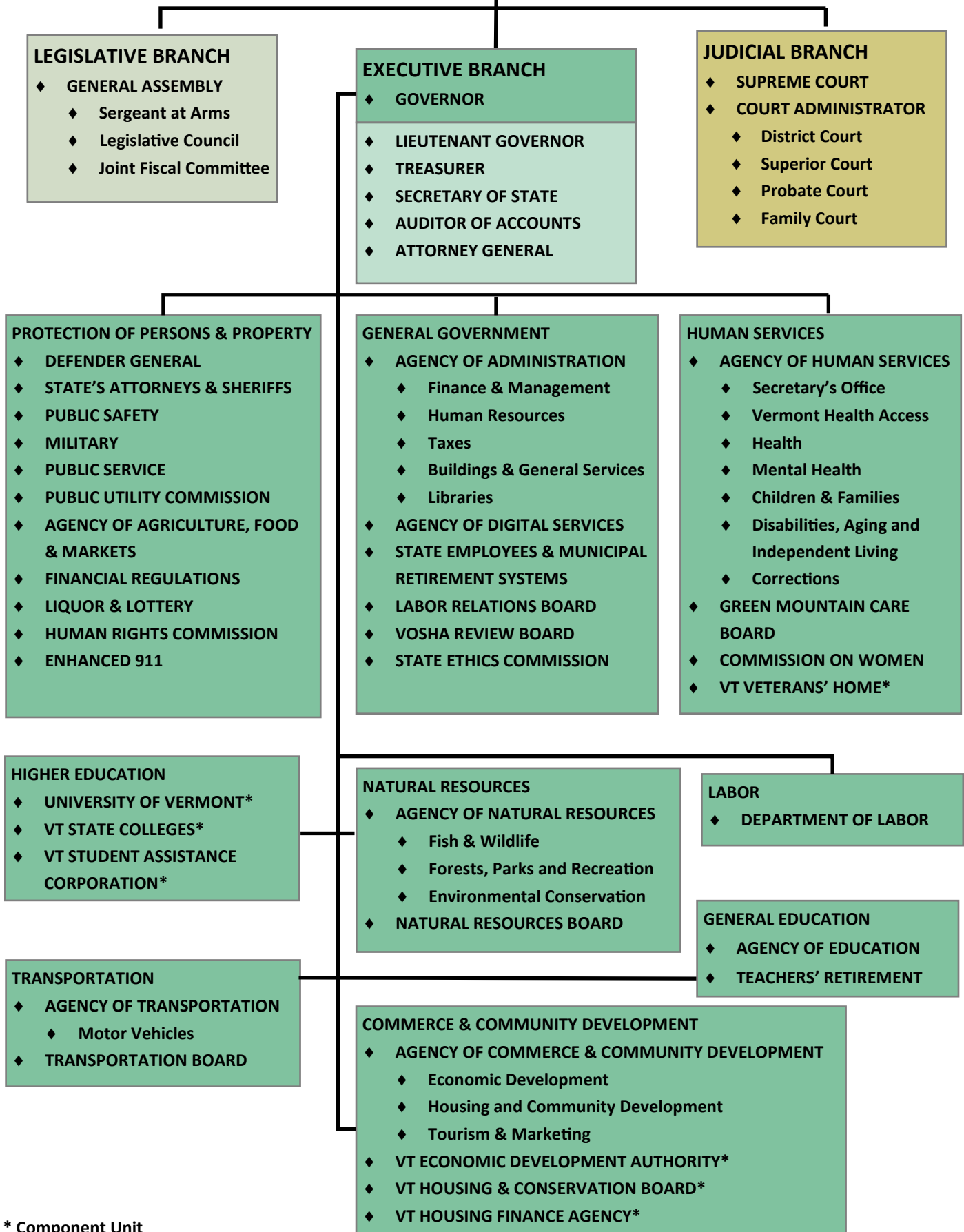
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morrill*

Executive Director/CEO

# VERMONT CITIZENS



\* Component Unit

***SELECTED STATE OFFICIALS***  
***As of June 30, 2020***

***EXECUTIVE***

*Philip B. Scott*  
*Governor*

*David Zuckerman*  
*Lieutenant Governor*

*James C. Condos*  
*Secretary of State*

*Thomas J. Donovan Jr.*  
*Attorney General*

*Douglas R. Hoffer*  
*Auditor of Accounts*

*Elizabeth Pearce*  
*State Treasurer*

***JUDICIAL***

*Paul L. Reiber*  
*Chief Justice*

***LEGISLATIVE***

*Tim Ashe*  
*President Pro Tempore of the State Senate*  
*(30 Senators)*

*Mitzi Johnson*  
*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 Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of 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%	0.10%
Business-Type Activities	State Lottery Fund; Energy Efficiency Utility Fund	5.54%	21.38%
Special Fund	Universal Service Fund	1.15%	2.10%
State Lottery Fund	State Lottery Fund	100.00%	100.00%
Aggregate Remaining Fund Information	Energy Efficiency Utility Fund	0.42%	6.17%

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

Opinion Unit	Entity	Percent of Opinion Unit's Total	
		Assets	Revenues / Additions
<b>Aggregate Discretely Presented Component Units</b>	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%

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, based on our audit and the reports of other auditors, 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, 2020, 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.

**Other Matters**

*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, 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.

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

We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other 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 introductory section, other supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2020, 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 29, 2020



# Management's Discussion and Analysis

State of Vermont

Unaudited

Fiscal Year Ended June 30, 2020

## INTRODUCTION

We are pleased to present this analysis and discussion of Vermont's financial performance for the fiscal year ended June 30, 2020. 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 2020. 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 deficit net position of \$319.2 million, comprised of \$6.660 billion in total assets and \$712.1 million in deferred outflows offset by \$7.263 billion in total liabilities, and \$428.2 million in deferred inflows at June 30, 2020 (Table 2). Of this deficit net position amount, \$2.754 billion represents the net investment in capital assets, \$919.4 million is restricted for various purposes, and \$3.993 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 decreased by \$258.5 million as a result of this year's operations. The net position for governmental activities decreased \$112.5 million and net position for business activities decreased by \$146 million (Table 3). The decrease in net position for business activities was primarily due to reductions in the financial position of the Unemployment Compensation Trust Fund.

### Fund level

- Vermont's governmental funds reported a combined ending fund balance of \$1.095 billion, an increase of \$38.7 million or 3.7% above the prior year. Of this ending fund balance, \$64.0 million is non-spendable, \$532.8 million is restricted for specific purposes, and \$498.4 million 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 (\$51.7 million), and an increase in Capital Projects Funds (\$35.3 million), offset by an decrease in Special Revenue Funds (\$48.8 million).
- Vermont's enterprise funds reported a combined net position of \$391.7 million, a decrease of \$146.0 million over last year.
- Vermont's General Fund reported an ending fund balance of \$264.5 million, of which \$56.6 million is non-spendable, and \$207.9 million is available for spending (assigned and unassigned).

### Capital assets

- The carrying amount of capital assets for the primary government increased to \$3.164 billion, an increase of \$75.9 million over last year. The increase is primarily due to \$112.1 million in infrastructure assets, \$9.6 million in construction in process, and \$5.3 million in land and land improvements; offset by a \$40.9 million decrease in machinery and equipment and \$10.2 million decrease in buildings and improvements.

### Long-term debt

- Vermont's debt outstanding for general and special obligation bonds increased \$27.3 million as compared to fiscal year 2019. In 2020, Vermont issued \$127.8 million in general obligation bonds, and retired \$98.8 million in general obligation bonds and \$1.7 million in special obligation bonds.

More information regarding the government-wide financial statements, fund level financial statements, capital asset activity and long-term debt activity can be found beginning on page 23.

# Management's Discussion and Analysis

State of Vermont

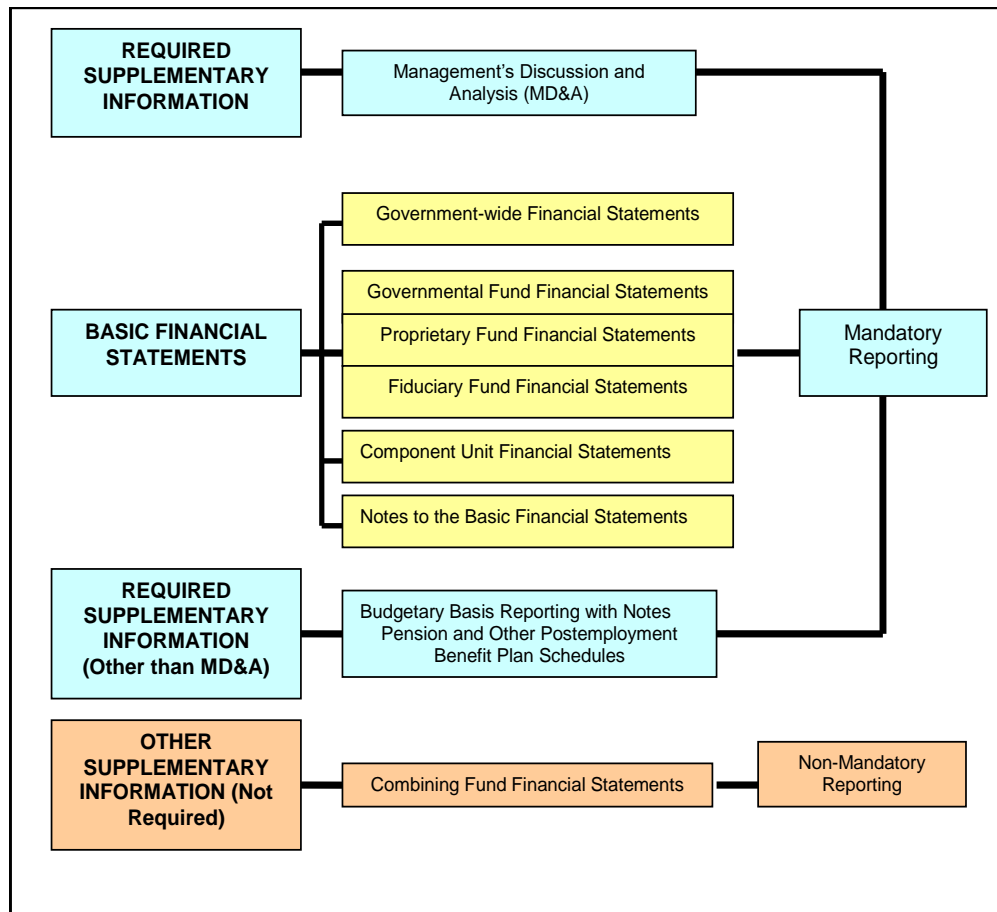
Unaudited

Fiscal Year Ended June 30, 2020

## OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report (CAFR) 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 CAFR, 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 CAFR.



### 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.

## Management's Discussion and Analysis

State of Vermont

Unaudited

Fiscal Year Ended June 30, 2020

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

<b>Table 1 - Major Features of the State's Government-wide and Fund Financial Statements</b>				
	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<b>Scope</b>	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
<b>Required financial statements</b>	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, Expense, and Changes in Net Position, Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
<b>Accounting basis and measurement focus</b>	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
<b>Type of asset / liability information</b>	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
<b>Type of inflow / outflow information</b>	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,

## Management's Discussion and Analysis

State of Vermont

Unaudited

Fiscal Year Ended June 30, 2020

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.

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.

## Management's Discussion and Analysis

State of Vermont

Unaudited

Fiscal Year Ended June 30, 2020

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 capital lease obligations, 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 and note proceeds result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements. Payments of bond and note 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 and notes 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 agency funds). Combining schedules or statements for the individual pension, other postemployment benefit, and agency 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.

## Management's Discussion and Analysis

State of Vermont

Unaudited

Fiscal Year Ended June 30, 2020

### 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 non-spendable, 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,

## Management's Discussion and Analysis

*State of Vermont*

*Unaudited*

*Fiscal Year Ended June 30, 2020*

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 Agency Funds (nine agency funds which account for the assets held for distribution by Vermont as an agent for other governmental units, organizations or individuals). These funds' financial reports 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 agency 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.

## Management's Discussion and Analysis

State of Vermont

Unaudited

Fiscal Year Ended June 30, 2020

### 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, the Schedule of Investment Returns, the Schedule of Employer and Non-employer Contributions, 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, The Schedule of Investment Returns, Schedule of Employer and Non-employer Contributions, 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 agency 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, 2020 and 2019 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 deficit net position (governmental and business-type activities) totals \$319.2 million at the end of fiscal year 2020, as shown in Table 2. Approximately \$2.754 billion of the combined net position represents Vermont's investment in capital assets such as land, buildings, equipment, and infrastructure (roads, bridges, and other immovable 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 be provided from other sources, since the capital assets



## Management's Discussion and Analysis

*State of Vermont*

*Unaudited*

*Fiscal Year Ended June 30, 2020*

themselves cannot be used to liquidate these liabilities. Capital assets net of accumulated depreciation increased by \$75.9 million primarily due to a \$112.1 million increase in infrastructure assets, \$9.6 million in construction in process, and \$5.3 million in land and land improvements; offset by \$40.9 million decrease in machinery and equipment and \$10.2 million in buildings and improvements.

An additional portion of the primary government's net position (\$919.4 million) represents resources that are subject to external restrictions on how they may be used. This is a decrease of \$146.3 million and is primarily a result of additional amounts that are restricted for natural resources (\$6.5 million), offset by a decrease in unemployment compensation (\$134.1 million), human services (\$7.9 million), protection to persons and property (\$5.4 million), and transportation (\$4.6 million).

Internally imposed designations of resources are not presented as restricted net position. The remaining balance of unrestricted net position is a deficit of \$3.993 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, \$224.4 million outstanding at June 30, 2020, that does not result in a governmental activities' capital asset.

Current assets increased by \$1.185 billion primarily due to increases in cash and cash equivalents (\$1.008 billion), taxes receivable (\$108.9 million), federal grants receivable (\$40.1 million), and investments (\$3.4 million). The increase in cash & cash equivalents is largely due to the \$1.25 billion in federal assistance Vermont received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act that was passed by Congress to deal with the impact of the COVID-19 pandemic, but was not spent by the fiscal year end. Long term liabilities increased by \$272 million primarily due to the increase in net pension liabilities and net other postemployment benefit liabilities (\$238.9 million) and in bonds, notes, and leases payable (\$30.8 million).

At the end of fiscal year 2020, Vermont reported positive total net position balances in its business-type activities and its discretely presented component units, and a deficit net position in its governmental activities.

*(Table on next page.)*

## Management's Discussion and Analysis

State of Vermont

Unaudited

Fiscal Year Ended June 30, 2020

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<b>ASSETS</b>						
Current assets.....	\$ 2,469.1	\$ 1,303.3	\$ 598.8	\$ 579.8	\$ 3,067.9	\$ 1,883.1
Other assets.....	426.8	465.6	1.7	1.8	428.5	467.4
Capital assets.....	3,159.5	3,083.3	4.1	4.4	3,163.6	3,087.7
<b>Total assets.....</b>	<b>6,055.4</b>	<b>4,852.2</b>	<b>604.6</b>	<b>586.0</b>	<b>6,660.0</b>	<b>5,438.2</b>
<b>DEFERRED OUTFLOWS</b>						
<b>Total deferred outflows.....</b>	<b>709.8</b>	<b>727.8</b>	<b>2.3</b>	<b>2.6</b>	<b>712.1</b>	<b>730.4</b>
<b>LIABILITIES</b>						
Other liabilities.....	1,767.7	674.3	193.0	29.7	1,960.7	704.0
Long-term liabilities.....	5,287.2	5,012.3	15.2	17.7	5,302.4	5,030.0
<b>Total liabilities.....</b>	<b>7,054.9</b>	<b>5,686.6</b>	<b>208.2</b>	<b>47.4</b>	<b>7,263.1</b>	<b>5,734.0</b>
<b>DEFERRED INFLOWS</b>						
<b>Total deferred inflows.....</b>	<b>421.4</b>	<b>492.0</b>	<b>6.8</b>	<b>3.3</b>	<b>428.2</b>	<b>495.3</b>
<b>NET POSITION</b>						
Net investment in capital assets.....	2,750.2	2,656.9	4.1	4.4	2,754.3	2,661.3
Restricted.....	528.8	540.5	390.6	525.2	919.4	1,065.7
Unrestricted (deficit).....	(3,990.1)	(3,796.0)	(2.8)	8.3	(3,992.9)	(3,787.7)
<b>Total net position.....</b>	<b>\$ (711.1)</b>	<b>\$ (598.6)</b>	<b>\$ 391.9</b>	<b>\$ 537.9</b>	<b>\$ (319.2)</b>	<b>\$ (60.7)</b>

Totals may not add due to rounding.

### Changes in Net Position

Governmental type activities had an overall decrease in net position of \$112.5 million, or a 18.8% increase in the deficit net position, resulting from an operating loss of \$164.2 million offset by net transfers in from business-type activities of \$51.7 million. The \$284.2 million increase in revenues over 2019 was due to an increase of \$376.4 million in program revenues, offset by a \$92.2 million decrease in general revenues.

Business-type activities had an overall decrease in net position of \$146 million or 27.1%, resulting from an operating loss of \$94.3 million and net transfers out of \$51.7 million to governmental activities; primarily from the Lottery (\$27.5 million) to support education and \$23 million transfer from Liquor Control Fund to the General Fund. Revenues increased from 2019, primarily due to an increase in unemployment federal grants (\$533 million) and increase in liquor sales (\$23.3 million); offset by a decrease in lottery ticket sales (\$1.9 million) and an increase in unemployment compensation (\$735.5 million) expenses.

The primary government condensed financial statement information is derived from Vermont's June 30, 2020 and 2019 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.

(Table on next page.)

## Management's Discussion and Analysis

State of Vermont

Unaudited

Fiscal Year Ended June 30, 2020

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program revenues						
Charges for services.....	\$ 546.4	\$ 434.6	\$ 424.1	\$ 396.5	\$ 970.5	\$ 831.1
Operating grants and contributions.....	2,116.2	1,860.7	535.1	2.5	2,651.3	1,863.2
Capital grants and contributions.....	184.3	175.2	-	-	184.3	175.2
General revenues						
Income taxes.....	954.9	1,045.4	-	-	954.9	1,045.4
Sales and use taxes.....	439.1	416.8	-	-	439.1	416.8
Statewide education tax						
Gross tax assessed.....	1,309.9	1,271.5	-	-	1,309.9	1,271.5
Income sensitivity adjustment.....	(165.8)	(166.0)	-	-	(165.8)	(166.0)
Meals and rooms tax.....	158.4	184.6	-	-	158.4	184.6
Other taxes.....	617.8	653.7	-	-	617.8	653.7
Miscellaneous.....	29.8	30.3	12.0	11.2	41.8	41.5
<b>Total revenues.....</b>	<b>6,191.0</b>	<b>5,906.8</b>	<b>971.2</b>	<b>410.2</b>	<b>7,162.2</b>	<b>6,317.0</b>
<b>Expenses</b>						
General government.....	302.0	159.7	-	-	302.0	159.7
Protection to persons and property.....	377.0	326.0	-	-	377.0	326.0
Human services.....	2,690.5	2,539.0	-	-	2,690.5	2,539.0
Labor.....	46.6	31.1	-	-	46.6	31.1
General education.....	2,267.4	2,157.2	-	-	2,267.4	2,157.2
Natural resources.....	149.2	143.8	-	-	149.2	143.8
Commerce and community development.....	36.4	41.8	-	-	36.4	41.8
Transportation.....	467.8	460.6	-	-	467.8	460.6
Interest on long-term debt.....	18.3	17.8	-	-	18.3	17.8
Unemployment compensation.....	-	-	801.1	65.7	801.1	65.7
State lottery.....	-	-	110.0	110.2	110.0	110.2
Liquor control.....	-	-	71.6	66.7	71.6	66.7
Other business type expenses.....	-	-	82.8	60.0	82.8	60.0
<b>Total expenses.....</b>	<b>6,355.2</b>	<b>5,877.0</b>	<b>1,065.5</b>	<b>302.6</b>	<b>7,420.7</b>	<b>6,179.6</b>
Change in net position						
before transfers.....	(164.2)	29.8	(94.3)	107.6	(258.5)	137.4
Transfers net in (out).....	51.7	31.7	(51.7)	(31.7)	-	-
<b>Change in net position.....</b>	<b>(112.5)</b>	<b>61.5</b>	<b>(146.0)</b>	<b>75.9</b>	<b>(258.5)</b>	<b>137.4</b>
Net position, beginning of year.....	(598.6)	(660.1)	537.9	462.0	(60.7)	(198.1)
<b>Net position, end of year.....</b>	<b>\$ (711.1)</b>	<b>\$ (598.6)</b>	<b>\$ 391.9</b>	<b>\$ 537.9</b>	<b>\$ (319.2)</b>	<b>\$ (60.7)</b>

Totals may not add due to rounding.

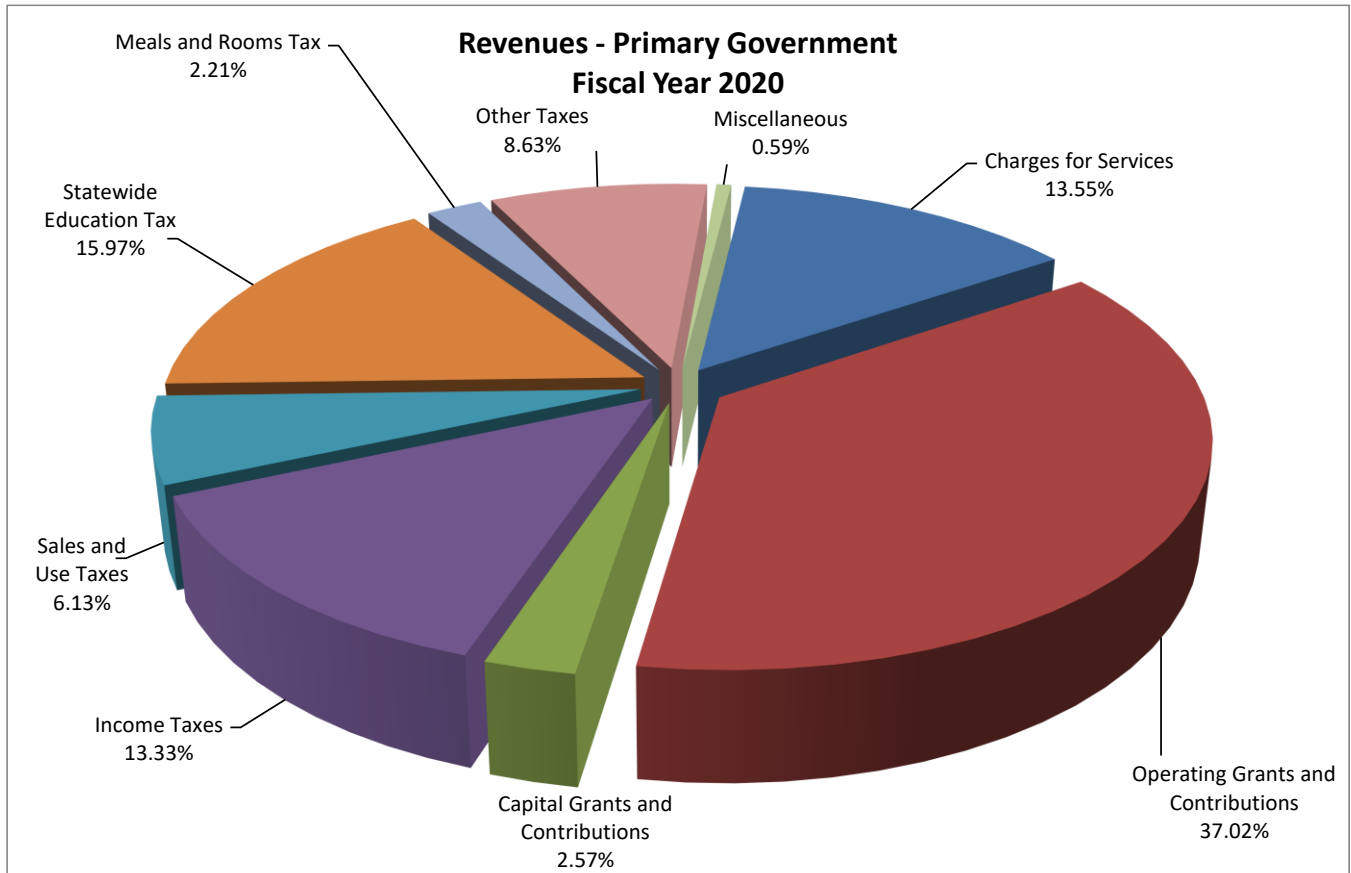
## Management's Discussion and Analysis

State of Vermont

Unaudited

Fiscal Year Ended June 30, 2020

The following graph illustrates the revenues of Vermont's primary government for fiscal year 2020. Approximately 39.6% comes from other entities and governments in the form of operating and capital grants and contributions (primarily federal grant revenues). An additional 29.2% of total revenues are generated by the statewide education and income taxes.



Percentages may not equal 100% due to rounding.

The following graph illustrates the percentages of total primary government expenses for fiscal year 2020. The largest category of expense is for human services (36.3% 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 (30.6% of total expenses) which supports secondary and higher education.

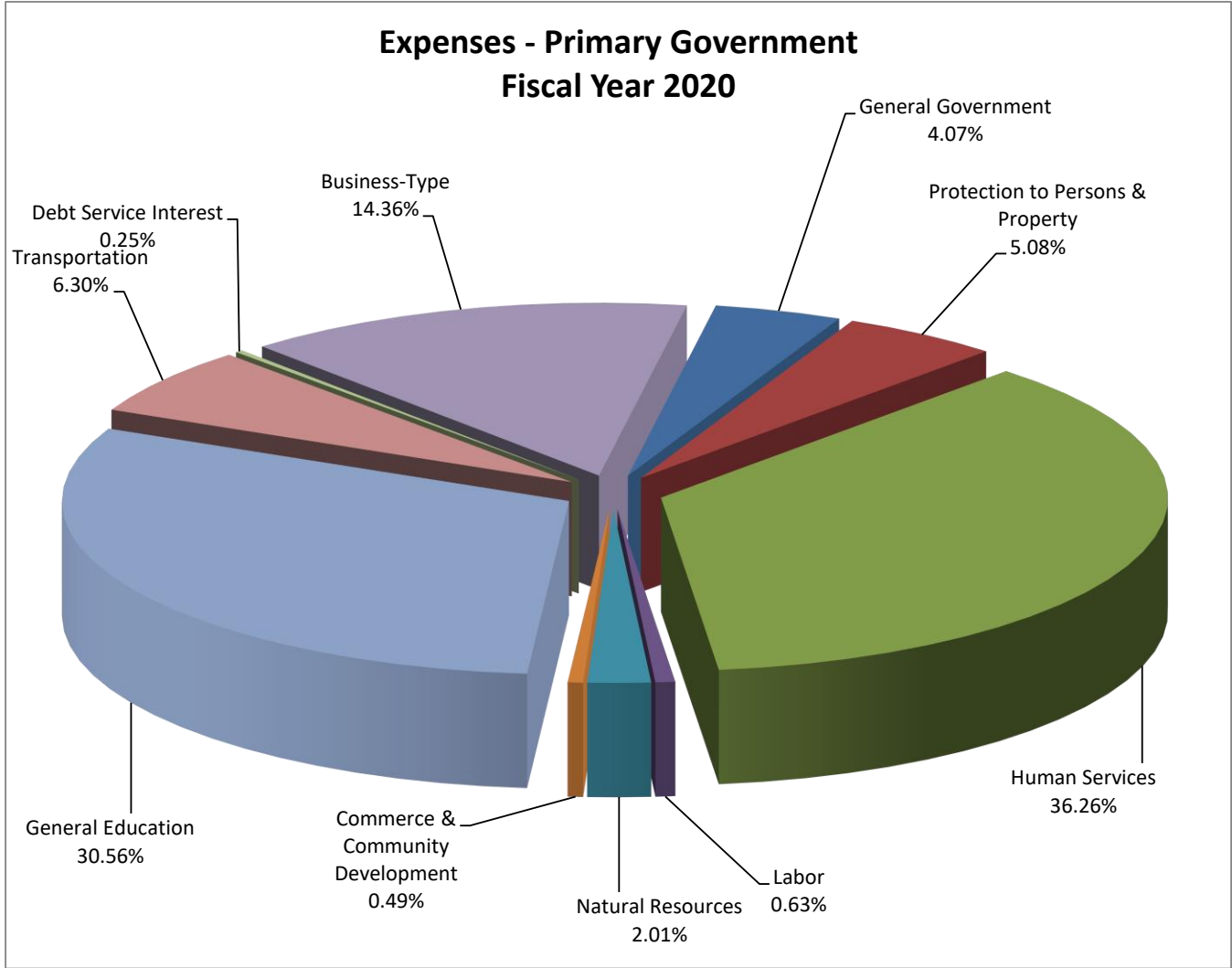
(Chart on next page.)

**Management's Discussion and Analysis**

State of Vermont

Unaudited

Fiscal Year Ended June 30, 2020



**Governmental Activities**

In 2020, governmental activities' expenses exceeded revenues by \$164.2 million (before transfers), the net transfers of \$51.7 million from business activities resulted in a decrease of \$112.5 million, for a 18.8% increase in deficit net position. Revenues increased by \$284.2 million, primarily due to an increase in program revenues (\$376.4 million), offset by a decrease in general revenues (\$92.2 million). Spending increased for human services (\$151.5 million), general government (\$142.3 million), general education (\$110.2 million), protection to persons and property (\$51.0 million), labor (\$15.5 million), transportation (\$7.2 million), and natural resources (\$5.4 million); offset by a decrease in spending in commerce and community development (\$5.4 million).

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

*(Table on next page.)*

## Management's Discussion and Analysis

State of Vermont

Unaudited

Fiscal Year Ended June 30, 2020

**TABLE 4**  
**Revenues - Governmental Activities**

Revenue Type	(In Millions)		
	2020	2019	Change
Charges for services	\$ 546.4	\$ 434.6	\$ 111.8
Operating grants	2,116.2	1,860.7	255.5
Capital grants	184.3	175.2	9.1
Income taxes	954.9	1,045.4	(90.5)
Sales and use taxes	439.1	416.8	22.3
Statewide education tax	1,144.1	1,105.5	38.6
Meals and rooms tax	158.4	184.6	(26.2)
Other taxes	617.8	653.7	(35.9)
Miscellaneous	29.8	30.3	(0.5)
<b>Total</b>	<b><u>\$ 6,191.0</u></b>	<b><u>\$ 5,906.8</u></b>	<b><u>\$ 284.2</u></b>

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

**TABLE 5**  
**Expenses - Governmental Activities**

Functional Category	(In Millions)		
	2020	2019	Change
General government	\$ 302.0	\$ 159.7	\$ 142.3
Protection to persons and property	377.0	326.0	51.0
Human services	2,690.5	2,539.0	151.5
Labor	46.6	31.1	15.5
General education	2,267.4	2,157.2	110.2
Natural resources	149.2	143.8	5.4
Commerce and community development	36.4	41.8	(5.4)
Transportation	467.8	460.6	7.2
Interest on long-term debt	18.3	17.8	0.5
<b>Total</b>	<b><u>\$ 6,355.2</u></b>	<b><u>\$ 5,877.0</u></b>	<b><u>\$ 478.2</u></b>

The following table shows to what extent program revenues (charges for services and grants and contributions) covered program expenses. For fiscal year 2020, program revenues covered \$2.847 billion or 44.8% of \$6.355 billion in program expenses. The remaining \$3.508 billion or 55.2% of program expenses was paid for by state taxes and other general revenue.

*(Table on next page.)*

## Management's Discussion and Analysis

State of Vermont

Unaudited

Fiscal Year Ended June 30, 2020

**TABLE 6**  
**Net Program Revenue**  
For the years ended June 30, 2020 and 2019

	Program Expenses	Less Program Revenues	Net Program (Expense)/Revenue		Program Revenues as a Percentage of Program Expenses	
			2020	2019	2020	2019
Functions/programs						
General government	\$ 301,976,723	\$ 343,700,581	\$ 41,723,858	\$ (104,482,547)	113.8%	27.5%
Protection to persons and property	376,982,613	229,228,112	(147,754,501)	(108,536,109)	60.8%	65.1%
Human services	2,690,565,030	1,583,062,491	(1,107,502,539)	(1,027,433,628)	58.8%	59.7%
Labor	46,572,613	29,086,723	(17,485,890)	1,331,930	62.5%	122.5%
General education	2,267,430,111	147,040,942	(2,120,389,169)	(2,021,232,305)	6.5%	6.3%
Natural resources	149,165,703	91,667,663	(57,498,040)	(37,973,594)	61.5%	72.7%
Commerce and community development	36,434,112	11,006,782	(25,427,330)	(31,022,470)	30.2%	35.2%
Transportation	467,780,974	411,251,410	(56,529,564)	(60,474,929)	87.9%	94.9%
Interest on long-term debt	18,346,420	850,370	(17,496,050)	(16,719,367)	4.6%	6.0%
	<u>\$ 6,355,254,299</u>	<u>\$ 2,846,895,074</u>	<u>\$(3,508,359,225)</u>	<u>\$(3,406,543,019)</u>	<u>44.8%</u>	<u>43.1%</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 2020, the unrestricted fund balance is 45.5% 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 2020, Vermont's governmental funds reported combined fund balances of \$1.095 billion, an increase of \$38.7 million in comparison with the prior fiscal year.

The General Fund is the chief operating fund of Vermont. At the end of fiscal year 2020, the General Fund's total fund balance was \$264.5 million. The fund balance was made up of non-spendable amounts totaling \$56.6 million, and available amounts totaling \$207.9 million of which \$195.5 million is unassigned. During 2020, total revenues and other financing sources were greater than total expenditures and other financing uses by \$51.7 million.

General Fund revenues decreased by \$62.8 million, or 3.84%, primarily due to a \$58.2 million decrease in taxes. Expenditures decreased by \$29.0 million or 2.8%, primarily due to a \$25.4 million decrease in general government, \$7.8 million decrease in general education, \$1.6 million increase in protection to persons and property, and \$1.5 million increase in natural resources. The General Fund's statutory reserve for budgetary stabilization increased by \$1.6 million to \$79.8 million, the statutory maximum.

The Transportation Fund's total fund balance was \$5.6 million at June 30, 2020, a decrease of \$28.0 million from the fiscal year 2019's ending total fund balance. Transportation Fund revenues decreased \$8.8 million or 1.55%, primarily due to a decrease in motor fuel tax (\$13.1 million), purchase and use tax (\$4.5 million), other taxes (\$2.7 million), fees (\$3.1 million), and non-business licenses (\$3.7 million); offset by increases in federal grant funding (\$19.3 million) for transportation related projects. Transportation expenditures increased \$28.0 million for transportation related projects. The Transportation Fund's statutory reserve for budget stabilization increased by

## Management's Discussion and Analysis

State of Vermont

Unaudited

Fiscal Year Ended June 30, 2020

\$258.8 thousand to \$14.1 million, the statutory maximum.

The Education Fund at June 30, 2020 had a total fund balance of \$96.2 million, an decrease of \$7.3 million from fiscal year 2019's ending balance. Education fund expenditures increased by \$58.7 million, primarily due to an increase in grants to school districts of \$60.3 million. Revenues from the statewide education tax increased \$38.5 million, sales and use taxes increased \$21.8 million, meals and rooms taxes decreased \$6.1 million, and purchase and use tax decreased \$2.3 million. The Education Fund's statutory reserve for budget stabilization decreased \$4.0 million to \$33 million.

The Special Fund's total fund balance at the end of fiscal year 2020 was \$167 million, a decrease of 7.4% compared to 2019. The Special Fund's total fund balance is comprised of \$18.6 million as restricted, \$148.0 million as committed and assigned. Special Fund revenues decreased \$4.1 million or 1.42%, and expenditures increased \$7.5 million or 3.0%. The increase in expenditures was primarily in the protection to persons and property function (\$6.3 million) and natural resources (\$4.0 million); offset by a decrease in human services function (\$1.2 million). This resulted in a decrease in "excess of revenues over expenditures" of \$11.5 million from last fiscal year. Fiscal year 2020 transfers out to other funds exceeded transfers in from other funds by \$39.6 million. The Special Fund received transfers in of \$68.7 million, in part, consisting of Federal Revenue Fund monies for the earned income tax credit (\$18.6 million); earned federal receipts (\$15.4 million); matching funds for school-based Medicare services (\$27.2 million); and \$1.5 million from General Fund for Tobacco Litigation funding, \$1.5 million for Emergency Relief and Assistance funding and \$955 thousand for broadband connectivity funding. Transfers out of \$108.4 million consisted primarily of \$40.9 million for Securities, Insurance, & Captive Funds to the General Fund; \$3.8 million to the General Fund for Attorney General Fees and reimbursements; \$2.7 million for Bond Investment Earnings and \$2.8 million from the Secretary of State Services fund; \$45.5 million to Global Commitment fund; \$10.6 million in reimbursed Medicaid funds and \$1.9 million from the Education Financial Systems fund to the Education 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 2020 were \$992.5 million, an increase of \$222 million compared to fiscal year 2019's federal grant revenues. Expenditures were \$956.7 million in fiscal year 2020, an increase of \$231.3 million compared to 2019. The Federal Revenue Fund's total fund balance at the end of fiscal year 2020 (\$472.7 million) was a decrease of \$5.1 million as compared to the total fund balance at the end of fiscal year 2019.

The fiscal year 2020 ending total fund balance for the Global Commitment Fund was \$29.1 million, an increase of \$2.7 million. Total revenues and net transfers of \$1,542.6 million exceeded expenditures by \$2.7 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 decreased from \$516.3 million at June 30, 2019 to \$382.2 million at June 30, 2020, a decrease of \$134.1 million. Expenditures from the fund for unemployment benefits increased by \$736.8 million from 2019.

Vermont's *internal service funds*' total net position at June 30, 2020 was \$72.5 million, a \$31.4 million increase from June 30, 2019. This change is primarily due to increases in net position of \$21.2 million in the Medical Insurance fund, Communication & Information Technology fund (\$5.4 million), State Liability fund (\$3.1 million), and Highway Garage fund (\$1.0 million); offset by a decrease in the Workers Compensation fund of \$2.1 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.



## Management's Discussion and Analysis

State of Vermont

Unaudited

Fiscal Year Ended June 30, 2020

### 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 increased by 2.97% percent to \$4.86 billion at June 30, 2020. 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, 2020 is \$15.3 million, and total liabilities balance is \$9.2 million, including the escheat property claims liability estimated at \$9.2 million, resulting in ending net position of \$6.1 million. Net position of all fiduciary funds is reported as restricted for particular purposes.

## GENERAL FUND BUDGET HIGHLIGHTS

Vermont ended fiscal year 2020 with General Fund revenues of \$1.459 billion, expenditures of \$1.520 billion, and net transfers to other funds of \$73.6 million (non-GAAP budgetary basis). This was a \$153 million decrease in revenues over the previous year. The fiscal year 2020 General Fund consensus revenue forecast initially approved by the Emergency Board in July 2019 was subsequently revised upward by the Emergency Board at their January 2020 meeting. Compared to target, the revenues were 7.4% below the July 2019 revenue forecast of \$1,576 million, and 8.49% below the January 2020 revised revenue forecast of \$1,595 million. Personal income tax receipts were \$129.7 million below target, meals and rooms tax below budget by \$20.1 million, estate tax receipts were \$5.7 million below target and corporate income tax receipts were \$20.4 million above target. The General Fund results allowed for a fully funded General Fund Budget Stabilization Reserve of \$79.8 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, 2020 was \$3.164 billion, a total increase of 2.5% (Table 7). This investment in capital assets includes land, buildings, 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 7**  
**Capital Assets at Fiscal Year End**  
*(Net of depreciation, amounts in thousands)*

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land, Land Use Rights, and						
Land Improvements.....	\$ 161,052	\$ 155,710	\$ -	\$ -	\$ 161,052	\$ 155,710
Construction in Progress.....	675,571	665,972	-	-	675,571	665,972
Works of Art.....	136	136	-	-	136	136
Buildings and Improvements.....	430,745	440,947	-	-	430,745	440,947
Machinery and Equipment.....	207,595	248,243	4,071	4,373	211,666	252,616
Infrastructure.....	1,684,415	1,572,277	-	-	1,684,415	1,572,277
<b>Totals.....</b>	<b>\$ 3,159,514</b>	<b>\$ 3,083,285</b>	<b>\$ 4,071</b>	<b>\$ 4,373</b>	<b>\$ 3,163,585</b>	<b>\$ 3,087,658</b>

Totals may not add due to rounding.

## Management's Discussion and Analysis

*State of Vermont*

*Unaudited*

*Fiscal Year Ended June 30, 2020*

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, 2020, Vermont had \$224.4 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 2020, the State of Vermont's outstanding general and special obligation bond debt increased by approximately \$27.3 million. This increase can be accounted for by the issuance of general obligation bonds of \$127.8 million; offset by the redemption of general obligation bonds of \$98.8 million and \$1.7 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**

Vermont's economy started the fiscal year reflecting a steady but a still improving outlook. In calendar year 2019, the national economy as measured by current-dollar Gross Domestic Product (GDP) grew by 4.0 percent, while Vermont's current-dollar Gross State Product (GSP) grew at 3.1 percent, slightly lower than the national rate. Vermont faces demographic challenges to labor market growth contributing to the state's economy being forecasted to grow at a rate slightly lower than the national rate. In January 2020, the first case of coronavirus (COVID-19) in the U.S. was confirmed, with concern growing over the spread of COVID-19 the U.S. declared a public health emergency in February 2020. In March 2020, the World Health Organization declared the spread of COVID-19 a worldwide pandemic, the U.S. declared a national emergency, and Vermont's Governor declared a state of emergency in response to COVID-19. In Vermont and across the nation, mitigation actions such as the closure of non-essential businesses, school closings, limits on gatherings, and stay at home orders were used in an effort to control the severe public health crisis. These actions, while necessary to help contain the spread of the virus, had a severe impact on economic activity. The COVID-19 pandemic drove the economy into recession, ending the nation's longest economic expansion.

Vermont's labor market was strong at the beginning of fiscal year with an unemployment rate of 2.4 percent (seasonally adjusted), one of the lowest in the nation at the time. The U.S. national unemployment rate was 3.7 percent in comparison. The mitigation actions in response to the COVID-19 pandemic that forced limits on economic activity had a severe impact on the labor markets, and by April, Vermont's unemployment rate jumped to 16.5 percent. As Vermont slowly reopened its economy, the unemployment rate improved to 9.5 percent in June 2020, the end of the fiscal year.

Vermont's housing market has steadily strengthened during the fiscal year. Recently Vermont's housing market has benefited from out of state buyers seeking a safe haven from more urban areas. Vermont's home price growth is forecasted to grow at a higher rate than the U.S. national average.

## Management's Discussion and Analysis

*State of Vermont*

*Unaudited*

*Fiscal Year Ended June 30, 2020*

Vermont establishes a consensus revenue forecast each July and January. Due to delays related to the COVID-19 pandemic, the consensus revenue forecast was delivered in August 2020. The August 2020 consensus revenue forecast for the General Fund is \$1,413.9 million, which is a \$182.4 million downgrade for fiscal year 2021 in comparison to last January's revenue forecast of \$1,596.3 million. For fiscal year 2022, the General Fund forecast is for a downgrade to \$1,508.0 million, from last January's revenue forecast of \$1,611.8 million. The August 2020 consensus revenue forecast for the Transportation Fund is \$258.6 million, which is a 10.2 percent downgrade for fiscal year 2021 in comparison to last January's revenue forecast of \$287.9 million. For fiscal year 2022, the Transportation Fund forecast is a downgrade to \$275.7 million, from last January's revenue forecast of \$291.2 million. The August 2020 consensus revenue forecast for the Education Fund is \$511.6 million, which is a 10.9 percent downgrade for fiscal year 2021 in comparison to last January's revenue forecast of \$574.3 million. For fiscal year 2022, the Education Fund forecast is for a downgrade to \$552.1 million, from last January's revenue forecast of \$590.9 million. The assumptions used in the forecasts are subject to a higher than normal level of uncertainty due to COVID-19.

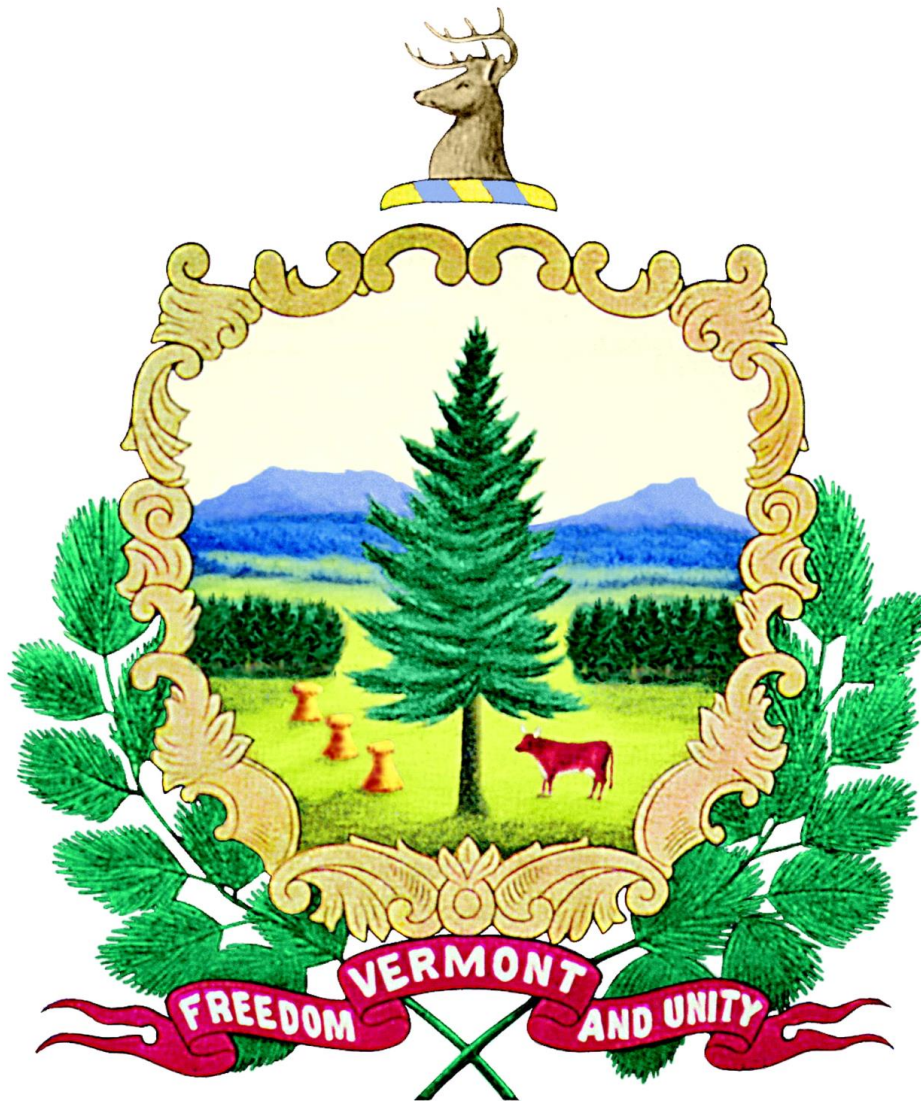
Vermont's three major funds with forecasted revenue were impacted by the COVID-19 pandemic and the associated delay in tax filing deadlines, which caused certain tax receipts normally received prior to fiscal year-end, to be collected in July and August. On the budgetary basis, total fiscal year 2020 revenues across all three major funds ended the year about 7.3 percent below the prior January consensus revenue forecast, with the General Fund down about 8.5 percent, the Transportation Fund down about 7.2 percent and the Education Fund 3.8 percent below target. The personal income tax revenue related to the delay in tax filing deadlines came in stronger than expected in July and August 2020. While on a budgetary basis this is included as part of fiscal year 2021 revenues, this revenue is accrued in the fiscal year 2020 General Fund's Statement of Revenues, Expenditures and Changes in Fund Balance under the modified accrual basis of accounting.

### 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:

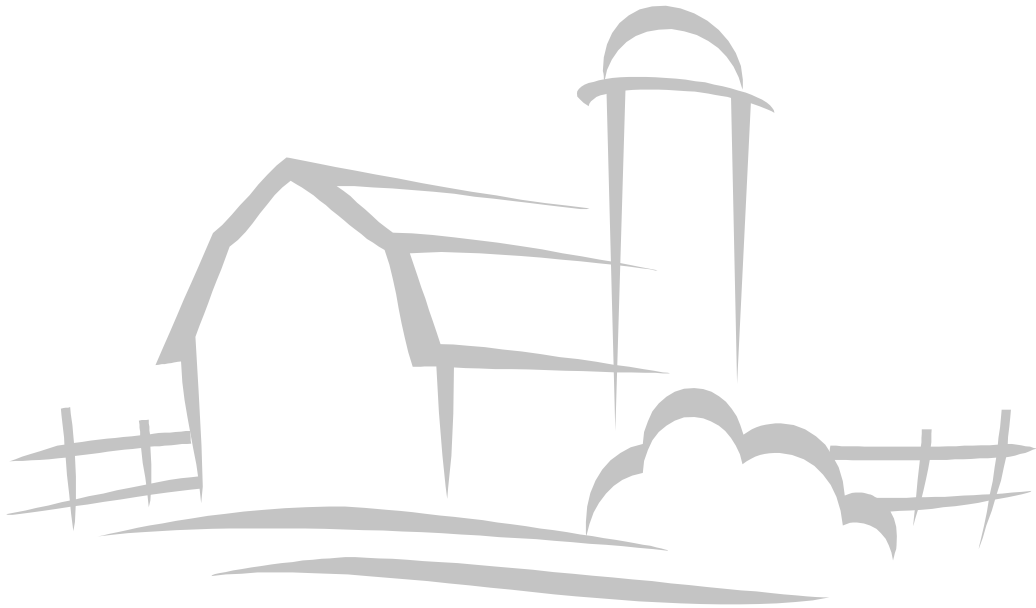
State of Vermont  
Department of Finance and Management  
109 State Street, 5th Floor  
Pavilion Building  
Montpelier, Vermont 05609-0401

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 to the financial statements.



***BASIC FINANCIAL STATEMENTS***

***THIS PAGE INTENTIONALLY LEFT BLANK***



*Vermont*



***GOVERNMENTAL-WIDE  
FINANCIAL STATEMENTS***

**STATE OF VERMONT**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	Primary Government			Discretely Presented
	Governmental Activities	Business-type Activities	Total	Component Units
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents.....	\$ 1,685,707,929	\$ 524,165,107	\$ 2,209,873,036	\$ 326,637,933
Cash and cash equivalents - restricted.....	-	-	-	77,418,335
Taxes receivable, net.....	234,378,565	24,298,640	258,677,205	-
Loans and notes receivable, net.....	29,801,850	491,657	30,293,507	201,323,227
Federal grants receivable.....	267,718,220	6,822,919	274,541,139	9,602,638
Other receivables, net.....	57,256,459	36,867,029	94,123,488	86,184,993
Investments.....	180,851,734	-	180,851,734	267,511,879
Inventories.....	2,929,356	9,590,497	12,519,853	358,483
Internal balances.....	3,452,964	(3,452,964)	-	-
Receivable from primary government.....	-	-	-	4,476,976
Receivable from component units.....	2,067,410	-	2,067,410	-
Other current assets.....	4,902,343	-	4,902,343	20,252,708
<b>Total current assets.....</b>	<b>2,469,066,830</b>	<b>598,782,885</b>	<b>3,067,849,715</b>	<b>993,767,172</b>
Noncurrent Assets				
Cash and equivalents.....	-	-	-	7,244,686
Cash and cash equivalents - restricted.....	-	-	-	83,311,874
Taxes receivable.....	121,170,149	-	121,170,149	-
Other receivables.....	42,735,591	-	42,735,591	-
Loans and notes receivable.....	257,447,736	998,946	258,446,682	1,787,142,825
Receivable from component units.....	5,500,000	-	5,500,000	-
Investments.....	-	776,869	776,869	1,002,391,685
Investments - restricted.....	-	-	-	90,990,503
Other noncurrent assets.....	-	-	-	24,592,245
Capital assets				
Land.....	161,052,475	-	161,052,475	52,935,134
Construction in progress.....	675,570,981	-	675,570,981	46,545,678
Works of art.....	136,003	-	136,003	-
Capital assets being depreciated:				
Infrastructure.....	2,945,113,962	-	2,945,113,962	41,568,376
Property, plant and equipment.....	1,339,754,264	5,832,241	1,345,586,505	1,584,573,078
Less accumulated depreciation.....	(1,962,114,119)	(1,761,419)	(1,963,875,538)	(833,682,105)
<b>Total capital assets, net of depreciation.....</b>	<b>3,159,513,566</b>	<b>4,070,822</b>	<b>3,163,584,388</b>	<b>891,940,161</b>
<b>Total noncurrent assets.....</b>	<b>3,586,367,042</b>	<b>5,846,637</b>	<b>3,592,213,679</b>	<b>3,887,613,979</b>
<b>Total assets.....</b>	<b>6,055,433,872</b>	<b>604,629,522</b>	<b>6,660,063,394</b>	<b>4,881,381,151</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Loss on refunding of bonds payable.....	5,121,630	-	5,121,630	37,628,361
Interest rate swap.....	-	-	-	670,000
VHCB related deferred outflows.....	-	-	-	32,859,000
Pension related outflows.....	499,468,857	1,736,225	501,205,082	4,735,948
OPEB related outflows.....	205,208,534	585,858	205,794,392	74,589,101
<b>Total deferred outflow of resources.....</b>	<b>709,799,021</b>	<b>2,322,083</b>	<b>712,121,104</b>	<b>150,482,410</b>

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

	Primary Government			Discretely
	Governmental	Business-type	Total	Presented
	Activities	Activities		Component
				Units
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable and other current liabilities.....	388,536,211	63,617,176	452,153,387	203,705,479
Income tax refunds payable.....	105,683,012	-	105,683,012	-
Payable to primary government.....	-	-	-	2,067,410
Payable to component units.....	4,476,976	-	4,476,976	-
Intergovernmental payable - due to federal government...	8,924,784	-	8,924,784	-
Accrued interest payable.....	8,927,824	-	8,927,824	6,060,615
Current portion of long-term liabilities.....	146,491,547	7,613,379	154,104,926	169,002,916
Unearned revenue.....	1,104,737,613	121,756,698	1,226,494,311	178,451,617
<b>Total current liabilities.....</b>	<b>1,767,777,967</b>	<b>192,987,253</b>	<b>1,960,765,220</b>	<b>559,288,037</b>
Long-term Liabilities				
Lottery prize awards payable.....	-	476,340	476,340	-
Bonds, notes and leases payable.....	620,520,758	-	620,520,758	2,394,773,928
Payable to primary government.....	-	-	-	5,500,000
Compensated absences.....	2,238,249	49,332	2,287,581	-
Claims and judgments.....	35,733,476	-	35,733,476	-
Net pension liabilities.....	2,382,334,113	5,444,250	2,387,778,363	14,187,745
Net other postemployment benefits liabilities.....	2,232,349,430	4,779,360	2,237,128,790	736,446,068
Other long-term liabilities.....	14,043,764	4,489,439	18,533,203	32,165,201
<b>Total long-term liabilities.....</b>	<b>5,287,219,790</b>	<b>15,238,721</b>	<b>5,302,458,511</b>	<b>3,183,072,942</b>
<b>Total liabilities.....</b>	<b>7,054,997,757</b>	<b>208,225,974</b>	<b>7,263,223,731</b>	<b>3,742,360,979</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred lease revenue.....	-	-	-	2,655,000
Gain on refunding of bonds payable.....	28,376	-	28,376	15,322,000
Service concession arrangement.....	-	-	-	1,312,000
Split interest arrangements.....	-	-	-	3,250,000
Pension related inflows.....	24,066,887	540,997	24,607,884	709,089
OPEB related inflows.....	397,284,129	6,213,828	403,497,957	44,741,892
<b>Total deferred inflow of resources.....</b>	<b>421,379,392</b>	<b>6,754,825</b>	<b>428,134,217</b>	<b>67,989,981</b>
<b>NET POSITION</b>				
Net investment in capital assets.....	2,750,187,692	4,070,821	2,754,258,513	213,681,509
Restricted for				
Unemployment compensation.....	-	382,204,685	382,204,685	-
Funds held in permanent investments				
Expendable.....	109,954	-	109,954	421,634,185
Nonexpendable.....	7,416,453	-	7,416,453	263,722,254
General government.....	999,522	-	999,522	14,886,445
Protection to persons and property.....	11,351,558	8,467,648	19,819,206	-
Human services.....	62,500,265	-	62,500,265	1,760,778
Labor.....	7,745,862	-	7,745,862	-
General education.....	1,814,493	-	1,814,493	108,832,000
Natural resources.....	427,831,333	-	427,831,333	-
Commerce and community development.....	5,834,582	-	5,834,582	405,355,343
Debt service.....	3,211,004	-	3,211,004	-
Unrestricted (deficit).....	(3,990,146,974)	(2,772,348)	(3,992,919,322)	(208,359,913)
<b>Total net position.....</b>	<b>\$ (711,144,256)</b>	<b>\$ 391,970,806</b>	<b>\$ (319,173,450)</b>	<b>\$ 1,221,512,601</b>



**STATE OF VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>FUNCTIONS/PROGRAMS</b>				
<b>Primary Government</b>				
Governmental activities				
General government.....	\$ 301,976,723	\$ 188,168,682	\$ 155,531,899	\$ -
Protection to persons and property.....	376,982,613	150,340,793	78,887,319	-
Human services.....	2,690,565,030	24,990,677	1,558,071,814	-
Labor.....	46,572,613	4,780,805	24,305,918	-
General education.....	2,267,430,111	4,090,384	142,950,558	-
Natural resources.....	149,165,703	49,327,691	42,339,972	-
Commerce and community development.....	36,434,112	2,388,063	8,610,719	8,000
Transportation.....	467,780,974	122,269,214	104,653,089	184,329,107
Interest on long-term debt.....	18,346,420	-	850,370	-
<b>Total governmental activities.....</b>	<b>6,355,254,299</b>	<b>546,356,309</b>	<b>2,116,201,658</b>	<b>184,337,107</b>
Business-type activities				
State Lottery.....	109,966,739	137,388,381	-	-
Liquor Control.....	71,571,507	91,117,540	-	-
Unemployment Compensation.....	801,125,474	120,163,576	535,114,850	-
Other.....	82,829,671	75,383,344	-	-
<b>Total business-type activities.....</b>	<b>1,065,493,391</b>	<b>424,052,841</b>	<b>535,114,850</b>	<b>-</b>
<b>Total primary government.....</b>	<b>\$ 7,420,747,690</b>	<b>\$ 970,409,150</b>	<b>\$ 2,651,316,508</b>	<b>\$ 184,337,107</b>
<b>Component Units</b>				
Vermont Student Assistance Corporation.....	\$ 69,516,000	\$ 41,478,000	\$ 32,885,000	\$ -
University of Vermont and State Agricultural College.....	743,797,000	459,857,000	299,263,000	1,490,000
Vermont State Colleges.....	187,586,982	105,769,711	78,773,500	2,479,815
Vermont Housing Finance Agency.....	25,519,000	26,016,000	3,063,000	-
Other.....	87,429,590	59,446,133	12,912,768	5,052,946
<b>Total component units.....</b>	<b>\$ 1,113,848,572</b>	<b>\$ 692,566,844</b>	<b>\$ 426,897,268</b>	<b>\$ 9,022,761</b>

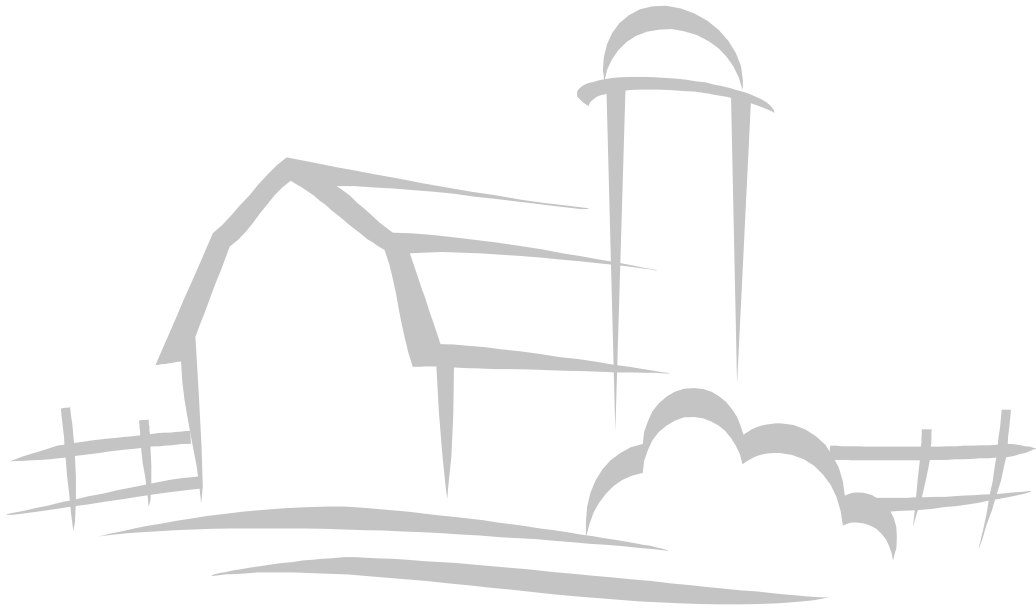
<b>General Revenues</b>	
Taxes	
Personal and corporate income.....	
Sales and use.....	
Meals and rooms.....	
Purchase and use.....	
Motor fuel.....	
Statewide education.....	
Other taxes.....	
<b>Total taxes.....</b>	
Investment earnings.....	
Tobacco litigation settlement.....	
Miscellaneous.....	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

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

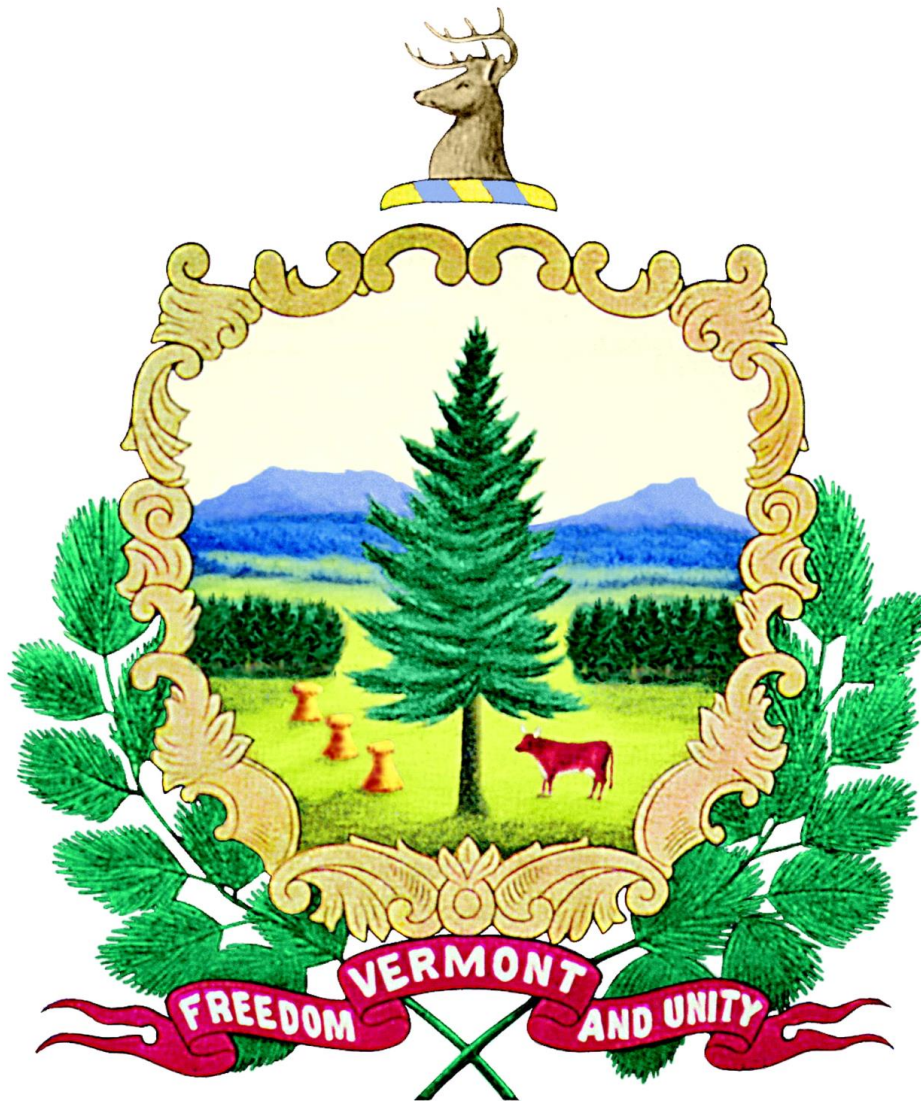
**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			<b>Discretely</b>
<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>	<b>Presented</b>
<b>Activities</b>	<b>Activities</b>		<b>Component</b>
			<b>Units</b>
\$ 41,723,858	\$ -	\$ 41,723,858	\$ -
(147,754,501)	-	(147,754,501)	-
(1,107,502,539)	-	(1,107,502,539)	-
(17,485,890)	-	(17,485,890)	-
(2,120,389,169)	-	(2,120,389,169)	-
(57,498,040)	-	(57,498,040)	-
(25,427,330)	-	(25,427,330)	-
(56,529,564)	-	(56,529,564)	-
(17,496,050)	-	(17,496,050)	-
<u>(3,508,359,225)</u>	<u>-</u>	<u>(3,508,359,225)</u>	<u>-</u>
-	27,421,642	27,421,642	-
-	19,546,033	19,546,033	-
-	(145,847,048)	(145,847,048)	-
-	(7,446,327)	(7,446,327)	-
-	<u>(106,325,700)</u>	<u>(106,325,700)</u>	<u>-</u>
<u>(3,508,359,225)</u>	<u>(106,325,700)</u>	<u>(3,614,684,925)</u>	<u>-</u>
-	-	-	4,847,000
-	-	-	16,813,000
-	-	-	(563,956)
-	-	-	3,560,000
-	-	-	<u>(10,017,743)</u>
-	-	-	<u>14,638,301</u>
954,939,552	-	954,939,552	-
439,103,169	-	439,103,169	-
158,422,153	-	158,422,153	-
105,054,814	-	105,054,814	-
66,363,821	-	66,363,821	-
1,144,067,944	-	1,144,067,944	-
446,408,930	-	446,408,930	10,804,840
3,314,360,383	-	3,314,360,383	10,804,840
5,231,013	12,075,904	17,306,917	31,545,637
23,993,500	-	23,993,500	-
528,092	11,296	539,388	1,694,346
-	-	-	1,617,785
51,651,845	(51,651,845)	-	-
<u>3,395,764,833</u>	<u>(39,564,645)</u>	<u>3,356,200,188</u>	<u>45,662,608</u>
(112,594,392)	(145,890,345)	(258,484,737)	60,300,909
<u>(598,549,864)</u>	<u>537,861,151</u>	<u>(60,688,713)</u>	<u>1,161,211,692</u>
<u>\$ (711,144,256)</u>	<u>\$ 391,970,806</u>	<u>\$ (319,173,450)</u>	<u>\$ 1,221,512,601</u>

***THIS PAGE INTENTIONALLY LEFT BLANK***



*Vermont*



***GOVERNMENTAL FUNDS  
FINANCIAL STATEMENTS***

**STATE OF VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2020**

	<b>General Fund</b>	<b>Transportation Fund</b>	<b>Education Fund</b>	<b>Special Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 205,577,334	\$ 3,076,010	\$ 68,454,035	\$ 174,504,549
Investments.....	-	-	-	3,765,780
Receivables				
Taxes receivable, net.....	292,534,100	346,618	60,955,857	1,711,462
Accrued interest receivable.....	163,254	71,995	-	5,550
Notes and loans receivable.....	19,838,708	1,473,593	-	7,747,754
Other receivables, net.....	11,927,653	10,317,728	1,978,958	24,208,811
Intergovernmental receivables - federal government, net.....	-	35,060,471	-	-
Due from other funds.....	3,772,477	23,079	391,754	4,956,309
Due from component units.....	2,067,410	-	-	-
Interfund receivable.....	63,669,451	5,077,613	-	-
Advances to other funds.....	300,075	-	-	-
Advances to component units.....	5,500,000	-	-	-
Other assets.....	-	-	-	1,637,000
<b>Total assets.....</b>	<b>\$ 605,350,462</b>	<b>\$ 55,447,107</b>	<b>\$ 131,780,604</b>	<b>\$ 218,537,215</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable.....	\$ 22,826,694	\$ 25,217,018	\$ 24,747,451	\$ 17,068,030
Accrued liabilities.....	26,317,042	7,569,915	-	6,793,865
Retainage payable.....	266,201	81,594	-	562,966
Due to other funds.....	70,889,145	6,987,866	33,000	7,744,357
Due to component units.....	412,500	-	-	-
Intergovernmental payable - federal government.....	-	-	-	-
Tax refunds payable.....	34,972,916	-	216,711	713
Interfund payable.....	51,183,289	-	-	-
Unearned revenue.....	6,788,047	23,937	-	349,879
<b>Total liabilities.....</b>	<b>213,655,834</b>	<b>39,880,330</b>	<b>24,997,162</b>	<b>32,519,810</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue.....	127,225,645	10,006,077	10,619,080	19,413,266
<b>Total deferred inflow of resources.....</b>	<b>127,225,645</b>	<b>10,006,077</b>	<b>10,619,080</b>	<b>19,413,266</b>
<b>FUND BALANCES</b>				
Nonspendable				
Advances.....	5,800,075	-	-	-
Long-term receivables.....	50,807,657	-	-	-
Permanent fund principal.....	-	-	-	-
Restricted.....	-	-	-	18,593,629
Committed.....	-	5,560,700	96,164,362	145,397,097
Assigned.....	12,403,439	-	-	2,613,413
Unassigned.....	195,457,812	-	-	-
<b>Total fund balances.....</b>	<b>264,468,983</b>	<b>5,560,700</b>	<b>96,164,362</b>	<b>166,604,139</b>
<b>Total liabilities, deferred inflows and fund balances.....</b>	<b>\$ 605,350,462</b>	<b>\$ 55,447,107</b>	<b>\$ 131,780,604</b>	<b>\$ 218,537,215</b>

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>
\$ 1,089,659,664	\$ -	\$ 31,570,281	\$ -	\$ 1,572,841,873
134,908,818	-	42,177,136	-	180,851,734
-	-	677	-	355,548,714
67,697	-	-	-	308,496
254,130,489	-	-	-	283,190,544
1,356,650	34,135,820	51,571	-	83,977,191
151,835,880	80,821,869	-	-	267,718,220
2,164,772	67,598,747	-	(77,335,297)	1,571,841
-	-	-	-	2,067,410
51,183,289	-	-	-	119,930,353
-	-	-	-	300,075
-	-	-	-	5,500,000
-	-	-	-	1,637,000
<u>\$ 1,685,307,259</u>	<u>\$ 182,556,436</u>	<u>\$ 73,799,665</u>	<u>\$ (77,335,297)</u>	<u>\$ 2,875,443,451</u>
\$ 80,622,005	\$ 144,715,329	\$ 5,999,105	\$ -	\$ 321,195,632
12,500,742	1,795,768	1,112,001	-	56,089,333
483,462	-	869,618	-	2,263,841
13,031,197	2,138,287	1,068,702	(77,335,297)	24,557,257
-	-	4,064,476	-	4,476,976
8,924,784	-	-	-	8,924,784
-	-	-	-	35,190,340
-	10,800	-	-	51,194,089
<u>1,096,877,878</u>	<u>-</u>	<u>26,999</u>	<u>-</u>	<u>1,104,066,740</u>
<u>1,212,440,068</u>	<u>148,660,184</u>	<u>13,140,901</u>	<u>(77,335,297)</u>	<u>1,607,958,992</u>
<u>162,736</u>	<u>4,837,492</u>	<u>5,710</u>	<u>-</u>	<u>172,270,006</u>
<u>162,736</u>	<u>4,837,492</u>	<u>5,710</u>	<u>-</u>	<u>172,270,006</u>
-	-	-	-	5,800,075
-	-	-	-	50,807,657
-	-	7,416,453	-	7,416,453
472,704,455	29,058,760	12,409,830	-	532,766,674
-	-	40,826,996	-	287,949,155
-	-	-	-	15,016,852
-	-	(225)	-	195,457,587
<u>472,704,455</u>	<u>29,058,760</u>	<u>60,653,054</u>	<u>-</u>	<u>1,095,214,453</u>
<u>\$ 1,685,307,259</u>	<u>\$ 182,556,436</u>	<u>\$ 73,799,665</u>	<u>\$ (77,335,297)</u>	<u>\$ 2,875,443,451</u>

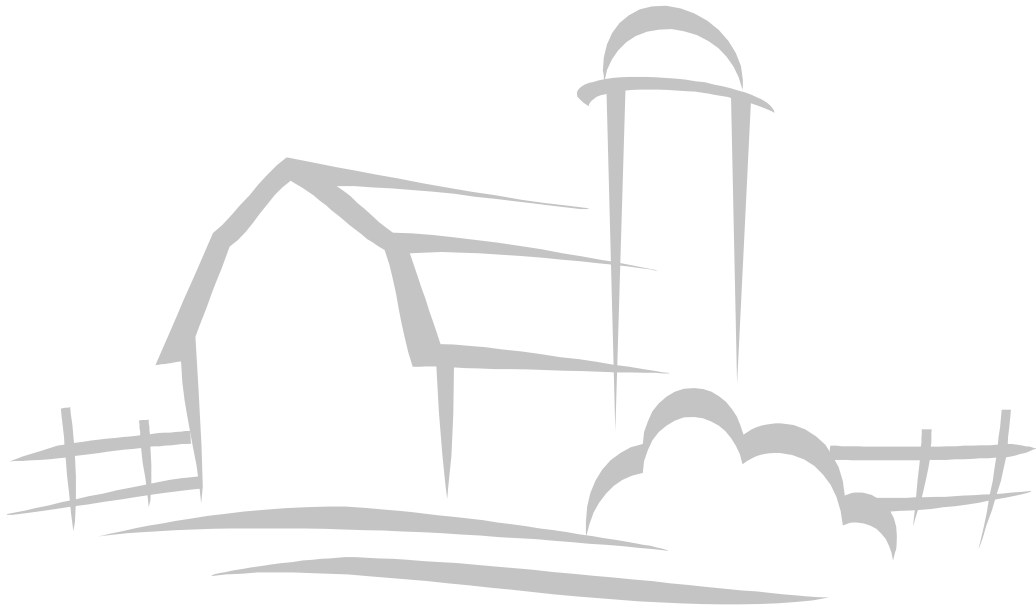
**STATE OF VERMONT**  
**RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE**  
**STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**  
**June 30, 2020**

<b>Total fund balances from previous page</b> .....	\$ 1,095,214,453
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 <sup>(1)</sup> .....	3,102,713,977
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.....	72,299,344
Amounts presented in the statement of net position relating to, but not in fund balances due to a different basis of accounting <sup>(1)</sup> .....	460,689,635
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 <sup>(1)</sup> .....	<u>(5,442,061,665)</u>
<b>Net position of governmental activities</b> .....	<b><u>\$ (711,144,256)</u></b>

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

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

***THIS PAGE INTENTIONALLY LEFT BLANK***



*Vermont*



**STATE OF VERMONT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Education Fund</u>	<u>Special Fund</u>
<b>REVENUES</b>				
Taxes				
Personal income tax.....	\$ 853,606,595	\$ -	\$ -	\$ 1,173,340
Corporate income tax.....	138,185,464	-	-	739,561
Sales and use tax.....	-	-	439,421,558	-
Meals and rooms tax.....	112,506,427	-	39,708,903	7,229,465
Motor fuels tax.....	-	64,367,133	-	1,230,004
Purchase and use tax.....	-	70,041,735	35,012,197	-
Statewide education tax.....	-	-	1,144,067,944	-
Other taxes.....	381,655,051	17,853,662	2,295,969	43,865,195
Earnings of departments				
Fees.....	44,706,000	20,102,073	-	85,469,543
Rents and leases.....	-	2,176,151	-	3,875,445
Sales of services.....	2,513,153	4,573	-	9,626,556
Federal grants.....	-	288,970,116	-	-
Fines, forfeits and penalties.....	4,885,911	3,766,381	-	13,558,106
Investment income.....	3,280,184	389,888	838,313	2,081,067
Licenses				
Business.....	1,143,327	614,742	-	29,550,768
Non-business.....	62,175	90,379,875	-	2,732,778
Special assessments.....	20,132,207	-	-	8,755,084
Other revenues.....	7,126,333	2,363,234	-	72,841,813
<b>Total revenues.....</b>	<b>1,569,802,827</b>	<b>561,029,563</b>	<b>1,661,344,884</b>	<b>282,728,725</b>
<b>EXPENDITURES</b>				
General government.....	92,770,233	3,759,395	143,446	13,486,274
Protection to persons and property.....	163,006,133	20,028,937	-	87,266,933
Human services.....	434,659,642	-	-	71,559,459
Labor.....	3,995,159	-	-	3,657,039
General education.....	252,702,652	-	1,708,571,754	18,049,967
Natural resources.....	30,183,250	-	-	53,371,521
Commerce and community development.....	17,147,249	-	-	5,550,018
Transportation.....	-	559,875,150	-	3,832,988
Capital outlay.....	-	-	-	-
Debt service.....	174,663	-	-	-
<b>Total expenditures.....</b>	<b>994,638,981</b>	<b>583,663,482</b>	<b>1,708,715,200</b>	<b>256,774,199</b>
<b>Excess of revenues over (under) expenditures.....</b>	<b>575,163,846</b>	<b>(22,633,919)</b>	<b>(47,370,316)</b>	<b>25,954,526</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bonds.....	-	-	-	-
Premium from the issuance of bonds.....	5,279,530	-	-	-
Issuance of refunding bonds.....	39,202,429	-	-	322,571
Payment to bond escrow agent.....	(44,375,000)	-	-	-
Transfers in.....	89,588,011	-	40,051,899	68,730,385
Transfers out.....	(613,172,426)	(5,325,113)	-	(108,369,697)
<b>Total other financing sources (uses).....</b>	<b>(523,477,456)</b>	<b>(5,325,113)</b>	<b>40,051,899</b>	<b>(39,316,741)</b>
<b>Net change in fund balances.....</b>	<b>51,686,390</b>	<b>(27,959,032)</b>	<b>(7,318,417)</b>	<b>(13,362,215)</b>
<b>Fund balances, July 1.....</b>	<b>212,782,593</b>	<b>33,519,732</b>	<b>103,482,779</b>	<b>179,966,354</b>
<b>Fund balances, June 30.....</b>	<b>\$ 264,468,983</b>	<b>\$ 5,560,700</b>	<b>\$ 96,164,362</b>	<b>\$ 166,604,139</b>

The accompanying notes are an integral part of these statements.

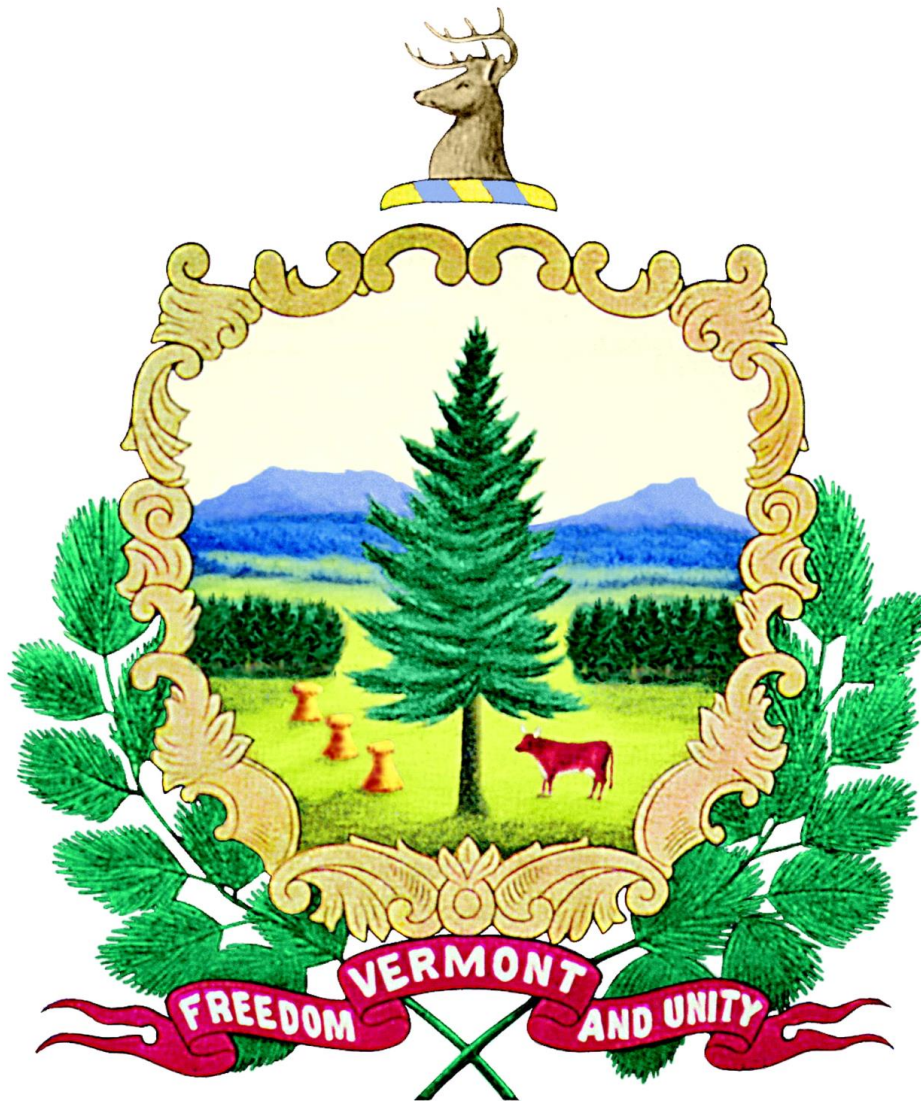
<u>Federal Revenue Fund</u>	<u>Global Commitment Fund</u>	<u>Non-major Governmental Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 854,779,935
-	-	-	-	138,925,025
-	-	-	-	439,421,558
-	-	-	-	159,444,795
-	-	745,853	-	66,342,990
-	-	-	-	105,053,932
-	-	-	-	1,144,067,944
-	-	-	-	445,669,877
-	-	173,096	-	150,450,712
-	-	64,314	-	6,115,910
-	-	-	-	12,144,282
992,495,135	983,636,200	8,159,372	-	2,273,260,823
-	-	11,929	-	22,222,327
3,389,211	-	2,584,996	-	12,563,659
-	-	795	-	31,309,632
-	-	8,320,650	-	101,495,478
-	-	-	-	28,887,291
<u>2,079,026</u>	<u>13,839,750</u>	<u>1,359,922</u>	-	<u>99,610,078</u>
<u>997,963,372</u>	<u>997,475,950</u>	<u>21,420,927</u>	-	<u>6,091,766,248</u>
6,387,030	-	-	-	116,546,378
90,009,430	-	-	-	360,311,433
602,241,482	1,537,174,774	25,000	-	2,645,660,357
38,633,285	-	-	-	46,285,483
169,300,118	2,645,164	1,527,166	-	2,152,796,821
39,207,758	-	17,782,306	-	140,544,835
9,229,606	-	-	-	31,926,873
1,705,759	-	-	-	565,413,897
-	-	58,937,700	-	58,937,700
-	-	80,321,422	-	80,496,085
<u>956,714,468</u>	<u>1,539,819,938</u>	<u>158,593,594</u>	-	<u>6,198,919,862</u>
<u>41,248,904</u>	<u>(542,343,988)</u>	<u>(137,172,667)</u>	-	<u>(107,153,614)</u>
-	-	88,255,000	-	88,255,000
-	-	11,634,361	-	16,913,891
-	-	-	-	39,525,000
-	-	-	-	(44,375,000)
5,847,787	572,330,657	80,997,981	(805,894,875)	51,651,845
<u>(52,155,757)</u>	<u>(27,239,463)</u>	<u>(5,736,748)</u>	<u>805,894,875</u>	<u>(6,104,329)</u>
<u>(46,307,970)</u>	<u>545,091,194</u>	<u>175,150,594</u>	-	<u>145,866,407</u>
(5,059,066)	2,747,206	37,977,927	-	38,712,793
<u>477,763,521</u>	<u>26,311,554</u>	<u>22,675,127</u>	-	<u>1,056,501,660</u>
<u>\$ 472,704,455</u>	<u>\$ 29,058,760</u>	<u>\$ 60,653,054</u>	<u>\$ -</u>	<u>\$ 1,095,214,453</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, 2020**

<b>Total net change in fund balances from the previous page.....</b>	<b>\$</b>	<b>38,712,793</b>
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) <sup>(1)</sup> .....		77,305,325
Repayment of bond principal is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position <sup>(1)</sup> .....		100,510,000
Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position <sup>(1)</sup> .....		(138,330,086)
Receivables in the governmental funds that are not available to provide current financial resources are not reported as revenues in the governmental funds.....		(36,267,956)
Estimated personal income tax refunds that are not due and payable are not reported as governmental fund liabilities.....		(2,565,762)
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 <sup>(1)</sup> .....		(183,198,167)
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>31,239,461</u>
<b>Total changes in net position of governmental activities as reported on the statement of activities.....</b>	<b>\$</b>	<b><u>(112,594,392)</u></b>

<sup>(1)</sup> 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, 2020**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Unemployment Compensation Trust Fund</b>	<b>Liquor Control Fund</b>	<b>State Lottery Fund</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents.....	\$ 502,800,076	\$ -	\$ 6,635,165
Receivables			
Taxes receivable, net of allowance for uncollectibles.....	22,676,009	-	-
Accounts receivable, net of allowance for uncollectibles.....	21,444,843	1,472,295	2,537,219
Loans receivable.....	-	-	-
Accrued interest receivable.....	-	-	-
Due from other funds.....	-	64,652	-
Intergovernmental receivables - federal government.....	6,822,919	-	-
Inventories, at cost.....	-	9,000,218	590,279
Prepaid expenses.....	-	-	-
<b>Total current assets.....</b>	<b>553,743,847</b>	<b>10,537,165</b>	<b>9,762,663</b>
<b>Noncurrent Assets</b>			
Investments.....	-	-	776,869
Loans receivable.....	-	-	-
Imprest cash and change fund - advances.....	-	75	300,000
<b>Total noncurrent assets.....</b>	<b>-</b>	<b>75</b>	<b>1,076,869</b>
<b>Capital Assets</b>			
Land.....	-	-	-
Construction in progress.....	-	-	-
Works of art.....	-	-	-
Capital assets being depreciated/amortized:			
Machinery, equipment and buildings.....	-	5,625,073	207,168
Less accumulated depreciation.....	-	(1,564,082)	(197,337)
<b>Total capital assets, net of depreciation.....</b>	<b>-</b>	<b>4,060,991</b>	<b>9,831</b>
<b>Total noncurrent and capital assets.....</b>	<b>-</b>	<b>4,061,066</b>	<b>1,086,700</b>
<b>Total assets.....</b>	<b>553,743,847</b>	<b>14,598,231</b>	<b>10,849,363</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Pension related outflows.....	-	1,239,744	496,481
OPEB related outflows.....	-	343,411	242,447
<b>Total deferred outflow of resources.....</b>	<b>-</b>	<b>1,583,155</b>	<b>738,928</b>

Business-type Activities-Enterprise Funds			Governmental Activities
Non-major Enterprise Funds	Eliminations	Total Enterprise Funds	Total Internal Service Funds
\$ 14,429,791	\$ -	\$ 523,865,032	\$ 109,665,614
1,622,631	-	24,298,640	-
11,404,471	-	36,858,828	24,739,199
491,657	-	491,657	770,978
8,201	-	8,201	-
84,302	(84,302)	64,652	25,360,817
-	-	6,822,919	-
-	-	9,590,497	2,929,356
-	-	-	3,265,343
<u>28,041,053</u>	<u>(84,302)</u>	<u>602,000,426</u>	<u>166,731,307</u>
-	-	776,869	-
998,946	-	998,946	3,288,064
-	-	300,075	3,200,442
<u>998,946</u>	<u>-</u>	<u>2,075,890</u>	<u>6,488,506</u>
-	-	-	26,156
-	-	-	4,064,283
-	-	-	8,200
-	-	5,832,241	131,914,321
-	-	(1,761,419)	(79,213,371)
-	-	4,070,822	56,799,589
<u>998,946</u>	<u>-</u>	<u>6,146,712</u>	<u>63,288,095</u>
<u>29,039,999</u>	<u>(84,302)</u>	<u>608,147,138</u>	<u>230,019,402</u>
-	-	1,736,225	-
-	-	585,858	-
-	-	2,322,083	-

continued on next page

**STATE OF VERMONT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2020**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Unemployment Compensation Trust Fund</b>	<b>Liquor Control Fund</b>	<b>State Lottery Fund</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable.....	-	6,037,188	1,085,793
Accrued salaries and benefits.....	-	502,109	162,481
Claims payable.....	42,336,168	-	-
Due to lottery winners.....	-	-	103,827
Due to agents.....	-	386,075	-
Due to other funds.....	84,302	858,899	405,703
Interfund payable.....	-	1,451,051	-
Future and unclaimed prizes payable.....	-	-	7,227,430
Unearned revenue.....	121,539,762	3,965	212,971
Capital leases payable.....	-	-	-
Other current liabilities.....	7,578,930	-	-
<b>Total current liabilities.....</b>	<b>171,539,162</b>	<b>9,239,287</b>	<b>9,198,205</b>
<b>Long-term Liabilities</b>			
Due to lottery winners.....	-	-	476,340
Claims payable.....	-	-	-
Advances from other funds.....	-	75	300,000
Capital leases payable.....	-	-	-
Net pension liabilities.....	-	4,039,917	1,404,333
Net other postemployment benefits liabilities.....	-	3,570,275	1,209,085
Other noncurrent liabilities.....	-	38,489	10,560
<b>Total long-term liabilities.....</b>	<b>-</b>	<b>7,648,756</b>	<b>3,400,318</b>
<b>Total liabilities.....</b>	<b>171,539,162</b>	<b>16,888,043</b>	<b>12,598,523</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Pension related inflows.....	-	335,056	205,941
OPEB related inflows.....	-	4,415,208	1,798,620
<b>Total deferred inflow of resources.....</b>	<b>-</b>	<b>4,750,264</b>	<b>2,004,561</b>
<b>NET POSITION</b>			
Net investment in capital assets.....	-	4,060,990	9,831
Restricted for unemployment compensation benefits.....	382,204,685	-	-
Restricted for protection to persons and property.....	-	-	-
Unrestricted (deficit).....	-	(9,517,911)	(3,024,624)
<b>Total net position.....</b>	<b>\$ 382,204,685</b>	<b>\$ (5,456,921)</b>	<b>\$ (3,014,793)</b>

The accompanying notes are an integral part of these statements.

<b>Business-type Activities-Enterprise Funds</b>			<b>Governmental Activities</b>
<b>Non-major Enterprise Funds</b>	<b>Eliminations</b>	<b>Total Enterprise Funds</b>	<b>Total Internal Service Funds</b>
5,794,636	-	12,917,617	9,945,716
15,918	-	680,508	8,923,633
-	-	42,336,168	22,323,048
-	-	103,827	-
-	-	386,075	-
469,689	(84,302)	1,734,291	709,274
255,108	-	1,706,159	67,023,371
-	-	7,227,430	-
-	-	121,756,698	670,873
-	-	-	295,381
-	-	7,578,930	433,943
<u>6,535,351</u>	<u>(84,302)</u>	<u>196,427,703</u>	<u>110,325,239</u>
-	-	476,340	-
-	-	-	35,733,476
-	-	300,075	-
-	-	-	8,861,949
-	-	5,444,250	-
-	-	4,779,360	-
<u>4,489,722</u>	<u>-</u>	<u>4,538,771</u>	<u>2,576,485</u>
<u>4,489,722</u>	<u>-</u>	<u>15,538,796</u>	<u>47,171,910</u>
<u>11,025,073</u>	<u>(84,302)</u>	<u>211,966,499</u>	<u>157,497,149</u>
-	-	540,997	-
-	-	6,213,828	-
-	-	6,754,825	-
-	-	4,070,821	47,642,259
-	-	382,204,685	-
8,467,648	-	8,467,648	-
<u>9,547,278</u>	<u>-</u>	<u>(2,995,257)</u>	<u>24,879,994</u>
<u>\$ 18,014,926</u>	<u>\$ -</u>	<u>391,747,897</u>	<u>\$ 72,522,253</u>

Adjustment to reflect the consolidation of internal service activities related to enterprise funds..... 222,909

**Net Position - Business-type Activities.....** \$ 391,970,806



STATE OF VERMONT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	State Lottery Fund
<b>OPERATING REVENUES</b>			
Charges for sales and services.....	\$ 120,163,576	\$ 84,560,408	\$ -
Ticket sales.....	-	-	137,387,256
Rental income.....	-	-	-
License fees.....	-	1,763,350	-
Federal donated properties.....	-	-	-
Other operating revenues.....	-	4,793,782	1,125
<b>Total operating revenues.....</b>	<b>120,163,576</b>	<b>91,117,540</b>	<b>137,388,381</b>
<b>OPERATING EXPENSES</b>			
Cost of sales and services.....	-	54,125,849	107,046,802
Claims expenses.....	800,438,248	-	-
Salaries and benefits.....	-	4,105,755	1,638,472
Insurance premium expenses.....	-	56,301	4,914
Contractual services.....	-	1,630,809	104,535
Repairs and maintenance.....	-	80,936	7,620
Depreciation.....	-	564,438	7,659
Rental expenses.....	-	43,920	224,521
Utilities and property management.....	-	1,479,849	268,565
Non-capital equipment purchased.....	-	81,617	11,042
Promotions and advertising.....	-	58,020	536,258
Administration expenses.....	-	120,159	48,461
Supplies and parts.....	-	170,882	33,308
Distribution and postage.....	-	7,746	19,450
Travel.....	-	14,628	5,276
Other operating expenses.....	-	9,121,513	55,970
<b>Total operating expenses.....</b>	<b>800,438,248</b>	<b>71,662,422</b>	<b>110,012,853</b>
<b>Operating income (loss).....</b>	<b>(680,274,672)</b>	<b>19,455,118</b>	<b>27,375,528</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Federal grants.....	535,114,850	-	-
Gain on disposal of capital assets.....	-	11,296	-
Investment income.....	11,736,674	-	147,034
Interest expense.....	-	-	-
Other nonoperating expenses.....	(687,226)	-	-
<b>Total nonoperating revenues (expenses).....</b>	<b>546,164,298</b>	<b>11,296</b>	<b>147,034</b>
<b>Income (loss) before other revenues, expenses, gains, losses, and transfers.....</b>	<b>(134,110,374)</b>	<b>19,466,414</b>	<b>27,522,562</b>
<b>OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS</b>			
Transfers in.....	-	-	-
Transfers out.....	-	(23,000,000)	(27,522,562)
<b>Total other revenues, expenses, gains, losses, and transfers.....</b>	<b>-</b>	<b>(23,000,000)</b>	<b>(27,522,562)</b>
<b>Changes in net position.....</b>	<b>(134,110,374)</b>	<b>(3,533,586)</b>	<b>-</b>
<b>Total net position, July 1,.....</b>	<b>516,315,059</b>	<b>(1,923,335)</b>	<b>(3,014,793)</b>
<b>Total net position June 30.....</b>	<b>\$ 382,204,685</b>	<b>\$ (5,456,921)</b>	<b>\$ (3,014,793)</b>

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

<b>Business-type Activities-Enterprise Funds</b>		<b>Governmental Activities</b>
<b>Non-major Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Total Internal Service Funds</b>
\$ 75,167,899	\$ 279,891,883	\$ 397,416,815
-	137,387,256	-
-	-	20,349,382
-	1,763,350	-
215,445	215,445	-
-	4,794,907	6,144,660
<u>75,383,344</u>	<u>424,052,841</u>	<u>423,910,857</u>
73,881,630	235,054,281	47,339,668
-	800,438,248	185,167,507
29,998	5,774,225	74,730,309
69	61,284	7,022,830
1,789,489	3,524,833	28,181,879
-	88,556	7,747,475
-	572,097	11,476,006
233	268,674	3,408,467
1,710	1,750,124	13,851,790
-	92,659	2,398,546
-	594,278	32,473
6,576,254	6,744,874	11,053,393
-	204,190	4,435,055
-	27,196	57,003
-	19,904	101,842
<u>551,728</u>	<u>9,729,211</u>	<u>3,396,230</u>
<u>82,831,111</u>	<u>1,064,944,634</u>	<u>400,400,473</u>
<u>(7,447,767)</u>	<u>(640,891,793)</u>	<u>23,510,384</u>
-	535,114,850	-
-	11,296	528,092
192,196	12,075,904	1,285,862
-	-	(50,737)
-	(687,226)	-
<u>192,196</u>	<u>546,514,824</u>	<u>1,763,217</u>
<u>(7,255,571)</u>	<u>(94,376,969)</u>	<u>25,273,601</u>
-	-	6,104,329
<u>(1,129,283)</u>	<u>(51,651,845)</u>	<u>-</u>
<u>(1,129,283)</u>	<u>(51,651,845)</u>	<u>6,104,329</u>
(8,384,854)	(146,028,814)	31,377,930
<u>26,399,780</u>	<u>537,776,711</u>	<u>41,144,323</u>
<u>\$ 18,014,926</u>	<u>\$ 391,747,897</u>	<u>\$ 72,522,253</u>

Total change in net position reported above..... \$ (146,028,814)  
Consolidation adjustment of internal  
service activities related to enterprise funds..... 138,469  
Change in net position - business type activities.. \$ (145,890,345)

STATE OF VERMONT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

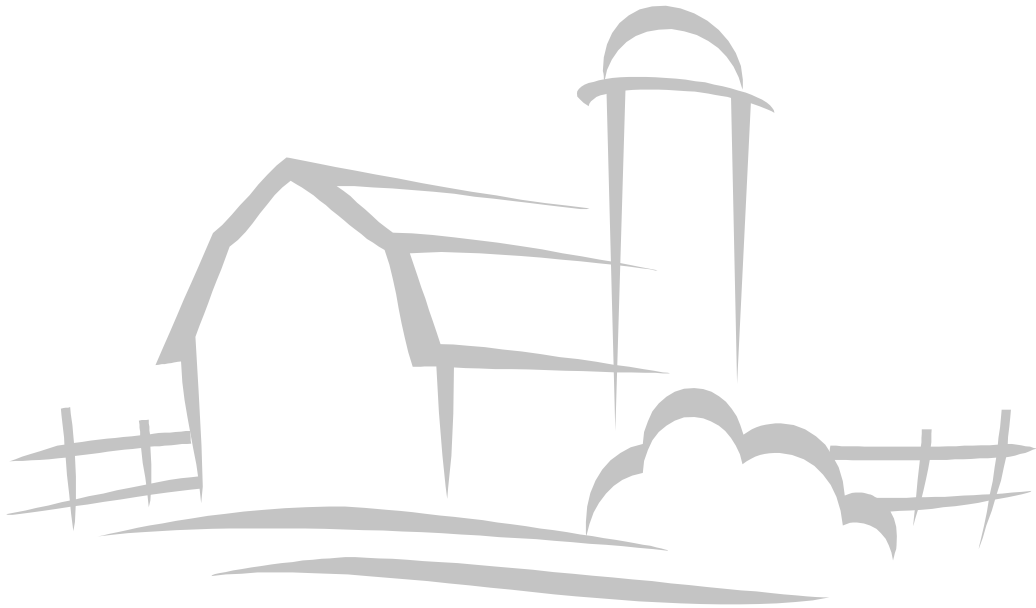
	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	State Lottery Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers.....	\$ 104,177,799	\$ 85,009,252	\$ 137,799,619
Cash paid to suppliers for goods and services.....	-	(60,086,215)	(7,833,811)
Cash paid to employees for services.....	-	(4,380,517)	(1,779,112)
Cash paid for prizes and commissions.....	-	-	(99,574,773)
Cash paid to claimants.....	(752,901,507)	-	-
Other operating revenues.....	-	6,557,132	1,125
Other operating expenses.....	-	(9,121,513)	(55,970)
<b>Total cash provided (used) by operating activities.....</b>	<b>(648,723,708)</b>	<b>17,978,139</b>	<b>28,557,078</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in.....	-	-	-
Transfers out.....	-	(23,000,000)	(26,822,401)
Other nonoperating expenses.....	(687,226)	-	-
Interfund loans and advances.....	-	1,451,051	-
Federal grants.....	646,145,346	-	-
<b>Net cash provided (used) by noncapital financing activities.....</b>	<b>645,458,120</b>	<b>(21,548,949)</b>	<b>(26,822,401)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets.....	-	(281,921)	-
Payment of capital leases and loans.....	-	-	-
Interest paid on capital leases and loans.....	-	-	-
Proceeds from capital loans.....	-	-	-
Proceeds from sale of capital assets.....	-	23,156	-
<b>Net cash provided (used) by capital and related financing activities.....</b>	<b>-</b>	<b>(258,765)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends on investments.....	11,736,674	-	93,581
Proceeds from sales/maturities of investments.....	-	-	110,157
Proceeds from loan repayments.....	-	-	-
Loans issued.....	-	-	-
<b>Net cash provided (used) by investing activities.....</b>	<b>11,736,674</b>	<b>-</b>	<b>203,738</b>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>8,471,086</b>	<b>(3,829,575)</b>	<b>1,938,415</b>
<b>Cash and cash equivalents, July 1.....</b>	<b>494,328,990</b>	<b>3,829,650</b>	<b>4,996,750</b>
<b>Cash and cash equivalents, June 30.....</b>	<b>\$ 502,800,076</b>	<b>\$ 75</b>	<b>\$ 6,935,165</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss).....	\$ (680,274,672)	\$ 19,455,118	\$ 27,375,528
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities</b>			
Depreciation and amortization.....	-	564,438	7,659
(Increase) decrease in accounts/taxes receivable.....	(16,024,796)	(571,161)	387,707
(Increase) decrease in due from other funds.....	-	345,105	-
(Increase) decrease in inventory.....	-	(603,173)	8,636
(Increase) decrease in prepaid expenses.....	-	-	10,000
(Increase) decrease in deferred outflows.....	-	147,248	117,121
Increase (decrease) in accounts payable.....	-	(1,603,718)	143,655
Increase (decrease) in accrued salaries and benefits.....	-	41,652	13,324
Increase (decrease) in claims payable.....	41,035,198	-	-
Increase (decrease) in due to lottery winners.....	-	-	(110,158)
Increase (decrease) in due to agents.....	-	(8,608)	-
Increase (decrease) in future and unclaimed prizes payable.....	-	-	842,219
Increase (decrease) in due to other funds.....	39,019	670,935	7,816
Increase (decrease) in unearned revenues.....	-	3,965	24,656
Increase (decrease) in other liabilities.....	6,501,543	-	-
Increase (decrease) in other noncurrent liabilities.....	-	-	-
Increase (decrease) in net pension liabilities.....	-	23,736	(158,919)
Increase (decrease) in net OPEB liabilities.....	-	(2,798,526)	(1,245,456)
Increase (decrease) in deferred inflows.....	-	2,311,128	1,133,290
<b>Total adjustments.....</b>	<b>31,550,964</b>	<b>(1,476,979)</b>	<b>1,181,550</b>
<b>Net cash provided (used) by operating activities.....</b>	<b>\$ (648,723,708)</b>	<b>\$ 17,978,139</b>	<b>\$ 28,557,078</b>
<b>Noncash investing, capital, and financing activities:</b>			
Retirement of assets not fully depreciated.....	-	11,860	-
Fair market value of donated inventory sold.....	-	-	-

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.

<b>Business-type Activities-Enterprise Funds</b>		<b>Governmental Governmental Activities</b>
<b>Non-major Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Total Internal Service Funds</b>
\$ 73,581,827	\$ 400,568,497	\$ 409,026,109
(81,558,580)	(149,478,606)	(126,981,110)
(29,006)	(6,188,635)	(73,538,497)
-	(99,574,773)	-
-	(752,901,507)	(188,083,413)
-	6,558,257	5,382,331
(793)	(9,178,276)	(3,396,230)
(8,006,552)	(610,195,043)	22,409,190
-	-	6,104,329
(1,129,283)	(50,951,684)	-
-	(687,226)	-
(114,146)	1,336,905	(152,572)
-	646,145,346	-
(1,243,429)	595,843,341	5,951,757
-	(281,921)	(10,696,117)
-	-	(813,234)
-	-	(50,738)
-	-	396,525
-	23,156	823,567
-	(258,765)	(10,339,997)
162,670	11,992,925	1,285,862
-	110,157	-
525,910	525,910	687,655
(693,163)	(693,163)	(955,034)
(4,583)	11,935,829	1,018,483
(9,254,564)	(2,674,638)	19,039,433
23,684,355	526,839,745	93,826,623
\$ 14,429,791	\$ 524,165,107	\$ 112,866,056
\$ (7,447,767)	\$ (640,891,793)	\$ 23,510,384
-	572,097	11,476,006
(1,543,055)	(17,751,305)	(4,840,188)
(39,019)	306,086	(1,722,820)
-	(594,537)	(443,320)
-	10,000	(634,005)
-	264,369	-
(884,681)	(2,344,744)	(1,375,259)
992	55,968	1,191,812
-	41,035,198	(2,915,906)
-	(110,158)	-
-	(8,608)	-
-	842,219	-
134,881	852,651	(215,331)
-	28,621	(1,633,119)
-	6,501,543	10,936
1,772,097	1,772,097	-
-	(135,183)	-
-	(4,043,982)	-
-	3,444,418	-
(558,785)	30,696,750	(1,101,194)
\$ (8,006,552)	\$ (610,195,043)	\$ 22,409,190
-	11,860	(293,845)
215,445	215,445	747,253

***THIS PAGE INTENTIONALLY LEFT BLANK***



*Vermont*



***FIDUCIARY FUNDS***  
***FINANCIAL STATEMENTS***

**STATE OF VERMONT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2020**

	<b>Pension and Other Postemployment Benefits Trust Funds</b>	<b>Private Purpose Trust Fund Unclaimed Property Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 69,292,380	\$ 6,277,970	\$ 7,492,481
Investments			
Fixed income.....	306,658,933	-	-
Equities.....	343,956,243	2,204,565	-
Mutual and commingled funds.....	3,538,331,116	-	-
Real estate and private partnerships.....	598,901,022	-	-
Receivables:			
Taxes.....	-	-	2,265,850
Contributions - current.....	22,540,784	-	-
Contributions - non-current.....	6,314,229	-	-
Investments sold.....	78,976,330	-	-
Interest and dividends.....	2,429,984	-	-
Due from other funds.....	-	4,000	-
Other.....	29,658,019	-	2,452,701
Prepaid expenses.....	239,344	-	-
Other assets.....	-	6,813,869	-
Capital assets:			
Construction in progress.....	-	-	-
Capital assets being depreciated:			
Equipment.....	8,465,392	10,019	-
Less accumulated depreciation.....	(5,866,349)	(7,091)	-
Total capital assets, net of depreciation.....	<u>2,599,043</u>	<u>2,928</u>	-
<b>Total assets.....</b>	<u>4,999,897,427</u>	<u>15,303,332</u>	<u>\$ 12,211,032</u>
<b>LIABILITIES</b>			
Accounts payable.....	2,380,007	13,374	\$ -
Accrued salaries and benefits.....	-	40,957	-
Claims payable.....	-	9,150,554	-
Investments purchased.....	137,615,584	-	-
Due to other funds.....	146	342	-
Interfund loans payable.....	-	-	6,734
Due to depositories.....	-	-	713,969
Intergovernmental payable - other governments.....	-	-	7,224,038
Amounts held in custody for others.....	-	-	2,911,756
Other liabilities.....	-	-	1,354,535
<b>Total liabilities.....</b>	<u>139,995,737</u>	<u>9,205,227</u>	<u>\$ 12,211,032</u>
<b>NET POSITION</b>			
Restricted for employees' pension benefits.....	4,779,673,274	-	
Restricted for employees' other postemployment benefits.....	80,228,416	-	
Held in trust for individuals, organizations and other governments.....	-	6,098,105	
<b>Net position restricted for benefits and other purposes.....</b>	<u>\$ 4,859,901,690</u>	<u>\$ 6,098,105</u>	

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

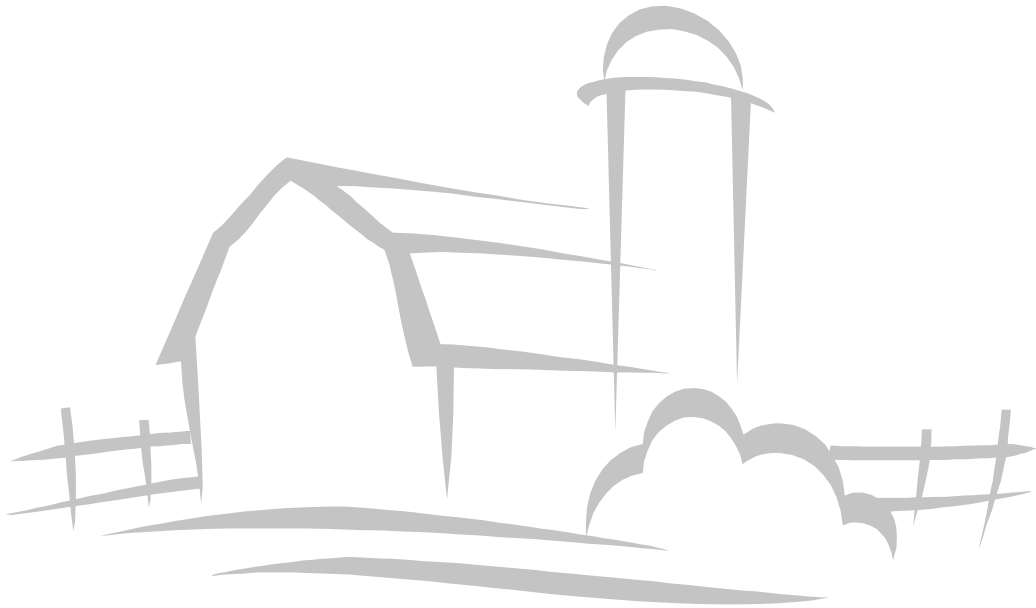
**STATE OF VERMONT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Pension and Other Postemployment Benefits Trust Funds</u>	<u>Private Purpose Trust Fund Unclaimed Property Fund</u>
<b>ADDITIONS</b>		
<b>Contributions</b>		
Employer - pension benefit.....	\$ 107,544,191	\$ -
Employer - healthcare benefit.....	38,599,577	-
Non-employer - pension benefit.....	120,247,389	-
Non-employer - healthcare benefit.....	35,176,080	-
Plan member.....	103,516,799	-
Other revenues.....	6,694,193	-
<b>Total contributions.....</b>	<u>411,778,229</u>	<u>-</u>
<b>Investment Income</b>		
Net appreciation in fair value of investments.....	159,877,415	-
Dividends.....	35,945,631	-
Interest income.....	10,342,682	84,929
Other income.....	830,146	-
<b>Total investment income.....</b>	<u>206,995,874</u>	<u>84,929</u>
<b>Less Investment Expenses</b>		
Investment managers and consultants.....	6,123,856	-
<b>Total investment expenses.....</b>	<u>6,123,856</u>	<u>-</u>
<b>Net investment income.....</b>	<u>200,872,018</u>	<u>84,929</u>
<b>Escheat property remittances.....</b>	<u>-</u>	<u>534,099</u>
<b>Total additions.....</b>	<u>612,650,247</u>	<u>619,028</u>
<b>DEDUCTIONS</b>		
Retirement benefits.....	388,113,709	-
Other postemployment benefits.....	63,890,854	-
Refunds of contributions.....	7,332,170	-
Death claims.....	1,287,289	-
Transfers to non-state systems.....	5,239,384	-
Depreciation.....	704,126	1,046
Operating expenses.....	5,970,349	792,166
<b>Total deductions.....</b>	<u>472,537,881</u>	<u>793,212</u>
<b>Change in net position</b>		
Restricted for employees' pension benefits.....	125,686,704	-
Restricted for employees' other postemployment benefits.....	14,425,662	-
Held in trust for individuals, organizations and other governments.....	-	(174,184)
<b>Restricted Net position, July 1.....</b>	<u>4,719,789,324</u>	<u>6,272,289</u>
<b>Restricted Net position, June 30.....</b>	<u>\$ 4,859,901,690</u>	<u>\$ 6,098,105</u>

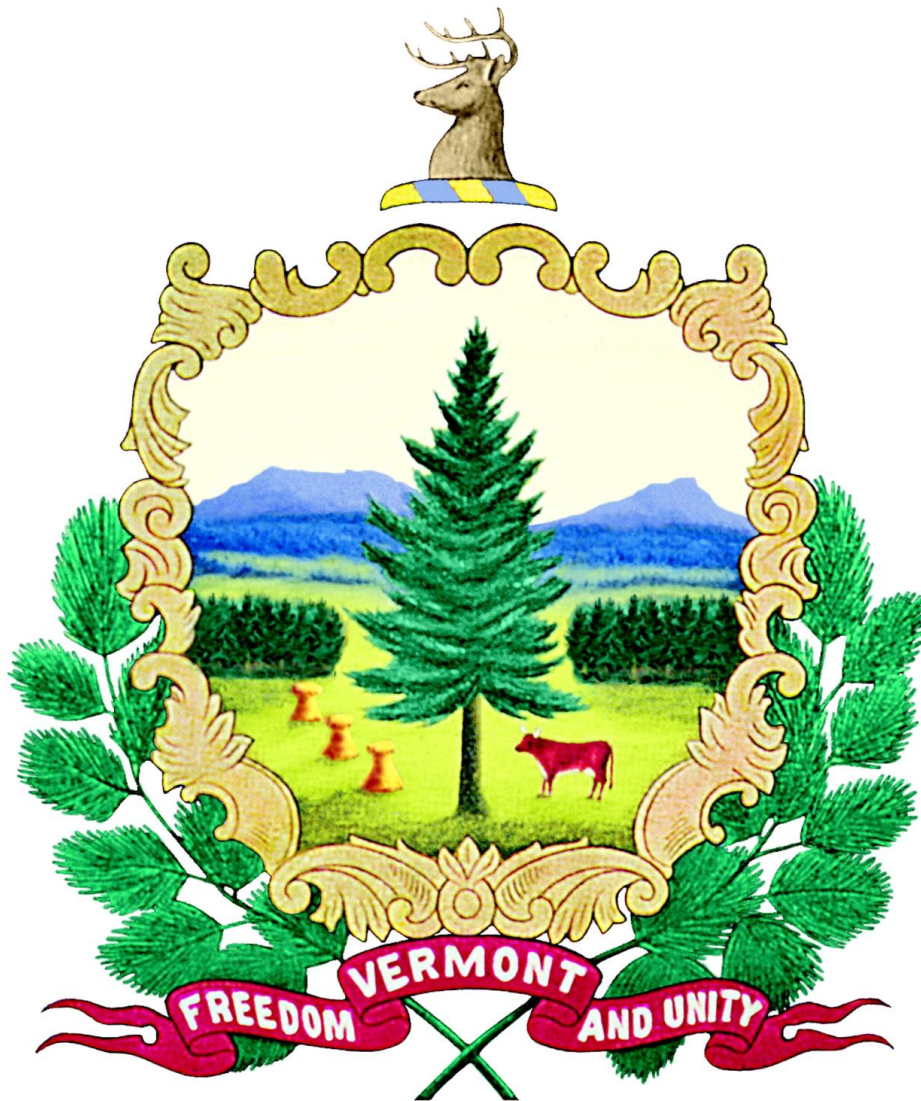
The accompanying notes are an integral part of these financial statements.



***THIS PAGE INTENTIONALLY LEFT BLANK***



*Vermont*



***DISCRETELY PRESENTED COMPONENT UNITS***  
***FINANCIAL STATEMENTS***

**STATE OF VERMONT**  
**STATEMENT OF NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**June 30, 2020**

	<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>
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents.....	\$ 38,328,000	\$ 225,009,000	\$ 22,432,987	\$ 122,000	\$ 40,745,946	\$ 326,637,933
Cash and cash equivalents - restricted.....	-	-	5,940,335	68,758,000	2,720,000	77,418,335
Investments.....	-	224,654,000	1,061,784	15,611,000	26,185,095	267,511,879
Accounts receivable, net.....	-	40,821,000	17,174,731	-	3,373,526	61,369,257
Accrued interest receivable - loans.....	14,586,000	-	-	2,137,000	2,587,125	19,310,125
Accrued interest receivable - investments.....	11,000	-	-	729,000	-	740,000
Loans and notes receivable - current portion.....	93,745,000	1,927,000	-	21,904,000	83,747,227	201,323,227
Other receivables.....	1,755,000	548,000	-	335,000	2,127,611	4,765,611
Due from federal government.....	94,000	7,014,000	-	-	2,494,638	9,602,638
Due from primary government.....	-	-	-	-	4,476,976	4,476,976
Inventories, at cost.....	-	158,000	-	-	200,483	358,483
Other current assets.....	753,000	17,298,000	1,458,477	-	743,231	20,252,708
<b>Total current assets.....</b>	<b>149,272,000</b>	<b>517,429,000</b>	<b>48,068,314</b>	<b>109,596,000</b>	<b>169,401,858</b>	<b>993,767,172</b>
<b>Noncurrent Assets</b>						
Cash and cash equivalents.....	-	6,281,000	963,686	-	-	7,244,686
Cash and cash equivalents - restricted.....	81,643,000	-	-	-	1,668,874	83,311,874
Investments.....	7,910,000	690,776,000	48,091,685	254,055,000	1,559,000	1,002,391,685
Investments - restricted.....	-	-	-	-	90,990,503	90,990,503
Loans and notes receivable, net.....	550,258,000	46,088,000	3,488,786	219,919,000	967,389,039	1,787,142,825
Other assets.....	2,688,000	201,000	61,683	132,000	21,509,562	24,592,245
<b>Total noncurrent assets.....</b>	<b>642,499,000</b>	<b>743,346,000</b>	<b>52,605,840</b>	<b>474,106,000</b>	<b>1,083,116,978</b>	<b>2,995,673,818</b>
<b>Capital Assets</b>						
Land.....	3,150,000	40,128,000	9,004,664	50,000	602,470	52,935,134
Construction in progress.....	-	43,417,000	2,866,436	-	262,242	46,545,678
Capital assets, being depreciated						
Buildings and leasehold improvements.....	17,407,000	1,023,996,000	266,053,885	1,988,000	36,694,595	1,346,139,480
Equipment, furniture and fixtures.....	5,026,000	188,657,000	36,932,380	877,000	6,941,218	238,433,598
Infrastructure.....	-	-	41,568,376	-	-	41,568,376
Less accumulated depreciation.....	(12,979,000)	(584,695,000)	(205,446,665)	(2,273,000)	(28,288,440)	(833,682,105)
<b>Total capital assets, net of depreciation.....</b>	<b>12,604,000</b>	<b>711,503,000</b>	<b>150,979,076</b>	<b>642,000</b>	<b>16,212,085</b>	<b>891,940,161</b>
<b>Total assets.....</b>	<b>804,375,000</b>	<b>1,972,278,000</b>	<b>251,653,230</b>	<b>584,344,000</b>	<b>1,268,730,921</b>	<b>4,881,381,151</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Loss on refunding of bonds payable.....	-	5,925,000	8,570,206	-	23,133,155	37,628,361
Interest rate swaps.....	-	-	-	670,000	-	670,000
VHCB related deferred outflows.....	-	-	-	32,859,000	-	32,859,000
Pension related outflows.....	-	-	-	-	4,735,948	4,735,948
OPEB related outflows.....	-	56,779,000	16,151,177	-	1,658,924	74,589,101
<b>Total deferred outflows of resources.....</b>	<b>-</b>	<b>62,704,000</b>	<b>24,721,383</b>	<b>33,529,000</b>	<b>29,528,027</b>	<b>150,482,410</b>

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
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable and accrued liabilities.....	2,578,000	87,844,000	13,402,712	515,000	3,836,767	108,176,479
Accrued interest payable.....	-	-	-	3,286,000	127,000	3,413,000
Bond interest payable.....	460,000	-	-	-	2,187,615	2,647,615
Unearned revenue.....	14,031,000	152,233,000	12,187,617	-	-	178,451,617
Other current liabilities.....	-	-	-	-	91,000,000	91,000,000
Current portion of long-term liabilities.....	11,975,000	16,962,000	1,613,454	24,053,000	114,399,462	169,002,916
Due to primary government.....	-	-	-	-	2,067,410	2,067,410
Escrowed cash deposits.....	-	-	-	3,636,000	893,000	4,529,000
<b>Total current liabilities.....</b>	<b>29,044,000</b>	<b>257,039,000</b>	<b>27,203,783</b>	<b>31,490,000</b>	<b>214,511,254</b>	<b>559,288,037</b>
<b>Noncurrent Liabilities</b>						
Bonds, notes and leases payable.....	553,172,000	575,882,000	117,960,911	472,072,000	675,687,017	2,394,773,928
Accounts payable and accrued liabilities.....	-	21,718,000	-	-	-	21,718,000
Accrued arbitrage rebate.....	4,254,000	-	-	-	28,674	4,282,674
Advances from primary government.....	-	-	-	-	5,500,000	5,500,000
Net pension liabilities.....	-	-	-	-	14,187,745	14,187,745
Net other postemployment benefits liabilities.....	-	530,031,000	194,057,554	-	12,357,514	736,446,068
Other liabilities.....	-	-	4,995,832	1,113,000	55,695	6,164,527
<b>Total noncurrent liabilities.....</b>	<b>557,426,000</b>	<b>1,127,631,000</b>	<b>317,014,297</b>	<b>473,185,000</b>	<b>707,816,645</b>	<b>3,183,072,942</b>
<b>Total liabilities.....</b>	<b>586,470,000</b>	<b>1,384,670,000</b>	<b>344,218,080</b>	<b>504,675,000</b>	<b>922,327,899</b>	<b>3,742,360,979</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred lease revenue.....	2,655,000	-	-	-	-	2,655,000
Gain on refunding of bonds payable.....	15,322,000	-	-	-	-	15,322,000
Service concession arrangement.....	-	1,312,000	-	-	-	1,312,000
Split interest arrangements.....	-	3,250,000	-	-	-	3,250,000
Pension related inflows.....	-	-	-	-	709,089	709,089
OPEB related inflows.....	-	25,851,000	4,548,824	-	14,342,068	44,741,892
<b>Total deferred inflows of resources.....</b>	<b>17,977,000</b>	<b>30,413,000</b>	<b>4,548,824</b>	<b>-</b>	<b>15,051,157</b>	<b>67,989,981</b>
<b>NET POSITION</b>						
Net investment in capital assets.....	12,604,000	139,779,000	45,779,424	642,000	14,877,085	213,681,509
Restricted						
Endowments - expendable.....	725,000	408,270,000	12,639,185	-	-	421,634,185
Endowments - nonexpendable.....	7,217,000	237,348,000	19,157,254	-	-	263,722,254
Grants and scholarships.....	1,224,000	-	-	-	-	1,224,000
Bond resolution.....	107,608,000	-	-	100,250,000	-	207,858,000
Investment in limited partnerships.....	-	-	-	-	3,507,000	3,507,000
Collateral for commercial paper program.....	-	-	-	-	24,178,000	24,178,000
Project and program commitments.....	-	-	-	4,067,000	47,716,401	51,783,401
Loans receivable.....	-	-	-	-	242,284,165	242,284,165
Unrestricted (deficit).....	70,550,000	(165,498,000)	(149,968,154)	8,239,000	28,317,241	(208,359,913)
<b>Total net position.....</b>	<b>\$ 199,928,000</b>	<b>\$ 619,899,000</b>	<b>\$ (72,392,291)</b>	<b>\$ 113,198,000</b>	<b>\$ 360,879,892</b>	<b>\$ 1,221,512,601</b>

**STATE OF VERMONT  
STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Vermont Student Assistance Corporation</b>	<b>University of Vermont and State Agricultural College</b>	<b>Vermont State Colleges</b>	<b>Vermont Housing Finance Agency</b>	<b>Non-major Component Units</b>	<b>Total Component Units</b>
<b>Expenses</b>						
Salaries and benefits.....	\$ 15,709,000	\$ 473,213,000	\$ 119,066,535	\$ 3,736,000	\$ 25,074,676	\$ 636,799,211
Other expenses.....	14,105,000	188,531,000	43,206,439	5,744,000	33,010,848	284,597,287
Scholarship, grants and fellowships.....	25,511,000	27,329,000	10,369,849	-	-	63,209,849
Depreciation.....	948,000	34,032,000	9,999,987	82,000	1,470,204	46,532,191
Interest on debt.....	13,243,000	20,692,000	4,944,172	15,957,000	27,873,862	82,710,034
<b>Total expenses.....</b>	<b>69,516,000</b>	<b>743,797,000</b>	<b>187,586,982</b>	<b>25,519,000</b>	<b>87,429,590</b>	<b>1,113,848,572</b>
<b>Program Revenues</b>						
Charges for services.....	41,478,000	459,857,000	105,769,711	26,016,000	59,446,133	692,566,844
Operating grants and contributions.....	32,885,000	299,263,000	78,773,500	3,063,000	12,912,768	426,897,268
Capital grants and contributions.....	-	1,490,000	2,479,815	-	5,052,946	9,022,761
<b>Total program revenues.....</b>	<b>74,363,000</b>	<b>760,610,000</b>	<b>187,023,026</b>	<b>29,079,000</b>	<b>77,411,847</b>	<b>1,128,486,873</b>
<b>Net revenue (expense).....</b>	<b>4,847,000</b>	<b>16,813,000</b>	<b>(563,956)</b>	<b>3,560,000</b>	<b>(10,017,743)</b>	<b>14,638,301</b>
<b>General Revenues</b>						
Property transfer tax.....	-	-	-	-	10,804,840	10,804,840
Investment income.....	1,630,000	10,531,000	1,322,745	10,299,000	7,762,892	31,545,637
Additions to non-expendable endowments.....	1,013,000	-	604,785	-	-	1,617,785
Miscellaneous.....	-	36,000	-	-	1,658,346	1,694,346
<b>Total general revenues.....</b>	<b>2,643,000</b>	<b>10,567,000</b>	<b>1,927,530</b>	<b>10,299,000</b>	<b>20,226,078</b>	<b>45,662,608</b>
<b>Changes in net position.....</b>	<b>7,490,000</b>	<b>27,380,000</b>	<b>1,363,574</b>	<b>13,859,000</b>	<b>10,208,335</b>	<b>60,300,909</b>
<b>Net position - beginning, as restated.....</b>	<b>192,438,000</b>	<b>592,519,000</b>	<b>(73,755,865)</b>	<b>99,339,000</b>	<b>350,671,557</b>	<b>1,161,211,692</b>
<b>Net position - ending.....</b>	<b>\$ 199,928,000</b>	<b>\$ 619,899,000</b>	<b>\$ (72,392,291)</b>	<b>\$ 113,198,000</b>	<b>\$ 360,879,892</b>	<b>\$ 1,221,512,601</b>

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

**STATE OF VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2020**

I. Summary of Significant Accounting Policies	
A. Financial Reporting Entity.....	70
B. Basis of Presentation - Government-wide Financial Statements.....	73
C. Basis of Presentation - Fund Financial Statements.....	74
D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation.....	77
E. Assets and Deferred Outflows, Liabilities and Deferred Inflows, and Net Position/Fund Balance....	78
F. Accounting and Reporting Changes.....	83
II. Reconciliation of Government-wide and Fund Financial Statements	
A. Net Position and Fund Balance.....	84
B. Activities and Revenues, Expenditures, and Changes in Fund Balances.....	85
III. Stewardship, Compliance and Accountability	
A. Budgetary Information.....	86
B. Deficit Fund Balance/Net Position.....	87
IV. Detail Notes on All Activities and Funds	
A. Cash and Cash Equivalents.....	88
B. Investments.....	89
C. Receivables.....	102
D. Interfund Balances	
1. Due from/to Other Funds.....	104
2. Advances to/from Other Funds.....	105
3. Interfund Receivables/Payables.....	105
4. Inter-Primary Government/Component Unit Balances.....	106
5. Interfund Transfers.....	107
E. Capital Assets.....	109
F. Deferred Outflows and Deferred Inflows.....	110
G. Long-term Liabilities	
1. Bonds Payable.....	111
2. Bond Refundings.....	114
3. Lease Commitments.....	114
4. Retirement Plans and Other Postemployment Benefits.....	116
5. Other Long-term Liabilities.....	160
H. Fund Balance/Net Position.....	162
V. Other Information	
A. Risk Management.....	164
B. Budget Stabilization Reserves.....	166
C. Contingent and Limited Liabilities	
1. Contingent Liabilities.....	167
2. Limited Liabilities.....	167
3. Contractual Liabilities.....	168
4. Grant Awards.....	169
D. Litigation.....	170
E. Joint Venture.....	171
F. Tax Abatements.....	171
G. Accounting Changes.....	176
H. Subsequent Events.....	176

**STATE OF VERMONT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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, 2020.

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. 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 agency 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 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 CAFR. 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, has remained in the State Statutes in case it becomes necessary to reactivate it in the future. 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.

*Agency Funds* – These funds report assets and liabilities for deposits and investments entrusted to the State as an agent for others. They have no net position and report items such as Federal income tax withholding, social security tax withholding, etc.

#### **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. The financial statements presented for agency funds, a type of fiduciary fund, uses the accrual basis of accounting, but has no measurement focus. 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, and drug expenditure reimbursements due to the Medicaid program from drug companies and third-party insurance companies. 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, 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. 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 assets acquired through capital leases are found in Notes IV. E. - Capital Assets, and IV. G. 3. - Lease Commitments, 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 increases 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.

#### **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 position 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, 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 position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Primary Government has one type of item, which only arises under the modified accrual basis of accounting, that qualifies for reporting in this category, and that is unavailable revenue. 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 four 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, are all reported in the government-wide Statement of Net Position. 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.

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, 2020 in the governmental funds statements is comprised of tax refunds for filed tax returns due and payable at June 30, 2020. The amount reported as tax refunds payable at June 30, 2020 in the government-wide financial statements is comprised of estimated tax liability overpayments for the first and second calendar quarters of year 2020's tax liability that will be paid out in calendar year 2021.

### **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, 2020, 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 accumulates 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 accrual 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:

<b><u>Governmental Funds</u></b>	<b><u>Encumbrances</u></b>
General Fund	\$ 12,403,439
Transportation Fund	463,778
Education Fund	27,811
Special Fund	22,019,909
Federal Revenue Fund	32,209,792
Global Commitment Fund	1,400,000
Non-major Governmental Funds	12,110,020
Total	<u>\$ 80,634,749</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**

In fiscal year 2020, the State implemented Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*; which postpones the implementation dates of certain (GASB) 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	\$ 161,026,319
Works of art	127,803
Construction in progress	671,506,698
Depreciable capital assets and infrastructure, net of \$1,882,900,748 of accumulated depreciation	<u>2,270,053,157</u>
Net adjustment to increase <i>fund balances - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 3,102,713,977</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	\$ 172,270,006
Deferred outflow for unamortized loss on sale of refunding bonds	5,121,630
Deferred inflow for unamortized gain on sale of refunding bonds	(28,376)
Deferred outflow for pension related items	499,468,857
Deferred inflow for pension related items	(24,066,887)
Deferred outflow for OPEB related items	205,208,534
Deferred inflow for OPEB related items	<u>(397,284,129)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 460,689,635</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	\$ (675,146,062)
Accrued interest payable on bonds	(8,927,824)
Compensated absences (net of internal service funds’ liability)	(37,824,300)
Tax refunds payable	(70,492,672)
Net pension liabilities	(2,382,334,113)
Net other postemployment benefits liabilities	(2,251,182,024)
Other long-term liabilities	<u>(16,154,670)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (5,442,061,665)</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	\$ 522,581,289
Expensed net book value of disposed assets	(248,777,757)
Depreciation expense	<u>(196,498,207)</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>\$ 77,305,325</u>

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

Principal repayment	\$ 56,135,000
Payment to refunding bond escrow agent	<u>44,375,000</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>\$ 100,510,000</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:

Bonds issued increases long-term debt in the statement of net position	\$ (88,255,000)
Refunding bonds issued increases long-term debt in the statement of net position	(39,525,000)
Premium from the issuance of bonds increases long-term debt in the statement of net position	(16,913,891)
Bond premium is amortized to interest expense in the statement of activities	7,547,963
Refunding bonds deferred amounts are amortized to interest expense in the statement of activities	(1,173,885)
Bond discount is amortized to interest expense in the statement of activities	<u>(10,273)</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>\$ (138,330,086)</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	\$ (349,140)
Increase in compensated absences	(5,023,262)
Increase in employer pension and other postemployment benefit related costs	(178,819,629)
Decrease in pollution remediation related costs	<u>993,864</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>\$ (183,198,167)</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, 2020:

**Proprietary Funds**

## Major Enterprise Funds:

Liquor Control Fund.....	\$	(5,456,921)
State Lottery Fund.....		(3,014,793)

## Non-major Enterprise Funds:

Federal Surplus Property Fund.....		(194,479)
------------------------------------	--	-----------

## Internal Service Funds:

Offender Work Programs.....		(520,637)
Communications & Information Technology Fund.....		(150,872)
Copy Center Fund.....		(1,356,490)
Postage Fund.....		(3,656,699)
Property Management.....		(23,580,391)
State Liability Insurance.....		(1,051,775)
Workers' Compensation.....		(5,001,425)
Human Resources.....		(496,906)

**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.

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.

**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. Starting in fiscal year 2021, the program model will shift 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 Vermont Offender Work Program includes the Vermont Correctional Industries (VCI), Facility Work Camps, and Community Work Crews. The deficit is attributable to the closure of the Windsor Work Camp, the State converting to open office environments which has nearly eliminated state purchases of furniture from VCI, and a decline in offenders that are being sentenced to Community Work Crews.

The operations of the Agency of Digital Services (ADS) are accounted for in the Communications & Technology (CIT) Fund. The fund's deficit balance was reduced this year due to implementing a new reporting system to better identify operating costs. The new reporting system improvements include robust billing practices and budgeted rates for ADS services, aligning expenditures to receivables and acting upon the management of aged receivables, and improved timesheet billing methods to Agencies for IT services based on the federally approved rate. In addition, ADS has been recouping prior fiscal year costs for the Voice Over IP phone services through a bill back method to consuming agencies users. These actions will further enable ADS to improve the deficit fund balance.



The Copy Center Fund's 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.

The deficit net position in the Postal Fund is due to the marginal rate (percentage points saved off federal postage rates) used to operate the program has not proven sufficient to cover the actual operating costs despite management efforts to initiate efficiencies. In addition, unbilled services (bomb screening and inter-office mail) have not been fully funded in recent years. 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. A modest marginal rate increase was implemented in fiscal year 2020.

Much of the Property Management Fund deficit is due to 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. Additionally, the fund initially operated with staff and operating costs for lease management work that was not being recovered through billed revenue. The administration has added a surcharge to existing leases to cover the operating expenses and deficit. The level of surcharge will be monitored during budgeting each year. Program management has also addressed, via corrective agreements and billings, a few instances of tenant subsidization where invoicing did not recover the full cost of leased space. Program management will also continue to monitor recoverable expenses to pursue corresponding back-charge revenues.

The State Liability Fund's deficit is due to consecutive years of revenues being outpaced by actual and projected liability driven expenses. Program management identified deficiencies in the rate setting model which have been corrected for fiscal year 2021, and the program was supported with a transfer from the general fund in fiscal year 2020. The outlook for the program is improving as the growth of claims has slowed per actuarial projections. Program management will work closely with the State administration to identify additional risk mitigation opportunities.

The Workers' Compensation Fund deficit is the result of responding to an excess fund surplus in fiscal year 2017 by charging discounted premiums to customers beginning in fiscal year 2018 through 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 fiscal years 2018 and 2019. Program management has removed the premium discount and returned rate to a break-even level for fiscal year 2021, and the program was supported with a transfer from the general fund in fiscal year 2020. Program management will work closely with State administration to identify additional workplace safety and other risk mitigation opportunities. A reserve fulfillment surcharge may need to be applied if programmatic savings cannot otherwise be realized.

The Human Resources Services fund ended fiscal year 2020 in a deficit position as estimated revenues, via a one-time statewide allocation, proved insufficient to cover operating expenses. Expenses not covered by revenue this year include depreciation for the upgraded talent and acquisition management system (TAMS), a new position/commission based within the Agency of Administration, as well as collectively bargained salary increases for the approximately 95 employees within this fund. Program management will review the rate setting process to ensure that all anticipated expenses and opportunities for increased efficiencies are considered.

#### **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, 2020, were \$1,405,163,782. Of these, \$8,673,073 were exposed to custodial credit risk as uninsured and collateralized with securities held in the name of pledging financial institutions.

The Unemployment Compensation Trust Fund had \$501,854,253 on deposit with the U.S. Treasury at June 30, 2020. 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, 2020, totaled \$25,649,123 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, 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, 2020 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>	Fair Value Measurement Level			
	Fair Value	Level 1	Level 2	Level 3
<b>Debt investments:</b>				
US Treasuries.....	\$ 106,024	\$ 106,024	\$ -	\$ -
US Agencies Securities.....	29,662	29,662	-	-
Commercial Paper.....	2,811	-	2,811	-
Total debt investments.....	<u>138,497</u>	<u>135,686</u>	<u>2,811</u>	<u>-</u>
<b>Equities:</b>				
Equity Securities.....	2,205	2,205	-	-
Total investments by fair value level.....	<u>140,702</u>	<u>\$ 137,891</u>	<u>\$ 2,811</u>	<u>\$ -</u>
<u>Investments measured by net asset value (NAV)</u>		<u>Unfunded</u>	<u>Redemption</u>	<u>Redemption</u>
		<u>Commitments</u>	<u>Frequency</u>	<u>Notice Period</u>
Money Market Mutual Funds.....	382,520	-	Daily	-
Fixed Income Mutual Funds.....	27,543	-	Daily, monthly	1-30 days
Equity Mutual Funds.....	18,399	-	Daily, monthly	1-60 days
Total investments by NAV.....	<u>428,462</u>			
<b>Total investments.....</b>	<u>\$ 569,164</u>			

\$382,520 (in thousands) of the above money market mutual funds and \$2,811 (in thousands) of the above commercial paper 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, 2020 are presented as follows:

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

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1 to <6	6 to 10	More Than 10
<b>Debt Investments:</b>					
US Treasuries.....	\$ 106,024	\$ 105,367	\$ 358	\$ 191	\$ 108
US Agencies Securities.....	29,662	29,662	-	-	-
Money Market Mutual Funds.....	382,520	382,520	-	-	-
Fixed Income Mutual Funds.....	27,543	27,543	-	-	-
Commercial Paper.....	2,811	2,811	-	-	-
Total Debt Investments.....	548,560	\$ 547,903	\$ 358	\$ 191	\$ 108
<b>Other Investments:</b>					
Equity Securities.....	2,205				
Equity Mutual Funds.....	18,399				
Total Investments.....	\$ 569,164				
<b>Investments per maturity schedule.....</b>		\$ 569,164			
Included in cash & cash equivalents:					
Money market mutual fund.....		(382,520)			
Commercial paper.....		(2,811)			
Financial statement investments total.....		\$ 183,833			

*(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, 2020, 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, 2020, 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 \$106,024 (in thousands), and pension fund investments are as follows:, as of June 30, 2020, 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>Aa2</u>	<u>Unrated</u>
US Agencies Securities .....	\$ 29,662	\$ -	\$ 29,662	\$ -
Money Market Mutual Funds.....	382,520	382,520	-	-
Fixed Income Mutual Funds.....	27,543	-	-	27,543
Commercial Paper.....	2,811	-	2,811	-
Totals.....	<u>\$ 442,536</u>	<u>\$ 382,520</u>	<u>\$ 32,473</u>	<u>\$ 27,543</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, 2020, 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 Committee (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.

*(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, 2020, for the Pension and OPEB trust funds.

**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>
<b>Debt securities:</b>				
US Agencies/Treasuries.....	\$ 129,245	\$ -	\$ 129,245	\$ -
Corporate Debt.....	94,288	-	94,288	-
Certificates of Deposit.....	901	-	901	-
Municipals.....	5,092	-	5,092	-
Asset Backed Securities.....	7,763	-	7,763	-
Mortgage Backed Securities.....	60,630	-	60,630	-
Sovereign Debt.....	9,986	-	9,986	-
Repurchase Agreement.....	20,200	-	20,200	-
Total debt securities.....	<u>328,105</u>	<u>-</u>	<u>328,105</u>	<u>-</u>
<b>Equity investments:</b>				
Stock Securities.....	<u>343,956</u>	<u>343,772</u>	<u>184</u>	<u>-</u>
Total equity securities.....	<u>343,956</u>	<u>343,772</u>	<u>184</u>	<u>-</u>
<b>Investment derivatives:</b>				
Swaps.....	(1,249)	(1,249)	-	-
Options.....	3	3	-	-
Total investment derivatives.....	<u>(1,246)</u>	<u>(1,246)</u>	<u>-</u>	<u>-</u>
Total investments by fair value level.....	<u>670,815</u>	<u>\$ 342,526</u>	<u>\$ 328,289</u>	<u>\$ -</u>
<b><u>Investments measured at the net asset value (NAV)</u></b>				
		<b><u>Unfunded</u></b>	<b><u>Redemption</u></b>	<b><u>Redemption</u></b>
		<b><u>Commitments</u></b>	<b><u>Frequency</u></b>	<b><u>Notice Period</u></b>
			<b><u>(if currently eligible)</u></b>	
Commingled Fixed Income Mutual Funds.....	1,459,471	-	Daily, monthly	1-30 days
Commingled Equity Mutual Funds.....	388,167	-	Daily, monthly	1-60 days
Mutual Funds.....	1,690,693	-	Monthly, quarterly	90 days
Money Market Mutual Fund.....	21,418	-	Daily	-
Real Estate Funds.....	212,522	-	N/A	N/A
Private Partnerships.....	<u>386,379</u>	777,079	N/A	N/A
Total investments measured at NAV.....	<u>4,158,650</u>			
<b>Total investments.....</b>	<b><u>\$4,829,465</u></b>			

*(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 &lt;6</u>	<u>6 to 10</u>	<u>More Than 10</u>
<b>Debt Investments:</b>					
US Agencies/Treasuries.....	\$ 129,245	\$ 1,298	\$ 65,182	\$ 31,728	\$ 31,037
Corporate Debt.....	94,288	8,042	52,784	27,209	6,253
Money Market Mutual Fund.....	21,418	21,418	-	-	-
Certificates of Deposit.....	901	901	-	-	-
Municipals.....	5,092	30	653	414	3,995
Asset Backed Securities.....	7,763	636	46	233	6,848
Collateralized Mortgage Obligations....	60,630	-	238	-	60,392
Sovereign Debt.....	9,986	58	3,229	2,340	4,359
Repurchase Agreement.....	20,200	20,200	-	-	-
Fixed Income Mutual Funds.....	1,459,471	1,459,471	-	-	-
Total Debt Investments.....	<u>1,808,994</u>	<u>\$ 1,512,054</u>	<u>\$ 122,132</u>	<u>\$ 61,924</u>	<u>\$ 112,884</u>
<b>Other Investments:</b>					
Equity Mutual Funds.....	388,167				
Equity Securities.....	343,956				
Mutual Funds.....	1,690,693				
Real Estate.....	212,522				
Private Partnerships.....	386,379				
Fixed Income - Derivatives.....	<u>(1,246)</u>				
<b>Total.....</b>	<u>\$ 4,829,465</u>				

The above money market mutual funds of \$21,418 (in thousands) and repurchase agreements of \$20,200 (in thousands) are classified as cash & cash equivalents on the financial statements.

*(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, 2020, 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, 2020, 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 \$129,245 (in thousands) are as follows:

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

<b>Debt Investments</b>	<b>Fair Value</b>	<b>Quality Ratings</b>		
		<b>Aaa</b>	<b>Aa</b>	<b>A</b>
Corporate Debt.....	\$ 94,288	\$ -	\$ 20	\$ 28,685
Money Market Mutual Funds.....	21,418	-	-	-
Certificates of Deposit.....	901	-	-	-
Municipals.....	5,092	-	3,657	368
Asset Backed Securities.....	7,763	-	-	1,606
Collateralized Mortgage Obligations...	60,630	4,960	729	-
Sovereign Debt.....	9,986	234	2,290	3,346
Repurchase Agreement.....	20,200	-	-	-
Fixed Income Mutual Funds.....	1,459,471	-	-	-
Totals.....	<u>\$ 1,679,749</u>	<u>\$ 5,194</u>	<u>\$ 6,696</u>	<u>\$ 34,005</u>

<b>Debt Investments</b>	<b>Quality Ratings</b>			
	<b>Baa</b>	<b>Ba</b>	<b>B and below</b>	<b>Unrated</b>
Corporate Debt.....	\$ 39,818	\$ 9,289	\$ 1,424	\$ 15,052
Money Market Mutual Funds.....	-	-	-	21,418
Certificates of Deposit.....	-	-	-	901
Municipals.....	414	-	-	653
Asset Backed Securities.....	269	-	5,202	686
Collateralized Mortgage Obligations...	-	63	2,646	52,232
Sovereign Debt.....	1,576	1,252	-	1,288
Repurchase Agreement.....	-	-	-	20,200
Fixed Income Mutual Funds.....	-	-	-	1,459,471
Totals.....	<u>\$ 42,077</u>	<u>\$ 10,604</u>	<u>\$ 9,272</u>	<u>\$ 1,571,901</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:

**Pension and Other Postemployment Benefits**  
**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>Debt</u>	<u>Equity</u>	<u>Derivatives</u>
Argentine Peso.....	\$ 349	\$ 118	\$ 231	\$ -	\$ -
Australian Dollar.....	12,033	17	-	12,016	-
Brazilian Real.....	1	-	-	-	1
Canadian Dollar.....	293	79	-	173	41
Danish Krone.....	6,890	-	-	6,890	-
Euro.....	58,560	38	5,271	53,206	45
Hong Kong Dollar.....	9,299	16	-	9,283	-
Israeli Shekel.....	2,038	-	-	2,038	-
Japanese Yen.....	53,254	594	-	52,660	-
Malaysian Ringgit.....	56	4	-	52	-
Mexican Peso.....	161	72	-	89	-
New Turkish Lira.....	301	3	-	298	-
New Zealand Dollar.....	359	2	234	129	(6)
Norwegian Krone.....	70	2	-	68	-
Philippine Peso.....	1	1	-	-	-
Polish Zloty.....	17	-	-	17	-
Singapore Dollar.....	4,768	101	-	4,667	-
South African Rand.....	203	-	-	203	-
South Korean Won.....	2,334	42	-	2,292	-
Swedish Krona.....	4,996	2	-	4,994	-
Swiss Franc.....	14,093	-	-	14,093	-
Thai Baht.....	19	-	-	19	-
United Kingdom Pound.....	34,630	547	5,931	28,526	(374)
Yuan Renminbi.....	4,625	29	-	4,596	-
Totals.....	<u>\$ 209,350</u>	<u>\$ 1,667</u>	<u>\$ 11,667</u>	<u>\$ 196,309</u>	<u>\$ (293)</u>

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.

**Derivative Financial Instruments**

Vermont Pension Investment Committee (VPIC) policy authorizes certain Managers to invest in derivative financial investments. Derivatives are financial arrangements between two parties whose payments are based on, or “derived” from, the performance of some agreed upon benchmark. Disclosures related to derivatives positions required under Governmental Accounting Standards Board Statement No. 53 – *Accounting and Financial Reporting for Derivative Instruments* (GASB No. 53) apply only to those derivative instruments held directly by the VPIC on behalf of the defined benefit plans and the external investment trust and not those held within commingled fund investment vehicles. The Pension and Other Postemployment Benefit Trust Funds do not have hedgeable assets or liabilities, and all derivative instruments are considered investment derivatives, with corresponding changes in fair value reported in investment income. The fair value of all derivative financial instruments are reported in the Statement of Fiduciary Net Position. All of the derivatives reported at June 30, 2020, are presented at fair value.

Derivative instruments may be used for any of the following purposes:

- To gain market exposure.
- To convert financial exposure in a given currency to that of another currency (e.g., to hedge Japanese Yen exposure back to the U.S. dollar). Any and all international Managers may enter into foreign exchange contracts on currency provided that: a) such contracts are one year or less, and b) use of such contracts is limited solely and exclusively to hedging currency exposure existing within the Manager’s portfolio. There shall be no foreign currency speculation or any related investment activity, with the exception of currency hedging Managers who enter into currency hedging will be guided by specific risk parameters in their contracts.
- To adjust the duration of a bond portfolio in a manner that is consistent with the accepted approach of the Manager and other contract terms applicable to the Manager.
- To make portfolio adjustments that are consistent with other elements of the VPIC’s investment policies and that do not systematically increase risk or expected volatility of the rate-of-return of the total portfolio.
- For trading purposes which are intended to enhance investment returns. This purpose is subject to the requirement that it be consistent with other elements of the VPIC’s investment policies and that it does not systematically increase the risk or expected volatility of the rate of return of the total portfolio.

All other uses of derivatives are prohibited unless specifically approved by the VPIC. Managers are expected to have internal risk management programs in place to ensure that derivatives-based strategies do not result in inappropriate risks to the VPIC Portfolio. Separately managed funds include the following reporting requirements: a list of all derivative positions as of quarter-end; an assessment of how the derivative positions affect the risk exposures of the total portfolio; an explanation of any significant pricing discrepancies between the Manager and custodian bank; an explanation of any non-compliance. Commingled funds provide the VPIC with a quarterly list of derivative positions and assessment of the effect on the risk exposure of the portfolio.

For derivative securities, the Custodian Bank is required to obtain two independent prices, or to notify the VPIC that two independent prices are not available. Managers are required to reconcile the valuations of all derivative positions on a monthly basis with the Custodian Bank. Derivatives, which are futures contracts, are Commodity Futures Trading Commission approved and exchange traded. Options may either be exchange-traded or traded over the counter (OTC).

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2020, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (in thousands):

*(Table on next page.)*

	Changes in Fair Value		Fair Value at June 30, 2020		Notional
	Classification	Amount	Classification	Amount	
Investment derivatives					
Swaps					
Interest rate swaps.....	Investment revenue	\$ (1,249)	Investment	\$ (1,249)	45,700
Swaptions					
Interest rate swaptions.....	Investment revenue	3	Investment	3	(770)
Currency forwards					
FX forwards.....	Investment revenue	1	Investment	-	(238) Brazilian Real
	Investment revenue	(58)	Investment	-	(7,986) Euro
	Investment revenue	-	Investment	-	4,215 Hong Kong Dollar
	Investment revenue	(6)	Investment	-	(269) New Zealand Dollar
	Investment revenue	(23)	Investment	-	(8,588) United Kingdom Pound

*Futures* represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing the VPIC's credit risk. The net change in the futures contracts value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains (losses) in the Statement of Changes in Fiduciary Net Position.

*Options* represent or give buyers the right, but not the obligation, to buy or sell an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, the VPIC receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, the VPIC pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

*Swaps* represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. At June 30, 2020, the VPIC had three different types of swap arrangements; interest rate swaps, inflation linked swaps, and credit default swaps. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counterparty who, in turn, agrees to make return interest payments that float with some reference rate. The interest rate swaps allowed the VPIC to effectively convert long term variable interest investments into fixed interest rate investments. Credit default swaps are used to manage credit exposure without buying securities outright. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Fiduciary Net Position.

*Currency forwards* represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rate on the foreign currency dominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net realized gains or losses on foreign currency related transactions in the Statement of Changes in Fiduciary Net Position. Only forward currency contracts defined as derivatives per GASB No. 53 are reported above; currency spot contracts are not included. Risk of loss arises from changes in currency exchange rates. At June 30, 2020, currency forward positions consisted of unrealized loss on pending foreign exchange sales of \$86,415.

Counter-party creditworthiness, for non-exchange traded derivatives, shall be at a minimum of "A3" as defined by Moody's Investor Service, "A-" by Standard & Poor's, and "A-" by Fitch. The use of counterparties holding a split rating with one of the ratings below A3/A- is prohibited. The use of unrated counterparties is prohibited. Individual counter-party exposure, for non-exchange traded commodity derivatives, is limited to 50% of the notional amount of the VPIC Portfolio commodity derived exposure. An exception is allowed if the total commodity derivative exposure is less than \$3 million. Any entity acting as counterparty must be regulated in either the United States or the United Kingdom. All other uses of derivatives are prohibited unless specifically approved by the VPIC. Managers are expected to have internal risk management programs in place to ensure

that derivatives-based strategies do not result in inappropriate risks to the VPIC portfolio. For fiscal year 2020 the majority of the derivatives are centrally cleared through an exchange, where the exchange guarantees the settlement of the contract. The following table shows the credit exposure per Moody's rating at June 30, 2020 for the derivatives subject to counterparty risk:

<u>Moody's Rating</u>	<u>Market Value</u>
A1.....	\$ 3,297
Total.....	<u>\$ 3,297</u>

In addition, Manager credit research teams are tasked with evaluating potential counterparties for their creditworthiness as counterparties, not relying on ratings agencies alone. Managers evaluate individual counterparties using various methods of credit analysis: company visits, reports, earnings updates and take into account other factors, including the broker's/dealer's reputation for sound management, the past experience of the Manager with the broker/dealer, market levels for its debt and equity, its quality of liquidity provided and its share of market participation. At June 30, 2020 risk concentrations are as shown in the following table:

<u>Counterparty Name</u>	<u>Percentage of Net Exposure</u>	<u>Moody's Rating</u>	<u>S&amp;P Rating</u>	<u>Fitch Rating</u>
Goldman Sachs Bank USA.....	100.00%	A1	A+	A+

VPIC's Managers use master agreements and may receive additional protection through the collateralization requirements, which helps to mitigate a party's exposure to another party in the event of a default or termination event by requiring the pledging/posting of assets to the other party to secure any outstanding obligations under certain transactions. By regular, generally daily, movement of collateral on forward settling trades, VPIC's exposure to any particular counterparty can be reduced. Collateral movement threshold for securities under the master forward agreements typically ranges from \$0 to \$250,000 per account, depending on the particular counterparty. Managers require daily posting of collateral with many of our counterparties.

VPIC does not have a formal policy regarding master netting arrangements. As a general practice, Managers use industry standardized contracts, generally known as "master agreements" or "netting agreements," counterparty risk is reduced by providing parties to a transaction the ability to close out and net its total exposure to a counterparty in event of a default with respect to all transactions governed under that particular agreement. These agreements (International Swaps and Derivatives Association (ISDA) Master Agreement and Credit Support Annex, Master OTC Options Agreement, Master Securities Forward Transaction Agreement, Global/Master Repurchase Agreement) allow parties to a transaction to know their legal rights and obligations, in addition to an ability to net. Managers generally put master agreements in place on behalf of each account it manages and each separate counterparty legal entity with which it transacts. The maximum amount of loss VPIC would face in case of default of all counterparties as of June 30, 2020, consists of the aggregated fair value of OTC positions in the amount of \$3,297.

Derivative instruments often contain credit-risk-related contingent features that could result in an immediate payment to the counterparty. For example, a material adverse change clause could provide the counterparty with the right to early terminate the derivative agreement. Alternatively, it could provide a basis for renegotiating the agreement if specific events occur, such as a downgrade of the entity's credit rating below investment grade. These provisions may include an obligation to post additional collateral in instances where the credit-risk contingent feature is triggered, or the counterparty is provided the right to terminate the agreement early.

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 prepayment varies with the underlying assets. Risk is minimized through the purchase of high-quality instruments with limited default or prepayment risk.

**C. Receivables**

Accounts receivable at June 30, 2020 are summarized as follows:

	<u>Enterprise Funds</u>		<u>Total Business-type Activities</u>
	<u>Major</u>	<u>Non-major</u>	
<b>Business-type activities</b>			
<b>Taxes</b>			
Unemployment.....	\$ 30,767,151	\$ 3,085,609	\$ 33,852,760
Allowance for uncollectibles.....	(8,091,142)	(1,462,978)	(9,554,120)
<b>Taxes receivable, net.....</b>	<b><u>\$ 22,676,009</u></b>	<b><u>\$ 1,622,631</u></b>	<b><u>\$ 24,298,640</u></b>
<b>Loans and notes receivable.....</b>	<b><u>\$ -</u></b>	<b><u>\$ 1,490,603</u></b>	<b><u>\$ 1,490,603</u></b>
Current receivable.....			\$ 491,657
Non-current receivable.....			998,946
<b>Total loans and notes receivable, net.....</b>			<b><u>\$ 1,490,603</u></b>
<b>Federal grants.....</b>	<b><u>\$ 6,822,919</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,822,919</u></b>
<b>Other</b>			
Accrued interest and other receivables....	\$ 25,555,715	\$ 11,412,672	\$ 36,968,387
Allowance for uncollectibles.....	(101,358)	-	(101,358)
<b>Other receivables, net</b>	<b><u>\$ 25,454,357</u></b>	<b><u>\$ 11,412,672</u></b>	<b><u>\$ 36,867,029</u></b>
Current receivable.....			\$ 36,867,029
Non-current receivable.....			-
<b>Total other receivable, net.....</b>			<b><u>\$ 36,867,029</u></b>

*continued on following page*

	Governmental Funds		Internal Service Funds	Total Governmental Activities
	Major	Non-major		
<b>Governmental activities</b>				
<b>Taxes</b>				
Personal and corporate income.....	\$ 333,453,821	\$ -	\$ -	\$ 333,453,821
Sales and use.....	88,256,953	-	-	88,256,953
Meals and rooms.....	41,282,890	-	-	41,282,890
Purchase and use.....	111,758	-	-	111,758
Motor Fuel.....	28,110	678	-	28,788
Other taxes.....	34,488,973	-	-	34,488,973
Subtotal.....	497,622,505	678	-	497,623,183
Allowance for uncollectibles.....	(142,074,468)	(1)	-	(142,074,469)
<b>Taxes receivable, net.....</b>	<b>\$ 355,548,037</b>	<b>\$ 677</b>	<b>\$ -</b>	<b>\$ 355,548,714</b>
				Current receivable..... \$ 234,378,565
				Non-current receivable..... 121,170,149
				<b>Total taxes receivable, net..... \$ 355,548,714</b>
<b>Loans and notes</b>				
Loans and notes receivable.....	\$ 284,032,870	\$ -	\$ 4,059,042	\$ 288,091,912
Allowance for uncollectibles.....	(842,326)	-	-	(842,326)
<b>Loans and notes receivable, net...</b>	<b>\$ 283,190,544</b>	<b>\$ -</b>	<b>\$ 4,059,042</b>	<b>\$ 287,249,586</b>
				Current receivable..... \$ 29,801,850
				Non-current receivable..... 257,447,736
				<b>Total loans and notes receivable, net..... \$ 287,249,586</b>
<b>Federal grants</b>				
Human services.....	\$ 163,552,168	\$ -	\$ -	\$ 163,552,168
General education.....	33,910,045	-	-	33,910,045
Transportation.....	35,060,471	-	-	35,060,471
Other.....	35,195,536	-	-	35,195,536
<b>Federal grants.....</b>	<b>\$ 267,718,220</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 267,718,220</b>
<b>Other</b>				
Accrued interest and other receivables....	\$ 131,469,722	\$ 56,790	\$ 25,035,990	\$ 156,562,502
Allowance for uncollectibles.....	(47,235,606)	(5,219)	(296,791)	(47,537,616)
<b>Other receivables, net.....</b>	<b>\$ 84,234,116</b>	<b>\$ 51,571</b>	<b>\$ 24,739,199</b>	<b>109,024,886</b>
				Interfund loans receivable and due from other funds from Fiduciary Funds..... 7,222
				Less Internal Service Funds' receivables from Governmental Funds..... (9,040,058)
<b>Other receivables, net.....</b>				<b>\$ 99,992,050</b>
				Current receivable..... \$ 57,256,459
				Non-current receivable..... 42,735,591
				<b>Total other receivable, net..... \$ 99,992,050</b>



**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, 2020, are as follows:

Due From Other Funds	Due to Other Funds			
	Governmental Funds			
	General Fund	Transportation Fund	Education Fund	Special Fund
General Fund	\$ -	\$ 5,008	\$ -	\$ 71,387
Transportation Fund	4,133	-	-	4,504
Special Fund	595,485	445,042	-	-
Federal Revenue Fund	251,594	-	-	1,352,288
Global Commitment Fund	66,823,523	-	-	764,334
Liquor Control Fund	-	-	-	64,652
Internal Service Funds	3,214,410	6,537,816	33,000	5,483,192
Fiduciary Funds	-	-	-	4,000
<b>Total</b>	<b>\$ 70,889,145</b>	<b>\$ 6,987,866</b>	<b>\$ 33,000</b>	<b>\$ 7,744,357</b>

*continued below*

Due From Other Funds	Due to Other Funds				
	Governmental Funds			Proprietary Funds	
	Federal Revenue Fund	Global Commitment Fund	Non-major Governmental Funds	Internal Service Funds	Unemployment Compensation Trust Fund
General Fund	\$ 1,755,439	\$ 1,889,198	\$ 726	\$ 50,719	\$ -
Transportation Fund	190	-	240	14,006	-
Special Fund	2,153,029	156,468	969,010	166,468	-
Federal Revenue Fund	-	-	82,809	478,081	-
Global Commitment Fund	10,890	-	-	-	-
Non-major Enterprise Funds	-	-	-	-	84,302
Internal Service Funds	9,111,649	92,621	15,917	-	-
<b>Total</b>	<b>\$ 13,031,197</b>	<b>\$ 2,138,287</b>	<b>\$ 1,068,702</b>	<b>\$ 709,274</b>	<b>\$ 84,302</b>

*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 Funds	Fiduciary Funds	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 3,772,477
Transportation Fund	-	-	-	6	23,079
Education Fund	-	391,754	-	-	391,754
Special Fund	1,118	-	469,689	-	4,956,309
Federal Revenue Fund	-	-	-	-	2,164,772
Global Commitment Fund	-	-	-	-	67,598,747
Liquor Control Fund	-	-	-	-	64,652
Non-major Enterprise Funds	-	-	-	-	84,302
Internal Service Funds	857,781	13,949	-	482	25,360,817
Fiduciary Funds	-	-	-	-	4,000
<b>Total</b>	<b>\$ 858,899</b>	<b>\$ 405,703</b>	<b>\$ 469,689</b>	<b>\$ 488</b>	<b>\$ 104,420,909</b>

## 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, 2020, are summarized below:

Proprietary Funds	
State Lottery Fund	\$ 300,000
Liquor Control Fund	75
<b>Total</b>	<b>\$ 300,075</b>

## 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 Transportation Fund reports the corresponding interfund receivable for the cash borrowed from the Highway Garage (Internal Service) Fund. The General Fund reports the corresponding interfund receivable for the cash borrowed from the rest of the pool. The Federal Revenue Fund reports an interfund receivable for cash provided to the General Fund during fiscal year 2020. It is expected that certain amounts due the General Fund and Transportation 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, 2020, are as follows:

(Table on next page.)

Interfund Payable	Interfund Receivable			Totals
	General Fund	Transportation Fund	Federal Revenue Fund	
<b>Governmental Funds</b>				
General Fund	\$ -	\$ -	\$ 51,183,289	\$ 51,183,289
Global Commitment Fund	10,800	-	-	10,800
<b>Proprietary Funds</b>				
Liquor Control Fund	1,451,051	-	-	1,451,051
Non-major Enterprise Funds	255,108	-	-	255,108
Internal Service Funds	61,945,758	5,077,613	-	67,023,371
<b>Fiduciary Funds</b>				
Agency Funds	6,734	-	-	6,734
<b>Total</b>	<u>\$ 63,669,451</u>	<u>\$ 5,077,613</u>	<u>\$ 51,183,289</u>	<u>\$ 119,930,353</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, 2020, 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, 2020, these account balances are as follows:

	<u>Vermont Housing &amp; Conservation Board</u>
<b>Due from Component Units</b>	
General Fund	\$ 2,067,410
<b>Due to Component Units</b>	
General Fund	(412,500)
Non-major Governmental Funds	<u>(4,064,476)</u>
<b>Total</b>	<u>\$ (2,409,566)</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 transfers from the Liquor Control fund; 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, the Emergency Relief and Assistance Fund and the Connectivity 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 and educational financial systems.

Interfund transfers for the fiscal year ended June 30, 2020, are as follows:

*(Table on next page.)*

Transfers in	Transfers Out			
	Governmental Funds			
	General Fund	Transportation Fund	Special Fund	Federal Revenue Fund
General Fund	\$ -	\$ -	\$ 50,338,418	\$ 15,874,593
Education Fund	-	-	12,529,337	-
Special Fund	4,048,077	1,476,909	-	35,211,653
Federal Revenue Fund	111,039	-	-	-
Global Commitment Fund	526,851,015	-	45,479,642	-
Non-major Governmental Funds	76,413,324	3,492,846	22,300	1,069,511
Internal Service Funds	5,748,971	355,358	-	-
<b>Total</b>	<b>\$ 613,172,426</b>	<b>\$ 5,325,113</b>	<b>\$ 108,369,697</b>	<b>\$ 52,155,757</b>

*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	\$ -	\$ -	\$ 23,000,000	\$ -
Education Fund	-	-	-	27,522,562
Special Fund	27,239,463	-	-	-
Federal Revenue Fund	-	5,736,748	-	-
<b>Total</b>	<b>\$ 27,239,463</b>	<b>\$ 5,736,748</b>	<b>\$ 23,000,000</b>	<b>\$ 27,522,562</b>

*continued below*

Transfers in	Transfers Out	
	Proprietary Funds	
	Non-major Enterprise Funds	Total
General Fund	\$ 375,000	\$ 89,588,011
Education Fund	-	40,051,899
Special Fund	754,283	68,730,385
Federal Revenue Fund	-	5,847,787
Global Commitment Fund	-	572,330,657
Non-major Governmental Funds	-	80,997,981
Internal Service Funds	-	6,104,329
<b>Total</b>	<b>\$ 1,129,283</b>	<b>\$ 863,651,049</b>

**E. Capital Assets**

Capital assets activity for the fiscal year ended June 30, 2020, was as follows:

**Primary Government**

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital assets, not being depreciated					
Land, land use rights, and land improvements	\$ 155,709,527	\$ 5,342,948	\$ -	\$ -	\$ 161,052,475
Construction in process	665,972,484	265,819,743	(252,869,647)	(3,351,599)	675,570,981
Works of art	136,003	-	-	-	136,003
Total capital assets, not being depreciated	<u>821,818,014</u>	<u>271,162,691</u>	<u>(252,869,647)</u>	<u>(3,351,599)</u>	<u>836,759,459</u>
Capital assets, being depreciated					
Buildings and improvements	740,984,478	13,791,752	(579,246)	-	754,196,984
Machinery and equipment	569,133,996	26,983,197	(10,559,913)	-	585,557,280
Infrastructure	<u>2,786,264,868</u>	<u>229,359,867</u>	<u>(70,510,773)</u>	<u>-</u>	<u>2,945,113,962</u>
Total capital assets, being depreciated	<u>4,096,383,342</u>	<u>270,134,816</u>	<u>(81,649,932)</u>	<u>-</u>	<u>4,284,868,226</u>
Less accumulated depreciation for					
Buildings and improvements	(300,037,930)	(23,662,427)	248,362	-	(323,451,995)
Machinery and equipment	(320,890,940)	(67,089,771)	10,018,709	-	(377,962,002)
Infrastructure	<u>(1,213,988,880)</u>	<u>(117,222,015)</u>	<u>70,510,773</u>	<u>-</u>	<u>(1,260,700,122)</u>
Total accumulated depreciation	<u>(1,834,917,750)</u>	<u>(207,974,213)</u>	<u>80,777,844</u>	<u>-</u>	<u>(1,962,114,119)</u>
Capital assets, being depreciated, net	<u>2,261,465,592</u>	<u>62,160,603</u>	<u>(872,088)</u>	<u>-</u>	<u>2,322,754,107</u>
Governmental activities capital assets, net	<u>\$ 3,083,283,606</u>	<u>\$ 333,323,294</u>	<u>\$ (253,741,735)</u>	<u>\$ (3,351,599)</u>	<u>\$ 3,159,513,566</u>
<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital assets, being depreciated					
Buildings and improvements	\$ 59,935	\$ -	\$ -	\$ -	\$ 59,935
Machinery and equipment	5,715,440	281,921	(225,055)	-	5,772,306
Total capital assets, being depreciated	<u>5,775,375</u>	<u>281,921</u>	<u>(225,055)</u>	<u>-</u>	<u>5,832,241</u>
Less accumulated depreciation for					
Buildings and improvements	(59,935)	-	-	-	(59,935)
Machinery and equipment	<u>(1,342,582)</u>	<u>(572,097)</u>	<u>213,195</u>	<u>-</u>	<u>(1,701,484)</u>
Total accumulated depreciation	<u>(1,402,517)</u>	<u>(572,097)</u>	<u>213,195</u>	<u>-</u>	<u>(1,761,419)</u>
Capital assets, being depreciated, net	<u>4,372,858</u>	<u>(290,176)</u>	<u>(11,860)</u>	<u>-</u>	<u>4,070,822</u>
Business-type activities capital assets, net	<u>\$ 4,372,858</u>	<u>\$ (290,176)</u>	<u>\$ (11,860)</u>	<u>\$ -</u>	<u>\$ 4,070,822</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	\$ 8,452,417	\$ 22,994	\$ -	\$ -	\$ 8,475,411
Total capital assets, being depreciated	<u>8,452,417</u>	<u>22,994</u>	<u>-</u>	<u>-</u>	<u>8,475,411</u>
Less accumulated depreciation for					
Machinery and equipment	<u>(5,168,268)</u>	<u>(705,172)</u>	<u>-</u>	<u>-</u>	<u>(5,873,440)</u>
Total accumulated depreciation	<u>(5,168,268)</u>	<u>(705,172)</u>	<u>-</u>	<u>-</u>	<u>(5,873,440)</u>
Fiduciary activities capital assets, net	<u>\$ 3,284,149</u>	<u>\$ (682,178)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,601,971</u>

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

### Governmental Activities

General Government	\$ 27,610,176
Protection to Persons and Property	9,075,013
Human Services	39,135,790
Labor	41,370
General Education	949,373
Natural Resources	2,916,134
Commerce & Community Development	268,000
Transportation	116,502,351
Depreciation on capital assets held by Internal Service Funds	<u>11,476,006</u>
<b>Total</b>	<b><u>\$ 207,974,213</u></b>

### Business-type Activities

Liquor Control Fund	\$ 564,438
State Lottery Fund	<u>7,659</u>
<b>Total</b>	<b><u>\$ 572,097</u></b>

### Fiduciary Activities

Pension Trust Funds	\$ 704,126
Private Purpose Trust Fund	<u>1,046</u>
<b>Total</b>	<b><u>\$ 705,172</u></b>

## F. Deferred Outflows and Deferred Inflows

Deferred outflows and deferred inflows in the government-wide Statement of Net Position governmental activities consist of the unamortized balance of losses and gains related to refunding of debt. The difference between the reacquisition price (the amount placed in escrow to pay for advance refunding, and the principle 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 change in deferred outflows of resources for the loss on refunding of bonds payable is as follows:

	<b>Deferred Outflows</b>
Balance, July 1, 2019	\$ 6,298,325
Current year amortization	<u>(1,176,695)</u>
Balance, June 30, 2020	<b><u>\$ 5,121,630</u></b>

The change in deferred inflows of resources for the gain on refunding of bonds payable is as follows:

	<b>Deferred Inflows</b>
Balance, July 1, 2019	\$ -
Deferred amount on new refundings	31,186
Current year amortization	<u>(2,810)</u>
Balance, June 30, 2020	<u>\$ 28,376</u>

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 inflows in the governmental funds Balance Sheet consist of unavailable amounts related to revenue recognition. 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.

The changes in bonds principal payable for fiscal year 2020 are summarized in the following schedule:

*(Table on next page.)*



	<u>General Obligation Bonds</u>	<u>Special Obligation Bonds</u>	<u>Total Obligation Bonds</u>
Balance, July 1, 2019	\$ 584,050,000	\$ 25,115,000	\$ 609,165,000
Additions:			
Issuances	<u>127,780,000</u>	-	<u>127,780,000</u>
Total	<u>127,780,000</u>	-	<u>127,780,000</u>
Deductions:			
Redemptions	(54,460,000)	(1,675,000)	(56,135,000)
Defeasance	<u>(44,375,000)</u>	-	<u>(44,375,000)</u>
Total	<u>(98,835,000)</u>	<u>(1,675,000)</u>	<u>(100,510,000)</u>
Balance, June 30, 2020	<u>\$ 612,995,000</u>	<u>\$ 23,440,000</u>	<u>\$ 636,435,000</u>

General obligation and special obligation transportation infrastructure bonds outstanding at June 30, 2020, are shown on the following page:

## General Obligation and Special Obligation Transportation Infrastructure Bonds Outstanding at June 30, 2020

Date Issued	Date Series Matures	Interest Rates %	Amount of Original Issue	Maturity Value Sources of Payments		Maturity Value
				General Fund	Transportation Fund	of Bonds Outstanding Total
<b>General Obligation Current Interest Bonds:</b>						
10/26/2010	8/15/2030	1.45 to 4.7	\$ 46,250,000	\$ 38,750,000	\$ -	\$ 38,750,000
11/30/2010	8/15/2020	1.5 to 5.0	25,000,000	2,500,000	-	2,500,000
3/21/2012	8/15/2022	0.6 to 3.0	25,000,000	6,650,000	-	6,650,000
3/21/2012	8/15/2030	3.0 to 3.5	28,000,000	28,000,000	-	28,000,000
3/21/2012	8/15/2025	0.6 to 5.0	69,060,000	35,966,540	473,460	36,440,000
10/11/2012	8/15/2024	2.0 to 5.0	26,765,000	12,165,000	-	12,165,000
10/11/2012	8/15/2032	2.0 to 5.0	66,420,000	48,400,000	-	48,400,000
11/14/2013	8/15/2028	2.0 to 5.0	25,000,000	8,585,000	-	8,585,000
11/14/2013	8/15/2033	2.0 to 5.0	42,810,000	38,875,000	-	38,875,000
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	11,645,000	-	11,645,000
12/9/2014	8/15/2034	5	53,245,000	43,510,000	-	43,510,000
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	21,525,000	-	21,525,000
10/22/2015	8/15/2035	2.625 to 5.0	61,345,000	50,355,000	-	50,355,000
10/22/2015	8/15/2028	2.0 to 4.0	25,720,000	20,550,000	2,340,000	22,890,000
9/13/2017	8/15/2037	2.0 to 5.0	34,700,000	29,335,000	-	29,335,000
9/13/2017	8/15/2037	2.25 to 5.0	71,395,000	66,150,000	-	66,150,000
8/15/2019	2/15/2039	3.0 to 5.0	88,255,000	83,840,000	-	83,840,000
8/15/2019	8/15/2029	2.0 to 5.0	39,525,000	39,525,000	-	39,525,000
<b>Total General Obligation Current Interest Bonds</b>				<b>610,181,540</b>	<b>2,813,460</b>	<b>612,995,000</b>
<b>Special Obligation Transportation Infrastructure Bonds:</b>						
8/3/2010	6/15/2030	2.0 to 4.0	14,400,000	-	8,200,000	8,200,000
8/9/2012	6/15/2032	2.0 to 3.0	10,820,000	-	7,060,000	7,060,000
8/8/2013	6/15/2033	3.0 to 4.25	11,165,000	-	8,180,000	8,180,000
<b>Total Special Obligation Transportation Bonds</b>				<b>-</b>	<b>23,440,000</b>	<b>23,440,000</b>
<b>Total General Obligation and Special Obligation Bonds</b>				<b>\$ 610,181,540</b>	<b>\$ 26,253,460</b>	<b>\$ 636,435,000</b>

At June 30, 2020, there remains \$132,613,895 of authorized but unissued general obligation bonds.

Future general and special obligation debt service requirements at June 30, 2020 are as follows:

Fiscal Year	General Obligation Current Interest Bonds		Special Obligation Current Interest Bonds		Total
	Principal	Interest	Principal	Interest	
2021	\$ 54,095,000	\$ 22,779,651	\$ 1,730,000	\$ 772,613	\$ 79,377,264
2022	51,225,000	20,712,994	1,785,000	720,863	74,443,857
2023	49,370,000	18,719,538	1,835,000	667,363	70,591,901
2024	46,860,000	16,755,506	1,885,000	617,713	66,118,219
2025	46,815,000	14,823,850	1,945,000	561,275	64,145,125
2026-2030	202,765,000	48,001,513	10,680,000	1,819,975	263,266,488
2031-2035	123,825,000	16,190,713	3,580,000	250,273	143,845,986
2036-2040	38,040,000	2,198,696	-	-	40,238,696
Totals	<u>\$ 612,995,000</u>	<u>\$ 160,182,461</u>	<u>\$ 23,440,000</u>	<u>\$ 5,410,075</u>	<u>\$ 802,027,536</u>

## 2. Bond Refundings

During the 2020 fiscal year, the State issued general obligation refunding bonds 2019 Series B in the amount of \$39,525,000 to be used solely to refund portions of the State's general obligation bonds. Through a current refunding, \$36,000,000 outstanding principal of the 2010 Series A-2 - General Obligation Bonds (Federally Taxable – Build America Bonds), \$6,135,000 outstanding principal of the 2010 Series C-1 - General Obligation Refunding Bonds and \$2,240,000 outstanding principal of the 2010 Series C-2 – General Obligation Refunding Bonds, for a total of \$44,375,000 were called and refunded on September 16, 2019, and the liabilities have been removed from the State's financial statements. The net carrying value of the refunded debt was \$44,406,186.

Total proceeds inclusive of premium for the 2019 Series B is \$44,804,530; \$322,571 was paid in refunding bond issuance costs, and \$44,375,000 was paid to the bond escrow agent to call and refund the bonds. Accrued interest of \$174,663 was paid on the refunded bonds at the time they were called and refunded.

The State has taken advantage of lower interest rates; and has decreased its aggregate debt service payments by \$3,745,595 over the eleven years ending August 2029. The economic gain (the present value of the debt service savings) for the State through this transaction is \$3,454,082 using a discount rate of 1.5235397%.

## 3. Lease Commitments

### A. Operating Leases

The State is committed under various operating leases covering real property (land and buildings) and equipment. Although lease terms vary, certain leases continue subject to appropriation by the General Assembly. If continuation is reasonably assured, leases requiring appropriation by the General Assembly are considered non-cancelable leases for financial reporting purposes. It should also be noted that the State is currently negotiating a small number of operating leases on which rent is being paid on a month-by-month basis and for which there is no signed agreement. These leases have not been included in the following table.

Total lease payments paid by the primary government in fiscal year 2020 was \$15,255,604 for operating leases of which \$15,032,735 was paid for property leases, \$188,915 for equipment leases, \$26,783 for non-cancellable land leases and \$7,171 for cancellable land rentals.

The following is a summary of the estimated future minimum rental commitments under operating leases for real property and equipment at June 30, 2020:

<u>Fiscal Year</u>	<u>Primary Government</u>		
	<u>Non-Cancelable Leases</u>	<u>Cancelable Leases</u>	<u>Total</u>
2021.....	\$ 13,990,168	\$ 5,171	\$ 13,995,339
2022.....	12,650,433	1,946	12,652,379
2023.....	10,898,619	1,630	10,900,249
2024.....	9,079,216	1,630	9,080,846
2025.....	6,316,886	1,630	6,318,516
2026 - 2030....	22,587,099	6,500	22,593,599
2031 - 2035....	3,351,441	5,400	3,356,841
2036 - 2040....	450	2,160	2,610
Totals	<u>\$ 78,874,312</u>	<u>\$ 26,067</u>	<u>\$ 78,900,379</u>

### **B. Capital Leases**

As of June 30, 2020, the historical cost of the primary government's assets acquired through capital leases was \$13,028,832 for buildings and improvements, less accumulated depreciation of \$5,608,313 results in a net amount of \$7,420,519 for primary government's assets acquired through capital leases.

The State Office Building Redevelopment Project in Downtown St. Albans commenced in 2013. Under this multi-part downtown redevelopment strategy, the Department of Buildings and General Services enter a building lease for the primary government. The lease payments paid by the primary government in fiscal 2020 was \$835,079.

The future minimum lease obligation and the net present value of the minimum lease payments at June 30, 2020 are as follows:

*(Table on next page.)*

<u>Fiscal Year</u>	<u>Primary Government</u>
2021.....	\$ 853,868
2022.....	873,080
2023.....	892,724
2024.....	912,810
2025.....	933,349
2026 - 2030.....	4,991,360
2031 - 2035.....	<u>4,892,305</u>
Total minimum lease payments.....	14,349,496
Less interest.....	<u>(5,192,166)</u>
Present value of minimum lease payments....	<u>\$ 9,157,330</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, 2020. 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 2020 employer contribution rate was 21.40% of payroll and consists of the following two components: 14.82% for Vermont State Retirement System defined benefit pension plan (VSRS) and 6.58% 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 \$84.4 million and \$38.6 million, respectively, for the fiscal year ended June 30, 2020.

## **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, 2020 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, 2020.

#### **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, 2020, 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, 2020, the retirement system consisted of 352 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, 2020, the State Treasurer's Office reports the following membership of each of the defined benefit plans by status and group:

	<b>Vermont State Retirement System</b>	<b>Vermont State Teachers Retirement System</b>	<b>Vermont Municipal Employees Retirement System</b>
Total Active Members	8,539	9,996	7,987
Retirees and beneficiaries currently receiving benefits	7,424	9,843	3,693
Terminated employees entitled to benefits but not yet receiving them (vested)	768	887	927
Inactive members	1,482	2,710	2,941
Total Members	<u>18,213</u>	<u>23,436</u>	<u>15,548</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, 2020 for the various groups are as follows:

<b>Vermont State Retirement System</b>	<b>Group A</b>	<b>Group C</b>	<b>Group D</b>	<b>Group F</b>
Employee Contributions	6.65% of gross payroll	8.53% of gross payroll	6.65% of gross payroll	6.65% of gross payroll
Employer Contributions	14.82% of gross payroll	14.82% of gross payroll	14.82% of gross payroll	14.82% 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, 2020 for the various groups are as follows:

<b>Vermont State Teachers Retirement System</b>	<b>Group A</b>	<b>Group C - Group #1</b>	<b>Group C - Group #2</b>
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 2018 actuarial recommendation of amount needed to fund benefits earned during the year (1.08% of projected payroll), plus amount needed to liquidate the accrued liability over the remaining amortization period (\$119,080,624).		



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, 2020, for the various groups are as follows:

<b>Vermont Municipal Employees Retirement System</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Employee Contributions	2.750% of gross salary	5.125% of gross salary	10.250% of gross salary	11.600% of gross salary
Employer Contributions	4.250% of gross salary	5.750% of gross salary	7.500% of gross salary	10.100% 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	Final salary at retirement	Highest 3 consecutive years, excluding unused annual leave payoff	Same
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	Same
Maximum Benefit Payable	100% of AFC	50% of AFC	100% of Final Salary	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) with 5 years of service	Age 62 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	Same
Early Retirement Reduction	Actuarially reduced benefit if under 30 years of service	No reduction	3% per year from age 62	No reduction if 30 years of service; otherwise, 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, from a minimum of 1% up to a maximum of 5%, after 12 months of retirement	Full CPI, from a minimum of 1% up to a maximum of 5%, after 12 months of retirement	Full CPI, from a minimum of 1% up to a maximum of 5%, after 12 months of retirement	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%	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	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC	Same
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	Same

\* Note: Annual post-retirement Cost of Living Adjustment (COLA) applies beginning the first January after receiving at least 12 pension payments and reaching normal retirement age.

(Notes continue on next page.)

<b>Vermont State Teachers Retirement System</b>	<b>Group A</b>	<b>Group C - Group #1 *</b>	<b>Group C - Group #2 ++</b>
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; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5% minimum of 1% after 12 months of normal retirement or age 65
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 within 5 years of normal retirement (age 62 or 30 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.

*(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 **	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 98.3137% of the VSRS net pension liability. The Vermont Veterans' Home (a discrete component unit) is responsible for 1.6863% 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, 2020) and for the State's reporting period (the year ended June 30, 2020). 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, 2020, the State has chosen to use the end of the prior fiscal year (June 30, 2019) as the measurement date, and the year ended June 30, 2019 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, 2018, to the measurement date of June 30, 2019. 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)
<b>Balances - June 30, 2018</b>	\$ 2,608,559	\$ 1,841,500	\$ 767,059	\$ 3,343,078	\$ 1,832,373	\$ 1,510,705
<b>Changes for the year:</b>						
Service cost	51,946	-	51,946	39,766	-	39,766
Interest	194,126	-	194,126	246,468	-	246,468
Difference between expected and actual experience	40,476	-	40,476	28,998	-	28,998
Contributions - employer	-	66,618	(66,618)	-	-	-
Contributions - non-employer	-	-	-	-	113,748	(113,748)
Contributions - employee	-	40,818	(40,818)	-	39,075	(39,075)
Net investment income	-	106,777	(106,777)	-	109,429	(109,429)
Benefit payments, including refunds of contributions	(144,297)	(144,297)	-	(193,197)	(193,197)	-
Administrative expenses	-	(2,246)	2,246	-	(2,715)	2,715
Other changes	-	299	(299)	-	5,775	(5,775)
<b>Net changes</b>	<u>142,251</u>	<u>67,969</u>	<u>74,282</u>	<u>122,035</u>	<u>72,115</u>	<u>49,920</u>
<b>Balances - June 30, 2019</b>	\$ <u>2,750,810</u>	\$ <u>1,909,469</u>	\$ <u>841,341</u>	\$ <u>3,465,113</u>	\$ <u>1,904,488</u>	\$ <u>1,560,625</u>
<b>Fiduciary net position as a percentage of total pension liability</b>			69.41%			54.96%

## Proportionate Share of Net Pension Liability

	VSRS			
	Amount	Proportionate Share		
		2019	2018	Change
Governmental activities	\$ 821,709	97.6666%	97.4913%	0.1753%
Business type activities	5,444	0.6471%	0.7274%	-0.0803%
Discrete component unit	14,188	1.6863%	1.7813%	-0.0950%
Total net pension liability	\$ 841,341	100.0000%	100.0000%	

Additional information regarding the changes in the net pension liability for the year ended June 30, 2020 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, 2021. As of June 30, 2020, the State reported the following deferred pension outflows of resources and deferred pension inflows of resources (amounts are in thousands):

*(Table on next page.)*

Source	Vermont State Retirement System			
	Primary Government		Discrete Component Units	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
	of Resources	of Resources	of Resources	of Resources
Differences between expected and actual experience	\$ 106,076	\$ -	\$ 1,819	\$ -
Changes of assumptions	31,202	7,162	535	123
Net differences between projected and actual earnings on plan investments	31,699	-	545	-
Change in proportion and the effect of certain employer contributions on the employer's net pension liability	1,131	968	423	586
Employer contributions made subsequent to the measurement date	83,016	-	1,414	-
<b>Total</b>	<u>\$ 253,124</u>	<u>\$ 8,130</u>	<u>\$ 4,736</u>	<u>\$ 709</u>

Source	State Teachers' Retirement System	
	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,613	\$ -
Changes of assumptions	46,462	16,478
Net differences between projected and actual earnings on plan investments	26,759	-
Employer contributions made subsequent to the measurement date	120,247	-
<b>Total</b>	<u>\$ 248,081</u>	<u>\$ 16,478</u>

Source	Primary Government	
	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 160,689	\$ -
Changes of assumptions	77,664	23,640
Net differences between projected and actual earnings on plan investments	58,458	-
Change in proportion and the effect of certain employer contributions on the employer's net pension liability	1,131	968
Employer contributions made subsequent to the measurement date	203,263	-
<b>Total</b>	<u>\$ 501,205</u>	<u>\$ 24,608</u>

The amounts reported as deferred pension outflows of resources resulting from employer contributions made subsequent to the measurement date (VSRS - \$83.016 million Primary Government and \$1.414 million Component Units; and STRS - \$120.247 million Primary Government), will be recognized as a reduction of the net pension liability at June 30, 2021. 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' Retirement System	Vermont State Retirement System	Total	Vermont State Retirement System
	Primary Government	Primary Government	Primary Government	Discrete Component Units
2021	\$ 82,118	\$ 62,029	\$ 144,147	\$ 1,002
2022	10,622	29,509	40,131	500
2023	13,296	37,531	50,827	674
2024	5,320	26,185	31,505	415
2025	-	6,724	6,724	22
Total	<u>\$ 111,356</u>	<u>\$ 161,978</u>	<u>\$ 273,334</u>	<u>\$ 2,613</u>

#### 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, 2020, is as follows (amounts are in thousands):

*(Table on next page.)*



	<u>State Teachers'</u> <u>Retirement System</u>	<u>Vermont State</u> <u>Retirement System</u>	<u>Total</u>	<u>Vermont State</u> <u>Retirement System</u>
	<u>Primary</u> <u>Government</u>	<u>Primary</u> <u>Government</u>	<u>Primary</u> <u>Government</u>	<u>Discrete</u> <u>Component Units</u>
Service cost.....	\$ 39,766	\$ 51,071	\$ 90,837	\$ 875
Interest on total pension liability.....	246,468	190,854	437,322	3,273
Employee contributions.....	(39,075)	(40,130)	(79,205)	(688)
Plan administrative costs.....	2,715	2,208	4,923	38
Other changes.....	(5,775)	(294)	(6,069)	(5)
Projected earnings on plan investments.....	(136,029)	(134,353)	(270,382)	(2,305)
Recognition (amortization) of deferred pension outflows of resources:				
Difference between expected and actual experience.....	7,249	6,632	13,881	114
Net difference between projected and actual investment earnings...	5,320	5,875	11,195	101
Recognition of deferred outflows from prior periods.....	107,292	80,432	187,724	1,380
Changes in proportional share of contributions.....	-	415	415	122
Recognition (amortization) of deferred pension inflows of resources:				
Recognition of deferred inflows from prior periods.....	(10,045)	(3,581)	(13,626)	(61)
Changes in proportional share of contributions.....	-	(283)	(283)	(254)
<b>Total Pension Expense.....</b>	<b>\$ 217,886</b>	<b>\$ 158,846</b>	<b>\$ 376,732</b>	<b>\$ 2,590</b>

### 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, 2018 for VSRS and STRS.

(Table on next page.)

	VSRS	STRS
Valuation date	6/30/2018*	6/30/2018*
Inflation assumptions	2.50%	2.50%
Investment rate of return	7.50%	7.50%
Projected salary increases	3.50% - 7.04%	3.75% - 9.09%
Cost of living adjustments	Groups A, C & D: 2.55%; Group F: 1.4% and Group F retiring after 7/1/08: 2.55%	Group A: 2.55%; Group C: 1.4%
<u>Post Retirement Adjustments</u> Allowances in payment for at least one year adjusted for cost of living based on CPI but not in excess of percentage indicated	Groups A, C, D - 5%	Group A - 5%
Allowances in payment for at least one year increased on January 1 by one-half of the percentage increase in the CPI but not in excess of percentage indicated	Group F - 5%	Group C - 5%
Assumed annual rate of cost-of-living increases	For those eligible for increases of 100% of CPI change - 2.55%	For those eligible for increases of 100% of CPI change - 2.55%
	For those eligible for increases of 50% of CPI change - 1.4%	For those eligible for increases of 50% of CPI change - 1.4%
<u>Census Data for 2018 Valuation</u> Retired members or beneficiaries currently receiving benefits	6,974	9,269
Inactive members	1,267	2,613
Active members	8,530	9,892
Terminated vested members	753	787
Total membership	17,524	22,561
*Valuation date is rolled forward to the measurement date of June 30, 2019 using standard actuarial techniques		

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

Vermont State Retirement System

- *Pre-retirement Mortality:* Groups A and F were based on 101% of RP-2006 blended 30% Blue Collar Employee, 70% Healthy Employee with generational projection using Scale SSA-2017. Mortality rates for active employees in Group C were based on RP-2006 Blue Collar Employee with generational projection using Scale SSA-2017. Mortality rates for active employees in Group D were based on RP-2006 Healthy Employee with generational projection using Scale SSA-2017.
- *Post-retirement Mortality:* Groups A and F were based on 101% of RP-2006 blended 30% Blue Collar Annuitant, 70% Healthy Annuitant with generational projection using Scale SSA-2017. Mortality rates for retirees and beneficiaries in Group C were based on RP-2006 Blue Collar Annuitant with generational projection using Scale SSA-2017. Mortality rates for retirees and beneficiaries in Group D were based on RP-2006 Healthy Annuitant with generational projection using Scale SSA-2017.
- *Disabled Mortality:* Groups A, C, D, and F were based on RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2017.

Vermont State Teachers' Retirement System

- *Pre-retirement Mortality*: All Groups were based on 98% of RP-2006 White Collar Employee with generational projection using Scale SSA-2017.
- *Post-retirement Mortality*: All Groups were based on 98% of RP-2006 White Collar Annuitant with generational projection using Scale SSA-2017.
- *Disabled Mortality*: All Groups were based on the RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2014. Actuarial valuations attempt to estimate costs associated with the pension system based on a number of demographic, 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, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Real Rate of Return</u>
Global Equity	29.00%	6.90%
US Equity – Large Cap	4.00%	5.94%
US Equity – Small/Mid Cap	3.00%	6.72%
Non-US Equity – Large Cap	5.00%	6.81%
Non-US Equity – Small Cap	2.00%	7.31%
Emerging Markets Debt	4.00%	4.26%
Core Bond	14.00%	1.79%
Non-Core Bonds	6.00%	3.22%
Short Quality Credit	5.00%	1.81%
Private Credit	5.00%	6.00%
US TIPS	3.00%	1.45%
Core Real Estate	5.00%	4.26%
Non-Core Real Estate	3.00%	5.76%
Private Equity	10.00%	10.81%
Infrastructure/Farmland	2.00%	4.89%
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 2.5%.

**Discount Rate (Employer Reporting)**

The discount rate used to measure the total pension liability as of June 30, 2019 measurement date was 7.50% for the VSRS and STRS. The discount rate used for the prior year was 7.50% 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, 2019 measurement date was 5.90% for VSRS, and 6.10% for STRS. Amounts for the prior year were 6.73%, and 6.99% 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, 2019 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	6.50%	6.50%
Net pension liability	\$ 1,176,832	\$ 1,938,120
Net pension liability, as reported		
Discount rate	7.50%	7.50%
Net pension liability	\$ 841,341	\$ 1,560,625
One-percent increase		
Discount rate	8.50%	8.50%
Net pension liability	\$ 563,638	\$ 1,242,124

**Payable to the Defined Benefit Pension Plan (Employer Reporting)**

At June 30, 2020, the State reported a payable of \$7,970,031 for the outstanding amount of contributions to the VSRS pension plan required for the year ended June 30, 2020.

**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, 2020. 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, 2019 were rolled forward to the pension plans' fiscal year end of June 30, 2020. 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, 2020, are shown as follows with amounts in thousands:

	<b>Vermont State Retirement System</b>	<b>Vermont State Teachers' Retirement System</b>	<b>Vermont Municipal Employees Retirement System</b>
Total pension liability	\$ 3,070,253	\$ 3,902,618	\$ 993,027
Fiduciary net position	<u>(1,959,067)</u>	<u>(1,951,490)</u>	<u>(740,053)</u>
Net pension liability	<u>\$ 1,111,186</u>	<u>\$ 1,951,128</u>	<u>\$ 252,974</u>
Fiduciary net position as a percentage of total pension liability	63.81%	50.00%	74.52%

Additional information regarding changes in the net pension liability for the year ended June 30, 2020 can be found in the Required Supplementary Information section immediately following these notes to the financial statements.

**Actuarial Assumptions (Plan Reporting)**

The June 30, 2020 total pension liability was determined by rolling forward the total pension liability as of June 30, 2019 to June 30, 2020, using the actuarial assumptions and methods used in the June 30, 2019 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	6/30/2019*	6/30/2019*	6/30/2019*
Inflation assumptions	2.30%	2.30%	2.30%
Investment rate of return	7.00%	7.00%	7.00%
Projected salary increases	3.40% - 5.55%	3.30% - 10.50%	4.50% - 7.00%
Cost of living adjustments	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%	Group A: 1.10%; Groups B, C, & D: 1.20%
<b>Post Retirement Adjustments</b>			
Allowances in payment for at least one year adjusted for cost of living based on CPI but not in excess of percentage indicated	Groups A, C, D, F (retired on or after 7/1/2008) - 5%	Group A - 5%	N/A
Allowances in payment for at least one year increased on January 1 by one-half of the percentage increase in the CPI but not in excess of percentage indicated	Group F (retired before 7/1/2008) - 5%	Group C - 5%	Group A - 2%, Groups B, C & D - 3%
Assumed annual rate of cost-of-living increases	For those eligible for increases of 100% of CPI change - 2.40%	For those eligible for increases of 100% of CPI change - 2.40%	
	For those eligible for increases of 50% of CPI change - 1.35%	For those eligible for increases of 50% of CPI change - 1.35%	
<b>Census Data for 2019 Valuation</b>			
Retired members or beneficiaries currently receiving benefits	7,268	9,514	3,415
Inactive members	1,443	2,756	2,814
Active members	8,443	9,862	7,630
Terminated vested members	747	819	896
Total membership	17,901	22,951	14,755
*Valuation date is rolled forward to the measurement date of June 30, 2020 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 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 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 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 Employee 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 Mortality:* All groups were based on the PubNS-2010 Non-Safety Disabled Retiree amount-weighted with generational projection using Scale MP-2019.

The actuarial assumptions used in the June 30, 2019 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, 2020 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>
Global Equity	29.00%	7.07%
US Equity – Large Cap	4.00%	6.19%
US Equity – Small/Mid Cap	3.00%	6.93%
Non-US Equity – Large Cap	5.00%	7.01%
Non-US Equity – Small Cap	2.00%	7.66%
Emerging Markets Debt	4.00%	3.66%
Core Bond	20.00%	0.39%
Private & Alternate Credit	10.00%	6.03%
US TIPS	3.00%	-0.20%
Core Real Estate	5.00%	4.06%
Non-Core Real Estate	3.00%	6.43%
Private Equity	10.00%	11.27%
Infrastructure/Farmland	2.00%	5.44%
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, 2020 was 3.90% for VSRS, 4.10% for STRS, and 3.90% for MERS. Amounts for the prior year were 5.90%, 6.10% and 5.80% 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	\$ 1,511,458	\$ 2,430,339	\$ 386,493
Net pension liability, as reported			
Discount rate	7.00%	7.00%	7.00%
Net pension liability	\$ 1,111,186	\$ 1,951,128	\$ 252,974
One-percent increase			
Discount rate	8.00%	8.00%	8.00%
Net pension liability	\$ 781,521	\$ 1,552,656	\$ 143,116

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, 2020**

	<b>Vermont State Retirement Fund</b>	<b>State Teachers' Retirement Fund</b>	<b>Vermont Municipal Employees' Retirement Fund</b>
<b>Assets</b>			
Cash and short term investments.....	\$ 23,139,051	\$ 23,670,208	\$ 12,700,310
Receivables			
Contributions - current.....	11,119,592	6,108,205	5,061,536
Contributions - non-current.....	-	-	6,314,229
Investments sold.....	33,198,376	33,800,692	11,977,262
Interest and dividends.....	871,526	875,288	683,170
Due from other funds.....	74,484	6,735	544,145
Other.....	8,774,022	11,861,392	3,403,655
Investments			
Fixed income.....	129,613,142	130,276,831	46,768,960
Equities.....	142,912,040	145,129,679	55,914,524
Mutual and commingled funds.....	1,416,006,540	1,399,433,006	528,958,025
Real estate and private partnerships.....	251,830,930	258,638,945	88,431,147
Prepaid expenses.....	61,720	72,007	37,718
Capital assets, net of depreciation.....	<u>993,281</u>	<u>1,176,697</u>	<u>429,065</u>
<b>Total assets.....</b>	<b><u>2,018,594,704</u></b>	<b><u>2,011,049,685</u></b>	<b><u>761,223,746</u></b>
<b>Liabilities</b>			
Accounts payable.....	1,401,133	616,693	232,582
Investments purchased.....	58,069,597	58,607,749	20,938,238
Due to other funds.....	<u>57,334</u>	<u>335,361</u>	<u>32</u>
<b>Total liabilities.....</b>	<b><u>59,528,064</u></b>	<b><u>59,559,803</u></b>	<b><u>21,170,852</u></b>
<b>Net position restricted</b>			
<b>for employees' pension benefits.....</b>	<b><u>\$ 1,959,066,640</u></b>	<b><u>\$ 1,951,489,882</u></b>	<b><u>\$ 740,052,894</u></b>

**Statement of Changes in Fiduciary Net Position**  
**Defined Benefit Plans**  
**For the Fiscal Year Ended June 30, 2020**

	<b>Vermont State Retirement Fund</b>	<b>State Teachers' Retirement Fund</b>	<b>Vermont Municipal Employees' Retirement Fund</b>
<b>Additions</b>			
Contributions			
Employer - pension benefit.....	\$ 84,429,972	\$ -	\$ 20,680,856
Non-employer - pension benefit.....	-	120,247,389	-
Plan member.....	40,902,188	40,598,283	20,771,304
Transfers from other pension trust funds.....	594,069	408,259	459,660
Other revenues.....	-	6,694,193	-
<b>Total contributions.....</b>	<b>125,926,229</b>	<b>167,948,124</b>	<b>41,911,820</b>
Investment Income			
Net appreciation in fair value of investments.....	63,820,001	68,060,322	23,172,555
Dividends.....	13,502,745	13,480,895	4,860,638
Interest income.....	4,031,164	4,000,934	1,981,187
Other income.....	120,239	161,724	43,338
<b>Total investment income.....</b>	<b>81,474,149</b>	<b>85,703,875</b>	<b>30,057,718</b>
Less Investment Expenses			
Investment managers and consultants.....	2,509,639	2,598,556	943,932
<b>Net investment income.....</b>	<b>78,964,510</b>	<b>83,105,319</b>	<b>29,113,786</b>
<b>Total additions.....</b>	<b>204,890,739</b>	<b>251,053,443</b>	<b>71,025,606</b>
<b>Deductions</b>			
Retirement benefits.....	148,336,649	198,755,235	36,124,010
Refunds of contributions.....	3,494,656	1,885,974	1,951,540
Death claims.....	488,556	546,743	251,990
Transfers to other pension trust funds.....	705,670	49,219	756,584
Depreciation.....	268,218	318,423	117,485
Administration expenses.....	2,000,173	2,496,531	1,236,935
<b>Total deductions.....</b>	<b>155,293,922</b>	<b>204,052,125</b>	<b>40,438,544</b>
<b>Change in net position.....</b>	<b>49,596,817</b>	<b>47,001,318</b>	<b>30,587,062</b>
<b>Net position restricted for employees' pension benefits</b>			
July 1, 2019.....	1,909,469,823	1,904,488,564	709,465,832
<b>June 30, 2020.....</b>	<b>\$ 1,959,066,640</b>	<b>\$ 1,951,489,882</b>	<b>\$ 740,052,894</b>

**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, 2020, member contributions totaled \$752,992 with State employer contributions at \$1,931,937. As of June 30, 2020, the Vermont State Defined Contribution Plan's net position totaled \$71,101,946 and there were 562 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, 2020, member contributions totaled \$492,032 and employer contributions at \$501,426. As of June 30, 2020, the Municipal Employees' Defined Contribution Plan's net position totaled \$25,051,763 and there were 445 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, 2020 there were 910 members, with net position of \$32,910,149 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, 2020**

	<b>Vermont State Defined Contribution Fund</b>	<b>Single Deposit Investment Account</b>	<b>Vermont Municipal Employees' Defined Contribution Fund</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Cash and short term investments.....	\$ 32,181	\$ -	\$ 49,093
Receivables			
Contributions.....	169,944	-	12,669
Other.....	-	-	2,430
Investments			
Mutual and commingled funds.....	<u>70,977,324</u>	<u>32,910,149</u>	<u>25,145,954</u>
<b>Total assets.....</b>	<u>71,179,449</u>	<u>32,910,149</u>	<u>25,210,146</u>
<b>Liabilities</b>			
Accounts payable.....	3,019	-	361
Due to other funds.....	<u>74,484</u>	-	<u>158,022</u>
<b>Total liabilities.....</b>	<u>77,503</u>	-	<u>158,383</u>
<b>Net position restricted</b>			
<b>for employees' pension benefits.....</b>	<u>\$ 71,101,946</u>	<u>\$ 32,910,149</u>	<u>\$ 25,051,763</u>

**Statement of Changes in Fiduciary Net Position  
Defined Contribution Plans  
For the Fiscal Year Ended June 30, 2020**

	<b>Vermont State Defined Contribution Fund</b>	<b>Single Deposit Investment Account</b>	<b>Vermont Municipal Employees' Defined Contribution Fund</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Additions</b>			
Contributions			
Employer - pension benefit.....	\$ 1,931,937	\$ -	\$ 501,426
Plan member.....	752,992	-	492,032
Transfers from other pension trust funds....	<u>34,731</u>	<u>-</u>	<u>14,754</u>
<b>Total contributions.....</b>	<u>2,719,660</u>	<u>-</u>	<u>1,008,212</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments.....	1,634,702	-	955,989
Dividends.....	1,334,246	874,621	388,856
Interest income.....	683	-	960
Other income.....	<u>3,164</u>	<u>8</u>	<u>397</u>
<b>Total investment income.....</b>	<u>2,972,795</u>	<u>874,629</u>	<u>1,346,202</u>
Less Investment Expenses			
Investment managers and consultants.....	<u>-</u>	<u>49,971</u>	<u>-</u>
<b>Net investment income.....</b>	<u>2,972,795</u>	<u>824,658</u>	<u>1,346,202</u>
<b>Total additions.....</b>	<u>5,692,455</u>	<u>824,658</u>	<u>2,354,414</u>
<b>Deductions</b>			
Retirement benefits.....	605,644	3,803,634	488,537
Transfers to non-state systems.....	3,422,302	1,056,353	760,729
Operating expenses.....	<u>115,575</u>	<u>-</u>	<u>117,246</u>
<b>Total deductions.....</b>	<u>4,143,521</u>	<u>4,859,987</u>	<u>1,366,512</u>
<b>Change in net position.....</b>	1,548,934	(4,035,329)	987,902
<b>Net position restricted for employees' pension benefits</b>			
July 1, 2019.....	<u>69,553,012</u>	<u>36,945,478</u>	<u>24,063,861</u>
June 30, 2020.....	<u>\$ 71,101,946</u>	<u>\$ 32,910,149</u>	<u>\$ 25,051,763</u>

**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, 2020.

**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 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, 2020, were \$38,599,577, which is 6.96% 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. State contributions for the fiscal year ended June 30, 2020, were \$35,176,080, which is 5.63% 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 2020 there were 134 participating employers in the STRS - RTHMB plan.

Membership in the plans consisted of the following at June 30, 2020:

	<u>VSRS - VSPB</u>	<u>STRS - RTHMB</u>
Retired members or beneficiaries currently receiving benefits	5,358	7,278
Retired members or beneficiaries not receiving benefits	-	2,657
Vested terminated members entitled to but not yet receiving benefits	-	1,868
Active members	<u>8,822</u>	<u>9,996</u>
Total	<u><u>14,180</u></u>	<u><u>21,799</u></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 98.9933% of the VSPB net OPEB liability. The Vermont Veterans' Home (a discrete component unit) is responsible for 1.0067% 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, 2020) and for the State's reporting period (the year ended June 30, 2020). 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, 2020, the State has chosen to use the end of the prior fiscal year (June 30, 2019) as the measurement date, and the year ended June 30, 2019 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, 2018, to the measurement date of June 30, 2019. 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>		
	Increase (Decrease)			Increase (Decrease)		
	<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>
<b>Balances - June 30, 2018</b>	\$ 1,240,275	\$ 21,771	\$ 1,218,504	\$ 927,843	\$ (26,443)	\$ 954,286
<b>Changes for the year:</b>						
Service cost	44,590	-	44,590	20,786	-	20,786
Interest	49,040	-	49,040	36,139	-	36,139
Benefit changes	-	-	-	(21,209)	-	(21,209)
Difference between expected and actual experience	6,284	-	6,284	24,665	-	24,665
Changes of assumptions	(25,551)	-	(25,551)	82,448	-	82,448
Contributions - non-employer	-	-	-	-	56,594	(56,594)
Contributions - employer	-	63,750	(63,750)	-	-	-
Net investment income	-	1,553	(1,553)	-	31	(31)
Benefit payments, including refunds of contributions	(35,340)	(35,340)	-	(29,607)	(29,607)	-
Administrative expenses	-	(2)	2	-	(263)	263
<b>Net changes</b>	<u>39,023</u>	<u>29,961</u>	<u>9,062</u>	<u>113,222</u>	<u>26,755</u>	<u>86,467</u>
<b>Balances - June 30, 2019</b>	\$ 1,279,298	\$ 51,732	\$ 1,227,566	\$ 1,041,065	\$ 312	\$ 1,040,753
<b>Fiduciary net position as a percentage of total OPEB liability</b>			4.04%			0.03%

**Proportionate Share of Net OPEB Liability**

	<u>VSRS - VSPB</u>			
	<u>Amount</u>	<u>Proportionate Share</u>		
		<u>2020</u>	<u>2019</u>	<u>Change</u>
Governmental activities	\$ 1,210,429	98.6040%	97.5051%	1.0989%
Business type activities	4,779	0.3893%	0.7241%	-0.3348%
Discrete component unit	12,358	1.0067%	1.7708%	-0.7641%
<b>Total net OPEB liability</b>	<u>\$ 1,227,566</u>	<u>100.0000%</u>	<u>100.0000%</u>	

Additional information regarding the changes in the net OPEB liability for the year ended June 30, 2020 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, 2021.

As of June 30, 2020, 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	\$ 10,609	\$ -	\$ 108	\$ -
Changes of assumptions	-	357,524	-	3,636
Net differences between projected and actual earnings on plan investments	1,442	-	14	-
Change in proportion and the effect of certain employer contributions on the employer's net OPEB liability	15,680	5,863	889	10,706
Employer contributions made subsequent to the measurement date	37,952	-	648	-
<b>Total</b>	<b>\$ 65,683</b>	<b>\$ 363,387</b>	<b>\$ 1,659</b>	<b>\$ 14,342</b>

Source	STRS - RTHMB	
	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,887	\$ -
Changes of assumptions	63,048	37,363
Net differences between projected and actual earnings on plan investments	-	2,748
Employer contributions made subsequent to the measurement date	35,176	-
<b>Total</b>	<b>\$ 140,111</b>	<b>\$ 40,111</b>

Source	Primary Government	
	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,496	\$ -
Changes of assumptions	63,048	394,887
Net differences between projected and actual earnings on plan investments	1,442	2,748
Change in proportion and the effect of certain employer contributions on the employer's net OPEB liability	15,680	5,863
Employer contributions made subsequent to the measurement date	73,128	-
<b>Total</b>	<b>\$ 205,794</b>	<b>\$ 403,498</b>

The amounts reported as deferred OPEB outflows of resources resulting from employer contributions made subsequent to the measurement date (VSRS-VSPB - \$37.952 million Primary Government and \$0.648 million Component Units; and STRS - RTHMB - \$35.176 million Primary Government), will be recognized as a reduction of the net OPEB liability at June 30, 2021. 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	VRSRS - VSPB	TOTAL	VRSRS - VSPB
	Primary Government	Primary Government	Primary Government	Discrete Component Units
2021	\$ 14,844	\$ (63,814)	\$ (48,970)	\$ (2,140)
2022	19,892	(63,814)	(43,922)	(2,140)
2023	23,989	(63,858)	(39,869)	(2,141)
2024	6,099	(64,007)	(57,908)	(2,142)
2025	-	(54,841)	(54,841)	(2,055)
Thereafter	-	(25,322)	(25,322)	(2,713)
Total	<u>\$ 64,824</u>	<u>\$ (335,656)</u>	<u>\$ (270,832)</u>	<u>\$ (13,331)</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, 2020, is as follows (amounts are in thousands):

	Primary Government		Primary Government		Component Units
	STRS - RTHMB	VRSRS - VSPB	TOTAL	VRSRS - VSPB	
Service cost	\$ 20,786	\$ 44,141	\$ 64,927	\$	449
Interest on total OPEB liability	36,139	48,547	84,686		494
Changes in benefit terms	(21,209)	-	(21,209)		-
Plan administrative costs	263	2	265		-
Projected earnings on plan investments	981	(2,671)	(1,690)		(27)
Recognition (amortization) of deferred OPEB outflows of resources:					
Difference between expected and actual experience	5,804	825	6,629		8
Change in assumptions	19,400	-	19,400		-
Difference between projected and actual investment earnings	-	227	227		2
Recognition of deferred outflows from prior periods	9,798	1,121	10,919		11
Changes in Proportions	-	2,409	2,409		161
Recognition (amortization) of deferred OPEB inflows of resources:					
Change in assumptions	-	(3,355)	(3,355)		(34)
Difference between projected and actual investment earnings	(203)	-	(203)		-
Recognition of deferred inflows from prior periods	(19,955)	(64,108)	(84,063)		(652)
Changes in Proportions	-	(933)	(933)		(1,637)
<b>Total OPEB Expense</b>	<u>\$ 51,804</u>	<u>\$ 26,205</u>	<u>\$ 78,009</u>	<u>\$</u>	<u>(1,225)</u>

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

Total OPEB liability at the June 30, 2019 measurement date was determined using the June 30, 2018 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	2.75%	2.75%
Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation	7.50%, net of OPEB plan investment expense, including inflation
Discount rate	3.50%	3.50%
Salary increase rate	Varies by age from age 20 - 7.04%, to age 60 - 3.50%.	Varies by age from age 20 - 9.09%, to age 60 - 3.75%.
Health care cost trend rate		
Non-Medicare	7.15% graded to 4.50% over 12 years	7.15% graded to 4.50% over 12 years
Medicare	7.30% graded to 4.50% over 13 years	7.15% graded to 4.50% over 12 years
Retiree contributions	Equal to health trend	Equal to health trend
<u>Plan membership - 6/30/2018</u>		
Retired members or beneficiaries currently receiving benefits	5,040	- 6,713
Retired members or beneficiaries not receiving benefits	-	2,416
Vested terminated members entitled to but not yet receiving benefits	-	1,949
Active members	<u>8,798</u>	<u>9,892</u>
Total	<u>13,838</u>	<u>20,970</u>

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the following actuarial experience studies:

Vermont State Retirement System

Experience Study: July 1, 2010 – June 30, 2014, dated October 29, 2015 completed by Buck Consultants

Vermont State Teachers' Retirement System

Experience Study: July 1, 2010 – June 30, 2014, dated March 2, 2016 completed by Buck Consultants

Mortality rates are based on the following:

Vermont State Retirement System

- *Pre-retirement Mortality*: Groups A and F were based on 101% of RP-2006 blended 30% Blue Collar Employee, 70% Healthy Employee with generational projection using Scale SSA-2017. Group C were based on RP-2006 Blue Collar Employee with generational projection using Scale SSA-2017. Group D were based on RP-2006 Healthy Employee with generational projection using Scale SSA-2017.

- **Post-retirement Mortality:** Groups A and F were based on 101% of RP-2006 blended 30% Blue Collar Annuitant, 70% Healthy Annuitant with generational projection using Scale SSA-2017. Group C were based on RP-2006 Blue Collar Annuitant with generational projection using Scale SSA-2017. Group D were based on RP-2006 Healthy Annuitant with generational projection using Scale SSA-2017.
- **Disabled Mortality:** A, C, D, and F were based on RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2017.

#### Vermont State Teachers' Retirement System

- **Pre-retirement Mortality:** 98% of RP-2006 White Collar Employee with generational projection using Scale SSA-2017.
- **Post-retirement Mortality:** 98% of RP-2006 White Collar Annuitant with generational projection using Scale SSA-2017.
- **Disabled Mortality:** RP-2006 Disabled Mortality Table with generational projections using Scale SSA-2017.

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:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large cap equity	20.00%	7.50%
International equity	15.00%	7.75%
Emerging international equity	5.00%	9.25%
Core bonds	60.00%	4.37%
Total	<u>100.00%</u>	

#### **Discount Rate (Employer Reporting)**

The projection of cash flows 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, the OPEB plans' fiduciary net position was projected to be exhausted within the first year. Therefore, the long-term bond rate expected rate of return of 3.50% on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The 3.50% is based on the 20-year Bond Buyer GO index at June 30, 2019 measurement date. The discount rate used in the prior year was 3.87%

#### **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):

*(Table on next page.)*

	<u>VSRS - VSPB</u>	<u>STRS - RTHMB</u>
One-percent decrease		
Discount rate	2.50%	2.50%
Net OPEB liability	\$ 1,433,890	\$ 1,217,020
Net OPEB liability, as reported		
Discount rate	3.50%	3.50%
Net OPEB liability	\$ 1,227,566	\$ 1,040,753
One-percent increase		
Discount rate	4.50%	4.50%
Net OPEB liability	\$ 1,061,071	\$ 897,088

### 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	6.15% decreasing to 3.5%	6.15% decreasing to 3.5%
Medicare	6.30% decreasing to 3.5%	6.15% decreasing to 3.5%
Net OPEB liability	\$ 1,046,521	\$ 877,522
Net OPEB liability, as reported		
Healthcare cost trend rate		
Non-medicare	7.15% decreasing to 4.5%	7.15% decreasing to 4.5%
Medicare	7.30% decreasing to 4.5%	7.15% decreasing to 4.5%
Net OPEB liability	\$ 1,227,566	\$ 1,040,753
One-percent increase		
Healthcare cost trend rate		
Non-medicare	8.15% decreasing to 5.5%	8.15% decreasing to 5.5%
Medicare	8.30% decreasing to 5.5%	8.15% decreasing to 5.5%
Net OPEB liability	\$ 1,459,488	\$ 1,251,944

### Payable to the OPEB Plans (Employer Reporting)

At June 30, 2020, the State reported a payable of \$68,307 for the outstanding amount of contributions to the VSPB plan required for the year ended June 30, 2020.

### 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, 2019 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, 2020, were as follows (amounts in thousands):

	<u>VSRS - VSPB</u>	<u>STRS - RTHMB</u>
Total OPEB liability.....	\$ 1,482,970	\$ 1,268,119
Fiduciary net position (deficit).....	<u>57,592</u>	<u>8,719</u>
Net OPEB liability.....	<u>\$ 1,425,378</u>	<u>\$ 1,259,400</u>
 Fiduciary net position as a percentage of total OPEB liability	 3.88%	 0.69%

Additional information regarding changes in net OPEB liability for the year ended June 30, 2020 can be found in the Required Supplementary Information section of these financial statements.

### Actuarial Assumptions (Plan Reporting)

The total OPEB liability at June 30, 2020 was determined using the June 30, 2019 actuarial valuation and applying roll forward procedures. The actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified were as follows:

*(Table on next page.)*

	<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	2.23%	2.21%
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 - 3.55%.
Health care cost trend rate		
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
Retiree contributions	Equal to health trend	Equal to health trend
<u>Plan membership - 6/30/2019</u>		
Retired members or beneficiaries currently receiving benefits	5,236	6,878
Retired members or beneficiaries not receiving benefits	-	2,486
Vested terminated members entitled to but not yet receiving benefits	-	1,990
Active members	<u>8,725</u>	<u>9,862</u>
Total	<u>13,961</u>	<u>21,216</u>

The actuarial assumptions used in the June 30, 2019 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: 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: 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: 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 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:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large cap equity	20.00%	7.25%
International equity	15.00%	9.00%
Emerging international equity	5.00%	11.25%
Core bonds	60.00%	2.50%
	<u>100.00%</u>	

#### **Discount Rate (Plan 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, RTHMB's OPEB plan fiduciary net position was projected to be exhausted within the first year. Therefore, the long-term bond rate expected rate of return of 2.21% on plan investments was applied to all periods of projected benefit payments to determine the RTHMB's total OPEB liability. Since, VSPB's OPEB fiduciary net position is partially sufficient to cover projected benefit payments, a blended discount rate of 2.23% was used to measure the total OPEB liability. VSPB's discount rate is a blend of the long-term expected rate of return on VSPB's OPEB plan investments and the long-term bond rate expected rate of return of 2.21%.

The 2.21% is based on the 20-year Bond Buyer GO index at June 30, 2020. The discount rate used in the prior year was 3.50% for both plans. For the year ended June 30, 2020, the VSPB annual money-weighted rate return

of investments, net of investment expense, was 6.20%. 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):

	<u>VSRS - VSPB</u>	<u>STRS - RTHMB</u>
One-percent decrease		
Discount rate	1.23%	1.21%
Net OPEB liability	\$ 1,686,127	\$ 1,491,537
Net OPEB liability, as reported		
Discount rate	2.23%	2.21%
Net OPEB liability	\$ 1,425,378	\$ 1,259,400
One-percent increase		
Discount rate	3.23%	3.21%
Net OPEB liability	\$ 1,218,200	\$ 1,074,304

**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):

*(Table on next page.)*

	<u>VSRS - VSPB</u>	<u>STRS - RTHMB</u>
One-percent decrease		
Healthcare cost trend rate		
Non-medicare	5.925% decreasing to 3.5%	5.925% decreasing to 3.5%
Medicare	5.14% decreasing to 3.5%	5.14% decreasing to 3.5%
Net OPEB liability	\$ 1,197,073	\$ 1,044,651
Net OPEB liability, as reported		
Healthcare cost trend rate		
Non-medicare	6.925% decreasing to 4.5%	6.925% decreasing to 4.5%
Medicare	6.14% decreasing to 4.5%	6.14% decreasing to 4.5%
Net OPEB liability	\$ 1,425,378	\$ 1,259,400
One-percent increase		
Healthcare cost trend rate		
Non-medicare	7.925% decreasing to 5.5%	7.925% decreasing to 5.5%
Medicare	7.14% decreasing to 5.5%	7.14% decreasing to 5.5%
Net OPEB liability	\$ 1,724,222	\$ 1,543,109

### 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, 2020, there were 4,032 active and retired members participating in the MERS RHS plan. The net position of the MERS RHS plan at June 30, 2020 was \$13,917,009.

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

**Statement of Fiduciary Net Position  
Other Postemployment Benefit Funds  
June 30, 2020**

	<b>Vermont State Postemployment Benefits Trust Fund</b>	<b>Vermont Retired Teachers' Health and Medical Benefits Fund</b>	<b>Vermont Municipal Employees' Health Benefit Fund</b>
<b>Assets</b>			
Cash and short term investments.....	\$ 5,933,378	\$ 3,126,221	\$ 641,938
Receivables			
Contributions.....	68,838	-	-
Other receivables.....	17,502	5,599,018	-
Investments			
Mutual funds.....	51,618,999	-	13,281,119
Prepaid expenses.....	-	67,899	-
<b>Total assets.....</b>	<b><u>57,638,717</u></b>	<b><u>8,793,138</u></b>	<b><u>13,923,057</u></b>
<b>Liabilities</b>			
Accounts payable.....	46,009	74,162	6,048
Due to other funds.....	-	277	-
<b>Total liabilities.....</b>	<b><u>46,009</u></b>	<b><u>74,439</u></b>	<b><u>6,048</u></b>
<b>Net position restricted for employee's other postemployment benefits.....</b>	<b><u>\$ 57,592,708</u></b>	<b><u>\$ 8,718,699</u></b>	<b><u>\$ 13,917,009</u></b>

**Statement of Changes in Fiduciary Net Position  
Other Postemployment Benefit Funds  
For the Fiscal Year Ended June 30, 2020**

	<b>Vermont State Postemployment Benefits Trust Fund</b>	<b>Vermont Retired Teachers' Health and Medical Benefits Fund</b>	<b>Vermont Municipal Employees' Health Benefit Fund</b>
<b>Additions</b>			
Contributions			
Employer - healthcare benefit.....	\$ 38,599,577	\$ -	\$ -
Non-employer - healthcare benefit.....	-	35,176,080	-
<b>Total contributions.....</b>	<b>38,599,577</b>	<b>35,176,080</b>	<b>-</b>
Investment Income			
Net appreciation (depreciation) in fair value of investments.....	1,769,933	-	463,913
Dividends.....	1,229,831	-	273,799
Interest income.....	35,865	282,650	9,239
Other income.....	-	501,276	-
<b>Total investment income.....</b>	<b>3,035,629</b>	<b>783,926</b>	<b>746,951</b>
Less Investment Expenses			
Investment managers and consultants.....	5,720	-	16,038
<b>Net investment income.....</b>	<b>3,029,909</b>	<b>783,926</b>	<b>730,913</b>
<b>Total additions.....</b>	<b>41,629,486</b>	<b>35,960,006</b>	<b>730,913</b>
<b>Deductions</b>			
Other postemployment benefits.....	35,767,740	27,551,293	571,821
Operating expenses.....	1,785	2,104	-
<b>Total deductions.....</b>	<b>35,769,525</b>	<b>27,553,397</b>	<b>571,821</b>
<b>Change in net position.....</b>	<b>5,859,961</b>	<b>8,406,609</b>	<b>159,092</b>
<b>Net position restricted for employees postemployment benefits</b>			
July 1, 2019.....	51,732,747	312,090	13,757,917
<b>June 30, 2020.....</b>	<b>\$ 57,592,708</b>	<b>\$ 8,718,699</b>	<b>\$ 13,917,009</b>



**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, 2020, the following changes occurred in the governmental activities long-term liabilities:

	<u>Total Liability July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Liability June 30, 2020</u>	<u>Amounts due within one year</u>
<b>Governmental activities</b>					
Bonds payable					
Bonds	\$ 609,165,000	\$ 127,780,000	\$ 100,510,000	\$ 636,435,000	\$ 55,825,000
Bond premium	29,470,883	16,913,891	7,673,712	38,711,062	7,662,253
Bond discount	(104,836)	-	(104,836)	-	-
	<u>638,531,047</u>	<u>144,693,891</u>	<u>108,078,876</u>	<u>675,146,062</u>	<u>63,487,253</u>
Capital leases payable	9,418,025	-	260,695	9,157,330	295,381
Compensated absences	35,994,575	45,699,642	40,013,603	41,680,614	39,442,365
Claims and judgments	60,972,430	185,167,507	188,083,413	58,056,524	22,323,048
Contingent liabilities	7,000,000	-	-	7,000,000	-
Net pension liabilities	2,258,521,410	601,347,004	477,534,301	2,382,334,113	-
Net other postemployment liabilities	2,142,389,979	276,213,378	167,421,333	2,251,182,024	18,832,594
Pollution remediation obligations	10,148,534	839,688	1,833,552	9,154,670	2,110,906
	<u>5,162,976,000</u>	<u>\$ 1,253,961,110</u>	<u>\$ 983,225,773</u>	<u>\$ 5,433,711,337</u>	<u>\$ 146,491,547</u>
Total governmental activities long-term liabilities	<u>\$ 5,162,976,000</u>	<u>\$ 1,253,961,110</u>	<u>\$ 983,225,773</u>	<u>\$ 5,433,711,337</u>	<u>\$ 146,491,547</u>

During the year ended June 30, 2020, the changes occurred in the business-type activities and fiduciary funds long-term liabilities are as follows:

	<u>Total Liability July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Liability June 30, 2020</u>	<u>Amounts due within one year</u>
<b>Business-type activities</b>					
Compensated absences	\$ 292,348	\$ 302,918	\$ 263,812	\$ 331,454	\$ 282,122
Lottery prize awards payable	7,075,536	91,645,984	90,913,923	7,807,597	7,331,257
Net pension liabilities	5,579,433	1,868,766	2,003,949	5,444,250	-
Net other postemployment liabilities	8,823,342	389,011	4,432,993	4,779,360	-
Other liabilities	2,717,342	1,772,097	-	4,489,439	-
	<u>24,488,001</u>	<u>\$ 95,978,776</u>	<u>\$ 97,614,677</u>	<u>\$ 22,852,100</u>	<u>\$ 7,613,379</u>
Total business-type activities long term liabilities	<u>\$ 24,488,001</u>	<u>\$ 95,978,776</u>	<u>\$ 97,614,677</u>	<u>\$ 22,852,100</u>	<u>\$ 7,613,379</u>
<b>Fiduciary</b>					
Compensated absences	\$ 10,524	\$ 20,393	\$ 14,539	\$ 16,378	\$ 16,198

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. Overall, the state has recorded a pollution remediation liability of \$9,154,670 of which \$2,110,906 is due within one year.

Pollution remediation liability activity in fiscal year 2020 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 eight 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.

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 hazardous waste groundwater cleanup from a former manufacturing facility of capacitors, transformers, and motors used in household appliances.

The remaining six Superfund sites in Vermont are in various stages of cleanup, from initial assessment to cleanup activities and required monitoring of the remediation effort. There are no viable Potentially Responsible Parties (PRP) or insurance available to reduce the remediation costs for the superfund sites listed below. The PRO as of June 30, 2020 is \$4,037,424, and the estimated amount to be paid for remediation activities in 2021 is \$1,168,906.

#### 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 PRP or the PRP is recalcitrant, and the state considers it necessary to investigate and/or 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 addressing the issue.

The DEC has undertaken a proactive role in investigating the most likely sources of per- and polyfluoroalkyl substances (PFAS) contamination found in public drinking water and in directing public water systems to implement treatment or other remedy to reduce the levels of regulated PFAS contaminants in the water. This effort has been expanded with the passage of Act S.49 during the 2019 legislative session. The State is pursuing recoveries and/or cost sharing by participants named in the lawsuits as a PRP in the public water sites impacted by PFAS. The estimated amount due in 2021 which is primarily for the cost of sampling, vapor intrusion mitigation, and monitoring is \$500,000. The PRO as of June 30, 2020 is \$912,684.

The State is also responsible for the monitoring and treatment performance evaluations for the cleanup of ground water contamination resulting from a chemical spill at a former dry cleaner facility. The total PRO reported on June 30, 2020 is \$669,528 for source removal of contamination, if dictated by annual monitoring. The amount due in 2021 for operation and maintenance is \$10,000.

Lastly, the largest potential obligations for cleanup under the DEC's supervisions includes a former mining facility with large eroding mining tailings and waste rock piles that are discharging asbestos into downstream waters. Currently, one of the PRP performs the annual operation and maintenance of the erosion control features. The erosion control measures at the site will ultimately need to be replaced. The PRO for the mining site is \$2,000,000 for the estimated cost of reconstruction measures not yet scheduled but likely to occur within the next five years.

Other State Agencies and Departments

Agencies and departments are working with regulators, including the USEPA, to ensure remediation of contaminate sites which are often detected during construction projects including renovation of historic buildings, excavation, and infrastructure improvements. The PRO is generally related to indoor air issues like asbestos or other chemical and toxics contaminating community soil and groundwater.

The liabilities are being reported because the agency or department was named as a PRP, or legally obligates itself to commence pollution remediation required for permitting or other regulatory restrictions. There are no viable PRP or insurance available to reduce the remediation costs for these sites.

In fiscal year 2019, the Vermont Agency of Transportation detected contaminated soil at the construction site of the replacement drawbridge between Grand Isle and North Hero. The Agency suspected the presence of lead around the bridge from previous paint systems, and testing yielded positive results for some lead as well as polychlorinated biphenyls (PCBs). Subsequent testing revealed a larger more complex contamination profile including hexavalent chromium and lead in soil and sediment underlying the bridge site and into Lake Champlain. The remediation and site monitoring will likely remain ongoing well beyond the current construction investigation and remediation phases. The PRO as of June 30, 2020 is \$1,000,000.

The other four sites represent a wide array of remediation activities ranging from one-time events of removing contaminated soils related to renovations to longer-term activities like extending the area of investigation of water supply sampling and testing of community drinking water. The PRO as of June 30, 2020 is \$535,034 with an estimated \$432,000 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, 2020, are as follows:

	<u>Restricted Purposes</u>	<u>Committed Purposes</u>	<u>Assigned Purposes</u>
<b>General Fund</b>			
Government Operations			
Administrative Services.....	\$ -	\$ -	\$ 851,981
Public Safety and Regulatory Services.....	-	-	1,861,870
Courts.....	-	-	3,245,162
Health and Human Services.....	-	-	2,752,872
Correctional Services.....	-	-	1,320
Educational Services.....	-	-	68,883
Natural Resources Protection and Preservation...	-	-	1,131,860
Economic and Community Development.....	-	-	1,722,152
Tourism and Marketing.....	-	-	767,339
Total General Fund.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,403,439</u>
<b>Transportation Fund</b>			
Transportation.....	<u>\$ -</u>	<u>\$ 5,560,700</u>	<u>\$ -</u>
Total Transportation Fund.....	<u>\$ -</u>	<u>\$ 5,560,700</u>	<u>\$ -</u>

	<u>Restricted Purposes</u>	<u>Committed Purposes</u>	<u>Assigned Purposes</u>
<b>Education Fund</b>			
Educational Services.....	\$ -	\$ 96,164,362	\$ -
Total Education Fund.....	<u>\$ -</u>	<u>\$ 96,164,362</u>	<u>\$ -</u>
<b>Special Fund</b>			
Government Operations			
Governor and Other Elected Officials.....	\$ -	\$ 574,647	\$ 48,476
Legislature.....	-	44,158	2,366
Administrative Services.....	692,212	22,117,294	2,483,599
Public Safety and Regulatory Services.....	1,688,114	27,828,923	72,674
Courts.....	-	3,561,688	-
Health and Human Services.....	1,974,739	25,269,034	6,204
Correctional Services.....	4	984,178	-
Employment and Training.....	-	14,500,996	-
Educational Services.....	-	1,736,291	-
Natural Resources Protection and Preservation...	8,764,076	44,068,803	94
Economic and Community Development.....	5,474,484	4,374,155	-
Tourism and Marketing.....	-	336,930	-
Total Special Fund.....	<u>\$ 18,593,629</u>	<u>\$ 145,397,097</u>	<u>\$ 2,613,413</u>
<b>Federal Revenue Fund</b>			
Government Operations			
Administrative Services.....	\$ 407,855	\$ -	\$ -
Public Safety and Regulatory Services.....	10,465,267	-	-
Health and Human Services.....	31,403,325	-	-
Employment and Training.....	8,675,494	-	-
Educational Services.....	1,866,058	-	-
Natural Resources Protection and Preservation...	419,524,992	-	-
Economic and Community Development.....	361,464	-	-
Total Federal Revenue Funds.....	<u>\$ 472,704,455</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Global Commitment Fund</b>			
Health and Human Services.....	<u>\$ 29,058,760</u>	<u>\$ -</u>	<u>\$ -</u>
Total Global Commitment Fund.....	<u>\$ 29,058,760</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Non-major Governmental Funds</b>			
Government Operations			
Administrative Services.....	\$ 18,815	\$ -	\$ -
Health and Human Services.....	19,629	-	-
Educational Services.....	-	25,031,007	-
Natural Resources Protection and Preservation...	66,320	15,576,043	-
Economic and Community Development.....	5,190	-	-
Capital Outlays.....	9,088,872	-	-
Debt Service.....	3,211,004	219,946	-
Total Non-major Governmental Funds.....	<u>\$ 12,409,830</u>	<u>\$ 40,826,996</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 \$500,000 of exposure and purchases excess commercial liability insurance up to \$1,500,000 (\$2,000,000 total) per occurrence in Vermont and \$10,000,000 per occurrence in excess of the \$500,000 SIR for claims that are not subject to the Vermont Tort Claims Act. 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, bonds for various categories of employees, errors and omissions 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.

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>
<b>Workers' Compensation Fund</b>				
2018	\$ 23,525,052	\$ 14,332,986	\$ 9,110,153	\$ 28,747,885
2019	28,747,885	11,405,255	11,530,934	28,622,206
2020	28,622,206	11,910,597	11,597,138	28,935,665
<b>State Liability Insurance Fund</b>				
2018	8,335,231	2,556,475	2,122,367	8,769,339
2019	8,769,339	2,803,305	2,048,600	9,524,044
2020	9,524,044	260,545	1,982,910	7,801,679
<b>Medical Insurance Fund</b>				
2018	15,885,213	173,608,576	176,217,265	13,276,524
2019	13,276,524	177,987,236	168,802,967	22,460,793
2020	22,460,793	167,704,318	169,060,329	21,104,782
<b>Dental Insurance Fund</b>				
2018	313,600	6,321,672	6,349,334	285,938
2019	285,938	6,403,546	6,324,097	365,387
2020	365,387	5,292,047	5,443,036	214,398

## 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 2020, 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, 2020 are as follows: \$79,823,411 in the General Fund's Budget Stabilization Reserve; \$14,085,548 in the Transportation Fund's Budget Stabilization Reserve; and \$32,978,533 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 2020, the balance in the General Fund Balance Reserve was \$31,553,273.

**C. 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, 2020, the State of Vermont had long-term contracts outstanding of approximately \$527,096,762 funded from federal sources, and \$637,229,042 funded from all other funding sources. 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. Following is a summary of contractual obligations by agency, department or office on June 30, 2020.

The Agency of Transportation contracts are mainly infrastructure construction contracts of which 67% have end dates of June 30, 2021 or earlier. Of the Agency of Human Services contractual obligations, 41% is in the Department of Vermont Health Access, 35% in the Department of Children and Families, and 4% in the Department of Corrections. Of the contracts in the Agency of Administration, 62% have end dates that expire by the end of fiscal year 2021 and are primarily for human resource benefit administration services (82%), and capital construction (6%). Of the contracts for the Agency of Digital Services, 73% for data software / consulting and 17% for telecommunications / fiber optic networks. The State Treasurer's Office contracts are mostly investment management services and health insurance for the retirement plans of which 52% having end dates that expire by the end of fiscal year 2021.

Following is a summary of contractual obligations by agency, department or office at June 30, 2020:

*(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	\$ 130,910,920	\$ 355,051	\$ 130,555,869
Agency of Agriculture, Food & Markets	2,796,614	7,600	2,789,014
Agency of Commerce & Community Development	1,855,079	650,013	1,205,066
Agency of Digital Services	51,924,109	-	51,924,109
Agency of Education	14,112,243	12,040,063	2,072,180
Agency of Human Services	327,867,333	231,710,973	96,156,360
Agency of Natural Resources	17,480,411	4,073,015	13,407,396
Agency of Transportation	384,611,440	236,661,942	147,949,498
Auditor of Accounts' Office	1,364,705	-	1,364,705
Center Crime Victim Services	320,364	296,507	23,857
Criminal Justice Training Council	273,027	-	273,027
Department of Labor	18,826,641	18,826,641	-
Department of Liquor & Lottery	19,782,418	-	19,782,418
Department of Public Safety	7,113,990	1,600,619	5,513,371
Enhanced 911 Board	10,483,532	-	10,483,532
Financial Regulation	6,563,152	-	6,563,152
Green Mountain Care Board	7,529,789	-	7,529,789
Joint Fiscal Office	788,749	28,763	759,986
Judiciary	827,014	-	827,014
Military Department	25,669,438	19,768,305	5,901,133
Office of the Attorney General	4,214,973	43,189	4,171,784
Office of the Defender General	2,268,685	-	2,268,685
Public Service Department	6,451,121	52,102	6,399,019
Public Utility Commission	369,872	-	369,872
Secretary of State's Office	12,447,209	981,979	11,465,230
State Treasurer's Office	107,401,431	-	107,401,431
State's Attorneys and Sheriffs	71,545	-	71,545
<b>Total</b>	<u>\$ 1,164,325,804</u>	<u>\$ 527,096,762</u>	<u>\$ 637,229,042</u>

#### 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 \$673,044,274. The award adjustments column includes an increase of \$10,988,634 for amendments to grants that commenced in prior fiscal years and a reduction of \$13,839,750 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 \$652,025,813 includes payments issued to grantees on both current year awards and prior year grant awards. The award balances on June 30, 2020 represents the remaining unexpended award amounts.

(Table on next page.)

	Number of Grants Awarded in	Total Grant Obligation					Award Balances at June 30, 2020
		Award Balances at June 30, 2019	Current Year Awards	Award Adjustments	Grants Expended		
		2020	2020		2020		
Agency of Administration	288	\$ -	\$ 127,247,562	\$ -	\$ 127,247,562	\$ -	
Agency of Agriculture, Food & Markets	425	8,067,355	15,630,051	621,843	12,420,805	11,898,444	
Agency of Commerce & Community Development	352	19,150,327	16,756,213	(1,719,341)	16,649,930	17,537,269	
Agency of Education	1,413	19,132,797	144,882,759	-	146,874,453	17,141,103	
Agency of Human Services	731	78,348,272	203,851,097	(40,882,464)	173,268,207	68,048,698	
Agency of Natural Resources	257	35,263,535	63,587,021	19,741	36,107,321	62,762,976	
Agency of Transportation	417	155,345,039	79,131,455	39,332,611	114,117,424	159,691,681	
Center Crime Victim Services	147	1,112,599	6,795,350	-	6,927,018	980,931	
Department of Labor	43	4,487,800	1,698,500	(149,537)	3,432,157	2,604,606	
Department of Liquor & Lottery	1	-	2,500	-	2,500	-	
Department of Public Safety	182	15,918,508	9,155,325	(109,198)	11,307,473	13,657,162	
Enhanced 911 Board	39	226,476	291,826	-	271,424	246,878	
Judiciary	1	-	45,000	-	45,000	-	
Military Department	11	-	63,206	-	63,206	-	
Office of the Attorney General	-	29,906	25,000	(4,432)	22,841	27,633	
Public Service Department	17	2,802,077	1,414,611	25,000	815,552	3,426,136	
Public Utilities Commission	1	-	350,000	-	350,000	-	
State Treasurer's Office	16	72,808	246,752	14,661	232,894	101,327	
State's Attorneys and Sheriffs	54	-	1,870,046	-	1,870,046	-	
Total	4,395	\$ 339,957,499	\$ 673,044,274	\$ (2,851,116)	\$ 652,025,813	\$ 358,124,844	

The Agency of Administration includes the Department of Libraries which awarded 202 grants in the amount of \$175,381 to public libraries throughout the state. The agency also awarded over \$123 million to help fund higher education in Vermont, and \$3.1 million to promote cultural development. The Agency of Education awarded 1,413 grants totaling \$144.9 million or 32% of the total number of grants issued by the state. The Agency of Human Services issued 731 awards and expended \$173 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 \$13.8 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 417 grants, totaling \$79.1 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, 2020 and 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>
<b>Comparative Financial Information</b>			
Assets	\$ 35,459,648	\$ 36,096,482	\$ (636,834)
Liabilities	28,437,991	29,749,054	(1,311,063)
Operating revenues	72,639,922	69,881,196	2,758,726
Interest income	252,577	242,063	10,514
Commissions, fees and bonus expense	5,710,903	5,519,151	191,752
Prize awards	41,504,750	38,531,502	2,973,248
Other operating expenses	3,055,496	4,261,548	(1,206,052)
Total transfers to member states	22,621,350	21,811,058	810,292
Transfer to Vermont	3,537,403	3,271,552	265,851

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, 2020, 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	\$3,823,445

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 2020 payments are \$16,507,284.
Dollar amount of taxes abated during reporting period	\$47,594,167

Vermont Downtown and Village Center Tax Credit Program

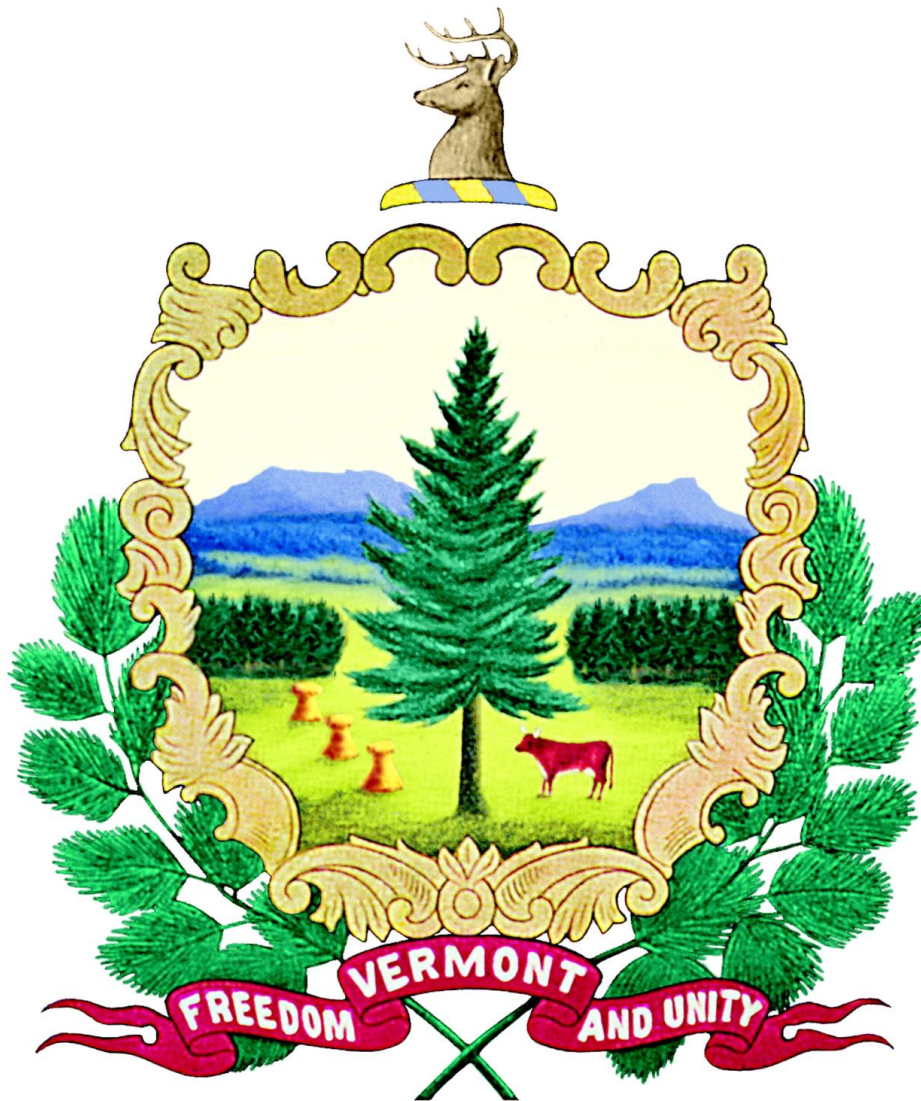
Purpose of program	The program encourages the improvement and rehabilitation of historic properties in designated downtowns and village centers. It includes three tax credits: The Historic Rehabilitation Tax Credit, the Façade Improvement Tax Credit, and the Code or Technology Improvement Tax Credit.
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 village centers as specified in the application submitted.
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	<p>Historic Rehabilitation Tax Credit is 10% of qualified expenditures up to a maximum tax credit of \$75,000.</p> <p>Façade Improvement Tax Credit is 25% of qualified expenditures up to a maximum tax credit of \$25,000.</p> <p>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.</p>
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	\$2,598,903

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	\$1,892,074







***Required Supplementary Information***  
*(Unaudited)*

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

(Dollar amounts expressed in thousands)  
(Unaudited)

	2020	2019	2018	2017
<b>Total pension liability</b>				
Service cost.....	\$ 53,010	\$ 51,946	\$ 49,744	\$ 42,704
Interest.....	204,548	194,127	180,860	178,959
Differences between expected and actual experience.....	5,123	40,476	83,266	19,283
Changes of assumptions.....	209,787	-	-	42,725
Benefit payments, including refunds of member contributions.....	(153,026)	(144,297)	(134,090)	(126,480)
<b>Net change in total pension liability.....</b>	<b>319,442</b>	<b>142,252</b>	<b>179,780</b>	<b>157,191</b>
<b>Total pension liability, July 1.....</b>	<b>2,750,811</b>	<b>2,608,559</b>	<b>2,428,779</b>	<b>2,271,588</b>
<b>Total pension liability, June 30.....</b>	<b>3,070,253</b>	<b>2,750,811</b>	<b>2,608,559</b>	<b>2,428,779</b>
<b>Fiduciary net position</b>				
Contributions - employer.....	84,430	66,618	64,564	60,280
Contributions - member.....	40,902	40,818	40,423	35,967
Net investment income (loss).....	78,965	106,778	123,632	170,358
Benefit payments, including refunds of member contributions.....	(153,026)	(144,297)	(134,090)	(126,480)
Administrative expenses.....	(2,268)	(2,246)	(1,720)	(1,777)
Other.....	594	299	249	444
<b>Net change in fiduciary net position.....</b>	<b>49,597</b>	<b>67,970</b>	<b>93,058</b>	<b>138,792</b>
<b>Fiduciary net position, beginning of year.....</b>	<b>1,909,470</b>	<b>1,841,500</b>	<b>1,748,442</b>	<b>1,609,650</b>
<b>Fiduciary net position, end of year.....</b>	<b>1,959,067</b>	<b>1,909,470</b>	<b>1,841,500</b>	<b>1,748,442</b>
<b>Net pension liability, June 30.....</b>	<b>\$ 1,111,186</b>	<b>\$ 841,341</b>	<b>\$ 767,059</b>	<b>\$ 680,337</b>
Fiduciary net position as a percentage of the total pension liability.....	63.81%	69.41%	70.59%	71.99%
Covered payroll.....	\$ 527,571	\$ 521,671	\$ 504,553	\$ 471,268
Net pension liability as a percentage of covered payroll.....	210.62%	161.28%	152.03%	144.36%
<b>Notes to Schedule</b>				
Change in assumptions:				
Discount rate.....	7.00%	7.50%	7.50%	7.50%
Assumed inflation.....	2.30%	2.50%	2.50%	2.50%
Assumed COLA increase				
Groups A, C, D and F (retired on or after 7/1/2008).....	2.40%	2.55%	2.55%	2.55%
Group F (retired before 7/1/2008).....	1.35%	1.40%	1.40%	1.40%

For 6/30/2020 mortality tables updated from variations of RP-2006 with generational improvement to variations of PubG-2010 with generational projection.  
For the 2020 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.

Benefit changes since June 30, 2014: None

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 Independent Auditors' Report.

2016	2015	2014
\$ 47,012	\$ 41,786	\$ 39,369
171,563	164,405	156,635
25,051	3,979	-
(21,853)	62,247	-
<u>(120,094)</u>	<u>(111,396)</u>	<u>(104,493)</u>
101,679	161,021	91,511
<u>2,169,909</u>	<u>2,008,888</u>	<u>1,917,377</u>
<u>2,271,588</u>	<u>2,169,909</u>	<u>2,008,888</u>
54,347	55,881	56,483
34,055	33,296	31,746
17,962	(8,485)	203,722
(120,094)	(111,396)	(104,493)
(1,467)	(1,858)	(1,158)
<u>(14)</u>	<u>177</u>	<u>454</u>
(15,211)	(32,385)	186,754
<u>1,624,861</u>	<u>1,657,246</u>	<u>1,470,492</u>
<u>1,609,650</u>	<u>1,624,861</u>	<u>1,657,246</u>
<u>\$ 661,938</u>	<u>\$ 545,048</u>	<u>\$ 351,642</u>
70.86%	74.88%	82.50%
\$ 462,057	\$ 437,676	\$ 416,766
143.26%	124.53%	84.37%
7.95%	7.95%	8.22%
3.00%	3.00%	3.00%
3.00%	3.00%	3.00%
1.50%	1.50%	1.50%

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

(Dollar amounts expressed in thousands)  
(Unaudited)

	2020	2019	2018	2017
<b>Total pension liability</b>				
Service cost.....	\$ 40,744	\$ 39,766	\$ 40,117	\$ 35,383
Interest.....	255,393	246,468	237,747	228,939
Differences between expected and actual experience.....	31,637	28,998	59,469	12,523
Changes of assumptions.....	310,968	-	(32,957)	185,849
Benefit payments, including refunds of member contributions.....	(201,237)	(193,197)	(182,259)	(172,156)
	<b>437,505</b>	<b>122,035</b>	<b>122,117</b>	<b>290,538</b>
<b>Net change in total pension liability.....</b>				
<b>Total pension liability, July 1.....</b>	<b>3,465,113</b>	<b>3,343,078</b>	<b>3,220,961</b>	<b>2,930,423</b>
	<b>3,902,618</b>	<b>3,465,113</b>	<b>3,343,078</b>	<b>3,220,961</b>
<b>Total pension liability, June 30.....</b>				
<b>Fiduciary net position</b>				
Contributions - non-employer.....	120,247	113,748	110,354	78,664
Contributions - member.....	40,599	39,075	37,889	36,142
Net investment income (loss).....	83,105	109,429	125,566	173,167
Benefit payments, including refunds of member contributions.....	(201,237)	(193,197)	(182,259)	(172,156)
Administrative expenses.....	(2,815)	(2,715)	(2,084)	(2,214)
Other.....	7,103	5,775	4,349	4,055
	<b>47,002</b>	<b>72,115</b>	<b>93,815</b>	<b>117,658</b>
<b>Net change in fiduciary net position.....</b>				
<b>Fiduciary net position, beginning of year.....</b>	<b>1,904,488</b>	<b>1,832,373</b>	<b>1,738,558</b>	<b>1,620,900</b>
	<b>1,951,490</b>	<b>1,904,488</b>	<b>1,832,373</b>	<b>1,738,558</b>
<b>Fiduciary net position, end of year.....</b>				
<b>Net pension liability, June 30.....</b>	<b>\$ 1,951,128</b>	<b>\$ 1,560,625</b>	<b>\$ 1,510,705</b>	<b>\$ 1,482,403</b>
<b>Fiduciary net position as a percentage of the</b>				
total pension liability.....	50.00%	54.96%	54.81%	53.98%
Covered payroll.....	\$ 624,908	\$ 612,899	\$ 607,355	\$ 586,397
<b>Net pension liability as a percentage of</b>				
covered payroll.....	312.23%	254.63%	248.74%	252.80%
<b>Notes to Schedule</b>				
Change in assumptions:				
Discount rate.....	7.00%	7.50%	7.50%	7.50%
Assumed inflation.....	2.30%	2.50%	2.50%	2.50%
Assumed COLA increase				
Group A.....	2.40%	2.55%	2.55%	2.55%
Group C.....	1.35%	1.40%	1.40%	1.40%

For 6/30/2020 mortality tables updated from variations of RP-2006 with generational improvement to variations of PubG-2010 with generational projection.  
For the 2020 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.

Benefit changes since June 30, 2014: None

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 Independent Auditors' Report.

	2016	2015	2014
\$	34,979	\$ 33,614	\$ 33,144
	222,185	215,447	206,150
	3,613	20,003	-
	(7,224)	57,489	-
	<u>(162,751)</u>	<u>(150,734)</u>	<u>(140,846)</u>
	90,802	175,819	98,448
	<u>2,839,621</u>	<u>2,663,802</u>	<u>2,565,354</u>
	<u>2,930,423</u>	<u>2,839,621</u>	<u>2,663,802</u>
	73,225	72,909	72,668
	35,409	34,864	32,559
	19,877	(7,567)	212,338
	(162,751)	(150,734)	(140,847)
	(1,797)	(2,259)	(26,116)
	<u>3,821</u>	<u>538</u>	<u>411</u>
	(32,216)	(52,249)	151,013
	<u>1,653,116</u>	<u>1,705,365</u>	<u>1,554,352</u>
	<u>1,620,900</u>	<u>1,653,116</u>	<u>1,705,365</u>
\$	<u>1,309,523</u>	<u>1,186,505</u>	<u>958,437</u>
	55.31%	58.22%	64.02%
\$	557,708	\$ 567,074	\$ 563,623
	234.80%	209.23%	170.05%
	7.95%	7.95%	8.15%
	3.00%	3.00%	3.00%
	3.00%	3.00%	3.00%
	1.50%	1.50%	1.50%

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

(Dollar amounts expressed in thousands)  
(Unaudited)

	2020	2019	2018	2017
<b>Total pension liability</b>				
Service cost.....	\$ 34,726	\$ 30,744	\$ 28,434	\$ 27,246
Interest.....	67,361	61,618	56,504	54,780
Differences between expected and actual experience.....	8,292	17,468	14,172	(3,749)
Changes of assumptions.....	38,774	-	-	14,481
Changes of benefit terms.....	-	-	194	-
Benefit payments, including refunds of member contributions.....	(39,084)	(35,397)	(31,445)	(27,803)
<b>Net change in total pension liability.....</b>	<b>110,069</b>	<b>74,433</b>	<b>67,859</b>	<b>64,955</b>
<b>Total pension liability, July 1.....</b>	<b>882,958</b>	<b>808,525</b>	<b>740,666</b>	<b>675,711</b>
<b>Total pension liability, June 30.....</b>	<b>993,027</b>	<b>882,958</b>	<b>808,525</b>	<b>740,666</b>
<b>Fiduciary net position</b>				
Contributions - employer.....	20,681	19,203	17,520	16,482
Contributions - member.....	20,771	19,778	19,167	25,210
Net investment income (loss).....	29,114	38,740	43,889	59,487
Benefit payments, including refunds of member contributions.....	(39,084)	(35,397)	(31,445)	(27,803)
Administrative expenses.....	(1,355)	(1,158)	(929)	(875)
Other.....	460	451	137	(6)
<b>Net change in fiduciary net position.....</b>	<b>30,587</b>	<b>41,617</b>	<b>48,339</b>	<b>72,495</b>
<b>Fiduciary net position, beginning of year.....</b>	<b>709,466</b>	<b>667,849</b>	<b>619,510</b>	<b>547,015</b>
<b>Fiduciary net position, end of year.....</b>	<b>740,053</b>	<b>709,466</b>	<b>667,849</b>	<b>619,510</b>
<b>Net pension liability, June 30.....</b>	<b>\$ 252,974</b>	<b>\$ 173,492</b>	<b>\$ 140,676</b>	<b>\$ 121,156</b>
Fiduciary net position as a percentage of the total pension liability.....	74.52%	80.35%	82.60%	83.64%
Covered payroll.....	\$ 306,103	\$ 289,839	\$ 274,814	\$ 256,730
Net pension liability as a percentage of covered payroll.....	82.64%	59.86%	51.19%	47.19%
<b>Notes to Schedule</b>				
Changes in assumptions and methods:				
Discount rate.....	7.00%	7.50%	7.50%	7.50%
Assumed inflation.....	2.30%	2.50%	2.50%	2.50%
Assumed COLA increase				
Group A.....	1.10%	1.15%	1.15%	1.15%
Group B, C, and D.....	1.20%	1.30%	1.30%	1.30%

For 6/30/2020 mortality tables updated from variations of RP-2006 with generational improvement to variations of PubG-2010 with generational projection.  
For the 2020 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.

Benefit changes since June 30, 2014: None  
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 Independent Auditors' Report.

	2016	2015	2014
\$	25,264	\$ 24,366	\$ 22,519
	49,744	46,058	42,139
	1,088	3,046	-
	12,204	19,192	-
	-	-	-
	<u>(25,589)</u>	<u>(23,314)</u>	<u>(20,601)</u>
	62,711	69,348	44,057
	<u>613,000</u>	<u>543,652</u>	<u>499,595</u>
	<u>675,711</u>	<u>613,000</u>	<u>543,652</u>
	15,236	14,136	12,806
	15,227	13,588	13,234
	6,777	(2,359)	64,346
	(25,589)	(23,315)	(20,601)
	(755)	(950)	(588)
	<u>215</u>	<u>279</u>	<u>2,143</u>
	11,111	1,379	71,340
	<u>535,904</u>	<u>534,525</u>	<u>463,186</u>
	<u>547,015</u>	<u>535,904</u>	<u>534,526</u>
\$	<u>128,696</u>	<u>77,096</u>	<u>9,126</u>
	80.95%	87.42%	98.32%
\$	249,811	\$ 230,969	\$ 220,372
	51.52%	33.38%	4.14%
	7.95%	7.95%	8.23%
	3.00%	3.00%	3.00%
	1.50%	1.50%	1.50%
	1.80%	1.80%	1.80%



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

<u>Retirement System</u>	<u>Year Ended 6/30</u>	<u>Actuarially Determined Contribution<sup>(1)</sup> (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	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 <sup>(2)</sup>	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	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**

<sup>(1)</sup>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.

<sup>(2)</sup> 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	Projected Benefit Cost
Amortization method	Level percentage of payroll	Level percentage of payroll	Installments increasing 3% per year
Remaining amortization period All closed basis	20 years	20 years	19 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
<u>Actuarial assumptions</u>			
Investment rate of return <sup>(1)</sup>	7.50%	7.50%	7.50%
Inflation rate	2.50%	2.50%	2.50%
Projected salary increases	3.50%-7.04%	3.75%-9.09%	5.00%
Cost of living adjustments <sup>(2)</sup>	Groups A, C & D - 2.55% Group F - 1.40% Group F retiring after 7/1/2008 - 2.55%	Group A - 2.55% Group C - 1.40%	Group A - 1.15% Groups B, C & D - 1.30%

**Mortality Rates**

**VSRS**

**Pre-retirement:**

Group A/F - 101% of RP-2006 blended 30% Blue Collar Employee, 70% Healthy Employee with generational projection using Scale SSA-2017  
Group C - RP-2006 Blue Collar Employee with generational projection using Scale SSA-2017  
Group D - RP-2006 Healthy Employee with generational projection using Scale SSA-2017

**Healthy Retiree:**

Group A/F - 101% of RP-2006 blended 30% Blue Collar Annuitant, 70% Healthy Annuitant with generational projection using Scale SSA-2017  
Group C - RP-2006 Blue Collar Annuitant with generational projection using Scale SSA-2017  
Group D - RP-2006 Healthy Annuitant with generational projection using Scale SSA-2017

**Disabled Retiree:**

All Groups - RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2017

**STRS**

**Pre-retirement:**

All Groups - 98% of RP-2006 White Collar Employee Table with generational projection using scale SSA-2017

**Healthy Retiree:**

All Groups - 98% of RP-2006 White Collar Annuitant Table with generational projection using scale SSA-2017

**Disabled Retiree:**

All Groups - RP-2006 Disabled Mortality Table with generational projection using scale SSA-2017

**MERS**

**Pre-retirement:**

Groups A/B/C - 98% of RP-2006 tables, blended 60% Blue Collar Employee, 40% Healthy Employee with generational projection using Scale SSA-2017  
Group D - 100% of RP-2006 Blue Collar Employee with generational projection using Scale SSA-2017

**Healthy Retiree:**

Groups A/B/C - 98% of RP-2006 tables, blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational projection using Scale SSA-2017  
Group D - 100% of RP-2006 Healthy Annuitant with generational projection using Scale SSA-2017

**Disabled Retiree:**

All Groups - RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2017

<sup>(1)</sup>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 2016 a 7.95% rate was used for MERS, for 2018 a 7.50% rate was used for MERS  
For 2019 a 7.50% rate was used for VSRS and STRS

<sup>(2)</sup>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.

**STATE OF VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF STATE'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
LAST SEVEN YEARS<sup>(1)</sup>  
(Dollar amounts expressed in thousands)  
(Unaudited)**

	<b>Vermont State Retirement System</b>			
	2020	2019	2018	2017
State's proportion of net pension liability	98.3137%	98.2187%	98.2850%	98.3625%
State's proportionate share of the net pension liability	\$ 827,153	\$ 753,395	\$ 668,669	\$ 651,099
Fiduciary net position as a percentage of the total pension liability	69.41%	70.59%	71.99%	70.86%
	<b>State Teachers' Retirement System<sup>(2)</sup></b>			
	2020	2019	2018	2017
State's proportion of net pension liability	100%	100%	100%	100%
State's proportionate share of the net pension liability	\$ 1,560,625	\$ 1,510,705	\$ 1,482,403	\$ 1,309,523
Fiduciary net position as a percentage of the total pension liability	54.96%	54.81%	53.98%	55.31%

<sup>(1)</sup>The amounts presented for each fiscal year were determined by an actuarial valuation on June 30 two years prior to to the fiscal year. The measurement period and measurement date is one year prior to the fiscal year.

<sup>(2)</sup>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>2016</u>	<u>2015</u>	<u>2014</u>
98.3289%	98.2355%	98.1400%
\$ 535,939	\$ 345,437	\$ 438,573
74.88%	82.50%	76.69%

---

<u>2016</u>	<u>2015</u>	<u>2014</u>
100%	100%	100%
\$ 1,186,505	\$ 958,437	\$ 1,011,002
58.22%	64.02%	60.59%

**STATE OF VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 DEFINED BENEFIT PLANS  
 SCHEDULE OF INVESTMENT RETURNS  
 LAST SEVEN YEARS  
 (Unaudited)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>VERMONT STATE RETIREMENT SYSTEM</b>				
Annual money-weighted rate of return, net of investment expense	3.90%	5.90%	6.73%	10.33%
<b>STATE TEACHERS' RETIREMENT SYSTEM</b>				
Annual money-weighted rate of return, net of investment expense	4.10%	6.10%	6.99%	10.17%
<b>VERMONT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM</b>				
Annual money-weighted rate of return, net of investment expense	3.90%	5.80%	6.75%	10.88%

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>2016</u>	<u>2015</u>	<u>2014</u>
-------------	-------------	-------------

1.44%	-0.50%	14.05%
-------	--------	--------

1.69%	-0.40%	13.83%
-------	--------	--------

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 FOUR FISCAL YEARS**  
*(Dollar amounts expressed in thousands)*  
*(Unaudited)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability</b>				
Service cost.....	\$ 45,691	\$ 44,590	\$ 52,326	\$ 66,841
Interest.....	45,754	49,041	54,401	46,868
Changes of benefit terms.....	-	-	(20,233)	-
Differences between expected and actual experience.....	20,361	6,284	7,140	-
Changes of assumptions.....	127,633	(25,551)	(303,322)	(190,151)
Benefit payments, net of retiree contributions, including administrative expense...	<u>(35,768)</u>	<u>(35,340)</u>	<u>(34,559)</u>	<u>(33,346)</u>
<b>Net change in total OPEB liability.....</b>	<b>203,671</b>	<b>39,024</b>	<b>(244,247)</b>	<b>(109,788)</b>
<b>Total OPEB liability, July 1.....</b>	<b><u>1,279,299</u></b>	<b><u>1,240,275</u></b>	<b><u>1,484,522</u></b>	<b><u>1,594,310</u></b>
<b>Total OPEB liability, June 30.....</b>	<b><u>1,482,970</u></b>	<b><u>1,279,299</u></b>	<b><u>1,240,275</u></b>	<b><u>1,484,522</u></b>
<b>Fiduciary net position</b>				
Contributions - employer.....	38,600	63,750	32,957	33,123
Net investment income (loss).....	3,030	1,554	872	1,372
Benefit payments, including refunds of member contributions.....	(35,768)	(35,340)	(34,559)	(33,346)
Administrative expenses.....	<u>(3)</u>	<u>(2)</u>	<u>(1)</u>	<u>-</u>
<b>Net change in fiduciary net position.....</b>	<b>5,859</b>	<b>29,962</b>	<b>(731)</b>	<b>1,149</b>
<b>Fiduciary net position, beginning of year.....</b>	<b><u>51,733</u></b>	<b><u>21,771</u></b>	<b><u>22,502</u></b>	<b><u>21,353</u></b>
<b>Fiduciary net position, end of year.....</b>	<b><u>57,592</u></b>	<b><u>51,733</u></b>	<b><u>21,771</u></b>	<b><u>22,502</u></b>
<b>Net OPEB liability, June 30.....</b>	<b><u>\$ 1,425,378</u></b>	<b><u>\$ 1,227,566</u></b>	<b><u>\$ 1,218,504</u></b>	<b><u>\$ 1,462,020</u></b>
Fiduciary net position as a percentage of the total OPEB liability.....	3.88%	4.04%	1.76%	1.52%
Covered payroll.....	\$ 554,292	\$ 548,512	\$ 531,543	\$ 497,201
Net OPEB liability as a percentage of covered-payroll.....	257.15%	223.80%	229.24%	294.05%

**Notes to Schedule**

Plan Type: single employer

Benefit changes in 2018: Medical copays were modified, and pharmacy deductible and maximum out of pocket expenses were increased

In 2018 the discount rate was increased from 3.58% to 3.87%

In 2019 the discount rate was decreased from 3.87% to 3.50%

In 2020 the discount rate was decreased from 3.50% to 2.23%

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.

**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 FOUR FISCAL YEARS**  
*(Dollar amounts expressed in thousands)*  
*(Unaudited)*

	2020	2019	2018	2017
<b>Total OPEB liability</b>				
Service cost.....	\$ 30,590	\$ 20,786	\$ 26,273	\$ 32,511
Interest.....	37,030	36,139	32,838	26,425
Differences between expected and actual experience.....	31,061	24,665	42,621	-
Changes of assumptions.....	155,924	82,448	(50,192)	(33,192)
Changes of benefit terms.....	-	(21,209)	-	-
Benefit payments, net of retiree contributions, including administrative expense....	(27,551)	(29,607)	(29,329)	(29,577)
<b>Net change in total OPEB liability.....</b>	<b>227,054</b>	<b>113,222</b>	<b>22,211</b>	<b>(3,833)</b>
<b>Total OPEB liability, July 1.....</b>	<b>1,041,065</b>	<b>927,843</b>	<b>905,632</b>	<b>909,465</b>
<b>Total OPEB liability, June 30.....</b>	<b>1,268,119</b>	<b>1,041,065</b>	<b>927,843</b>	<b>905,632</b>
<b>Fiduciary net position</b>				
Contributions - non-employer.....	35,176	56,594	29,803	23,839
Net investment income (loss).....	283	31	20	41
Benefit payments, including refunds of member contributions.....	(27,551)	(29,607)	(29,329)	(29,348)
Administrative expenses.....	(2)	(263)	(279)	(229)
Other.....	501	-	-	-
<b>Net change in fiduciary net position.....</b>	<b>8,407</b>	<b>26,755</b>	<b>215</b>	<b>(5,697)</b>
<b>Fiduciary net position, beginning of year.....</b>	<b>312</b>	<b>(26,443)</b>	<b>(26,658)</b>	<b>(20,961)</b>
<b>Fiduciary net position, end of year.....</b>	<b>8,719</b>	<b>312</b>	<b>(26,443)</b>	<b>(26,658)</b>
<b>Net OPEB liability, June 30.....</b>	<b>\$ 1,259,400</b>	<b>\$ 1,040,753</b>	<b>\$ 954,286</b>	<b>\$ 932,290</b>
Fiduciary net position as a percentage of the total OPEB liability.....	0.69%	0.03%	-2.85%	-2.94%
Covered payroll.....	\$ 624,908	\$ 612,899	\$ 607,355	\$ 586,397
Net OPEB liability as a percentage of covered payroll.....	201.53%	169.81%	157.12%	158.99%

**Notes to Schedule**

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

In 2018 the discount rate was increased from 3.58% to 3.87%

In 2019 the discount rate was decreased from 3.87% to 3.50%

In 2020 the discount rate was decreased from 3.50% to 2.21%

Benefit changes in 2019:

Effective January 1, 2020, 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.

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.



**STATE OF VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFIT PLANS  
SCHEDULE OF INVESTMENT RETURNS  
LAST FOUR FISCAL YEARS  
(Unaudited)**

	2020	2019	2018	2017
<b>Vermont State Postemployment Benefit Trust Fund</b>				
Annual money-weighted rate of return, net of investment expense	6.20%	6.90%	4.00%	6.50%
<b>Retired Teachers' Health and Medical Benefits Fund *</b>				
Annual money-weighted rate of return, net of investment expense	N/A	N/A	N/A	N/A

\* The Retired Teachers' Health and Medical Benefits Fund has no investments.

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.

**STATE OF VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFIT PLANS  
SCHEDULE OF EMPLOYER AND NONEMPLOYER CONTRIBUTIONS  
LAST FOUR FISCAL YEARS  
(Dollar amounts expressed in thousands)  
(Unaudited)**

<u>Retirement System</u>	<u>Year Ended 6/30</u>	<u>Actuarially Determined Contribution<sup>(1)</sup> (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>
<b>Vermont State Postemployment Benefit Trust Fund (VSPB)</b>	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%
<b>Retired Teachers' Health and Medical Benefits Fund (RTHMB)</b>	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%

<sup>(1)</sup>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)**

	<b>VSPB</b>	<b>RTHMB</b>
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	29 years	29 years
Asset valuation method	Market Value	Market Value
<u>Actuarial assumptions</u>		
Investment rate of return	7.50%	7.50%
Discount rate	3.87%	3.87%
Projected salary increases	Varies by age from age 20 - 7.04%, to age 60 - 3.50%.	Varies by age from age 20 - 9.09%, to age 60 - 3.75%
Inflation	2.75%	2.75%
<u>Health care cost trend rates</u>		
Non-Medicare	7.15% graded to 4.50% over 12 years	7.15% graded to 4.50% over 12 years
Medicare	7.30% graded to 4.50% over 13 years	7.15% graded to 4.50% over 12 years

---

**Mortality Rates**

**VSPB**

Pre-retirement:

- Group A/F - 101% of RP-2006 blended 30% Blue Collar Employee, 70% Healthy Employee with generational projection using Scale SSA-2017
- Group C - RP-2006 Blue Collar Employee with generational projection using Scale SSA-2017
- Group D - RP-2006 Healthy Employee with generational projection using Scale SSA-2017

Healthy Retiree:

- Group A/F - 101% of RP-2006 blended 30% Blue Collar Annuitant, 70% Healthy Annuitant with generational projection using Scale SSA-2017
- Group C - RP-2006 Blue Collar Annuitant with generational projection using Scale SSA-2017
- Group D - RP-2006 Healthy Annuitant with generational projection using Scale SSA-2017

Disabled Retiree:

- All Groups - RP-2006 Disabled Mortality Table with generational projections using Scale SSA-2017

**RTHMB**

Pre-retirement:

- All Groups - 98% of RP-2014 White Collar Employee with generational projection using Scale SSA-2017

Healthy Retiree:

- All Groups - 98% of RP-2014 White Collar Annuitant with generational projection using Scale SSA-2017

Disabled Retiree:

- All Groups - RP-2014 Disabled Mortality Table with generational projections using Scale SSA-2017

See Independent Auditors' Report.

**STATE OF VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF STATE'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
LAST THREE FISCAL YEARS<sup>(1)</sup>  
(Dollar amounts expressed in thousands)  
(Unaudited)**

**Vermont State Postemployment Benefit Trust Fund**

	2020	2019	2018
State's proportion of net OPEB liability	98.9933%	98.2292%	98.2979%
State's proportionate share of the net OPEB liability	\$ 1,215,208	\$ 1,196,927	\$ 1,437,135
Fiduciary net position as a percentage of the total OPEB liability	4.04%	1.76%	1.52%

**Retired Teachers' Health and Medical Benefits Fund<sup>(2)</sup>**

	2020	2019	2018
State's proportion of net OPEB liability	100%	100%	100%
State's proportionate share of the net OPEB liability	\$ 1,040,753	\$ 954,286	\$ 932,290
Fiduciary net position as a percentage of the total OPEB liability	0.03%	-2.85%	-2.94%

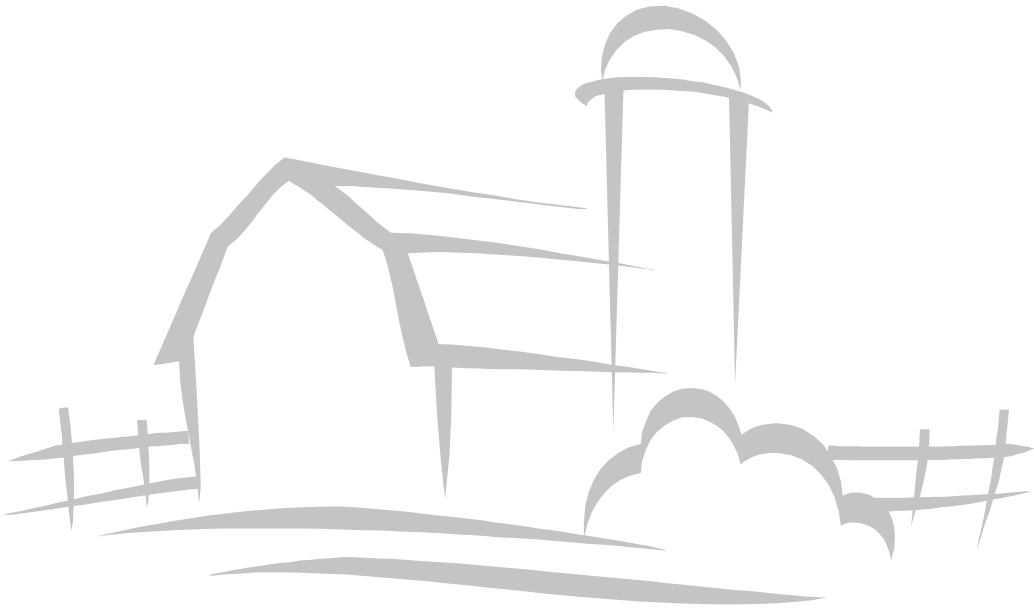
<sup>(1)</sup>The amounts presented for each fiscal year were determined as of the measurement date. The measurement period and measurement date is one year prior to the fiscal year.

<sup>(2)</sup>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.

***THIS PAGE INTENTIONALLY LEFT BLANK***



*Vermont*

**STATE OF VERMONT**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**  
**(Unaudited)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Over (Under)</u>
<b>Revenues</b>				
Taxes.....	\$ 1,494,410,000	\$ 1,512,770,000	\$ 1,381,830,473	\$ (130,939,527)
Earnings of Departments.....	46,900,000	46,300,000	44,742,417	(1,557,583)
Other.....	34,830,000	35,530,000	32,647,760	(2,882,240)
<b>Total revenues.....</b>	<b><u>1,576,140,000</u></b>	<b><u>1,594,600,000</u></b>	<b><u>1,459,220,650</u></b>	<b><u>(135,379,350)</u></b>
<b>Expenditures</b>				
<b>General Government</b>				
Agency of Administration.....	56,146,137	51,835,592	48,204,734	(3,630,858)
Agency of Digital Services.....	179,238	2,527,364	1,845,704	(681,660)
Executive Office.....	1,658,582	1,834,949	1,513,910	(321,039)
Legislative Council.....	13,610,685	14,212,735	12,563,878	(1,648,857)
Joint Fiscal Office.....	2,023,053	2,888,353	2,438,762	(449,591)
Sergeant at Arms.....	863,204	956,480	899,277	(57,203)
Lieutenant Governor's Office.....	263,133	267,049	262,472	(4,577)
Auditor of Accounts.....	404,513	453,284	305,216	(148,068)
State Treasurer.....	981,483	1,209,349	742,261	(467,088)
State Labor Relations Board.....	259,233	264,809	246,068	(18,741)
VOSHA Review Board.....	46,175	72,337	39,985	(32,352)
Homeowner Property Tax Assistance.....	16,600,000	17,591,901	16,621,013	(970,888)
Renter Rebate Tax Assistance.....	9,500,000	10,593,434	9,651,471	(941,963)
<b>Protection to Persons and Property</b>				
Attorney General.....	8,148,752	8,589,496	7,817,162	(772,334)
Defender General.....	18,456,675	18,732,872	18,390,809	(342,063)
Judiciary.....	46,742,395	51,974,698	45,095,776	(6,878,922)
State's Attorneys and Sheriffs.....	19,374,276	20,752,471	19,200,801	(1,551,670)
Department of Public Safety.....	52,173,561	55,058,230	52,842,019	(2,216,211)
Military Department.....	5,516,066	5,956,190	4,714,284	(1,241,906)
Center for Crime Victim Services.....	1,264,158	1,380,243	1,349,816	(30,427)
Criminal Justice Training Council.....	2,488,016	2,583,682	2,572,707	(10,975)
Agency of Agriculture, Food and Markets.....	8,831,510	12,324,777	9,818,158	(2,506,619)
Secretary of State.....	-	450,000	-	(450,000)
Public Service Department.....	350,000	350,000	350,000	-
Human Rights Commission.....	628,256	664,401	555,090	(109,311)
<b>Human Services</b>				
Agency of Human Services.....	993,326,403	986,894,850	954,032,789	(32,862,061)
Green Mountain Care Board.....	3,192,315	4,050,536	2,825,011	(1,225,525)
Governor's Commission on Women.....	390,631	524,910	491,598	(33,312)
Human Services Board.....	451,554	543,753	375,038	(168,715)
Vermont Veterans' Home.....	345,783	2,445,783	445,341	(2,000,442)
<b>Labor</b>				
Department of Labor.....	4,569,407	6,525,369	3,958,350	(2,567,019)
<b>General Education</b>				
Agency of Education.....	14,727,016	15,987,976	14,407,875	(1,580,101)
State Teacher's Retirement.....	144,533,820	144,533,820	144,533,820	-
Higher Education.....	91,796,726	93,116,726	93,116,726	-

*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, 2020**  
**(Unaudited)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Over (Under)</b>
<b>Expenditures</b>				
<b>Natural Resources</b>				
Agency of Natural Resources.....	28,971,895	31,023,524	29,487,145	(1,536,379)
Natural Resources Board.....	637,074	637,074	637,074	-
<b>Commerce and Community Development</b>				
Agency of Commerce and Community Development....	15,042,215	21,537,618	15,050,459	(6,487,159)
Cultural Development.....	2,062,718	2,115,949	2,115,949	-
Housing and Conservation Board.....	-	500,000	87,500	(412,500)
<b>Total expenditures.....</b>	<b>1,566,556,658</b>	<b>1,593,962,584</b>	<b>1,519,606,048</b>	<b>(74,356,536)</b>
<b>Excess of revenues over expenditures.....</b>	<b>9,583,342</b>	<b>637,416</b>	<b>(60,385,398)</b>	<b>(61,022,814)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in.....	38,105,322	159,836,574	159,836,574	-
Transfers out.....	(79,043,324)	(86,210,372)	(86,210,372)	-
Premium on sale of bonds.....	5,279,530	5,279,530	5,279,530	-
Refunding bonds issued.....	39,202,429	39,202,429	39,202,429	-
Payment to escrow agent.....	(44,481,959)	(44,481,959)	(44,481,959)	-
<b>Total other financing sources (uses).....</b>	<b>(40,938,002)</b>	<b>73,626,202</b>	<b>73,626,202</b>	<b>-</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses.....</b>	<b>(31,354,660)</b>	<b>74,263,618</b>	<b>13,240,804</b>	<b>(61,022,814)</b>
<b>Fund balance, July 1.....</b>	<b>289,176,988</b>	<b>289,176,988</b>	<b>289,176,988</b>	<b>-</b>
<b>Fund balance, June 30.....</b>	<b>\$ 257,822,328</b>	<b>\$ 363,440,606</b>	<b>\$ 302,417,792</b>	<b>\$ (61,022,814)</b>

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, 2020**  
**(Unaudited)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Over (Under)</b>
<b>Revenues</b>				
Taxes.....	\$ 173,700,000	\$ 173,500,000	\$ 160,746,693	\$ (12,753,307)
Motor vehicle fees.....	86,100,000	86,800,000	83,638,270	(3,161,730)
Federal.....	319,145,747	343,088,788	287,275,789	(55,812,999)
Other.....	<u>41,400,000</u>	<u>39,900,000</u>	<u>38,140,281</u>	<u>(1,759,719)</u>
<b>Total revenues.....</b>	<u>620,345,747</u>	<u>643,288,788</u>	<u>569,801,033</u>	<u>(73,487,755)</u>
<b>Expenditures</b>				
<b>General Government</b>				
Agency of Administration.....	6,387,636	3,880,184	3,880,184	-
<b>Protection to Persons and Property</b>				
Department of Public Safety.....	20,250,000	20,501,432	20,034,659	(466,773)
<b>Transportation</b>				
Agency of Transportation.....	<u>591,662,397</u>	<u>597,159,323</u>	<u>566,031,858</u>	<u>(31,127,465)</u>
<b>Total expenditures.....</b>	<u>618,300,033</u>	<u>621,540,939</u>	<u>589,946,701</u>	<u>(31,594,238)</u>
<b>Excess of revenues over (under) expenditures</b>	<u>2,045,714</u>	<u>21,747,849</u>	<u>(20,145,668)</u>	<u>(41,893,517)</u>
<b>Other financing sources (uses)</b>				
Transfers out.....	<u>(5,325,113)</u>	<u>(5,325,113)</u>	<u>(5,325,113)</u>	<u>-</u>
<b>Total other financing sources (uses).....</b>	<u>(5,325,113)</u>	<u>(5,325,113)</u>	<u>(5,325,113)</u>	<u>-</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses.....</b>	(3,279,399)	16,422,736	(25,470,781)	(41,893,517)
<b>Fund balance, July 1.....</b>	<u>31,029,789</u>	<u>31,029,789</u>	<u>31,029,789</u>	<u>-</u>
<b>Fund balance (deficit), June 30.....</b>	<u>\$ 27,750,390</u>	<u>\$ 47,452,525</u>	<u>\$ 5,559,008</u>	<u>\$ (41,893,517)</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, 2020**  
**(Unaudited)**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
<b>Revenues</b>				
Taxes.....	\$ 1,666,838,910	\$ 1,672,538,910	\$ 1,654,831,347	\$ (17,707,563)
Interest and premiums.....	700,000	700,000	838,313	138,313
<b>Total revenues.....</b>	<b>1,667,538,910</b>	<b>1,673,238,910</b>	<b>1,655,669,660</b>	<b>(17,569,250)</b>
<b>Expenditures</b>				
<b>General Government</b>				
Grand List.....	-	362,405	171,457	(190,948)
<b>General Education</b>				
Agency of Education.....	1,719,987,983	1,737,254,771	1,702,157,402	(35,097,369)
State Teachers' Retirement.....	6,781,221	6,781,221	6,781,221	-
<b>Total expenditures.....</b>	<b>1,726,769,204</b>	<b>1,744,398,397</b>	<b>1,709,110,080</b>	<b>(35,288,317)</b>
<b>Excess of revenues over (under) expenditures.....</b>	<b>(59,230,294)</b>	<b>(71,159,487)</b>	<b>(53,440,420)</b>	<b>17,719,067</b>
<b>Other financing sources (uses)</b>				
Transfers in.....	39,351,739	39,351,739	39,351,739	-
<b>Total other financing sources (uses).....</b>	<b>39,351,739</b>	<b>39,351,739</b>	<b>39,351,739</b>	<b>-</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses.....</b>	<b>(19,878,555)</b>	<b>(31,807,748)</b>	<b>(14,088,681)</b>	<b>17,719,067</b>
<b>Fund balance, July 1.....</b>	<b>82,355,531</b>	<b>82,355,531</b>	<b>82,355,531</b>	<b>-</b>
<b>Fund balance, June 30.....</b>	<b>\$ 62,476,976</b>	<b>\$ 50,547,783</b>	<b>\$ 68,266,850</b>	<b>\$ 17,719,067</b>

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, 2020**  
**(Unaudited)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Over (Under)</u>
<b>Revenues</b>				
Special Fund Revenues.....	\$ 379,805,558	\$ 811,082,386	\$ 608,455,159	\$ (202,627,227)
<b>Total revenues.....</b>	<b>379,805,558</b>	<b>811,082,386</b>	<b>608,455,159</b>	<b>(202,627,227)</b>
<b>Expenditures</b>				
<b>General Government</b>				
Agency of Administration.....	18,406,218	38,911,042	19,611,554	(19,299,488)
Agency of Digital Services.....	383,707	739,452	451,254	(288,198)
Executive Office.....	186,500	186,500	180,689	(5,811)
Joint Fiscal Office.....	-	121,193	80,025	(41,168)
Sergeant at Arms.....	-	38,948	5,579	(33,369)
Auditor of Accounts.....	53,145	241,960	166,960	(75,000)
State Treasurer.....	3,089,050	3,631,621	3,560,467	(71,154)
State Labor Relations Board.....	9,576	9,576	5,467	(4,109)
VOSHA Review Board.....	46,175	46,175	44,753	(1,422)
Unorganized Towns and Gores.....	-	480,000	364,054	(115,946)
Ethics Commission.....	-	60,946	-	(60,946)
<b>Protection to Persons and Property</b>				
Attorney General.....	5,653,931	6,902,154	6,257,736	(644,418)
Defender General.....	589,653	739,653	723,182	(16,471)
Judiciary.....	5,344,048	12,379,048	4,156,991	(8,222,057)
State's Attorneys and Sheriffs.....	2,787,885	2,787,885	2,561,587	(226,298)
Department of Public Safety.....	20,505,785	24,404,598	20,655,328	(3,749,270)
Military Department.....	207,218	2,108,414	1,821,680	(286,734)
Center for Crime Victim Services.....	5,342,728	5,351,499	4,676,552	(674,947)
Criminal Justice Training Council.....	204,625	351,394	321,264	(30,130)
Agency of Agriculture, Food and Markets.....	13,935,170	17,323,435	13,516,117	(3,807,318)
Department of Financial Regulation.....	15,673,483	16,061,393	15,310,614	(750,779)
Secretary of State.....	11,394,045	12,100,061	11,635,084	(464,977)
Public Service Department.....	13,457,207	16,346,502	9,015,995	(7,330,507)
Public Utility Commission.....	3,757,500	3,914,081	3,911,429	(2,652)
Enhanced 911 Board.....	4,912,414	5,315,029	5,237,228	(77,801)
Department of Liquor and Lottery.....	218,843	334,760	200,292	(134,468)
<b>Human Services</b>				
Agency of Human Services.....	182,526,956	480,361,000	400,704,488	(79,656,512)
Green Mountain Care Board.....	4,788,473	5,274,540	4,150,682	(1,123,858)
Governor's Commission on Women.....	2,500	2,500	216	(2,284)
Human Services Board.....	22,526	12,526	-	(12,526)
<b>Labor</b>				
Department of Labor.....	8,462,147	9,866,429	4,257,198	(5,609,231)
<b>General Education</b>				
Agency of Education.....	19,751,693	21,658,267	18,582,392	(3,075,875)

*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, 2020**  
**(Unaudited)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Over (Under)</b>
<b>Expenditures</b>				
<b>Natural Resources</b>				
Agency of Natural Resources.....	67,448,045	98,445,289	58,535,342	(39,909,947)
Natural Resources Board.....	2,645,953	2,645,953	2,429,384	(216,569)
<b>Commerce and Community Development</b>				
Agency of Commerce and Community Development.....	7,353,171	14,172,610	6,044,948	(8,127,662)
Cultural Development.....	-	32,078	32,078	-
<b>Transportation</b>				
Agency of Transportation.....	3,199,815	8,501,898	4,852,564	(3,649,334)
<b>Total expenditures.....</b>	<b>422,360,185</b>	<b>811,860,409</b>	<b>624,061,173</b>	<b>(187,799,236)</b>
<b>Excess of revenues over expenditures.....</b>	<b>(42,554,627)</b>	<b>(778,023)</b>	<b>(15,606,014)</b>	<b>(14,827,991)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds on sale of refunding bonds.....	-	322,571	322,571	-
Transfers in.....	64,883,026	67,976,102	67,976,102	-
Transfers out.....	(22,328,399)	(67,198,079)	(67,198,079)	-
<b>Total other financing sources (uses).....</b>	<b>42,554,627</b>	<b>1,100,594</b>	<b>1,100,594</b>	<b>-</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses.....</b>	<b>-</b>	<b>322,571</b>	<b>(14,505,420)</b>	<b>(14,827,991)</b>
<b>Fund balance, July 1.....</b>	<b>193,690,178</b>	<b>193,690,178</b>	<b>193,690,178</b>	<b>-</b>
<b>Fund balance, June 30.....</b>	<b>\$ 193,690,178</b>	<b>\$ 194,012,749</b>	<b>\$ 179,184,758</b>	<b>\$ (14,827,991)</b>

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, 2020**  
**(Unaudited)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Over (Under)</u>
<b>Revenues</b>				
Federal.....	\$ 1,741,075,364	\$ 2,308,038,417	\$ 2,934,890,081	\$ 626,851,664
Interest and premiums.....	-	283,058	283,058	-
Other.....	-	67,533	67,533	-
<b>Total revenues.....</b>	<u>1,741,075,364</u>	<u>2,308,389,008</u>	<u>2,935,240,672</u>	<u>626,851,664</u>
<b>Expenditures</b>				
<b>General Government</b>				
Agency of Administration.....	1,116,678	55,575,580	4,064,818	(51,510,762)
Agency of Digital Services .....	-	1,585,418	405,766	(1,179,652)
Executive Office .....	-	305,000	298,315	(6,685)
Legislative Council .....	-	750,000	-	(750,000)
Seargent at Arms .....	-	600,000	-	(600,000)
State Treasurer.....	-	2,932,894	232,894	(2,700,000)
<b>Protection to Persons and Property</b>				
Attorney General.....	1,256,355	1,426,355	1,304,117	(122,238)
Defender General.....	-	534,174	138,236	(395,938)
Judiciary.....	887,586	5,798,086	601,744	(5,196,342)
State's Attorneys and Sheriffs.....	31,000	1,281,164	273,632	(1,007,532)
Department of Public Safety.....	14,881,272	33,748,732	26,076,124	(7,672,608)
Military Department.....	21,266,703	33,636,102	23,362,950	(10,273,152)
Center for Crime Victim Services.....	9,682,330	9,957,330	7,167,495	(2,789,835)
Criminal Justice Training Council.....	-	14,491	14,491	-
Agency of Agriculture, Food and Markets.....	3,636,220	4,162,438	3,836,256	(326,182)
Department of Financial Regulation.....	-	215,000	200,236	(14,764)
Secretary of State.....	2,153,524	8,168,524	1,771,070	(6,397,454)
Public Service Department.....	1,454,243	2,085,335	1,194,379	(890,956)
Enhanced 911 Board.....	-	33,599	27,348	(6,251)
Human Rights Commission.....	75,291	120,297	119,930	(367)
Department of Liquor and Lottery.....	184,484	186,789	142,913	(43,876)
<b>Human Services</b>				
Agency of Human Services.....	1,411,157,843	1,630,535,291	1,487,586,289	(142,949,002)
Green Mountain Care Board.....	-	29,305	29,305	-
Human Services Board.....	332,018	413,663	244,340	(169,323)
<b>Labor</b>				
Department of Labor.....	31,540,700	64,346,582	34,904,969	(29,441,613)
<b>General Education</b>				
Higher Education.....	-	26,307,000	26,307,000	-
Agency of Education.....	131,488,559	186,880,045	134,515,658	(52,364,387)
<b>Natural Resources</b>				
Agency of Natural Resources.....	46,182,691	61,715,931	34,041,703	(27,674,228)
Natural Resources Board.....	-	19,227	12,333	(6,894)

*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, 2020**  
**(Unaudited)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Over (Under)</u>
<b>Expenditures</b>				
<b>Commerce and Community Development</b>				
Agency of Commerce and Community Development.....	11,592,110	44,465,864	9,172,814	(35,293,050)
Housing and Conservation Board.....	-	23,000,000	-	(23,000,000)
<b>Transportation</b>				
Agency of Transportation.....	-	3,869,156	1,378,629	(2,490,527)
<b>Total expenditures.....</b>	<u>1,688,919,607</u>	<u>2,204,699,372</u>	<u>1,799,425,754</u>	<u>(405,273,618)</u>
<b>Excess of revenues over expenditures.....</b>	<u>52,155,757</u>	<u>103,689,636</u>	<u>1,135,814,918</u>	<u>1,032,125,282</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out.....	(52,155,757)	(103,339,045)	(103,339,045)	-
<b>Total other financing sources (uses).....</b>	<u>(52,155,757)</u>	<u>(103,339,045)</u>	<u>(103,339,045)</u>	<u>-</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses.....</b>	-	350,591	1,032,475,873	1,032,125,282
<b>Fund balance, July 1.....</b>	<u>34,294,683</u>	<u>34,294,683</u>	<u>34,294,683</u>	<u>-</u>
<b>Fund balance, June 30.....</b>	<u>\$ 34,294,683</u>	<u>\$ 34,645,274</u>	<u>\$ 1,066,770,556</u>	<u>\$ 1,032,125,282</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, 2020**  
**(Unaudited)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Over (Under)</b>
<b>Revenues</b>				
Global Commitment Premiums.....	\$ 1,619,988,025	\$ 1,616,828,123	\$ 1,584,840,976	\$ (31,987,147)
<b>Total revenues.....</b>	<b>1,619,988,025</b>	<b>1,616,828,123</b>	<b>1,584,840,976</b>	<b>(31,987,147)</b>
<b>Expenditures</b>				
<b>Human Services</b>				
Agency of Human Services.....	1,590,055,367	1,586,886,685	1,555,042,207	(31,844,478)
Green Mountain Care Board.....	-	8,780	-	(8,780)
<b>General Education</b>				
Higher Education.....	2,433,195	2,433,195	2,433,195	-
Agency of Education.....	260,000	260,000	211,969	(48,031)
<b>Total expenditures.....</b>	<b>1,592,748,562</b>	<b>1,589,588,660</b>	<b>1,557,687,371</b>	<b>(31,901,289)</b>
<b>Excess of revenues over (under) expenditures.....</b>	<b>27,239,463</b>	<b>27,239,463</b>	<b>27,153,605</b>	<b>(85,858)</b>
<b>Other financing sources (uses)</b>				
Transfers out.....	(27,239,463)	(27,239,463)	(27,239,463)	-
<b>Total other financing sources (uses).....</b>	<b>(27,239,463)</b>	<b>(27,239,463)</b>	<b>(27,239,463)</b>	<b>-</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses.....</b>	<b>-</b>	<b>-</b>	<b>(85,858)</b>	<b>(85,858)</b>
<b>Fund balance, July 1.....</b>	<b>101,899</b>	<b>101,899</b>	<b>101,899</b>	<b>-</b>
<b>Fund balance, June 30.....</b>	<b>\$ 101,899</b>	<b>\$ 101,899</b>	<b>\$ 16,041</b>	<b>\$ (85,858)</b>

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, 2020:

	<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>
<b>Fund Balance - Budgetary Basis.....</b>	\$ 302,417,792	\$ 5,559,008	\$ 68,266,850	\$ 179,184,758	\$1,066,770,556	\$ 16,041
<b>Basis differences</b>						
Cash not in budget balances.....	(63,391,680)	(5,101,372)	28,495	915,867	5,859	(16,128)
Taxes receivable.....	292,534,100	346,618	60,955,857	1,711,462	-	-
Notes and loans receivable.....	291,100	-	-	3,064,116	-	-
Other receivables.....	(2,273,121)	10,287,810	1,978,958	17,512,629	(2,032,461)	34,135,820
Interest receivable.....	163,254	-	-	-	-	-
Due from other funds.....	3,772,477	23,079	391,754	4,956,309	2,164,772	67,598,747
Due from federal government.....	-	35,060,471	-	-	150,507,512	80,821,869
Due from component units.....	2,067,410	-	-	-	-	-
Interfund receivable.....	61,478,832	5,077,613	-	-	51,183,289	-
Advances to other funds.....	(203,046)	-	-	-	-	-
Advances to component units.....	5,500,000	-	-	-	-	-
Other current assets.....	-	-	-	1,637,000	(678,208)	-
Accounts payable.....	(19,833,350)	(24,935,506)	(24,588,761)	(16,142,436)	(79,818,334)	(144,715,242)
Accrued liabilities.....	(26,317,042)	(7,569,915)	-	(6,520,794)	(12,500,742)	(1,795,768)
Retainage payable.....	(266,201)	(81,594)	-	(562,966)	(483,462)	-
Unearned revenue.....	(6,788,047)	(23,937)	-	(349,879)	(1,096,877,878)	-
Tax refunds payable.....	(34,972,916)	-	(216,711)	(713)	-	-
Interfund payable.....	(51,183,289)	-	-	-	-	(10,800)
Intergovernmental payables - federal government..	-	-	-	-	(8,924,784)	-
Due to other funds.....	(70,889,145)	(6,987,866)	(33,000)	(7,744,357)	(13,031,197)	(2,138,287)
Due to component units.....	(412,500)	-	-	-	-	-
Unavailable revenue.....	(127,225,645)	(10,006,077)	(10,619,080)	(19,489,875)	(162,736)	(4,837,492)
<b>Entity differences</b>						
Blended non-budgeted funds.....	-	3,912,368	-	8,437,453	416,662,452	-
<b>Perspective differences</b>						
Component unit included in budgeted funds.....	-	-	-	(4,435)	(80,183)	-
<b>Fund Balance - GAAP Basis.....</b>	<u>\$ 264,468,983</u>	<u>\$ 5,560,700</u>	<u>\$ 96,164,362</u>	<u>\$ 166,604,139</u>	<u>\$ 472,704,455</u>	<u>\$ 29,058,760</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 to be 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, 2020**

	<b>Special Revenue</b>	<b>Capital Projects</b>	
	<b>Fish &amp; Wildlife Fund</b>	<b>General Obligation Bond Projects Fund</b>	<b>Transportation Infrastructure Bond Projects Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 7,465,208	\$ 18,897,016	\$ 1,646,751
Investments.....	9,750,303	-	-
Receivables			
Taxes receivable.....	677	-	-
Other receivables.....	51,571	-	-
<b>Total assets.....</b>	<b>\$ 17,267,759</b>	<b>\$ 18,897,016</b>	<b>\$ 1,646,751</b>
 <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable.....	\$ 593,029	\$ 5,406,076	\$ -
Accrued liabilities.....	948,640	163,361	-
Retainage payable.....	-	869,618	-
Due to other funds.....	117,338	951,364	-
Due to component units.....	-	4,064,476	-
Unearned revenue.....	26,999	-	-
<b>Total liabilities.....</b>	<b>1,686,006</b>	<b>11,454,895</b>	<b>-</b>
 <b>DEFERRED INFLOW OF RESOURCES</b>			
Unavailable revenue.....	5,710	-	-
<b>Total deferred inflow of resources.....</b>	<b>5,710</b>	<b>-</b>	<b>-</b>
 <b>FUND BALANCES</b>			
Nonspendable			
Permanent Fund principal.....	-	-	-
Restricted.....	-	7,442,121	1,646,751
Committed.....	15,576,043	-	-
Unassigned.....	-	-	-
<b>Total fund balances.....</b>	<b>15,576,043</b>	<b>7,442,121</b>	<b>1,646,751</b>
<b>Total liabilities, deferred inflows and fund balances.....</b>	<b>\$ 17,267,759</b>	<b>\$ 18,897,016</b>	<b>\$ 1,646,751</b>

See Independent Auditors' Report.

<u>Debt Service</u>		<u>Permanent Funds</u>		
<u>General Obligation Debt Service Fund</u>	<u>Transportation Infrastructure Debt Service Fund</u>	<u>Higher Education Endowment Fund</u>	<u>Vermont Sanitorium Fund</u>	<u>Albert C. Lord Trust Fund</u>
\$ 219,946	\$ 3,211,004	\$ 76,853	\$ -	\$ 9,872
-	-	31,954,154	222,455	215,764
-	-	-	-	-
-	-	-	-	-
<u>\$ 219,946</u>	<u>\$ 3,211,004</u>	<u>\$ 32,031,007</u>	<u>\$ 222,455</u>	<u>\$ 225,636</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	7,000,000	206,502	183,217
-	3,211,004	-	15,953	42,419
219,946	-	25,031,007	-	-
-	-	-	-	-
<u>219,946</u>	<u>3,211,004</u>	<u>32,031,007</u>	<u>222,455</u>	<u>225,636</u>
<u>\$ 219,946</u>	<u>\$ 3,211,004</u>	<u>\$ 32,031,007</u>	<u>\$ 222,455</u>	<u>\$ 225,636</u>

*continued on next page*

**STATE OF VERMONT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	Permanent Funds		
	Lumberjack Fund	Couching Lion Farm Cemetery Fund	Carrie P. Underwood Fund
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ -	\$ 23,558	\$ 16,841
Investments.....	8,904	2,273	13,084
Receivables			
Taxes receivable.....	-	-	-
Other receivables.....	-	-	-
<b>Total assets.....</b>	<b><u>\$ 8,904</u></b>	<b><u>\$ 25,831</u></b>	<b><u>\$ 29,925</u></b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable.....	\$ -	\$ -	\$ -
Accrued liabilities.....	-	-	-
Retainage payable.....	-	-	-
Due to other funds.....	-	-	-
Due to component units.....	-	-	-
Unearned revenue.....	-	-	-
<b>Total liabilities.....</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Unavailable revenue.....	-	-	-
<b>Total deferred inflow of resources.....</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>FUND BALANCES</b>			
Nonspendable			
Permanent Fund principal.....	9,129	1,930	11,110
Restricted.....	-	23,901	18,815
Committed.....	-	-	-
Unassigned.....	(225)	-	-
<b>Total fund balances.....</b>	<b><u>8,904</u></b>	<b><u>25,831</u></b>	<b><u>29,925</u></b>
<b>Total liabilities, deferred inflows and fund balances.....</b>	<b><u>\$ 8,904</u></b>	<b><u>\$ 25,831</u></b>	<b><u>\$ 29,925</u></b>

See Independent Auditors' Report.

<b>Permanent Funds</b>				<b>Total Non-major Governmental Funds</b>
<b>Laura H. Morgan Fund</b>	<b>Bennington Battle Monument Fund</b>	<b>Zenus H. Ellis Fund</b>		
\$ 3,232	\$ -	\$ -	\$ 31,570,281	
2,944	3,748	3,507	42,177,136	
-	-	-	677	
-	-	-	51,571	
<u>\$ 6,176</u>	<u>\$ 3,748</u>	<u>\$ 3,507</u>	<u>\$ 73,799,665</u>	
\$ -	\$ -	\$ -	\$ 5,999,105	
-	-	-	1,112,001	
-	-	-	869,618	
-	-	-	1,068,702	
-	-	-	4,064,476	
-	-	-	26,999	
-	-	-	13,140,901	
-	-	-	5,710	
-	-	-	5,710	
2,500	1,065	1,000	7,416,453	
3,676	2,683	2,507	12,409,830	
-	-	-	40,826,996	
-	-	-	(225)	
<u>6,176</u>	<u>3,748</u>	<u>3,507</u>	<u>60,653,054</u>	
<u>\$ 6,176</u>	<u>\$ 3,748</u>	<u>\$ 3,507</u>	<u>\$ 73,799,665</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, 2020**

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Fish &amp; Wildlife Fund</u>	<u>General Obligation Bond Projects Fund</u>	<u>Transportation Infrastructure Bond Projects Fund</u>
<b>REVENUES</b>			
Taxes			
Motor fuels tax.....	\$ 745,853	\$ -	\$ -
Earnings of departments			
Fees.....	173,096	-	-
Rents and leases.....	64,314	-	-
Federal grants.....	8,159,372	-	-
Fines, forfeits and penalties.....	11,929	-	-
Investment income.....	644,837	-	36,767
Licenses			
Business.....	795	-	-
Non-business.....	8,320,650	-	-
Other revenues.....	1,275,069	8,000	-
<b>Total revenues.....</b>	<b>19,395,915</b>	<b>8,000</b>	<b>36,767</b>
<b>EXPENDITURES</b>			
General government.....	-	17,641,144	-
Protection to persons and property.....	-	10,961,588	-
Human services.....	-	7,554,018	-
General education.....	-	71,542	-
Natural resources.....	17,722,306	15,566,805	-
Commerce and community development.....	-	6,021,294	-
Transportation.....	-	1,121,309	-
Capital outlay.....	-	-	-
Debt service.....	-	-	-
<b>Total expenditures.....</b>	<b>17,722,306</b>	<b>58,937,700</b>	<b>-</b>
<b>Excess of revenues over (under) expenditures.....</b>	<b>1,673,609</b>	<b>(58,929,700)</b>	<b>36,767</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of bonds.....	-	88,255,000	-
Premium from the issuance of bonds.....	-	11,634,361	-
Transfers in.....	452,301	-	-
Transfers out.....	-	(5,736,748)	-
<b>Total other financing sources (uses).....</b>	<b>452,301</b>	<b>94,152,613</b>	<b>-</b>
<b>Net change in fund balances.....</b>	<b>2,125,910</b>	<b>35,222,913</b>	<b>36,767</b>
<b>Fund balances, July 1.....</b>	<b>13,450,133</b>	<b>(27,780,792)</b>	<b>1,609,984</b>
<b>Fund balances, June 30.....</b>	<b>\$ 15,576,043</b>	<b>\$ 7,442,121</b>	<b>\$ 1,646,751</b>

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
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	1,872,937	14,148	13,558
-	-	-	-	-
-	-	-	-	-
-	-	76,853	-	-
-	-	1,949,790	14,148	13,558
-	-	-	-	-
-	-	-	-	-
-	-	-	25,000	-
-	-	1,527,166	-	-
-	-	-	-	60,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
77,823,759	2,497,663	-	-	-
77,823,759	2,497,663	1,527,166	25,000	60,000
(77,823,759)	(2,497,663)	422,624	(10,852)	(46,442)
-	-	-	-	-
-	-	-	-	-
78,043,067	2,502,613	-	-	-
-	-	-	-	-
78,043,067	2,502,613	-	-	-
219,308	4,950	422,624	(10,852)	(46,442)
638	3,206,054	31,608,383	233,307	272,078
\$ 219,946	\$ 3,211,004	\$ 32,031,007	\$ 222,455	\$ 225,636

continued on next page



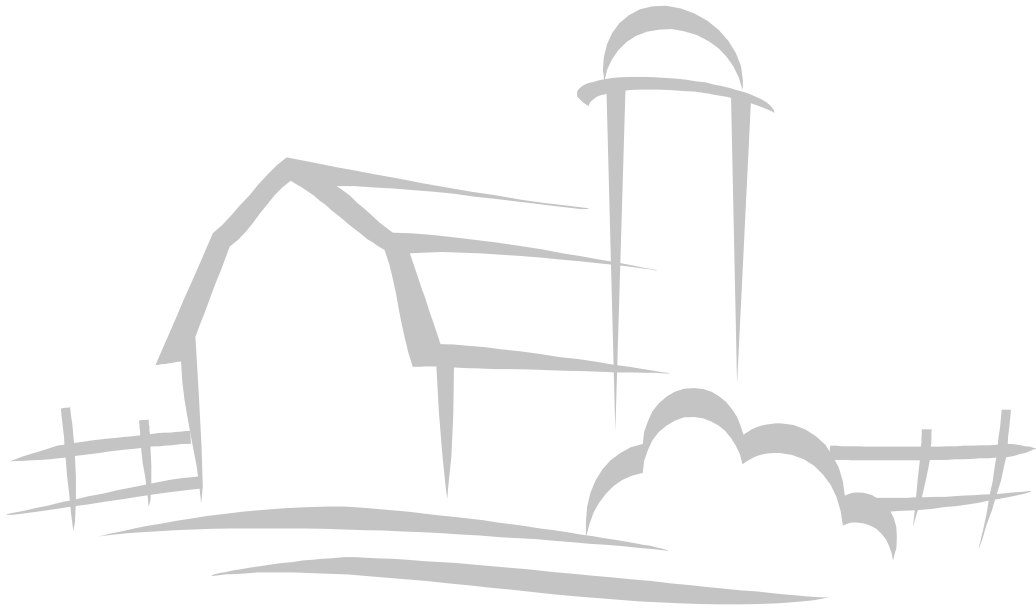
**STATE OF VERMONT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Permanent Funds		
	Lumberjack Fund	Couching Lion Farm Cemetery Fund	Carrie P. Underwood Fund
<b>REVENUES</b>			
Taxes			
Motor fuels tax.....	\$ -	\$ -	\$ -
Earnings of departments			
Fees.....	-	-	-
Rents and leases.....	-	-	-
Federal grants.....	-	-	-
Fines, forfeits and penalties.....	-	-	-
Investment income.....	601	488	1,019
Licenses			
Business.....	-	-	-
Non-business.....	-	-	-
Other revenues.....	-	-	-
<b>Total revenues.....</b>	<b>601</b>	<b>488</b>	<b>1,019</b>
<b>EXPENDITURES</b>			
General government.....	-	-	-
Protection to persons and property.....	-	-	-
Human services.....	-	-	-
General education.....	-	-	-
Natural resources.....	-	-	-
Commerce and community development.....	-	-	-
Transportation.....	-	-	-
Capital outlay.....	-	-	-
Debt service.....	-	-	-
<b>Total expenditures.....</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of revenues over (under) expenditures.....</b>	<b>601</b>	<b>488</b>	<b>1,019</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of bonds.....	-	-	-
Premium from the issuance of bonds.....	-	-	-
Transfers in.....	-	-	-
Transfers out.....	-	-	-
<b>Total other financing sources.....</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances.....</b>	<b>601</b>	<b>488</b>	<b>1,019</b>
<b>Fund balances, July 1.....</b>	<b>8,303</b>	<b>25,343</b>	<b>28,906</b>
<b>Fund balance, June 30.....</b>	<b>\$ 8,904</b>	<b>\$ 25,831</b>	<b>\$ 29,925</b>

See Independent Auditors' Report.

<b>Permanent Funds</b>					
<b>Laura H. Morgan Fund</b>	<b>Bennington Battle Monument Fund</b>	<b>Zenus H. Ellis Fund</b>	<b>Reclassification of Capital Outlays</b>	<b>Total Non-major Governmental Funds</b>	
\$ -	\$ -	\$ -	\$ -	\$ -	745,853
-	-	-	-	-	173,096
-	-	-	-	-	64,314
-	-	-	-	-	8,159,372
-	-	-	-	-	11,929
221	217	203	-	-	2,584,996
-	-	-	-	-	795
-	-	-	-	-	8,320,650
-	-	-	-	-	1,359,922
<u>221</u>	<u>217</u>	<u>203</u>	<u>-</u>	<u>-</u>	<u>21,420,927</u>
-	-	-	(17,641,144)	-	-
-	-	-	(10,961,588)	-	-
-	-	-	(7,554,018)	25,000	-
-	-	-	(71,542)	1,527,166	-
-	-	-	(15,566,805)	17,782,306	-
-	-	-	(6,021,294)	-	-
-	-	-	(1,121,309)	-	-
-	-	-	58,937,700	58,937,700	-
-	-	-	-	80,321,422	-
-	-	-	-	-	158,593,594
<u>221</u>	<u>217</u>	<u>203</u>	<u>-</u>	<u>-</u>	<u>(137,172,667)</u>
-	-	-	-	-	88,255,000
-	-	-	-	-	11,634,361
-	-	-	-	-	80,997,981
-	-	-	-	-	(5,736,748)
-	-	-	-	-	175,150,594
221	217	203	-	-	37,977,927
<u>5,955</u>	<u>3,531</u>	<u>3,304</u>	<u>-</u>	<u>-</u>	<u>22,675,127</u>
<u>\$ 6,176</u>	<u>\$ 3,748</u>	<u>\$ 3,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,653,054</u>

***THIS PAGE INTENTIONALLY LEFT BLANK***



*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, 2020**

	<u>Federal Surplus Property Fund</u>	<u>Vermont Life Magazine Fund</u>	<u>Municipal Equipment Loan Fund</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents.....	\$ -	\$ 368,972	\$ 2,062,433
Receivables			
Taxes receivable (net of allowance for uncollectibles).....	-	-	-
Accounts receivable (net of allowance for uncollectibles).....	600	-	-
Loans receivable.....	-	-	491,657
Accrued interest receivable.....	-	-	8,201
Due from other funds.....	-	-	-
<b>Total current assets.....</b>	<u>600</u>	<u>368,972</u>	<u>2,562,291</u>
<b>Noncurrent Assets:</b>			
Loans receivable.....	-	-	998,946
<b>Total noncurrent assets.....</b>	<u>-</u>	<u>-</u>	<u>998,946</u>
<b>Total assets.....</b>	<u>600</u>	<u>368,972</u>	<u>3,561,237</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable.....	3	-	-
Accrued salaries and benefits.....	13,354	-	-
Due to other funds.....	-	-	-
Interfund payable.....	181,439	-	-
<b>Total current liabilities.....</b>	<u>194,796</u>	<u>-</u>	<u>-</u>
<b>Long-term Liabilities:</b>			
Other noncurrent liabilities.....	283	-	-
<b>Total long-term liabilities.....</b>	<u>283</u>	<u>-</u>	<u>-</u>
<b>Total liabilities.....</b>	<u>195,079</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Restricted for protection to persons and property.....	-	-	-
Unrestricted (deficit).....	(194,479)	368,972	3,561,237
<b>Total net position.....</b>	<u>\$ (194,479)</u>	<u>\$ 368,972</u>	<u>\$ 3,561,237</u>

See Independent Auditors' Report.

<b>Unemployment Compensation Contingency Fund</b>	<b>Electric Power Sales Fund</b>	<b>Electric Efficiency Utility Fund</b>	<b>Total Non-major Enterprise Funds</b>
\$ 389,636	\$ -	\$ 11,608,750	\$ 14,429,791
1,622,631	-	-	1,622,631
-	360,677	11,043,194	11,404,471
-	-	-	491,657
-	-	-	8,201
84,302	-	-	84,302
<u>2,096,569</u>	<u>360,677</u>	<u>22,651,944</u>	<u>28,041,053</u>
-	-	-	998,946
-	-	-	998,946
<u>2,096,569</u>	<u>360,677</u>	<u>22,651,944</u>	<u>29,039,999</u>
-	279,147	5,515,486	5,794,636
-	2,564	-	15,918
-	-	469,689	469,689
-	73,669	-	255,108
-	<u>355,380</u>	<u>5,985,175</u>	<u>6,535,351</u>
-	-	4,489,439	4,489,722
-	-	4,489,439	4,489,722
-	355,380	10,474,614	11,025,073
-	-	8,467,648	8,467,648
<u>2,096,569</u>	<u>5,297</u>	<u>3,709,682</u>	<u>9,547,278</u>
<u>\$ 2,096,569</u>	<u>\$ 5,297</u>	<u>\$ 12,177,330</u>	<u>\$ 18,014,926</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, 2020**

	<b>Federal Surplus Property Fund</b>	<b>Vermont Life Magazine Fund</b>	<b>Municipal Equipment Loan Fund</b>
<b>OPERATING REVENUES</b>			
Charges for sales and services.....	\$ 2,950	\$ 292,616	\$ -
Federal donated property.....	215,445	-	-
<b>Total operating revenues.....</b>	<b>218,395</b>	<b>292,616</b>	<b>-</b>
<b>OPERATING EXPENSES</b>			
Cost of sales and services.....	215,445	-	-
Salaries and benefits.....	5,870	-	-
Insurance premium expenses.....	69	-	-
Contractual services.....	-	-	-
Rental expenses.....	233	-	-
Utilities and property management.....	1,582	128	-
Administrative expenses.....	6,533	-	-
Other operating expenses.....	1	191	-
<b>Total operating expenses.....</b>	<b>229,733</b>	<b>319</b>	<b>-</b>
<b>Operating income (loss).....</b>	<b>(11,338)</b>	<b>292,297</b>	<b>-</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income.....	-	11,787	59,502
<b>Total nonoperating revenues (expenses).....</b>	<b>-</b>	<b>11,787</b>	<b>59,502</b>
<b>Income (loss) before other revenues, expenses, gains, losses, and transfers.....</b>	<b>(11,338)</b>	<b>304,084</b>	<b>59,502</b>
<b>OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS</b>			
Transfers out.....	-	(375,000)	-
<b>Total other revenues, expenses, gains, losses, and transfers.....</b>	<b>-</b>	<b>(375,000)</b>	<b>-</b>
<b>Change in net position.....</b>	<b>(11,338)</b>	<b>(70,916)</b>	<b>59,502</b>
<b>Total net position, July 1,.....</b>	<b>(183,141)</b>	<b>439,888</b>	<b>3,501,735</b>
<b>Total net position, June 30.....</b>	<b>\$ (194,479)</b>	<b>\$ 368,972</b>	<b>\$ 3,561,237</b>

See Independent Auditors' Report.

<b>Unemployment Compensation Contingency Fund</b>	<b>Electric Power Sales Fund</b>	<b>Electric Efficiency Utility Fund</b>	<b>Total Non-major Enterprise Funds</b>
\$ 1,560,084	\$ 3,341,527	\$ 69,970,722	\$ 75,167,899
-	-	-	215,445
<u>1,560,084</u>	<u>3,341,527</u>	<u>69,970,722</u>	<u>75,383,344</u>
-	3,326,593	70,339,592	73,881,630
-	24,128	-	29,998
-	-	-	69
-	-	1,789,489	1,789,489
-	-	-	233
-	-	-	1,710
-	-	6,569,721	6,576,254
-	601	550,935	551,728
-	<u>3,351,322</u>	<u>79,249,737</u>	<u>82,831,111</u>
<u>1,560,084</u>	<u>(9,795)</u>	<u>(9,279,015)</u>	<u>(7,447,767)</u>
<u>3,228</u>	-	<u>117,679</u>	<u>192,196</u>
<u>3,228</u>	-	<u>117,679</u>	<u>192,196</u>
<u>1,563,312</u>	<u>(9,795)</u>	<u>(9,161,336)</u>	<u>(7,255,571)</u>
<u>(754,283)</u>	-	-	<u>(1,129,283)</u>
<u>(754,283)</u>	-	-	<u>(1,129,283)</u>
809,029	(9,795)	(9,161,336)	(8,384,854)
<u>1,287,540</u>	<u>15,092</u>	<u>21,338,666</u>	<u>26,399,780</u>
<u>\$ 2,096,569</u>	<u>\$ 5,297</u>	<u>\$ 12,177,330</u>	<u>\$ 18,014,926</u>



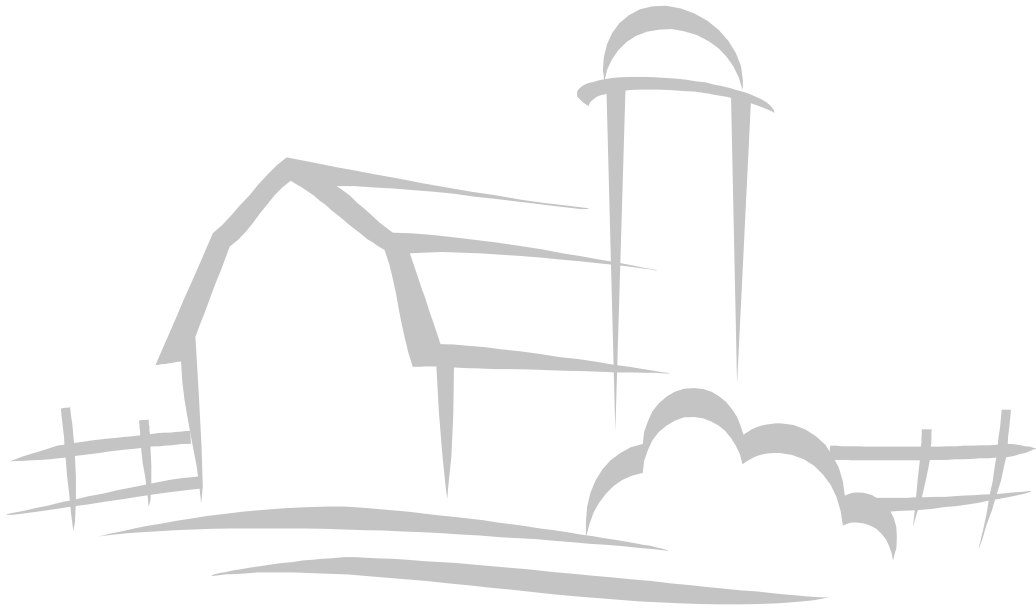
**STATE OF VERMONT  
COMBINING STATEMENT OF CASH FLOWS  
NON-MAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Federal Surplus Property Fund</b>	<b>Vermont Life Magazine Fund</b>	<b>Municipal Equipment Loan Fund</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers.....	\$ 2,850	\$ 315,884	\$ -
Cash paid to suppliers for goods and services.....	(8,421)	(145)	-
Cash paid to employees for services.....	(7,170)	-	-
Other operating expenses.....	(1)	(191)	-
<b>Net cash provided (used) by operating activities.....</b>	<u>(12,742)</u>	<u>315,548</u>	<u>-</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out.....	-	(375,000)	-
Interfund loans and advances.....	12,742	-	-
<b>Net cash provided by noncapital financing activities.....</b>	<u>12,742</u>	<u>(375,000)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earned on investments.....	-	11,787	29,976
Proceeds from loan repayments.....	-	-	525,910
Lending payments.....	-	-	(693,163)
<b>Net cash provided (used) by investing activities.....</b>	<u>-</u>	<u>11,787</u>	<u>(137,277)</u>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<u>-</u>	<u>(47,665)</u>	<u>(137,277)</u>
<b>Cash and cash equivalents, July 1.....</b>	<u>-</u>	<u>416,637</u>	<u>2,199,710</u>
<b>Cash and cash equivalents, June 30.....</b>	<u>\$ -</u>	<u>\$ 368,972</u>	<u>\$ 2,062,433</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss).....	\$ (11,338)	\$ 292,297	\$ -
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities</b>			
(Increase)/decrease in accounts/taxes receivable.....	(100)	27,266	-
(Increase)/decrease in due from other funds.....	-	-	-
Increase/(decrease) in accounts payable.....	(4)	(3,997)	-
Increase/(decrease) in accrued salaries and benefits.....	(1,300)	-	-
Increase/(decrease) in due to other funds.....	-	(18)	-
Increase (decrease) in other noncurrent liabilities.....	-	-	-
<b>Total adjustments.....</b>	<u>(1,404)</u>	<u>23,251</u>	<u>-</u>
<b>Net cash provided (used) by operating activities.....</b>	<u>\$ (12,742)</u>	<u>\$ 315,548</u>	<u>\$ -</u>
<b>Noncash investing, capital, and financing activities:</b>			
Fair market value of donated inventory sold.....	215,445	-	-

See Independent Auditors' Report.

<b>Unemployment Compensation Contingency Fund</b>	<b>Electric Power Sales Fund</b>	<b>Electric Efficiency Utility Fund</b>	<b>Total Non-major Enterprise Funds</b>
\$ 756,317	\$ 3,555,666	\$ 68,951,110	\$ 73,581,827
-	(3,406,341)	(78,143,673)	(81,558,580)
-	(21,836)	-	(29,006)
-	(601)	-	(793)
<u>756,317</u>	<u>126,888</u>	<u>(9,192,563)</u>	<u>(8,006,552)</u>
(754,283)	-	-	(1,129,283)
-	(126,888)	-	(114,146)
<u>(754,283)</u>	<u>(126,888)</u>	<u>-</u>	<u>(1,243,429)</u>
3,228	-	117,679	162,670
-	-	-	525,910
-	-	-	(693,163)
<u>3,228</u>	<u>-</u>	<u>117,679</u>	<u>(4,583)</u>
5,262	-	(9,074,884)	(9,254,564)
<u>384,374</u>	<u>-</u>	<u>20,683,634</u>	<u>23,684,355</u>
<u>\$ 389,636</u>	<u>\$ -</u>	<u>\$ 11,608,750</u>	<u>\$ 14,429,791</u>
\$ 1,560,084	\$ (9,795)	\$ (9,279,015)	\$ (7,447,767)
(764,748)	214,139	(1,019,612)	(1,543,055)
(39,019)	-	-	(39,019)
-	(79,466)	(801,214)	(884,681)
-	2,292	-	992
-	(282)	135,181	134,881
-	-	1,772,097	1,772,097
<u>(803,767)</u>	<u>136,683</u>	<u>86,452</u>	<u>(558,785)</u>
<u>\$ 756,317</u>	<u>\$ 126,888</u>	<u>\$ (9,192,563)</u>	<u>\$ (8,006,552)</u>
-	-	-	215,445

***THIS PAGE INTENTIONALLY LEFT BLANK***



*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, 2020**

	<u>Highway Garage Fund</u>	<u>Offender Work Programs</u>	<u>Single Audit Revolving Fund</u>	<u>Financial &amp; HR Information Fund</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents.....	\$ -	\$ -	\$ 318,266	\$ 2,826,056
Accounts receivable.....	63,528	44,600	-	-
Loans receivable.....	-	-	-	-
Due from other funds.....	4,941,409	119,132	-	-
Inventories, at cost.....	1,359,905	437,670	-	-
Prepaid expenses.....	-	-	-	147,405
<b>Total current assets.....</b>	<u>6,364,842</u>	<u>601,402</u>	<u>318,266</u>	<u>2,973,461</u>
<b>Noncurrent Assets</b>				
Loans receivable.....	-	-	-	-
Imprest cash and change fund - advances.....	-	-	-	-
<b>Total noncurrent assets.....</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Capital Assets</b>				
Land.....	26,156	-	-	-
Construction in progress.....	3,663,007	-	-	-
Works of art.....	-	-	-	-
Capital assets being depreciated:				
Machinery, equipment and buildings.....	79,521,882	1,559,508	3,702	101,406
Less accumulated depreciation.....	(47,341,029)	(1,138,582)	(3,702)	(70,792)
<b>Total capital assets, net of depreciation.....</b>	<u>35,870,016</u>	<u>420,926</u>	<u>-</u>	<u>30,614</u>
<b>Total assets.....</b>	<u>42,234,858</u>	<u>1,022,328</u>	<u>318,266</u>	<u>3,004,075</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable.....	704,705	86,908	8,277	385,256
Accrued salaries and wages.....	479,613	158,259	194,455	698,403
Claims payable.....	-	-	-	-
Due to other funds.....	60,338	34,602	8,422	179,804
Interfund payable.....	5,077,613	1,193,485	-	-
Unearned revenue.....	-	-	-	-
Capital leases payable.....	-	-	-	-
Other current liabilities.....	-	64,828	-	-
<b>Total current liabilities.....</b>	<u>6,322,269</u>	<u>1,538,082</u>	<u>211,154</u>	<u>1,263,463</u>
<b>Long-term Liabilities</b>				
Claims payable.....	-	-	-	-
Capital leases payable.....	-	-	-	-
Other noncurrent liabilities.....	79,079	4,883	2,494	8,041
<b>Total long-term liabilities.....</b>	<u>79,079</u>	<u>4,883</u>	<u>2,494</u>	<u>8,041</u>
<b>Total liabilities.....</b>	<u>6,401,348</u>	<u>1,542,965</u>	<u>213,648</u>	<u>1,271,504</u>
<b>NET POSITION</b>				
Net investment in capital assets.....	35,870,016	420,926	-	30,614
Unrestricted net position (deficit).....	(36,506)	(941,563)	104,618	1,701,957
<b>Total net position.....</b>	<u>\$ 35,833,510</u>	<u>\$ (520,637)</u>	<u>\$ 104,618</u>	<u>\$ 1,732,571</u>

See Independent Auditors' Report.

<u>Communication &amp; Information Technology Fund</u>	<u>Fleet Fund</u>	<u>E-Procurement Fund</u>	<u>Copy Center Fund</u>	<u>Postage Fund</u>	<u>Facilities Operations Fund</u>	<u>Property Management Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,055,784	185,445	150,869	181,329	126,065	1,246,954	1,928,067
-	-	-	-	-	-	-
13,769,411	541,501	900,671	236,149	273,965	4,288,770	950,387
837,301	-	-	-	277,765	-	-
<u>1,074,350</u>	-	-	<u>13,152</u>	<u>608</u>	-	<u>1,310,588</u>
<u>23,736,846</u>	<u>726,946</u>	<u>1,051,540</u>	<u>430,630</u>	<u>678,403</u>	<u>5,535,724</u>	<u>4,189,042</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	401,276	-
-	-	-	-	-	8,200	-
9,676,623	18,870,684	-	3,255,949	507,336	6,721,682	11,399,445
<u>(8,043,068)</u>	<u>(12,014,115)</u>	-	<u>(2,558,804)</u>	<u>(487,322)</u>	<u>(4,480,868)</u>	<u>(2,969,750)</u>
<u>1,633,555</u>	<u>6,856,569</u>	-	<u>697,145</u>	<u>20,014</u>	<u>2,650,290</u>	<u>8,429,695</u>
<u>25,370,401</u>	<u>7,583,515</u>	<u>1,051,540</u>	<u>1,127,775</u>	<u>698,417</u>	<u>8,186,014</u>	<u>12,618,737</u>
4,435,377	249,068	304,352	31,621	3,859	1,683,875	497,588
4,256,124	106,558	-	70,765	81,254	1,821,588	148,009
-	-	-	-	-	-	-
11,616	2,544	-	27,926	16,924	378,198	11,833
<u>16,771,360</u>	<u>6,459,165</u>	<u>747,188</u>	<u>2,353,384</u>	<u>4,252,008</u>	<u>1,126,036</u>	<u>25,569,730</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	295,381
-	-	-	-	-	254,799	<u>114,316</u>
<u>25,474,477</u>	<u>6,817,335</u>	<u>1,051,540</u>	<u>2,483,696</u>	<u>4,354,045</u>	<u>5,264,496</u>	<u>26,636,857</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	8,861,949
<u>46,796</u>	<u>1,574</u>	-	<u>569</u>	<u>1,071</u>	<u>1,720,806</u>	<u>700,322</u>
<u>46,796</u>	<u>1,574</u>	-	<u>569</u>	<u>1,071</u>	<u>1,720,806</u>	<u>9,562,271</u>
<u>25,521,273</u>	<u>6,818,909</u>	<u>1,051,540</u>	<u>2,484,265</u>	<u>4,355,116</u>	<u>6,985,302</u>	<u>36,199,128</u>
1,633,555	6,856,569	-	697,145	20,014	2,650,290	(727,635)
<u>(1,784,427)</u>	<u>(6,091,963)</u>	-	<u>(2,053,635)</u>	<u>(3,676,713)</u>	<u>(1,449,578)</u>	<u>(22,852,756)</u>
<u>\$ (150,872)</u>	<u>\$ 764,606</u>	<u>\$ -</u>	<u>\$ (1,356,490)</u>	<u>\$ (3,656,699)</u>	<u>\$ 1,200,712</u>	<u>\$ (23,580,391)</u>

Continued on next page

**STATE OF VERMONT  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2020**

	<u>Equipment Revolving Fund</u>	<u>State Resource Management Fund</u>	<u>State Energy Revolving Fund</u>	<u>State Surplus Property Fund</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents.....	\$ -	\$ -	\$ -	\$ 331,710
Accounts receivable.....	-	-	-	991
Loans receivable.....	275,625	133,763	361,590	-
Due from other funds.....	-	-	1,297	2,219
Inventories, at cost.....	-	-	-	16,715
Prepaid expenses.....	-	-	-	-
<b>Total current assets.....</b>	<u>275,625</u>	<u>133,763</u>	<u>362,887</u>	<u>351,635</u>
<b>Noncurrent Assets</b>				
Loans receivable.....	513,200	945,835	1,829,029	-
Imprest cash and change fund - advances.....	-	-	-	-
<b>Total noncurrent assets.....</b>	<u>513,200</u>	<u>945,835</u>	<u>1,829,029</u>	<u>-</u>
<b>Capital Assets</b>				
Land.....	-	-	-	-
Construction in progress.....	-	-	-	-
Works of art.....	-	-	-	-
Capital assets being depreciated:	-	-	-	-
Machinery, equipment and buildings.....	-	-	-	-
Less accumulated depreciation.....	-	-	-	-
<b>Total capital assets, net of depreciation.....</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets.....</b>	<u>788,825</u>	<u>1,079,598</u>	<u>2,191,916</u>	<u>351,635</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable.....	-	1,357	-	1,317
Accrued salaries and wages.....	-	-	-	26,371
Claims payable.....	-	-	-	-
Due to other funds.....	1,200	1,155	1,297	6,309
Interfund payable.....	205,697	1,077,086	2,190,619	-
Unearned revenue.....	-	-	-	16,715
Capital leases payable.....	-	-	-	-
Other current liabilities.....	-	-	-	-
<b>Total current liabilities.....</b>	<u>206,897</u>	<u>1,079,598</u>	<u>2,191,916</u>	<u>50,712</u>
<b>Long-term Liabilities</b>				
Claims payable.....	-	-	-	-
Capital leases payable.....	-	-	-	-
Other noncurrent liabilities.....	-	-	-	163
<b>Total long-term liabilities.....</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163</u>
<b>Total liabilities.....</b>	<u>206,897</u>	<u>1,079,598</u>	<u>2,191,916</u>	<u>50,875</u>
<b>NET POSITION</b>				
Net investment in capital assets.....	-	-	-	-
Unrestricted net position (deficit).....	581,928	-	-	300,760
<b>Total net position.....</b>	<u>\$ 581,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,760</u>

See Independent Auditors' 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>
\$ 6,271,508	\$ 733,883	\$ 21,524,193	\$ 74,961,562	\$ 1,862,941	\$ 520,362
1,706	18,114	64,926	11,873,179	541,300	214,333
-	-	-	-	-	-
-	205,922	-	-	-	93,447
-	-	-	-	-	-
41,797	612,845	-	-	-	-
<u>6,315,011</u>	<u>1,570,764</u>	<u>21,589,119</u>	<u>86,834,741</u>	<u>2,404,241</u>	<u>828,142</u>
-	-	-	-	-	-
464,063	-	2,736,379	-	-	-
<u>464,063</u>	<u>-</u>	<u>2,736,379</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,334	-	-	-	-	-
(6,334)	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6,779,074	1,570,764	24,325,498	86,834,741	2,404,241	828,142
3,029	25,484	252,433	923,592	87,363	175,567
25,851	-	36,761	110,418	1,617	539
88,048	-	915,820	21,104,782	214,398	-
-	492,265	101,838	26,492	299	93,547
-	-	-	-	-	-
-	654,158	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>116,928</u>	<u>1,171,907</u>	<u>1,306,852</u>	<u>22,165,284</u>	<u>303,677</u>	<u>269,653</u>
7,713,631	-	28,019,845	-	-	-
-	-	-	-	-	-
290	-	226	1,514	-	-
<u>7,713,921</u>	<u>-</u>	<u>28,020,071</u>	<u>1,514</u>	<u>-</u>	<u>-</u>
7,830,849	1,171,907	29,326,923	22,166,798	303,677	269,653
-	-	-	-	-	-
(1,051,775)	398,857	(5,001,425)	64,667,943	2,100,564	558,489
<u>\$ (1,051,775)</u>	<u>\$ 398,857</u>	<u>\$ (5,001,425)</u>	<u>\$ 64,667,943</u>	<u>\$ 2,100,564</u>	<u>\$ 558,489</u>

Continued on next page

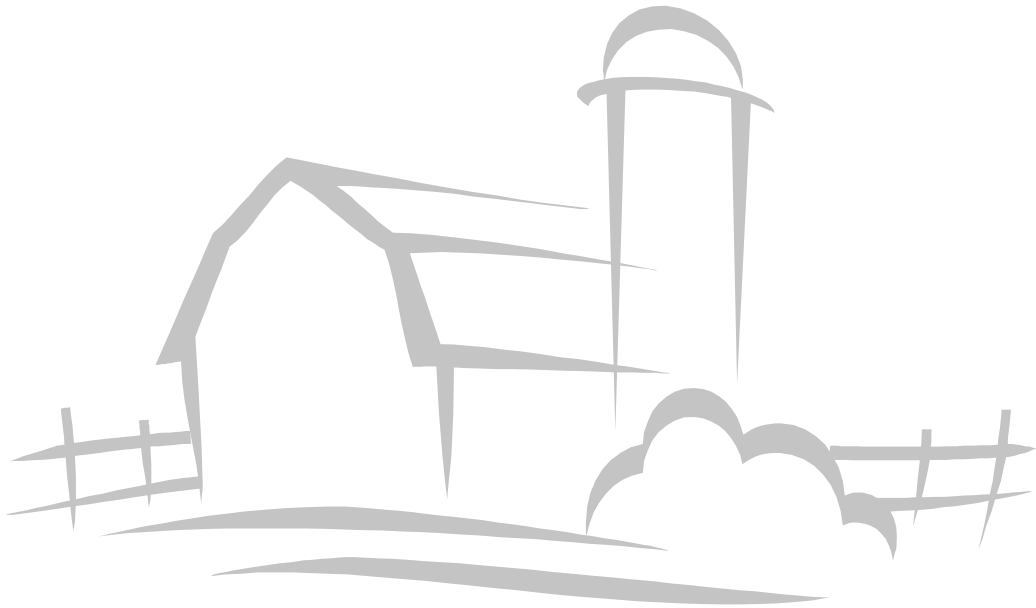


STATE OF VERMONT  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2020

	Long-Term Disability Fund	Employees' Assistance Fund	Human Resources Fund	Eliminations	Total Internal Service Fund
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents.....	\$ 55,071	\$ 65,055	\$ 195,007	\$ -	\$ 109,665,614
Accounts receivable.....	20,887	21,122	-	-	24,739,199
Loans receivable.....	-	-	-	-	770,978
Due from other funds.....	-	-	-	(963,463)	25,360,817
Inventories, at cost.....	-	-	-	-	2,929,356
Prepaid expenses.....	-	-	64,598	-	3,265,343
<b>Total current assets.....</b>	<b>75,958</b>	<b>86,177</b>	<b>259,605</b>	<b>(963,463)</b>	<b>166,731,307</b>
<b>Noncurrent Assets</b>					
Loans receivable.....	-	-	-	-	3,288,064
Imprest cash and change fund - advances.....	-	-	-	-	3,200,442
<b>Total noncurrent assets.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,488,506</b>
<b>Capital Assets</b>					
Land.....	-	-	-	-	26,156
Construction in progress.....	-	-	-	-	4,064,283
Works of art.....	-	-	-	-	8,200
Capital assets being depreciated:	-	-	-	-	-
Machinery, equipment and buildings.....	-	-	289,770	-	131,914,321
Less accumulated depreciation.....	-	-	(99,005)	-	(79,213,371)
<b>Total capital assets, net of depreciation.....</b>	<b>-</b>	<b>-</b>	<b>190,765</b>	<b>-</b>	<b>56,799,589</b>
<b>Total assets.....</b>	<b>75,958</b>	<b>86,177</b>	<b>450,370</b>	<b>(963,463)</b>	<b>230,019,402</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable.....	-	69,245	15,443	-	9,945,716
Accrued salaries and wages.....	-	-	707,048	-	8,923,633
Claims payable.....	-	-	-	-	22,323,048
Due to other funds.....	-	-	216,128	(963,463)	709,274
Interfund payable.....	-	-	-	-	67,023,371
Unearned revenue.....	-	-	-	-	670,873
Capital leases payable.....	-	-	-	-	295,381
Other current liabilities.....	-	-	-	-	433,943
<b>Total current liabilities.....</b>	<b>-</b>	<b>69,245</b>	<b>938,619</b>	<b>(963,463)</b>	<b>110,325,239</b>
<b>Long-term Liabilities</b>					
Claims payable.....	-	-	-	-	35,733,476
Capital leases payable.....	-	-	-	-	8,861,949
Other noncurrent liabilities.....	-	-	8,657	-	2,576,485
<b>Total long-term liabilities.....</b>	<b>-</b>	<b>-</b>	<b>8,657</b>	<b>-</b>	<b>47,171,910</b>
<b>Total liabilities.....</b>	<b>-</b>	<b>69,245</b>	<b>947,276</b>	<b>(963,463)</b>	<b>157,497,149</b>
<b>NET POSITION</b>					
Net investment in capital assets.....	-	-	190,765	-	47,642,259
Unrestricted net position (deficit).....	75,958	16,932	(687,671)	-	24,879,994
<b>Total net position.....</b>	<b>\$ 75,958</b>	<b>\$ 16,932</b>	<b>\$ (496,906)</b>	<b>\$ -</b>	<b>\$ 72,522,253</b>

See Independent Auditors' Report.

***THIS PAGE INTENTIONALLY LEFT BLANK***



*Vermont*

**STATE OF VERMONT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund	Financial & HR Information Fund
<b>OPERATING REVENUES</b>				
Charges for sales and services.....	\$ 18,454,785	\$ 2,012,304	\$ 2,965,045	\$ 10,160,340
Rental income.....	-	-	-	-
Other operating revenues.....	68,122	755	-	11,041
<b>Total operating revenues.....</b>	<b>18,522,907</b>	<b>2,013,059</b>	<b>2,965,045</b>	<b>10,171,381</b>
<b>OPERATING EXPENSES</b>				
Cost of sales and services.....	2,010,696	1,013,948	-	-
Claims expenses.....	-	-	-	-
Salaries and benefits.....	4,431,633	1,207,913	1,456,699	5,836,591
Insurance premium expenses.....	232,650	500	2,250	10,905
Contractual services.....	1,764	480	1,303,487	367,264
Repairs and maintenance.....	1,474,577	63,588	11,501	1,419,281
Depreciation.....	6,527,037	58,359	-	7,506
Rental expenses.....	96,818	164,677	44,561	436,895
Utilities and property management.....	399,213	44,967	43,251	1,091,088
Non-capital equipment purchased.....	247,368	3,967	6,917	21,857
Promotions and advertising.....	622	550	-	-
Administrative expenses.....	41,891	22,106	13,198	347,390
Supplies and parts.....	2,526,244	8,426	1,736	5,451
Distribution and postage.....	4,558	32,944	60	1,236
Travel expenses.....	610	2,363	2,413	1,872
Other operating expenses.....	15,592	97,558	372	1,535
<b>Total operating expenses.....</b>	<b>18,011,273</b>	<b>2,722,346</b>	<b>2,886,445</b>	<b>9,548,871</b>
<b>Operating income (loss).....</b>	<b>511,634</b>	<b>(709,287)</b>	<b>78,600</b>	<b>622,510</b>
<b>NONOPERATING REVENUES</b>				
Gain (loss) on disposal of capital assets.....	153,907	-	-	-
Investment income.....	-	-	-	-
Interest expense.....	-	-	-	-
<b>Total nonoperating revenues (expenses)....</b>	<b>153,907</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income (loss) before other revenues, expenses, gains, losses, and transfers.....</b>	<b>665,541</b>	<b>(709,287)</b>	<b>78,600</b>	<b>622,510</b>
<b>OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS</b>				
Transfers in.....	355,358	-	-	-
<b>Total other revenues, expenses, gains, losses, and transfers.....</b>	<b>355,358</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position.....</b>	<b>1,020,899</b>	<b>(709,287)</b>	<b>78,600</b>	<b>622,510</b>
<b>Total net position, July 1.....</b>	<b>34,812,611</b>	<b>188,650</b>	<b>26,018</b>	<b>1,110,061</b>
<b>Total net position, June 30.....</b>	<b>\$ 35,833,510</b>	<b>\$ (520,637)</b>	<b>\$ 104,618</b>	<b>\$ 1,732,571</b>

See Independent Auditor's Report.

<b>Communication &amp; Information Technology Fund</b>	<b>Fleet Fund</b>	<b>E-Procurement Fund</b>	<b>Copy Center Fund</b>	<b>Postage Fund</b>	<b>Facilities Operations Fund</b>	<b>Property Management Fund</b>
\$ 84,075,928	\$ 4,524,571	\$ 7,576,912	\$ 2,265,486	\$ 2,746,316	\$ 30,546,466	\$ -
-	347	-	-	-	-	20,349,035
-	245,058	-	-	-	2,378,576	2,207,552
<u>84,075,928</u>	<u>4,769,976</u>	<u>7,576,912</u>	<u>2,265,486</u>	<u>2,746,316</u>	<u>32,925,042</u>	<u>22,556,587</u>
10,295,821	793,308	7,576,912	645,701	1,878,426	-	18,495,227
-	-	-	-	-	-	-
36,923,763	782,119	-	760,168	729,513	14,263,903	1,174,811
21,403	169,282	-	32,588	3,800	1,186,236	114,096
23,008,660	-	-	387	20	124,704	3,495
1,493,630	940,160	-	207,360	85,470	1,950,926	100,471
1,035,525	2,503,185	-	494,687	8,427	221,854	559,765
1,483,891	72,211	-	64,736	50,720	531,435	43,870
1,818,803	48,959	-	42,794	29,626	9,199,830	933,934
1,286,565	96,712	-	18,423	2,130	127,639	12,107
2,290	23,482	-	114	-	4,795	-
1,188,055	173,995	-	62,753	3,875	613,378	231,665
35,522	23,953	-	12,392	2,293	1,704,715	99,428
1,637	651	-	-	2,620	10,529	30
58,211	2,453	-	-	-	12,500	3,880
9,038	2,707	-	56	141	1,168,203	851,321
<u>78,662,814</u>	<u>5,633,177</u>	<u>7,576,912</u>	<u>2,342,159</u>	<u>2,797,061</u>	<u>31,120,647</u>	<u>22,624,100</u>
<u>5,413,114</u>	<u>(863,201)</u>	<u>-</u>	<u>(76,673)</u>	<u>(50,745)</u>	<u>1,804,395</u>	<u>(67,513)</u>
-	379,431	-	(3,617)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(31,268)	(19,469)
-	379,431	-	(3,617)	-	(31,268)	(19,469)
<u>5,413,114</u>	<u>(483,770)</u>	<u>-</u>	<u>(80,290)</u>	<u>(50,745)</u>	<u>1,773,127</u>	<u>(86,982)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,413,114	(483,770)	-	(80,290)	(50,745)	1,773,127	(86,982)
<u>(5,563,986)</u>	<u>1,248,376</u>	<u>-</u>	<u>(1,276,200)</u>	<u>(3,605,954)</u>	<u>(572,415)</u>	<u>(23,493,409)</u>
<u>\$ (150,872)</u>	<u>\$ 764,606</u>	<u>\$ -</u>	<u>\$ (1,356,490)</u>	<u>\$ (3,656,699)</u>	<u>\$ 1,200,712</u>	<u>\$ (23,580,391)</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, 2020**

	<b>Equipment Revolving Fund</b>	<b>State Resource Management Fund</b>	<b>State Energy Revolving Fund</b>	<b>State Surplus Property Fund</b>
<b>OPERATING REVENUES</b>				
Charges for sales and services.....	\$ 401,200	\$ 140,851	\$ -	\$ 817,197
Rental income.....	-	-	-	-
Other operating revenues.....	-	15,076	-	747,253
<b>Total operating revenues.....</b>	<b>401,200</b>	<b>155,927</b>	<b>-</b>	<b>1,564,450</b>
<b>OPERATING EXPENSES</b>				
Cost of sales and services.....	-	-	-	1,344,951
Claims expenses.....	-	-	-	-
Salaries and benefits.....	-	-	-	194,626
Insurance premium expenses.....	-	-	-	622
Contractual services.....	-	-	-	21,725
Repairs and maintenance.....	-	-	-	338
Depreciation.....	-	-	-	1,707
Rental expenses.....	-	-	-	91,306
Utilities and property management.....	-	-	-	26,595
Non-capital equipment purchased.....	400,000	155,194	-	3,593
Promotions and advertising.....	-	-	-	175
Administrative expenses.....	1,200	733	-	26,457
Supplies and parts.....	-	-	-	418
Distribution and postage.....	-	-	-	261
Travel expenses.....	-	-	-	-
Other operating expenses.....	-	-	-	117
<b>Total operating expenses.....</b>	<b>401,200</b>	<b>155,927</b>	<b>-</b>	<b>1,712,891</b>
<b>Operating income (loss).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(148,441)</b>
<b>NONOPERATING REVENUES</b>				
Gain (loss) on disposal of capital assets.....	-	-	-	(1,629)
Investment income.....	-	-	-	-
Interest expense.....	-	-	-	-
<b>Total nonoperating revenues (expenses)....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,629)</b>
<b>Income (loss) before other revenues, expenses, gains, losses, and transfers.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(150,070)</b>
<b>OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS</b>				
Transfers in.....	581,928	-	-	-
<b>Total other revenues, expenses, gains, losses, and transfers.....</b>	<b>581,928</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position.....</b>	<b>581,928</b>	<b>-</b>	<b>-</b>	<b>(150,070)</b>
<b>Total net position, July 1.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450,830</b>
<b>Total net position, June 30.....</b>	<b>\$ 581,928</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 300,760</b>

See Independent Auditor's Report.

<b>State Liability Insurance Fund</b>	<b>Risk Management - All Other Fund</b>	<b>Workers' Compensation Fund</b>	<b>Medical Insurance Fund</b>	<b>Dental Insurance Fund</b>	<b>Life Insurance Fund</b>
\$ 3,038,634	\$ 3,611,044	\$ 8,226,918	\$ 199,594,970	\$ 7,042,302	\$ 2,818,831
-	-	-	-	-	-
-	-	374	445,853	25,000	-
<u>3,038,634</u>	<u>3,611,044</u>	<u>8,227,292</u>	<u>200,040,823</u>	<u>7,067,302</u>	<u>2,818,831</u>
-	3,284,678	-	-	-	-
260,545	-	11,910,597	167,704,318	5,292,047	-
222,894	-	252,774	790,574	23,537	7,829
495,897	-	-	1,435,096	-	2,817,848
1,329,102	106,250	947,008	808,743	25,776	925
-	-	-	-	-	-
-	-	-	-	-	-
4,700	1,167	14,930	17,333	-	-
6,464	-	5,317	17,199	299	100
60	-	2,362	715	-	-
-	-	-	100	-	-
36,771	17,643	141,618	7,809,320	270,621	8,999
795	152	1,042	5,630	-	-
-	263	456	1,447	-	-
6,843	-	1,403	957	-	-
-	-	116,244	1,082,061	51,285	-
<u>2,364,071</u>	<u>3,410,153</u>	<u>13,393,751</u>	<u>179,673,493</u>	<u>5,663,565</u>	<u>2,835,701</u>
<u>674,563</u>	<u>200,891</u>	<u>(5,166,459)</u>	<u>20,367,330</u>	<u>1,403,737</u>	<u>(16,870)</u>
-	-	-	-	-	-
77,985	-	355,560	830,275	9,208	12,834
-	-	-	-	-	-
<u>77,985</u>	<u>-</u>	<u>355,560</u>	<u>830,275</u>	<u>9,208</u>	<u>12,834</u>
<u>752,548</u>	<u>200,891</u>	<u>(4,810,899)</u>	<u>21,197,605</u>	<u>1,412,945</u>	<u>(4,036)</u>
<u>2,323,899</u>	<u>128,000</u>	<u>2,715,144</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,323,899</u>	<u>128,000</u>	<u>2,715,144</u>	<u>-</u>	<u>-</u>	<u>-</u>
3,076,447	328,891	(2,095,755)	21,197,605	1,412,945	(4,036)
<u>(4,128,222)</u>	<u>69,966</u>	<u>(2,905,670)</u>	<u>43,470,338</u>	<u>687,619</u>	<u>562,525</u>
<u>\$ (1,051,775)</u>	<u>\$ 398,857</u>	<u>\$ (5,001,425)</u>	<u>\$ 64,667,943</u>	<u>\$ 2,100,564</u>	<u>\$ 558,489</u>

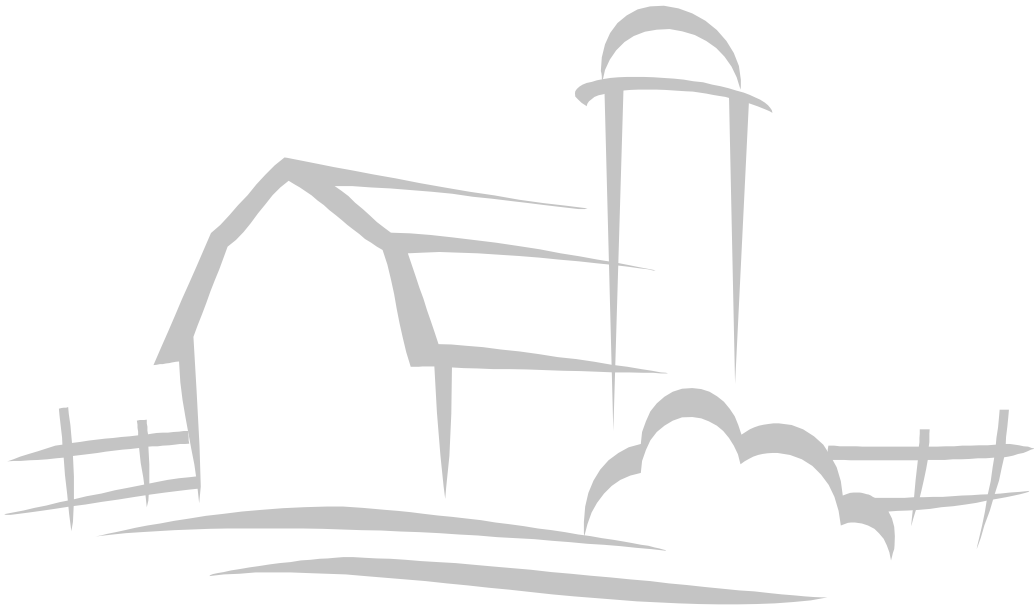
Continued on next page

**STATE OF VERMONT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Long-Term Disability Fund</u>	<u>Employees' Assistance Fund</u>	<u>Human Resources Fund</u>	<u>Total Internal Service Fund</u>
<b>OPERATING REVENUES</b>				
Charges for sales and services.....	\$ 263,870	\$ 273,377	\$ 5,859,468	\$ 397,416,815
Rental income.....	-	-	-	20,349,382
Other operating revenues.....	-	-	-	6,144,660
<b>Total operating revenues.....</b>	<u>263,870</u>	<u>273,377</u>	<u>5,859,468</u>	<u>423,910,857</u>
<b>OPERATING EXPENSES</b>				
Cost of sales and services.....	-	-	-	47,339,668
Claims expenses.....	-	-	-	185,167,507
Salaries and benefits.....	-	-	5,670,962	74,730,309
Insurance premium expenses.....	225,349	274,268	40	7,022,830
Contractual services.....	-	-	132,089	28,181,879
Repairs and maintenance.....	-	-	173	7,747,475
Depreciation.....	-	-	57,954	11,476,006
Rental expenses.....	-	-	289,217	3,408,467
Utilities and property management.....	-	-	143,351	13,851,790
Non-capital equipment purchased.....	-	-	12,937	2,398,546
Promotions and advertising.....	-	-	345	32,473
Administrative expenses.....	-	-	41,725	11,053,393
Supplies and parts.....	-	-	6,858	4,435,055
Distribution and postage.....	-	-	311	57,003
Travel expenses.....	-	-	8,337	101,842
Other operating expenses.....	-	-	-	3,396,230
<b>Total operating expenses.....</b>	<u>225,349</u>	<u>274,268</u>	<u>6,364,299</u>	<u>400,400,473</u>
<b>Operating income (loss).....</b>	<u>38,521</u>	<u>(891)</u>	<u>(504,831)</u>	<u>23,510,384</u>
<b>NONOPERATING REVENUES</b>				
Gain (loss) on disposal of capital assets.....	-	-	-	528,092
Investment income.....	-	-	-	1,285,862
Interest expense.....	-	-	-	(50,737)
<b>Total nonoperating revenues (expenses)....</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,763,217</u>
<b>Income (loss) before other revenues, expenses, gains, losses, and transfers.....</b>	<u>38,521</u>	<u>(891)</u>	<u>(504,831)</u>	<u>25,273,601</u>
<b>OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS</b>				
Transfers in.....	-	-	-	6,104,329
<b>Total other revenues, expenses, gains, losses, and transfers.....</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,104,329</u>
<b>Change in net position.....</b>	<u>38,521</u>	<u>(891)</u>	<u>(504,831)</u>	<u>31,377,930</u>
<b>Total net position, July 1.....</b>	<u>37,437</u>	<u>17,823</u>	<u>7,925</u>	<u>41,144,323</u>
<b>Total net position, June 30.....</b>	<u>\$ 75,958</u>	<u>\$ 16,932</u>	<u>\$ (496,906)</u>	<u>\$ 72,522,253</u>

See Independent Auditor's Report.

***THIS PAGE INTENTIONALLY LEFT BLANK***



*Vermont*



**STATE OF VERMONT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund	Financial & HR Information Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers.....	\$ 14,858,667	\$ 2,137,290	\$ 2,996,654	\$ 10,195,634
Cash paid to suppliers for goods and services.....	(6,984,542)	(1,303,870)	(1,419,653)	(4,378,175)
Cash paid to employees for services.....	(4,442,735)	(1,197,139)	(1,440,777)	(5,813,366)
Cash paid to claimants.....	-	-	-	-
Other operating revenues.....	68,122	755	-	11,041
Other operating expenses.....	(15,592)	(97,558)	(372)	(1,535)
<b>Net cash provided (used) by operating activities.....</b>	<b>3,483,920</b>	<b>(460,522)</b>	<b>135,852</b>	<b>13,599</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating transfers in.....	355,358	-	-	-
Interfund loans and advances.....	3,440,173	460,522	-	-
<b>Net cash provided (used) by noncapital financing activities.....</b>	<b>3,795,531</b>	<b>460,522</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets.....	(7,558,885)	-	-	-
Payment of capital leases and loans.....	-	-	-	-
Interest paid on capital leases and loans.....	-	-	-	-
Proceeds from capital loans.....	-	-	-	-
Proceeds from sale of capital assets.....	279,434	-	-	-
<b>Net cash (used) by capital and related financing activities.....</b>	<b>(7,279,451)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest earned on investments.....	-	-	-	-
Proceeds from loan repayments.....	-	-	-	-
Loans issued.....	-	-	-	-
<b>Net cash provided by investing activities.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>-</b>	<b>-</b>	<b>135,852</b>	<b>13,599</b>
Cash and cash equivalents, July 1.....	-	-	182,414	2,812,457
<b>Cash and cash equivalents, June 30.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 318,266</b>	<b>\$ 2,826,056</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss).....	\$ 511,634	\$ (709,287)	\$ 78,600	\$ 622,510
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities</b>				
Depreciation.....	6,527,037	58,359	-	7,506
(Increase)/decrease in accounts receivable.....	(51,978)	139,682	995	-
(Increase)/decrease in due from other funds.....	(3,544,140)	(14,696)	30,614	35,294
(Increase)/decrease in inventories.....	(26,230)	49,129	-	-
(Increase)/decrease in prepaid expenses.....	-	-	-	(102,878)
Increase/(decrease) in accounts payable.....	100,729	60	8,257	16,478
Increase/(decrease) in accrued salaries and benefits.....	(11,102)	10,774	15,922	23,225
Increase/(decrease) in claims payable.....	-	-	-	-
Increase/(decrease) in due to other funds.....	(22,030)	(5,479)	1,464	(588,536)
Increase/(decrease) in unearned revenue.....	-	-	-	-
Increase/(decrease) in other current liabilities.....	-	10,936	-	-
<b>Total adjustments.....</b>	<b>2,972,286</b>	<b>248,765</b>	<b>57,252</b>	<b>(608,911)</b>
<b>Net cash provided (used) by operating activities.....</b>	<b>\$ 3,483,920</b>	<b>\$ (460,522)</b>	<b>\$ 135,852</b>	<b>\$ 13,599</b>
<b>Noncash investing, capital, and financing activities:</b>				
Retirement of assets not fully depreciated.....	(125,526)	-	-	-
Fair market value of donated inventory sold.....	-	-	-	-

See Independent Auditors' Report.

Communications & Information Technology Fund	Fleet Fund	E-Procurement Fund	Copy Center Fund	Postage Fund	Facilities Operations Fund	Property Management Fund
\$ 80,650,724	\$ 4,530,760	\$ 8,064,979	\$ 2,191,793	\$ 2,676,833	\$ 29,811,360	\$ 20,450,746
(41,975,111)	(2,487,294)	(7,701,214)	(1,213,921)	(1,913,757)	(15,173,034)	(20,133,286)
(36,335,190)	(741,865)	-	(749,045)	(715,556)	(14,095,268)	(1,143,110)
-	-	-	-	-	-	-
-	245,058	-	-	-	2,378,576	2,207,552
(9,038)	(2,707)	-	(56)	(141)	(1,168,203)	(851,321)
<u>2,331,385</u>	<u>1,543,952</u>	<u>363,765</u>	<u>228,771</u>	<u>47,379</u>	<u>1,753,431</u>	<u>530,581</u>
-	-	-	-	-	-	-
(2,180,363)	(187,782)	(363,765)	191,449	(47,379)	(1,124,750)	(26,128)
<u>(2,180,363)</u>	<u>(187,782)</u>	<u>(363,765)</u>	<u>191,449</u>	<u>(47,379)</u>	<u>(1,124,750)</u>	<u>(26,128)</u>
(151,022)	(1,900,303)	-	(420,220)	-	(515,332)	(150,355)
-	-	-	-	-	(380,220)	(433,014)
-	-	-	-	-	(31,268)	(19,470)
-	-	-	-	-	298,139	98,386
-	544,133	-	-	-	-	-
<u>(151,022)</u>	<u>(1,356,170)</u>	<u>-</u>	<u>(420,220)</u>	<u>-</u>	<u>(628,681)</u>	<u>(504,453)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,413,114	\$ (863,201)	\$ -	\$ (76,673)	\$ (50,745)	\$ 1,804,395	\$ (67,513)
1,035,525	2,503,185	-	494,687	8,427	221,854	559,765
(3,244,915)	(93,408)	(17,040)	(128,913)	(61,460)	(776,932)	(1,147,125)
(167,543)	99,250	505,107	55,220	(8,023)	41,826	1,248,836
(649,718)	-	-	-	185,409	-	-
(404,672)	-	-	3,475	30	4,000	(3,716)
(208,646)	(56,019)	(124,302)	(109,124)	2,950	407,658	(62,326)
588,573	40,254	-	11,123	13,957	168,635	31,701
-	-	-	-	-	-	-
(17,587)	(86,109)	-	(21,024)	(43,166)	(118,005)	(29,041)
(12,746)	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(3,081,729)</u>	<u>2,407,153</u>	<u>363,765</u>	<u>305,444</u>	<u>98,124</u>	<u>(50,964)</u>	<u>598,094</u>
<u>\$ 2,331,385</u>	<u>\$ 1,543,952</u>	<u>\$ 363,765</u>	<u>\$ 228,771</u>	<u>\$ 47,379</u>	<u>\$ 1,753,431</u>	<u>\$ 530,581</u>
-	(164,702)	-	(3,617)	-	-	-
-	-	-	-	-	-	-

Continued on next page

STATE OF VERMONT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Equipment Revolving Fund	State Resource Management Fund	State Energy Revolving Fund	State Surplus Property Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers.....	\$ -	\$ -	\$ -	\$ 864,656
Cash paid to suppliers for goods and services.....	-	-	-	(773,363)
Cash paid to employees for services.....	-	-	-	(181,280)
Cash paid to claimants.....	-	-	-	-
Other operating revenues.....	-	-	-	-
Other operating expenses.....	-	-	-	(117)
<b>Net cash provided (used) by operating activities.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(90,104)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating transfers in.....	581,928	-	-	-
Interfund loans and advances.....	(374,168)	31,029	28,590	-
<b>Net cash provided (used) by noncapital financing activities.....</b>	<b>207,760</b>	<b>31,029</b>	<b>28,590</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets.....	-	-	-	-
Payment of capital leases and loans.....	-	-	-	-
Interest paid on capital leases and loans.....	-	-	-	-
Proceeds from capital loans.....	-	-	-	-
Proceeds from sale of capital assets.....	-	-	-	-
<b>Net cash (used) by capital and related financing activities.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest earned on investments.....	-	-	-	-
Proceeds from loan repayments.....	192,240	127,480	367,935	-
Loans issued.....	(400,000)	(158,509)	(396,525)	-
<b>Net cash provided by investing activities.....</b>	<b>(207,760)</b>	<b>(31,029)</b>	<b>(28,590)</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(90,104)</b>
Cash and cash equivalents, July 1.....	-	-	-	421,814
Cash and cash equivalents, June 30.....	\$ -	\$ -	\$ -	\$ 331,710
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss).....	\$ -	\$ -	\$ -	\$ (148,441)
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities</b>				
Depreciation.....	-	-	-	1,707
(Increase)/decrease in accounts receivable.....	-	-	-	7,248
(Increase)/decrease in due from other funds.....	-	-	-	40,211
(Increase)/decrease in inventories.....	-	-	-	(1,910)
(Increase)/decrease in prepaid expenses.....	-	-	-	-
Increase/(decrease) in accounts payable.....	-	-	-	777
Increase/(decrease) in accrued salaries and benefits.....	-	-	-	13,346
Increase/(decrease) in claims payable.....	-	-	-	-
Increase/(decrease) in due to other funds.....	-	-	-	(4,952)
Increase/(decrease) in unearned revenue.....	-	-	-	1,910
Increase/(decrease) in other current liabilities.....	-	-	-	-
<b>Total adjustments.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,337</b>
<b>Net cash provided (used) by operating activities.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (90,104)</b>
<b>Noncash investing, capital, and financing activities:</b>				
Retirement of assets not fully depreciated.....	-	-	-	-
Fair market value of donated inventory sold.....	-	-	-	747,253

See Independent Auditor's Report.

<b>State Liability Insurance Fund</b>	<b>Risk Management - All Other Fund</b>	<b>Workers' Compensation Fund</b>	<b>Medical Insurance Fund</b>	<b>Dental Insurance Fund</b>	<b>Life Insurance Fund</b>
\$ 3,036,928	\$ 1,950,281	\$ 8,162,042	\$ 200,096,626	\$ 7,051,602	\$ 2,732,458
(1,917,903)	(3,070,861)	(853,429)	(11,455,406)	(291,867)	(2,897,640)
(217,104)	-	(231,382)	(784,792)	(23,431)	(7,797)
(1,982,910)	-	(11,597,138)	(169,060,329)	(5,443,036)	-
-	-	374	445,853	25,000	-
-	-	(116,244)	(1,082,061)	(51,285)	-
<u>(1,080,989)</u>	<u>(1,120,580)</u>	<u>(4,635,777)</u>	<u>18,159,891</u>	<u>1,266,983</u>	<u>(172,979)</u>
2,323,899	128,000	2,715,144	-	-	-
-	-	-	-	-	-
<u>2,323,899</u>	<u>128,000</u>	<u>2,715,144</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
77,985	-	355,560	830,275	9,208	12,834
-	-	-	-	-	-
-	-	-	-	-	-
<u>77,985</u>	<u>-</u>	<u>355,560</u>	<u>830,275</u>	<u>9,208</u>	<u>12,834</u>
1,320,895	(992,580)	(1,565,073)	18,990,166	1,276,191	(160,145)
<u>5,414,676</u>	<u>1,726,463</u>	<u>25,825,645</u>	<u>55,971,396</u>	<u>586,750</u>	<u>680,507</u>
<u>\$ 6,735,571</u>	<u>\$ 733,883</u>	<u>\$ 24,260,572</u>	<u>\$ 74,961,562</u>	<u>\$ 1,862,941</u>	<u>\$ 520,362</u>
\$ 674,563	\$ 200,891	\$ (5,166,459)	\$ 20,367,330	\$ 1,403,737	\$ (16,870)
-	-	-	-	-	-
(1,706)	83,466	(64,926)	501,656	9,300	7,074
-	(121,946)	50	-	-	(93,447)
-	-	-	-	-	-
(40,159)	(4,123)	-	-	-	-
2,888	(41,365)	250,797	(1,381,911)	4,530	(163,315)
5,790	-	21,392	5,782	106	32
(1,722,365)	-	313,459	(1,356,011)	(150,989)	-
-	384,780	9,910	23,045	299	93,547
-	(1,622,283)	-	-	-	-
-	-	-	-	-	-
<u>(1,755,552)</u>	<u>(1,321,471)</u>	<u>530,682</u>	<u>(2,207,439)</u>	<u>(136,754)</u>	<u>(156,109)</u>
<u>\$ (1,080,989)</u>	<u>\$ (1,120,580)</u>	<u>\$ (4,635,777)</u>	<u>\$ 18,159,891</u>	<u>\$ 1,266,983</u>	<u>\$ (172,979)</u>
-	-	-	-	-	-
-	-	-	-	-	-

Continued on next page

**STATE OF VERMONT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Long-Term Disability Fund	Employees' Assistance Fund	Human Resources Fund	Total Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers.....	\$ 262,682	\$ 273,159	\$ 6,030,235	\$ 409,026,109
Cash paid to suppliers for goods and services.....	(246,713)	(273,133)	(516,938)	(126,981,110)
Cash paid to employees for services.....	-	-	(5,418,660)	(73,538,497)
Cash paid to claimants.....	-	-	-	(188,083,413)
Other operating revenues.....	-	-	-	5,382,331
Other operating expenses.....	-	-	-	(3,396,230)
<b>Net cash provided (used) by operating activities.....</b>	<b>15,969</b>	<b>26</b>	<b>94,637</b>	<b>22,409,190</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating transfers in.....	-	-	-	6,104,329
Interfund loans and advances.....	-	-	-	(152,572)
<b>Net cash provided (used) by noncapital financing activities.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,951,757</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets.....	-	-	-	(10,696,117)
Payment of capital leases and loans.....	-	-	-	(813,234)
Interest paid on capital leases and loans.....	-	-	-	(50,738)
Proceeds from capital loans.....	-	-	-	396,525
Proceeds from sale of capital assets.....	-	-	-	823,567
<b>Net cash (used) by capital and related financing activities.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,339,997)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest earned on investments.....	-	-	-	1,285,862
Proceeds from loan repayments.....	-	-	-	687,655
Loans issued.....	-	-	-	(955,034)
<b>Net cash provided by investing activities.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,018,483</b>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>15,969</b>	<b>26</b>	<b>94,637</b>	<b>19,039,433</b>
Cash and cash equivalents, July 1.....	39,102	65,029	100,370	93,826,623
Cash and cash equivalents, June 30.....	\$ 55,071	\$ 65,055	\$ 195,007	\$ 112,866,056
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss).....	\$ 38,521	\$ (891)	\$ (504,831)	\$ 23,510,384
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities</b>				
Depreciation.....	-	-	57,954	11,476,006
(Increase)/decrease in accounts receivable.....	(1,188)	(218)	200	(4,840,188)
(Increase)/decrease in due from other funds.....	-	-	170,567	(1,722,820)
(Increase)/decrease in inventories.....	-	-	-	(443,320)
(Increase)/decrease in prepaid expenses.....	(21,364)	-	(64,598)	(634,005)
Increase/(decrease) in accounts payable.....	-	1,135	(24,510)	(1,375,259)
Increase/(decrease) in accrued salaries and benefits.....	-	-	252,302	1,191,812
Increase/(decrease) in claims payable.....	-	-	-	(2,915,906)
Increase/(decrease) in due to other funds.....	-	-	207,553	(215,331)
Increase/(decrease) in unearned revenue.....	-	-	-	(1,633,119)
Increase/(decrease) in other current liabilities.....	-	-	-	10,936
<b>Total adjustments.....</b>	<b>(22,552)</b>	<b>917</b>	<b>599,468</b>	<b>(1,101,194)</b>
<b>Net cash provided (used) by operating activities.....</b>	<b>\$ 15,969</b>	<b>\$ 26</b>	<b>\$ 94,637</b>	<b>\$ 22,409,190</b>
<b>Noncash investing, capital, and financing activities:</b>				
Retirement of assets not fully depreciated.....	-	-	-	(293,845)
Fair market value of donated inventory sold.....	-	-	-	747,253

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, 2020

	Defined Benefit Plans		
	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
<b>ASSETS</b>			
Cash and short-term investments.....	\$ 23,139,051	\$ 23,670,208	\$ 12,700,310
Investments			
Fixed income.....	129,613,142	130,276,831	46,768,960
Equities.....	142,912,040	145,129,679	55,914,524
Mutual and commingled funds.....	1,416,006,540	1,399,433,006	528,958,025
Real estate and private partnerships.....	251,830,930	258,638,945	88,431,147
Total investments.....	<u>1,940,362,652</u>	<u>1,933,478,461</u>	<u>720,072,656</u>
Receivables			
Contributions - current.....	11,119,592	6,108,205	5,061,536
Contributions - non-current.....	-	-	6,314,229
Investments sold.....	33,198,376	33,800,692	11,977,262
Interest and dividends.....	871,526	875,288	683,170
Due from other funds.....	74,484	6,735	544,145
Other.....	8,774,022	11,861,392	3,403,655
Total receivables.....	<u>54,038,000</u>	<u>52,652,312</u>	<u>27,983,997</u>
Prepaid expenses.....	<u>61,720</u>	<u>72,007</u>	<u>37,718</u>
Capital assets			
Capital assets being depreciated			
Equipment.....	3,208,662	3,825,046	1,431,684
Less accumulated depreciation.....	<u>(2,215,381)</u>	<u>(2,648,349)</u>	<u>(1,002,619)</u>
Total capital assets, net of depreciation.....	<u>993,281</u>	<u>1,176,697</u>	<u>429,065</u>
<b>Total assets.....</b>	<u>2,018,594,704</u>	<u>2,011,049,685</u>	<u>761,223,746</u>
<b>LIABILITIES</b>			
Accounts payable.....	1,401,133	616,693	232,582
Investments purchased.....	58,069,597	58,607,749	20,938,238
Due to other funds.....	<u>57,334</u>	<u>335,361</u>	<u>32</u>
<b>Total liabilities.....</b>	<u>59,528,064</u>	<u>59,559,803</u>	<u>21,170,852</u>
<b>NET POSITION RESTRICTED FOR EMPLOYEES' PENSION AND OTHER POSTEMPLOYMENT BENEFITS.....</b>	<u>\$ 1,959,066,640</u>	<u>\$ 1,951,489,882</u>	<u>\$ 740,052,894</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		
\$ 32,181	\$ -	\$ 49,093	\$ 5,933,378	\$ 3,126,221	\$ 641,938	\$ -	\$ 69,292,380
-	-	-	-	-	-	-	306,658,933
-	-	-	-	-	-	-	343,956,243
70,977,324	32,910,149	25,145,954	51,618,999	-	13,281,119	-	3,538,331,116
-	-	-	-	-	-	-	598,901,022
<u>70,977,324</u>	<u>32,910,149</u>	<u>25,145,954</u>	<u>51,618,999</u>	<u>-</u>	<u>13,281,119</u>	<u>-</u>	<u>4,787,847,314</u>
169,944	-	12,669	68,838	-	-	-	22,540,784
-	-	-	-	-	-	-	6,314,229
-	-	-	-	-	-	-	78,976,330
-	-	-	-	-	-	-	2,429,984
-	-	-	-	-	-	(625,364)	-
-	-	2,430	17,502	5,599,018	-	-	29,658,019
<u>169,944</u>	<u>-</u>	<u>15,099</u>	<u>86,340</u>	<u>5,599,018</u>	<u>-</u>	<u>(625,364)</u>	<u>139,919,346</u>
-	-	-	-	67,899	-	-	239,344
-	-	-	-	-	-	-	8,465,392
-	-	-	-	-	-	-	(5,866,349)
-	-	-	-	-	-	-	2,599,043
<u>71,179,449</u>	<u>32,910,149</u>	<u>25,210,146</u>	<u>57,638,717</u>	<u>8,793,138</u>	<u>13,923,057</u>	<u>(625,364)</u>	<u>4,999,897,427</u>
3,019	-	361	46,009	74,162	6,048	-	2,380,007
-	-	-	-	-	-	-	137,615,584
<u>74,484</u>	<u>-</u>	<u>158,022</u>	<u>-</u>	<u>277</u>	<u>-</u>	<u>(625,364)</u>	<u>146</u>
<u>77,503</u>	<u>-</u>	<u>158,383</u>	<u>46,009</u>	<u>74,439</u>	<u>6,048</u>	<u>(625,364)</u>	<u>139,995,737</u>
<u>\$ 71,101,946</u>	<u>\$ 32,910,149</u>	<u>\$ 25,051,763</u>	<u>\$ 57,592,708</u>	<u>\$ 8,718,699</u>	<u>\$ 13,917,009</u>	<u>\$ -</u>	<u>\$ 4,859,901,690</u>



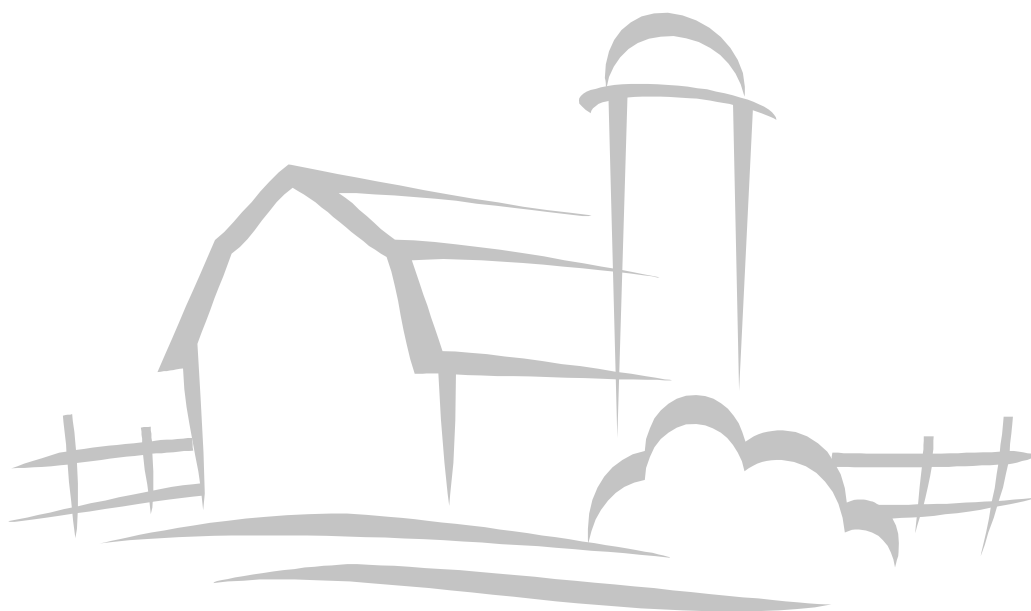
STATE OF VERMONT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Defined Benefit Plans		
	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
<b>ADDITIONS</b>			
<b>Contributions</b>			
Employer - pension benefit.....	\$ 84,429,972	\$ -	\$ 20,680,856
Employer - healthcare benefit.....	-	-	-
Non-employer - pension benefit.....	-	120,247,389	-
Non-employer - healthcare benefit.....	-	-	-
Plan member.....	40,902,188	40,598,283	20,771,304
Transfers from other pension trust funds.....	594,069	408,259	459,660
Other revenues.....	-	6,694,193	-
<b>Total contributions.....</b>	<b>125,926,229</b>	<b>167,948,124</b>	<b>41,911,820</b>
<b>Investment Income (loss)</b>			
Net appreciation (depreciation) in fair value of investments.....	63,820,001	68,060,322	23,172,555
Dividends.....	13,502,745	13,480,895	4,860,638
Interest.....	4,031,164	4,000,934	1,981,187
Other income.....	120,239	161,724	43,338
<b>Total investment income (loss).....</b>	<b>81,474,149</b>	<b>85,703,875</b>	<b>30,057,718</b>
<b>Less Investment Expenses</b>			
Investment managers and consultants.....	2,509,639	2,598,556	943,932
<b>Total investment expenses.....</b>	<b>2,509,639</b>	<b>2,598,556</b>	<b>943,932</b>
<b>Net investment income (loss).....</b>	<b>78,964,510</b>	<b>83,105,319</b>	<b>29,113,786</b>
<b>Total additions.....</b>	<b>204,890,739</b>	<b>251,053,443</b>	<b>71,025,606</b>
<b>DEDUCTIONS</b>			
Retirement benefits.....	148,336,649	198,755,235	36,124,010
Other postemployment benefits.....	-	-	-
Refund of contributions.....	3,494,656	1,885,974	1,951,540
Death claims.....	488,556	546,743	251,990
Transfers to other pension trust funds.....	705,670	49,219	756,584
Transfers to non-state systems.....	-	-	-
Depreciation.....	268,218	318,423	117,485
Operating expenses.....	2,000,173	2,496,531	1,236,935
<b>Total deductions.....</b>	<b>155,293,922</b>	<b>204,052,125</b>	<b>40,438,544</b>
<b>Change in net position.....</b>	<b>49,596,817</b>	<b>47,001,318</b>	<b>30,587,062</b>
<b>Net position restricted for employees' pension and postemployment benefits</b>			
July 1.....	1,909,469,823	1,904,488,564	709,465,832
June 30.....	\$ 1,959,066,640	\$ 1,951,489,882	\$ 740,052,894

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		
\$ 1,931,937	\$ -	\$ 501,426	\$ -	\$ -	\$ -	\$ -	\$ 107,544,191
-	-	-	38,599,577	-	-	-	38,599,577
-	-	-	-	-	-	-	120,247,389
-	-	-	-	35,176,080	-	-	35,176,080
752,992	-	492,032	-	-	-	-	103,516,799
34,731	-	14,754	-	-	-	(1,511,473)	-
-	-	-	-	-	-	-	6,694,193
<u>2,719,660</u>	<u>-</u>	<u>1,008,212</u>	<u>38,599,577</u>	<u>35,176,080</u>	<u>-</u>	<u>(1,511,473)</u>	<u>411,778,229</u>
1,634,702	-	955,989	1,769,933	-	463,913	-	159,877,415
1,334,246	874,621	388,856	1,229,831	-	273,799	-	35,945,631
683	-	960	35,865	282,650	9,239	-	10,342,682
<u>3,164</u>	<u>8</u>	<u>397</u>	<u>-</u>	<u>501,276</u>	<u>-</u>	<u>-</u>	<u>830,146</u>
<u>2,972,795</u>	<u>874,629</u>	<u>1,346,202</u>	<u>3,035,629</u>	<u>783,926</u>	<u>746,951</u>	<u>-</u>	<u>206,995,874</u>
-	49,971	-	5,720	-	16,038	-	6,123,856
-	49,971	-	5,720	-	16,038	-	6,123,856
<u>2,972,795</u>	<u>824,658</u>	<u>1,346,202</u>	<u>3,029,909</u>	<u>783,926</u>	<u>730,913</u>	<u>-</u>	<u>200,872,018</u>
<u>5,692,455</u>	<u>824,658</u>	<u>2,354,414</u>	<u>41,629,486</u>	<u>35,960,006</u>	<u>730,913</u>	<u>(1,511,473)</u>	<u>612,650,247</u>
605,644	3,803,634	488,537	-	-	-	-	388,113,709
-	-	-	35,767,740	27,551,293	571,821	-	63,890,854
-	-	-	-	-	-	-	7,332,170
-	-	-	-	-	-	-	1,287,289
-	-	-	-	-	-	(1,511,473)	-
3,422,302	1,056,353	760,729	-	-	-	-	5,239,384
-	-	-	-	-	-	-	704,126
<u>115,575</u>	<u>-</u>	<u>117,246</u>	<u>1,785</u>	<u>2,104</u>	<u>-</u>	<u>-</u>	<u>5,970,349</u>
<u>4,143,521</u>	<u>4,859,987</u>	<u>1,366,512</u>	<u>35,769,525</u>	<u>27,553,397</u>	<u>571,821</u>	<u>(1,511,473)</u>	<u>472,537,881</u>
1,548,934	(4,035,329)	987,902	5,859,961	8,406,609	159,092	-	140,112,366
<u>69,553,012</u>	<u>36,945,478</u>	<u>24,063,861</u>	<u>51,732,747</u>	<u>312,090</u>	<u>13,757,917</u>	<u>-</u>	<u>4,719,789,324</u>
<u>\$ 71,101,946</u>	<u>\$ 32,910,149</u>	<u>\$ 25,051,763</u>	<u>\$ 57,592,708</u>	<u>\$ 8,718,699</u>	<u>\$ 13,917,009</u>	<u>\$ -</u>	<u>\$ 4,859,901,690</u>

***THIS PAGE INTENTIONALLY LEFT BLANK***



*Vermont*

**Retirement System Contributions and Withholdings Fund** – This fund holds the employees' retirement contributions and withholdings until distribution to the appropriate pension fund.

**Federal Income Tax Withholdings Fund** – This fund holds employees' federal income tax withholdings until they are paid to the Federal Government.

**State Income Tax Withholdings Fund** – This fund holds employees' state income tax withholdings are held until they are paid to the State.

**Social Security Tax Contributions and Withholdings Fund** – This is the fund where employees' FICA withholdings are held until they are paid to the Federal Government.

**Employees Insurance Contributions and Withholdings Fund** – This is the fund where the State and the State's employees' share of the insurance premiums is held until distribution to the appropriate internal service fund.

**Employees Deferred Income Withholdings Fund** – This is the fund where the employees' voluntary deferred income withholdings are held until paid to the program administrator.

**Other Employee Contributions and Withholdings Fund** – This is the fund where other withholdings and contributions (charitable, savings bonds, flexible spending, etc) are held until paid to the appropriate depository.

**Vendor and Other Deposits Fund** – This is the fund where escrow amounts, advances, garnishments and other miscellaneous agency funds are reported.

**Child Support Collections Fund** – This is the fund where child support receipts are held until paid to the correct recipient.

**STATE OF VERMONT  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<b>RETIREMENT SYSTEM CONTRIBUTIONS AND WITHHOLDINGS FUND</b>				
<b>ASSETS</b>				
Cash.....	\$ -	\$ 155,462,947	\$ 155,462,947	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ 155,462,947</u>	<u>\$ 155,462,947</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to depositories.....	\$ -	\$ 155,462,947	\$ 155,462,947	\$ -
Total liabilities.....	<u>\$ -</u>	<u>\$ 155,462,947</u>	<u>\$ 155,462,947</u>	<u>\$ -</u>
<b>FEDERAL INCOME TAX WITHHOLDING FUND</b>				
<b>ASSETS</b>				
Cash.....	\$ -	\$ 58,539,566	\$ 58,539,566	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ 58,539,566</u>	<u>\$ 58,539,566</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to depositories.....	\$ -	\$ 58,539,566	\$ 58,539,566	\$ -
Total liabilities.....	<u>\$ -</u>	<u>\$ 58,539,566</u>	<u>\$ 58,539,566</u>	<u>\$ -</u>
<b>STATE INCOME TAX WITHHOLDING FUND</b>				
<b>ASSETS</b>				
Cash.....	\$ 4	\$ 18,590,913	\$ 18,590,819	\$ 98
Total assets.....	<u>\$ 4</u>	<u>\$ 18,590,913</u>	<u>\$ 18,590,819</u>	<u>\$ 98</u>
<b>LIABILITIES</b>				
Due to depositories.....	\$ 4	\$ 18,590,913	\$ 18,590,819	\$ 98
Total liabilities.....	<u>\$ 4</u>	<u>\$ 18,590,913</u>	<u>\$ 18,590,819</u>	<u>\$ 98</u>
<b>SOCIAL SECURITY TAX CONTRIBUTIONS AND WITHHOLDINGS FUND</b>				
<b>ASSETS</b>				
Cash.....	\$ 400	\$ 86,916,639	\$ 86,916,637	\$ 402
Total assets.....	<u>\$ 400</u>	<u>\$ 86,916,639</u>	<u>\$ 86,916,637</u>	<u>\$ 402</u>
<b>LIABILITIES</b>				
Due to depositories.....	\$ 400	\$ 86,916,639	\$ 86,916,637	\$ 402
Total liabilities.....	<u>\$ 400</u>	<u>\$ 86,916,639</u>	<u>\$ 86,916,637</u>	<u>\$ 402</u>

See Independent Auditors' Report.

Continued on next page

**STATE OF VERMONT  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<b>EMPLOYEES INSURANCE CONTRIBUTIONS AND WITHHOLDINGS FUND</b>				
<b>ASSETS</b>				
Cash.....	\$ -	\$ 162,706,197	\$ 162,706,197	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ 162,706,197</u>	<u>\$ 162,706,197</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to depositories.....	\$ -	\$ 162,706,197	\$ 162,706,197	\$ -
Total liabilities.....	<u>\$ -</u>	<u>\$ 162,706,197</u>	<u>\$ 162,706,197</u>	<u>\$ -</u>
<b>EMPLOYEES DEFERRED INCOME WITHHOLDINGS FUND</b>				
<b>ASSETS</b>				
Cash.....	\$ -	\$ 18,979,137	\$ 18,979,137	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ 18,979,137</u>	<u>\$ 18,979,137</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to depositories.....	\$ -	\$ 18,979,137	\$ 18,979,137	\$ -
Total liabilities.....	<u>\$ -</u>	<u>\$ 18,979,137</u>	<u>\$ 18,979,137</u>	<u>\$ -</u>
<b>OTHER EMPLOYEE CONTRIBUTIONS AND WITHHOLDINGS FUND</b>				
<b>ASSETS</b>				
Cash.....	\$ 138,512	\$ 9,337,571	\$ 9,273,239	\$ 202,844
Accounts receivable.....	75,051	442,308	-	517,359
Total assets.....	<u>\$ 213,563</u>	<u>\$ 9,779,879</u>	<u>\$ 9,273,239</u>	<u>\$ 720,203</u>
<b>LIABILITIES</b>				
Due to depositories.....	\$ 146,307	\$ 9,779,815	\$ 9,212,653	\$ 713,469
Interfund payable.....	67,256	64	60,586	6,734
Total liabilities.....	<u>\$ 213,563</u>	<u>\$ 9,779,879</u>	<u>\$ 9,273,239</u>	<u>\$ 720,203</u>
<b>VENDOR AND OTHER DEPOSITS FUND</b>				
<b>ASSETS</b>				
Cash.....	\$ 7,240,503	\$ 37,586,349	\$ 38,188,441	\$ 6,638,411
Taxes receivable.....	2,153,486	2,265,850	2,153,486	2,265,850
Accounts receivable.....	2,708,501	1,935,342	2,708,501	1,935,342
Total assets.....	<u>\$ 12,102,490</u>	<u>\$ 41,787,541</u>	<u>\$ 43,050,428</u>	<u>\$ 10,839,603</u>
<b>LIABILITIES</b>				
Amounts held in custody for others.....	\$ 1,945,673	\$ 8,435,075	\$ 8,119,718	\$ 2,261,030
Intergovernmental payables.....	8,540,244	30,464,937	31,781,143	7,224,038
Other liabilities.....	1,616,573	2,887,529	3,149,567	1,354,535
Total liabilities.....	<u>\$ 12,102,490</u>	<u>\$ 41,787,541</u>	<u>\$ 43,050,428</u>	<u>\$ 10,839,603</u>

*Continued on next page*

**STATE OF VERMONT  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<b>CHILD SUPPORT COLLECTIONS FUND</b>				
<b>ASSETS</b>				
Cash.....	\$ 324,218	\$ 51,119,844	\$ 50,793,336	\$ 650,726
Accounts receivable.....	<u>28,013</u>	<u>5,559</u>	<u>33,572</u>	<u>-</u>
Total assets.....	<u>\$ 352,231</u>	<u>\$ 51,125,403</u>	<u>\$ 50,826,908</u>	<u>\$ 650,726</u>
<b>LIABILITIES</b>				
Amounts held in custody for others.....	<u>\$ 352,231</u>	<u>\$ 51,125,403</u>	<u>\$ 50,826,908</u>	<u>\$ 650,726</u>
Total liabilities.....	<u>\$ 352,231</u>	<u>\$ 51,125,403</u>	<u>\$ 50,826,908</u>	<u>\$ 650,726</u>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash.....	\$ 7,703,637	\$ 599,239,163	\$ 599,450,319	\$ 7,492,481
Taxes receivable.....	2,153,486	2,265,850	2,153,486	2,265,850
Accounts receivable.....	<u>2,811,565</u>	<u>2,383,209</u>	<u>2,742,073</u>	<u>2,452,701</u>
Total assets.....	<u>\$ 12,668,688</u>	<u>\$ 603,888,222</u>	<u>\$ 604,345,878</u>	<u>\$ 12,211,032</u>
<b>LIABILITIES</b>				
Due to depositories.....	\$ 146,711	\$ 510,975,214	\$ 510,407,956	\$ 713,969
Amounts held in custody for others.....	2,297,904	59,560,478	58,946,626	2,911,756
Intergovernmental payables.....	8,540,244	30,464,937	31,781,143	7,224,038
Other liabilities.....	1,616,573	2,887,529	3,149,567	1,354,535
Interfund payable.....	<u>67,256</u>	<u>64</u>	<u>60,586</u>	<u>6,734</u>
Total liabilities.....	<u>\$ 12,668,688</u>	<u>\$ 603,888,222</u>	<u>\$ 604,345,878</u>	<u>\$ 12,211,032</u>

**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, 2020**

	Vermont Economic Development Authority 6/30/2020	Vermont Housing & Conservation Board 6/30/2020	Vermont Municipal Bond Bank 12/31/2019	Vermont Educational and Health Buildings Financing Agency 12/31/2019	Vermont Veterans' Home 6/30/2020	Total Non-major Component Units
<b>ASSETS</b>						
Current Assets						
Cash and cash equivalents.....	\$ 5,754,000	\$ 25,515,958	\$ 5,935,053	\$ 78,115	\$ 3,462,820	\$ 40,745,946
Cash and cash equivalents - restricted.....	2,720,000	-	-	-	-	2,720,000
Investments.....	-	-	24,611,624	1,573,471	-	26,185,095
Accounts receivable, net.....	-	-	52,384	-	3,321,142	3,373,526
Accrued interest receivable - loans.....	818,000	-	1,769,125	-	-	2,587,125
Loans and notes receivable - current portion.....	34,356,000	841,547	48,549,680	-	-	83,747,227
Other receivables.....	-	72,467	-	-	2,055,144	2,127,611
Due from federal government.....	-	2,494,638	-	-	-	2,494,638
Due from primary government.....	-	4,476,976	-	-	-	4,476,976
Inventories, at cost.....	-	-	-	-	200,483	200,483
Other current assets.....	696,000	47,231	-	-	-	743,231
<b>Total current assets.....</b>	<b>44,344,000</b>	<b>33,448,817</b>	<b>80,917,866</b>	<b>1,651,586</b>	<b>9,039,589</b>	<b>169,401,858</b>
Noncurrent Assets						
Cash and cash equivalents - restricted.....	-	-	1,379,371	-	289,503	1,668,874
Investments.....	1,559,000	-	-	-	-	1,559,000
Investments - restricted.....	27,967,000	-	61,496,534	-	1,526,969	90,990,503
Loans and notes receivable, net.....	237,905,000	220,479,751	509,004,288	-	-	967,389,039
Other assets.....	-	21,509,562	-	-	-	21,509,562
<b>Total noncurrent assets.....</b>	<b>267,431,000</b>	<b>241,989,313</b>	<b>571,880,193</b>	<b>-</b>	<b>1,816,472</b>	<b>1,083,116,978</b>
Capital Assets						
Land.....	500,000	-	-	-	102,470	602,470
Construction in progress.....	-	-	-	-	262,242	262,242
Capital assets being depreciated						
Buildings and leasehold improvements.....	6,374,000	225,146	-	-	30,095,449	36,694,595
Equipment, furniture and fixtures.....	1,614,000	327,685	-	-	4,999,533	6,941,218
Less accumulated depreciation.....	(3,535,000)	(269,046)	-	-	(24,484,394)	(28,288,440)
<b>Total capital assets, net of depreciation.....</b>	<b>4,953,000</b>	<b>283,785</b>	<b>-</b>	<b>-</b>	<b>10,975,300</b>	<b>16,212,085</b>
<b>Total assets.....</b>	<b>316,728,000</b>	<b>275,721,915</b>	<b>652,798,059</b>	<b>1,651,586</b>	<b>21,831,361</b>	<b>1,268,730,921</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Loss on refunding of bonds payable.....	-	-	23,133,155	-	-	23,133,155
Pension related outflows.....	-	-	-	-	4,735,948	4,735,948
OPEB related outflows.....	-	-	-	-	1,658,924	1,658,924
<b>Total deferred outflows of resources.....</b>	<b>-</b>	<b>-</b>	<b>23,133,155</b>	<b>-</b>	<b>6,394,872</b>	<b>29,528,027</b>
<b>LIABILITIES</b>						
Current Liabilities						
Accounts payable and accrued liabilities.....	999,000	380,682	37,144	11,675	2,408,266	3,836,767
Accrued interest payable.....	127,000	-	-	-	-	127,000
Bond interest payable.....	-	-	2,187,615	-	-	2,187,615
Other current liabilities.....	91,000,000	-	-	-	-	91,000,000
Current portion of long-term liabilities.....	70,004,000	-	44,395,462	-	-	114,399,462
Due to primary government.....	-	2,067,410	-	-	-	2,067,410
Escrowed cash deposits.....	893,000	-	-	-	-	893,000
<b>Total current liabilities.....</b>	<b>163,023,000</b>	<b>2,448,092</b>	<b>46,620,221</b>	<b>11,675</b>	<b>2,408,266</b>	<b>214,511,254</b>
Noncurrent Liabilities						
Bonds and notes payable.....	87,764,000	546,695	587,376,322	-	-	675,687,017
Accrued arbitrage rebate.....	-	-	28,674	-	-	28,674
Advances from primary government.....	5,500,000	-	-	-	-	5,500,000
Net pension liabilities.....	-	-	-	-	14,187,745	14,187,745
Net other postemployment benefits liabilities.....	-	-	-	-	12,357,514	12,357,514
Other noncurrent liabilities.....	-	-	-	-	55,695	55,695
<b>Total noncurrent liabilities.....</b>	<b>93,264,000</b>	<b>546,695</b>	<b>587,404,996</b>	<b>-</b>	<b>26,600,954</b>	<b>707,816,645</b>
<b>Total liabilities.....</b>	<b>256,287,000</b>	<b>2,994,787</b>	<b>634,025,217</b>	<b>11,675</b>	<b>29,009,220</b>	<b>922,327,899</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related inflows.....	-	-	-	-	709,089	709,089
OPEB related inflows.....	-	-	-	-	14,342,068	14,342,068
<b>Total deferred inflows of resources.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,051,157</b>	<b>15,051,157</b>
<b>NET POSITION</b>						
Net investment in capital assets.....	3,618,000	283,785	-	-	10,975,300	14,877,085
Restricted						
Investment in limited partnerships.....	3,507,000	-	-	-	-	3,507,000
Collateral for commercial paper program.....	24,178,000	-	-	-	-	24,178,000
Project and program commitments.....	910,000	30,159,178	14,886,445	-	1,760,778	47,716,401
Loans receivable.....	-	242,284,165	-	-	-	242,284,165
Unrestricted (deficit).....	28,228,000	-	27,019,552	1,639,911	(28,570,222)	28,317,241
<b>Total net position.....</b>	<b>\$ 60,441,000</b>	<b>\$ 272,727,128</b>	<b>\$ 41,905,997</b>	<b>\$ 1,639,911</b>	<b>\$ (15,834,144)</b>	<b>\$ 360,879,892</b>

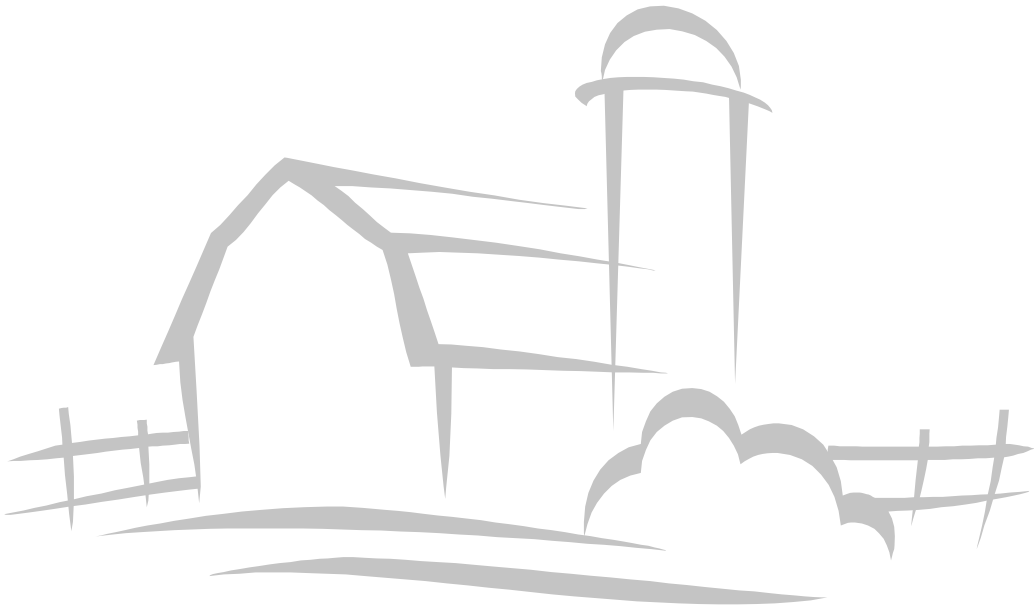
See Independent Auditors' Report.

STATE OF VERMONT  
 COMBINING STATEMENT OF ACTIVITIES  
 DISCRETELY PRESENTED NON-MAJOR COMPONENT UNITS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Vermont Economic Development Authority 06/30/2020	Vermont Housing & Conservation Board 06/30/2020	Vermont Municipal Bond Bank 12/31/2019	Vermont Educational and Health Buildings Financing Agency 12/31/2019	Vermont Veterans' Home 06/30/2020	Total Non-major Component Units
<b>Expenses</b>						
Salaries and benefits.....	\$ 5,408,000	\$ 3,487,107	\$ 189,370	\$ 58,130	\$ 15,932,069	\$ 25,074,676
Other expenses.....	3,287,000	18,394,845	2,857,914	150,976	8,320,113	33,010,848
Depreciation.....	245,000	36,967	-	-	1,188,237	1,470,204
Interest on debt.....	6,565,000	-	21,308,862	-	-	27,873,862
<b>Total expenses.....</b>	<b>15,505,000</b>	<b>21,918,919</b>	<b>24,356,146</b>	<b>209,106</b>	<b>25,440,419</b>	<b>87,429,590</b>
<b>Program Revenues</b>						
Charges for services.....	14,801,000	1,277,285	21,094,151	164,872	22,108,825	59,446,133
Operating grants and contributions.....	10,000	11,646,097	-	-	1,256,671	12,912,768
Capital grants and contributions.....	-	5,043,170	-	-	9,776	5,052,946
<b>Total program revenues.....</b>	<b>14,811,000</b>	<b>17,966,552</b>	<b>21,094,151</b>	<b>164,872</b>	<b>23,375,272</b>	<b>77,411,847</b>
<b>Net revenue (expense).....</b>	<b>(694,000)</b>	<b>(3,952,367)</b>	<b>(3,261,995)</b>	<b>(44,234)</b>	<b>(2,065,147)</b>	<b>(10,017,743)</b>
<b>General revenues</b>						
Property transfer tax.....	-	10,804,840	-	-	-	10,804,840
Investment income.....	1,765,000	524,523	5,166,903	217,252	89,214	7,762,892
Miscellaneous.....	-	62,247	1,515,185	-	80,914	1,658,346
<b>Total general revenues.....</b>	<b>1,765,000</b>	<b>11,391,610</b>	<b>6,682,088</b>	<b>217,252</b>	<b>170,128</b>	<b>20,226,078</b>
<b>Changes in net position.....</b>	<b>1,071,000</b>	<b>7,439,243</b>	<b>3,420,093</b>	<b>173,018</b>	<b>(1,895,019)</b>	<b>10,208,335</b>
<b>Net position - beginning.....</b>	<b>59,370,000</b>	<b>265,287,885</b>	<b>38,485,904</b>	<b>1,466,893</b>	<b>(13,939,125)</b>	<b>350,671,557</b>
<b>Net position - ending.....</b>	<b>\$ 60,441,000</b>	<b>\$ 272,727,128</b>	<b>\$ 41,905,997</b>	<b>\$ 1,639,911</b>	<b>\$ (15,834,144)</b>	<b>\$ 360,879,892</b>

See Independent Auditor's Report.

***THIS PAGE INTENTIONALLY LEFT BLANK***



*Vermont*

---

---

**STATISTICAL SECTION CONTENTS**  
**JUNE 30, 2020**

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Primary Government</b>				
<b>Governmental Activities</b>				
Net investment in capital assets.....	\$ 2,750,188	\$ 2,656,898	\$ 2,591,000	\$ 2,543,114
Restricted.....	528,815	540,574	582,021	601,214
Unrestricted.....	<u>(3,990,147)</u>	<u>(3,796,022)</u>	<u>(3,831,618)</u>	<u>(2,263,168)</u>
Total governmental activities net position.....	<u>(711,144)</u>	<u>(598,550)</u>	<u>(658,597)</u>	<u>881,160</u>
<b>Business-type Activities</b>				
Net investment in capital assets.....	4,071	4,373	2,414	897
Restricted.....	390,672	525,180	459,553	384,431
Unrestricted.....	<u>(2,772)</u>	<u>8,308</u>	<u>(1,476)</u>	<u>6,704</u>
Total business-type activities net position.....	<u>391,971</u>	<u>537,861</u>	<u>460,491</u>	<u>392,032</u>
<b>Primary Government Totals</b>				
Net investment in capital assets.....	2,754,259	2,661,271	2,593,414	2,544,011
Restricted.....	919,487	1,065,754	1,041,574	985,646
Unrestricted.....	<u>(3,992,919)</u>	<u>(3,787,714)</u>	<u>(3,833,094)</u>	<u>(2,256,464)</u>
Total primary government net position.....	<u>\$ (319,173)</u>	<u>\$ (60,689)</u>	<u>\$ (198,106)</u>	<u>\$ 1,273,193</u>
<b>Discretely Presented Component Units</b>				
Net investment in capital assets.....	\$ 213,682	\$ 217,067	\$ 199,287	\$ 181,407
Restricted.....	1,216,191	1,177,718	1,144,636	904,126
Unrestricted.....	<u>(208,360)</u>	<u>(232,988)</u>	<u>(249,843)</u>	<u>97,022</u>
Total discretely presented component units net position.....	<u>\$ 1,221,513</u>	<u>\$ 1,161,798</u>	<u>\$ 1,094,080</u>	<u>\$ 1,182,555</u>

See Independent Auditors' Report

Totals may not add due to rounding.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 2,428,107	\$ 2,184,684	\$ 2,010,724	\$ 1,781,928	\$ 1,727,652	\$ 1,607,970
639,446	609,149	579,356	605,531	499,377	491,166
<u>(2,137,808)</u>	<u>(2,050,617)</u>	<u>(856,544)</u>	<u>(758,397)</u>	<u>(582,203)</u>	<u>(505,129)</u>
<u>929,744</u>	<u>743,216</u>	<u>1,733,536</u>	<u>1,629,062</u>	<u>1,644,826</u>	<u>1,594,007</u>
859	2,166	985	682	745	857
302,400	221,946	149,345	86,006	26,216	-
<u>5,473</u>	<u>3,586</u>	<u>7,086</u>	<u>6,811</u>	<u>5,244</u>	<u>(6,476)</u>
<u>308,733</u>	<u>227,698</u>	<u>157,416</u>	<u>93,499</u>	<u>32,205</u>	<u>(5,619)</u>
2,428,966	2,186,850	2,011,709	1,782,610	1,728,397	1,608,827
941,846	831,095	728,701	691,537	525,593	491,166
<u>(2,132,335)</u>	<u>(2,047,031)</u>	<u>(849,458)</u>	<u>(751,586)</u>	<u>(576,959)</u>	<u>(511,605)</u>
<u>\$ 1,238,477</u>	<u>\$ 970,914</u>	<u>\$ 1,890,952</u>	<u>\$ 1,722,561</u>	<u>\$ 1,677,031</u>	<u>\$ 1,588,388</u>
\$ 165,955	\$ 169,077	\$ 163,417	\$ 172,470	\$ 142,584	\$ 145,157
850,224	831,553	811,175	751,082	803,221	807,031
<u>119,606</u>	<u>125,125</u>	<u>167,184</u>	<u>180,383</u>	<u>126,560</u>	<u>141,397</u>
<u>\$ 1,135,784</u>	<u>\$ 1,125,755</u>	<u>\$ 1,141,776</u>	<u>\$ 1,103,935</u>	<u>\$ 1,072,365</u>	<u>\$ 1,093,585</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Governmental activities</b>				
Expenses				
General government.....	\$ 301,977	\$ 159,738	\$ 158,631	\$ 137,924
Protection to persons and property.....	376,983	326,012	407,264	385,012
Human services.....	2,690,565	2,538,921	2,471,653	2,509,094
Labor.....	46,573	31,132	29,758	31,835
General education.....	2,267,430	2,157,187	2,092,459	1,995,530
Natural resources.....	149,166	143,796	135,030	112,199
Commerce and community development.....	36,434	41,801	43,388	48,320
Transportation.....	467,781	460,589	461,988	432,898
Interest on long-term debt.....	18,346	17,824	18,998	17,138
<b>Total expenses.....</b>	<u>6,355,255</u>	<u>5,877,001</u>	<u>5,819,169</u>	<u>5,669,950</u>
Program revenues				
Charges for services				
General government.....	188,169	54,050	42,049	32,170
Protection to persons and property.....	150,341	162,506	212,561	215,255
Human services.....	24,991	19,806	23,797	29,092
Natural resources.....	49,328	58,557	53,058	39,052
Transportation.....	122,269	130,464	127,163	127,361
Other.....	11,259	9,191	20,813	30,829
Operating grants and contributions.....	2,116,202	1,860,725	1,823,611	1,838,474
Capital grants and contributions.....	184,337	175,159	202,544	178,778
<b>Total program revenues.....</b>	<u>2,846,896</u>	<u>2,470,458</u>	<u>2,505,596</u>	<u>2,491,011</u>
<b>Total governmental activities net program expense.....</b>	<u>(3,508,359)</u>	<u>(3,406,543)</u>	<u>(3,313,573)</u>	<u>(3,178,939)</u>
<b>General revenues and other changes in net position</b>				
Taxes				
Personal and corporate income.....	954,940	1,045,392	947,631	830,797
Sales and use.....	439,103	416,817	397,119	376,362
Meals and rooms.....	158,422	184,570	175,746	169,127
Purchase and use.....	105,055	111,812	109,434	103,235
Motor fuel.....	66,364	79,791	80,889	38,204
Statewide property.....	1,144,068	1,105,532	1,059,024	1,049,359
Other taxes.....	446,409	462,141	469,207	498,162
Unrestricted investment earnings.....	5,231	6,272	4,775	2,116
Tobacco litigation settlement.....	23,994	23,651	58,946	34,633
Miscellaneous.....	528	423	1,007	863
Transfers.....	51,652	31,735	25,468	27,497
<b>Total general revenues and other changes in net position.....</b>	<u>3,395,766</u>	<u>3,468,136</u>	<u>3,329,246</u>	<u>3,130,355</u>
<b>Total governmental activities change in net position.....</b>	<u>\$ (112,593)</u>	<u>\$ 61,593</u>	<u>\$ 15,673</u>	<u>\$ (48,584)</u>

See Independent Auditors' Report

Totals may not add due to rounding.

2016	2015	2014	2013	2012	2011
\$ 86,493	\$ 132,709	\$ 139,920	\$ 176,506	\$ 185,484	\$ 161,192
340,173	347,503	344,315	348,122	328,292	325,959
2,411,445	2,445,968	2,271,233	2,210,850	2,013,616	1,969,294
30,562	31,115	30,580	34,795	30,004	32,194
1,941,060	1,881,413	1,803,049	1,735,794	1,680,443	1,670,517
109,593	104,427	105,590	94,616	91,452	106,875
53,533	38,024	44,004	33,763	38,782	48,206
430,221	433,567	425,563	479,411	542,055	390,837
18,389	17,122	11,259	20,948	19,776	20,888
<u>5,421,469</u>	<u>5,431,848</u>	<u>5,175,513</u>	<u>5,134,805</u>	<u>4,929,904</u>	<u>4,725,962</u>
34,407	36,797	33,744	31,204	50,734	22,092
168,908	168,306	165,869	163,635	144,071	150,756
27,871	26,917	31,886	64,336	34,765	22,759
37,792	33,502	32,139	30,662	26,915	24,974
119,230	122,617	120,607	123,249	121,345	119,422
27,544	25,692	23,495	19,180	17,048	16,956
1,861,803	1,895,061	1,775,500	1,739,160	1,590,271	1,703,947
183,726	214,747	190,092	152,851	306,956	314,577
<u>2,461,281</u>	<u>2,523,639</u>	<u>2,373,332</u>	<u>2,324,277</u>	<u>2,292,105</u>	<u>2,375,483</u>
<u>(2,960,188)</u>	<u>(2,908,209)</u>	<u>(2,802,181)</u>	<u>(2,810,528)</u>	<u>(2,637,799)</u>	<u>(2,350,479)</u>
871,212	846,960	743,818	760,334	696,664	677,862
370,374	366,748	355,569	348,137	347,283	323,353
158,298	152,274	143,473	136,623	128,592	122,558
100,166	97,192	91,922	83,618	81,909	76,994
38,161	34,607	58,051	61,375	61,791	63,712
1,050,701	1,022,319	974,466	932,973	913,639	917,936
482,201	478,850	475,368	411,663	397,012	379,269
990	419	1,229	1,240	998	2,966
34,993	33,566	37,278	34,514	34,519	33,864
951	1,126	1,159	4,700	3,254	4,159
28,510	24,629	24,322	23,953	22,958	22,026
<u>3,136,557</u>	<u>3,058,690</u>	<u>2,906,655</u>	<u>2,799,130</u>	<u>2,688,619</u>	<u>2,624,699</u>
<u>\$ 176,369</u>	<u>\$ 150,481</u>	<u>\$ 104,474</u>	<u>\$ (11,398)</u>	<u>\$ 50,820</u>	<u>\$ 274,220</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)*

	2020	2019	2018	2017
<b>Business-type activities</b>				
Expenses				
State Lottery.....	\$ 109,967	\$ 110,221	\$ 105,505	\$ 96,897
Liquor Control.....	71,572	66,678	64,229	60,715
Unemployment Compensation.....	801,125	65,658	64,096	68,817
Other.....	82,830	60,111	4,465	4,779
<b>Total expenses.....</b>	<b>1,065,494</b>	<b>302,668</b>	<b>238,295</b>	<b>231,208</b>
Program revenues				
Charges for services				
State Lottery.....	137,388	139,274	132,425	122,375
Liquor Control.....	91,118	67,591	65,843	63,210
Unemployment Compensation.....	120,164	108,978	129,954	143,119
Other.....	75,383	80,612	5,557	5,534
Operating grants and contributions.....	535,115	2,549	499	787
<b>Total program revenues.....</b>	<b>959,168</b>	<b>399,004</b>	<b>334,278</b>	<b>335,025</b>
<b>Total business-type activities net program expense.....</b>	<b>(106,326)</b>	<b>96,336</b>	<b>95,983</b>	<b>103,817</b>
<b>General revenues and other changes in net position</b>				
Unrestricted investment earnings.....	12,076	11,188	8,810	6,917
Miscellaneous.....	11	36	26	62
Transfers.....	(51,652)	(31,735)	(25,468)	(27,496)
<b>Total general revenues and other changes in net position.....</b>	<b>(39,565)</b>	<b>(20,511)</b>	<b>(16,632)</b>	<b>(20,517)</b>
<b>Total business-type activities change in net position.....</b>	<b>\$ (145,891)</b>	<b>\$ 75,825</b>	<b>\$ 79,351</b>	<b>\$ 83,300</b>
<b>Total primary government change in net position.....</b>	<b>\$ (258,484)</b>	<b>\$ 137,418</b>	<b>\$ 95,024</b>	<b>\$ 34,716</b>
<b>Component units</b>				
Expenses				
Vermont Student Assistance Corporation.....	\$ 69,516	\$ 74,670	\$ 72,073	\$ 68,649
University of Vermont and State Agricultural College.....	743,797	732,124	720,596	655,120
Vermont State Colleges.....	187,587	191,090	190,651	189,633
Vermont Housing Finance Agency.....	25,519	25,482	23,176	19,486
Other.....	87,430	92,361	85,278	81,319
<b>Total expenses.....</b>	<b>1,113,849</b>	<b>1,115,727</b>	<b>1,091,774</b>	<b>1,014,207</b>
Program revenues				
Charges for services				
Vermont Student Assistance Corporation.....	41,478	45,473	45,704	44,989
University of Vermont and State Agricultural College.....	459,857	466,580	445,643	440,391
Vermont State Colleges.....	105,770	114,124	115,036	119,893
Vermont Housing Finance Agency.....	26,016	24,874	17,289	1,178
Other.....	59,446	57,817	57,395	49,362
Operating grants and contributions.....	426,897	399,130	441,473	350,774
Capital grants and contributions.....	9,023	10,484	10,145	9,483
<b>Total program revenues.....</b>	<b>1,128,487</b>	<b>1,118,482</b>	<b>1,132,685</b>	<b>1,016,070</b>
<b>Total component units net program expense.....</b>	<b>14,638</b>	<b>2,755</b>	<b>40,911</b>	<b>1,863</b>
<b>General revenues and other changes in net position</b>				
Taxes.....	10,805	9,805	9,805	11,305
Unrestricted investment earnings.....	31,546	53,254	52,015	23,218
Other.....	3,312	1,980	670	8,854
<b>Total general revenues and other changes in net position.....</b>	<b>45,663</b>	<b>65,039</b>	<b>62,490</b>	<b>43,377</b>
<b>Total component units changes in net position.....</b>	<b>\$ 60,301</b>	<b>\$ 67,794</b>	<b>\$ 103,401</b>	<b>\$ 45,240</b>

See Independent Auditors' Report

Totals may not add due to rounding.

	2016	2015	2014	2013	2012	2011
\$	97,688	\$ 88,832	\$ 79,875	\$ 79,210	\$ 78,556	\$ 74,147
	59,527	57,176	55,218	52,151	50,519	47,928
	69,417	77,245	87,783	109,211	139,340	190,679
	7,447	7,080	7,202	6,218	5,394	4,761
	<u>234,079</u>	<u>230,333</u>	<u>230,078</u>	<u>246,790</u>	<u>273,809</u>	<u>317,515</u>
	124,264	111,759	102,312	102,089	100,931	95,543
	60,732	59,504	57,343	54,781	51,700	50,249
	143,599	145,660	143,987	148,866	138,550	116,323
	8,670	6,627	6,666	6,065	5,011	4,423
	1,071	1,459	5,928	19,705	38,239	62,445
	<u>338,336</u>	<u>325,009</u>	<u>316,236</u>	<u>331,506</u>	<u>334,431</u>	<u>328,983</u>
	<u>104,257</u>	<u>94,676</u>	<u>86,158</u>	<u>84,716</u>	<u>60,622</u>	<u>11,468</u>
	5,282	3,687	2,079	514	160	(23)
	8	11	-	18	-	12
	<u>(28,510)</u>	<u>(24,629)</u>	<u>(24,321)</u>	<u>(23,953)</u>	<u>(22,958)</u>	<u>(22,026)</u>
	<u>(23,220)</u>	<u>(20,931)</u>	<u>(22,242)</u>	<u>(23,421)</u>	<u>(22,798)</u>	<u>(22,037)</u>
\$	<u>81,037</u>	<u>\$ 73,745</u>	<u>\$ 63,916</u>	<u>\$ 61,295</u>	<u>\$ 37,824</u>	<u>\$ (10,569)</u>
\$	<u>257,406</u>	<u>\$ 224,226</u>	<u>\$ 168,390</u>	<u>\$ 49,897</u>	<u>\$ 88,644</u>	<u>\$ 263,651</u>
\$	78,835	\$ 84,801	\$ 85,695	\$ 105,927	\$ 101,216	\$ 111,490
	680,844	658,746	652,107	642,630	614,136	609,156
	191,999	195,711	201,204	200,920	191,327	184,785
	22,136	24,312	27,165	38,291	37,065	40,224
	72,785	77,517	93,898	90,217	88,973	69,851
	<u>1,046,599</u>	<u>1,041,087</u>	<u>1,060,069</u>	<u>1,077,985</u>	<u>1,032,717</u>	<u>1,015,506</u>
	49,297	49,627	55,462	58,349	59,239	63,072
	415,663	393,763	374,032	368,358	359,596	344,995
	119,453	118,629	119,477	119,811	117,848	113,624
	987	840	1,032	792	704	1,153
	47,890	47,734	51,271	45,531	47,463	47,990
	352,401	370,035	384,000	385,610	361,803	379,585
	10,404	3,058	3,386	18,609	9,836	17,535
	<u>996,095</u>	<u>983,686</u>	<u>988,660</u>	<u>997,060</u>	<u>956,489</u>	<u>967,954</u>
	<u>(50,504)</u>	<u>(57,401)</u>	<u>(71,409)</u>	<u>(80,925)</u>	<u>(76,228)</u>	<u>(47,552)</u>
	9,555	14,955	14,014	13,689	8,047	6,102
	32,429	36,998	98,110	86,835	44,142	117,674
	12,488	2,526	3,373	20,535	10,589	18,916
	<u>54,472</u>	<u>54,479</u>	<u>115,497</u>	<u>121,059</u>	<u>62,778</u>	<u>142,692</u>
\$	<u>3,968</u>	<u>\$ (2,922)</u>	<u>\$ 44,088</u>	<u>\$ 40,134</u>	<u>\$ (13,450)</u>	<u>\$ 95,140</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>General Fund (GASB 54)</b>				
Nonspendable.....	\$ 56,608	\$ 60,718	\$ 73,163	\$ 121,751
Committed.....	-	-	-	-
Assigned.....	12,403	9,303	6,830	687
Unassigned.....	<u>195,458</u>	<u>142,762</u>	<u>90,394</u>	<u>-</u>
<b>Total General Fund.....</b>	<b><u>\$ 264,469</u></b>	<b><u>\$ 212,783</u></b>	<b><u>\$ 170,387</u></b>	<b><u>\$ 122,438</u></b>
<b>All Other Governmental Funds (GASB 54)</b>				
Nonspendable.....	\$ 7,416	\$ 7,417	\$ 7,416	\$ 7,416
Restricted.....	532,767	530,776	574,843	592,310
Committed.....	287,949	330,262	317,628	213,649
Assigned.....	2,613	3,046	1,510	-
Unassigned.....	<u>-</u>	<u>(27,782)</u>	<u>-</u>	<u>(8,852)</u>
<b>Total All Other Governmental Funds.....</b>	<b><u>\$ 830,745</u></b>	<b><u>\$ 843,719</u></b>	<b><u>\$ 901,397</u></b>	<b><u>\$ 804,523</u></b>

See Independent Auditors' Report

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 114,561	\$ 106,283	\$ 92,613	\$ 1,739	\$ 2,059	\$ 2,204
-	-	-	-	18,502	60,165
5,863	5,797	6,456	5,274	6,834	5,364
<u>18,868</u>	<u>20,960</u>	<u>26,062</u>	<u>152,171</u>	<u>150,986</u>	<u>146,642</u>
<u>\$ 139,292</u>	<u>\$ 133,040</u>	<u>\$ 125,131</u>	<u>\$ 159,184</u>	<u>\$ 178,381</u>	<u>\$ 214,375</u>
\$ 7,416	\$ 7,416	\$ 7,416	\$ 7,416	\$ 7,416	\$ 7,416
626,236	605,045	569,971	579,996	482,743	468,530
227,137	210,094	210,014	194,159	200,626	179,819
5,739	-	-	-	-	323
-	(22,130)	(4,826)	(6,458)	(2,065)	(1,331)
<u>\$ 866,528</u>	<u>\$ 800,425</u>	<u>\$ 782,575</u>	<u>\$ 775,113</u>	<u>\$ 688,720</u>	<u>\$ 654,757</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)**

	2020	2019	2018	2017
<b>Revenues</b>				
Taxes.....	\$ 3,353,706	\$ 3,382,074	\$ 3,232,052	\$ 3,074,928
Fees.....	150,451	162,247	142,462	156,007
Sales of services, rents and leases.....	18,260	20,243	22,631	17,367
Federal grants.....	2,273,261	2,006,409	1,996,808	1,991,665
Fines, forfeits and penalties.....	22,222	21,523	15,003	13,627
Investment income.....	12,564	15,034	9,151	6,097
Licenses.....	132,805	132,480	131,693	130,704
Special assessments.....	28,887	27,801	89,511	89,333
Other revenues.....	99,610	100,701	151,135	109,931
<b>Total revenues.....</b>	<b>6,091,766</b>	<b>5,868,514</b>	<b>5,790,446</b>	<b>5,589,659</b>
<b>Expenditures</b>				
General government.....	116,546	135,736	105,995	107,375
Protection to persons and property.....	360,311	314,506	385,757	373,552
Human services.....	2,645,660	2,495,910	2,419,697	2,467,049
Labor.....	46,285	32,913	29,922	32,856
General education.....	2,152,797	2,071,627	1,986,177	1,915,800
Natural resources.....	140,545	131,653	116,252	103,885
Commerce and community development.....	31,927	33,934	35,740	40,441
Transportation.....	565,414	534,342	568,456	538,693
Capital outlay.....	58,938	83,947	66,771	38,817
Debt service				
Interest.....	24,361	24,702	24,226	25,463
Principal.....	56,135	53,395	48,934	51,529
<b>Total expenditures.....</b>	<b>6,198,919</b>	<b>5,912,667</b>	<b>5,787,927</b>	<b>5,695,460</b>
<b>Excess of revenues over (under) expenditures.....</b>	<b>(107,153)</b>	<b>(44,153)</b>	<b>2,519</b>	<b>(105,801)</b>
<b>Other financing sources (uses)</b>				
Proceeds from the sale of bonds.....	88,255	-	106,095	-
Proceeds from the sale of refunding bonds.....	39,525	-	-	-
Premium on the sale of bonds.....	16,914	-	10,937	-
Payment to bond escrow agent.....	(44,375)	-	-	-
Transfers in.....	857,547	993,924	1,122,291	1,170,319
Transfers out.....	(811,999)	(963,507)	(1,097,019)	(1,143,377)
<b>Total other financing sources (uses).....</b>	<b>145,867</b>	<b>30,416</b>	<b>142,304</b>	<b>26,942</b>
<b>Net change in fund balances.....</b>	<b>\$ 38,714</b>	<b>\$ (13,737)</b>	<b>\$ 144,823</b>	<b>\$ (78,859)</b>
Debt service as a percentage of noncapital expenditures.....	1.42%	1.39%	1.34%	1.42%

See Independent Auditors' Report

Totals may not add due to rounding.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 3,066,310	\$ 2,985,073	\$ 2,867,311	\$ 2,734,774	\$ 2,604,185	\$ 2,539,488
107,629	124,482	105,764	131,497	116,636	105,503
17,972	15,060	23,031	25,011	21,009	18,218
2,021,636	2,087,160	1,938,208	1,865,540	1,887,156	2,008,105
18,299	15,689	27,777	31,393	22,302	17,729
2,705	1,794	5,575	3,794	2,993	6,337
119,918	113,039	112,692	110,313	105,104	103,479
81,789	70,240	68,323	55,486	69,750	60,474
<u>117,929</u>	<u>120,234</u>	<u>128,168</u>	<u>131,060</u>	<u>100,452</u>	<u>90,179</u>
<u>5,554,187</u>	<u>5,532,771</u>	<u>5,276,849</u>	<u>5,088,868</u>	<u>4,929,587</u>	<u>4,949,512</u>
112,244	126,158	126,159	139,725	153,865	140,016
334,029	343,144	324,341	321,811	318,406	302,765
2,424,808	2,442,992	2,325,405	2,211,947	2,008,480	1,956,180
29,559	30,199	28,986	34,000	17,728	19,551
1,865,637	1,817,577	1,756,437	1,678,815	1,629,885	1,618,734
102,494	97,660	92,146	87,579	89,833	100,830
47,362	35,116	37,555	30,936	37,771	35,435
539,590	558,226	520,760	507,219	633,113	536,660
85,121	89,885	119,775	73,416	55,652	78,421
23,278	21,244	22,936	19,842	22,293	23,754
<u>50,005</u>	<u>49,710</u>	<u>53,865</u>	<u>52,120</u>	<u>50,098</u>	<u>48,158</u>
<u>5,614,127</u>	<u>5,611,911</u>	<u>5,408,365</u>	<u>5,157,410</u>	<u>5,017,124</u>	<u>4,860,504</u>
<u>(59,940)</u>	<u>(79,140)</u>	<u>(131,516)</u>	<u>(68,542)</u>	<u>(87,537)</u>	<u>89,008</u>
89,860	73,555	78,975	104,005	63,000	89,400
25,720	36,205	18,935	-	69,060	-
12,126	15,536	5,500	9,923	12,721	1,602
(28,292)	(39,935)	(20,046)	-	(79,022)	-
1,097,972	1,078,509	1,036,177	985,963	929,060	783,696
<u>(1,068,990)</u>	<u>(1,059,147)</u>	<u>(1,014,615)</u>	<u>(963,675)</u>	<u>(909,314)</u>	<u>(758,137)</u>
<u>128,396</u>	<u>104,723</u>	<u>104,926</u>	<u>136,216</u>	<u>85,505</u>	<u>116,561</u>
<u>\$ 68,456</u>	<u>\$ 25,583</u>	<u>\$ (26,590)</u>	<u>\$ 67,674</u>	<u>\$ (2,032)</u>	<u>\$ 205,569</u>
1.40%	1.36%	1.54%	1.46%	1.51%	1.57%

**STATE OF VERMONT**  
**Statistical Section - Table 5**  
**Revenue Capacity**  
**Personal Income and Earnings by Major Industry**  
**Last Ten Calendar Years**  
*(expressed in thousands)*

	2020 <sup>(1)</sup>	2019	2018	2017
<b>Total personal income</b> .....	\$ 39,302,095	\$ 34,502,323	\$ 33,422,671	\$ 32,276,946
<i>Earnings</i>	21,094,947	22,840,294	22,078,345	21,371,873
Farm earnings.....	166,366	230,535	155,250	208,015
Non-farm earnings.....	20,928,581	22,609,759	21,923,095	21,163,858
<i>Private earnings</i> .....	16,863,807	18,432,746	17,871,907	17,239,263
Forestry, fishing and related activities.....	74,740	89,040	84,325	82,808
Mining.....	56,263	63,994	63,840	56,574
Utilities.....	243,901	230,388	236,791	197,584
Construction.....	1,522,718	1,620,986	1,582,914	1,592,947
<i>Manufacturing</i> .....	2,115,353	2,346,892	2,298,317	2,225,557
Durable goods.....	1,328,903	1,556,541	1,520,852	1,457,126
Nondurable goods.....	786,450	790,351	777,465	768,431
Wholesale trade.....	741,491	748,476	747,210	723,326
Retail trade.....	1,499,844	1,624,557	1,597,700	1,555,167
Transportation and warehousing.....	458,641	491,610	461,373	443,220
Information.....	370,558	376,200	354,957	358,275
Finance and insurance.....	1,045,339	1,001,732	965,131	951,849
Real estate, rental and leasing.....	317,107	326,192	312,517	289,163
Professional and technical services.....	1,998,957	1,934,703	1,816,589	1,747,934
Management of companies and enterprises.....	289,663	260,871	227,037	224,707
Administrative and waste services.....	684,102	775,474	747,136	710,226
Education services.....	706,613	808,792	796,687	793,133
Healthcare and social assistance.....	3,202,101	3,400,701	3,309,406	3,167,497
Arts, entertainment and recreation.....	111,267	245,491	248,913	231,107
Accommodations and food services.....	634,875	1,177,769	1,142,496	1,069,508
Other services, except public administration.....	790,274	908,878	878,568	818,681
<i>Government and government enterprises</i> .....	4,064,774	4,177,013	4,051,188	3,924,595
Federal, civilian.....	844,213	816,307	798,123	753,611
Military.....	156,916	155,074	153,045	145,005
<i>State and local</i> .....	3,063,645	3,205,632	3,100,020	3,025,979
State.....	(NA)	1,359,411	1,329,341	1,308,300
Local.....	(NA)	1,846,221	1,770,679	1,717,679
Other personal income <sup>(2)</sup> .....	18,207,148	11,662,029	11,344,326	10,905,073
Average effective tax rate <sup>(3)</sup> .....	(NA)	2.26%	2.53%	2.46%

(1) Data for 2020 are projected annual estimates based on information through 2020 second quarter.

The estimates for 2011 - 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

See Independent Auditors' Report

	2016	2015	2014	2013	2012	2011
\$	31,444,997	\$ 30,882,295	\$ 29,886,823	\$ 28,768,855	\$ 28,395,737	\$ 27,455,225
	20,645,832	20,317,176	19,836,343	19,530,518	19,110,941	18,605,396
	179,056	208,346	351,176	294,840	255,033	262,224
	20,466,776	20,108,830	19,485,167	19,235,678	18,855,908	18,343,172
	16,620,081	16,283,090	15,804,610	15,583,531	15,386,884	14,824,861
	82,170	90,029	85,865	82,382	83,501	73,066
	49,549	48,730	45,549	47,229	47,171	45,420
	204,658	281,371	270,083	270,566	243,670	239,871
	1,568,982	1,554,869	1,572,558	1,589,582	1,681,960	1,570,118
	2,155,501	2,214,849	2,213,569	2,280,512	2,316,394	2,194,868
	1,424,235	1,506,639	1,522,611	1,605,794	1,641,371	1,610,912
	731,266	708,210	690,958	674,718	675,023	583,956
	734,377	687,419	650,197	653,390	651,791	658,625
	1,514,723	1,501,985	1,434,827	1,387,214	1,352,022	1,363,545
	411,845	412,393	412,087	403,430	413,242	405,281
	365,164	369,643	370,819	366,656	356,016	396,611
	860,316	822,996	786,582	778,291	768,064	760,880
	278,422	262,558	253,412	273,821	294,769	311,572
	1,655,712	1,632,046	1,542,063	1,502,210	1,468,901	1,417,916
	227,549	213,352	215,260	193,640	180,920	139,172
	645,752	623,898	625,798	596,560	546,099	494,986
	767,630	650,939	634,001	608,707	599,962	578,822
	3,097,347	2,975,382	2,828,998	2,790,443	2,683,720	2,584,832
	234,237	227,261	249,714	221,796	211,316	199,425
	975,680	938,352	849,269	809,421	760,213	718,503
	790,467	775,018	763,959	727,681	727,153	671,348
	3,846,695	3,825,740	3,680,557	3,652,147	3,469,024	3,518,311
	724,389	690,177	659,411	629,604	608,891	595,223
	147,506	137,015	141,586	148,646	153,391	160,895
	2,974,800	2,998,548	2,879,560	2,873,897	2,706,742	2,762,193
	1,279,250	1,273,436	1,225,463	1,206,059	1,119,581	1,141,040
	1,695,550	1,725,112	1,654,097	1,667,838	1,587,161	1,621,153
	10,799,165	10,565,119	10,050,480	9,238,337	9,284,796	8,849,829
	2.31%	2.33%	2.11%	2.24%	2.19%	2.09%



**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 <sup>(1)(2)</sup>					Tax Collections (000's)	Personal Income <sup>(4)</sup> (000's)	Average Effective Tax Rate
	3.35%	6.60%	7.60%	8.75%	8.95% <sup>(3)</sup>			
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%
2011	\$0 - \$34,000	\$34,001 - \$83,600	\$83,601 - \$174,400	\$174,401 - \$379,150	> \$379,150	\$ 573,429	\$ 27,455,225	2.09%
2010 <sup>(3)</sup>	\$0 - \$34,000	\$34,001 - \$82,400	\$82,401 - \$171,850	\$171,851 - \$373,650	> \$373,650	\$ 524,170	\$ 25,939,055	2.02%

<sup>(1)</sup>Different taxable income ranges apply to these rates for other filing statuses, including Married Filing Jointly, Married Filing Separately, Head of Household, etc.

<sup>(2)</sup>The *Tax Cuts and Jobs Act of 2017* reform changes to brackets and rates commenced for 2018 taxpayers.

<sup>(3)</sup>For 2010 - 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.

<sup>(4)</sup>See Statistical Section Table 5 for additional detail regarding personal income.

See Independent Auditors' Report

**STATE OF VERMONT**  
**Statistical Section - Table 7**  
**Revenue Capacity**  
**Personal Income Tax Filers and Liability by Income Level**  
**Calendar Years 2019 and 2010**

Income Level	Calendar Year 2019 <sup>(1)</sup>				
	Number of Filers	Percentage of Total Filers	State Taxable Income <sup>(2)</sup>	State Personal Income Tax (net) <sup>(3)</sup>	Percentage of Total State
\$300,000 and higher	4,974	1.32%	\$ 3,944,047,101	\$ 263,531,766	29.93%
\$150,000 - \$299,999	13,560	3.60%	2,712,096,515	146,210,968	16.60%
\$100,000 - \$149,999	21,099	5.59%	2,548,084,618	118,690,021	13.48%
\$75,000 - \$99,999	23,359	6.19%	2,016,099,943	82,982,016	9.42%
\$50,000 - \$74,999	38,754	10.28%	2,378,714,476	86,735,302	9.85%
\$25,000 - \$49,999	62,960	16.69%	2,289,064,954	75,367,307	8.56%
\$10,000 - \$24,999	57,004	15.11%	985,317,353	31,273,339	3.55%
\$9,999 and lower	103,953	27.56%	212,961,798	6,714,727	0.76%
Out of State	51,474	13.65%	12,110,895,043	69,039,214	7.84%
<b>Totals</b>	<b>377,137</b>	<b>100.00%</b>	<b>\$ 29,197,281,801</b>	<b>\$ 880,544,660</b>	<b>100.00%</b>

Income Level	Calendar Year 2010				
	Number of Filers	Percentage of Total Filers	State Taxable Income <sup>(2)</sup>	State Personal Income Tax (net) <sup>(3)</sup>	Percentage of Total State
\$300,000 and higher	2,140	0.61%	\$ 1,579,773,093	\$ 108,067,514	20.62%
\$150,000 - \$299,999	5,695	1.63%	1,139,077,716	65,739,520	12.54%
\$100,000 - \$149,999	10,026	2.87%	1,200,820,487	60,266,738	11.50%
\$75,000 - \$99,999	14,743	4.23%	1,264,995,715	57,413,947	10.95%
\$50,000 - \$74,999	31,948	9.16%	1,952,192,135	76,708,651	14.63%
\$25,000 - \$49,999	61,098	17.52%	2,211,013,088	78,793,447	15.03%
\$10,000 - \$24,999	58,920	16.89%	1,010,570,043	34,627,138	6.61%
\$9,999 and lower	121,683	34.88%	244,908,494	9,077,212	1.73%
Out of State	42,569	12.21%	6,925,090,468	33,475,976	6.39%
<b>Totals</b>	<b>348,822</b>	<b>100.00%</b>	<b>\$ 17,528,441,239</b>	<b>\$ 524,170,143</b>	<b>100.00%</b>

<sup>(1)</sup> Information for Tax Year 2019 is preliminary data for returns processed through November 18, 2020

<sup>(2)</sup> State Taxable Income is the total taxable income reported on line 15 less returns for taxpayers with an income adjustment of zero.

<sup>(3)</sup> State Personal Income Tax is net of taxable income adjustments, Vermont credits and other tax credits.

Source: Vermont Department of Taxes

See Independent Auditors' Report

**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 <sup>(1)</sup>						Total Primary Government	Ratio of Debt to Personal Income <sup>(2)</sup>	Debt Per Capita <sup>(3)</sup>
	General Obligation Current Interest Bonds	Special Obligation Current Interest Bonds	General Obligation Capital Appreciation Bonds	Total Bonds	Capital Leases				
2020	\$ 651,698	\$ 23,448	\$ -	\$ 675,146	\$ 9,157	\$ 684,303	1.74%	\$ 1,097	
2019	613,380	25,151	-	638,531	9,418	647,949	1.88%	1,038	
2018	672,382	26,829	-	699,211	9,751	708,962	2.12%	1,136	
2017	609,893	28,479	-	638,372	10,359	648,731	2.01%	1,039	
2016	667,832	30,103	-	697,935	10,920	708,855	2.25%	1,137	
2015	621,161	31,712	-	652,873	11,875	664,748	2.15%	1,063	
2014	586,977	33,303	-	620,280	1,630	621,910	2.08%	995	
2013	577,628	23,435	1,945	603,008	2,054	605,062	2.10%	966	
2012	527,334	13,457	3,542	544,333	3,619	547,952	1.93%	875	
2011	489,445	13,835	6,296	509,576	4,340	513,916	1.87%	820	

<sup>(1)</sup> Net of premiums, discounts, and unaccrued interest

<sup>(2)</sup> See Statistical Section Table 5 for additional detail regarding personal income.

<sup>(3)</sup> See Statistical Section Table 10 for population statistics.

Some data previously reported for prior years has been modified to reflect updated estimates

Note: The State has no constitutional or other limit on its power to issue obligations or incur indebtedness except for the requirement that borrowing only be for public purposes.

See Independent Auditors' Report

**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)*

<b>Fiscal Year</b>	<b>General Obligation Bonded Debt</b>	<b>State Taxable Personal Income <sup>(1)</sup></b>	<b>Ratio of General Bonded Debt to Taxable Personal Income</b>	<b>General Bonded Debt Per Capita <sup>(2)</sup></b>
2020	\$ 651,698	\$ 20,385,238	3.20%	\$ 1,045
2019	613,380	35,172,784	1.74%	983
2018	672,382	28,064,363	2.40%	1,077
2017	609,893	26,251,655	2.32%	977
2016	667,832	25,367,561	2.63%	1,071
2015	621,161	18,496,577	3.36%	994
2014	586,977	23,345,413	2.51%	939
2013	579,573	18,992,772	3.05%	926
2012	530,876	18,059,852	2.94%	848
2011	495,741	17,528,441	2.83%	791

\* State Taxable Personal Income is for the calendar year that ended during the fiscal year.

<sup>(1)</sup> Source: Vermont Department of Taxes.

<sup>(2)</sup> Source: Regional Economic Information System, Bureau of Economic Analysis updated September 24, 2020 for 2020:Q2.

See Independent Auditors' Report

**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 <sup>(1)</sup>				Per Capita Personal Income <sup>(1)</sup>		
	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.
2019	328,239,523	0.48%	623,989	-0.06%	\$ 56,490	55,293	97.88%
2018	326,687,501	0.52%	624,358	0.00%	54,606	53,531	98.03%
2017	324,985,539	0.63%	624,344	0.11%	52,118	51,697	99.19%
2016	322,941,311	0.72%	623,657	-0.25%	50,015	50,420	100.81%
2015	320,635,163	0.73%	625,216	0.00%	49,019	49,395	100.77%
2014	318,301,008	0.73%	625,214	-0.16%	47,071	47,803	101.56%
2013	315,993,715	0.69%	626,210	0.02%	44,860	45,941	102.41%
2012	313,830,990	0.73%	626,090	-0.15%	44,605	45,354	101.68%
2011	311,556,874	0.72%	627,049	0.19%	42,739	43,785	102.45%
2010	309,321,666	0.83%	625,879	0.17%	40,547	41,444	102.21%

\* Most of the information for this table is not available for the 2020 year, so the data reported here is for the ten years 2010-2019. Some data previously reported for prior years has been modified to reflect updated estimates.

<sup>(1)</sup> Source: Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce. Last updated September 24, 2020.

<sup>(2)</sup> Source: Local Area Unemployment Statistics, Vermont Department of Labor, Economic & Labor Market Information Not Seasonally Adjusted. Released March 16, 2020: 1976 - 2018 Annual Benchmark revisions and 2019 Annual Averages. Last updated September 18, 2020.

<sup>(3)</sup> Source: Vermont Department of Education, "Number of Equalized Pupils in School Districts".

<sup>(4)</sup> Source: Vermont Department of Motor Vehicles, All Registered Vehicle Types; excludes agriculture vehicles, motorcycles and trailers; data is on a calendar year basis.

See Independent Auditors' Report

**Civilian Labor Force <sup>(2)</sup>**

---

<b>State Employed</b>	<b>State Unemployed</b>	<b>State Total</b>	<b>State Unemploy- ment Rate</b>	<b>Public School Enrollment <sup>(3)</sup></b>	<b>Motor Vehicles Registered <sup>(4)</sup></b>
334,070	8,156	342,226	2.4%	88,359	607,220
336,496	8,804	345,300	2.5%	87,745	605,076
335,571	10,163	345,734	2.9%	89,025	592,150
333,628	11,120	344,748	3.2%	89,163	590,545
332,432	12,265	344,697	3.6%	89,257	585,347
333,383	13,675	347,058	3.9%	89,899	580,562
334,964	15,483	350,447	4.4%	90,606	582,685
337,284	17,573	354,857	5.0%	91,572	615,585
338,463	19,645	358,108	5.5%	90,289	615,608
337,488	21,914	359,402	6.1%	91,239	619,610

**STATE OF VERMONT**  
**Statistical Section - Table 11**  
**Demographic and Economic Information**  
**Annual Average Non-Farm Employment by Industry**  
**For the Years 2019 and 2010**

	2019			2010		
	Employees	Rank	Percent of Total	Employees	Rank	Percent of Total
<b>Total non-farm employment</b>	<b>343,600</b>		<b>100.0%</b>	<b>320,700</b>		<b>100.0%</b>
<b>Private total</b>	<b>286,900</b>		<b>83.5%</b>	<b>265,600</b>		<b>82.8%</b>
Natural resources and mining	800		0.2%	800		0.2%
Construction	15,300	7	4.5%	13,500	7	4.2%
Manufacturing:						
Durable goods	18,700	6	5.4%	21,500	6	6.7%
Nondurable goods	11,300		3.3%	9,000		2.8%
Wholesale trade	9,100		2.6%	9,400		2.9%
Retail trade	36,600	2	10.7%	37,900	2	11.8%
Transportation, warehousing and utilities	8,200		2.4%	8,600		2.7%
Information	4,300		1.3%	5,400		1.7%
Financial activities:						
Finance and insurance	9,100		2.6%	9,200		2.9%
Real estate and rental and leasing	3,100		0.9%	3,000		0.9%
Professional and business services:						
Professional and technical services	14,900	8	4.3%	13,500	8	4.2%
Management of companies and enterprises	29,400	4	8.6%	23,400	4	7.3%
Administrative and waste services	12,500	10	3.6%	8,800		2.7%
Educational and health services:						
Education services	13,500	9	3.9%	12,800	9	4.0%
Healthcare and social assistance	52,400	1	15.3%	46,500	1	14.5%
Leisure and hospitality:						
Arts, entertainment and recreation	4,500		1.3%	3,800		1.2%
Accommodations and food services	32,900	3	9.6%	28,600	3	8.9%
Other services, except public administration	10,300		3.0%	9,900	10	3.1%
<b>Government total</b>	<b>56,700</b>		<b>16.5%</b>	<b>55,100</b>		<b>17.2%</b>
Federal	7,100		2.1%	6,800		2.1%
State government education	9,600		2.8%	8,800		2.7%
Local government education	22,500	5	6.5%	23,200	5	7.2%
Other state government	9,700		2.8%	9,100		2.8%
Other local government	7,800		2.3%	7,200		2.2%

Source: Vermont Department of Labor, Labor Market Information, data release date September 18, 2020

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.

See Independent Auditors' Report

**STATE OF VERMONT**  
**Statistical Section - Table 12**  
**Operating Information**  
**Full-Time Equivalent State Government Employees by Function/Program**  
**Last Ten Years**

<b>Function/Program</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>General Government</b>										
Agency of Administration	18	16	19	20	48	50	38	7	6	4
Auditor of Accounts	13	14	14	15	12	15	15	15	13	14
Buildings and General Services	328	316	328	326	325	318	310	347	340	355
Finance and Management	27	27	29	26	26	27	34	35	35	33
Executive (Governor's) Office	11	12	10	11	13	15	13	13	13	14
Agency of Digital Services	341	346	100	104	103	113	110	86	75	70
Libraries	17	16	18	13	13	22	26	26	25	26
Lieutenant Governor	2	2	2	2	2	2	2	2	2	2
Human Resources	95	100	94	92	77	71	85	87	73	72
State Treasurer	36	36	33	35	32	35	36	37	32	30
State Ethics Commission	1	1	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Taxes	144	138	157	156	149	161	157	153	157	159
Vermont Labor Relations Board	2	2	2	2	2	2	2	1	2	1
VOSHA Review Board	1	1	1	1	1	1	1	1	1	0
<b>Protection to Persons and Property</b>										
Agency of Agriculture, Food and Markets	130	121	120	121	109	99	95	94	90	85
Attorney General	80	83	78	77	76	77	77	77	73	73
Financial Regulation	99	95	99	97	104	101	101	112	105	107
Criminal Justice Training Council	11	11	11	9	8	10	11	11	10	9
Defender General	69	70	70	69	64	68	71	68	69	65
Enhanced 911 Board	9	10	10	10	10	10	11	11	11	n/a
Liquor and Lottery	65	67	73	73	72	70	71	68	70	72
Military	144	140	137	129	122	120	116	121	122	123
Public Safety	576	562	571	566	563	572	592	587	577	561
Public Service Department	46	44	47	50	49	47	49	46	49	55
Public Utility Commission	25	26	25	22	25	22	26	25	25	25
Secretary of State	78	74	72	71	69	64	66	67	64	61
State's Attorneys and Sheriffs	165	167	160	161	157	154	153	152	150	149
Vermont Human Rights Commission	6	5	4	5	5	5	5	5	5	5
<b>Human Services</b>										
Children and Families	950	970	1,004	1,016	1,114	1,088	990	977	935	944
Vermont Department of Health Access	336	348	330	320	177	187	180	154	124	116
Aging, Disabilities, and Independent Living	268	269	271	266	268	268	274	275	269	254
Corrections	998	977	1,002	1,065	1,036	1,038	1,052	1,057	1,035	1,003
Health	486	482	511	501	486	489	476	472	458	441
Mental Health Services	223	242	242	237	232	234	225	171	140	235
Secretary of Human Services	58	56	129	142	137	136	108	109	104	93
Governor's Commission on Women	3	3	3	3	3	3	3	3	3	3
Green Mountain Care Board	29	28	27	26	24	29	25	20	17	n/a
Veteran's Home (discrete component unit)	173	178	183	175	178	179	199	206	203	193
<b>Labor</b>										
Department of Labor	204	212	238	244	254	261	261	261	266	271
<b>General Education</b>										
Agency of Education	148	138	161	150	139	150	150	159	156	151
<b>Natural Resources</b>										
Natural Resources Board	24	24	22	23	24	26	27	26	26	27
Environmental Conservation	288	284	300	291	283	294	282	268	259	250
Fish and Wildlife	137	138	141	141	131	134	136	127	125	124
Forests, Parks and Recreation	116	117	119	113	99	102	102	101	99	98
Secretary of Natural Resources	18	20	35	35	32	31	35	32	33	30
<b>Commerce and Community Development</b>										
Agency of Commerce and Community Development	75	74	92	91	96	90	91	85	75	76
<b>Transportation</b>										
Agency of Transportation	<u>1,199</u>	<u>1,188</u>	<u>1,255</u>	<u>1,275</u>	<u>1,233</u>	<u>1,228</u>	<u>1,238</u>	<u>1,254</u>	<u>1,222</u>	<u>1,190</u>
<b>Total</b>	<u><u>8,272</u></u>	<u><u>8,250</u></u>	<u><u>8,350</u></u>	<u><u>8,377</u></u>	<u><u>8,182</u></u>	<u><u>8,218</u></u>	<u><u>8,127</u></u>	<u><u>8,011</u></u>	<u><u>7,743</u></u>	<u><u>7,669</u></u>

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**

<b>Function</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>General Government</b>				
Square feet of State owned facilities <sup>(1)</sup>	2,965,032	2,975,834	3,013,214	2,953,602
State Pension Plan membership <sup>(2)</sup>	57,197	55,607	54,040	52,639
Number of State employees (full-time and part-time) <sup>(3)</sup>	8,317	8,300	8,396	8,432
<b>Protections to Persons and Property <sup>(4)</sup></b>				
Number of State Agency law enforcement officers	n/a	402	380	394
Number of Sheriff's Department law enforcement officers	n/a	147	131	137
<b>Human Services <sup>(5)</sup></b>				
Total Corrections population	7,749	8,758	9,809	9,692
Immunization coverage, ages 19-35 months	n/a	78%	74%	74%
Bed nights in homeless shelters	154,674	193,864	194,505	175,997
<b>Labor <sup>(6)</sup></b>				
Number of Unemployment Compensation payments	n/a	169,007	178,394	196,281
<b>General Education <sup>(7)</sup></b>				
Statewide expenditure per equalized student	16,237	18,934	18,778	18,877
Total local education agencies	126	213	283	327
<b>Natural Resources</b>				
Gallons of maple syrup produced <sup>(8)</sup>	2,220,000	2,070,000	1,940,000	1,980,000
Number of regular season moose permit applications <sup>(9)</sup>	n/a	2,994	100	4,436
Number of archery season moose permit applications <sup>(9)</sup>	n/a	-	-	1,265
<b>Commerce and Community Development</b>				
Net change in employer businesses <sup>(10)</sup>	n/a	61	64	17
Median purchase price of a new home <sup>(11)</sup>	n/a	227,500	215,000	210,000
Number of skier visits <sup>(12)</sup>	3.7 Million	4.2 Million	4.0 Million	3.9 Million
<b>Transportation <sup>(13)</sup></b>				
Total snowplowing hours	n/a	124,898	214,828	191,208
Structurally deficient bridges	n/a	38	40	45
Paving projects (miles)	n/a	180	204	203

n/a - Information not available at time of printing.

**Sources:**

<sup>(1)</sup> Vermont Department of Buildings & General Services, Space Book

<sup>(2)</sup> Vermont Office of the State Treasurer

<sup>(3)</sup> Vermont Department of Human Resources

<sup>(4)</sup> Vermont Department of Public Safety

<sup>(5)</sup> Vermont Agency of Human Services

<sup>5.1</sup> Combined 7-vaccine series, 2019 estimate by age 24 months† among children born 2016-2017, 2017 and prior years ages 19-35 months

<sup>(6)</sup> Vermont Department of Labor

<sup>(7)</sup> Agency of Education

<sup>(8)</sup> US Department of Agriculture

<sup>(9)</sup> Vermont Agency of Natural Resources

<sup>(10)</sup> bls.gov

<sup>(11)</sup> Vermont Housing Finance Agency

<sup>(12)</sup> skivermont.com

<sup>(13)</sup> Vermont Agency of Transportation

See Independent Auditors' Report

<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
2,960,415	3,002,302	2,919,433	3,100,220	3,288,254	3,272,199
51,210	49,787	48,630	47,547	46,577	45,936
8,237	8,284	8,189	8,073	7,805	7,743
374	389	394	370	411	408
131	137	124	129	122	114
9,809	10,159	10,404	10,743	10,718	10,814
77%	76%	72%	67%	63%	73%
173,840	153,361	141,778	122,893	154,129	133,355
214,023	226,588	255,447	284,585	321,624	390,035
18,427	17,993	17,351	16,621	16,024	15,789
341	337	339	344	345	346
1,990,000	1,410,000	1,350,000	1,480,000	750,000	1,140,000
7,773	7,788	9,666	10,378	10,603	11,217
2,228	1,769	1,977	1,756	1,194	1,074
50	(27)	(45)	95	(70)	36
205,000	198,000	193,000	200,000	199,000	195,000
3.2 Million	4.7 Million	4.5 Million	4.5 Million	3.9 Million	4.4 Million
180,069	98,729	166,616	172,658	116,333	165,173
44	68	65	72	85	91
220	208	230	195	208	156

**STATE OF VERMONT**  
**Statistical Section - Table 14**  
**Operating Information**  
**Capital Asset Statistics by Function**  
**Last Ten Years**

<b>Function</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>General Government<sup>(1)</sup></b>				
Department of Buildings & General Services				
Land holdings (acres)	1,732	1,732	1,732	1,697
State-owned space (square feet)	2,965,032	2,975,834	3,013,214	2,953,602
<b>Protection to Persons and Property</b>				
Number of state police vehicles <sup>(2)</sup>	525	545	516	496
Number of armory locations <sup>(3)</sup>	19	19	22	22
Number of agriculture lab instruments <sup>(2)</sup>	67	70	61	58
<b>Human Services<sup>(2)</sup></b>				
Department of Health - Number of lab instruments (analyzer, module, counters, meters, etc.)	153	150	164	166
Department of Children and Families - number of vans	-	-	-	-
Department of Corrections - number of vehicles	3	3	-	-
<b>Labor<sup>(2)</sup></b>				
Department of Labor - number of capitalized computer assets	27	28	28	28
<b>General Education<sup>(2)</sup></b>				
Agency of Education - number of capitalized computer assets	24	20	17	17
<b>Natural Resources<sup>(2)</sup></b>				
Number of dams	94	94	93	93
Agency of Natural Resources				
Number of vehicles	247	253	236	227
Number of building and improvement assets	519	510	502	498
<b>Commerce and Community Development<sup>(4)</sup></b>				
Number of historic sites	19	19	19	19
Number of covered and iron truss bridges	7	7	7	7
Number of underwater preserves	100+	100+	100+	100+
<b>Transportation<sup>(5)</sup></b>				
Number of bridges over 20 feet	1,124	1,124	1,090	1,089
State highway miles	2,709	2,709	2,709	2,709
Agency of Transportation buildings (square feet)	1,367,329	1,367,329	1,366,929	1,355,569

See Independent Auditors' Report

**Sources:**

- <sup>(1)</sup> VT Department of Buildings and General Services, Space Book
- <sup>(2)</sup> VT Department of Finance and Management
- <sup>(3)</sup> VT Department of Military
- <sup>(4)</sup> VT Agency of Commerce and Community Development, Historic Preservation
- <sup>(5)</sup> VT Agency of Transportation

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
1,741	2,499	2,499	2,752	2,807	2,809
2,960,415	3,002,302	2,919,433	3,100,220	3,288,254	3,272,199
528	541	485	503	511	515
22	22	22	22	22	22
54	33	32	34	29	31
165	169	115	129	108	178
17	27	27	27	27	29
-	-	-	1	-	-
24	19	16	16	12	14
18	22	26	26	27	27
94	93	93	93	92	90
238	227	219	229	228	216
490	484	476	471	459	452
19	20	20	20	20	21
7	7	7	7	7	7
100+	100+	100+	100+	100+	100+
1,089	1,089	1,089	1,086	1,080	1,078
2,709	2,707	2,707	2,703	2,703	2,703
1,341,139	1,334,339	1,327,397	1,361,017	1,361,017	1,349,017

**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
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	4,765,581	7,105,528	197,738	528,591	2,142,209	4,236,990	6,379,199
2015	2,391,208	3,912,126	6,303,334	203,541	393,116	2,187,667	3,519,010	5,706,677
2014 <sup>(1)</sup>	936,870	1,661,464	2,598,334	64,920	150,020	871,950	1,511,444	2,383,394
2013	1,501,890	2,919,159	4,421,049	79,014	273,236	1,422,876	2,645,923	4,068,799
2012	1,320,217	2,485,492	3,805,709	47,416	183,741	1,272,801	2,301,751	3,574,552
2011	1,246,482	2,423,192	3,669,674	38,190	123,751	1,208,292	2,299,441	3,507,733
2010	1,177,761	2,018,671	3,196,432	29,940	84,555	1,147,821	1,934,116	3,081,937

\* Incremental revenues are not available for the 2020 year, so the actual data reported here is for the ten years 2010-2019.

\* 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.

<sup>(1)</sup> 2014 represents a 6-month period to move into alignment with municipalities fiscal year; Barre reported a 12-month cycle .

Source: Agency of Commerce and Community Development - TIF Program Annual Report - 2020

See Independent Auditors' 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  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**LEGEND OF ACRONYMS**

<b><u>Acronym</u></b>	<b><u>Description</u></b>
ADC	Actuarially Determined Contribution
ADS	Agency of Digital Services
AD&D	Accidental Death and Dismemberment
AFC	Average Final Compensation
AHS	Agency of Human Services
BFS	Basic Financial Statements
CAFR	Comprehensive Annual Financial Report
CDAAC	Capital Debt Affordability Advisory Committee
CFTC	Commodity Futures Trading Commission
CIT	Communications & Information Technology
CMO's	Collateralized Mortgage Obligations
CMS	Center for Medicaid and Medicare Services
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
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
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
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

See Independent Auditors' Report

**STATE OF VERMONT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**LEGEND OF ACRONYMS**

<b><u>Acronym</u></b>	<b><u>Description</u></b>
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.
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
VMERS	Vermont Municipal Employees' Retirement System
VOIP	Voice Over Internet Protocol
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