

Vermont League of Cities and Towns



Annual BUSINESS MEETING — 2023 —

September 26, 2023
1:00 PM - 2:15 PM

DoubleTree by Hilton
South Burlington, Vermont

**Vermont League of
Cities and Towns**

**VLCT Employment
Resource and Benefits
Trust, Inc.**

**VLCT Property and
Casualty Intermunicipal
Fund, Inc.**

Table of Contents

Agenda	2
DRAFT Minutes of 2022 PACIF and VERB Joint Annual Meeting	4
VERB Financial Audit Report	8
VERB Nominating Committee Report	11
PACIF Financial Audit Report	12
PACIF Nominating Committee Report	15
VLCT Annual Meeting Governing Rules	16
DRAFT Minutes of 2022 VLCT Annual Meeting	17
VLCT Financial Audit Report	20
VLCT Nominating Committee Report	23

Agenda

2023 Annual Meetings of the Membership

Vermont League of Cities and Towns

VLCT Employment Resource and Benefits Trust, Inc.

VLCT Property and Casualty Intermunicipal Fund, Inc.

Tuesday, September 26, 2023

DoubleTree by Hilton, South Burlington, Vermont

1:00 PM – 2:15 PM

I. Welcome and Introduction

II. VLCT Employment Resource and Benefits Trust, Inc. (VERB) Annual Business Meeting

- A. Call to Order by President Charles Safford
- B. Approval of Agenda
- C. Approval of Minutes of 2022 PACIF and VERB Joint Annual Meeting
- D. Financial Audit Report
- E. Report of the President
- F. Report of the Nominating Committee
- G. Election of Directors
- H. Any Other Business
- I. Adjourn

III. VLCT Property and Casualty Intermunicipal Fund, Inc. (PACIF) Annual Business Meeting

- A. Call to Order by President Jackie Higgins
- B. Approval of Agenda
- C. Approval of Minutes of 2022 PACIF and VERB Joint Annual Meeting
- D. Financial Audit Report
- E. Report of the President
- F. Staff Report
- G. Report of the Nominating Committee
- H. Election of Directors
- I. Any Other Business
- J. Adjourn

IV. Vermont League of Cities and Towns (VLCT) Annual Business Meeting

- A. Call to Order by President Jessie Baker
- B. Introduction of the Board of Directors
- C. Approval of Governing Rules of the Annual Meeting
- D. Approval of Annual Meeting Agenda
- E. Approval of Minutes of 2022 VLCT Annual Meeting
- F. Executive Director's Report
- G. Financial Audit Report
- H. Report of the Nominating Committee
- I. Election of Officers and Directors
- J. Introduction of Officers and Directors
- K. Any Other Business
- L. Adjourn

V. Concluding Remarks

DRAFT Minutes of 2022

PACIF and VERB Joint Annual Meeting

VLCT Property and Casualty Intermunicipal Fund
VLCT Employment Resource and Benefits Trust, Inc.

October 6, 2022

Killington Grand Hotel – Killington, Vermont

– Subject to Member Approval –

PACIF Directors Present: Carl Rogers, Jackie Higgins, David Atherton, Jared Cadwell, Rob Gaiotti, Stuart Hurd, Patrick Moreland, Bryan Young, Erik Wells, Judy Frazier and Kathleen Ramsay

VERB Directors Present: Bill Shepeluk, Carrie Johnson, Charles Safford and Kathleen Ramsay

A quorum was confirmed for both the VERB and PACIF Trust organizations by participant count.

VLCT Executive Director Ted Brady welcomed everyone to the meeting and introduced VERB Trust Board President William Shepeluk.

President Shepeluk called the VERB Trust Annual Meeting to order at 1:15 p.m.

Upon motion (Safford/Cadwell), duly adopted, the agenda was unanimously approved by the membership.

President Shepeluk asked for a motion to approve the 2021 VERB Annual Meeting Minutes.

Upon motion (Safford/Johnson), duly adopted, the minutes of the VERB 2021 Annual Meeting were unanimously approved by the membership.

Seth Abbene reviewed a summary of the 2021 VERB Trust audit. The auditors issued a clean opinion on the 2021 audit with no material weaknesses in internal controls and no adjustments. Net position increased 7.1% to \$4.0 million. Contributions were up 17.5% due to a rate increase issued as a result of the pandemic. The board decided not to issue contribution credits to members in 2021 (for disbursement in 2022) due to continued uncertainty regarding COVID's impact on claims. Claims were down 80.7% due to decreased claims in the second half of the year and continued assistance from the federal government through the CARES Act and ARPA credits issued through September 6, 2021. Investment income was down 89% but general and administrative expenses fell 31.1% due to the shift of benefit related programs to VLCT.

Upon motion (Cadwell/Higgins), duly adopted, the report of the 2021 VERB Trust audit was unanimously accepted by the membership.

President Shepeluk reviewed a brief history of the VERB Trust, stemming from its origins as the Unemployment Insurance Trust in 1978, to its merge with the Health Trust in 2015, to its return in 2021 to solely serving as an Unemployment Insurance Trust. He also highlighted an unprecedented year in 2020 for VERB with unemployment claims due to the pandemic, resulting in \$2.3 million in claims, which netted to \$1.2 million with federal assistance. However, these large losses still resulted in a sizeable rate increase to members in 2021 of over 29% and no credits returned to members. Rates decreased slightly for 2022 with claims falling, and claims appear to have returned back to normal levels this year. The investment markets are having a tough year, which has impacted VERB's portfolio, but the Trust still maintains a strong and healthy net position. The board will be meeting next week to set the rates for next year. President Shepeluk mentioned that the staff and board are analyzing how much net position the Trust should hold for responsible operation. He encouraged members to keep an open mind and to think outside the box when considering how excess funds can be used to benefit all members in the future.

Joe Damiata provided the staff report to the membership including background detail on the VERB Trust and its formation. He thanked the board, VLCT staff and VERB Trust members for their involvement in the Trust. Mr. Damiata reviewed some brief history regarding the Trust and noted rates are not yet set for the UI Program for 2023, but staff and the board will be meeting with the actuary next week. Although claims were a challenge during the pandemic, claims have now returned to pre-pandemic levels, and the hope is to return to rate stability. The Trust is still in excellent shape financially despite the high losses experienced during the pandemic and reduced investment income. In an effort to make operations more unified, and to align with VLCT's Strategic Plan, the VERB and PACIF boards will be working toward board consolidation in the coming year.

President Shepeluk presented the Report of the Nominating Committee and slate of officers.

Upon motion (Wang/Cadwell), duly adopted, the members voted unanimously to accept the Report of the Nominating Committee and the slate of officers as presented with renewed three-year terms for directors Carrie Johnson, Todd Odit and Charles Safford.

President Shepeluk called for a motion to adjourn.

Upon motion (Safford/Johnson) the members voted unanimously to adjourn the VERB Trust annual meeting at 1:37 p.m.

Executive Director Brady thanked President Shepeluk and introduced PACIF Trust Board President Carl Rogers.

President Rogers called the PACIF annual meeting to order at 1:39 p.m.

Upon motion (Wang/Hurd), duly adopted, the agenda was unanimously approved by the membership.

President Rogers asked for a motion to approve the 2021 PACIF Annual Meeting Minutes.

Upon motion (Higgins/Cadwell), duly adopted, the minutes of the PACIF 2021 Annual Meeting were unanimously approved by the membership.

Seth Abbene reviewed a summary of the 2021 PACIF audit. The auditors issued a clean opinion on the 2021 audit with no material weaknesses in internal controls and no adjustments. There was a 2.6% increase in net position to \$71.3 million. Contributions were down by 3.6% due to slightly reduced member rates. Member contribution credits were up 106.7% with \$1.5 million returned to members as contribution credits in addition to a one-time return of \$1.6 million for a total of \$3.1 million returned to members in 2021. Claims were up 675%, but the loss ratio was at 54% with a combined ratio of 83%, well within the expected range. Although investment income is down, the Trust maintains a strong financial position.

President Rogers introduced himself and thanked both the board and VLCT staff for their commitment to members. Mr. Rogers went on to note key PACIF programs and services and their proven value to members over the years. PACIF serves 95% of all eligible member municipalities. Since the trust's inception, over \$26 million has been returned to members in the form of contribution credits. Additionally, since 2010 over \$2.7 million has been awarded in grants and scholarships to members. Stable rates are a priority for PACIF members, and the Trust is doing very well financially. The Trust is also superior in its coverage and products and excels in customer service. President Rogers reminded members that we are all stronger together, and the more each member works on improving its own risk management procedures, the stronger the Trust will be.

Mr. Damiata described PACIF's mission and highlighted all of the services and programs that PACIF will continue to provide in 2023 including law enforcement consulting services, HR consulting services and the EPL (Employment Practices Liability) Referral Program along with long standing excellent loss control, and claims services. Staff is working to implement a new Risk Management Information System (RMIS) to replace the current system which will work more efficiently and easily for staff and members. The PACIF Grant Program will continue for next year with \$200,000 in available funding and a 50/50 match. The John Lawe Scholarship program will also continue with funding toward member trainings. Members were reminded about the free KnowBe4 cybersecurity training program that currently only 19 members are participating in. Mr. Damiata also reviewed the board approved contribution credits for 2022 (netted off 2023 invoices), 2023 overall rate change, and a new coverage endorsement (all subject to DFR approval). In addition, as previously explained during the VERB Annual Meeting, the PACIF and VERB boards will be consolidating, and this will require a slight change to the PACIF bylaws.

President Rogers briefly reviewed the changes to the PACIF bylaws and pointed out the excerpt provided in the annual meeting booklets. The change denotes that no more than five (5) members of the PACIF Trust may serve on any other VLCT affiliated Trust board. There were also updates to dates in the bylaws and an updated change in the Assistant Secretary to the Board from David Sichel to Fred Satink.

Upon motion (Higgins/Hurd), duly adopted, the PACIF Bylaws were unanimously approved by the membership as amended.

Director Jackie Higgins presented the Report of the Nominating Committee and slate of officers.

Upon motion (Hurd/Wang), duly adopted, the members voted unanimously to accept the Report of the Nominating Committee and the slate of officers as presented with renewed three-year terms for David Atherton, Judy Frazier, Rob Gaiotti and Patrick Moreland.

President Rogers noted that Kathleen Ramsay was also appointed to the PACIF Board at its last meeting as the board's second alternate. He noted that Director Ramsay's appointment is the start of board consolidation between VERB and PACF, as she also serves on the VERB Board.

President Rogers called for a motion to adjourn.

Upon motion (Higgins/Young) the members voted unanimously to adjourn the PACIF Trust annual meeting at 2:09 p.m.

Respectfully submitted,

Kelley Avery
Assistant Secretary (VERB)

Fred Satink
Assistant Secretary (PACIF)

VERB Financial Audit Report

VLCT Employment Resource and Benefits Trust

Summary of VERB 2022 Audit Results

- Audit issued on May 23, 2023, clean opinion
- No material weaknesses in internal controls
- No audit adjustments or uncorrected misstatements

Summary of VERB Financial Statements

- Net Position decreased 6.1% to \$3.8 million as a result of investment losses that were only partially offset by operating gains from favorable claims experience.
- Contributions were down 0.9% to \$719,801 due to a slight reduction in member rates combined with underwriting adjustments.
- Claims paid were \$228,336, essentially flat with 2021 claims of \$227,387. Loss activity returned to more normal levels following the pandemic, and the 2021 claims figure is net of federal relief, which reimbursed a significant portion of claims.
- Investment income was a loss of (\$368,804) due to unrealized losses in fixed income and equity investments that outweighed interest and dividend income.
- General and administrative expenses increased 5.3% to \$292,284 due to a modest increase in the VLCT administrative services contract.
- In 2022, the board approved contribution credits of \$100,000 to be applied to 2023 contributions.

VERB Statements of Net Position as of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 688,014	\$ 798,337
Debt securities, at fair value	2,485,323	2,567,056
Mutual funds, at fair value	867,981	875,280
Accrued investment income	17,337	11,821
Accounts receivable	<u>3,044</u>	<u>2,490</u>
Total Assets	<u><u>\$ 4,061,699</u></u>	<u><u>\$ 4,254,984</u></u>
Liabilities and Net Position		
Liabilities		
Due to Vermont Department of Labor	\$ 42,894	\$ 66,126
Contributions received in advance	148,103	150,475
Contribution credits payable	79,834	-
Accounts payable and accrued expenses	<u>9,796</u>	<u>11,303</u>
Total Liabilities	280,627	227,904
Net Position		
Unrestricted	<u>3,781,072</u>	<u>4,027,080</u>
Total Net Position	<u>3,781,072</u>	<u>4,027,080</u>
Total Liabilities and Net Position	<u><u>\$ 4,061,699</u></u>	<u><u>\$ 4,254,984</u></u>

VERB Statements of Revenues, Expenses, and Changes in Net Position
as of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Member contributions	\$ 719,801	\$ 726,037
Management fees	21,000	20,900
Other income	<u>2,615</u>	<u>884</u>
Total operating revenues	743,416	747,821
Operating Expenses		
Claims benefit payments	228,336	227,387
General and administrative expenses	<u>292,284</u>	<u>277,596</u>
Total operating expenses	<u>520,620</u>	<u>504,983</u>
Net operating gain	222,796	242,838
Non-Operating (Expenses) Revenue		
Investment income - interest and dividends	84,865	67,604
Investment expense - net realized gains and net change in fair value	(446,723)	(36,621)
Investment management fees	<u>(6,946)</u>	<u>(6,724)</u>
Net non-operating (expenses) revenues	(368,804)	24,259
Member distributions - contribution credits applied	<u>100,000</u>	<u>-</u>
Change in Net Position	(246,008)	267,097
Net Position, Beginning of Year	<u>4,027,080</u>	<u>3,759,983</u>
Net Position, End of Year	<u><u>\$ 3,781,072</u></u>	<u><u>\$ 4,027,080</u></u>

VERB Nominating Committee Report

VLCT Employment Resource and Benefits Trust

2023 Annual Meeting of the Membership

Tuesday, September 26, 2023

DoubleTree by Hilton, South Burlington, Vermont

The voting members of the VLCT Employment Resource and Benefits Trust, Inc. assembled at its Annual Meeting are hereby notified:

The Nominating Committee appointed by the President submits the following report:

The following member of the 2023 Board of Directors will serve one more year, until December 31, 2024:

- **Kathleen Ramsay, Town of Middlebury**

The following members of the 2023 Board of Directors will serve two more years, until December 31, 2025:

- **Judy Frazier, Town of Proctor**
- **Todd Odit, Town of Hinesburg**
- **Charles Safford, Town of Stowe**

The Committee is required to submit nominations to fill up to three three-year terms.

The Committee recommends the following candidate to the Board of Directors to serve a three-year term until December 31, 2026:

- **Bryan Young, Town of Orwell**

Respectfully submitted,

Todd Odit, Chair (Town of Hinesburg)

Charles Safford (Town of Stowe)

PACIF Financial Audit Report

VLCT Property and Casualty Intermunicipal Fund

Summary of PACIF 2022 Audit Results

- Audit issued on March 31, 2023, clean opinion
- No material weaknesses in internal controls.
- No audit adjustments or uncorrected misstatements

Summary of PACIF Financial Statements

- Net Position decreased 11.5% to \$63.1 million due to unrealized loss in the investment portfolio, offset by an operating gain.
- Contributions were up by 1.3% to \$25.2 million due to a slight rate decrease, offset by significant exposure growth (payroll, property values etc.).
- Claims were down 20.9% to \$8.5 million, due to favorable claims development.
- Key insurer measurement ratios are all within acceptable levels:
 - Loss ratio of 43% (target is less than 70%)
 - Combined ratio of 77% (target is less than 100%)
- Member contribution credits of \$1.5 million credited on 2023 contributions
- PACIF Grant commitments of \$350,000

PACIF Statements of Net Position as of December 31, 2022 and 2021

Assets	<u>2022</u>	<u>2021</u>
Investments		
Fixed-maturity securities, at fair value	\$ 69,114,294	\$ 75,223,143
Mutual funds, at fair value	18,274,088	18,890,401
Investment in NLC Mutual Insurance Company	<u>3,630,788</u>	<u>3,512,243</u>
Total investments	91,019,170	97,625,787
Cash and cash equivalents	11,276,057	13,762,956
Certificates of deposit	3,053,729	4,099,774
Accrued investment income	451,206	445,919
Contributions receivable	170,654	18,574
Net subrogation and deductible receivable	968,630	528,942
Prepaid contribution credits	203,734	492,191
Prepaid expenses	797,011	724,296
Reinsurance recoverable - paid losses	1,177,127	205,054
Other assets	<u>119,887</u>	<u>161,165</u>
Total Assets	<u>\$ 109,237,205</u>	<u>\$ 118,064,658</u>
Liabilities and Net Position		
Liabilities		
Losses and loss adjustment expenses, net of reinsurance	\$ 33,180,525	\$ 33,587,310
Accounts payable	1,159,654	412,073
Contributions collected in advance	4,242,725	4,168,767
Claims expense and workers' compensation state assessment reserve	6,081,770	5,529,497
Contribution credits payable	<u>1,500,000</u>	<u>3,100,000</u>
Total liabilities	46,164,674	46,797,647
Net Position		
Restricted		
Equipment grant program	350,000	400,000
Unrestricted	<u>62,722,531</u>	<u>70,867,011</u>
Total net position	<u>63,072,531</u>	<u>71,267,011</u>
Total Liabilities and Net Position	<u>\$ 109,237,205</u>	<u>\$ 118,064,658</u>

PACIF Statements of Revenues, Expenses, and Changes in Net Position

as of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Fund contributions	\$ 25,242,183	\$ 24,907,923
Other income	<u>172,165</u>	<u>105,307</u>
Total operating revenues	25,414,348	25,013,230
Operating Expenses		
Losses and loss adjustment expenses, net of reinsurance	(8,529,636)	(10,778,750)
General and administrative expenses	(6,702,563)	(5,821,012)
Reinsurance expenses	(5,221,858)	(4,760,348)
Broker fees for reinsurance	<u>(115,001)</u>	<u>(119,705)</u>
Total operating expenses	<u>(20,569,058)</u>	<u>(21,479,815)</u>
Operating income	4,845,290	3,533,415
Non-Operating (Expenses) Revenues		
Investment income - interest and dividends	2,521,104	2,367,602
Investment income - net change in fair value	(14,043,654)	(1,207,044)
Investment income - NLC Mutual Insurance Company	118,545	357,788
Investment management fees	<u>(135,765)</u>	<u>(136,946)</u>
Net non-operating (expenses) revenues	(11,539,770)	1,381,400
Member distributions - contribution credits	<u>(1,500,000)</u>	<u>(3,100,000)</u>
Net non-operating loss	<u>(13,039,770)</u>	<u>(1,718,600)</u>
Change in Net Position	(8,194,480)	1,814,815
Net Position, Beginning of Year	<u>71,267,011</u>	<u>69,452,196</u>
Net Position, End of Year	<u><u>\$ 63,072,531</u></u>	<u><u>\$ 71,267,011</u></u>

PACIF Nominating Committee Report

VLCT Property and Casualty Intermunicipal Fund

2023 Annual Meeting of the Membership

Tuesday, September 26, 2023

DoubleTree by Hilton, South Burlington, Vermont

The voting members of the VLCT Property and Casualty Intermunicipal Fund, Inc. assembled at its Annual Meeting are hereby notified:

The Nominating Committee appointed by the President submits the following Report:

The following members of the 2023 Board of Directors will serve one more year, until December 31, 2024:

- **Jacqueline Higgins, Town of Williamstown**
- **Kathleen Ramsay, Town of Middlebury**
- **Bryan Young, Town of Orwell**

The following members of the 2023 Board of Directors will serve two more years, until December 31, 2025:

- **David Atherton, Town of Brandon**
- **Judy Frazier, Town of Proctor**
- **Rob Gaiotti, Town of Dorset**
- **Patrick Moreland, Town of Brattleboro**

The Committee is required to submit nominations to fill up to four three-year terms.

The Committee recommends the following candidates to the Board of Directors to serve three-year terms until December 31, 2026:

- **Aaron Frank, Town of Colchester**
- **Charles Safford, Town of Stowe**
- **Bruce Urie, Town of Craftsbury**
- **Erik Wells, Town of Williston**

Respectfully submitted,

Judy Frazier, Chair (Town of Proctor)

Dave Atherton (Town of Pittsford)

Rob Gaiotti (Town of Dorset)

Patrick Moreland (Town of Brattleboro)

VLCT Annual Meeting Governing Rules

1. The Annual Meeting of the Vermont League of Cities and Towns shall be held at a specific time and place designated by the Board of Directors.
2. Quorum. The presence of officials representing 10 percent of the member towns and cities shall constitute a quorum.
3. Voting. Voting will occur by voice vote, in which case the official representing each full member in good standing, as may be designated by the legislative body of the member, shall cast one vote. A majority of the votes cast shall be necessary for a decision. A roll call may be required should seven or more full members demand one.
4. No official shall speak unless so recognized by the President, and shall address the President in the proper manner, e.g., "Mr. President" or "Ms./Madam President." Only currently serving local officials of members who are in good standing as determined by the Credentials Committee of the Board of Directors may participate in the meeting.
5. Any official who wishes to speak shall raise their hand and wait for the moderator or President to recognize them. Officials may then address the President, giving their name and the town or city they represent.
6. No official may speak a second time on an issue until all other members have had a first chance to speak on that issue.
7. The President may set a limit on time for debating a question if the need arises.
8. Elections. Nominations of elective officers shall be made by a Nominating Committee; in addition, nominations may be made from the floor. Only qualified officials as defined by the Bylaws shall be eligible for election.
9. There shall be no voting by proxy.
10. All questions of procedure not covered by these rules shall be determined in accordance with Robert's Rules of Order, Newly Revised 11th Edition.

DRAFT Minutes of 2022 VLCT Annual Meeting

Vermont League of Cities and Towns

**In Person in Northstar I, Killington Grand Resort and Hotel
October 6, 2022**

– Subject to Member Approval –

President Jessie Baker called the meeting to order at 2:35 p.m. and introduced members of the VLCT Board of Directors and which Board members were the Chairs of the VLCT Policy Committees. She then introduced Ed Chase, Town Moderator from Westford since 1988, to preside over the official business of the meeting. Jessie Baker acknowledged the passing of Jonas Rosenthal and gave her condolences.

Ed Chase introduced the agenda of the 2022 VLCT Annual Meeting. By motion duly made by Stowe Town Manager Charles Safford and seconded by Bill Shepeluk, the agenda was adopted unanimously.

Ed Chase introduced the minutes of the 2021 Annual Meeting. On motion duly made by Fayston Town's Selectboard Chair Jared Cadwell and seconded by Fairlee Town Clerk Georgette WolfLudwig, the minutes were adopted unanimously as printed.

Ed Chase introduced the governing rules of the 2022 VLCT Annual Meeting. On motion duly made by Fayston Town's Selectboard Chair Jared Cadwell and seconded by Pittsfield Town's Selectboard Chair Ann Kuendig, the rules were adopted unanimously.

President Baker introduced VLCT Executive Director Ted Brady who offered the Executive Director's update.

President Baker introduced VLCT Finance Director Seth Abbene who provided a Financial Audit Report from 2021 audit results.

Ed Chase presented the Municipal Policies portion of the agenda and asked Karen Horn and Committee Chairs to present updates that had occurred in the various Policy Committee meetings and asked for motions to accept policies for adoption. Ed first went through the Guiding Principles and asked Jessie Baker to make a motion to approve this section of the Municipal Policies. Bill Fraser seconded. Approved unanimously.

The next section of the Municipal Policy was 1.0 Finance, Administration, and Intergovernmental Relations (FAIR) and Bill Fraser (VLCT Board Vice President and Montpelier's City Manager) spoke of the updates that were made and made a motion to approve the non-controversial portions of this policy. 1.01.5, 1.02.2, 1.03.6, and 1.03.7 were held for further discussion. Bennington's Town Manager Stuart Hurd seconded the non-

controversial portions of this policy. Approved unanimously. These items were talked about individually and only clarification was sought after. Each held item was motioned to accept by Bill Fraser and was seconded by Richmond's Selectboard member Jay Furr. Approved unanimously.

West Fairlee's Selectboard Chair and VLCT Board member Delsie Hoyt presented Section 2.0 Transportation Policy and made a motion that all the non-controversial items would be accepted. Brattleboro's Interim Town Manager Patrick Moreland seconded. Approved unanimously. 2.01.2 and 2.01.3 were held for further debate and after satisfactory clarification was made and no amendments given, Delsie Hoyt motioned to approve these two items and Patrick Moreland seconded. Approved unanimously.

VLCT's Immediate Past President and Burlington's Mayor Miro Weinberger outlined Section 3.0 Public Safety Policy. Mayor Weinberger made a motion to accept the non-controversial updates on this policy and Richmond's Selectboard member Jay Furr seconded. Approved unanimously. 3.03.2 and 3.03.3 were held for further clarification and after hearing responses to questions posed and with no additional amendments forthcoming, Miro Weinberger made a motion to approve these held items and Stowe Town Manager Charles Safford seconded. Approved unanimously.

VLCT Board member and West Rutland Town Manager Mary Ann Goulette presented Section 4.0 Quality of Life and Housing. After she offered updates, Mary Ann Goulette asked for a motion to approve the non-controversial items of this policy and Waterbury Town Manager Bill Shepeluk seconded. Approved unanimously. No items were held for further discussion.

VLCT Board member and Wheelock Selectboard Chair Ann Lawless presented Section 5.0 Environment. Ms. Lawless asked for a motion to approve the non-controversial items from this municipal policy and was seconded by Richmond's Selectboard member Jay Furr. Approved unanimously. No items were held for further discussion.

Report of the Nominating Committee. Jessie Baker thanked Ed Chase for his good moderation of the municipal policies. President Baker then presented the VLCT Board of Directors Nominating Committee Report, which included the nomination of the following members:

President, term expires October 2023:

- **Jessie Baker, City Manager, City of South Burlington**

Vice-President, term expires October 2023:

- **William Fraser, City Manager, City of Montpelier**

For five, two-year terms expiring October 2024:

- **Joe Major, Selectboard Vice Chair, Town of Hartford**
- **David Allaire, Mayor, City of Rutland**
- **Julie Hance, Town Manager, Town of Chester**
- **Ann Lawless, Selectboard Chair, Town of Wheelock**
- **Ken Linsley, Selectboard Member, Town of Danville**

Jessie Baker asked for a motion to approve these members to the VLCT Board of Directors. Bill Shepeluk of Waterbury made the motion and Williamstown Town Manager Jackie Higgins seconded. Approved unanimously.

Jessie Baker presented a certificate of appreciation to George Putnam for his service on the VLCT Board.

Reminders were given for the WLG-sponsored reception beginning at 5 pm, dinner at 6 pm, and awards and a variety show to occur for the evening, but no other business was brought before the Annual Meeting.

By motion duly made by Winooski Town Manager Elaine Wang and Waterbury Town Manager Bill Shepeluk seconded, the Annual Meeting was adjourned at 4:55 p.m.

Respectfully submitted,

Linda Mahns
Executive Administrative Assistant

VLCT Financial Audit Report

Vermont League of Cities and Towns

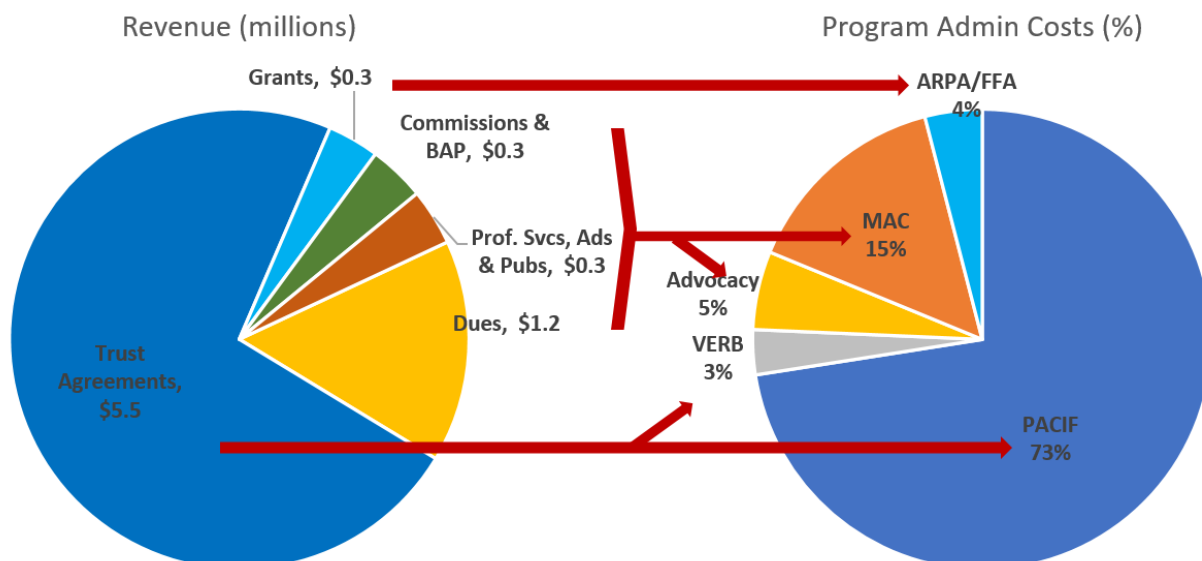
Summary of 2022 Audit Results

- Audit report issued with clean opinion over VLCT's financial statements
- No audit adjustments or uncorrected misstatements
- No material weaknesses in internal controls
- Adoption of GASB 87 (Leases) in 2022 resulted in restatement of 2021 results

Summary of Financial Statements

- Net Position at the end of 2022 decreased 3.3% to a deficit of \$893,648. The League continues to be in a deficit position because of its proportionate share of the VMERS net pension liability, which is \$2.7 million. Despite this significant liability, the League maintains a strong working capital position of \$1.5 million.
- Revenues were up by 12.2% to \$7,571,674 primarily due to higher sponsorships, professional services, and trust revenue.
- Commission income is from the Hickock and Boardman group benefits program and sponsorship revenue is from the Business Alliance Program.
- Expenses increased 14.6% to 7,616,401, largely due to additional staff to provide professional services and to support a new grant for Federal Funding Assistance (FFA). The increase in the VMERS GASB 67 pension adjustment also contributed to the overall increase.

Below is an illustration of VLCT's revenue sources and what they pay for:



VLCT Statements of Net Position as of December 31, 2022 and 2021

	2022	2021 (restated)
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,279,866	\$ 2,018,107
Accounts receivable	171,552	111,881
Amounts due from trusts	2,862	4,735
Prepaid expenses	21,483	29,987
Total current assets	2,475,763	2,164,710
Non-Current Assets		
Capital assets (net of accumulated depreciation)	298,837	449,002
ROU assets - leases (net of accumulated amortization)	917,160	1,146,450
Total non-current assets	1,215,997	1,595,452
Total Assets	3,691,760	3,760,162
Deferred Outflows of Resources		
Deferred pension amounts	904,328	583,387
Total Deferred Outflows of Resources	904,328	583,387
Liabilities and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	97,745	70,450
Amounts due to trusts	13,267	-
Accrued payroll	101,141	93,962
Accrued compensated absences	261,432	212,674
Deferred revenue	649,561	652,743
Deferred revenue - trusts	57,308	56,010
Lease liability	308,475	282,924
Total current liabilities	1,488,929	1,368,763
Non-Current Liabilities		
Deferred revenue - trusts	62,519	119,827
Net pension liability	2,705,624	1,409,947
Lease liability	1,095,609	1,404,084
Total non-current liabilities	3,863,752	2,933,858
Total Liabilities	5,352,681	4,302,621
Deferred Inflow of Resources		
Deferred pension expenses	137,055	903,436
Total Deferred Inflow of Resources	137,055	903,436
Net Position		
Net investment in capital assets	(307,914)	(267,393)
Unrestricted	(585,734)	(595,115)
Total Net Position	\$ (893,648)	\$ (862,508)

VLCT Statements of Revenues, Expenses, and Changes in Net Position
as of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u> (restated)
Operating Revenues		
Dues - regular	\$ 1,055,969	\$ 1,049,133
Dues - associate	134,728	129,338
Commission income	125,600	95,001
Sponsorships	166,902	48,949
Town fair	22,360	11,684
Publications	2,443	9,099
Workshops	39,197	23,577
Professional services	174,642	62,648
Administrative services	1,319	14,000
Newsletter advertising	7,230	12,968
Trust contracts	5,472,860	4,922,363
PACIF loss prevention contract	55,000	55,000
Equipment revenue from trusts	56,010	33,291
Grants	250,000	275,000
Other revenues	<u>7,414</u>	<u>5,439</u>
Total operating revenues	7,571,674	6,747,490
Operating Expenses		
Salaries	4,360,004	3,902,238
Employee benefits	1,624,518	1,422,568
Office space - other	174,697	155,438
Office space - interest	76,428	89,963
Office equipment	363,760	336,571
Communications	102,462	104,322
Printing and supplies	3,855	6,132
Travel and training	53,439	33,324
Officers' costs	26,863	21,620
Contracted services	221,408	103,300
Dues and subscriptions	137,771	47,648
Town fair	71,807	8,657
Workshops	203	-
Administrative services	11,433	11,391
Amortization - office space	229,290	229,290
Depreciation - other	150,165	170,922
Other expenses	<u>8,298</u>	<u>2,119</u>
Total operating expenses	<u>7,616,401</u>	<u>6,645,503</u>
Operating (loss) income	(44,727)	101,987
Non-Operating Revenues		
Investment income	<u>13,587</u>	<u>1,588</u>
Change in Net Position	(31,140)	103,575
Net Position, Beginning of Year	(862,508)	(395,893)
GASB 87 adoption - see Note B	<u>-</u>	<u>(570,190)</u>
Net Position, End of Year	<u>\$ (893,648)</u>	<u>\$ (862,508)</u>

VLCT Nominating Committee Report

Vermont League of Cities and Towns

September 8, 2023

To the VLCT Board of Directors:

The Nominating Committee appointed pursuant to the VLCT Bylaws submits the following report:

1. The Committee received nominations and names of qualified individuals interested in serving, and discussed the criteria it deemed essential to satisfy the leadership requirements of VLCT.
2. The Committee is required to submit recommendations to the Board for the five director positions with terms expiring in October 2023 and for the positions of President and Vice President.
3. The Committee, in recognition of the objectives of representation included in the Bylaws and approved by the Board of Directors, has made a determined effort to represent the very complex composition of the policy leadership structure of Vermont's cities and towns as well as the diversity of the municipalities themselves and the diversity and experience of individual local officials. We believe that has been achieved within the limits of the governing body size with which we are required to work.
4. The Nominating Committee recommends for the Board of Directors for the five director positions with terms expiring in October 2023:
 - **Montgomery Selectboard Chair Charlie Hancock**
 - **West Fairlee Selectboard Member Delsie Hoyt**
 - **Fairlee Town Clerk and Assistant Treasurer Georgette Wolf-Ludwig**
 - **Winooski Mayor Kristine Lott**
 - **Bradford Selectboard Member Nikki Stevens**
5. The Nominating Committee recommends for the offices of President and Vice President:
 - **President: Bill Fraser, City Manager, City of Montpelier**
 - **Vice President: Mary Ann Goulette, Town Manager, Town of West Rutland**

Respectfully submitted,

Miro Weinberger, Chairperson

Jessie Baker

Mary Ann Goulette