

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

**FINANCIAL STATEMENTS AND
MANAGEMENT DISCUSSION AND ANALYSIS**

JUNE 30, 2021 and 2020

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Financial Statements and

June 30, 2021 and 2020

C O N T E N T S

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Vermont State Colleges
Montpelier, Vermont

Report on the Financial Statements


We have audited the accompanying financial statements of the Vermont State Colleges (a component unit of the State of Vermont) (the _____, which comprise the statements of net position as of June 30, 2021 and 2020, the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Colleges' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control 612 799 (ma)-F94 (o9 (is)-5 (2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects,



O'Connor + Drew P.A.

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Introduction

The

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Significant Events Affecting These Financial Statements

Events that affect these statements during the past five years include:

- The pandemic that began in January 2020 touched the Vermont State Colleges System for the first time in March 2020 at which time the VSCS shuttered all face-to-face programs, closed their residence halls to all but those with housing insecurity issues, and conducted all classes remotely. Three of four institutions reopened in Fall 2020 in fully remote or largely remote learning modalities. In Spring 2021, three of four institutions returned to primarily face-to-face instruction. With the exception of Community College of Vermont, all institutions saw lower than prior year enrollment. The result was lower than normal revenue from student tuition, fees, room, and board for both FY2020 and FY2021.
- Pandemic relief in the form of the Higher Education Relief (HEERF) and Coronavirus Relief (CRF) helped the VSCS to conclude fiscal years 2021 and 2020 in a positive position; however, the ongoing pandemic, coupled with the demographics of the Northeast as well as Vermont continues to be a concern.
- For FY2021, the State of Vermont authorized \$28.8 million in one-time bridge funding for the Vermont State Colleges. Considered an additional State ApproxTd 612 792 reW1(r)-96 (Educum

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- In FY2020, the System refinanced its 2010B bonds with the issuance of its 2020A bond series. The 2020A bonds are fixed rate, publicly traded, and were issued through the Vermont Municipal Bond Bank under the VSCS Program Resolution, as general obligations of the Bond Bank, sec

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Table 1: Condensed Statement of Net Position as of June 30

Net position is equal to the total assets minus the total liabilities, and represents the residual value of the institution at a point in time for the VSCS as of the financial statements issued each June 30.

Net investment in capital assets represents the historic cost of the System's capital assets reduced by total accumulated depreciation, plus the outstanding principal balances on debt used for the acquisition, construction, or improvement of those assets.

Total net position over the five years reported here has ruco\$ere

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The restricted nonexpendable portion of the Net Position represents the permanent endowment funds for the system. These are donations to the colleges that cannot be spent without permission of the donor. These are invested; and the earnings are used based on VSCS Board Policy and the instructions of the donor. Most of the earnings on our endowment funds are designated for student scholarships. The increase of \$2 million over 5 years is due to gifts received for endowments during this period.

The restricted expendable portion of

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Table 2: Capital Assets as of June 30

As noted in this table, depreciation continues to outpace the sum of building improvements, infrastructure, and construction in progress.

The Statement of Revenues, Expenses, and Changes in Net Position reports total operating revenues, operating expenses, non-operating revenues and expenses, and other changes in net position, showing the total change in net position for the fiscal year. Table 3 on the next page

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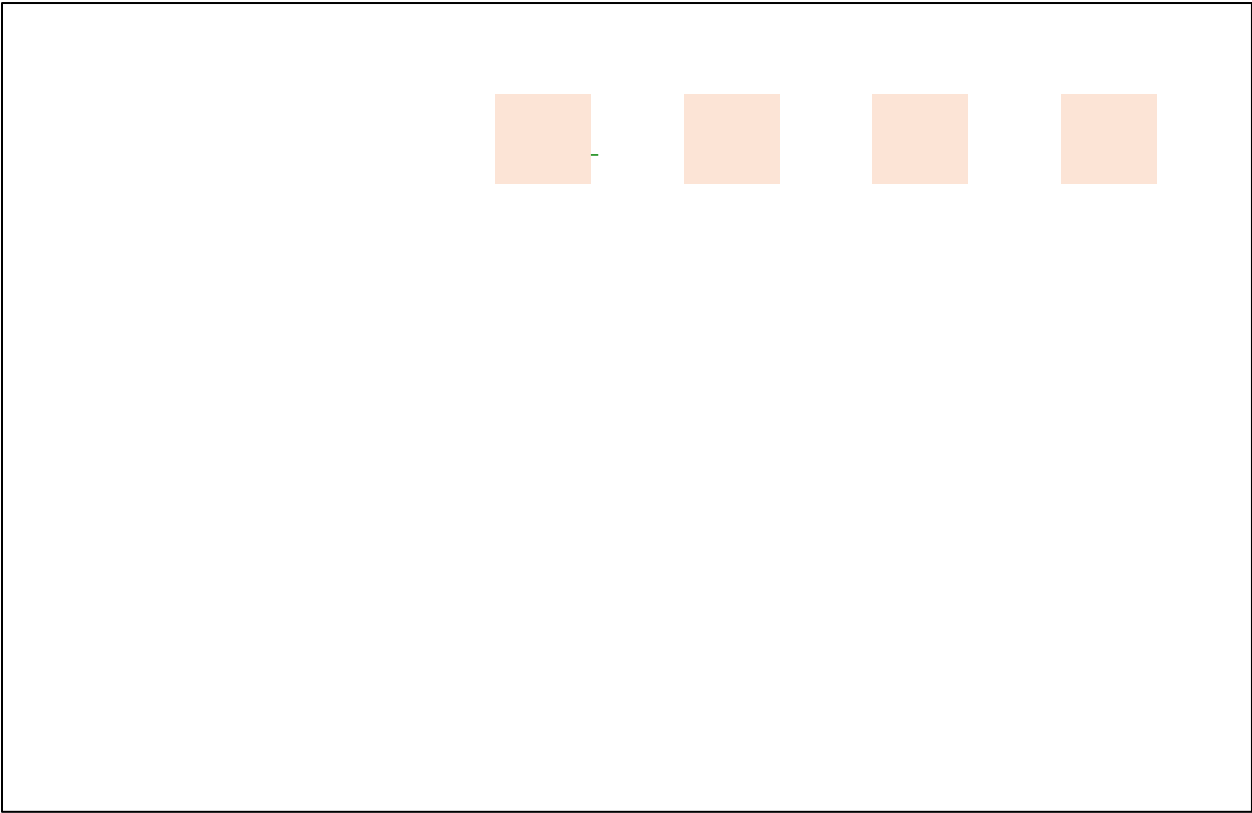


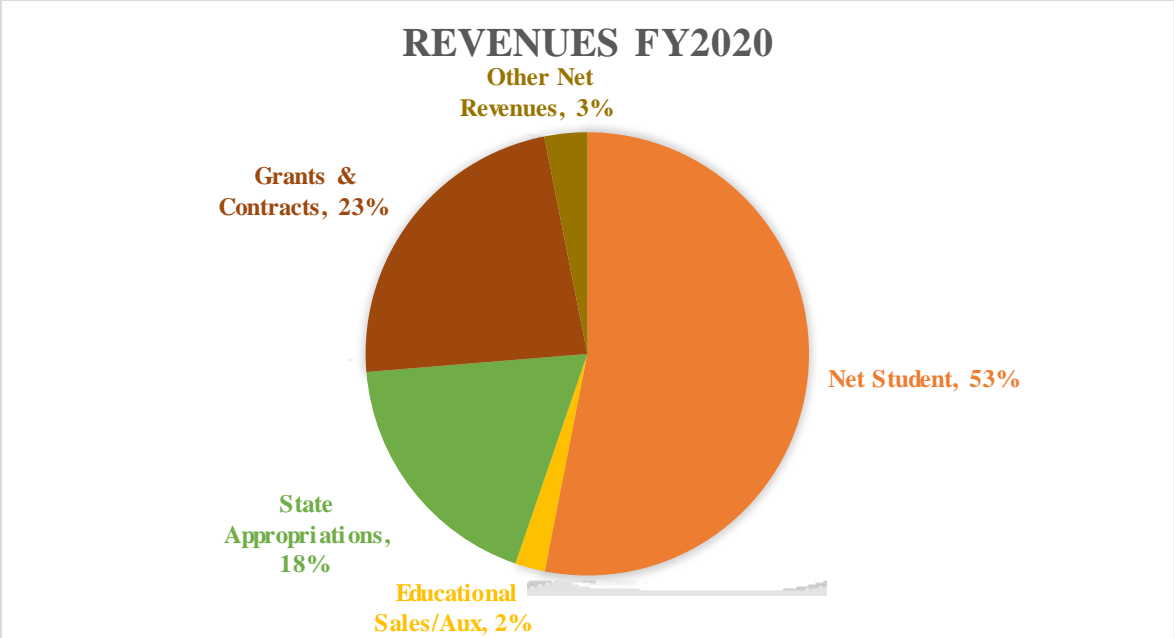
Table 3: Condensed Statements of Revenues, Expenses, and Changes in Net Position

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FY2020 Revenues
(\$ in thousands)

Net Student	\$ 100,276	53%
Educational Sales/Aux	4,123	2%
State Appropriations	34,828	18%
Grants & Contracts	43,821	23%
Other Net Revenues	5,882	3%
TOTAL	\$ 188,930	100%

Chart 2: Revenues FY2020

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Tuition and Fee Revenue

Net Tuition and fees includes tuition and fees plus residence and dining fees less scholarship allowances. The charts below shows the trend for enrollments and corresponding Tuition and Fee Revenues from FY2017 through FY2021. For the System, student-based revenue has been declining during this five-year period, despite increases in tuition rates for all years. Enrollments, in a time of decreasing high school graduates in the state, coupled with pandemic effects, have created a challenge for the colleges/universities in our system.

Chart 3 displays Full Time Equivalent (FTE) enrollment. The FTE is a reasonable proxy for revenue and reflects the average full-time participation of students. This charts show a general steady decline in enrollment for CCV together with significant volatility for Castleton University, Northern Vermont University, and Vermont Technical College. The volatility at these institutions was exacerbated by the pandemic, while Community College of Vermont held steady with its enrollments due to a pilot program with a local funding agency.

Chart 3: Fall FTE Enrollment by Institution

*Please note that the method used for calculating FTE for the VSCS changed for Fall 2018 and restatement of prior years is not feasible, so with exception of CCV, the comparative nature of this chart is somewhat lost for Fall 2018 as compared to prior years.d5

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Chart 4 displays Net Tuition and Fees for each college during the five-year period. It is notable that CCV has by far the largest number of students – both FTE and Headcount, but their net tuition is consistently outpaced by the Universities. CCV, as a community college has the lowest tuition cost and charges for courses on a per credit basis, while the residential schools charge a higher tuition rate and on a semester basis.

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Operating and Non-operating Expenses

Table 4, below, shows the total Operating and Non-Operating Expenses for the past 5 years and the charts provide a quick view of the percent of expenses by type for FY2021 and FY2020.

The largest percentage of VSCS expenses are for salary and benefits. Over time, these expenses have declined due to staff reductions compounded with a reduction in TIAA employer contribution for all employees beginning in FY2018. Positive trends in health care over the past couple of years have resulted in far less related expense; however, annual accruals related to post-employment benefits are also included in this salary and benefit expense category and have caused fluctuations in the recognized amounts.

Overall expenses have increased over the five years reported driven largely by an increase in scholarship aid. Additionally, supplies and services were notably higher due to required pandemic related spending on supplies, services, and technology. Notably, student aid has increased as the VSCS institutions respond to the national trend towards aggressive discounting as a strategic and necessary response to the current competitive environment.

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Chart 4: Expenses FY2021 and FY2020 by Major Category

Student Financial Aid

Student financial aid awards are made from a variety of sources including federal, state, private,

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Legislative Evaluation and Support

At the request of the Vermont Legislature, two separate financial evaluations of the Vermont State Colleges were undertaken in May 2020. The first, conducted by Vermont State Treasurer Beth Pearce,¹ evaluated the financial health of the VSCS to determine the extent of the VSCS's demographic and funding challenges. The second evaluation, organized by the Joint Fiscal Office of the Vermont State Legislature and conducted by Mr. James Page,² former chancellor of the University of Maine System, evaluated the overall financial condition of the VSCS, its current demographic and pandemic related enrollment challenges. Both studies concluded that the VSCS was accurately reflecting its financial situation and that an infusion of cash from the State would be necessary to support the transformation of the VSCS into a leaner, more nimble and financially-sustainable organization. The Legislature also created the *Select Committee on the Future of Public Higher Education in Vermont* to develop a path forward.

Since creation of the *Select Committee*, several key actions have been taken that will have a positive impact on the financial health of the VSCS moving forward:

- The Select Committee completed its interim and final reports with final recommendations available in a report to the Joint Fiscal Office of the Vermont Legislature in April 2021.³
- The Board of Trustees of the Vermont State Colleges endorsed the recommendations of the Select Committee at its February 22, 2021 meeting to (a) bring together Castleton University, Northern Vermont University, and Vermont Technical College to create one new university, and (b) consolidate administrative functions and business processes system-wide.⁴
- Act 74 of the Vermont Legislature was enacted mandating system transformation and integration. This mandate requires the Vermont State Colleges to “establish policies and procedures to implement the Board approved transformation plan as developed by the Select Committee on Higher Education.”⁵
- To oversee the transformation process, a Director of Transformation Projects was hired to establish the critical project management infrastructure necessary to retool the Vermont State Colleges into the system of the future.
- An experienced government relations professional was hired to oversee the relationship between the Vermont State Colleges and State and Federal officials.
- A strategic financial plan and capital expenditures plan is being developed to shore up the balance sheet of the Vermont State Colleges and reduce the structural deficit of the system by \$25 million over five years.

¹ <https://ljfo.vermont.gov/assets/Subjects/Higher-Education/a824553cd8/Treasurer-VSC-Report-Final.pdf>

² <https://ljfo.vermont.gov/assets/Subjects/Higher-Education/f13fd8d299/Report-on-Funding-for-the-Vermont-State-Colleges-System-FY-2020-and-FY-2021.pdf>

³ <https://ljfo.vermont.gov/assets/Uploads/c2ef482057/Final-Report-of-the-Select-Committee-on-the-Future-of-Public-Higher-Education-in-Vermont-Submitted.pdf>

⁴ <https://www.vsc.edu/wp-content/uploads/2021/04/2021-02-22-Board-of-Trustees-Minutes-APPROVED.pdf>

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- A series of transformation initiatives is being executed to merge Vermont Technical College, Castleton University, and Northern Vermont University into a singly accredited institution launching July 2023.

Vermont State Appropriations

	<u>2021</u>	<u>2020</u>
CAs		
Cash and equivalents (Note 2)	\$ 75,370,827	\$ 22,432,987
Restricted cash and equivalents	4,655,455	5,940,335
Accounts receivable, net (Note 3)	12,887,694	17,174,731
Deposit with bond trustees (Note 2)	1,068,825	1,061,784
Other current assets	<u>1,906,174</u>	<u>1,458,477</u>

C6

2021

2020

	<u>2021</u>	<u>2020</u>
RE		
Tuition and fees	\$ 109,090,525	\$ 119,193,554
Residence and dining	8,753,469	13,080,067
Less: scholarship allowances	<u>(31,329,730)</u>	<u>(31,997,371)</u>
Net Tuition, Fees, and Residence and Dining Revenue	86,514,264	100,276,250
Federal grants and contracts	14,521,551	12,607,232
State and local grants and contracts	2,035,581	2,384,119
Non-governmental grants and contracts	1,882,074	940,145
Interest income	117,412	84,052
Sales and services of educational activities	6,879,828	4,123,603
Other operating revenues	<u>778,761</u>	<u>1,285,806</u>
RE	<u>112,729,471</u>	<u>121,701,207</u>
DE, 10 and 2):		
Salaries and wages	73,287,378	77,863,880
Employee benefits (Notes 8 and 9)	46,023,515	41,202,655
Scholarships and fellowships	12,688,211	10,369,849
Supplies and other services	41,461,945	37,107,026
Utilities	5,183,184	6,080,442
Depreciation (Note 11)	<u>9,973,768</u>	<u>9,999,987</u>
RE	<u>188,618,001</u>	<u>182,623,839</u>
RE	<u>(75,888,530)</u>	<u>(60,922,632)</u>
RE		
State appropriations (Note 7)	60,725,199	32,754,092
Federal grants and contracts	42,749,079	27,890,446
Gifts	3,473,800	2,197,466
Investment income, net of expenses (Note 2)	6,915,624	1,322,745
Interest expense on capital debt	(4,882,621)	(4,944,172)
Other non-operating revenues (expenses)	<u>168,820</u>	<u>(18,971)</u>
RE	<u>109,149,901</u>	<u>59,201,606</u>
RE	<u>33,261,371</u>	<u>(1,721,026)</u>
RE		
State appropriations for capital expenditures (Note 7)	2,000,000	2,074,056
Capital grants and gifts	32,438	405,759
Additions to non-expendable assets	<u>1,361,122</u>	<u>604,785</u>
RE	<u>36,654,931</u>	<u>1,363,574</u>
Net Position, Beginning of Year		

	<u>2021</u>	<u>2020</u>
CFRPA		
Tuition and fees	\$ 74,734,760	\$ 90,171,996
Grants and contracts	19,864,627	14,888,434

CFMA

2021

2020

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Notes to the Financial Statements

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Note 1 - **Summary of Significant Accounting Policies**

Organization

Vermont State Colleges include the following entities: System Office and Services, Community College of Vermont (CCV), Castleton University (CU), Northern Vermont University (NVU), Vermont Technical College (VTC), Vermont Manufacturing Extension Center (VMEC), Small Business Development Center (SBDC), and Vermont Tech Office of Continuing Education and Workforce Development (TED).

On March 11, 2020, the World Health Organization declared the global outbreak of the novel coronavirus (COVID-19) as a pandemic. During the year ended June 30, 2021, COVID-19 government requirements and observing safety measures. As a result, the 2020-2021 academic year was significantly impacted. Significant changes in the 2020-2021 academic year.

In response to the pandemic, the Federal government provided to the College Higher Education Emergency Relief Funds (HEERF) and funds for the Strengthening Institution Program (SIP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan Act (ARPA). The HEERF consisted of the student aid award and the SIP funds. The HEERF funds are required to be spent on student aid.

The HEERF funds are required to be distributed to students as emergency grants for their expenses related to the disruption of their education.

The student aid award is required to be distributed to students as emergency grants for their expenses related to the disruption of their education.

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The accounting policies and procedures used by the Vermont State C R O O H J H V R U W K H ‡ & R O O H J H A N D reporting, its Financial Transactions are based on the accrual method of accounting. The significant accounting policies followed by the Colleges are described below.

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Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

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. The accompanying statements of revenues, expenses and changes in net position demonstrate the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues primarily include charges to students or others who enroll or directly benefit from services that are provided by a particular f

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Net Position

GASB Statement No. 34 requires that resources be classified for accounting purposes into the following four net position categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation and of outstanding principal balances of debt attributable to the acquisition, construction, repair or improvement of those assets.

Restricted - nonexpendable: Net position subject to externally imposed conditions that VSC must maintain in perpetuity.

Restricted - expendable: Net position that is subject to externally imposed conditions that can be fulfilled by the actions of the Colleges or by the passage of time.

Unrestricted: All other categories of net position. Unrestricted net position may be designated by actions of WKH & ROOHJHV ¶ % RDUG RI 7UXVW

In ac FRUGDQFH ZLWK 96 & ¶V SROLF \ SHUWB, LQLQJ V unrestricted dollars are spent first, followed by restricted dollars, if appropriate.

Cash and Equivalents

The Colleges consider all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

Restricted Cash and Equivalents

The Colleges restricted cash consists of CRF funds that were funded to the Colleges from the State but were not expended as of the years ending June 30, 2021 and 2020. Funds are restricted as they must be used to cover expenses that were incurred due to the COVID-19 pandemic.

Allowance for Doubtful Accounts

Provisions for losses on receivables are determined on the basis of loss experience, known and inherent risks, and current economic conditions.

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Capital Assets

Real estate assets, including improvements, are generally stated at cost. Furnishings and equipment are stated at cost as of date of acquisition or, in the case of gifts, at fair value as of the date of donation. In D F F R U G D Q F H Z L W K W p l t y , % R D U G ¶ vehicles, equipment and works of art and historical treasures with a unit cost of at least \$5,000 are capitalized. Land, building, leasehold and infrastructure improvements with a unit cost of \$50,000 or more are capitalized. Software with a unit cost of \$500,000 or more is capitalized. Interest cost on debt related to capital assets is capitalized during the construction period and then depreciated over the life of the project. The Colleges' capital assets, with the exception of land and construction in progress, are depreciated on a str2 Tfho81 (pr(nd).W* n0)4 0 612 792 -eW* nBT/T

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Refundable Grants

Refundable grants are refundable to the federal government for Federal Perkins and Nursing Student loans.

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enacted on December 18, 2015, extended the Perkins Loan Program through September 30, 2017. The Extension Act states that new Perkins Loans cannot be disbursed to students after September 30, 2017. No further extensions were granted for the program as of the date of these financial statements.

Unearned Revenue and Deposits

Deposits and advance payments received for tuition and fees related to certain summer programs and tuition received for the following academic year are reported as unearned revenues.

Student Fees

Student tuition and fees are presented net of scholarship

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Post-employment Benefits Other Than Pensions ("OPEB")

GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions* ‡ * \$ 75 % require governments to account for other

post-employment ben H I L W V ‡ 2 3 (% · S U L P D U L O \ K H D O W K F
than on a pay-as-you-go basis. The effect is the total OPEB liability is to be measured
as the present value of projected benefit payments to be provided to current active and
inactive employees that is attributed to those employees' past periods of service. The
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Notes to the Financial Statements - Continued

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Adoption of New Accounting Pronouncements

The Colleges adopted GASB Statement 84 – *Fiduciary Activities* and the certain component unit criteria portion of GASB 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457, Deferred Compensation Plans*. The objective of these statements is to establish criteria for identifying and reporting of fiduciary activities. The implementation of these statements did not have a material effect on the financial statements.

New Governmental Accounting Pronouncements

GASB Statement 87 – *Leases* is effective for periods beginning after June 15, 2021. Implementation of this standard will require lessees to recognize on their statement of net position the rights and obligations resulting from leases categorized as operating leases as assets, liabilities, or deferred inflows / outflows of resources. It provides for an election on leases with terms of less than twelve months to be excluded from this Statement.

GASB Statement 89 – *Accounting for Interest Costs Incurred before the End of a Construction Period* is effective for reporting periods beginning after December 15, 2021. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement 91 – *Conduit Debt Obligations* is effective for reporting periods beginning after December 15, 2021. The objective of this Statement is to improve the consistency of reporting conduit debt. This Statement requires government entities that issue conduit debt, but are not the obligors, not to recognize the liability unless it is more likely than not that the government issuer will service the debt.

GASB Statement 92 – *Omnibus 2020* is effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to improve comparability in financial reporting for leases, pensions, OPEB, and asset retirement obligations.

GASB Statement 94 – *Public-Private and Public-Private Partnerships and Availability Payment Arrangements* is effective for reporting periods beginning after June 15, 2022. The objective of this Statement is to provide accounting and financial reporting guidance for arrangements in which the governmental entity (the transferor) contracts with an operator to provide public services

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Investments

Investments of the various funds at June 30, 2021 are as follows:

	<u>Fair Value</u>	<u>Cost</u>
U.S. Government bonds	\$ 6,438,074	\$ 6,078,575
Corporate bonds	6,208,330	5,890,960
Common stock and ETF's	18,645,031	11,865,354
Hedge fund shares	4,038,558	3,906,602
Mutual funds	9,998,621	8,512,329
Money market	9,575,642	9,575,642
Held by bond trustee	<u>1,068,825</u>	<u>1,068,825</u>
Total Investments	\$ 55,973,081	

Investments of the various funds at June 30, 2020 are as follows:

	<u>Fair Value</u>	<u>Cost</u>
U.S. Government bonds	\$ 8,760,041	\$ 8,277,343
Corporate bonds	8,006,904	7,614,131
Common stock and ETF's	13,072,630	12,538,585
Hedge fund shares	3,379,757	3,601,384
Mutual funds	9,652,272	8,795,025
Money market	5,220,081	5,220,081
Held by bond trustee	<u>1,061,784</u>	<u>1,061,784</u>
Total Investments	\$ 49,153,469	\$ 47,108,333

Investment maturities include deposits held by the bond trustee, which are invested in various government securities

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2021
Investment Maturities (in years)

<u>Investment Type</u>	<u>Market Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Money Market					
Investments	\$ 9,575,642	\$ 9,575,642	\$ -	\$ -	\$ -
Corporate Bonds	6,208,330	1,428,430	4,050,902	728,998	-
U.S. Govt. Bonds	<u>6,438,074</u>	<u>1,465,385</u>	<u>3,771,343</u>	<u>1,201,346</u>	<u>-</u>
Total	<u>\$ 22,222,046</u>	<u>\$ 12,469,457</u>	<u>\$ 7,822,245</u>	<u>\$ 1,930,344</u>	<u>\$ -</u>

Other Investments

Common Stock and Mutual Funds	32,682,210
Held by Bond Trustee	<u>1,068,825</u>
Total	<u>\$ 55,973,081</u>

2020
Investment Maturities (in years)

<u>Investment Type</u>	<u>Market Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Money Market					
Investments	\$ 5,220,081	\$ 5,220,081	\$ -	\$ -	\$ -
Corporate Bonds	8,006,904	867,411	4,745,585	2,393,908	-
U.S. Govt. Bonds	<u>8,760,041</u>	<u>2,017,689</u>	<u>5,396,665</u>	<u>1,345,687</u>	<u>-</u>
Total	<u>\$ 21,987,026</u>	<u>\$ 8,105,181</u>	<u>\$ 10,142,250</u>	<u>\$ 3,739,595</u>	<u>\$ -</u>

Other Investments

Common Stock and Mutual Funds	26,104,659
Held by Bond Trustee	<u>1,061,784</u>
Total	<u>\$ 49,153,469</u>

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The risk categories for the bond fund holdings held by VSC at June 30, are as follows:

<u>Investment rating*</u>	<u>2021</u>	<u>2020</u>
AAA	\$ 6,684,425	\$ 9,013,298

*These ratings are determined by Moody's Investors Services, Inc. All ratings represent the opinions of the research provider and are disclaimed as not representing the opinion of the State of Vermont. All ratings are subject to change without notice.

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A - An obligation rated **H G** is more vulnerable to adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. Obligations in this category are not likely to be affected by adverse economic conditions or changing circumstances. The obligor's financial position and ability to meet its financial commitment on the obligation is still strong.

BBB - An obligation rated **B B B** is more vulnerable to adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

BB - An obligation rated **B B** is more vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial or economic conditions, which could result in inadequate capacity to meet its financial commitment on the obligation.

B - An obligation rated **B** is more vulnerable to non-payment than obligations rated **BBB** or higher. It is more likely to be affected by adverse business, financial, or economic conditions will likely impair the obligor's ability to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's ability to meet its financial commitment on the obligation.

CCC - An obligation rated **C C C** is more vulnerable to non-payment and is dependent upon favorable business, financial and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

Plus (+) or minus (-): A plus (+) or minus (-) sign is used in addition to the rating to show relative standing within the major rating categories.

Fair Value Hierarchy

The fair value hierarchy categorizes inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted market prices for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, directly or indirectly. Level 3 inputs are unobservable inputs. The highest priority is assigned to Level 1 inputs and the lowest to Level 3 inputs. If the fair value is measured using inputs from more than one level of the hierarchy, the measurement is considered to be based on the lowest priority input level that is significant to the entire measurement. Valuation techniques used

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

should maximize the use of the observable inputs and minimize the use of unobservable inputs.

7 K H D V V H W ¶ V I D L I e l w i t h t h e f a i r v a l u e h i e r a r c h y b a s e d o n the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for assets at fair value on a recurring basis.

U.S. Government Bonds: Valued at the current available closing price reported or based on values obtained on comparable securities of issuers with similar credit ratings.

VERMONT STATE COLLEGES
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

The preceding methods described may produce a fair value calculation that may not be indicative of fair value. The preceding methods described may produce a fair value calculation that may not be indicative of fair value.

VERMONT STATE COLLEGES

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VERMONT STATE COLLEGES
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

	2020				
	Beginning balances	Additions	Reductions	Ending balances	Current portion
Long-term liabilities					
Bonds and notes payable	\$ 121,086,246	\$ 28,723,755	30,235,636	\$ 119,574,365	\$ 1,613,454
Total OPEB obligation	189,003,550	5,054,004	-	194,057,554	-
Other liabilities	224,866	244,435	224,866	244,435	-
Refundable grants	6,036,744	-	1,285,347	4,751,397	-
Total long-term liabilities	<u>\$ 316,351,406</u>	<u>\$ 34,022,194</u>	<u>\$ 31,745,849</u>	<u>\$ 318,627,751</u>	<u>\$ 1,613,454</u>

Bonds and Notes Payable

Outstanding debt as of June 30, is as follows:

	<u>2021</u>	<u>2020</u>
Revenue Bonds, Series 2020A:		
3.0% - 5.0% serial bonds aggregating \$18,990,000 maturing 2020 through 2037 and a \$5,195,000 4.0% term bond due October 2040. Interest on the serial bonds is paid semi-annually on the unpaid balances. Unamortized bond premium of \$4,231,897 and \$4,451,736 has been added to the liability at June 30, 2021 and 2020, respectively. ¹	\$28,416,897	\$28,636,735
Revenue Bonds, Series 2017:		
4.0% - 5.0% serial bonds aggregating \$67,660,000 maturing 2021 through 2037 and Interest on serial bonds is paid semi-annually on the unpaid balances. Unamortized bond premium of \$8,428,414 and \$8,947,085 has been added to the liability at June 30, 2021 and 2020, respectively. ²	76,088,414	76,607,085

VERMONT STATE COLLEGES

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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Revenue Bonds, Series 2013:

4.0% - 5.0% serial bonds aggregating

and 3.125% - 5.0% term bonds aggregating

annually on the unpaid balances.

and \$1,210,545 has been added to the

VERMONT STATE COLLEGES
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Debt Roll-Forward

Long-term debt activity for the years ended June 30, 2021 and 2020 was as follows:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Repayment</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Current</u> <u>Portion</u>
Series 2013	\$ 13,120,000	\$ -	\$ (780,000)	\$ 12,340,000	\$ 810,000
Series 2013 Bond Premium	<u>1,210,545</u>	<u>-</u>	<u>(94,944)</u>	<u>1,115,601</u>	<u>94,944</u>
Series 2013 Bonds	<u>14,330,545</u>	<u>-</u>	<u>(874,944)</u>	<u>13,455,601</u>	<u>904,944</u>
Series 2017	67,660,000	-	-	67,660,000	2,615,000
Series 2017 Bond Premium	<u>8,947,085</u>	<u>-</u>	<u>(518,672)</u>	<u>8,428,413</u>	<u>518,672</u>
Series 2017 Bonds	<u>76,607,085</u>	<u>-</u>	<u>(518,672)</u>	<u>76,088,413</u>	<u>3,133,672</u>
Series 2020	24,185,000	-	-	24,185,000	-
Series 2020 Bond Premium	<u>4,451,735</u>	<u>-</u>	<u>(219,838)</u>	<u>4,231,897</u>	<u>219,839</u>
Series 2020 Bonds	<u>28,636,735</u>	<u>-</u>	<u>(219,838)</u>	<u>28,416,897</u>	<u>219,83</u>
Total Bonds and Notes Payable	<u>\$ 119,574,365</u>	<u>\$ -</u>	<u>\$ (1,613,454)</u>	<u>\$ 117,960,911</u>	<u>\$ 4,258,45</u>

VERMONT STATE COLLEGES
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Repayment</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u> <u>Portion</u>
Series 2010-B	\$ 28,780,000	\$ -	\$ (28,780,000)	\$ -	\$ -
Series 2010 Bond Premium	-	-	-	-	-
Series 2010 Bonds	<u>28,780,000</u>	<u>-</u>	<u>(28,780,000)</u>	<u>-</u>	<u>-</u>
Series 2013	13,875,000	-	(755,000)	13,120,000	780,000
Series 2013 Bond Premium	<u>1,305,489</u>	<u>-</u>	<u>(94,944)</u>	<u>1,210,545</u>	<u>94,944</u>
Series 2013 Bonds	<u>15,180,489</u>	<u>-</u>	<u>(849,944)</u>	<u>14,330,545</u>	<u>874,944</u>
Series 2017	67,660,000	-	-	67,660,000	-
Series 2017 Bond Premium	<u>9,465,757</u>	<u>-</u>	<u>(518,672)</u>	<u>8,947,085</u>	<u>518,672</u>
Series 2017 Bonds	<u>77,125,757</u>	<u>-</u>	<u>(518,672)</u>	<u>76,607,085</u>	<u>518,672</u>
Series 2020	-	24,185,000	-	24,185,000	-
Series 2020 Bond Premium	<u>-</u>	<u>4,538,755</u>	<u>(87,020)</u>	<u>4,451,735</u>	<u>219,838</u>
Series 2020 Bonds	<u>-</u>	<u>28,723,755</u>	<u>(87,020)</u>	<u>28,636,735</u>	<u>219,838</u>

VERMONT STATE COLLEGES
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Notes to the Financial Statements - Continued

June 30, 2021

VERMONT STATE COLLEGES
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Notes to the Financial Statements - Continued

VERMONT STATE COLLEGES
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

employer contributions. There were no contributions to the Vermont State Teachers Retirement System during 2021 and 2020.

In addition, full-time faculty employees who have worked for the Colleges for 15 years may elect early retirement at age 58 and receive 50% of their annual salary as of their retirement date. In addition, VSC will pay 50% of the difference between the retirement benefits and the employee's wages to the individual.

VERMONT STATE COLLEGES

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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Funding Policy: Contribution requirements are also negotiated between VSC and union representatives. VSC contributes 100% of the current-year utilization costs for eligible employees, spouses or civil union partners. For the fiscal years 2021 and 2020, VSC recognized employer contributions of \$7,306,213 and \$6,986,981, respectively, for both healthcare and early retirement. The plan is financed on a pay-as-you-go basis. In fiscal years 2021 and 2020, there were minimal member contributions to the plan from new retirees hired before July 1, 2000. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Annual OPEB Cost and Total OPEB Obligation: VSC's OPEB cost (expense) includes most changes in the total OPEB liability. The effects of changes, such as service costs and interest on the total OPEB liability, must be reported in the current reporting period as an OPEB expense. The effects of changes, such as the change in actuarial assumptions and differences between expected and actual experiences, are required to be included in OPEB expense over the current and future periods. Such changes must be amortized in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan beginning in the current period.

At June 30, 2021 and 2020, VSC reported a total OPEB liability of \$238,004,492 and \$194,057,554, respectively. The total OPEB liability as of June 30, 2021, the reporting date, was measured as of June 30, 2020, the measurement date, and the actuarial valuation date of July 1, 2019, which was rolled forward from the prior measurement date of June 30, 2019. The total OPEB liability as of June 30, 2020, the reporting date, was measured as of June 30, 2019, the measurement date, and the total OPEB liability was determined by an actuarial valuation date as of July 1, 2019.

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

The following ta

VERMONT STATE COLLEGES
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Deferred Outflows of Resources related to OPEB:

VSC reported deferred outflows of resources related to OPEB from the following sources for the year ended June 30,:

<u>Deferred Outflows of Resources</u>	<u>2021</u>	<u>2020</u>
Differences between projected and actual experience	\$ 7,408,077	\$ 8,702,485
Changes in plan actual assumptions	35,292,123	461,711
Contributions subsequent to the measurement date	<u>7,306,213</u>	<u>6,986,981</u>
Total	<u>\$ 50,006,413</u>	<u>\$ 16,151,177</u>

Deferred Inflows of Resources related to OPEB:

VSC reported deferred inflows of resources related to OPEB from the following sources for the year ended June 30,:

<u>Deferred Inflows of Resources</u>	<u>2021</u>	<u>2020</u>
Differences between projected and actual experience	\$ 1,820,860	\$ 2,123,831
Changes in plan actual assumptions	<u>2,055,450</u>	<u>2,424,993</u>
Total	<u>\$ 3,876,310</u>	<u>\$ 4,548,824</u>

VERMONT STATE COLLEGES
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

VSC's contributions of \$7,306,213 and \$6,986,981 made during fiscal year ending 2021 and 2020, respectively, subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the succeeding year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) in pension expense as follows:

Years Ending <u>June 30,</u>		
2022	\$	6,291,914
2023		6,291,914
2024		6,291,914
2025		6,291,914
2026		6,324,073
2027 and after		<u>7,332,161</u>
	\$	<u><u>38,823,890</u></u>

VERMONT STATE COLLEGES
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Actuarial Assumptions: The total OPEB liability was determined using the

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Retirement Rate: Age-related retirement rates tables were developed based on input and analysis of the current retiree population overall and the new retirees over the last five years. The age related tables assumed rates of retirement beginning at age 55.

Marital Status: Marital status of member at the calculation date was assumed to be 70% married based on current retiree population. Spousal participation was assumed to be 90% at the calculation date.

Healthcare Cost Trend Rate: Dental claims are expected to increase at 2.0 per annum. Medical trend rates are based on the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model.

Sensitivity of the Colleges' proportionate share of the total OPEB liability to changes in the discount rate: The following presents the Colleges' proportionate share of the total OPEB liability, as well as what the Colleges pay, as well as

VERMONT STATE COLLEGES
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

<u>2021</u>		
Current Healthcare		
1.00% Decrease	Cost Trend Rate (A)	1.00% Increase
\$ 203,930,702	\$ 238,004,492	\$ 281,230,049

<u>2020</u>		
Current Healthcare		
1.00% Decrease	Cost Trend Rate (A)	1.00% Increase
\$ 170,034,818	\$ 194,057,554	\$ 223,911,882

(A) - See page 5 for current healthcare cost trend rate.

Note 10 - **Leases**

The Colleges have various operating leases for classrooms, office space, equipment and motor vehicles. The majority of these leases have terms equal to or less than ten years and in some cases contain escalation and maintenance clauses, as well as renewal options. Total rental expense for all operating leases was approximately \$3,515,000 and \$3,352,000 in 2021 and 2020, respectively.

VERMONT STATE COLLEGES
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

	Balance				Balance
	<u>June 30, 2019</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>June 30, 2020</u>
Land	\$ 9,004,664	\$ -	\$ -	\$ -	\$ 9,004,664
Construction-in-process	<u>1,604,504</u>	<u>3,046,796</u>	<u>(1,784,864)</u>	<u>-</u>	<u>2,866,436</u>
Subtotal - Capital assets not depreciated	<u>10,609,168</u>	<u>3,046,796</u>	<u>(1,784,864)</u>	<u>-</u>	<u>11,871,100</u>
Infrastructure	40,998,521	197,553	372,302	-	41,568,376
Buildings and improvements	260,551,052	-	1,412,562	-	261,963,614
Leasehold improvements	4,090,271	-	-	-	4,090,271
Equipment	<u>36,425,264</u>	<u>653,149</u>	<u>-</u>	<u>(146,033)</u>	<u>36,932,380</u>
Subtotal - Capital assets depreciated	<u>342,065,108</u>	<u>850,702</u>	<u>1,784,864</u>	<u>(146,033)</u>	<u>344,554,641</u>
Less accumulated depreciation	<u>(195,569,567)</u>	<u>(9,999,987)</u>	<u>-</u>	<u>122,889</u>	<u>(205,446,665)</u>
Capital assets, net	<u>\$ 157,104,709</u>	<u>\$ (6,102,489)</u>	<u>\$ -</u>	<u>\$ (23,144)</u>	<u>\$ 150,979,076</u>

Note 12 - **Contingencies and Commitments**

Contingencies

VSC participates in various federally funded programs. These programs are subject to financial and compliance audits and resolution of identified questioned costs. The amount, if any, of expenditures that may be disallowed by the granting agency cannot be determined at this time.

VERMONT STATE COLLEGES
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Notes to the Financial Statements - Continued

June 30, 2021 and 2020

VSC is also exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Commitments

VSC has entered into various construction contracts. The following commitments are ongoing projects at June 30, 2021:

<u>Project</u>	<u>Expended through June 30, 2021</u>	<u>Committed Future Costs</u>	<u>Total Committed Costs of Project</u>
VTC - Advanced Manufacturing Center-	\$ 1,208,337	\$ 714,320	\$ 1,922,657
VTC - Axis Milling Machine	141,670	330,563	472,233
VTC - Lab Equipment	296,874	692,707	989,571
VTC - ProX SLS 6100 Printer	-	385,343	385,343
Total	\$ 1,646,881	\$ 2,122,933	692,707

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Year ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2017
Total OPEB liability				
Service Cost	\$ 3,672,170	\$ 4,532,612	\$ 4,515,546	\$ 4,359,477
Interest	6,671,317	7,194,823	6,647,387	6,185,678
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	263,532	(1,778,447)	12,241,959
Changes of assumptions or other inputs	40,500,432	(755,342)	(2,480,058)	666,613
Benefit payments	<u>(6,896,981)</u>	<u>(6,181,621)</u>	<u>(6,399,026)</u>	<u>(6,464,225)</u>
Net change in total OPEB liability	43,946,938	5,054,004	505,402	16,989,502
Total OPEB liability - beginning	<u>194,057,554</u>	<u>189,003,550</u>	<u>188,498,148</u>	<u>171,508,646</u>
Total OPEB liability - ending	<u>\$ 238,004,492</u>	<u>\$ 194,057,554</u>	<u>\$ 189,003,550</u>	<u>188,498,148</u>

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Notes to the Required

INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of
Vermont State Colleges
Montpelier, Vermont

We have audited, 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, the financial statements of Vermont State Colleges (a component unit of the State of Vermont) (the "Colleges"), which comprise the statements of net position as of June 30, 2021 and 2020, the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Vermont State Colleges' basic financial statements and have issued our report thereon dated October 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Vermont State Colleges' internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Colleges' internal control. Accordingly, we do not express an opinion on the effectiveness of the Colleges' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A **material weakness** is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A **significant deficiency** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Vermont State



VERMONT STATE COLLEGES

(a Component Unit of the State of Vermont)

Independent Auditors' Reports as Required by the Uniform Guidance and Government Auditing Standards and Related Information

June 30, 2021

C O N T E N T S

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1-3
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	4-5
Schedule of Expenditures of Federal Awards	6-11
Notes to the Schedule of Expenditures of Federal Awards	12-13
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Summary Schedule of Prior Audit Finding	19-23
V & R U U H F W L Y H \$ F W L R Q 3 O D Q	24

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses exist that have not been identified.

Management's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Colleges' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Colleges, as of and for the year ended June 30, 2021. We issued our report thereon dated October 25, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Certified Public Accountants
Braintree, Massachusetts

February 7, 2022

(except for the Schedule of Expenditures of Federal Awards; for which the date is October 25, 2021)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Even these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and



**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Total	Total Amounts to Sub-recipients
STUDENT FINANCIAL ASSISTANCE CLUSTER					
U.S. Department of Education:					
Direct Awards:					
Federal Supplemental Educational Opportunity Grant	84.007	N/A	N/A	\$ 1,113,157	\$ -
Federal Work-Study Program	84.033	N/A	N/A	1,505,563	-
Federal Perkins Loan Program (beginning of year)	84.038	N/A	N/A	3,488,786	-

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Total	Total Amounts to Sub-recipients
MEDICAID CLUSTER					
U.S. Department of Health and Human Services:					
Passthrough Awards:					
Medical Assistance Program	93.778	Office of Vermont Health Access	P85 - Sec. B. 605	\$ 248,103	\$ -
Medical Assistance Program	93.778	Vermont Department of Mental Health	03150-A1714	6,150	-
Medical Assistance Program	93.778	Vermont Department of Mental Health	03150-A1695	70,000	-
Total Medicaid Cluster				324,253	-
ECONOMIC DEVELOPMENT CLUSTER					
U.S. Department of Commerce:					
DoELOP cards					

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VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Assistance Listing	Number	Pass-Through Entity	Pass-Through Entity Award Number	Community College of Vermont	Castleton University	Northern Vermont University	Vermont Technical College	Workforce	System Offices & Services	Total	Total Amounts to Sub-recipients
STUDENT FINANCIAL ASSISTANCE CLUSTER											
U.S. Department of Education:											
Direct Awards:											
Federal Supplemental Educational Opportunity Grant	84.007	N/A	N/A	\$ 191,001	\$ 323,990	\$ 379,063	\$ 219,103	\$ -	\$ -	1,113,157	\$ -
Federal Work-Study Program	84.033	N/A	N/A	156,432	366,580	812,731	169,820	-	-	1,505,563	-
Federal Perkins Loan Program (beginning of year)	84.038	N/A	N/A	-	947,197	2,207,446	287,371	-	46,772	3,488,786	-
Federal Perkins Loan Program (current year expenditures)	84.038	N/A	N/A	-	-	-	-	-	-	-	-
Federal Direct Student Loans	84.268	N/A	N/A	2,834,205	9,700,434	10,022,290	6,535,966	-	-	29,092,895	-
Federal Pell Grant Program	84.063	N/A	N/A	5,444,677	2,981,065	3,240,552	1,780,418	-	-	13,446,712	-
Total Student Financial Assistance Cluster				<u>8,626,315</u>	<u>14,319,266</u>	<u>16,662,082</u>	<u>8,992,678</u>	<u>-</u>	<u>46,772</u>	<u>48,647,113</u>	<u>-</u>
TRIO CLUSTER											
U.S. Department of Education:											
Direct Awards:											
TRIO Student Support Services	84.042A	N/A	N/A	415,061	328,760	430,499	327,219	-	-	1,501,539	-
TRIO Upward Bound	84.047A	N/A	N/A	-	330,937	872,247	-	-	-	1,203,184	-
TRIO Upward Bound NY	84.047M	N/A	N/A	-	312,234	-	-	-	-	312,234	-
TRIO McNair	84.217A	N/A	N/A	-	246,352	-	-	-	-	246,352	-
Total TRIO Cluster				<u>415,061</u>	<u>1,218,283</u>	<u>1,302,746</u>	<u>327,219</u>	<u>-</u>	<u>-</u>	<u>3,263,309</u>	<u>-</u>
RESEARCH AND DEVELOPMENT CLUSTER											
National Aeronautics and Space Administration:											
Passthrough Awards:											
Science - National Space Grant College and Fellowship Program	43.001	University of Vermont	AWD00000100SUB00000078	-	-	-	9,006	-	-	9,006	-
Education - CubeSat Continued Development	43.008	University of Vermont	33451 SUB00000147	-	-	-	19,093	-	-	19,093	-
Subtotal - Passthrough Awards				<u>-</u>	<u>-</u>	<u>-</u>	<u>28,099</u>	<u>-</u>	<u>-</u>	<u>28,099</u>	<u>-</u>
National Science Foundation:											
Direct Awards:											
Geosciences	47.050	N/A	N/A	-	33,418	-	-	-	-	33,418	-
Passthrough Awards:											
Experimental Program to Stimulate Competitive Research	47.073	University of Vermont	30373SUB52050	-	11,303	-	-	-	-	11,303	-
Experimental Program to Stimulate Competitive Research	47.073	University of Vermont	30373SUB52051	-	-	13,177	-	-	-	13,177	-
Biomedical Research and Research Training	93.859	University of Vermont	29252SUB51796	-	101,597	-	-	-	-	101,597	-
Biomedical Research and Research Training	93.859	University of Vermont	2P20GM103449-19	-	-	118,196	-	-	-	118,196	-
Subtotal - Passthrough Awards				<u>-</u>	<u>112,900</u>	<u>131,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,273</u>	<u>-</u>
Total Research and Development Cluster				<u>-</u>	<u>146,318</u>	<u>131,373</u>	<u>28,099</u>	<u>-</u>	<u>-</u>	<u>305,790</u>	<u>-</u>
477 CLUSTER											
U.S. Department of Health and Human Services:											
Passthrough Awards:											
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.575	Vermont Department of Children & Families	03440-34001-18-ECPDS	1,241,518	-	-	-	-	-	1,241,518	-

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2021

Assistance Listing	Number	Pass-Through Entity	Pass-Through Entity Award Number	Community College of Vermont	Castleton University	Northern Vermont University	Vermont Technical College	Workforce	System Offices & Services	Total	Total Amounts to Sub-recipients
MEDICAID CLUSTER											
U.S. Department of Health and Human Services:											
Passthrough Awards:											
Medical Assistance Program	93.778	Office of Vermont Health Access	P85 - Sec. B. 605	\$ -	\$ -	\$ -	\$ 248,103	\$ -	\$ -	\$ 248,103	\$ -
Medical Assistance Program	93.778	Vermont Department of Mental Health	03150-A1714	-	-	6,150	-	-	-	6,150	-
VCPI Operations Grant	93.778	Vermont Department of Mental Health	03150-A1695	-	-	70,000	-	-	-	70,000	-
Total Medicaid Cluster				-	-	76,150	248,103	-	-	324,253	-
ECONOMIC DEVELOPMENT CLUSTER											
U.S. Department of Commerce:											
Direct Awards											
Economic Adjustment Assistance	11.307	N/A	N/A	-	-	90,684	-	-	-	90,684	-
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER											
U.S. Department of Agriculture:											
Direct Awards:											
Highway Planning and Construction	20.205	N/A	N/A	-	-	-	-	55,995	-	55,995	-
NON-CLUSTER											
U.S. Department of Commerce:											
Direct Awards:											
Manufacturing Extension Partnership	11.611	N/A	N/A	-	-	-	-	666,519	-	666,519	-
Manufacturing Extension Partnership- Emergency Assistance Program	11.611	N/A	N/A	-	-	-	-	9,180	-	9,180	-
Subtotal - Direct Awards				-	-	-	-	675,699	-	675,699	-
Small Business Administration:											
Direct Awards:											
COVID-19 - Small Business Development Centers	59.037	N/A	N/A	-	-	-	-	548,516	-	548,516	-
OSBDC Portable Assistance Program	59.037	N/A	N/A	-	-	-	-	53,545	-	53,545	-
Small Business Development Centers	59.037	N/A	N/A	-	-	-	-	575,840	-	575,840	-
Subtotal - Direct Awards				-	-	-	-	1,177,901	-	1,177,901	-
National Endowment for the Arts											
Passthrough Awards:											
Vermont COVID-19 Cultural Relief Grant	45.025	Vermont Arts Council	N/A	-	-	5,335	-	-	-	5,335	-
Vermont COVID-19 Cultural Relief Grant	45.025	Vermont Humanities Council	N/A	-	-	2,500	-	-	-	2,500	-
Subtotal - Passthrough Awards				-	-	7,835	-	-	-	7,835	-
U.S. Department of Veteran Affairs											
Direct Awards:											
Veteran Affairs	93.888	N/A	N/A	-	1,184	-	-	-	-	1,184	-
National Oceanic and Atmospheric Administration											
Passthrough Awards:											
Meteorologic and Hydrologic Modernization Development	11.467	National Oceanic and Atmospheric Admin	NA16NWS4670042	-	-	1,563	-	-	-	1,563	-

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VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Note 1- Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal Government for the year ended June 30, 2021. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit

VERMONT STATE COLLEGES
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Notes to Schedule of Expenditures of Federal Awards- Continued

Year Ended June 30, 201

Note 4- Federal Student Loan Program- Continued

Direct Student Loan Program

The Colleges disbursed \$2,092,895 of loans under the Federal Direct Student Loans program, which include Stafford Subsidized and Unsubsidized Loans and Parent Plus Loans. It is not practical to determine the balances of the loans outstanding to students of the Colleges under the programs as of June 30, 201. The Colleges are only responsible for the performance of certain administrative duties and, accordingly, these loans are not included in the Colleges' financial statements.

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VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Schedule of Current Year Findings and Questioned Costs- Continued

Year Ended June 30, 2011

Section II - Financial Statement Findings

None

VERMONT STATE COLLEGES
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Schedule of Current Year Findings and Questioned Costs- Continued

Year Ended June 30, 2021

Section III Federal Award Findings and Questioned Costs

Finding number: 2021-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.007, 84.033, 84.038, 84.063, 84.268
Award year: 2020

Criteria

According to 34 CFR 685.309(b)(2):

Unless [the institution] it expects to submit its next updated enrollment report to the

VERMONT STATE COLLEGES
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Schedule of Current Year Findings and Questioned Costs- Continued

Year Ended June 30, 2011

Condition

The Federal Government requires the Colleges to report student enrollment changes to the National

VERMONT STATE COLLEGES

VERMONT STATE COLLEGES
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Management's Summary Schedule of Prior Audit Findings Continued

VERMONT STATE COLLEGES
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Management's Summary Schedule of Prior Audit Findings Continued

Year Ended June 30, 2021

Finding number: 2020-002
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.007, 84.033, 84.038, 84.063, 84.268
Award year: 2020

Condition

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students within fifteen days of the funds being disbursed to the student. During testing, we
noted seven students, out of a sample of forty, were not reported within the required timeframe by
a range of four to fifty-seven days.

VERMONT STATE COLLEGES
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Management's Summary Schedule of Prior Audit Findings Continued

Year Ended June 30, 201

VERMONT STATE COLLEGES
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Management's Summary Schedule of Prior Audit Findings Continued

Year Ended June 30, 2021

Finding number: 2020-004
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.007, 84.033, 84.038, 84.063, 84.268
Award year: 2020

Condition

Federal regulations require an institution to return unclaimed Title IV funds issued by check or

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