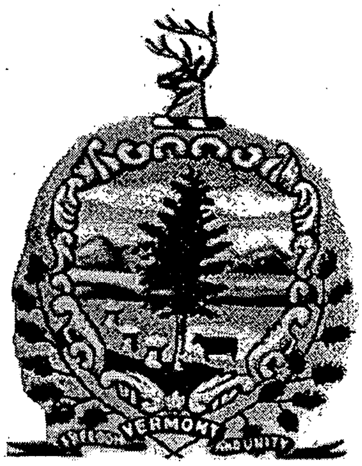
TREASURER'S ANNUAL REPORT TO THE LEGISLATURE



Vermont State Treasurer's Office

James H. Douglas, Treasurer

February 6, 1998

Vermont State Treasurer's Office
133 State Street
Montpelier, VT 05633-6200

February 6, 1998

Dear Members of the General Assembly:

I respectfully submit my annual report to the legislature as required by Title 32, section 101 of the Vermont Statutes Annotated. For three years the State Treasurer's Office has been engaged in a policy of "trending down" both long term and short term debt and it is finally having positive effects.

For the first time in this decade, the State of Vermont this year will retire more outstanding long term debt than it will issue in new long term debt. The State's short term borrowing need of $20 million in FY '98 was the smallest amount in this decade.

As a result, Vermont not only maintained its bond rating, but has solidified a stronger double A position in a refined Moody's rating system. If these trends continue, the State is expecting to position itself favorably for a higher rating from Standard and Poor's in the future. However, Vermont's long term debt level compares unfavorably with most other states. Vermont is ranked number eight in debt service as a percent of its budget and debt as a percent of the State's aggregate personal income. It ranks ninth in debt per capita. So a continued policy of reducing long term debt is essential.

Again this year we will seek legislation to give municipalities and their members in the municipal retirement system an opportunity to operate their own system outside of State government. Since there are no State dollars involved it is only logical to afford local government and their employees the right to operate their own pension system. In addition, this move would allow the State Treasurer's Retirement Division to focus its limited resources on the other two systems, those for State employees and teachers.

Also, we are proposing this year that exempt employees be provided the option to select a defined contribution retirement plan. This will give more portability to those employees who often do not benefit significantly from the current defined benefit retirement program. This selection of a plan would be entirely optional.

This report contains an overview of many of the programs I have instituted in the last three years as well as those that I recommend for the future. If you have any questions, please do not hesitate to give me a call.

Sincerely,

James H. Douglas

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I. Debt Management

Debt Management

The State Treasurer's Office continues to engage in a policy of "trending down" both long term and short term debt. After implementing this policy three years ago, "trending down" is finally having some positive effects. For the first time in this decade, the State of Vermont will retire more outstanding long term debt than it will issue in new long term debt. The State will retire approximately $44.9 million in general obligation principal in FY'98 and issue $43.5 million in new debt, resulting in a $1.4 million decrease in general obligation par outstanding between July 1, 1997 and July 1, 1998. The State's short term borrowing need of $20 million for FY'98 was the smallest amount in this decade. The amount and duration of short-term borrowing is usually dependent upon two critical factors: a recurring revenue stream matching recurring expenditures (in other words, an ongoing balanced budget); and a healthy stabilization reserve that can offset seasonal or economic dips in revenue as well as expenditure patterns that do not match up precisely with schedules of revenue collections. At the conclusion of FY'97 the State of Vermont was able to fill stabilization reserves in the General and Transportation Funds with surplus moneys meeting the two critical factors.

As a result of declining new authorizations in long term debt, decreasing short term borrowings, and a greatly enhanced cash position with adequately funded stabilization reserves, Vermont not only maintained its bond rating, but has solidified a stronger double A position in a refined Moody's rating system. If these trends continue the State is expecting to position itself favorably for a higher rating from Standard and Poor's in the future.

However, there are future areas of concern. Without corrective legislative action to coordinate Act 60 state aid distribution payments with incoming revenues, short-term borrowing is expected to soar in FY'99 and FY 2000. In FY'99 both Education Fund and

General Fund short term cashflow borrowing could reach $65 million and in FY 2000 early cashflow calculations indicate that short term borrowing could approach $250 million. This level of short term debt would have devastating consequences to the State's credit rating. Moody's, in particular, cited a trend of our enhanced cash position and the resulting lower borrowing needs as reasons for assigning a rating of Aa2. Short term debt payments in FY 2000 could approach $12 million which would come from moneys earmarked for education.

In addition, Vermont's long term debt level compares unfavorably with most other states. Vermont is ranked number eight in debt service as a percent of its budget and debt service as a percent of the State's aggregate personal income. It ranks ninth in debt per capita.[1]

Also, although reducing new authorizations of long term debt has been successful, the State still finds itself paying out more in annual long term debt payments than in previous years. In the first decade of the new millennium annual debt service payments will finally begin to decrease from previous years but only if new issuances of long term debt are at or below current levels.

Tables 1 and 2 display new authorization levels of long and short term debt from FY'92 to those proposed for FY'99. Table 3 displays debt service payments and Table 4 displays total outstanding debt.

Table 1

New Long Term Debt Authorizations From FY' 92 To FY '99
(In Millions of Dollars)

FY'92	FY'93	FY'94	FY'95	FY'96	FY'97	FY'98	FY'99[2]
$65.3	$73.7	$64.3	$60.9	$50	$42.8	$42.9	$39

[1] Rankings reflect figures as published by Moody's Investors Service. Actual debt ratios for the State were computed on the basis of the most recent, available data.
[2] This amount has been recommended by the Capital Debt Affordability Advisory Committee

Table 2

Short Term Borrowing Utilizing Revenue Anticipation Notes/Commercial Paper Notes/ Bond Anticipation Notes For Fiscal Years 1991 Through 1999
(In Millions of Dollars)

Fiscal Year	Maximum Outstanding During Fiscal Year	Total Outstanding At End of Fiscal Year
FY'91	$191.5	$65.0
FY'92	$155.0	$65.0
FY'93	$155.0	0
FY'94	$150.0	0
FY'95	$150.0	$20.0
FY'96	$150.0	0
FY'97	$105.0	0
FY'98[3]	$20.0	0
FY'99[4]	$65.0	0

Table 3

Tax-Supported Debt Service by Fiscal Year (1994-1999)
(In Millions)[5]

FY'94	FY'95	FY'96	FY'97	FY'98	FY'99[3]
$50.7	$57.9	$66.6	$70.3	$74.5	$75.4

Table 4

General Obligation Bond Principal Debt Outstanding From Fiscal Year Ends 1992 to 1999
(General obligation principal debt only, excludes notes, lease/purchase obligations that are included in annual debt service payments. (In Millions)

FY'92	FY'93	FY'94	FY'95	FY'96	FY'97	FY'98[3]	FY'99[4]
$361.2	$339.5	$425.4	$461.8	$489.1	$501.7	$500.3	$494

The State Treasurer's Office has been aggressive in reducing the costs of issuing both long and short term debt. Over the past three years bond counsel services were put out to bid for the first time in over twenty years, which resulted in a contract with fee

[3] Estimated
[4] Proposed
[5] These numbers include debt service payments for both general fund and transportation fund projects as well as lease obligations and certificates of participation

caps and ultimately substantial savings. We also reduced the number of financial advisors from two to one and just recently rebid this contract resulting in a reduced cost of services. In addition, Vermont is the first state to use only two rating agencies rather than three for its commercial paper program, and all bond bid openings and closings are conducted either via telephone/fax or through the mail, rather than by overnight trips to New York City. Lastly commercial paper costs for underwriter services, liquidity services and paying agent services have been reduced substantially through the bidding process. These steps have reduced the costs of issuing bonds and commercial paper by hundreds of thousands of dollars annually.

II. INVESTING

Over the past three years the State Treasurer's Office has instituted a competitive bidding system in its short term investment program and become more aggressive in investing the State's resources. ***Overall, these changes have resulted in very favorable returns at reduced costs.*** Table 5 displays historical and projected investment returns to the general fund from the State's short term investment program and Table 6 displays the returns during FY'97 in the three retirement systems.

Table 5

Net Interest to the General Fund By Fiscal Year (FY'94 to FY'99)
(In Millions)

FY'94	FY'95	FY'96	FY'97[6]	FY'98[3]	FY'99[3]
$0.5	$1.7	$2.9	$4.9	$3.0	$2.9

[6] Unaudited

Table 6
FY'97 Retirement Funds Investment Returns

Vermont State Employees Retirement System FY'97 Investment Return	Vermont State Teachers Retirement System FY'97 Investment Return	Vermont Municipal Employees Retirement System FY'97 Investment Return
22.35%	22.34%	20.90%

The institution of the weekly competitive bidding system three years ago for short-term investments has increased our rate of return and liquidity while at the same time decreasing exposure. Although required by law for some time, we adopted in 1995 guidelines for short-term investments, consistent with statutory restrictions. The guidelines delineate acceptable investments, require diversification and place safety above yield. The State retirement fund, through the board of trustees, has begun to invest in a Standard and Poor's 500 index fund as part of its overall investment strategy. This has resulted in significant cost savings without sacrificing returns. ***Both the State and the Teachers' retirement systems are seeking legislation to institute a prudent person principle for their investment guidelines***. Prudent person legislation was approved in 1996 for the municipal system and allows greater flexibility while continuing to hold the trustees accountable for investment decisions. The most significant change in the past year is the addition to our staff of a Director of Investment Services. This should result in even more enhanced investment decisions as well as closer monitoring of the various investment managers.

III. ECONOMIC DEVELOPMENT

Over the years the State Treasurer's Office has been called upon to fund the expansion of various Vermont Economic Development Authority programs through the State's cashflow. Currently the State of Vermont has approximately $19 million in notes outstanding to VEDA for the programs that make loans available to local development corporations and private companies. These loans are in essence a revolving line of credit. Once a payment is made to the State from any outstanding loan, VEDA is authorized to draw that amount from the State's treasury for other loans. This funding mechanism of using the State's cashflow has two fundamental problems: one, it puts enormous pressures on the State's cashflow, especially in tight financial times, thereby requiring additional borrowing; and two, it is not a lasting and sustainable funding mechanism for VEDA, which needs approximately $10 million in new moneys each year in order to meet the loan demand generated through its two major programs. The State Treasurer's office, working closely with VEDA, developed a sustainable funding mechanism that uses the existing assets of VEDA to borrow from the capital markets each year and repay investors using the cashflow of the existing loan portfolio. This program will allow VEDA to approve $10 million in new loans each year to local development corporations or private companies without a State appropriation or loans from the State's cashflow. In addition, the State's existing loans to VEDA will be paid in accordance with an amortization schedule that complies with existing statute. VEDA has just completed its refinancing under the new recapitalization model. Although there may be slightly higher rates for VEDA borrowers, the rates will still be well below market rates available through most other financing arrangements. In the end, the economic development community will have lasting and sustainable funding for these two programs at a predictable level.

IV. RETIREMENT

A. OVERVIEW

The State maintains three statutory pension plans: the Vermont State Teachers' Retirement System, with 10,280 active and 3,188 retired members as of June 30, 1997; the Vermont State Retirement System, with 7,227 active and 3,308 retired members; and the Vermont Municipal Employees Retirement System, with 4,068 active and 689 retired members. Both the Vermont State Teachers' Retirement System and the Vermont State

Retirement System are funded by employee contributions as well as those made by the State of Vermont. The Vermont Municipal Employees' Retirement System involves no State money, but nevertheless is administered by the State Treasurer's Office (please see later discussion). Assets for the three retirement systems exceed $1.7 billion and are divided among the plans as displayed in Table 7 below.

Table 7
Total Assets at Market Value by Pension System as of June 30, 1997
(In Millions)

State Teachers Retirement System	Vermont State Retirement System	Vermont Municipal Employees Retirement System
$865.86	$779.31	$109.88

B. PRIVATIZATION OF THE MUNICIPAL RETIREMENT SYSTEM

The municipal retirement system presents a dilemma for the Treasurer's Office. There are complaints from board members that too little time is spent administering the system, yet staff estimates that management time on the system is disproportional to overall assets of the three pension systems administered by the retirement division. In essence, retirement personnel spend one-third of their time managing a system whose assets are only a small percentage of a $1.7 billion asset base.

The disproportionate time commitment is understandable given the fact that contract administration, board and budget preparation, fund manager oversight and other functions take as much time on $110 million retirement system as they do on a half billion dollar system. In addition, this disproportionate time commitment puts enormous strain on staff's capabilities to properly administer the three systems in an era of governmental downsizing. Given that staff additions will be difficult to achieve in the near future, other options must be considered to meet the Treasurer's goal of effective and efficient management of the three retirement systems.

A recurring question is often heard: If the State of Vermont contributes no money to this system and is no longer legally required to fund the system, why is the municipal retirement system under State control? It is a question that has only one plausible answer: History. In 1975 when the retirement system was established the Legislature assigned it to the retirement division of the Treasurer's Office because the State contributed to the system and had a legal requirement to fund the system. Now neither of those reasons remains.

Again, this year the Treasurer's Office and the Board of Trustees propose that the municipal retirement system be operated as a non-profit corporation outside of state government, controlled and operated by those local governments and their employees who belong to the retirement system. There are several advantages to both the Treasurer's Office and current members of the system in implementing such a proposal:

> Local governments and the members, rather than state government, would be controlling and operating the system. This would entitle the system to set its own budget, have its own staff, and determine its own direction without the day to day oversight of the State.
>
> The cost of conversion and operating this new system would not be significantly higher than personnel and operating costs under the current system. A budget has been prepared outlining two years of estimated expenditures. In addition, preliminary talks with money managers and other contractors indicate little price impact because of the establishment of a new entity. They would continue to offer discounts based on their relationships with the other two systems.
>
> Existing retirement division staff would be able to focus on managing and servicing the two larger systems where the State of Vermont contributes moneys to the retirement funds and has a legal responsibility to fund the two systems.

Maintaining the status quo in terms of staffing and management of the municipal retirement system is not a viable option to meet the existing or future demands of the system. Changes are recommended for the express purpose of improving the system and providing better service to its members.

C. Funding of The Retirement Systems

Governmental Accounting Standards Board ("GASB") Opinion No. 5 regarding standardized disclosure measurements of the present value of pension benefits, as adjusted for the effects of projected salary increases and any step rate benefits estimated to be payable in the future, has been superseded by GASB Opinion No. 25. Table 8 below presents the funding status of Vermont's three retirement systems as determined by this new methodology.

Table 8

Percent Funded Using GASB Opinion No.25

	State Teachers' Retirement System	Vermont State Retirement System	Vermont Municipal Employees' Retirement System
Actuarial Value of Assets	$692,685,000	$639,128,000	$81,395,000
Actuarial Accrual Liability (AAL)	824,468,000	753,885,000	75,058,000
Unfunded AAL (UAAL)	131,783,000	114,755,000	(8,336,000)
Funded Ratio	84%	84.8%	108.4%

Based upon the actuarial recommendation, I request $27 million in FY'99 as the State's contribution to the teachers' retirement system.

D. Status of Defined Contribution Versus Defined Benefit Study

In 1996 the General Assembly directed the State Treasurer to perform, first a preliminary review of options and fiscal implications of shifting the State employees' retirement system and the teachers' retirement system from defined benefit plans to defined contribution plans, and then, upon Joint Fiscal Committee approval, a comprehensive study. Under a defined benefit plan – which is the current plan of the two systems – the pension benefit the employee receives at retirement is calculated according to a formula based on age, years of service, and final average salary. Defined benefit plans may provide credit for past service and cost-of-living adjustments, as well as early retirement and disability benefits. Both the employer and employee may make contributions to a defined benefit plan, but the employer assumes the liability of the accrued pension benefit.

In a defined contribution plan, employees contribute a specific amount (a percentage of their annual salary) to their individual accounts. Their employer makes a fixed contribution to each employee's account. Employees are responsible for making all investment decisions regarding contributions; investment choices are made from options selected by the employer. At retirement, employees receive the amount of contributions in their account plus investment earnings.

The legislature appropriated up to $50,000 for the preliminary study and an additional $125,000 should the Joint Fiscal Committee decide to authorize phase two, the implementation study. After an RFP process, the Segal Company was selected for the preliminary study at a cost of $36,000. The preliminary report was finished by August 15, 1996 and presented to the Senate and House Government Operations Committees and later to the Joint Fiscal Committee. The committees approved a more in-depth study and after an RFP process, the Segal Company was again selected at a cost of $99,000.

The State Treasurer's Office is now in the final stages of designing a program to offer some options to a group of State employees. Please see Appendix A for an outline of the plan.

E. Status of Tobacco Divestiture

At the initiative of the State Treasurer, the three retirement boards have voted to divest their equity portfolios from companies that derive substantial revenues from the manufacturing and sale of tobacco products. As of December 31, 1997 all but one of the investment managers for the State's three pension systems had completely divested of tobacco stocks in separately managed portfolios.

Fidelity Management Trust, an investment manager for the Teachers' Retirement System, continues to hold 80 shares of RJR Nabisco with a market value of approximately $3,000. But Fidelity expects this holding to be sold soon. Prior to divestment the systems held more than $20 million in tobacco stock.

V. ABANDONED PROPERTY

The primary function of the abandoned property division is to locate and return to a rightful owner money or property that has been turned over to the State by companies and financial institutions that claim they are unable to locate these owners. Over the past three years the State Treasurer's Office has revised the due diligence procedures for those holding abandoned property so that there is more of an effort to locate individuals; put the names of those with abandoned property on the Internet so it can be easier to search for a name; successfully urge the legislature to shorten the time that property is deemed abandoned (from seven year to five years) so owners can more easily be found; automated the entire abandoned property operation so that claims can be processed more quickly and efficiently; and reciprocated with other states in order to return abandoned property to those participating in this arrangement and have them return property to Vermont.

Table 9
Moneys Remitted to the State of Vermont From Various Institutions Through the Abandoned Property Program, Fiscal Years 1993 through 1999

FY'93	FY'94	FY'95	FY'96	FY'97	FY'98[3]	FY'99[3]
$498,000	$678,000	$959,000	$2,937,981	$2,593,129	$2,329,344	$2,500,000

There are still many Vermont companies that are unaware of the requirements of the abandoned property program and probably have not reported as required by law. We maintain an out-of-state auditing program in conjunction with other states with the use of two contracted auditing firms but have yet to establish an in-state auditing program. ***This year we will institute an aggressive information and education program to ensure knowledge of the law's requirements and future compliance; and possibly in future years we will examine the requirements and resources needed to establish an amnesty program for those companies or firms that have not complied in the past with abandoned property reporting; and consider enhancing the statutory penalty on those that fail to report after the amnesty period.***

VI. Financial Management

A. Banking

The State Treasurer's Office awarded a master contract to service the State of Vermont's banking accounts and to provide lockbox to the Chittenden and Vermont National Banks, who submitted a joint proposal in response to a request for proposals. ***The new contract is expected to save the State of Vermont over $300,000 in banking and lockbox service fees over the life of the three year contract.***

B. Electronic Banking/Payments/Transfers

The State Treasurer's Office is continuing to encourage electronic transfer of such items as vendor payments, payroll, welfare, and other benefits. Already most State payments to municipalities are handled electronically. Also, in conjunction with the Department of Taxes, a pilot program has begun to receive tax payments electronically. The ultimate goal is to have most financial transactions occur electronically.

C. Interaction With The Auditor of Accounts' Office

Interaction with the Auditor of Accounts' office has proved essential in our efforts to improve financial reporting systems. We have used the Auditor's office as a resource and they have been kind enough to offer financial reporting recommendations that have proved helpful.

VII. Deferred Compensation

In fiscal year 1998 we have completely revamped the deferred compensation program offered to State and municipal employees. The new program is offered at a significant cost reduction to participants with more diverse investment options for the future. The final implementation of this program took place on January 1, 1998.

VIII. Legislative Reporting Requirements

A. Brandon Training School

Section 23 of Act 62 (Capital Appropriations Act) of the Public Acts of 1995 directs the State Treasurer to notify the chairs of the Senate and House Institutions Committees upon receipt of moneys from the sale of the Brandon training school property. The State of Vermont has received to date $196,033 and has incurred expenses of $596,395.

B. Various Receipts

Section 22 of Act 185 (Capital Appropriations Act) of the Public Acts of 1996 specifies that the State Treasurer notify the chairs of the House and Senate Institutions Committees, the members of the Joint Fiscal Committee, the Secretaries of Human Services, Natural Resources and Transportation, and the Commissioner of Buildings and General Services of acceptance of certain anticipated receipts. Last year we reported the sale of the Domey House in Highgate. The Transportation District Six office in Berlin has not been sold. The High Street property in Ludlow has not been sold. The

Department of Buildings and General Services has expended $525,179 of the $930,000 authorized by this section and has received from the U.S. Marshal's grant $354,749.

C. McBRIDE PRINCIPLES

Act 50 of the Public Acts of 1989 requires the State Treasurer and the retirement boards to compile a list of corporations that conduct business in Northern Ireland in which the State Treasurer and retirement boards have invested moneys. This list is available to anyone who desires to examine it at the retirement division of the State Treasurer's Office.

D. THE BOND SWAP PROGRAM

Legislation passed two years ago allows the State Treasurer, with the approval of the Secretary of Administration, to transfer unspent proceeds from the sale of bonds from the projects for which such bonds were initially issued to other capital projects of the State authorized by the General Assembly. The State Treasurer must provide the chairs of the House and Senate Institutions Committees with a report of all such transfers. In Appendix B we have listed these transfers.

Appendix A

OUTLINE FOR A DEFINED CONTRIBUTION PLAN

A. Eligibility and Participation - Exempt Employees

Upon the effective date of this plan, each exempt State employee who was a member of the predecessor defined benefit plan and who agrees to transfer plan membership to the new defined contribution plan will become a plan member of the defined contribution plan. If the employee elects, all rights to features under the defined benefit program will be transferred to this plan. No benefit rights will remain in the defined benefit program.

Although the exempt employee may choose between a defined contribution or a defined benefit plan, there is only a single opportunity to make a choice. Once a choice is made, it is irrevocable.

B. Member Contributions

All plan members will be required to make member contributions. To maximize the effectiveness of these contributions, all member contributions will be made on a pre-tax basis and submitted to the plan regularly. To provide for a smooth transition from the membership in the predecessor defined benefit plan, the required member contribution rate will be similar to the amount required under the predecessor defined benefit plan.

C. State Contributions

Annually, the State will be <u>required</u> to make a contribution to each plan member's individual account. The contribution will be a fixed percentage of each member's earnings for the plan year. All contributions will be made for each period for which the member is covered by the plan.

D. Member Account

An individual account will be maintained for each plan member. This account will be credited with the full amount of member and State contributions that are made to the fund plus <u>all</u> investment income earned on those contributions. At least once a year, the Retirement System will provide each employee with a statement of his or her current account balance.

E. Investment of Funds

Plan members will have the responsibility for allocating their current contributions, the employer contributions, and any member account balance among the investment options made available by the Retirement System. For this purpose, the Board of Trustees of the Vermont State Retirement System will assume the fiduciary responsibility for selecting the investment managers and the investment vehicles that will be made available to the members. While not required for governmental plan sponsors, the System should follow the ERISA defined contribution requirements under Section 404(c) of the Internal Revenue Code. Regulations issued under this section of the Code require defined contribution plans to make available to the plan members a minimum of three investment choices, each of which has different risk and return characteristics.

At least once a year, the member will be provided an opportunity to revise his or her investment selections and to move funds among the available asset classes.

F. Transitional Issues

The proposed program would allow employees to transfer the larger of their accumulated employee contributions or the value of their accrued benefits.

The initial contribution will be determined by using a cost-neutral valuation rate. This valuation rate is used as the interest rate to discount a future benefit to a present value. The present value calculations also include the anticipated cost of living adjustment that would have been provided under the defined benefit plan.

G. Cashout

Upon termination of employment the employee will withdraw the account balance and either roll it over into another qualified plan or into an approved Individual Retirement Account.

EXPENDITURES AGAINST GENERAL OBLIGATION BONDS ISSUED DURING DECEMBER, 1995 DEC95BON 02/06/98

Authorization Act Number	Appropriation Number	Original Authorized Amount	Amount Sold	Transfers	**32 VSA 954(b) Transfers**	Expenditures Fiscal Year 1997 and Earlier	FY98 Expenditures thru 09/30/97	Unexpended Balance
256 of 92 -								
-Sec. 11(e)(3)	0206635000	$ 10,428,400	$ 5,012,360	$ (420,568)	$ **(548,197)**	$ 3,972,908	70,687	1
	0206606600			120,568		120,568	0	(0)
H.455, Sec (b)(2)-Reallo	0206607000			300,000	**(300,000)**			0
Total		$ 10,428,400	$ 5,012,360	$ 0	$	$		
59 of 93 -								
-Sec. 1	0201072000	$ 11,190,000	$ 2,000,000	$ (1,100,000)	$	$ 900,000		0
	0205077300			2,388,000		2,388,000	0	0
-Sec. 16d(a)(1)	0206072300	1,288,000	1,288,000	(1,288,000)				0
Total		$ 12,478,000	$ 3,288,000	$ 0	$	$		
233 of 94 -								
-Sec. 2	0201076800	$ 1,979,557	$ 1,979,557	$ 0	$	$ 1,979,557		0
-Sec. 6	0207078300	447,693	447,693	0	**(9,484)**	438,209	0	0
-Sec. 7(a)	0205077300	4,105,375	4,105,375	0		4,105,375	0	(0)
-Sec. 16	0207702500	270,000	270,000	0	**(49,602)**	220,398	0	0
-Sec. 19	0206606500	10,279,000	9,342,760	(846,357)	**(1,828,538)**	6,371,994	295,871	(0)
(4)	0206606800			404,145		404,145	0	0
(4)	0206636200			399,478	**(374,478)**	25,000	0	0
H.455, Sec (b)(4)-Reallo	0206607100			42,734	**(42,734)**			0
-Sec. 21	0207901900	9,000,000	3,505,265	0		3,285,172	220,093	(0)
		$ 26,081,625	$ 19,650,650	$ 0	$	$		
62 of 95 -								
-Sec. 1	0201076900	$ 10,948,500	$ 8,965,885	$ (44,829)	$ **(1,622,704)**	$ 7,194,176	104,176	(1)
-Sec. 3(a)	0203078400	320,000	320,000	(1,600)	**(39,489)**	278,568	343	0
-Sec. 4	0202078500	511,000	511,000	(2,555)	**(145,139)**	352,939	10,367	0
-Sec. 5(a)	0207078600	750,000	750,000	(3,750)		746,250	0	(0)
-Sec. 5(b)	0207702600	150,000	150,000	(750)	**(26,027)**	119,123	4,100	0
-Sec. 5(c)	0207702700	50,000	50,000	(250)	**(3,818)**	45,932	0	0
-Sec. 6	0207900700	50,000	50,000	(250)		49,750	0	0
-Sec. 8(a)	0205771000	17,844,005	17,844,005	(89,220)		17,754,785	0	0
-Sec. 9	0205078800	1,250,000	353,500	(1,768)		351,733	0	(1)
-Sec. 10	0205078900	2,030,000	2,030,000	(10,150)	**(289,701)**	1,575,366	154,783	(0)
-Sec. 12	0201072400	50,000	50,000	(250)		49,750		0
-Sec. 13(c)	0206629800	300,000	300,000	(1,500)		298,500	0	0

Authorization Act Number	Appropriation Number	Original Authorized Amount	Amount Sold	Transfers	**32 VSA 954(b) Transfers**	Expenditures Fiscal Year 1997 and Earlier	FY98 Expenditures thru 09/30/97	Unexpended Balance
62 of 95 - continued -								
-Sec. 16	0202079200	90,000	90,000	(50,450)	**(5,999)**	33,551	0	(0)
(3)	0201060100			50,000		50,000		0
-Sec. 17	0202260100	350,000	350,000	(1,750)	**(80,132)**	268,118	0	0
-Sec. 19	0206635600	50,000	50,000	(250)		49,750		0
-Sec. 21a	0201072600	9,600	9,600	(48)		9,552	0	0
-Sec. 21b	0206072900	50,000	50,000	(250)		49,750		0
-Sec. 21d	0201072700	125,000	125,000	(625)		124,375		0
Issuance Costs	0201120100			160,245		160,245	0	0
		$ 34,928,105	$ 32,048,990	$ 0				
62 of 97, Sec. 14(a)	**0205771300**				**5,366,042**		**5,366,042**	**0**
GRAND TOTAL		$ 83,916,130	$ 60,000,000	$ 0	$ 0	$ 53,773,539	6,226,462	(1)

Authorization Act Number	Appropriation Number	Authorized Amount	Amount Sold	Transfers	**32 VSA 954(b) Transfers**	Expenditures Fiscal Year 1997 and Earlier	FY98 Expenditures thru 12/31/97	Unexpended Balance
233 of 94 -								
-Sec. 12(a)	0201010100	$ 3,200,000	$ 1,500,000	$ (1,500,000)	$	$ 0	$ 0	$ 0
	0201020100			250,000		52,841	197,159	0
	0201080800			1,250,000		1,250,000	0	0
Sub-Total		$ 3,200,000	$ 1,500,000	$ 0	$	$ 1,302,841	$ 197,159	$ 0
62 of 95 -								
-Sec. 2(a)	0201010300	$ 250,000	$ 250,000	$ (250,000)	$	$	$	$ 0
	0201080100			248,750	**(81,722)**	129,977	37,051	(0)
-Sec. 2(b)	0205010400	212,000	212,000	(1,060)	**(15,686)**	175,342	19,912	0
-Sec. 2(e)	0202010600	120,000	120,000	(120,000)				0
	0202230600			119,400		119,400	0	0
-Sec. 2a(a)	0205010700	978,000	978,000	(4,890)	**(5,620)**	961,474	6,017	(0)
-Sec. 2b(a)	0201110200	10,000	10,000	(50)		9,942	8	0
-Sec. 8(b)	0205771100	250,000	250,000	(1,250)		248,750	0	0
-Sec. 8(c)	0205078700	262,500	262,500	(1,313)		261,187	0	0
-Sec. 9	0205078800	1,250,000	896,500	(4,482)		892,018	0	0
-Sec. 14	0202301900	142,000	142,000	(7,210)	**(10,581)**	124,209	0	0
-Sec. 15	0203079100	114,000	114,000	(570)	**(195)**	113,235	0	0
-Sec. 18	0205079300	35,000	35,000	(175)		34,825	0	0
-Sec. 20	0201072500	200,000	200,000	(1,000)		199,000	0	0
-Sec. 21e(b)	0201072800	30,000	30,000	(150)		28,866	984	0
H.455, Sec. C(4) - Reallocatio	0202302100			6,500	**(6,500)**			0
-Issuance Costs	0201120100			17,500		17,500	0	0
Sub-Total		$ 3,853,500	$ 3,500,000	$ 0	$	$ 3,315,724	$ 63,971	$ 0
62 of 97, Sec. 14(a)	**0205771300**				**120,304**		**120,304**	**0**
GRAND TOTAL			$ 5,000,000	$ 0	$ 0	$ 4,618,565	$ 261,130	$ 1