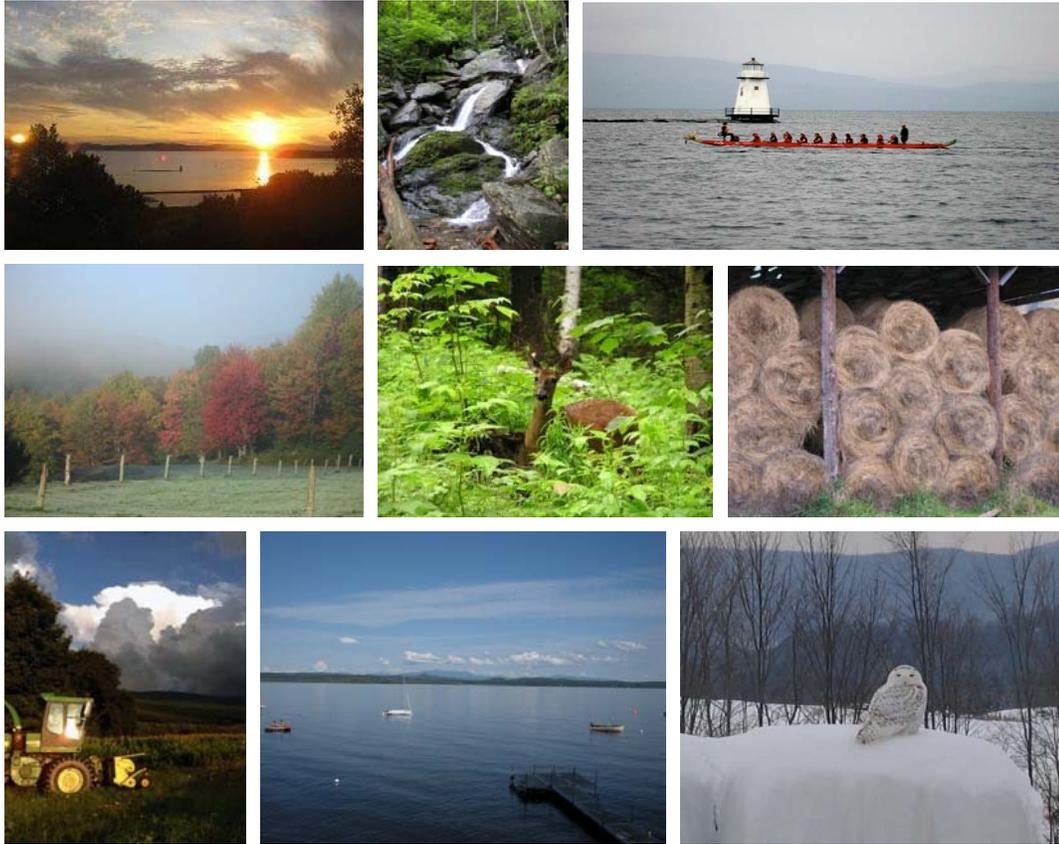


VERMONT



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ending JUNE 30, 2009

The cover pictures were provided by the following:

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STATE OF VERMONT

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the fiscal year ending JUNE 30, 2009



James H. Douglas
Governor

Prepared by the Department of Finance and Management

**STATE OF VERMONT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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State of Vermont

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Montpelier, VT 05620-0401

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Agency of Administration

LETTER OF TRANSMITTAL

To the Honorable James H. Douglas, Governor,
The Honorable Brian Dubie, Lieutenant Governor,
Chairs of House Committees on Appropriations, Institutions and Ways and Means,
Senate Committees on Appropriations, Finance and Institutions, and
The Citizens of the State of Vermont:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the State of Vermont for the fiscal year ended June 30, 2009. The Department of Finance and Management prepared this report as required by Title 32, Vermont Statutes Annotated, Section 182(a)(8). By issuing this report by December 31, 2009, the Department has met the State statutorily required issuance date. Responsibility for the completeness and fairness of the presentation, including all disclosures, rests with the State of Vermont's Department of Finance and Management. I believe that the accompanying financial statements are accurate and fairly stated in all material respects, and presented in a manner designed to fairly report the State of Vermont's financial position, results of operations and changes in net assets/fund balances.

I would like to direct your attention toward two important items contained in this CAFR. The first item is the Management's Discussion and Analysis (MD&A) that follows the Independent Auditors' Report. This analysis is designed to give you, the reader, an overview of the State's financial position, described in understandable terms, in order to help you better understand the results of operations of your state government. Secondly, I would like to direct your attention to the Basic Financial Statements (BFS) which follow the MD&A. The Basic Financial Statements were prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The BFS contain government-wide statements that present the State's financial activities in a manner similar to that of a private corporation; fund statements that report governmental, proprietary, fiduciary fund financial activity; component unit financial activity; and note disclosures that explain and enhance the basic financial statements.

In addition to the MD&A and BFS, this CAFR includes a Required Supplementary Information (RSI) section, a Supplementary section, and a Statistical section. The RSI section contains a Schedule of Funding Progress for the State's defined benefit pension and other postemployment benefits plans, and Budget to Actual comparison schedules for the State's major governmental funds with Notes reconciling budgetary fund balance to the governmental funds GAAP fund balance. The Supplementary section contains combining fund financial statements for the State's non-major Governmental, Proprietary, and Fiduciary Funds, and for the State's non-major component units. The Statistical section presents data relating to financial trends, revenue and debt capacity, and demographic and operating information about the State of Vermont. It should be noted that the information contained in the RSI and Statistical sections is unaudited.



This CAFR includes the funds and entities for which the State is accountable based on GASB's criteria for defining the financial reporting entity. The criteria include fiscal dependence, financial accountability and legal standing. For fiscal year 2009, the Vermont Housing Finance Agency (VHFA) is included as a discretely present component unit. In previous years, the VHFA has been reported as a related organization. Also this fiscal year, the Vermont Information Technology Leaders, Inc. (VITL) has been included as a blended component unit in the Special Fund. Please refer to Note 1, for more information regarding the reporting entity and the component units.

State Profile

Vermont, known as the Green Mountain State, was first settled by the French in 1666, then by the English in 1690, and joined the Union as the fourteenth State in 1791. Rural in character, the state measures 9,249 square miles of land area, and ranks 49th out of the 50 states in population, with the April 1, 2000 Census count of 608,827. The State capital is Montpelier (population of 8,035 in 2000), and the largest city is Burlington (2000 population of 38,889).

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

Budget Adoption and Legal Compliance/Budgetary Results

The Required Supplementary Information section contains the State's budgetary process, Budget to Actual comparison schedules and associated notes for the General Fund and the five major special revenue funds. These schedules present each fund's original budget, final budget, actual expenditures incurred on a budgetary basis, and the variance between the final budget and actual expenditures incurred. As the adopted budget provides legal control over spending, expenditures cannot exceed amounts appropriated under Vermont law. Budgetary control is exercised by fund within appropriation.

The General Fund

The General Fund, which accounts for a significant portion of the State's financial activity, is the State's largest operating fund. It accounts for all revenues and other receipts that are not required by law to be accounted for or deposited in other funds as well as the expenditures associated with these revenues. In fiscal year 2009, general fund tax revenues accounted for 96.5% of total general fund revenues. The three principal tax revenue contributors – the personal income tax, the general fund's portion of the sales and use tax, and the meals and room tax – accounted for 80.5% of general fund total tax revenues or approximately 77.7% of total General Fund revenues. General Fund expenditures used 70.0% of the total revenues, and these expenditures occurred in the following

major governmental functional categories: General Government, Protection to Persons and Property, Human Services, Labor, General Education, Natural Resources, Commerce and Community Development and Debt Service. The majority of the remainder of the resources provided from the 2009 General Fund revenues were transferred out to other funds and used for various purposes. Please see Note 3E for a summary of these transfers.

Economic Condition

The revenue forecast for fiscal year 2009 was revised downward four times over the fiscal year due to a progressively worsening economy. Normally the revenue forecast is updated two times per year in January and July. However, with the unstable economic situation, the Emergency Board has been scheduling interim revenue reviews. The July 2009 Emergency Board revenue review resulted in a \$28 million downgrade in the General Fund revenue forecast for fiscal year 2010. With the reduction in the revenue forecast, the Emergency Board approved the Administration's budget rescission plan by a corresponding \$28 million.

It is expected that the Vermont economy will remain in recession through the third quarter of calendar year 2009 and experience a turnaround in inflation-adjusted output during the 4th quarter of calendar year 2009. The most significant impact of the recession is in the job market, with payroll job losses and a rise in the state unemployment rate expected to continue through the second quarter of calendar year 2010. While the unemployment rate is expected to peak at just over 8 percent, this is expected to remain below the United States and New England regional averages.

In the 2009 legislative session, the Capital Act contained \$109.3 million in appropriations for capital construction and capital grants, with \$38.9 million funded with American Recovery and Reinvestment Act grants for drinking water and sewer projects, and the remaining \$70.4 million funded with general obligation bonds. In addition, the Legislature authorized the State Treasurer to issue \$10 million in transportation infrastructure bonds for the purpose of funding the rehabilitation, reconstruction, or replacement of state and municipal bridges and culverts, and state roads, railroads, airports, and associated infrastructure having a remaining useful life of 30 years or more.

Independent Audit of These Financial Statements

KPMG, LLP, an independent certified public accounting firm, performed an independent audit of the State's basic financial statements for the fiscal year ended June 30, 2009, with the assistance of the State Auditor's Office. KPMG has issued an unqualified opinion, the most favorable outcome of the audit process. The audit described in the auditors' report is not intended to meet all requirements of the Federal Single Audit Act of 1996. Rather, the Single Audit Report for the State is issued under separate cover.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Vermont for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the first year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Sincerely,

A handwritten signature in cursive script that reads "James B. Reardon".

James B. Reardon, CPA
Commissioner

December 17, 2009

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Vermont

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

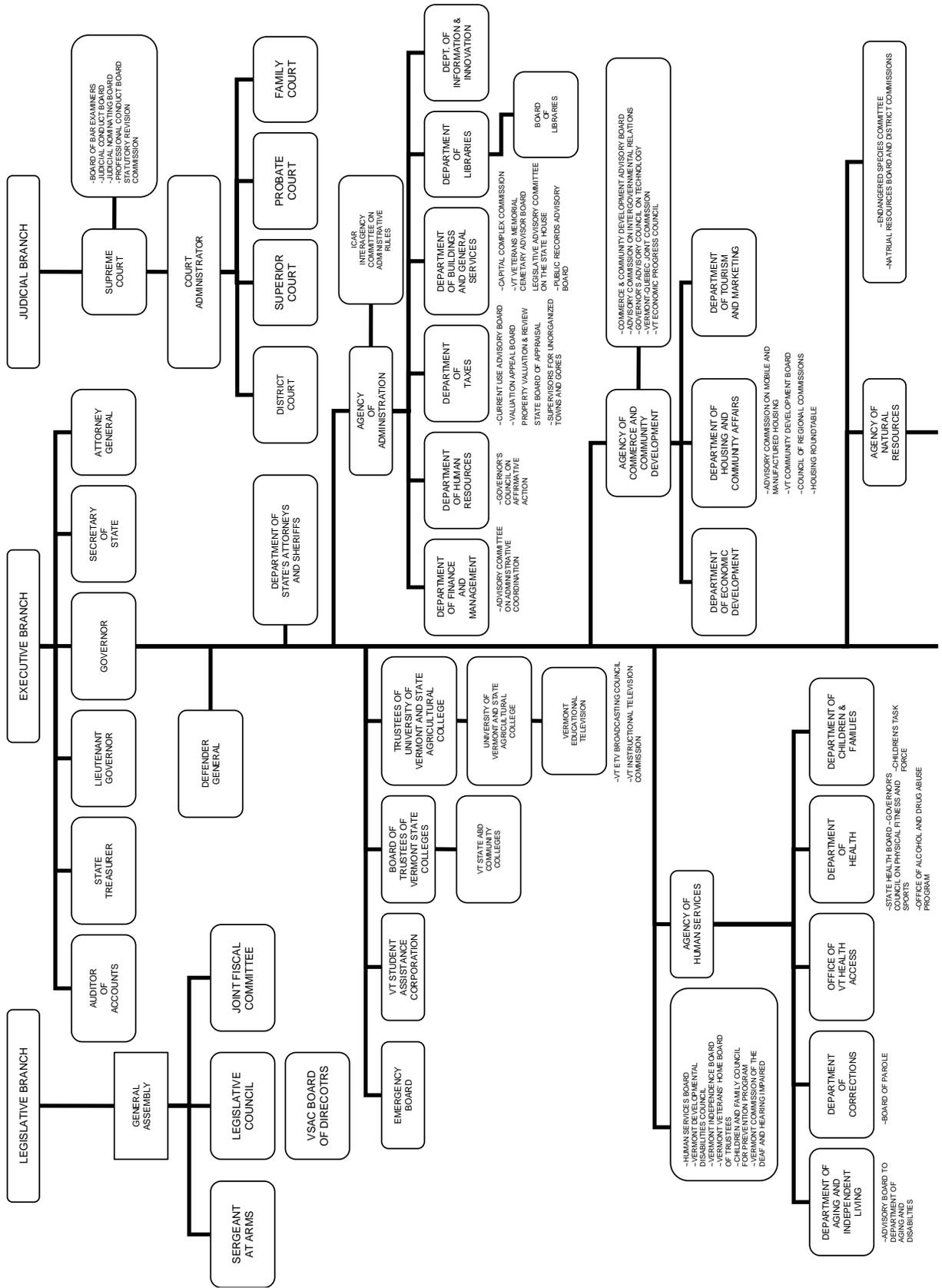


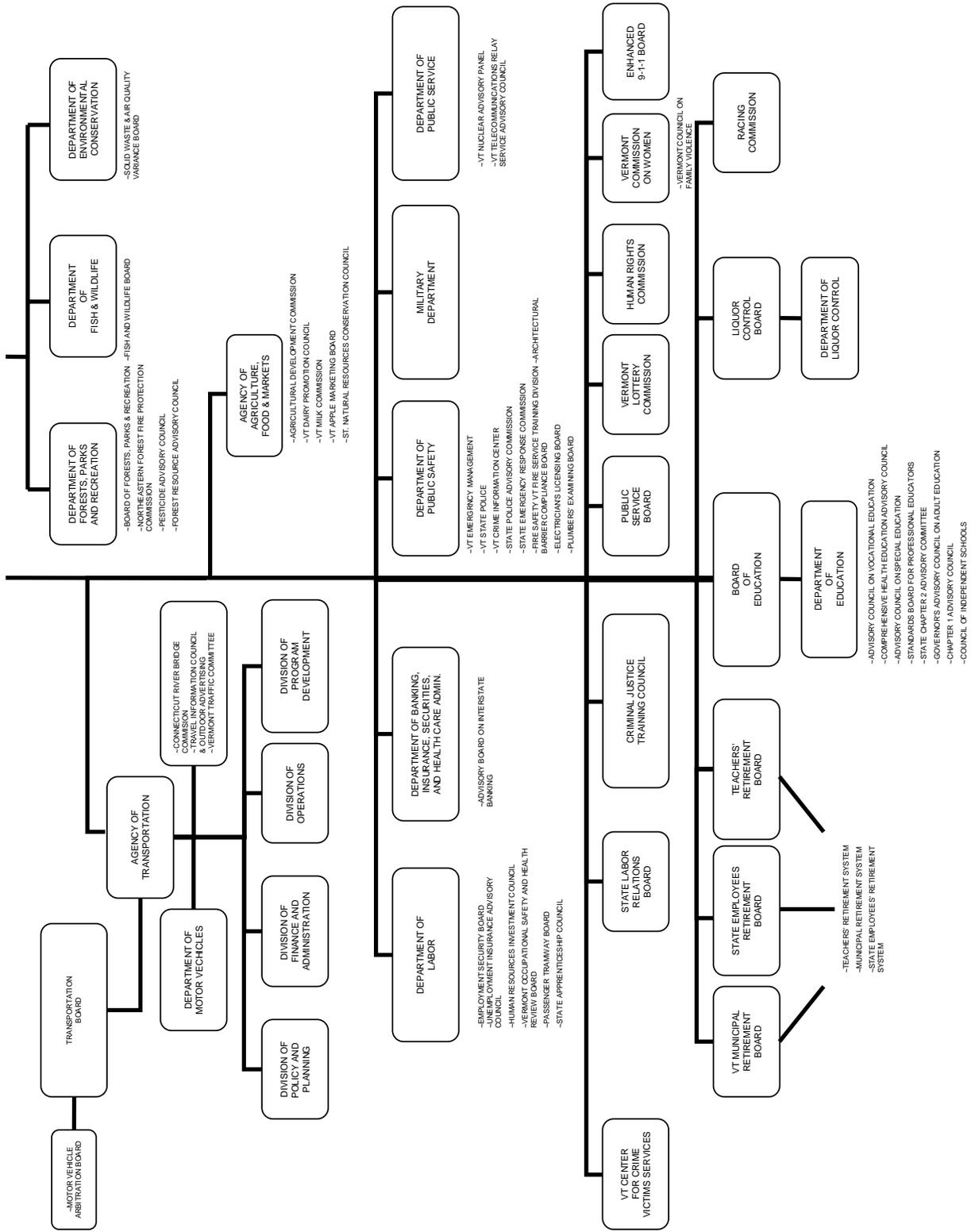
A handwritten signature in black ink, appearing to read "J. R. Snow".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Snow".

Executive Director





SELECTED STATE OFFICIALS
As of June 30, 2009

EXECUTIVE

James H. Douglas
Governor

Brian L. Dubie
Lieutenant Governor

Deborah L. Markowitz
Secretary of State

William H. Sorrell
Attorney General

Thomas M. Salmon
Auditor of Accounts

George B. "Jeb" Spaulding
State Treasurer

JUDICIAL

Paul L. Reiber
Chief Justice

LEGISLATIVE

Peter Shumlin
President Pro Tempore of the State Senate
(30 Senators)

Shap Smith
Speaker of the House of Representatives
(150 Representatives)



FINANCIAL SECTION



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Colchester, VT 05446

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Vermont (the "State"), as of and for the year ended June 30, 2009, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units identified in Note 1A. We also did not audit the financial statements of the Vermont Lottery Commission, the Special Environmental Revolving Fund, the Vermont Energy Efficiency Utility Fund, the Vermont Universal Service Fund, the Vermont Information Technology Leaders, Inc., or the Tri-State Lotto Commission. The discretely presented component units identified in Note 1A represent 62% of the total assets and 41% of the total revenues of the aggregate discretely presented component units. The Vermont Lottery Commission represents 100% of the total assets and revenues of the Vermont Lottery Commission Fund and 7% of the total assets and 36% of the total revenues of the business-type activities. The Special Environmental Revolving Fund represents 69% of total assets and 2% of total revenues of the Federal Revenue Fund, the Vermont Energy Efficiency Utility Fund, the Vermont Universal Service Fund and the Vermont Information Technology Leaders, Inc. represent 9% of total assets and 9% of total revenues of the Special Fund and collectively represent 9% of total assets and 1% of total revenues of the governmental activities. The Tri-State Lotto Commission represents 100% of the information disclosed in Note 13. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and, our opinions, insofar as they relate to the amounts and disclosures included for those discretely presented component units, the Vermont Lottery Commission, the Special Environmental Revolving Fund, the Vermont Energy Efficiency Utility Fund, the Vermont Universal Service Fund, the Vermont Information Technology Leaders, Inc., or the Tri-State Lotto Commission, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we express no opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the 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 opinions.

Vt. Reg. No. 92-0000241

KPMG LLP, a U.S. limited liability partnership, is the U.S. member firm of KPMG International, a Swiss cooperative.



In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Vermont as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As disclosed in note 1 and note 17, the State adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 49 *Accounting and Financial Reporting for Pollution Remediation Obligations* as of July 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2009 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Required Supplementary Information, listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Management's Discussion and Analysis and Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Vermont's basic financial statements. The introductory section, supplementary information, and statistical section, listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

December 17, 2009

INTRODUCTION

We are pleased to present this analysis and discussion of Vermont's financial performance for the fiscal year ending June 30, 2009. This Management's Discussion & Analysis (MD&A) section is intended to serve as an introduction to the State's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The MD&A is designed to assist the reader in focusing on significant financial matters, provide an easily readable overview of the State's financial activities, identify any material changes from the original budget, and highlight financial matters that occurred during fiscal year 2009. The following presentation is by necessity highly summarized, and in order to gain a thorough understanding of the State's financial condition, the following financial statements, notes and required supplementary information should be reviewed in their entirety.

FINANCIAL HIGHLIGHTS

Vermont reported net assets of \$1.243 billion, comprised of \$2.560 billion in total assets offset by \$1.317 billion in total liabilities at June 30, 2009 (Table 1).

The primary government's net assets have decreased by \$177.4 million as a result of this year's operations. The net assets for governmental activities decreased \$87.3 million and net assets for business type activities decreased by \$90.1 million (Table 2).

The State's governmental funds reported combined ending fund balances of \$355.9 million. Of this amount, \$181.6 million is available for spending at the State's discretion (unreserved fund balance).

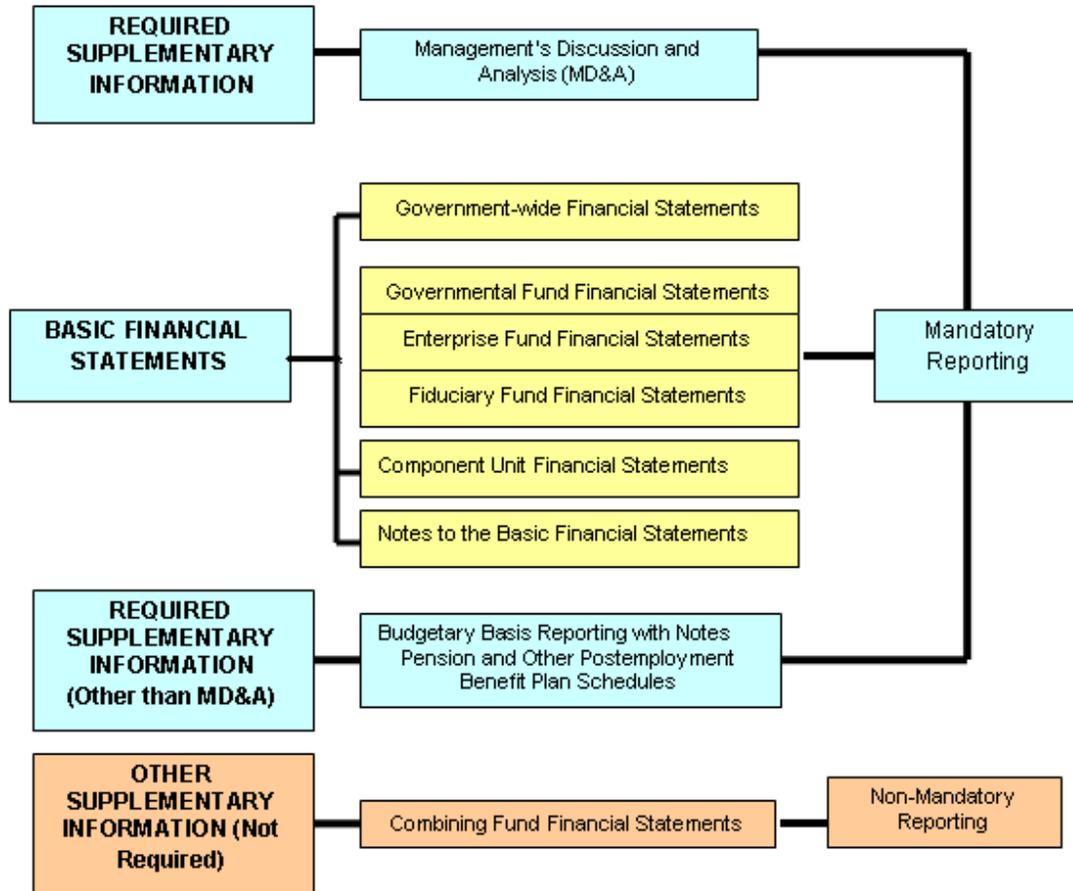
The State's General Fund reported a deficit this year of \$5.8 million which decreased the accumulated fund balance to \$149.9 million, of which \$103.2 million is reserved for specific purposes.

The State's debt outstanding for General Obligation Bonds decreased \$1.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The layout and relationship of the financial statements and supplementary information is visually illustrated as follows.



Basic Financial Statements

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

1) Government-Wide Financial Statements

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

The government-wide statements contain both short-term and long-term information about the State's financial position and assist in assessing the State's economic condition at the end of each fiscal year. The State

prepares these statements using the "flow of economic resources" measurement focus and the accrual basis of accounting. This basically means that the methods utilized to prepare these statements are similar to those used by most private sector businesses in preparing their financial statements. They take into account all financial activity connected with the reported fiscal year including revenues, expenses, transfers, sales or acquisitions of capital assets, and any other activity affecting or possibly affecting the financial condition of the State, even if cash involved has not been received or paid. The government-wide financial statements present two statements:

The *Statement of Net Assets* presents both the primary governments' and its component units' assets and liabilities, with the difference between the assets and liabilities reported as "net assets". Over time, increases or decreases in the primary government's net assets may serve as an indicator as to whether the financial position of the State is improving or deteriorating.

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

Both of the above financial statements segregate Vermont's financial activity into the following three different categories. The governmental activities and business-type activities are combined to report on what is termed *primary government activities* which are separate and distinct from the *component units' activities* of the discretely presented component units. For more information regarding discretely presented component units, please see Note 1 to the financial statements.

Primary Government Activities

Governmental Activities – The financial activities reported in this section generally represent those services (functions) normally performed by a government entity. These activities include public education, general government, public health services, legal and judiciary services, natural resources, public safety, regulatory services, social services, and public transportation. Taxes, grants, and intergovernmental revenues are the main sources of funding for these activities.

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

Component Units' Activities

Discretely Presented Component Units – These are legally separate (incorporated) entities for which the elected officials of the primary government have financial accountability. The State's discretely presented component units are presented in the aggregate in the government-wide statements. This aggregate total consists of four major and ten non-major component units. This categorization is determined by the relative size of the entities' assets, liabilities, revenues and expenses in relation to the total of all component units. Additional information or financial statements for each of these individual component units can be obtained from their respective administrative offices. Addresses and additional information about the State's component units are presented in Note 1 to the financial statements.

Blended Component Units – The State has one blended component unit, *Vermont Information Technology Leaders, Inc. (VITL)*, which provides services almost exclusively to the State. The financial position of VITL has been blended within the Statement of Net Assets and Statement of Activities in the governmental activities column and in the Special Fund.

2) Fund Financial Statements

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

The fund financial statements focus and report on the State's activities in more detail than the government-wide statements. All of the funds of the State have been divided into three categories for reporting purposes: governmental, proprietary, and fiduciary. In turn, the governmental and proprietary funds are divided into major and non-major categories as required by the Governmental Accounting Standards Board. For the governmental and proprietary funds, the major funds are reported in individual columns in the fund financial statements while the non-major funds are presented in a consolidated column in the fund financial statements. Combining schedules or statements in the supplementary information section present detailed non-major fund activity. Fiduciary funds are reported by fiduciary type (pension and other postemployment benefit trusts, investment trusts, private purpose trusts and agency funds) with combining schedules or statements for the individual pension, other postemployment benefit, and agency funds presented in the supplementary information section. It is important to note that these fund categories use different accounting methods and should be interpreted differently as described below.

The Three Categories of Funds are: Governmental Funds

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

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

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

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

Proprietary Funds

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

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

The State reports eight enterprise funds of which three are reported as major funds in separate columns on the proprietary fund statements. These three are the Unemployment Compensation Fund, the Liquor Control Fund, and the Vermont Lottery Commission. The other five enterprise funds are reported as "non-major funds" and are consolidated into one column on the proprietary fund statements.

Internal service funds are used to report activity that provides goods and services to other funds, departments, or agencies of the primary government and its component units, or to other governments on a cost reimbursement basis. Because the activities in these funds primarily benefit governmental activities, they have been combined with the governmental activities in the government-wide statements.

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

The proprietary funds' financial statements immediately follow the governmental fund financial statements. Combining non-major enterprise and combining internal service fund statements may be found in the other supplementary information section.

Fiduciary Funds

The fiduciary funds are used to account for resources held by the State for the benefit of parties outside of State government. Fiduciary funds are excluded from the government-wide financial statements because the State cannot use these assets to finance its operations. The fiduciary funds use the accrual basis of accounting.

The State's fiduciary funds are divided into the following four basic categories: Pension and Other Postemployment Benefit Trust Funds (includes three separate defined benefit pension plans, three separate defined contribution pension plans, one defined benefit other postemployment benefit plan, and one defined contribution other postemployment benefit plan); Investment Trust Fund (which reports only the external portion of the Vermont Pension Investment Committee investment pool); Private Purpose Trust Fund (which reports only the Unclaimed Property Fund); and Agency Funds (eleven agency funds which account for the assets held for distribution by the State as an agent for other governmental units, organizations or individuals). These funds financial reports include a *Statement of Fiduciary Net Assets*; and a *Statement of Changes in Fiduciary Net Assets*.

The fiduciary funds financial statements can be found immediately following the proprietary funds financial statements. Individual pension and other postemployment benefit trust funds, and agency funds financial statements are reported in the other supplementary information section of this report.

3) Discretely Presented Component Units' Financial Statements

As mentioned previously, the State has included the net assets and activities of four major component units in individual columns and ten non-major component units in a single column on the statements. The component units' financial statements can be found immediately after the fiduciary funds. Combining individual non-major component units' financial statements can be found in the supplementary information of this report.

4) Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following the component units' financial statements.

Required Supplementary Information Other Than MD&A

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

The Schedule of Funding Progress for the three defined benefit pension trust funds and the Schedule of Employer Contributions for the past six years are included in the required supplementary information section. Also, this section includes the Schedules of Funding Progress and Employer Contributions for the other postemployment benefit plans.

Schedules for the General Fund and budgetary basis special revenue funds related to the five major Special Revenue Funds comparing their original budgeted amounts; final budgeted amounts; actual inflows, outflows, and balances stated on the budgetary basis; and variances between the final budgeted amounts and actual amounts presented on a budgetary basis. See Note 1, Section E for additional information regarding the budgetary process, including the budgetary basis.

Notes to Required Supplementary Information include a schedule reconciling the statutory fund balance presented on a budgetary basis to the fund balance prepared on a modified accrual basis as presented in the governmental fund financial statements for each major governmental fund.

Other Supplementary Information

Combining Financial Statements

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

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

Statistical Section

A statistical section containing selected financial, debt capacity, operating, economic and demographic information is presented immediately following the combining financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

The State's (governmental and business-type activities) combined net assets total \$1.243 billion at the end of 2009, as shown in Table 1. Approximately \$1.320 billion of these combined net assets consist of the State's investment in capital assets such as land, buildings, equipment, and infrastructure (roads, bridges, and other immovable assets) less any related debt still outstanding that was used to acquire those assets. This \$1.320 billion in capital assets represent resources used to provide services to citizens, and therefore are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the primary government's net assets (16.1 percent) represents resources that are subject to external restrictions on how they may be used. Internally imposed designations of resources are not presented as restricted net assets. The remaining balance of unrestricted net assets is a deficit of \$276.9 million. This unrestricted deficit balance increased by \$164.4 million from the previous year's unrestricted net asset deficit.

The governmental activities' negative unrestricted net assets balance is mainly the result of three actions: 1) long-term debt issued by the State for municipal, non-profit or component unit capital purposes, \$214.3 million outstanding at June 30, 2009, that does not result in a governmental activities' capital asset, 2) the statutorily mandated restricting of net assets for the budget stabilization reserves (\$204.8 million), and 3) the net Pension and OPEB liabilities (See Note 5).

The business type-activities' positive unrestricted net asset balance may be used to meet the State's ongoing obligation to its citizens and creditors.

At the end of fiscal year 2009, the State reported positive total net asset balances in its governmental activities, business-type activities, and discretely presented component units.

The following primary government condensed financial statement information is derived from the State's June 30, 2009 and 2008 government-wide Statement of Net Assets. Although the government-wide statements include discretely presented component unit activity, the component unit activity has not been included in these

TABLE 1
State of Vermont's Net Assets
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current assets.....	\$ 610.8	\$ 808.1	\$ 103.0	\$ 183.3	\$ 713.9	\$ 991.5
Other assets.....	345.9	213.4	5.2	5.0	351.1	218.4
Capital assets.....	1,494.5	1,402.8	0.9	0.8	1,495.4	1,403.6
Total assets.....	2,451.2	2,424.3	109.2	189.1	2,560.4	2,613.3
Long-term liabilities.....	880.9	762.4	4.5	4.9	885.4	767.2
Other liabilities.....	410.4	414.8	21.7	11.0	432.1	425.8
Total liabilities.....	1,291.3	1,177.2	26.2	15.9	1,317.5	1,193.0
Net assets:						
Invested in capital assets, net of related debt.....	1,318.7	1,245.9	0.9	0.6	1,319.6	1,246.5
Restricted.....	121.7	117.1	78.5	169.2	200.2	286.3
Unrestricted (deficit).....	(280.6)	(115.8)	3.7	3.3	(276.9)	(112.5)
Total net assets.....	\$ 1,159.9	\$ 1,247.2	\$ 83.0	\$ 173.1	\$ 1,242.9	\$ 1,420.3

Note: Net assets, for the year ending 2008, has been restated in the governmental activities as a result of the implementation of GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations.

In 2009, governmental activities' revenues fell short of expenses by \$109.3 million, which was offset by transfers of \$21.9 million from business activities, resulting in a 7.00 percent decrease in net assets. Business-type activities had an overall decrease in net assets of 52.05 percent, resulting from an operating shortfall of \$68.1 million, plus transfers out of \$21.9 million to governmental activities, primarily from the Lottery (\$20.9 million) to support education.

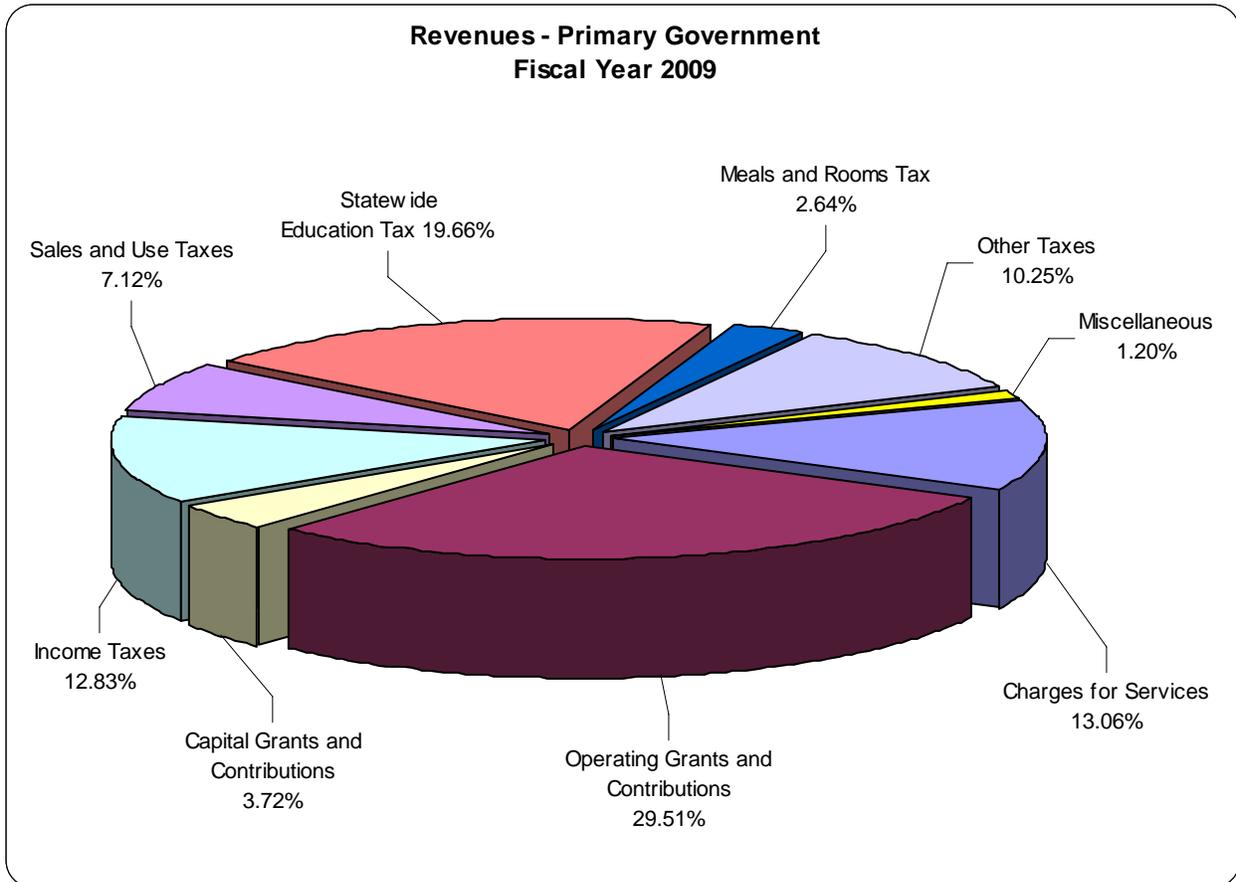
The following condensed table presents a comparison of activity for the fiscal years ended June 30, 2009 and 2008, and contains primary government data only.

TABLE 2
State of Vermont's Changes in Net Assets
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services.....	\$ 318.1	\$ 273.5	\$ 264.0	\$ 216.3	\$ 582.2	\$ 489.8
Operating grants and contributions.....	1,315.5	1,182.6	-	-	1,315.5	1,182.6
Capital grants and contributions.....	165.8	151.7	0.1	-	165.9	151.7
General revenues:						
Income taxes.....	572.0	698.3	-	-	572.0	698.3
Sales and use taxes.....	317.6	336.2	-	-	317.6	336.2
Statewide education tax:						
Gross tax assessed.....	995.9	916.9	-	-	995.9	916.9
Income sensitivity adjustment.....	(119.5)	(118.0)	-	-	(119.5)	(118.0)
Meals and rooms tax.....	117.8	119.8	-	-	117.8	119.8
Other taxes.....	456.7	461.6	-	-	456.7	461.6
Miscellaneous.....	47.7	50.5	6.0	8.8	53.7	59.3
Total revenues.....	4,187.8	4,073.1	270.2	225.0	4,458.0	4,298.2
Expenses						
General government.....	116.8	101.5	-	-	116.8	101.5
Protection to persons and property.....	280.4	259.7	-	-	280.4	259.7
Human services.....	1,750.9	1,652.7	-	-	1,750.9	1,652.7
Labor.....	29.1	28.0	-	-	29.1	28.0
General education.....	1,657.3	1,614.4	-	-	1,657.3	1,614.4
Natural resources.....	98.1	95.7	-	-	98.1	95.7
Commerce and community						
development.....	33.3	37.0	-	-	33.3	37.0
Transportation.....	308.5	310.7	-	-	308.5	310.7
Public service enterprises.....	3.9	4.5	-	-	3.9	4.5
Interest on long-term debt.....	18.7	19.4	-	-	18.7	19.4
Unemployment compensation.....	-	-	214.6	99.0	214.6	99.0
Lottery commission.....	-	-	74.9	79.6	74.9	79.6
Liquor control.....	-	-	46.4	45.3	46.4	45.3
Other business-type expenses.....	-	-	2.5	3.1	2.5	3.1
Total expenses.....	4,297.1	4,123.6	338.3	227.0	4,635.4	4,350.6
(Decrease) in net assets before transfers.....	(109.3)	(50.5)	(68.1)	(2.0)	(177.4)	(52.4)
Transfers net in (out).....	21.9	23.9	(21.9)	(23.9)	-	-
Change in net assets.....	(87.3)	(26.6)	(90.1)	(25.9)	(177.4)	(52.4)
Net assets, July 1.....	1,247.2	1,273.7	173.1	199.0	1,420.3	1,472.7
Net assets, June 30.....	\$ 1,159.9	\$ 1,247.2	\$ 83.0	\$ 173.1	\$ 1,242.9	\$ 1,420.3

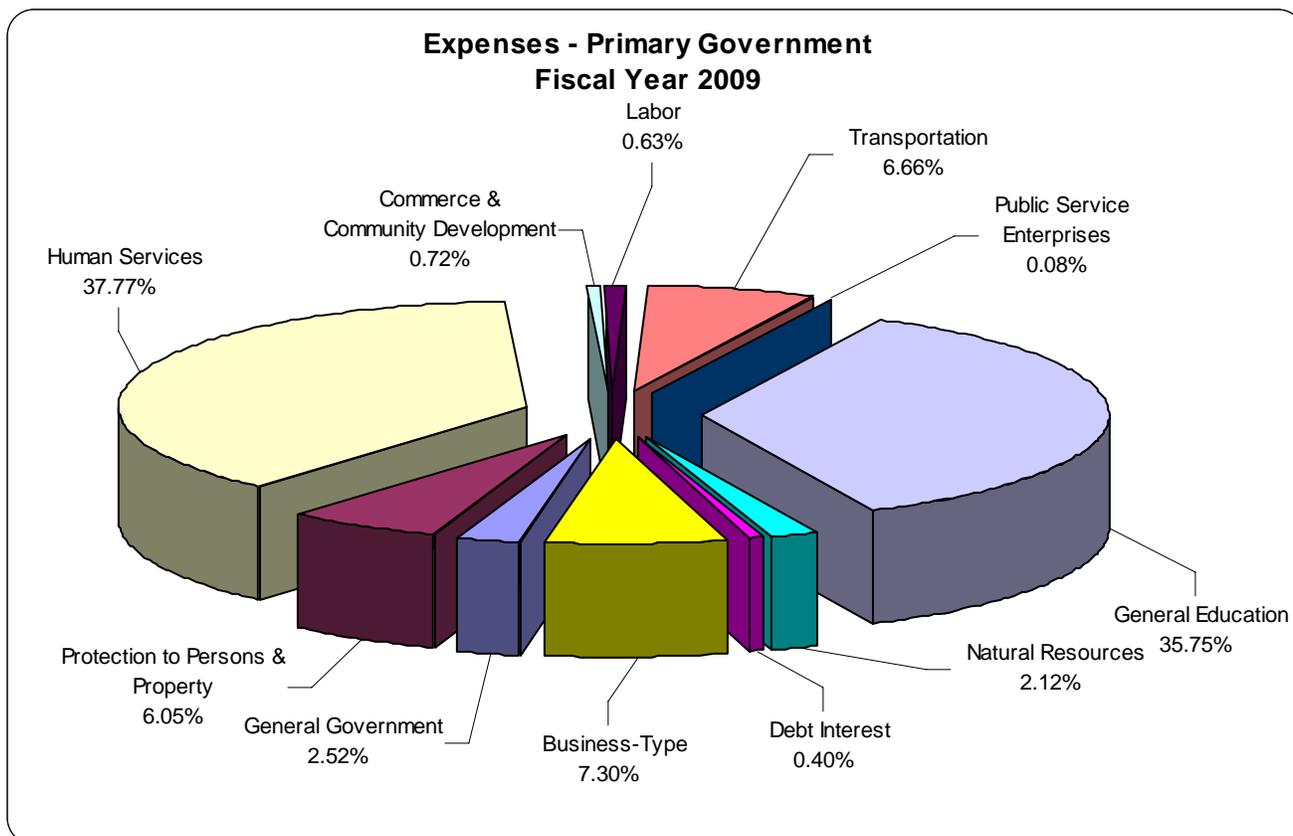
Totals may not add due to rounding.

The following graph illustrates the revenues of Vermont's primary government for fiscal year 2009. Approximately 33.23 percent comes from other entities and governments in the form of operating and capital grants and contributions (primarily federal grant revenues). An additional 32.49 percent of total revenues is generated by the statewide education and income taxes.



Percentages may not equal 100%, due to rounding.

The following graph illustrates the percentages of total primary government expenses. The largest portion of expenses is for human services (37.77 percent of total expenses) which provides for Vermont's low-income, elderly care services and persons in state custody in the form of grants for selected services such as food stamps, health care, housing and child protective services. The second most significant expense is for general education (35.75 percent of total expenses), which provides for Vermont's support to elementary, secondary and higher education.



Percentages may not equal 100%, due to rounding.

FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

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

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending. At the end of fiscal year 2009, the unreserved fund balance is 51.03 percent of the total fund balance of governmental funds, which is available for spending on governmental programs at the State's discretion in the coming year. The remainder of this fund balance has been reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders, for debt service, for the human services caseload reserve, for budget stabilization purposes, and for a variety of other purposes.

At the end of fiscal year 2009, the State's governmental funds reported combined fund balances of \$355.9 million, a decrease of \$64.7 million in comparison with the prior fiscal year. This decrease is primarily attributable to declines in personal and corporate income tax.

The General Fund is the chief operating fund of the State. At the end of fiscal year 2009, the General Fund's total fund balance was \$149.9 million and the unreserved portion of this fund balance was \$46.7 million. Its remaining fund balance was made up of reservations totaling \$103.2 million. The most significant reservations are: \$60 million for budget stabilization, \$16.3 million for the human services caseload reserve and \$14.85 million for the revenue shortfall reserve. During 2009, total expenditures and other financing uses surpassed revenues and other financing sources by \$5.8 million. The General Fund transferred \$78.1 million to the Global Commitment Fund for a portion of the State's payment for Medical coverage under the Global Commitment to Health Medicaid waiver.

The Special Fund's total fund balance at the end of fiscal year 2009 was \$95.3 million, a decrease of 18.23 percent in comparison with 2008. The Special Fund's total fund balance is comprised of \$91.6 million as unreserved, and \$3.7 million in reserved for encumbrances. Special Fund revenues increased \$48.4 million and expenditures increased \$9.7 million compared to 2008 resulting in a decrease in "excess of revenues over expenditures" of \$38.7 million from last fiscal year. Fiscal year 2009 transfers out to other funds exceed transfers in from other funds by \$190.6 million. The Special Fund transferred \$203.6 million to the Global Commitment Fund for a portion of the State's payment for Medicaid coverage under the Global Commitment to Health Medicaid waiver.

The Federal Revenue Fund accounts for the federal share of all federal grants except those federal grants that are awarded to the Agency of Transportation (which are included in the Transportation Fund) and the Department of Fish and Wildlife (which are included in the Fish and Wildlife Fund, a non-major governmental fund). The Federal Revenue Fund's federal grant revenues for fiscal year 2009 were \$1.232 billion, a 8.83 percent increase over fiscal year 2008's federal grant revenues. The Agency of Human Services' received 82.25 percent of the total federal grants revenue and transferred \$621.7 million to the Global Commitment Fund for the payment of the Federal share of Medicaid expenditures under the Global Commitment to Health Medicaid waiver. The Federal Revenue Fund's total fund balance at the end of fiscal year 2009 (\$32.9 million) was a decrease of \$36.9 million as compared to the total fund balance at the end of fiscal year 2008.

The fiscal year 2009 ending total fund balance for the Global Commitment Fund was a deficit balance \$29.4 million. Net transfers in of \$880.4 million exceeded expenditures of \$873.7 million, resulting in a \$6.7 million decrease in the deficit balance from the fiscal year 2008 ending total fund balance. This deficit is the result of Medicaid costs incurred under a previous Medicaid waiver agreement being paid with the resources transferred to the fund under the current agreement. The State plans to clarify with the Centers for Medicare and Medicaid Services (CMS), as part of a waiver amendment, that the State used capitation payments to pay for regular Medicaid claims coming into the global commitment waiver period. The State and CMS recognize the need to develop an equitable funding approach coming out the waiver period.

The Education Fund at June 30, 2009, had a total fund balance of \$44.6 million, which represents a \$4.3 million increase over fiscal year 2008's ending balance. Prior to fiscal year 2008, the State appropriated for expenditures to provide property tax relief to taxpayers based on taxpayer income levels and property taxes. Beginning with fiscal year 2008, the State changed its methodology of paying income sensitivity adjustments from directly to taxpayers to paying the income sensitivity adjustments directly to the municipalities, and the municipalities adjust the taxpayers' statewide education property tax assessments. The Education Fund's statewide education tax revenue was reduced from the gross assessment of \$995.9 million for the \$119.5 million that was paid to municipalities for income sensitivity adjustments. The Education Fund's reserve for budget stabilization increased \$1.7 million to \$31.1 million, the maximum allowed by statute.

The Transportation Fund's total fund balance was \$10.2 million at June 30, 2009, a decrease of \$3.4 million from the fiscal year 2008 ending total fund balance. This decrease was the result of expenditures exceeding revenues by \$4.9 million and transfer in exceeding transfers out by \$1.5 million. The Transportation Fund's

reservation for budget stabilization increased from \$11.2 million to \$11.3 million, the maximum allowed by statute.

See Note 1, Section E for more information regarding these funds.

Proprietary Funds

The State's *enterprise funds* provide the same type of information presented in the business-type activities in the government-wide financial statements, but in more detail. The Unemployment Compensation Trust Fund is the largest of the enterprise funds accounting for 94.44 percent of the \$83.1 million total net assets reported by the enterprise funds. However, the Unemployment Compensation Trust Fund's total net assets decreased by \$90.8 million from \$169.2 million at June 30, 2008, to \$78.5 million at June 30, 2009. This decrease was the result of unemployment benefit distributions exceeding unemployment tax assessments and other income.

The State's *internal service funds'* total net assets at June 30, 2009 were \$2.8 million, a \$9.4 million decrease from June 30, 2008. This decrease is primarily due to operating losses totaling \$8.2 million and net transfers out to other funds of \$2.2 million. It should be remembered that the internal service funds' activity has been combined with the governmental funds' activity in the government-wide financial statements.

Fiduciary Funds

The State's fiduciary funds account for resources held for the benefit of parties outside the government. The *pension and other postemployment benefit trust funds'* net assets decreased by 21 percent to \$2.575 billion at June 30, 2009. For more information regarding the State's retirement and other postemployment benefit plans, see Note 5 to the financial statements. The Unclaimed Property Fund's total assets balance at June 30, 2009 is \$9 million, and total liabilities balance is \$7.8 million, including the escheat property claims liability estimated at \$7.8 million, resulting in ending net assets of \$1.2 million. The Investment Trust Fund's total net assets at June 30, 2009, were \$89.8 million. Net assets of all fiduciary funds are reported as held in trust for particular purposes.

GENERAL FUND BUDGET HIGHLIGHTS

The fiscal year 2009 General Fund revenue forecast was reduced three times during the fiscal year, with the final General Fund revenue forecast reduction approved by the Emergency Board on April 24, 2009. The General Fund revenue forecast was reduced by 2.57% in November 2008, 0.93% in January 2009, and 1.32% in April 2009. As fiscal year 2009 came to a close, the revenues had exceeded the April 2009 revised revenue forecast by \$14.6 million. This was mostly attributable to the Inheritance & Estate Tax (included in Other Taxes), which completed the fiscal year \$14.1 million ahead of the April 2009 revised revenue. Personal Income Tax, Sales & Use Tax, Meals & Rooms Tax, and Property Transfer Tax cumulatively fell slightly below the final target by \$2.31 million or 0.27%, while Corporate Income Tax exceeded target by \$5.0 million or 8.1%. The General Fund's operating results allowed for \$2.2 million to be added to the Budget Stabilization Reserve, bringing the balance to \$60.0 million (100% of the 5% statutory maximum), with an additional \$14.9 million placed in the new revenue shortfall reserve. The revenue shortfall reserve was established in 32 V.S.A. 308(d). If the general assembly determines there are insufficient revenues to fund expenditures for the operation of state government at a level the general assembly finds prudent and required, it may specifically appropriate the use of the revenue shortfall reserve to compensate for a reduction of revenues or fund such needs as the general assembly may determine.

PRIMARY GOVERNMENT'S CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The State investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2009, was \$1.495 billion, a total increase of 6.5 percent (Table 3). This investment in

capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the State, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

Many component unit, municipal and non-profit capital construction projects and acquisitions are financed by the State, but the assets are actually owned by these other organizations. Therefore, these capital assets are recorded on the financial statements of these owning organizations and are not listed on the books of the State. But the general obligation bonds issued by the State to finance these capital assets are reported as a liability of the State's governmental activities. At June 30, 2009, the State had \$214.3 million of general obligation bonds outstanding related to capital assets of these other organizations.

TABLE 3
Capital Assets at Fiscal Year End
(Net of depreciation, amounts in thousands)

	Governmental Activities		Business Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Land and Land Improvements...	\$ 77,468	\$ 72,940	\$ -	\$ -	\$ 77,468	\$ 72,940
Construction in Progress.....	344,421	304,866	304	-	344,725	304,866
Works of Art.....	136	136	-	-	136	136
Buildings and Improvements.....	220,751	205,690	35	31	220,786	205,721
Machinery and Equipment.....	50,234	48,214	598	783	50,832	48,997
Infrastructure.....	801,465	771,002	-	-	801,465	771,002
Totals.....	\$1,494,475	\$1,402,848	\$937	\$814	\$1,495,412	\$1,403,662

Totals may not add due to rounding.

Debt Administration

The State has no constitutional or other limit on its power to issue obligations or to incur debt besides borrowing only for public purposes. In 1990, the General Assembly created the Capital Debt Affordability Advisory Committee and made it responsible for overseeing the long-term capital planning for the State. Bonds authorized for a given fiscal year may, at the discretion of the State Treasurer with the approval of the Governor, be issued in the fiscal year, in the months of May and June proceeding such fiscal year, or in subsequent fiscal years. Bonds are backed by the full faith and credit of the State, including the State's power to levy additional taxes to ensure repayment of the debt.

During fiscal year 2009, the State of Vermont's outstanding general obligation bond debt decreased by approximately \$1.5 million. This decrease can be accounted for by the issuance of \$50.5 million of general obligation bonds and accretion of \$1.4 million in principal on the State's capital appreciation bonds offset by the redemption of \$53.4 million. Additional information on the State's long-term indebtedness is contained in Note 8 of the notes to the financial statements.

The State's general obligation bond ratings are as follows: Aaa by Moody's Investor Service (since February 2008), AA+ by Standard & Poor's Ratings Services (since September 2000), and AA+ by Fitch Ratings (since October 1999).

ECONOMIC FACTORS AFFECTING THE STATE

Capital Debt Affordability

Annually the Capital Debt Affordability Advisory Committee (CDAAC) completes a review of the size and affordability of the State tax-supported general obligation debt. By October 1, the CDAAC submits to the Governor and to the General Assembly an estimate of the maximum amount of new long-term general obligation

debt that prudently may be authorized for the next fiscal year. In September 2009, the CDAAC issued its recommendation proposing that the maximum amount of long-term general obligation debt authorized for the State in fiscal year 2010 be \$69.96 million and in fiscal year 2011 be \$71.83 million. The State anticipates the next issuance of general obligation bonds will be in the first quarter of calendar 2010.

Economic Conditions

Vermont economic conditions have followed the national trend with an apparent slowing in the rate of decline over the last six to eight months. Labor market conditions remain weak, although the condition of the State's housing markets and the State's unemployment rate remain less adversely impacted than either the national average or the experience felt by many other states or regions throughout the country. The impact of the recession in Vermont has been most evident in the State's job market. Currently, nonfarm payroll jobs have contracted by 5.0% since the last payroll job peak during mid-calendar year 2007. Job losses in Vermont recently have slowed, following the sharp drop off that occurred between September 2008 and April 2009. As economic conditions have stabilized and begun to improve, another sharp drop off in payroll jobs seems unlikely. The Construction and Manufacturing sectors have been hit particularly hard. Second home construction has all but ceased in the State. Already existing problems in Manufacturing were exacerbated by the recession. Both of these sectors continue to struggle due to elevated energy prices. Thus far, however, Vermont's job losses have not yet reached the over 6% peak-to-trough payroll job decline that occurred during the 1990-1991 Vermont recession. That recession was a particularly harsh downturn for Vermont, and still remains the most severe economic and labor market downturn in the Vermont economy since the Great Depression. While it is true that the payroll jobs decline during the current downturn has not yet reached the especially harsh payroll job decline of the early 1990s recession, the job losses experienced during the current economic downturn far exceeded the level of payroll job losses experienced during the 2001 economic downturn in Vermont.

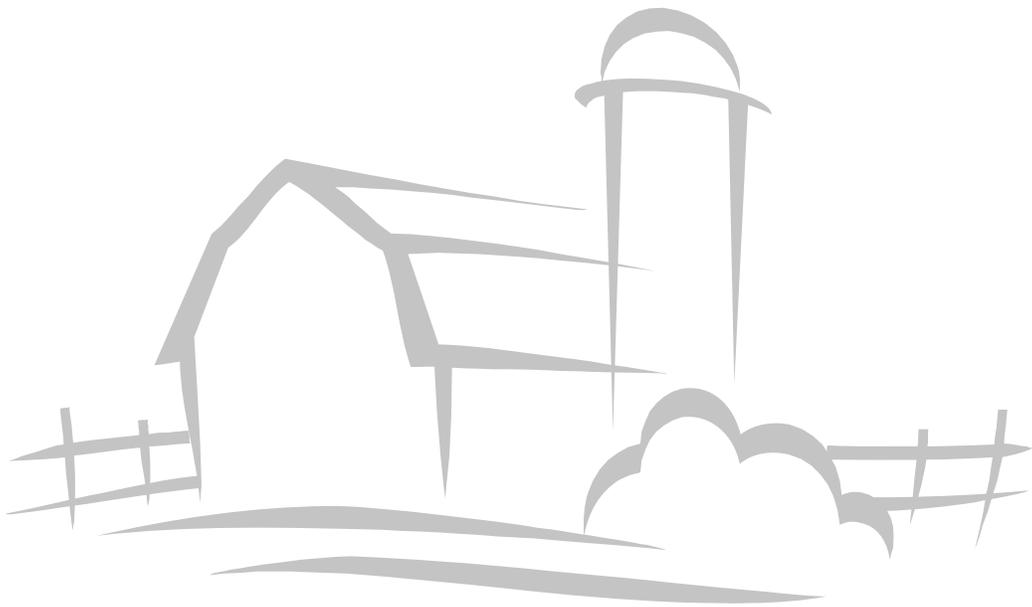
REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State of Vermont's finances for all of Vermont's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

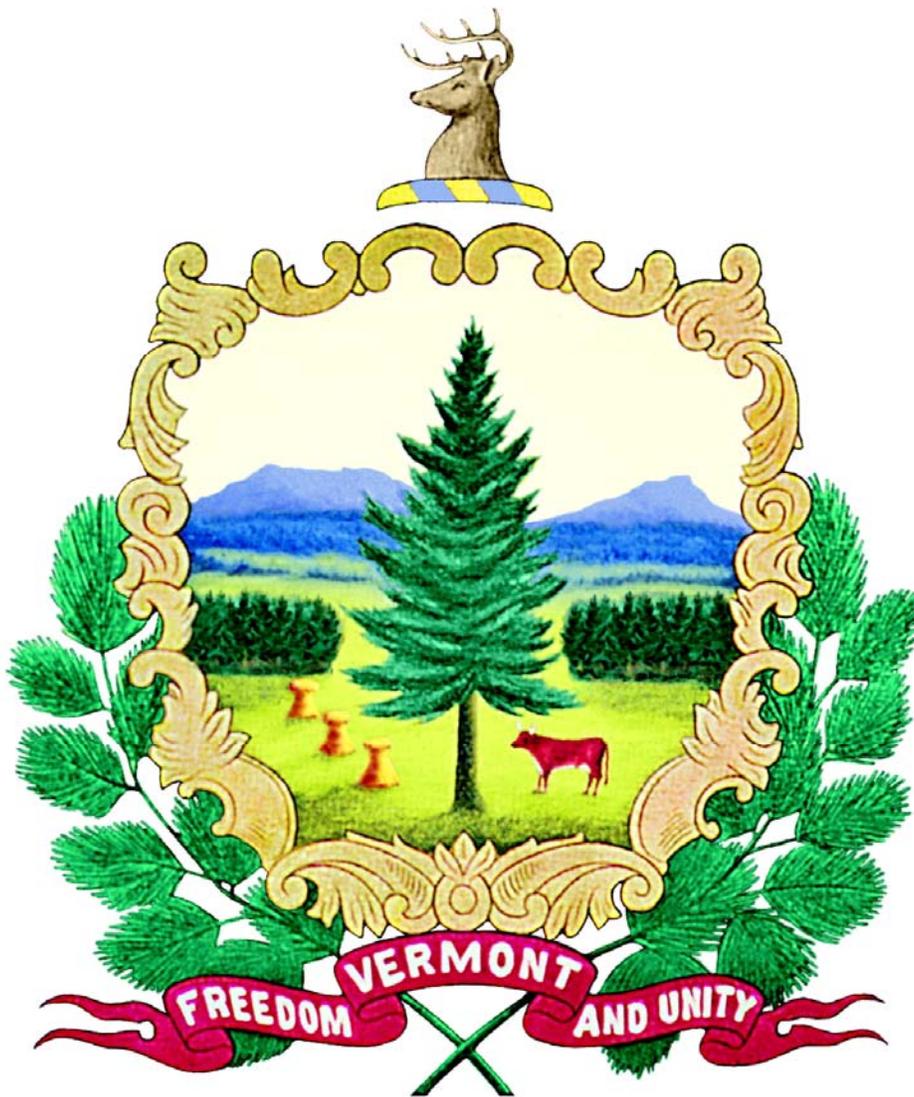
State of Vermont
Department of Finance and Management
109 State Street, 5th Floor
Pavilion Building
Montpelier, Vermont 05609-0401

The State's component units issue their own separately issued financial statements. Their statements may be obtained by directly contacting them at the addresses found in Note 1 to the State's financial statements.

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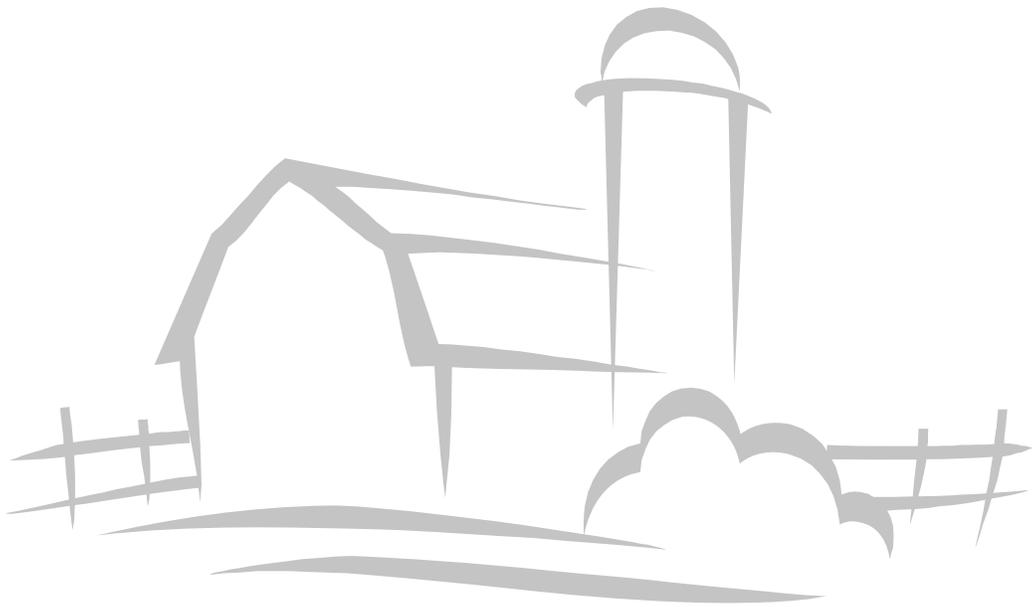


Vermont



BASIC FINANCIAL STATEMENTS

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Vermont



**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

**STATE OF VERMONT
STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents.....	\$ 317,294,461	\$ 80,778,779	\$ 398,073,240	\$ 227,008,345
Taxes receivable (net).....	78,947,265	13,580,549	92,527,814	-
Loans and notes receivable (net).....	7,400,000	735,260	8,135,260	234,351,303
Federal grants receivable.....	127,475,162	1,500,374	128,975,536	13,299,298
Other receivables (net).....	34,082,115	3,606,405	37,688,520	121,842,979
Investments.....	36,230,094	-	36,230,094	82,040,803
Inventories.....	2,351,973	4,991,309	7,343,282	209,309
Internal balances.....	2,283,220	(2,283,220)	-	-
Receivable from primary government.....	-	-	-	1,691,209
Receivable from component units.....	3,500,163	-	3,500,163	-
Other current assets.....	1,272,562	133,240	1,405,802	14,989,356
Total current assets.....	<u>610,837,015</u>	<u>103,042,696</u>	<u>713,879,711</u>	<u>695,432,602</u>
Noncurrent assets:				
Cash and cash equivalents.....	-	863,590	863,590	134,399,037
Taxes receivable.....	107,795,321	-	107,795,321	-
Other receivables.....	21,032,796	28,721	21,061,517	-
Loans and notes receivable.....	169,705,646	1,774,774	171,480,420	3,389,610,657
Investments.....	39,669,664	2,558,310	42,227,974	446,567,746
Other noncurrent assets.....	7,646,939	-	7,646,939	33,079,772
Capital assets:				
Land.....	77,467,974	-	77,467,974	30,866,456
Construction in progress.....	344,421,089	304,084	344,725,173	74,072,121
Works of art.....	136,003	-	136,003	-
Capital assets being depreciated:				
Infrastructure.....	1,425,008,595	-	1,425,008,595	21,564,527
Property, plant and equipment.....	534,778,633	1,595,954	536,374,587	979,229,813
Less accumulated depreciation.....	(887,337,532)	(962,797)	(888,300,329)	(404,480,726)
Total capital assets, net of depreciation.....	<u>1,494,474,762</u>	<u>937,241</u>	<u>1,495,412,003</u>	<u>701,252,191</u>
Total noncurrent assets.....	<u>1,840,325,128</u>	<u>6,162,636</u>	<u>1,846,487,764</u>	<u>4,704,909,403</u>
Total assets.....	<u>2,451,162,143</u>	<u>109,205,332</u>	<u>2,560,367,475</u>	<u>5,400,342,005</u>

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities.....	230,091,777	14,474,160	244,565,937	98,205,522
Income tax refunds payable.....	75,175,424	-	75,175,424	-
Payable to primary government.....	-	-	-	5,191,372
Payable to component units.....	-	-	-	-
Intergovernmental payable - due to federal government...	8,002,410	-	8,002,410	-
Accrued interest payable.....	7,357,791	-	7,357,791	10,720,416
Current portion of long-term liabilities.....	88,133,712	654,658	88,788,370	428,287,223
Unearned revenue.....	1,617,780	6,573,190	8,190,970	29,147,113
Total current liabilities	<u>410,378,894</u>	<u>21,702,008</u>	<u>432,080,902</u>	<u>571,551,646</u>
Long-term liabilities:				
Lottery prize awards payable.....	-	4,313,243	4,313,243	-
Bonds, notes and leases payable.....	404,675,982	-	404,675,982	3,803,715,262
Compensated absences.....	11,188,673	145,001	11,333,674	-
Claims and judgments.....	27,034,525	-	27,034,525	-
Other long-term liabilities.....	438,027,536	-	438,027,536	107,252,466
Total long-term liabilities.....	<u>880,926,716</u>	<u>4,458,244</u>	<u>885,384,960</u>	<u>3,910,967,728</u>
Total liabilities.....	<u>1,291,305,610</u>	<u>26,160,252</u>	<u>1,317,465,862</u>	<u>4,482,519,374</u>
NET ASSETS				
Invested in capital assets, net of related debt.....	1,318,708,102	937,241	1,319,645,343	190,955,283
Restricted for:				
Unemployment compensation.....	-	78,451,846	78,451,846	-
Component unit net assets.....	-	-	-	610,237,496
Funds held in permanent investments:				
Expendable.....	11,899,617	-	11,899,617	-
Nonexpendable.....	7,416,453	-	7,416,453	-
Budget stabilization.....	102,384,449	-	102,384,449	-
Unrestricted.....	(280,552,088)	3,655,993	(276,896,095)	116,629,852
Total net assets.....	<u>\$ 1,159,856,533</u>	<u>\$ 83,045,080</u>	<u>\$ 1,242,901,613</u>	<u>\$ 917,822,631</u>

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

**STATE OF VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government.....	\$ 116,802,125	\$ 23,075,643	\$ 1,338,271	\$ -
Protection to persons & property.....	280,434,303	151,730,311	37,915,765	165,354
Human services.....	1,750,910,878	22,310,753	1,063,814,956	-
Labor.....	29,070,744	9,007,019	21,896,102	-
General education.....	1,657,335,363	1,438,594	114,228,604	12,394
Natural resources.....	98,135,589	23,749,288	34,240,004	8,689,282
Commerce & community development.....	33,309,659	561,127	8,153,558	-
Transportation.....	308,457,417	81,435,147	33,962,719	156,976,909
Public service enterprises.....	3,894,263	4,831,639	-	-
Interest on long-term debt.....	18,713,803	-	-	-
Total governmental activities.....	<u>4,297,064,144</u>	<u>318,139,521</u>	<u>1,315,549,979</u>	<u>165,843,939</u>
Business-type activities:				
Vermont Lottery Commission.....	74,895,581	95,982,802	-	-
Liquor Control.....	46,376,992	47,788,549	-	99,999
Unemployment Compensation.....	214,560,736	117,920,196	-	-
Other.....	2,470,608	2,341,468	-	-
Total business-type activities.....	<u>338,303,917</u>	<u>264,033,015</u>	<u>-</u>	<u>99,999</u>
Total primary government.....	<u>\$ 4,635,368,061</u>	<u>\$ 582,172,536</u>	<u>\$ 1,315,549,979</u>	<u>\$ 165,943,938</u>
Component Units:				
Vermont Student Assistance Corporation.....	\$ 153,088,000	\$ 82,628,000	\$ 57,485,000	\$ -
University of Vermont and State Agricultural College.....	577,357,000	314,917,000	210,406,000	7,240,000
Vermont State Colleges.....	165,975,359	105,179,309	52,278,104	1,000,349
Vermont Housing Finance Agency.....	51,876,566	727,525	-	-
Other.....	74,102,755	44,076,498	16,941,109	3,606,747
Total component units.....	<u>\$ 1,022,399,680</u>	<u>\$ 547,528,332</u>	<u>\$ 337,110,213</u>	<u>\$ 11,847,096</u>

General Revenues:

Taxes:

Personal and corporate income.....	
Sales and use.....	
Meals and rooms.....	
Purchase and use.....	
Motor fuel.....	
Statewide education.....	
Other taxes.....	
Total taxes.....	
Investment earnings (losses).....	
Tobacco litigation settlement.....	
Additions to non-expendable endowments.....	
Miscellaneous.....	
Transfers.....	
Total general revenues and transfers.....	

Changes in net assets.....

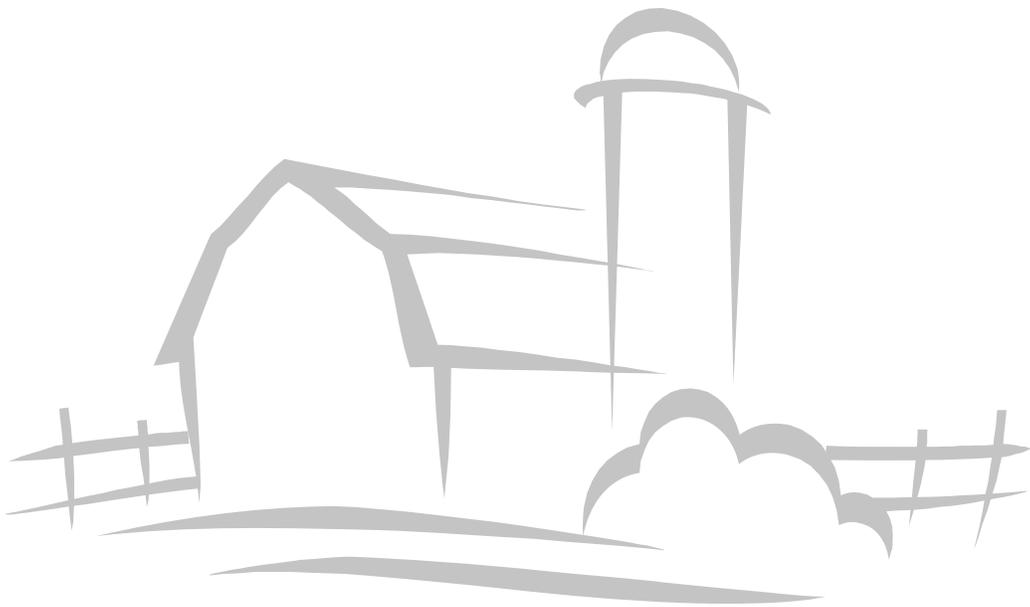
Net Assets - Beginning, restated (Note 17).....

Net Assets - Ending.....

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Discretely Presented Component Units
Governmental Activities	Business-type Activites	Total	
\$ (92,388,211)	\$ -	\$ (92,388,211)	\$ -
(90,622,873)	-	(90,622,873)	-
(664,785,169)	-	(664,785,169)	-
1,832,377	-	1,832,377	-
(1,541,655,771)	-	(1,541,655,771)	-
(31,457,015)	-	(31,457,015)	-
(24,594,974)	-	(24,594,974)	-
(36,082,642)	-	(36,082,642)	-
937,376	-	937,376	-
(18,713,803)	-	(18,713,803)	-
<u>(2,497,530,705)</u>	<u>-</u>	<u>(2,497,530,705)</u>	<u>-</u>
-	21,087,221	21,087,221	-
-	1,511,556	1,511,556	-
-	(96,640,540)	(96,640,540)	-
-	(129,140)	(129,140)	-
-	<u>(74,170,903)</u>	<u>(74,170,903)</u>	<u>-</u>
<u>(2,497,530,705)</u>	<u>(74,170,903)</u>	<u>(2,571,701,608)</u>	<u>-</u>
-	-	-	(12,975,000)
-	-	-	(44,794,000)
-	-	-	(7,517,597)
-	-	-	(51,149,041)
-	-	-	<u>(9,478,401)</u>
-	-	-	<u>(125,914,039)</u>
572,032,043	-	572,032,043	-
317,599,085	-	317,599,085	-
117,842,121	-	117,842,121	-
65,861,624	-	65,861,624	-
64,303,367	-	64,303,367	-
876,407,774	-	876,407,774	-
326,518,745	-	326,518,745	12,464,095
<u>2,340,564,759</u>	<u>-</u>	<u>2,340,564,759</u>	<u>12,464,095</u>
2,635,461	6,034,822	8,670,283	(13,249,494)
42,879,252	-	42,879,252	-
-	-	-	575,349
2,178,455	8,659	2,187,114	1,687,309
21,944,841	(21,944,841)	-	-
<u>2,410,202,768</u>	<u>(15,901,360)</u>	<u>2,394,301,408</u>	<u>1,477,259</u>
(87,327,937)	(90,072,263)	(177,400,200)	(124,436,780)
<u>1,247,184,470</u>	<u>173,117,343</u>	<u>1,420,301,813</u>	<u>1,042,259,411</u>
<u>\$ 1,159,856,533</u>	<u>\$ 83,045,080</u>	<u>\$ 1,242,901,613</u>	<u>\$ 917,822,631</u>

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Vermont



**GOVERNMENTAL FUNDS
FINANCIAL STATEMENTS**

**STATE OF VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	General Fund	Transportation Fund	Education Fund	Special Fund
ASSETS:				
Cash and cash equivalents.....	\$ 74,862,479	\$ 10,514,267	\$ 42,111,585	\$ 63,055,523
Investments.....	-	-	-	43,967,117
Receivables:				
Taxes receivable (net).....	162,050,315	8,759,718	12,758,249	3,078,410
Accrued interest receivable.....	106,317	1,615	-	14,452
Notes and loans receivable.....	816,499	374,948	-	699,540
Other receivables (net).....	5,913,574	8,676,745	-	20,590,715
Intergovernmental receivable - federal government (net).....	485,680	22,961,062	-	-
Due from other funds.....	2,233,223	575,040	-	1,697,107
Due from component units.....	3,102,064	-	-	68,357
Interfund receivable.....	41,006,672	-	-	-
Advances to other funds.....	309,700	-	-	-
Advances to component units.....	1,571,940	-	-	-
Total assets.....	\$ 292,458,463	\$ 51,863,395	\$ 54,869,834	\$ 133,171,221
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable.....	\$ 19,319,000	\$ 20,692,885	\$ 7,470,468	\$ 17,508,178
Accrued liabilities.....	15,645,476	7,543,364	-	4,656,954
Retainage payable.....	14,985	387,227	-	289,177
Due to other funds.....	2,197,145	87,165	24,402	6,291,465
Due to component units.....	700,000	-	-	-
Intergovernmental payable - federal government.....	-	-	-	-
Tax refunds payable.....	4,961,262	-	138,825	-
Deferred revenue.....	99,720,805	12,964,142	2,592,534	9,090,813
Total liabilities.....	142,558,673	41,674,783	10,226,229	37,836,587
FUND BALANCES (DEFICITS):				
Reserved for:				
Encumbrances.....	8,166,596	22,989	-	3,704,302
Budget stabilization.....	60,013,570	11,290,397	31,080,482	-
Debt service.....	1,176,793	673,628	-	-
Advances and notes receivable.....	2,698,139	-	-	-
Revenue shortfall.....	14,845,633	-	-	-
Human caseload management.....	16,285,719	-	-	-
Endowments.....	-	-	-	-
Unreserved:				
General Fund.....	46,713,340	-	-	-
Special revenue funds (deficit).....	-	(1,798,402)	13,563,123	91,630,332
Capital projects funds.....	-	-	-	-
Permanent funds.....	-	-	-	-
Total fund balances (deficits).....	149,899,790	10,188,612	44,643,605	95,334,634
Total liabilities and fund balances.....	\$ 292,458,463	\$ 51,863,395	\$ 54,869,834	\$ 133,171,221

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

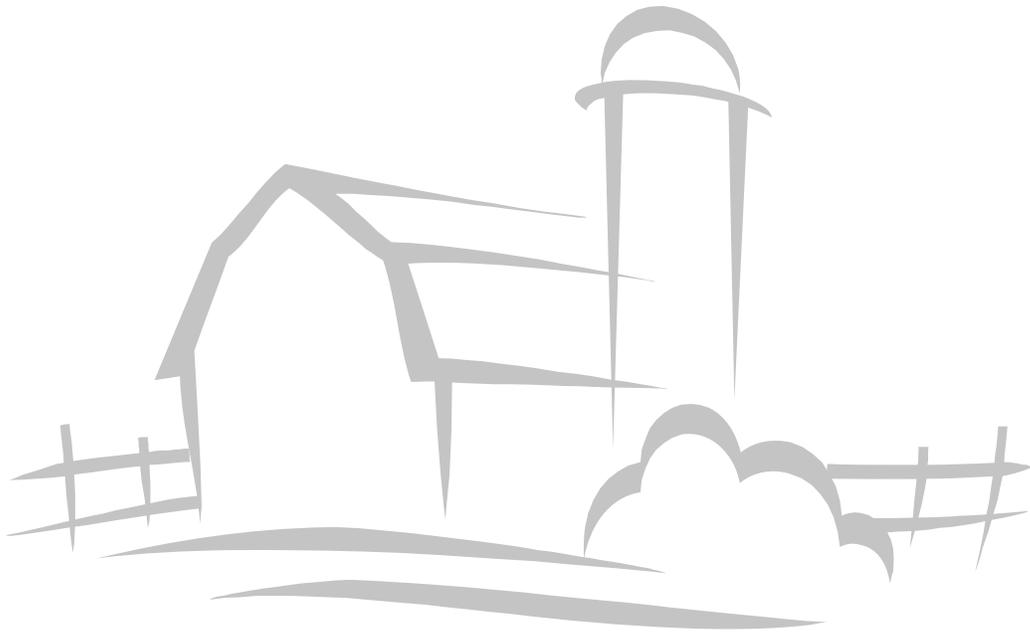
Federal Revenue Fund	Global Commitment Fund	Non-major Governmental Funds	Eliminations	Total Governmental Funds
\$ 19,500,434	\$ 25,021,914	\$ 36,392,450	\$ -	\$ 271,458,652
11,132,404	-	20,800,237	-	75,899,758
-	-	95,894	-	186,742,586
29,162	-	2,460	-	154,006
175,214,659	-	-	-	177,105,646
1,779,937	13,878,880	413,605	-	51,253,456
103,448,979	-	579,441	-	127,475,162
549,032	25,249,087	13,245	(27,624,898)	2,691,836
449,011	-	-	-	3,619,432
-	-	-	-	41,006,672
-	-	-	-	309,700
-	-	-	-	1,571,940
\$ 312,103,618	\$ 64,149,881	\$ 58,297,332	\$ (27,624,898)	\$ 939,288,846
\$ 34,165,168	\$ 88,449,265	\$ 2,990,852	\$ -	\$ 190,595,816
6,831,579	3,030,916	715,074	-	38,423,363
104,186	138,080	725,174	-	1,658,829
19,087,868	416,453	528,207	(27,624,898)	1,007,807
-	-	991,209	-	1,691,209
8,002,410	-	-	-	8,002,410
-	-	-	-	5,100,087
211,051,981	1,504,794	-	-	336,925,069
279,243,192	93,539,508	5,950,516	(27,624,898)	583,404,590
13,294,967	663,651	2,968,240	-	28,820,745
-	-	-	-	102,384,449
-	-	-	-	1,850,421
-	-	-	-	2,698,139
-	-	-	-	14,845,633
-	-	-	-	16,285,719
-	-	7,416,453	-	7,416,453
-	-	-	-	46,713,340
19,565,459	(30,053,278)	5,304,329	-	98,211,563
-	-	24,758,177	-	24,758,177
-	-	11,899,617	-	11,899,617
32,860,426	(29,389,627)	52,346,816	-	355,884,256
\$ 312,103,618	\$ 64,149,881	\$ 58,297,332	\$ (27,624,898)	\$ 939,288,846

State of Vermont
Reconciliation of Governmental Fund Balances
to the Statement of Net Assets - Governmental Activities
June 30, 2009

Total fund balances from previous page		\$ 355,884,256
Capital assets used in governmental activities (net of internal service funds' capital assets) are not considered financial resources for fund perspective reporting and, therefore, are not reported in the funds. Those assets consist of:		
Land.....	77,441,818	
Construction in progress.....	339,692,623	
Depreciable capital assets and infrastructure, net of \$845,656,403 of accumulated depreciation.....	1,042,124,405	
Capital assets, net of accumulated depreciation.....		1,459,258,846
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to certain funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....		
		2,824,557
Amount presented in the statement of net assets relating to, but not in fund balances due to different basis of accounting include:		
Long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred revenues in the governmental funds.....		336,179,186
Deferred charge for unamortized bond issuance costs.....		2,494,882
Deferred for unamortized loss on sale of refunding bonds.....		5,152,058
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not considered financial liabilities for fund perspective reporting, and therefore, are not reported in the funds. These liabilities include:		
Bonded and capital lease debt.....	(453,161,244)	
Accrued interest payable on bonds.....	(7,357,791)	
Compensated absences (net of internal service funds' liability).....	(31,471,902)	
Tax refunds payable.....	(70,075,337)	
Other long-term liabilities.....	(439,870,978)	
Long-term liabilities.....		(1,001,937,252)
Net assets of governmental activities		\$ <u>1,159,856,533</u>

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

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Vermont

STATE OF VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Education Fund</u>	<u>Special Fund</u>
REVENUES:				
Taxes:				
Personal income tax.....	\$ 526,636,230	\$ -	\$ -	\$ 2,592,455
Corporate income tax.....	66,453,120	-	-	-
Sales and use tax.....	213,817,300	-	105,204,680	-
Meals and rooms.....	117,277,522	-	-	-
Motor fuel tax.....	-	61,749,294	-	1,590,389
Purchase and use tax.....	-	43,907,533	21,954,091	-
Statewide education tax.....	-	-	876,407,774	-
Other taxes.....	141,463,956	16,944,712	2,027,286	173,160,178
Earnings of departments:				
Fees.....	19,062,049	4,525,761	-	58,802,775
Rents and leases.....	-	909,427	-	3,075,222
Sales of services.....	1,365,342	57,717	-	18,256,837
Federal grants.....	-	187,333,894	-	-
Fines, forfeits and penalties.....	9,820,861	7,124,212	-	10,122,674
Investment income.....	1,223,249	151,838	255,595	1,031,838
Licenses:				
Business.....	2,969,750	409,616	-	12,610,152
Non-business.....	74,734	69,053,298	-	2,830,033
Special assessments.....	-	-	-	59,192,191
Other revenues.....	3,651,744	1,909,161	-	71,791,116
Total revenues.....	<u>1,103,815,857</u>	<u>394,076,463</u>	<u>1,005,849,426</u>	<u>415,055,860</u>
EXPENDITURES:				
General government.....	69,590,157	24,364	7,969,218	16,466,160
Protection to persons and property.....	87,356,283	33,159,585	-	103,159,533
Human services.....	377,328,545	-	-	59,349,698
Labor.....	1,969,763	-	-	5,549,369
General education.....	128,851,693	-	1,306,154,662	20,014,562
Natural resources.....	23,283,163	-	-	28,203,445
Commerce and community development.....	16,315,456	-	-	5,388,069
Transportation.....	1,161,006	363,861,378	-	1,145,647
Public service enterprises.....	-	-	-	3,892,835
Debt service.....	67,048,726	1,914,650	-	2,495,675
Total expenditures.....	<u>772,904,792</u>	<u>398,959,977</u>	<u>1,314,123,880</u>	<u>245,664,993</u>
Excess of revenues over (under) expenditures.....	<u>330,911,065</u>	<u>(4,883,514)</u>	<u>(308,274,454)</u>	<u>169,390,867</u>
Other Financing Sources (Uses):				
Proceeds from the sale of bonds.....	-	-	-	-
Premium on sale of bonds.....	1,176,793	673,628	-	-
Transfers in.....	48,561,335	2,341,945	312,743,052	56,953,969
Transfers out.....	(386,472,327)	(1,556,875)	(127,483)	(247,592,258)
Total other financing sources (uses).....	<u>(336,734,199)</u>	<u>1,458,698</u>	<u>312,615,569</u>	<u>(190,638,289)</u>
Net change in fund balances.....	<u>(5,823,134)</u>	<u>(3,424,816)</u>	<u>4,341,115</u>	<u>(21,247,422)</u>
Fund balances, July 1 (deficit).....	<u>155,722,924</u>	<u>13,613,428</u>	<u>40,302,490</u>	<u>116,582,056</u>
Fund balances, June 30 (deficit).....	<u>\$ 149,899,790</u>	<u>\$ 10,188,612</u>	<u>\$ 44,643,605</u>	<u>\$ 95,334,634</u>

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

<u>Federal Revenue Fund</u>	<u>Global Commitment Fund</u>	<u>Non-major Governmental Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 529,228,685
-	-	-	-	66,453,120
-	-	-	-	319,021,980
-	-	-	-	117,277,522
-	-	963,684	-	64,303,367
-	-	-	-	65,861,624
-	-	-	-	876,407,774
-	-	-	-	333,596,132
-	-	170,754	-	82,561,339
-	-	54,992	-	4,039,641
-	-	3,112	-	19,683,008
1,231,995,445	-	7,017,632	-	1,426,346,971
-	-	21,062	-	27,088,809
1,215,938	-	177,397	-	4,055,855
-	-	1,185	-	15,990,703
-	-	6,568,529	-	78,526,594
-	-	4,077	-	59,196,268
7,632,823	-	1,129,775	-	86,114,619
1,240,844,206	-	16,112,199	-	4,175,754,011
1,886,109	408,379	11,907,510	-	108,251,897
39,807,950	1,918,291	4,304,203	-	269,705,845
415,270,073	865,920,110	3,438,969	-	1,721,307,395
19,766,452	-	-	-	27,285,584
114,481,005	5,436,802	14,746,844	-	1,589,685,568
39,964,035	-	23,373,360	-	114,824,003
8,156,590	-	3,257,060	-	33,117,175
-	-	13,175,967	-	379,343,998
-	-	-	-	3,892,835
-	-	-	-	71,459,051
639,332,214	873,683,582	74,203,913	-	4,318,873,351
601,511,992	(873,683,582)	(58,091,714)	-	(143,119,340)
-	-	50,500,000	-	50,500,000
-	-	-	-	1,850,421
2,860,586	903,354,059	2,169,622	(1,299,778,046)	29,206,522
(641,268,231)	(22,969,049)	(2,910,586)	1,299,778,046	(3,118,763)
(638,407,645)	880,385,010	49,759,036	-	78,438,180
(36,895,653)	6,701,428	(8,332,678)	-	(64,681,160)
69,756,079	(36,091,055)	60,679,494	-	420,565,416
\$ 32,860,426	\$ (29,389,627)	\$ 52,346,816	\$ -	\$ 355,884,256

State of Vermont
Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds to the
Statement of Activities - Governmental Activities
For the Fiscal Year Ended June 30, 2009

Total net change in fund balances from the previous page	\$ (64,681,160)
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period (net of internal service funds).</p>	
Capital outlay/functional expenditures and expensed net book value of disposed capital assets	159,878,558
Depreciation expense	(71,210,043)
<p>Repayment of bond principal is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Principal repayment.....	53,380,000
<p>Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.</p>	
Bonds issued.....	(50,500,000)
Bond premium is amortized over the life of the bonds in the statement of activities.....	(411,979)
Refunding bonds gain amortized over the life of the refunded bonds.....	(1,189,971)
<p>Bond issuance costs are reported as expenditures in the governmental funds, but this cost is amortized over the life of the bonds in the statement of activities.....</p>	
	344,754
<p>Receivables in the governmental funds that are not available to provide current financial resources are not reported as revenues in the governmental funds.....</p>	
	3,976,823
<p>Estimated personal income tax refunds that are not due and payable are not governmental fund liabilities.....</p>	
	(2,815,953)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Net decrease in accrued interest payable.....	508,295
Accreted interest on capital appreciation bonds.....	(1,391,518)
Increase in compensated absences.....	(117,698)
Increase in employer pension and other postemployment related costs.....	(108,932,825)
Increase in pollution remediation related costs.....	(289,992)
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.....</p>	
	(9,321,733)
<p>Notes and loans issued by governmental funds are reported as an expenditure in governmental funds and repayments are reported as a revenue in the governmental funds, but the issuances and repayment increase or decrease notes and loans receivable in the statement of net assets.....</p>	
	5,446,505
Total changes in net assets of governmental activities as reported on the statement of activities	\$ (87,327,937)

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



***PROPRIETARY FUNDS
FINANCIAL STATEMENTS***

STATE OF VERMONT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Business-type Activities - Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	Vermont Lottery Commission
ASSETS			
Current Assets:			
Cash and cash equivalents.....	\$ 75,345,168	\$ 3,008,028	\$ 1,689,688
Receivables:			
Taxes receivable (net of allowance for uncollectibles).....	13,580,549	-	-
Accrued interest receivable.....	-	-	-
Accounts receivable (net of allowance for uncollectibles).....	1,664,261	245,692	1,318,652
Loans receivable.....	-	-	-
Due from other funds.....	-	15,981	27,571
Intergovernmental receivable - federal.....	1,500,374	-	-
Inventories, at cost.....	-	4,281,243	461,134
Prepaid expenses.....	-	-	-
Total current assets.....	92,090,352	7,550,944	3,497,045
Restricted and Noncurrent Assets:			
Cash-subscription reserve fund.....	-	-	-
Investments.....	-	-	2,558,310
Loans receivable.....	-	-	-
Accounts receivable - subscriptions.....	-	-	-
Imprest cash and change fund - advances.....	-	6,800	300,000
Capital Assets:			
Land.....	-	-	-
Construction in progress.....	-	304,084	-
Capital assets being depreciated:			
Machinery, equipment and buildings.....	-	1,301,612	288,042
Less accumulated depreciation.....	-	(730,109)	(226,388)
Total capital assets, net of depreciation.....	-	875,587	61,654
Total restricted & noncurrent assets.....	-	882,387	2,919,964
Total assets.....	92,090,352	8,433,331	6,417,009
LIABILITIES			
Current Liabilities:			
Accounts payable.....	3,562,863	5,464,816	255,611
Accrued salaries and benefits.....	-	473,273	183,480
Claims payable.....	-	-	-
Due to lottery winners.....	-	-	431,309
Due to agents.....	-	249,988	-
Due to other funds.....	45,222	359,744	-
Interfund payable.....	-	-	-
Future and unclaimed prizes payable.....	-	-	2,378,844
Deferred revenue.....	5,633,435	-	217,976
Capital leases payable.....	-	-	-
Other liabilities.....	4,396,986	-	-
Total current liabilities.....	13,638,506	6,547,821	3,467,220
Liabilities Payable From Restricted Assets:			
Unexpired subscriptions.....	-	-	-
Due to lottery winners.....	-	-	1,934,399
Advances from other funds.....	-	6,800	300,000
Total liabilities payable from restricted assets.....	-	6,800	2,234,399
Total liabilities.....	13,638,506	6,554,621	5,701,619
NET ASSETS			
Invested in capital assets, net of related debt.....	-	875,587	61,654
Restricted for unemployment compensation benefits.....	78,451,846	-	-
Unrestricted (deficit).....	-	1,003,123	653,736
Total net assets.....	\$ 78,451,846	\$ 1,878,710	\$ 715,390

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

Business-type Activities - Enterprise Funds			Governmental Activities
Non-major Enterprise Funds	Eliminations	Total Enterprise Funds	Total Internal Service Funds
\$ 735,895	\$ -	\$ 80,778,779	\$ 45,835,809
-	-	13,580,549	-
17,597	-	17,597	8,115
360,203	-	3,588,808	11,803,774
735,260	-	735,260	-
84,094	(45,222)	82,424	512,691
-	-	1,500,374	-
248,932	-	4,991,309	2,351,973
133,240	-	133,240	1,272,562
2,315,221	(45,222)	105,408,340	61,784,924
553,890	-	553,890	-
-	-	2,558,310	-
1,774,774	-	1,774,774	-
28,721	-	28,721	-
2,900	-	309,700	-
-	-	-	26,156
-	-	304,084	4,728,466
6,300	-	1,595,954	71,915,038
(6,300)	-	(962,797)	(41,453,744)
-	-	937,241	35,215,916
2,360,285	-	6,162,636	35,215,916
4,675,506	(45,222)	111,570,976	97,000,840
167,683	-	9,450,973	5,272,287
87,810	-	744,563	3,543,222
-	-	-	38,149,402
-	-	431,309	-
-	-	249,988	-
14,966	(45,222)	374,710	2,390,377
1,658,662	-	1,658,662	39,243,204
-	-	2,378,844	-
167,889	-	6,019,300	871,897
-	-	-	4,728,466
-	-	4,396,986	-
2,097,010	(45,222)	25,705,335	94,198,855
553,890	-	553,890	-
-	-	1,934,399	-
2,900	-	309,700	-
556,790	-	2,797,989	-
2,653,800	(45,222)	28,503,324	94,198,855
-	-	937,241	30,487,450
-	-	78,451,846	-
2,021,706	-	3,678,565	(27,685,465)
\$ 2,021,706	\$ -	\$ 83,067,652	\$ 2,801,985

Adjustment to reflect the consolidation
of internal service activities related
to enterprise funds (22,572)
Net Assets - Business-type Activities..... \$ 83,045,080

STATE OF VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	Vermont Lottery Commission
Operating Revenues			
Charges for sales and services.....	\$ 117,920,196	\$ 44,412,701	\$ -
Ticket sales.....	-	-	95,975,537
Rental income.....	-	-	-
License fees.....	-	1,063,797	-
Federal donated property.....	-	-	-
Advertising revenue.....	-	-	-
Other operating revenues.....	-	2,312,051	7,265
Total operating revenues.....	117,920,196	47,788,549	95,982,802
Operating Expenses			
Cost of sales and services.....	-	35,888,111	-
Claims expense.....	214,398,226	-	-
Lottery ticket prizes.....	-	-	60,737,049
Agents commissions and fees.....	-	-	5,635,880
Tri-State (megabucks) and MUSL (powerball) expenses..	-	-	2,275,089
Lottery tickets.....	-	-	1,232,545
Salaries and benefits	-	-	1,420,582
Insurance premium expense.....	-	-	-
Transportation.....	-	-	250,141
Contractual services.....	-	-	-
Repairs and maintenance.....	-	-	-
Warehouse expense.....	-	1,052,843	-
Depreciation.....	-	215,673	15,848
Rental expense.....	-	-	64,455
Utilities and property management.....	-	-	-
Non-capital equipment purchased.....	-	-	-
Stores and agencies expense.....	-	5,657,620	-
Promotions and advertising.....	-	-	494,319
Administrative expenses.....	-	1,724,111	1,972,651
Inspection and enforcement expense.....	-	1,819,749	-
Supplies and parts.....	-	-	21,401
Distribution and postage.....	-	-	-
Travel.....	-	-	-
Loss on bad debts.....	162,510	-	-
Other operating expenses.....	-	1,798	767,815
Total operating expenses.....	214,560,736	46,359,905	74,887,775
Operating income (loss).....	(96,640,540)	1,428,644	21,095,027
Non-Operating Revenues			
Gain on disposal of capital assets.....	-	8,659	-
Investment income.....	5,900,644	-	131,390
Total non-operating revenues.....	5,900,644	8,659	131,390
Income (loss) before contributions and transfers.....	(90,739,896)	1,437,303	21,226,417
Capital contributions from (to) other funds.....	-	99,999	-
Transfer in.....	353,671	-	-
Transfer out.....	(367,739)	(840,320)	(21,101,963)
Changes in net assets.....	(90,753,964)	696,982	124,454
Total net assets, July 1.....	169,205,810	1,181,728	590,936
Total net assets, June 30.....	\$ 78,451,846	\$ 1,878,710	\$ 715,390

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

Business-type Activities - Enterprise Funds			Governmental Activities
Non-major Enterprise Funds	Eliminations	Total Enterprise Funds	Total Internal Service Funds
\$ 1,483,706	\$ -	\$ 163,816,603	\$ 209,042,580
-	-	95,975,537	-
-	-	-	13,120,001
-	-	1,063,797	-
135,329	-	135,329	-
593,678	-	593,678	-
128,755	-	2,448,071	2,706,142
2,341,468	-	264,033,015	224,868,723
705,108	-	36,593,219	24,926,959
-	-	214,398,226	120,040,521
-	-	60,737,049	-
-	-	5,635,880	-
-	-	2,275,089	-
-	-	1,232,545	-
835,624	-	2,256,206	30,476,355
-	-	-	6,786,461
63,274	-	313,415	-
-	-	-	5,215,467
981	-	981	4,376,468
-	-	1,052,843	-
1,409	-	232,930	7,971,555
17,026	-	81,481	2,363,946
7,245	-	7,245	10,475,622
970	-	970	2,797,030
-	-	5,657,620	-
391,718	-	886,037	-
186,959	-	3,883,721	9,056,939
-	-	1,819,749	-
11,599	-	33,000	7,951,652
206,223	-	206,223	-
8,885	-	8,885	165,527
10,896	-	173,406	-
16,865	-	786,478	439,672
2,464,782	-	338,273,198	233,044,174
(123,314)	-	(74,240,183)	(8,175,451)
-	-	8,659	236,089
2,788	-	6,034,822	788,322
2,788	-	6,043,481	1,024,411
(120,526)	-	(68,196,702)	(7,151,040)
-	-	99,999	(860)
367,739	(14,068)	707,342	3,118,763
(356,229)	14,068	(22,652,183)	(5,319,315)
(109,016)	-	(90,041,544)	(9,352,452)
2,130,722	-	173,109,196	12,154,437
\$ 2,021,706	\$ -	\$ 83,067,652	\$ 2,801,985

Total change in net assets reported above..... (90,041,544)
Consolidation adjustment of internal service
activities related to enterprise funds..... (30,719)
Change in net assets - business-type activities..... **\$ (90,072,263)**

**STATE OF VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

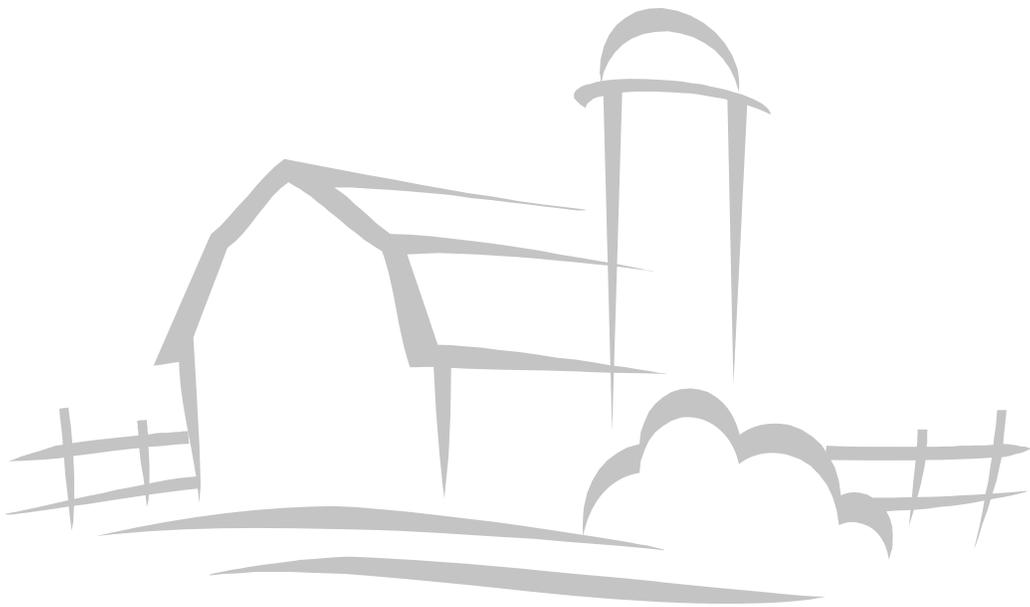
	Business-type Activities - Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	Vermont Lottery Commission
Cash Flows from Operating Activities:			
Cash received from customers.....	\$ 59,966,902	\$ 60,693,548	\$ 96,321,974
Cash paid to suppliers for goods and services.....	-	(41,553,784)	-
Loans received (made).....	-	-	-
Cash paid to employees for services.....	-	(3,838,255)	(1,396,181)
Cash paid for prizes and commissions.....	-	-	(66,952,474)
Cash paid to claimants.....	(154,128,575)	-	-
Liquor taxes and licenses paid.....	-	(15,168,708)	-
Cash paid for fees, operations and other.....	-	-	(7,347,361)
Other operating revenues (expenses).....	2,942,373	2,242,241	7,265
Net cash provided (used) by operating activities.....	(91,219,300)	2,375,042	20,633,223
Cash Flows from Noncapital Financing Activities:			
Operating transfers in (out).....	(364,021)	(840,320)	(21,102,852)
Interfund loans and advances.....	353,671	500	-
Net cash provided (used) by noncapital financing activities.....	(10,350)	(839,820)	(21,102,852)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets.....	-	(576,495)	(10,300)
Proceeds from capital leases.....	-	-	-
Capital contributions.....	-	99,999	-
Proceeds from sale of capital assets.....	-	9,012	-
Net cash provided (used) by capital and related financing activities.....	-	(467,484)	(10,300)
Cash Flows From Investing Activities:			
Interest and dividends on investments.....	5,900,646	-	13,176
Proceeds from sales/maturities of investments.....	-	-	497,403
Interest & penalties received (paid).....	-	-	-
Excess cash transferred.....	-	-	(591,650)
Net cash provided (used) by investing activities.....	5,900,646	-	(81,071)
Net increase (decrease) in cash and cash equivalents.....	(85,329,004)	1,067,738	(561,000)
Cash and cash equivalents at July 1.....	160,674,172	1,947,090	2,550,688
Cash and cash equivalents at June 30 (see note below).....	\$ 75,345,168	\$ 3,014,828	\$ 1,989,688
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss).....	\$ (96,640,540)	\$ 1,428,644	\$ 21,095,027
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization.....	-	215,673	15,848
(Increase) decrease in accounts/taxes receivable.....	(3,472,515)	(85,106)	310,906
(Increase) decrease in loans receivable.....	-	-	-
(Increase) decrease in accrued interest receivable.....	-	-	-
(Increase) decrease in due from other funds.....	-	-	-
(Increase) decrease in inventory.....	-	6,676	(109,209)
(Increase) decrease in prepaid expenses.....	-	-	-
(Increase) decrease in intergovernmental receivable - federal.....	(1,433,618)	-	-
Increase (decrease) in accounts payable.....	-	777,986	(268,945)
Increase (decrease) in accrued salaries and benefits.....	-	3,774	24,401
Increase (decrease) in claims payable.....	2,352,384	-	-
Increase (decrease) in due to lottery winners.....	-	-	191,668
Increase (decrease) in due to agents.....	-	2,107	-
Increase (decrease) in future and unclaimed prizes payable.....	-	-	(662,004)
Increase (decrease) in due to other funds.....	-	25,288	-
Increase (decrease) in deferred revenue.....	5,633,435	-	35,531
Increase (decrease) in other liabilities.....	2,341,554	-	-
Increase (decrease) in subscription reserves.....	-	-	-
Total adjustments.....	5,421,240	946,398	(461,804)
Net cash provided (used) by operating activities.....	\$ (91,219,300)	\$ 2,375,042	\$ 20,633,223

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

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

Business-type Activities - Enterprise Funds		Governmental Activities
Non-major Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
\$ 2,969,800	\$ 219,952,224	\$ 220,814,647
(2,153,035)	(43,706,819)	(73,242,524)
-	-	-
(866,675)	(6,101,111)	(30,695,454)
-	(66,952,474)	-
-	(154,128,575)	(117,723,415)
-	(15,168,708)	-
-	(7,347,361)	-
89,547	5,281,426	2,266,470
39,637	(68,171,398)	1,419,724
(843)	(22,308,036)	(2,198,803)
221,913	576,084	3,278,014
221,070	(21,731,952)	1,079,211
-	(586,795)	(11,577,073)
-	-	4,728,466
-	99,999	-
-	9,012	675,906
-	(477,784)	(6,172,701)
2,788	5,916,610	820,087
-	497,403	-
364,021	364,021	-
(353,671)	(945,321)	-
13,138	5,832,713	820,087
273,845	(84,548,421)	(2,853,679)
1,018,840	166,190,790	48,689,488
\$ 1,292,685	\$ 81,642,369	\$ 45,835,809
\$ (123,314)	\$ (74,240,183)	\$ (8,175,451)
1,409	232,930	7,971,555
(78,838)	(3,325,553)	(873,910)
248,037	248,037	-
21,709	21,709	-
(19,157)	(19,157)	(474,024)
104,876	2,343	320,798
26	26	(37,037)
-	(1,433,618)	-
14,784	523,825	(59,948)
(31,051)	(2,876)	(39,099)
-	2,352,384	2,317,106
-	191,668	-
-	2,107	-
-	(662,004)	-
14,966	40,254	(353,821)
(59,711)	5,609,255	823,555
-	2,341,554	-
(54,099)	(54,099)	-
162,951	6,068,785	9,595,175
\$ 39,637	\$ (68,171,398)	\$ 1,419,724

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Vermont



***FIDUCIARY FUNDS
FINANCIAL STATEMENTS***

**STATE OF VERMONT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009**

	Pension and Other Postemployment Benefits Trust Funds	Investment Trust Fund	Private Purpose Trust Fund Unclaimed Property Fund	Agency Funds
ASSETS				
Cash and cash equivalents.....	\$ 10,097,311	\$ 2,464	\$ 4,191,041	\$ 8,336,096
Investments at fair value.....	2,547,115,245	89,921,739	3,964,853	-
Receivables:				
Taxes.....	-	-	-	1,682,741
Contributions - current.....	9,308,199	-	-	-
Contributions - non-current.....	6,546,347	-	-	-
Interest and dividends.....	1,049,492	-	-	-
Investments sold.....	1,236,325	-	-	-
Other.....	310,438	-	-	175,258
Due from other funds.....	485,680	-	263	-
Prepaid expenses.....	1,374,551	-	-	-
Other assets.....	-	-	829,746	-
Capital assets:				
Construction in progress.....	2,833,746	-	-	-
Capital assets being depreciated:				
Equipment.....	208,814	-	-	-
Less accumulated depreciation.....	(120,718)	-	-	-
Total capital assets, net of depreciation.....	<u>2,921,842</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets.....	<u>2,580,445,430</u>	<u>89,924,203</u>	<u>8,985,903</u>	<u>10,194,095</u>
LIABILITIES				
Liabilities:				
Accounts payable.....	3,107,023	95,700	9,120	-
Accrued liabilities.....	-	-	30,161	-
Claims payable.....	-	-	7,783,217	-
Retainage.....	327,109	-	-	-
Interfund loans payable.....	-	-	-	104,806
Due to depositories.....	-	-	-	72,420
Intergovernmental payable - other governments.....	-	-	-	5,767,317
Amounts held in custody for others.....	-	-	-	2,969,938
Payable for investments purchased.....	2,194,430	-	-	-
Other liabilities.....	-	-	-	1,279,614
Total liabilities.....	<u>5,628,562</u>	<u>95,700</u>	<u>7,822,498</u>	<u>\$ 10,194,095</u>
NET ASSETS HELD IN TRUST FOR:				
Employees' pension benefits.....	\$ 2,560,030,327	\$ -	\$ -	
Employees' other postemployment benefits.....	14,786,541	-	-	
Pool participants.....	-	89,828,503	-	
Individuals, organizations and other governments.....	-	-	1,163,405	
Net assets held in trust for benefits & other purposes..	<u>\$ 2,574,816,868</u>	<u>\$ 89,828,503</u>	<u>\$ 1,163,405</u>	

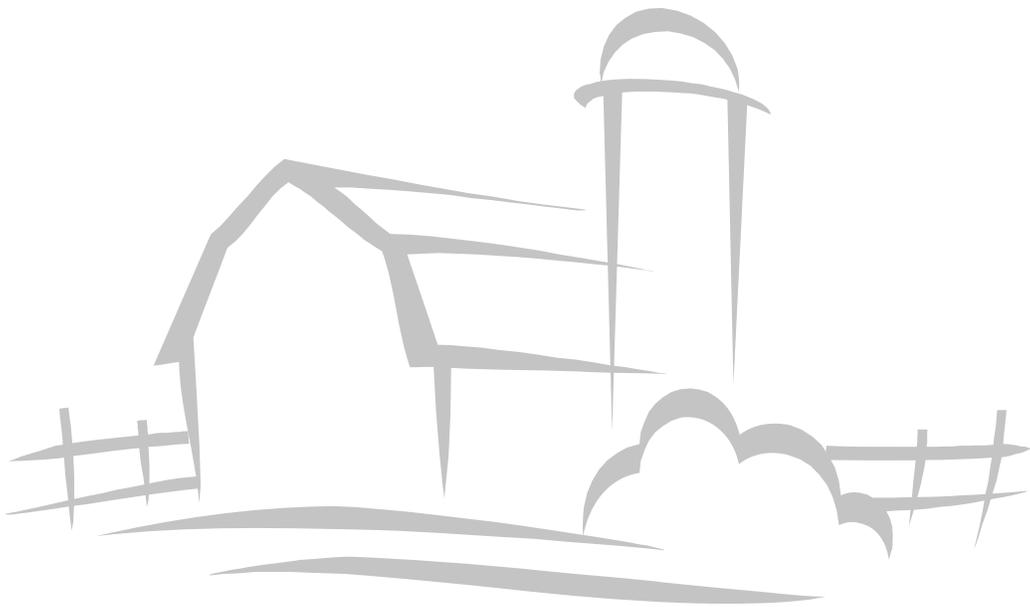
The accompanying notes are an integral part of these financial statements.

**STATE OF VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Pension and Other Postemployment Benefits Trust Funds	Investment Trust Fund	Private Purpose Trust Fund Unclaimed Property Fund
ADDITIONS			
<u>Contributions:</u>			
Employer - pension benefit.....	\$ 54,610,630	\$ -	\$ -
Employer - healthcare benefit.....	38,537,238	-	-
Plan member.....	53,942,274	-	-
Transfers from non-state systems.....	3,784,337	-	-
Medicare part D drug subsidy.....	1,388,884	-	-
Total contributions.....	<u>152,263,363</u>	<u>-</u>	<u>-</u>
<u>Investment Income:</u>			
Net appreciation (depreciation) in fair value of investments.....	(13,962,589)	-	-
Loss from investment pool.....	(604,047,193)	(23,758,081)	-
Dividends.....	1,659,245	-	-
Interest income.....	5,263,164	-	79,168
Securities lending income.....	5,436,192	-	-
Other income.....	1,494,251	-	-
<u>Less Investment Expenses:</u>			
Investment managers and consultants.....	(10,222,565)	(359,579)	-
Securities lending expenses.....	(1,320,606)	-	-
Net investment income (loss).....	<u>(615,700,101)</u>	<u>(24,117,660)</u>	<u>79,168</u>
Escheat property remittances.....	-	-	2,442,646
Total additions.....	<u>(463,436,738)</u>	<u>(24,117,660)</u>	<u>2,521,814</u>
DEDUCTIONS			
Retirement benefits.....	178,951,368	-	-
Other post employment benefits.....	34,960,927	-	-
Refunds of contributions.....	4,048,236	-	-
Death claims.....	821,152	-	-
Depreciation.....	48,724	-	-
Operating expenses.....	3,111,938	-	832,117
Pool participant withdrawal.....	-	3,722,267	-
Transfers out.....	-	-	1,942,366
Total deductions.....	<u>221,942,345</u>	<u>3,722,267</u>	<u>2,774,483</u>
Change in net assets held in trust for:			
Employees' pension benefits.....	(687,854,781)	-	-
Employees' other postemployment benefits.....	2,475,698	-	-
Pool participants.....	-	(27,839,927)	-
Individual, organizations and other governments.....	-	-	(252,669)
Net Assets, July 1.....	<u>3,260,195,951</u>	<u>117,668,430</u>	<u>1,416,074</u>
Net Assets, June 30.....	<u>\$ 2,574,816,868</u>	<u>\$ 89,828,503</u>	<u>\$ 1,163,405</u>

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

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Vermont



***Component Units
Financial Statements***

STATE OF VERMONT
STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2009

	Vermont Student Assistance Corporation	University of Vermont and State Agricultural College	Vermont State Colleges	Vermont Housing Finance Agency	Non-major Component Units	Total Component Units
ASSETS						
Current Assets:						
Cash and cash equivalents.....	\$ 124,724,000	\$ 75,701,000	\$ 1,257,020	\$ 5,228,147	\$ 20,098,178	\$ 227,008,345
Investments.....	2,360,000	42,040,000	25,690,769	100,000	11,850,034	82,040,803
Accounts receivable (net).....	-	33,968,000	7,814,732	-	2,028,728	43,811,460
Accrued interest receivable - loans.....	48,744,000	-	-	3,933,996	18,602,557	71,280,553
Accrued interest receivable - investments.....	25,000	-	-	713,297	-	738,297
Loans and notes receivable - current portion.....	165,215,000	2,810,000	-	15,658,988	50,667,315	234,351,303
Other receivables.....	729,000	2,517,000	-	2,709,180	57,489	6,012,669
Due from federal government.....	490,000	-	-	-	12,809,298	13,299,298
Due from primary government.....	-	-	-	-	1,691,209	1,691,209
Inventories (at cost).....	-	-	99,268	-	110,041	209,309
Other current assets.....	1,897,000	11,173,000	1,127,629	-	791,727	14,989,356
Total current assets.....	344,184,000	168,209,000	35,989,418	28,343,608	118,706,576	695,432,602
Restricted and Non-Current Assets:						
Cash and cash equivalents.....	-	2,939,000	34,859,869	95,502,794	1,097,374	134,399,037
Investments.....	-	319,118,000	28,690,345	30,997,171	67,762,230	446,567,746
Deferred bond issue costs.....	10,605,000	-	-	3,970,723	5,952,528	20,528,251
Loans and notes receivable (net).....	2,076,298,000	32,716,000	5,137,777	665,345,443	610,113,437	3,389,610,657
Other assets.....	-	5,897,000	731,179	5,917,845	5,497	12,551,521
Total restricted and noncurrent assets.....	2,086,903,000	360,670,000	69,419,170	801,733,976	684,931,066	4,003,657,212
Capital Assets:						
Land.....	3,150,000	20,665,000	5,712,848	775,000	563,608	30,866,456
Construction in process.....	-	27,173,000	44,220,339	-	2,678,782	74,072,121
Building and leasehold improvements.....	16,765,000	624,882,000	143,982,409	1,655,162	20,425,267	807,709,838
Equipment, furniture and fixtures.....	10,089,000	143,796,000	12,840,891	1,068,335	3,725,749	171,519,975
Infrastructure.....	-	-	21,564,527	-	-	21,564,527
Accumulated depreciation.....	(8,694,000)	(283,489,000)	(97,202,304)	(1,870,136)	(13,225,286)	(404,480,726)
Total capital assets, net of depreciation.....	21,310,000	533,027,000	131,118,710	1,628,361	14,168,120	701,252,191
Total assets.....	2,452,397,000	1,061,906,000	236,527,298	831,705,945	817,805,762	5,400,342,005
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued liabilities.....	4,574,000	56,210,000	21,266,750	1,677,376	3,167,800	86,895,926
Accrued interest payable.....	-	-	-	7,460,555	100,554	7,561,109
Bond interest payable.....	1,366,000	-	-	-	1,793,307	3,159,307
Deferred revenue.....	7,252,000	15,416,000	6,306,591	75,438	97,084	29,147,113
Other current liabilities.....	-	-	-	-	8,757,479	8,757,479
Current portion of long-term liabilities.....	244,843,000	6,920,000	2,656,033	38,025,905	135,842,285	428,287,223
Due to primary government.....	-	-	-	-	3,619,432	3,619,432
Escrowed cash deposits.....	-	-	-	2,368,331	183,786	2,552,117
Advances from primary government.....	-	-	-	-	1,571,940	1,571,940
Total current liabilities.....	258,035,000	78,546,000	30,229,374	49,607,605	155,133,667	571,551,646
Restricted and Non-Current Liabilities:						
Bonds, notes and leases payable.....	2,063,700,000	476,997,000	118,387,532	699,607,761	445,022,969	3,803,715,262
Accounts payable and accrued liabilities.....	-	13,760,000	371,279	-	-	14,131,279
Accrued arbitrage rebate.....	16,688,000	-	-	1,346,031	1,071,963	19,105,994
Other liabilities.....	-	50,841,000	22,845,112	324,037	5,044	74,015,193
Total liabilities payable from restricted assets.....	2,080,388,000	541,598,000	141,603,923	701,277,829	446,099,976	3,910,967,728
Total liabilities.....	2,338,423,000	620,144,000	171,833,297	750,885,434	601,233,643	4,482,519,374
NET ASSETS						
Invested in capital assets, net of related debt.....	2,264,000	125,009,000	51,169,325	1,628,361	10,884,597	190,955,283
Restricted.....	74,816,000	270,193,000	13,723,076	70,873,078	180,632,342	610,237,496
Unrestricted.....	36,894,000	46,560,000	(198,400)	8,319,072	25,055,180	116,629,852
Total net assets.....	\$ 113,974,000	\$ 441,762,000	\$ 64,694,001	\$ 80,820,511	\$ 216,572,119	\$ 917,822,631

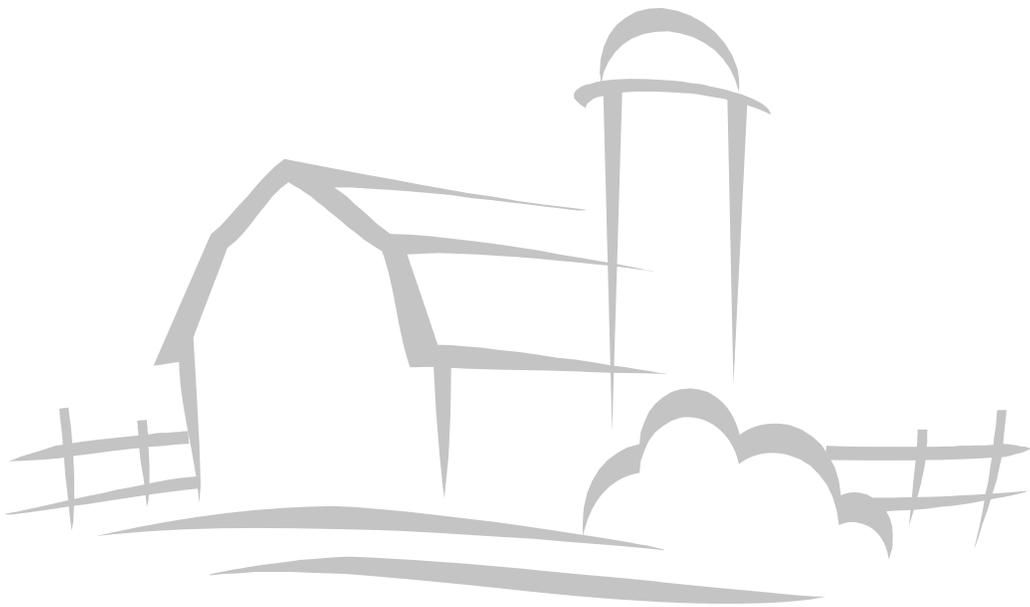
The accompanying notes are an integral part of these financial statements.

STATE OF VERMONT
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2009

	Vermont Student Assistance Corporation	University of Vermont and State Agricultural College	Vermont State Colleges	Vermont Housing Finance Agency	Non-major Component Units	Total Component Units
Expenses:						
Salaries and benefits.....	\$ 25,476,000	\$ 356,943,000	\$ 107,115,902	\$ 3,361,430	\$ 18,517,524	\$ 511,413,856
Other expenses.....	44,334,000	164,150,000	43,479,916	5,417,446	30,711,524	288,092,886
Scholarships, grants and fellowships.....	24,744,000	13,867,000	4,849,769	-	-	43,460,769
Depreciation.....	1,378,000	27,081,000	5,638,845	121,637	853,393	35,072,875
Interest on debt.....	57,156,000	15,316,000	4,890,927	42,976,053	24,020,314	144,359,294
Total expenses.....	153,088,000	577,357,000	165,975,359	51,876,566	74,102,755	1,022,399,680
Program Revenues:						
Charges for services.....	82,628,000	314,917,000	105,179,309	727,525	44,076,498	547,528,332
Operating grants and contributions.....	57,485,000	210,406,000	52,278,104	-	16,941,109	337,110,213
Capital grants and contributions.....	-	7,240,000	1,000,349	-	3,606,747	11,847,096
Total program revenues.....	140,113,000	532,563,000	158,457,762	727,525	64,624,354	896,485,641
Net expense.....	(12,975,000)	(44,794,000)	(7,517,597)	(51,149,041)	(9,478,401)	(125,914,039)
General Revenues:						
Property transfer tax.....	-	-	-	-	12,464,095	12,464,095
Investment income (losses).....	2,104,000	(70,983,000)	7,697	47,545,276	8,076,533	(13,249,494)
Additions to non-expendable endowments.....	-	-	575,349	-	-	575,349
Miscellaneous.....	-	-	-	166,734	1,520,575	1,687,309
Total general revenues.....	2,104,000	(70,983,000)	583,046	47,712,010	22,061,203	1,477,259
Changes in net assets.....	(10,871,000)	(115,777,000)	(6,934,551)	(3,437,031)	12,582,802	(124,436,780)
Net assets - beginning, restated (Note 17)...	124,845,000	557,539,000	71,628,552	84,257,542	203,989,317	1,042,259,411
Net assets - ending.....	\$ 113,974,000	\$ 441,762,000	\$ 64,694,001	\$ 80,820,511	\$ 216,572,119	\$ 917,822,631

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

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Vermont

State of Vermont
Notes to the Financial Statements
Fiscal Year Ended June 30, 2009

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**STATE OF VERMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Vermont (State) have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Newly implemented in these statements are the requirements of GASB Statement No. 49 – “Accounting and Financial Reporting for Pollution Remediation Obligations” (GASB 49), GASB Statement No. 55 – “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” and GASB Statement No. 56 – “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards.” As a result of the adoption of GASB 49, the State has restated the beginning net asset balance for the governmental activities. See Note 17 for additional information on the adoption of GASB 49.

The accompanying financial statements present the financial position of the State, the results of operations of the State and the various funds and fund types, and the cash flows of the various proprietary funds. The financial statements are presented as of and for the period ending June 30, 2009.

A. Reporting Entity

The financial statements include the various agencies, boards, commissions, public trusts, and authorities of the State as well as legally separate entities over which the State’s executive, legislative, and judicial branches exercise oversight responsibility. Oversight responsibility as defined by GASB 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 in the CAFR as Component Units:

the scope of public services as to whether its activity benefits the State or its citizens, and whether the activity is conducted within the geographic boundaries of Vermont and is generally available to Vermont residents; and

the existence of any special relationships regardless of whether the government exercises oversight responsibility that would cause the State’s financial statements to be misleading or incomplete if the entity’s financial activity were to be omitted.

Entities that may meet only one of the above criteria have not been included in this report.

As required by generally accepted accounting principles, these financial statements present the primary government and component units of the State of Vermont.

COMPONENT UNITS

Component Units are entities that, although legally separate from the State, have been included because they are either financially accountable to the State, or have relationships with the State such that exclusion would cause the State’s financial statements to be misleading or incomplete. Their activity may be “blended” into the activity of the primary government or may be reported separately. If they are reported separately, they are called “discretely presented component units.” Each discrete Component Unit’s designation as either “major” or

“non-major” has been determined by applying the criteria of GASB Statement No. 34. See Section C – Fund Financial Statements – for definitions of major and non-major funds. Additional information as well as separately issued financial reports may be obtained by contacting the individual entity desired at the address given in the following text.

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

Discretely Presented Major Component Units

Vermont Student Assistance Corporation (VSAC) – VSAC was established by the Vermont Legislature to provide opportunities for persons who are residents of Vermont to attend colleges or other institutions of higher education by awarding grants and by making, financing, servicing, and guaranteeing loans to qualifying students. For further information, contact their administrative offices at the Champlain Mill, P.O. Box 2000, Winooski, Vermont 05404-2601.

*University of Vermont (UVM)** - The University of Vermont’s financial report includes both the University and the State Agricultural College. Additional information may be obtained by contacting the university’s administrative offices at 348 Waterman Building, Burlington, Vermont 05405.

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

- System Offices and Services
- Community College of Vermont
- Castleton State College
- Johnson State College
- Lyndon State College
- Vermont Technical College
- Vermont Interactive Television
- Practical Nursing Program
- Vermont Manufacturing Extension Center

Additional information about the system itself or about any of the individual organizations included in the system may be obtained by contacting the Office of the Chancellor, Vermont State Colleges, Stanley Hall, Park Street, P.O. Box 359, Waterbury, Vermont 05676.

*Vermont Housing Finance Agency (VHFA)** – The VHFA was created in 1974 by an Act of the General Assembly of the State of Vermont for the purpose of promoting the expansion of the supply of funds available for mortgages on residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs. In June of 2009, VHFA signed a memorandum of agreement with the State of Vermont to administer \$7 million out of \$19.6 million of Neighborhood Stabilization Program (NSP) funds allocated to the State under the Federal Housing and Economic Recovery Act of 2008. Further information may be obtained by contacting the Agency’s administrative offices at 164 Saint Paul Street, Burlington, VT 05402-0408.

Discretely Presented Non-major Component Units

*Vermont Economic Development Authority (VEDA)** – VEDA, a tax-exempt entity, was created by the Vermont Legislature for the purpose of promoting economic prosperity in the State by directly financing eligible businesses and projects including manufacturing, agricultural, and travel and tourism enterprises; and by operating programs which provide eligible borrowers with access to capital.

VEDA also administers the State Infrastructure Bank (SIB), the Drinking Water State Revolving Loan Fund – Private Loans, the Brownsfield Revitalization Fund, and the Clean Energy Development Fund. These four funds are administered for the benefit of the State and are consolidated and reported in VEDA’s agency fund. Audited financial statements and additional information may be obtained by contacting VEDA at 56 East State Street,

Suite 5, Montpelier, Vermont 05602.

Vermont Housing and Conservation Board (VHCB) – The Legislature created and charged this organization with two goals: create affordable housing for Vermont residents; and conserve and protect Vermont’s agricultural lands, historic properties, important natural areas, and recreational lands. VHCB issues audited financial statements under separate cover. Additional information may be obtained by contacting them at 149 State Street, Montpelier, Vermont 05602.

Vermont Sustainable Jobs Fund, Inc. – The Vermont Legislature established a jobs program and directed VEDA to set up a non-profit 503(c)(3) corporation to implement the program and to establish policies and procedures in order to fulfill the goals of the jobs program as listed in 10 V.S.A. 326(a). Audited financial statements and additional information may be obtained by contacting them at 56 East State Street, Montpelier, Vermont 05602.

Vermont Municipal Bond Bank (VMBB) – The Vermont Legislature established the VMBB for the express purpose of fostering and promoting adequate capital markets and facilities for borrowing money by governmental units of the State of Vermont for the financing of public improvements or other public purposes. VMBB is authorized to carry out these charges by borrowing money or by issuing its own bonds and notes to obtain funds which are then utilized to purchase bonds and notes issued by local governmental entities. It has an annual fiscal year (December 31) and issues audited financial statements under separate cover.

VMBB also administers the *Special Environmental Revolving Fund* in accordance with 24 V.S.A. 4753(b). This fund was created by the Vermont Legislature for the purpose of fostering and promoting timely expenditures by municipalities for water supply, water pollution control, and solid waste management. The fund has a June 30 year-end and issues its own audited financial statements. For financial reporting purposes, its financial statements have been consolidated with the State’s Federal Revenue Fund financial statements in this CAFR. Further information regarding VMBB or the Special Environmental Revolving Fund may be obtained by contacting VMBB at 58 East State Street, Montpelier, Vermont 05601-0564.

Vermont Educational and Health Buildings Financing Agency (VEHBFA) – VEHBFA is a non-profit entity which finances or assists in the financing of projects for eligible educational or health related entities. It has a December 31 (annual) year-end and issues audited financial statements under separate cover. For additional information, they may be contacted at 58 East State Street, Montpelier, Vermont 05601-0564.

Vermont Center For Geographic Information (VCGI) – The Vermont Legislature established VCGI and charged it with creating a comprehensive strategy for the development and use of a geographic information system. Audited financial statements or additional information may be obtained by contacting them at 58 South Main Street, Suite 2, Waterbury, Vermont 05676.

Vermont Veterans’ Home – The Vermont Veterans’ Home was originally chartered in 1884 by the Vermont Legislature and incorporated on November 24, 1884. A Board of Trustees appointed by the Governor oversees the operations of the Vermont Veterans’ Home. The Vermont Veterans’ Home issues its own audited financial statements under separate cover. Additional information may be obtained by contacting them at 325 North Street, Bennington, Vermont 05201.

Vermont Rehabilitation Corporation – The Vermont Rehabilitation Corporation is a non-profit quasi-public corporation that was incorporated in 1935 in accordance with 10 V.S.A. 272-277. Its main purpose is to provide a limited source of loan funds to family farmers or prospective family farmers under terms and conditions which will reduce their investment costs to an extent that offers them a reasonable chance to succeed. Additional information may be obtained by contacting the Vermont State Treasurer at 109 State Street, 4th Floor, Montpelier, Vermont 05609-6200.

Vermont Film Corporation – The Vermont Film Corporation is a non-profit public corporation, created pursuant to 10 V.S.A. 644-650, for the purpose of promoting the state as a location for commercial film and television production, and to facilitate the participation of local individuals and companies in such productions. Additional information may be obtained by contacting the corporation at 10 Baldwin St., Drawer 33, Montpelier, Vermont

05633-2001.

Vermont Telecommunications Authority – The Vermont Telecommunications Authority was created in June 2007 pursuant to 30 V.S.A. 8061, for the purposes of ensuring that all regions of the state have access to affordable broadband and mobile telecommunications services by the year 2010 and promoting and facilitating ongoing upgrades in statewide telecommunications infrastructure in the most efficient and economically feasible manner. Additional information may be obtained by contacting the corporation at One National Life Drive, Montpelier, Vermont 05620-3205.

Vermont Transportation Authority (VTA) – The Vermont Legislature specifically authorized the creation of VTA pursuant to the acquisition, operation, and support of an authorized transportation facility as defined in 29 V.S.A. 701. The VTA is not currently an operating organization. Additional information may be obtained from the Agency of Transportation – Rail Division, National Life Building, Montpelier, Vermont 05633–5001.

* - Indicates entity was audited by KPMG LLP.

Blended Component Unit

Vermont Information Technology Leaders, Inc. (VITL) – VITL is a non-profit public partnership whose vision is a transformed health care system where health information is secure and readily available when the people need it. VITL is a multi-stakeholder corporation facilitating participation in the process by providers, payers, employers, patients, and state agencies. This component unit provides services almost entirely to the State of Vermont. The financial statements for this component unit have been blended into the State's Special Fund. For further information, contact their administrative offices at 144 Main Street, Suite 1, Montpelier, Vermont 05602.

JOINT VENTURES

A joint venture is a legal entity or other contractual arrangement that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or responsibility. The Tri-State Lotto Commission (31 V.S.A. 673) is classified as a joint venture. The financial activities of this organization is not included in the State's financial statements; however, see Note 13 for additional information regarding the organization.

JOINTLY-GOVERNED ORGANIZATIONS

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

Connecticut River Valley Flood Control Commission (10 V.S.A. 1153)
New England Board of Higher Education (16 V.S.A. 2692)
New England Interstate Water Pollution Control Commission (10 V.S.A. 1333)
Northeastern Forest Fire Protection Commission (10 V.S.A. 2503)

RELATED ORGANIZATIONS

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

EXCLUDED ORGANIZATIONS

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

Vermont Council on the Humanities
Vermont Council on the Arts
Vermont Historical Society
Vermont Public Power Supply Authority
Connecticut River Atlantic Salmon Commission (10 V.S.A. 4654)
Texas Low Level Radioactive Waste Disposal Compact (10 V.S.A. 7013)

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

B. Government-wide Financial Statements

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

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

Net assets (the amount by which assets exceed liabilities) are reported on the Statement of Net Assets in three components:

- (1) Invested in capital assets, net of related debt – total amount of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds and other debt that is related to the acquisition or construction of those assets;

(2) Restricted – for amounts when constraints placed on the net assets are either externally imposed, or are imposed by constitutional provisions or enabling legislation. The amount of governmental activities net assets restricted by enabling legislation for the State as of June 30, 2009, is \$98,430,952.

(3) Unrestricted – the total net assets which do not fit the two preceding categories.

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

C. Fund Financial Statements

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

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

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

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

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

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers revenues to be available if they are collected within 60 days of year-end. Major revenue sources considered susceptible to accrual include federal grants, interest on investments, and sales and income taxes. See special consideration for personal income tax revenue recognition under the "Receivables" section of this footnote.

Expenditures generally are recorded when a liability is due and payable, with the following exceptions:

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

- c. Debt service expenditures and claims and judgments are recorded only when payment is due to be paid.

Proprietary Funds, Fiduciary Funds, and Discretely Presented Proprietary Fund Type Component Units – The financial statements presented for these types of funds use the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liabilities are incurred. The State's enterprise funds have elected not to apply standards issued by the Financial Accounting Standards Board (FASB) after November 30, 1989.

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

E. Fund Accounting

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

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

GOVERNMENTAL FUNDS

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

Special Revenue Funds - These funds are used to account for revenues specifically earmarked to finance only particular or restricted programs and activities and include the following:

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

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

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

Federal Revenue Fund – This fund is a major special revenue fund. All federal grant receipts are recorded in this fund except for those federal funds specifically designated for transportation or fish and wildlife purposes. Federal grants of these latter two types are recorded in the State's Transportation Fund or Fish and Wildlife Fund respectively.

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

General, Special and Federal Revenue Funds are used to fund payments of actuarially certified premiums from the Agency of Human Services to the managed care organization within the Office of Vermont Health Access for the purpose of providing services under the global commitment to health care waiver approved by the Federal Centers for Medicare and Medicaid Services under Section 1115 of the Social Security Act. These payments are reported as transfers out of the General, Special and Federal Revenue Funds and as transfers in to the Global Commitment Fund. These funds will be expended as appropriated by the general assembly, authorized by the Director of the Office of Vermont Health Access, and approved by the Commissioner of Finance and Management consistent with agreements between the managed care organization within the Office of Vermont Health Access and departments delivering eligible services under the waiver.

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

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

Capital Projects Funds – These funds, consisting of the General Bond Fund and the Transportation Bond Fund, are non-major governmental funds, and account for capital improvement expenditures. These appropriations are primarily funded by the issuance of State capital bonds. These capital expenditures may be for the State directly or for outside organizations such as the Vermont State College System, municipalities, etc.

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

PROPRIETARY FUNDS

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

Enterprise Funds – These eight funds are used to account for operations that are financed and operated in a

manner similar to private business enterprises. The State's intent in these funds is to recover the costs including depreciation expense associated with providing the goods and services to the public primarily through user charges. Three of these enterprise funds, reporting the activities of the State's unemployment compensation program, the liquor control board, and the State's lottery program, are reported as "major funds" while the remaining five are reported as non-major funds.

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

Liquor Control Fund – accounts for the operations of the Liquor Control Board which purchases, distributes, and sells distilled spirits through its agency stores (7 V.S.A. Chapter 40).

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

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

FIDUCIARY FUNDS

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

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

Investment Trust Fund – Under the authority granted in 3 V.S.A. 523, beginning in Fiscal Year 2008, the State Treasurer created and began accepting deposits into the Vermont Pension Investment Committee (VPIC) Investment Pool, an external investment pool. The investment trust fund is used to account for the investments of the external participants in the Pool.

Private Purpose Trust Fund – The State's only fund in this category is the *Unclaimed Property Fund*, which accounts for all abandoned property that is required to be remitted to the State. The State Treasurer administers procedures for returning this property to its rightful owner if he/she can be located. In addition to monetary assets, from time to time the State Treasurer may have custody of tangible property that has not been valued and therefore is not reported in the financial statements. Each year, the fund retains the greater of \$100,000 or fifty percent of the amount received during the previous year, and the balance after deduction for operating expense is transferred to the General Fund. Amounts for which the eligibility period for being claimed has expired are transferred to the Vermont Higher Education Endowment Fund (a permanent fund).

Agency Funds – These funds report assets and liabilities for deposits and investments entrusted to the State as agent for others. They have no fund balance and report items such as Federal income tax withholding, social security tax withholding, other employee payroll deductions and withholdings, etc.

CASH AND CASH EQUIVALENTS

Cash balances for most funds are deposited with the State Treasurer, except for the Pension Trust Funds, Investment Trust Fund, Capital Projects Funds, and the Single Deposit Investment Account Fund. Cash balances deposited with the State Treasurer are pooled together and amounts that are not immediately required are invested in short-term investments.

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

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

INVESTMENTS

Investments are stated at fair value. Fair values of investments are based on quoted market prices. Additional information regarding types of investments and basis of valuation, see Note 2.

RECEIVABLES

Receivables in the government-wide financial statements represent amounts due to the State at June 30 that will be collected at some time in the future. They consist primarily of accrued taxes and federal grants receivable.

Receivables reported in the governmental funds financial statements consist primarily of accrued taxes, federal grants receivable, and notes receivable from drinking water and clean water special environmental loans. Other receivables include primarily fees, fines, and expenditure reimbursements due to the Medicaid program from drug companies and third party insurance companies. Revenues accrued in the governmental funds financial statements consist primarily of accrued taxes, and notes receivable from component units that will be collected by the State within 60 days after year-end. Amounts estimated to be collected after the 60-day revenue recognition period is recorded as deferred revenues. Federal receivables are amounts due from the federal government to reimburse the State's expenditures incurred pursuant to federally funded programs. Federal grant revenues are accrued when the qualifying expenditure is incurred. Notes receivable in the General Fund consist primarily of Vermont Economic Development Authority notes purchased by the State. See Note 11 – Contingent Liabilities for further information. No allowances for uncollectible amounts have been recognized in these notes receivable.

The "Investments Sold" receivable balance on the Statement of Fiduciary Net Assets represent monies due to the respective retirement funds for investments sold or matured prior to the statement date, but for which the receipts were received subsequent to year-end.

INVENTORIES

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

PREPAID EXPENSES

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

CAPITAL ASSETS AND DEPRECIATION

Capital assets, which include property, plant, equipment, and infrastructure assets, are recorded in the Government-wide Statement of Net Assets at actual or estimated historical cost or, if donated, at the estimated fair market value on the date donated to the State. Interest incurred on debt issued for construction of governmental activities capital assets is not capitalized. The majority of the historic artifacts and collections that are maintained by the various State agencies and departments are not included in the capital asset reporting. The items not reported are protected and preserved, held for public exhibition and educational purposes and the proceeds from any sales of such items are used to acquire new items for the collection.

Vermont defines a Capital Asset as a physical resource that costs at least \$5,000 and provides a future economic benefit for more than 1 year. This includes capital leases and buildings that are not considered to be part of an infrastructure asset. All land, regardless of cost, is capitalized and is not depreciated.

Infrastructure assets are defined as long-lived economic resources that are normally stationary in nature, utilized primarily by the general public as opposed to State employees, cost at least \$50,000 and provide future economic benefit for more than 1 year. Normally, infrastructure assets are much greater in value, have a longer economic life, and can be preserved for a greater number of years than most capital assets.

Capital assets are depreciated over their useful lives using the straight-line mid-month depreciation method. Useful lives for buildings are 20 to 50 years, equipment is 3 to 24 years and infrastructure assets are 6 to 80 years. Additional disclosures related to capital assets and assets acquired through capital leases are found in Notes 4 and 7, respectively.

Capital assets in the proprietary funds are capitalized at historical cost when acquired. Depreciation is calculated and recorded using the straight-line method with estimated useful lives being the same as those for the governmental capital assets. Interest is capitalized, when material.

When a capital asset is disposed of, its cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. Significant renewals and improvements that increase the life expectancy are capitalized and deductions are made for retirements resulting from the renewals or improvements.

DEFERRED REVENUE

Revenues in the government-wide financial statements and the proprietary fund financial statements are deferred if cash has been received prior to being earned. In governmental fund statements deferred revenues are recognized when revenues are unearned or unavailable.

ACCOUNTS PAYABLE

The accounts payable balances contained in the financial statements consist of operating liabilities that were incurred prior to year-end, and where payment was actually made subsequent to year-end. When paying its liabilities, it is the policy of the State to apply restricted resources first to situations where either restricted or unrestricted net assets may be used.

The "payable for investments purchased" balance for the Pension Trust Funds represents amounts due for securities purchased prior to year-end, which were paid subsequent to year-end.

ACCRUED LIABILITIES

Accrued liabilities consist of employee wages and related fringe benefit accruals earned by employees as of the statement date. Retainage payable consists of portions of progress payment amounts due to contractors that have been withheld and which will be paid by the State to the contractors upon final completion and acceptance of the contracted item or service.

TAX REFUNDS PAYABLE

Tax refunds payable primarily represent amounts owed by the State to taxpayers because of overpayment of their personal income tax liabilities. Tax refunds payable, which reduce respective tax revenues, are accrued to the extent they are measurable based on payments and estimates. The amount reported as tax refunds payable at June 30, 2009 in the governmental funds statements is comprised of tax refunds for filed tax returns due and payable at June 30, 2009. The amount reported as tax refunds payable at June 30, 2009 in the government-wide financial statements is comprised of estimated tax liability overpayments for the first and second calendar quarters of year 2009 tax liability as well as overpayments for calendar year 2008 and prior years' tax liabilities that have not been paid out as of June 30, 2009.

ARBITRAGE REBATE OBLIGATIONS

In accordance with Section 148(f) of the U.S. Internal Revenue Code, the State must rebate to the U.S. Government the excess of interest earned from the investment of certain debt proceeds over the yield rate of the applicable debt. Arbitrage rebate, if any, is due and payable on each five-year anniversary of the respective debt issue. As of June 30, 2009, the primary government had no outstanding arbitrage rebate obligation. The arbitrage rebate liabilities reported by the discretely-presented component units are included in "Other Long-term Liabilities" in the government-wide statement of activities.

ENCUMBRANCES

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. When the terms of the purchase order or contract have been fulfilled and payment to the contracting party is due, the encumbrance is liquidated and the liability and expenditure are recorded. Un-liquidated encumbrances remaining at fiscal year-end are reported in the Reserved for Encumbrances account as a component of fund equity for the governmental fund types.

FUND BALANCES

Fund balances for governmental funds are classified as either reserved or unreserved. Reserved fund balances reflect either (1) assets which, by their nature, are not available for appropriation such as "reserved of advances and notes receivable;" (2) funds legally separated for a specific use such as "reserved for encumbrances;" or (3) funds segregated by legal restrictions such as "reserved for endowments" that includes the non-expendable portion of the permanent funds. Certain other reservations of the Governmental Funds' fund balances are described below.

Budget Stabilization Reserve – These reserves are established in the General, Transportation, and Education funds. They were created to reduce the effects of annual variations in State revenues by reserving certain surpluses of revenue. See Note 10 for a more complete disclosure of these reserves as it pertains to the current fiscal year.

Reserved for Debt Service – The reserve for debt service includes the premium on the sale of general obligation bonds sold during the fiscal year. This will be appropriated in the following fiscal year to be used on the first payment of principal or interest due on the bonds.

Reserved for Human Caseload Management – The General Fund reserve for human caseload management, established pursuant to 32 V.S.A. 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 this 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.

COMPENSATED ABSENCES

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

Liabilities for compensated absences are recorded in the fund where the employees are assigned. The amounts are calculated based on an employee's pay rate in effect as of year-end. Additional information including changes in balances may be found in Note 16 – Changes in Long-term Liabilities.

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

BOND DISCOUNTS, PREMIUMS, AND ISSUANCE COSTS

In the government-wide financial statements, bond discounts/premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are reported as deferred charges.

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

INTERFUND TRANSACTIONS

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

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

Quasi-External Transactions – These transactions occur between two government funds that would be accounted for as revenue and expenditures if they occurred between a government entity and a private sector entity.

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

USE OF ESTIMATES

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

Note 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Primary Government – Excluding Pension and Investment Trust Funds

Deposits and investments for the primary government are governed by State statutes. When depositing public monies, the State Treasurer must act in accordance with 32 V.S.A. 431. Although the statute provides requirements for the collateralization of deposits, it does not establish limits. These limits are set by published formal guidelines issued by the State Treasurer. The State has an investment policy with an overriding goal of providing optimum coverage of risk exposure and maintaining liquidity necessary for future cash needs while maximizing the return on investments. Two sections of state statute govern the investment of the State's operating and restricted cash (i.e., non-pension funds).

When investing public monies, the State Treasurer must act in accordance with 32 V.S.A. 433. Types of investments allowed include obligations of the United States, its agencies and instrumentalities, and any repurchase agreements whose underlying collateral consists of such obligations or other approved money market instruments; certificates of deposit issued by banks and savings and loan associations approved by the State Treasurer; prime bankers' acceptances; prime commercial paper; tax exempt securities; and domestic money market funds. Also, the State Treasurer's Office issues additional formal guidance that is reviewed periodically, to assure that the three investment objectives -- safety, liquidity, and yield -- are met.

The statutory investment guidelines for certain trust funds are contained in 32 V.S.A. 434, referred collectively as the Trust Investment Account. These include the nonexpendable fund balances of the Permanent Trust Funds (including the Higher Education Trust Fund), the Fish and Wildlife Trust Fund (reported in the Fish & Wildlife Fund), Tobacco Trust and Agency of Natural Resources Land and Facilities Trust Funds (reported in the Special Fund), and the Vermont State Postemployment Benefits Trust Fund.

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

Deposits - Custodial Credit Risk

The custodial credit risk for deposits is the risk that in the event of a depository financial institution failure, the government will not be able to recover funds deposited in the failed institution or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository (FDIC) insurance and are uncollateralized or collateralized with securities held by the pledging financial institution or by the pledging financial institution's trust department or agent but not in the depositor – government's name. Although State statute does not require deposits to be collateralized, the Treasurer requires the State's cash deposits held in its primary bank to be collateralized with either United States Treasury securities or Vermont municipal securities or other approved money market instruments. Certificates of deposit are collateralized, in whole or in part, on the basis of agreements with the bank, a protocol requiring periodic due diligence and review of bank capitalization and assets. Bank deposits in excess of the FDIC amounts and collateral agreements are uninsured and uncollateralized. The bank collateral for the State's deposit balances is held by the banks' trust department for the benefit of the State. Bank balances of deposits for the primary government, excluding pension and investment trust funds, as of June 30, 2009 (including certificates of deposits) were \$186,331,483. Of these, \$1,618,831 was exposed to custodial credit risk as uninsured and uncollateralized.

Investments

For investments, custodial credit risk is the risk that a government will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The State has no formal policy on custodial credit risk but maintains contractual relationships with custodian banks that provide coverage and define the procedures. As of June 30, 2009 all securities were registered in the name of the State at its custodian bank. Investments in open-end mutual funds are not exposed to custodial risk because their existence is not evidenced by specific securities.

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

(a) Interest Rate Risk – Investments

Interest rate risk is the extent that changes in market interest rates of debt investments will adversely affect the fair market value of an investment. State investment guidelines require that short-term money market instruments be limited to duration of one year or less. While there is no formal policy specific to the Trust Investment Account, statute states that the treasurer shall apply the same investment objectives and policies adopted by the Vermont state employees' retirement system, where appropriate, to the investment of funds for the trust investments. Those guidelines specify that the average duration of an actively managed portfolio shall not differ from the passive benchmark's duration by more than 25 percent. The calculation of the duration of mortgage backed securities involves assumptions as to the expected future prepayment rate for the security. The managers are required to calculate duration at the time of initial purchase and on a routine basis to maintain compliance with these guidelines. Additional manager requirements are specified in written investment contracts. The primary government's investments, other than pension and investment trust funds' investments at June 30, 2009, are presented below.

Primary Government Investments - Excluding Pension and Investment Trust Funds*(Expressed in Thousands)*

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1 to <6</u>	<u>6 to 10</u>	<u>More Than 10</u>
<u>Debt Investments</u>					
US Agencies/Treasuries.....	\$ 39,154	\$ 280	\$ 842	\$ 8,521	\$ 29,511
Money Market Mutual Fund.....	184,477	184,477	-	-	-
Other.....	480	68	195	101	116
Total Debt Investments.....	224,111	<u>\$ 184,825</u>	<u>\$ 1,037</u>	<u>\$ 8,622</u>	<u>\$ 29,627</u>
<u>Other Investments</u>					
Mutual Funds.....	2,733				
Equity Securities.....	19,204				
US Unemployment Trust Pool.....	75,275				
Total.....	\$ 321,323				

The above includes instruments that are classified as cash and short-term investments for balance sheet purposes.

The following is a reconciliation of the investment types to the financial statement presentation (*in Thousands*).

Primary Government - Excluding Pension and Investment Trust Funds

Investments per maturity schedule.....	\$	321,323
Included in cash & cash equivalents:		
Money market mutual fund.....		(181,514)
Certificates of deposit.....		22,433
US Treasury trust pool.....		(75,275)
Financial statement investments total.....	\$	86,967
Governmental activities total.....	\$	75,900
Business activities total.....		2,558
Fiduciary - OPEB trust.....		4,544
Fiduciary - private purpose trust fund.....		3,965
Total.....	\$	86,967

(b) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the monetary magnitude of the State's investment in a single issuer. While State statute does not establish ceilings, formal investment guidelines for operating funds limit the amount invested to 10% in any one issuer of commercial paper, corporate securities, or bankers' acceptances. There are no limitations for U.S. Government and Federal Agencies. Money market funds utilized by the State Treasurer's Office are highly rated and incorporate the requisite diversification. As of June 30, 2009, no single issuer exceeded 5% for the primary government portfolios.

(c) Custodial Credit Risk

For investments, custodial credit risk is the risk that a government will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The State has no formal policy on custodial credit risk but maintains contractual relationships with custodian banks that provide coverage and define the procedures. As of June 30, 2009 all securities were registered in the name of the State at its custodian bank. Investments in open-end mutual funds are not exposed to custodial risk because their existence is not evidenced by specific securities.

(d) Credit Risk

Credit risk is the possibility that the issuer or other counterparty to an investment may default on their obligations. State Statute and formal guidelines adopted by the State Treasurer, pursuant to statute, define the State's credit quality policies for various investment classes. All primary funds, excluding certain trusts specified otherwise in other sections of statute, require that bankers' acceptances, commercial paper and guarantees investment contracts have credit ratings by nationally recognized rating agencies in the highest tier applicable to their investments. Money market funds either must be SEC registered and rated by a nationally recognized agency or consist of only dollar-denominated securities managed consistent with SEC rule 2a-7. Municipal debt obligations must be investment-grade obligations as defined by nationally recognized rating agencies. Treasuries, agencies and repurchase agreements whose underlying securities consist of treasuries or agencies, are excluded from rate requirements. While there is no formal policy specific to the Trust Investment Account, statute states that the treasurer shall apply the same investment objectives and policies adopted by the Vermont state employees' retirement system, where appropriate, to the investment of funds for the trust investments. Additional manager requirements are specified in written investment contracts. The credit risk associated with the State's debt securities, money market funds, bond mutual funds, and other pools of fixed income securities, exclusive of pension and investment trust funds' investments, as of June 30, 2009, is presented as follows using the Moody's rating scale.

**Primary Government Rated Debt Investments
Excluding Pension and Investment Trust Funds**
(Expressed in Thousands)

<u>Debt Investments</u>	<u>Fair Value</u>	<u>Quality Ratings</u>	
		<u>Aaa</u>	<u>Unrated</u>
US Agencies/Treasuries	\$ 39,154	\$ -	\$ 39,154
Money Market Mutual Fund.....	184,477	184,377	100
Bond Mutual Fund.....	2,733	-	2,733
Other.....	480	-	480

(d) Foreign Currency Risk

Foreign currency risk is the extent to which changes in exchange rates affect the value of an investment.

Operating funds are restricted, through statute and formal guidelines, to specific money market instruments and money market funds investing in domestic instruments.

In the Trust Investment Account portfolio, total exposure to foreign currency risk as of June 30, 2009, valued in US dollars, is \$560,670. This consists of \$74,275 Canadian Dollar, \$387,725 Euro Currency, and \$98,670 Mexican Peso.

B. Primary Government – Pension Trust Funds and the Vermont Municipal Employees Health benefit Fund

The State has three defined benefit plans (Vermont State Retirement, State Teachers, and Vermont Municipal Employees), three defined contribution plans (Vermont State Retirement, and Vermont Municipal Employees, and Single Deposit Investment Account), and two other post employment benefit funds.

By statute, the assets of the three defined benefit plans are invested on behalf of each plan's Trustees through the Vermont Pension Investment Committee (VPIC), which was created by the Vermont Legislature effective July 1, 2005. The majority of these assets have been pooled for investment purposes. On November 1, 2007, the City of Burlington, Vermont pooled its investments with the majority of the assets of the state, teachers and municipal defined benefit plans pursuant to a change in state statute permitting Vermont municipalities to pool their funds with the VPIC creating an external investment pool. It is an "external investment pool" as defined by GASB 31 as it commingles the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio and one of the participants, the City of Burlington, is not part of the state's reporting entity. Each of the participating funds has an equity position in the external pool and individual investment securities are not specifically identified to any of the participating funds. As a result, the "pooled investment" is a net equity position, incorporating the results of the underlying securities, receivables and liabilities. Earnings in each pooled investment are allocated based on the month-end balances of each of the respective systems.

The three defined benefit plans and the City of Burlington's assets managed by VPIC are externally managed in the pool established July 1, 2005 with a startup share price of \$1,000. Ownership in the pool is based on the number of shares held by each member. The net asset value per share is determined by dividing the total fair value of the net assets of the pool by the number of shares of the pool outstanding on the valuation date. Contributions to and withdrawals from the pool are based on the beginning of the day net asset value per share on the day of the transaction.

The pool's net assets and statement of changes in net assets are as follows.

**STATE OF VERMONT
INVESTMENT POOL
STATEMENTS OF NET ASSETS
June 30, 2009
(in thousands)**

Assets:	
Cash and short term investments.....	\$ 204,925
Receivables:	
Interest and dividends.....	10,582
Investments sold.....	99,467
Total receivables.....	110,049
Investments at Fair value:	
Fixed income.....	583,192
Equities.....	1,048,642
Mutual funds.....	635,647
Real estate and venture capital.....	111,491
Total investments.....	2,378,972
Total assets.....	2,693,946
Liabilities:	
Payable for investments purchased.....	196,673
Accounts payable.....	96
Total liabilities.....	196,769
Net assets held in trust for investment pool participants.....	\$ 2,497,177

**Vermont Pension Investment Committee
Investment Pool
Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2009
(in thousands)**

Additions :Investment Income:

Net depreciation in fair value of investments.....	\$ (717,805)
Dividends.....	46,224
Interest income.....	44,199
Securities lending income.....	211
Other income.....	352
Total investment loss.....	<u>(626,819)</u>

Total additions..... (626,819)

Deductions:

Net pool participant withdrawals.....	66,246
Operating expenses.....	1,054
Total deductions.....	<u>67,300</u>

Change in net assets..... (694,119)

Net assets held in trust for pool participants:

July 1..... 3,191,296

June 30..... \$ 2,497,177

Vermont State Retirement System.....	\$ 1,007,288
State Teacher's Retirement System.....	1,135,514
Vermont Municipal Employees' Retirement System..	264,546
City of Burlington.....	89,829
June 30.....	<u>\$ 2,497,177</u>

Each defined benefit plan managed by the state has its own asset allocation as determined by the VPIC and deemed adopted by each system's board in the absence of board action to the contrary. As of May 31, 2006, the VPIC adopted a set of investment policies and guidelines common to all three defined benefit plans. These are used by VPIC with the objective of maximizing returns within acceptable risk parameters.

The State's Single Deposit Investment Account (SDIA), a non-contributory defined contribution plan, is invested in two intermediate term bond portfolios managed by two different investment managers. The investment policy governing the SDIA portfolios includes a minimum average credit quality of double-A, no bonds rated below investment grade, and limitations on asset-backed, mortgage-backed, collateralized Mortgage Obligations, corporate bonds, and single issuers of non-treasury/government agency backed bonds. The bonds are "wrapped" by an insurance policy guaranteeing the book principal value of investment to SDIA Account participants. This insurance wrapper requires monthly adjustments of participant crediting rates based on the

changing market value of the portfolio. The insurance provider is rated double-A by Moody's and Standard & Poor's.

The Vermont State Retirement's defined contribution plan's trustee is the State Treasurer. The Vermont Municipal Employees' Retirement System Board of Trustees is the trustee for the Vermont Municipal Employees' defined contribution plan. Both plans are administered by Fidelity Investments Institutional Operations Company. Investment choices are made by participants from a range of funds approved by the trustees' for the plans. Investment options are Fidelity and non-Fidelity mutual funds including large and small market capitalization equities (actively managed and indexed), international equities, fixed income securities, balanced funds, target retirement date age based funds, and a stable value fund. Funds included in the plans were selected based on consideration of fund performance for one and multi-year periods, performance ranked against peer group funds in asset class, management fee expense ratios, fund asset class and investment objectives, historical annual returns, Morningstar ratings, performance in various stages of the capital market cycle, and consultant recommendations as to the optimal number of funds and appropriate asset classes. Fidelity provides quarterly investment reports and analysis that are reviewed by Treasury staff, the State Treasurer and Vermont Municipal Employees' Retirement's Board.

The state has two other post benefit employment funds, the Vermont State Post Employment Benefits Trust Fund (State OPEB) and the Vermont Municipal Employees health benefit Fund (Muni OPEB). These are described in Note 5. The "State OPEB" is invested in the Trust Investment Account utilized as an investment vehicle by many of the state's primary funds, exclusive of pension funds, and is included in the cash and investment disclosures for the primary government as is its cash deposits. The "Muni OPEB" is invested under the authority of the Municipal Retirement Board of Trustees and utilizes an outside administrator, ICMA-RC employing mutual funds. Disclosures related to its cash and investments are included below.

Deposits - Custodial Credit Risk

The pension trust funds' cash deposits, outside of the pension trust funds' custodian bank, totaled \$ 8,387,263 none of which was exposed to custodial credit risk.

Investments

Custodial credit risk for investments is the risk that a government will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The VPIC manages exposure to custodial credit risk by requiring all relevant investment managers to hold investments in separate accounts with VPIC's custodian. VPIC guidelines specify the custodial requirements for these accounts and the duties of the managers and the custodian. As of June 30, 2009 all securities were registered in the name of the State at its custodian bank. Investments in pools, open-end mutual funds, and other investments not evidenced by specific securities are not categorized.

Investments are stated at market value in the case of marketable securities and at estimated fair value for certain nonmarketable securities. Money market and other short-term investments are reported at market value when published market prices and quotations are available, or at amortized cost, which approximates fair value. Real estate (including timber investments) is carried at the net asset value of each retirement system's real estate fund investment(s), which net asset value is further based on the fair market value of the real properties. Properties' fair market values in each of the retirement systems' fund investments are established quarterly by real estate fund manager appraisals and are validated at least yearly by third-party property appraisals. Nonmarketable securities include alternative investments such as private equity and venture capital, which are valued using current estimates of fair value obtained from the investment manager in the absence of readily determinable public market values. Such valuations generally consider variables such as the high, medium, and low values for portfolio investments; the investments' exit timetables, and the status of any proceedings leading to a liquidity event; the financial performance of investments, including comparison of comparable companies' earning multiples; cash flow analysis; and recent sales prices of investments. Management at the State Treasurer's Office is responsible for the fair value measurements of investments reported in the financial statements. The State Treasurer's Office has implemented policies and procedures to assess the reasonableness of the fair values provided; the Office believes that reported fair values at the balance sheet date are reasonable.

(a) Interest Rate Risk – Investments

As pension trust funds have a different investment term horizon based on a long average liability term, the VPIC manages exposure to fair value loss arising from movements in interest rates by establishing duration guidelines with its debt securities with core, core plus and Global Fixed Income investment managers, requiring that the duration be within a specified percentage of the duration band of the appropriate benchmark index. In the case of domestic Core Fixed Income managers the average duration (interest rate sensitivity) of an actively managed portfolio shall not differ from the appropriate passive benchmark's duration by more than +/- 25 percent. The Core Plus portfolio restriction is +/- two years around the passive benchmark duration. With respect to Global Fixed Income portfolios, current portfolio durations are restricted to a range of one to ten years. High yield fixed income portfolios prices and yields are not as directly correlated with the general level of interest rates and are duration monitored but not duration restricted. The calculation of the duration of mortgage backed securities involves assumptions as to the expected future prepayment rate for the security. The managers are required to calculate duration at the time of initial purchase and on a routine basis to maintain compliance with these guidelines. Fixed income managers are required to report portfolio characteristics quarterly inclusive of portfolio duration as a measure of portfolio interest rate sensitivity. Pension and Investment Trust Funds' Investments are as follows.

Pension, Vermont Municipal Employees Health Benefit and Investment Trust Funds' Investments
(Expressed in Thousands)

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 to < 6	6 to 10	More Than 10
<u>Debt Investments</u>					
US Agencies/Treasuries.....	\$ 137,401	\$ 29,117	\$ 4,562	\$ 19,681	\$ 84,041
Corporate Debt.....	381,338	16,454	187,441	121,048	56,395
Money Market Mutual Fund	47,109	47,109	-	-	-
Municipals.....	3,795	-	888	488	2,419
Asset Backed Securities.....	14,470	205	5,691	1,053	7,521
Mortgage Backed Securities.....	78,994	-	-	447	78,547
Sovereign Debt.....	48,728	3,012	9,713	23,090	12,913
Repurchase Agreements	154,000	154,000	-	-	-
Total Debt Investments.....	865,835	\$ 249,897	\$ 208,295	\$ 165,807	\$ 241,836
<u>Other Investments</u>					
Mutual Funds.....	668,395				
Equity Securities.....	1,048,673				
Real Estate - Venture Capital.....	137,480				
Fixed Income - Derivatives.....	(1,279)				
Total.....	\$ 2,719,104				

(b) Concentration of Credit Risk

Formal guidelines for pension funds state that no more than 5% of the market value of a portfolio's domestic fixed income assets may be invested in the debt securities of any one issuer. No limitations on issues and issuers shall apply to obligations of U.S. Government and Federal Agencies. As of June 30, 2009, no issuer exceeded 5%.

(c) Credit Risk of Debt Investments

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

Pension, Vermont Municipal Employees Health Benefit and Investment Trust Funds' Investments
(Expressed in Thousands)

<u>Debt Investments</u>	Fair Value	Quality Ratings		
		Aaa	Aa	A
US Government Agencies/Treasuries.....	\$ 137,401	\$ -	\$ -	\$ -
Corporate Debt.....	381,338	27,406	16,180	70,697
Money Market Mutual Fund.....	47,109	-	-	-
Municipals.....	3,795	888	621	1,818
Asset Backed Securities.....	14,470	5,035	605	1,272
Mortgage Backed Securities.....	78,994	14,027	7,546	6,195
Sovereign Debt.....	48,728	19,265	10,748	7,995
Repurchase Agreement.....	154,000	-	-	-

continued below

<u>Debt Investments</u>	Quality Ratings			
	Baa	Ba	B and below	Unrated
US Government Agencies/Treasuries.....	\$ -	\$ -	\$ -	\$ 137,401
Corporate Debt.....	117,134	55,481	85,285	9,155
Money Market Mutual Fund.....	-	-	-	47,109
Municipals.....	468	-	-	-
Asset Backed Securities.....	1,288	1,666	2,575	2,029
Mortgage Backed Securities.....	4,032	6,618	11,270	29,306
Bond Mutual Fund.....	4,935	4,427	260	1,098
Repurchase Agreement.....	-	-	-	154,000

d) Foreign Currency Risk

Unless VPIC stipulates specific exceptions to the guidelines, the global bond portfolio may hold no more than 30% of its assets, at market value, or 120% of each country's benchmark weight (whichever is greater) in the debt securities of any single foreign government or non-U.S. government entity. For the purposes of this calculation, all countries within the European Single Currency shall count as one country. Single non-government debt security limitations are also set for the global bond portfolio. In the case of equities, the investment manager is afforded flexibility in the number of issues held and their geographic or industry distribution, provided that equity holdings are within the lesser of established percentage ranges in relative to single holding limitations and a stock's weighting in the style benchmark against which the manager is measured. Most foreign currency exposure is in the pension and investment trust funds' portfolios. The value in US dollars by foreign currency denomination and type of investment is as follows.

Pension, Vermont Municipal Employees Health Benefit and Investment Trust Funds' Investments
Foreign Currency Risk - International Securities at Fair Value
(Expressed in Thousands)

<u>Currency</u>	<u>Total</u>	<u>Short Term</u>	<u>Debt</u>	<u>Equity</u>
Australian Dollar..... \$	35,564	\$ 16	\$ 9,098	\$ 26,449
Brazilian Real.....	2,013	-	2,013	-
Canadian Dollar.....	6,231	190	1,145	4,895
Colombian Peso.....	550	-	550	-
Danish Krone.....	699	-	-	699
Euro Currency.....	130,123	704	17,702	111,716
Hong Kong Dollar.....	6,707	-	-	6,707
Iceland Krona.....	-	-	-	-
Indonesian Rupiah.....	1,087	-	1,087	-
Israeli Shekel.....	47	47	-	-
Japanese Yen.....	95,699	980	14,169	80,551
Mexican Peso.....	4,767	60	4,628	79
New Russian Ruble.....	-	-	-	-
New Zealand Dollar.....	3,526	30	1,991	1,505
Norwegian Krone.....	730	175	-	555
Polish Zloty.....	5,961	37	5,777	148
Pound Sterling.....	46,420	531	4,864	41,025
Singapore Dollar.....	11,741	7	-	11,734
South African Rand.....	3,228	1	1,363	1,864
Swedish Krona.....	3,053	93	1,087	1,873
Swiss Franc.....	10,208	146	-	10,061
Thailand Baht.....	218	66	-	152
Total	\$ 368,570	\$ 3,083	\$ 65,474	\$ 300,013

Formal investment policy guidelines adopted by the VPIC state that international equity managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility and facilitate securities transaction settlements rather than leverage portfolio risk exposure. In global fixed income accounts, opportunistic currency positioning may be utilized to hedge and cross-hedge the portfolio's currency risk exposure or in the settlement of securities transactions. The managers may vary the total portfolio exposure to currency from fully unhedged to fully hedged. The global fixed income managers are permitted to hedge all, some, or none of the portfolio's currency exposure. They are permitted to cross-hedge currency positions, but may not net short any currency, or net long more than 100% of the portfolio. VPIC has funds allocated to a global allocation asset manager in the form of shares of a commingled trust. The manager for this trust may enter into long and/or short positions in currencies of the countries represented in established indices. The strategy is permitted to cross-hedge currency exposure and will actively manage its currency exposure. This active management may go beyond fully-hedged or unhedged currency exposure, and is provided for by a specific exemption to the VPIC general guidelines.

Fixed Income Short Positions

A short-sale of a security occurs when an investment manager places a sale order for an account without actually holding the underlying security for delivery. In some situations, short sales are entered into in anticipation of a decline in the fair value of a security; in other cases short sales are entered into as a hedge against potential losses from securities owned (held long) in an account. Short sales incur the risk of loss when the price of a security underlying the short sale increases and the fund is subject to a higher cost to purchase the

security in order to cover the position. Short positions totaling approximately \$28.5 million in the VPIC portfolio at June 30, 2009, are predominately related to hedging against losses in long securities positions and to managing the effective duration of an investment portfolio; as a result, while a short position may in and of itself expose the account to risk of loss, such potential losses are at least partially if not fully offset by securities held long. The use of short-sales in certain cases is provided for by written investment guidelines and incorporated in specific manager contracts.

Securities Lending Transactions

State statutes and boards of trustees' policies permit the Office of the Vermont State Treasurer to use investments of the three defined benefit 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. Pursuant to a Securities Lending Authorization Agreement, State Street Bank and Trust Company (State Street) was authorized to act as agent in lending securities to broker-dealers and banks.

During the fiscal year, State Street loaned, on behalf of Vermont, certain securities held by State Street as custodian, and received United States and foreign currency cash, securities issued or guaranteed by the United States government. Since State Street, acting on behalf of the State, did not have the ability to pledge or sell collateral securities absent a borrower default, securities lending is not recorded as an asset with a corresponding liability on the financial statements. Borrowers were required to deliver collateral for each loan equal to not less than one hundred and two percent (102%) of the market value of the loaned security.

The State did not impose any restrictions during the fiscal year on the amount of the loans that State Street made on its behalf. Pursuant to the Securities Lending Authorization Agreement, State Street had an obligation to provide a form of indemnification to the state in the event of default by a borrower. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year that resulted in a declaration and notice of Default of the borrower other than the default by Lehman Brothers Inc. and Lehman Brothers International Europe which occurred in September, 2008, and the State was made whole in connection with this process. On June 30, 2009 Vermont had no credit risk exposure to borrowers.

During the fiscal year, the State and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. As of June 30, 2009, such investment pool had an average duration of 42.64 days and an average weighted final maturity of 317.62 days for United States Dollar collateral. Because the loans were terminable at will their duration did not generally match the duration of the investments made with cash collateral. The collateral held and the market values of securities on loan for Vermont as of June 30, 2009 were \$ 349,214,006 and \$337,627,143 respectively.

Authority to enter into securities lending transactions for the 3 retirement plans is as follows:

3 V.S.A. 471(m) Vermont State Employees' Retirement Fund

16 V.S.A. 1942(q) Vermont Teachers' Retirement Fund

24 V.S.A. 5062(o) Vermont Municipal Employees' Retirement Fund

Derivative Financial Instruments

Certain investment managers for the Vermont Pension Investment Committee (VPIC) invest in derivative financial investments as authorized by the VPIC policy. Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed upon benchmark. At June 30, 2009, VPIC investments had four types of derivative financial instruments: futures, currency forwards, options, and swaps. All of the derivatives reported at June 30, 2009 are at fair market value. The futures and options are traded on exchanges and are marked-to-market daily using the prices as reported by Reuters (primary source). Currency forwards are traded over the counter using prices from WM Co. and Reuters. Interest rate swaps and credit default swaps are traded over the counter and are based on prices from the investment manager as provided by Pricing Direct Inc. (primary source). Swaptions are traded over the counter and are provided by the investment manager using Pricing Direct Inc. and Bloomberg as pricing sources. *Futures* represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified

price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing the VPIC's credit risk. The net change in the futures contracts value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains (losses) in the Statement of Changes in Net Assets.

At June 30, 2009 the VPIC's investments had the following futures balances:

	<u>Market Value of Contract</u>
Long positions equity futures	\$(646,656)
Long-term debt securities futures	(3,908)
Short-term debt securities futures	4,642

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rate on the foreign currency dominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net realized gains or losses on foreign currency related transactions.

At June 30, 2009, the VPIC's investments included the following currency forwards balances:

Currency forwards – cross deals between two foreign currencies	\$290,887
Currency forwards - pending foreign exchange purchases	162,641
Currency forwards - pending foreign exchange sales	(204,491)

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

At June 30, 2009, the VPIC investments had the following option balances:

Purchased call options	\$176,888
Purchased put options	478,147
Written call options	(296,285)
Written put options	(178,218)

Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. At June 30, 2009 the VPIC had three different types of swap arrangements; interest rate swaps, credit default swaps and total return swaps. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counterparty who, in turn, agrees to make return interest payments that float with some reference rate. The interest rate swaps allowed the VPIC to effectively convert long term variable interest investments into fixed interest rate investments. Credit default swaps are used to manage credit exposure without buying securities outright. In a total return swap, one party makes payments based upon the total return of a reference asset such as an index or basket of assets, and the other party pays a fixed or floating rate of interest plus any negative total returns on the reference asset. Total return swaps are used as substitutes for physical assets and to obtain exposure in markets where physical securities are not available. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Net Assets.

At June 30, 2009, the VPIC's investments had the following swap market value balances:

Interest Rate Swaps (244 positions)	\$42,612
Credit Default Swaps (186 positions)	5,692,153
Total Return Swaps (2 positions)	371,397

The above interest rate, credit default and total return bond swaps involved the following counterparties in one or more swap agreements:

JP Morgan Chase Bank NA	Barclay's Bank
Citibank N.A.	Merrill Lynch Capital Services
Morgan Stanley Capital Services	First Boston Credit Suisse
Deutsche Bank AG	Royal Bank of Scotland PLC
Goldman, Sachs Capital Markets LP	Royal Bank of Canada

Asset-Backed Securities

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

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

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

Note 3: INTERFUND BALANCES

A. Due From/To Other Funds

Due from/to other funds result mainly from the time lag between the date that interfund goods and services are received or reimbursable costs are incurred, and the date the payment between the funds are made. The balances of due from/to other funds at June 30, 2009, are as follows.

Due To Other Funds				
Governmental Funds				
Due From Other Funds	General Fund	Transportation Fund	Education Fund	Special Fund
General Fund	\$ -	\$ 6,865	\$ -	\$ 11,125
Transportation Fund	18,676	-	-	98
Education Fund	-	-	-	-
Special Fund	235,819	80,300	-	-
Federal Revenue Fund	40,211	-	-	367,030
Global Commitment Fund	1,416,759	-	-	5,899,967
Non-major Governmental Funds	-	-	-	13,245
Liquor Control Fund	-	-	-	-
Vermont Lottery Commission	-	-	24,402	-
Non-major Enterprise Funds	-	-	-	-
Internal Service Funds	-	-	-	-
Fiduciary Funds	485,680	-	-	-
Total	\$ 2,197,145	\$ 87,165	\$ 24,402	\$ 6,291,465

continues below

Due To Other Funds				
Governmental Funds				
Due From Other Funds	Federal Revenue Fund	Global Commitment Fund	Non-major Governmental Funds	Internal Service Funds
General Fund	\$ 124,545	\$ 298,886	\$ -	\$ 1,432,058
Transportation Fund	26,032	-	120	530,114
Special Fund	1,060,754	100,000	30,362	189,872
Federal Revenue Fund	-	17,567	-	124,224
Global Commitment Fund	17,876,537	-	-	55,824
Non-major Governmental Funds	-	-	-	-
Liquor Control Fund	-	-	-	15,981
Vermont Lottery Commission	-	-	-	3,169
Non-major Enterprise Funds	-	-	-	38,872
Internal Service	-	-	497,725	-
Fiduciary Funds	-	-	-	263
Total	\$ 19,087,868	\$ 416,453	\$ 528,207	\$ 2,390,377

continues below

Enterprise Funds				
Due From Other Funds	Unemployment Compensation Trust Fund	Liquor Control Fund	Non-major Enterprise Funds	Total
General Fund	\$ -	\$ 359,744	\$ -	\$ 2,233,223
Transportation Fund	-	-	-	575,040
Special Fund	-	-	-	1,697,107
Federal Revenue Fund	-	-	-	549,032
Global Commitment Fund	-	-	-	25,249,087
Non-major Governmental Funds	-	-	-	13,245
Liquor Control Fund	-	-	-	15,981
Vermont Lottery Commission	-	-	-	27,571
Non-major Enterprise Funds	45,222	-	-	84,094
Internal Service	-	-	14,966	512,691
Fiduciary Funds	-	-	-	485,943
Total	\$ 45,222	\$ 359,744	\$ 14,966	\$ 31,443,014

B. Advances To/From Other Funds

The General Fund has made cash advances to certain proprietary funds for imprest petty cash disbursement needs. The General Fund advances to other funds at June 30, 2009, are summarized below.

Proprietary Funds	
Vermont Lottery Fund	\$ 300,000
Liquor Control Fund	6,800
Non-major Proprietary Funds	2,900
	<hr/>
Total	\$ 309,700
	<hr/> <hr/>

C. Interfund Receivables/Payables

The primary government cash in most funds is pooled in the State Treasurer's accounts. When a fund has a deficit cash balance, this amount is reclassified to a liability account - interfund payable. The General Fund reports the corresponding interfund receivable for the cash borrowed from the pool. The following funds at June 30, 2009, reported interfund payables. It is expected that certain amounts due the General Fund from the Internal Service Funds will not be repaid within one year. It is expected that these interfund payables will be reduced in future years through changes to billing rates and management of operations.

Proprietary Funds	
Non-major Enterprise Funds	\$ 1,658,662
Internal Service Funds	39,243,204
Fiduciary Funds	
Agency Funds	104,806
	<hr/>
Total	\$ 41,006,672
	<hr/> <hr/>

D. Inter - Primary Government/Component Unit Balances

Advances to component units consist of the amounts advanced under various agreements with component units to use the funds for specific programs. As the component unit uses the funds, the advance is reduced and expenditures are recognized by the State. At June 30, 2009, the General Fund advances to component units was \$1,571,940 advanced to the Vermont Development Authority for interest rate subsidies and grants to be issued at the direction of State agencies.

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

At June 30, 2009, these account balances are as follows:

	<u>Due to Primary Government/(Component Units)</u>			<u>Total</u>
	<u>Vermont Housing & Conservation Trust Fund</u>	<u>Vermont Economic Development Authority</u>	<u>Vermont Veterans' Home</u>	
Due from Component Units				
General Fund	\$ 3,102,064	\$ -	\$ -	\$ 3,102,064
Special Fund	-	68,357	-	68,357
Federal Revenue Fund	-	-	449,011	449,011
Due from Primary Government				
General Fund	(700,000)	-	-	(700,000)
Nonmajor Governmental Funds	(991,209)	-	-	(991,209)
Total	\$ 1,410,855	\$ 68,357	\$ 449,011	\$ 1,928,223

E. Interfund Transfers

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

The Education Fund received transfers from the General Fund and the Vermont Lottery Commission to support the general State grant for local education. The Special Fund received transfers from the General Fund for the Next Generation Initiative, from the Federal Revenue Fund for the weatherization assistance program, and from the Global Commitment Fund for education Medicaid reimbursements. The Global Commitment Fund received transfers from the General, Special and Federal Revenue Funds for Medicaid related services provided under the Vermont Global Commitment to Health Medicaid waiver.

Interfund transfers for the fiscal year ending June 30, 2009, are as follows.

Transfers In	Transfers Out				
	Governmental Funds				
	General Fund	Transportation Fund	Education Fund	Special Fund	Federal Revenue Fund
General Fund	\$ -	\$ -	\$ -	\$ 43,085,837	\$ 1,400,000
Transportation Fund	-	-	127,483	729,351	-
Education Fund	291,794,400	-	-	-	-
Special Fund	11,978,116	1,163,502	-	-	18,147,627
Federal Revenue Fund	-	-	-	-	-
Global Commitment Fund	78,058,716	-	-	203,574,739	621,720,604
Non-major Governmental Funds	1,522,332	393,373	-	202,331	-
Unemployment Comp Trust Fund	-	-	-	-	-
Non-major Enterprise Funds	-	-	-	-	-
Internal Service Funds	3,118,763	-	-	-	-
Total	\$ 386,472,327	\$ 1,556,875	\$ 127,483	\$ 247,592,258	\$ 641,268,231

continues below

Transfers In	Transfers Out				
	Governmental Funds			Proprietary Funds	
	Global Commitment Fund	Non-major Governmental Funds	Unemployment Compensation Trust Fund	Liquor Control Fund	Vermont Lottery Commission
General Fund	\$ -	\$ -	\$ -	\$ 840,320	\$ 3,311
Transportation Fund	-	-	-	-	-
Education Fund	-	-	-	-	20,948,652
Special Fund	22,969,049	50,000	-	-	150,000
Federal Revenue Fund	-	2,860,586	-	-	-
Global Commitment Fund	-	-	-	-	-
Non-major Governmental Funds	-	-	-	-	-
Unemployment Comp Trust Fund	-	-	-	-	-
Non-major Enterprise Funds	-	-	367,739	-	-
Internal Service Funds	-	-	-	-	-
Total	\$ 22,969,049	\$ 2,910,586	\$ 367,739	\$ 840,320	\$ 21,101,963

continues below

Transfers In	Transfers Out			
	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
	General Fund	\$ 2,558	\$ 1,338,529	\$ 1,890,780
Transportation Fund	-	1,485,111	-	2,341,945
Education Fund	-	-	-	312,743,052
Special Fund	-	2,495,675	-	56,953,969
Federal Revenue Fund	-	-	-	2,860,586
Global Commitment Fund	-	-	-	903,354,059
Non-major Governmental Funds	-	-	51,586	2,169,622
Unemployment Comp Trust Fund	353,671	-	-	353,671
Non-major Enterprise Funds	-	-	-	367,739
Internal Service Funds	-	-	-	3,118,763
Total	\$ 356,229	\$ 5,319,315	\$ 1,942,366	\$ 1,332,824,741

Note 4: CAPITAL ASSETS

Capital Assets activities for the fiscal year ended June 30, 2009 were as follows:

Primary Government

Governmental Activities	Beginning Balance	Additions	Deletions	Reclassifications & Donations	Ending Balance
Capital assets, not being depreciated:					
Land and land improvements	\$ 72,939,991	\$ 4,527,983	\$ -	\$ -	\$ 77,467,974
Construction in process	304,865,733	161,131,700	(116,417,510)	(5,158,834)	344,421,089
Works of Art	136,003	-	-	-	136,003
Total capital assets, not being depreciated	<u>377,941,727</u>	<u>165,659,683</u>	<u>(116,417,510)</u>	<u>(5,158,834)</u>	<u>422,025,066</u>
Capital assets, being depreciated:					
Buildings and improvements	361,977,840	25,847,237	(829,580)	160,735	387,156,232
Machinery and equipment	139,628,527	17,840,905	(10,172,241)	325,210	147,622,401
Infrastructure	1,356,179,525	84,928,729	(15,367,988)	(731,671)	1,425,008,595
Total capital assets, being depreciated	<u>1,857,785,892</u>	<u>128,616,871</u>	<u>(26,369,809)</u>	<u>(245,726)</u>	<u>1,959,787,228</u>
Less accumulated depreciation for:					
Buildings and improvements	(156,287,658)	(10,432,582)	314,739	-	(166,405,501)
Machinery and equipment	(91,415,278)	(14,283,505)	8,428,886	(118,108)	(97,388,005)
Infrastructure	(585,177,144)	(54,465,511)	15,366,958	731,671	(623,544,026)
Total accumulated depreciation	<u>(832,880,080)</u>	<u>(79,181,598)</u>	<u>24,110,583</u>	<u>613,563</u>	<u>(887,337,532)</u>
Total capital assets, being depreciated, net	<u>1,024,905,812</u>	<u>49,435,273</u>	<u>(2,259,226)</u>	<u>367,837</u>	<u>1,072,449,696</u>
Governmental activities capital assets, net	<u>\$ 1,402,847,539</u>	<u>\$ 215,094,956</u>	<u>\$ (118,676,736)</u>	<u>\$ (4,790,997)</u>	<u>\$ 1,494,474,762</u>
Business-type Activities	Beginning Balance	Additions	Deletions	Reclassifications & Donations	Ending Balance
Capital assets, not being depreciated:					
Construction in process	\$ -	\$ 304,084	\$ -	\$ -	\$ 304,084
Total capital assets, not being depreciated	<u>-</u>	<u>304,084</u>	<u>-</u>	<u>-</u>	<u>304,084</u>
Capital assets, being depreciated:					
Buildings and improvements	86,135	10,300	-	-	96,435
Machinery and equipment	1,365,741	272,411	(138,633)	-	1,499,519
Total capital assets, being depreciated	<u>1,451,876</u>	<u>282,711</u>	<u>(138,633)</u>	<u>-</u>	<u>1,595,954</u>
Less accumulated depreciation for:					
Buildings and improvements	(54,873)	(6,251)	-	-	(61,124)
Machinery and equipment	(813,274)	(226,679)	138,280	-	(901,673)
Total accumulated depreciation	<u>(868,147)</u>	<u>(232,930)</u>	<u>138,280</u>	<u>-</u>	<u>(962,797)</u>
Total capital assets, being depreciated, net	<u>583,729</u>	<u>49,781</u>	<u>(353)</u>	<u>-</u>	<u>633,157</u>
Business-type activities capital assets, net	<u>\$ 583,729</u>	<u>\$ 353,865</u>	<u>\$ (353)</u>	<u>\$ -</u>	<u>\$ 937,241</u>

Fiduciary Funds	Beginning Balance	Additions	Deletions	Reclassifications & Donations	Ending Balance
Capital assets, not being depreciated:					
Construction in process	\$ 2,407,499	\$ 426,247	\$ -	\$ -	\$ 2,833,746
Total capital assets, not being depreciated	<u>2,407,499</u>	<u>426,247</u>	<u>-</u>	<u>-</u>	<u>2,833,746</u>
Capital assets, being depreciated:					
Machinery and equipment	183,814	-	-	25,000	208,814
Total capital assets, being depreciated	<u>183,814</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>208,814</u>
Less accumulated depreciation for:					
Machinery and equipment	(71,994)	(48,724)	-	-	(120,718)
Total accumulated depreciation	<u>(71,994)</u>	<u>(48,724)</u>	<u>-</u>	<u>-</u>	<u>(120,718)</u>
Total capital assets, being depreciated, net	<u>111,820</u>	<u>(48,724)</u>	<u>-</u>	<u>25,000</u>	<u>88,096</u>
Fiduciary assets, Net	<u>\$ 2,519,319</u>	<u>\$ 377,523</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 2,921,842</u>

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

Governmental Activities:

General Government	\$ 9,795,910
Protection to Persons and Property	3,647,415
Human Services	588,852
Labor	114,064
General Education	18,984
Natural Resources	1,444,948
Commerce & Community Development	482,235
Transportation	55,117,635
Depreciation on capital assets held by Internal Service Funds	7,971,555
Total	<u>\$ 79,181,598</u>

Business-type Activities:

Liquor Control	\$ 215,673
Lottery Commission	15,848
Vermont Life	1,409
Total	<u>\$ 232,930</u>

Fiduciary Activities:

Pension	<u>\$ 48,724</u>
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Note 5: RETIREMENT PLANS AND OTHER POST EMPLOYMENT BENEFITS

In accordance with State statutes, the State Treasurer and the individual retirement systems' Board of Trustees administer the State's three defined benefit pension plans and two defined contribution plans. 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 fiduciary fund type. There are no separate stand-alone financial statements issued for these plans.

A. Defined Benefit Retirement Plans

Retirement Plan Descriptions

The Vermont State Retirement System (VSRS) (3 V.S.A. Chapter 16) 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:

- general employees who did not join the non-contributory system on July 1, 1981 (Group A), with a contribution rate of 5.1% of payroll (contributions cease upon attainment of 25 years of creditable service);
- State police, law enforcement positions, and airport firefighters (Group C), with a contribution rate of 6.98% of payroll;

- judges (Group D), with a contribution rate of 5.1% of payroll;
- terminated vested members of the non-contributory system (Group E); and
- all other general employees (Group F), with a contribution rate of 5.10% of payroll.

Effective July 1, 2008 the contribution rate for Group F employees was raised, through legislation enacted in fiscal year 2008, from 3.35% to 5.1% through June 30, 2019 and 4.85% thereafter, due to increases in the cost of living benefit for all Group F employees and other benefit changes described below.

The State Teachers' Retirement System (STRS) (16 V.S.A. Chapter 55) is a cost-sharing public employee defined benefit retirement system with a special funding situation. It covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State board of education. Membership in the system for those covered classes is a condition of employment. The membership is made up of:

- general teachers who did not join the non-contributory system on July 1, 1981 (Group A), with a contribution rate of 5.5% of payroll (contributions cease upon attainment of 25 years of creditable service);
- terminated vested members of the non-contributory system (Group B); and
- all other general teachers (Group C), with a contribution rate of 3.54% of covered payroll.

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. 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.

The Vermont Municipal Employees' Retirement System (MERS) (24 V.S.A., Chapter 125) 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 districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirement is required to join the system.

Prior to July 1, 1987, the State was statutorily responsible for contributions to the MERS' 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 valuations.

Copies of each individual defined benefit retirement plan's annual actuarial valuation report, information describing each defined benefit plan's provisions including vesting requirements, benefits provided, post retirement adjustments, etc., and information relating to the two defined contribution plans are available for inspection at the Retirement Division, Office of the State Treasurer, 109 State Street, Montpelier, Vermont 05609-6901.

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

The financial statements for the pension and other postemployment benefit trust funds are prepared using the accrual basis of accounting. Plan members' contributions are recognized in the period in which the contributions are due. The employers' contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. All investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on June 30, 2009. Securities without an establish market are reported at estimated fair value.

The defined benefit plans' financial statements are on the following pages.

**Statement of Plan Net Assets
Defined Benefit Plans
June 30, 2009**

	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
Assets:			
Cash and short term investments.....	\$ 2,232,186	\$ 2,148,484	\$ 1,103,898
Receivables:			
Contributions - current.....	4,315,714	2,462,424	2,364,080
Contributions non-current.....	-	-	6,546,347
Interest and dividends.....	3,793	2,916	393,481
Due from other funds.....	35,635	-	33,887
Other.....	-	310,438	-
Investments at Fair value:			
Pooled investments.....	1,007,287,404	1,135,514,287	264,546,223
Fixed income.....	-	23	-
Equities.....	-	388	-
Real estate and venture capital.....	1,306,170	3,272,912	1,166,402
Prepaid expenses.....	-	1,363,987	-
Capital assets, net of depreciation.....	1,184,717	1,360,021	377,104
Total assets.....	1,016,365,619	1,146,435,880	276,531,422
Liabilities:			
Accounts payable.....	1,547,700	1,225,587	296,000
Retainage payable.....	119,937	144,179	62,993
Due to other funds.....	-	-	-
Total liabilities.....	1,667,637	1,369,766	358,993
Net assets held in trust for employees' pension benefits.....	\$ 1,014,697,982	\$ 1,145,066,114	\$ 276,172,429

**Statement of Changes in Plan Net Assets
Defined Benefit Plans
For the fiscal year ended June 30, 2009**

	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
Additions :			
<u>Contributions</u>			
Employer - pension benefit.....	\$ 25,134,235	\$ 19,260,934	\$ 8,008,862
Employer - healthcare benefit.....	-	16,700,000	-
Plan member.....	22,148,754	20,937,686	9,557,973
Transfers from other pension trust funds.....	246,476	453,488	244,624
Transfers from non-state systems.....	795,394	1,911,648	1,077,295
Medicare part D drug subsidy.....	-	1,388,884	-
Total contributions.....	48,324,859	60,652,640	18,888,754
<u>Investment Income:</u>			
Net appreciation (depreciation) in fair value of investments.....	(796,772)	472,870	394,805
Income (loss) from pooled investments.....	(240,509,484)	(306,111,171)	(57,426,538)
Dividends.....	-	-	-
Interest income.....	36,702	85,349	795,048
Securities lending income.....	2,290,357	2,683,170	461,935
Other income.....	586,770	799,619	102,263
Total investment income (loss).....	(238,392,427)	(302,070,163)	(55,672,487)
<u>Less Investment Expenses:</u>			
Investment managers and consultants.....	(4,033,847)	(4,666,821)	(1,139,931)
Securities lending expenses.....	(550,108)	(645,574)	(124,924)
Total investment expenses.....	(4,583,955)	(5,312,395)	(1,264,855)
Net investment income (loss).....	(242,976,382)	(307,382,558)	(56,937,342)
Total additions.....	(194,651,523)	(246,729,918)	(38,048,588)
Deductions:			
Retirement benefits.....	70,043,119	89,825,986	10,228,263
Other post employment benefits.....	-	16,421,176	-
Refunds of contributions.....	1,403,995	1,420,776	1,223,465
Death claims.....	177,194	397,607	246,351
Transfers to other pension trust funds.....	300,772	208,828	552,107
Depreciation.....	18,045	20,976	9,703
Operating expenses.....	1,201,242	1,228,798	579,196
Total deductions.....	73,144,367	109,524,147	12,839,085
Change in net assets.....	(267,795,890)	(356,254,065)	(50,887,673)
Net assets held in trust for employees' pension benefits:			
July 1	1,282,493,872	1,501,320,179	327,060,102
June 30.....	\$ 1,014,697,982	\$ 1,145,066,114	\$ 276,172,429

Plan membership

At June 30, 2009, VSRS, STRS, and MERS membership consisted of:

	<u>VSRS</u>	<u>STRS</u>	<u>MERS</u>
Active employees:			
Vested.....	5,752	8,076	3,585
Non-vested.....	<u>2,343</u>	<u>2,723</u>	<u>2,948</u>
Total active employees.....	8,095	10,799	6,533
Retirees and beneficiaries of deceased retirees			
currently receiving benefits.....	4,797	5,910	1,538
Terminated employees entitled to benefits			
but not yet receiving them (vested).....	798	721	554
Inactive members.....	<u>939</u>	<u>2,655</u>	<u>2,015</u>
Total participants.....	<u><u>14,629</u></u>	<u><u>20,085</u></u>	<u><u>10,640</u></u>

Actuarial Valuation- Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial method for both the STRS and the VSRS plans is set by State statute. Through fiscal year 2005, the method used was entry age normal (EAN) with frozen initial liability (FIL). The Legislature enacted a statute change revising the method to entry age normal without FIL for the actuarial valuation for the year ending June 30, 2006, which effectively restated the starting balance.

Under the previous method, set by State statute, the unfunded liability was frozen at 1988 levels. Any impact of underfunding subsequent to the “freezing” of the liability in 1988 falls to normal cost instead of being added to the unfunded liability as in more conventional funding methods. If funding levels approximate the actuarially required contribution (ARC), as in the case of the funding of VSRS, the effect of changing from EAN-FIL to EAN is attributable to variances between the actuarial assumptions and experience.

State statute provides that at least once in each five-year period, the State’s actuary is to make an investigation into the mortality, service, and comprehensive experience of the members and beneficiaries of the system and make recommendations for certain modifications of the actuarial assumptions, as needed. These experience studies are conducted on a staggered basis for the three systems.

Such a study was completed for the VSRS system for the period covering July 1, 2001 through June 30, 2006. Those changes were reflected in the June 30, 2007 valuation report. No changes to the actuarial assumptions used in the 2008 valuation occurred for the valuation completed for the period ending June 30, 2009. However, the 30-year period for amortization of the unfunded actuarial accrued liability was restarted effective July 1, 2008. Benefit modifications were made in both 2008 and 2009 as described below.

In December 2007 an experience study was conducted for the STRS system for the period covering July 1, 2002 through June 30, 2007. As a result of this experience study and recent changes adopted by the System’s Board of Trustees, changes in the actuarial assumptions were made in the valuation report for the period ending June 30, 2008. No assumption changes were made in the valuation report for the period ending June 30, 2009. The 30-year period for amortization of the unfunded actuarial accrued liability was restarted effective July 1, 2008.

In the case of VSRS, the actuarial accrued liability for current retired members, terminated vested members and beneficiaries is \$760,453,336 and the actuarial accrued liability for current active and inactive members is

\$783,690,730 for a total actuarial accrued liability of \$1,544,144,066. The actuarial value of assets is \$1,217,637,578 resulting in an unfunded accrued liability of \$326,506,488.

Under legislation enacted in Fiscal Year 2008, VSRS benefits were modified in three respects for members hired on or after July 1, 2008. First, the maximum benefit payable was increased from 50% to 60% of the average final compensation (AFC). Second, the eligibility condition for an unreduced benefit changed from the attainment of age 62 or 30 years of service to a "rule of 87", attainment of that number through a combination of years of service and age. Third, for members not eligible for an unreduced benefit, the reduction for early retirement changed from a uniform 6% per year to one determined on a service based schedule. Due to the relatively small number of participants affected by the hire date incorporated in these changes, the actuary reports a minimal impact on the normal cost and accrued liability. The remaining significant provision of the same legislation makes changes to retiree cost of living (COLA) adjustments. The annual-cost-of living adjustment (COLA) applicable to the benefits of group F members retiring after July 1, 2008, rose from 50% of the annual increase of the Consumer Price Index (CPI) to 100% of the annual increase in the CPI index, up to a ceiling of 5%, effective January 1, 2014. Only current group F members who were actively contributing into the system on June 30, 2008 and retire on or after July 1, 2008 will be eligible for the enhanced COLA in 2014. Group F members who terminated service or transferred to another group plan prior to June 30, 2008 are not be eligible for the new COLA unless they return to active group F service after July 1, 2008 and prior to retirement. The COLA provisions were reflected in the 2008 valuation as well as the valuation for the period ending June 30, 2009.

The total net actuarial loss for the VSERS system from June 30, 2008 to June 30, 2009 is \$243,194,030. Investment losses during the recent economic cycle accounted for almost all of the change, \$242,482,443. Other significant factors impacting the actuarial loss were COLA experience and new entrants with prior service with offsetting gains in mortality experience, retirement and termination experience, and the reimbursement of expenses.

In the case of STRS, the actuarial accrued liability for current retired members, terminated vested members and beneficiaries is \$972,834,725 and the actuarial accrued liability for current active and inactive members is \$1,129,003,118 for a total actuarial accrued liability of \$2,101,837,843. The actuarial value of assets is \$1,374,079,337 resulting in an unfunded accrued liability of \$727,758,506.

There were no changes in the benefit provisions since the prior valuation. Actuarial assumptions remain the same as in the previous valuation.

The total net actuarial loss for the STRS system from June 30, 2008 to June 30, 2009 is \$341,414,764. Investment experience accounted for \$312,726,392. Other significant factors increasing the actuarial loss were expenses other than investment expenses, termination experience, COLA experience and new entrants with prior service. Retirement and mortality experience partially offset this as well as other factors.

Actuarial Assumptions & Methods

Below are listed the various actuarial methods and significant assumptions used to determine the annual required contributions at the State level for VSRS and STRS, and by the participating employers for MERS (which is not funded by the State).

	<u>VSRS</u>	<u>STRS</u>	<u>MERS</u>
Valuation date	06/30/09	06/30/09	07/01/09
Actuarial cost method (1)	Entry Age Normal	Entry Age Normal	Projected benefit cost method
Amortization method	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Remaining amortization period (2) All closed basis	29 years	29 years	29 years
Asset valuation method	Preliminary Asset Value plus 20% difference between market and preliminary asset value	Preliminary Asset Value plus 20% difference between market and preliminary asset value	Actuarial value of assets using a five year smoothing technique
<u>Actuarial assumptions (3)</u>			
Investment rate of return	8.25%	8.25%	8.00%
Projected salary increases	4.50%-7.79%	4.41%-10.68%	5.0%
Cost-of-living adjustments	1.5%-3.0%	1.5%-3.0%	1.5%-1.8%
<u>Post Retirement Adjustments</u>			
Allowances in payment for at least one year adjusted for cost of living based on CPI but not in excess of percentage indicated	Groups A, C & D - 5%	Group A - 5%	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% (4)	Group C - 5%	Group A - 2% Groups B, C & D - 3%

(1) Beginning with 6/30/06, the actuarial cost method was changed to the Entry Age Normal method for VSRS and STRS.

(2) The 30-year period for amortization of the unfunded actuarial accrued liability was restarted effective 7/1/08 for STRS, VSRS, and VMERS.

(3) Beginning with 6/30/06, the funding interest rate has been raised from 8.00% per year to 8.25% per year for STRS. The VSRS rate was raised from 8.0% to 8.25% effective 6/30/07.

(4) The Group F cost of living adjustment will be increased to equal the full CPI, effective January 1, 2014 for employees who are actively contributing into the system on June 30, 2008 and retire on or after July 1, 2008 will be eligible for the enhanced COLA

The actuary has estimated the change in the unfunded actuarial accrued liability between June 30, 2008 and June 30, 2009, as follows:

	<u>VSRS</u>	<u>STRS</u>
Unfunded actuarial accrued liability, June 30, 2008.....	\$ 87,100,468	\$ 379,505,069
Normal cost.....	44,574,324	35,690,059
Contribution paid.....	(48,324,859)	(60,652,640)
Interest on unfunded liability, normal cost and contribution.....	8,909,271	31,801,254
Actuarial (gains) and losses/experience.....	243,194,030	341,414,764
Assumption changes.....	-	-
Changes to benefits/system provisions.....	(8,946,746)	-
Unfunded actuarial accrued liability, June 30, 2009.....	<u>\$ 326,506,488</u>	<u>\$ 727,758,506</u>

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, 2009 were as follows:

	<u>VSRS</u>	<u>STRS</u>
Annual Required Contribution (ARC).....	\$28,997,554	\$39,616,990
Interest on NPO.....	3,528,257	14,387,193
Adjustment to ARC.....	(3,110,436)	(9,488,825)
Annual Pension Cost (APC).....	29,415,375	44,515,358
Employer Contribution Made.....	(25,134,235)	(38,756,288)
Increase in NPO.....	4,281,140	5,759,070
NPO - Beginning of Year.....	42,766,745	175,796,683
NPO - End of Year.....	<u>\$47,047,885</u>	<u>\$181,555,753</u>
Percentage of ARC contributed.....	86.68%	97.83%

Schedule Of Employer Contributions

Year Ended 6/30	Annual Pension Cost	Percentage Contributed	NPO Balance
<u>VSRS</u>			
2007	\$ 39,254,553	100.11%	\$ 40,512,811
2008	41,447,876	94.56%	42,766,745
2009	29,415,375	85.45%	47,047,885
<u>STRS</u>			
2007	43,365,458	86.11%	169,188,878
2008	46,156,902	85.68%	175,796,683
2009	44,515,358	87.06%	181,555,753

Funded Status and Funding Progress

The following is funded status information for the three defined benefit plans as the most recent valuation date, with amounts in thousands:

Actuarial Valuation Date	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)
VSRS						
6/30/2009	\$1,217,638	\$1,544,144	\$326,506	78.9%	\$404,516	80.7%
STRS						
6/30/2009	\$1,374,079	\$2,101,838	\$727,759	65.4%	\$561,588	129.6%
MERS						
7/1/2009	\$331,407	\$366,973	\$35,566	90.3%	\$191,521	18.6%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. Defined Contribution Retirement Plans

Vermont State Defined Contribution Plan

In accordance with Title 3 of the Vermont Statutes Annotated, Chapter 16A, 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. Approximately 375 exempt employees representing 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 of 2.85%. The State is required to contribute to each employee's account at the rate of 7% of the employee's compensation for each payroll period. An employee becomes vested in the plan after completion of 23 months of creditable service as a State employee. During the fiscal year ending June 30, 2009, member contributions totaled \$657,129 with State employer contributions at \$1,520,354. As of June 30, 2009, the Vermont State Defined Contribution Plan's net assets totaled \$32,737,781 and there were 589 participants.

Vermont Municipal Employees' Defined Contribution Plan

The Vermont Municipal Employees' Defined Contribution Plan (24 V.S.A. 5070) was implemented by the Vermont Municipal Employees' Retirement System's Board of Trustees on July 1, 2000, and is reported as a pension trust fund. The defined contribution plan was offered by municipal employers to one or more groups of their eligible employees. Once offered by the employer, each eligible employee was required to make an election to participate. Employees participating in one of the municipal defined benefit plans who elected to participate in the defined contribution plan had the July 1, 2001, actuarial value of their accrued defined benefit plan transferred to the defined contribution plan. Employers that did not offer the defined contribution plan to

their employees as of December 31, 1999, will have an opportunity to do so no later than December 31 of any subsequent year with the transfer effective July 1 of the following year.

Participating municipal employees and their employers are required to contribute at the rate of 5%. Effective July 1, 2008, employers began contributing 5.125% while employee contribution percentages remain unchanged. Employees become vested in the plan after 12 months of service. During the fiscal year ending June 30, 2009, member contributions totaled \$640,732 with employer contributions at \$686,245. As of June 30, 2009, the Municipal Employees' Defined Contribution Plan's net assets totaled \$11,656,033, and there were 594 participants.

Single Deposit Investment Account

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

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

The VSRS's members in the Group A contributory plan could 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 E plan had their choice between the following three options:

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

No additional contributions could be made to the SDIA beyond those described above. The SDIA funds are not available to the members until they retire or terminate employment. At June 30, 2009, there were 2,120 members, with net assets of \$79,699,988 in the Single Deposit Investment Account.

The defined contribution plans' financial statements are on the following pages.

Statement of Plan Net Assets
Defined Contribution Plans
June 30, 2009

	Defined Contribution Plans		
	Vermont State Defined Contribution Fund	Single Deposit Investment Account Fund	Vermont Municipal Employees' Defined Contribution Fund
Assets:			
Cash and short term investments.....	\$ 181,726	\$ 3,521,761	\$ 62,883
Receivables:			
Contributions - current.....	145,915	-	20,066
Interest and dividends.....	-	649,302	-
Investments sold.....	-	1,236,325	-
Investments at Fair value:			
Fixed income.....	-	76,456,190	-
Equities.....	-	30,840	-
Mutual funds.....	32,472,751	-	11,607,167
Prepaid expenses.....	10,564	-	-
Total assets.....	32,810,956	81,894,418	11,690,116
Liabilities:			
Payable for investments purchased.....	-	2,194,430	-
Accounts payable.....	37,540	-	196
Due to other funds.....	35,635	-	33,887
Total liabilities.....	73,175	2,194,430	34,083
Net assets held in trust			
for employees' pension benefits.....	\$ 32,737,781	\$ 79,699,988	\$ 11,656,033

**Statement of Changes in Plan Net Assets
Defined Contribution Plans
For the fiscal year ended June 30, 2009**

	Defined Contribution Plans		
	Vermont State Defined Contribution Fund	Single Deposit Investment Account Fund	Vermont Municipal Employees' Defined Contribution Fund
Additions :			
<u>Contributions</u>			
Employer - pension benefit.....	\$ 1,520,354	\$ -	\$ 686,245
Plan member.....	657,129	-	640,732
Transfers from other pension trust funds.....	74,926	-	42,193
Transfers from non-state systems.....	-	-	-
Total contributions.....	2,252,409	-	1,369,170
<u>Investment Income:</u>			
Net depreciation in fair value of investments.....	(7,689,824)	(2,545,458)	(2,831,581)
Dividends.....	1,233,497	6,703	381,195
Interest income.....	2,181	4,185,836	759
Securities lending income.....	-	730	-
Other income.....	31	5,537	31
Total investment income (loss).....	(6,454,115)	1,653,348	(2,449,596)
<u>Less Investment Expenses:</u>			
Investment managers and consultants.....	-	(331,667)	-
Total investment expenses.....	-	(331,667)	-
Net investment income (loss).....	(6,454,115)	1,321,681	(2,449,596)
Total additions.....	(4,201,706)	1,321,681	(1,080,426)
Deductions:			
Retirement benefits.....	2,185,464	6,195,782	472,754
Operating expenses.....	36,170	-	66,532
Total deductions.....	2,221,634	6,195,782	539,286
Change in net assets.....	(6,423,340)	(4,874,101)	(1,619,712)
Net assets held in trust for employees' pension benefits:			
July 1	39,161,121	84,574,089	13,275,745
June 30.....	\$ 32,737,781	\$ 79,699,988	\$ 11,656,033

C. Other Post Employment Benefits

In addition to providing pension benefits, the State offers post employment medical insurance, dental insurance, and life insurance benefits to retirees of the VSRS and STRS.

Medical Insurance Plan Descriptions

Vermont State Retirement System

Employees retiring directly from active State service for any reason (disability, early, or normal), including the State Police, may carry whatever coverage is in effect at that time into retirement for themselves and their dependents. During the lifetime of the retiree, currently only 20% of the cost of the premium will be paid by the retiree, except in the case of retirees selecting joint or survivorship options. 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 of the premium. In addition, once a retiree becomes eligible for Medicare coverage (at age 65); it is mandatory that they enroll in both Medicare Part A and Part B as soon as possible. Medicare thus becomes the primary insurer with the State plan becoming secondary. The retiree's State insurance premium costs will then decrease in recognition of this change.

If an employee, other than a group C member, does not retire directly from State service, they are not eligible to participate in the State's medical insurance plan. Group C members who terminate with 20 or more years of service, but are not yet 50, may pick up the medical coverage at the time they begin retirement benefits. If the insurance is terminated at any time after retirement, coverage will not be able to be obtained again at a later date.

Based on legislation enacted during fiscal Year 2008, Group F employees hired after July 1, 2008 will receive a tiered retiree health care reimbursement, based on completed years of service. As part of the enacted legislation, Group F employees hired after July 1, 2008 also have the ability to recapture (access) subsidized health insurance at 80% upon initiation of retirement benefits in a manner comparable to regular retirements even if employee terminated prior to their early retirement date, providing the member has twenty years of service upon termination of employment. As of June 30, 2009, 3,571 retirees were enrolled in the medical plan in the single, spouse, and family plan options. The retirees contributed \$5.1 million in premiums and incurred \$26.7 million in claims expense for the fiscal year ending June 30, 2009.

The State Employees' Postemployment Benefit Pension Trust Fund (State OPEB) (3 V.S.A. 479a) was established in fiscal year 2007 as an irrevocable trust fund for the purpose of accumulating and providing reserves to support retiree postemployment benefits for members of the VSRS. By definition this is a fund required to follow the reporting requirements of Governmental Accounting Standards Board Statement No. 43 (Financial Reporting for Postemployment Benefit Plans Other Than Pensions). The State's fiscal year 2009 contributions to the State OPEB included, on a pay-as-you-go basis, \$18.1 million for the State's share of the cost of the premiums. The State OPEB paid \$17.9 million in premiums, on a pay-as-you-go basis, to the Medical Insurance Fund for this benefit in fiscal year 2009. In addition to the contributions and expenses for premiums on a pay-as-you-go basis, noted above, the State contributed \$1,798,425 in Medicare Part D reimbursements to the State OPEB to fund future OPEB benefits. The fund has total assets of \$5,748,582 at June 30, 2009. These assets are held in trust for postemployment benefits other than pension.

State Teachers Retirement System

Retirees in the STRS plan participate in multi-employer health coverage plans operated by the Vermont Education Health Initiative (VEHI) which is managed jointly by the Vermont School Boards Insurance Trust and the Vermont- National Education Association. VEHI partners with Blue Cross Blue Shield to provide health insurance to retired and active teachers. VEHI issues its own audited financial statements. These and plan information are available the VEHI Offices, 2 prospect Street, Suite 5, Montpelier, VT 05602. Members of the STRS have access to three medical benefit plans in retirement. The plans are identical to those offered to active teachers in public school systems in Vermont. Members may pick up medical coverage under one of the plans offered for themselves and all eligible dependents at the time of retirement, or anytime

thereafter during one of the semi-annual open enrollment periods. If the member has a minimum of 10 years of creditable service at the time of retirement, the STRS picks up 80% of the retiree's premium only, based on the cost of the "standard plan" as defined by statute. The retiree must pick up the full cost of the premium for all covered dependents. As of June 30, 2009, 3,932 retirees are enrolled in the single, spouse, and family medical plan options. The retirees contributed \$10.96 million in premiums and the STRS contributed \$16.7million in premiums and paid \$16.4 million, on a pay-as-you-go basis, in fiscal year 2009.

Once a retiree becomes eligible for Medicare coverage (at age 65), it is mandatory that they enroll in both Medicare Part A and Part B. Medicare becomes the primary insurer and the Teacher's medical plans become the secondary carrier. Two of the plans offered become "carve-out" plans to coordinate with Medicare, and one of the plans is replaced with a true Medicare supplemental plan. The premiums for all plans are reduced in accordance with the decrease in liability once Medicare becomes primary.

Medicare Part D - Prescription Drug Subsidy

Under the Medicare, Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), employer sponsors of retiree prescription drug plans can apply for a 28% subsidy for the qualified prescription drug costs of their retirees. To be eligible for the subsidy, the employer coverage must be actuarially equivalent to the new Medicare Part D coverage and the employer must provide notices of creditable prescription drug coverage to individuals entitled to Medicare Part D.

The State Teachers' Retirement System Board of Trustees agreed that they would continue to offer the same prescription drug coverage program that has been available to active and retired teachers for the past several years. The Retirement Division has received an attestation from its actuaries that the prescription drug program offered to retired teachers is equivalent, and in fact, better than the drug program offered through Medicare Part D. The State system has also agreed to offer the same prescription drug coverage program that has been available to active and retired state employees for the past several years. The department of Human Resources has received an attestation from its actuaries that the prescription drug program offered to retired members is equivalent, and in fact, better than the drug program offered through Medicare Part D

The systems will continue to evaluate the results of the Medicare Part D Program and its impact on the post-age 65 health care benefits marketplace and prescription drug pricing. The Vermont Teachers' Retirement Board of Trustees and the State will need to determine in future years whether it is in their best interest to continue to offer the same prescription drug program, or whether it should be modified or discontinued. If the determination is to continue to offer the same coverage, the estimated annual subsidy will fluctuate depending on the number of retirees and covered dependents that actually sign up for the Medicare Part D Program. If it is determined that the prescription coverage should either be modified or discontinued, then the savings will be realized by a decrease in medical premiums.

For the fiscal year ending June 30, 2009, the subsidy for the VSRS system was \$1,798,425. The state has elected to place this revenue in an OPEB trust fund to fund future post employment health benefit liabilities. In the case of STRS, the subsidy for fiscal year 2009 was \$1,388,884 and was deposited into the pension trust.

Plan Membership

At June 30, 2009, VSRS, the number of participants included in the OPEB valuations:

	<u>VSRS</u>	<u>STRS</u>
Active employees.....	8,441	10,799
Terminated vested.....	-	732
Retired employees.....	3,587	4,045
Total participants.....	<u>12,028</u>	<u>15,576</u>

Annual OPEB Cost and Net OPEB Obligation

The State's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. GASB Statement 45 was implemented in fiscal year 2008 prospectively with a zero net OPEB Obligation (NOO) beginning balance for both the VSRS and STRS OPEB defined benefit plans.

The following table shows the component of the State's annual OPEB cost for the year ended June 30, 2009 the amount actually contributed, and the changes in the State's net OPEB obligation.

	<u>VSRS</u>	<u>STRS</u>
Annual required contribution (ARC) and annual OPEB cost (AOC).....	\$ 58,994,051	\$ 59,791,692
Contribution paid.....	(19,893,129)	-
Increase in OPEB obligation.....	39,100,922	59,791,692
Net obligation at beginning of year.....	29,508,548	60,220,989
Net obligation at end of year.....	\$ 68,609,470	\$ 120,012,681

In the case of VSRS, health care expenses are included in an administrative budget appropriated and transferred to system's pension fund which pays the health care premiums through an established sub-fund. Since these are expressly funded, separate from the pension actuarial contribution. In the case of STRS, the health care expenses are also paid through a sub-fund of the pension fund but are not explicitly budgeted and are therefore not included in the NOO calculation but are reflected as part of the pension fund.

For the fiscal year ending June 30, 2009, State employer contributions to the VSRS OPEB and STRS OPEB plans were 33.72% and 0% of the annual required contribution, respectively.

Funded Status and Funding Progress

The State's independent actuary has prepared valuations of the OPEB liabilities for VSRS and STRS as of June 30, 2009. This is the fifth annual OPEB valuation for each system. Both the VSRS and STRS reports present two separate calculations of the State's OPEB liability, depending on whether the liability would be prefunded or remain on a pay-as-you-go basis. Since the VSRS has accumulated some assets, a third blended calculation is also included. The Vermont Municipal Employees' Retirement System (VMERS), a cost-sharing, multiple-employer public employees' retirement system, is administered by the State but has no associated state health care benefit or liability. While the Vermont Municipal Employees Health benefit Fund is classified as a post employment benefit fund, there is no accrued liability in excess of the assets of the fund. There is no annual required contribution and unfunded actuarial accrued liability. Component units and authorities of the State will perform their own valuation as the State does not assume the risk or financial burden for their health care costs.

The funding status of the plans, with amounts in thousands of dollars, as of June 30, 2009, was as follows.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
VSRS (1)						
2009	\$5,749	\$780,748	\$774,999	0.7%	\$426,827	181.6%
STRS (2)						
2009	\$0	\$872,236	\$872,236	0.0%	\$561,588	155.3%

(1) Reflects blended discount rate of 4.25% in 2009.

(2) Discount rate for 2009 at 4.0%, reflecting no prefunding.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information immediately following these notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

OPEB Actuarial Valuation- Methods and Assumptions

For VSRS, the actuarial accrued liability for OPEB obligations earned through June 30, 2009 is \$780.7 million with an unfunded actuarial liability of \$775.0 million. The plan participant count was increased from 11,815 to 12,028. This increase in liability was partially offset by adjustments to the estimated per capita claims due and the allocation of expected claims between pre- and post 65 participants. The results also incorporate a change to the plan provisions to reflect the fact that Group F employees hired after July 1, 2008 will receive a tiered retiree health care premium reimbursement based on completed years of service, as noted above. All assumptions including health care inflation rates, separation, coverage and coverage participation rates were the same as in the previous valuation with the exception of the discount rate. An OPEB trust has been established for VSRS funded in part, as required by statute, through the deposit of Medicare-D subsidies received for state employees' prescription programs. Therefore the VSERS system reflects a "blended rate" reflecting some level of prefunding, resulting in an assumed discount of 4.25% instead of the pay-as-you-go liability calculated at 4%. To fully amortize this liability over a 30-year period utilizing an amortization with installments increasing at a rate of 5.0% per year would require an ARC commencing at \$58.0 million for fiscal year 2010 and projected to increase to \$264.8 million in fiscal year 2040. If, however, prefunding is assumed, the actuarial accrued liability is reduced to \$454.2 million with an unfunded actuarial liability of \$448.5 million and the ARC is calculated to commence at \$37.6 million for fiscal year 2010, projected to increase to \$154.6 million for fiscal year 2039. Upon retirement of the unfunded accrued liability, the projected normal cost in fiscal year 2040 on a prefunding basis is \$65.2 million. The fiscal year 2010 State budget funds the current year expected benefit payments of approximately \$21.1 million, which is less than the ARC applicable under either funding basis.

An OPEB valuation was also completed for STRS. An OPEB trust has not been created for STRS and no prefunding has been made. As noted above, an experience study was completed for the STRS retirement system. Demographic assumptions in the June 30, 2009 OPEB valuation are consistent with those used to value the system's pension benefits and do not reflect any changes from the previous OPEB valuation. There were no changes to plan provisions.

An increase in the liability is due to an increase in the participant population from 15,194 to 15,576. The increase in liability was partially offset by the fact that there were no increases in health care premium costs for the past year.

For STRS, assuming no prefunding, the actuarial accrued liability and the unfunded actuarial liability for OPEB obligations earned through June 30, 2009 is \$872.2 million. To fully amortize this liability over a 30-year period utilizing an amortization with installments increasing at a rate of 5.0% per year would require an ARC commencing at \$59.0 million for fiscal year 2010 and projected to increase to \$266.2 million in fiscal year 2040. If, however, prefunding is assumed, the actuarial accrued liability and the unfunded actuarial liability is reduced to \$431.9 million and the ARC is calculated to commence at \$32.2 million for fiscal year 2010, projected to increase to \$132.5 million for fiscal year 2039. Upon retirement of the unfunded accrued liability, the projected normal cost in fiscal year 2040 on a prefunding basis is \$45.6 million.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The following list contains the various actuarial methods and significant assumptions used to determine the annual required contributions at the State level for VSRS and STRS OPEB plans.

	<u>VSRS</u>	<u>STRS</u>
Valuation date	06/30/09	06/30/09
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Closed basis for prefunded Open basis for pay-as-you go/ blended rate	Closed basis for prefunded Open basis for pay-as-you go
Amortization period	30 years starting in 2010	30 years starting in 2010
<u>Actuarial assumptions</u>		
Investment rate of return - pefunding	8.25%	8.25%
Investment rate of return - pay-as-you-go ⁽¹⁾	4.00% ⁽³⁾	4.00%
Medical Care and State Care Inflation ⁽²⁾	8% in 2010 7% in 2011, 6% in 2012, declining to 5% in 2013	8% in 2010 7% in 2011, 6% in 2012, declining to 5% in 2013
Coverage	80% of current active employees will elect retiree medical coverage and 70% of terminated vested will elect coverage	60% of current active employees with 10 years of service will elect retiree medical coverage and 30% of terminated vested will elect coverage

⁽¹⁾ Beginning with the 6/30/08 valuation, the rate of return was increased from 3.75% to 4.0%

⁽²⁾ Reflect the 6/30/08 valuation assumptions, inflation assumptions have varied in previous valuations

⁽³⁾ In Fiscal year 2009, partial prefunding resulted in a blended rate of 4.25%

Dental Insurance

Two dental plans are available to retired state employees and retired teachers and their eligible dependents. The dental plan must be elected at the time of retirement. The retiree pays the full premium for all covered lives. A similar program is expected to be offered to retired municipal employees in the next fiscal year.

Life Insurance

In the case of life insurance, if a state employee retires with 20 or more years of service, life insurance will continue into retirement, but, through June 30, 2008 was reduced to \$5,000. As of July 1, 2008 this benefit was increased to \$10,000 for all state employees. If a state employee retires due to disability prior to age 60, and if proper documentation is approved by the life insurance company, full life insurance coverage will continue at the State's expense up to age 65. When the retiree reaches the age of 65 and if they have a total of 20 years or more of active and retired (while receiving disability) service, life insurance coverage will automatically change to the \$10,000 (increase from \$5,000 effective July 1, 2008) level with 100% of the premium being paid by the State. In addition, a retiree may convert their insurance coverage in effect at their time of retirement to an individual policy within 30 days of their retirement date without a physical exam.

Vermont Municipal Employees Health Benefit Fund

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

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

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

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

At June 30, 2009, there were 5,220 active and retired members participating in the VMERS RHS plan. Investments in member accounts as of June 30, 2009 totaled \$8,910,561.

The financial statements for the OPEB Funds are as follows.

**Statement of Plan Net Assets
Other Postemployment Benefit Funds
June 30, 2009**

	Vermont State Postemployment Benefits Trust Fund	Vermont Municipal Employees' Health Benefit Fund
	<hr/>	<hr/>
Assets:		
Cash and short term investments.....	\$ 718,975	\$ 127,398
Receivables:		
Due from other funds.....	485,680	-
Investments at Fair value:		
Fixed income.....	3,068,680	-
Equities.....	1,249,660	-
Mutual funds.....	225,587	8,910,561
	<hr/>	<hr/>
Total assets.....	5,748,582	9,037,959
	<hr/>	<hr/>
Liabilities:		
Total liabilities.....	-	-
	<hr/>	<hr/>
Net assets held in trust other postemployment benefits.....	\$ 5,748,582	\$ 9,037,959
	<hr/> <hr/>	<hr/> <hr/>

**Statement of Changes in Plan Net Assets
Other Postemployment Benefit Funds
For the fiscal year ended June 30, 2009**

	Vermont State Postemployment Benefit Trust Fund	Vermont Municipal Employees' Health Benefit Fund
	<u> </u>	<u> </u>
Additions :		
<u>Contributions</u>		
Employer - healthcare benefit.....	\$ 19,893,129	\$ 1,944,109
Total contributions.....	<u>19,893,129</u>	<u>1,944,109</u>
<u>Investment Income:</u>		
Net depreciation in fair value of investments.....	(93,081)	(873,548)
Dividends.....	37,850	-
Interest income.....	141,685	15,604
Total investment income (loss).....	<u>86,454</u>	<u>(857,944)</u>
<u>Less Investment Expenses:</u>		
Investment managers and consultants.....	-	(50,299)
Total investment expenses.....	<u>-</u>	<u>(50,299)</u>
Net investment income (loss).....	<u>86,454</u>	<u>(908,243)</u>
Total additions.....	<u>19,979,583</u>	<u>1,035,866</u>
Deductions:		
Other post employment benefits.....	17,894,518	645,233
Total deductions.....	<u>17,894,518</u>	<u>645,233</u>
Change in net assets.....	2,085,065	390,633
Net assets held in trust for postemployment benefits:		
July 1	3,663,517	8,647,326
June 30.....	<u>\$ 5,748,582</u>	<u>\$ 9,037,959</u>

Note 6: ACCOUNTS RECEIVABLE

Accounts receivables at June 30, 2009 are summarized as follows:

Governmental activities:	Governmental Funds		Internal Service Funds	Total Governmental Activities
	Major	Non-major		
Taxes:				
Personal and corporate income.....	\$ 163,859,856	\$ -	\$ -	\$ 163,859,856
Sales and use.....	53,588,331	-	-	53,588,331
Meals and rooms.....	24,741,857	-	-	24,741,857
Purchase and use.....	180,131	-	-	180,131
Motor Fuel.....	6,633,527	95,894	-	6,729,421
Other taxes.....	20,967,863	-	-	20,967,863
Subtotal.....	269,971,565	95,894	-	270,067,459
Allowance for uncollectibles.....	(83,324,873)	-	-	(83,324,873)
Taxes receivable, net.....	\$ 186,646,692	\$ 95,894	\$ -	\$ 186,742,586
				Current receivable.....
				\$ 78,947,265
				Non-current receivable.....
				107,795,321
				Total taxes receivable, net.....
				\$ 186,742,586
Loans and notes:				
Loans and notes receivable.....	\$ 177,449,246	\$ -	\$ -	\$ 177,449,246
Allowance for uncollectibles.....	(343,600)	-	-	(343,600)
Loans and notes receivable, net.....	\$ 177,105,646	\$ -	\$ -	\$ 177,105,646
				Current receivable.....
				\$ 7,400,000
				Non-current receivable.....
				169,705,646
				Total loans and notes receivable, net...
				\$ 177,105,646
Federal grants.....	\$ 126,895,721	\$ 579,441	\$ -	\$ 127,475,162
Other:				
Accrued interest and other receivables.....	\$ 66,761,944	\$ 416,065	\$ 12,132,437	\$ 79,310,446
Allowance for uncollectibles.....	(15,770,547)	-	(320,548)	(16,091,095)
Other receivables, net.....	\$ 50,991,397	\$ 416,065	\$ 11,811,889	63,219,351
Due from Fiduciary Funds.....				104,806
Less Internal Service Funds' receivables from Governmental Funds.....				(8,209,246)
Other receivables, net.....				\$ 55,114,911
				Current receivable.....
				\$ 34,082,115
				Non-current receivable.....
				21,032,796
				Total other receivables, net.....
				\$ 55,114,911

	Enterprise Funds		Total
	Major	Non-major	Business-type Activities
Business-type activities:			
Taxes:			
Unemployment.....	\$ 16,640,549	\$ -	\$ 16,640,549
Allowance for uncollectibles.....	(3,060,000)	-	(3,060,000)
Taxes receivable, net.....	\$ 13,580,549	\$ -	\$ 13,580,549
Loans and notes receivable.....	\$ -	\$ 2,510,034	\$ 2,510,034
			Current receivable..... \$ 735,260
			Non-current receivable..... 1,774,774
			Total loans and notes receivable, net... \$ 2,510,034
Federal grants.....	\$ 1,500,374	\$ -	\$ 1,500,374
Other:			
Accrued interest and other accounts receivable	\$ 3,290,824	\$ 406,521	\$ 3,697,345
Allowance for uncollectibles.....	(62,219)	-	(62,219)
Other accounts receivable, net.....	\$ 3,228,605	\$ 406,521	\$ 3,635,126
			Current receivable..... \$ 3,606,405
			Non-current receivable..... 28,721
			Total other receivables, net..... \$ 3,635,126

Note 7: LEASE COMMITMENTS

A. Operating Leases

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

Total lease payments paid by the primary government in fiscal year 2009 was \$8,825,209 for operating leases of which \$8,636,922 was paid for property leases, \$152,235 for equipment leases and \$36,052 for cancellable land rentals. Capital lease payments for office equipment during fiscal year 2009 totaled \$164,064.

The following is a summary of the estimated future minimum rental commitments under operating leases for real property and equipment at June 30, 2009:

Fiscal Year	Primary Government		
	Non-Cancelable Leases	Cancelable Leases	Total
2010	\$ 6,685,017	\$ 30,787	\$ 6,715,804
2011	4,327,765	16,244	4,344,009
2012	3,449,813	9,913	3,459,726
2013	3,117,907	7,786	3,125,693
2014	1,334,216	1,641	1,335,857
2015 to 2019	1,417,472	5,013	1,422,485
2020 to 2024	455,849	-	455,849
2025 to 2029	132,563	-	132,563
Totals	\$ 20,920,602	\$ 71,384	\$ 20,991,986

B. Capital Leases

The State has entered into capital lease arrangements for various items of machinery and equipment with a gross asset value totaling \$712,140. In addition, the State has entered into a capital lease agreement with the Banc of America Public Capital Corp, who in return have an agreement with the contractor, NORESCO LLC., for energy efficiency projects for State buildings located in Montpelier, Waterbury and Middlesex. The total cost of the equipment to be funded by the lessee under the Agreement is \$4,728,466. The progress payments from Banc of America to NORESCO, LLC as stated in the agreement commenced on August 1, 2008, with a final payment made by November 1, 2009. At this point the lessee, the State, takes ownership of the projects. The first capital lease payment will occur on January 1, 2010, with payment terms consisting of 120 payments, based on 10 years using simple interest rate of 3.089%, and a compound interest of 3.133%. The term of the lease is for the agreement date of August 1, 2008, and ending on September 11, 2018.

The future minimum lease obligation and the net present value of the minimum lease payments at June 30, 2009, are as follows:

<u>Fiscal Year</u>	<u>Primary Government</u>
2010	\$ 434,102
2011	613,291
2012	618,703
2013	625,206
2014	639,806
2015-2019	<u>2,912,427</u>
Total minimum lease payments	5,843,535
Less: interest	<u>(935,437)</u>
Present value of minimum lease payments	<u>\$ 4,908,098</u>

The State, acting through its Agency of Transportation entered into a capital lease with Main Street Landing Company, for premises in and adjacent to Union Station at 1 Main Street, Burlington, Vermont, on January 20, 1998. The term of the lease was for a 20 year period and the entire 20 year rent of \$1,500,000 was prepaid in four equal installments beginning November 26, 1996 and ending in 1998. The terms of the lease give the State the right to purchase a condominium interest in their leased property at the end of the lease term for \$500,000 subject to certain terms and conditions. The State is also required to pay its share of certain annual operating costs throughout the terms of the lease.

Note 8: GENERAL OBLIGATION BONDS PAYABLE

General obligation bonds payable have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correctional facilities, environmental conservation purposes, maintenance and construction of highways, assistance to municipalities for construction of water and sewage systems, and local schools. 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 the date of the bonds, and the last such payment to be made no later than twenty years after the date of the bonds.

The changes in bonds principal payable for fiscal year 2009 are summarized in the following schedule.

		General Obligation Bonds
Balance, July 1, 2008		\$ 454,470,093
Additions:		
Issuances	\$ 50,500,000	
Accretions	1,391,518	
Total		51,891,518
Deductions:		
Redemptions	53,380,000	
Defeasances	-	
Total		(53,380,000)
Balance, June 30, 2009		\$ 452,981,611

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 (accrued amount) is recognized on a regular basis. The total accrued amount at maturity will be the face value of the bonds.

On December 1, 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, and have an accrued value of \$7,834,334 at June 30, 2009.

On October 30, 1991, 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 accrued value of \$3,502,435 at June 30, 2009.

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 accrued value of \$7,669,842 at June 30, 2009.

Future general obligation debt service requirements at June 30, 2009, are as follows:

Fiscal Year	Current Interest Bonds		Capital Appreciation	Total
	Principal	Interest	Bonds	
2010	\$ 45,790,000	\$ 17,811,671	\$ 7,145,000	\$ 70,746,671
2011	41,890,000	16,019,334	7,140,000	65,049,334
2012	41,075,000	14,331,803	3,035,000	58,441,803
2013	36,775,000	12,735,834	1,750,000	51,260,834
2014	36,560,000	11,269,281	2,000,000	49,829,281
2015-2019	120,100,000	37,740,274	-	157,840,274
2020-2024	76,660,000	16,088,404	-	92,748,404
2025-2029	35,125,000	3,226,269	-	38,351,269
Totals	<u>\$ 433,975,000</u>	<u>\$129,222,870</u>	<u>\$ 21,070,000</u>	<u>\$ 584,267,870</u>

General Obligation Bonds outstanding at June 30, 2009 are comprised of the following issues:

Date Issued	Date Series Matures	Interest Rates %	Amount of Original Issue	Maturity Value of Capital Appreciation Bonds	Maturity Value Sources of Payments			Maturity Value of Bonds Outstanding Total
					General Fund	Transportation Fund	Special Fund	
General Obligation Current Interest Bonds:								
11/1/1999	2/1/2019	4.5 to 6.5	\$ 32,000,000		\$ 1,685,000	\$ -	\$ -	\$ 1,685,000
12/16/1999	2/1/2010	4.55 to 5.05	5,000,000		500,000	-	-	500,000
11/14/2001	8/1/2020	3.25 to 4.75	46,000,000		25,335,000	-	-	25,335,000
12/27/2001	8/1/2011	4.0 to 4.375	5,000,000		1,500,000	-	-	1,500,000
12/11/2002	8/1/2019	3.0 to 5.0	30,800,000		18,840,000	-	-	18,840,000
12/17/2002	8/1/2013	2.0 to 5.0	31,555,000		18,312,500	997,500	-	19,310,000
2/11/2004	2/1/2018	1.1 to 5.0	134,457,000		80,222,431	2,797,569	3,005,000	86,025,000
3/10/2004	3/1/2023	2.0 to 5.0	42,200,000		28,870,521	2,209,479	-	31,080,000
3/2/2005	3/1/2025	3.0 to 4.0	26,000,000		23,800,000	-	-	23,800,000
4/13/2005	3/1/2015	2.4 to 4.0	15,000,000		8,400,000	600,000	-	9,000,000
6/7/2005	3/1/2020	2.65 to 5.0	20,805,000		19,109,087	565,913	880,000	20,555,000
11/22/2005	7/15/2026	3.5 to 5.0	30,000,000		27,750,000	-	-	27,750,000
12/13/2005	7/15/2016	3.1 to 4.0	15,000,000		10,500,000	-	-	10,500,000
2/21/2007	7/15/2026	4.0 to 5.0	30,000,000		28,500,000	-	-	28,500,000
3/15/2007	7/15/2016	3.375 to 4.0	9,500,000		7,600,000	-	-	7,600,000
3/15/2007	7/15/2016	3.375 to 4.0	5,000,000		4,000,000	-	-	4,000,000
11/28/2007	7/15/2027	3.50 to 5.25	35,000,000		33,800,000	-	-	33,800,000
12/20/2007	7/15/2017	3.0 to 4.0	11,000,000		9,900,000	-	-	9,900,000
12/20/2007	7/15/2017	3.0 to 5.0	29,195,000		21,226,432	423,568	2,145,000	23,795,000
3/11/2009	3/1/2029	2.0 to 5.0	50,500,000		35,300,000	15,200,000	-	50,500,000
Total General Obligation Current Interest Bonds					405,150,971	22,794,029	6,030,000	433,975,000
General Obligation Capital Appreciation Bonds:								
12/13/90	12/01/10	N/A	19,310,002	48,935,000	8,215,000	-	-	8,215,000
10/30/91	10/15/11	N/A	9,999,837	20,575,000	3,855,000	-	-	3,855,000
12/01/93	08/01/13	N/A	17,987,640	32,625,000	9,000,000	-	-	9,000,000
Total Maturity Value					21,070,000	-	-	21,070,000
Less: Unaccreted Interest					2,063,389	-	-	2,063,389
Total General Obligation Capital Appreciation Bonds					19,006,611	-	-	19,006,611
Total General Obligation Bonds					\$ 424,157,582	\$ 22,794,029	\$ 6,030,000	\$ 452,981,611

At June 30, 2009, there remains \$87,805,870 of authorized but unissued general obligation bonds.

Note 9: PRIOR YEARS' BOND REFUNDINGS

During fiscal years 2004, 2005, and 2008, the State 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 are utilized to make all debt service payments on the defeased bonds. Accordingly, these trust assets and the liability for the defeased bonds are not included in the State's financial statements.

The total amount of defeased bonds remaining outstanding at June 30, 2009, is \$26,170,000.

Note 10: 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 Vermont Legislature. Use of the reserve is limited to offsetting the respective fund's deficit at the close of a fiscal year. For fiscal year 2009, the State fully funded the Budget Stabilization Reserves for the General, Transportation and Education Funds to their respective statutory maximum levels. The balances at June 30, 2009 are as follows: \$11,290,397 in the Transportation Fund's Budget Stabilization Reserve; \$60,013,570 in the General Fund's Budget Stabilization Reserve; and \$31,080,482 in the Education Fund's Budget Stabilization Reserve.

Note 11: CONTINGENT AND LIMITED LIABILITIES**A. Contingent Liabilities****Vermont Economic Development Authority:**

In 1974, the General Assembly created the Vermont Industrial Development Authority, renamed it the Vermont Economic Development Authority (the Authority) in 1993; and transferred the functions and the responsibilities of the Vermont Industrial Building Authority, Industrial Park Authority, and the Aid Board to it. Each of these original entities was relegated to a particular segment of commercial 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 the Agency of Commerce and Community Development, the State Treasurer, the Secretary 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 \$9 million of loans made by financial institutions 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 loans is also possible under the act that created the Authority. As of June 30, 2009, the State's contingent liability for the mortgage insurance contracts entered into by the Authority was \$6,718,291. The full faith and credit of the State is pledged to support these activities of the Authority.

In fiscal year 2007, the Authority determined a loss on a mortgage insurance contract was probable, though the specific amount of loss is not determinable at this time. The Authority estimates the probable loss to range from a minimum of \$300,000 to a maximum of \$1,500,000. The Authority recorded the \$300,000 loss and a receivable from the State for \$300,000 during fiscal year 2007 and the balance remained outstanding at June 30, 2008. As the full faith and credit of the State supports this activity, the State recorded a \$300,000 payable to the Authority in the Governmental Funds. In fiscal year 2009, the claim on the insured loan was settled in the

amount of \$513,163. The Authority recorded the loss settlement under provision for losses on insured loans, and the State removed the contingent liability previously recorded in fiscal year 2008. The State has no recorded payable to the Authority in the Governmental Funds for fiscal 2009.

The Authority is authorized to reimburse lenders participating in the Vermont Financial Access Program for losses incurred on loans that the lenders register 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 \$1 million at any one time. The State's contingent liability at June 30, 2009 was \$877,234.

Federal Grants:

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

B. Limited Liabilities

Vermont Economic Development Authority:

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

Vermont Municipal Bond Bank:

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

Vermont Housing Finance Agency:

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

Vermont Student Assistance Corporation:

The State has a limited liability for the Vermont Student Assistance Corporation. The Corporation may create and establish one or more debt service reserve funds in accordance with 16 V.S.A. Section 2867. Annually, the Corporation must report to the State, any amounts necessary to bring the reserve fund balances up to the minimum required by statute. The sum may be appropriated, and if appropriated, shall be paid to the Corporation during the then current state fiscal year. The State's obligation with respect to funding any pledged equity fund shall be limited to its maximum commitment, as agreed upon by the Corporation and the State at or prior to the Corporation entering into any credit enhancement agreement related to such pledged equity fund.

C. Contractual Liabilities:

At June 30, 2009, the State of Vermont had long-term contracts outstanding of approximately \$189,252,000 for federally funded contracts and \$619,060,000 for all other sources. Contracts such as retainer contracts and contracts for commodities have not been included since the nature of these on-going contracts are tracked statewide to insure the best prices for supplies and some professional services. The significant contractual obligations are follows.

The Department of Human Resources carries two major contracts; a contract with Cigna for \$21,500,000, in which \$7,900,000 remains outstanding for the administration of the health insurance for current and retired employees; and a contract with Express Scripts for \$82,000,000, in which \$72,939,700 remains outstanding for the administration of the prescription medication program for current and retired employees.

The Office of the Treasurer has two contracts in the Fiduciary Funds. One contract with UBS Realty Investor LLC for \$29,000,000 with an outstanding obligation of \$28,230,300 for Real Estate Management Services and another to Vermont Education Health Initiative of \$60,010,800 with an outstanding liability of \$28,316,800 for the Vermont State Teachers Health Insurance program. The Office of Treasurer has two additional contracts for investment management services to Wellington Trust Company for \$14,000,000 with a current outstanding obligation of \$13,225,400 and with Wellington Management Co. LLP for \$10,250,000 with a remaining obligation of \$5,746,800.

The Vermont Public Service Board maintains a contract with Vermont Energy Investment Corporation for the administration of the Vermont Energy Efficiency Utility Fund, included in the Special Fund, which provides funding for ten core statewide energy efficiency programs. The contract to Vermont Energy Investment Corporation is for \$175,450,250, with an outstanding commitment of \$111,792,100.

The Office of Vermont Health Access has three major contracts for services provided to support their operations. The contract with Maximus, for member services and benefits counseling, is for \$14,251,400, with a remaining obligation of \$10,673,800. The contract with MedMetrics, for pharmacy benefits management, is for \$14,726,800, with a remaining obligation of \$8,779,100. The contract with EDS, for Medicaid Management Information Systems and claims processing, is for \$96,911,400 with a remaining obligation of \$39,442,600.

The Department of Corrections has a contract with Prison Health Services, Inc., for health services for inmates, which is for \$41,750,028, with a remaining obligation of \$9,102,700.

The Agency of Transportation has many contracts to support the building, repairing and maintaining of highways, structures, airports and rail lines. The total obligation remaining that is funded with federal grant sources is \$143,888,850, and funded from all other sources is \$89,737,200. Three of the major contracts are with Pike Industries for project RS 0113(40) in Hartford with a contract of \$12,599,800; Kubricky Construction Corp for project NH 019-1 (51) for the Bennington By Pass project with a contract totaling \$15,676,140 and to J. A. McDonald, Inc. for a contract totaling \$22,133,103 for project NH 019-1 (53) for the Bennington By Pass project. Remaining balances on the three contracts are \$1,975,200, \$15,676,140 and \$3,083,992 respectively.

Note 12: LITIGATION

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

Note 13: 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 30, 2009, the commission had total assets of \$101,958,498, and total liabilities of \$86,382,791, representing decreases of \$16.4 million and \$16.3 million respectively, compared to June 30, 2008. For the fiscal year ended June 30, 2009, the commission had operating revenues of \$65,079,577, a decrease of \$8.2 million; interest income of \$224,232, a decrease of \$422,638; commissions, fees, and bonus expenses of \$7,620,500, a decrease of \$987,503; prize awards of \$32,377,288, a decrease of \$4.8 million; and other operating expenses of \$4,448,624, an increase of \$574,363; all activity as compared to the fiscal year ended June 30, 2008.

During fiscal year 2009, the commission made operating transfers to member states of \$20,857,397 versus \$24,209,442 during fiscal year 2008. This total included \$2,560,947 transferred to Vermont during the fiscal year, a decrease of \$417,683 as compared to fiscal year 2008.

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

Note 14: RISK MANAGEMENT

A. Workers' Compensation and Risk Management

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

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

The Workers' Compensation Fund covers all State employees who are injured on the job, pursuant to State statute. Certain quasi-governmental entities may also request coverage through this program. The State has unlimited exposure to liability and has not purchased any stop-loss insurance to limit this exposure. All claims are processed by Workers' Compensation personnel and are audited annually by an outside claims adjuster to ensure that the claims-based statistical information used to calculate the State's workers' compensation exposure is reliable. Liability is reviewed annually by an outside actuary, including a review of incurred but not reported claims (IBNR). The contribution required to fully fund losses is calculated annually by an outside actuary. Allocation to each participating entity is done by the Risk Management personnel utilizing departmental exposure and experience factors.

The Liability Insurance Fund covers general and employment practices liability, discrimination, and auto liability risk. The coverage is comparable to standard private commercial policies. It offers coverage to the same group of participants as those covered by the workers' compensation program described above. The State's exposure to risk in Vermont is subject to the doctrine of sovereign immunity and is governed by the Vermont Tort Claims Act, 12 V.S.A. §5601. Exposure outside of Vermont is potentially unlimited. The State is self-insured (SIR) 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 \$750,000 (\$1,000,000 total) in Vermont and \$10,000,000 in excess of the \$250,000 SIR for claims that are not subject to the Vermont Tort Claims Act. Claims are processed by Risk Management personnel (prior to 2006, claims were processed by a third-party administrator), and are audited annually by an outside claims adjuster to ensure that the claims-based statistical information used to calculate the State's liability exposure is reliable. This liability is reviewed annually by an outside actuary, including a

review of incurred but not reported claims (IBNR). The contribution required to fully fund losses is calculated annually by an outside actuary. Allocation to each participating entity is done by the Risk Management personnel utilizing departmental exposure and experience factors.

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

There have been no significant reductions in insurance coverage from the prior year. Insurance settlements have never exceeded the coverage disclosed above.

In addition to the three internal service funds above, effective July 1, 2007, the General Assembly established the Sarcoidosis Benefit Trust Fund (a program in the Special Fund) to cover specific claims arising from an outbreak of Sarcoidosis at the impaired state office building in Bennington, Vermont (Act 53 of 2007). Claims are reviewed and processed under rules established that mirror the rules for the Workers' Compensation Fund claims. Funding was established as a special fund and not a proprietary fund as funding will only be available by the General Assembly as claims arise and funding needs are determined. The Fund is managed by the Workers' Compensation personnel. In fiscal year 2009 and 2008 respectively, approved claims paid were \$43,359 and \$384,688.

B. Health Care Insurance, Dental Insurance, Life Insurance, Employee Assistance, and Long Term Disability Funds For State Employee Benefit Plans

The Administrative Services Division of the Department of Human Resources maintains medical insurance, dental insurance, life insurance, employee assistance, and long term disability program funds for the benefit of current State employees, retirees, retired former employees (allowed participation by statute or labor agreement), legislators, and employees and certain former employees of outside groups which have been declared eligible to participate by statute. All or some of these named groups may participate in each plan depending upon the plan. Temporary and contractual employees are not eligible to participate in these plans.

Participating employees share in the premium cost of all of the medical plans. Premium rate setting is performed by an outside actuary in conjunction with the Fiscal Unit of the Administrative Services Division of the Department of Human Resources. The State's liability for incurred but not yet reported (IBNR) claims is calculated by the actuary and is based on the State's prior claims experience.

The current medical insurance plan offerings include four plan options. TotalChoice, HealthGuard, and SafetyNet are "preferred provider organization" indemnity-type plans. There is a lifetime limit on coverage for a participant in these three plans. The SelectCare POS is a "point of service" plan, similar to an open-ended HMO. Members may opt out of the SelectCare network but must meet a deductible and coinsurance to do so. There is no lifetime coverage limit for care received in-network; however, there is a lifetime limit for care received out of network. Benefits are administered under a managed care arrangement. All four health plan options are self insured by the State. The State employs a third party administrator to provide administrative services, including claim payment. To limit the State's large claims exposure, the State has purchased stop loss insurance.

The self-funded State of Vermont Employee Dental Assistance Plan provides up to \$1,000 regular dental benefits annually and up to \$1,750 lifetime benefit for orthodontic expenses for each participant. These plan caps effectively limit the State's exposure to catastrophic loss so no stop-loss insurance has been purchased. The Fiscal Unit of Administrative Services Division within the Department of Human Resources sets the premium rates, in consultation with the dental plan administrator's actuary. Participants include all groups

mentioned in paragraph 1 above except for retirees. The State pays 100% of the premium for State employee participants and their covered dependents.

The State of Vermont Employee Life Insurance Program consists of a Life benefit and an Accidental Death and Dismemberment (AD&D) benefit, each of which provides coverage equal to two times a participant's base salary rounded down to the nearest \$100. Retirees who work for the State for at least twenty years and who have life insurance at the time of retirement receive a retiree life benefit of \$5,000 with no AD&D coverage. Both Life and AD&D are fully insured benefits. The State purchases insurance under which the carrier retains liability for all claims. The Administrative Services Division calculates the premium rates charged to departments for both of these programs. The State pays 75% of active employees' premiums and 100% of retirees' premium costs. Only current State employees, retired State employees, and current active employees of outside groups are eligible to participate.

A Flexible Spending Account (FSA) Program is available to active State employees only. This account allows pre-tax salary deductions to be used to reimburse eligible medical and dependent care expenses. The FSA Program administrator is paid a monthly fee based on the number of enrolled employees. No claims costs are incurred under this plan by the State. The State pays 100% of the fee for this plan.

An Employee Assistance Program (EAP) is provided for the benefit of State employees and members of their immediate household. This program assists employees and family members in addressing problems that impact their lives including stress, family, financial, drugs and substance abuse, and other issues. Active State employees and their families are eligible for this program. The EAP Program Manager is paid a monthly fee based on the number of employees who work for the State. The plan provides up to 5 counseling sessions per case through a network of providers. No claims costs, or claims liabilities are incurred under this plan by the State. The State pays 100% of the fee for this plan.

A Long Term Disability Program is provided as an income replacement benefit for certain State employees who become disabled due to non-occupational injury or illness, and the disability is expected to be long term or permanent. The plan provides financial protection for State employees and their families by continuing a portion of their income while disabled. Only State employees who are not eligible to be represented by the employees' union (the Vermont State Employees Association) are eligible for this benefit. There is a one-year eligibility waiting period before coverage is effective. This plan is fully insured through an insurance company, so there is no liability to the State for claims. The premium is based on a percentage of the salaries of eligible participants. The State issues payment to the insurance company for the premium and the cost is then recovered from eligible employees in the following manner: Those eligible employees who are covered by a leave plan forfeit one day of compensated absence leave per year. Those eligible employees who are not covered by a leave plan have a one-time 0.2% salary reduction in their next cost-of-living increase following eligibility.

Presented below is a table displaying three years' changes in the respective funds' claims liability amounts.

<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>Balance of Liability at End of Fiscal Year</u>
Workers' Compensation Fund				
2007	\$ 17,201,602	\$ 6,716,086	\$ 5,726,127	\$ 18,191,561
2008	18,191,561	6,291,342	5,861,002	18,621,901
2009	18,621,901	8,810,223	6,679,413	20,752,711
State Liability Insurance Fund				
2007	5,972,601	(162,879)	1,056,976	4,752,746
2008	4,752,746	2,587,585	1,563,479	5,776,852
2009	5,776,852	1,663,583	1,158,621	6,281,814
Medical Insurance Fund				
2007	10,028,947	90,495,260	90,034,981	10,489,226
2008	10,489,226	97,858,788	97,169,573	11,178,441
2009	11,178,441	104,332,765	104,672,736	10,838,470
Dental Insurance Fund				
2007	285,856	5,013,548	5,023,647	275,757
2008	275,757	5,206,269	5,226,924	255,102
2009	255,102	5,233,950	5,212,645	276,407

Note 15: DEFICIT FUND BALANCES AND NET ASSETS

The following individual funds had deficit total net assets, deficit unrestricted net assets, or deficit fund balances at June 30, 2009.

Business-type Proprietary Funds

Federal Surplus Property: ended fiscal year 2009 with both a deficit unrestricted net asset and a deficit total net asset balance of \$829,729. These deficits are the result of a lack of inventory available from the federal government that is available for resale by the State of Vermont. The effect was a net loss to the program of \$114,659 for fiscal year 2009. The intention of this program is to actively retrieve goods for sale and increase activity in fiscal year 2010. The program has been historically popular with local governments. Therefore, any continued deficit that cannot be recovered through normal business operations will result in a request, to the Legislature, for recapitalization of the program.

Vermont Life Magazine: ended fiscal year 2009 with both a deficit unrestricted net asset and a deficit total net asset balance of \$459,690. Despite the economic recession, Vermont Life Magazine reduced its operating loss in fiscal year 2009 over the fiscal year 2008 by approximately \$65,000 to an operating loss of approximately \$20,000. Additional steps were taken in fiscal year 2009 to further reduce expenses in fiscal year 2010, which include eliminating one position and leaving another position vacant, as well as reducing the number of product catalog mailings. The above noted changes along with some additional operating changes are expected to create additional savings to eliminate the operating deficit in fiscal year 2010.

Internal Service Funds

Highway Garage Fund: ended fiscal year 2009 with a deficit unrestricted net asset balance of \$3,349,430. The Highway Garage Department has restructured its 5-year plan to eliminate the remaining deficit by increasing rental rates to eliminate 20% of the deficit per year over the remaining 5 years. Rental rates for the majority of vehicles have been restructured to charge for possession rather than usage, which should significantly stabilize revenues and allow more reliable debt reduction.

Single Audit Revolving Fund: ended fiscal year 2009 with both a deficit unrestricted net asset and a deficit total net asset balance of \$241,540. The deficit is the result of 2009 program costs exceeding the billing for services, and budget rescissions that the Auditor of Accounts Office achieved through a transfer to the general fund. The fund deficit should be recovered through normal billing for services.

Communications and Information Technology: ended fiscal year 2009 with a deficit unrestricted net asset balance of \$842,248. The deficit unrestricted net asset balance is driven by large investments in information technology capital assets, which should become less over time.

Fleet Fund: ended fiscal year 2009 with a deficit unrestricted net asset balance of \$5,780,491. Despite the current fund deficit, the program actually ended the fiscal year in positive territory. Much of the gain was due to the automobile and liability premium holiday in fiscal year 2009. The deficit unrestricted net asset balance is primarily due to the purchase and disposition of current assets. The total net asset balance is positive. It is expected that normal business activity will address this current fund deficit in the unrestricted net asset account.

Copy Center Fund: ended fiscal year 2009 with a deficit unrestricted net asset balance of \$2,213,369 and a deficit total net asset balance of \$1,672,879. The fund actually reduced its annual operating loss over fiscal year 2008 due to cost containment and aggressive management. With the incorporation of the printing function and customers from the Department of Information and Innovation, the program should operate at a profit in fiscal year 2010. In addition, potential policy changes on mandating the use of the Copy Center may increase the revenues to the program while saving the state money. The fund deficit should be recovered through normal operations.

Postage Fund: ended fiscal year 2009 with a deficit unrestricted net asset balance of \$1,347,197 and a deficit total net asset balance of \$1,271,320. The Postal Fund loss in fiscal year 2009 appears larger than fiscal year 2008 for the following reasons: a reduction in sales from the prior year, an increase in staff costs from the prior year, and a one-time reimbursement from Pitney Bowes in the prior year for equipment service charges. A review of the current rate structure, as well as staffing patterns, should result in the fund improving in fiscal year 2010. The cost of additional services such as; pink mail and bomb screening that are not covered in the postage rates may require additional general fund support.

Facilities Operations Fund: ended fiscal year 2009 with a deficit unrestricted net asset balance of \$2,981,040 and a deficit total net asset balance of \$2,291,762. The General Assembly has been assisting the program through the budget adjustment process to cover unexpected spending needs in the program. The result of the latest budget adjustment, as well as close management of the spending patterns, should result in an annual operating profit for fiscal year 2010 in the Fee for Space program. The fund deficit should be recovered through normal operations.

Property Management Fund: ended fiscal year 2009 with a deficit unrestricted net asset balance of \$17,866,925 and a deficit total net asset balance of \$17,865,317. In fiscal year 2009, the Property Management Fund experienced a significant increase in the cost of repairs and maintenance due to a flood at the Asa Bloomer office building in Rutland. Without this event, the fund would have been profitable. In addition, the fund deficit continues to expand due to the 20- year bond financing of the three buildings in the program with a 50-year recovery period of the bond principle. The fund will begin to recover after the 20-year bond period has ended.

State Liability Insurance Fund: ended fiscal year 2009 with both a deficit unrestricted net asset and a deficit total net asset balance of \$255,697. Two successive premium holidays for the fund resulted in the reduction of the fund equity surplus to the current deficit situation. The current deficit is actuarially driven and should be recovered through normal operations which resumed in fiscal year 2010.

Risk Management – All Other Fund: ended fiscal year 2009 with a deficit unrestricted net asset balance of \$84,111 and a deficit total net asset balance of \$79,147. The deficit fund balance in the fund was reduced by 75% from operations in fiscal year 2009. Normal operations should recover the current deficit in fiscal year 2010.

Workers' Compensation Fund: ended fiscal year 2009 with both a deficit unrestricted net asset and a deficit total net asset balance of \$3,660,114. An increase in the claims level for the state resulted in a \$2.1 million increase in the actuarial adjustment to the claims incurred but not reported liability in fiscal year 2009. In addition, paid claims account for the majority of the loss in the fund in fiscal year 2009. During economic downturns and with the threat of employee layoffs, there appears to be an increase in the number of workers' compensation claims. An improvement to the economy, as well as normal billing operations in fiscal year 2010 should reflect an improvement to the fund.

Governmental Funds

Global Commitment Fund: ended fiscal year 2009 with a deficit unreserved fund balance of \$30,053,278 and a deficit total fund balance of \$29,389,627. This deficit is the result of Medicaid costs incurred under a previous Medicaid waiver agreement being paid with the resources transferred to the fund under the current agreement. The State plans to eliminate this deficit through amendment to the current Medicaid waiver agreement's Terms and Conditions to allow these costs to be incorporated into future capitation rates which determine the amount to be transferred to the fund.

Transportation Fund: ended the fiscal year with a total fund balance of \$10,188,612. This total includes: \$11,290,397 reserved for budget stabilization, \$673,628 reserved for debt service, and \$22,989 reserved for encumbrances, and an unreserved fund balance deficit of \$1,798,402. The deficit unreserved fund balance is the result of a deficit fund balance of \$5,780,805 in the federal and local government dedicated revenue portions of the fund. This deficit will be eliminated through the normal collection of federal grants and payments from local governments in fiscal year 2010.

The unreserved fund balance for the non-dedicated revenue portion of the transportation fund was \$3,982,403. Therefore, no adjustment of the budget stabilization reserve is required on a generally accepted accounting principle basis.

Note 16: CHANGES IN LONG-TERM LIABILITIES

Governmental activities long-term liabilities are generally liquidated by payments from the governmental and internal service funds' programs. Bonds payable are liquidated by the general, transportation and special funds. Other liabilities includes the unamortized premium from the sale of bonds.

During the year ended June 30, 2009, the following changes occurred in the long-term liabilities.

PRIMARY GOVERNMENT

	July 1, 2008	Additions	Reductions	June 30, 2009	Amounts due within one year
Governmental activities:					
Bonds payable.....	\$ 454,470,093	\$ 51,891,518	\$ 53,380,000	\$ 452,981,611	\$ 52,935,000
Capital leases payable.....	384,017	4,786,557	262,475	4,908,099	278,728
Compensated absences.....	33,080,051	33,284,666	33,214,379	33,150,338	21,961,665
Claims and judgments.....	35,832,296	120,040,521	117,723,415	38,149,402	11,114,877
Contingent liabilities.....	7,000,000	-	-	7,000,000	-
Net pension obligations.....	218,563,428	73,930,733	63,890,523	228,603,638	-
Net other postemployment obligations..	89,729,537	118,785,743	19,893,129	188,622,151	-
Other liabilities.....	11,543,217	1,850,421	1,438,442	11,955,196	1,438,442
Pollution Remediation Obligation.....	3,400,000	335,297	45,304	3,689,993	405,000
Total governmental activities					
long-term liabilities.....	<u>\$ 854,002,639</u>	<u>\$ 404,905,456</u>	<u>\$289,847,667</u>	<u>\$ 969,060,428</u>	<u>\$ 88,133,712</u>

Governmental activities bonds payable additions include \$1,769,972 of accretions on capital appreciation bonds.

Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the United States Environmental Protection Agency (USEPA) expends superfund trust moneys for cleanup. Currently, there are five sites in various stages of cleanup, from initial assessment to cleanup activities. As a result of implementing GASB Statement 49, Accounting and Financial Reporting for Pollution Remediation Obligations (PRO), additional pollution remediation liabilities of \$335,297 were reported for June 30, 2009, in addition to \$3.4 million that was obligated as of June 30, 2008 which had not been previously reported. These liabilities were measured using the actual contract cost, where no changes in cost are expected, or a method that is materially close to the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

The State has identified another site, for PRO, in which liabilities have not been recognized as the potential outlays are not estimable. The site, which is a mine, has been identified as having significant erosion. Currently, costs for the remediation and long term maintenance are considered to be inestimable, as these investigations are in their infancy. Site remedy is not determined at this point. The State is in the process of determining who is responsible and if there is a potential to recover settlement funds from former owners. The case has been referred to the USEPA for consideration as a Superfund site.

	July 1, 2008	Additions	Reductions	June 30, 2009	Amounts due within one year
Business-type activities:					
Compensated absences.....	\$ 356,870	\$ 310,882	\$ 299,402	\$ 368,350	\$ 223,349
Lottery prize awards payable.....	5,214,888	60,737,049	61,207,385	4,744,552	431,309
Total business-type activities					
long-term liabilities.....	<u>\$ 5,571,758</u>	<u>\$ 61,047,931</u>	<u>\$ 61,506,787</u>	<u>\$ 5,112,902</u>	<u>\$ 654,658</u>
Fiduciary:					
Compensated absences.....	\$ 10,584	\$ 9,212	\$ 7,665	\$ 12,131	\$ 9,384
Total fiduciary long-term liabilities.....	<u>\$ 10,584</u>	<u>\$ 9,212</u>	<u>\$ 7,665</u>	<u>\$ 12,131</u>	<u>\$ 9,384</u>

COMPONENT UNITS

Bonds and notes payable.....	\$4,001,306,720	\$ 1,089,131,312	\$861,215,738	\$4,229,222,294	\$ 425,530,483
Capital leases payable.....	105,030	-	55,446	49,584	26,133
Accrued arbitrage rebate.....	28,689,064	1,499,449	9,365,912	20,822,601	1,716,607
Net postemployment benefit obligation...	33,814,600	31,966,830	-	65,781,430	-
Other liabilities.....	25,480,303	1,050,180	3,475,478	23,379,042	1,014,000
Total component units					
long-term liabilities.....	<u>\$4,089,395,717</u>	<u>\$ 1,123,647,771</u>	<u>\$874,112,574</u>	<u>\$4,339,254,951</u>	<u>\$ 428,287,223</u>

Note 17: RESTATEMENTS***GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations***

This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. This statement excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closures and postclosure care and nuclear power plant decommissioning.

When a government knows or reasonably believes that a site is polluted, the government should determine whether one or more components of a pollution remediation obligation (PRO) are recognizable as a liability, or if appropriate, capitalized when goods and services are acquired.

GASB Statement No. 49 is effective for financial statements for periods beginning after December 15, 2007. The Statement requires that Governments that have sufficient objective and verifiable information to apply the expected cash flow technique to measurements in prior periods should apply the provisions of this Statement retroactively for all such prior periods presented. Therefore, the beginning balance for fiscal year 2009 has been restated to reflect the PRO liability, resulting in a \$3.4 million decrease in the beginning net assets balance for the governmental activities in the Government-wide Statement of Activities.

Vermont Housing Finance Agency

The Vermont Housing Finance Agency (VHFA) has been included as a major component unit beginning this fiscal year. In making a determination as to whether VHFA qualifies as a component unit, there isn't one event that necessarily makes that case. Rather, there are several factors that lead to the decision to include as a component unit.

Act 260, in 1974 established the VHFA. Per the enabling legislation, the State appoints a majority of the nine member VHFA board of commissioners as well as authorized the State to replenish the debt reserve funds for each of the reserve funds established by the VHFA. During the 2007/2008 legislative session, the Legislature increased the State's authorization for replenishing the debt from \$84 million to \$155 million. Although the State has no legal obligation to repay VHFA's debt, approximately \$90 million of bonds collateralized by loans under the multi-family program carry the State's moral obligation to replenish the associated reserve fund. Moral obligation is a legal term describing a duty someone ought to perform, but, isn't legally obligated to perform. In addition to the moral obligation to perform, the State has provided financial support to the VHFA. Act 176 of the 2007/2008 legislative session authorized the State Treasurer to extend up to \$50 million in short term credit to VHFA. During the State's fiscal year 2009, \$17.5 million was extended to VHFA and repaid.

Based upon the above facts and a review of GASB 14, it was determined that beginning in fiscal year 2009, the VHFA should be included in the State's Comprehensive Annual Financial Report as a component unit. As a result, the beginning balance for the component unit net assets has been restated to reflect the inclusion of the VHFA, resulting in an increase of \$84,257,542 in the Discretely Presented Component Unit column in the Government-Wide Statement of Activities, for the year ended June 30, 2009.

Note 18: RESTRICTED NET ASSETS – Discretely Presented Component Units

Restricted net assets are those portions of total net assets that are not appropriable for expenditure or that are legally segregated for a specific future use. Net assets restricted at June 30, 2009 are as follows.

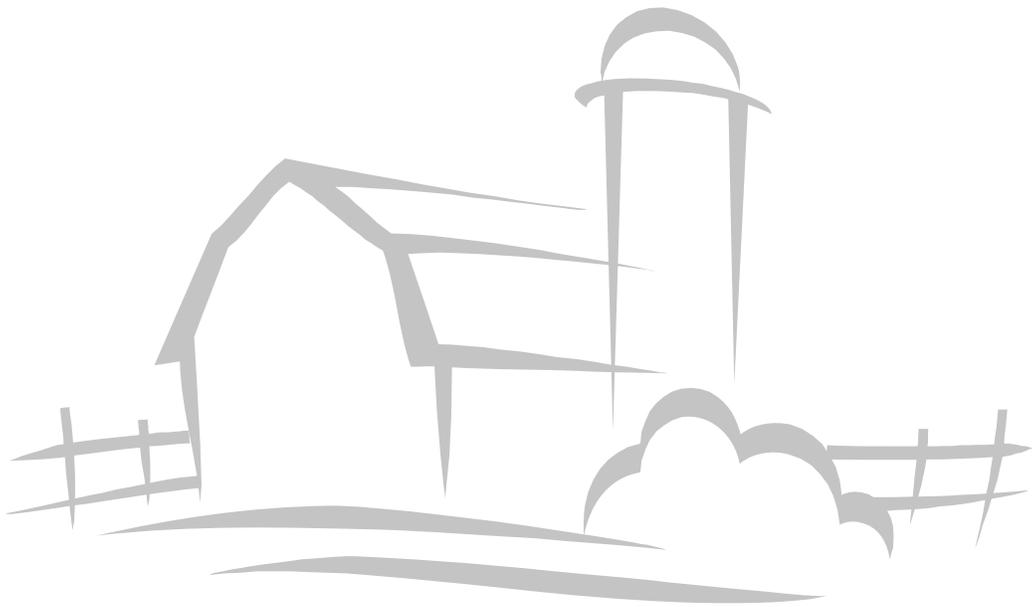
	Vermont Student Assistance Corporation	University of Vermont and State Agricultural College	Vermont State Colleges	Vermont Housing Finance Agency	Non-major component units
Restricted for:					
Endowments:					
Expendable	\$ 102,000	\$ 186,187,000	\$ 1,665,905	\$ -	\$ -
Nonexpendable	2,374,000	84,006,000	12,057,171	-	-
Grants and scholarships	704,000	-	-	-	-
Bond resolution	71,636,000	-	-	70,873,078	-
Educational programs appropriation	-	-	-	-	-
Interest rate subsidies	-	-	-	-	1,965,620
Investment - Vermont Capital Partners, LP	-	-	-	-	400,000
Collateral for commercial paper program	-	-	-	-	20,068,029
Project and program commitments	-	-	-	-	25,687,758
Loans receivable ⁽¹⁾	-	-	-	-	132,510,935
Total Component Units					
- Restricted Net Assets	\$ 74,816,000	\$ 270,193,000	\$ 13,723,076	\$ 70,873,078	\$ 180,632,342

⁽¹⁾ Loans receivable for the Vermont Housing & Conservation Board include federally restricted funds.

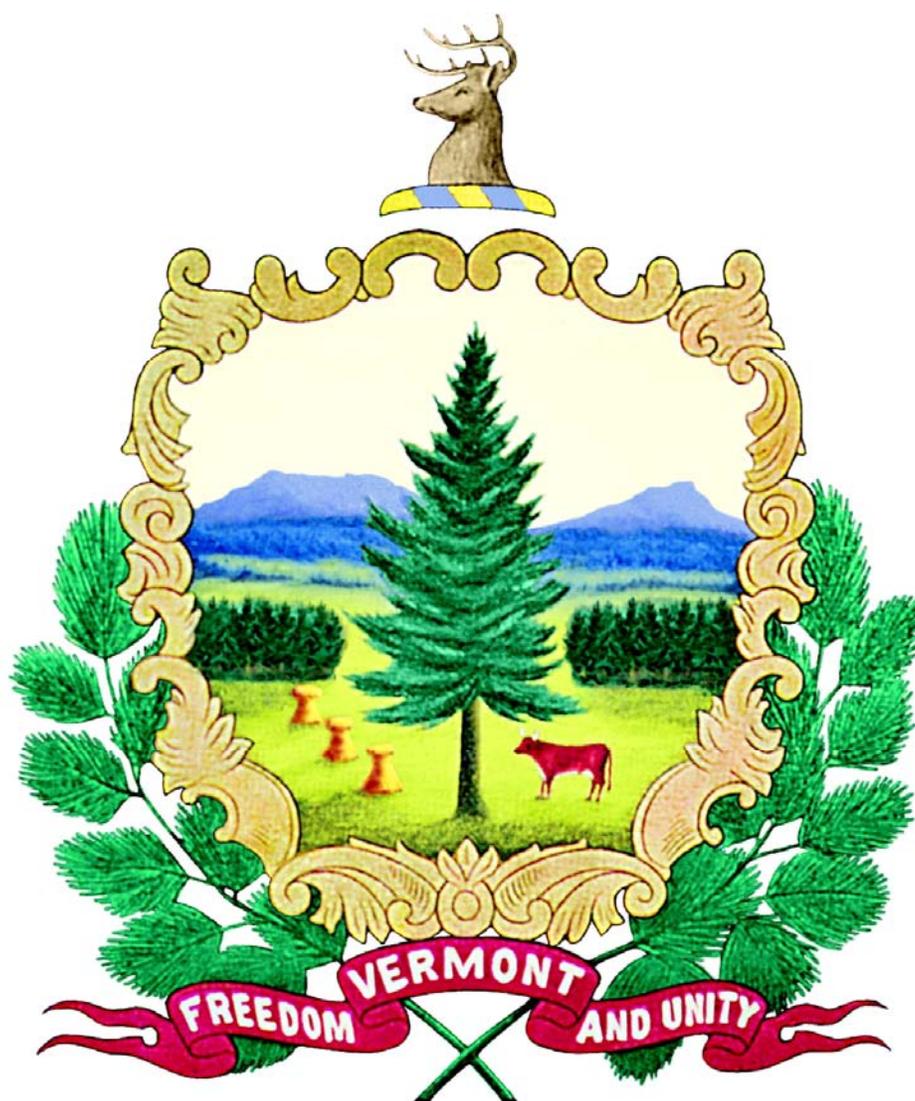
Note 19: SUBSEQUENT EVENTS

On July 16, 2009, the Joint Fiscal Committee's Emergency Board (E-Board) was presented with updated consensus revenue forecast reports that recommended a \$28 million reduction in the General Fund revenue forecast for fiscal year 2010. The Administration also proposed a budget rescission plan as a result of forecasts that indicated a revenue downturn. The downturn is a direct result of the global recession. Reducing the State's expenses in order to offset these revenue downturns will be an ongoing effort by the State's Legislature and Administration. The E-Board approved these changes.

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Vermont



Required Supplementary Information
(Unaudited)

State of Vermont
Required Supplementary Information
Defined Benefit Pension Plans
Schedule of Funding Progress
(dollar amounts in thousands)
(Unaudited)

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)
<u>VSRS</u>¹						
2009	\$1,217,638	\$ 1,544,144	\$ 326,506	78.9%	\$ 404,516	80.7%
2008	1,377,101	1,464,202	87,101	94.1%	404,938	21.5%
2007	1,318,687	1,307,643	(11,044)	100.8%	386,917	-2.9%
2006	1,223,323	1,232,367	9,044	99.3%	369,310	2.4%
2005	1,148,908	1,174,796	25,888	97.8%	349,258	7.4%
2004	1,081,359	1,107,634	26,275	97.6%	336,615	7.8%
<u>STRS</u>¹						
2009	\$1,374,079	\$ 2,101,838	\$ 727,759	65.4%	\$ 561,588	129.6%
2008	1,605,462	1,984,967	379,505	80.9%	515,573	73.6%
2007	1,541,860	1,816,650	274,790	84.9%	499,044	55.1%
2006	1,427,393	1,686,502	259,109	84.6%	468,858	55.3%
2005	1,354,006	1,492,150	138,144	90.7%	453,517	30.5%
2004	1,284,833	1,424,662	139,829	90.2%	437,239	32.0%
<u>MERS</u>						
2009	\$ 331,407	\$ 366,973	\$ 35,566	90.3%	\$ 191,521	18.6%
2008	348,740	343,685	(5,055)	101.5%	162,321	-3.1%
2007	325,774	309,853	(15,921)	105.1%	148,815	-10.7%
2006	288,347	276,552	(11,795)	104.3%	146,190	-8.1%
2005	259,076	248,140	(10,936)	104.4%	135,351	-8.1%
2004	232,890	225,092	(7,798)	103.5%	126,216	-6.2%

¹ The funding method for VSRS and STRS was changed from "entry age normal with frozen initial liability" to "entry age normal" effective with the 2006 actuarial valuation.

**State of Vermont
Required Supplementary Information
Defined Benefit Pension Plans
Schedule Of Employer Contributions
(Unaudited)**

Retirement System	Year Ended 6/30	Annual Required Contribution	Percentage Contributed
Vermont State Retirement System	2009	\$ 28,997,554	86.68%
	2008	42,375,068	92.49%
	2007	40,189,812	97.78%
	2006	38,214,704	97.58%
	2005	36,019,056	101.32%
	2004	29,023,431	91.81%
State Teachers' Retirement System	2009	\$ 39,616,990	97.83%
	2008	41,204,051	99.40%
	2007	38,929,729	98.89%
	2006	56,627,046	44.06%
	2005	47,714,318	51.23%
	2004	41,658,946	58.68%
Vermont Municipal Employees' Retirement System	2009	\$ -	NA
	2008	-	NA
	2007	8,546,496	100.00%
	2006	7,839,769	100.00%
	2005	7,359,628	100.00%
	2004	6,616,630	100.00%

For fiscal years 2009 and 2008, the Vermont Municipal Employees' Retirement System required no employer contributions for the defined benefit pension plan. Instead, employer contributions were directed to the OPEB defined contribution plan's Vermont Municipal Employee's Health Benefit Fund.

**State of Vermont
Required Supplementary Information
Other Postemployment Benefit Plans
Schedule of Funding Progress**

(dollar amounts in thousands)
(Unaudited)

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)
State Employees' Postemployment Benefit Pension Trust Fund						
2009	\$ 5,749	\$ 780,748	\$ 774,999	0.7%	\$426,827	181.6%
2008	3,664	754,690	751,026	0.5%	404,937	185.5%
2007	2,211	606,499	604,288	0.4%	386,917	156.2%
State Teachers Retiree Medical Benefit Plan						
2009	-	872,236	872,236	0.0%	561,588	155.3%
2008	-	863,555	863,555	0.0%	535,807	161.2%
2007	-	820,212	820,212	0.0%	515,573	159.1%

Based on a discount rate of 3.75% for 2007, 4.00% for 2008, and 2009.

**State of Vermont
Required Supplementary Information
Other Postemployment Benefit Plans
Schedule Of Employer Contributions
(Unaudited)**

OPEB Fund	Year Ended 6/30	Annual Required Contribution *	Percentage Contributed
State Employees' Postemployment Benefit Trust Fund			
	2009	\$ 58,994,051	33.72%
	2008	47,284,903	37.59%
	2007	40,874,365	0.00%
Postemployment Benefits for State Teachers Retirement System			
	2009	\$ 59,791,692	0.00%
	2008	60,220,989	0.00%

* Determined on a pay-as-you-go-basis

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Based)	Over (Under)
Revenues:				
Taxes.....	\$ 1,107,405,000	\$ 1,047,096,900	\$ 1,069,249,205	\$ 22,152,305
Earnings of Departments.....	18,300,000	18,700,000	19,058,394	358,394
Other.....	18,095,000	23,605,900	15,712,342	(7,893,558)
Total revenues.....	1,143,800,000	1,089,402,800	1,104,019,941	14,617,141
Expenditures:				
General Government				
Agency of Administration.....	39,851,482	39,144,669	38,468,491	(676,178)
Executive Office.....	1,583,578	1,382,044	1,382,044	-
Legislative Council.....	10,753,438	10,790,617	9,940,901	(849,716)
Joint Fiscal Office.....	1,298,032	1,359,539	1,311,021	(48,518)
Sergeant at Arms.....	612,553	662,009	546,822	(115,187)
Lieutenant Governor's Office.....	161,613	155,113	152,388	(2,725)
Auditor of Accounts.....	526,254	498,938	374,668	(124,270)
State Treasurer.....	1,140,693	1,152,644	1,087,037	(65,607)
State Labor Relations Board.....	209,480	210,124	209,896	(228)
VOSHA Review Board.....	25,047	25,706	23,145	(2,561)
Homeowner Property Tax Assistance.....	12,921,868	11,870,272	11,870,198	(74)
Renter Rebate Tax Assistance.....	2,386,756	2,334,799	2,331,543	(3,256)
Protection to Persons and Property				
Attorney General.....	5,798,782	5,059,603	5,059,603	-
Defender General.....	10,615,666	10,585,521	10,437,572	(147,949)
Judiciary.....	32,168,828	30,966,702	30,955,242	(11,460)
State's Attorneys & Sheriffs.....	12,532,115	13,082,132	12,047,075	(1,035,057)
Department of Public Safety.....	16,161,407	18,332,931	16,123,228	(2,209,703)
Military Department.....	3,707,776	3,376,182	3,356,181	(20,001)
Center Crime Victim Services.....	49,809	203,233	155,396	(47,837)
Criminal Justice Training Council.....	1,419,664	1,381,258	1,380,849	(409)
Agency of Agricultural, Food, and Markets.....	5,924,382	6,932,650	5,886,716	(1,045,934)
Banking, Insurance, Securities, and				
Health Care Administration.....	308,251	324,331	255,847	(68,484)
Secretary of State.....	1,765,725	1,968,550	1,967,541	(1,009)
Public Service Department.....	-	50,498	20,287	(30,211)
Human Rights Commission.....	312,426	300,158	284,255	(15,903)
Human Services				
Agency of Human Services.....	521,606,029	467,310,522	456,239,980	(11,070,542)
Governor's Commission on Women.....	275,538	275,015	267,517	(7,498)
Human Services Board.....	50,030	49,178	49,178	-
Labor				
Department of Labor.....	2,307,673	2,397,430	1,967,853	(429,577)
General Education				
Department of Education.....	14,263,125	13,232,869	12,876,799	(356,070)
State Teachers' Retirement.....	33,549,097	35,849,097	35,849,097	-
Higher Education.....	83,945,213	81,940,168	80,440,162	(1,500,006)

Continued on next page —>

**STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)**

	Original Budget	Final Budget	Actual (Budgetary Based)	Over (Under)
Expenditures:				
Natural Resources				-
Agency of Natural Resources.....	25,026,938	25,213,935	22,529,221	(2,684,714)
Natural Resources Board.....	965,755	962,898	962,898	-
Commerce and Community Development				-
Agency of Commerce & Community Development.....	14,226,260	15,823,417	13,497,839	(2,325,578)
Cultural Development.....	1,723,949	1,564,733	1,564,733	-
Vermont Economic Development Authority.....	500,000	-	-	-
Vermont Agricultural Credit Corporation.....	-	1,000,000	1,000,000	-
Vermont Housing and Conservation Board.....	-	700,000	-	(700,000)
Vermont Housing Finance Authority.....	-	50,000	50,000	-
Transportation				-
Agency of Transportation.....	-	1,344,999	1,161,006	(183,993)
Debt service				-
Principal and Interest.....	67,048,726	67,148,726	67,048,726	(100,000)
Total expenditures	927,723,958	877,013,210	851,132,955	(25,880,255)
Excess of revenues over expenditures	216,076,042	212,389,590	252,886,986	40,497,396
Other Financing Sources (Uses):				
Transfers in.....	7,891,949	52,844,557	52,844,557	-
Transfers out.....	(302,064,400)	(308,406,209)	(308,406,209)	-
Premium on sale of bonds.....	-	1,176,793	1,176,793	-
Total other financing uses	(294,172,451)	(254,384,859)	(254,384,859)	-
Excess of revenues and other sources over (under) expenditures and other uses	(78,096,409)	(41,995,269)	(1,497,873)	40,497,396
Fund balance, July 1	123,483,861	123,483,861	123,483,861	-
Fund balance, June 30	\$ 45,387,452	\$ 81,488,592	\$ 121,985,988	\$ 40,497,396

The accompanying notes are an integral part of the required supplementary information.

**STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)**

	Original Budget	Final Budget	Actual (Budgetary Based)	Over (Under)
Revenues:				
Taxes.....	\$ 127,700,000	\$ 119,633,300	\$121,827,740	\$ 2,194,440
Motor Vehicle Fees.....	68,000,000	65,500,000	65,512,950	12,950
Federal.....	203,253,166	216,168,895	190,946,502	(25,222,393)
Other.....	20,300,000	17,500,000	21,947,066	4,447,066
Total revenues.....	419,253,166	418,802,195	400,234,258	(18,567,937)
Expenditures:				
General Government				
Agency of Administration.....	1,210,258	10,193	9,554	(639)
Joint Fiscal Office.....	-	-	-	-
Sergeant at Arms.....	-	-	-	-
Protection to Persons and Property				
Department of Public Safety.....	32,725,324	33,341,728	33,289,223	(52,505)
General Education				
Department of Education.....	127,483	-	-	-
Transportation				
Agency of Transportation.....	395,216,922	397,963,083	367,591,236	(30,371,847)
Debt service				
Principal and Interest.....	1,914,650	1,914,650	1,914,650	-
Total expenditures.....	431,194,637	433,229,654	402,804,663	(30,424,991)
Excess of expenditures over revenues.....	(11,941,471)	(14,427,459)	(2,570,405)	11,857,054
Other Financing Sources (Uses):				
Proceeds from Sale of Notes and Bonds.....	-	673,628	673,628	-
Transfers in.....	366,519	2,305,553	2,214,462	-
Transfers out.....	(4,463,222)	(1,647,966)	(1,556,875)	-
Total other financing sources (uses).....	(4,096,703)	1,331,215	1,331,215	-
Excess of revenues and other sources over (under) expenditures and other uses.....	(16,038,174)	(13,096,244)	(1,239,190)	11,857,054
Fund balance, July 1.....	9,765,674	9,765,674	9,765,674	-
Fund (deficit)balance, June 30.....	\$ (6,272,500)	\$ (3,330,570)	\$ 8,526,484	\$ 11,857,054

The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Based)	Over (Under)
Revenues:				
Taxes.....	\$ 862,808,441	\$ 1,006,079,377	\$ 1,007,465,204	\$ 1,385,827
Interest & premiums.....	8,600,000	-	255,595	255,595
Total revenues.....	<u>871,408,441</u>	<u>1,006,079,377</u>	<u>1,007,720,799</u>	<u>1,641,422</u>
Expenditures:				
General government				
Grand List.....	3,240,112	3,266,085	3,241,427	(24,658)
Renter Rebates.....	5,569,096	5,569,096	5,276,701	(292,395)
General education				
Department of Education.....	1,315,047,726	1,315,843,637	1,311,421,785	(4,421,852)
Total expenditures.....	<u>1,323,856,934</u>	<u>1,324,678,818</u>	<u>1,319,939,913</u>	<u>(4,738,905)</u>
Excess of revenues over expenditures.....	<u>(452,448,493)</u>	<u>(318,599,441)</u>	<u>(312,219,114)</u>	<u>6,380,327</u>
Other Financing Sources (Uses):				
Transfers in.....	312,743,941	312,743,941	312,743,941	-
Total other financing sources (uses).....	<u>312,743,941</u>	<u>312,743,941</u>	<u>312,743,941</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses.....	<u>(139,704,552)</u>	<u>(5,855,500)</u>	<u>524,827</u>	<u>6,380,327</u>
Fund balance, July 1.....	<u>41,526,727</u>	<u>41,526,727</u>	<u>41,526,727</u>	<u>-</u>
Fund (deficit) balance, June 30.....	<u>\$ (98,177,825)</u>	<u>\$ 35,671,227</u>	<u>\$ 42,051,554</u>	<u>\$ 6,380,327</u>

The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
SPECIAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Based)	Over (Under)
Revenues:				
Special Fund Revenues.....	\$ 215,075,484	\$ 275,513,693	\$ 233,262,394	\$ (42,251,299)
Total revenues.....	215,075,484	275,513,693	233,262,394	(42,251,299)
Expenditures:				
General government				
Agency of Administration.....	10,484,845	25,890,939	18,691,418	(7,199,521)
Executive Office.....	193,500	393,414	244,599	(148,815)
Joint Fiscal Office.....	-	513,355	-	(513,355)
Legislative Council.....	-	9,417	8,219	(1,198)
Auditor of Accounts.....	54,431	53,430	53,430	-
Treasurer's Office.....	1,615,435	2,763,902	2,530,019	(233,883)
State Labor Relations Board.....	5,870	5,870	1,822	(4,048)
VOSHA Review Board.....	-	23,044	21,603	(1,441)
Unorganized Towns & Gores.....	-	190,000	159,136	(30,864)
Protection to persons and property				
Attorney General.....	3,305,165	6,088,014	4,930,913	(1,157,101)
Defender General.....	628,357	629,502	552,056	(77,446)
Judiciary.....	4,647,749	5,124,649	3,679,391	(1,445,258)
State's Attorneys & Sheriffs.....	2,266,624	2,309,222	2,184,710	(124,512)
Department of Public Safety.....	13,279,069	14,208,650	12,819,617	(1,389,033)
Military Department.....	66,000	141,000	141,000	-
Center of Crime Victim's Services.....	8,315,390	7,847,168	6,464,077	(1,383,091)
Criminal Justice Training Council.....	790,402	1,215,446	903,049	(312,397)
Agency of Agriculture, Food & Markets.....	7,857,868	8,964,326	7,665,771	(1,298,555)
Banking, Insurance, Securities, and Health Care Administration.....	13,299,841	13,310,738	12,045,365	(1,265,373)
Secretary of State.....	4,416,524	5,284,336	4,907,063	(377,273)
Public Service Department.....	10,283,977	14,746,626	13,256,356	(1,490,270)
Public Service Board.....	2,857,376	2,975,264	2,960,764	(14,500)
Enhanced 911 Board.....	5,484,695	5,482,486	5,019,764	(462,722)
Department of Liquor Control.....	204,000	314,500	366,548	52,048
Human Rights Commission.....	-	43,377	7,642	(35,735)
Human services				
Agency of Human Services.....	66,315,597	76,797,037	68,525,852	(8,271,185)
Governor's Commission on Women.....	5,000	20,798	17,067	(3,731)
Human Services Board.....	287,541	161,185	110,441	(50,744)
Vermont Veterans Home.....	10,675,489	11,382,788	10,470,323	(912,465)
Labor				
Department of Labor.....	8,154,946	8,806,380	7,757,383	(1,048,997)
General education				
Department of Education.....	14,731,651	15,698,806	15,153,268	(545,538)
Higher Education.....	4,300,000	3,835,000	3,835,000	-

Continued on next page —>

**STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
SPECIAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)**

	Original Budget	Final Budget	Actual (Budgetary Based)	Over (Under)
Expenditures:				
Natural resources				
Agency of Natural Resources.....	28,837,702	34,369,140	29,677,977	(4,691,163)
Natural Resources Board.....	1,844,506	1,911,758	1,910,870	(888)
Commerce and community development				
Agency of Commerce & Community Development....	6,331,813	8,154,920	5,623,244	(2,531,676)
Cultural Development.....	-	33,250	33,250	-
Transportation				
Agency of Transportation.....	100,000	1,880,039	1,269,484	(610,555)
Public service enterprises				
Public Service Department.....	20,000	5,430,000	4,936,828	(493,172)
Debt service				
Principal and Interest.....	2,495,675	2,495,675	2,495,675	-
Total Expenditures	234,157,038	289,505,451	251,430,994	(38,074,457)
Excess of revenues over expenditures	(19,081,554)	(13,991,758)	(18,168,600)	(4,176,842)
Other Financing Sources (Uses):				
Transfers in.....	35,523,524	71,296,550	71,296,550	-
Transfers out.....	(16,441,970)	(57,219,593)	(57,219,593)	-
Total other financing sources (uses)	19,081,554	14,076,957	14,076,957	-
Excess of revenues and other sources over (under) expenditures and other uses	-	85,199	(4,091,643)	(4,176,842)
Fund balance, July 1	76,300,457	76,300,457	76,300,457	-
Fund balance, June 30	\$ 76,300,457	\$ 76,385,656	\$ 72,208,814	\$ (4,176,842)

The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
FEDERAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Based)	Over (Under)
Revenues:				
Federal.....	\$ 1,133,816,812	\$ 1,208,013,765	\$ 1,120,307,370	\$ (87,706,395)
Interest and premiums.....	-	319,201	319,201	-
Other.....	-	2,715	34,751	32,036
Total revenues.....	1,133,816,812	1,208,335,681	1,120,661,322	(87,674,359)
Expenditures:				
General Government				
Agency of Administration.....	823,729	851,456	812,449	(39,007)
Executive Office.....	2,103,864	1,577,898	933,010	(644,888)
State Treasurer.....	-	470,036	426,679	(43,357)
VOSHA Review Board.....	25,047	-	-	-
Protection to Persons and Property				
Attorney General.....	643,000	641,337	641,337	-
Judiciary.....	414,808	554,140	431,784	(122,356)
State's Attorneys & Sheriffs.....	31,000	31,000	11,259	(19,741)
Department of Public Safety.....	21,477,040	25,996,418	16,512,103	(9,484,315)
Military Department.....	18,637,256	18,808,043	15,124,696	(3,683,347)
Center of Crime Victim Services.....	3,865,078	3,865,078	3,642,470	(222,608)
Agency of Agriculture, Food & Markets.....	1,378,961	1,753,648	1,573,400	(180,248)
Secretary of State.....	2,000,000	2,201,732	1,257,560	(944,172)
Pubic Service Department.....	1,157,800	1,157,800	659,706	(498,094)
Human Rights Commission.....	170,739	170,151	145,331	(24,820)
Human Services				
Agency of Human Services.....	910,718,395	951,450,881	910,712,361	(40,738,520)
Human Services Board.....	12,254	149,897	149,897	-
Agency of Administration.....	-	2,639,202	1,759,283	(879,919)
Vermont Veteran's Home.....	5,940,546	5,938,582	5,938,582	-
Labor				
Department of Labor.....	20,613,870	20,633,950	19,322,671	(1,311,279)
General Education				
Department of Education.....	118,910,533	119,295,032	115,753,722	(3,541,310)
Natural Resources				
Agency of Natural Resources.....	14,375,544	28,754,538	24,832,130	(3,922,408)
Commerce and Community Development				
Agency of Commerce & Community Development..	10,517,348	21,072,946	8,080,772	(12,992,174)
Total expenditures.....	1,133,816,812	1,208,013,765	1,128,721,202	(79,292,563)
Excess of revenues over expenditures.....	-	321,916	(8,059,880)	(8,381,796)
Other Financing Uses:				
Transfers out.....	(785,286)	(20,931,163)	(20,931,163)	-
Total other financing uses.....	(785,286)	(20,931,163)	(20,931,163)	-
Excess of revenues over (under) expenditures and other uses.....	(785,286)	(20,609,247)	(28,991,043)	(8,381,796)
Fund balance, July 1.....	22,614,683	22,614,683	22,614,683	-
Fund (deficit) balance, June 30.....	\$ 21,829,397	\$ 2,005,436	\$ (6,376,360)	\$ (8,381,796)

The accompanying notes are an integral part of the required supplementary information.

**STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
GLOBAL COMMITMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)**

	Original Budget	Final Budget	Actual (Budgetary Based)	Over (Under)
Revenues:				
Global Commitment Premiums.....	\$ 937,400,000	\$ 933,600,000	\$ 889,659,354	\$ (43,940,646)
Total revenues.....	937,400,000	933,600,000	889,659,354	(43,940,646)
Expenditures:				
General Government.....				
Agency of Administration.....	416,113	408,379	408,379	-
Protection to Persons and Property				
Banking, Insurance, Securities, and Health Care Administration.....	1,898,824	1,897,427	1,871,651	(25,776)
Human Services				
Agency of Human Services.....	889,889,788	879,622,184	875,347,553	(4,274,631)
Vermont Veteran's Home.....	881,289	881,043	881,043	-
General Education				
Higher Education.....	4,411,563	4,411,563	4,411,563	-
Department of Education.....	1,075,143	1,072,786	1,028,913	(43,873)
Total expenditures.....	898,572,720	888,293,382	883,949,102	(4,344,280)
Excess of revenues over expenditures.....	38,827,280	45,306,618	5,710,252	(39,596,366)
Other Financing Uses:				
Transfers out.....	(15,822,181)	(22,969,049)	(22,969,049)	-
Total other financing uses.....	(15,822,181)	(22,969,049)	(22,969,049)	-
Excess of revenues and other sources over (under) expenditures and other uses.....	23,005,099	22,337,569	(17,258,797)	(39,596,366)
Fund balance, July 1.....	42,285,554	42,285,554	42,285,554	-
Fund balance, June 30.....	\$ 65,290,653	\$ 64,623,123	\$ 25,026,757	\$ (39,596,366)

The accompanying notes are an integral part of the required supplementary information.

**STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
AMERICAN RECOVERY AND REINVESTMENT ACT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)**

	Original Budget	Final Budget	Actual (Budgetary Based)	Over (Under)
Revenues:				
Federal.....	\$ -	\$ 184,518,625	\$ 83,978,571	\$ (100,540,054)
Total revenues.....	-	184,518,625	83,978,571	(100,540,054)
Expenditures:				
Human Services				
Agency of Human Services.....	-	81,177,625	76,268,403	(4,909,222)
Labor				
Department of Labor.....	-	400,000	258,028	(141,972)
Natural Resources				
Agency of Natural Resources.....	-	38,961,000	102,890	(38,858,110)
Transportation				
Agency of Transportation.....	-	63,980,000	12,697,286	(51,282,714)
Total expenditures.....	-	184,518,625	89,326,607	(95,192,018)
Excess of expenditures over revenues.....	-	-	(5,348,036)	(5,348,036)
Fund balance, July 1.....	-	-	-	-
Fund (deficit) balance, June 30.....	\$ -	\$ -	\$ (5,348,036)	\$ (5,348,036)

The accompanying notes are an integral part of the required supplementary information.

**STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
STATE HEALTH CARE RESOURCES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)**

	Original Budget	Final Budget	Actual (Budgetary Based)	Over (Under)
Revenues:				
State Health Care Resources Fund Revenues.....	\$ 146,600,000	\$ 147,300,000	\$ 146,828,494	\$ (471,506)
Total revenues.....	146,600,000	147,300,000	146,828,494	(471,506)
Expenditures:				
Human services				
Agency of Human Services.....	147,623,246	148,261,016	147,678,315	(582,701)
Total expenditures.....	147,623,246	148,261,016	147,678,315	(582,701)
Excess of revenues over expenditures.....	(1,023,246)	(961,016)	(849,821)	111,195
Fund balance, July 1.....	(582,703)	(582,703)	(582,703)	-
Fund (deficit) balance, June 30.....	\$ (1,605,949)	\$ (1,543,719)	\$ (1,432,524)	\$ 111,195

The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
TOBACCO TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Based)	Over (Under)
Revenues:				
Tobacco Trust Funds Revenue.....	\$ 47,083,694	\$ 47,242,133	\$ 43,017,640	\$ (4,224,493)
Total revenues.....	47,083,694	47,242,133	43,017,640	(4,224,493)
Expenditures:				
General government				
Agency of Administration.....	58,000	58,000	58,000	-
Protection to persons and property				
Attorney General.....	290,000	357,320	357,320	-
Judiciary.....	40,000	40,000	40,000	-
Department of Liquor Control.....	289,645	296,306	296,306	-
Human services				
Agency of Human Services.....	45,410,381	45,510,381	45,400,915	(109,466)
General education				
Department of Education.....	995,668	980,126	950,243	(29,883)
Total expenditures.....	47,083,694	47,242,133	47,102,784	(139,349)
Excess of expenditures over revenues.....	-	-	(4,085,144)	(4,085,144)
Other Financing Sources (Uses):				
Transfers in.....	1,953,525	1,953,525	1,953,525	-
Transfers out.....	(2,612,406)	(5,608,531)	(5,608,531)	-
Total other financing uses.....	(658,881)	(3,655,006)	(3,655,006)	-
Excess of revenues over expenditures.....	(658,881)	(3,655,006)	(7,740,150)	(4,085,144)
Fund balance, July 1.....	34,307,324	34,307,324	34,307,324	-
Fund balance, June 30.....	\$ 33,648,443	\$ 30,652,318	\$ 26,567,174	\$ (4,085,144)

The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
CATAMOUNT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Based)	Over (Under)
Revenues:				
Catamount Fund Revenues.....	\$ 19,900,000	\$ 19,800,000	\$ 19,809,554	\$ 9,554
Total revenues.....	19,900,000	19,800,000	19,809,554	9,554
Expenditures:				
Human services				
Agency of Human Services.....	31,073,806	23,762,994	22,752,750	(1,010,244)
Employment & Training				
Department of Labor.....	394,072	519,072	397,597	(121,475)
Total expenditures.....	31,467,878	24,282,066	23,150,347	(1,131,719)
Excess of expenditures over revenues.....	(11,567,878)	(4,482,066)	(3,340,793)	1,141,273
Other Financing Sources (Uses):				
Transfers in.....	1,800,000	1,800,000	1,800,000	-
Transfers out.....	-	(1,800,000)	(1,800,000)	-
Total other financing sources	1,800,000	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses.....	(9,767,878)	(4,482,066)	(3,340,793)	1,141,273
Fund balance, July 1.....	10,424,676	10,424,676	10,424,676	-
Fund balance, June 30.....	\$ 656,798	\$ 5,942,610	\$ 7,083,883	\$ 1,141,273

The accompanying notes are an integral part of the required supplementary information.

Note to the Required Supplementary Information—Budgetary Reporting (unaudited)

Budgetary Process

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

Budgets are prepared and appropriated on a cash basis usually at the program level. The Governor may amend appropriations or transfer appropriations within limits established by 32 V.S.A. Chapter 9. The Agency of Administration maintains budgetary control by fund at the appropriation level. Governmental funds' unspent appropriation balances revert to the fund balance at the end of each fiscal year for re-appropriation unless authorized to be carried forward to the following year(s) by legislative act. Unexpended balances of capital projects funds are available for expenditure in the following fiscal year(s).

Budgetary Funds

Vermont's annual Appropriation Act, the State's legally adopted budget, does not present budgets using the same fund structure as what is used for reporting in accordance with accounting principles generally accepted in the United States of America (GAAP). The GAAP basis Special Fund is represented in the Appropriation Act as program-level budgets for the Special, State Health Care Resources, Tobacco Trust and Catamount Funds. These funds are present separately in the accompanying schedules. The budgetary basis American Recovery and Reinvestment Act Fund includes certain portions of the GAAP basis Transportation and Federal Revenue Funds. These funds are presented on a budgetary basis in the accompanying schedules.

Revenue Estimates

By July 31 each year, the Joint Fiscal Office and the Secretary of Administration provide to the Emergency Board their respective estimates of state revenues in the General, Transportation, Education, Catamount, State Health Care Resources, and Global Commitment Funds. The Emergency Board then has 10 days to determine the original revenue estimates for the fiscal year. For the Special, Federal Revenue, and American Recovery and Reinvestment Act Funds, the original budget for revenues is based on the amount appropriated for expenditures. By January 15, the Joint Fiscal Office and the Secretary of Administration provide to the Emergency Board their respective estimates of state revenues and the Emergency Board determines any revision to the July revenue estimates. During fiscal year 2009, the Joint Fiscal Office and the Secretary of Administration provided the Emergency Board with their respective revised revenue estimate in November 2008 and April 2009 due to the rapid changes in current economic conditions.

Expenditure and Transfer Budgets

The original budgets for expenditures and transfers are determined by the Legislature through the passage of the annual Appropriation Act. The Secretary of Administration (with approval from the Governor) may transfer balances of appropriations not to exceed \$50,000 made under any appropriation act for the support of the government from one component of an agency, department, or other unit of state government, to any component of the same agency, department, or unit; and may transfer balances of appropriations made under any appropriation act from one department or unit of the agency of transportation to another department or unit of the agency of transportation for the specific purpose of funding authorized transportation projects which have

been approved by the federal government for advance construction in which the expenditure of state funds will be reimbursed by federal funds when the federal funds become available, and the transfer is limited to funds which have been approved for reimbursement. If any receipts including federal receipts exceed the appropriated amounts, the receipts may be allocated and expended, subject to the approval of the Secretary of Administration. If, however, the expenditure of those receipts will establish or increase the scope of the program, which establishment or increase will at any time commit the State to the expenditure of State funds, they may be expended only upon the approval of the Legislature.

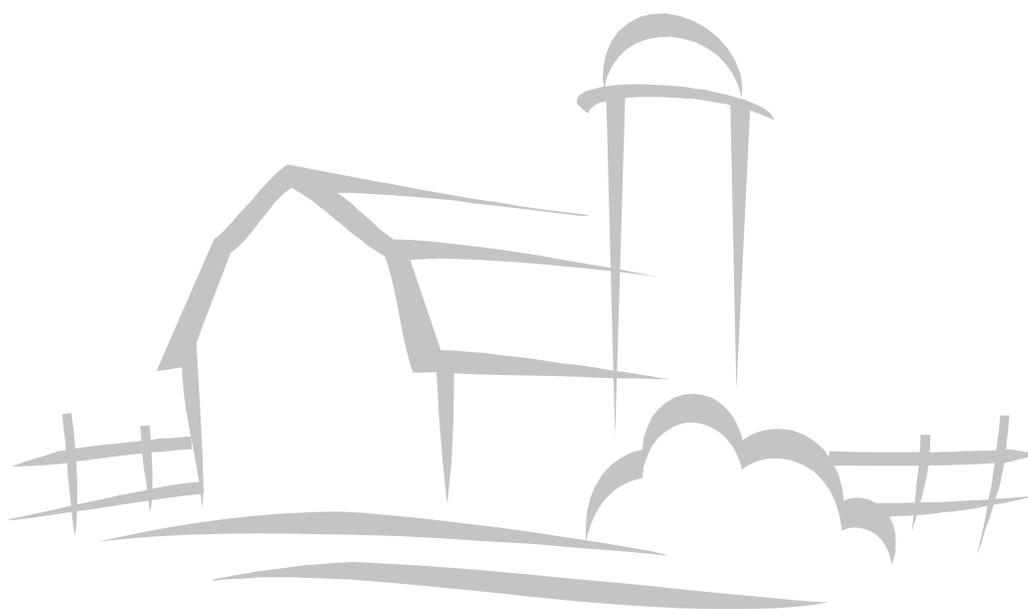
Budget and GAAP Basis Reporting

The accompanying budgetary comparison schedules report the actual revenues, expenditures and other financing sources (uses) on a budget basis, which differs significantly from GAAP. These different accounting principles result in basis, perspective, and entity differences in the fund balance—budgetary basis. *Basis differences* arise because the basis of budgeting (cash basis) differs from the GAAP basis used to prepare the statement of revenues, expenditures, and changes in fund balances—governmental funds. *Perspective differences* result because the Appropriation Act’s program-oriented structure differs from the fund structure required for GAAP. *Entity differences* arise because certain activity reported within the State’s financial reporting entity for GAAP purposes is excluded from the Appropriation Act. The following presents a reconciliation of the budgetary basis and GAAP basis fund balances for the funds reported in the accompanying schedules for the fiscal year ended June 30, 2009.

	General Fund	Transportation Fund	Education Fund	Federal Revenue Fund	Global Commitment Fund	ARRA Fund
Fund Balance - Budgetary Basis....	\$ 121,985,988	\$ 8,526,484	\$ 42,051,554	\$ (6,376,360)	\$ 25,026,757	\$ (5,348,036)
<u>Basis differences:</u>						
Cash not in budget balances.....	(895)	461	-	12,825	(492)	320
Escrow deposits not included in budget balances.....	-	2,601	-	-	-	-
Taxes receivable.....	171,127,585	8,759,718	12,758,249	-	-	-
Notes and loan receivable.....	616,499	374,948	-	-	-	-
Other receivables.....	5,466,527	8,464,231	-	550,642	13,878,880	-
Interest receivable.....	106,317	1,615	-	29,162	-	-
Due from other funds.....	2,233,223	575,041	-	549,033	25,249,087	-
Due from federal government.....	485,680	22,961,062	-	91,518,316	-	11,053,758
Due from component units.....	-	-	-	449,011	-	-
Accounts payable.....	(19,804,191)	(21,120,291)	(7,410,437)	(30,959,061)	(88,453,616)	(2,951,721)
Intergovernment Payables.....	-	-	-	(8,002,410)	-	-
Accrued liabilities.....	(15,645,476)	(7,543,364)	-	(6,791,608)	(3,030,916)	(39,971)
Retainage payable.....	(14,985)	(387,227)	-	(104,186)	(138,080)	-
Deferred revenue.....	(108,798,075)	(12,964,142)	(2,592,534)	(41,287,880)	(1,504,794)	(2,513,804)
Tax refunds payable.....	(4,961,262)	-	(138,825)	-	-	-
Due to other funds.....	(2,197,145)	(87,164)	(24,402)	(16,651,178)	(416,453)	(2,436,691)
Due to component units.....	(700,000)	-	-	-	-	-
<u>Entity differences:</u>						
Blended non-budgeted funds.....	-	2,624,639	-	49,339,536	-	-
<u>Perspective differences:</u>						
Component unit include in budgeted funds.....	-	-	-	2,820,729	-	-
Budgeted funds reclassified to GAAP basis major governmental fund.....	-	-	-	(2,236,145)	-	2,236,145
Fund Balance - GAAP Basis.....	\$ 149,899,790	\$ 10,188,612	\$ 44,643,605	\$ 32,860,426	\$ (29,389,627)	\$ -

	Budget Basis Funds				GAAP Basis
	Special Fund	State Health Care Resource Fund	Tobacco Trust Fund	Catamount Fund	Special Fund
Fund Balance - Budgetary Basis....	\$ 72,208,814	\$ (1,432,524)	\$ 26,567,174	\$ 7,083,884	\$ -
<u>Basis differences:</u>					
Cash not in budget balances.....	460,515	-	-	-	460,515
Acquisition of preferred stock.....	100,000	-	-	-	100,000
Taxes receivable.....	2,555,956	522,454	-	-	3,078,410
Other receivables.....	12,016,537	16,160	-	124,194	12,156,891
Interest receivable.....	13,950	-	-	-	13,950
Due from other funds.....	1,695,450	-	1,657	-	1,697,107
Due from component units.....	68,357	-	-	-	68,357
Accounts payable.....	(8,238,940)	(24)	(137,562)	-	(8,376,526)
Accrued liabilities.....	(4,480,185)	-	(32,135)	(9,289)	(4,521,609)
Retainage payable.....	(289,177)	-	-	-	(289,177)
Deferred revenue.....	(8,776,720)	(211,743)	-	(84,202)	(9,072,665)
Tax refunds payable.....	-	-	-	-	-
Due to other funds.....	(665,897)	(4,139,209)	(940,206)	(546,153)	(6,291,465)
Due to component units.....	-	-	-	-	-
<u>Entity differences:</u>					
Blended non-budgeted funds.....	7,322,903	-	-	-	7,322,903
Blended component unit.....	306,138	-	-	-	306,138
<u>Perspective differences:</u>					
Component unit included in budgeted funds.....	(5,745,543)	-	-	-	(5,745,543)
Budgeted funds reclassified to GAAP basis major governmental fund.....	(68,552,158)	5,244,886	(25,458,928)	(6,568,434)	95,334,634
Fund Balance - GAAP Basis.....	\$ -	\$ -	\$ -	\$ -	\$ 86,241,920

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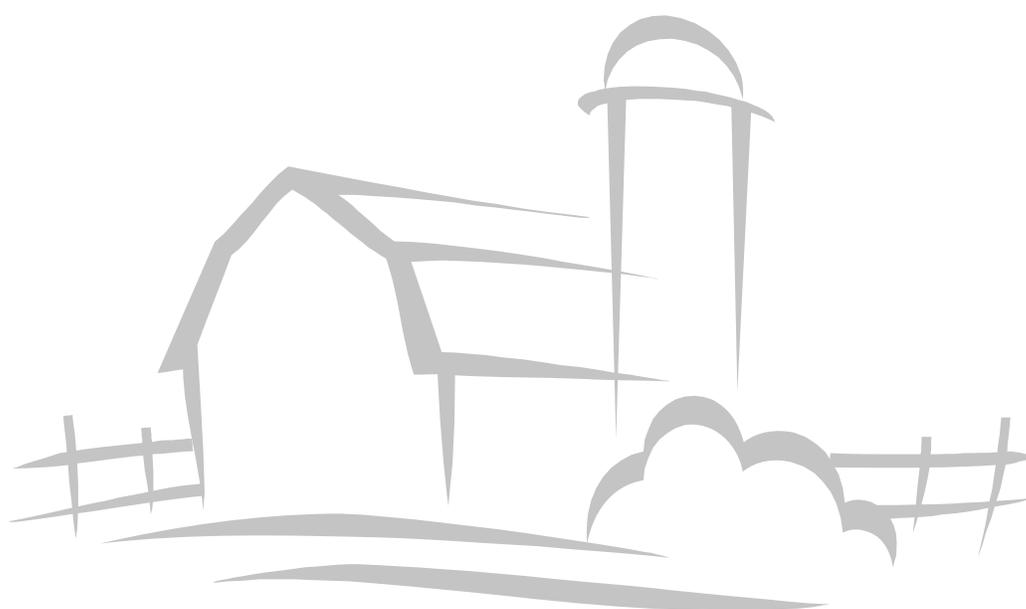


Vermont



Supplementary Information

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Vermont



COMBINING FINANCIAL STATEMENTS

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Vermont

Fish & Wildlife Fund – This fund is used to account for the activities of the Fish and Wildlife Department. The Fish and Wildlife Department's mission is to protect and conserve the State's fish, wildlife, plants and their habitats for the people of Vermont.

General Bond Fund – This fund accounts for general capital improvement expenditures funded by the issuance of State capital bonds.

Transportation Bond Fund – This fund accounts for transportation capital improvement expenditures funded by the issuance of State capital bonds.

Higher Education Endowment Fund – This is a permanent fund whose revenue is used by the University of Vermont and Vermont State Colleges to provide non loan financial assistance to Vermont students attending their institutions and by the Vermont Student Assistance Corporation to provide non loan financial assistance to Vermont students attending a Vermont postsecondary institution.

Vermont Sanitorium Fund – This is a permanent fund whose income is to be used for the treatment and cure of respiratory diseases.

Albert C. Lord Trust Fund – This is a permanent fund whose income is to be used for demonstrations, lectures and instruction in the care of woodlots and restoration.

Lumberjack Fund – This is a permanent fund whose income is to strengthen annual workshops for educators interested in enhancing classroom skills in the area of fish and wildlife management.

Couching Lion Farm Cemetery Fund – This is a permanent fund whose income is to provide for the care of a private cemetery in Camel's Hump State Park.

Carrie P. Underwood Fund – This is a permanent fund whose income is to be used to provide aid to poor libraries and to otherwise promote the library interests of the state.

Laura H. Morgan Fund— This is a permanent fund whose income is to be used to benefit the Brandon Training School.

Bennington Battle Monument Fund – This is a permanent fund whose revenue is to be used to repair and maintain the Bennington Battle Monument.

Zenus H. Ellis Fund – This is a permanent fund whose income is to be used to maintain the iron fence and flagpole at the Hubbardton battlefield.

**State of Vermont
Combining Balance Sheet
Non-major Governmental Funds
JUNE 30, 2009**

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Fish & Wildlife Fund</u>	<u>General Bond Fund</u>	<u>Transportation Bond Fund</u>
ASSETS:			
Cash and cash equivalents.....	\$ 2,666,908	\$ 29,796,421	\$ 2,129,722
Investments.....	3,283,566	-	-
Receivables:			
Taxes receivable.....	95,894	-	-
Accrued interest receivable.....	2,460	-	-
Other receivables.....	413,605	-	-
Intergovernmental receivable - federal government.....	579,441	-	-
Due from other funds.....	13,245	-	-
Total assets.....	\$ 7,055,119	\$ 29,796,421	\$ 2,129,722
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable.....	\$ 986,260	\$ 1,801,909	\$ 202,683
Accrued liabilities.....	715,074	-	-
Retainage payable.....	12,336	707,939	4,899
Due to other funds.....	30,482	497,725	-
Due to component units.....	-	991,209	-
Total Liabilities.....	1,744,152	3,998,782	207,582
FUND BALANCES:			
Reserved for:			
Encumbrances.....	6,638	2,961,602	-
Endowments.....	-	-	-
Unreserved:			
Special revenue funds.....	5,304,329	-	-
Capital projects funds.....	-	22,836,037	1,922,140
Permanent funds.....	-	-	-
Total fund balances.....	5,310,967	25,797,639	1,922,140
Total liabilities and fund balances.....	\$ 7,055,119	\$ 29,796,421	\$ 2,129,722

See Independent Auditors' Report.

Permanent Funds

<u>Higher Education Endowment Fund</u>	<u>Vermont Sanitorium Fund</u>	<u>Albert C. Lord Trust Fund</u>	<u>Lumberjack Fund</u>
\$ 1,573,457	\$ 81,888	\$ 96,325	\$ 17,526
17,050,799	230,247	204,285	10,179
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 18,624,256</u>	<u>\$ 312,135</u>	<u>\$ 300,610</u>	<u>\$ 27,705</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
7,000,000	206,502	183,217	9,129
-	-	-	-
-	-	-	-
<u>11,624,256</u>	<u>105,633</u>	<u>117,393</u>	<u>18,576</u>
<u>18,624,256</u>	<u>312,135</u>	<u>300,610</u>	<u>27,705</u>
<u>\$ 18,624,256</u>	<u>\$ 312,135</u>	<u>\$ 300,610</u>	<u>\$ 27,705</u>

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State of Vermont
Combining Balance Sheet, Continued
Non-major Governmental Funds
JUNE 30, 2009

	Permanent Funds		
	Couching Lion Farm Cemetery Fund	Carrie P. Underwood Fund	Laura H. Morgan Fund
ASSETS:			
Cash and cash equivalents.....	\$ 20,638	\$ 8,232	\$ 1,333
Investments.....	2,152	12,388	2,788
Receivables:			
Taxes receivable.....	-	-	-
Accrued interest receivable.....	-	-	-
Other receivables.....	-	-	-
Intergovernmental receivable - federal government.....	-	-	-
Due from other funds.....	-	-	-
Total assets.....	\$ 22,790	\$ 20,620	\$ 4,121
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable.....	\$ -	\$ -	\$ -
Accrued liabilities.....	-	-	-
Retainage payable.....	-	-	-
Due to other funds.....	-	-	-
Due to component units.....	-	-	-
Total Liabilities.....	-	-	-
FUND BALANCES:			
Reserved for:			
Encumbrances.....	-	-	-
Endowments.....	1,930	11,110	2,500
Unreserved:			
Special revenue funds.....	-	-	-
Capital projects funds.....	-	-	-
Permanent funds.....	20,860	9,510	1,621
Total fund balances.....	22,790	20,620	4,121
Total liabilities and fund balances.....	\$ 22,790	\$ 20,620	\$ 4,121

Permanent Funds			
Bennington Battle Monument Fund	Zenus H. Ellis Fund	Total Non-major Governmental Funds	
\$ -	\$ -	\$ 36,392,450	
1,980	1,853	20,800,237	
-	-	95,894	
-	-	2,460	
-	-	413,605	
-	-	579,441	
-	-	13,245	
\$ 1,980	\$ 1,853	\$ 58,297,332	
\$ -	\$ -	\$ 2,990,852	
-	-	715,074	
-	-	725,174	
-	-	528,207	
-	-	991,209	
-	-	5,950,516	
-	-	2,968,240	
1,065	1,000	7,416,453	
-	-	5,304,329	
-	-	24,758,177	
915	853	11,899,617	
1,980	1,853	52,346,816	
\$ 1,980	\$ 1,853	\$ 58,297,332	

**STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Fish & Wildlife Fund</u>	<u>General Bond Fund</u>	<u>Transportation Bond Fund</u>
REVENUES:			
Taxes:			
Motor fuel tax.....	\$ 963,684	\$ -	\$ -
Earnings of departments:			
Fees.....	170,754	-	-
Rents and leases.....	54,992	-	-
Sales of services.....	3,112	-	-
Federal grants.....	7,017,632	-	-
Fines, forfeits and penalties.....	21,062	-	-
Investment income.....	70,015	-	-
Licenses:			
Business.....	1,185	-	-
Non-business.....	6,568,529	-	-
Special assessments.....	4,077	-	-
Other revenues.....	1,129,775	-	-
Total revenues.....	16,004,817	-	-
EXPENDITURES:			
General government.....	-	11,907,510	-
Protection to persons and property.....	-	4,304,203	-
Human services.....	-	3,428,969	-
General education.....	-	13,720,964	-
Natural resources.....	16,864,089	6,494,774	-
Commerce and community development.....	-	3,257,060	-
Transportation.....	-	-	13,175,967
Total expenditures.....	16,864,089	43,113,480	13,175,967
Excess of revenues over (under) expenditures.....	(859,272)	(43,113,480)	(13,175,967)
Other Financing Sources (Uses):			
Proceeds from the sale of bonds.....	-	35,300,000	15,200,000
Transfers in.....	431,904	164,261	-
Transfers out.....	-	(2,910,586)	-
Total other financing sources.....	431,904	32,553,675	15,200,000
Net change in fund balances.....	(427,368)	(10,559,805)	2,024,033
Fund (deficit) balances, July 1.....	5,738,335	36,357,444	(101,893)
Fund balances, June 30.....	\$ 5,310,967	\$ 25,797,639	\$ 1,922,140

See Independent Auditors' Report.

Permanent Funds

Higher Education Endowment Fund	Vermont Sanitorium Fund	Albert C. Lord Trust Fund	Lumberjack Fund
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
102,318	2,196	2,227	226
-	-	-	-
-	-	-	-
-	-	-	-
102,318	2,196	2,227	226
-	-	-	-
-	-	-	-
-	10,000	-	-
1,025,880	-	-	-
-	-	14,497	-
-	-	-	-
-	-	-	-
1,025,880	10,000	14,497	-
(923,562)	(7,804)	(12,270)	226
-	-	-	-
1,573,457	-	-	-
-	-	-	-
1,573,457	-	-	-
649,895	(7,804)	(12,270)	226
17,974,361	319,939	312,880	27,479
\$ 18,624,256	\$ 312,135	\$ 300,610	\$ 27,705

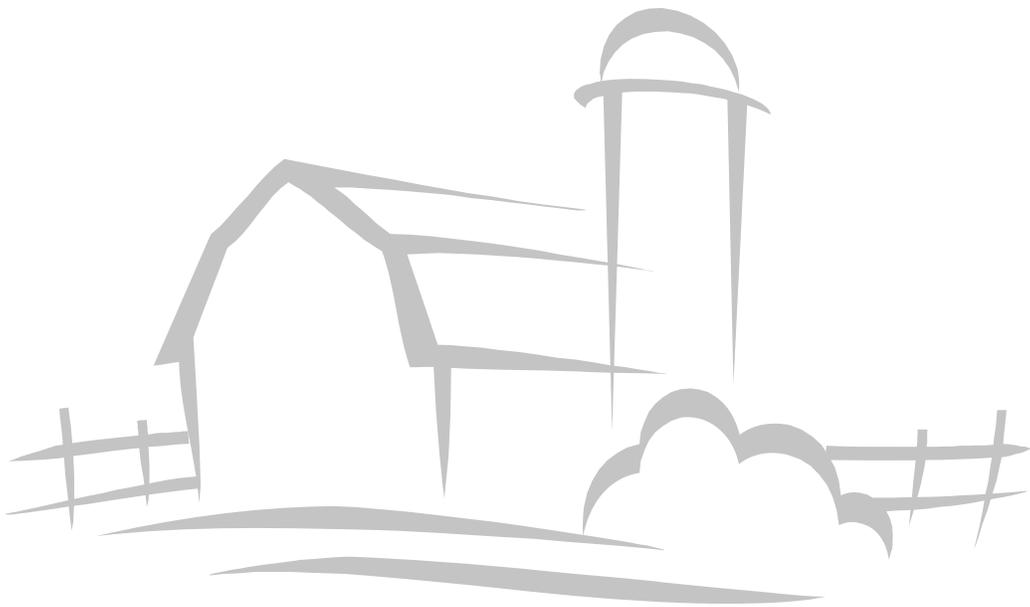
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STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, Continued
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Permanent Funds		
	Couching Lion Farm Cemetery Fund	Carrie P. Underwood Fund	Laura H. Morgan Fund
REVENUES:			
Taxes:			
Motor fuel tax.....	\$ -	\$ -	\$ -
Earnings of departments:			
Fees.....	-	-	-
Rents and leases.....	-	-	-
Sales of services.....	-	-	-
Federal grants.....	-	-	-
Fines, forfeits and penalties.....	-	-	-
Investment income.....	209	150	29
Licenses:			
Business.....	-	-	-
Non-business.....	-	-	-
Special assessments.....	-	-	-
Other revenues.....	-	-	-
Total revenues.....	209	150	29
EXPENDITURES:			
General government.....	-	-	-
Protection to persons and property.....	-	-	-
Human services.....	-	-	-
General education.....	-	-	-
Natural resources.....	-	-	-
Commerce and community development.....	-	-	-
Transportation.....	-	-	-
Total expenditures.....	-	-	-
Excess of revenues over (under) expenditures.....	209	150	29
Other Financing Sources (Uses):			
Proceeds from the sale of bonds.....	-	-	-
Transfers in.....	-	-	-
Transfers out.....	-	-	-
Total other financing sources (uses).....	-	-	-
Net change in fund balances.....	209	150	29
Fund (deficit) balances, July 1	22,581	20,470	4,092
Fund balances, June 30.....	\$ 22,790	\$ 20,620	\$ 4,121

Permanent Funds			
Bennington Battle Monument Fund	Zenus H. Ellis Fund	Total Non-major Governmental Funds	
\$ -	\$ -	\$ 963,684	
-	-	170,754	
-	-	54,992	
-	-	3,112	
-	-	7,017,632	
-	-	21,062	
14	13	177,397	
-	-	1,185	
-	-	6,568,529	
-	-	4,077	
-	-	1,129,775	
14	13	16,112,199	
-	-	11,907,510	
-	-	4,304,203	
-	-	3,438,969	
-	-	14,746,844	
-	-	23,373,360	
-	-	3,257,060	
-	-	13,175,967	
-	-	74,203,913	
14	13	(58,091,714)	
-	-	50,500,000	
-	-	2,169,622	
-	-	(2,910,586)	
-	-	49,759,036	
14	13	(8,332,678)	
1,966	1,840	60,679,494	
\$ 1,980	\$ 1,853	\$ 52,346,816	

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Vermont

Industrial Homework Office Fund – This fund is used to account for a program that arranges industrial work for blind and otherwise handicapped citizens at their home of a subcontract nature.

Federal Surplus Property Fund – This fund is used to account for a program that acquires and distributes surplus property from various military and federal sources. Public entities (towns, schools, districts, volunteer fire departments, etc) and non-profit organizations conducting educational and health care programs may apply for eligibility.

Vermont Life Magazine Fund – This fund is used to account for the activities of the Vermont Life Magazine. *Vermont Life* is a quarterly magazine published by the State of Vermont. It explores and celebrates the state's people, places and rich heritage.

Municipal Equipment Loan Fund – This fund is used to account for a program that was created for the purpose of providing loans on favorable terms to municipalities for the purchase of construction, fire, emergency or heavy equipment or vehicles.

Unemployment Compensation Contingency Fund – This fund is used to account for the interest, fines and penalties collected under the unemployment compensation law as well as the administrative costs not chargeable to federal grants.

STATE OF VERMONT
 COMBINING STATEMENT OF NET ASSETS
 NON-MAJOR ENTERPRISE FUNDS
 JUNE 30, 2009

	Industrial Homework Office Fund	Federal Surplus Property Fund	Vermont Life Magazine Fund
ASSETS			
Current Assets:			
Cash and cash equivalents.....	\$ 74,002	\$ -	\$ -
Accrued interest receivable.....	-	-	-
Accounts receivable (net of allowance for uncollectibles).....	2,377	500	357,326
Loans receivable.....	-	-	-
Due from other funds.....	-	37,157	1,715
Inventories, at cost.....	-	143,536	105,396
Prepaid expenses.....	-	-	133,240
Total current assets.....	76,379	181,193	597,677
Restricted and Noncurrent Assets:			
Cash - subscription reserve fund.....	-	-	553,890
Loans receivable.....	-	-	-
Accounts receivable - subscriptions.....	-	-	28,721
Imprest cash and change fund - advances.....	1,700	-	1,200
Capital Assets:			
Machinery, equipment and buildings.....	-	-	6,300
Less accumulated depreciation.....	-	-	(6,300)
Total capital assets, net of depreciation.....	-	-	-
Total restricted & noncurrent assets.....	1,700	-	583,811
Total assets.....	78,079	181,193	1,181,488
LIABILITIES			
Current Liabilities:			
Accounts payable.....	-	630	167,053
Accrued salaries and benefits.....	-	12,324	75,486
Due to other funds.....	-	14,966	-
Interfund payable.....	-	839,466	819,196
Deferred revenue.....	-	143,536	24,353
Total current liabilities.....	-	1,010,922	1,086,088
Liabilities Payable From Restricted Assets:			
Unexpired subscriptions.....	-	-	553,890
Advances from other funds.....	1,700	-	1,200
Total liabilities payable from restricted assets.....	1,700	-	555,090
Total liabilities.....	1,700	1,010,922	1,641,178
NET ASSETS			
Unrestricted (deficit).....	76,379	(829,729)	(459,690)
Total Net Assets (deficit).....	\$ 76,379	\$ (829,729)	\$ (459,690)

See Independent Auditors' Report.

Municipal Equipment Loan Fund	Unemployment Compensation Contingency Fund	Total Non-major Enterprise Funds
\$ 476,317	\$ 185,576	\$ 735,895
17,597	-	17,597
-	-	360,203
735,260	-	735,260
-	45,222	84,094
-	-	248,932
-	-	133,240
1,229,174	230,798	2,315,221
-	-	553,890
1,774,774	-	1,774,774
-	-	28,721
-	-	2,900
-	-	6,300
-	-	(6,300)
-	-	-
1,774,774	-	2,360,285
3,003,948	230,798	4,675,506
-	-	167,683
-	-	87,810
-	-	14,966
-	-	1,658,662
-	-	167,889
-	-	2,097,010
-	-	553,890
-	-	2,900
-	-	556,790
-	-	2,653,800
3,003,948	230,798	2,021,706
\$ 3,003,948	\$ 230,798	\$ 2,021,706

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Industrial Homework Office Fund	Federal Surplus Property Fund	Vermont Life Magazine Fund
Operating Revenues			
Charges for sales and services.....	\$ 63,132	\$ 12,648	\$ 1,407,926
Advertising revenue.....	-	-	593,678
Federal donated property.....	-	135,329	-
Other operating revenues.....	-	-	96,713
Total operating revenues.....	63,132	147,977	2,098,317
Operating Expenses			
Cost of sales and services.....	-	135,485	569,623
Salaries and benefits.....	61,886	85,540	688,198
Transportation.....	-	-	63,274
Repairs and maintenance.....	-	981	-
Depreciation.....	-	-	1,409
Rental expense.....	-	17,026	-
Utilities and property management.....	-	7,245	-
Non-capital equipment purchased.....	-	970	-
Promotions and advertising.....	-	-	391,718
Administrative expenses.....	-	14,767	149,142
Supplies and parts.....	-	518	11,081
Distribution and postage.....	-	-	206,223
Travel.....	-	104	8,781
Loss on bad debts.....	1,948	-	8,948
Other operating expenses.....	-	-	16,865
Total operating expenses.....	63,834	262,636	2,115,262
Operating income (loss).....	(702)	(114,659)	(16,945)
Non-Operating Revenues			
Investment income.....	-	-	(2,860)
Total non-operating revenues.....	-	-	(2,860)
Income (loss) before transfers.....	(702)	(114,659)	(19,805)
Transfers			
Transfer in.....	-	-	-
Transfer out.....	-	-	(2,558)
Total transfers in.....	-	-	(2,558)
Changes in net assets.....	(702)	(114,659)	(22,363)
Total net assets (deficit), July 1	77,081	(715,070)	(437,327)
Total net assets (deficit), June 30.....	\$ 76,379	\$ (829,729)	\$ (459,690)

See Independent Auditors' Report.

Municipal Equipment Loan Fund	Unemployment Compensation Contingency Fund	Total Non-major Enterprise Funds
\$ -	\$ -	\$ 1,483,706
-	-	593,678
-	-	135,329
32,042	-	128,755
32,042	-	2,341,468
-	-	705,108
-	-	835,624
-	-	63,274
-	-	981
-	-	1,409
-	-	17,026
-	-	7,245
-	-	970
-	-	391,718
-	23,050	186,959
-	-	11,599
-	-	206,223
-	-	8,885
-	-	10,896
-	-	16,865
-	23,050	2,464,782
32,042	(23,050)	(123,314)
994	4,654	2,788
994	4,654	2,788
33,036	(18,396)	(120,526)
-	367,739	367,739
-	(353,671)	(356,229)
-	14,068	11,510
33,036	(4,328)	(109,016)
2,970,912	235,126	2,130,722
\$ 3,003,948	\$ 230,798	\$ 2,021,706

**STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

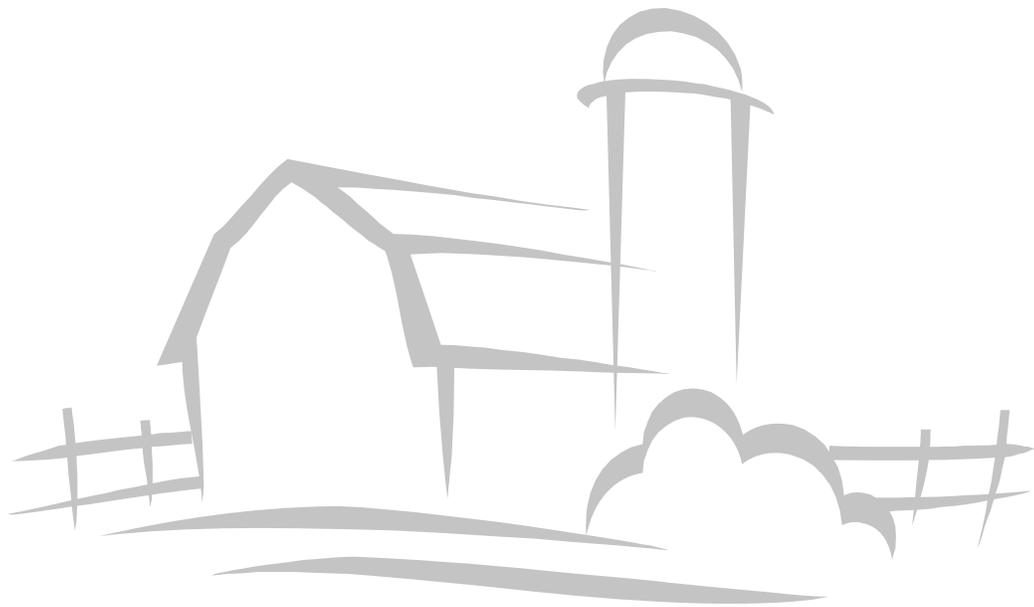
	Industrial Homework Office Fund	Federal Surplus Property Fund	Vermont Life Magazine Fund
Cash Flows from Operating Activities:			
Cash received from customers.....	\$ 83,660	\$ 17,180	\$ 1,791,053
Cash paid to suppliers for goods and services.....	(89)	(50,037)	(1,326,790)
Cash paid to employees for services.....	(66,247)	(84,000)	(716,428)
Other operating revenues (expenses).....	-	-	96,713
Net cash provided (used) by operating activities.....	17,324	(116,857)	(155,452)
Cash Flows from Noncapital Financing Activities:			
Operating/equity transfers.....	-	-	(843)
Interfund loans.....	-	116,857	105,056
Net cash (used) by noncapital financing activities.....	-	116,857	104,213
Cash Flows from Investing Activities:			
Interest earned on investments.....	-	-	(2,860)
Interest & penalties received (paid).....	-	-	-
Excess cash transferred.....	-	-	-
Net cash provided (used) by investing activities.....	-	-	(2,860)
Net increase (Decrease) in cash and cash equivalents.....	17,324	-	(54,099)
Cash and cash equivalents at July 1.....	58,378	-	609,189
Cash and cash equivalents at June 30 (see note below)....	\$ 75,702	\$ -	\$ 555,090
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss).....	\$ (702)	\$ (114,659)	\$ (16,945)
Adjustments to reconcile operating income to Net cash provided (used) by operating activities:			
Depreciation.....	-	-	1,409
(Increase) decrease in accounts/taxes receivable.....	22,387	4,532	(121,641)
(Increase) decrease in loans receivable.....	-	-	-
(Increase) decrease in accrued interest receivable.....	-	-	-
(Increase) decrease in due from other funds.....	-	(19,157)	-
(Increase) decrease in inventories.....	-	33,683	71,193
(Increase) decrease in prepaid expenses.....	-	-	26
Increase (decrease) in accounts payable.....	-	(4,079)	18,863
Increase (decrease) in accrued salaries and benefits.....	(4,361)	1,540	(28,230)
Increase (decrease) in due to other funds.....	-	14,966	-
Increase (decrease) in deferred revenue.....	-	(33,683)	(26,028)
Increase (decrease) in subscription reserves.....	-	-	(54,099)
Total adjustments.....	18,026	(2,198)	(138,507)
Net cash provided (used) by operating activities.....	\$ 17,324	\$ (116,857)	\$ (155,452)

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

See Independent Auditors' Report.

Municipal Equipment Loan Fund	Unemployment Compensation Contingency Fund	Total Non-major Enterprise Funds
\$ 1,077,907	\$ -	\$ 2,969,800
(776,119)	-	(2,153,035)
-	-	(866,675)
-	(7,166)	89,547
301,788	(7,166)	39,637
-	-	(843)
-	-	221,913
-	-	221,070
994	4,654	2,788
-	364,021	364,021
-	(353,671)	(353,671)
994	15,004	13,138
302,782	7,838	273,845
173,535	177,738	1,018,840
\$ 476,317	\$ 185,576	\$ 1,292,685
\$ 32,042	\$ (23,050)	\$ (123,314)
-	-	1,409
-	15,884	(78,838)
248,037	-	248,037
21,709	-	21,709
-	-	(19,157)
-	-	104,876
-	-	26
-	-	14,784
-	-	(31,051)
-	-	14,966
-	-	(59,711)
-	-	(54,099)
269,746	15,884	162,951
\$ 301,788	\$ (7,166)	\$ 39,637

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Vermont

Highway Garage Fund – This fund accounts for the maintenance and rental of equipment to the Agency of Transportation for use in construction, maintenance and operation of the State’s transportation infrastructure.

Offender Work Programs – This fund accounts for the activities of the print shop, sign shop and furniture shop run by the Department of Corrections.

Single Audit Revolving Fund – The purpose of this fund is to account for the costs attributable to the Auditor of Accounts Office’s performance of the annual Single Audit .

Financial & HR Information Fund – The activities of this fund account for the costs of the support of the State’s financial and human capital management ERP systems.

Communications & Information Technology – This fund accounts for the activities of the Department of Information and Innovation’s communications and information technology services.

Fleet Fund – This fund accounts for the Department of Buildings and General Services’ vehicle management activities including the daily and long-term leasing of vehicles for employees use in travel on State business.

E-Procurement Fund - The purpose of the Purchasing Card Program is to establish a more efficient, cost-effective method of purchasing and paying for small dollar transactions and high-volume, repetitive purchases.

Copy Center Fund – This fund’s activities include the Department of Buildings and General Services Print Shop and copier leasing services.

Postage Fund – This fund accounts for the mail services for the Montpelier and Waterbury state complexes including mail collection and delivery, sorting, and applying postage.

Facilities Operations Fund – This fund’s purpose is to provide operating expenses, maintenance, renovations and acquisitions of buildings, grounds and support facilities.

Property Management Fund – This fund’s purpose is to provide State Agencies with safe, comfortable, and efficient space through leasing; purchasing; and planning which enables them to carry out their mission.

Equipment Revolving Fund – This fund is used as an internal lease purchase mechanism of equipment for State agencies and departments.

State Resource Management Fund – This fund accounts for the costs of energy resource conservation measures implemented by departments anticipated to generate a life cycle cost benefit to the state.

State Surplus Property Fund – This fund accounts for the sale of all items that are no longer needed by the State’s agencies and departments.

State Liability Insurance Fund – This fund provides liability insurance coverage for the actions performed by the State’s employees in the course of performing their assigned duties.

Risk Management-All Other Fund – This fund is used to purchase insurance protection for state property and other miscellaneous risks that are specific to certain departments or types of employees, such as judicial liability, liability related to maintenance of railroad tracks, and required bonds for certain state officials.

Workers’ Compensation Fund – This fund provides workers’ compensation coverage for all state employees.

Medical Insurance Fund – This fund provides health coverage for current state employees, retirees, legislators and other groups eligible to participate.

Dental Insurance Fund – This fund provides dental coverage for current state employees, legislators and other groups eligible to participate.

Life Insurance Fund – This fund provides a life insurance policy for current state employees, retirees and other groups eligible to participate.

Long-term Disability Fund – This fund provides an income replacement benefit for state employees that are not eligible to be represented by the employees’ union should they have a long term or permanent disability.

Employees’ Assistance Fund – This fund provides a program that assists state employees and members of their immediate household assistance in addressing problems that impact their lives.

STATE OF VERMONT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2009

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ -	\$ -	\$ -
Accounts receivable.....	659,223	253,247	2,633
Interest receivable.....	-	-	-
Due from other funds.....	16,067	-	-
Inventories, at cost.....	1,330,648	509,689	-
Prepaid expenses.....	2,585	-	-
Total current assets.....	2,008,523	762,936	2,633
Capital Assets:			
Land.....	26,156	-	-
Construction in progress.....	-	-	-
Capital assets being depreciated:			
Machinery, equipment and buildings.....	50,570,287	1,572,140	-
Less accumulated depreciation.....	(29,138,923)	(1,016,781)	-
Total capital assets, net of depreciation.....	21,457,520	555,359	-
Total assets.....	23,466,043	1,318,295	2,633
LIABILITIES			
Accounts payable.....	260,118	80,962	89,758
Accrued salaries and benefits.....	297,460	155,309	-
Claims payable.....	-	-	-
Due to other funds.....	-	-	-
Interfund payable.....	4,800,375	460,913	154,415
Unearned revenue.....	-	-	-
Capital leases payable.....	-	-	-
Total liabilities.....	5,357,953	697,184	244,173
NET ASSETS			
Invested in capital assets, net of related debt.....	21,457,520	555,359	-
Unrestricted (deficit).....	(3,349,430)	65,752	(241,540)
Total net assets.....	\$ 18,108,090	\$ 621,111	\$ (241,540)

See Independent Auditors' Report.

Financial & HR Information Fund	Communcations & Information Technology	Fleet Fund	E-Procurement Fund
\$ 1,206,503	\$ -	\$ -	\$ -
-	2,286,007	526,734	529,167
-	-	-	-
5,860	7,854	171,778	-
-	-	-	-
-	473,139	-	-
1,212,363	2,767,000	698,512	529,167
-	-	-	-
-	-	-	-
31,140	4,495,622	10,426,351	-
(13,235)	(3,334,855)	(4,442,669)	-
17,905	1,160,767	5,983,682	-
1,230,268	3,927,767	6,682,194	529,167
494,381	1,085,570	261,635	358,975
491,212	545,778	38,919	-
-	-	-	-
-	-	-	-
-	1,563,683	6,178,449	170,192
-	414,217	-	-
-	-	-	-
985,593	3,609,248	6,479,003	529,167
17,905	1,160,767	5,983,682	-
226,770	(842,248)	(5,780,491)	-
\$ 244,675	\$ 318,519	\$ 203,191	\$ -

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STATE OF VERMONT
COMBINING STATEMENT OF NET ASSETS, Continued
INTERNAL SERVICE FUNDS
June 30, 2009

	Copy Center Fund	Postage Fund	Facilities Operations Fund
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ -	\$ -	\$ -
Accounts receivable.....	290,682	277,463	709,775
Interest receivable.....	-	-	-
Due from other funds.....	3,710	-	598,496
Inventories, at cost.....	-	466,954	-
Prepaid expenses.....	16,936	2,743	54,867
Total current assets.....	311,328	747,160	1,363,138
Capital Assets:			
Land.....	-	-	-
Construction in progress.....	-	-	4,728,466
Capital assets being depreciated:			
Machinery, equipment and buildings.....	2,548,528	524,037	1,701,689
Less accumulated depreciation.....	(2,008,038)	(448,160)	(1,012,411)
Total capital assets, net of depreciation.....	540,490	75,877	5,417,744
Total assets.....	851,818	823,037	6,780,882
LIABILITIES			
Accounts payable.....	114,447	18,993	1,400,892
Accrued salaries and benefits.....	51,266	61,254	1,462,686
Claims payable.....	-	-	-
Due to other funds.....	-	29,934	-
Interfund payable.....	2,358,984	1,984,176	1,084,904
Unearned revenue.....	-	-	395,696
Capital leases payable.....	-	-	4,728,466
Total liabilities.....	2,524,697	2,094,357	9,072,644
NET ASSETS			
Invested in capital assets, net of related debt.....	540,490	75,877	689,278
Unrestricted (deficit).....	(2,213,369)	(1,347,197)	(2,981,040)
Total net assets.....	\$ (1,672,879)	\$ (1,271,320)	\$ (2,291,762)

Property Management Fund	Equipment Revolving Fund	State Resource Management Fund	State Surplus Property Fund	State Liability Insurance Fund
\$ -	\$ -	\$ -	\$ 81,873	\$ 8,742,024
260,181	1,593,815	180,945	261	-
-	-	-	-	-
9,767	-	-	41,191	-
-	-	-	44,682	-
722,292	-	-	-	-
992,240	1,593,815	180,945	168,007	8,742,024
-	-	-	-	-
-	-	-	-	-
26,287	-	-	13,577	-
(24,679)	-	-	(13,577)	-
1,608	-	-	-	-
993,848	1,593,815	180,945	168,007	8,742,024
124,786	-	24,566	3,081	6,829
139,538	-	-	18,594	-
-	-	-	-	6,281,814
-	-	895	37,157	2,709,078
18,594,841	1,593,815	155,484	-	-
-	-	-	44,682	-
-	-	-	-	-
18,859,165	1,593,815	180,945	103,514	8,997,721
1,608	-	-	-	-
(17,866,925)	-	-	64,493	(255,697)
\$ (17,865,317)	\$ -	\$ -	\$ 64,493	\$ (255,697)

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STATE OF VERMONT
COMBINING STATEMENT OF NET ASSETS, Continued
INTERNAL SERVICE FUNDS
June 30, 2009

	Risk Management - All Other Fund	Workers' Compensation Fund	Medical Insurance Fund
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ -	\$ 17,207,651	\$ 17,215,404
Accounts receivable.....	64,949	33,901	3,813,046
Interest receivable.....	-	2,745	5,370
Due from other funds.....	444	45,781	1,902
Inventories, at cost.....	-	-	-
Prepaid expenses.....	-	-	-
Total current assets.....	65,393	17,290,078	21,035,722
Capital Assets:			
Land.....	-	-	-
Construction in progress.....	-	-	-
Capital assets being depreciated:			
Machinery, equipment and buildings.....	5,380	-	-
Less accumulated depreciation.....	(416)	-	-
Total capital assets, net of depreciation.....	4,964	-	-
Total assets.....	70,357	17,290,078	21,035,722
LIABILITIES			
Accounts payable.....	3,010	31,157	687,979
Accrued salaries and benefits.....	-	166,324	111,049
Claims payable.....	-	20,752,711	10,838,470
Due to other funds.....	3,521	-	-
Interfund payable.....	142,973	-	-
Unearned revenue.....	-	-	17,302
Capital leases payable.....	-	-	-
Total liabilities.....	149,504	20,950,192	11,654,800
NET ASSETS			
Invested in capital assets, net of related debt.....	4,964	-	-
Unrestricted (deficit).....	(84,111)	(3,660,114)	9,380,922
Total net assets.....	\$ (79,147)	\$ (3,660,114)	\$ 9,380,922

Dental Insurance Fund	Life Insurance Fund	Long-Term Disability Fund	Employees' Assistance Fund	Eliminations	Total Internal Service Funds
\$ 860,369	\$ 403,092	\$ 51,825	\$ 67,068	\$ -	\$45,835,809
227,497	76,989	8,281	8,978	-	11,803,774
-	-	-	-	-	8,115
35	14	-	-	(390,208)	512,691
-	-	-	-	-	2,351,973
-	-	-	-	-	1,272,562
1,087,901	480,095	60,106	76,046	(390,208)	61,784,924
-	-	-	-	-	26,156
-	-	-	-	-	4,728,466
-	-	-	-	-	71,915,038
-	-	-	-	-	(41,453,744)
-	-	-	-	-	35,215,916
1,087,901	480,095	60,106	76,046	(390,208)	97,000,840
27,278	126,386	17,354	54,130	-	5,272,287
2,739	1,094	-	-	-	3,543,222
276,407	-	-	-	-	38,149,402
-	-	-	-	(390,208)	2,390,377
-	-	-	-	-	39,243,204
-	-	-	-	-	871,897
-	-	-	-	-	4,728,466
306,424	127,480	17,354	54,130	(390,208)	94,198,855
-	-	-	-	-	30,487,450
781,477	352,615	42,752	21,916	-	(27,685,465)
\$ 781,477	\$ 352,615	\$ 42,752	\$ 21,916	\$ -	\$ 2,801,985

**STATE OF VERMONT
COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund
Operating Revenues:			
Charges for sales and services.....	\$ 12,186,151	\$ 2,491,934	\$ 2,023,014
Rental income.....	287,829	-	-
Other operating revenues.....	38,204	5,125	-
Total operating revenues.....	12,512,184	2,497,059	2,023,014
Operating Expenses:			
Cost of sales and services.....	-	989,525	-
Claims expense.....	-	-	-
Salaries and benefits.....	3,309,426	947,275	737,687
Insurance premium expense.....	1,436	500	-
Contractual services.....	8,978	20,864	1,372,231
Repairs and maintenance.....	623,719	65,004	-
Depreciation.....	4,812,475	68,415	-
Rental expense.....	9,440	33,872	-
Utilities and property management.....	117,983	96,913	-
Non-capital equipment purchased.....	(55,608)	46,053	8,023
Administrative expenses.....	14,058	173,976	22,903
Supplies and parts.....	4,605,006	172,359	7,190
Travel expenses.....	674	12,368	5,079
Other operating expenses.....	-	-	-
Total operating expenses.....	13,447,587	2,627,124	2,153,113
Operating Income(Loss).....	(935,403)	(130,065)	(130,099)
Non-Operating Revenues (Expenses):			
Gain (loss) on disposal of capital assets.....	185,301	-	-
Investment income expense.....	-	-	-
Total non-operating revenues (expenses).....	185,301	-	-
Income (loss) before contributions and transfers.....	(750,102)	(130,065)	(130,099)
Capital contributions from (to) other funds.....	(4,305)	-	-
Transfers in.....	-	-	-
Transfers out.....	(1,485,111)	-	(196,169)
Change in net assets.....	(2,239,518)	(130,065)	(326,268)
Total Net Assets (deficit), July 1.....	20,347,608	751,176	84,728
Total Net Assets (deficit), June 30.....	\$ 18,108,090	\$ 621,111	\$ (241,540)

See Independent Auditors' Report.

Financial & HR Information Fund	Communcations & Information Technology	Fleet Fund	E-Procurement Fund
\$ 6,034,684	\$ 14,033,853	\$ 3,786,278	\$ 4,244,153
-	-	-	-
27,727	-	-	-
6,062,411	14,033,853	3,786,278	4,244,153
-	4,837,785	1,196	4,244,153
-	-	-	-
3,430,394	4,570,471	533,016	-
1,686	1,589	(500)	-
1,200,908	753,901	9,864	-
289,143	409,211	609,168	-
6,228	890,290	1,496,268	-
165,818	534,270	16,863	-
290,090	56,695	26,746	-
352,763	1,384,409	20,470	-
81,981	169,507	94,580	-
22,080	82,452	846,031	-
10,786	44,326	747	-
-	439,672	-	-
5,851,877	14,174,578	3,654,449	4,244,153
210,534	(140,725)	131,829	-
-	(17,892)	82,495	-
-	-	-	-
-	(17,892)	82,495	-
210,534	(158,617)	214,324	-
-	1,696	-	-
-	800,000	-	-
(552,020)	(310,115)	(2,892)	-
(341,486)	332,964	211,432	-
586,161	(14,445)	(8,241)	-
\$ 244,675	\$ 318,519	\$ 203,191	\$ -

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STATE OF VERMONT
 COMBINING STATEMENT OF REVENUES,
 EXPENSES AND CHANGES IN NET ASSETS, Continued
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Copy Center Fund	Postage Fund	Facilities Operations Fund
Operating Revenues:			
Charges for sales and services.....	\$ 2,111,645	\$ 3,148,488	\$ 23,890,322
Rental income.....	-	-	-
Other operating revenues.....	-	-	1,716,675
Total operating revenues.....	2,111,645	3,148,488	25,606,997
Operating Expenses:			
Cost of sales and services.....	204,174	2,466,664	15
Claims expense.....	-	-	-
Salaries and benefits.....	603,094	640,766	12,045,416
Insurance premium expense.....	-	944	297,159
Contractual services.....	7,778	-	498,075
Repairs and maintenance.....	267,544	74,833	1,655,652
Depreciation.....	558,555	19,894	118,193
Rental expense.....	351,449	46,678	948,255
Utilities and property management.....	45,157	32,593	8,267,559
Non-capital equipment purchased.....	90,080	17,069	191,921
Administrative expenses.....	226,491	76,271	1,031,086
Supplies and parts.....	8,456	17,020	2,049,130
Travel expenses.....	1,400	1,196	72,623
Other operating expenses.....	-	-	-
Total operating expenses.....	2,364,178	3,393,928	27,175,084
Operating Income(Loss).....	(252,533)	(245,440)	(1,568,087)
Non-Operating Revenues (Expenses):			
Gain (loss) on disposal of capital assets.....	(13,815)	-	-
Investment income expense.....	-	-	-
Total non-operating revenues (expenses).....	(13,815)	-	-
Income (loss) before contributions and transfers.....	(266,348)	(245,440)	(1,568,087)
Capital contributions from (to) other funds.....	-	-	1,749
Transfers in.....	-	-	2,318,763
Transfers out.....	(2,848)	(45,394)	(177,497)
Change in net assets.....	(269,196)	(290,834)	574,928
Total Net Assets (deficit), July 1.....	(1,403,683)	(980,486)	(2,866,690)
Total Net Assets (deficit), June 30.....	\$ (1,672,879)	\$ (1,271,320)	\$ (2,291,762)

Property Management Fund	Equipment Revolving Fund	State Resource Management Fund	State Surplus Property Fund	State Liability Insurance Fund
\$ -	\$ 284,048	\$ 234,203	\$ 1,027,588	\$ -
12,832,172	-	-	-	-
286,383	-	-	173,956	-
13,118,555	284,048	234,203	1,201,544	-
9,678,766	-	-	975,997	391,350
-	-	-	-	1,663,583
1,181,572	-	-	74,074	296,701
29,848	-	-	-	-
113,308	-	2,380	25,311	586,425
368,502	-	9,816	2,103	121
821	-	-	-	-
56,347	-	-	63,031	18,359
1,419,331	-	-	16,412	19,188
16,828	279,509	220,949	3,323	52,047
363,613	4,539	1,058	39,424	117,560
101,669	-	-	1,642	2,202
3,184	-	-	227	1,092
-	-	-	-	-
13,333,789	284,048	234,203	1,201,544	3,148,628
(215,234)	-	-	-	(3,148,628)
-	-	-	-	-
-	-	-	-	172,830
-	-	-	-	172,830
(215,234)	-	-	-	(2,975,798)
-	-	-	-	-
-	-	-	-	-
(2,529,941)	-	-	-	-
(2,745,175)	-	-	-	(2,975,798)
(15,120,142)	-	-	64,493	2,720,101
\$ (17,865,317)	\$ -	\$ -	\$ 64,493	\$ (255,697)

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STATE OF VERMONT
COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS, Continued
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Risk Management - All Other Fund	Workers' Compensation Fund	Medical Insurance Fund
Operating Revenues:			
Charges for sales and services.....	\$ 1,553,469	\$ 9,044,217	\$ 114,676,551
Rental income.....	-	-	-
Other operating revenues.....	-	100	457,972
Total operating revenues.....	1,553,469	9,044,317	115,134,523
Operating Expenses:			
Cost of sales and services.....	1,137,311	23	-
Claims expense.....	-	8,810,223	104,332,765
Salaries and benefits.....	22,569	1,217,908	839,805
Insurance premium expense.....	-	-	4,078,780
Contractual services.....	22,013	311,113	270,318
Repairs and maintenance.....	14	320	1,289
Depreciation.....	416	-	-
Rental expense.....	3,060	39,904	75,442
Utilities and property management.....	8,204	58,498	19,700
Non-capital equipment purchased.....	8,675	113,180	47,339
Administrative expenses.....	19,770	261,416	6,012,368
Supplies and parts.....	363	6,226	29,643
Travel expenses.....	35	1,289	10,484
Other operating expenses.....	-	-	-
Total operating expenses.....	1,222,430	10,820,100	115,717,933
Operating Income(Loss).....	331,039	(1,775,783)	(583,410)
Non-Operating Revenues (Expenses):			
Gain (loss) on disposal of capital assets.....	-	-	-
Investment income expense.....	-	227,260	376,252
Total non-operating revenues (expenses).....	-	227,260	376,252
Income (loss) before contributions and transfers.....	331,039	(1,548,523)	(207,158)
Capital contributions from (to) other funds.....	-	-	-
Transfers in.....	-	-	-
Transfers out.....	-	(8,496)	-
Change in net assets.....	331,039	(1,557,019)	(207,158)
Total Net Assets (deficit), July 1.....	(410,186)	(2,103,095)	9,588,080
Total Net Assets (deficit), June 30.....	\$ (79,147)	\$ (3,660,114)	\$ 9,380,922

Dental Insurance Fund	Life Insurance Fund	Long-Term Disability Fund	Employees' Assistance Fund	Total Internal Service Funds
\$ 5,812,804	\$ 2,008,670	\$ 210,402	\$ 240,106	\$ 209,042,580
-	-	-	-	13,120,001
-	-	-	-	2,706,142
5,812,804	2,008,670	210,402	240,106	224,868,723
-	-	-	-	24,926,959
5,233,950	-	-	-	120,040,521
18,697	7,484	-	-	30,476,355
-	1,928,743	208,415	237,861	6,786,461
12,000	-	-	-	5,215,467
21	8	-	-	4,376,468
-	-	-	-	7,971,555
697	461	-	-	2,363,946
395	158	-	-	10,475,622
-	-	-	-	2,797,030
341,750	4,588	-	-	9,056,939
131	52	-	-	7,951,652
11	6	-	-	165,527
-	-	-	-	439,672
5,607,652	1,941,500	208,415	237,861	233,044,174
205,152	67,170	1,987	2,245	(8,175,451)
-	-	-	-	236,089
7,471	4,509	-	-	788,322
7,471	4,509	-	-	1,024,411
212,623	71,679	1,987	2,245	(7,151,040)
-	-	-	-	(860)
-	-	-	-	3,118,763
(8,832)	-	-	-	(5,319,315)
203,791	71,679	1,987	2,245	(9,352,452)
577,686	280,936	40,765	19,671	12,154,437
\$ 781,477	\$ 352,615	\$ 42,752	\$ 21,916	\$ 2,801,985

STATE OF VERMONT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund
Cash Flows From Operating Activities:			
Cash received from customers.....	\$ 11,899,352	\$ 2,561,158	\$ 2,190,440
Cash paid to suppliers for goods and services.....	(6,642,589)	(1,559,530)	(1,325,668)
Cash paid to employees for services.....	(3,291,150)	(958,730)	(917,687)
Cash paid to claimants.....	-	-	-
Other operating revenues.....	38,204	5,125	-
Other operating expenses.....	-	-	-
Net cash provided (used) by operating activities.....	2,003,817	48,023	(52,915)
Cash Flows From Noncapital Financing Activities:			
Operating transfers.....	(1,485,111)	-	(196,169)
Interfund loans.....	2,709,029	(3,308)	154,415
Net cash (used) by noncapital financing activities.....	1,223,918	(3,308)	(41,754)
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets.....	(3,618,311)	(59,815)	-
Proceeds from sale of capital assets.....	390,576	-	-
Proceeds from capital leases.....	-	-	-
Net cash used by capital and related financing activities..	(3,227,735)	(59,815)	-
Cash Flows From Investing Activities:			
Interest earned on investments.....	-	-	-
Net cash provided by investing activities.....	-	-	-
Net increase (decrease) in cash and cash equivalents.....	-	(15,100)	(94,669)
Cash and cash equivalents at July 1.....	-	15,100	94,669
Cash and cash equivalents at June 30.....	\$ -	\$ -	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss).....	\$ (935,403)	\$ (130,065)	\$ (130,099)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation.....	4,812,475	68,415	-
(Increase)decrease in accounts receivable.....	(590,695)	69,224	167,426
(Increase)decrease in due from other funds.....	16,067	-	-
(Increase)decrease in inventory.....	369,331	40,888	-
(Increase)decrease in prepaid expenses.....	2,190	-	-
Increase(decrease) in accounts payable.....	(1,688,424)	19,229	89,758
Increase(decrease) in accrued salaries and benefits.....	18,276	(11,455)	-
Increase(decrease) in claims payable.....	-	-	-
Increase(decrease) in due to other funds.....	-	-	(180,000)
Increase(decrease) in deferred revenue.....	-	(8,213)	-
Total adjustments.....	2,939,220	178,088	77,184
Net cash provided (used) by operating activities.....	\$ 2,003,817	\$ 48,023	\$ (52,915)

See Independent Auditors' Report.

Financial & HR Information Fund	Communcations & Information Technology	Fleet Fund	E-Procurement Fund
\$ 6,034,684	\$ 12,864,662	\$ 3,668,606	\$ 4,429,729
(2,153,631)	(7,277,294)	(1,513,468)	(4,252,528)
(3,464,733)	(4,529,770)	(529,631)	-
-	-	-	-
27,727	-	-	-
-	(439,672)	-	-
444,047	617,926	1,625,507	177,201
(552,020)	489,885	(2,892)	-
-	(818,704)	367,656	(177,201)
(552,020)	(328,819)	364,764	(177,201)
-	(289,107)	(2,259,989)	-
-	-	269,718	-
-	-	-	-
-	(289,107)	(1,990,271)	-
-	-	-	-
-	-	-	-
(107,973)	-	-	-
1,314,476	-	-	-
\$ 1,206,503	\$ -	\$ -	\$ -
\$ 210,534	\$ (140,725)	\$ 131,829	\$ -
6,228	890,290	1,496,268	-
-	(1,169,191)	(117,672)	185,576
-	-	-	-
-	-	-	-
-	22,259	-	-
261,624	588,589	111,697	(8,375)
(34,339)	40,701	3,385	-
-	-	-	-
-	-	-	-
-	386,003	-	-
233,513	758,651	1,493,678	177,201
\$ 444,047	\$ 617,926	\$ 1,625,507	\$ 177,201

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STATE OF VERMONT
 COMBINING STATEMENT OF CASH FLOWS, Continued
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Copy Center Fund	Postage Fund	Facilities Operations Fund
Cash Flows From Operating Activities:			
Cash received from customers.....	\$ 2,084,202	\$ 3,252,119	\$ 23,555,936
Cash paid to suppliers for goods and services.....	(1,114,627)	(2,746,719)	(14,036,413)
Cash paid to employees for services.....	(609,646)	(642,634)	(12,118,840)
Cash paid to claimants.....	-	-	-
Other operating revenues.....	-	-	1,716,675
Other operating expenses.....	-	-	-
Net cash provided (used) by operating activities.....	359,929	(137,234)	(882,642)
Cash Flows From Noncapital Financing Activities:			
Operating transfers.....	(2,848)	(45,394)	2,143,015
Interfund loans.....	18,742	260,417	(1,113,592)
Net cash (used) by noncapital financing activities.....	15,894	215,023	1,029,423
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets.....	(391,435)	(77,789)	(4,875,247)
Proceeds from sale of capital assets.....	15,612	-	-
Proceeds from capital leases.....	-	-	4,728,466
Net cash used by capital and related financing activities.....	(375,823)	(77,789)	(146,781)
Cash Flows From Investing Activities:			
Interest earned on investments.....	-	-	-
Net cash provided by investing activities.....	-	-	-
Net increase (decrease) in cash and cash equivalents.....	-	-	-
Cash and cash equivalents at July 1.....	-	-	-
Cash and cash equivalents at June 30.....	\$ -	\$ -	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss).....	\$ (252,533)	\$ (245,440)	\$ (1,568,087)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation.....	558,555	19,894	118,193
(Increase)decrease in accounts receivable.....	(23,733)	103,631	159,596
(Increase)decrease in due from other funds.....	(3,710)	-	(493,982)
(Increase)decrease in inventory.....	-	(56,654)	-
(Increase)decrease in prepaid expenses.....	(16,727)	(1,138)	(54,867)
Increase(decrease) in accounts payable.....	104,629	14,407	692,413
Increase(decrease) in accrued salaries and benefits.....	(6,552)	(1,868)	(73,424)
Increase(decrease) in claims payable.....	-	-	-
Increase(decrease) in due to other funds.....	-	29,934	(58,180)
Increase(decrease) in deferred revenue.....	-	-	395,696
Total adjustments.....	612,462	108,206	685,445
Net cash provided (used) by operating activities.....	\$ 359,929	\$ (137,234)	\$ (882,642)

Property Management Fund	Equipment Revolving Fund	State Resource Management Fund	State Surplus Property Fund	State Liability Insurance Fund
\$ 12,768,644	\$ 698,969	\$ 195,484	\$ 1,039,860	\$ -
(12,106,873)	(310,677)	(208,850)	(1,113,155)	(1,357,149)
(1,187,370)	-	-	(65,202)	(296,701)
-	-	-	-	(1,158,621)
286,383	-	-	173,956	-
-	-	-	-	-
(239,216)	388,292	(13,366)	35,459	(2,812,471)
(2,529,941)	-	-	-	-
2,769,157	(388,292)	13,366	-	-
239,216	(388,292)	13,366	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	172,830
-	-	-	-	172,830
-	-	-	35,459	(2,639,641)
-	-	-	46,414	11,381,665
\$ -	\$ -	\$ -	\$ 81,873	\$ 8,742,024
\$ (215,234)	\$ -	\$ -	\$ -	\$ (3,148,628)
821	-	-	-	-
(121,708)	414,921	(38,719)	53,463	-
58,180	-	-	(41,191)	-
-	-	-	(32,767)	-
11,246	-	-	-	-
33,277	(26,629)	24,566	(1,100)	(10,000)
(5,798)	-	-	8,872	-
-	-	-	-	504,962
-	-	787	15,415	(158,805)
-	-	-	32,767	-
(23,982)	388,292	(13,366)	35,459	336,157
\$ (239,216)	\$ 388,292	\$ (13,366)	\$ 35,459	\$ (2,812,471)

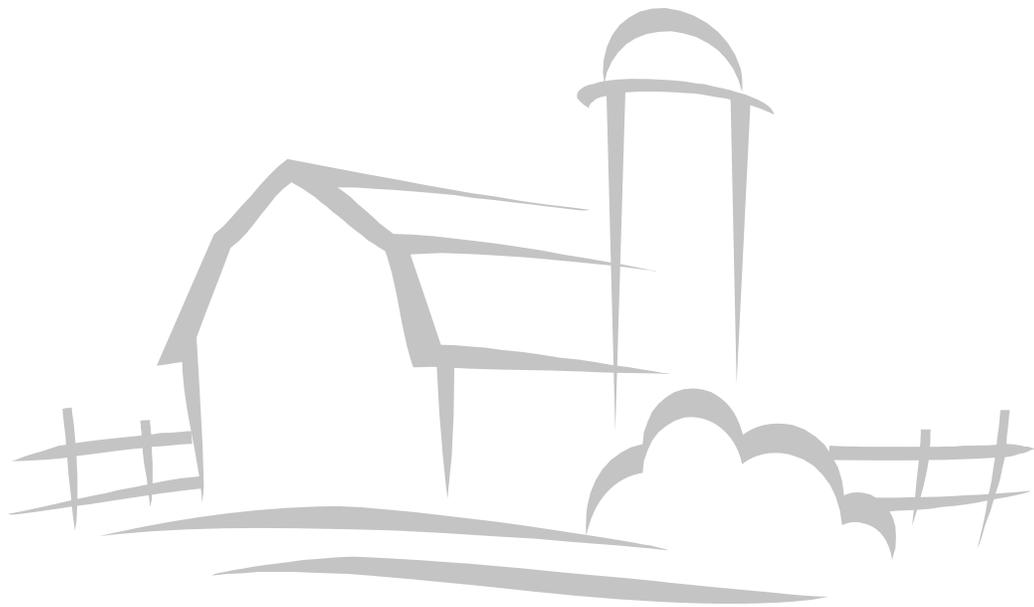
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STATE OF VERMONT
 COMBINING STATEMENT OF CASH FLOWS, Continued
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Risk Management - All Other Fund	Workers Compensation Fund	Medical Insurance Fund
Cash Flows From Operating Activities:			
Cash received from customers.....	\$ 1,773,422	\$ 9,000,928	\$ 114,528,079
Cash paid to suppliers for goods and services.....	(1,231,802)	(812,137)	(10,753,146)
Cash paid to employees for services.....	(22,569)	(1,195,201)	(839,848)
Cash paid to claimants.....	-	(6,679,413)	(104,672,736)
Other operating revenues.....	-	100	457,972
Other operating expenses.....	-	-	-
Net cash provided (used) by operating activities.....	519,051	314,277	(1,279,679)
Cash Flows From Noncapital Financing Activities:			
Operating transfers.....	-	(8,496)	-
Interfund loans.....	(513,671)	-	-
Net cash (used) by noncapital financing activities.....	(513,671)	(8,496)	-
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets.....	(5,380)	-	-
Proceeds from sale of capital assets.....	-	-	-
Proceeds from capital leases.....	-	-	-
Net cash used by capital and related financing activities..	(5,380)	-	-
Cash Flows From Investing Activities:			
Interest earned on investments.....	-	240,342	394,935
Net cash provided by investing activities.....	-	240,342	394,935
Net increase (decrease) in cash and cash equivalents.....	-	546,123	(884,744)
Cash and cash equivalents at July 1.....	-	16,661,528	18,100,148
Cash and cash equivalents at June 30.....	\$ -	\$ 17,207,651	\$ 17,215,404
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss).....	\$ 331,039	\$ (1,775,783)	\$ (583,410)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation.....	416	-	-
(Increase)decrease in accounts receivable.....	219,953	(33,901)	(148,472)
(Increase)decrease in due from other funds.....	-	(9,388)	-
(Increase)decrease in inventory.....	-	-	-
(Increase)decrease in prepaid expenses.....	-	-	-
Increase(decrease) in accounts payable.....	(29,385)	(20,168)	(225,085)
Increase(decrease) in accrued salaries and benefits.....	-	22,707	(43)
Increase(decrease) in claims payable.....	-	2,130,810	(339,971)
Increase(decrease) in due to other funds.....	(2,972)	-	-
Increase(decrease) in deferred revenue.....	-	-	17,302
Total adjustments.....	188,012	2,090,060	(696,269)
Net cash provided (used) by operating activities.....	\$ 519,051	\$ 314,277	\$ (1,279,679)

Dental Insurance Fund	Life Insurance Fund	Long-Term Disability Fund	Employees' Assistance Fund	Total Internal Service Funds
\$ 5,806,863	\$ 2,009,574	\$ 210,629	\$ 241,307	\$ 220,814,647
(355,389)	(1,913,375)	(208,639)	(248,865)	(73,242,524)
(18,382)	(7,360)	-	-	(30,695,454)
(5,212,645)	-	-	-	(117,723,415)
-	-	-	-	2,706,142
-	-	-	-	(439,672)
220,447	88,839	1,990	(7,558)	1,419,724
(8,832)	-	-	-	(2,198,803)
-	-	-	-	3,278,014
(8,832)	-	-	-	1,079,211
-	-	-	-	(11,577,073)
-	-	-	-	675,906
-	-	-	-	4,728,466
-	-	-	-	(6,172,701)
7,471	4,509	-	-	820,087
7,471	4,509	-	-	820,087
219,086	93,348	1,990	(7,558)	(2,853,679)
641,283	309,744	49,835	74,626	48,689,488
\$ 860,369	\$ 403,092	\$ 51,825	\$ 67,068	\$ 45,835,809
\$ 205,152	\$ 67,170	\$ 1,987	\$ 2,245	\$ (8,175,451)
-	-	-	-	7,971,555
(5,941)	904	227	1,201	(873,910)
-	-	-	-	(474,024)
-	-	-	-	320,798
-	-	-	-	(37,037)
(384)	20,641	(224)	(11,004)	(59,948)
315	124	-	-	(39,099)
21,305	-	-	-	2,317,106
-	-	-	-	(353,821)
-	-	-	-	823,555
15,295	21,669	3	(9,803)	9,595,175
\$ 220,447	\$ 88,839	\$ 1,990	\$ (7,558)	\$ 1,419,724

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Vermont

Vermont State Retirement Fund – This is the public defined benefit pension plan provided by the State of Vermont for State employees.

State Teachers' Retirement Fund – This is the public defined benefit pension plan provided by the State of Vermont for State teachers.

Vermont Municipal Employees' Retirement Fund – This is the public pension plan provided by the State of Vermont for participating municipalities' employees.

Vermont State Defined Contribution Fund – This is a retirement plan for those exempt State employees that elected to participate in the defined contribution plan for the Vermont State Retirement System.

Single Deposit Investment Account Fund – This is a tax sheltered account funded through employee transfers from a non-contributing system.

Vermont Municipal Employees' Defined Contribution Fund – This is a retirement plan for those participating municipalities' employees that elected to participate in the defined contribution plan for the Vermont Municipal Employees' Retirement Fund.

Vermont State Postemployment Benefits Trust Fund – This fund's purpose is to accumulate and provide reserves to support retiree postemployment benefits for members of the Vermont state employees' retirement system.

Vermont Municipal Employees' Health Benefit Fund – This is a fund established by the Vermont Municipal Employees' Retirement System's board of directors as a tax-advantaged savings plan that assists retirees in paying for healthcare costs after retirement.

**STATE OF VERMONT
PENSION AND OTHER POSTEMPLOYMENT BENEFITS TRUST FUNDS
COMBINING STATEMENTS OF PLAN NET ASSETS
June 30, 2009**

	Defined Benefit Plans		
	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
Assets:			
Cash and short term investments.....	\$ 2,232,186	\$ 2,148,484	\$ 1,103,898
Receivables:			
Contributions - current.....	4,315,714	2,462,424	2,364,080
Contributions non-current.....	-	-	6,546,347
Interest and dividends.....	3,793	2,916	393,481
Investments sold.....	-	-	-
Due from other funds.....	35,635	-	33,887
Other.....	-	310,438	-
Total receivables.....	4,355,142	2,775,778	9,337,795
Investments at Fair value:			
Pooled investments.....	1,007,287,404	1,135,514,287	264,546,223
Fixed income.....	-	23	-
Equities.....	-	388	-
Real estate and venture capital.....	1,306,170	3,272,912	1,166,402
Mutual funds.....	-	-	-
Total investments.....	1,008,593,574	1,138,787,610	265,712,625
Prepaid expenses.....	-	1,363,987	-
Capital Assets:			
Construction in progress.....	1,152,139	1,322,164	359,443
Capital assets being depreciated:			
Equipment.....	77,261	89,790	41,763
Less accumulated depreciation.....	(44,683)	(51,933)	(24,102)
Total capital assets.....	1,184,717	1,360,021	377,104
Total assets.....	1,016,365,619	1,146,435,880	276,531,422
Liabilities:			
Payable for investments purchased.....	-	-	-
Accounts payable.....	1,547,700	1,225,587	296,000
Retainage payable.....	119,937	144,179	62,993
Due to other funds.....	-	-	-
Total liabilities.....	1,667,637	1,369,766	358,993
Net assets held in trust for employees' pension and other postemployment benefits.....	\$ 1,014,697,982	\$ 1,145,066,114	\$ 276,172,429

See Independent Auditors' Report.

Defined Contribution Plans			Other Postemployment Benefits Funds		Eliminations	Total
Vermont State Defined Contribution Fund	Single Deposit Investment Account Fund	Vermont Municipal Employees' Defined Contribution Fund	Vermont State Postemployment Benefits Trust Fund	Vermont Municipal Employees' Health Benefit Fund		
\$ 181,726	\$ 3,521,761	\$ 62,883	\$ 718,975	\$ 127,398	\$ -	\$ 10,097,311
145,915	-	20,066	-	-	-	9,308,199
-	-	-	-	-	-	6,546,347
-	649,302	-	-	-	-	1,049,492
-	1,236,325	-	-	-	-	1,236,325
-	-	-	485,680	-	(69,522)	485,680
-	-	-	-	-	-	310,438
145,915	1,885,627	20,066	485,680	-	(69,522)	18,936,481
-	-	-	-	-	-	2,407,347,914
-	76,456,190	-	3,068,680	-	-	79,524,893
-	30,840	-	1,249,660	-	-	1,280,888
-	-	-	-	-	-	5,745,484
32,472,751	-	11,607,167	225,587	8,910,561	-	53,216,066
32,472,751	76,487,030	11,607,167	4,543,927	8,910,561	-	2,547,115,245
10,564	-	-	-	-	-	1,374,551
-	-	-	-	-	-	2,833,746
-	-	-	-	-	-	208,814
-	-	-	-	-	-	(120,718)
-	-	-	-	-	-	2,921,842
32,810,956	81,894,418	11,690,116	5,748,582	9,037,959	(69,522)	2,580,445,430
-	2,194,430	-	-	-	-	2,194,430
37,540	-	196	-	-	-	3,107,023
-	-	-	-	-	-	327,109
35,635	-	33,887	-	-	(69,522)	-
73,175	2,194,430	34,083	-	-	(69,522)	5,628,562
\$ 32,737,781	\$ 79,699,988	\$ 11,656,033	\$ 5,748,582	\$ 9,037,959	\$ -	\$ 2,574,816,868

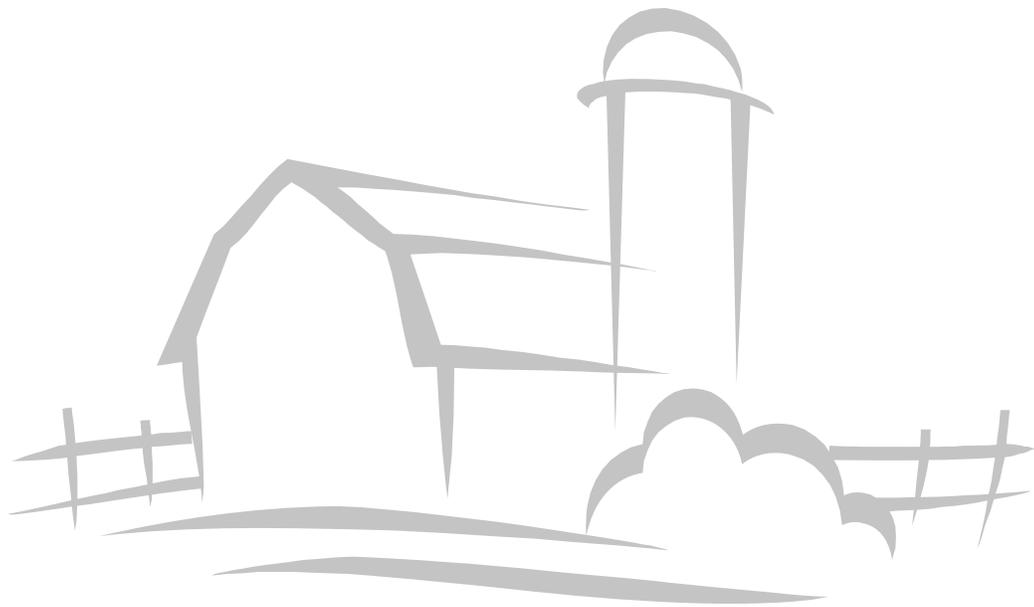
**STATE OF VERMONT
PENSION AND OTHER POSTEMPLOYMENT BENEFITS TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Defined Benefit Plans		
	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
Additions :			
<u>Contributions</u>			
Employer - pension benefit.....	\$ 25,134,235	\$ 19,260,934	\$ 8,008,862
Employer - healthcare benefit.....	-	16,700,000	-
Plan member.....	22,148,754	20,937,686	9,557,973
Transfers from other pension trust funds.....	246,476	453,488	244,624
Transfers from non-state systems.....	795,394	1,911,648	1,077,295
Medicare part D drug subsidy.....	-	1,388,884	-
Total contributions.....	48,324,859	60,652,640	18,888,754
<u>Investment Income:</u>			
Net appreciation (depreciation) in fair value of investments.....	(796,772)	472,870	394,805
Income (loss) from pooled investments.....	(240,509,484)	(306,111,171)	(57,426,538)
Dividends.....	-	-	-
Interest income.....	36,702	85,349	795,048
Securities lending income.....	2,290,357	2,683,170	461,935
Other income.....	586,770	799,619	102,263
Total investment income (loss).....	(238,392,427)	(302,070,163)	(55,672,487)
<u>Less Investment Expenses:</u>			
Investment managers and consultants.....	(4,033,847)	(4,666,821)	(1,139,931)
Securities lending expenses.....	(550,108)	(645,574)	(124,924)
Total investment expenses.....	(4,583,955)	(5,312,395)	(1,264,855)
Net investment income (loss).....	(242,976,382)	(307,382,558)	(56,937,342)
Total additions.....	(194,651,523)	(246,729,918)	(38,048,588)
Deductions:			
Retirement benefits.....	70,043,119	89,825,986	10,228,263
Other post employment benefits.....	-	16,421,176	-
Refunds of contributions.....	1,403,995	1,420,776	1,223,465
Death claims.....	177,194	397,607	246,351
Transfers to other pension trust funds.....	300,772	208,828	552,107
Depreciation.....	18,045	20,976	9,703
Operating expenses.....	1,201,242	1,228,798	579,196
Total deductions.....	73,144,367	109,524,147	12,839,085
Change in net assets.....	(267,795,890)	(356,254,065)	(50,887,673)
Net assets held in trust for employees' pension and other postemployment benefits:			
July 1	1,282,493,872	1,501,320,179	327,060,102
June 30.....	\$ 1,014,697,982	\$ 1,145,066,114	\$ 276,172,429

See Independent Auditors' Report.

Defined Contribution Plans			Other Postemployment Benefits Funds		Eliminations	Total
Vermont State Defined Contribution Fund	Single Deposit Investment Account Fund	Vermont Municipal Employees' Defined Contribution Fund	Vermont State Postemployment Benefit Trust Fund	Vermont Municipal Employees' Health Benefit Fund		
\$ 1,520,354	\$ -	\$ 686,245	\$ -	\$ -	\$ -	\$ 54,610,630
-	-	-	19,893,129	1,944,109	-	38,537,238
657,129	-	640,732	-	-	-	53,942,274
74,926	-	42,193	-	-	(1,061,707)	-
-	-	-	-	-	-	3,784,337
-	-	-	-	-	-	1,388,884
2,252,409	-	1,369,170	19,893,129	1,944,109	(1,061,707)	152,263,363
(7,689,824)	(2,545,458)	(2,831,581)	(93,081)	(873,548)	-	(13,962,589)
-	-	-	-	-	-	(604,047,193)
1,233,497	6,703	381,195	37,850	-	-	1,659,245
2,181	4,185,836	759	141,685	15,604	-	5,263,164
-	730	-	-	-	-	5,436,192
31	5,537	31	-	-	-	1,494,251
(6,454,115)	1,653,348	(2,449,596)	86,454	(857,944)	-	(604,156,930)
-	(331,667)	-	-	(50,299)	-	(10,222,565)
-	-	-	-	-	-	(1,320,606)
-	(331,667)	-	-	(50,299)	-	(11,543,171)
(6,454,115)	1,321,681	(2,449,596)	86,454	(908,243)	-	(615,700,101)
(4,201,706)	1,321,681	(1,080,426)	19,979,583	1,035,866	(1,061,707)	(463,436,738)
2,185,464	6,195,782	472,754	-	-	-	178,951,368
-	-	-	17,894,518	645,233	-	34,960,927
-	-	-	-	-	-	4,048,236
-	-	-	-	-	-	821,152
-	-	-	-	-	(1,061,707)	-
-	-	-	-	-	-	48,724
36,170	-	66,532	-	-	-	3,111,938
2,221,634	6,195,782	539,286	17,894,518	645,233	(1,061,707)	221,942,345
(6,423,340)	(4,874,101)	(1,619,712)	2,085,065	390,633	-	(685,379,083)
39,161,121	84,574,089	13,275,745	3,663,517	8,647,326	-	3,260,195,951
\$ 32,737,781	\$ 79,699,988	\$ 11,656,033	\$ 5,748,582	\$ 9,037,959	\$ -	\$ 2,574,816,868

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Vermont

Agency Funds' Descriptions

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

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

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

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

Employees Credit Union Withholding Fund – This is the fund where employees voluntary withholdings to pay off Vermont State Employees' Credit Union (VSECU) loans or deposits to VSECU accounts (other than net pay) are held until paid to the VSECU.

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

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

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

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

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

STATE OF VERMONT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
RETIREMENT SYSTEM CONTRIBUTIONS AND WITHHOLDINGS FUND				
ASSETS				
Cash.....	\$ 206	\$ 66,257,982	\$ 66,258,188	\$ -
Accounts receivable.....	-	861	-	861
Total assets.....	<u>\$ 206</u>	<u>\$ 66,258,843</u>	<u>\$ 66,258,188</u>	<u>\$ 861</u>
LIABILITIES				
Due to depositories.....	\$ 206	\$ 66,257,982	\$ 66,258,188	\$ -
Interfund payable.....	-	861	-	861
Total liabilities.....	<u>\$ 206</u>	<u>\$ 66,258,843</u>	<u>\$ 66,258,188</u>	<u>\$ 861</u>
FEDERAL INCOME TAX WITHHOLDINGS FUND				
ASSETS				
Cash.....	\$ 5,463	\$ 49,941,462	\$ 49,937,956	\$ 8,969
Total assets.....	<u>\$ 5,463</u>	<u>\$ 49,941,462</u>	<u>\$ 49,937,956</u>	<u>\$ 8,969</u>
LIABILITIES				
Due to depositories.....	\$ 5,463	\$ 49,941,462	\$ 49,937,956	\$ 8,969
Total liabilities.....	<u>\$ 5,463</u>	<u>\$ 49,941,462</u>	<u>\$ 49,937,956</u>	<u>\$ 8,969</u>
STATE INCOME TAX WITHHOLDINGS FUND				
ASSETS				
Cash.....	\$ -	\$ 14,712,324	\$ 14,712,268	\$ 56
Accounts receivable.....	571	-	571	-
Total assets.....	<u>\$ 571</u>	<u>\$ 14,712,324</u>	<u>\$ 14,712,839</u>	<u>\$ 56</u>
LIABILITIES				
Due to depositories.....	\$ -	\$ 14,712,324	\$ 14,712,268	\$ 56
Interfund payable.....	571	-	571	-
Total liabilities.....	<u>\$ 571</u>	<u>\$ 14,712,324</u>	<u>\$ 14,712,839</u>	<u>\$ 56</u>
SOCIAL SECURITY TAX CONTRIBUTIONS AND WITHHOLDINGS FUND				
ASSETS				
Cash.....	\$ -	\$ 68,885,907	\$ 68,885,907	\$ -
Accounts receivable.....	-	19,484	-	19,484
Total assets.....	<u>\$ -</u>	<u>\$ 68,905,391</u>	<u>\$ 68,885,907</u>	<u>\$ 19,484</u>
LIABILITIES				
Due to depositories.....	\$ -	\$ 68,885,907	\$ 68,885,907	\$ -
Interfund payable.....	-	19,484	-	19,484
Total liabilities.....	<u>\$ -</u>	<u>\$ 68,905,391</u>	<u>\$ 68,885,907</u>	<u>\$ 19,484</u>
EMPLOYEES CREDIT UNION WITHHOLDING FUND				
ASSETS				
Cash.....	\$ 9	\$ 41,665,591	\$ 41,665,600	\$ -
Total assets.....	<u>\$ 9</u>	<u>\$ 41,665,591</u>	<u>\$ 41,665,600</u>	<u>\$ -</u>
LIABILITIES				
Due to depositories.....	\$ 9	\$ 41,665,591	\$ 41,665,600	\$ -
Total liabilities.....	<u>\$ 9</u>	<u>\$ 41,665,591</u>	<u>\$ 41,665,600</u>	<u>\$ -</u>
EMPLOYEES INSURANCE CONTRIBUTIONS AND WITHHOLDINGS FUND				
ASSETS				
Cash.....	\$ -	\$ 98,762,151	\$ 98,761,319	\$ 832
Accounts receivable.....	900	2,360	-	3,260
Total assets.....	<u>\$ 900</u>	<u>\$ 98,764,511</u>	<u>\$ 98,761,319</u>	<u>\$ 4,092</u>
LIABILITIES				
Due to depositories.....	\$ 20	\$ 98,763,153	\$ 98,761,319	\$ 1,854
Interfund payable.....	880	1,358	-	2,238
Total liabilities.....	<u>\$ 900</u>	<u>\$ 98,764,511</u>	<u>\$ 98,761,319</u>	<u>\$ 4,092</u>

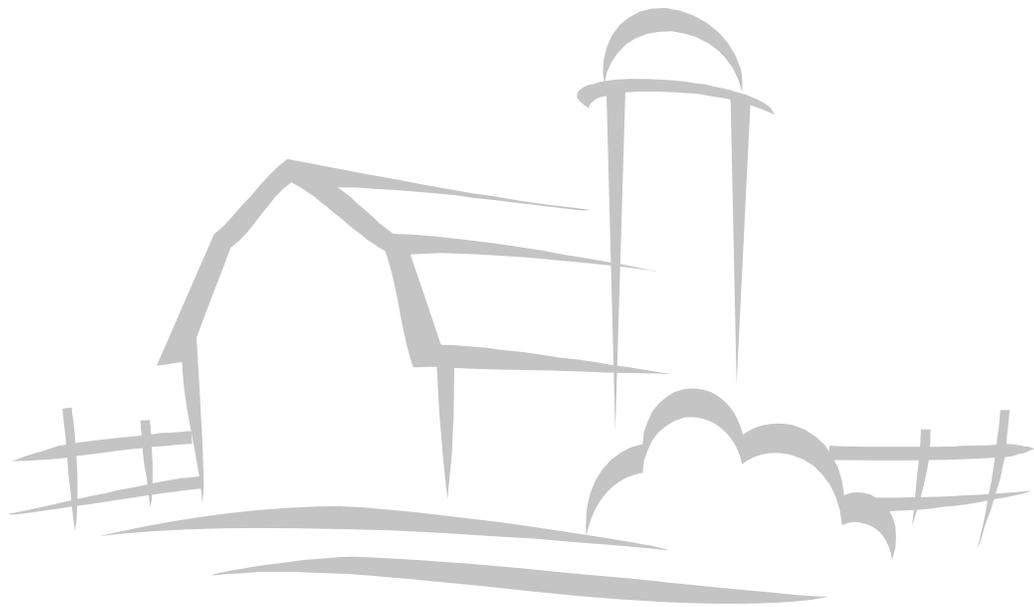
See Independent Auditors' Report.

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STATE OF VERMONT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
EMPLOYEES DEFERRED INCOME WITHHOLDINGS FUND				
ASSETS				
Cash.....	\$ -	\$ 15,824,438	\$ 15,824,438	\$ -
Accounts receivable.....	31	151	-	182
Total assets.....	<u>\$ 31</u>	<u>\$ 15,824,589</u>	<u>\$ 15,824,438</u>	<u>\$ 182</u>
LIABILITIES				
Due to depositories.....	\$ -	\$ 15,824,438	\$ 15,824,438	\$ -
Interfund payable.....	31	151	-	182
Total liabilities.....	<u>\$ 31</u>	<u>\$ 15,824,589</u>	<u>\$ 15,824,438</u>	<u>\$ 182</u>
OTHER EMPLOYEE CONTRIBUTIONS AND WITHHOLDINGS FUND				
ASSETS				
Cash.....	\$ 30,054	\$ 7,717,335	\$ 7,687,169	\$ 60,220
Accounts receivable.....	2,755	32,530	2,755	32,530
Due from other funds.....	23,165	-	23,165	-
Total assets.....	<u>\$ 55,974</u>	<u>\$ 7,749,865</u>	<u>\$ 7,713,089</u>	<u>\$ 92,750</u>
LIABILITIES				
Due to depositories.....	\$ 43,720	\$ 7,730,910	\$ 7,713,089	\$ 61,541
Interfund payable.....	12,254	18,955	-	31,209
Total liabilities.....	<u>\$ 55,974</u>	<u>\$ 7,749,865</u>	<u>\$ 7,713,089</u>	<u>\$ 92,750</u>
VENDOR AND OTHER DEPOSITS FUND				
ASSETS				
Cash.....	\$ 3,909,496	\$ 37,778,706	\$ 34,431,644	\$ 7,256,558
Taxes receivable.....	2,189,808	1,682,741	2,189,808	1,682,741
Accounts receivable.....	70,139	559,754	510,952	118,941
Total assets.....	<u>\$ 6,169,443</u>	<u>\$ 40,021,201</u>	<u>\$ 37,132,404</u>	<u>\$ 9,058,240</u>
LIABILITIES				
Amounts held in custody for others.....	\$ 1,787,423	\$ 10,729,794	\$ 10,556,740	\$ 1,960,477
Intergovernmental payable other governments.....	3,094,799	21,584,607	18,912,089	5,767,317
Other liabilities.....	1,216,863	5,001,123	4,938,372	1,279,614
Interfund payable.....	70,358	50,832	70,358	50,832
Total liabilities.....	<u>\$ 6,169,443</u>	<u>\$ 37,366,356</u>	<u>\$ 34,477,559</u>	<u>\$ 9,058,240</u>
CHILD SUPPORT COLLECTIONS FUND				
ASSETS				
Cash.....	\$ 959,337	\$ 58,392,706	\$ 58,342,582	\$ 1,009,461
Accounts receivable.....	348,035	-	348,035	-
Total assets.....	<u>\$ 1,307,372</u>	<u>\$ 58,392,706</u>	<u>\$ 58,690,617</u>	<u>\$ 1,009,461</u>
LIABILITIES				
Amount held in custody for others.....	\$ 1,307,372	\$ 58,392,706	\$ 58,690,617	\$ 1,009,461
Total liabilities.....	<u>\$ 1,307,372</u>	<u>\$ 58,392,706</u>	<u>\$ 58,690,617</u>	<u>\$ 1,009,461</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash.....	\$ 4,904,565	\$ 459,938,602	\$ 456,507,071	\$ 8,336,096
Accounts receivable.....	422,431	615,140	862,313	175,258
Taxes receivable.....	2,189,808	1,682,741	2,189,808	1,682,741
Due from other funds.....	23,165	-	23,165	-
Total assets.....	<u>\$ 7,539,969</u>	<u>\$ 462,236,483</u>	<u>\$ 459,582,357</u>	<u>\$ 10,194,095</u>
LIABILITIES				
Due to depositories.....	\$ 49,418	\$ 363,781,767	\$ 363,758,765	\$ 72,420
Amounts held in custody for others.....	3,094,795	69,122,500	69,247,357	2,969,938
Intergovernmental payable other governments.....	3,094,799	21,584,607	18,912,089	5,767,317
Other liabilities.....	1,216,863	5,001,123	4,938,372	1,279,614
Interfund payable.....	84,094	91,641	70,929	104,806
Total liabilities.....	<u>\$ 7,539,969</u>	<u>\$ 459,581,638</u>	<u>\$ 456,927,512</u>	<u>\$ 10,194,095</u>

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Vermont

Vermont Economic Development Authority – This is a tax-exempt entity whose purpose is to promote economic prosperity within the State of Vermont by providing capital and direct financing to eligible borrowers.

Vermont Housing & Conservation Board – This is a not for profit entity whose mission is to create affordable housing for Vermonters and to conserve and protect agricultural, historic, natural and recreational sites within Vermont.

Vermont Sustainable Jobs Fund – This is a not for profit entity set up to implement a jobs program.

Vermont Municipal Bond Bank – The Bond Bank's purpose is to create large bond issues on behalf of the States' municipalities and loan the proceeds back to the participating municipalities.

Vermont Educational and Health Buildings Financing Agency – This purpose of this agency is to provide tax-exempt financing to libraries, educational and healthcare providers to assist in the purchase and construction of real and personal property.

Vermont Center for Geographic Information, Inc. – This not for profit organization was created to implement and maintain a geographic information system.

Vermont Veterans' Home – The Vet's home provides care to those that have given to their country and the State of Vermont.

Vermont Rehabilitation Corporation – This not for profit organization's purpose is to provide funding to farmers to reduce their investment costs in an effort to help them be successful.

Vermont Film Corporation - This is a non-profit public corporation, created for the purpose of promoting the state as a location for commercial film and television production, and to facilitate the participation of local individuals and companies in such productions.

STATE OF VERMONT
 COMBINING STATEMENT OF NET ASSETS
 NON-MAJOR COMPONENT UNITS
 June 30, 2009

ASSETS	Vermont Economic Development Authority 06/30/2009	Vermont Housing & Conservation Board 06/30/2009	Vermont Sustainable Jobs Fund 06/30/2009	Vermont Municipal Bond Bank 12/31/2008	Vermont Educational and Health Buildings Financing Agency 12/31/2008
Current Assets:					
Cash and cash equivalents.....	\$ 3,144,010	\$ 9,682,271	\$ 116,646	\$ 2,777,073	\$ 1,266,928
Investments.....	2,603,111	-	-	9,246,923	-
Accounts receivable (net).....	-	-	71,979	23,755	-
Accrued interest receivable - loans.....	241,405	16,322,989	-	2,031,655	-
Loans and notes receivable - current portion.....	10,258,834	271,460	-	40,111,667	-
Other receivables.....	-	57,489	-	-	-
Due from federal government.....	-	12,168,045	-	-	-
Due from primary government.....	-	1,691,209	-	-	-
Inventories (at cost).....	-	-	-	-	-
Other current assets.....	782,923	-	1,000	-	-
Total current assets.....	17,030,283	40,193,463	189,625	54,191,073	1,266,928
Restricted and Non-Current Assets:					
Cash.....	-	-	-	1,097,374	-
Investments.....	20,000,000	-	-	47,762,230	-
Deferred bond issue costs.....	-	-	-	5,952,528	-
Loans and notes receivable (net).....	91,404,822	114,429,066	-	404,172,403	-
Other assets.....	-	-	-	-	-
Total restricted & noncurrent assets.....	111,404,822	114,429,066	-	458,984,535	-
Capital Assets:					
Land.....	250,000	-	-	-	-
Construction in process.....	-	-	-	-	-
Building and leasehold improvements.....	4,630,216	219,279	-	-	-
Equipment, furniture and fixtures.....	527,221	51,942	16,421	-	-
Accumulated depreciation.....	(541,119)	(59,102)	(7,784)	-	-
Total capital assets, net of depreciation.....	4,866,318	212,119	8,637	-	-
Total assets.....	133,301,423	154,834,648	198,262	513,175,608	1,266,928
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities.....	836,055	215,918	42,651	1,423	20,486
Accrued interest payable.....	100,554	-	-	-	-
Bond interest payable.....	-	-	-	1,793,307	-
Deferred revenue.....	-	-	90,474	-	-
Other current liabilities.....	-	8,688,944	-	-	-
Current portion of long-term liabilities.....	90,635,281	-	-	45,207,004	-
Due to primary government.....	68,357	3,102,064	-	-	-
Escrowed cash deposits.....	183,786	-	-	-	-
Advances from primary government.....	1,571,940	-	-	-	-
Total current liabilities.....	93,395,973	12,006,926	133,125	47,001,734	20,486
Restricted and Non-Current Liabilities:					
Bonds and notes payable.....	6,392,822	271,695	-	438,358,452	-
Accrued arbitrage rebate.....	-	-	-	1,071,963	-
Other liabilities.....	-	-	-	-	-
Total restricted and non-current liabilities.....	6,392,822	271,695	-	439,430,415	-
Total liabilities.....	99,788,795	12,278,621	133,125	486,432,149	20,486
NET ASSETS					
Invested in capital assets, net of related debt.....	1,582,795	212,119	8,637	-	-
Restricted.....	22,433,649	142,336,157	-	15,862,536	-
Unrestricted.....	9,496,184	7,751	56,500	10,880,923	1,246,442
Total net assets.....	\$ 33,512,628	\$ 142,556,027	\$ 65,137	\$ 26,743,459	\$ 1,246,442

See Independent Auditors' Report.

Vermont Center For Geographic Information, Inc. 06/30/2009	Vermont Veterans' Home 06/30/2009	Vermont Rehabilitation Corporation 06/30/2009	Vermont Film Corporation 06/30/2009	Vermont Telecommunication Authority 06/30/2009	Total Non-major Component Units
\$ 111,265	\$ 2,648,003	\$ 86,978	\$ 9,203	\$ 255,801	\$ 20,098,178
-	-	-	-	-	11,850,034
12,454	1,920,540	-	-	-	2,028,728
-	-	6,508	-	-	18,602,557
-	-	25,354	-	-	50,667,315
-	-	-	-	-	57,489
-	641,253	-	-	-	12,809,298
-	-	-	-	-	1,691,209
-	110,041	-	-	-	110,041
7,804	-	-	-	-	791,727
131,523	5,319,837	118,840	9,203	255,801	118,706,576
-	-	-	-	-	1,097,374
-	-	-	-	-	67,762,230
-	-	-	-	-	5,952,528
-	-	107,146	-	-	610,113,437
-	5,497	-	-	-	5,497
-	5,497	107,146	-	-	684,931,066
-	313,608	-	-	-	563,608
-	2,678,782	-	-	-	2,678,782
-	15,575,772	-	-	-	20,425,267
123,288	2,993,633	-	-	13,244	3,725,749
(93,256)	(12,520,284)	-	-	(3,741)	(13,225,286)
30,032	9,041,511	-	-	9,503	14,168,120
161,555	14,366,845	225,986	9,203	265,304	817,805,762
20,713	1,946,795	-	8,407	75,352	3,167,800
-	-	-	-	-	100,554
-	-	-	-	-	1,793,307
584	6,026	-	-	-	97,084
-	68,535	-	-	-	8,757,479
-	-	-	-	-	135,842,285
-	449,011	-	-	-	3,619,432
-	-	-	-	-	183,786
-	-	-	-	-	1,571,940
21,297	2,470,367	-	8,407	75,352	155,133,667
-	-	-	-	-	445,022,969
-	-	-	-	-	1,071,963
-	5,044	-	-	-	5,044
-	5,044	-	-	-	446,099,976
21,297	2,475,411	-	8,407	75,352	601,233,643
30,032	9,041,511	-	-	9,503	10,884,597
-	-	-	-	-	180,632,342
110,226	2,849,923	225,986	796	180,449	25,055,180
\$ 140,258	\$ 11,891,434	\$ 225,986	\$ 796	\$ 189,952	\$ 216,572,119

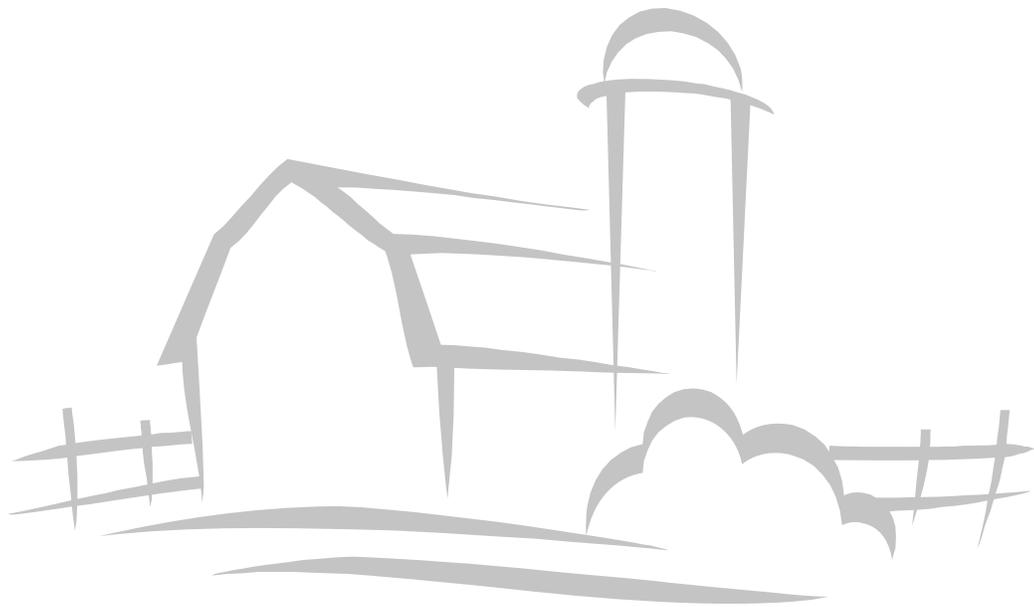
**STATE OF VERMONT
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2009**

	Vermont Economic Development Authority 06/30/2009	Vermont Housing & Conservation Board 06/30/2009	Vermont Sustainable Jobs Fund 06/30/2009	Vermont Municipal Bond Bank 12/31/2008	Vermont Educational and Health Buildings Financing Agency 12/31/2008
Expenses:					
Salaries and benefits.....	\$ 2,132,384	\$ 2,053,307	\$ 295,495	\$ 66,256	\$ 49,859
Other expenses.....	3,965,185	16,868,911	479,103	2,143,901	243,851
Depreciation.....	176,771	12,804	-	-	-
Interest on debt.....	2,126,261	-	-	21,894,053	-
Total expenses.....	8,400,601	18,935,022	774,598	24,104,210	293,710
Program Revenues:					
Charges for services.....	4,026,083	-	17,077	22,816,845	274,724
Operating grants and contributions.....	1,583,794	12,107,937	770,956	-	-
Capital grants and contributions.....	-	991,209	-	-	-
Total program revenues.....	5,609,877	13,099,146	788,033	22,816,845	274,724
Net revenue (expense).....	(2,790,724)	(5,835,876)	13,435	(1,287,365)	(18,986)
General Revenues:					
Property transfer tax.....	-	12,464,095	-	-	-
Investment income.....	815,565	2,226,829	5,102	4,988,414	32,059
Miscellaneous.....	-	32,365	-	-	-
Total general revenues.....	815,565	14,723,289	5,102	4,988,414	32,059
Changes in net assets.....	(1,975,159)	8,887,413	18,537	3,701,049	13,073
Net assets - beginning, restated.....	35,487,787	133,668,614	46,600	23,042,410	1,233,369
Net assets - ending.....	\$ 33,512,628	\$ 142,556,027	\$ 65,137	\$ 26,743,459	\$ 1,246,442

See Independent Auditors' Report.

Vermont Center For Geographic Information, Inc. 06/30/2009	Vermont Veterans' Home 06/30/2009	Vermont Rehabilitation Corporation 06/30/2009	Vermont Film Corporation 06/30/2009	Vermont Telecommunication Authority 06/30/2009	Total Non-major Component Units
\$ 457,960	\$ 12,844,567	\$ -	\$ 154,500	\$ 463,196	\$ 18,517,524
148,422	6,105,304	-	33,827	723,020	30,711,524
23,991	637,227	-	-	2,600	853,393
-	-	-	-	-	24,020,314
<u>630,373</u>	<u>19,587,098</u>	<u>-</u>	<u>188,327</u>	<u>1,188,816</u>	<u>74,102,755</u>
200,001	16,525,888	-	180,318	35,562	44,076,498
408,700	932,984	-	-	1,136,738	16,941,109
-	2,615,538	-	-	-	3,606,747
<u>608,701</u>	<u>20,074,410</u>	<u>-</u>	<u>180,318</u>	<u>1,172,300</u>	<u>64,624,354</u>
(21,672)	487,312	-	(8,009)	(16,516)	(9,478,401)
-	-	-	-	-	12,464,095
-	67	1,427	-	7,070	8,076,533
-	1,484,210	-	-	4,000	1,520,575
<u>-</u>	<u>1,484,277</u>	<u>1,427</u>	<u>-</u>	<u>11,070</u>	<u>22,061,203</u>
(21,672)	1,971,589	1,427	(8,009)	(5,446)	12,582,802
161,930	9,919,845	224,559	8,805	195,398	203,989,317
<u>\$ 140,258</u>	<u>\$ 11,891,434</u>	<u>\$ 225,986</u>	<u>\$ 796</u>	<u>\$ 189,952</u>	<u>\$ 216,572,119</u>

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Vermont

**STATISTICAL SECTION CONTENTS
JUNE 30, 2009**

The Statistical Section of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the State of Vermont's overall financial health. Below is a summary of the components and purpose of the tables provided in this section.

Financial Trends – Tables 1 through 4

These schedules contain trend information extracted from the State's financial statements, to help the reader understand how the State's financial performance and financial position have changed over time.

Revenue Capacity – Tables 5 through 7

These schedules contain information to help the reader assess the State's most significant revenue source – the personal income tax.

Debt Capacity – Tables 8 and 9

These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt, the State's ability to issue additional debt in the future, and related historical trend data.

Demographic and Economic Information – Tables 10 and 11

These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Operating Indicators – Tables 12 through 14

These schedules contain service levels and capital asset data to help the reader understand how the information in the State's financial report relates to the services the State provides to its citizens and visitors.

This information is unaudited.

STATE OF VERMONT
Statistical Section - Table 1
Financial Trends
Net Assets by Component, Last Eight Fiscal Years*
(accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Primary Government:			
Governmental Activities			
Invested in capital assets, net of related debt.....	\$ 1,318,708,102	\$ 1,245,907,690	\$ 1,161,200,173
Restricted.....	121,700,519	117,116,560	143,355,279
Unrestricted.....	(280,552,088)	(112,439,780)	(27,414,383)
Total governmental activities net assets.....	<u>\$ 1,159,856,533</u>	<u>\$ 1,250,584,470</u>	<u>\$ 1,277,141,069</u>
Business-type Activities			
Invested in capital assets, net of related debt.....	\$ 937,241	\$ 583,729	\$ 412,181
Restricted.....	78,451,846	169,205,810	194,832,088
Unrestricted.....	3,655,993	3,327,804	3,742,941
Total business-type activities net assets.....	<u>\$ 83,045,080</u>	<u>\$ 173,117,343</u>	<u>\$ 198,987,210</u>
Primary Government Totals			
Invested in capital assets, net of related debt.....	\$ 1,319,645,343	\$ 1,246,491,419	\$ 1,161,612,354
Restricted.....	200,152,365	286,322,370	338,187,367
Unrestricted.....	(276,896,095)	(109,111,976)	(23,671,442)
Total primary government net assets.....	<u>\$ 1,242,901,613</u>	<u>\$ 1,423,701,813</u>	<u>\$ 1,476,128,279</u>
Discretely Presented Component Units			
Invested in capital assets, net of related debt.....	\$ 190,955,283	\$ 171,918,414	\$ 165,900,933
Restricted.....	610,237,496	605,213,884	606,079,880
Unrestricted.....	116,629,852	180,869,571	231,293,329
Total discretely presented units net assets.....	<u>\$ 917,822,631</u>	<u>\$ 958,001,869</u>	<u>\$ 1,003,274,142</u>

* Net assets information is available only from 2002, when the State implemented the changes required under Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments."

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 1,080,092,389 167,489,838 (85,683,901) <u>\$ 1,161,898,326</u>	\$ 1,055,464,625 111,942,593 (69,649,499) <u>\$ 1,097,757,719</u>	\$ 1,001,388,886 121,352,328 (67,098,959) <u>\$ 1,055,642,255</u>	\$ 928,020,928 90,217,671 (169,421,307) <u>\$ 848,817,292</u>	\$ 783,951,377 94,309,980 (52,608,139) <u>\$ 825,653,218</u>
\$ 371,942 209,321,179 4,014,732 <u>\$ 213,707,853</u>	\$ 483,635 227,855,775 3,845,924 <u>\$ 232,185,334</u>	\$ 464,618 238,547,672 3,529,815 <u>\$ 242,542,105</u>	\$ 533,770 264,989,370 3,122,083 <u>\$ 268,645,223</u>	\$ 504,762 314,711,238 3,606,744 <u>\$ 318,822,744</u>
\$ 1,080,464,331 376,811,017 (81,669,169) <u>\$ 1,375,606,179</u>	\$ 1,055,948,260 339,798,368 (65,803,575) <u>\$ 1,329,943,053</u>	\$ 1,001,883,504 359,900,100 (63,569,144) <u>\$ 1,298,214,460</u>	\$ 928,554,698 355,207,041 (166,299,224) <u>\$ 1,117,462,515</u>	\$ 784,456,139 409,021,218 (49,001,395) <u>\$ 1,144,475,962</u>
\$ 165,430,751 516,629,098 239,323,346 <u>\$ 921,383,195</u>	\$ 171,458,877 470,244,961 215,838,933 <u>\$ 857,542,771</u>	\$ 151,213,394 446,997,871 205,624,698 <u>\$ 803,835,963</u>	\$ 154,068,373 404,226,821 182,059,839 <u>\$ 740,355,033</u>	\$ 159,352,039 364,794,162 177,586,817 <u>\$ 701,733,018</u>

STATE OF VERMONT
Statistical Section - Table 2
Financial Trends
Changes in Net Assets, Last Eight Fiscal Years*
(accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities:				
Expenses:				
General government.....	\$ 116,802,125	\$ 101,536,003	\$ 114,687,717	\$ 110,054,915
Protection to persons & property.....	280,434,303	259,691,386	255,620,540	233,163,452
Human services.....	1,750,910,878	1,652,680,329	1,518,969,474	1,445,867,889
Employment & training.....	29,070,744	28,020,157	24,739,704	21,154,243
General education.....	1,657,335,363	1,614,446,803	1,622,441,379	1,555,673,656
Natural resources.....	98,135,589	95,657,166	85,900,684	82,814,307
Commerce & community development.....	33,309,659	36,953,754	31,946,826	32,251,500
Transportation.....	308,457,417	310,701,544	307,899,295	301,625,876
Public service enterprises.....	3,894,263	4,502,606	1,890,030	1,994,246
Interest on long-term debt.....	18,713,803	19,360,558	20,072,137	21,046,866
Total expenses.....	<u>4,297,064,144</u>	<u>4,123,550,306</u>	<u>3,984,167,786</u>	<u>3,805,646,950</u>
Program revenues:				
Charges for services:				
General government.....	\$ 23,075,643	\$ 20,973,026	\$ 52,384,238	\$ 46,748,777
Protection to persons & property.....	151,730,311	112,100,404	115,546,052	97,700,416
Human services.....	22,310,753	15,682,861	14,806,660	33,474,522
Natural resources.....	23,749,288	25,513,793	23,077,637	23,868,138
Transportation.....	81,435,147	86,370,146	86,295,037	74,645,995
Other.....	15,838,379	12,857,144	7,511,061	4,789,438
Operating grants & contributions.....	1,315,549,979	1,182,604,550	1,083,831,907	1,072,041,991
Capital grants & contributions.....	165,843,939	151,735,213	167,180,872	128,657,913
Total program revenues.....	<u>1,799,533,439</u>	<u>1,607,837,137</u>	<u>1,550,633,464</u>	<u>1,481,927,190</u>
Total governmental activities net program expense.....	<u>(2,497,530,705)</u>	<u>(2,515,713,169)</u>	<u>(2,433,534,322)</u>	<u>(2,323,719,760)</u>
General revenues and other changes in net assets:				
Taxes:				
Personal and corporate income.....	\$ 572,032,043	\$ 698,304,586	\$ 679,886,186	\$ 612,565,565
Sales and use.....	317,599,085	336,164,340	332,314,113	327,074,633
Meals and rooms.....	117,842,121	119,758,150	116,888,579	111,570,407
Purchase and use.....	65,861,624	79,084,039	80,590,615	80,987,232
Motor fuel.....	64,303,367	65,080,036	65,426,866	67,579,632
Statewide property.....	876,407,774	798,904,652	878,714,663	813,588,165
Other taxes.....	326,518,745	317,438,225	331,016,679	317,186,837
Unrestricted investment earnings.....	2,635,461	8,731,712	11,285,923	7,426,303
Tobacco litigation settlement.....	42,879,252	38,236,100	24,985,722	24,056,870
Miscellaneous.....	2,178,455	3,555,121	3,431,989	2,276,594
Transfers.....	21,944,841	23,899,609	24,235,730	23,548,129
Extraordinary item:				
Gain (loss) on forgiveness of debt.....	-	-	-	-
Total general revenues and other changes in net assets.....	<u>2,410,202,768</u>	<u>2,489,156,570</u>	<u>2,548,777,065</u>	<u>2,387,860,367</u>
Total governmental activities change in net assets.....	<u>\$ (87,327,937)</u>	<u>\$ (26,556,599)</u>	<u>\$ 115,242,743</u>	<u>\$ 64,140,607</u>

* Changes in net assets information is available only from 2002, when the State implemented the changes required under Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments."

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 130,521,043	\$ 98,474,432	\$ 51,573,621	\$ 87,431,591
213,426,040	196,013,649	186,817,842	173,208,802
1,392,265,594	1,299,865,739	1,185,924,153	1,046,568,774
20,582,854	26,290,402	27,906,916	25,972,322
1,446,411,207	1,149,533,015	1,096,988,222	1,035,750,817
78,421,902	72,892,394	69,459,648	71,367,475
35,651,341	29,862,767	33,849,108	36,782,068
269,066,282	251,788,690	236,214,373	257,519,692
1,649,863	1,898,161	1,897,774	2,001,936
19,306,820	22,590,740	26,358,563	23,549,404
<u>3,607,302,946</u>	<u>3,149,209,989</u>	<u>2,916,990,220</u>	<u>2,760,152,881</u>
\$ 59,498,045	\$ 44,679,001	\$ 11,603,365	\$ 9,699,360
78,017,142	81,275,686	79,397,311	73,459,483
20,716,612	22,778,569	30,390,548	24,892,193
24,437,759	20,829,414	18,962,892	24,057,234
69,299,051	68,373,760	63,778,498	54,870,144
4,355,367	7,762,062	7,518,156	8,780,996
1,032,577,419	1,096,788,598	935,183,708	831,069,156
130,645,583	113,007,095	116,022,645	144,363,660
<u>1,419,546,978</u>	<u>1,455,494,185</u>	<u>1,262,857,123</u>	<u>1,171,192,226</u>
<u>(2,187,755,968)</u>	<u>(1,693,715,804)</u>	<u>(1,654,133,097)</u>	<u>(1,588,960,655)</u>
\$ 568,058,897	\$ 496,301,917	\$ 404,947,697	\$ 429,430,661
312,395,227	264,336,818	205,205,492	217,685,005
111,979,770	109,914,847	95,354,842	100,622,918
84,046,573	86,363,011	82,089,177	79,455,165
67,334,972	68,654,068	71,257,920	69,223,434
732,330,555	487,535,603	453,868,075	424,243,836
294,257,364	329,543,672	284,253,279	236,994,926
6,664,257	3,130,140	4,602,180	4,529,099
26,205,607	25,819,716	30,545,249	31,000,098
5,875,143	7,194,789	2,446,521	2,284,384
20,722,967	19,957,578	16,582,383	16,929,798
-	-	(7,500,000)	-
<u>2,229,871,332</u>	<u>1,898,752,159</u>	<u>1,643,652,815</u>	<u>1,612,399,324</u>
<u>\$ 42,115,364</u>	<u>\$ 205,036,355</u>	<u>\$ (10,480,282)</u>	<u>\$ 23,438,669</u>

continued on next page ----->

STATE OF VERMONT
Statistical Section - Table 2
Financial Trends
Changes in Net Assets, Last Eight Fiscal Years*, Continued
(accrual basis of accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Business-type activities:				
Expenses:				
Vermont Lottery Commission.....	\$ 74,895,581	\$ 79,595,887	\$ 81,224,645	\$ 82,262,856
Liquor Control.....	46,376,992	45,311,653	43,186,763	40,511,410
Unemployment Compensation.....	214,560,736	98,955,469	94,396,459	85,483,130
Other.....	2,470,608	3,139,932	2,936,606	2,948,294
Total expenses.....	338,303,917	227,002,941	221,744,473	211,205,690
Revenues:				
Charges for services:				
Vermont Lottery Commission.....	95,982,802	102,000,627	104,550,857	104,878,624
Liquor Control.....	47,788,549	45,926,628	43,994,124	41,480,297
Unemployment Compensation.....	117,920,196	65,327,271	70,821,223	57,428,204
Other.....	2,341,468	3,027,266	2,598,672	2,648,873
Total program revenues.....	264,033,015	216,281,792	221,964,876	206,435,998
Total business-type activities net program expense	(74,270,902)	(10,721,149)	220,403	(4,769,692)
General revenues and other changes in net assets:				
Unrestricted investment earnings.....	6,034,822	8,740,362	9,286,126	9,831,999
Miscellaneous.....	-	10,529	8,558	8,341
Capital asset transfers.....	-	-	-	-
Transfers.....	(21,944,841)	(23,899,609)	(24,235,730)	(23,548,129)
Total other changes in net assets.....	(15,910,019)	(15,148,718)	(14,941,046)	(13,707,789)
Total business-type activities change in net assets.....	\$ (90,180,921)	\$ (25,869,867)	\$ (14,720,643)	\$ (18,477,481)
Total primary government change in net assets.....	\$ (177,508,858)	\$ (52,426,466)	\$ 100,522,100	\$ 45,663,126
Component units:				
Expenses:				
Vermont Student Assistance Corporation.....	\$ 153,088,000	\$ 199,476,000	\$ 176,918,000	\$ 154,884,000
University of Vermont & State Agricultural College.....	577,357,000	559,961,000	505,403,000	453,127,000
Vermont State Colleges.....	165,975,359	154,614,471	141,662,574	135,102,593
Vermont Housing Finance Agency.....	51,876,566	NA	NA	NA
Other.....	74,102,755	65,527,200	70,645,626	61,848,235
Total expenses.....	1,022,399,680	979,578,671	894,629,200	804,961,828
Program revenues:				
Charges for services:				
Vermont Student Assistance Corporation.....	\$ 82,628,000	\$ 106,106,000	\$ 106,540,000	\$ 84,537,000
University of Vermont & State Agricultural College.....	314,917,000	290,105,000	262,342,000	241,837,000
Vermont State Colleges.....	105,179,309	95,771,945	91,035,108	83,360,619
Vermont Housing Finance Agency.....	727,525	-	-	-
Other.....	44,076,498	45,210,709	44,385,811	41,440,876
Operating grants & contributions.....	337,110,213	344,597,739	343,609,242	335,394,901
Capital grants & contributions.....	11,847,096	14,506,269	19,093,518	10,651,167
Total program revenues.....	896,485,641	896,297,662	867,005,679	797,221,563
Total component units net program expense	(125,914,039)	(83,281,009)	(27,623,521)	(7,740,265)
General revenues and other changes in net assets:				
Taxes.....	\$ 12,464,095	\$ 15,483,258	\$ 13,763,883	\$ 15,671,180
Unrestricted investment earnings.....	(13,249,494)	19,392,520	93,754,115	55,017,880
Other.....	2,262,658	2,048,258	1,504,400	891,629
Extraordinary Items:				
Gain (loss) on forgiveness of debt.....	-	-	-	-
Loss on extinguishment of debt.....	-	-	-	-
Total general revenues and other changes in net assets.....	1,477,259	36,924,036	109,022,398	71,580,689
Total component units change in net assets.....	\$ (124,436,780)	\$ (46,356,973)	\$ 81,398,877	\$ 63,840,424

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 71,719,711	\$ 72,319,680	\$ 63,650,809	\$ 65,590,029
38,155,229	36,236,080	34,357,279	33,311,074
79,967,905	99,549,897	130,315,726	88,557,267
3,872,621	2,726,827	3,026,310	2,823,430
<u>193,715,466</u>	<u>210,832,484</u>	<u>231,350,124</u>	<u>190,281,800</u>
92,599,609	92,389,082	79,412,447	82,000,455
39,209,269	36,665,547	34,254,147	33,118,564
57,249,620	58,540,541	63,633,038	66,441,794
2,919,253	2,603,675	2,920,076	2,825,694
<u>191,977,751</u>	<u>190,198,845</u>	<u>180,219,708</u>	<u>184,386,507</u>
<u>(1,737,715)</u>	<u>(20,633,639)</u>	<u>(51,130,416)</u>	<u>(5,895,293)</u>
12,388,648	14,502,200	18,011,637	19,964,380
(274,809)	15,899	2,646	295
(39,928)	-	-	-
(20,722,967)	(19,957,578)	(16,582,383)	(16,929,798)
(8,649,056)	(5,439,479)	1,431,900	3,034,877
<u>\$ (10,386,771)</u>	<u>\$ (26,073,118)</u>	<u>\$ (49,698,516)</u>	<u>\$ (2,860,416)</u>
<u>\$ 31,728,593</u>	<u>\$ 178,963,237</u>	<u>\$ (60,178,798)</u>	<u>\$ 20,578,253</u>
\$ 130,083,000	\$ 94,333,000	\$ 93,829,000	\$ 99,644,000
423,317,000	406,661,000	379,503,000	345,610,000
125,540,113	118,800,228	106,498,224	100,250,838
NA	NA	NA	NA
58,683,189	61,499,406	61,389,984	59,012,629
<u>737,623,302</u>	<u>681,293,634</u>	<u>641,220,208</u>	<u>604,517,467</u>
\$ 65,044,000	\$ 59,562,000	\$ 57,775,000	\$ 60,200,000
215,925,000	201,196,000	182,705,000	178,577,000
76,556,436	69,421,442	58,679,187	57,995,029
41,326,019	37,404,981	37,123,566	32,725,161
317,304,332	302,914,264	285,898,126	262,975,790
16,618,040	9,857,101	12,349,755	10,038,000
<u>732,773,827</u>	<u>680,355,788</u>	<u>634,530,634</u>	<u>602,510,980</u>
<u>(4,849,475)</u>	<u>(937,846)</u>	<u>(6,689,574)</u>	<u>(2,006,487)</u>
\$ 12,604,000	\$ 12,604,000	\$ 11,088,000	\$ 11,088,000
45,836,899	53,154,281	27,195,488	5,910,584
65,384	205,240	62,323	-
-	-	7,500,000	-
-	-	(755,815)	-
<u>58,506,283</u>	<u>65,963,521</u>	<u>45,089,996</u>	<u>16,998,584</u>
<u>\$ 53,656,808</u>	<u>\$ 65,025,675</u>	<u>\$ 38,400,422</u>	<u>\$ 14,992,097</u>

STATE OF VERMONT
Statistical Section - Table 3
Financial Trends
Fund Balances, Governmental Funds*
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2009	2008	2007	2006
General Fund				
Reserved.....	\$ 103,186,450	\$ 101,264,674	\$ 94,972,963	\$ 93,133,111
Unreserved.....	46,713,340	54,458,250	68,056,829	68,316,939
Total General Fund.....	<u>\$ 149,899,790</u>	<u>\$ 155,722,924</u>	<u>\$ 163,029,792</u>	<u>\$ 161,450,050</u>
All Other Governmental Funds				
Reserved.....	\$ 71,115,109	\$ 75,076,011	\$ 70,650,210	\$ 79,807,902
Unreserved, reported in:				
Special revenue funds.....	98,211,563	145,880,785	160,165,603	156,102,410
Capital projects funds.....	24,758,177	32,616,541	26,294,481	22,096,858
Permanent funds.....	11,899,617	11,269,155	11,546,644	9,636,760
Total all other governmental funds.....	<u>\$ 205,984,466</u>	<u>\$ 264,842,492</u>	<u>\$ 268,656,938</u>	<u>\$ 267,643,930</u>

* Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," was implemented by the State in fiscal year 2002. Permanent funds and certain special revenue funds were reported as fiduciary trust funds prior to this implementation. Amounts for fiscal years 2001 and earlier have not been restated to reclassify these funds.

Fiscal Year

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 95,058,522	\$ 92,751,312	\$ 52,690,713	\$ 51,695,723	\$ 86,174,465	\$ 114,149,646
68,609,646	61,974,484	47,061,962	97,898,194	86,583,269	54,991,249
<u>\$ 163,668,168</u>	<u>\$ 154,725,796</u>	<u>\$ 99,752,675</u>	<u>\$ 149,593,917</u>	<u>\$ 172,757,734</u>	<u>\$ 169,140,895</u>
\$ 63,821,409	\$ 61,817,802	\$ 46,533,226	\$ 54,367,194	\$ 35,353,352	\$ 36,275,097
127,908,578	143,967,418	66,061,162	82,458,887	94,681,498	94,568,979
20,816,577	36,362,811	37,299,263	51,798,769	22,363,376	22,526,489
4,413,943	1,790,948	1,705,584	1,518,780	-	-
<u>\$ 216,960,507</u>	<u>\$ 243,938,979</u>	<u>\$ 151,599,235</u>	<u>\$ 190,143,630</u>	<u>\$ 152,398,226</u>	<u>\$ 153,370,565</u>

STATE OF VERMONT
Statistical Section - Table 4
Financial Trends
Changes in Fund Balances, Governmental Funds*
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2009	2008	2007	2006
REVENUES:				
Taxes.....	\$ 2,372,150,204	\$ 2,409,100,087	\$ 2,460,570,749	\$ 2,337,341,048
Fees.....	82,561,339	61,444,288	70,221,353	52,813,029
Sales of services, rents and leases.....	23,722,649	17,697,138	13,723,675	13,455,255
Federal grants.....	1,426,346,971	1,317,932,182	1,243,957,617	1,195,618,641
Fines, forfeits and penalties.....	27,088,809	21,971,622	19,315,425	19,172,068
Investment income.....	4,055,855	11,993,621	17,316,519	11,468,734
Licenses.....	94,517,297	96,079,069	92,593,084	82,772,243
Special assessments.....	59,196,268	44,802,264	29,062,116	27,320,199
Other revenues.....	86,114,619	80,021,482	71,338,330	58,327,506
Total revenues.....	4,175,754,011	4,061,041,753	4,018,098,868	3,798,288,723
EXPENDITURES:				
General government.....	96,344,387	85,545,323	66,604,950	63,454,504
Protection to persons and property.....	265,401,642	250,028,181	247,732,080	227,084,839
Human services.....	1,717,878,426	1,637,939,588	1,521,057,433	1,433,190,205
Employment and training.....	13,564,620	27,056,304	24,487,881	21,090,488
General education.....	1,583,190,794	1,533,339,872	1,609,653,282	1,513,711,838
Natural resources.....	111,566,943	97,320,555	97,456,248	93,672,918
Commerce and community development.....	19,941,208	35,464,540	30,607,512	30,842,981
Transportation.....	379,343,998	369,814,833	379,347,072	321,421,189
Public service enterprises.....	3,892,835	4,501,715	1,890,030	1,994,246
Capital outlay.....	56,289,447	37,208,418	37,034,547	43,062,733
Debt service:				
Interest.....	23,369,012	22,083,473	23,032,806	21,958,988
Principal.....	48,090,039	46,614,556	46,097,158	45,272,088
Total expenditures.....	4,318,873,351	4,146,917,358	4,085,000,999	3,816,757,017
Excess of revenues over (under) expenditures.....	(143,119,340)	(85,875,605)	(66,902,131)	(18,468,294)
Other financing sources (uses):				
Proceeds from the sale of bonds.....	50,500,000	46,000,000	44,500,000	45,000,000
Proceeds from the sale of refunding bonds.....	-	29,195,000	-	-
Premium on sale of bonds.....	1,850,421	798,046	305,058	744,195
Payment to bond escrow agent.....	-	(29,375,437)	-	-
Premium on sale of short-term notes.....	-	-	-	-
Residual equity transfer.....	-	-	-	-
Transfers in.....	1,328,984,568	1,212,740,225	1,092,592,826	1,155,078,201
Transfers out.....	(1,302,896,809)	(1,184,603,543)	(1,067,903,003)	(1,133,888,797)
Total other financing sources (uses).....	78,438,180	74,754,291	69,494,881	66,933,599
Extraordinary item:				
Loss on forgiveness of debt.....	-	-	-	-
Net change in fund balances.....	\$ (64,681,160)	\$ (11,121,314)	\$ 2,592,750	\$ 48,465,305
 Debt service as a percentage of noncapital expenditures*.....	 1.72%	 1.72%	 1.77%	 1.83%

* The State implemented Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," in fiscal year 2002. Prior to this, the State did not maintain information necessary for computing debt service as a percentage of noncapital expenditures in the governmental funds. Additionally, prior to fiscal year 2002, certain special revenue funds and the permanent funds were reported as fiduciary funds; amounts for years prior to 2002 have not been restated to include data for those funds in this table.

Fiscal Year					
2005	2004	2003	2002	2001	2000
\$ 2,160,130,972	\$ 1,831,301,567	\$ 1,615,244,889	\$ 1,600,725,756	\$ 1,590,021,858	\$ 1,529,512,665
58,290,625	46,613,828	47,770,289	36,708,774	36,193,167	34,442,295
13,250,908	14,211,562	14,031,691	15,613,693	11,044,242	17,481,955
1,149,686,863	1,195,394,472	1,036,188,776	964,141,863	849,190,708	847,344,627
19,382,893	22,136,295	15,150,570	14,209,581	9,449,787	10,489,734
7,905,566	4,579,721	5,561,830	6,883,583	12,813,248	11,548,738
79,897,287	78,413,620	71,827,369	66,126,632	70,037,167	67,484,136
25,154,296	25,865,976	22,454,287	21,629,014	12,797,215	9,329,929
69,137,334	77,710,776	85,137,810	78,526,877	43,052,988	39,170,217
3,582,836,744	3,296,227,817	2,913,367,511	2,804,565,773	2,634,600,380	2,566,804,296
69,637,852	59,420,753	56,610,063	71,394,584	91,208,675	72,377,387
222,239,431	200,556,219	184,257,770	174,438,289	141,541,764	134,520,793
1,397,574,415	1,298,524,173	1,200,628,758	1,064,306,490	910,389,884	910,137,339
20,946,037	26,193,011	27,904,668	26,285,028	25,999,908	27,631,323
1,414,259,100	1,119,927,687	1,067,249,406	1,021,058,900	894,781,354	893,172,183
82,298,019	76,194,919	84,602,070	86,309,386	86,780,546	88,148,291
35,026,161	28,628,106	32,963,605	34,094,561	34,941,291	30,920,684
310,061,273	289,728,406	284,978,570	311,109,113	294,277,972	267,400,584
1,649,863	1,898,161	1,897,774	2,001,936	1,257,308	1,272,134
52,773,840	41,195,540	40,702,096	34,727,809	12,132,666	4,971,000
22,004,546	27,213,333	23,687,879	23,804,098	23,310,944	23,525,283
45,348,153	43,620,613	49,526,115	45,410,549	50,585,000	51,330,000
3,673,818,690	3,213,100,921	3,055,008,774	2,894,940,743	2,567,207,312	2,505,407,001
(90,981,946)	83,126,896	(141,641,263)	(90,374,970)	67,393,068	61,397,295
41,000,000	42,200,000	35,800,000	51,000,000	-	37,000,000
23,267,099	146,554,448	31,555,000	-	-	-
93,445	1,838,750	2,413,804	123,348	-	-
(22,431,596)	(146,071,943)	(33,778,426)	-	-	-
-	-	678,750	-	-	-
-	-	-	-	-	-
478,209,945	438,309,704	401,290,002	347,614,574	357,861,384	350,741,856
(447,193,047)	(418,644,990)	(382,222,560)	(326,202,917)	(422,024,569)	(406,939,405)
72,945,846	64,185,969	55,736,570	72,535,005	(64,163,185)	(19,197,549)
-	-	(2,204,948)	-	-	-
\$ (18,036,100)	\$ 147,312,865	\$ (88,109,641)	\$ (17,839,965)	\$ 3,229,883	\$ 42,199,746
1.91%	2.31%	2.59%	2.49%	not available	not available

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

	<u>2009 (1)</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total personal income	\$ 23,794,000	\$ 24,034,394	\$ 23,412,947	\$ 22,339,920
Earnings	16,475,000	17,161,355	16,767,749	16,209,792
Farm earnings	115,000	160,683	221,413	118,967
Non-farm earnings	16,360,000	17,000,672	16,546,336	16,090,825
Private earnings	13,136,000	13,860,527	13,581,165	13,238,000
Forestry, fishing, related activities	70,000	71,014	66,834	68,742
Mining	43,000	53,756	58,219	58,027
Utilities	231,000	223,421	214,552	204,133
Construction	965,000	1,184,443	1,354,110	1,384,515
Manufacturing	2,135,000	2,319,152	2,289,213	2,219,880
Durable goods	1,629,000	1,774,260	1,764,768	1,708,263
Nondurable goods	506,000	544,892	524,445	511,617
Wholesale trade	651,000	686,474	657,877	645,792
Retail trade	1,351,000	1,417,803	1,400,445	1,382,141
Transportation and warehousing	394,000	420,905	405,127	397,537
Information	289,000	333,984	335,483	327,035
Finance and insurance	716,000	812,081	788,758	739,131
Real estate and rental and leasing	164,000	178,051	184,316	202,756
Professional and technical services	1,258,000	1,299,129	1,234,601	1,220,683
Management of companies and enterprises	33,000	19,199	14,226	13,676
Administrative and waste services	419,000	420,935	390,117	372,252
Education services	543,000	536,141	506,036	483,037
Healthcare and social assistance	2,424,000	2,348,723	2,188,220	2,068,180
Arts, entertainment, and recreation	146,000	145,499	140,581	140,271
Accommodation and food services	657,000	717,727	704,925	675,177
Other services, except public administration	647,000	672,090	647,525	635,035
Government and government enterprises	3,224,000	3,140,145	2,965,171	2,852,825
Federal, civilian	627,000	576,047	535,757	518,821
Military	209,000	180,539	158,654	152,450
State and local	2,388,000	2,383,559	2,270,760	2,181,554
State	N/A	1,035,776	976,906	936,489
Local	N/A	1,347,783	1,293,854	1,245,065
Other personal income (2)	7,319,000	6,873,039	6,645,198	6,130,128
Average effective tax rate (4)	NA	2.31%	2.45%	2.37%

(1) Data for 2009 are projected annual estimates based on information through 2009 second quarter.

(2) Includes non-earned income, such as interest and dividends, rental income, and government transfers to individuals.

(3) Data for this category is not reported, but estimates are included in totals.

(4) Total direct tax rate is not available. Average effective tax rate equals personal income tax collections (see Statistical Section Table 6) divided by total personal income. Source of collections data: Vermont Department of Taxes

Source: U.S. Department of Commerce, Bureau of Economic Analysis

2005	2004	2003	2002	2001	2000
\$ 20,694,006	\$ 20,231,055	\$ 19,125,618	\$ 18,458,088	\$ 17,741,649	\$ 16,883,009
15,604,465	15,058,428	14,164,416	13,606,956	12,836,041	12,233,555
200,205	190,269	145,052	112,985	144,132	163,349
15,404,260	14,868,159	14,019,364	13,493,971	12,691,909	12,070,206
12,665,189	12,276,011	11,584,570	11,252,366	10,615,549	10,138,954
65,246	65,014	63,919	67,470	81,546	82,464
39,253	41,761	42,300	41,980	56,394	42,171
190,808	191,118	166,481	166,755	173,022	148,896
1,285,834	1,241,858	1,127,566	1,077,969	873,099	815,398
2,207,583	2,163,479	2,131,815	2,209,861	2,444,748	2,326,913
1,695,901	1,655,889	1,632,028	1,713,910	1,874,462	1,702,701
511,682	507,590	499,787	495,951	570,286	624,212
608,201	592,574	579,787	550,632	513,671	469,019
1,360,249	1,316,921	1,253,146	1,200,697	1,105,382	1,037,447
392,375	377,651	349,083	342,038	303,475	312,272
325,381	328,028	318,081	(3)	308,245	284,388
713,348	680,963	668,380	626,558	599,022	566,660
215,215	219,464	203,610	207,403	187,050	159,588
1,079,625	1,014,508	937,569	890,749	893,740	893,421
22,934	21,207	19,875	19,212	19,085	101,539
354,077	348,224	305,073	301,763	271,335	255,315
453,851	447,378	402,999	387,948	345,156	325,002
1,941,376	1,844,917	1,729,302	1,619,061	1,418,212	1,281,660
129,705	129,032	114,681	107,432	104,585	108,359
668,308	663,212	628,827	601,884	535,780	539,090
611,820	588,702	542,076	(3)	382,002	389,352
2,739,071	2,592,148	2,434,794	2,241,605	2,076,360	1,931,252
503,975	489,482	443,828	409,419	377,833	369,785
164,108	149,139	139,802	98,065	79,440	72,931
2,070,988	1,953,527	1,851,164	1,734,121	1,619,087	1,488,536
884,420	833,564	781,997	739,622	693,004	615,363
1,186,568	1,119,963	1,069,167	994,499	926,083	873,173
5,089,541	5,172,627	4,961,202	4,851,132	4,905,608	4,649,454
2.27%	2.24%	2.05%	2.09%	2.17%	2.37%

STATE OF VERMONT
Statistical Section - Table 6
Revenue Capacity
Personal Income Tax Rates and Tax Collections
Last Ten Calendar Years

Calendar Year	Tax Rates for Taxable Income Within Range, Single Filing Status (1)					Tax Collections (000s)	Personal Income (4) (000s)	Average Effective Tax Rate
	3.6%	7.2%	8.5%	9.0%	9.5%			
2008	\$0 - \$32,550	\$32,551 - \$78,850	\$78,851 - \$164,550	\$164,551 - \$357,700	> \$357,700	\$ 549,948	\$ 23,794,000	2.31%
2007	\$0 - \$31,850	\$31,851 - \$77,100	\$77,101 - \$160,850	\$160,851 - \$349,700	> \$349,700	\$ 588,173	\$ 24,034,394	2.45%
2006	\$0 - \$30,650	\$30,651 - \$74,200	\$74,201 - \$154,800	\$154,801 - \$336,550	> \$336,550	\$ 553,846	\$ 23,412,947	2.37%
2005	\$0 - \$29,700	\$29,701 - \$71,950	\$71,951 - \$150,150	\$150,151 - \$326,450	> \$326,450	\$ 507,701	\$ 22,339,920	2.27%
2004	\$0 - \$29,050	\$29,051 - \$70,350	\$70,351 - \$146,750	\$146,751 - \$319,100	> \$319,100	\$ 463,755	\$ 20,694,006	2.24%
2003	\$0 - \$28,400	\$28,401 - \$68,800	\$68,801 - \$143,500	\$143,501 - \$311,950	> \$311,950	\$ 415,020	\$ 20,231,055	2.05%
2002	\$0 - \$27,950	\$27,951 - \$67,700	\$67,701 - \$141,250	\$141,251 - \$307,050	> \$307,050	\$ 400,120	\$ 19,125,618	2.09%
2001 (2)	\$0 - \$27,050	\$27,051 - \$65,550	\$65,551 - \$136,750	\$136,751 - \$297,350	> \$297,350	\$ 400,522	\$ 18,458,088	2.17%
2000 (3)						\$ 420,355	\$ 17,741,649	2.37%
1999 (3)						\$ 399,800	\$ 16,883,009	2.37%

N/A - Information not available at publication date.

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

(2) For 2001, the tax rates applied to the five income ranges for single status filers were 3.6%, 6.72%, 7.44%, 8.64%, and 9.5%, respectively.

(3) Prior to 2001, the State's personal income tax rate was a percentage of the filer's individual federal income tax liability, rather than being a separate rate applied to Vermont taxable income. These percentages were as follows: for 2000, 24% of federal taxes; for 1999 and prior, 25% of federal taxes.

(4) See Statistical Section Table 5 for additional detail regarding personal income.

Source: Vermont Department of Taxes

STATE OF VERMONT
Statistical Section - Table 7
Revenue Capacity
Personal Income Tax Filers and Liability by Income Level
Calendar Years 2008 and 1999

Calendar Year 2008¹					
Income Level	Number of Filers	Percentage of Total Filers	State Taxable Income ²	State Personal Income Tax (net) ³	Percentage of Total State
\$300,000 and higher	1,930	0.54%	\$ 1,551,439,448	\$ 114,521,602	20.83%
\$150,000 - \$299,999	5,229	1.45%	1,043,886,177	64,951,883	11.81%
\$100,000 - \$149,999	9,426	2.62%	1,126,384,862	60,060,350	10.92%
\$75,000 - \$99,999	14,121	3.93%	1,210,218,748	57,994,950	10.55%
\$50,000 - \$74,999	32,333	8.99%	1,974,384,271	80,910,968	14.71%
\$25,000 - \$49,999	63,503	17.65%	2,293,073,360	83,478,264	15.18%
\$10,000 - \$24,999	61,861	17.19%	1,063,957,716	36,835,905	6.70%
\$9,999 and lower	121,359	33.74%	246,705,973	8,643,747	1.57%
Out of State	50,001	13.90%	15,457,922,225	42,550,779	7.75%
Totals	<u>359,763</u>	<u>100.01%</u>	<u>\$ 25,967,972,780</u>	<u>\$ 549,948,447</u>	<u>100.02%</u>

Calendar Year 1999					
Income Level	Number of Filers	Percentage of Total Filers	State Taxable Income ²	State Personal Income Tax (net) ³	Percentage of Total State
\$300,000 and higher	1,494	0.46%	\$ 1,103,194,441	\$ 70,949,176	17.75%
\$150,000 - \$299,999	3,305	1.02%	672,646,071	40,300,033	10.08%
\$100,000 - \$149,999	5,003	1.54%	600,714,448	32,466,911	8.12%
\$75,000 - \$99,999	7,337	2.26%	628,830,959	31,480,428	7.87%
\$50,000 - \$74,999	21,476	6.60%	1,291,957,547	58,046,878	14.52%
\$25,000 - \$49,999	59,175	18.20%	2,115,585,833	80,689,136	20.19%
\$10,000 - \$24,999	66,663	20.50%	1,128,922,114	40,379,151	10.10%
\$9,999 and lower	119,472	36.75%	306,426,554	12,365,083	3.09%
Out of State	41,237	12.68%	6,989,572,107	33,123,349	8.28%
Totals	<u>325,162</u>	<u>100.01%</u>	<u>\$ 14,837,850,074</u>	<u>\$ 399,800,145</u>	<u>100.00%</u>

¹ Information for Tax Year 2008 is preliminary data for returns processed through November 14, 2009.

² State Taxable Income is the total taxable income reported on line 15 of tax returns for an income class.

³ State Personal Income Tax is net of taxable income adjustments, Vermont credits and other tax credits.

Source: Vermont Department of Taxes

STATE OF VERMONT
Statistical Section - Table 8
Debt Capacity
Ratios of Outstanding Debt by Type, Last Ten Years
(Expressed in Thousands, Except Per Capita)

Fiscal Year	<u>Governmental Activities</u>				Total Primary Government	Ratio of Debt to Personal Income (2)	Debt Per Capita (3)
	General Obligation Current Interest Bonds	General Obligation Capital Appreciation Bonds (1)	Total General Obligation Bonds	Capital Leases			
2009	\$ 433,975	\$ 19,007	\$ 452,982	\$ 4,908	\$ 457,890	1.92%	N/A
2008	429,360	25,110	454,470	384	454,854	1.89%	\$ 732
2007	426,415	30,840	457,255	600	457,855	1.96%	738
2006	425,060	36,214	461,274	741	462,015	2.07%	745
2005	422,212	41,178	463,390	694	464,084	2.24%	749
2004	423,287	45,836	469,123	-	469,123	2.32%	759
2003	422,755	51,030	473,785	-	473,785	2.48%	768
2002	430,735	55,730	486,465	-	486,465	2.64%	791
2001	420,890	59,553	480,443	-	480,443	2.71%	785
2000	464,865	62,434	527,299	-	527,299	3.12%	865

(1) Net of Unaccreted Interest

(2) See Statistical Section Table 5 for additional detail regarding personal income.

(3) See Statistical Section Table 10 for population statistics.

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

STATE OF VERMONT
Statistical Section - Table 9
Debt Capacity
Ratios of General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years *
(Expressed in Thousands, Except Per Capita)

Fiscal Year	General Obligation Bonded Debt	State Taxable Personal Income (1)	Ratio of General Bonded Debt to Taxable Personal Income	General Bonded Debt Per Capita (2)
2008	\$ 452,982	\$ 25,967,973	1.74%	\$ 729
2007	454,470	33,214,231	1.37%	732
2006	457,255	25,051,130	1.83%	738
2005	461,274	23,609,221	1.95%	745
2004	463,390	19,956,789	2.32%	750
2003	469,123	16,395,915	2.86%	760
2002	473,785	15,083,109	3.14%	770
2001	486,465	16,026,774	3.04%	795
2000	480,443	15,030,104	3.20%	788
1999	527,299	14,837,850	3.55%	872

* State Taxable Personal Income is not available for the 2009 year, so the data reported here is for the ten years 1999 - 2008.

(1) Source: Vermont Department of Taxes.

(2) See Statistical Section Table 10 for population statistics.

STATE OF VERMONT
Statistical Section - Table 10
Demographic and Economic Statistics
Population, Per Capita Personal Income, Civilian Labor Force,
Public School Enrollment, and Motor Vehicle Registration Data
Last Ten Years*

Year	Population ¹				Per Capita Personal Income ¹		
	U.S.	Change From Prior Period	State of Vermont	Change From Prior Period	U.S.	State of Vermont	Vermont as a percentage of U.S.
2008	304,059,724	0.92%	621,270	0.08%	\$ 40,208	\$ 38,686	96.21%
2007	301,290,332	0.98%	620,748	0.09%	39,430	37,717	95.66%
2006	298,362,973	0.95%	620,196	0.15%	37,728	36,021	95.48%
2005	295,560,549	0.91%	619,282	0.14%	35,447	33,416	94.27%
2004	292,892,127	0.92%	618,432	0.28%	33,899	32,713	96.50%
2003	290,210,914	0.86%	616,702	0.28%	32,284	31,013	96.06%
2002	287,726,647	0.94%	614,994	0.47%	31,470	30,013	95.37%
2001	285,039,803	1.02%	612,134	0.37%	31,149	29,482	94.65%
2000	282,171,936	1.12%	609,876	0.86%	30,318	28,184	92.96%
1999	279,040,168	0.00%	604,683	0.00%	28,333	26,268	92.71%

*Most of the information for this table is not available for the 2009 year, so the data reported here is for the ten years 1999 - 2008. Some data previously reported for prior years has been modified to reflect updated estimates.

1. Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce. Data release date 10/21/2009.

2. Source: Local Area Unemployment Statistics, Vermont Department of Labor, Economic & Labor Market Information; Not Seasonally Adjusted. Data release date 10/21/2009.

3. Source: Vermont Department of Education, "Elementary/Secondary Public School Enrollment."

4. Source: Vermont Department of Motor Vehicles, All Registered Vehicle Types; includes autos, trucks, motorcycles, buses, state & municipal, and dealer vehicles; data is on a calendar year basis.

Civilian Labor Force ²

<u>State Employed</u>	<u>State Unemployed</u>	<u>State Total</u>	<u>State Unemploy- ment Rate</u>	<u>Public School Enrollment³</u>	<u>Motor Vehicles Registered⁴</u>
338,500	16,900	355,400	4.8%	94,114	624,306
339,900	14,000	353,900	4.0%	95,481	623,231
342,200	13,300	355,500	3.7%	96,636	621,685
336,800	12,200	349,000	3.5%	98,361	617,642
334,200	12,900	347,100	3.7%	99,104	609,852
331,300	15,500	346,800	4.5%	99,978	601,748
331,800	13,900	345,700	4.0%	101,180	588,906
330,100	11,100	341,200	3.3%	102,049	577,406
326,700	9,100	335,800	2.7%	104,559	564,165
325,600	9,800	335,400	2.9%	105,120	550,698

STATE OF VERMONT
Statistical Section - Table 11
Demographic and Economic Information
Annual Average Non-Farm Employment By Industry
for the Years 2008 and 1999

	2008			1999		
	Employees	Rank	Percent of Total	Employees	Rank	Percent of Total
Total non-farm employment	328,550		100.0%	311,800		100.0%
Private total	274,550		83.6%	264,100		84.7%
Natural resources and mining	850		0.3%	1,050		0.3%
Construction	15,350	7	4.7%	14,450	6	4.6%
Manufacturing:						
Durable goods	25,300	4	7.7%	32,650	3	10.5%
Nondurable goods	9,550		2.9%	12,750	7	4.1%
Wholesale trade	10,300	10	3.1%	9,450		3.0%
Retail trade	39,800	2	12.1%	38,600	1	12.4%
Transportation, warehousing, and utilities	8,700		2.6%	8,700		2.8%
Information	5,750		1.8%	6,750		2.2%
Financial activities:						
Finance and insurance	9,600		2.9%	9,650	10	3.1%
Real estate and rental and leasing	3,300		1.0%	2,950		0.9%
Professional and business services:						
Professional and technical services	13,450	8	4.1%	11,750	8	3.8%
Management of companies and enterprises	22,650	5	6.9%	20,600	5	6.6%
Administrative and waste services	8,900		2.7%	8,550		2.7%
Educational and health services:						
Education services	13,300	9	4.0%	11,500	9	3.7%
Healthcare and social assistance	45,450	1	13.8%	32,900	2	10.6%
Leisure and hospitality:						
Arts, entertainment, and recreation	3,900		1.2%	2,950		0.9%
Accommodation and food services	28,600	3	8.7%	29,550	4	9.5%
Other services, except public administration	9,800		3.0%	9,300		3.0%
Government total	54,000		16.4%	47,700		15.3%
Federal	6,150		1.9%	5,600		1.8%
State government education	8,250		2.5%	6,950		2.2%
Local government education	22,600	6	6.9%	20,200	6	6.5%
Other state government	9,750		3.0%	8,650		2.8%
Other local government	7,250		2.2%	6,300		2.0%

Source: Vermont Department of Labor, Labor Market Information, data release date 09/18/09

Note - Data for specific businesses that comprise the top employers in the state is not available, due to confidentiality regulations; thus, information by industry is presented.

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

Function/Program	2009⁴	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government										
Administration	6	5	4	4	4	3	11	12	12	12
Auditor of Accounts	12	12	11	11	11	12	12	12	10	11
Buildings & General Services	382	427	417	424	396	399	419	422	390	370
Finance & Management	40	47	37	39	36	38	32	35	30	32
Executive (Governor's) Office	13	18	18	17	17	17	16	19	18	18
Information & Innovation ¹	53	61	57	50	49	51	0	0	0	0
Libraries	29	32	31	34	34	34	34	33	34	37
Lieutenant Governor	2	2	2	2	2	2	2	2	2	2
Human Resources (Personnel)	47	52	59	57	56	56	54	56	52	51
State Treasurer	35	35	36	37	34	33	29	30	29	30
Taxes	169	181	176	183	184	183	179	189	185	182
Vermont Labor Relations Board	2	2	2	2	2	2	2	2	2	2
VOSHA Review Board	1	1	1	1	1	1	1	1	1	1
Protection to Persons & Property										
Agriculture, Food & Markets	90	98	96	95	89	87	81	85	84	85
Attorney General	71	74	69	72	68	67	62	69	57	62
BISHCA	111	113	108	105	99	93	89	84	83	87
Criminal Justice Training Council	12	10	10	10	11	8	6	7	8	8
Defender General	67	69	63	61	62	60	55	56	55	56
Labor & Industry ^{2,3}	n/a	n/a	n/a	n/a	43	85	82	82	77	79
Liquor Control	54	56	54	56	54	55	54	56	55	53
Military	127	127	117	118	109	111	104	112	101	101
Public Safety ³	588	596	599	602	568	511	480	491	490	462
Public Service Dept.	50	50	52	49	47	51	51	51	50	51
Public Service Board	26	26	24	27	25	25	24	23	24	23
Secretary of State	63	52	52	51	48	50	46	43	47	48
State's Attorneys & Sheriffs	161	161	155	154	153	154	145	148	150	145
Vermont Human Rights Commission	5	5	5	5	5	5	5	5	5	5
Vermont Lottery Commission	21	19	18	19	19	19	19	19	20	19
VT Fire Service Training Council ²	n/a	n/a	n/a	n/a	n/a	7	8	8	7	7
Human Services²										
Children & Families	979	970	947	941	932	n/a	n/a	n/a	n/a	n/a
PATH	n/a	n/a	n/a	n/a	n/a	414	406	422	415	396
Office of Child Care	n/a	n/a	n/a	n/a	n/a	124	119	119	117	118
Social & Rehabilitation Services	n/a	n/a	n/a	n/a	n/a	400	377	398	384	380
Vt Office of Health Access	92	94	79	65	43	n/a	n/a	n/a	n/a	n/a
Aging & Disability	287	310	288	275	268	216	201	196	186	177
Corrections	1,047	1,116	1,150	1,146	1,129	1,101	947	967	942	923
Economic Opportunity	n/a	n/a	n/a	n/a	n/a	6	8	8	9	9
Health	515	568	753	749	715	496	483	472	465	441
Developmental & MH Services	240	242	n/a	n/a	n/a	96	102	104	102	98
Vermont State Hospital	n/a	n/a	n/a	n/a	n/a	178	173	152	152	150
Human Services	100	101	95	89	59	54	52	61	57	64
Governor's Commission on Women	3	3	3	3	3	3	3	3	3	4
Veteran's Home (discrete component unit)	211	207	204	190	188	195	192	193	166	171
Employment & Training										
Department of Labor ³	277	278	276	281	250	290	315	324	325	351
General Education										
Department of Education	183	185	194	196	182	181	174	185	170	143
Natural Resources										
Environmental Board	30	31	29	30	29	31	30	32	32	28
Environmental Conservation	265	287	285	286	273	264	256	257	265	259
Fish & Wildlife	126	130	124	119	121	118	117	116	117	120
Forests, Parks & Recreation	109	115	113	113	111	119	115	118	120	118
Natural Resources	53	60	56	58	52	48	48	36	37	41
Water Resources Board	n/a	n/a	n/a	n/a	3	4	4	4	4	4
Commerce & Community Development										
Agy of Commerce & Community Dev	87	98	97	93	101	95	92	98	100	95
Transportation										
Agency of Transportation	1,237	1,257	1,255	1,242	1,255	1,287	1,261	1,241	1,229	1,189
Total	8,078	8,383	8,221	8,161	7,940	7,936	7,573	7,658	7,475	7,318

¹ New department formed from consolidating GOVNet program (previously in Administration) and Communication & Information Technology program (previously in Buildings & General Services).

² In 2005 the Agency of Human Services reorganized with some department consolidations and other new departments established. Also in 2005 the Vermont Fire Service Training Council and portions of the Department of Labor and Industry were merged into the Department of Public Safety.

³ In 2006 portions of the Department of Labor and Industry merged with the Department of Employment & Training and the new consolidated department was named the Department of Labor.

⁴ Preliminary Data

Source: Vermont Department of Human Resources - State of Vermont Workforce Report

STATE OF VERMONT
Statistical Section - Table 13
Operating Information
Operating Indicators by Function
Last Five Years

Function	2009	2008	2007	2006	2005
General Government					
Sq ft of State owned facilities ¹	3,377,312	3,941,153	3,928,255	3,377,476	3,035,161
State Pension Plan Membership ²	45,354	44,947	44,015	43,171	42,097
# of State Employees (full-time and part-time) ³	8,078	8,383	8,352	8,292	8,069
Protection to Persons & Property⁴					
# of State Agency Law Enforcement Officers	N/A	N/A	399	399	405
# of Sherrifs Dept Law Enforcement Officers	N/A	N/A	119	132	133
Human Services⁵					
Total Corrections Population	11,215	11,148	11,703	12,303	13,528
Immunization Coverage, Ages 19-35 months	74%	80%	86%	82%	85%
Bed nights in Homeless Shelters	N/A	120,464	112,715	96,786	101,647
Employment & Training⁶					
# of Unemployment Compensation Payments	N/A	374,278	318,235	304,612	295,674
General Education⁷					
Statewide average expenditure per Student	N/A	14,076	13,287	12,624	11,759
Total Local Education Agencies	N/A	352	352	353	351
Natural Resources					
Gallons of Maple Syrup Production ⁸	920,000	700,000	450,000	460,000	410,000
# of Moose Permit Applications ⁹	N/A	13,839	13,199	11,987	13,091
Commerce & Community Development					
Net Change in Employer Businesses ¹⁰	N/A	(258)	(249)	(18)	217
Median Purchase Price of New Home ¹¹	N/A	200,000	201,000	197,000	182,000
# of Skier Visits ¹²	4.0 Million	4.3 Million	3.8 Million	4.1 Million	4.4 Million
Transportation¹³					
Total Plowing Hours	N/A	144,488	174,022	123,674	339,987
Structurally Deficient Bridges	N/A	190	192	197	193
Paving Projects Mileage	131*	109	113	122	90

N/A - Information not available at time of printing

* Proposed

Sources:

¹ VT Department of Buildings & General Services, Space Book

² VT Office of the State Treasurer

³ VT Department of Human Resources

⁴ VT Department of Public Safety

⁵ VT Agency of Human Services

⁶ VT Department of Labor

⁷ VT Department of Education

⁸ US Department of Agriculture

⁹ VT Agency of Natural Resources

¹⁰ bls.gov

¹¹ housingawareness.org

¹² skivermont.com

¹³ VT Agency of Transportation

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

<u>Function</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Government					
Dept of Buildings & General Services:					
Land holdings (acres)	2,874.86	2,923.90	2,923.90	2,915.90	2,851.12
State-owned space (square feet)	3,377,312	3,941,153	3,928,255	3,377,476	3,035,161
Protection to Persons & Property					
Number of state police vehicles	405	420	412	413	383
Number of armory locations	22	20	20	20	20
Number of agriculture research stations	31	28	27	25	23
Human Services					
Dept of Health - Number of lab instruments (analyzer, module, counters, meters, etc.)	122	103	105	85	71
Dept of Children & Families - Number of vans	26	30	25	23	23
Department of Corrections - Number of vehicles	2	3	11	11	11*
Employment & Training					
Department of Labor - Number of capitalized computer assets	19	19	10	29	27
General Education					
Department of Education - Number of capitalized computer assets	20	21	16	16	12
Natural Resources					
Number of dams	81	99	96	94	93
Agency of Natural Resources:					
Number of vehicles	224	214	221	204	309
Number of building & Improvement Assets	429	441	430	423	410
Commerce & Community Development					
Number of historic sites	21	18	17	16	17
Number of covered bridges	7	6	6	7	6
Number of underwater preserves	100+	100+	100+	100+	100+
Transportation					
Number of bridges over 20 feet	1,077	1,077	1,077	1,077	1,077
State highway miles	2,704	2,707	2,708	2,708	2,708
Agency of Transportation - buildings (square feet)	1,326,407	1,307,415	1,289,171	1,250,673	1,233,099

* During FY05 most vehicles were transferred to the new Fleet Program