

# **STATE OF VERMONT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**



**FINANCIAL SECTION**

**VERMONT  
FREEDOM AND UNITY**

**ELIZABETH M. READY**  
**STATE AUDITOR**

**STATE OF**



**VERMONT**

**OFFICE OF THE STATE AUDITOR**  
**132 STATE STREET**  
**MONTPELIER, VERMONT 05633-5101**

### **Independent Auditor's Report**

Speaker, House of Representatives  
and  
President Pro-Tem of the Senate  
Governor  
General Assembly, State of Vermont  
State House  
Montpelier, Vermont

We have audited the accompanying general purpose financial statements of the State of Vermont, as of June 30, 2000 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these statements based on our audit. We did not audit the financial statements of certain entities that aggregate the following percentages of total assets and revenues:

	<u>Percentage of</u>	
	<u>Total Assets</u>	<u>Total Revenues</u>
<b>Combined Balance Sheet – All Fund Types, Account Group and Discretely Presented Component Units:</b>		
Special Revenue Funds	27.3%	N/A
Enterprise Funds	37.9%	N/A
Discretely Presented Component Units	100.0%	N/A
Trust and Agency Funds	10.0%	N/A
<b>Combined Statement of Revenues, Expenditures and Changes In Fund Equity – All Governmental Fund Types, Expendable Trust Funds Discretely Presented Component Units:</b>		
Special Revenue Funds	N/A	1.5%
Expendable Trust Funds	N/A	67.5%
Discretely Presented Component Units	N/A	100.0%

	<u>Percentage of</u>	
	<u>Total Assets</u>	<u>Total Revenues</u>
<b>Combined Statement of Revenues, Expenditures and Changes In Fund Equity – All Proprietary Fund Types, Non Expendable Trust Funds and Discretely Presented Component Units:</b>		
Enterprise Funds	N/A	69.6%
Discretely Presented Component Units	N/A	100.0%
<b>Combined Statement of Current Revenue Funds, Expenditures and Other Changes:</b>		
University of Vermont	N/A	100.0%
Vermont State Colleges	N/A	100.0%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. The financial statements of the State Environmental Revolving Fund (blended into the Federal Revenue Fund) and the Vermont Sustainable Jobs Fund (a component unit) were not audited in accordance with *Government Auditing Standards*.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

As discussed in Note 1, a General Fixed Asset Account Group is not presented in the accompanying general purpose financial statements as required by generally accepted accounting principles because the State does not maintain such records.

In our opinion, based on our audit and the reports of the other auditors, except for the effects on the financial statements of the omission of the General Fixed Asset Account Group, as described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Vermont as of June 30, 2000, and the results of its operations and cash flows of its proprietary and nonexpendable trust fund types for the year ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group financial statements listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Vermont. Such information has been subjected to the auditing procedures applied in the audit of the general purposes financial statements and, in our opinion, based upon our report and the report of other auditors, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the Introductory, Supplemental Financial Data and Statistical Sections of this report and, accordingly, express no opinion thereon.

**In accordance with *Government Auditing Standards*, we have also issued a report, dated February 16, 2001, on our consideration of the State's internal control over financial reporting and our tests of its compliance with certain laws and regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.**



Elizabeth M. Ready  
State Auditor

February 16, 2001



State of Vermont  
Office of the State Auditor  
133 State Street  
Montpelier, VT 05633-5101



One Church Street  
P.O. Box 564  
Burlington, VT 05402

**Report on Compliance and Internal Control Over Financial Reporting  
Based on An Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

Speaker, House of Representatives  
and  
President Pro-Tem of the Senate  
Governor  
General Assembly, State of Vermont  
State House  
Montpelier, Vermont

The State Auditor has audited the accompanying general purpose financial statements of the State of Vermont, as of June 30, 2000 and for the year then ended, as listed in the table of contents and issued a report thereon dated February 16, 2001. The opinion on the general purpose financial statements was qualified because of the omission of the General Fixed Asset Account Group. The State Auditor conducted the audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The State Auditor did not audit the financial statements of certain entities included in the reporting entity of the State of Vermont. Those financial statements were audited by other auditors who issued separate reports on compliance and internal control over financial reporting in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*. The financial statements of the State Environmental Revolving Fund (blended into the Federal Revenue Fund) and the Vermont Sustainable Jobs Fund (a component unit), were not audited in accordance with *Government Auditing Standards* and accordingly this report does not extend to those funds.

### **Compliance**

As part of obtaining reasonable assurance about whether the State of Vermont's general purpose financial statements referred to above are free of material misstatement, the State Auditor and KPMG LLP performed tests of the State's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## **Internal Control Over Financial Reporting**

In planning and performing the audit, the State Auditor and KPMG LLP considered the State of Vermont's internal control over financial reporting in order to determine auditing procedures for the purpose of expressing the opinion on the general purpose financial statements referred to above and not to provide assurance on the internal control over financial reporting. However, certain matters involving the internal control over financial reporting and its operation were noted that we considered to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the State of Vermont's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements referred to above. The reportable conditions noted are described below:

- 1. As of June 30, 2000, the Vermont Departments of Education and Taxes do not have adequate systems of internal controls in place to verify, track, and record those statewide property taxes generated by towns and municipalities and transferred to local education agencies which do not pass through the State's financial system. In fiscal year 2000, these funds exceeded \$348 million.*
- 2. The State's ability to pay for goods or services received during one fiscal year with funds budgeted for the subsequent fiscal year does not allow proper matching of budgets and spending against those budgets. In addition, management of budgets could be adversely affected in the year full encumbrance accounting is adopted. For fiscal year 2000, \$70 million of bills for goods and services received during fiscal year 2000 were paid for from the fiscal year 2001 budget.*
- 3. The manual compilation of the State's Budget and Actual Statements of Revenues, Expenditures and Changes in Fund Balance for the General and Special Revenue Funds adversely affected the State's ability to routinely summarize and report financial data.*

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that, of the above reportable conditions, the State's control and accounting for property tax revenues and expenditures generated by towns and municipalities as a part of the statewide property tax to be a material weakness.

Other matters involving the design and operation of the internal control over financial reporting were also noted and have been reported to management of the State in a separate letter dated February 16, 2001.

This report is intended solely for the information and use of management, the cognizant Federal agency, the Office of Inspector General and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



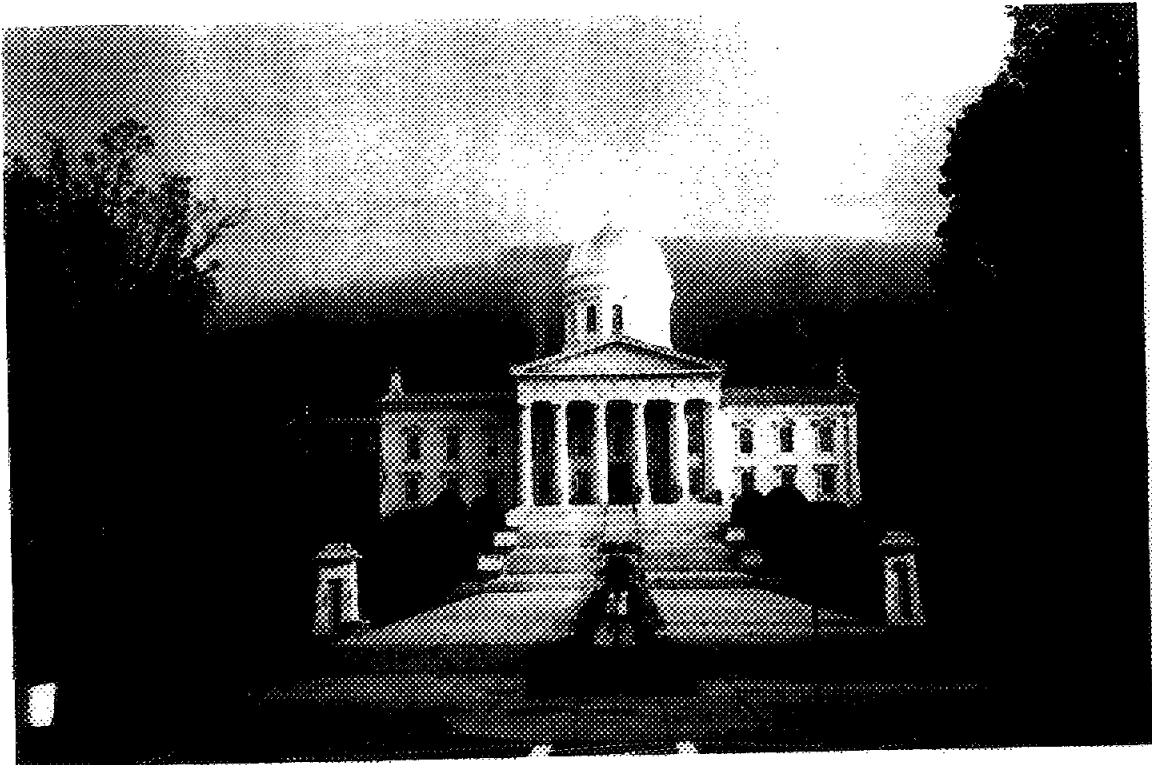
Elizabeth M. Ready  
State Auditor

KPMG LLP

KPMG LLP

February 16, 2001





**GENERAL PURPOSE COMBINED  
FINANCIAL STATEMENTS**

**STATE OF VERMONT**  
**COMBINED BALANCE SHEET-ALL FUND TYPES, ACCOUNT GROUP**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**  
**June 30, 2000**

ASSETS AND OTHER DEBITS	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b>Assets:</b>			
Cash and Cash Equivalents (Note 3).....	\$ 134,489,904	\$ 120,329,684	\$ 33,110,976
Investments (Note 3).....	-	-	-
Receivables (Net) (Note 1):			
Accounts .....	815,969	121,190,229	-
Taxes.....	89,951,130	12,143,708	-
Investment Principal and Interest .....	-	128	-
Loans and Notes.....	19,919,852	84,031,021	-
Due From Other Funds .....	2,033,426	925,913	-
Due From Component Units .....	1,137,741	2,879,060	-
Interfund Loans Receivable.....	8,820,307	-	-
Advances To Other Funds.....	323,700	-	-
Advances To Component Units.....	1,875,764	-	-
Inventories, at cost (Note 1).....	-	-	-
Prepaid Expenses.....	-	-	-
Restricted Cash.....	-	2,105,013	-
Fixed Assets (Net Book Value)(Note 4).....	-	-	-
Other Assets.....	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt.....	-	-	-
<b>Total Assets and Other Debits.....</b>	<b><u>\$ 268,367,793</u></b>	<b><u>\$ 343,604,756</u></b>	<b><u>\$ 33,110,976</u></b>
 <b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>			
<b>Liabilities:</b>			
Accounts Payable.....	\$ 40,434,516	\$ 116,650,494	\$ 1,990,144
Claims Payable (Note 16).....	-	-	-
Accrued Salaries and Benefits.....	5,555,209	8,647,335	7,897
Tax Refunds Payable.....	37,774,642	-	-
Retainage Payable.....	30,580	2,545,988	610,957
Due To Other Funds .....	379,445	1,365,101	-
Due To Primary Government.....	-	-	-
Interfund Loans Payable.....	-	-	-
Advances From Other Funds.....	-	-	-
Advances From Primary Government.....	-	-	-
Deferred Revenue.....	6,052,506	91,166,413	-
Amounts Held in Custody for Others.....	-	-	-
Current Portion of Long Term Debt.....	-	-	-
Other Liabilities (Note 1).....	-	360,838	-
Capital Lease Obligation (Note 7).....	-	-	-
Net Pension Obligation (Note 5).....	-	-	-
Compensated Absences (Note 1).....	-	-	-
Bonds and Notes Payable (Note 6).....	-	-	-
<b>Total Liabilities.....</b>	<b><u>\$ 90,226,898</u></b>	<b><u>\$ 220,736,169</u></b>	<b><u>\$ 2,608,998</u></b>
 <b>FUND EQUITY AND OTHER CREDITS ( Notes 1,2,10 and 14):</b>			
Investment in General Fixed Assets.....	\$ -	\$ -	\$ -
Contributed Capital.....	-	-	-
Retained Earnings.....	-	-	-
Fund Balances:			
Net Investment in Plant.....	-	-	-
Reserved (Note 6).....	114,149,646	28,299,608	7,975,489
Restricted.....	-	-	-
Unreserved-Designated For:			
Continuing Appropriations.....	-	-	22,526,489
Other Specific Purposes.....	-	276,741	-
Unreserved-Undesignated .....	54,991,249	94,292,238	-
<b>Total Fund Equity and Other Credits.....</b>	<b><u>\$ 169,140,895</u></b>	<b><u>\$ 122,868,587</u></b>	<b><u>\$ 30,601,978</u></b>
<b>Total Liabilities, Fund Equity, and Other Credits.....</b>	<b><u>\$ 259,367,793</u></b>	<b><u>\$ 343,604,756</u></b>	<b><u>\$ 33,110,976</u></b>

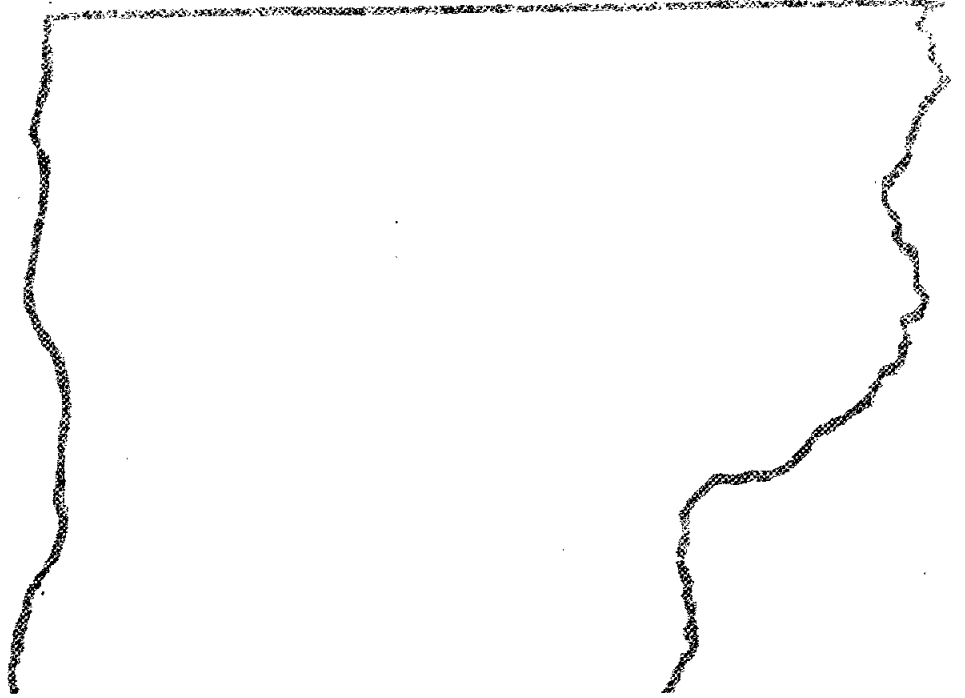
The accompanying notes are an integral part of the financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Group	Total
Enterprise	Internal Service	Trust and Agency	General Long-Term Debt	Primary Government (Memorandum Only) June 30, 2000
\$ 3,461,661	\$ 20,890,214	\$ 379,090,050	\$ -	\$ 691,372,489
3,175,536	-	2,510,926,723	-	2,514,102,259
438,669	7,872,641	137,972,493	-	268,290,001
-	-	11,624,421	-	113,719,259
-	19,725	12,987,120	-	13,006,973
-	922,220	-	-	104,873,093
-	11,587	25,972	-	2,996,898
-	-	-	-	4,016,801
-	-	-	-	8,820,307
-	-	-	-	323,700
-	-	-	-	1,875,764
4,469,829	3,025,215	-	-	7,495,044
160,223	423,547	-	-	583,770
694,202	-	-	-	2,799,215
1,183,008	16,158,906	-	-	17,341,914
56,718	1,140,233	-	-	1,196,951
-	-	-	678,817,167	678,817,167
<u>\$ 13,639,846</u>	<u>\$ 50,464,288</u>	<u>\$ 3,062,626,779</u>	<u>\$ 678,817,167</u>	<u>\$ 4,431,631,805</u>
\$ 5,991,798	\$ 1,977,948	\$ 5,105,677	\$ -	\$ 172,150,577
3,063,760	21,087,118	2,433,328	-	26,584,206
439,736	861,717	-	-	15,511,894
-	-	-	-	37,774,642
-	-	-	-	3,187,525
1,027,874	14,883	209,595	-	2,996,898
-	-	-	-	0
74,593	7,166,907	1,578,807	-	8,820,307
308,600	15,100	-	-	323,700
-	-	-	-	0
258,446	265,000	-	-	97,742,365
158,537	-	5,682,362	-	5,840,899
-	-	-	-	0
798,529	-	158,735,204	3,000,000	162,894,571
-	918,033	-	-	918,033
-	-	-	124,353,880	124,353,880
-	-	-	24,163,682	24,163,682
-	-	-	527,299,605	527,299,605
<u>\$ 12,121,873</u>	<u>\$ 32,306,706</u>	<u>\$ 173,744,973</u>	<u>\$ 678,817,167</u>	<u>\$ 1,210,562,784</u>
\$ -	\$ -	\$ -	\$ -	\$ 0
761,135	14,807,512	-	-	15,568,647
756,838	3,350,070	-	-	4,106,908
-	-	-	-	0
-	-	2,878,468,728	-	3,028,893,471
-	-	-	-	0
-	-	-	-	22,526,489
-	-	-	-	276,741
-	-	413,078	-	149,696,565
<u>\$ 1,517,973</u>	<u>\$ 18,167,682</u>	<u>\$ 2,878,881,806</u>	<u>\$ 0</u>	<u>\$ 3,221,068,821</u>
<u>\$ 13,639,846</u>	<u>\$ 50,464,288</u>	<u>\$ 3,062,626,779</u>	<u>\$ 678,817,167</u>	<u>\$ 4,431,631,805</u>

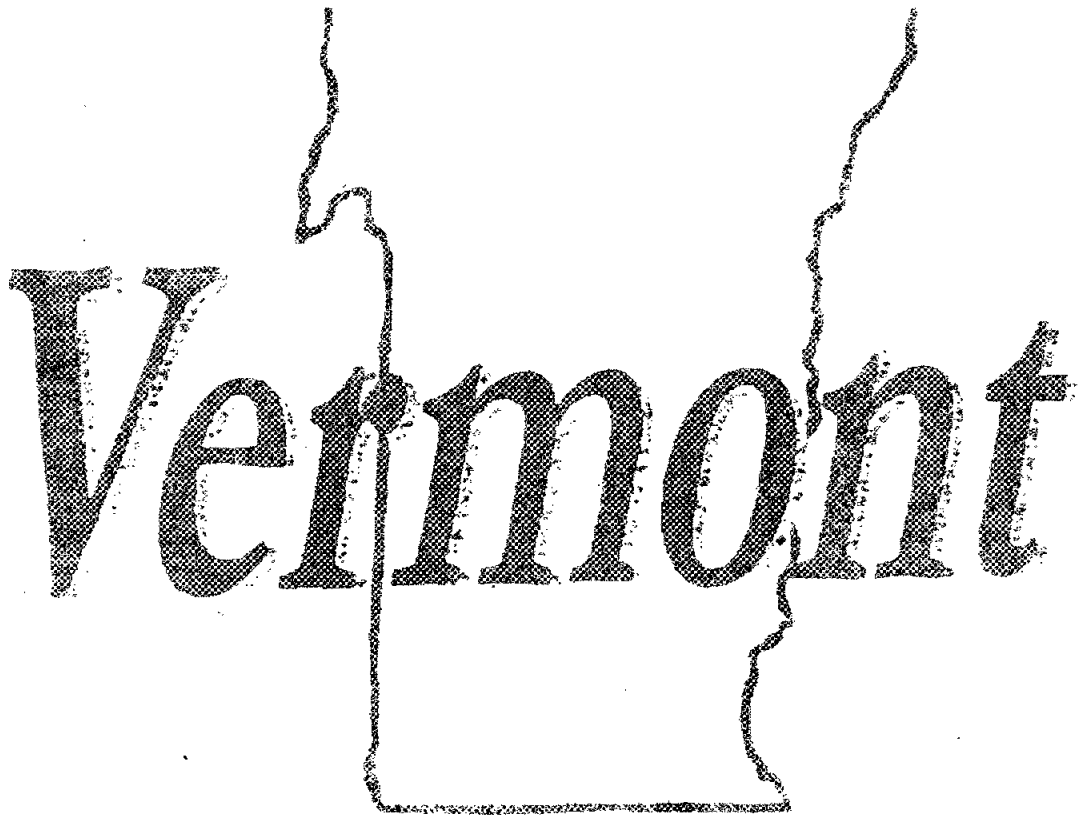
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**STATE OF VERMONT  
COMBINED BALANCE SHEET-ALL FUND TYPES, ACCOUNT GROUP  
AND DISCRETELY PRESENTED COMPONENT UNITS  
June 30, 2000**

	Discretely Presented Component Units			Total
	Other	Vermont State Colleges	University of Vermont	Reporting Entity (Memorandum Only) June 30, 2000
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
Cash and Cash Equivalents (Note 3).....	\$ 284,273,361	\$ 3,834,402	\$ 29,940,000	\$ 1,009,420,252
Investments (Note 3).....	117,671,069	26,278,323	248,166,000	2,906,217,651
Receivables (Net):				
Accounts .....	18,257,042	3,169,804	18,295,000	308,011,847
Tax.....	-	-	-	113,719,259
Investment Principal and Interest .....	1,294,862	12,133	-	14,313,968
Loans and Notes.....	1,203,658,361	4,762,045	34,601,000	1,347,894,499
Due From Other Funds .....	-	1,216,884	-	4,213,782
Due From Component Units.....	-	-	-	4,016,801
Interfund Loans Receivable.....	-	-	-	8,820,307
Advances To Other Funds.....	-	-	-	323,700
Advances To Component Units.....	-	-	-	1,875,764
Inventories, at cost .....	-	112,322	1,982,000	9,589,366
Prepaid Expenses.....	7,285	1,013,239	6,546,000	8,150,294
Restricted Cash (Note 3).....	-	-	-	2,799,215
Fixed Assets (Net Book Value)(Note 4).....	4,858,325	153,027,068	165,317,000	340,544,307
Other Assets.....	11,908,396	424,840	73,316,000	86,846,187
Amount to be Provided for Retirement of General Long-Term Debt.....	-	-	-	678,817,167
<b>Total Assets and Other Debits.....</b>	<b>\$ 1,641,928,701</b>	<b>\$ 193,851,060</b>	<b>\$ 578,163,000</b>	<b>\$ 6,845,574,366</b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts Payable.....	\$ 3,531,855	\$ 1,967,671	\$ 10,972,000	\$ 188,622,103
Claims Payable (Note 16).....	-	-	-	26,584,206
Accrued Salaries and Benefits.....	94,788	3,408,174	24,464,000	43,478,856
Tax Refunds Payable.....	-	-	-	37,774,642
Retainage Payable.....	-	-	-	3,187,525
Due To Other Funds .....	-	1,216,884	-	4,213,782
Due To Primary Government.....	4,017,934	-	-	4,017,934
Interfund Loans Payable.....	-	-	-	8,820,307
Advances From Other Funds.....	-	-	-	323,700
Advances From Primary Government.....	1,875,764	-	-	1,875,764
Deferred Revenue.....	37,360,918	2,727,555	23,542,000	161,372,838
Amounts Held in Custody for Others.....	-	-	-	5,840,899
Current Portion of Long Term Debt.....	41,689,065	-	-	41,689,065
Other Liabilities (Note 1).....	48,543,037	420,603	-	211,858,211
Capital Lease Obligation (Note 7).....	-	267,649	-	1,185,682
Net Pension Obligation.....	-	-	-	124,353,880
Compensated Absences .....	-	-	-	24,163,682
Bonds and Notes Payable.....	1,394,133,997	22,136,494	75,517,000	2,019,087,096
<b>Total Liabilities.....</b>	<b>\$ 1,531,247,358</b>	<b>\$ 32,146,030</b>	<b>\$ 134,495,000</b>	<b>\$ 2,908,450,172</b>
<b>FUND EQUITY AND OTHER CREDITS ( Notes 1,2,10 and 14):</b>				
Investment in General Fixed Assets.....	\$ 242,005	\$ -	\$ -	\$ 242,005
Contributed Capital.....	-	-	-	15,568,647
Retained Earnings.....	26,697,283	-	-	30,804,191
Fund Balances:				
Net Investment in Plant.....	4,521,551	136,115,024	110,232,000	250,868,575
Reserved (Note 6).....	16,721,390	11,861,953	230,391,000	3,287,867,814
Restricted.....	43,937,324	8,508,196	78,214,000	130,659,520
Unreserved-Designated For:				
Continuing Appropriations.....	7,865,700	-	-	30,392,189
Other Specific Purposes.....	-	3,588,958	24,831,000	28,696,699
Unreserved-Undesignated .....	10,696,090	1,631,899	-	162,024,554
<b>Total Fund Equity and Other Credits.....</b>	<b>\$ 110,681,343</b>	<b>\$ 161,706,030</b>	<b>\$ 443,668,000</b>	<b>\$ 3,937,124,194</b>
<b>Total Liabilities, Fund Equity, and Other Credits.....</b>	<b>\$ 1,641,928,701</b>	<b>\$ 193,851,060</b>	<b>\$ 578,163,000</b>	<b>\$ 6,845,574,366</b>



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STATE OF VERMONT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES-ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS  
 AND DISCRETELY PRESENTED COMPONENT UNITS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b>REVENUES:</b>			
Taxes:			
Personal Income Tax.....	\$ 432,504,512	\$ -	\$ -
Corporate Income Tax.....	41,041,649	9,627,055	-
Sales and Use.....	216,654,031	-	-
Meals and Rooms.....	75,633,561	16,958,389	-
Motor Fuel Tax.....	-	63,538,369	-
Purchase and Use Tax.....	-	69,543,920	-
Other Taxes.....	96,747,073	507,264,106	-
Earnings of Departments.....	10,622,391	41,301,859	-
Federal Grants.....	-	847,344,627	-
Fines, Forfeits and Penalties.....	2,550,807	7,938,927	-
Investment Income.....	6,927,924	4,820,814	-
Licenses.....	2,647,950	64,836,186	-
Special Assessments.....	412,500	8,917,429	-
Tobacco Settlement.....	-	-	-
Other Revenues.....	721,848	38,448,369	-
<b>Total Revenues.....</b>	<b>\$ 896,484,246</b>	<b>\$ 1,880,340,950</b>	<b>\$ -</b>
<b>EXPENDITURES:</b>			
General Government.....	\$ 51,225,868	\$ 14,218,431	\$ 6,933,088
Protection to Persons and Property.....	46,301,972	82,219,058	5,999,763
Human Services.....	300,106,286	609,374,703	656,350
Employment and Training.....	415,376	27,215,947	-
Education.....	54,922,712	629,996,739	8,252,732
Natural Resources.....	12,974,022	68,032,134	7,142,135
Commerce and Community Development.....	14,531,052	15,635,946	753,884
Transportation.....	-	266,797,080	603,504
Public Service Enterprises.....	-	1,272,134	-
Debt Service.....	68,676,128	8,179,155	-
Benefit Payments.....	-	-	-
Other Expenditures.....	-	4,971,000	-
<b>Total Expenditures.....</b>	<b>\$ 549,163,416</b>	<b>\$ 1,925,912,329</b>	<b>\$ 30,341,256</b>
<b>Excess of Revenues Over(Under)</b>			
Expenditures.....	\$ 337,310,830	\$ (245,672,279)	\$ (30,341,256)
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Bonds and Notes.....	\$ -	\$ -	\$ 37,000,000
Operating Transfers In (Note 18).....	41,119,694	308,516,238	13,582
Operating Transfers In-Component Units (Note 18).....	-	-	-
Operating Transfers In-Primary Government (Note 18).....	-	-	-
Operating Transfers Out (Note 18).....	(273,413,138)	(55,973,019)	(3,818,971)
Operating Transfers Out-Component Units (Note 18).....	(72,862,885)	(241,903)	(555,500)
Operating Transfers Out-Primary Government (Note 18).....	-	-	-
Payments To Bond Escrow.....	-	-	-
Other Sources (Uses).....	1,092,342	(73,991)	-
<b>Total Other Financing Sources (Uses).....</b>	<b>\$ (304,083,985)</b>	<b>\$ 262,227,325</b>	<b>\$ 32,838,111</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....</b>	<b>\$ 33,246,845</b>	<b>\$ 8,655,046</b>	<b>\$ 2,297,855</b>
<b>Fund Balances, July 1.....</b>	<b>135,894,050</b>	<b>116,213,541</b>	<b>28,204,123</b>
<b>Fund Balances, June 30.....</b>	<b>\$ 169,140,895</b>	<b>\$ 122,868,587</b>	<b>\$ 30,501,978</b>

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

Fiduciary Fund Types Expendable Trust	Total		Governmental Fund Types Component Units	Total	
	Primary Government (Memorandum Only)			Reporting Entity (Memorandum Only)	
	2000			2000	
\$ -	\$ 432,504,512	\$ -	\$ 432,504,512		
-	50,668,704	-	50,668,704		
-	216,654,031	-	216,654,031		
-	92,591,950	-	92,591,950		
-	63,538,369	-	63,538,369		
-	69,543,920	-	69,543,920		
50,628,017	654,639,196	10,415,571	665,054,767		
-	51,924,250	141,461	52,065,711		
479,044	847,823,671	6,252,322	854,075,993		
-	10,499,734	-	10,499,734		
18,974,461	30,523,199	20,701,129	51,224,328		
-	67,484,136	-	67,484,136		
-	9,329,929	-	9,329,929		
33,214,048	33,214,048	-	33,214,048		
3,681,645	42,851,862	363,850	43,215,712		
<u>\$ 106,977,215</u>	<u>\$ 2,673,781,511</u>	<u>\$ 37,874,333</u>	<u>\$ 2,711,655,844</u>		
\$ -	\$ 72,377,387	\$ -	\$ 72,377,387		
-	134,520,793	-	134,520,793		
-	910,137,339	-	910,137,339		
-	27,631,323	-	27,631,323		
-	893,172,183	-	893,172,183		
-	88,148,291	-	88,148,291		
-	30,920,684	-	30,920,684		
-	267,400,584	-	267,400,584		
-	1,272,134	-	1,272,134		
-	74,855,283	-	74,855,283		
41,825,117	41,825,117	-	41,825,117		
20,359,430	25,330,430	45,338,279	70,668,709		
<u>\$ 62,184,547</u>	<u>\$ 2,587,591,548</u>	<u>\$ 45,338,279</u>	<u>\$ 2,612,929,827</u>		
<u>\$ 44,792,668</u>	<u>\$ 106,189,963</u>	<u>\$ (7,463,946)</u>	<u>\$ 98,726,017</u>		
\$ -	\$ 37,000,000	\$ -	\$ 37,000,000		
754,091	350,403,605	-	350,403,605		
-	0	-	0		
-	0	6,000,000	6,000,000		
(1,193,022)	(334,398,148)	-	(334,398,148)		
-	(73,680,288)	-	(73,680,288)		
-	0	-	0		
-	0	-	0		
-	1,018,351	-	1,018,351		
<u>\$ (438,931)</u>	<u>\$ (19,636,480)</u>	<u>\$ 6,000,000</u>	<u>\$ (13,636,480)</u>		
\$ 44,353,737	\$ 86,553,483	\$ (1,463,946)	\$ 85,089,537		
<u>277,585,822</u>	<u>557,897,536</u>	<u>28,841,364</u>	<u>586,738,900</u>		
<u>\$ 321,939,559</u>	<u>\$ 644,451,019</u>	<u>\$ 27,377,418</u>	<u>\$ 671,828,437</u>		

**STATE OF VERMONT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GENERAL AND SPECIAL REVENUE FUNDS**  
**BUDGET AND ACTUAL (BUDGETARY BASED)**  
**FOR THE YEAR ENDED JUNE 30, 2000**

	General Fund		
	Budget	Actual (Budgetary Based)	Variance- Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes.....	\$ 827,600,000	\$ 861,535,211	\$ 33,935,211
Licenses.....	2,400,000	2,646,060	246,060
Fines, Forfeits and Penalties.....	1,900,000	2,402,337	502,337
Earnings of Departments.....	10,000,000	10,670,718	670,718
Federal.....	-	-	0
Interest and Premiums.....	5,300,000	7,085,333	1,785,333
Lottery Transfer.....	-	-	0
Other.....	900,000	1,133,402	233,402
Special Fund Revenues.....	-	-	0
<b>Total Revenues.....</b>	<b>\$ 848,100,000</b>	<b>\$ 885,473,061</b>	<b>\$ 37,373,061</b>
<b>Expenditures:</b>			
General Government.....	\$ 94,146,995	\$ 50,648,978	\$ 43,498,017
Protection to Persons and Property.....	48,819,098	47,486,559	1,332,539
Human Services.....	301,840,450	293,047,061	8,793,389
Employment and Training.....	424,298	424,298	0
General Education.....	64,397,503	54,909,236	9,488,267
Natural Resources.....	16,535,023	13,007,461	3,527,562
Commerce and Community Development.....	21,214,042	15,836,553	5,377,489
Transportation.....	-	-	0
Public Service Enterprises.....	-	-	0
Debt Service.....	69,069,843	68,692,795	377,048
<b>Total Expenditures.....</b>	<b>\$ 616,447,252</b>	<b>\$ 544,052,941</b>	<b>\$ 72,394,311</b>
<b>Excess of Revenues over (Under) Expenditures.....</b>	<b>\$ 231,652,748</b>	<b>\$ 341,420,120</b>	<b>\$ 109,767,372</b>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In.....	\$ 41,599,755	\$ 41,599,755	\$ 0
Operating Transfers Out.....	(345,784,218)	(345,784,218)	0
Other Sources.....	-	1,092,342	1,092,342
<b>Total Other Financing Sources (Uses).....</b>	<b>\$ (304,184,463)</b>	<b>\$ (303,092,121)</b>	<b>\$ 1,092,342</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....</b>	<b>\$ (72,531,715)</b>	<b>\$ 38,327,999</b>	<b>\$ 110,859,714</b>
Fund Balance, July 1, as restated.....	126,745,773	126,745,773	0
<b>Fund Balance, June 30.....</b>	<b>\$ 54,214,058</b>	<b>\$ 165,073,772</b>	<b>\$ 110,859,714</b>

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



Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual (Budgetary Based)	Variance- Favorable (Unfavorable)	Budget	Actual (Budgetary Based)	Variance- Favorable (Unfavorable)
\$ 191,820,000	\$ 317,137,282	\$ 125,317,282	\$ 1,019,420,000	\$ 1,178,672,493	\$ 159,252,493
48,020,000	64,719,948	16,699,948	50,420,000	67,366,008	16,946,008
-	7,867,512	7,867,512	1,900,000	10,269,849	8,369,849
13,300,000	41,463,926	28,163,926	23,300,000	52,134,644	28,834,644
887,622,282	827,320,577	(60,301,705)	887,622,282	827,320,577	(60,301,705)
700,000	4,034,342	3,334,342	6,000,000	11,119,675	5,119,675
19,300,000	18,933,759	(366,241)	19,300,000	18,933,759	(366,241)
3,855,861	46,400,932	42,545,071	4,755,861	47,534,334	42,778,473
180,319,346	-	(180,319,346)	180,319,346	-	(180,319,346)
<b>\$ 1,344,937,489</b>	<b>\$ 1,327,878,278</b>	<b>\$ (17,059,211)</b>	<b>\$ 2,193,037,489</b>	<b>\$ 2,213,351,339</b>	<b>\$ 20,313,850</b>
\$ 16,459,653	\$ 14,059,273	\$ 2,400,380	\$ 110,806,648	\$ 64,708,251	\$ 45,898,397
95,829,245	88,057,880	7,771,365	144,648,343	135,544,439	9,103,904
602,408,316	588,204,579	14,203,737	904,248,766	881,251,640	22,997,126
32,002,940	27,807,833	4,195,107	32,427,238	28,232,131	4,195,107
507,837,238	480,512,937	27,324,301	572,234,741	535,422,173	36,812,568
68,430,111	64,085,436	4,344,675	84,965,134	77,092,897	7,872,237
26,306,916	16,476,915	9,830,001	47,520,958	32,313,468	15,207,490
332,555,846	270,558,056	61,997,790	332,555,846	270,558,056	61,997,790
2,727,397	1,249,111	1,478,286	2,727,397	1,249,111	1,478,286
6,190,776	6,179,155	11,621	75,260,619	74,871,950	388,669
<b>\$ 1,690,748,438</b>	<b>\$ 1,557,191,175</b>	<b>\$ 133,557,263</b>	<b>\$ 2,307,195,690</b>	<b>\$ 2,101,244,116</b>	<b>\$ 205,951,574</b>
<b>\$ (345,810,949)</b>	<b>\$ (229,312,897)</b>	<b>\$ 116,498,052</b>	<b>\$ (114,158,201)</b>	<b>\$ 112,107,223</b>	<b>\$ 226,265,424</b>
\$ 289,514,334	\$ 289,514,334	\$ 0	\$ 331,114,089	\$ 331,114,089	\$ 0
(60,138,487)	(60,138,487)	0	(405,922,705)	(405,922,705)	0
-	(125,877)	(125,877)	-	966,465	966,465
<b>\$ 229,375,847</b>	<b>\$ 229,249,970</b>	<b>\$ (125,877)</b>	<b>\$ (74,808,616)</b>	<b>\$ (73,842,151)</b>	<b>\$ 966,465</b>
\$ (116,435,102)	\$ (62,927)	\$ 116,372,175	\$ (188,966,817)	\$ 38,265,072	\$ 227,231,889
109,478,121	109,478,121	0	236,223,894	236,223,894	
<b>\$ (6,956,981)</b>	<b>\$ 109,415,194</b>	<b>\$ 116,372,175</b>	<b>\$ 47,257,077</b>	<b>\$ 274,488,966</b>	<b>\$ 227,231,889</b>

**STATE OF VERMONT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**RETAINED EARNINGS/FUND BALANCES-ALL PROPRIETARY FUND TYPES,**  
**NONEXPENDABLE TRUST FUNDS, AND DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<b>Proprietary Fund Types</b>		<b>Fiduciary Fund Types</b>
	<b>Enterprise</b>	<b>Internal Service</b>	<b>Nonexpendable Trust</b>
<b>Operating Revenues:</b>			
Charges For Sales and Services.....	\$ 30,877,014	\$ 87,335,327	\$ -
Lottery Ticket Sales.....	75,030,846	-	-
Fees.....	178,937	-	-
Investment Income.....	-	-	400,401
Other Operating Revenues.....	1,799,993	9,999,849	-
<b>Total Operating Revenues.....</b>	<b>\$ 107,886,790</b>	<b>\$ 97,335,176</b>	<b>\$ 400,401</b>
<b>Operating Expenses:</b>			
Cost of Sales and Services.....	\$ 24,687,608	\$ 26,360,428	\$ -
Lottery Prizes.....	46,791,511	-	-
Lottery Tickets, Commissions and Fees.....	6,813,304	-	-
Claims Expense.....	-	37,608,247	-
Salaries, Wages and Benefits.....	1,729,664	6,455,180	-
Supplies and Parts.....	54,299	439,368	-
Depreciation and Amortization.....	275,680	3,562,285	-
Rentals.....	41,735	757,091	-
Stores and Agencies.....	2,847,618	-	-
Administrative Expenses.....	2,005,733	3,700,025	-
Inspection and Enforcement Expense.....	1,107,834	-	-
Equipment Purchased for Agencies.....	-	876,472	-
Repairs and Maintenance.....	-	1,867,508	-
Interest Expense.....	-	-	-
Insurance Premium Expense.....	-	16,523,099	-
Education Grants & Scholarships.....	-	-	-
Purchase of Defaulted Loans.....	-	-	-
Loss on Bad Debts and Guarantees.....	(4,017)	33,158	-
Other Operating Expenses.....	1,860,137	3,423,526	19,760
<b>Total Operating Expenses.....</b>	<b>\$ 88,211,106</b>	<b>\$ 101,606,387</b>	<b>\$ 19,760</b>
<b>Operating Income(Loss).....</b>	<b>\$ 19,675,684</b>	<b>\$ (4,271,211)</b>	<b>\$ 380,641</b>
<b>Non-Operating Revenues(Expenses):</b>			
Gain(Loss) on Disposal of Fixed Assets.....	\$ 6,832	\$ 181,586	\$ -
Investment Income.....	258,795	1,251,695	-
Interest Expense.....	-	(54,952)	-
Other Non-Operating Revenues(Expenses).....	1,444	-	-
<b>Total Non-Operating Revenues(Expenses).....</b>	<b>\$ 267,071</b>	<b>\$ 1,378,329</b>	<b>\$ 0</b>
<b>Income(Loss) Before Operating Transfers.....</b>	<b>\$ 19,942,755</b>	<b>\$ (2,892,882)</b>	<b>\$ 380,641</b>
Operating Transfers In (Note 18).....	-	138,085	6,000,000
Operating Transfers In - Primary Government (Note 18).....	-	-	-
Operating Transfers Out (Note 18).....	(19,753,594)	(2,389,948)	-
<b>Net Income(Loss).....</b>	<b>\$ 189,161</b>	<b>\$ (5,144,745)</b>	<b>\$ 6,380,641</b>
<b>Retained Earnings/Fund Balances, July 1, as restated (Note 10).....</b>	<b>567,677</b>	<b>8,494,815</b>	<b>448,890</b>
<b>Retained Earnings/Fund Balances, June 30.....</b>	<b>\$ 756,838</b>	<b>\$ 3,350,070</b>	<b>\$ 6,829,531</b>

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

Total Primary Government (Memorandum Only) 2000	Component Units Proprietary Fund Type	Total Reporting Entity (Memorandum Only) 2000
\$ 118,212,341	\$ -	\$ 118,212,341
75,030,846	-	75,030,846
178,937	12,773,043	12,951,980
400,401	67,429,776	67,830,177
11,799,842	8,356,175	20,156,017
<b>\$ 205,622,367</b>	<b>\$ 88,558,994</b>	<b>\$ 294,181,361</b>
\$ 51,048,036	\$ -	\$ 51,048,036
46,791,511	-	46,791,511
6,813,304	-	6,813,304
37,608,247	-	37,608,247
8,184,844	14,571,017	22,755,861
493,667	-	493,667
3,837,965	2,388,715	6,226,680
798,826	-	798,826
2,847,618	-	2,847,618
5,705,758	11,560,593	17,266,351
1,107,834	-	1,107,834
876,472	-	876,472
1,867,508	-	1,867,508
0	47,634,421	47,634,421
16,523,099	-	16,523,099
0	16,226,645	16,226,645
	10,000	10,000
29,141	158,607	187,748
5,303,423	2,914,623	8,218,046
<b>\$ 189,837,253</b>	<b>\$ 95,464,621</b>	<b>\$ 285,301,874</b>
<b>\$ 15,785,114</b>	<b>\$ (6,905,627)</b>	<b>\$ 8,879,487</b>
\$ 188,418	\$ -	\$ 188,418
1,510,490	-	1,510,490
(54,952)	-	(54,952)
1,444	43,298	44,742
<b>\$ 1,645,400</b>	<b>\$ 43,298</b>	<b>\$ 1,688,698</b>
<b>\$ 17,430,514</b>	<b>\$ (6,862,329)</b>	<b>\$ 10,568,185</b>
6,138,085	-	6,138,085
0	14,442,101	14,442,101
(22,143,542)	-	(22,143,542)
<b>\$ 1,425,057</b>	<b>\$ 7,579,772</b>	<b>\$ 9,004,829</b>
<b>9,511,382</b>	<b>75,482,148</b>	<b>84,993,530</b>
<b>\$ 10,936,439</b>	<b>\$ 83,061,920</b>	<b>\$ 93,998,359</b>

STATE OF VERMONT  
**COMBINED STATEMENT OF CASH FLOWS -**  
**ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Types		Fiduciary Fund Types
	Enterprise	Internal Service	Nonexpendable Trust
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers.....	\$ 116,912,554	\$ 98,093,352	\$ -
Cash Paid to Suppliers For Goods and Services.....	(27,824,733)	(54,079,432)	-
Loans Received (Made).....	-	-	-
Cash Paid to Employees For Services.....	(3,265,116)	(8,715,134)	-
Cash Paid for Prizes and Commissions.....	(51,287,867)	-	-
Cash Paid to Claimants.....	-	(36,355,640)	-
Liquor Taxes and Licenses Paid.....	(10,073,803)	-	-
Interest Received (Paid).....	-	-	296,432
Cash Paid for Fees, Operations and Other.....	(4,699,993)	-	-
Other Operating Revenues(Expenses).....	948,254	7,133	(19,780)
<b>Net Cash Provided (Used) by</b>			
<b>Operating Activities.....</b>	<b>\$ 20,709,296</b>	<b>\$ (1,049,721)</b>	<b>\$ 276,672</b>
<b>Cash Flows from Noncapital</b>			
<b>Financing Activities:</b>			
Proceeds from Sale of Bonds/Notes.....	\$ -	\$ -	\$ -
Payments on Notes.....	-	-	-
Operating/Equity Transfers In (Out).....	(19,221,725)	(3,148,635)	6,000,000
Operating Transfers In (Out) - Primary Government.....	-	-	-
Interfund Loans and Advances.....	-	2,404,169	-
Other Non-Operating Revenue.....	1,444	-	-
<b>Net Cash Provided (Used) by Noncapital</b>			
<b>Financing Activities.....</b>	<b>\$ (19,220,281)</b>	<b>\$ (744,466)</b>	<b>\$ 6,000,000</b>
<b>Cash Flows from Capital and Related</b>			
<b>Financing Activities:</b>			
Acquisition and Construction of Fixed Assets.....	\$ (384,885)	\$ (2,953,772)	\$ -
Proceeds from Sale of Fixed Assets.....	17,199	412,146	-
Principal and Interest Paid on Capital Leases.....	-	(1,080,897)	-
<b>Net Cash Provided (Used) by Capital</b>			
<b>and Related Financing Activities.....</b>	<b>\$ (367,686)</b>	<b>\$ (3,622,523)</b>	<b>\$ 0</b>
<b>Cash Flows From Investing Activities:</b>			
Interest and Dividends on Investments.....	\$ 139,340	\$ 1,251,695	\$ -
Proceeds from Sales/Maturities of Investments.....	-	-	-
Purchase of Investments.....	-	-	-
<b>Net Cash Provided (Used) by</b>			
<b>Investing Activities.....</b>	<b>\$ 139,340</b>	<b>\$ 1,251,695</b>	<b>\$ 0</b>
<b>Net Increase(Decrease) in Cash and</b>			
<b>Cash Equivalents.....</b>	<b>\$ 1,260,669</b>	<b>\$ (4,165,015)</b>	<b>\$ 6,276,672</b>
<b>Cash and Cash Equivalents at July 1, as restated (Note 10).....</b>	<b>2,895,194</b>	<b>25,055,229</b>	<b>448,890</b>
<b>Cash and Cash Equivalents at June 30.....</b>	<b>\$ 4,155,863</b>	<b>\$ 20,890,214</b>	<b>\$ 6,725,562</b>

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

Total Primary Government (Memorandum Only) <u>2000</u>	Component Units Proprietary Fund Types	Total Reporting Entity (Memorandum Only) <u>2000</u>
\$ 215,005,906	\$ 186,583,979	\$ 401,589,885
(81,904,165)	(78,218,330)	(160,122,495)
0	(228,610,610)	(228,610,610)
(11,980,250)	(15,109,710)	(27,089,960)
(51,287,867)	-	(51,287,867)
(36,355,640)	-	(36,355,640)
(10,073,803)	-	(10,073,803)
296,432	46,603,539	46,899,971
(4,699,993)	-	(4,699,993)
935,627	-	935,627
<u>\$ 19,936,247</u>	<u>\$ (88,751,132)</u>	<u>\$ (68,814,885)</u>
\$ 0	\$ 221,885,048	\$ 221,885,048
0	(48,276,446)	(48,276,446)
(16,370,360)		(16,370,360)
0	3,220,157	3,220,157
2,404,169	11,994	2,416,163
1,444	23,000	24,444
<u>\$ (13,964,747)</u>	<u>\$ 176,863,753</u>	<u>\$ 162,899,006</u>
\$ (3,338,657)	\$ (2,968,044)	\$ (6,306,701)
429,345	-	429,345
(1,080,897)	-	(1,080,897)
<u>\$ (3,990,209)</u>	<u>\$ (2,968,044)</u>	<u>\$ (6,958,253)</u>
\$ 1,391,035	\$ 7,278,309	\$ 8,669,344
0	10,900,000	10,900,000
0	(8,209)	(8,209)
<u>\$ 1,391,035</u>	<u>\$ 18,170,100</u>	<u>\$ 19,561,135</u>
\$ 3,372,326	\$ 103,314,677	\$ 106,687,003
28,399,313	161,503,459	189,902,772
<u>\$ 31,771,639</u>	<u>\$ 264,818,136</u>	<u>\$ 296,589,775</u>

**STATE OF VERMONT**  
**COMBINED STATEMENT OF CASH FLOWS -**  
**ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary</u>
	<u>Enterprise</u>	<u>Internal</u>	<u>Fund Type</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		<u>Service</u>	<u>Nonexpendable</u>
			<u>Trust</u>
Operating Income(Loss).....	\$ 19,675,684	\$ (4,259,546)	\$ 380,641
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>			
Depreciation and Amortization.....	\$ 288,335	\$ 3,562,285	\$ -
(Increase) Decrease in Real Estate			
Acquired through Foreclosure.....	-	-	-
(Increase)Decrease in Accounts Receivable.....	(71,573)	524,760	(103,969)
(Increase) Decrease in Loans Receivable.....	-	9,903	-
Increase(Decrease) in Allowance for Uncollectible Accounts...	-	-	-
(Increase)Decrease in Accrued Interest Receivable.....	-	-	-
(Increase)Decrease in Due from Other Funds.....	-	380	-
(Increase) Decrease in Other Receivables.....	-	-	-
(Increase)Decrease in Inventory.....	(50,645)	(748,492)	-
(Increase)Decrease in Prepaid Expenses.....	(52,263)	(237,520)	-
(Increase)Decrease in Other Assets.....	-	-	-
Increase(Decrease) in Accounts Payable.....	1,178,932	(1,512,276)	-
(Increase)Decrease in Accrued Interest Payable.....	-	-	-
Increase(Decrease) in Accrued Salaries and Benefits.....	(90,673)	(87,546)	-
Increase (Decrease) in Claims Payable.....	-	1,471,681	-
Increase(Decrease) in Due to Agents.....	9,292	-	-
Increase(Decrease) in Future and Unclaimed Prizes Payable.....	(235,132)	-	-
Increase in Deferred Income.....	57,550	214,700	-
Increase(Decrease) in Due to Other Funds.....	-	11,950	-
(Decrease)Increase in Other Liabilities.....	-	-	-
Increase(Decrease) in Subscription Reserves.....	(211)	-	-
<b>Total Adjustments.....</b>	<b>\$ 1,033,612</b>	<b>\$ 3,209,825</b>	<b>\$ (103,969)</b>
<b>Net Cash Provided (Used) by Operating Activities.....</b>	<b>\$ 20,709,296</b>	<b>\$ (1,049,721)</b>	<b>\$ 276,672</b>

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

<b>Totals Primary Government (Memorandum Only)</b>	<b>Component Units Proprietary Fund Types</b>	<b>Totals Reporting Entity (Memorandum Only)</b>
<b>2000</b>		<b>2000</b>
\$ <u>15,796,779</u>	\$ <u>6,926,212</u>	\$ <u>22,722,991</u>
\$ 3,850,620	\$ 2,346,165	\$ 6,196,785
0	10,000	10,000
349,218	(2,481)	346,737
9,903	(87,344,310)	(87,334,407)
0	158,607	158,607
0	(11,842,881)	(11,842,881)
380	556,937	559,317
0	433,240	433,240
(799,137)	-	(799,137)
(289,783)	(5,345)	(295,128)
0	16,408	16,408
(333,344)	(272,283)	(605,627)
0	1,160,809	1,160,809
(178,219)	5,648	(172,571)
1,471,681	-	1,471,681
9,292	-	9,292
(235,132)	-	(235,132)
272,250	(968,823)	(696,573)
11,950	(326,281)	(314,331)
0	395,246	395,246
(211)	-	(211)
\$ <u>4,139,468</u>	\$ <u>(95,677,344)</u>	\$ <u>(91,537,876)</u>
<u>\$ 19,936,247</u>	<u>\$ (88,751,132)</u>	<u>\$ (68,814,885)</u>

**STATE OF VERMONT  
PENSION TRUST FUNDS  
COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS  
For the Year Ended June 30, 2000**

	<b>Totals</b>
<b>Additions :</b>	
<u>Contributions</u>	
Employer.....	\$ 43,534,765
Plan Member.....	28,595,341
Other Contributions.....	268,639
<b>Total Contributions.....</b>	<b>\$ 72,398,745</b>
 <u>Investment Income:</u>	
Net Appreciation (Depreciation) in Fair value of Investments.....	\$ 159,882,138
Dividends.....	23,196,487
Interest Income.....	45,981,918
Securities Lending Income.....	2,845,690
Other Income.....	136,910
<b>Total Investment Income.....</b>	<b>\$ 232,043,143</b>
 <u>Less Investment Expenses:</u>	
Investment Managers and Consultants.....	8,933,123
Securities Lending Expenses.....	2,685,964
<b>Total Investment Expenses</b>	<b>11,619,087</b>
<b>Net investment income.....</b>	<b>\$ 220,424,056</b>
<b>Total Additions.....</b>	<b>\$ 292,822,801</b>
 <b>Deductions:</b>	
Retirement Allowances.....	\$ 88,037,536
Refunds of Contributions.....	2,377,945
Death Claims.....	168,713
Operating Expenses.....	11,840,113
<b>Total Deductions.....</b>	<b>\$ 102,424,307</b>
<b>Net Increase.....</b>	<b>\$ 190,398,494</b>
 <b>Net Assets Held in Trust For</b>	
<b>Pension Benefits:</b>	
Beginning of Year - Restated (Note 10).....	2,359,714,222
End of Year.....	<b>\$ 2,550,112,716</b>

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



STATE OF VERMONT  
THE UNIVERSITY OF VERMONT AND  
STATE AGRICULTURAL COLLEGE  
COMBINED BALANCE SHEET  
June 30, 2000  
(With comparative totals for June 30, 1999)

						Totals	
	Current	Loan	Endowment and similar	Plant	Agency	June 30, 2000	June 30, 1999
<b>ASSETS:</b>							
Cash and cash equivalents.....	\$ 3,218,000	\$ 2,175,000	\$ 22,106,000	\$ 2,195,000	\$ 246,000	\$ 29,940,000	\$ 32,031,000
Deposits with trustees.....	897,000	-	16,412,000	44,068,000	11,939,000	73,316,000	82,701,000
Investments at market.....	46,452,000	7,713,000	184,290,000	8,851,000	870,000	248,186,000	232,487,000
Accounts receivable, net.....	15,597,000	-	-	646,000	2,052,000	18,295,000	15,342,000
Student loans receivable, net.....	-	34,601,000	-	-	-	34,601,000	33,344,000
Due From Component Units.....	-	-	-	-	-	0	30,000
Inventories at lower of cost or market.....	1,982,000	-	-	-	-	1,982,000	1,988,000
Prepaid expenses and deferred charges.....	5,874,000	-	-	672,000	-	6,546,000	6,090,000
Land, buildings and equipment, net.....	1,000	-	307,000	165,009,000	-	165,317,000	150,601,000
<b>Total Assets.....</b>	<b>\$ 74,021,000</b>	<b>\$ 44,489,000</b>	<b>\$ 223,105,000</b>	<b>\$ 221,441,000</b>	<b>\$ 15,107,000</b>	<b>\$ 578,163,000</b>	<b>\$ 554,604,000</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Accrued liabilities.....	\$ 23,724,000	\$ -	\$ -	\$ 740,000	\$ -	\$ 24,464,000	\$ 15,359,000
Accounts payable.....	8,085,000	-	-	2,781,000	106,000	10,972,000	10,551,000
Deferred tuition, deposits, and funds held for others.....	6,439,000	-	-	14,000	14,882,000	21,335,000	16,863,000
Obligations under deferred giving arrangements.....	-	-	2,088,000	-	119,000	2,207,000	1,802,000
Notes payable.....	-	-	-	111,000	-	111,000	296,000
Bonds and mortgages payable.....	-	-	-	75,406,000	-	75,406,000	73,801,000
<b>Total Liabilities.....</b>	<b>\$ 38,248,000</b>	<b>\$ 0</b>	<b>\$ 2,088,000</b>	<b>\$ 79,052,000</b>	<b>\$ 15,107,000</b>	<b>\$ 134,495,000</b>	<b>\$ 118,472,000</b>
Interfund Balances.....	\$ (13,000)	\$ 13,000	\$ -	\$ -	\$ -	\$ 0	\$ 0
<b>Total Interfund.....</b>	<b>\$ (13,000)</b>	<b>\$ 13,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>FUND BALANCES:</b>							
Unrestricted-Internally designated for:							
Working capital.....	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000
Provision for encumbrances.....	2,412,000	-	-	-	-	2,412,000	2,039,000
Future years' operations.....	1,862,000	-	-	-	-	1,862,000	17,422,000
Restricted.....	29,512,000	-	-	-	-	29,512,000	28,438,000
U.S. Government capital contribution.....	-	12,180,000	-	-	-	12,180,000	12,148,000
University loans.....	-	32,296,000	-	-	-	32,296,000	28,829,000
Endowment.....	-	-	142,464,000	-	-	142,464,000	130,777,000
Quasi-endowment-unrestricted.....	-	-	22,380,000	-	-	22,380,000	14,607,000
Quasi-endowment-restricted.....	-	-	34,536,000	-	-	34,536,000	33,701,000
Term endowment, life income and annuity funds.....	-	-	21,637,000	-	-	21,637,000	19,782,000
Unexpended plant.....	-	-	-	4,226,000	-	4,226,000	5,860,000
Renewals and replacements.....	-	-	-	20,969,000	-	20,969,000	16,734,000
Retirement of indebtedness.....	-	-	-	6,962,000	-	6,962,000	9,268,000
Invested in plant, net.....	-	-	-	110,232,000	-	110,232,000	114,527,000
<b>Total Fund Balances.....</b>	<b>\$ 35,786,000</b>	<b>\$ 44,476,000</b>	<b>\$ 221,017,000</b>	<b>\$ 142,389,000</b>	<b>\$ 0</b>	<b>\$ 443,668,000</b>	<b>\$ 436,132,000</b>
<b>Total Liabilities and Fund Balances.....</b>	<b>\$ 74,021,000</b>	<b>\$ 44,489,000</b>	<b>\$ 223,105,000</b>	<b>\$ 221,441,000</b>	<b>\$ 15,107,000</b>	<b>\$ 578,163,000</b>	<b>\$ 554,604,000</b>

**STATE OF VERMONT**  
**THE UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE**  
**COMBINED STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES**  
**AND OTHER CHANGES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**  
**(With comparative totals for the fiscal year ended June 30, 1999)**

	Unrestricted	Restricted	Totals	
			2000	1999
<b>Revenues and Other Additions:</b>				
Tuition and fees.....	\$ 131,637,000	\$ -	\$ 131,637,000	\$ 127,799,000
Federal appropriations.....	-	4,559,000	4,559,000	4,785,000
State appropriations:				
Vermont: General University.....	30,331,000	-	30,331,000	28,253,000
Other States.....	200,000	-	200,000	200,000
Local appropriations, grants, contracts.....	-	-	0	29,000
Federal grants and contracts.....	-	39,837,000	39,837,000	37,722,000
State grants and contracts.....	-	5,095,000	5,095,000	4,612,000
Private gifts and grants.....	1,975,000	28,586,000	30,561,000	31,322,000
Endowment income.....	869,000	5,324,000	6,193,000	6,044,000
Income from short term investments.....	4,837,000	-	4,837,000	4,485,000
Sales and services of educational activities.....	344,000	-	344,000	4,107,000
Sales and services of auxiliary enterprises.....	32,183,000	-	32,183,000	31,550,000
Recovery of indirect costs of grants and contracts.....	12,614,000	-	12,614,000	11,797,000
Change in unrealized investment appreciation.....	(923,000)	439,000	(484,000)	(560,000)
Other sources.....	12,359,000	975,000	13,344,000	12,239,000
<b>Total Revenues and Other Additions.....</b>	<b>\$ 226,436,000</b>	<b>\$ 84,815,000</b>	<b>\$ 311,251,000</b>	<b>\$ 304,384,000</b>
<b>Expenditures and Mandatory Transfers:</b>				
<b>Educational and general:</b>				
Instruction.....	\$ (67,342,000)	\$ (15,076,000)	\$ (82,418,000)	\$ (79,842,000)
Research.....	(5,395,000)	(40,234,000)	(45,629,000)	(46,667,000)
Public service.....	(6,977,000)	(1,658,000)	(8,635,000)	(21,026,000)
Academic support.....	(23,613,000)	(870,000)	(24,483,000)	(23,693,000)
Student services.....	(9,589,000)	(1,800,000)	(11,389,000)	(10,897,000)
Institutional support.....	(43,643,000)	(1,010,000)	(44,653,000)	(32,410,000)
Operation and maintenance of plant.....	(21,045,000)	(153,000)	(21,198,000)	(19,273,000)
Scholarships and fellowships.....	(23,921,000)	(8,007,000)	(31,928,000)	(25,843,000)
<b>Educational and General Expenditures.....</b>	<b>\$ (201,525,000)</b>	<b>\$ (68,808,000)</b>	<b>\$ (270,333,000)</b>	<b>\$ (259,651,000)</b>
Mandatory transfers.....	\$ (2,586,000)	\$ (546,000)	\$ (3,132,000)	\$ 272,000
<b>Total Educational and General.....</b>	<b>\$ (204,111,000)</b>	<b>\$ (69,354,000)</b>	<b>\$ (273,465,000)</b>	<b>\$ (259,379,000)</b>
<b>Auxiliary Enterprises</b>				
Expenditures.....	\$ (27,128,000)	\$ (647,000)	\$ (27,775,000)	\$ (26,538,000)
Mandatory transfers.....	(3,288,000)	-	(3,288,000)	(3,859,000)
<b>Total Auxiliary Enterprises.....</b>	<b>\$ (30,416,000)</b>	<b>\$ (647,000)</b>	<b>\$ (31,063,000)</b>	<b>\$ (30,397,000)</b>
<b>Total Expenditures and Mandatory Transfers.....</b>	<b>\$ (234,527,000)</b>	<b>\$ (70,001,000)</b>	<b>\$ (304,528,000)</b>	<b>\$ (289,776,000)</b>
<b>Other Additions/(Deductions)</b>				
Excess of revenue transfers over restricted receipts.....	\$ -	\$ (1,341,000)	\$ (1,341,000)	\$ (931,000)
Other transfers (to)/from other funds:	(10,192,000)	2,523,000	(7,669,000)	(11,612,000)
<b>Total Other Additions/(Deductions).....</b>	<b>\$ (10,192,000)</b>	<b>\$ 1,182,000</b>	<b>\$ (9,010,000)</b>	<b>\$ (12,543,000)</b>
<b>Net Increase For The Year.....</b>	<b>\$ (18,283,000)</b>	<b>\$ 15,996,000</b>	<b>\$ (2,287,000)</b>	<b>\$ 2,065,000</b>

STATE OF VERMONT  
 THE UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE  
 COMBINED STATEMENT OF CHANGES IN FUND BALANCES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
 (With comparative totals for the fiscal year ended June 30, 1999)

	Current		Loan	Endowment and similar	Plant	Totals	
	Unrestricted	Restricted				2000	1999
<b>Revenues and Other Additions:</b>							
Tuition and fees.....	\$ 131,637,000	\$ -	\$ -	\$ -	\$ 990,000	\$ 132,627,000	\$ 128,632,000
Federal appropriations.....	-	55,186,000	16,000	-	256,000	55,458,000	52,884,000
Vermont State appropriations for							
University capital projects.....	-	-	-	-	222,000	222,000	0
Vermont State grants.....	-	5,544,000	-	-	-	5,544,000	509,500
Other states.....	200,000	-	-	-	-	200,000	200,000
County and municipal grants.....	-	-	-	-	-	0	31,000
Private gifts and grants.....	1,975,000	30,391,000	5,000	8,136,000	750,000	41,257,000	37,932,000
Endowment income.....	869,000	3,230,000	335,000	-	-	4,434,000	3,975,000
Income from short term investments.....	4,837,000	-	-	-	2,915,000	7,752,000	6,969,000
Net realized loss from sale of							
investments and real property.....	-	-	-	-	-	0	(45,000)
Sales and services of educational activities.....	3,440,000	-	-	-	-	3,440,000	4,107,000
Sales and services of auxiliary enterprises.....	32,183,000	-	-	-	-	32,183,000	31,550,000
Recovery of indirect costs.....	12,614,000	(12,614,000)	-	-	-	0	0
Interest received on student loan notes.....	-	-	972,000	-	-	972,000	977,000
Change in unrealized							
investment appreciation.....	(923,000)	439,000	-	12,605,000	9,000	12,130,000	13,253,000
Other sources.....	12,369,000	1,658,300	62,000	-	1,553,000	15,642,000	13,649,000
<b>Total Revenues and Other Additions.....</b>	<b>\$ 199,201,000</b>	<b>\$ 83,834,000</b>	<b>\$ 1,390,000</b>	<b>\$ 20,741,000</b>	<b>\$ 6,695,000</b>	<b>\$ 311,861,000</b>	<b>\$ 294,623,500</b>
<b>Expenditures and Other Deductions:</b>							
Educational and general expenditures.....	\$ (201,525,000)	\$ (83,730,000)	\$ -	\$ -	\$ -	\$ (285,255,000)	\$ (259,651,000)
Auxiliary enterprises expenditures.....	(27,128,000)	(647,000)	-	-	-	(27,775,000)	(26,538,000)
Plant expenditures and debt retirement.....	-	-	-	-	(5,024,000)	(5,024,000)	(3,542,000)
Interest on indebtedness.....	-	-	-	-	(6,761,000)	(6,761,000)	(3,537,000)
Depreciation.....	-	-	-	-	(7,866,000)	(7,866,000)	(7,407,000)
Provision for doubtful loans, cancellations							
and notes returned to U.S. Government.....	-	-	(40,000)	-	-	(40,000)	(686,000)
Other deductions, refunds, amortization.....	-	(360,000)	(207,000)	(1,309,000)	(59,000)	(1,935,000)	(1,072,000)
<b>Total Expenditures and</b>							
<b>  Other Deductions.....</b>	<b>\$ (228,653,000)</b>	<b>\$ (84,737,000)</b>	<b>\$ (247,000)</b>	<b>\$ (1,309,000)</b>	<b>\$ (19,710,000)</b>	<b>\$ (334,656,000)</b>	<b>\$ (302,433,000)</b>
<b>Transfers:</b>							
Mandatory.....	\$ (5,874,000)	\$ (546,000)	\$ 382,000	\$ 228,000	\$ 5,810,000	\$ 0	\$ 0
Primary Government Appropriations.....	30,331,000	-	-	-	-	30,331,000	29,502,000
Other.....	(10,192,000)	2,523,000	1,974,000	2,490,000	3,205,000	0	0
<b>Total Transfers.....</b>	<b>\$ 14,265,000</b>	<b>\$ 1,977,000</b>	<b>\$ 2,356,000</b>	<b>\$ 2,718,000</b>	<b>\$ 9,015,000</b>	<b>\$ 30,331,000</b>	<b>\$ 29,502,000</b>
<b>Net Increase For The Year.....</b>	<b>\$ (15,187,000)</b>	<b>\$ 1,074,000</b>	<b>\$ 3,499,000</b>	<b>\$ 22,150,000</b>	<b>\$ (4,000,000)</b>	<b>\$ 7,536,000</b>	<b>\$ 21,692,500</b>
<b>Fund Balances, Beginning Of The Year.....</b>	<b>21,461,000</b>	<b>28,438,000</b>	<b>40,977,000</b>	<b>198,867,000</b>	<b>146,389,000</b>	<b>436,132,000</b>	<b>409,854,000</b>
<b>Fund Balances, End Of The Year.....</b>	<b>\$ 6,274,000</b>	<b>\$ 29,512,000</b>	<b>\$ 44,476,000</b>	<b>\$ 221,017,000</b>	<b>\$ 142,389,000</b>	<b>\$ 443,668,000</b>	<b>\$ 431,546,500</b>

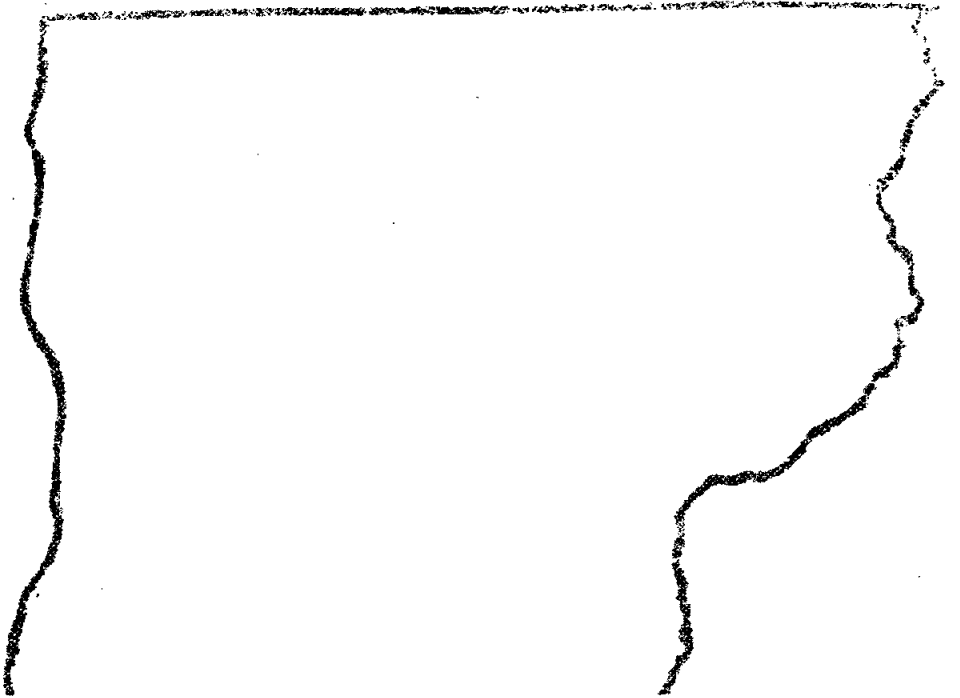
STATE OF VERMONT  
VERMONT STATE COLLEGES  
COMBINED BALANCE SHEET  
June 30, 2000  
(With comparative totals for June 30, 1999)

	Current Funds		Loan Funds	Endowment and Similar Funds
	Unrestricted	Restricted		
<b>ASSETS:</b>				
Cash and Short Term Investments.....	\$ 3,434,084	\$ -	\$ 400,318	\$ -
Investments.....	7,055,220	-	-	11,164,881
Receivables:				
Accounts (Net).....	2,479,970	675,697	-	-
Loans (Net).....	-	-	4,762,045	-
Accrued Interest.....	-	-	-	-
Other.....	-	-	14,137	-
Inventories.....	112,322	-	-	-
Prepaid Expenses.....	1,013,239	-	-	-
Due From Other Funds.....	-	1,216,884	-	-
Bond Issuance Cost.....	-	-	-	-
Land and Improvements.....	-	-	-	-
Buildings and Improvements.....	-	-	-	-
Furniture Fixtures, and Equipment.....	-	-	-	-
Construction-In-Progress.....	-	-	-	-
<b>Total Assets.....</b>	<b>\$ 14,094,835</b>	<b>\$ 1,892,581</b>	<b>\$ 5,176,500</b>	<b>\$ 11,164,881</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts Payable.....	\$ 1,967,671	\$ -	\$ -	\$ -
Bonds and Notes Payable.....	-	-	-	-
Capital Lease Obligations.....	-	-	-	-
Accrued Interest.....	-	-	-	-
Accrued Expenses.....	3,408,174	-	-	-
Due To Other Funds.....	1,163,555	-	53,329	-
Deferred Revenues and Advanced Deposits.....	2,727,555	-	-	-
<b>Total Liabilities.....</b>	<b>\$ 9,266,955</b>	<b>\$ 0</b>	<b>\$ 53,329</b>	<b>\$ 0</b>
<b>FUND BALANCES:</b>				
General.....	\$ 1,631,899	\$ -	\$ -	\$ -
Designated.....	2,498,909	-	-	-
Net Investment In Plant.....	-	-	-	-
Auxiliary.....	697,072	-	-	-
Restricted.....	-	1,892,581	-	11,164,881
College's Portion.....	-	-	866,067	-
U.S. Government Portion.....	-	-	4,257,104	-
<b>Total Fund Balances.....</b>	<b>\$ 4,827,880</b>	<b>\$ 1,892,581</b>	<b>\$ 5,123,171</b>	<b>\$ 11,164,881</b>
<b>Total Liabilities and Fund Balances.....</b>	<b>\$ 14,094,835</b>	<b>\$ 1,892,581</b>	<b>\$ 5,176,500</b>	<b>\$ 11,164,881</b>

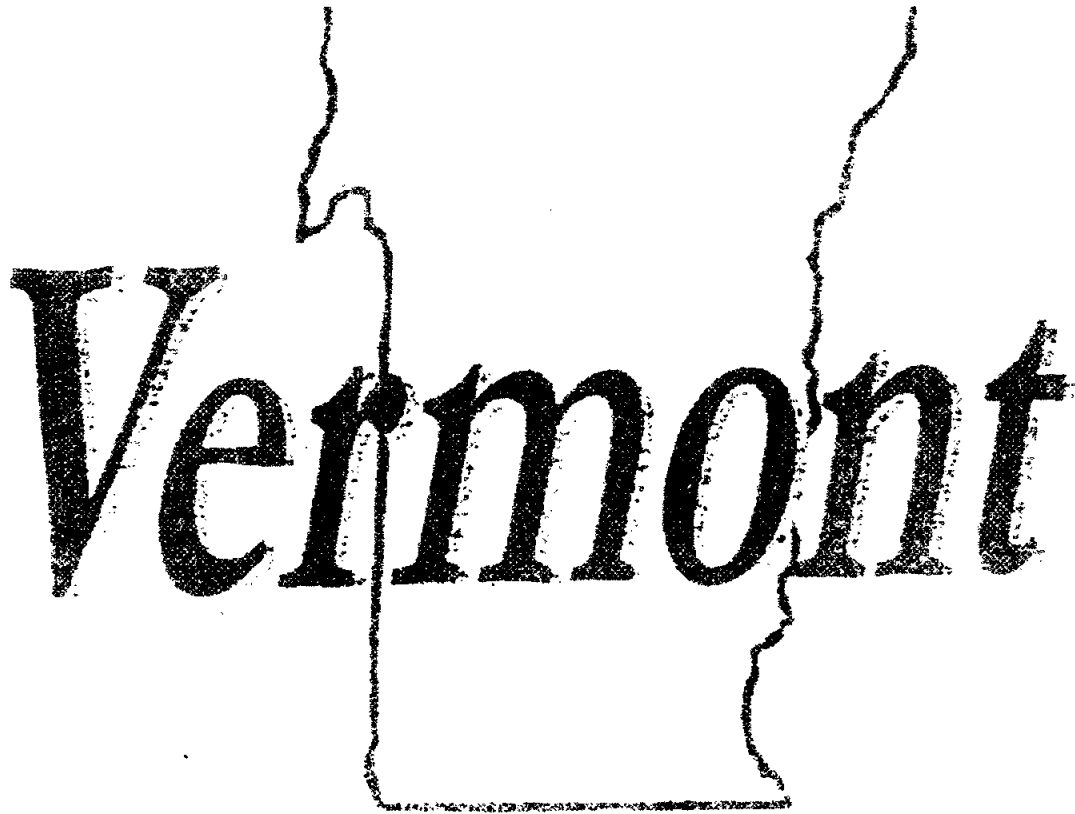
Plant Funds			Totals	
Unexpended	Retirement of Indebtedness	Investment in Plant	June 30, 2000	June 30, 1999
\$ -	\$ -	\$ -	\$ 3,834,402	\$ 2,633,289
5,168,962	2,889,260	-	26,278,323	27,900,858
-	-	-	3,155,667	4,339,763
-	-	-	4,762,045	4,647,016
-	12,133	-	12,133	10,302
-	-	-	14,137	19,665
-	-	-	112,322	131,041
-	-	-	1,013,239	903,534
-	-	-	1,216,884	1,000,026
138,726	101,703	-	240,429	254,006
-	-	12,051,182	12,051,182	11,779,076
-	-	97,619,347	97,619,347	91,001,362
-	-	43,356,539	43,356,539	41,083,531
184,411	-	-	184,411	178,571
<b>\$ 5,492,099</b>	<b>\$ 3,003,096</b>	<b>\$ 153,027,068</b>	<b>\$ 193,851,060</b>	<b>\$ 185,882,040</b>
\$ -	\$ -	\$ -	\$ 1,967,671	\$ 1,548,784
2,481,248	-	19,655,246	22,136,494	22,829,665
-	-	267,649	267,649	335,352
-	420,603	-	420,603	430,686
-	-	-	3,408,174	4,493,581
-	-	-	1,216,884	1,000,026
-	-	-	2,727,555	2,840,803
<b>\$ 2,481,248</b>	<b>\$ 420,603</b>	<b>\$ 19,922,896</b>	<b>\$ 32,145,030</b>	<b>\$ 33,478,897</b>
\$ -	\$ -	\$ -	\$ 1,631,899	\$ 1,449,224
-	223,982	-	2,722,891	6,251,692
3,010,851	-	133,104,173	136,115,024	124,886,244
-	-	-	697,072	822,939
-	2,358,511	-	15,415,973	13,811,254
-	-	-	866,067	839,678
-	-	-	4,257,104	4,342,112
<b>\$ 3,010,851</b>	<b>\$ 2,582,493</b>	<b>\$ 133,104,173</b>	<b>\$ 161,706,030</b>	<b>\$ 152,403,143</b>
<b>\$ 5,492,099</b>	<b>\$ 3,003,096</b>	<b>\$ 153,027,068</b>	<b>\$ 193,851,060</b>	<b>\$ 185,882,040</b>

STATE OF VERMONT  
VERMONT STATE COLLEGES  
COMBINED STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(With comparative totals for the fiscal year ended June 30, 1999)

	Unrestricted Funds			Total Unrestricted	Total Restricted	Totals	
	General Fund	Designated Fund	Auxiliary Fund			2000	1999
<b>REVENUES:</b>							
Education and General:							
Tuition and fees.....	\$ 41,454,567	\$ 1,381,440	\$ -	\$ 42,836,007	\$ -	\$ 42,836,007	\$ 41,083,461
Federal and private grants.....	16,755	4,655,392	-	4,672,147	14,951,528	19,623,675	18,389,693
Investment income.....	689,210	14,765	-	703,975	19,404	723,379	1,048,215
Sales and services of educational departments.....	534,267	3,527,864	-	4,062,131	-	4,062,131	4,022,539
Change in fair value of investments...	285,568	-	-	285,568	-	285,568	(100,355)
Other sources.....	601,479	464,944	-	1,066,423	146,596	1,213,019	945,336
<b>Total educational &amp; general.....</b>	<b>\$ 43,581,846</b>	<b>\$ 10,044,405</b>	<b>\$ 0</b>	<b>\$ 53,626,251</b>	<b>\$ 15,117,528</b>	<b>\$ 68,743,779</b>	<b>\$ 65,388,889</b>
Auxiliary enterprises.....	-	-	10,876,194	10,876,194	-	10,876,194	10,651,722
<b>Total Revenues.....</b>	<b>\$ 43,581,846</b>	<b>\$ 10,044,405</b>	<b>\$ 10,876,194</b>	<b>\$ 64,502,445</b>	<b>\$ 15,117,528</b>	<b>\$ 79,619,973</b>	<b>\$ 76,040,611</b>
<b>Expenditures and mandatory transfers:</b>							
Instruction.....	\$ 25,972,066	\$ 2,528,368	\$ -	\$ 28,500,434	\$ 701,229	\$ 29,201,663	\$ 27,459,091
Research.....	-	-	-	0	6,101	6,101	15,692
Public service.....	1,206,612	1,658,063	-	2,864,675	3,444,029	6,308,704	5,989,454
Academic support.....	8,760,616	2,951,014	-	11,711,630	1,280,713	12,992,343	11,850,182
Student services.....	3,289,646	1,655,116	-	4,944,762	898,136	5,842,898	5,647,232
Institutional support.....	14,778,566	2,602,527	-	17,381,093	187,122	17,568,215	15,507,088
Operation and maintenance of plant.....	5,477,496	73,621	-	5,551,117	19,143	5,570,260	5,203,927
Student financial aid.....	2,782,009	250,633	-	3,032,642	8,581,055	11,613,697	10,431,526
Mandatory transfers:							
Debt service.....	387,800	-	-	387,800	-	387,800	437,224
Loan fund matching grant.....	5,770	-	-	5,770	-	5,770	6,324
<b>Total Educational &amp; General.....</b>	<b>\$ 62,660,581</b>	<b>\$ 11,719,342</b>	<b>\$ 0</b>	<b>\$ 74,379,923</b>	<b>\$ 15,117,528</b>	<b>\$ 89,497,451</b>	<b>\$ 82,547,740</b>
Auxiliary enterprises:							
Expenditures.....	\$ -	\$ -	\$ 7,792,170	\$ 7,792,170	\$ -	\$ 7,792,170	\$ 7,847,277
Mandatory transfers for debt service.....	-	-	1,419,800	1,419,800	-	1,419,800	1,385,900
<b>Total Auxiliary Enterprises.....</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 9,211,970</b>	<b>\$ 9,211,970</b>	<b>\$ 0</b>	<b>\$ 9,211,970</b>	<b>\$ 9,233,177</b>
<b>Total Expenditures and Mandatory Transfers.....</b>	<b>\$ 62,660,581</b>	<b>\$ 11,719,342</b>	<b>\$ 9,211,970</b>	<b>\$ 83,591,893</b>	<b>\$ 15,117,528</b>	<b>\$ 98,709,421</b>	<b>\$ 91,780,917</b>
<b>Net Increase (Decrease) Before Other Transfers.....</b>	<b>\$ (19,078,735)</b>	<b>\$ (1,674,937)</b>	<b>\$ 1,664,224</b>	<b>\$ (19,089,448)</b>	<b>\$ 0</b>	<b>\$ (19,089,448)</b>	<b>\$ (16,740,306)</b>
Excess of restricted receipts over transfers to revenues.....	-	-	-	0	635,367	635,367	400,034
Transfers from primary government.....	18,422,043	1,525,000	-	19,947,043	-	19,947,043	17,216,125
Other transfers, net.....	839,367	(328,059)	(1,790,091)	(1,278,783)	(335,759)	(1,614,542)	(1,555,504)
<b>Net Increase For The Year.....</b>	<b>\$ 182,675</b>	<b>\$ (477,996)</b>	<b>\$ (126,867)</b>	<b>\$ (421,188)</b>	<b>\$ 299,608</b>	<b>\$ (121,580)</b>	<b>\$ 320,349</b>



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STATE OF VERMONT  
VERMONT STATE COLLEGES  
COMBINED STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(With comparative totals for the fiscal year ended June 30, 1999)

	Current Funds				
	Unrestricted Funds			Total	Total
	General Fund	Designated Fund	Auxiliary Fund	Unrestricted	Restricted
<b>Revenues and other Additions:</b>					
Education and General.....	\$ 61,718,321	\$ 11,569,405	\$ -	\$ 73,287,726	\$ 15,752,895
Auxiliary enterprises.....	-	-	10,876,194	10,876,194	-
Private gifts - restricted.....	-	-	-	0	-
Federal grants - restricted.....	-	-	-	0	-
Investment income, including student loan interest.....	-	-	-	0	-
Change in fair value of investments.....	285,568	-	-	285,568	-
Net additions to plant facilities, including \$2,458,768 charged to current fund expenditures.....	-	-	-	0	-
Retirement of indebtedness.....	-	-	-	0	-
Other.....	-	-	-	0	-
<b>Total revenues and other additions.....</b>	<b>\$ 62,003,889</b>	<b>\$ 11,569,405</b>	<b>\$ 10,876,194</b>	<b>\$ 84,449,488</b>	<b>\$ 15,752,895</b>
<b>Expenditures and other deductions:</b>					
Educational and general expenditures.....	\$ 82,267,011	\$ 11,719,342	\$ -	\$ 73,986,353	\$ 15,117,528
Auxiliary enterprises expenditures.....	-	-	7,792,170	7,792,170	-
Student aid program.....	-	-	-	0	-
Expended for plant facilities, including non-capitalized expenditures of \$513,853.....	-	-	-	0	-
Retirement of indebtedness.....	-	-	-	0	-
Interest on indebtedness.....	-	-	-	0	-
Other.....	-	-	-	0	-
<b>Total expenditures and other deductions.....</b>	<b>\$ 82,267,011</b>	<b>\$ 11,719,342</b>	<b>\$ 7,792,170</b>	<b>\$ 91,778,523</b>	<b>\$ 15,117,528</b>
<b>Transfers to (from) funds:</b>					
Mandatory:					
Debt service.....	\$ (387,800)	\$ -	\$ (1,419,800)	\$ (1,807,600)	\$ -
Perkins Loan Fund matching grant.....	(5,770)	-	-	(5,770)	-
Transfers From Primary Government.....	-	-	-	0	-
Other, net.....	639,367	(328,059)	(1,790,091)	(1,278,783)	(335,759)
<b>Total transfers.....</b>	<b>\$ 445,797</b>	<b>\$ (328,059)</b>	<b>\$ (3,209,891)</b>	<b>\$ (3,092,153)</b>	<b>\$ (335,759)</b>
<b>Net increase (decrease) for the year.....</b>	<b>\$ 182,675</b>	<b>\$ (477,996)</b>	<b>\$ (125,867)</b>	<b>\$ (421,188)</b>	<b>\$ 299,608</b>
<b>Fund balances at beginning of year.....</b>	<b>1,449,224</b>	<b>2,976,905</b>	<b>822,939</b>	<b>5,249,068</b>	<b>1,592,973</b>
<b>Fund balances at end of year.....</b>	<b>\$ 1,631,899</b>	<b>\$ 2,498,909</b>	<b>\$ 697,072</b>	<b>\$ 4,827,880</b>	<b>\$ 1,892,581</b>



Loan Funds	Endowment & Similar Funds	Plant Funds			Totals	
		Unexpended	Retirement of Indebtedness	Investment in Plant	2000	1999
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,040,621	\$ 83,105,403
-	-	-	-	-	10,876,194	10,651,722
-	539,285	-	-	-	539,285	1,335,836
20,845	-	-	29,734	-	50,579	54,891
117,067	481,692	49,438	53,308	-	701,505	875,320
-	154,829	85,352	18,182	-	543,931	213,410
-	-	-	-	10,431,020	10,431,020	9,895,938
-	-	-	-	878,000	878,000	1,067,919
79,193	-	-	-	-	79,193	54,478
<b>\$ 217,105</b>	<b>\$ 1,175,806</b>	<b>\$ 134,790</b>	<b>\$ 101,224</b>	<b>\$ 11,309,020</b>	<b>\$ 113,140,328</b>	<b>\$ 107,254,917</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,103,881	\$ 82,104,192
-	-	-	-	-	7,792,170	7,847,277
36,651	-	-	-	-	36,651	60,871
-	-	1,554,004	-	1,872,834	3,426,838	4,745,606
-	-	-	878,000	67,703	945,703	1,131,470
-	-	158,584	1,013,980	19,235	1,191,799	1,238,201
201,742	-	16,133	12,767	1,216,257	1,448,899	1,214,898
<b>\$ 238,393</b>	<b>\$ 0</b>	<b>\$ 1,728,721</b>	<b>\$ 1,904,747</b>	<b>\$ 3,178,029</b>	<b>\$ 103,945,941</b>	<b>\$ 98,342,515</b>
\$ -	\$ -	\$ (43,481)	\$ 1,851,081	\$ -	\$ 0	\$ 0
5,770	-	-	-	-	0	0
-	100,000	8,500	-	-	108,500	312,476
(43,101)	29,305	1,541,400	-	86,938	0	0
<b>\$ (37,331)</b>	<b>\$ 129,305</b>	<b>\$ 1,506,419</b>	<b>\$ 1,851,081</b>	<b>\$ 86,938</b>	<b>\$ 108,500</b>	<b>\$ 312,476</b>
\$ (58,619)	\$ 1,305,111	\$ (87,512)	\$ 47,558	\$ 8,217,929	\$ 9,302,887	\$ 9,224,878
5,181,790	9,859,770	3,098,363	2,534,935	124,886,244	152,403,143	143,178,265
<b>\$ 5,123,171</b>	<b>\$ 11,164,881</b>	<b>\$ 3,010,851</b>	<b>\$ 2,582,493</b>	<b>\$ 133,104,173</b>	<b>\$ 161,706,030</b>	<b>\$ 152,403,143</b>

**STATE OF VERMONT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 2000**

**Note 1: SIGNIFICANT ACCOUNTING POLICIES:**

**A. Financial Reporting Entity:**

For financial reporting purposes, the State of Vermont includes all funds, account groups, departments and agencies, commissions, and authorities of the State as well as legally separate agencies, commissions, authorities, and colleges and universities over which the State's executive, legislative and judicial branches exercise oversight responsibility. Oversight responsibility, as defined by the Governmental Accounting Standards Board (GASB)'s Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 includes the following considerations:

- ◆ Financial interdependency
- ◆ Selection of governing authority
- ◆ Designation of management
- ◆ Ability to significantly influence operations
- ◆ Accountability for fiscal matters

In addition, the following criteria were considered during the evaluation of the legally separate entities for inclusion as Component Units:

- ◆ The scope of public services as to whether its activity benefits the State and/or its citizens, and whether the activity is conducted within the geographic boundaries of Vermont and is generally available to Vermont residents.
- ◆ The existence of any special relationships regardless of whether the government exercises oversight responsibilities that would cause the State's financial statements to be misleading or incomplete if the entity's financial activity were omitted.

As required by generally accepted accounting principles, these financial statements present the State of Vermont's primary government, which consists of all the organizations that make up its legal entity, and its component units. Complete financial statements issued by the individual component units as indicated below, can be obtained from their respective administrative offices. Authorizing statutes and reporting fund type classifications have been included where applicable.

**1. Blended Component Units**

The following legally separate organizations provide services entirely or almost entirely to the State or otherwise exclusively or almost exclusively benefit the State. Therefore, these organizations' balances and transactions are reported as though they were part of the primary government.

**a) Vermont Low Level Radioactive Waste Authority**  
(Special Revenue Fund) (10 VSA 7010 – Repealed)

The Vermont Low Level Radioactive Waste Authority was created by the Vermont Legislature to manage the collection, handling and disposal of low level radioactive waste generated through the operation of nuclear power plants (primarily Vermont Yankee) and as by-products of medical research and industrial wastes in Vermont. It was terminated by Section 4 of Act 137 of the Vermont General Assembly, 1994 Adjourned Session effective June 30, 1994 in anticipation of Vermont becoming a member of the Texas Low Level Radioactive Waste Compact upon the Compact's ratification by the United States Congress. As of June 30, 2000, the Texas Low Level Radioactive Waste Authority, which was due to be the successor organization to the Vermont Low Level Radioactive Authority (statutorily terminated at June 30, 1994) has been ratified by the United States Congress but no site in Texas has been identified.

**b) Vermont Transportation Authority**  
(29 VSA 711)

The Vermont Transportation Authority was created by the Vermont Legislature pursuant to the acquisition, operation, or support of an authorized transportation facility as defined in 29 VSA 701 and as specifically authorized by the Vermont General Assembly. It has been effectively defunct since 1975.

**c) Vermont Home Mortgage Guarantee Board**  
(Enterprise Funds) (10 VSA 382)

During 1999, the Vermont Home Mortgage Guarantee Board effectively became defunct through entering into agreements with the Vermont Housing and Finance Administration and the PMI Mortgage Insurance Company. During fiscal year 2000, the final assets were disbursed, thereby closing out the fund. These final unaudited statements, enclosed within, reflect this activity.

## **2. Discretely Presented Component Units**

These component units are entities which are legally separate from the State, and which are either financially accountable to the State or, whose relation with the State is such that exclusion would cause the state's financial statements to be misleading or incomplete. They are reported on three separate discrete columns that are labeled (1) Component Units - Other, (2) Vermont State Colleges, and (3) University of Vermont, to emphasize their separation from the State's primary government.

### **a) Component Units - Other**

This category includes the following organizations:

**1) Vermont Student Assistance Corporation**  
(Proprietary Fund Type) (16 VSA 2861)

The Vermont Student Assistance Corporation (VSAC) was established by the General Assembly 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. VSAC issues audited financial statement under separate cover. For further information, contact their administrative offices at the Champlain Mill, P.O. Box 2000, Winooski, Vermont. 05404-2601.

**2) Vermont Educational and Health Buildings Financing Agency**  
(Governmental Fund Type) (16 VSA 3852)

This is a non-profit entity which finances or assists in the financing of projects for eligible educational or health related entities. It has a December 31 (annual) year-end and issues audited financial statements under separate cover. For further information, they can be contacted at 2 Spring St., P.O. Box 1219, Montpelier, Vermont. 05601-1219.

**3) Vermont Housing and Conservation Board (VHCB)**  
(Governmental Fund Type) (10 VSA 311)

The Vermont General Assembly created and charged this non-profit organization with the two goals of (1) creating affordable housing for Vermont residents, and (2) conserving and protecting Vermont's agricultural land, historical properties, important natural areas, and recreational lands. VHCB issues audited financial statements under separate cover. Additional information may be obtained by contacting them at 136 Main St., Drawer 20, Montpelier, Vermont. 05620-3501

**4) Vermont Economic Development Authority**  
(Proprietary Fund Type) (10 VSA 213)

The Vermont Economic Development Authority (VEDA), formerly the Vermont Industrial Development Authority, was created by the Vermont Legislature for the purpose of promoting economic prosperity in the State by (1) directly financing eligible businesses and projects, including manufacturing, agricultural, and travel and tourism enterprises; and (2) operating programs which provide eligible borrowers with access to capital.

In 1983, VEDA incorporated a wholly owned Small Business Administration (SBA) Section 503 Certified Development Corporation (VT503) which is involved in providing loans under the "REAL and REAL II Programs" under the Vermont Intermediary Relending Programs.

During fiscal year 1995, the Authority was authorized by the Vermont General Assembly to incorporate a non-profit corporation to operate as the Vermont Small Business Development Corporation (VSBDC). The Authority contributed \$50,000 to the capital of the VSBDC in order to secure a \$1 million Farmers Home Administration Intermediary Relending Program loan.

Effective June 30, 1999 the Vermont General Assembly repealed the statute governing the Agricultural Finance Program ("AFP") and the Debt Stabilization Program ("JST") and authorized the Authority to incorporate the Vermont Agricultural Credit Corporation ("VACC") and consolidate the assets and liabilities of both the AFP and DSP into it. The General Assembly appropriated \$3.5 million to further capitalize the VACC.

VEDA also administers the State Infrastructure Bank and the Drinking Water State Revolving Loan Fund – Private Loans. These two funds are administered for the benefit of the State and are combined in the Authority's Agency Fund.

Audited financial statements or additional information for any of these entities may be obtained by contacting VEDA, 56 East State Street, Montpelier, Vermont 05602.

**5) Vermont Municipal Bond Bank**  
(Governmental Fund Type) (24 VSA 4571)

The Vermont Municipal Bond Bank (VMBB) was established by the Vermont Legislature for the purpose of fostering and promoting adequate capital markets and facilities for borrowing money by governmental units of the State of Vermont for financing of public improvements or other purposes. The Bank is authorized to carry out this function by borrowing money and by issuing its own bonds and notes to obtain funds in order to purchase bonds and notes issued by local governmental units. It has a December 31 year-end and issues audited financial statements under separate cover.

VMBB also administers the Special Environmental Revolving Fund in accordance with 24 VSA 4753(b). This fund has a June 30 year-end and issues its own audited financial statements. For reporting purposes its financial statements have been blended into the State's Federal Fund Financial Statements in this CAFR.

Further information may be obtained by contacting VMBB at 2 Spring Street, P.O. Box 1219, Montpelier, Vermont 05601-1219.

**6) Vermont Center for Geographic Information**  
(Governmental Type Fund) (10 VSA 121)

The Vermont Legislature established the Vermont Center for Geographic Information and charged it with creating a comprehensive strategy for the development and use of a geographic information system. Audited financial statements may be obtained by contacting them at the University of Vermont, 206 Morrill Hall, Burlington, Vermont 05405-0106.

**7) Vermont Sustainable Jobs Fund, Inc**  
(Proprietary Fund Type) (10 VSA 326)

The Vermont legislature established a jobs program and directed that the Vermont Economic Development Authority (VEDA) set up a non-profit corporation to implement the program. Under the provisions of the above statute, VEDA is directed to establish policies and procedures in

order to fulfill the goals listed in 10 VSA 326(a). Audited financial statements for the Vermont Sustainable Jobs Fund Inc may be obtained by contacting the Vermont Economic Development Authority, 56 East State Street Montpelier, Vt. 05602.

**b) University of Vermont (16 VSA 2281)**

This reporting entity includes the financial activity of both the University of Vermont and the State Agricultural College. Its financial statements, which have been issued under separate cover, have been prepared on the accrual basis in accordance with generally accepted accounting principles as promulgated in the Industry Audit Guide for Colleges and Universities issued by the American Institute of Certified Public Accountants. Additional information may be obtained by contacting the University's administrative offices.

**c) Vermont State College System (16 VSA 2171)**

This reporting entity includes financial activity for the following organizations:

- 1) Community College of Vermont
- 2) Castleton State College
- 3) Johnson State College
- 4) Lyndon State College
- 5) Vermont Technical College
- 6) Vermont Interactive Television
- 7) Offices and Services

It issues audited financial statements under separate cover which are prepared on the accrual basis using the fund method of accounting. Additional information may be obtained by contacting the Office of the Chancellor, Vermont State Colleges, P.O. Box 359, Waterbury, Vermont 05676.

**3. 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 following list of entities shown with the statutes authorizing the State's participation has been classified as joint ventures. The financial activities of these organizations have not been included in the State's financial statements; however, see Note 15 for a summary of the financial activity of the Tri-State Lotto Commission.

- a) Connecticut River Atlantic Salmon Committee (10 VSA 4654)
- b) Connecticut River Valley Flood Control Commission (10 VSA 1153)
- c) New England Board of Higher Education (16 VSA 2692)
- d) New England Interstate Water Pollution Control Commission (10 VSA 1333)
- e) Northeastern Forest Fire Protection Commission (10 VSA 2503)
- f) Tri-State Lotto Commission (31 VSA 673)
- g) Texas Low Level Radioactive Waste Disposal Compact (10 VSA 7013)

**4. Related Organizations**

Related Organizations are separate legal entities for which the primary government is accountable only because it appoints a voting majority of the board but for which it is not financially accountable. The following entities along with their authorizing statutes have been classified as related organizations and their financial activity has not been included in the State's financial statements.

- a) Vermont State Housing Authority (24 VSA 4005)
- b) Vermont Housing Finance Agency (10 VSA 611)

## 5. 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"

- a) Vermont Council on the Humanities
- b) Vermont Council on the Arts
- c) Vermont Historical Society
- d) Vermont Public Power Supply Authority

These organizations are not 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 financial reporting entity would not render Vermont's financial statements incomplete or misleading.

## **B. Fund Accounting and Fund Structure:**

The State of Vermont's Accounting System is organized and operated on a fund basis. A fund is defined as an accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The accompanying financial statements are structured into three fund types and one account group. The general characteristics of the fund types and account group are as follows:

### **1. Governmental Fund Types:**

**a) General Fund:** The General Assembly has established the General Fund as the basic operating fund of the State. As such, the General Fund is used to finance 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 other 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.

**b) Special Revenue Funds:** Special Revenue Funds are used to account for revenues specifically earmarked to finance only particular or restricted programs and activities and include the following:

**1) Transportation Fund:** Transportation Fund revenues are used primarily for preservation, maintenance, and improvements to the transportation infrastructure, including highways, bridges, railroads, air, public transportation, and other related activities, as well as for maintenance and staffing of highway rest areas, construction of transportation capital facilities, and debt service for transportation facilities. In addition, 24.5% of the previous year's appropriations may be appropriated for support of the general government. This percentage decreases in fiscal year 2002 and beyond to 23%. The principal 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 federal aid transportation projects.

**2) Education Fund:** This Fund was established by Act 60 and codified as 16 VSA 4025 to equalize statewide education funding requirements. Expenditures authorized for funding are codified in 16 VSA 4025(b) and may include only legitimate items of current education expense. Funding is described in 16 VSA 4025(a) and includes the following sources: Statewide Education Property Tax; State's portion of Local Share Property Tax; State Lottery revenues; percentages of the revenue from the Meals and Rooms Tax, Corporate Income Tax, Motor Fuel Tax on gasoline, Bank Franchise Tax, Purchase and Use Tax; and other reimbursements and fees. An Education Fund Budget Stabilization Reserve has also been established in accordance with the terms of 16 VSA 4026.

**3) Fish and Wildlife Fund:** Receipts are restricted by statute and can only be used for fish and

wildlife purposes. The principal sources of revenue are license fees and federal grants.

**4) Federal Revenue Fund:** All federal grant receipts are recorded in the Federal Revenue Fund except for those federal funds specifically designated for transportation related or fish and wildlife purposes. Grants of the latter types are recorded in the State's Transportation Fund or Fish and Wildlife Fund, respectively.

**5) Special Fund:** This fund accounts for proceeds or specific revenues not categorized above that are legally restricted to expenditures for specified purposes.

- c) **Capital Projects Funds:** These funds, consisting of the General Bond Fund and the Transportation Bond Fund, account for capital improvement expenditures. These appropriations are or will be primarily funded by the issue of State bonds.

## 2. Proprietary Fund Types:

- a) **Enterprise Funds:** These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises. The State's intent in these funds is to recover the cost (expenses, including depreciation) of providing goods or services to the public primarily through user charges. In some instances this fund type is utilized to periodically determine the revenues earned, expenses incurred, and/or that the amount of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.
- b) **Internal Service Funds:** These funds are used to account for the financing of goods or services provided by one state department or agency to other state departments or agencies, or to other governmental units. The objective is not to make a profit but rather to recover, over a period of time, the total cost of providing the goods and services.

## 3. Fiduciary Fund Types:

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

- a) **Pension Trust Funds:** These funds are used to account for the activities for the state-administered retirement systems.
- b) **Non-expendable Trust Funds:** These funds are used to account for the activities of trusts whose income is used to fund the trust purpose but whose principal is to be maintained intact.
- c) **Expendable Trust Funds:** These funds are used to account for the activities of trusts whose principal and income may be used for purposes of the trust.
- d) **Agency Funds:** These funds are used to account for amounts held in trust for others. Agency Funds include such accounts as federal and state withholding taxes and other payroll deductions of state employees and applicable state matching contributions.

## 4. Account Groups:

- a) **General Long Term Debt Account Group:** This account group is a self balancing set of accounts set up to provide management control and an accountability list of the unmatured general long term debt and other obligations of the State. This account group is not a fund and it does not measure the results of operations. It is concerned only with the measurement of financial position. The State of Vermont's General Long Term Debt Account Group includes long-term liabilities for the retirement of general obligation bonds, compensated leave, and net pension obligation.
- b) **General Fixed Assets Account Group:** Contrary to generally accepted accounting principles, no accounting records are maintained and no statements are presented for the general fixed assets for governmental fund type operations of the State of Vermont.

### **C. Basis of Accounting:**

#### **1. All Governmental Funds, Expendable Trust Funds, Agency Funds, and Governmental Fund Type Discretely Presented Component Units:**

These funds are accounted for utilizing the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the revenue can be reasonably determined and "available" means the amounts are collectible within the current period or soon enough thereafter to pay the liabilities of the current period. Except for personal income taxes and federal grant revenues, the State considers all revenues available if they are collected within 60 days after fiscal year end. At June 30, 2000, the State considered as available, \$36.3 million of payments for personal income taxes to be received by the State during the period January 1 to April 15, 2001. Federal grant revenues are recognized when the qualifying expenditures have been incurred. Revenue received by the State before it has a legal claim to it is recorded as deferred revenue.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources. In accordance with Section 1600.110 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the State recorded, at June 30, 2000 as a current liability, \$37.8 million of estimated personal income tax refunds which will be paid out during fiscal year 2001.

#### **2. Proprietary Funds, Pension Trust Funds, Non-expendable Trust Funds and Discretely Presented Proprietary Fund Type Component Units:**

These funds are accounted for utilizing the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

The State's Proprietary Funds have elected not to apply standards issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. The proprietary funds have applied all applicable pronouncements issued by the Governmental Accounting Standards Board (GASB).

#### **3. University Of Vermont (UVM) and The Vermont State College System (VSC):**

These entities account for their activity using the accrual basis of accounting in accordance with generally accepted accounting principles set forth for public colleges and universities. VSC has elected not to apply standards issued by the Financial Accounting Standards Board (FASB) after November 30, 1989.

### **D. Budgetary Process:**

The head of every State department, board or commission, and any officer or individual having in charge any activity for which funds are appropriated by the General Assembly, on or before September 1, preceding each biennium, is required to file with the Commissioner of Finance and Management statements showing in detail the amounts appropriated and expended for both the current and preceding fiscal year and the amount estimated for such activity to be necessary for the current and preceding fiscal year and the amount estimated for such activity to be necessary 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 together with any other estimates, for the two ensuing fiscal years. The Governor submits to the General Assembly, no later than the third Tuesday of every regular session, a budget which shall embody estimates, requests and recommendations for appropriations or other authorizations for expenditures from the state treasury for at least the succeeding fiscal year. The General Assembly 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 205 of 1979 Section 125, it has been the practice of the Governor to submit an annual budget and the General Assembly to enact appropriations on an annual basis.

Budgets are prepared and appropriated on the cash basis usually at the program level. The Governor may amend



appropriations within limits established by statute. The Agency of Administration maintains budgetary control by major object (i.e. personal services, operating expense, etc.) at the appropriation level. General, Transportation, Education, Special Fund and Fish and Wildlife Fund appropriation balances revert to fund balance at the end of each fiscal year unless authorized to be carried forward to the following year by legislative act. Unexpended balances of capital projects and federal revenue funds are available for expenditure in the following fiscal year.

The State also utilizes, to a limited degree, encumbrance accounting for governmental funds under which certain purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable unexpended appropriation. Encumbrances outstanding at year-end are reported as reservations of fund balance. Reported encumbrances do not include all commitments.

#### **E. Cash and Cash Equivalents:**

Cash balances for most funds are deposited with the State Treasurer, except for the Pension Trust Funds, Capital Projects Funds, and the Single Deposit Investment Account Fund. Cash balances deposited with the State Treasurer are pooled together and available amounts beyond immediate cash requirements are invested in short term investments.

Income earned on the short-term investments is allocated to those funds authorized to receive it with the balance of the allocated income going to the General Fund.

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

#### **F. Receivables:**

Receivables in the governmental funds consist primarily of accrued taxes, federal grant receivables, and notes receivables from component units. Personal income tax receivables are primarily taxpayer-assessed taxes owed by the taxpayer for the period ended June 30, and which were received by the State during the following 10 months. These revenues are susceptible to accrual in accordance with measurable and available criteria under the modified accrual basis of accounting. Federal receivables are amounts due from the federal government to reimburse the State for expenditures incurred pursuant to federally funded programs. Notes Receivable in the General Fund consists primarily of advances in the form of Vermont Economic Development Authority (VEDA) notes purchased by the State. See Note 12 – Contingent and Limited Liabilities for further information. No allowances for non-collectible accounts have been recognized in these receivables as taxes receivable are substantially based on subsequent collections and the collection of amounts due from the federal government are reasonably assured.

The "Accounts Receivable" balance under the Fiduciary Fund Types – Trust and Agency column includes \$113,907,028 for the Vermont State Retirement Fund, \$10,149,794 for the Vermont Teacher's Retirement Fund, and \$6,586,198 for the Vermont Municipal Employees Retirement Fund. These receivable amounts represent monies due to the respective pension trust funds for investments sold prior to June 30, 2000, but for which the receipts were received subsequent to June 30, 2000.

#### **G. Inventories:**

Inventories of materials and supplies of governmental funds are recorded as expenditures when purchased. Inventories of the proprietary fund types are generally valued at the lower of average cost or market.

#### **H. Fixed Assets and Depreciation:**

General fixed assets are recorded as expenditures in the governmental funds when the assets are acquired. No accounting records are maintained and no statements are presented for governmental general fixed assets.

Fixed assets in the proprietary funds are capitalized at cost when acquired. Depreciation is calculated and recorded using the straight-line method and estimated useful lives of 20-50 years for buildings and improvements and 3-24 years for equipment, machinery, and furnishings.

When fixed assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. Significant renewals and improvements that increase the

life expectancy are capitalized and deductions are made for retirements resulting from the renewals or improvements.

#### **I. Payables:**

The accounts payable amount consists of operating liabilities incurred prior to fund year-end (usually June 30) for which payment was due as of June 30; and for which payment will be made subsequent to June 30.

The "Other Liabilities" balance under the Fiduciary Fund Type – Trust and Agency includes \$114,567,148 for the Vermont State Retirement Fund, \$15,421,559 for the Vermont Teachers' Retirement Fund, and \$25,091,869 for the Vermont Municipal Employees' Retirement Fund. These figures represent amounts due for securities purchased prior to June 30, 2000 but which were paid subsequent to June 30, 2000.

#### **J. Accrued Liabilities:**

Accrued liabilities consist of employee wages and related fringe benefit accruals earned as of June 30 but paid subsequent to June 30, calculated using the rate of pay in effect on June 30, 2000. Retainage payable consists of portions of progress payment amounts due to contractors that are being withheld and which will be paid by the State to the contractors upon final completion and acceptance of the contracted item or service.

#### **K. Tax Refunds:**

Tax refunds primarily represent amounts owed by the State to taxpayers because of overpayment of their 1999 calendar year and first and second quarter 2000 calendar year 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 of personal income tax refunds payable is comprised of estimates of overpayments of the first and second calendar quarters of 2000 tax liability and payments of 1999 calendar and prior year refunds. The remaining portion of tax refunds payable is comprised of payments made subsequent to the end of the fiscal year and estimates of the refund liability.

#### **L. Reserve for Debt Service:**

The General Fund reserved balance of \$183,390 at June 30, 2000 is comprised of the following:

1. During fiscal year 1993, the State initiated a lawsuit to recover costs associated with asbestos removal. A settlement agreement between the contractor and State was reached which has resulted in net proceeds of \$1,734,543 being credited to and reserved in the General Fund to meet future debt service obligations associated with the issuance of bonds relating to asbestos removal. The reserved amount is reduced annually through fiscal year 2009 in proportion to the repayment schedule of the bonds issued to refinance the asbestos removal. Public Act 178 of 1996 authorized the use of \$860,874 of these funds in fiscal year 1996. The remaining reserved balance at June 30, 2000 is \$110,478.
2. During fiscal year 1982, the State Treasurer issued bonds to purchase \$1,470,000 of notes of the Vermont Economic Development Authority. Debt service obligations for these bonds are funded from General Fund appropriations. The reserve in the fund balance is reduced each year by the amount of principal payments made over the term of the bonds, through fiscal year 2001. Principal payments totaling \$1,397,088 have been made through fiscal year 2000 resulting in an unamortized balance of \$72,912 remaining at June 30, 2000.
3. The State Treasurer issued \$5,000,000 in bonds during fiscal year 1994 to purchase notes of the Vermont Economic Development Authority pursuant to Title 10, Vermont Statutes Annotated, Chapter 12. Debt service obligations for these bonds are funded from General Fund appropriations with a portion of the fund balance being reserved for these payments. The reserve is being reduced each year, starting in fiscal year 1998, by a proportionate amount of the principal payments made over the term of the bonds, through fiscal year 2014. Public act 178 of 1996 authorized the use of \$371,250 of the reserve during fiscal year 1996. The unamortized balance at June 30, 2000 of \$4,165,589 has been appropriated for expenditure in Public Act 62 of 1999, Sections 157a(b) and 222(a) during fiscal year 2000 and was fully expended at June 30, 2000.

#### **M. Reserve for Human Services Caseload Management:**

The Reserve for Human Services Caseload Management, established pursuant to Title 32 of the Vermont Statutes

Annotated, Section 308b(a), was created to be available for appropriation to meet caseload-related needs at the Agency of Human Services. The Secretary of Administration may transfer to the reserve any general fund unexpended appropriations directly attributable to Aid to Needy Families with Children (ANFC) caseload reductions and the effective management of related federal receipts. During fiscal year 2000, \$6,147,456 was transferred to the reserve, bringing the reserve balance to \$16,048,618 at June 30, 2000.

**N. Reserve for General Fund Surplus:**

The Reserve for General Fund Surplus was established pursuant to Public Act 147 of 1998, Section 277(5) as amended by Public Act 1 of 1999, Section 88. The reserve is to be credited with the budgetary based surplus for the year ended June 30, 2000, as determined by the Commissioner of Finance and Management. The reserve shall not be expended except by specific appropriation of the general assembly. The reserve balance at June 30, 2000 is \$40,577,360.

**O. Compensated Employee Absences:**

Compensated absences include accumulated unpaid vacation, compensatory time, and personal leave credits. Liabilities related to proprietary fund types are recorded in the fund where-as compensated absences related to governmental funds are recorded in the General Long Term Debt Account Group.

Classified state employees may accrue vacation leave based on the number of years employed up to a maximum rate of 24-days a year, but may accumulate no more than a maximum of 45 days. At July 1, 2000, the State has a liability for employees' earned vacation credits totaling approximately \$20,210,454 in the governmental funds which will be liquidated in future periods either as salary payments as vacation leave is taken or by cash payment upon termination of employment.

The State also has governmental funds' liability of approximately \$3,953,229 at July 1, 2000 for compensatory time and personal leave which are accumulated as earned by employees.

Employees have also earned sick leave credits that may only be liquidated if and when sickness or injury is incurred and which, therefore, do not represent a liability of the State. Employees accrue sick leave at a maximum rate of 21 days a year. There is no limit on the total accumulation of earned sick leave days. The accumulated amount of unused sick leave at July 1, 2000 is approximately \$98,996,019 for all governmental funds.

The above amounts are calculated based on state employees' pay rates at July 1, 2000.

**P. Interfund Transactions:**

1. Interfund Loans: Short-term loans between funds outstanding at fiscal year-end are recorded as Interfund Receivables/Payables. Advances To/From Other Funds represent long term interfund loans receivable and payable.

2. Reimbursements: Reimbursements result when one fund makes an expenditure/expense 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.

3. Quasi-external Transactions: These transactions occur between two governmental funds that would be accounted for as revenue and expenditures/expenses as if they occurred between a government entity and a private sector entity.

4. Residual Equity Transfers: These transfers are defined as nonrecurring and non-routine transfers of equity between two funds.

5. Operating Transfers: These transfers encompass all types of transfers, except for the residual equity transfers, and are primarily routine transfers of appropriation resources between funds. Operating transfers are not revenue, expenditures, or expenses and are classified as "Other Funding Sources (Uses)" in the operating statements of the Governmental funds and in a separate subsection before net income in the Proprietary fund types.

**Q. Prepaid Assets:**

In the Governmental Type Funds, all purchases are recorded as expenditures when paid. Proprietary funds, non-expendable trust funds, and pension trust funds are reported on an accrual basis of accounting under which expenses are

recorded when the related liability is incurred.

**R. Use of Estimates:**

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

**S. Reclassifications:**

Certain amounts in prior year financial statements have been reclassified to conform to the current year presentation.

**T. Total Columns on Combined Statements:**

Total Columns on the accompanying combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not portray present financial position or operating results nor does it reflect data comparable to a consolidation. Interfund transactions have not been eliminated.

**Note 2: DEFICIT FUND BALANCES/RETAINED EARNINGS:**

The following individual funds have deficit Fund Balances/Retained Earnings at June 30, 2000:

**Enterprise Funds:**

- Industrial Homework Office Fund: Although this fund has deficit retained earnings of \$67,056 at June 30, 2000, it does not have a negative fund equity position at that date.
- Vermont Life Magazine Fund: Although this fund has deficit retained earnings of \$504,972 at June 30, 2000, it does not have a negative fund equity position at that date.
- Federal Surplus Property Fund: This fund has a deficit fund equity of \$60,125 at June 30, 2000. The State plans to reduce the cost of acquiring federal surplus property through an agreement with neighboring states that allows the states to take turns making trips to acquire property for all the states participating in the agreement and by being more selective of what items to acquire.

**Internal Service Funds:**

- Medical Insurance Fund: This fund has deficit retained earnings of \$516,893 at June 30, 2000. The State intends to eliminate this deficit through a rate adjustment.
- Workers' Compensation Fund: This fund has a deficit retained earnings of \$84,352 at June 30, 2000. The State will eliminate this deficit through a rate adjustment.
- Property Management Fund: This fund has a deficit retained earnings of \$738,108.
- GOVnet Fund: This fund has a deficit retained earnings of \$177,081 at June 30, 2000. The State plans to adjust the billing rate for GOVnet services to eliminate this deficit over a two year period.

**Note 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS:**

The State pools substantially all cash and investments of governmental, proprietary, and agency funds, except those which are maintained separately in accordance with legal restrictions. Separate cash and investment accounts are generally maintained for pension funds and capital projects funds. Each fund's equity share of the total pooled cash and investments and restricted assets are included on the accompanying balance sheets.

**Schedule of Deposit and Investment Disclosures**

**June 30, 2000**

**Combined Balance Sheet**

Cash and Cash Equivalents	\$ 1,009,420,252
Investments	2,906,217,651
Restricted Cash	<u>2,799,215</u>
<b>Total</b>	<b><u>\$ 3,918,437,118</u></b>

Deposits, Investments, and Reconciling Items

Carrying Value of Deposits	\$ 421,346,762
Carrying Value of Investments	3,200,695,012
Cash on Hand	1,808,345
U.S. Treasury - Unemployment Account	<u>294,586,999</u>
<b>Total</b>	<b><u>\$ 3,918,437,118</u></b>

**DEPOSITS:**

The following statutory requirement and Treasury Department policy have been implemented to minimize risk associated with deposits. 32 VSA Sec. 431 establishes the requirements the State Treasurer must adhere to when depositing public monies. The statute sets parameters regarding the amount of funds that may be on deposit with any particular institution at any one time. Although not statutorily required, the State Treasurer requires State cash deposits to be collateralized with either United States Treasury securities or Vermont Municipal securities or a combination of same with a current market value equal to at least 102% of the amount of the deposit.

Deposits are classified as to credit risk by the three categories described below:

Category 1 Fully insured or collateralized with securities held by the State or its agent in the State's name.

Category 2 Collateralized with securities held by the pledging institution's trust department or its agent in the State's name.

Category 3 Uncollateralized

At June 30, 2000, the State's deposits, listed by credit risk category, are shown in the following schedule:

	Categories			Bank Balance	Reported Amount
	1	2	3		
Primary Government	\$ 4,721,370	\$ 46,301,189	\$ 98,730,342	\$ 149,752,901	\$ 123,909,082
Component Units	<u>1,772,619</u>	<u>17,904,855</u>	<u>284,332,807</u>	<u>304,010,281</u>	<u>297,437,680</u>
<b>Total</b>	<b><u>\$ 6,493,989</u></b>	<b><u>\$ 64,206,044</u></b>	<b><u>\$ 383,063,149</u></b>	<b><u>\$ 453,763,182</u></b>	<b><u>\$ 421,346,762</u></b>

**INVESTMENTS:**

Effective July 1, 1997, the State adopted provisions of GASB No.31, "Accounting and Reporting for Certain Investments and for External Investment Pools." GASB No.31 requires investments to be reported at fair value in the balance sheet.

The U.S. Treasury - unemployment account balance of \$294,586,999 at June 30, 2000 is on deposit with the U.S.Treasury and is not categorized.

The disclosure of carrying (book) amounts by type of investment are classified in the following three categories of credit risk:

1. Insured, registered or securities held by the State or its agent in the State's name.
2. Uninsured and unregistered, with securities held by counterparty's Trust Department or agent in the State's name.
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the State's name

32 VSA 433 defines the parameters the Treasurer must adhere to when investing State monies. Types of investments the Treasurer may utilize include obligations of the United States, its agencies and instrumentalities, and any repurchase agreements whose underlying collateral consists of such obligations; certificates of deposit issued by banks and savings and loan associations approved by the Treasurer; prime banker acceptances; prime commercial paper; tax exempt securities; and domestic money market funds. The boards overseeing the various pension funds have adopted their own sets of investment guidelines.

At June 30, 2000 the State's investments, categorized by the credit risk categories listed above, are shown in the following schedule:

	<b>INVESTMENTS</b>			Carrying Amount
	1	2	3	
<b>Primary Government</b>				
Stocks	\$ 1,525,897,411	\$	\$	\$ 1,525,897,411
U.S. Government Securities	360,182,342			360,182,342
Corporate Bonds and Notes	477,007,548			477,007,548
Other Investments	88,418,915			88,418,915
Subtotals				\$ 2,451,506,216
Not Categorized:				
Real Estate/Venture Capital				219,184,780
Mutual Funds				116,139,496
Lottery Annuity				926,580
Mortgages				230,617
Totals - Primary Government	<u>\$ 2,451,506,216</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,787,987,689</u>
<b>Component Units</b>				
U.S. Government Obligations	\$ 49,829,090	\$ 5,320,178	\$ 54,696,081	\$ 109,845,349
Corporate Bonds	23,968,262	3,757,000		27,725,262
Stocks	31,855,364			31,855,364
Other	20,782,000	189,083,920	33,415,428	243,281,348
Totals - Component Units	<u>\$ 126,434,716</u>	<u>\$ 198,161,098</u>	<u>\$ 88,111,509</u>	<u>\$ 412,707,323</u>
Totals - Reporting Entity				<u>\$ 3,200,695,012</u>

**Securities Lending Transactions**

State statutes and boards of trustees policies permit the State of Vermont Treasurer's office to use investments of the three pension plans to enter into securities lending transactions - loans of securities to broker dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The pension plans' securities dealer, State Street Bank and Trust Company (State Street), is the agent in lending the plans' domestic securities for cash collateral of 102% and international securities for cash collateral of 105%. At year-end the pension plans have no credit risk exposure to borrowers because the amounts the plans owes the borrowers exceed the amounts the borrowers owe the plans. The lending agent indemnified Vermont by agreeing to purchase replacement securities or to return cash collateral in the event borrowers failed to return the securities (and if the collateral is inadequate to replace the securities lent) or failed to pay Vermont for income distributions by the securities' issuers while the securities were on loan. There were no losses during the Fiscal Year resulting from a default of the borrowers or Stat

During the fiscal year, Vermont and the borrowers maintained the right to terminate all securities loans on demand. The cash collateral received on each loan was invested in collective investment pools with an average duration of 37 days at June 30, 2000. Because loans were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. On June 30, 2000, the collateral held and the market value of the securities on loan for Vermont was \$80,978,573 and \$78,442,544, respectively.

Below are the statutory references that allow the pension plans to participate in the securities lending program.

**Statute Reference**

**Retirement Plan**

3 VSA 471(m)  
16 VSA 1942(q)  
24 VSA 5062(o)

Vermont State Employees Retirement Fund  
Vermont Teachers' Retirement Fund  
Vermont Municipal Employees Retirement Fund

**Note 4: SUMMARY OF PROPRIETARY FUND FIXED ASSETS:**

A summary of Proprietary Funds' property, plant and equipment at June 30, 2000 is shown below:

	<u>Enterprise</u>	<u>Internal Service</u>
Land	\$	\$ 26,156
Buildings & Leasehold Improvements	133,557	
Machinery and Equipment	2,901,047	40,919,499
Accumulated Depreciation	(1,851,596)	(24,786,749)
<b>Total</b>	<b>\$ 1,183,008</b>	<b>\$ 16,158,906</b>

## **Note 5: RETIREMENT PLANS AND OTHER POST EMPLOYMENT BENEFITS:**

### **A. Retirement Plan Descriptions**

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 one defined contribution plan. These systems are considered part of the State's reporting entity and are included in the accompanying financial statements as pension trust funds in the Trust and Agency fund type. There are no separate stand-alone financial statements issued for these plans.

The Vermont State Retirement System (VSRS) (3 VSA 455) is a single-employer public employee defined benefit retirement system 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. The membership consists of:

- (1) employees who belonged to the original contributory system (Groups A and D with a contribution rate of 5.1% of payroll and Group C with a contribution rate of 6.28% of payroll)
- (2) vested members of the non-contributory system (Group E)
- (3) members of the new contributory system (Group F) who contribute at a rate of 3.35% of payroll.

The State Teachers' Retirement System (STRS) (16 VSA 1931) is a cost sharing multiple-employer public employee retirement system. 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 which are controlled by the state board of education. Membership in the system for those covered classes is a condition of employment. The membership is made up of:

- (1) contributory members from the old system (Group A) who contribute at a rate of 5.5%
- (2) vested members of the non-contributory system (Group B)
- (3) members of a new contributory system who contribute at a rate of 3.4% of covered payroll (Group C).

The State appropriates funding for pension costs associated with the above two plans. In fiscal years prior to 1982, both systems were solely contributory. Under legislation effective July 1, 1981, Vermont State employees and State teachers could elect to transfer their current memberships from a contributory to a non-contributory membership class (see Note 5 E. Single Deposit Investment Account). However, in 1990, the legislature again made both systems contributory effective July 1, 1990 for the STRS and January 1, 1991 for the VSRS. The State's contribution to each system is based on percentage rates of each member's annual earnable compensation. These rates include a "normal contribution" rate and an "accrued liability contribution" rate and are calculated based upon the liabilities of each system as determined by actuarial valuations. Present law provides that each system's unfunded accrued liability will be amortized over 30 years. This amortization began July 1, 1988 and has 18 years remaining (the liability will be fully amortized in fiscal year 2018).

The Vermont Municipal Employees Retirement System (MERS) (24 VSA 1091) is a cost sharing multiple-employer public employees retirement system that is administered by the State Treasurer and its Board of Trustees. It is designed for school district 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 employers is required to join the system upon the completion of three years of continuous service.

Prior to July 1, 1987, the State was statutorily responsible for contributions to the MERS's pension accumulation fund. Effective July 1, 1987 and thereafter, all payments to the system's pension accumulation fund are supported entirely by employer (municipal) and employee contributions. Employers make quarterly payments into the pension accumulation fund. These payments are percentages of annual earnable compensation for each membership group and consist of a "normal" and an "accrued liability" portion. The percentage rates of such contributions are fixed on the basis of the liabilities of the system pursuant to actuarial evaluations.

In accordance with Title 3 of the Vermont Statutes Annotated Section 500, the State established an optional defined contribution plan for exempt state employees effective January 1, 1999. The Vermont State Defined Contribution Plan is reported in the Pension Trust Funds.

The actuarial calculations were performed on a cost-neutral basis so that the accrued balances and liabilities were equivalent. 374 exempt employees representing approximately 45% of the eligible employees elected to transfer to the defined contribution plan. Assets totaling \$21 million were transferred from the defined benefit plan to the defined contribution plan on January 4, 1999 as a result of the election. As the attendant decrease in liabilities in the defined benefit plan was equal to \$21 million, there was no material effect on the financial health of the defined benefit system resulting from the transfer. 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 equivalent to the contribution rate for Group F members of the VSRS. 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. For the fiscal year ended June 30, 2000, plan member contributions were \$474,813 and State employer contributions were \$1,147,246. As of June 30, 2000, the Vermont State Defined Contribution Plan's net assets totaled \$29,295,717 and there were 460 participants.

The Legislature has granted authority to the Vermont Municipal Employees' Retirement System's Board of Trustees to establish a defined contribution plan that may be offered in lieu of the defined benefit plans currently available under the Municipal Retirement System. The board is in the process of implementing a defined contribution plan that will be available to new members effective July 1, 2000. The defined contribution plan may be offered by municipal employers to one or more groups of eligible employees. Once offered by the employer, each eligible employee will be required to make an election to participate. Employees currently in one of the municipal defined benefit plans who elect the defined contribution plan will transfer the actuarial value of their accrued benefit on July 1, 2000. Employers that do not offer the defined contribution plan to their employees by December 31, 1999 will have an opportunity to do so by December 31 of any subsequent year with transfer effective the following July 1.

Copies of each individual defined benefit retirement plan's annual actuarial valuation as well as information describing each plan's provisions including vesting requirements, benefits provided, post retirement adjustments, etc., are available for inspection at the Office of Retirement and Social Security, 133 State Street, Montpelier, Vermont 05633-6901.

**B. Plan Membership**

At June 30, 2000, VSRS, STRS, and MERS membership consisted of:

	<b>VSRS</b>	<b>STRS</b>	<b>MERS</b>
Retirees and beneficiaries of deceased retirees currently receiving benefits	3,474	3,647	814
Terminated employees entitled to benefits but not yet receiving them (vested)	1,556	2,770	1,289
Active employees:			
Vested	5,256	7,415	2,175
Non-vested	2,130	2,819	2,614
Total active employees	<u>7,386</u>	<u>10,234</u>	<u>4,789</u>
Total participants	<u>12,416</u>	<u>16,651</u>	<u>6,892</u>

**C. Schedules of Employer Contributions and Funding Progress**

Below are listed the various actuarial methods and significant assumptions used to determine the annual required contributions.

	<b>VSRS</b>	<b>STRS</b>	<b>MERS</b>
Valuation date	06/30/00	06/30/00	07/01/00
Actuarial cost method	Entry age normal cost with frozen initial liability	Entry age normal cost with frozen initial liability	Projected benefit cost method
Amortization method	Level percentage of payroll	Level percentage of payroll	level percentage of payroll
Remaining amortization period	18 years	18 years	18 years
Asset valuation method	Actuarial value of assets using a five year smoothing technique	Actuarial value of assets using a five year smoothing technique	Actuarial value of assets using a five year smoothing technique
<b>Actuarial assumptions</b>			
Investment rate of return *	8.5%	8.5%	8.0%
Projected salary increases*	4.5%-7.8%	4.9%-8.9%	5.6%
Cost-of-living adjustments	2.25%-4.5%	2%-4%	2%-2.3%
* Includes inflation at 4.6%			
<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 - 5%	Group A - 5%	N/A
allowances in payment for at least one year adjusted for cost of living based on one-half of CPI but not in excess of percentage indicated	Group F - 5%	Group C - 5%	Group A - 2% Group B,C - 2.3%

**Schedule Of Employer Contributions**

Year Ended 6/30	VSRS		STRS		MERS	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
1992	25,497,000	69.30%	28,595,000	51.12%	2,497,000	100.00%
1993	27,990,000	81.64%	28,820,000	69.02%	2,692,000	100.00%
1994	27,224,000	80.04%	25,805,000	79.75%	3,004,000	100.00%
1995	29,245,000	69.70%	27,452,000	65.86%	3,046,000	100.00%
1996	24,222,000	88.52%	28,712,000	39.98%	3,366,000	100.00%
1997	24,098,000	99.48%	30,722,000	58.85%	3,542,000	100.00%
1998	22,598,000	104.26%	26,927,000	67.14%	3,666,000	100.00%
1999	23,268,000	98.66%	20,724,000	87.24%	4,234,000	100.00%
2000	19,548,817	97.26%	19,936,345	93.23%	4,732,164	100.00%

Information for years prior to 1992 is not available.

**Schedule of Funding Progress**  
(dollar amounts in 1000's)

Actuarial Valuation Date 6/30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<b>VSRS</b>						
1992	364,628	609,139	244,511	59.9%	205,627	118.9%
1993	400,084	631,637	231,553	63.3%	210,032	110.2%
1994	428,678	665,427	236,749	64.4%	217,043	109.1%
1995	480,049	679,427	199,378	70.7%	225,089	88.6%
1996	560,659	664,173	103,514	84.4%	226,792	45.6%
1997	639,128	753,883	114,755	84.8%	227,000	50.6%
1998	733,716	804,501	70,785	91.2%	235,956	30.0%
1999	804,970	876,412	71,441	91.9%	238,281	30.0%
2000	895,151	967,064	71,913	92.6%	266,519	27.0%
<b>STRS</b>						
1992	390,096	509,140	119,042	76.6%	312,347	38.1%
1993	433,327	555,220	121,893	78.1%	324,537	37.6%
1994	473,229	597,851	124,622	79.2%	335,155	37.2%
1995	520,850	648,052	127,202	80.4%	346,975	36.7%
1996	570,776	700,377	129,601	81.5%	355,895	36.4%
1997	717,396	849,179	131,783	84.5%	364,695	36.1%
1998	821,977	955,694	133,717	86.0%	357,899	37.4%
1999	931,056	1,066,400	135,344	87.3%	372,299	36.4%
2000	1,037,466	1,174,087	136,621	88.4%	387,999	35.2%
<b>MERS</b>						
1992	44,379	45,331	952*	97.9%	52,000	1.8%
1993	52,536	51,292	(1,244)	102.4%	55,900	-2.2%
1994	60,646	59,251	(1,394)	102.4%	62,300	-2.2%
1995	70,082	67,039	(3,043)	104.5%	62,200	-4.9%
1996	81,396	73,401	(7,994)	110.9%	68,700	-11.6%
1997	96,197	85,686	(10,510)	112.3%	70,800	-14.8%
1998	113,678	102,005	(11,673)	111.4%	79,056	-14.8%
1999	137,454	114,481	(22,973)	124.6%	70,808	-32.4%
2000	161,900	138,697	(23,203)	116.7%	87,147	-26.6%

\* Decrease from prior year due to change in actuarial cost method and asset valuation method

Information for years prior to 1992 is not available.

#### **D. State of Vermont's Annual Pension Cost and Net Pension Obligation**

The State's annual pension cost and net pension obligation (NPO) to the Vermont State Retirement System and the State Teachers' Retirement System at June 30, 2000 were as follows:

	<u>VSRS</u>	<u>STRS</u>
Annual Required Contribution (ARC)	\$19,548,817	\$19,936,345
Interest on NPO	3,203,998	7,306,231
Adjustment to ARC	(3,306,500)	(8,385,918)
Annual Pension Cost (APC)	<u>\$19,446,315</u>	<u>\$18,856,658</u>
Employer Contribution Made	19,012,608	18,586,240
Increase (Decrease) in NPO	<u>\$433,707</u>	<u>\$270,418</u>
NPO - Beginning of Year	37,694,097	85,955,658
NPO - End of Year	<u>\$38,127,804</u>	<u>\$86,226,076</u>
Percentage of APC contributed	97.77%	98.57%

#### **E. Single Deposit Investment Account**

Public Act 41 of the 1981 Session 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 Single Deposit Investment Account (SDIA), a non-contributory defined contribution plan reported in the Agency Funds, was also established according to the provisions of this Act.

The STRS's members in the Group A contributory plan could elect 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:

- (1) have both their accumulated employee contributions and accumulated interest returned to them; or
- (2) have their accumulated contributions returned to them and only their accumulated interest invested by the retirement board in the SDIA; or
- (3) 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 elect 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 B plan had their choice between the following three options:

- (1) have both their accumulated employee contributions and accumulated interest returned to them;
- (2) have their accumulated contributions returned to them and only their accumulated interest invested by the retirement board in the SDIA; or
- (3) 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, 2000, there were 1,703 STRS members and 1,329 VSRS members, with total assets of \$99,687,733, in the Single Deposit Investment Account Fund.

#### **F. Other Post Employment Benefits**

The State offers both post employment medical insurance and life insurance benefits in addition to providing pension benefits.

Employees retiring for any reason (disability, early, or normal) including the State Police, are entitled to receive medical coverage for themselves and their dependents over the lifetime of the retiree, with 20% of the cost to be paid by the retiree. If the retiree chooses the joint and survivor pension option, and predeceases his or her spouse, the medical benefits also continue for the spouse, along with the pension. However, generally, the surviving spouse must pay 100% of the cost.

In the case of life insurance, if a state employee retires or terminates due to disability prior to age 60, and proper documentation is approved by the life insurance company, full life insurance coverage will continue at the State's expense up to age 65. At that time, if the retiree has a total of 20 years or more of active and retired (while receiving disability) service, life insurance automatically changes to \$5,000 fully paid and 100% of the premium is paid by the State.

**Note 6: FUND BALANCE RESERVES**

Fund balance reserves are those portions of fund balance that are not appropriable for expenditure or that are legally segregated for a specific future use. Reserved Fund Balances at June 30, 2000 are as follows.

<b>Primary Government Funds</b>	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Trust and Agency</b>
<b>Reserved for:</b>				
Encumbrances.....	\$ 239,414	\$ 686,460	\$ 7,975,489	\$
Budget Stabilization.....	41,366,301	27,613,148		
Debt Service.....	183,390			
Endowments, Claims & Distributions.....				23,812,328
Employee Retirement Benefits.....				2,550,112,716
Unemployment Compensation Benefits.....				304,332,086
Contingencies.....				211,598
Advances and Notes Receivable.....	15,734,563			
General Fund Surplus.....	40,577,360			
Human Services Caseload Management.....	16,048,618			
<b>Total Primary Government Fund Balances Reserved.....</b>	<b>\$ 114,149,46</b>	<b>\$ 28,299,608</b>	<b>\$ 7,975,489</b>	<b>\$ 2,878,468,728</b>
<b>Discretely Presented Component Units</b>	<b>Other Discrete</b>	<b>Vermont State Colleges</b>	<b>University of Vermont</b>	
<b>Reserved for:</b>				
Encumbrances.....	\$ 16,721,390	\$	\$ 2,412,000	
Debt Service.....			6,962,000	
Endowments, Claims & Distributions.....		11,861,953	221,017,000	
Contingencies.....				
<b>Total Component Units Fund Balances Reserved.....</b>	<b>\$ 16,721,390</b>	<b>\$ 11,861,953</b>	<b>\$ 230,391,000</b>	

**Note 7: LEASE COMMITMENTS:**

**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.

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

<b>Fiscal Year</b>	<b>Non Cancelable Leases</b>	<b>Cancelable Leases</b>	<b>Primary Government Totals</b>	<b>Vermont State Colleges</b>	<b>University of Vermont Cancelable Leases</b>	<b>Vermont Student Assistance Corporation</b>	<b>Total Reporting Entity</b>
2001	\$ 4,119,418	\$ 220,171	\$ 4,339,589	\$1,575,828	\$772,336	\$561,244	\$ 7,248,997
2002	3,624,103		3,624,103	1,301,161		319,612	5,244,876
2003	2,866,568		2,866,568	1,031,858		203,196	4,101,622
2004	2,304,433		2,304,433	676,749		159,012	3,140,194
2005	2,025,742		2,025,742	556,018			2,581,760
Thereafter	5,484,664		5,484,664	1,520,175			7,004,839
<b>Totals</b>	<b>\$20,424,928</b>	<b>\$ 220,171</b>	<b>\$20,645,099</b>	<b>\$6,661,789</b>	<b>\$772,336</b>	<b>\$1,243,064</b>	<b>\$29,332,288</b>

**Capital Leases**

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2000 are as follows:

Fiscal Year	Internal Service Funds	Total Primary Government	Vermont State Colleges	Total Reporting Entity
2001	\$918,033	\$918,033	\$86,939	\$1,004,972
2002			86,939	86,939
2003			43,105	43,105
2004			34,338	34,338
2005			34,338	34,338
Thereafter			20,029	20,029
Total Minimum Lease Payments	\$918,033	\$918,033	\$305,688	\$1,223,721
Less amount representing interest			38,039	38,039
Present value of minimum lease payments	<u>\$918,033</u>	<u>\$918,033</u>	<u>\$267,649</u>	<u>\$1,185,682</u>

**Note 8: GENERAL OBLIGATION BONDS AND NOTES PAYABLE:**

General obligation bonds and notes 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 and assistance to municipalities for construction of water and sewage systems and local schools. Also, bonds have been authorized and issued to refund outstanding general obligation bonds.

Once authorized by the legislature, the State Treasurer, with the approval of the Governor, may issue general obligation bonds. Except for zero coupon capital appreciation 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 date of the bonds, and the last such payment to be made no later than twenty years after the date of the bonds.

Changes in bond and note principal payable during fiscal year 2000 are summarized as follows:

	General Obligation Bonds
Balance July 1, 1999	\$ 537,791,160
Additions:	
Issuances	\$ 37,000,000
Accretions	<u>3,838,445</u>
Total	40,838,445
Deductions:	
Principal repayments	\$ <u>51,330,000</u>
Total	<u>(51,330,000)</u>
Balance June 30, 2000	\$ <u>527,299,605</u>

During fiscal years 1991, 1992, and 1994, the State issued zero coupon capital appreciation bonds. Zero coupon capital appreciation bonds are bonds issued at a discount to their face value. Instead of interest being paid on a periodic (i.e. semi-annual) basis, an increase in the principal due (accreted amount) is recognized on a regular basis. The total accreted amount at maturity will be the face value of the bonds.

On December 16, 1993, the State issued capital appreciation bonds with a maturity value of \$32,625,000 maturing on August 1 in the years 1999 through 2013. Proceeds from these bonds totaled \$17,987,640. At June 30, 2000, the accreted value of these bonds was \$21,962,725.

In fiscal year 1992, capital appreciation bonds with a maturity value of \$20,575,000 were issued. These bonds mature on October 15 in the years 1996 through 2011. Proceeds from these bonds totaled \$9,999,837 and have an accreted value of \$10,792,625 at June 30, 2000.

During fiscal year 1991, capital appreciation bonds were issued with a maturity value of \$48,935,000 and are scheduled to mature on December 1 in the years 1995 through 2010. Proceeds from these bonds totaled \$19,310,002 and have an accreted value of \$29,679,256 at June 30, 2000.

Future general obligation debt service requirements at June 30, 2000 are as follows:

Fiscal Year	Current Interest		Capital Appreciation Bonds	Total
	Bonds Principal	Bonds Interest		
2001	\$ 43,975,000	\$ 23,391,205	\$ 6,610,000	\$ 73,976,205
2002	41,155,000	20,663,811	7,380,000	69,198,811
2003	40,650,000	18,552,201	8,020,000	67,222,201
2004	37,230,000	16,634,106	8,230,000	62,094,106
2005	34,065,000	14,883,406	7,400,000	56,348,406
Thereafter	267,790,000	70,248,295	50,970,000	389,008,295
Totals	\$ <u>464,865,000</u>	\$ <u>164,373,025</u>	\$ <u>88,610,000</u>	\$ <u>717,848,025</u>

At June 30, 2000, there remained \$34,000,868 of authorized but unissued General Obligation Bonds.

\* See following page for schedule of General Obligation Bonds outstanding at June 30, 2000.

**Note 9: PRIOR YEARS' BOND REFUNDINGS:**

During the fiscal years 1992, 1993, 1994, and 1998, the State of Vermont defeased "in-substance" certain general obligation bonds by issuing new bonds and by placing the proceeds of these new bonds in an irrevocable trust. These trust assets will be utilized to make all future debt service payments on the old bonds. Accordingly, these trust assets and the liability for the old (now defeased) bonds are not included in the State's financial statements. As of June 30, 2000, \$70,140,000 worth of defeased bonds remain outstanding.

General Obligation Bonds outstanding at June 30, 2000 are comprised of the following issues:

Date Issued	Date Serie Matures	Interest Rates -%	Amount of Original Issue	Maturity Value Of Capital Appreciation Bonds	Maturity Value of Bonds Outstanding			Total
					General Fund	Transportation Fund	Special Fund	
<b>General Obligation Current Interest Bonds:</b>								
02/01/90	02/01/10	6.7 to 6.75	\$ 58,380,000	\$	\$ 2,920,000	\$	\$	\$ 2,920,000
12/01/90	02/01/10	6.4 to 6.5	65,000,000		7,488,000	312,000		7,800,000
10/01/91	08/01/04	4.7 to 6.0	23,040,000		3,595,000	185,000		3,780,000
02/01/92	02/01/12	5.0 to 7.5	49,285,000		5,130,000	2,220,000		7,350,000
08/01/92	08/01/08	3.0 to 5.75	71,280,000		39,315,000	2,820,000		42,135,000
08/01/93	02/01/12	3.0 to 5.0	58,415,000		49,325,000	5,430,000		54,755,000
10/15/93	04/15/08	3.7 to 6.6	85,000,000		53,207,000	2,793,000		56,000,000
11/15/94	01/15/14	5.6 to 7.0	70,000,000		20,653,400	416,600		21,070,000
12/01/95	01/15/15	4.875 to 5.125	60,000,000		47,360,000			47,360,000
01/25/96	01/15/01	4.1 to 4.3	5,000,000		1,250,000			1,250,000
11/20/96	01/15/16	5.0 to 5.125	38,000,000		32,000,000			32,000,000
12/12/96	01/15/16	3.7 to 5.6	15,000,000		12,630,000			12,630,000
10/12/97	01/15/17	4.5 to 5.0	28,500,000		23,821,026	1,678,974		25,500,000
12/03/97	01/15/17	3.9 to 5.2	14,990,000		13,410,000			13,410,000
03/15/98	01/15/14	4.25 to 5.0	64,575,000		44,387,842	2,987,158	14,120,000	61,495,000
05/01/98	01/15/17	4.5 to 5.0	7,755,000				7,065,000	7,065,000
11/23/98	01/15/18	4.5 to 4.75	26,630,000		24,609,294	615,706		25,225,000
12/22/98	01/15/04	3.6 to 4.0	7,655,000		6,120,000			6,120,000
11/01/99	02/01/19	4.5 to 6.5	32,000,000		32,000,000			32,000,000
12/16/99	02/01/10	4.55 to 5.05	5,000,000		5,000,000			5,000,000
<b>Total General Obligation Current Interest Bonds</b>					<b>\$ 424,221,562</b>	<b>\$ 19,458,438</b>	<b>\$ 21,185,000</b>	<b>\$ 464,865,000</b>
<b>General Obligation Capital Appreciation Bonds:</b>								
12/13/90	12/01/10	N/A	19,310,002	\$ 48,935,000	\$ 43,010,000			\$ 43,010,000
10/30/91	10/15/11	N/A	9,999,837	20,575,000	15,420,000			15,420,000
12/01/93	08/01/13	N/A	17,987,640	32,625,000	30,180,000			30,180,000
<b>Total Maturity Value</b>					<b>\$ 88,610,000</b>			<b>\$ 88,610,000</b>
Less: Unaccreted Interest					26,175,395			26,175,395
<b>Total General Obligation Capital Appreciation Bonds</b>					<b>\$ 62,434,605</b>			<b>\$ 62,434,605</b>
<b>Total General Obligation Bonds</b>					<b>\$ 486,656,167</b>	<b>\$ 19,458,438</b>	<b>\$ 21,185,000</b>	<b>\$ 527,299,605</b>



**Note 10: ACCOUNTING METHOD CHANGES AND FUND EQUITY RESTATEMENTS:**

The beginning fund balance in the Special Revenue Funds has increased due to the reclassification of GOVNet to an Internal Service Fund.

The Enterprise Funds' beginning retained earnings balance has decreased due to a correction of a prior period error in the Vermont Lottery Commission.

The beginning retained earnings in the Internal Service Funds has decreased due to a correction of a prior period error in the Dental Insurance Fund and the reclassification of GOVNet from the Special Fund.

The Pension Trust Funds Net Assets increased due to the reclassification of the Single Deposit Investment Account Fund from an Agency Fund to a Pension Trust Fund.

The Agency Funds' beginning Assets and Liabilities have decreased by \$103,098,193 due to the reclassification of the Single Deposit Investment Account Fund to a Pension Trust Fund (\$105,226,664 decrease) and due to the inclusion of amounts held by departments in custody for others (Vendor and Other Deposits Fund) resulting in an increase of \$2,128,471.

The Component Units - Other fund balances have increased due to the inclusion of the Vermont Sustainable Jobs Fund, which was omitted in error in the prior period.

	Retained Earnings/Fund Balance/Net Assets, July 1	Reclassification of Fund	Change in accounting method	Correction of prior period error	Retained Earnings/Fund Balance/Net Assets, July 1, as restated
<b>Special Revenue Funds</b>					
Special Fund	\$ 25,722,204	\$ 124,071	-	-	\$ 25,846,275
<b>Enterprise Funds</b>					
Vermont Lottery Commission	\$ 529,217	-	-	\$(105,911)	\$ 423,306
<b>Internal Service Funds</b>					
Dental Insurance Fund	\$ 503,424	-	-	\$(90,363)	\$ 413,061
GOVNet	\$ 0	\$(124,071)	\$(16,621)	-	\$(140,692)
<b>Pension Trust Funds</b>					
SDIA Fund	\$ 0	\$ 105,226,664	\$(1,100,573)	-	\$ 104,126,091
<b>Component Units - Other</b>					
Vt Sustainable Jobs Fund	\$ 0	-	-	\$ 176,022	\$ 176,022

**Note 11: SEGMENT INFORMATION FOR ENTERPRISE FUNDS:**

The State reports six enterprise funds relating to sales of lottery tickets, liquor, Vermont Life Magazine, and related products, industrial homework products, federal surplus property, and guarantees of home mortgages. Segment information for the year ended June 30, 2000 is as follows:

	Vermont Lottery Commission	Liquor Control Fund	Vermont Life Magazine	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues	\$ 75,038,666	\$ 29,865,715	\$ 2,692,714	\$ 289,695	\$ 107,886,790
Depreciation Expense	73,148	187,958	14,574	0	275,680
Operating Income (Loss)	19,174,626	526,207	6,300	(31,449)	19,675,684
Operating Transfers In (Out)	(19,426,594)	(327,000)	0	0	(19,753,594)
Net Income (Loss)	(37,552)	218,505	35,657	(27,449)	189,161
Property, Plant & Equipment					
Additions	82,258	286,904	15,723	0	384,885
Deletions	77,739	14,786	0	0	92,525
Net Working Capital	486,286	60,614	43,127	(4,180)	585,847
Total Assets	5,375,931	7,158,092	1,034,729	71,094	13,639,846
Total Equity	385,754	1,003,237	133,162	(4,180)	1,517,973

## **Note 12: CONTINGENT AND LIMITED LIABILITIES:**

### **CONTINGENT LIABILITIES**

#### **Vermont Economic Development Authority:**

In 1974, the General Assembly created the Vermont Industrial Development Authority, renamed it the Vermont Economic Development Authority ("VEDA" or the "Authority") in 1993; and transferred the functions and the responsibilities of the Vermont Industrial Building Authority, Industrial Park Authority, and the Vermont Industrial Aid Board to it. Each of these original entities was relegated to a particular segment of industrial development. The Authority was established as a body corporate and politic and a public instrumentality of the State. It is governed by a twelve member board which consists of the Secretary of Commerce & Community Development, the State Treasurer, the Commissioner of Agriculture, Food and Markets, and nine public members appointed by the Governor with the advice and consent of the Senate.

The Authority has the power to insure up to \$15 million of mortgages made by lenders for the purchase of land and construction of industrial building facilities in the State; to finance the purchase of machinery and equipment; and to provide working capital. The refinancing of existing mortgages is also possible under the act that created the Authority. As of June 30, 2000, the Authority had mortgage insurance contracts totaling \$3,475,058. The full faith and credit of the State is pledged to support these activities of the Authority.

The authority is authorized to reimburse lenders participating in the Vermont Financial Access Program for losses incurred on loans that the lender registers with the Authority. The full faith and credit of the State is pledged in an amount equal to the reserve premium payment deposited by the participating lenders for each registered loan, with the aggregate amount of credit that may be pledged not to exceed \$2 million at any one time. The State's contingent liability at June 30, 2000 was \$846,828. The State's net cash contribution since inception is \$219,715.

Under provisions of the statutes governing VEDA, the State has loaned VEDA funds by purchasing its notes. The funds borrowed by VEDA were loaned to borrowers of VEDA in accordance with the purposes defined by the applicable statutes. On June 30, 1997, \$13,500,000 of then outstanding notes were restructured into a 20-year debt obligation to be paid to the State by VEDA at a rate of 4.55%. The repayment is to be made from the principal and interest cash flows of certain Subchapter 3 and Subchapter 5 loans. The debt is subordinate in all respects to the repayment of \$16,800,000 of taxable revenue bonds that were issued to create the leverage reserve fund noted below. As of June 30, 2000 there were \$12,200,000 of these bonds still outstanding. At June 30, 2000, there was \$13,250,246 still outstanding on the note. As part of the June 30, 1997 restructuring, it was agreed that \$5,500,000 in notes would be repaid to the State to the extent possible from the receipts of certain Subchapter 3 and Subchapter 5 loans and other real estate acquired through foreclosure not pledged as security for the taxable revenue bonds. At June 30, 2000, \$4,278,610 remained outstanding on these notes.

The 1999 General Assembly created the Vermont Agricultural Credit Corporation ("VACC") to be operated by the Authority. The VACC assumed all of the assets and liabilities of the Family Farm Debt Stabilization Program ("DSP") and the Agriculture Finance Program (AFP). These programs were previously administered by the Authority. In 1988, the DSP borrowed \$20,000,000 from a group of Vermont banks. A pledge of the full faith and credit of the State secured the repayment of the debt. In 1996, the authority borrowed an additional \$2,000,000 from a single Vermont bank, also secured by the pledge of the full faith and credit of the State. As of June 30, 2000, the Authority had \$3,853,322 outstanding on these obligations. The State Treasurer also holds \$2,500,000 in notes for the VACC that funded loans under the AFP and DSP. The notes were made in 1994 for a term of 20 years and carry an interest rate of 4.55%. As of June 30, 2000, the outstanding amount of these notes was \$1,825,000.

The authority has established a commercial paper program to fund loans made under the Subchapter 3 and Subchapter 5 programs in an amount aggregating up to \$40 million. The Subchapter 3 program provides loans to local and regional development corporations while the Subchapter 5 program provides direct loans to businesses. The company's commercial paper for these purposes is supported by a direct-pay letter of credit from a bank. The direct-pay letter of credit is secured from various repayment sources, including a \$16 million leverage reserve fund held by a trustee and a debt service reserve pledge from the State of Vermont in an amount not to exceed \$25 million. This debt service pledge is based on a similar structure utilized by both the Vermont Municipal Bond Bank and the Vermont Housing Finance Agency. The amount of commercial paper outstanding under this program at June 30, 2000 was \$13,025,000.

Federal Grants:

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

Limited Liabilities

Vermont Municipal Bond Bank:

The State has a limited liability for the Vermont Municipal Bond Bank. The Bank is required to maintain debt service reserve funds. Title 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. 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 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.

**Note 13: 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, it is believed that any ultimate liability to the State resulting from these suits, not covered by various insurance policies, would not materially affect the State's overall financial condition.

**Note 14: BUDGET STABILIZATION RESERVES**

The 1993 Legislature amended action taken by the 1987 Legislature by repealing legislation creating the Budget Stabilization Trust Fund and created separate Budget Stabilization Reserves within both the General Fund and Transportation Fund. The Education Fund Budget Stabilization Reserve was created by the 1999 Legislature. 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 will consist of any unreserved undesignated 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 general assembly. Use of the reserve is limited to offsetting the respective fund's deficit at the close of a fiscal year. Pursuant to action taken by the Legislature, the Transportation Fund's Budget Stabilization Reserve at June 30, 2000 was \$8,802,914, the General Fund's Budget Stabilization Reserve was \$41,366,301 at June 30, 2000, and the Education Fund's Budget Stabilization Reserve at June 30, 2000 was \$18,810,234.

**Note 15: 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 which is an interstate body, both corporate and politic, serving as a common agency of 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 commission 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 operate and administer Tri-State Lotto and to promulgate rules and regulations governing the establishment and operation of the lotto. Tri-State Lotto tickets are sold in each of the party states and processed in a central location as determined by the commission. Fifty percent of the gross sales from each state are aggregated in a common prize pool, and operating costs are charged proportionally to each of the party states. The remaining revenues generated within each state remain in that particular state.

At June 24, 2000, the commission had total assets of \$247,737,203 and total liabilities of \$231,910,691. For the fiscal year ended June 24, 2000, the commission has operating revenues of \$82,690,305, interest income of \$677,480, commissions, fees, and bonus expenses of \$8,488,953, prize awards of \$41,099,525, and other operating expenses of \$4,511,149. During the fiscal year, the commission made operating transfers to member states of \$29,268,158, which includes \$4,866,127 transferred to Vermont.

## **Note 16: RISK MANAGEMENT**

### **A. Worker's Compensation and Liability Risk Management**

The Risk Management Division of the General Services Department administers all risk management for State government except for the Health and Life Insurance plans listed below. As it is the policy of the State to minimize purchases of commercial insurance for most of the risks to which the State is exposed, the Risk Management Division sets aside assets and pays claims utilizing the following three Internal Service Funds:

Worker's Compensation Self Insurance Fund  
State Liability Self Insurance Fund  
Risk Management- All Other Fund (uses the purchase of commercial insurance)

The Worker's Compensation Fund is required by state statute to insure all state governmental and quasi-governmental entity's employees upon request. The State has unlimited exposure to liability and has not purchased any stop-loss insurance to limit this exposure. The review of this liability including an actuarial evaluation of incurred but not reported claims (IBNR) is conducted annually. Claims, all of which are processed by Risk Management Division personnel, are audited annually by outside claims adjusters to ensure that claims' statistical information used to calculate the State's Worker's Compensation exposure is reliable. The contribution required to fully fund losses is calculated by an outside actuary. Allocation to each participating entity who has covered employees is done by the Risk Management Division, utilizing exposure and departmental experience factors.

The State Liability Insurance Fund covers both general and auto liability risk. The coverage is restricted and is comparable to a standard private commercial policy. It offers coverage to the same group of participants as those covered by the Worker's Compensation plan above. Its exposure to risk in Vermont is governed by the Doctrine of Sovereign Immunity per Title 12 VSA 5601, etc while its exposure outside of Vermont is unlimited. It is self-insured for the first \$250,000 of exposure and has purchased excess commercial insurance to cover the additional per occurrence exposure in amounts of up to \$1,000,000 in Vermont and \$10,000,000 outside of Vermont. A Third Party Administrator (TPA) administers all claims other than minor property damage claims. The Risk Management Division calculates the contribution necessary to fund the coverage utilizing both an exposure rating basis and an experience rating factor for each participating entity. The liability loss projections and the claims processing data are audited annually by outside claims adjusters.

The Risk Management-All Other Fund provides insurance coverage through purchased commercial policies for risks not covered in the above funds. This coverage provides insurance for state-owned real property, bonds for various categories of employees, robbery and burglary coverage for the Federal food stamp program, errors and omissions coverage for judges, and various other miscellaneous coverage. The State's liability exposure is limited to the amount of the various deductibles associated with the respective coverage. Premium charges from the various insurers plus a 5% surcharge to cover state administration costs are either assessed directly against the entity specifically requiring the coverage or apportioned among those entities receiving the benefits of the coverage. Entities eligible for coverage are the same as those listed above for the other funds.

## **B. Health Care and Life Insurance Plans**

The Employee Benefits and Wellness (Benefits) Division of the Department of Personnel maintains medical, dental, life insurance, and employee assistance program plans for the benefit of current employees, retirees, ex-employees, legislators, and employees of outside groups which have been declared eligible to participate by statute.

The medical plan offerings in FY2000 included three Health Maintenance Organization (HMO) plans: Kaiser Permanente/CHP, the Mohawk Valley Plan (MVP) and the TVHP Blue Care. Kaiser Permanente/CHP ceased doing business for the State employees' plan as of January 1, 2000. A self-funded indemnity fee-for-service (Choice Plus) plan is also offered. It is administered by Blue Cross/Blue Shield of Vermont. Participating employees share the premium cost of the plans with the State. The employees participating in all of these plans include all of the categories listed above.

The HMO plans are purchased fully insured plans in which the HMO's calculate the premiums based on community rates. The coverage available to the participants is basically unlimited but is administered under a managed care arrangement. The State bears no insurance risk for catastrophic occurrences or claims in excess of the capitated premium paid.

The Choice Plus plan provides medical benefits coverage with high dollar limitations. To limit the State's large claims exposure, the State has purchased stop-loss insurance. Premium amounts, shared between the employees and the State, are calculated by Benefits Division analyst and then reviewed by an outside actuary. The State's liability for "incurred but not yet reported" (IBNR) claims is calculated by an outside actuary and is based on the State's previous claims experience.

The self-funded State of Vermont Employee Dental Assistance Plan, which is administered by Northeast Delta Dental, provides up to \$1,000 regular dental care annually and up to \$1,750 lifetime for orthodontic care for each participant. These plan caps effectively limit the State's exposure to catastrophic loss so no stop-loss insurance has been purchased. The Benefits Division analyst, in consultation with the dental actuary of the plan's administrator, sets the premium rates. Participants include all mentioned above except for retirees and legislators.

The State of Vermont Employee Life Insurance Program consists of a Regular Life benefit and an Accidental Death and Dismemberment (AD&D) benefit, each of which provides coverage equal to twice 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 insurance at the time of retirement receive a retiree life benefit of \$5,000 with no AD&D coverage.

Both the Regular Life and AD&D are fully insured products where the carrier retains liability for all claims. Benefits Division personnel calculate the premium rates charged for both of these programs. Active employee's premium costs are shared between the State and the employees. Retired employees' premium costs are fully paid by the State. Of the above groups, only current employees, retired employees, and current members of outside groups are eligible to participate.

A flexible spending account is available to active employees only. This account allows pre-tax salary deduction to be used to pay for eligible medical and dependent care expenses.

An employee assistance program (EAP) was implemented in fiscal year 1999. This program assists employees and family members in addressing problems that impact on lives including family, psychological, stress, financial, drugs, alcoholism, and other issues. Only current state employees and their families may participate in this program. ETP, Inc manages this program and is paid a fee based on the number of employees who work for the State. It is expected to provide, among other things, up to five counseling sessions per case. No claim's costs, or other liabilities are incurred under this plan by the State.

Following is a table displaying three years' changes in the respective funds' claims liability amounts or, in the case of the Life Insurance and EAP Funds, the changes in the claims expense related insurance premium liability.

<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>Other</u>	<u>Balance of Liability at End of Fiscal Year</u>
<b>Workers' Compensation Fund</b>					
FY 1998	10,361,704	4,165,059	4,024,804	(21,100)	10,480,859
FY 1999	10,480,859	2,875,277	4,028,641		9,327,495
FY 2000	9,327,495	5,728,010	4,848,810		10,206,695
<b>State Liability Insurance Fund</b>					
FY 1998	3,586,573	2,325,638	1,358,260	2,393	4,556,344
FY 1999	4,556,344	1,929,686	1,253,934		5,232,096
FY 2000	5,232,096	1,008,171	1,132,410		5,107,857
<b>Choice Plus - Medical Insurance Fund</b>					
FY 1998	3,648,615	20,797,612	20,594,435		3,851,792
FY 1999	3,851,792	23,225,831	22,251,347		4,826,276
FY 2000	4,826,276	27,388,115	26,697,579		5,516,812
<b>Dental Insurance Fund</b>					
FY 1998	183,522	3,086,887	3,014,008		256,401
FY 1999	256,401	3,243,116	3,269,947		229,570
FY 2000	229,570	3,483,951	3,457,767		255,754
<b>Life Insurance Fund</b>					
FY 1998	92,241	(92,241)	0	0	0
FY 1999	0	0	0	0	0
FY 2000	0	0	0	0	0
<b>Employee Assistance Program</b>					
FY 1999	0	0	0	0	0
FY 2000	0	0	0	0	0

**Note 17: BUDGET TO GAAP RECONCILIATION:**

Since the presentation of financial data on a budgetary basis differs from that presented under generally accepted accounting principles, a schedule reconciling the fund balance on a budgetary basis to the GAAP fund balance at June 30, 2000 is presented below.

	<u>General Fund</u>	<u>All Special Revenue Funds</u>
Fund Balance - Budgetary basis	\$ 165,073,772	\$ 109,415,194
Basis of Accounting Differences:		
Loans and Notes Receivable	5,470,343	84,031,021
Taxes Receivable	89,951,130	12,143,708
Advances To Other Funds	323,700	
Other Receivables	815,969	5,042,194
Due From Other Funds	2,033,426	925,913
Due From Component Units	258,463	2,879,060
Due From Federal Government		116,148,163
Accounts Payable	(40,434,516)	(116,650,494)
Accrued Liabilities	(5,555,209)	(8,647,335)
Tax Refunds	(37,774,642)	
Due To Other Funds	(379,445)	(1,365,101)
Due To Other Governments		(360,838)
Retainage Payable	(30,580)	(2,545,988)
Deferred Revenue	(6,052,506)	(91,166,413)
Escrow Accounts		1,906,013
Blended Component Units - Cash		9,361,674
Discrete Component Unit - Cash	(5,098,632)	
Cash on Hand	539,622	1,751,816
Total Fund Balance - GAAP Basis	<u>\$ 169,140,895</u>	<u>\$ 122,868,587</u>

**Note 18: INTERFUND BALANCES**

A Interfund assets and liabilities for each individual fund within the Primary Government and within the Component Units at June 30, 2000 were:

Fund Type/Fund	Due From Other Funds	Due To Other Funds	Interfund Loans Receivable	Interfund Loans Payable
<b>General Fund</b>	\$ 2,033,426	\$ 379,445	\$ 8,820,307	\$
<b>Special Revenue Funds</b>				
Transportation Fund	372,044	1,365,101		
Education Fund	535,078			
Special Fund	18,791			
Federal Revenue Fund				
<b>Enterprise Funds</b>				
Industrial Homework Office Fund				
Vermont Lottery Fund		535,078		
Vermont Life Fund				16,876
Liquor Control Fund		492,796		
Federal Surplus Fund				57,717
<b>Internal Service Funds</b>				
Highway Garage Fund				278,662
Correctional Industries Fund				677,575
Communication & Information Technology Fund		2,219		1,524,885
Copy Center Fund				1,369,247
Single Audit Revolving Fund				9,085
Postage Fund				731,387
State Liability Insurance Fund		11,437		
Workers Compensation Fund	11,437			
Risk Management Fund				384,359
Property Management Fund				863,208
Equipment Revolving Fund	150	1,227		1,203,284
GOVNET Fund				125,215
<b>Expendable Trust Funds</b>				
Unemployment Compensation Trust Fund		25,972		
Unemployment Compensation Contingency Fund	25,972			
Tobacco Trust Fund				
Abandoned Property Fund		183,623		
<b>Agency Funds</b>				
Retirement Contributions & Withholdings Fund				10,230
Social Security Contributions & Withholdings Fund				68,280
Employee Insurance Contributions & Withholdings Fund				675,249
Employee Deferred Compensation Withholdings Fund				2,253
Other Contributions & Withholdings Fund				822,795
<b>Total Primary Government Funds</b>	<b>\$ 2,996,898</b>	<b>\$ 2,996,898</b>	<b>\$ 8,820,307</b>	<b>\$ 8,820,307</b>
<b>Other Component Units</b>				
Vermont Economic Development Authority				
Vermont Housing and Conservation Board				
Vermont Center For Geographic Information				
<b>Vermont State Colleges</b>	1,216,884	1,216,884		
<b>Total Reporting Entity</b>	<b>\$ 4,213,782</b>	<b>\$ 4,213,782</b>	<b>\$ 8,820,307</b>	<b>\$ 8,820,307</b>



<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>	<u>Due From Component Units/Primary Government</u>	<u>Due To Component Units/Primary Government</u>	<u>Advances To Component Units/Primary Government</u>	<u>Advances From Component Units/Primary Government</u>
\$ 323,700	\$	\$ 1,137,741	\$	\$ 1,875,764	\$
		1,706,865			
		1,172,195			
	1,700				
	300,000				
	1,200				
	5,700				
	15,100				
<u>\$ 323,700</u>	<u>\$ 323,700</u>	<u>\$ 4,016,801</u>	<u>\$ 0</u>	<u>\$ 1,875,764</u>	<u>\$ 0</u>
			3,137,523		1,875,764
			879,278		
<u>\$ 323,700</u>	<u>\$ 323,700</u>	<u>\$ 4,016,801</u>	<u>\$ 4,016,801</u>	<u>\$ 1,875,764</u>	<u>\$ 1,875,764</u>

B. Operating Transfers between the individual funds of the primary government for the fiscal year ending June 30, 2000 were:

Fund Type/Fund	Transfers From Other Funds	Transfers To Other Funds
<b>General Fund</b>	\$ 41,119,694	\$ 273,413,136
<b>Special Revenue Funds</b>		
Transportation Fund	9,283,593	24,606,858
Education Fund	276,329,181	12,083,953
Fish & Wildlife Fund	530,558	
Special Fund	18,450,220	11,287,088
Federal Revenue Fund	3,922,686	7,995,120
<b>Capital Projects Funds</b>		
General Bond Fund	13,582	3,808,162
Transportation Bond Fund		10,809
<b>Enterprise Funds</b>		
Vermont Lottery Fund		19,426,594
Liquor Control Fund		327,000
<b>Internal Service Funds</b>		
Postage Fund	138,085	
Property Management Fund		2,389,948
GOVNET		
<b>Non Expendable Trust Funds</b>		
Higher Education Endowment Fund	6,000,000	
<b>Expendable Trust Funds</b>		
Unemployment Compensation Trust Fund	304,220	336,667
Unemployment Contingent Trust Fund	336,667	304,220
Abandoned Property Fund		552,135
All Other Expendable Trust Funds	113,204	
<b>Total</b>	\$ 356,541,690	\$ 356,541,690

C. Operating Transfers between the individual funds of the primary government and the component unit funds for the fiscal year ending June 30, 2000 were:

<u>Fund Type/Fund</u>	<u>Transfers From Component Units/Primary Government</u>	<u>Transfers To Component Units/Primary Government</u>
<b>Primary Government</b>		
General Fund	\$	\$ 72,862,885
Special Fund		241,903
General Bond Fund		555,500
<b>Component Units</b>		
Vermont Housing Conservation Board	6,000,000	
Vermont Economic Development Authority (a)	2,721,254	
Vermont Center for Geographic Information	241,903	
Vermont Student Assistance Corporation	13,831,839	
Vermont Sustainable Jobs Fund	257,000	
Vermont State Colleges	20,055,543	
University of Vermont	30,552,749	
<b>Total</b>	<b>\$ 73,660,288</b>	<b>\$ 73,660,288</b>

- (a) The Vermont Economic Development Authority reports \$2,609,895 as a deferred appropriation. The Authority received an appropriation of \$2,665,588 from the General Fund debt service reserve in July 1999 and is using the appropriation to offset revenue lost on certain Vermont Jobs Fund loans where the interest rate is subsidized below the rate required to cover operating costs. The appropriation is being earned based on the amount of subsidy used. In fiscal 2000, \$55,693 of the appropriation was earned.

**Note 19: SEGMENT INFORMATION FOR COMPONENT UNITS:**

The State consolidates the following discretely presented component units into its comprehensive annual financial report. Segment information for these component units is presented below. Other discretely presented component units contained in the State's comprehensive annual financial report include the University of Vermont and the Vermont State College system. They are not presented below as they utilize a different method of accounting. Their financial statements can be found in the combined section of this CAFR.

	Vermont Housing & Conservation Board	Vermont Municipal Bond Bank	Vermont Educational and Health Buildings Financing Agency	Vermont Student Assistance Corporation	Vermont Economic Development Authority	Vermont Center For Geographic Information	Vermont Sustainable Jobs Fund
<b>CONDENSED BALANCE SHEET</b>							
<b>Assets</b>							
Investments.....	\$ 23,548,465	\$ 39,473,756	\$ 1,112,088	\$ 26,886,143	\$ 26,650,619	\$	\$
Other Assets.....	24,203,715	10,702,655	31,977	267,199,930	16,347,507	69,129	143,742
Advances/Loans Receivable.....	34,958,126	338,786,080		783,533,136	43,423,310		
Fixed Assets (Net).....	242,005			4,521,551	55,792	33,785	5,192
<b>Total Assets.....</b>	<b>\$ 82,952,311</b>	<b>\$ 388,962,491</b>	<b>\$ 1,144,063</b>	<b>\$ 1,082,140,760</b>	<b>\$ 86,477,228</b>	<b>\$ 102,914</b>	<b>\$ 148,934</b>
<b>Liabilities</b>							
Current Portion - Debt Obligation.....	\$	\$	\$	\$ 40,225,000	\$ 1,441,065	\$ 23,000	\$
Due to Other Governments.....				25,438,858			
Deferred Revenue.....	34,720,537				2,633,206		7,175
Other Liabilities.....	7,219,069	2,885,575	5,836	16,001,285	4,572,451	39,852	24,688
Advances/Bonds and Notes Payable.....	23,767,775	378,840,650		943,830,576	51,570,760		
<b>Total Liabilities</b>	<b>\$ 65,707,381</b>	<b>\$ 378,726,225</b>	<b>\$ 5,836</b>	<b>\$ 1,025,495,719</b>	<b>\$ 80,217,482</b>	<b>\$ 62,852</b>	<b>\$ 31,863</b>
<b>Fund Equity</b>							
Reserved/Restricted.....	\$ 16,983,395	\$	\$	\$ 56,324,575	\$	\$	\$
Unreserved /Retained Earnings.....	281,535	9,236,266	1,138,227	320,466	26,259,746	40,062	117,071
<b>Total Fund Equity.....</b>	<b>\$ 17,244,930</b>	<b>\$ 9,236,266</b>	<b>\$ 1,138,227</b>	<b>\$ 56,645,041</b>	<b>\$ 26,259,746</b>	<b>\$ 40,062</b>	<b>\$ 117,071</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 82,952,311</b>	<b>\$ 388,962,491</b>	<b>\$ 1,144,063</b>	<b>\$ 1,082,140,760</b>	<b>\$ 86,477,228</b>	<b>\$ 102,914</b>	<b>\$ 148,934</b>

**CONDENSED STATEMENT OF REVENUES, EXPENDITURES (EXPENSES), AND CHANGES IN FUND BALANCE ( RETAINED EARNINGS)**

<b>Operating Revenues</b>							
Interest Income.....	\$ 281,701	\$ 19,711,447	\$ 68,461	\$ 62,779,125	\$ 4,637,243	\$ 2,794	\$ 10,614
Federal Grants.....	6,252,322			1,725,800			
Other Revenues (Losses).....	12,912,121	(1,493,180)	141,461	18,423,848	717,744	207,395	54,431
<b>Total Revenues (Operating).....</b>	<b>\$ 19,446,144</b>	<b>\$ 18,218,267</b>	<b>\$ 209,922</b>	<b>\$ 82,928,773</b>	<b>\$ 5,354,987</b>	<b>\$ 210,189</b>	<b>\$ 65,045</b>
<b>Operating Expenditures/Expenses</b>							
Depreciation/ Amortization.....	\$	\$ 200,983	\$	\$ 2,311,813	\$ 82,129	\$ 14,773	\$
Interest Expense.....	2,496,558	19,876,271		45,209,989	2,424,151	281	
Grants and Loans.....	18,790,039			15,985,681			240,694
Other Expenditures /Expenses.....	1,507,678	2,274,210	192,540	26,933,608	1,695,491	445,709	140,032
<b>Total Expenditures/ Expenses.....</b>	<b>\$ 22,794,275</b>	<b>\$ 22,351,464</b>	<b>\$ 192,540</b>	<b>\$ 90,441,091</b>	<b>\$ 4,181,771</b>	<b>\$ 460,763</b>	<b>\$ 380,726</b>
<b>Operating Income (Loss).....</b>	<b>\$ (3,348,131)</b>	<b>\$ (4,133,197)</b>	<b>\$ 17,382</b>	<b>\$ (7,512,318)</b>	<b>\$ 1,173,216</b>	<b>\$ (250,574)</b>	<b>\$ (315,681)</b>
<b>Non-Operating Revenues (Expenses)</b>							
Transfers From (To) Primary Government...	\$ 6,000,000	\$	\$	\$ 13,831,839	\$ 111,359	\$ 241,903	\$ 257,000
Sale of Bonds.....							
Payment To Escrow Agent.....							
Other Non-operating Revenues (Expenses)...					43,298		
<b>Net Income.....</b>	<b>\$ 2,651,869</b>	<b>\$ (4,133,197)</b>	<b>\$ 17,382</b>	<b>\$ 6,319,521</b>	<b>\$ 1,327,873</b>	<b>\$ (8,671)</b>	<b>\$ (58,681)</b>
<b>Extraordinary Item</b>							
<b>Retained Earnings/Fund Balance-</b>							
July 1, as restated.....	\$ 14,351,056	\$ 13,369,463	\$ 1,120,845	\$ 50,325,520	\$ 24,931,873	\$ 48,733	\$ 176,022
June 30.....	\$ 17,002,925	\$ 9,236,266	\$ 1,138,227	\$ 56,645,041	\$ 26,259,746	\$ 40,062	\$ 117,341

**Note 20: SUBSEQUENT EVENTS:**

**Tobacco Litigation Settlement Fund**

During the period September 2000 through January 2001, the State received settlement payments totaling \$7,967,726 from the Master Tobacco Settlement Agreement between members of the tobacco industry and the State. These funds were deposited into the Tobacco Litigation Settlement Fund, in accordance with Title 32 Section 435a of the Vermont Statutes Annotated.

**Energy Efficiency Utility Fund**

In accordance with 30 VSA 209(d)(3), the Public Service Board ordered a volumetric charge be levied on customers of Vermont electric utilities. This charge, known as the energy efficiency charge, is based upon a user's volume of electric power consumed, and is to be used to support all energy efficiency programs for citizens of Vermont as authorized by the Public Service Board. The revenue and expenditures associated with these energy efficiency programs, shall be accounted for in a special fund to be called the Energy Efficiency Utility Fund. These funds shall be considered ratepayers' funds and will not be available to meet the general obligations of the State. The Public Service Board is required to submit an annual financial report to the Legislature. The first annual report will be for the annual year ending December 31, 2000 and will be included in Vermont's June 30, 2001 Comprehensive Annual Financial Report.