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WV Purchasing Division

Technical Proposal

Proposal to provide professional audit services to the:

State of West Virginia

Original

Prepared by:

RFP subject, number	State of WV Annual Comprehensive Financial Report (AACFR), CRFP FAR2300000001
Vendor's name	CLA (CliftonLarsonAllen LLP)
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Vendor signature	
Date	March 7, 2023

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March 07, 2023

Ms. Melissa Pettrey, Senior Buyer
Department of Administration, Purchasing Division
2019 Washington Street East
Charleston, WV 25305

RE: Request for Proposals (RFP) for Professional Auditing Services – RFP Number: CRFP FAR2300000001

Dear Ms. Pettrey:

Thank you for inviting us to propose our services to you. We gladly welcome the opportunity to share our approach to helping the State of West Virginia (the State or the Agency) meet its need for professional services. The enclosed proposal responds to your request for audit services for four fiscal years, beginning June 30, 2023.

We are confident that our extensive experience serving **state governments**, bolstered by our client-oriented philosophy and depth of resources, will make CLA a top qualified candidate to fulfill the scope of your engagement. The following differentiators are offered for the State's consideration:

- **Industry leader in auditing state governments.** As one of the nation's leading professional services firms, and one of the largest firms who specialize in state governments, CLA has the experience and resources to assist the State with their audit needs. ***We currently audit 8 of the 14 states (57%) with private audit firms involved in their Annual Comprehensive Financial Report.*** In addition to your experienced local engagement team, the State will have access to one of the country's largest and most knowledgeable pools of government accounting and auditing professionals.
- **OMB *Uniform Guidance (UG)* experience**. CLA performs single audits for hundreds of organizations annually, ranking top in the nation for the number of single audits performed by any CPA firm. *Our state single audit experience is unmatched. We perform more state-wide single audits than any other provider.* The single audit requires a specific set of skills to properly perform the procedures. As such, we have developed a group of professionals who specialize in providing single audit services.
- **Strong methodology and responsive timeline.** In forming our overall audit approach, we have carefully reviewed the RFP and other information made available and considered our experience performing similar work for other state agencies. Our local government clients are included amongst the more than 4,200 governmental organizations we serve nationally. Our staff understands your complexities not just from a compliance standpoint, but also from an operational point of view. We have developed a work plan that takes into consideration your unique needs as a governmental entity in West Virginia. The work plan also helps to minimize the disruption of your staff and operations and provides a blueprint for timely delivery of your required reports.
- **Communication and proactive leadership.** The State will benefit from a high level of hands-on service from our team's senior professionals. We can provide this level of service because, unlike other national firms, our principal-to-staff ratio is similar to smaller firms – allowing our senior level professionals to be involved and immediately available throughout the entire engagement process. Our approach helps members of the engagement team stay abreast of key issues at the State and take an active role in addressing them.

- **A focus on providing consistent, dependable service**. We differ from other national firms in that our corporate practice focuses on the needs of non-SEC clients, thus allowing us to avoid the workload compression typically experienced by firms that must meet public companies' SEC filing deadlines. CLA is organized into industry teams, affording our clients with specialized industry-specific knowledge supplemented by valuable local service and insight. Therefore, the State will enjoy the service of members of our state and local government services team who understand the issues and environment critical to governmental entities.

We are confident that our technical approach, insight, and resources will result in unsurpassed client service for the State. For ease of evaluation, the structure of our proposal follows your RFP section titled, *5.3. Proposal Format*

We are eager to work with you and welcome the chance to present our proposal to the State evaluation committee or entire management team. If you have any questions about our offerings, please do not hesitate to contact me via the information below.

Sincerely,

CliftonLarsonAllen LLP



Sean M. Walker, CPA, CFE, CGFM, CGMS
Principal
703-825-2106
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Attachment A: Cost Sheet

CLA has completed Attachment A: Cost Sheet included in the State's request for proposal and as requested, it has been submitted in a separate sealed envelope.



Attachment B: Vendor Response Sheet

REQUEST FOR PROPOSAL

Finance, FARS and DOA RFP

Attachment B: Vendor Response Sheet

Provide a response regarding the following: firm and staff qualifications and experience in completing similar projects including any prior experience in completing similar projects for West Virginia state government; references; copies of any staff certifications or degrees applicable to this project; proposed staffing plan; descriptions of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives where and how they were met.

List project goals and objectives contained in Section 4, Subsection 4:

Section 4, Subsection 4.2.1.1: **List audits that have been completed that demonstrate the ability to manage an audit engagement of this magnitude.**

Vendor Response: Due to limited space, we have provided our response on the following pages.

Section 4, Subsection 4.2.1.2: **List proposed audit staff with degrees, qualifications, and experience also describe aspects of the engagement which may require the services of specialists or involve consultation outside the engagement**

Vendor Response: Due to limited space, we have provided our response on the following pages.

Section 4, Subsection 4.2.1.3: **List prior government experience (description of past projects completed entailing the location of the project, project manager name and contact information, type of project, and what the project goals and objectives were and how they were met) including any prior experience in completing similar projects for West Virginia state government.**

Vendor Response: Due to limited space, we have provided our response on the following pages.

Section 4, Subsection 4.2.1.4: **Describe specific audit work plan including; subcontractors; the firm's responsibilities under the applicable auditing standards and federal regulations; and how the firm's approach to this engagement will demonstrate that all requirements are met. Also describe specific audit work plan for any potential problems in performing all services described in this RFP including; the effects of GASB standards; the firm's approach to resolving these problems; and any special assistance that will be requested of the Agency or the State agencies. Also, give a detailed explanation of the extent that technology will be used in the auditing process and how it will affect sample size, automation of the engagement and overall flow of the audit.**

Vendor Response: Due to limited space, we have provided our response on the following pages.

4.2.1.1: Demonstrate the ability to manage an audit

(RFP Section 4, Subsection 4.2.1.1)

Firm overview

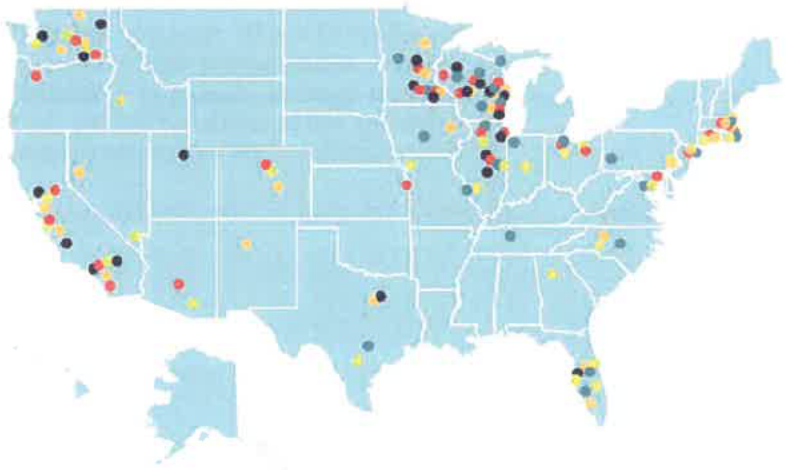
CLA exists to create opportunities for our clients, our people, and our communities through industry-focused wealth advisory, digital, audit, tax, consulting, and outsourcing services. Our broad professional services allow us to serve clients more completely — from startup to succession and beyond.

Our professionals are immersed in the industries they serve and have specialized knowledge of their operating and regulatory environments. With more than 8,500 people in nearly 130 U.S. locations and a global vision, we promise to know you and help you.

8,500+
PEOPLE

130
NEARLY 130 U.S. LOCATIONS

AN INDEPENDENT NETWORK MEMBER OF
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It takes balance

With CLA by your side, you can find everything you need in one firm. Professionally or personally, big or small, we can help you discover opportunities and bring balance to get you where you want to go.

For two consecutive years, CLA has been certified as a Great Place to Work®, based on employee feedback and workplace experience.

Great Place To Work. Certified JAN 2023-JAN 2024 USA

Office location assigned to manage the engagement

Our firm takes the approach of matching the necessary skill set to the engagement before considering geographic location of the staff. **Assigning team members who specialize in working with state and local government entities** of all sizes can provide the State a higher-quality audit, and allow us to complete the audit in a more efficient and effective manner with little interruption to your staff.

The State will be served by our firm-wide state and local government industry-specialized engagement team with assistance from our Arlington, Virginia and Baltimore, Maryland offices. Additionally, our local partner firm Brown Edwards has committed to provide resources.

CLA Arlington	CLA Baltimore (Timonium)	Brown Edwards Charleston
900 North Glebe Road	1966 Greenspring Drive	300 Chase Tower
Suite 3000	Suite 300	707 Virginia Street, East
Arlington, VA 22203	Timonium, MD 21093	Charleston, WV 25301

Ability to manage an audit engagement of this magnitude

Governmental experience

CLA offers the credibility, reputation, and resources of a leading professional services firm — without sacrificing the small-firm touch. We bring unsurpassed levels of technical excellence, commitment, and dedication to our clients, which have made us one of the most successful professional service firms serving governmental entities. Our strong reputation for serving state and local government units provides the State the confidence in their decision to select CLA as their professional service provider.

CLA has one of the largest governmental audit and consulting practices in the country, serving more than 4,200 governmental clients nationwide. Regulated industry clients represent approximately one-quarter of all firm-wide revenue, and each of the governmental services team members are well versed in the issues critical to complex governmental entities.

Our professionals have deep, technical experience in serving governmental entities. As a professional service firm experienced in serving state and local units of government, we are very aware of the financial and legal compliance requirements that government officials are faced with daily. This creates complexities and service issues within a unique operational and regulatory environment. Because of our experience, we have become adept at providing our clients with insights in this environment not typical of other professional service firms.



We differ from other national firms in that our corporate practice focuses on the needs of non-SEC clients, allowing us to avoid the workload compression typically experienced by firms that must meet public companies' SEC filing deadlines. CLA is organized into industry teams, affording our clients specialized industry-specific knowledge supplemented by valuable local service and insight. Therefore, the State will benefit from working with members of our **state and local government services team** who understand the issues and environment critical to governmental entities. Our state and local government service teamwork with governments and other GASB reporters such as higher education entities.

State government experience

State and state agency governments are complex entities that require a high degree of skill and experience to complete effective and efficient audits and provide consulting assistance. CLA's vast experience in serving states and state agencies will benefit the State given our deep industry specialization with other states.

The tables below provide a sample of related and relevant projects CLA has successfully completed for various states and state agencies. A full list of additional state agencies or reference information is available upon request.

State-wide Audits

- Commonwealth of Pennsylvania
- Commonwealth of Massachusetts
- State of Delaware
- State of Kansas
- State of Maryland
- State of New Jersey (single audit only)
- State of New Mexico
- State of South Carolina
- State of Texas (single audit only)
- State of Vermont

State Agency Audits

- Arizona Commerce Authority
- Arizona Department of Corrections
- Arizona Power Authority
- Arizona, Supreme Court, Clerk of the Courts
- California Department of Water Resources
- California State Teachers' Retirement System
- Champaign-Urbana Mass Transit District
- Chesapeake Regional Information
- Colorado Water Conservation Board
- Colorado Department of Human Services
- Department of Natural Resources
- Maryland Workers' Compensation
- Massachusetts Bay Transportation Authority
- Massachusetts Convention Center Authority
- Massachusetts Department of Revenue
- Massachusetts Department of Transportation
- Massachusetts Housing Finance Agency
- Massachusetts Water Resources Authority
- Minnesota Housing Finance Agency
- Minnesota State Board of Investment
- Minnesota State Retirement System
- New Mexico State Treasurer's Office
- New Mexico Taxation and Revenue Department
- New York State Education Department
- North Dakota Department of Human Services
- Office of Attorney General, Commonwealth of Pennsylvania
- Office of Hawaiian Affairs
- Ohio Fire Protection District
- Oklahoma Health Care Authority
- Pennsylvania Department of Corrections - SCI
- Pennsylvania Department of Human Services
- Pennsylvania Department of Transportation

State Agency Audits

- Colorado Department of Public Health and Environment
- Colorado Department of Local Affairs
- Colorado Division of Lottery - Office of State Auditor
- College Assist
- Connecticut Green Bank
- Connecticut State Lottery
- Department of Housing and Community Development
- Dept. of Health & Mental Hygiene/Administration
- Division of Gaming
- Economic Development Partnership of North Carolina
- Employees Retirement System of Texas (ERS)
- Florida Department of Financial Services
- Georgia Lottery Corporation
- Idaho Department of Finance
- Idaho Soil Conservation Commission
- Illinois Department of Agriculture
- Illinois Department of Labor
- Illinois Department of Revenue
- Illinois Department of Transportation
- Illinois Municipal League Risk Management Association
- Illinois Office of the Comptroller
- Illinois Public Risk Fund
- Illinois State Board of Education
- Illinois State Toll Highway Authority
- Illinois Transportation Authority
- Indiana Legislative Services Agency
- Mississippi Department of Education
- Mississippi Department of Human Services
- Mississippi Development Authority
- Mississippi Marine Resources
- Mississippi Public Safety
- Missouri Veterans Commission
- New Jersey Department of Transportation
- New Jersey Department of Treasury
- New Jersey Division of Pensions & Benefits
- New Jersey Higher Education Student Assistance Authority
- New Jersey Transit Authority
- New Jersey Water Supply Authority
- New Mexico Children, Youth and Families Department
- New Mexico Department of Game and Fish
- New Mexico Department of Health
- New Mexico Department of Homeland Security and Emergency
- New Mexico Department of Information Technology
- New Mexico Department of Tourism
- New Mexico Department of Transportation
- New Mexico Department of Workforce Solutions
- New Mexico Environment Department
- New Mexico Finance Authority
- New Mexico Gaming Control Board
- New Mexico Human Services Department
- Rhode Island Convention Center Authority
- Rhode Island Convention Center Authority
- Rhode Island Housing Mortgage and Finance Corporation
- Rhode Island Infrastructure Bank
- School Employees Retirement System of Ohio
- State of Delaware Department of Safety and Homeland Security
- State of Missouri Lottery
- State of New Jersey Department of Transportation
- State of New Mexico - Department of Finance and Admin.
- State of New Mexico General Fund
- State of Washington Department of Labor & Industries
- State of Wisconsin Investment Board (SWIB)
- State Teachers Retirement System of Ohio
- Texas Commission on Environmental Quality
- Texas Department of Transportation
- Texas Higher Education Coordinating Board
- Texas Workforce Commission
- The Arizona School Alliance
- The State Bar of California
- The State Lottery Commission of Indiana
- Virginia Department of Health, OEMS
- Virginia Department of Transportation

State Agency Audits		
• Indiana State Board of Education • Iowa Finance Authority • Kansas Public Employees Retirement System • Maryland Dept. of Housing & Community Development • Maryland Health Care Commission • Maryland Health Insurance Plan • Maryland Transportation Authority	• New Mexico Lottery Authority • New Mexico Office of Superintendent of Insurance • New Mexico Office of the Attorney General • New Mexico Public Education Department • New Mexico Regulation and Licensing Department • New Mexico Spaceport Authority	• Virginia Port Authority • Washington Metropolitan Area Transit Authority • Wisconsin Housing and Economic Development Authority

Higher education experience

Higher education institutions are a dynamic, unique area of accounting, and require constant attention and monitoring. Our knowledge of your industry is crucial to offering actionable strategies. As a firm with more than 60 years of experience, we possess an exhaustive understanding of your challenges and can respond promptly and effectively to help meet them.

9,500+ nonprofit and higher education organizations served, including:		
500+ higher education institutions	*40+ community colleges*	*1,500+ foundations*

These organizations have operating budgets ranging from $1 million to $2 billion, assets ranging from $1 million to over $4 billion, and investments over $1 trillion within our public pension plan and federal government clients.

CLA has extensive experience providing audit, tax, and consulting services to higher education clients of all sizes across the United States. Our industry and local professionals have the knowledge to adequately address your financial responsibilities so you can better focus the State's efforts on your mission. We believe this ability will allow for more frequent communication of ideas and information, as well as a more efficient, successful engagement—saving the State time and money. Our professionals understand that some of the common issues and attributes of these clients include:

- Proper accounting and cut-off for grants promised and made
- Changing regulations
- Demand for transparency, accountability, and verifiable impact
- Need for transparency at all levels
- Volatile investment markets and recessionary pressures
- Valuation of alternative investments



The State can benefit from our experience as a national leader in serving the higher education industry. To serve our clients well, we need to have service team members who are extremely knowledgeable about your industry and its challenges. From speaking at national, regional, and local conferences to assisting in developing new standards which all firms follow, we are actively involved in many of the changes in audit and accounting industry and can proactively advise our clients on the new opportunities. CLA is known for being a part of the standard and regulation setting process, including being a part of writing or influencing the nonprofit audit guide, new standards on auditing alternative investments, new audit guide from the Department of Education, regulations on employee benefit plan audits, and changes in the Form 990. The advantage to you is the understanding of the emerging issues or changes before the public knows. In addition, as the auditing firm for the West Virginia Higher Education Policy Commission, we know and understand the University System and their major single audit program, Student Financial Aid.

Student financial aid experience

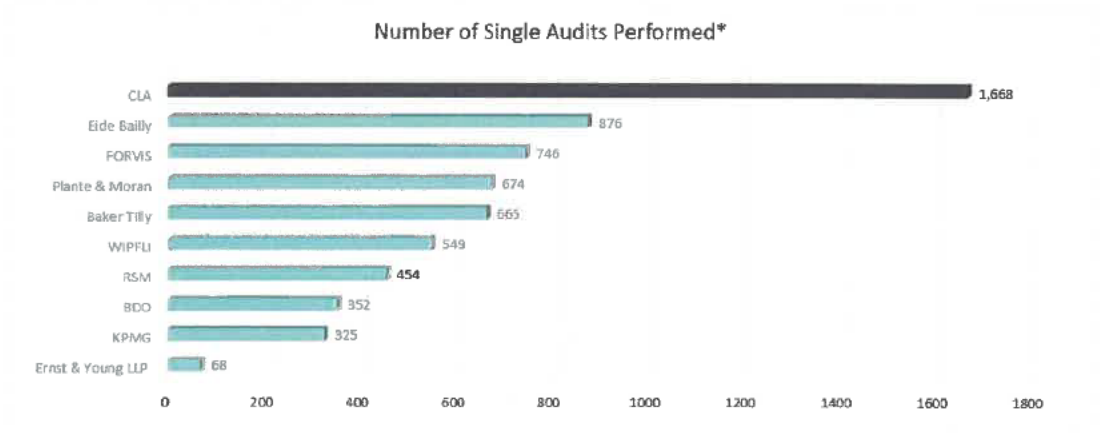
Student Financial Aid (SFA) is the State's largest federal cluster of grants and is also the most complicated to audit with the most compliance requirements of any grant you receive. It is important to maintain compliance or the State could suffer severe financial repercussions. Every member of your single audit engagement team has extensive experience auditing Student Financial Aid, as well as many other major federal programs.

SFA audits start with having the right people in the field working with our clients. Our approach to staffing SFA audits is extremely uncommon. We have compiled a group of trained professionals who specialize in performing these audits. Each of our dedicated higher education team members has completed our internal SFA boot camp, in which we put them through a true training platform with "live files" from our clients. We provide this training to engage, enrich and arm our staff with the necessary knowledge and experience to work with our clients. Rarely do we hear the comment that our clients had to train our staff; it is more common to have a situation where our clients feel as though they have a principal in which to discuss SFA issues.

Our team is also familiar with the common issues related to forms, reports and procedures related to single audits of SFA and other federal programs. Our familiarity with these programs, reports, and procedures will make your audit more efficient and effective!

Single audit experience

The chart below illustrates CLA's experience in serving organizations that receive federal funds and demonstrates our firm's dedication to serving the government and nonprofit industry. ***CLA performs the largest number of single audits in the United States. We audited nearly $278 billion dollars in federal funds in 2021.***



**The information for the firms above was pulled from the Federal Audit Clearinghouse for audits with fiscal year ends between January 1, 2021 – December 31, 2021.*

It is more important than ever to find qualified auditors who have significant experience with federal grants specific to the State and can enhance the quality of the State's single audit. Therefore, the single audit will be performed by a team of individuals who are managed by personnel who specialize in single audits in accordance with OMB's *Uniform Guidance* and who can offer both knowledge and quality for the State. As part of our quality control process, the single audit will be reviewed by a firm Designated Single Audit Reviewer.

The AICPA clarified auditing standard, AU-C 801 "Compliance Audits" requires risk-based concepts to be used in all compliance audits including those performed in accordance with OMB *UG*. Our risk-based approach incorporates this guidance.

The single audit requires a specific set of skills in order to properly perform the procedures. As such, we have developed a group of professionals who are very familiar with providing single audit services. In addition to the local resources, CLA has personnel throughout the firm as well as national technical personnel who are very familiar with single audits and as such provide resources and insights not found in many firms. In addition to the local resources, CLA has personnel throughout the firm as well as national technical personnel who specialize in single audits and as such provide resources and insights not found in many firms. In addition, Sean Walker, CPA, your engagement principal assigned to your engagement team, is a former member of the AICPA's Governmental Audit Quality Center Executive Board. This center promotes the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services.

Because we audit so many governmental entities, we are familiar with substantially every federal grant the State receives and will perform a high-quality audit in accordance with OMB's *UG*. Based on our review of the State's 2020 and 2021 single audit reports, CLA has experience at other states or governmental clients in performing testing for most of the State's major programs. For example, we had more than 50 clients where we audited the Medicaid program as major program and close to 100 clients where the Special Education Cluster was tested as a major program. With our depth of experience, your engagement team will be knowledgeable of the specific grant program requirements for virtually every grant program to be audited as major from day one.

In the table below, we have compared the major programs of the State for the past two years to our current clients with the similar programs to which we provide services.

Program Name	VT	DE	KS	MA	MD	NJ	PA	TX
Adoption Assistance	X		X			X	X	X
Adult Education - Basic Grants to States						X	X	
Aging Cluster						X		X
Block Grants for Community Mental Health Services						X		X
CDBG Disaster Recovery Grants Cluster			X			X	X	X
Child and Adult Care Food Program		X						
Child Care and Development Fund	X	X					X	
Child Support Enforcement		X	X			X	X	X

Program Name	VT	DE	KS	MA	MD	NJ	PA	TX
Children's Health Insurance Program	X	X	X			X	X	X
Coronavirus Relief Fund	X	X	X	X	X	X	X	X
Crime Victims Assistance							X	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	X	X		X	X		X	X
Education Stabilization Fund	X		X	X		X	X	X
Emergency Rental Assistance	X		X	X		X	X	X
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	X	X	X	X	X	X		X
Federal Transit Cluster		X						
Formula Grants for Rural Areas	X							
Foster Care - Title IV-E			X	X	X	X	X	X
Grants for State Assessments and Related Activities	X							
Highway Planning and Construction Cluster	X	X	X		X	X	X	X
Highway Safety Cluster	X							
HIV Prevention Activities - Health Department Based					X	X		
Housing Voucher Cluster					X	X		
Immunization Grants		X						
Low-Income Home Energy Assistance	X						X	
Medicaid Cluster	X	X	X	X	X	X	X	X
National Guard Military Operations & Maintenance	X	X						
Opioid STR		X			X	X		
Pandemic EBT Food Benefits	X	X		X	X	X		
Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	X	X	X	X	X	X		
SNAP Cluster	X	X		X	X	X	X	X

Program Name	VT	DE	KS	MA	MD	NJ	PA	TX
Special Education Cluster		X						
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	X							
Social Security – Disability Insurance	X							
Social Services Block Grant	X						X	
Student Support and Academic Enrichment Program						X	X	
Temporary Assistance for Needy Families	X			X	X	X	X	
Title I	X							
Unemployment Insurance	X	X	X	X	X	X	X	X
Vocational Education-Basic Grants to States		X				X	X	X
Workforce Investment Act Cluster							X	

The principals, managers, and staff members assigned to your audit have performed numerous single audits and have received specialized training in governmental accounting, auditing and financial reporting. In addition, they receive training on the compliance requirements of OMB's UG and the use of the related compliance supplements. These individuals stay current on all issues related to federal awards and the impact they may have on your single audit.

Single Audit Resource Center (SARC) award

CLA received the Single Audit Resource Center (SARC) Award for Excellence in Knowledge, Value, and Overall Client Satisfaction. SARC's award recognizes audit firms that provide an outstanding service to their clients based on feedback received from an independent survey.

SA RC Single Audit Resource Center

The survey queried more than 10,000 nonprofit and government entities about the knowledge of their auditors, the value of their service, and overall satisfaction with their 2021 fiscal year-end audit. The SARC award demonstrates CLA's dedication to serving the government and nonprofit industry and maintaining the most stringent regulatory requirements in those sectors.

You'll need an audit firm experienced in performing single audits and a familiarity with the specific programs in which you are involved and will benefit from CLA's experience in this area.

Certificate of achievement assistance



The Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting is awarded to state and local governments that go beyond the minimum requirements of generally accepted accounting principles. It is awarded to state and local governments who produce an annual comprehensive financial report that evidences the spirit of transparency and full disclosure. Members of the GFOA staff and the GFOA Special Review Committee (SRC) review reports submitted to the ACFR program.

CLA provides audit services to many entities that received the GFOA Certificate of Excellence in Financial Report. All of the procedures noted in our audit approach and our technical review of the ACFR are done to help the State prepare and publish the top product possible. Our managers and principals who review the ACFR have a strong understanding of the GFOA requirement for the certificate. We understand that this is a prestigious award for the State and a great accomplishment for the Finance and Accounting departments.

We will review the GFOA comment letter for each ACFR and provide the State advice regarding the response to the GFOA reviewer's comments. Our procedures with respect to the ACFR will be the review of the comments from GFOA on the prior year submission to determine they were adequately addressed, completion of the ACFR checklist, and review of the transmittal letter and statistical data to determine that information presented is reasonable and agrees with the information in the financial statements and management's discussion and analysis (MD&A), where applicable.

We understand the interrelationships of the many and varied components of a governmental entity's financial statements, allowing us to quickly determine errors or problems with the financial statements. Our depth of knowledge and experience also allows us to assist the State with the preparation of the ACFR and improvement of the State's financial statements.

Our involvement with clients in the GFOA Certificate program helps to determine that we are on the leading edge of reporting trends and techniques. We have been engaged by various entities to review their statements for compliance with program requirements. We have aided clients in the early implementation of professional pronouncements and regularly provide our clients with updates on new pronouncements which will affect them and will do the same for the State.

Information Technology general controls and operations experience



We have extensive experience and a distinct ability to understand how automated systems can be utilized to improve the cost-effectiveness, efficiency, and internal control environment for organizations like the State.

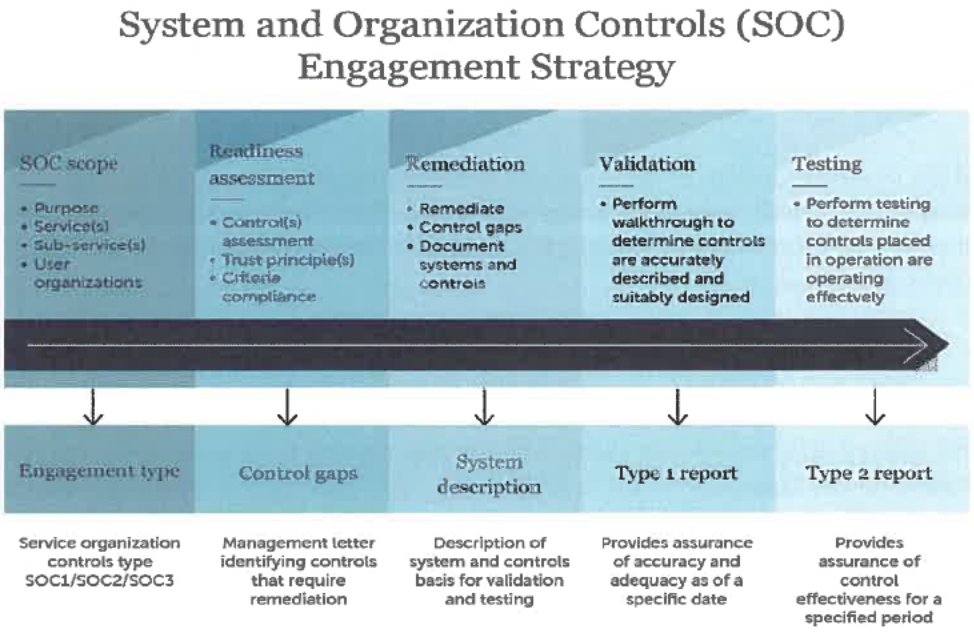
With the help of the State's resources, we will gather data from its various IT operations, IT infrastructure, application owners, and stakeholders. Part of our methodology will be to specifically identify and assess key controls in IT infrastructure, operations, and processes. Through these activities, we will not just look to conduct interviews, but to also validate and verify that information and feedback communicated to us are in alignment with documented standards, policies, protocols, system documentation, etc.

Our focus will also be to evaluate and assess the IT operations in the context of the overall objectives, mission, and strategies. We start by developing an understanding of the systems and the types of electronic and hardcopy information that is available. This includes the process and procedures for IT governance, user administration, change management, and computer operations. We then work with stakeholders to document and perform walk-throughs and interviews to identify the IT organizational structure and roles/responsibilities, internal controls, and business processes. Understanding and documenting these internal controls will identify areas of potential weakness or ambiguity of process/monitoring and aid in directing where to focus further analysis and assessment. At the conclusion of our procedures, we will present reports and related information in a format that best meets the needs of the State, considering use, audience, and purpose.

A detailed description of the specific IT related control activities that we assess are listed in the section titled ***4.2.1.4: Audit Work Plan*** of this proposal.

System and Organization Controls (SOC) 1 experience

The following illustration provides an overview of the proposed strategy for SOC1 engagements:



Reports on controls at a service organization relevant to user entities' internal control over financial reporting

SOC 1 engagements are examination engagements undertaken by a service auditor to report on controls at an organization that provides services to user entities when those controls are likely to be relevant to user entities' internal control over financial reporting.

SOC1 specifically reports on controls implemented by management to achieve the defined control objectives. Control objectives are segmented into one of four control categories including:

- Organization management controls
- Business process controls
- General computer controls
- Physical environment controls

Reporting type and period

For SOC1 engagements, either a Type 1 or Type 2 report can be selected.

- **Type 1** – A report on management's description of the service organization's system and the suitability of the design of the controls to achieve the related Control Objectives or satisfy the Trust Service Criteria included in the description as of a specified date. CLA's proposed fees consider a SOC1 Type 1 report.
- **Type 2** – A report on management's description of the service organization's system and the suitability of the design and operating effectiveness of the controls to achieve the related Control Objectives or satisfy the Trust Service Criteria included in the description throughout a specified period.

The reporting date or period will be determined by management with assistance from CLA. Reports are typically available for distribution approximately 45 days after the end of the reporting date or period. Dates may be adjusted based on the outcome of the Engagement Scope and Engagement Type discussions that will establish the Control Objectives or Trust Service Criteria to be included in the reporting process.

A detailed description of our SOC approach is available in the proposal section titled ***4.2.1.4: Audit work plan.***

4.2.1.2: Proposed audit staff

(RFP Section 4, Subsection 4.2.1.2)

Qualifications of proposed audit staff

An experienced engagement team has been aligned to provide the most value to your organization. The team members have performed numerous engagements of this nature and can commit the resources necessary to provide top quality service throughout the engagement. Following are our proposed team members:



The most important resource any business has is people — *the right people.*

Team Member	Role	Years' Experience
	CLA's Engagement Team	
Sean Walker, CPA, CFE, CGFM, CGMS	**Client relationship principal** – Sean Walker will serve as the State's relationship principal and a member of the ACFR audit team. He will have overall engagement responsibility including planning the engagement, developing the audit approach, supervising staff, and maintaining client contact throughout the engagement and throughout the year. Sean is responsible for total client satisfaction through the deployment of all required resources and continuous communication with management and the engagement team.	24+
Cheri Amoss, CPA	**Single audit principal** – Cheri Amoss will serve as the engagement principal for the single audit portion of the engagement. She will have overall engagement responsibility including planning the engagement, developing the single audit approach, supervising staff, and	19+

	maintaining client contact throughout the engagement and throughout the year. Cheri is responsible for total client satisfaction through the deployment of all required resources and continuous communication with management and the engagement team.	
Michael (Mike) Johns, CPA	**Student Financial Aid principal** – Mike Johns will serve as the engagement principal for Student Financial Aid portion of the engagement. He will have overall engagement responsibility including planning the engagement, developing the student financial aid audit approach, supervising staff, and maintaining client contact throughout the engagement and throughout the year. Mike is responsible for total client satisfaction through the deployment of all required resources and continuous communication with management and the engagement team.	22+
William (Bill) A. Early, Jr., CPA	**Quality assurance principal** – Bill Early will complete the quality review of all work performed and of all audit reports prior to issuance. The focus of this review is to confirm adherence to industry and firm quality control guidelines and to make sure the work performed supports the audit opinions issued.	25+
James (Jim) P. Kreiser, CIISA, CRMA, CFSA	**Information technology principal** – Jim Kreiser will assist the audit team in documenting and evaluating general computer controls and IT application controls.	22+
Joel Eshleman, CPA, CISA, CIA	**Information technology principal** – Joel Eshleman will assist the audit team in documenting and evaluating general computer controls and IT application controls	20+
Kara Rueckemann, CPA, CFE	**Engagement manager, ACFR** – Kara Rueckemann will act as the lead director on the ACFR portion of the engagement. In this role, Kara will assist Sean Walker with planning the engagement and performing complex audit areas. She will perform a technical review of all work performed and is responsible for the review of the annual comprehensive financial report and all related reports.	15+
Shannon Weiss, CPA	**Engagement director, single audit** – Shannon Weiss will act as the lead manager on the single audit portion of the engagement. In this role, Shannon will assist Cheri Amoss with planning the engagement and performing complex audit areas. She will perform a technical review of all work performed and is responsible for the review of the annual comprehensive financial report and all related reports.	14+
Zachary (Zach) Vincent, CPA	**Senior** –Zach Vincent will be responsible for the day-to-day activities for this engagement, including the supervision of all staff assigned.	2+

Josh McClain	**Senior** – Josh McClain will be responsible for the day-to-day activities for this engagement, including the supervision of all staff assigned.	4+
Additional Staff – We will assign additional staff to your engagement based on your needs and their experience providing services to state and local governments. Ideally, the staff assigned to your team will be from our DC-Maryland-Virginia offices with our local partner in West Virginia with states as their industry focus at CLA.		
Brown, Edwards & Company Engagement Team		
Robert (Rob) Adams, CPA, CGMA	**Local Partner** – Brown Edwards & Company will work directly with and under the supervision of the CLA team to perform audit and single audit procedures across various deliverables.	28+
Chris Banta, CPA, CFE		23+
Anthony Carpenter, CPA		16+

Detailed resumes including degrees, and experience of the proposed audit staff are available in *Appendix A* of this proposal.

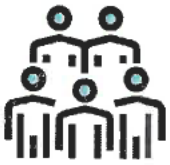
IT & Risk management – Value-added service

CLA believes that a good audit yields substantial information for management and is a valuable tool in recognizing opportunities and identifying areas that can be strengthened. In that regard, we have assigned an experienced Information Technology (IT) resource principal to the State's audit. The IT principal's role in the audit will be to perform a review of Information Systems (IS) controls to conclude whether they are properly designed and operating effectively. For IS-related controls that we deem to be ineffectively designed or not operating as intended, we will communicate our findings and will provide recommendations to improve internal controls.

Including an IT professional on the State's audit is a value-added service that is not always offered by all firms that conduct state agency audits.

Continuity of service

We are committed to providing continuity throughout this engagement. It is our policy to maintain the same staff throughout an engagement, providing maximum efficiency and keeping the learning curve low. With a solid, steady engagement team, each year brings the additional benefits of trust and familiarity. We are also flexible in exploring alternative strategies to non-mandatory rotation policies.



In any business, however, turnover is inevitable. If and when it happens, we will provide summaries of suggested replacements and will discuss re-assignments prior to finalizing. We have a number of qualified staff members to provide the State with quality service over the term of the engagement.

CLA is committed to maintaining high staff retention rates, which we believe are a strong indicator of service quality. High retention rates also indicate that our staff members have the resources they need to perform their tasks and maintain a positive work/life balance.

Continuing professional education

To maintain and expand our assurance knowledge, we consistently provide continuing education for our professionals. Each member of our professional team, including principals, attends at least 40 hours of technical training annually. Individuals are required to familiarize themselves with all current changes in standards and procedures. Updated information on recent changes in technical standards and regulations, as well as the firm's professional policies and procedures, is distributed to our team members on a regular basis.

CLA professionals are specifically trained in the industry at a level beyond our competitors.



CLA's firm-wide training programs include:

- **Learn** – Designed for new CLA associates, this five-day conference is typically attended in the first year of employment. This internally developed and presented training focuses on preparing new hires and interns to understand and perform their role in the audit process. Providing a combination of an introduction to CLA Strategy, business risk and independence with audit theory using hands-on exercises and simulations to introduce our audit methodology, tools, and software. Specific audit areas covered include audit planning, cash, fixed assets, accounts payable, and financial statement preparation.
- **Experience** – Designed for the CLA associate with about one year of experience, this four-day conference is typically attended in the second year of employment. This training is similar to the "Learn" training outlined above but at a deeper level.
- **Achieve** – Designed for the CLA associate with about two years of experience, this four-day conference is typically attended in the third year of employment. This internally developed and presented training focuses on leadership and performance management of audit engagements utilizing CLA audit methodology from the perspective of the experienced in-charge. This is a highly interactive session covering the experienced in-charge's role and challenges in the audit process and prepares participants to manage and perform efficient and effective audits.
- **Propel** – Designed for the CLA associate with about three years of experience, this four-day conference is typically attended in the fourth year of employment. This training focuses on project management of audit engagements from start to finish and includes exercises and case studies on improving the audit, supervision, analytical procedures, and tests of controls, and identifying and responding to fraud risks. This session is taught by an external instructor from 20/20 Services.

Use of subcontractor

We intend to use the services Brown, Edwards & Company (BECPAS) to assist in providing audit services. Brown Edwards has served the State of West Virginia and maintains local office and localized staff to supplement our team when we are onsite.



Their contact information is as follows:

Brown, Edwards & Company, LLP
Rob Adams, Partner
300 Chase Tower, 707 Virginia Street, East
Charleston, WV 25301
304-343-4188 | readams@BECPAS.com

Our approach to using subcontractors on engagements is to seamlessly integrate the staff of the subcontractor with our staff. This fosters our ability to maintain quality control standards and that the audit approach is consistent for all of the individual engagements included in the audit. BECPAS staff will work alongside CLA staff and be involved in planning, meetings, and any audit team communications. They fully function as members of the CLA audit team which means continuity of staff, consistent training, and the same audit approach. This approach aids in the efficiency of the audit as the review process and turnaround of reporting because the subcontractors work is reviewed as part of the engagement as a whole.

We have found our clients prefer this approach as they only have to deal with one engagement team and one central point of contact. All audit work, status, and issues are coordinated centrally for the engagement as a whole, saving clients time and reducing miscommunication. It also reduces the risk of multiple requests or questions in overlapping audit areas as there is only one team with appropriate supervision performing the various audit tasks.

Lastly, we believe this approach helps us monitor compliance requirements related to the use of subcontractors because we have the ability to better monitor time and effort. This eases the job of the client's procurement function.

4.2.1.3: Prior government experience

(RFP Section 4, Subsection 4.2.1.3)

As previously mentioned, CLA currently serves more than 4,100 governmental entities nationwide. Due to the volume of clients served by CLA, we have provided a sampling of clients with the information being requested, in the State's RFP section titled *4.2.1.3.* The State can benefit from deep, national industry experience, complemented by a team dedicated to accessibility and responsiveness. We are pleased to provide you with the following references, who can describe their experience in greater detail. Additional clients are available upon request.

West Virginia Higher Education Policy Commission	
Location of the project	1018 Kanawha Blvd. East, Suite 700, Charleston, WV 25301
Project manager name	• Michael Johns, CPA, Principal
Contact information	Alice Harris, Vice President of Finance and Administration 304-424-8224 | alice.harris@wvup.edu
Type of project	Audit
Project goals and objectives	Audit of the University systems financial statements.
Scope of work	System-wide financial statement audit, single audit in accordance with OMB *Uniform Guidance* (limited entities) including the research and development cluster, NCAA Agreed-upon procedures for one campus

State of Delaware	
Location of the project	Townsend Building, Suite 1, 401 Federal Street, Dover, DE 19901
Project manager name	• William (Bill) A. Early, Jr., CPA, Principal • Sean M. Walker, CPA, CFE, CGFM, CGMS, Principal
Contact information	Jane Cole, Director, Division of Accounting 302-672-5000 | jane.cole@state.de.us
Type of project	Audit
Project goals and objectives	The State of Delaware has a highly decentralized processes for grants management and accounting. Additionally, there are significant group audit issues since several components that are audited by other auditors and not under the control of the Secretary of Finance or Division of Accounting. As part of the group audit reliance is placed on a separate SOC Report, Type II that is performed and issued by CLA's IT Specialist. Additionally, we have been working with the State to strengthen their general controls over information technology to increase our reliance on information technology workflow controls.
Scope of Work	Statewide ACFR audit in accordance with *Government Auditing Standards*, Statewide single audit in accordance with OMB *Uniform Guidance*, DelDOT audit (separately issued financial statement), Delaware State Lottery ACFR (separately issued financial statement), Data integrity assessment over financial reporting and SSAE-16 SOC 1-Type II Report over First State Financials (FSF) and Payroll Human Resources Statewide Technology (PHRST) systems at the State.

Commonwealth of Pennsylvania	
Location of the project	555 Walnut Street, Harrisburg, PA 17101
Project manager name	• Remi Omisore, CPA, CIA, CISA, Principal • Cheri Amoss, CPA, Principal
Contact information	Scott Kennedy, Director, Bureau of State and Federal Audits, Department of Auditor General 717-787-3214 | skennedy@paauditor.gov
Type of project	Audit
Project goals and objectives	The Commonwealth of Pennsylvania is a joint audit with the elected Auditor General. Additionally, we have been working with the Commonwealth to strengthen their general controls over information technology to increase our reliance on information technology workflow controls.
Scope of work	Joint audit of the Statewide ACFR audit in accordance with *Government Auditing Standards*, Joint audit of the Statewide single audit in accordance with OMB *Uniform Guidance*, 529 Guaranteed Savings Plan (separately audited financial statement) and an examination of the census data for the State Employees' Retirement System

State of South Carolina	
Location of the project	1401 N. Main Street, Suite 1200, Columbia, SC 29201
Project manager name	• Remi Omisore, CPA, CIA, CISA, Principal
Contact information	George Kennedy, State Auditor 803-253-4160 | gkennedy@osa.sc.gov
Type of project	Audit
Project goals and objectives	The State of South Carolina accounting process are highly decentralized, and controls vary among the various departments and agencies. There are significant group audit issues since several component units and funds of the State ACFR are audited by other auditors and the financial reporting of some of the component units does not fall under the control of the Comptroller General's Office. This audit is conducted jointly with the State Auditor's Office. Additionally, we have been working with the State to strengthen their general controls over information technology to increase our reliance on information technology workflow controls.
Scope of work	Joint audit of the Statewide ACFR audit in accordance with *Government Auditing Standards*, previously included a Joint audit of the Statewide single audit in accordance with OMB *Uniform Guidance*.

State of Mississippi	
Location of the project	501 North West Street, Suite 801, Jackson, MS 39201
Project manager name	• William (Bill) A. Early, Jr., CPA, Principal
Contact information	Stephanie Palmertree, Director, Financial and Compliance Division 601-576-2697 | stephanie.palmertree@osa.ms.gov
Type of project	Audit of various state agencies and federal programs
Project goals and objectives	The ACFR and Single Audit for the State of Mississippi are audited by the State Auditor's Office. The State Auditor routinely contracts CLA to perform the audits of selected state agency's funds or federal programs due to complexity and timing of work.
Scope of work	CLA provides several different federal compliance and financial statement audit services for the state of Mississippi agencies under contract with the State Auditor's office. In FY 22, CLA audited the Department of Health, Department of Public Safety, Development Authority, Community College Board and Department of Marine Resources. Additionally, CLA audited federal programs under Uniform Guidance including Community Development Block Grant, Immunization Co-operative Grants, Coronavirus Relief Funds, Veteran's Home and State and Local Fiscal Recovery Funds.

State of Maryland	
Location of the project	80 Calvert Street, Annapolis, MD 21401
Project manager name	• William (Bill) A. Early, Jr., CPA, Principal • Aires Coleman, CPA, Director
Contact information	Sandra L. Zinck, Director, General Accounting Division 410-260-7820 | szinck@marylandtaxes.gov
Type of project	Audit
Project goals and objectives	The State of Maryland accounting process are highly decentralized and controls vary among the various departments and agencies. There are significant group audit issues since several component units and funds of the State ACFR are audited by other auditors and the financial reporting of some of the component units does not fall under the control of the General Accounting Division. Additionally, we have been working with the State to strengthen their general controls over information technology to increase our reliance on information technology workflow controls.
Scope of work	Statewide ACFR audit in accordance with *Government Auditing Standards*, Statewide single audit in accordance with OMB *Uniform Guidance*, Post Employment Health Benefits Trust Fund (separately issued financial statements) MDOT (separately issued financial statements), Commerce Loan Fund Program (separately issued financial statements), University System of Maryland (separately issued financial statements) and the State Retirement & Pension System (separately issued financial statements)

State of New Jersey	
Location of the project	PO Box 221, Trenton, NJ 08625
Project manager name	• Sean M. Walker, CPA, CFE, CGFM, CGMS, Principal
Contact information	Brian Phillips, Accounting Operations, Office of Management and Budget 609-984-1536 | Brian.Phillips@treas.nj.gov
Type of project	Audit
Project goals and objectives	The ACFR is audited by the State Auditor. CLA audits the Schedule of Expenditures of Federal Awards (SEFA) and all major programs.
Scope of work	Statewide single audit in accordance with OMB *Uniform Guidance*

State of Vermont	
Location of the project	132 State Street, Montpelier, VT 05633-5101
Project manager name	• William (Bill) A. Early, Jr., CPA, Principal • Sean M. Walker, CPA, CFE, CGFM, CGMS, Principal
Contact information	Doug R. Hoffer, Vermont State Auditor 802-828-2281 | doug.hoffer@vermont.gov
Type of project	Audit
Project goals and objectives	The State of Vermont has a highly decentralized processes for grants management and accounting. After 30+ years working with KPMG, we were able to provide an alternative to the State to meet their objective of having a "fresh set of eyes." The State wanted a relationship where we could build jobs in Vermont. We currently employee five people remotely in State of Vermont. It has been an incredible success for both CLA and Vermont.
Scope of Work	Statewide ACFR audit in accordance with *Government Auditing Standards*, Statewide single audit in accordance with OMB *Uniform Guidance*

On the following page, we have provided a comprehensive listing of contracts of similar size and scope that we have successfully completed and currently serve, as evidence of CLA's ability to successfully complete services like those required in this Bid Solicitation.

Clients of Similar Size and Scope

Name of Client	Description of Services	Years of Engagement	Client Contacts
Commonwealth of Massachusetts	• ACFR • Single audit	2019 - present	**Pauline Lieu** Chief Financial Reporting Officer 617-971-2688
State of Kansas	• Financial statement audit • ACFR • Statewide single audit • Retirement system audit	2013 - present	**Jocelyn Gunter** Director, Office of Accounts and Reports 785-368-7390
State of New Mexico	• Statewide ACFR • Single audit of various state agencies	2014 - present	**Jo Ann Chavez** Chief Financial Officer 505-476-8536
State of Texas	• Statewide single audit	2019 - present	**Justin Timberlake** Director 512-936-9672

In addition, Brown, Edwards & Company (BECPAS) currently audits the following standalone entities of the State of West Virginia:

Brown, Edwards & Company

- WV Infrastructure & Jobs Development Council
- Municipal Pension Oversight Board
- WV Drinking Water Treatment Revolving Loan Fund
- WV College and Jumpstart Savings Program
- West Virginia Lottery
- WV College Prepaid Tuition and Smart 529 Savings Program
- WV Water Development Authority
- WV Housing Development Fund
- Alcohol Beverage Control Administration
- Water Pollution Control Revolving Fund
- Jobs Investment Trust
- Solid Waste Management Board
- Tobacco Settlement Finance Authority
- Drinking Water Treatment Revolving Fund (Loan and Set Aside Funds)

4.2.1.4: Audit work plan

(RFP Section 4, Subsection 4.2.1.4)

Seamless assurance advantage: a different way to audit



Many organizations view an audit as a requirement that doesn't contribute to their overall operations or value. At CLA, we believe an audit should be an annual check-up that gives you insight into your organization, allowing you to take advantage of opportunities and improve your operations.

Our industry experience makes it easier – CLA auditors are industry aligned, making our audit process fast and smooth. We focus on operational efficiency and leverage our industry experience to bring you meaningful insights that go beyond compliance requirements. A dedicated team of professionals will listen to your goals and concerns, then work with you to navigate industry pressures, changing markets, and complex standards, all with a common goal to drive your business toward success.

Your time has value – Your day is filled with competing priorities and constant distractions. We elevate your experience by utilizing a variety of communication tools, such as a web-based document portal, video conferencing, email, and phone calls, to keep everyone informed and on track. These tools provide flexibility to choose where and how your audit is performed. In contrast to a traditional engagement, where a team spends weeks on site at your location, our Seamless Assurance Advantage focuses on having the right team members on your engagement and isn't dependent on physical locations.

A simple transition – We recognize changing accounting firms presents an opportunity as well as a challenge. Our approach deliberately and effectively reduces the impact of transition.



No surprises – We will provide the State with a no-surprises approach to our services, based on frequent and timely communication and clarity around roles and expectations. If issues arise during your audit, we engage the right people in a frank discussion to resolve them.

Significant involvement of principals and managers – Our principals and managers are directly involved in your engagement and can proactively identify significant issues and resolve them with management. Your time is best spent with key decision makers so you can ask clarifying questions, discuss organizational strategies, and navigate sensitive reporting issues.

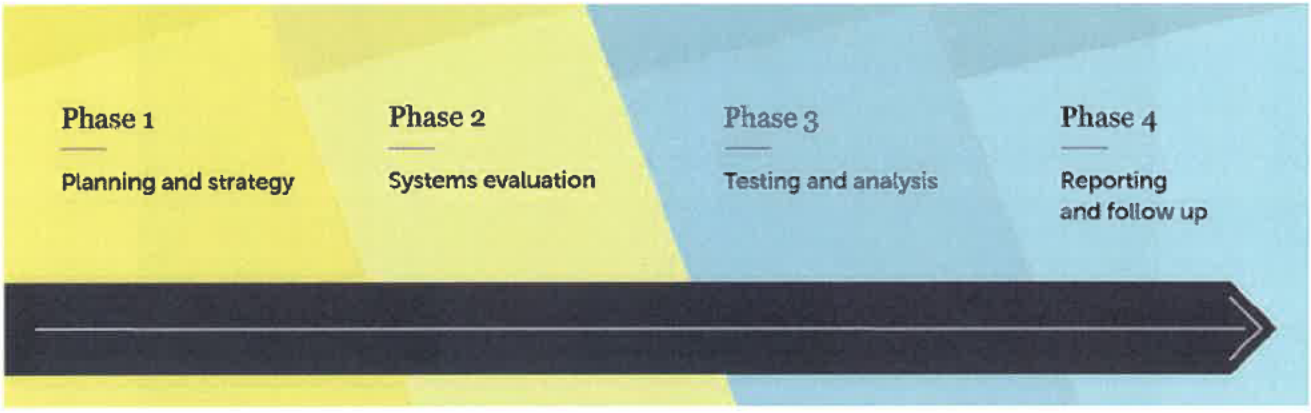
We tailor the audit just for you – While our audit programs provide typical approaches for given audit areas, CLA designs a client-specific, risk-based audit approach for each client. We use custom, industry-tailored programs, procedures, and tools designed specifically to focus on applicable issues.

You'll learn about what we're doing and what we've found in plain, everyday language – By working closely with your staff, CLA continuously learns about your organization. This involvement enables us to offer recommendations for improvements in your systems and procedures that are more comprehensive, better understood, and more frequently implemented.

When performing an audit, we are sensitive and understanding of the fact that we report to those charged with governance. We maintain objectivity and independence to be able to issue our audit opinions. We will act within our philosophy of total client service, maintain the professional relationship refined with management, and fulfill our responsibilities with the utmost professionalism.

Year-long support – We encourage your staff to take advantage of our accessibility throughout the year for questions that may arise. Our people can provide proactive advice on new accounting or GAAP pronouncements and their potential impact; help with immediate problems, including answers to brief routine questions; and share insights and best practices to assist in planning for your future success.

Financial statement audit approach



Phase 1: Planning and strategy

The main objective of the planning phase is to identify significant areas and design efficient audit procedures.

- Conduct an entrance meeting with the State – Sean Walker and staff will meet with the State personnel to agree on an outline of responsibilities and timeframes:

- Establish audit approach and timing schedule
- Assistance to be provided by the State personnel
- Application of generally accepted accounting principles
- Initial audit concerns
- Concerns of the State's management
- Establishment of report parameters and timetables
- Progress reporting process
- Establish principal contacts

- Gain an understanding of the operations of the State, including any changes in its organization, management style, and internal and external factors influencing the operating environment
- Identify significant accounts and accounting applications, critical audit areas, significant provisions of laws and regulations, and relevant controls over operations
- Determine the likelihood of effective Information Systems (IS) - related controls
- Perform a preliminary overall risk assessment
- Confirm protocol for meeting with and requesting information from relevant staff
- Establish a timetable for the fieldwork phase of the audit
- Determine a protocol for using TeamMate Analytics and Expert Analyzer (TeamMate), our data extraction and analysis software, to facilitate timely receipt and analysis of reports from management
- Compile an initial comprehensive list of items to be prepared by the State, and establish deadlines

We will document our planning through:

- **Entity profile** – This profile will help us understand the State's activities, organizational structure, services, management, key employees, and regulatory requirements.
- **Preliminary analytical procedures** – These procedures will assist in planning the nature, timing, and extent of auditing procedures that will be used to obtain evidential matter. They will focus on enhancing our understanding of the financial results and will be used to identify any significant transactions and events that have occurred since the last audit date, as well as to identify any areas that may represent specific risks relevant to the audit.
- **General risk analysis** – This will contain our overall audit plan, including materiality calculations, fraud risk assessments, overall audit risk assessments, effects of our IS assessment, timing, staffing, client assistance, a listing of significant provisions of laws and regulations, and other key planning considerations.
- **Account risk analysis** – This document will contain the audit plan for the financial statements, including risk assessment and the extent and nature of testing by assertion.
- **Prepared by client listing** – This document will contain a listing of schedules and reports to be prepared by the State personnel with due dates for each item.
- **Assurance Information Exchange (AIE)** – CLA utilizes a secure web-based application to request and obtain documents necessary to complete client engagements. This application allows clients to view detailed information, including due dates for all the items CLA is requesting. Clients can attach electronic files and add commentary related to the document requests directly on the application.

A key element in planning this audit engagement will be the heavy involvement of principals and managers. We will clearly communicate any issues in a timely manner and will be in constant contact with you as to what we are finding and where we expect it will lead.

Using the information we have gathered and the risks identified, we will produce an audit program specifically tailored to the State that will detail the nature and types of tests to be performed. We view our programs as living documents, subject to change as conditions warrant.

Phase 2: Systems evaluation

We will gain an understanding of the internal control structure of the State for financial accounting and relevant operations. Next, we will identify control objectives for each type of control material to the financial statements, and then identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. Finally, we will determine the nature, timing, and extent of our control testing and perform tests of controls. This phase of the audit will include testing of certain key internal controls:

- Electronic data, including general and application controls reviews and various user controls
- Financial reporting and compliance with laws and regulations

We will test controls over certain key cycles, not only to gather evidence about the existence and effectiveness of internal control for purposes of assessing control risk, but also to gather evidence about the reasonableness of an account balance. Our use of multi-purpose tests allows us to provide a more efficient audit without sacrificing quality.

Our assessment of internal controls will determine whether the State has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

We will finalize our audit programs during this phase. We will also provide an updated Prepared by Client Listing based on our test results and our anticipated substantive testing.

During the internal control phase, we will also perform a review of general and application IS controls for applications significant to financial statements to conclude whether IS general controls are properly designed and operating effectively.

Based on our preliminary review, we will perform an initial risk assessment of each critical element in each general control category, as well as an overall assessment of each control category. We will then assess the significant computer-related controls.

For IS-related controls we deem to be ineffectively designed or not operating as intended, we will gather sufficient evidence to support appropriate findings and will provide recommendations to improve internal controls. For those IS controls we deem to be effectively designed, we will perform testing to determine if they are operating as intended through a combination of procedures, including observation, inquiry, inspection, and re-performance.

Phase 3: Testing and analysis

The extent of our substantive testing will be based on results of our internal control tests. Audit sampling will be used only in those situations where it is the most effective method of testing.

After identifying individually significant or unusual items, we will decide the audit approach for the remaining balance of items by considering tolerable error and audit risk. This may include (1) testing a sample of the remaining balance; (2) lowering the previously determined threshold for individually significant items to increase the percent of coverage of the account balance; or (3) applying analytical procedures to the remaining balance. When we elect to sample balances, we will use TeamMate to efficiently control and select our samples.

Our work papers during this phase will clearly document our work as outlined in our audit programs. We will provide the State with status reports and be in constant communication with the State to determine that all identified issues are resolved in a timely manner. We will hold a final exit conference with the State to summarize the results of our fieldwork and review significant findings.

Phase 4: Reporting and follow-up

Reports to management will include oral and/or written reports regarding:

- Independent Auditors' Report
- 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*
- Management Letter
- Written Communication to Those Charged with Governance, which includes the following areas:
    - Our responsibility under auditing standards generally accepted in the United States of America
    - Changes in significant accounting policies or their application
    - Unusual transactions
    - Management judgments and accounting estimates
    - Significant audit adjustments
    - Other information in documents containing the audited financial statements
    - Disagreements with the State
    - The State's consultations with other accountants
    - Major issues discussed with management prior to retention
    - Difficulties encountered in performing the audit
    - Fraud or illegal acts

Once the final reviews of working papers and financial statements are completed, our opinion, the financial statements, and management letter will be issued.

The State will be given a draft of any comments we propose to include in the management letter. Items not considered major may be discussed verbally with management instead of in the management letter. Our management letter will include items noted during our analysis of your operations.

We will make a formal presentation of the audit results to those charged with governance, if requested.

Financial statement audit work plan

We are committed to accomplishing the engagement within the specified time frames. The following is our proposed schedule for the engagement.

Phase and Tasks to be Performed	Timeframe	Key Supervisory Personnel Assigned
Pre-engagement planning upon award • Schedule entrance conference with the State • Identify applicable state and federal regulations • Organize and initiate audit staff and services • Review prior auditor workpapers • Review the State's interim financials • Prepare list of documents, schedules, etc. for the State to provide	Upon Award	• Sean Walker, Principal • Jim Kreiser, IT principal • Joel Eshleman, IT principal • Kara Rueckemann, Manager • Senior and associates as necessary
Interim and preliminary fieldwork, including systems evaluation • Conduct entrance conferences with State agencies and departments • Perform IT system reviews and testing • Conduct interviews with key personnel throughout the State, including Agency/Department Secretaries and Commissioners • Request confirmations • Determine the areas required to be tested on-site, including test of controls and compliance testing and begin testwork at the Agencies and Departments • Preliminary analytical reviews, utilizing the State's approved budget and other external data • Assess existing practices, procedures, and • systems • Verify compliance with state, and federal regulations • Review results of preliminary work and modify audit program as needed • Perform group audit procedures • Review actuarial reports on employer valuation for issuance of GASB 68 and GASB 75 reports	April through June	• Sean Walker, Principal • Jim Kreiser, IT principal • Joel Eshleman, IT principal • Kara Rueckemann, Manager • Seniors and associates will be involved to perform testwork
Year-end substantive fieldwork • Perform substantive testing over departmental activity • Perform substantive testing over the GAAP conversion schedules and adjustments • Complete remaining IT fieldwork at the agencies and departments • Review component unit audits • Schedule and hold exit conferences with the State agencies and departments • Perform final analytical reviews	August through Mid-November	• Sean Walker, Principal • Jim Kreiser, IT principal • Joel Eshleman, IT principal • Kara Rueckemann, Manager • Seniors and associates will be involved to perform testwork

Phase and Tasks to be Performed	Timeframe	Key Supervisory Personnel Assigned
• Review workpapers, including concurring principal review		
Reporting - Financial statements • Review the draft of the State's ACFR • Prepare draft auditors' reports on financial statements and internal control and submit the State management for review • Prepare draft of management letter • Meet with the State management to review and discuss drafts • Finalize and issue management letter and required communications to those charged with governance	Mid-November through Mid-December (with ACFR issuance by 12/15)	• Sean Walker, Principal • Bill Early, Principal • Jim Kreiser, IT principal • Joel Eshleman, IT principal • Kara Rueckemann, Manager

Single audit approach

The OMB's *Uniform Guidance* (2 CFR Part 200) is effective for federal grants made on or after December 26, 2014. This affects how federal grants are managed and audited and impacts every organization that receives federal assistance. Grant compliance can be a confusing topic and many of our clients rely on their federal funding as a major revenue source, so it is important that they understand what these changes mean to their organization. As a leader in the industry, CLA was out in front of these changes and informed our clients of how to be proactive about these changes and how they could impact their entity. CLA professionals are available to provide guidance and tools tailored to the State's needs, and to assist in compliance with these rules.

The AICPA clarified auditing standard, AU-C 935 "Compliance Audits," requires risk-based concepts to be used in all compliance audits including those performed in accordance with 2 CFR Part 200. Our risk-based approach incorporates this guidance.

We will conduct our single audit in three primary phases, as shown, below:



Phase 1: Risk assessment and planning

The risk assessment and planning phase will encompass the overall planning stage of the single audit engagement. During this phase, we will work closely with the State's management to determine that programs and all clusters of programs are properly identified and risk-rated for determination of the major programs for testing. We will also review the forms and programs utilized in the prior year to determine the extent of any changes which are required.

We will accomplish this by following the methodology below:

- Determine the threshold to distinguish between Type A and B programs, including the effect of any loans and loan programs
- Utilizing the preliminary Schedule of Expenditure of Federal Awards, we will identify the Type A and significant Type B programs (25% of Type A threshold) in accordance with the *Uniform Guidance*
- Identify the programs tested and the findings reported for the past two fiscal years. Determine and document the program risk based on the past two single audits
- Prepare and distribute Type B program questionnaires to determine risk associated with Type B programs
- Determine the major programs to be tested for the current fiscal year based on the previous steps
- Based on our determination of the major programs, we will obtain the current year compliance supplement to aid in the determination of Direct and Material Compliance requirements, and customize the audit program accordingly
- Determine the preferred methods of communication during the audit

Phase 2: Major program testing

We will determine the programs to be audited based on the risk assessment performed in the planning phase. We will perform the audit of the programs in accordance with *UG*.

To accomplish this, we will perform the following:

- Schedule an introductory meeting and notify the State's management of the major programs for the current fiscal year
- Plan and execute the testing of the expenditures reported on the Schedule of Expenditures of Federal Awards
- Perform tests of compliance and internal controls over compliance for each major program identified
- Schedule periodic progress meetings to determine that schedules are adhered to and identify issues as they arise
- Conduct entrance and exit conference meetings with each grant manager

Phase 3: Final assessment and reporting

We will re-perform the steps noted in the preliminary assessment and planning stage once the final Schedule of Expenditures of Federal Awards is received to determine if additional major programs were identified.

Based on the final determination of the programs we will perform the following:

- Identify Type A and significant Type B programs which were not previously identified.
- Re-assess the risk and determine if we are required to audit additional programs.
- Perform compliance testing at the entity wide level related to procurement and cash management requirements.
- Perform testing to validate the status of prior year findings for those programs not selected for audit.

- Prepare the Schedule of Findings and Questioned Costs.
- Conduct exit conference with the State's management to review drafts of required reports:
    - 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 Auditor's 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*

Throughout the single audit, we will maintain communication through periodic progress meetings with those designated by the State. These meetings will be on a set schedule, but as frequently as the State determines. During these meetings, we will discuss progress impediments and findings as they arise.

Single audit work plan

We are committed to accomplishing the engagement within the specified time frames. The following is our proposed schedule for the engagement.

Phase and Tasks to be Performed	Timeframe	Key Supervisory Personnel Assigned
Pre-engagement planning upon award • Schedule entrance conference with the State management that have involvement with overseeing the single audit • Perform preliminary assessment of major programs that are required for audit based on rotation or material weaknesses identified in prior year to provide • Review prior auditor workpapers	Upon Award	• Cheri Amoss, Principal • Jim Kreiser, IT principal • Joel Eshleman, IT principal • Shannon Weiss, Manager • Senior and associates as necessary
Interim and preliminary fieldwork • Perform IT system reviews and testing of program specific applications • Review applicable audit reports and correspondences from oversight agencies that may impact the single audit • Identify applicable local, state, and federal regulations including compliance Circulars and *UG Guidance* • Schedule and hold an entrance conference with the program coordinators and applicable agency management for those programs selected for audit • Obtain preliminary SEFA to perform risk assessment and determine additional major programs required to be tested • Prepare list of documents, schedules, etc. for the State agencies and departments to provide	June through July	• Cheri Amoss, Principal • Jim Kreiser, IT principal • Joel Eshleman, IT principal • Shannon Weiss, Manager • Seniors and associates will be involved to perform testwork

Phase and Tasks to be Performed	Timeframe	Key Supervisory Personnel Assigned
Major Program Testing • Obtain grant agreements and contracts to determine applicable grant requirements and identify any special regulations required to be tested • Conduct program staff interviews to gain an understanding of processes and identify key internal controls over compliance • Assess existing practices, procedures, and systems • Obtain applicable compliance supplement for each major program being tested • Tailor audit program for each major program selected • Determine populations and applicable sample sizes • Perform test of controls and compliance testing in accordance with applicable Circular or *Uniform Guidance* • Perform testing of the completeness of the SEFA • Perform follow-up testing of prior year findings • Review workpapers, including concurring principal review • Identify and communicate findings as part of weekly status meetings • Hold exit conferences with program coordinators and applicable agency management for those programs selected for audit	August through October	• Cheri Amoss, Principal • Jim Kreiser, IT principal • Joel Eshleman, IT principal • Shannon Weiss, Manager • Seniors and associates will be involved to perform testwork
Reporting • Prepare draft Independent Auditor's Report on the Schedule of expenditures of Federal Awards • Prepare draft of Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the *Uniform Guidance* • Prepare draft of the Schedule of Findings and Questioned Costs • Obtain corrective action plans for findings • Hold final exit meeting with SAO and F&M • Finalize and issue all reports • Certification of the Data Collection Form	Mid December through January	• Cheri Amoss, Principal • Bill Early, Principal • Jim Kreiser, IT principal • Joel Eshleman, IT principal • Shannon Weiss, Manager

Information Technology General Controls and Operations Approach

A detailed description of the specific IT related control activities that we assess are listed below.

Network administration and access controls

Objective: To determine if ongoing administration of network infrastructure is monitored by management and adequately segregated from IS personnel with other pervasive duties. Network infrastructure includes routers, switches, firewalls, intrusion detection/prevention systems.

Approach: CLA will review network administration and access controls, to assess the following:

- Network architecture
- Firewall(s)
- Intrusion detection/prevention systems
- Anti-Virus
- Remote Access
- Logging/Monitoring

In addition, we will evaluate the overall security configuration management, including software patch management.

Server administration and access controls

Objective: Determine if access to servers within the organization is selectively restricted to protect from unauthorized use, damage, loss, or modification and to determine server operating systems and patches are installed in a timely manner.

Approach: CLA will review server administration including access controls, to assess the following:

- Logical access is limited to those individuals that have a business need to access the server(s).
- Server activity is appropriately logged and monitored on a periodic basis.

Workstation administration and access controls

Objective: Determine if access to workstations (desktops/laptops) within the organization is selectively restricted to protect from unauthorized use, damage, loss, or modification and to determine employees understand their responsibilities related to acceptable usage.

Approach: CLA will review workstation administration including access controls, to assess the following:

- Logical/physical access is limited to those individuals that have a business need to utilize workstations.
- Employees are restricted from installing/downloading unauthorized software and files.
- Workstations are patched in a timely manner and anti-virus software is operating as intended to protect the workstation.

Software administration and development controls

Objective: To determine if policies and procedures relative to systems and program administration and development provide reasonable assurance that management objectives are met and that programs are adequately tested prior to implementation.

Approach: CLA will review the following related to application software administration and development controls:

- Change Management Process
- Software Installations
- Software Upgrades
- Release Management

Data/database security administration and access controls

Objective: Determine if access to data files and independent databases is selectively restricted to protect from unauthorized use, damage, loss, or modification and to determine adequate segregation of duties over the various groups of authorized users.

Approach: CLA will review data file and database administration including access controls, to assess the following:

- Logical access is limited to those individuals that have a business need to access data files.
- Data file and database activity is appropriately logged and monitored on a periodic basis.
- Data transfers, both internal between application systems and external between the company and external vendors to determine if data is exchanged via secure connections and appropriate reconciliations occur to validate completeness.

Application security administration and access controls

Objective: Determine if access to application software systems is selectively restricted to protect from unauthorized use, damage, loss, or modification and to determine adequate segregation of duties over the various groups of authorized users.

User rights should be established with the principle of least privilege. Personnel should be assigned system rights consistent with their assigned position responsibilities.

Approach: CLA will review the system security administration and access controls, to assess the following:

- Logical access controls support the systems of manual internal control. Our analysis will focus on the primary data processing system.
- Review user profiles including authority and permissions for the primary data processing system.
- User rights should be established with the principle of least privilege. Personnel should be assigned system rights consistent with their assigned responsibilities.

IT systems operational controls

Objective: To determine if existing controls provide reasonable assurance that computer operations are conducted according to management's authorizations from an input, processing and output perspective.

Approach: CLA will focus on the operational control aspects related to the core data processing system, including start up, close, and daily logging, specifically:

- All authorized data – and only authorized data – is received and processed.
- All data processing is conducted completely and accurately.
- Only authorized personnel produce, control, and distribute output.

- Daily and other periodic reconcilements are prepared on a timely basis by personnel outside the operations function.
- Proper separation of duties.
- All hardware and software problems are recorded, reported to applicable management, and resolved with management's specific authorization.

Physical environment controls

Objective: To determine if controls exist that provide reasonable assurance that physical access to computer facilities is restricted to authorized personnel and that computer resources are protected from environmental hazards.

Approach: CLA will focus on the following related to physical security and environmental controls:

- Access to facility/building that maintains information technology equipment or sensitive data.
- Access to areas within a facility/building that maintain information technology equipment or sensitive data.
- Environmental controls within areas that maintain information technology equipment including heat, humidity, water, electricity.

Our review will focus on preventative and detective controls that are in place as well as the on-going administration of granting, changing, and termination of physical security privileges.

Disaster recovery / contingency planning

Objective: To determine if back-up and recovery plans exist that provide reasonable assurance of timely resumption of computer processing following a short- or long-term interruption of service.

Approach: CLA will review the following related to disaster recovery/contingency planning:

- Daily back-up of critical systems is completed on a timely and complete basis.
- Backup media is rotated on an acceptable frequency
- Proper back up media is available in the event of a disruption or disaster event.
- Written Disaster Recovery Plan & tested periodically
- Current IT and business operations within the company to determine if the infrastructure is properly supported by the disaster recovery plan.

SOC 1 engagement approach

The approach to SOC engagements adopted by CLA segments activities into one of two phases including ***Readiness Assessment*** and ***Attestation***. This approach is designed to comply with standards defined by the AICPA and achieve engagement objectives in an efficient manner with minimal client impact while retaining thoroughness and quality. Our approach to managing the SOC 1 engagement is as follows:

Readiness assessment

The Readiness Assessment phase provides the State with the opportunity to prepare for the attestation phase by documenting the current processes and internal controls. More specifically, the current design of administrative, technical, and physical controls will be analyzed by CLA to determine if they satisfy the Control Objectives defined by management. Any gaps identified by CLA will be presented to management with recommendations for remediation. This approach provides the State with the opportunity to remediate control gaps prior to the commencement of the attestation reporting date or period. Specific steps associated with Readiness include but are not limited to the following:

Organization profile

The State will be requested to confirm the following information to CLA:

- Organization Governance / Structure / Regulatory Requirements
- Clients / Industries Served / Services Offered / Types of Data
- Personnel Resources
- Application Systems / Technical Infrastructure
- Physical Environment

Subservice organization dependency

State management will be requested to identify vendor (subservice organizations) relationships that are critical to the delivery of the organization's product offering(s). During this discussion it will be determined if the processes and controls performed by the subservice organization will be included or excluded from the scope of the engagement.

Process flowchart(s)

CLA will meet with the designated Project Manager or Project Team within the State to obtain an understanding of the system used to support the delivery of services. Specifically, the results of this segment will be a flowchart(s) that illustrates the flow of data from an input, processing and output perspective throughout the key business processes including definition of responsibility and system dependencies.

SOC1 control objective(s)

Based on risks associated with the process flow to support service(s) delivery, Control Objectives will be defined by the State with assistance from CLA.

Control(s) design assessment

The State will document specific controls that have been placed in operation to achieve the defined Control Objectives. CLA will assess the design of those administrative, technical, and physical controls via a combination of on-site and remote activities to determine if gaps exist.

Control(s) gaps

The results of the Control Design Assessment will identify control(s) gaps that must be remediated prior to proceeding with the attestation engagement. When appropriate, CLA will discuss these gaps with organization management prior to finalizing the recommendation.

Recommended remediation

CLA will provide recommendation(s) to remediate controls that are determined to be absent or lack adequacy in mitigating risks. These recommendations are made prior to finalizing the System Description and performing subsequent testing to confirm control design and/or compliance with design to determine effectiveness.

SOC1 system description

Based on the results of the Process Flowcharts task and definition of control objectives, CLA will provide the State with a template that will be used to document the current system description including:

- Organization Background
- Organization Management Controls (including Vendor Risk Assessment)
- Business Process Controls
- General Computer Controls

- Physical Environment Controls
- Subservice Organizations
- Complementary User-Entity Controls
- Complementary Subservice Organization Controls

Conclusion and responsibility

The conclusion of the Readiness Assessment is a description of processes and controls that both organization management and CLA accept as an accurate depiction of the State's operational environment.

This description then becomes the basis for management's assertion and activities associated with the attestation engagement that will commence upon determination of the reporting date (Type 1) or period (Type 2).

CLA is responsible for providing an auditors' opinion on the suitability of design for the reporting period. Therefore, it is essential that the entire Readiness Assessment phase of the project be completed prior to the beginning of the desired reporting date or period.

It is important to note that the development of the system description can be approached either by CLA preparing the document and the State reviewing, or the State preparing based on template provided by CLA and CLA reviewing, depending on the level of effort the State would like CLA to be involved.

Attestation

The attestation phase of the engagement requires CLA to perform "tests of controls" to obtain evidence that the controls described have been implemented as of the start of the period and were complying with control design to determine operating effectiveness as of a specific date or for the period (Type 2). Tests of controls may include inquiry, observation, inspection and/or reperformance. CLA will document the results of testing and identify any exceptions. If exceptions are identified, organization management will be given the opportunity to respond to the exception.

Upon completion of the testing process CLA will evaluate the results and determine if exceptions will require the issuance of a Qualified Auditors' Opinion. The objective of an assurance engagement is to obtain an Unqualified Auditors Opinion which does not contain qualifying statements. Specific steps associated with Attestation include but are not limited to the following:

Management assertion

Prior to the beginning of the attestation engagement, management asserts that, during the period covered by the report, it maintained effective controls over the system under examination to satisfy the control objectives defined by management.

Engagement planning

Controls testing work program

CLA will develop work programs to test the implementation of all key controls described by the organization in support of the defined control objectives.

Engagement schedule

CLA and the State will jointly establish a schedule for testing including definition of on-site and remote testing activities to assist with staff scheduling. The testing schedule is intended to cause minimal disruption to business operations and avoid peak volume periods.

Advanced preparation

Prior to actual testing, CLA will identify supporting documentation that can be prepared in advance of testing to minimize the disruption of staff during the business day and make the testing process more efficient for both CLA and the State.

Control(s) testing

Type of tests used during the testing process include inquiry, observation, inspection, and reperformance of transactions.

Our tests of operating effectiveness of controls will include such tests we consider necessary, based on the circumstances, to evaluate whether those controls, and the extent of compliance, are sufficient to provide reasonable, but not absolute, assurance that the specified control objectives were achieved during the reporting period. As previously stated, testing will focus on controls implemented that support the control objectives defined by management.

Testing results

CLA will document the results of testing and identify any exceptions. If exceptions are identified, the State management has the opportunity to respond to the exception.

Type 1 or Type 2 report

Upon completion of the controls testing, we will issue our independent service auditors' report that provides reasonable assurance that the controls described are suitably designed as of the date defined by management (Type 1) and operating effectively throughout the period (Type 2).

Refer to "Engagement Deliverables" below describing our anticipated protocol for issuance of the service auditor's report.

Engagement deliverable(s)

Final report

Prior to formal release of the Independent Service Auditors' Report, various reviews are performed to confirm that applicable testing was performed, engagement documentation complies with AICPA standards and the Opinion of CLA is adequately supported.

Upon successful review and resolution of issues identified during the review process, a formal release signature will be obtained from the National Assurance team indicating the report is ready to be issued in Final form and will be available for client distribution.

Management letter

Any non-material exceptions that are identified during the controls validation or testing processes will be communicated to the State in a Management Letter. The Management Letter is intended to identify controls that could be implemented or strengthened to improve the control environment within the organization.

Commitment to communication with management

Continual communication starts when an engagement letter is issued and continues throughout the remainder of the year. This includes the exchange of ideas and advice as changes are considered or implemented by the entity or the accounting profession. Our commitment to this practice encourages open lines of communication and often prevents or mitigates service delivery issues.



During the engagement, we will hold regular status meetings with the State to address and understand day-to-day operations, results, and outlying issues. Tracking and formally reporting the engagement status can:

- Provide a consistent technique for monitoring progress against plan
- Identify issues quickly to allow for timely corrective action
- Provide an objective rather than subjective evaluation of status
- Provide timely information on a regular basis
- Assist with obtaining buy-in of audit recommendations on a timely basis

Identification of anticipated potential audit problems

In situations where authoritative guidance on a particular transaction or accounting issue is unclear or subject to interpretation, our approach is to proactively meet with management to discuss the issue and reach a conclusion that is hopefully agreed upon by both parties. We do not have specific firm policies that dictate our conclusions to be reached on all complex accounting issues. Rather, each issue must be evaluated independently by our engagement team. As discussed above, we will not only meet internally, but also facilitate discussion with the State's management team in order to obtain a mutual understanding of the particular accounting issue, determine the applicable authoritative guidance that most closely relates to the issue, and strive to reach an approach agreed upon by both parties. If there remains any ambiguity or disagreement, we can explore other resources that could possibly assist, such as subject matter professionals within the Government Accounting Standards Board staff or the Government Finance Officers Association (GFOA) or perhaps other municipalities who may have dealt with similar issues.

GASB insight potentially affecting current and future audits

CLA has one of the largest governmental audit and accounting practices in the country. As a result, we are intimately involved in the review, development, and implementation of new standards promulgated by GASB. Additionally, we have members of our government services team that participate in the AICPA State and Local Government Expert Panel. These individuals are involved in the process of reviewing and updating the AICPA's State and Local Government Audit and Accounting Guide.

Our significant knowledge of technical issues and GASB pronouncements will be especially beneficial to the State. The below are recent issues and pronouncements which may have a future impact on the audits and financial statement of the State. We will proactively work with the State to address the reporting and auditing impact of each pronouncement or issue in advance of the implementation date.

GASB – Recent and Pending

Description of Statement	Potential Impact on the State
GASB Statement 91 – Conduit Debt Obligations – The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.	The requirements of this statement are effective for reporting periods beginning after December 15, 2021. This statement will impact the State's financial statements to the extent of the occurrence of conduit debt obligations.
GASB Statement 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement distinguishes the various types of PPP's and provides guidance related to accounting and disclosure for the arrangements.	The requirements of this statement are effective for years beginning after June 30, 2022. Earlier application is encouraged. It will affect the State to the extent that the State has or intends to enter into PPP arrangements.
GASB 96 – Subscription Based Information Technology Arrangements – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.	The requirements of this statement are effective for periods beginning after June 15, 2022. Earlier application is encouraged. It will affect the State to the extent that it uses subscription-based information technology (e.g., software).
GASB 99 – Omnibus 2022 – This Statement addresses practice issues related to (1) classification and reporting of derivative instruments; (2) clarification of provisions related to leases, public-private and public-public partnerships and subscription based information technology arrangements; (3) extension of LIBOR; (4) accounting for distribution of benefits under SNAP and (4) requirements related to financial guarantees and (5) various terminology updates	The requirements of this statement are effective at various dates. It will affect the State's financial statements to the extent of applicable practice issues.

GASB 100 – Accounting Changes and Error Corrections- An Amendment of GASB Statement No. 62 – This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.	The requirements for this Statement are effective for fiscal years beginning after June 15, 2023. Earlier application is encouraged. It will affect the State to the extent that they have accounting changes or corrections of an error.
GASB 101 – Compensated Absences – This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.	The requirements for this Statement are effective for fiscal years beginning after December 15, 2023. Earlier application is encouraged. It will affect the State to the extent they have liabilities for compensated absences.

The following are some of the current projects being conducted by GASB that may impact the State in the future:

Future Pronouncements and Projects	
Description of Project	**Current Status**
Revenue and Expense Recognition – The objective of this project is to develop a comprehensive application model for the recognition of revenues and expenses that arise from nonexchange, exchange, and exchange-like transactions, including guidance for exchange transactions that has not been specifically addressed in the current literature.	Currently in the preliminary views redeliberations stage.
Conceptual Framework – Recognition – This project may affect financial statements in the future. The objective of this project is to develop recognition criteria for whether information should be reported in state and local government financial statements and when that information should be reported.	Currently in the exposure draft redeliberations stage.

Financial Reporting Model – The objective of the project is to make improvements to the financial reporting model including GASB Nos. 34, 35, 37, 41, 46, and Interpretation No. 6. The improvements would be to enhance the effectiveness of the model in providing information essential for decision-making, enhance the ability to assess a government's accounting, and address certain application issues.	Currently in exposure draft redeliberations stage.
Risk and Uncertainties Disclosures – Current note disclosure requirements focus on various risks faced by state and local governments, such as those associated with financial instruments, including deposits, investments, securities lending, and derivatives as well as risk retention, including risk pools. This project would address risks relating to the nature of operations, estimates, and vulnerability due to certain concentrations.	Currently in the exposure draft deliberations stage.
Omnibus – The objective of this proposed project is to address various technical corrections and other practice issues that have been identified in practice, including remeasurement of certain assets and liabilities, the effect of a purchase option on contract terms and the measurement of the liability, derivative instruments that are neither hedges nor investments, exchange financial guarantees, and other technical corrections.	Currently in the exposure draft comment period stage.

Assistance from client

We request that the State provide access to all records required for the audits and other requirements of the contract. In addition, we request that you assign a "project coordinator" through whom we will communicate and coordinate activities. We do not foresee needing the State's staff other than during normal business hours.

To assist in this process, we will provide a detailed Prepared by Client list early in the engagement. We will ask that your accounting staff provide us with standard schedules, as well as additional requested supporting items. We anticipate that your accounting personnel will need to locate and submit to us certain invoices, vouchers, cancelled checks, and other documents and records. We are extremely flexible as to the format in which we receive this information and will determine through the use of the latest technology that your personnel will not be asked to perform any unnecessary or extensively disruptive tasks.

We will depend on your staff to provide us with as much information as possible, in an effort to limit everyone's time on the engagement and, ultimately, to save your organization money.

Extent of technology to be used in auditing process

Data analytics

In addition to standard auditing methodology, a distinguishing aspect of CLA's audit services incorporates the power of data analytics to multiply the value of the analyses and the results we produce for clients. CLA's data methodology is a six-phase, systematic approach to examining an organization's known risks and identifying unknown risks. Successful data analysis is a dynamic process that continuously evolves throughout the duration of an engagement and requires collaboration of the engagement team.



Data analytics are utilized throughout our audit process, our **R**isk **A**ssessment, **D**ata **A**nalytics and **R**eview ("RADAR") is a specific application of general ledger data analytics that has been implemented on all audit engagements. RADAR is an innovative approach created and used only by CLA that aims to improve and replace traditional preliminary analytics that were being performed.

The phases in our data analytics process are as follows:

1. Planning

In the planning stage of the engagement, the use of data analysis is considered and discussed to determine that analytics are directed and focused on accomplishing objectives within the risk assessment. Areas of focus, such as journal entries, cash disbursements, inventory, and accounts receivable are common.

2. Expectations

We consider the risks facing our client and design analytics to address these risks. Through preliminary discussions with management and governance, we develop and document expectations of financial transactions and results for the year. These expectations will assist in identifying anomalies and significant audit areas in order to appropriately assess risk.

3. Data acquisition

Sufficient planning, a strong initial risk assessment, and an adequate understanding of your systems will serve as the foundation necessary to prepare our draft data request list. We will initially request information in written format and conduct follow-up conversations helping CLA practitioners our staff share a mutual understanding of the type of data requested and the format required. If there are going to be any challenges/obstacles related to obtaining data, or obtaining data in the preferred format, they will generally be discovered at this point.



4. Technical data analysis

Technical analysis of the data requires the skillful blend of knowledge and technical capability. Meaningful technical analysis provides the engagement team with a better understanding of the organization. The additional clarity assists the engagement team to better assess what is "normal" and, in turn, be better suited to spot anomalies, red-flags and other indications of risk. Analytics generally fall

into five categories, each looking into the data set in a different way and deployed with a different purpose.

5. Interpret results and subsequent risk assessment

Trends and anomalies will be identified through the performance of the above referenced analytics. Comments regarding the interpretation of those trends and anomalies will be captured. When trends are identified they are reconciled against expectations. For anomalies identified, the approach to further audit procedures will be considered.

6. Response and document

The last process is to capture responses and determine that our procedures are properly documented. Abstracts, charts or summaries of both trends and anomalies are retained in the audit documentation to support our identification of risks. Our analysis can be tailored and customized to help analyze an array of information, including client specific and proprietary data. Key benefits of data analytics include:

- Built-in audit functionality including powerful, audit specific commands and a self-documenting audit trail
- 100 percent data coverage, which means that certain audit procedures can be performed on entire populations, and not just samples
- Unlimited data access allows us to access and analyze data from virtually any computing environment
- Eliminates the need to extrapolate information from errors (a common effort when manually auditing data) and allows for more precise conclusions

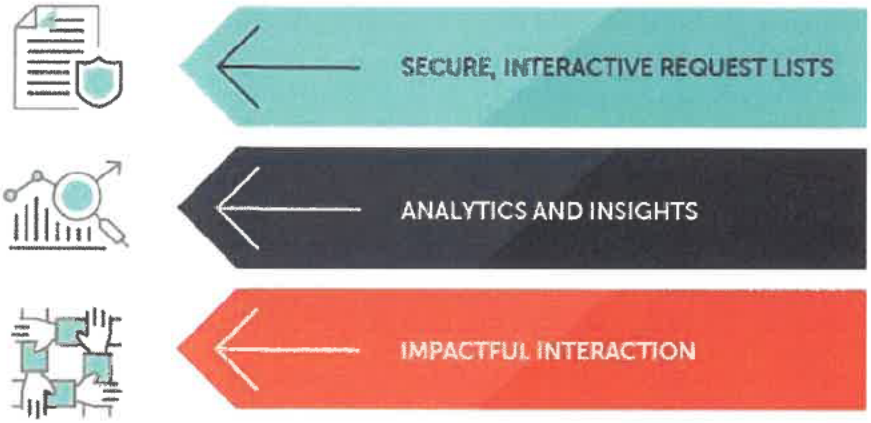
The below figure illustrates typical data analytics scenarios.

Data Analytics. At the end of a series of pre-determined analytics (often retrieved from multiple proprietary accounting systems) that are customized to the project at hand, we identify anomalies and potential errors in transactions. In every case, we review what appears to be inappropriate activity, including supporting documentation evidencing the transactions.



Use of technology in the audit

We're reimagining the audit process through technology to elevate your experience!

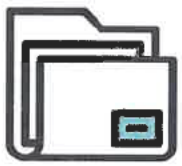


Assurance Information Exchange (AIE) – CLA offers a secure web-based application to request and obtain documents necessary to complete client engagements. This application allows clients to view detailed information, including due dates for items that CLA requests. Additionally, the application allows clients to attach electronic files and add commentary related to the document requests directly on the application. AIE is provided at no additional cost, subject to the terms of the Assurance Information Exchange Portal Agreement.

TeamMate Analytics and Expert Analyzer (TeamMate) – To analyze and understand large data sets, we use TeamMate Analytics and Expert Analyzer. We customize the application by industry in order to perform the most applicable procedures. This allows us to go beyond sampling and instead analyze the entire general ledger for targeted anomalies. Far beyond the audit application, our six-phase process of **R**isk **A**ssessment, **D**ata **A**nalytics and **R**eview (RADAR) can also provide actionable insights to help you understand your entity better.

Microsoft® Teams – Our services approach focuses on impactful interactions. We've said goodbye to the days of setting up camp in our clients' conference rooms for weeks on end. We know our clients have organizations to run, so our interactions have purpose. To assist with communications when we are not onsite, we utilize tools such as Microsoft Teams, which allow for two-way screen sharing and video. We've found this helps minimize disruptions in our clients' environments while continuing to effectively communicate with each other.

Sample size and statistical sampling



We follow the guidance of AU-C Section 530, Audit Sampling, in using statistical and nonstatistical approach. We use quality control material in all our audit engagements. These AU-C Section 530 – "Audit Sampling" forms guide our staff through a logical process of assessing inherent risk, control risk, and combined audit risk, followed by an assessment of appropriate sample size for testing.

Sample sizes will vary depending on the nature of the testing (compliance versus substantive) and the size of the population being sampled. Sampling techniques are utilized in compliance and internal control testing, as well as substantive testing of certain asset and liability account balances. Sample sizes used for internal control testing depend on a number of factors, namely the number of expected or actual control deviations, size of population, and level of control assurance anticipated. Sample sizes can range from 20 to 90 possible selections.

To illustrate, if no internal control deviations are anticipated and the frequency of the population (i.e., the number of times the control is performed in a given year) is less than 100, then we will test 20 transactions in order to obtain moderate control assurance. If 2 internal control deviations are anticipated, and the frequency of the population is greater than 200, then we will test 90 transactions in order to obtain low control assurance. We are usually able to cover a substantial portion of the compliance and controls testing with one sample, resulting in a very efficient approach.

Attachment C: Mandatory Specification Checklist

REQUEST FOR PROPOSAL
Finance, FARS and DOA RFP

Attachment C: Mandatory Specification Checklist

List mandatory specifications contained in Section 4, Subsection .5:

Section 4, Subsection 4.3.1: **The firm (and any joint proposers or subcontractors) must be independent and licensed to practice in West Virginia.**

Vendor Response: Due to limited space, we have provided our responses on the following pages.

Section 4, Subsection 4.3.2: **All directors, principals or partner equivalents on the engagement must be licensed CPA's with at least 5 years of audit experience with governmental entities. All manager level employees on this engagement must be CPAs with 3 years of experience on governmental engagements. Once awarded, the Agency must be informed in writing of any changes in staffing at the supervisory level and above. The Agency retains the right to approve or reject replacements based upon their qualifications, experience, or performance. This requirement relates to the firm proposing as well as any joint proposers or subcontractors.**

Vendor Response: Due to limited space, we have provided our responses on the following pages.

Section 4, Subsection 4.3.3: **The firm and its staff (as well as any joint proposers or subcontractors) must meet the qualifications to perform audits in accordance with the requirements of the Uniform Guidance.**

Vendor Response: Due to limited space, we have provided our responses on the following pages.

Section 4, Subsection 4.3.4: **The firm and any joint proposers or subcontractors must all have experience auditing a minimum of three different State government entities (agencies) over the past 5 years. The firm (s) MUST have audited at least one of the 50 States and must submit a list of those State audits in their proposal. The list of State government entities must be clearly listed on the proposals for the firm and separately for all joint proposers or subcontractors.**

Vendor Response: Due to limited space, we have provided our responses on the following pages.

Section 4, Subsection 4.3.5: **The firm, joint proposers and subcontractors, contracted for any work related to the Single Audit must all have experience performing audits in accordance with the requirements of the Uniform Guidance..**

Vendor Response: Due to limited space, we have provided our responses on the following pages.

Section 4, Subsection 4.3.6: **The firm shall submit a copy of one(1) Single Audit and one (1) State ACFR report issued in the last five (5) years performed by the Vendor. The reports must be submitted with the Vendor's proposal.**

Vendor Response: Due to limited space, we have provided our responses on the following pages.

Section 4, Subsection 4.3.7: **The firm, joint proposers and subcontractors shall all submit a statement that they have not failed their 2 most recent AICPA Peer Reviews of their audit/accounting practice and submit a copy of its most recent review with their proposal.**

Vendor Response: Due to limited space, we have provided our responses on the following pages.

Section 4, Subsection 4.3.8 **The firm, any joint proposers, or subcontractors must not have had a final audit issued by the proposing firm that had to be reissued due to material errors or omissions discovered by West Virginia Financial Accounting and Reporting section or other West Virginia State agency two times or more.**

Vendor Response: Due to limited space, we have provided our responses on the following pages.

Section 4, Subsection 4.3.9 **The firm, any joint proposers, or subcontractors must all provide a statement that they are a member in good standing of the AICPA's Governmental Audit Quality Center.**

Due to limited space, we have provided our responses on the following pages.

4.3.1. Independence and license to practice

(RFP Section 4, Subsection 4.3.1)

CLA and our proposed subcontractor Brown, Edwards & Company are independent and licensed to practice in the State of West Virginia. Please see below for each firm's independence statement and license to practice in West Virginia.

Firm independence

CLA's independent statement

CLA is independent of the State as required by auditing standards generally accepted in the United States and the U.S. Government Accountability Office's *Government Auditing Standards*. Our firm-wide quality control policies and procedures foster strict compliance with these professional standards. In addition, the individuals assigned to your audit are independent of the State.

Brown, Edwards & Company independent statement

The credibility of the audit results is critical for oversight by the state of West Virginia and in meeting public expectations. Brown Edwards carefully evaluates all services provided to clients to make sure that the very detailed requirements for independence of *Government Auditing Standards* applicable to individual auditors and audit firms are satisfied. We are independent with respect to the state of West Virginia. We believe the safeguards in place allow us to remain independent with respect to the state of West Virginia and we will carefully guard and maintain our independence during the course of any audit services provided to the state of West Virginia.

License to practice in West Virginia

License to practice – CLA

CLA is licensed to practice public accounting in the state of West Virginia. All assigned key professional staff are licensed certified public accountants. A majority of states, including West Virginia, have adopted mobility legislation – which is a practice privilege that generally permits a licensed CPA in good standing from a substantially equivalent state to practice outside of their principal place of business without obtaining another license. A copy of our state license is provided below:



West Virginia
Board of Accountancy

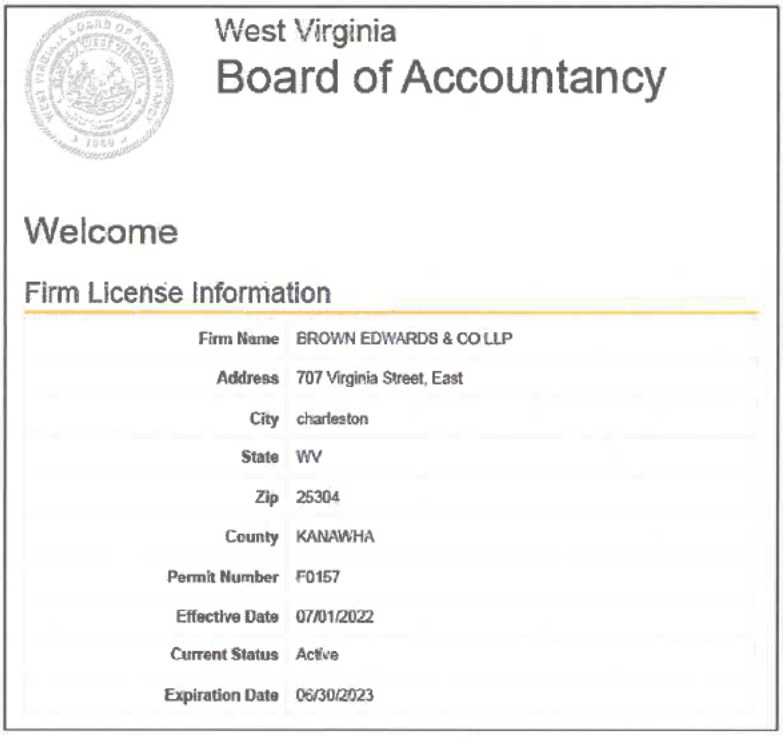
Firm Verification: Details

Firm License Information

Firm Name	CLIFTONLARSONALLEN LLP
Address	220 S 6TH ST STE 300
City	MINNEAPOLIS
State	MN
Zip	55402
County	OUT-OF-STATE
Permit Number	F0347
Effective Date	07/01/2022
Current Status	Active
Expiration Date	06/30/2023

Brown, Edwards & Company license to practice

Brown, Edwards & Company are licensed to practice public accountancy in the state of West Virginia. A copy of our license is provided below. Please refer to ***Appendix C*** of this proposal for more information.



West Virginia
Board of Accountancy

Welcome

Firm License Information

Firm Name	BROWN EDWARDS & CO LLP
Address	707 Virginia Street, East
City	charleston
State	WV
Zip	25304
County	KANAWHA
Permit Number	F0157
Effective Date	07/01/2022
Current Status	Active
Expiration Date	06/30/2023

4.3.2: Principal, supervisory, and management staff

(RFP Section 4, Subsection 4.3.2)

The principals and directors on CLA's engagement team, as well as Brown, Edwards, & Company LLP are licensed CPA's with at least five years of audit experience with governmental entities. The managers on this engagement

are licensed CPAs with three years of experience on governmental engagements. If awarded, we understand we must inform the State in writing of any changes in staffing at the supervisory level and above. We also understand that the State retains the right to approve or reject replacements based upon their qualifications, experience, or performance. We further understand that this requirement relates to the firm proposing as well as any joint proposers or subcontractors.

4.3.3: Single audit qualifications

(RFP Section 4, Subsection 4.3.3)

CLA and all staff and our subcontractors Brown, Edwards, & Company LLP meet the qualifications to perform audits in accordance with the requirements of the *Uniform Guidance.*

4.3.4: Experience auditing state governments

(RFP Section 4, Subsection 4.3.4)

CLA has experience auditing a minimum of three different State government entities (agencies) in the past five years. CLA has audited at least one of the 50 states and has submitted a list of those states within our proposal. A complete listing of states audited by CLA has been provided in the proposal section titled, ***Attachment B: Vendor Response Sheet, 4.2.1.1. Demonstrate the ability to manage an audit***.

Brown, Edwards, & Company LLP has experience auditing a minimum of three different State government entities (agencies) in the past five years.

4.3.5: Subcontractors

(RFP Section 4, Subsection 4.3.5)

CLA and our subcontractors (e.g., local partners), Brown, Edwards, & Company LLP, contracted for any work related to the single audit must all have experience performing audits in accordance with the requirements of the *Uniform Guidance*.

Please refer to the sections titled ***4.2.1.2: Proposed Audit Staff*** and ***Appendix C*** of this proposal for more information about our subcontractors.

4.3.6: Sample report

(RFP Section 4, Subsection 4.3.6)

We have included a copy of a sample single audit report and ACFR report issued in the last five years with our proposal separately bound***, State of Vermont*** *for fiscal year ended 2021.*

4.3.7: External quality control and peer review report

(RFP Section 4, Subsection 4.3.7)



In the most recent peer review report, dated November 2022, we received a rating of ***pass***, which is the most positive report a firm can receive. We are proud of this accomplishment and its strong evidence of our commitment to technical excellence and quality service. The full report is provided in ***Appendix B***. Brown Edward's peer review report is provided in the same Appendix.

In addition to an external peer review, we have implemented an intensive internal quality control system to provide reasonable assurance that the firm and our personnel comply with professional standards and applicable legal and regulatory requirements. Our quality control system includes the following:

- A quality control document that dictates the quality control policies of our firm. In many cases, these policies exceed the requirements of standard setters and regulatory bodies. Firm leadership promotes and demonstrates a culture of quality that is pervasive throughout the firm's operations. To monitor our adherence to our policies and procedures, and to foster quality and accuracy in our services, internal inspections are performed annually.
- Quality control standards as prescribed by the AICPA. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.
- Hiring decisions and professional development programs designed so personnel possess the competence, capabilities, and commitment to ethical principles, including independence, integrity, and objectivity, to perform our services with due professional care.
- An annual internal inspection program to monitor compliance with CLA's quality control policies. Workpapers from a representative sample of engagements are reviewed and improvements to our practices and processes are made, if necessary, based on the results of the internal inspection.
- Strict adherence to the AICPA's rules of professional conduct, which specifically require maintaining the confidentiality of client records and information. Privacy and trust are implicit in the accounting profession, and CLA strives to act in a way that will honor the public trust.
- A requirement that all single audit engagements be reviewed by a designated single audit reviewer, thereby confirming we are in compliance with the standards set forth in the *Uniform Guidance*.

4.3.8: Final audit issued.

(RFP Section 4, Subsection 4.3.8)

CLA and Brown, Edwards, & Company LLP have not had had a final audit issued by the proposing firm that had to be reissued due to material errors or omissions discovered by West Virginia Financial Accounting and Reporting section or other West Virginia State agency two times or more.

4.3.9: Membership in AICPA Government Audit Quality Center

(RFP Section 4, Subsection 4.3.9)

Because CLA and Brown, Edwards, & Company LLP are committed to quality audits for our government clients, we are an active member of the Government Audit Quality Center (GAQC) of the American Institute of Certified Public Accountants (AICPA).



Launched in September 2004, the mission of the GAQC is to raise awareness about the importance of governmental audits and to serve as a comprehensive resource on the topic for member firms.

GAQC member firms must institutionalize annual internal inspection procedures, comply with continuing professional education requirements as set forth by Government Auditing Standards, and establish policies and procedures in compliance with GAQC recognized professional standards.

We leverage our membership to access resources designed to enhance audit quality and to apply audit best practices. The GAQC provides the latest developments in accounting, auditing, and the various rules and regulations that affect governmental audits. CLA's participation in the GAQC is an indicator of our dedication to quality government audits.

Appendix

A. Engagement team biographies

Sean Walker, CPA, CFE, CGFM, CGMS



CLA (CliftonLarsonAllen LLP)

Principal
DC-Maryland-Virginia

414-881-3868
sean.walker@CLAconnect.com

Profile

Sean is the Eastern Region State and Local Government leader and has been serving regulated industry clients since 1999. Sean specializes in providing accounting, financial auditing, and consulting to large and complex governmental audit engagements. Sean is involved in the government industry on a national basis. He is a frequent speaker on government accounting, auditing, and single audits for professional associations around the country. He also serves as a consulting technical partner on CLA's clients on government accounting and auditing, including OMB *Uniform Guidance*.

Technical experience

- Leads financial and single audits of state and local government clients
- Consulting technical principal on CLA's clients on government accounting and auditing including OMB *Uniform Guidance*

Education and professional involvement

- Master of business administration from Concordia University, Mequon, Wisconsin
- Bachelor of business administration in accounting from University of Wisconsin – Milwaukee, Wisconsin
- Certified Public Accountant
- Certified Fraud Examiner
- Certified Government Financial Manager
- Certified Grants Management Specialist
- American Institute of Certified Public Accountants
- Maryland Association of Certified Public Accountants
- National Grant Management Association
- Association of Government Accountants
- Maryland Government Finance Officers Association
- Virginia Government Finance Officers Association
- Association of Local Governmental Auditors
- Institute of Internal Auditors
- GFOA Special Review Committee for the Certificate of Achievement for Excellence in Finance Reporting Program, *Past Member*
- AICPA State and Local Government Expert Panel, *Past Member*
- AICPA Government Audit Quality Center Executive Committee, *Past Member*
- AICPA National Governmental Accounting and Auditing Conference Planning Committee, *Past Member*

Key relevant clients

States and State Agencies

- State of Maryland
- Maryland Department of Transportation
- State of Delaware
- Delaware Department of Transportation
- Delaware Transit Corporation
- State of Kansas
- Kansas Department of Transportation
- Commonwealth of Pennsylvania
- State of Vermont

Municipalities

- Montgomery County, Maryland
- Prince George's County, Maryland
- Baltimore County, Maryland
- City of Milwaukee, Wisconsin
- City of Rockville, Maryland
- City of Annapolis, Maryland

Continuing professional education

Attends a minimum of 20 credits annually of continuing professional education classes, including a minimum of eight credits of audit and accounting classes, resulting in 120 credits for three-year requirement. A detailed listing is available upon request.

Cheri Amoss, CPA

CLA (CliftonLarsonAllen LLP)



Principal
DC-Maryland-Virginia

410-308-8046
cheri.amoss@CLAconnect.com

Profile

Cheri has more than 15 years of experience specializing in a government audits and assisting clients in identifying ways to strengthen their internal controls and achieve operational efficiencies. Cheri has developed a specialty for state and local government audit, accounting and consulting services and has extensive experience with auditing boards of education. She is also well versed in single audits, and has managed, planned and performed single audits for a variety of governmental agencies.

Cheri serves as a consultant for many governmental clients in the implementation of new accounting standards to make sure standards are implemented correctly and clients obtain and retain the GFOA Certificate of Achievement for Excellence in Financial Reporting Award. Prior to joining CLA, Cheri was an internal auditor with Baltimore County, Maryland where she gained experience in reviewing and evaluating internal accounting controls and performed budget analysis of County agencies.

Technical experience

- State and local government, including states and state agencies
- Audits in accordance with *Uniform Guidance*
- Provides consulting services to governments associated with COVID 19 grant funding
- Provides internal audit services, including evaluating internal controls to governments
- Frequent speaker on government accounting standards

Education and professional involvement

- Bachelors of business administration in finance from James Madison University, Harrisonburg, Virginia
- Bachelors of science in accounting from the University of Maryland, College Park, College Park, Maryland
- Certified Public Accountant
- American Institute of Certified Public Accountants
- Maryland Association for Certified Public Accountants
- Government Finance Officers Association
- Maryland Government Finance Officers Association

Key relevant clients

- Commonwealth of Pennsylvania
- Commonwealth of Pennsylvania 529 Guaranteed Savings Plan
- Delaware State Lottery
- State of Delaware (Quality control review)
- State of Delaware Department of Transportation (Quality control review)
- State of New Jersey (Quality control review)
- Gloucester County, New Jersey Emergency Rental Assistance Program
- Baltimore County, Maryland
- Baltimore County, Maryland Public Schools
- Frederick County, Maryland
- Montgomery County, Maryland
- Montgomery County, Maryland Public Schools
- Howard County, Maryland Public Schools
- Howard County, Maryland
- Anne Arundel County, Maryland Public Schools
- Carroll County, Maryland Public Schools
- Carroll County Public Library

Continuing professional education

Attends a minimum of 20 credits annually of continuing professional education classes, including a minimum of eight credits of audit and accounting classes, resulting in 120 credits for three-year requirement. A detailed listing is available upon request.

Michael Johns, CPA

CLA (CliftonLarsonAllen LLP)



Principal
King of Prussia, Pennsylvania

267-419-1620
michael.johns@CLAconnect.com

Profile

Michael has more than 22 years of experience in public accounting specializing in providing assurance and audit services for a variety of organizations, focusing on higher education and nonprofit organizations. In addition to assisting clients with technical accounting and reporting issues, he has extensive experience developing audit plans, providing training on accounting and industry updates, and authoring white papers on technical accounting issues. This work includes the performance of internal control reviews, reliability of financial reporting and compliance with applicable laws and regulations, and compliance audits in accordance with the *Uniform Guidance*.

Technical experience

- Experience includes private and public colleges and universities, foundations, social service organizations and community colleges.
- Experience in preparing technical consultations on advanced FASB financial reporting matters such as revenue recognition, leases, derivative accounting, risk management issues, and adoption of new standards.
- Audits of various federal programs including research and development cluster, various health and human services clusters, federal transportation funds, and student financial assistance cluster.
- Performance of internal control reviews and related testing.

Education and professional involvement

- Bachelor of science in business administration (with major in accounting) from the University of Pittsburgh, Pittsburgh, Pennsylvania
- Certified Public Accountant in the Commonwealth of Pennsylvania and state of New York
- American Institute of Certified Public Accountants
- Pennsylvania Institute of Certified Public Accountants (*chair of the Ethics Committee term beginning April 2016 and ending April 2019*)
- National Association of College and University Business Officers

Published articles and speaking engagements

- March 2022 – 2022 EACUBO Annual Meeting – "Accounting and Regulatory Update
- February 2022 – 2022 Higher Education Virtual Conference – "GASB Accounting and Regulatory Update"
- February 2021 – 2021 Higher Education Virtual Conference – "GASB Accounting and Regulatory Update"
- February 2020 – 2020 Higher Education Virtual Conference – "FASB Update"
- September 2019 – "To Separate or Not: Recognizing Revenue from Tuition and Housing Contracts"
- May 2019 – "Recognizing Contribution and Grant Revenues in Higher Education"
- March 2019 – "Implementing Revenue Recognition Standards at Colleges and Universities"
- January 2018 – "Understanding Topic 606 within Higher Ed Revenue Recognition"
- September 2018 – "A Practical Guide for Revenue Recognition at Higher Education Institutions"
- June 2017 – "GASB 74 and 75 Change Higher Education Financial Reporting for OPEB"
- October 2017 – Eastern Association of College and University Business Officers – "FASB Update"

Key relevant clients

- West Virginia Higher Education Policy Commission
- University of Maine System
- Rhode Island Post-Secondary Education
- Delaware State University
- LaSalle University
- Wesley College
- Widener University
- Marshall University
- West Chester University

Continuing professional education

Attends a minimum of 20 credits annually of continuing professional education classes, including a minimum of eight credits of audit and accounting classes, resulting in 120 credits for three-year requirement. A detailed listing is available upon request.

William A. Early, Jr., CPA

CLA (CliftonLarsonAllen LLP)



Principal
DC-Maryland-Virginia

410-453-5586
bill.early@CLAconnect.com

Profile

Bill has more than 25 years of experience and is one of the few practitioners within the governmental auditing field that currently serves as a partner on a state-wide financial and single audit. In addition, he serves as the engagement principal and quality review principal for a wide range of large, complex governmental audit engagements. He has extensive experience specializing in government audits and assisting clients in increasing the efficiency of their operations. During his career, Bill has developed a specialty for state and local government audit and accounting services. He is also well versed in OMB Uniform Guidance compliance audits, and has managed, planned, and performed single audits for a variety of governmental agencies.

Within CLA, Bill is one of the principals responsible for client relationships, work quality, and staff development. He serves on the public sector leadership team for the firm as the leader of the State and State agencies sub-niche. Bill brings innovative ideas coupled with practical experience to the firm's governmental clients so they can stay apprised of new accounting pronouncements, state laws, fiscal trends, and best practices. His personal approach to client service includes frequent communication with his clients and a genuine concern for their best interests. They know that whatever the problem, Bill will be there to get them through.

Bill has assisted governmental clients in obtaining and retaining the GFOA Certificate of Achievement for Excellence in Financial Reporting award. He also routinely presents at the annually and quarterly conferences the Association of School Business Officials of Maryland and Washington, DC and the Maryland GFOA.

Technical experience

- Audits of States and State Agencies
- Assists governmental clients in obtaining and retaining the GFOA Certificate of Achievement for Excellence in Financial Reporting award
- Provides risk assessment consulting services to governmental clients
- Provides consulting services to state and local governments with regards to the implementation of accounting pronouncements and internal controls
- Assists with agreed upon procedures involving internal audit outsourcing, compliance engagements and general consulting
- Throughout his career, Bill has worked with HUD activities on numerous engagements related to housing authorities and municipalities and understands the requirements of HUD

Education and professional involvement

- Bachelor of science in accounting from Salisbury State University, Salisbury, Maryland
- Associates of science in business management from Salisbury State University, Salisbury, Maryland
- Certified Public Accountant
- American Institute of Certified Public Accountants
- Maryland Association of Certified Public Accountants
- Maryland Government Finance Officers Association, Board Member
- Government Finance Officers Association
- Salisbury University Accounting Advisory, Board Member

Key relevant clients

- State of Delaware
- State of South Carolina
- Commonwealth of Pennsylvania
- State of Mississippi Department of Education
- New Jersey Housing and Finance Mortgage Agency
- City of Newark, Delaware
- Montgomery County, Maryland
- Harford County, Maryland
- Town of Manchester, Maryland
- Town of Elkton, Maryland
- Baltimore City, Maryland Public Schools
- Baltimore County, Maryland Public Schools
- Calvert County Public Schools
- Carroll County, Maryland Public Schools
- Charles County, Maryland Public Schools
- Howard County, Maryland Public Schools
- Montgomery County, Maryland Public Schools
- Charleston County School District, South Carolina

Continuing professional education

Attends a minimum of 20 credits annually of continuing professional education classes, including a minimum of eight credits of audit and accounting classes, resulting in 120 credits for three-year requirement. A detailed listing is available upon request.



James P. Kreiser, CISA, CRMA, CFSA

CLA (CliftonLarsonAllen LLP)

Principal, Business Risk and IT Services
King of Prussia, Pennsylvania

717-558-0860
james.kreiser@CLAconnect.com

Profile

Jim is a principal in the CliftonLarsonAllen LLP (CLA) specialized advisory services group. He has 22 years of professional services experience in providing consulting and advisory services. Jim spent 10 years of his experience working at a Big 4 firm in their business risk and technical risk services groups. His experience also includes internal audit roles at CitiBank, AMP, and Capital BlueCross. Jim has held roles of chief risk officer, general auditor, and others. His focus has primarily been in the governmental sector, health care, and financial institutions. At CLA, Jim has focused on clients particularly on consulting, IT, internal audit, and third-party reporting services.

Technical experience

Jim's experience includes managing and leading projects, which include engagements related to outsourced and co-sourced internal auditing, IT audit, third-party reviews and performance audits, enterprise risk management processes, IT security and auditing services, SSAE 16 reporting (SOC 1 and SOC2), operational improvements, process solutions and implementation for those solutions across the organization. His primary focus for the firm is in the Public Sector Group (state and local government, higher education, and non-profit organizations).

His service experience is business risk, IT, and internal audit services. Specific experience includes, but is not limited to, the following:

- Internal audit outsourcing and co-sourcing, including information technology, financial, performance audits, and operational audits.
- IT security and risk consulting
- Enterprise-wide risk assessments.
- IIA Quality Assurance Reviews (QAR)
- Vendor mangement and Implementation Assessment
- Compliance related activities and benchmarking
- Presentations and Training; including speaking at various conferences/professional organizations on IT controls, Security, ERM, and third-party reporting, and risk management.

Education and professional involvement

- Bachelor of science in managerial economics and philosophy from Carnegie Mellon University, Pittsburgh, Pennsylvania
- Certified Information Systems Auditor
- Certified in Risk Management Assurance
- Certified Financial Services Auditor

Key relevant clients

- West Virginia Higher Education Policy Commission
- Commonwealth of Pennsylvania
- State of Rhode Island
- Maryland Department of Budget and Management
- State of Delaware
- Maryland Transportation Authority
- Washington State Department of Transportation
- The Pennsylvania State System of Higher Education
- Haverford College
- California Housing Finance Agency

Continuing professional education

Attends a minimum of 20 credits annually of continuing professional education classes, including a minimum of eight credits of audit and accounting classes, resulting in 120 credits for three-year requirement. A detailed listing is available upon request.

Joel Eshleman, CPA, CISA, CIA

CLA (CliftonLarsonAllen LLP)



Principal
King of Prussia, Pennsylvania

717-857-2611
joel.eshleman@CLAconnect.com

Profile

Joel is a principal within the Specialty Advisory Services group and has more than 20 years of experience and is a leader of System and Organization Control (SOC) Reporting service line. In addition, provides leadership and performance of information technology audit and attestations to our assurance clients. His experience includes 12 years with CliftonLarsonAllen and five years with a Big 4 firm performing information technology, business process and control, and third-party reporting reviews. Additionally, he has extensive experience with internal control assessments within financial institutions. Joel is responsible for managing the performance and reporting of SSAE 18, previously SAS 70, in a wide range of industries, including financial institutions, government services, healthcare, data center operations, and call center hosting. Beyond his experience in third-party reporting, Joel has experience with assessing internal controls in student loan agencies, state and local government units, financial institutions, and higher education institutions.

Technical experience

- Leads the operational needs of the SSAE 18 service line by providing:
  - Guidance on interruption of the standards.
  - Establishing practices for planning, risk assessment, performance, and report.
  - Monitoring standards for updates and changes; and
  - Training internal and external practitioner and users of SOC reports.
- Has significant experience in effectively coordinating and directing complex projects ensuring completion with strict regard for client specifications, time and budgetary constraints and the development of numerous risk services offerings including:
  - SSAE18 assurance engagements
  - ERP controls assessments and utilizations
  - Developed procedures for the evaluation of information technology controls in support of a financial audit and service organization reporting
  - Served as the project manager for information technology (IT) control audits, service organization audits, business advisory projects, internal audit projects, and data analytics
  - Current state assessments, including inefficiency and process improvement identification
  - Future state design and process reengineering and implementation
  - Application of Control Objectives for Information and Related Technology (COBIT) guidelines as published by the Information Systems Audit and Control Association (ISACA)

Education/professional involvement

- Bachelor of science in accounting from York College of Pennsylvania, York, Pennsylvania
- Certified Public Account (CPA)
- Certified Information Security Auditor (CISA)
- Certified Internal Auditor (CIA)

Key relevant clients

- Maryland Transportation Administration
- Delaware River Bay Authority
- Delaware Joint Toll Bridge Commission
- Pennsylvania Turnpike Commission

Continuing professional education

Attends a minimum of 20 credits annually of continuing professional education classes, including a minimum of eight credits of audit and accounting classes, resulting in 120 credits for three-year requirement. A detailed listing is available upon request.

Kara Rueckemann, CPA, CFE



CLA (CliftonLarsonAllen LLP)

Manager
DC-Maryland-Virginia

410-453-5565
kara.rueckemann@CLAconnect.com

Profile

Kara has more than 15 years of experience serving government clients. This experience includes single audits. She specializes in governmental auditing and accounting with an emphasis on state and local government agencies.

Technical experience

- State and local government
- Plans and performs ACFR audits and single audit procedures conducted in state and local government engagements
- Performed audits of nonprofit organizations, including organizations serving the developmentally disabled, HUD assisted projects, community service organizations and membership organizations
- Performs audits, reviews and consulting for government contractors, including assisting with calculation of overhead rates and compliance with Federal Acquisition Regulations and state equivalents
- Utilized computer assisted audit techniques (CAATs) to improve effectiveness and efficiency on audit

Education and professional involvement

- Bachelors of science in accounting from Towson University, Towson, Maryland
- Certified Public Accountant
- Certified Fraud Examiner
- American Institute of Certified Public Accountants
- Maryland Association of Certified Public Accountants
- Maryland Association of Certified Fraud Examiners

Key relevant clients

- Commonwealth of Pennsylvania
- Commonwealth of Pennsylvania 529 Guaranteed Savings Plan
- Anne Arundel County Public Schools, Maryland
- Anne Arundel County, Maryland
- Baltimore County, Maryland
- Howard County, Maryland
- Carroll County Public Schools, Maryland
- City of Rockville, Maryland
- Town of Manchester, Maryland

Continuing professional education

Attends a minimum of 20 credits annually of continuing professional education classes, including a minimum of eight credits of audit and accounting classes, resulting in 120 credits for three-year requirement. A detailed listing is available upon request.

Shannon Weiss, CPA

CLA (CliftonLarsonAllen LLP)



Director
DC-Maryland-Virginia

410-308-8063
shannon.weiss@CLAconnect.com

Profile

Shannon has more than 14 years of experience with auditing and accounting services. Shannon specializes in governmental auditing and accounting with an emphasis on state and local government agencies. Shannon assists clients with technical accounting and reporting issues, she has extensive experience developing audit plans, reviewing all work performed by staff and assisting in their professional development. This work includes the performance of internal control reviews, reliability of financial reporting and compliance with applicable laws and regulations, and compliance audits in accordance with OMB *Uniform Guidance*.

Technical experience

Due to her extensive experience, Shannon is designated at CLA as a governmental auditing professional. Shannon is charged with understanding and applying the most recent GASB, Yellow Book and other auditing standards, and is well known throughout the firm for her responsiveness, dedication to detail, and ability to communicate findings in an understandable manner.

Education and professional involvement

- Bachelor of science in accounting from Loyola College
- Certified Public Accountant
- American Institute of Certified Public Accountants
- Maryland Association of Certified Public Accountants

Key relevant clients

- State of New Jersey
- Commonwealth of Pennsylvania
- State of Delaware
- Prince George's County, Maryland
- Baltimore County, Maryland Public Schools
- Montgomery County, Maryland Public Schools

Continuing professional education

Attends a minimum of 20 credits annually of continuing professional education classes, including a minimum of eight credits of audit and accounting classes, resulting in 120 credits for three-year requirement. A detailed listing is available upon request.

Zachary Vincent, CPA

CLA (CliftonLarsonAllen LLP)



Senior
DC – Maryland - Virginia

410-308-8084
zachary.Vincent@CLAconnect.com

Profile

Zachary is an experienced senior with knowledge of auditing state and local governments and higher education. Zachary has additional experience in single audits, forensic accounting engagements. Zachary is highly praised for his data analytics skills.

Technical experience

- State and local government
- Higher education
- Forensics
- Single audits

Education and professional involvement

- Master of accounting and business advisory from Towson Universtiy, Towson, Maryland
- Bachelor of science in accounting from Towson University, Towson, Maryland
- Certified Public Accountant
- American Institute of Certified Public Accountants
- Association of Certified Fraud Examiniers
- Information Systems Audit and Control Association

Key relevant clients

- Commonwealth of Pennsylanvia
- Hagerstown Community College, Maryland
- Frederick County, Maryland
- Anne Arundel Public Schools, Maryland
- City of Norfolk, Virginia
- Baltimore County Public Schools, Maryland
- Prince George's County, Maryland
- County of Spotsylvania, Virgina

Continuing professional education

Attends a minimum of 20 credits annually of continuing professional education classes, including a minimum of eight credits of audit and accounting classes, resulting in 120 credits for three-year requirement. In the table below, we have provided his most recent continuing professional education for the past two years.

Josh McClain

CLA (CliftonLarsonAllen LLP)



Senior
DC-Maryland-Virginia

410-453-5554
joshua.mcclain@CLAconnect.com

Profile

Josh McClain is an experienced senior associate with four years of experience working primarily on Public Sector Entities, specifically state and local governments and higher education institutions.

Technical experience

- State and local government
- Higher Education
- Single Audits

Education and professional involvement

- Master of Business Administration from Salisbury University, Salisbury, Maryland
- Bachelor of Science in Accounting from Salisbury University, Salisbury, Maryland

Key relevant clients

- State of Delaware Single Audit
- Community College of Baltimore County & Foundation
- Community College Humanities Association
- Baltimore County Government, Maryland
- Maryland Transportation Authority
- Delaware Department of Transportation
- Metropolitan Washington Council of Goverments

Continuing professional education

Attends a minimum of 20 credits annually of continuing professional education classes, including a minimum of eight credits of audit and accounting classes, resulting in 120 credits for three-year requirement. A detailed listing is available upon request.

CLAconnect.com

CPAs | CONSULTANTS | WEALTH ADVISORS

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

BROWN EDWARDS
certified public accountants

Biographies



Robert "Rob" E. Adams, CPA, CGMA | Engagement Partner

readams@becpas.com, p: 304.343.4188, f: 304.344.5035, 707 Virginia Street, East, Charleston, WV 25301

Rob is a partner with Brown Edwards who has more than 28 years of experience in serving governmental clients and will serve as the lead partner on your engagement. He has substantial experience with the GFOA's Certificate of Achievement for Excellence in Financial Reporting program having assisted numerous entities with multiple successful submissions for the certificate. His extensive experience with State of West Virginia entities will be of substantial benefit to this engagement.

Rob graduated Magna Cum Laude from West Virginia Wesleyan College with a Bachelor of Science degree in business administration with a concentration in accounting and a minor in economics. He is a member of the American Institute of CPAs, the West Virginia Society of CPAs, the Charleston Chapter of the West Virginia Society of CPAs, the Governmental Finance Officers Association, and is a Chartered Global Management Accountant. Rob is also treasurer of WV Kids Count.

Rob is in compliance with all applicable CPE requirements.

Relevant Experience

Central West Virginia Regional Airport Authority
Charleston Area Alliance
Charleston Urban Renewal Authority
City of Charleston, West Virginia
Kanawha County, West Virginia
Kanawha County Parks and Recreation Commission
Kanawha Valley Regional Transportation Authority
Metro Emergency Operations Center of Kanawha County
School Building Authority of West Virginia
South Carolina Tuition Prepayment Plan
Tobacco Settlement Finance Authority of West Virginia
West Virginia Affordable Housing Trust Fund
West Virginia Alcohol Beverage Control Administration
West Virginia Board of Treasury Investments
West Virginia College Prepaid Tuition and Savings Plan
West Virginia Consolidated Public Retirement Board
West Virginia Department of Transportation
West Virginia Water Pollution Control Revolving Fund
West Virginia Agencies of Highways
West Virginia Drinking Water Treatment Revolving Fund
West Virginia Economic Development Authority
West Virginia Educational Broadcasting Authority
West Virginia Housing Development Fund
West Virginia Independent Colleges and Universities
West Virginia Infrastructure and Jobs Development Council
West Virginia Jobs Investment Trust
West Virginia Lottery Commission
West Virginia Municipal Pensions Oversight Board
West Virginia Regional Jail and Correctional Facility Authority
West Virginia Solid Waste Management Fund
West Virginia State Bar
West Virginia Water Development Authority

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Biographies, Continued



Chris Banta, CPA, CFE | Concurring Partner and Government Service Practice Leader

cbanta@becpas.com

Chris serves as the leader of Brown Edwards' State and Local Government Practice group as well as serves as a key Not-for-Profit audit partner serving clients in Virginia, West Virginia, and Tennessee. Chris has been with the firm for over 23 years and is also a certified fraud examiner, providing litigation support, as well as fraud investigations and internal control evaluations. Chris also serves various other industries including beverage and other distributors, national fraternities, electric cooperatives, healthcare facilities, HUD properties, and other not-for-profits. In addition, Chris serves as one of four Team Captains in the firm's peer review practice.

Chris holds a Bachelor of Business Accounting from Virginia Tech. He is a member of the Virginia Society of Certified Public Accountants, the American Institute of Certified Public Accountants, and the Institute of Management Accountants. In addition, he has been recognized as a "Super CPA" in the nonprofit practice by Virginia Business magazine.

Chris is in compliance with all recent continuing professional education requirements required by the Government Auditing Standards, issued by the Comptroller General of the United States.

Chris is in compliance of all applicable CPE requirements.

Relevant Experience

VT/Montgomery Airport Authority
Bedford Regional Water Authority
Bloomingdale Utility District
Blountville Utility District
City of Charlottesville, Virginia
City of Colonial Heights, Virginia
City of Falls Church, Virginia
City of Harrisonburg, Virginia
City of Lynchburg, Virginia
City of Roanoke Public Schools
City of Roanoke, Virginia
City of Staunton, Virginia
City of Danville, Virginia
City of Morristown, Tennessee
County of Amherst, Virginia
County of Bedford, Virginia
County of Frederick, Virginia
County of Montgomery, Virginia
County of New Kent, Virginia
County of Powhatan, Virginia
County of Roanoke, Virginia
Frederick County, Virginia
Hampton Roads Transit
Town of Bedford, Virginia
Town of Culpepper, Virginia
Town of Tazewell, Virginia
Town of Vinton, Virginia
Virginia Resources Authority
Virginia Tobacco Settlement Corp.
Town of Leesburg, Virginia
Town of Farmville, Virginia
Roanoke-Blacksburg Regional Airport

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Biographies, Continued



Anthony Carpenter, CPA | Director
acarpenter@BEcpas.com

Anthony is a Director in the Charleston office with over 16 years of professional experience providing audit, review, compilation, internal control, consulting, and agreed-upon procedures services to state and local governments, nonprofit organizations, employee benefit plans, and closely-held businesses. His industry experience includes multi-state retailers, professional service firms, hospitality, mineral extraction, religious organizations, and dealerships with a significant concentration in nonprofit and state and local governments.

Anthony graduated with a Bachelor of Business Administration with a concentration in accounting from West Virginia State University.

Anthony is a member of the American Institute of CPAs, the West Virginia Society of CPAs, and the Charleston Chapter of the West Virginia Society of CPAs, Leadership Kanawha Valley Class of 2016, and Emerging Leaders Academy Class of 2019.

Anthony is in compliance with all applicable CPE requirements.

Relevant Experience
West Virginia Lottery Commission
Central West Virginia Regional Airport Authority
Charleston Area Alliance
City of Charleston, West Virginia
EastRidge Health Systems
Hatfield-McCoy Regional Recreational Authority
Kanawha County, West Virginia
Kanawha County Parks and Recreation Commission
Kanawha Valley Regional Transportation Authority
Metro Emergency Operations Center of Kanawha County
Public Service Commission of West Virginia
School Building Authority of West Virginia
Seneca Health Services
Tobacco Settlement Finance Authority
United Methodist Foundation of West Virginia, Inc.
Valley Healthcare System
West Virginia Affordable Housing Trust Fund
West Virginia Board of Treasury Investments
West Virginia Consolidated Public Retirement Board
West Virginia Department of Transportation
West Virginia Drinking Water Treatment Revolving Fund
West Virginia Housing Development Fund
West Virginia Independent Colleges and Universities
West Virginia Infrastructure and Jobs Development Council
West Virginia Agencies of Highways
West Virginia Municipal Pensions Oversight Board
West Virginia Parkways Authority
West Virginia Regional Jail and Correctional Facility Authority
West Virginia Solid Waste Management Board
West Virginia Water Development Authority
West Virginia Water Pollution Control Revolving Fund
Young Men's Christian Association of Kanawha Valley, Inc.

B. Peer review reports

Cherry Bekaert LLP
Your Guide Forward

Report on the Firm's System of Quality Control

To the Principals of CliftonLarsonAllen LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP (the "Firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants ("Standards").

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards, may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The Firm is responsible for designing and complying with a system of quality control to provide the Firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The Firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the Firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; audits performed under FDICIA; and examinations of service organizations (SOC 1® and SOC 2® engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the Firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2022, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. CliftonLarsonAllen LLP has received a peer review rating of *pass*.

Cherry Bekaert LLP

Cherry Bekaert LLP
Charlotte, North Carolina
November 18, 2022

cbh.com

Brown, Edwards & Company peer review report

P&N
Postlethwaite & Netterville

8550 United Plaza Blvd., Ste. 1001 – Baton Rouge, LA 70809
225-922-4600 Phone – 225-922-4611 Fax – pncpa.com

A Professional Accounting Corporation

Report on the Firm's System of Quality Control

To the Partners of Brown, Edwards & Company, L.L.P.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Brown, Edwards & Company, L.L.P. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and audits of employee benefit plans.

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Brown, Edwards & Company, L.L.P. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2021, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Brown, Edwards & Company, L.L.P. has received a peer review rating of *pass*.

Postlethwaite & Netterville

Baton Rouge, Louisiana
September 17, 2021

C. Subcontractor Documents

BROWN EDWARDS
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Our Governmental Experience

- One of the leading firms in West Virginia serving governmental and municipal entities with approximately **$6.3 million in gross fees annually, firm-wide**.
- **Spend approximately 50,500 hours annually** providing audit, accounting, and advisory services to our governmental and municipal clients, and other related entities that expend government funding or fall under *Government Auditing Standards.*
- **More than 25 years of experience** with the GFOA Certificate of Excellence in Financial Reporting program, and all of our clients who have chosen to participate receive the certificate. In many cases, we have assisted governments in obtaining their first Certificate of Excellence.

Our Engagement Staff Consistency and Growth

- In order to maintain staff consistency, each Brown Edwards partner, director, and senior manager is responsible for significantly fewer staff and engagement hours than partners in national or regional firms. The resulting increased involvement by high level professionals minimizes the effects of inevitable staff attrition on our clients.

Our Annual Government Conference

- Each year we conduct a conference specifically geared to governmental entities. In recent years, topics such as GASB updates, internal controls, budgeting, and capital markets have been presented. **We are proud of our program which is offered in person or virtually** and have received outstanding evaluations for the speakers and topics presented. We are committed to providing this value added benefit to our clients.

Clear Communication

- We value the candid exchange of ideas and opinions with our clients, and we strive to maintain an open door with management. From our initial planning meeting to our final exit conference, communication is perhaps the most important tool for maximizing efficiency and effectiveness. Our key team members will meet with management frequently during the engagement to keep you apprised of our progress, to discuss any issues that may arise, and to solicit feedback regarding our performance. We also encourage contact throughout the year, and your client service team will be ready to consult with you any time you have a question.

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History of the Firm

Formed in **1967** through the merger of Fred P. Edwards Company and C. A. Brown & Company

25 years of experience for partners and directors

10 years of experience for senior managers and managers

QUICK FACTS ABOUT BROWN EDWARDS

Inside Public Accounting's Top 100 Public Accounting Firms by net revenue

Top Accounting Firm headquartered in Virginia based on number of CPAs by Virginia Business Magazine

Recognized as one of America's Best Tax Firms for 2022 by Forbes Magazine

- Accounting Today's Top 100 Firms by net revenue
- Listed as a Top 100 Firm Pacesetter in Growth by Accounting Today

Member of Inc. 5000 2021 list of the fastest-growing private companies in the U.S.

Pass opinion on our peer review for over 25 years, and inspected by the PCAOB since its inception

More than 500 professionals serving the southeastern U.S.

Top 50 Construction Accounting Firm as compiled by Construction Executive magazine

BROWN EDWARDS
certified public accountants

Local, State, and National Organizations



Brown Edwards performs peer reviews for six to eight firms each year, and our peer review clients include seven of the top 100 firms in the country in terms of annual revenue. Participation as peer reviewers gives Brown Edwards exposure to the work of other quality firms and is an excellent exercise to ensure we are up to date on the most recent professional standards.

Brown Edwards is also registered with the Public Company Accounting Oversight Board (PCAOB); this Board monitors quality in firms that audit public companies, which subjects Brown Edwards to be most stringent of inspections to be conducted by the PCAOB.

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certified public accountants

The Benefits of a Regional Firm

As a regional firm, we offer the best of both worlds. With a total staff of over 500 and growing, we are large enough to provide services to a broad range of clients in the functional areas of accounting, auditing, tax, and management advisory services while providing you with direct access to our partners and directors.

Although we are considered a large firm on a national basis, Brown Edwards is owned, operated, and managed locally, and as a result, we can respond to your needs quickly and effectively. Our offices are located in West Virginia, Virginia, and Tennessee, and we have quick and easy access to all of the southeastern United States. Because we live and work very close to all the markets we serve, our partners and directors are always accessible to you. Having unparalleled access to our firm's decision makers helps to create the meaningful relationship between our firm and our clients that you should expect from your auditors. Our goal is not merely to provide the desired services but to proactively work with you to identify opportunities and use our resources to support your strategic mission.

> *"In a constantly changing governmental environment full of industry standard updates and changes, Brown Edwards is always there to help guide the implementation to make the transition smooth. They are a top notch quality firm that gets the job done right."*
>
> Matthew R. Hornby
> Assistant Director of Finance
> Town of Blacksburg, Virginia

Independence

The credibility of the audit results is critical for oversight by the state of West Virginia and in meeting public expectations. Brown Edwards carefully evaluates all services provided to clients to ensure that the very detailed requirements for independence of *Government Auditing Standards* applicable to individual auditors and audit firms are satisfied. We believe the safeguards in place allow us to be independent with respect to the state of West Virginia and the state of West Virginia, and will carefully guard and maintain our independence during the course of any audit services provided to the state of West Virginia.

BROWN EDWARDS
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Commitment to Provide Continuity of Staff

Our staffing and scheduling policies have historically been very successful in maximizing team continuity from year to year. Effective staff recruiting and retention is a top priority for our firm because we realize that our most valuable investment is our people. We recruit only those who have achieved a high academic standing and have demonstrated commitment, ambition, and leadership skills, and offer them a proactive approach to staff development that includes a mentoring program, comprehensive training at every level, and performance evaluations after every significant engagement.

We view continuity of engagement teams to be in the best interest of the Firm and our clients. Staff repetition enhances audit effectiveness and efficiency, and is our guiding principle in scheduling. When personnel changes are unavoidable, the depth of our pool of experienced professionals gives us the ability to select a replacement with similar qualifications and levels of experience for your team. We understand that the state of West Virginia reserves the right to request staff changes throughout the term of the contract.

Brown Edwards' Charleston office has
5 partners, 3 directors, and over
15 professionals who perform accounting/audit services.

While we do meet the requirements of having dedicated professionals in one office out of our Charleston location, we plan to leverage the talents firm wide of industry specialists who spend the entirety of their professional schedule working on government and not for profit clients, with significant training in GASB related topics and ACFR topics.

Brown Edwards and our staff as well as any joint proposers or subcontractors must all have experience auditing a minimum of 3 different state government entities (agencies) over the past 5 years.

We have not failed our 2 most recent AICPA peer review of our audit/accounting practice. Brown Edwards has not had a final audit issued by us that had to be reissued due to material errors or omissions discovered by WV Financial Accounting and Reporting section or other West Virginia State agency two times or more.

Brown Edwards is in good standing with the AICPA's Governmental Audit Quality Center.

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Staffing

We have assembled a dedicated team of professionals to serve the needs of the state of West Virginia. These individuals, whose biographies are located on the following pages, bring a wide range of experience, professionalism, and insight to your engagement. They each have proven records with other governmental entities. Our service team is exceptionally well suited to meet your needs because:

- Our firm's experience and commitment to continuing to build our governmental practice ensures that your questions and concerns are addressed promptly.
- Our local presence provides immediate availability of resources, expertise, and decision-making on the the state of West Virginia's engagement.
- Experience with a wide range of government specific public sector software systems including, but not limited to: New World, Bright (BAI), Munis, HTE, Pentamation, REMIS, and Keystone.
- Our people have experience and knowledge that is relevant to the financial, accounting, information technology, and other business considerations facing the state of West Virginia.
- All service team members meet or exceed minimum continuing professional education requirements, including the stringent requirements under the GAO Yellow Book.
- Brown Edwards and the chosen staff for the state of West Virginia meet the qualifications to perform audits in accordance with the requirements of Uniform Guidance. We also have experience performing audits in accordance with the requirements of the Uniform Guidance.
- All Brown Edwards directors, principals, or partner equivalents on the engagement are licensed CPA's with at least 5 years of audit experience with governmental entities. All our manager level employees on this engagement must be CPA's with 3 years of experience on governmental engagements.

People make a difference in professional relationships. We believe communication and personal chemistry are particularly important elements of client relationships, especially in the dynamic governmental arena. Our professionals are skilled in this field, and we expect you will feel comfortable with their expertise and commitment to the state of West Virginia.

Continued Professional Education

One of the best measures of a firm's commitment to its audit practice is the depth of specialized training provided to its professionals. Brown Edwards provides internal and external training on governmental accounting, auditing, reporting, and operations in excess of the GAO requirements. In addition, our membership in the AICPA's Governmental Audit Quality Center requires additional levels of continuing professional education to maintain our membership. We continually monitor the issuance of technical auditing and accounting pronouncements and provide our personnel with specialized training in these areas. Professionals at all levels receive specialized training in seminars and courses presented by nationally recognized experts in governmental and nonprofit accounting, auditing and financial reporting. Brown Edwards' professional staff has met all continuing professional education requirements.

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Brown Edwards CPA License

Rob Adams License

CPA License Information

Name	ROBERT E ADAMS
Company Name	BROWN EDWARDS & CO LLP
Address	707 VIRGINIA ST E STE 300
City	CHARLESTON
State	WV
Zip	25301-2710
County	KANAWHA
License Number	[redacted]
License Type	CPA
Status	Active
Effective Date	07/01/2022
Expiration Date	6/30/2023
Discipline	
Public Discipline Documents	

Anthony Carpenter License

CPA License Information

Name	ANTHONY LEE CARPENTER
Company Name	BROWN EDWARDS & CO LLP
Address	707 VIRGINIA ST E STE 300
City	CHARLESTON
State	WV
Zip	25301-2710
County	KANAWHA
License Number	[redacted]
License Type	CPA
Status	Active
Effective Date	07/01/2022
Expiration Date	6/30/2023
Discipline	
Public Discipline Documents	

BROWN EDWARDS
certified public accountants

Brown Edwards CPA License

Chris Banta License

Name

Name: Christopher Alan Banta

Address Information

City, State, ZIP code: [redacted]
County: Chesterfield
Country: United States

License Information

License # [redacted] **Profession:** Accountancy **Type:** Certified Public Accountant
Status: Active **Issued:** 5/18/2007 **Expiration:** 6/30/2023

D. Required forms

REQUEST FOR PROPOSAL

State of WV Annual Comprehensive Financial Report (AACFR)
CRFP FAR2300000001

By signing below, I certify that I have reviewed this Request for Proposal in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this proposal for review and consideration; that I am authorized by the bidder to execute this bid or any documents related thereto on bidder's behalf; that I am authorized to bind the bidder in a contractual relationship; and that, to the best of my knowledge, the bidder has properly registered with any State agency that may require registration.

CLA (CliftonLarsonAllen LLP)

(Company)

Sean M. Walker, CPA, CFE, CGFM, CGMS, Principal

(Representative Name, Title)

703-825-2106 | 571-227-9552

(Contact Phone/Fax Number)

March 3, 2023

(Date)

Revised 07/01/2021

Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

State of West Virginia
Centralized Request for Proposals
Service - Prof

Proc Folder: 1162442			**Reason for Modification:**
Doc Description: State of WV Annual Comprehensive Financial Report (AACFR)			Addendum No. 1
Proc Type: Central Contract - Fixed Amt			
Date Issued	**Solicitation Closes**	**Solicitation No**	**Version**
2023-02-27	2023-03-07 13:30	CRFP 0209 FAR2300000001	2

BID RECEIVING LOCATION

BID CLERK
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION
2019 WASHINGTON ST E
CHARLESTON WV 25305
US

VENDOR

Vendor Customer Code:

Vendor Name : CLA (CliftonLarsonAllen LLP)

Address :

Street : 900 North Glebe Road, Suite 300

City : Arlington

State : VA **Country :** USA **Zip :** 22203

Principal Contact : Sean M. Walker, CPA, CFE, CGFM, CGMS, Principal

Vendor Contact Phone: 703-825-2106 **Extension:**

FOR INFORMATION CONTACT THE BUYER
Melissa Pettrey
(304) 558-0094
melissa.k.pettrey@wv.gov

Vendor Signature X **FEIN#** 41-0746749 **DATE** March 3, 2023

All offers subject to all terms and conditions contained in this solicitation

Date Printed: Feb 27, 2023 Page: 1 FORM ID: WV-PRC-CRFP-002 2020/05

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: FAR2300000001

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:
(Check the box next to each addendum received)

[X]	Addendum No. 1	[ ]	Addendum No. 6
[ ]	Addendum No. 2	[ ]	Addendum No. 7
[ ]	Addendum No. 3	[ ]	Addendum No. 8
[ ]	Addendum No. 4	[ ]	Addendum No. 9
[ ]	Addendum No. 5	[ ]	Addendum No. 10

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

CLA (CliftonLarsonAllen LLP)
Company

Authorized Signature

March 3, 2023
Date

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing.

VERMONT



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended JUNE 30, 2021

STATE OF VERMONT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended JUNE 30, 2021



Philip B. Scott

Governor

Prepared by the Department of Finance and Management

STATE OF VERMONT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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State of Vermont
Department of Finance & Management
109 State Street, Pavilion Building
Montpelier, VT 05620-0401
[phone] 802-828-2376

Adam Greshin, Commissioner

LETTER OF TRANSMITTAL

To The Honorable Philip B. Scott, Governor,
The Honorable Molly Gray, Lieutenant Governor,
Chairs of House Committees on Appropriations, Institutions and Ways and Means,
Senate Committees on Appropriations, Finance, and Institutions, and
the Citizens living in the State of Vermont:

Pursuant to 32 VSA § 182 (a)(8), the Department of Finance and Management is pleased to present the Annual Comprehensive Financial Report (ACFR) of the State of Vermont for the fiscal year ended June 30, 2021. The Department prepared these financial statements and is responsible for the completeness and reliability of the information presented. To provide a reasonable basis for making these representations, the Department has established a comprehensive internal control framework designed to protect the state's assets from loss, theft, or misuse and to compile sufficient, reliable information for the presentation of this report in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The cost of internal controls should not outweigh their benefits. Vermont's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free of material misstatement. I believe the accompanying financial statements are accurate and fairly stated in all material respects and presented in a manner designed to report the State of Vermont's financial position, results of operations and changes in net position/fund balances.

Please pay particular attention to two important items contained in this ACFR. The first item is the Management's Discussion and Analysis (MD&A) that follows the Independent Auditors' Report. This analysis is designed to provide, in understandable terms, an overview of the state's financial position. The Basic Financial Statements (BFS) follow the MD&A. The BFS were prepared in conformity with GAAP as prescribed by the GASB. The BFS contain government-wide statements that present the state's financial activities in a manner similar to that of a private corporation. Fund statements report governmental, proprietary, and fiduciary fund financial activity; discretely presented component unit financial activity; and note disclosures that explain and enhance the basic financial statements.

In addition to the MD&A and BFS, this ACFR includes a Required Supplementary Information (RSI) section, Other Supplementary Information section, and a Statistical section. The RSI section contains various schedules relating to the state's defined benefit pension and other postemployment benefits plans, and Budget to Actual comparison schedules for the state's General and major special revenue funds with Notes reconciling budgetary fund balance to the governmental funds' GAAP fund balance. The Other Supplementary Information section contains combined fund financial statements for the state's Non-major Governmental, Proprietary, and Fiduciary Funds, and discretely presented Component Units. The Statistical section presents data relating to financial trends, revenue and debt capacity, and demographic and operating information about the State of Vermont. Please note the information contained in the MD&A, RSI and Statistical sections is unaudited.

This ACFR includes the funds and entities for which the state is accountable based on GASB's criteria for defining the financial reporting entity. The criteria include fiscal dependence, financial accountability, and legal standing. Please refer to Note I for more information regarding the reporting entity and the component units.

State Profile

Vermont, known as the Green Mountain State, was first settled by the French in 1666, then by the English in 1690, and joined the Union as the fourteenth state in 1791. Rural in character, the state measures 9,615 square miles of land and water area, ranking the state 45th in terms of land and water area among the 50 states. Vermont's population, as measured by the last decennial Census on April 1, 2010, was 625,741, ranking the state 49th among the 50 states - unchanged from the 2000 and 1990 Censuses per the U.S. Bureau of the Census. The state capital is Montpelier, and the largest city is Burlington. As of calendar year 2019, 93.1 percent of Vermonters aged 25 or older were at least high school graduates (ranked number 8 in the country) while 38.7 percent had at least a college bachelor's degree (ranked number 8 in the country), per the U.S. Bureau of the Census.

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

Budget Adoption and Legal Compliance/Budgetary Results

The Required Supplementary Information section includes Budget to Actual comparison schedules for the General Fund and the five budgeted special revenue funds. The state's budgeting process is described in the Notes to the Budget to Actual comparison schedules. These schedules present each fund's original budget, final budget, actual expenditures incurred on a budgetary basis, and the variance between the final budget and actual expenditures incurred. The adopted budget provides legal control over spending. Vermont law prohibits expenditures in excess of amounts appropriated. Budgetary control is exercised by fund within appropriation.

The General Fund

The General Fund accounts for all revenues and other receipts that are not required by law to be accounted for or deposited in other funds, as well as the expenditures associated with these revenues. In fiscal year 2021, General Fund tax revenues accounted for 96.0 percent of total General Fund revenues. The three principal tax revenue contributors – the personal and corporate income tax, and the meals and rooms tax – accounted for 76.0 percent of General Fund total tax revenues, or approximately 72.9 percent of total General Fund revenues. General Fund expenditures used 55.2 percent of the total revenues, and these expenditures occurred in the following major governmental functional categories: General Government, Protection to Persons and Property, Human Services, Labor, General Education, Natural Resources, Commerce and Community Development, and debt service. Most of the remainder of the resources provided by 2021 General Fund revenues was transferred to other funds and used for various purposes. Please see Note IV.D for a summary of these transfers.

Economic Condition

Vermont's economy started the 2021 fiscal year coping with the effects of a "once in a hundred years" pandemic and its associated negative impacts on the economy. Across the fiscal year, there were particularly harsh, negative impacts on employers and sectors of the economy where it was difficult or impossible for employees and customers to practice "social distancing" (e.g., the leisure and hospitality sector, the entertainment sector, and "bricks and mortar" retailing). During the brief but sharp pandemic-induced economic downturn the state economy lost approximately 63,500 nonfarm payroll jobs. It has since recovered 69.9 percent of those lost jobs and has approximately 19,100 jobs left to recover before the state's job count returns to its pre-pandemic level. The percentage of Vermont's nonfarm payroll jobs left-to-recover compares unfavorably to the U.S. average which stood at 18.8% of the jobs left-to-recover relative to those lost during the pandemic-induced downturn. Vermont's unfavorable job loss and job recovery rate metrics appear to be tied to the larger than average importance of its travel and tourism sector. This sector has been disproportionately and negatively impacted by the pandemic. Nonetheless, after a half percentage point slower rate of inflation-adjusted output growth during calendar year 2021, Vermont's inflation-adjusted rate of output growth during calendar year 2023 is expected to be only 0.1 percentage points slower than the U.S. average annual rate (at +2.8 percent in Vermont for the year versus 2.9 percent for the U.S. as a whole).

Vermont continues to do a comparatively good job in managing the public health aspects of the COVID pandemic. Vermont consistently ranks first or near the top of all states in the nation in terms of its vaccination and testing metrics. The state continues to fight the pandemic by encouraging vaccination and by educating the public about the CDC guidelines developed to slow the spread of COVID.

Based on Vermont's July 2021 consensus economic forecast, the state's unemployment rate is expected to average 2.8 percent for calendar year 2021 and then move lower to average 2.3% during calendar year 2022 and level off at 2.4 percent during calendar year 2023. At an annual average of 2.4 percent in calendar year 2023, Vermont's unemployment rate would be only 0.1 percentage points above the pre-pandemic average of 2.3 percent experienced across the state during calendar year 2019. In addition, if that forecasted 2.4 percent annual average unemployment rate is realized, the state's annual average unemployment rate would be 1.1 percentage points below the forecasted U.S. unemployment rate for the same period. The rate of payroll job growth is expected to increase by 2.7 percent in calendar year 2021 and 3.8 percent in calendar year 2022. For calendar year 2021, Vermont's personal income growth is expected to increase 3.5 percent, and then increase by another 1.3 percent during calendar year 2022 as the level of federal pandemic relief payments are expected to wind down. One continuing bright spot in the state's economy is the housing market where recent housing price and transaction volume increases have been driven by out-of-state buyers seeking a safer place to live. Housing prices in Vermont are expected to increase by 8.7 percent in calendar year 2021 and then surge by 10.2 percent in calendar year 2022. Housing process are then forecasted to increase by another 8.9 percent in calendar year 2023.

Long-term Financial Planning

As part of the state's long-term financial planning, the Legislature created a Capital Debt Affordability Advisory Committee which is required to present to the Governor and General Assembly, no later than September 30th of each year, a recommendation as to the maximum amount of net tax-supported debt the state may prudently issue for the ensuing fiscal year while maintaining the state's Aa1/AA+ debt rating. The recommendation is calculated and presented in accordance with certain debt affordability guidelines and other matters that may be relevant to the proposed debt to be authorized.

At its September 2021 meeting the Committee made a recommendation of net tax-supported debt not to exceed $123.2 million for the 2022-2023 fiscal year biennium, reaffirming the first year's recommendation at the start of the 2022-2023 fiscal year biennium. In the 2021 legislative session, the General Assembly authorized $123.2

million in total capital project spending in new general obligation debt and $4.2 million in transfers and reallocations.

Independent Audit of These Financial Statements

CliftonLarsonAllen LLP, an independent certified public accounting firm, performed an independent audit of the state's basic financial statements for the fiscal year ended June 30, 2021. The auditors have issued unmodified opinions, the most favorable outcome of the audit process. The audit described in the auditor's report is not intended to meet all requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards rule (commonly called "Uniform Guidance") implemented in December 2014. Rather, the Uniform Guidance Audit Report for Vermont is issued under separate cover.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Vermont for its ACFR for the fiscal year ended June 30, 2020. This was the thirteenth year Vermont has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe this ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Sincerely,



Adam Greshin
Commissioner
Department of Finance and Management
December 23, 2021

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

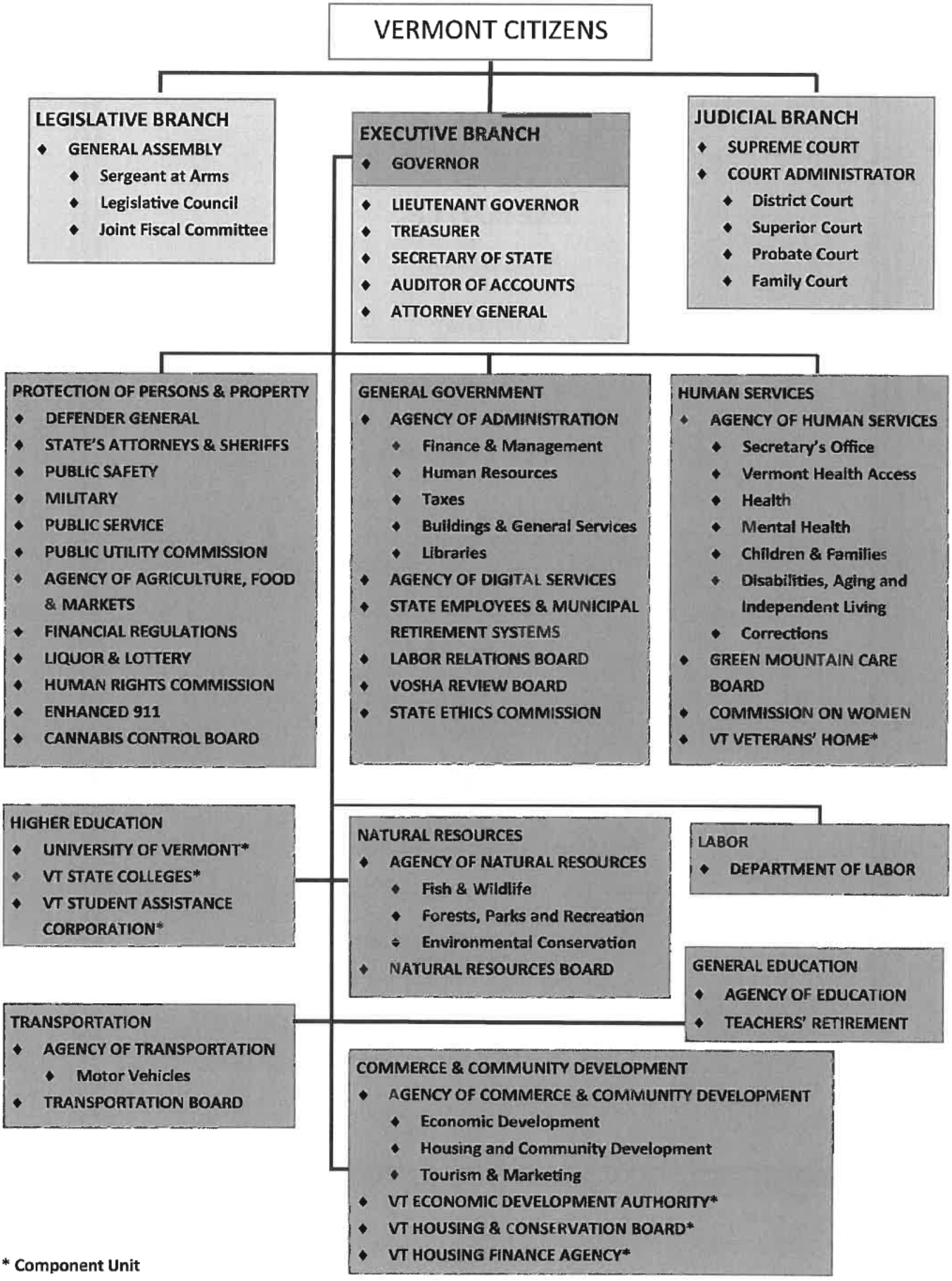
State of Vermont

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO



* Component Unit

SELECTED STATE OFFICIALS
As of June 30, 2021

EXECUTIVE

Philip B. Scott
Governor

Molly Gray
Lieutenant Governor

James C. Condos
Secretary of State

Thomas J. Donovan Jr.
Attorney General

Douglas R. Hoffer
Auditor of Accounts

Elizabeth Pearce
State Treasurer

JUDICIAL

Paul L. Reiber
Chief Justice

LEGISLATIVE

Becca Balint
President Pro Tempore of the State Senate
(30 Senators)

Jill Krowinski
Speaker of the House of Representatives
(150 Representatives)



FINANCIAL SECTION

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Vermont (the State), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State's 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 relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of certain funds and component units of the State, which represent the indicated percentages of total assets and total revenues of the opinion units as presented in the table below. Additionally, we did not audit the information disclosed in Note V-E. Those financial statements and information in Note V-E were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for those funds and component units, is based solely on the reports of the other auditors.

Opinion Unit	Entity	Percent of Opinion Unit's Total	
		Assets	Revenues / Additions
Governmental Activities	Universal Service Fund; Special Environmental Revolving Fund	0.06%	0.07%
Business-Type Activities	State Lottery Fund; Energy Efficiency Utility Fund	10.07%	21.38%
Special Fund	Universal Service Fund	1.50%	1.70%
State Lottery Fund	State Lottery Fund	100.00%	100.00%
Aggregate Remaining Fund Information	Energy Efficiency Utility Fund	0.42%	2.70%
Aggregate Discretely Presented Component Units	Vermont Student Assistance Corporation; University of Vermont and State Agricultural College; Vermont State Colleges; Vermont Housing Finance Agency; Vermont Economic Development Authority; Vermont Housing and Conservation Board; Vermont Municipal Bond Bank; Vermont Educational and Health Buildings Financing Agency; Vermont Veterans' Home	100.00%	100.00%

A member of Nexia International

CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During the fiscal year ended June 30, 2021, the State adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the State reported a restatement for the change in accounting principle (see Note V-G). Our auditors' opinions were not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the accompanying table of contents (collectively referred to as RSI) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, other supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The other supplementary information, as listed in the table of contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2021, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
December 23, 2021

INTRODUCTION

We are pleased to present this analysis and discussion of Vermont's financial performance for the fiscal year ended June 30, 2021. This Management's Discussion & Analysis (MD&A) section is intended to serve as an introduction to the state's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The MD&A is designed to assist the reader in focusing on significant financial matters, provide an easily readable overview of the state's financial activities, identify any material changes from the original budget, and highlight financial matters that occurred during fiscal year 2021. The following presentation is in summary form; to gain a thorough understanding of the state's financial condition, the following financial statements, notes and required supplementary information should be reviewed in their entirety.

FINANCIAL HIGHLIGHTS

Government-wide

- Vermont reported a deficit net position of $55.3 million comprised of $6.455 billion in total assets and $1.380 billion in deferred outflows offset by $7.551 billion in total liabilities, and $340.0 million in deferred inflows at June 30, 2021 (Table 2). Of this deficit net position amount, $2.883 billion represents the net investment in capital assets, $822.9 million is restricted for various purposes, and $3.761 billion represents a deficit unrestricted net position. The reasons for the deficit unrestricted net position are discussed in the Government-wide Financial Analysis section.

- The primary government's net position has increased by $263.9 million as a result of this year's operations. The net position for governmental activities increased $388.3 million and the net position for business-type activities decreased by $124.4 million (Table 3). The decrease in net position for business-type activities was primarily due to reductions in the financial position of the Unemployment Compensation Trust Fund.

Fund level

- Vermont's governmental funds reported a combined ending fund balance of $1.679 billion, an increase of $583.3 million or 53.3% above the prior year. Of this ending fund balance, $57.4 million is non-spendable, $609.3 million is restricted for specific purposes, and $1,011.8 million is available for spending (committed, assigned, and unassigned fund balance). The increase in ending fund balance is primarily attributable to an increase in the fund balance of the General Fund ($388.1 million), an increase in Special Revenue Funds ($142.9 million) and an increase in Capital Projects Funds ($46.1 million).

- Vermont's enterprise funds reported a combined net position of $267.3 million, a decrease of $124.5 million over last year.

- Vermont's General Fund reported an ending fund balance of $652.6 million, of which $50.0 million is non-spendable, and $602.6 million is available for spending (assigned and unassigned).

Capital assets

- The carrying amount of capital assets for the primary government increased to $3.243 billion, an increase of $79.3 million over last year. The increase is primarily due to $134.0 million in infrastructure assets and $4.0 million increase in land and land improvements; offset by a $29.5 million decrease in machinery and equipment, $23.2 million decrease in construction in process, and $6.0 million decrease in buildings and improvements.

Long-term debt

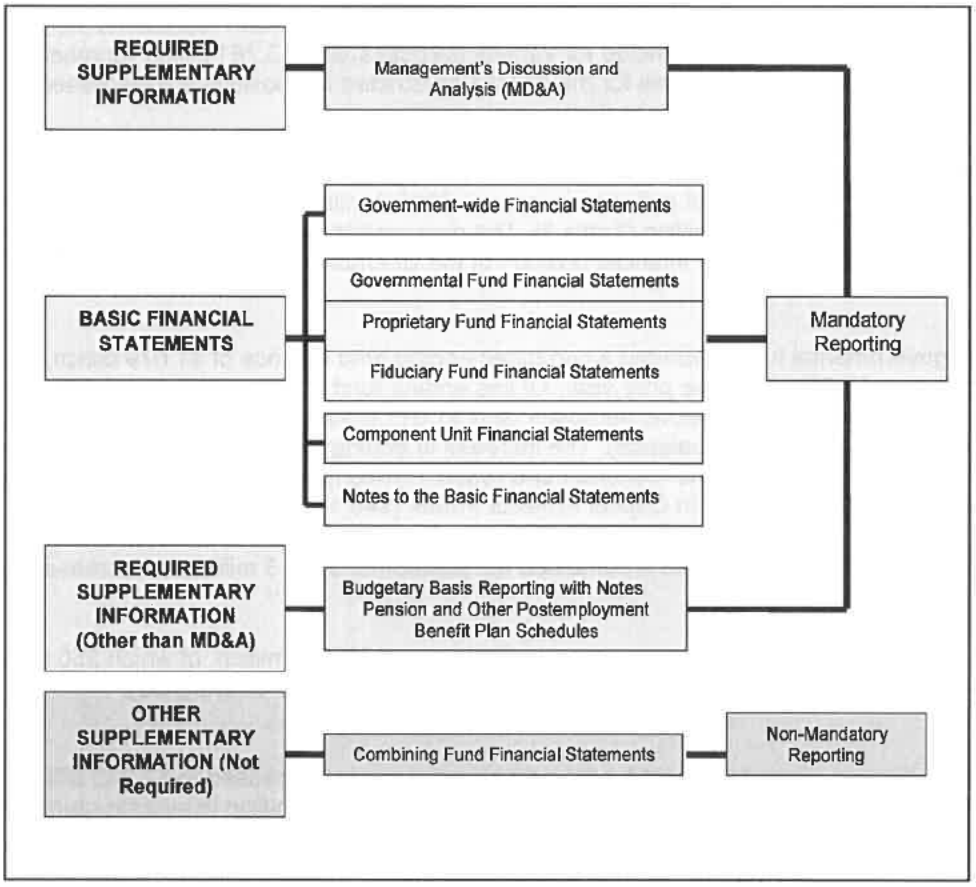
- Vermont's debt outstanding for general and special obligation bonds increased $15.0 million as compared to fiscal year 2020. In 2021, Vermont issued $153.3 million in general obligation bonds, and retired $136.6 million in general obligation bonds and $1.7 million in special obligation bonds.

More information regarding the government-wide financial statements, fund level financial statements, capital asset activity and long-term debt activity can be found beginning on page 23.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The layout of the financial section and the relationship of the financial statements and supplementary information is presented in the following diagram. Notice the relationships between the various elements of the ACFR, such as "mandatory versus non-mandatory" reporting, or "required versus not required" supplementary information. This diagram is designed to illustrate how the various elements of the state's financial activity fit together in this ACFR.



Basic Financial Statements

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

Table 1 summarizes the major features of the basic financial statements with further explanations below:

Table 1 - Major Features of the State's Government-wide and Fund Financial Statements				
	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire State government (except fiduciary funds) and the State's discretely presented component units	The activities of the state that are not proprietary or fiduciary, such as Human Services and Transportation	Activities the state operates similar to private businesses, such as the Liquor Control Fund and State Lottery Fund	Instances in which the state is the trustee or agent for someone else's resources, such as the retirement plans for public employees
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expense, and Changes in Net Position, Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital, and both short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and both short-term and long-term	All assets and liabilities, both financial and capital, and both short-term and long-term
Type of inflow / outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

1) Government-Wide Financial Statements

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

The government-wide statements contain both short-term and long-term information about the state's financial position and assist in assessing the state's economic condition at the end of each fiscal year. Vermont prepares these statements using the "flow of economic resources" measurement focus and the accrual basis of accounting. The methods utilized to prepare these statements are similar to those used by most private sector businesses. They consider all financial activity connected with the reported fiscal year including revenues, expenses,

transfers, sales or acquisitions of capital assets, and any other activity affecting or possibly affecting the financial condition of the state, even if cash involved has not yet been received or paid.

The government-wide financial statements present two statements:

The *Statement of Net Position* presents a snapshot of both the primary government's and its component units' assets, liabilities, deferred outflows, and deferred inflows, as of the date of this report, with the difference between the assets and deferred outflows, and liabilities and deferred inflows reported as "net position". Over time, increases or decreases in the primary government's net position may serve as an indicator as to whether the financial position of the state is improving or deteriorating.

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

Both of the above financial statements segregate Vermont's financial activity into three categories: governmental activities, business-type activities, and discretely presented component unit activities. The governmental activities and business-type activities are combined to report on what is termed *primary government activities* which are separate and distinct from the *component units' activities* of the discretely presented component units.

Primary Government Activities

Governmental Activities – The financial activities reported in this section generally represent those services (functions) normally performed by a government entity. These activities are classified as either major or non-major, depending upon their financial size as compared to each other and to the group as a whole. The governmental activities include public education, general government, public health services, legal and judiciary services, natural resources, public safety, regulatory services, social services, and public transportation. Taxes, grants, and intergovernmental revenues are the main sources of funding for these activities.

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

Component Units' Activities

Discretely Presented Component Units – These are legally separate (incorporated) entities for which the primary government has the ability to impose its will on the entity, receive a benefit from activities of the entity, or could incur a financial burden due to the activities of the entity. Vermont's discretely presented component units are presented in the aggregate in the government-wide statements. This aggregate total consists of four major and five non-major component units. This categorization is determined by the entity's relative significance to Vermont. Additional information or financial statements for each of these individual component units can be obtained from their respective administrative offices. Addresses and additional information about the component units are presented in Note I to the financial statements.

Blended Component Units – Vermont has no blended component units.

Included with the basic financial statements are two schedules that reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with governmental activities (accrual basis of accounting) on the government-wide statements.

The following summarizes some of the differences in modified accrual and accrual accounting:

- Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental fund statements.
- Certain revenues that are earned, but not available, are reported as revenues of governmental activities, but are reported as unavailable revenue on the governmental fund statements.
- Unless currently due and payable, long-term liabilities, such as capital lease obligations, compensated absences, net pension and other postemployment benefit obligations, and bonds and notes payable appear as liabilities in the government-wide statements but are not reported in the governmental fund statements.
- Internal service funds are reported primarily as governmental activities but reported as proprietary funds in the fund financial statements.
- Capital outlay spending results in recording capital assets on the government-wide statements but is reported as an expenditure on the governmental fund statements.
- Bond and note proceeds result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements. Payments of bond and note principal results in a reduction in liabilities on the government-wide statements but are reported as expenditures on the governmental fund statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Net position balances are allocated as *net investment in capital assets* (capital assets, net of accumulated depreciation, and reduced by outstanding balances for bonds and notes attributable to those assets) *restricted net position* (those with constraints placed on their use by external sources or imposed by law through constitutional provision or enabling legislation) and *unrestricted net position* (the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet any of the above restrictions).

The notes to the basic financial statements provide additional information that is integral to understanding the data provided in the government-wide and fund financial statements.

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

The fund financial statements focus and report on the state's activities in more detail than the government-wide statements. All of Vermont's funds have been divided into three categories for reporting purposes: governmental, proprietary, and fiduciary. For governmental activities, the governmental funds financial statements indicate how these services are financed in the short-term as opposed to the government-wide statements, which present a long-term view of the state's finances.

In accordance with GASB Statement No. 34, the focus of governmental fund financial statements has shifted from fund types to reporting on the most significant funds of the state, or major funds. Accordingly, the governmental and proprietary funds are divided into major and non-major categories as required by the Governmental Accounting Standards Board. For the governmental and proprietary funds, the major funds are reported in individual columns in the fund financial statements while the non-major funds are presented in a consolidated column in the fund financial statements. Combining schedules or statements in the Other Supplementary Information section present detailed non-major fund activity. Fiduciary funds are reported by fiduciary type (pension and other postemployment benefit trusts, private purpose trusts, and custodial funds). Combining schedules or statements for the individual pension, other postemployment benefit, and custodial funds are presented in the Other Supplementary Information section.

The three categories of funds are Governmental Funds, Proprietary Funds, and Fiduciary Funds. These fund categories use different accounting methods and should be interpreted differently as described below. Following is a brief overview of these three major categories of funds.

Governmental Funds

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

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

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

Fund balance (the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources) is classified as nonspendable, restricted, and unrestricted (committed, assigned or unassigned).

Vermont budgets and controls its financial activities on the cash basis of accounting. State law requires financial transactions to be recorded in either of two major categories – the General Fund or various special revenue funds. References to these funds in this report include the terms "budgetary" or "budgetary basis" to differentiate them from the GAAP funds of the same name which encompass different funding categories. Vermont adopts an annual appropriated budget for its budgetary general fund and each special revenue fund. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with the approved budgets. These schedules can be found as part of the required supplementary information section of this report.

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

Proprietary Funds

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

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

Vermont reports nine enterprise funds of which three are reported as major funds in separate columns on the proprietary fund statements. These three are the Unemployment Compensation Fund, the Liquor Control Fund,

and the State Lottery Fund. The other six enterprise funds are reported as "non-major funds" and are consolidated into one column on the proprietary fund statements.

Internal service funds are used to report activity that provides goods and services to other funds, departments, or agencies of the primary government and its component units, or to other governments on a cost reimbursement basis. These funds provide communication and information technology, facilities and property management, fleet management, printing, risk management and insurance services. The internal service fund activities are allocated proportionately between the governmental activities (predominately) and the business-type activities in the government-wide statements based on the benefit of the services provided to these activities. The reconciliation between the government-wide financial statements for business-type activities and the proprietary fund statements is presented at the end of the proprietary fund financial statements.

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

The proprietary funds' financial statements immediately follow the governmental fund financial statements. Combining non-major enterprise and combining internal service fund statements may be found in the Other Supplementary Information section of this report.

Fiduciary Funds

The fiduciary funds are used to account for assets held by Vermont in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. Fiduciary funds are excluded from the government-wide financial statements because Vermont cannot use these assets to finance its operations. The fiduciary funds use the accrual basis of accounting.

Vermont's fiduciary funds are divided into the following three basic categories: Pension and Other Postemployment Benefit Trust Funds (includes three separate defined benefit pension plans, three separate defined contribution pension plans, two defined benefit other postemployment benefit plans, and one defined contribution other postemployment benefit plan); a Private Purpose Trust Fund (which reports only the Unclaimed Property Fund); and Custodial Funds (five custodial funds which account for the assets held for distribution by Vermont on behalf of other governmental units, organizations or individuals). These funds' financial reports include a *Statement of Fiduciary Net Position,* and a *Statement of Changes in Fiduciary Net Position*.

The fiduciary funds financial statements can be found immediately following the proprietary funds' financial statements. Individual pension and other postemployment benefit trust funds' and custodial funds' financial statements are reported in the Other Supplementary Information section of this report.

3) Discretely Presented Component Units' Financial Statements

As mentioned previously, Vermont has included the net position and activities of four major component units in individual columns and five non-major component units in a single column on the statements. The component units' financial statements can be found immediately after the fiduciary funds. Combining individual non-major component units' financial statements can be found in Other Supplementary Information section of this report.

4) Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and the fund financial statements. They are an integral part of the financial statements and focus on the primary government and its activities. The notes also explain some of the information contained in the financial statements and provide more detail than is practical in the financial statements.

The notes include a summary of significant accounting policies; additional information regarding the reconciliation of government-wide and fund financial statements; discussions on stewardship, compliance, and accountability; detailed notes on all activities and funds; and other information. The notes to the financial statements can be found immediately following the component units' financial statements.

Required Supplementary Information Other Than MD&A
The basic financial statements are followed by a section of required supplementary information. This section includes:

- The Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Investment Returns, the Schedule of Employer and Non-employer Contributions, and the Schedule of the State's Proportionate Share of the Net Pension Liability for the two defined benefit pension trusts are included in the required supplementary information section. Also, this section includes the Schedule of Changes in Net OPEB Liability and Related Ratios, The Schedule of Investment Returns, Schedule of Employer and Non-employer Contributions, and the Schedule of the State's Proportionate Share of the Net OPEB Liability for the other postemployment benefit plans.

- Schedules for the General Fund and budgeted Special Revenue Funds comparing their original budgeted amounts; final budgeted amounts; actual inflows, outflows, and balances stated on a budgetary basis; and variances between the final budgeted amounts and actual amounts presented on a budgetary basis. See Note III.A for additional information regarding the budgetary process, including the budgetary basis.

- Notes to Required Supplementary Information include a schedule reconciling the statutory fund balance presented on a budgetary basis to the fund balance prepared on a modified accrual basis as presented in the governmental fund financial statements for the general fund and each budgeted special revenue fund, as well as additional information regarding the budgetary process.

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

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

Statistical Section
A statistical section containing information regarding financial trends, revenue capacity, and debt capacity, as well as operating, economic and demographic information is presented immediately following the combining financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position
The following primary government condensed financial statement information is derived from Vermont's June 30, 2021 and 2020 government-wide Statement of Net Position. Although the government-wide statements include discretely presented component unit activity, the component unit activity has not been included in these condensed statements.

Vermont's combined deficit net position (governmental and business-type activities) totals $55.3 million at the end of fiscal year 2021, as shown in Table 2. Approximately $2.883 billion of the combined net position represents Vermont's investment in capital assets such as land, buildings, equipment, and infrastructure (roads, bridges, and other immovable assets) less any related debt still outstanding that was used to acquire those assets. This net investment in capital assets represents resources used to provide services to citizens, and therefore is not available for future spending. Although the investment in capital assets is reported net of related debt, it should be

noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Capital assets net of accumulated depreciation increased by $79.3 million primarily due to a $134.0 million increase in infrastructure assets by the Agency of Transportation, and a $4.0 increase in land and land improvements the Agency of Natural Resources; offset by a $29.5 million decrease in machinery and equipment, $23.2 million decrease in construction in process, and $6.0 million decrease in buildings and improvements.

An additional portion of the primary government's net position ($822.9 million) represents resources that are subject to external restrictions on how they may be used. This is a decrease of $96.5 million and is primarily a result of additional amounts that are restricted for human services ($22.2 million), natural resources ($20.2 million), and commerce and community development ($6.5 million); offset by decreases in unemployment compensation ($128.8 million), protection to persons and property ($11.5 million), labor ($3.3 million), and education ($1.8 million).

Internally imposed designations of resources are not presented as restricted net position. The remaining balance of unrestricted net position is a deficit of $3.761 billion. The governmental activities' negative unrestricted net position balance is mainly the result of three actions: 1) the net pension and net other postemployment benefit liabilities; 2) the amount of net position that is restricted for various purposes; and 3) long-term debt issued by Vermont for municipal, non-profit or component unit capital purposes, $244.1 million outstanding at June 30, 2021, that does not result in a governmental activities' capital asset.

Current assets decreased by $345.0 million primarily due to decreases in cash and cash equivalents ($392.3 million), taxes receivable ($94.0 million), other receivables ($6.9 million), loans and notes receivable ($2.1 million), other current assets ($1.0 million), and inventories ($0.3 million); offset by increases in federal grants receivables ($146.4 million), investments ($4.1 million), and receivables from component units ($1.2 million). The decrease in cash & cash equivalents is largely due to spending down the $1.25 billion in federal assistance Vermont received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act in fiscal year 2020. Long term liabilities increased by $1,107.3 million primarily due to the increase in net pension liabilities and net other postemployment benefit liabilities ($1,063.5 million) and in bonds, notes, and leases payable ($36.8 million).

At the end of fiscal year 2021, Vermont reported positive total net position balances in its business-type activities and its discretely presented component units, and a deficit net position in its governmental activities.

(Table on next page.)

TABLE 2
State of Vermont's Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current assets	$ 2,348.4	$ 2,469.1	$ 374.5	$ 598.8	$ 2,722.9	$ 3,067.9
Other assets	487.8	426.8	1.4	1.7	489.2	428.5
Capital assets	3,239.2	3,159.5	3.8	4.1	3,243.0	3,163.6
Total assets	6,075.4	6,055.4	379.7	604.6	6,455.1	6,660.0
DEFERRED OUTFLOWS						
Total deferred outflows	1,372.2	709.8	8.0	2.3	1,380.2	712.1
LIABILITIES						
Other liabilities	1,049.6	1,767.7	91.2	193.0	1,140.8	1,960.7
Long-term liabilities	6,387.1	5,287.2	22.6	15.2	6,409.7	5,302.4
Total liabilities	7,436.7	7,054.9	113.8	208.2	7,550.5	7,263.1
DEFERRED INFLOWS						
Total deferred inflows	333.6	421.4	6.4	6.8	340.0	428.2
NET POSITION						
Net Investment in capital assets	2,879.1	2,750.2	3.8	4.1	2,882.9	2,754.3
Restricted	562.5	528.8	260.4	390.6	822.9	919.4
Unrestricted (deficit)	(3,764.4)	(3,990.1)	3.3	(2.8)	(3,761.1)	(3,992.9)
Total net position	$ (322.8)	$ (711.1)	$ 267.5	$ 391.9	$ (55.3)	$ (319.2)

Totals may not add due to rounding.

Changes in Net Position

Governmental type activities had an overall increase in net position of $388.3 million, or a 54.6% increase in the deficit net position, resulting from an operating profit of $332.9 million and net transfers in from business-type activities of $55.4 million. The $1,820.6 million increase in revenues over 2020 was due to an increase of $1,237.8 million in program revenues and $582.8 million in general revenues. The increase in program revenue is largely due to the federal assistance Vermont received through the CARES Act to address the pandemic. The increase in general revenues is largely due to economic recovery from lifting of restrictions from the pandemic, and federal stimulus money helping to improve the economy.

Business-type activities had an overall decrease in net position of $124.4 million or 31.7%, resulting from an operating loss of $69.0 million and net transfers out of $55.4 million to governmental activities; primarily from the State Lottery Fund ($31.9 million) to support education, and transfer from Liquor Control Fund to the General Fund ($22.8 million). Revenues increased from 2020, primarily due to increases in unemployment federal grants ($119.9 million), lottery ticket sales ($24.2 million), and liquor sales ($5.3 million); offset by an increase in unemployment compensation expenses ($51.7 million).

The primary government condensed financial statement information is derived from Vermont's June 30, 2021 and 2020 government-wide Statement of Changes in Net Position. Although the government-wide statements include discretely presented component unit activity, the component unit activity has not been included in these condensed statements.

(Table on next page.)

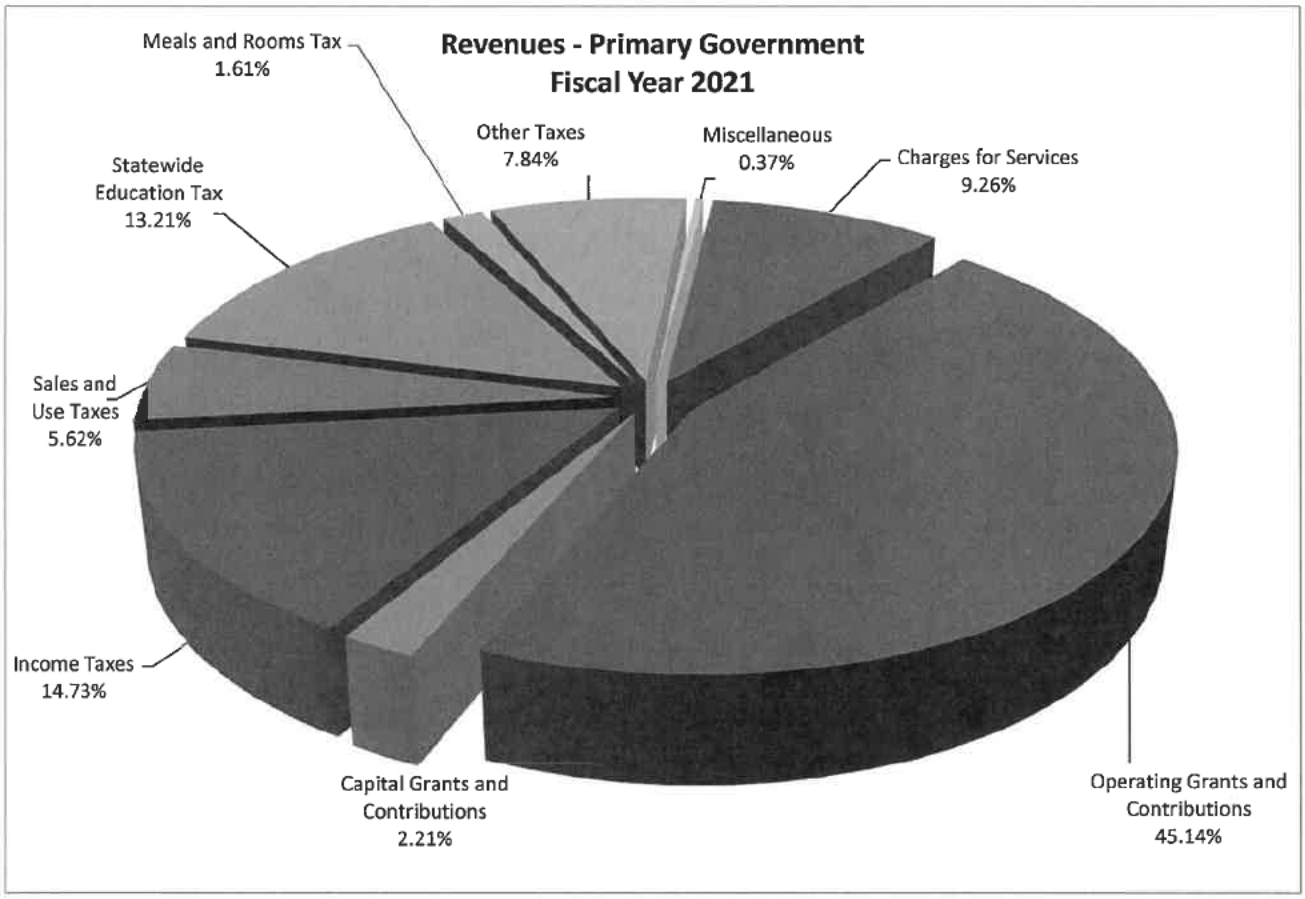
TABLE 3
State of Vermont's Changes in Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	$ 448.5	$ 546.4	$ 391.2	$ 424.1	$ 839.7	$ 970.5
Operating grants and contributions	3,436.0	2,116.2	655.0	535.1	4,091.0	2,651.3
Capital grants and contributions	200.2	184.3	-	-	200.2	184.3
General revenues						
Income taxes	1,335.2	954.9	-	-	1,335.2	954.9
Sales and use taxes	509.7	439.1	-	-	509.7	439.1
Statewide education tax						
Gross tax assessed	1,369.7	1,309.9	-	-	1,369.7	1,309.9
Income sensitivity adjustment	(172.2)	(165.8)	-	-	(172.2)	(165.8)
Meals and rooms tax	146.1	158.4	-	-	146.1	158.4
Other taxes	711.0	617.8	-	-	711.0	617.8
Miscellaneous	27.4	29.8	5.7	12.0	33.1	41.8
Total revenues	8,011.6	6,191.0	1,051.9	971.2	9,063.5	7,162.2
Expenses						
General government	454.8	302.0	-	-	454.8	302.0
Protection to persons and property	512.4	377.0	-	-	512.4	377.0
Human services	3,053.7	2,690.5	-	-	3,053.7	2,690.5
Labor	132.8	46.6	-	-	132.8	46.6
General educaton	2,608.4	2,267.4	-	-	2,608.4	2,267.4
Natural resources	150.3	149.2	-	-	150.3	149.2
Commerce and community development	269.9	36.4	-	-	269.9	36.4
Transportation	478.8	467.8	-	-	478.8	467.8
Interest on long-term debt	17.6	18.3	-	-	17.6	18.3
Unemployment compensation	-	-	852.8	801.1	852.8	801.1
State lottery	-	-	129.7	110.0	129.7	110.0
Liquor control	-	-	76.3	71.6	76.3	71.6
Other business type expenses	-	-	62.1	82.8	62.1	82.8
Total expenses	7,678.7	6,355.2	1,120.9	1,065.5	8,799.6	7,420.7
Change in net position before transfers	332.9	(164.2)	(69.0)	(94.3)	263.9	(258.5)
Transfers net in (out)	55.4	51.7	(55.4)	(51.7)	-	-
Change in net position	388.3	(112.5)	(124.4)	(146.0)	263.9	(258.5)
Net position, beginning of year	(711.1)	(598.6)	391.9	537.9	(319.2)	(60.7)
Net position, end of year	$ (322.8)	$ (711.1)	$ 267.5	$ 391.9	$ (55.3)	$ (319.2)

Totals may not add due to rounding.

The following graph illustrates the revenues of Vermont's primary government for fiscal year 2021. Approximately 47.3% comes from other entities and governments in the form of operating and capital grants and contributions (primarily federal grant revenues). An additional 27.9% of total revenues are generated by the statewide education and income taxes.

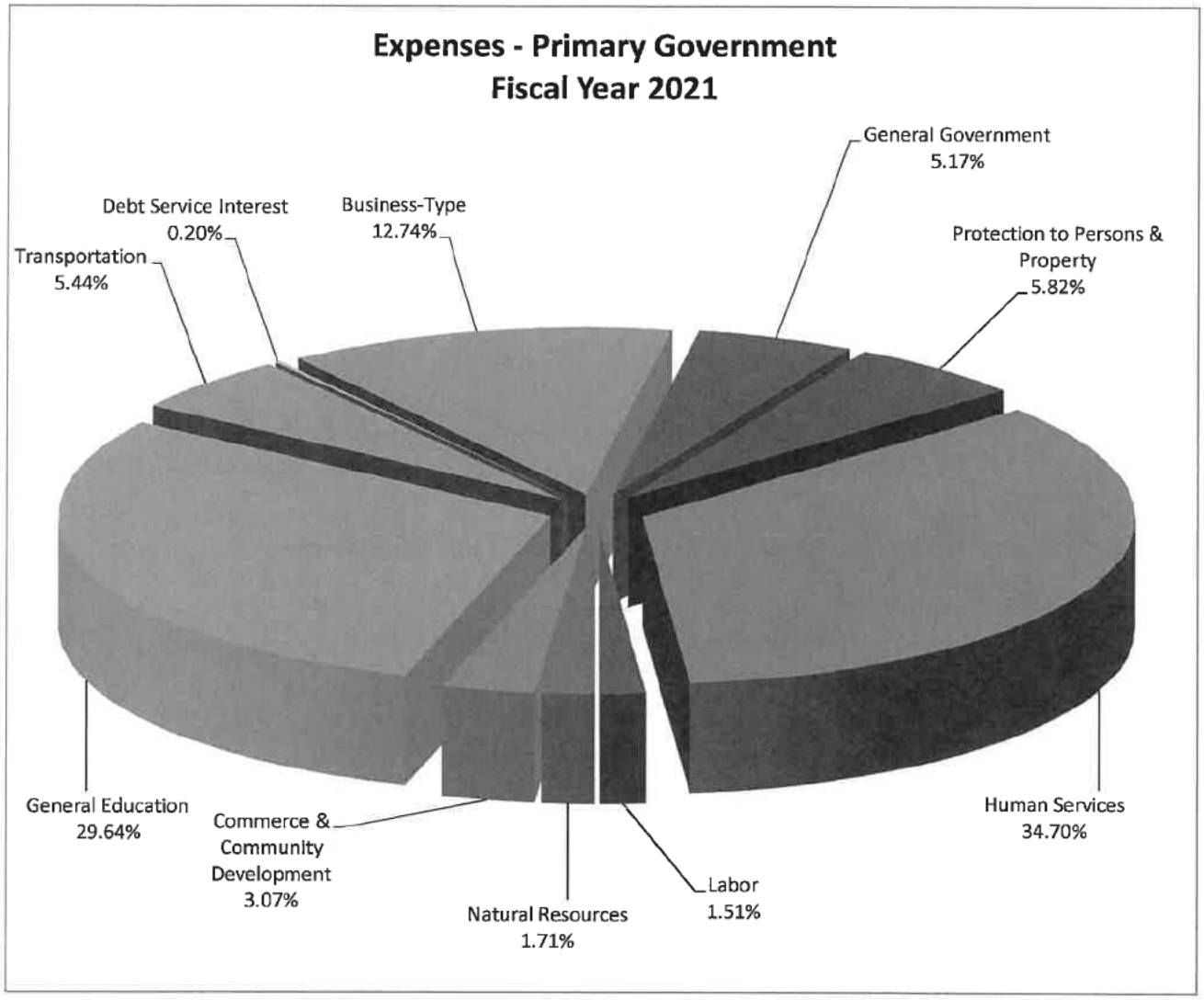
(Table on next page.)



Percentages may not equal 100% due to rounding.

The following graph illustrates the percentages of total primary government expenses for fiscal year 2021. The largest category of expense is for human services (34.7% of total expense) which provides for Vermont's low-income, elderly care services and persons in state custody in the form of grants for selected services such as food stamps, health care, housing, and child protective services. The second most significant category of expense is for general education (29.6% of total expenses) which supports secondary and higher education.

(Chart on next page.)



Governmental Activities

In 2021, governmental activities' revenues exceed expenses by $332.9 million (before transfers), the net transfers of $55.4 million from business activities resulted in an increase of $388.3 million, for a 54.6% decrease in deficit net position. Revenues increased by $1,820.6 million, primarily due to an increase in program revenues ($1,237.8 million), and general revenues ($582.8 million). Spending increased for human services ($363.2 million), general education ($341.0 million), commerce and community development ($233.5 million), general government ($152.8 million), protection to persons and property ($135.4 million), labor ($86.2 million), transportation ($11.0 million), and natural resources ($1.1 million).

The following table provides a two-year comparison of governmental activities revenues:

(Table on next page.)

TABLE 4

Revenues - Governmental Activities

Revenue Type	(In Millions) 2021	2020	Change
Charges for services	$ 448.5	$ 546.4	$ (97.9)
Operating grants	3,436.0	2,116.2	1,319.8
Capital grants	200.2	184.3	15.9
Income taxes	1,335.2	954.9	380.3
Sales and use taxes	509.7	439.1	70.6
Statewide education tax	1,197.5	1,144.1	53.4
Meals and rooms tax	146.1	158.4	(12.3)
Other taxes	711.0	617.8	93.2
Miscellaneous	27.4	29.8	(2.4)
Total	$ 8,011.6	$ 6,191.0	$ 1,820.6

The following table provides a two-year comparison of governmental activities expenses:

TABLE 5

Expenses - Governmental Activities

Functional Category	(In Millions) 2021	2020	Change
General government	$ 454.8	$ 302.0	$ 152.8
Protection to persons and property	512.4	377.0	135.4
Human services	3,053.7	2,690.5	363.2
Labor	132.8	46.6	86.2
General education	2,608.4	2,267.4	341.0
Natural resources	150.3	149.2	1.1
Commerce and community development	269.9	36.4	233.5
Transportation	478.8	467.8	11.0
Interest on long-term debt	17.6	18.3	(0.7)
Total	$ 7,678.7	$ 6,355.2	$ 1,323.5

The following table shows to what extent program revenues (charges for services and grants and contributions) covered program expenses. For fiscal year 2021, program revenues covered $4.085 billion or 53.2% of $7.679 billion in program expenses. The remaining $3.594 billion or 46.8% of program expenses was paid for by state taxes and other general revenue.

(Table on next page.)

TABLE 6
Net Program Revenue
For the years ended June 30, 2021 and 2020

	Program Expenses 2021	Less Program Revenues 2021	Net Program (Expense)/Revenue 2021	Net Program (Expense)/Revenue 2020	Program Revenues as a Percentage of Program Expenses 2021	Program Revenues as a Percentage of Program Expenses 2020
Functions/programs						
General government	$ 454,772,741	$ 1,129,716,749	$ 674,944,008	$ 41,723,858	248.4%	113.8%
Protection to persons and property	512,381,219	330,564,605	(181,816,614)	(147,754,501)	64.5%	60.8%
Human services	3,053,817,421	1,778,969,355	(1,274,848,066)	(1,107,502,539)	58.3%	58.8%
Labor	132,790,867	86,882,209	(45,908,658)	(17,485,890)	65.4%	62.5%
General education	2,608,373,427	176,070,459	(2,432,302,968)	(2,120,389,169)	6.8%	6.5%
Natural resources	150,274,704	102,465,495	(47,809,209)	(57,498,040)	68.2%	61.5%
Commerce and community development	269,887,599	11,944,834	(257,942,765)	(25,427,330)	4.4%	30.2%
Transportation	478,845,913	467,532,451	(11,313,462)	(56,529,564)	97.6%	87.9%
Interest on long-term debt	17,563,424	509,102	(17,054,322)	(17,496,050)	2.9%	4.6%
	$ 7,678,707,315	$ 4,084,655,259	$ (3,594,052,056)	$ (3,508,359,225)	53.2%	44.8%

FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT'S INDIVIDUAL FUNDS

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

Governmental Funds

The focus of the state's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the state's financing requirements. In particular, unrestricted (unassigned, assigned, and committed) fund balances may serve as a useful measure of a government's net resources available for spending. At the end of fiscal year 2021, the unrestricted fund balance is 60.3% of the total fund balance of governmental funds, which is available for spending on governmental programs at Vermont's discretion in the coming year. The remainder of this fund balance is restricted or non-spendable to indicate that it is not available for appropriation, such as the principal of Vermont's Permanent Funds, and other items that are non-spendable, such as advances and long-term receivables. At the end of fiscal year 2021, Vermont's governmental funds reported combined fund balances of $1.679 billion, an increase of $583.3 million in comparison with the prior fiscal year.

The General Fund is the chief operating fund of Vermont. At the end of fiscal year 2021, the General Fund's total fund balance was $652.6 million. The fund balance was made up of non-spendable amounts totaling $50.0 million, and available amounts totaling $602.6 million of which $587.0 million is unassigned. During 2021, total revenues and other financing sources were greater than total expenditures and other financing uses by $388.1 million.

General Fund revenues increased by $324.4 million, or 20.7%, primarily due to a $331.8 million increase in tax revenues. The increase in tax revenues is the result of the economic recovery from lifting of restrictions related to the pandemic, and federal stimulus money helping to improve the economy. Expenditures increased by $50.8 million or 5.1%, primarily due to increases in general government ($55.2 million), general education ($33.6 million), commerce and community development ($7.6 million), debt service ($1.1 million), and natural resources ($0.6 million); offset by decreases in protection to persons and property ($24.4 million), human services ($22.4 million), and labor ($0.5 million). The General Fund's statutory reserve for budgetary stabilization increased by $2.0 million to $81.9 million, the statutory maximum.

The Transportation Fund's total fund balance was $52.7 million at June 30, 2021, an increase of $47.2 million from the fiscal year 2020's ending total fund balance. Transportation Fund revenues increased $78.9 million or 14.1%, primarily due to increases in federal grant revenue for program development ($53.3 million), purchase & use tax ($19.2 million), non-business licenses ($5.5 million), motor fuel tax ($2.9 million), and other taxes ($0.7 million); offset by a decreases in fines, forfeits and penalties ($1.2 million), fees ($0.8 million), rents and leases ($0.3 million), investment income ($0.3 million), other revenues ($0.3 million), and business licenses ($0.2 million). Transportation expenditures increased $3.0 million for transportation related projects. The Transportation Fund's statutory reserve for budget stabilization decreased by $2.1 million to $11.9 million but remained at the statutory maximum.

The Education Fund at June 30, 2021 had a total fund balance of $165.9 million, an increase of $69.7 million from fiscal year 2020's ending balance. Education fund expenditures increased by $54.3 million, primarily due to an increase in grants to school districts of $54.3 million. Revenues from sales and use taxes increased $71.9 million, statewide education tax increased $53.4 million, and purchase and use taxes increased by $9.6 million; offset by a decrease in meals and rooms taxes by $2.6 million. The Education Fund's statutory reserve for budget stabilization increased $5.2 million to $38.2 million.

The Special Fund's total fund balance at the end of fiscal year 2021 was $157.0 million, a decrease of 5.8% compared to 2020. The Special Fund's total fund balance is comprised of $16.8 million as restricted, and $140.2 million as committed and assigned. Special Fund revenues increased $32.4 million or 11.5%, and expenditures increased $57.8 million or 22.5%. The primary increases in expenditures were from the human services function ($59.8 million), general government ($2.7 million), and natural resources ($0.9 million); offset by decreases in the general education ($2.6 million), transportation ($1.6 million), labor ($0.7 million), commerce and community development ($0.4 million), and protection to persons and property ($0.3 million) functions. This resulted in a decrease in "excess of revenues over expenditures" of $25.4 million from last fiscal year. Fiscal year 2021 transfers out to other funds exceeded transfers in from other funds by $10.6 million. The Special Fund received transfers in of $91.0 million, in part, consisting of Federal Revenue Fund monies for the earned income tax credit ($17.3 million); earned income federal receipts ($8.5 million); matching funds for school-based Medicare services ($22.0 million); and $41 million for Federal Emergency Management Assistance (FEMA). Transfers out of $101.6 million consisted primarily of $50.3 million for securities, insurance, & captive funds to the General Fund; $32.5 million for Vermont's payment for Medicaid coverage under the Global Commitment to Health Medicaid waiver; $7.4 million in Medicaid reimbursement to the Education Fund, $3.3 million to the General Fund for Attorney General fees and reimbursements; $3.0 million from the healthcare Special Fund to the General Fund; $2.7 million for the Secretary of State services; and $1.6 million of tobacco funds to the General Fund.

The Federal Revenue Fund accounts for all federal grants except those federal grants that are awarded to the Agency of Transportation (which are included in the Transportation Fund), the Global Commitment to Health Medicaid waiver (which are included in the Global Commitment Fund) and the Department of Fish and Wildlife (which are included in the Fish and Wildlife Fund, a non-major governmental fund). The Federal Revenue Fund's federal grant revenues for fiscal year 2021 were $2,191.6 million, an increase of $1,199.1 million compared to fiscal year 2020's federal grant revenues. Expenditures were $2,100.2 million in fiscal year 2021, an increase of $1,143.5 million compared to 2020. The increase in expenditures is largely due to the State's response to the COVID-19 pandemic, and the corresponding increase in federal grant revenue is from federal assistance Vermont received through the CARES Act to address the pandemic. The Federal Revenue Fund's total fund balance at the end of fiscal year 2021 ($504.5 million) was an increase of $31.8 million as compared to the total fund balance at the end of fiscal year 2020.

The fiscal year 2021 ending total fund balance for the Global Commitment Fund was $29.4 million, an increase of $0.4 million. Total revenues and net transfers of $1,560.6 million exceeded expenditures by $0.4 million.

See Note I, Section C for more information regarding these funds.

Proprietary Funds

Vermont's *enterprise funds* provide the same type of information presented in the business-type activities in the government-wide financial statements, but in more detail. The Unemployment Compensation Trust Fund's total

net position balance decreased from $382.2 million at June 30, 2020 to $253.5 million at June 30, 2021, a decrease of $128.8 million. Expenditures from the fund for unemployment benefits increased by $51.5 million from 2020.

Vermont's internal service funds' total net position at June 30, 2021 was $73.9 million, a $1.3 million increase from June 30, 2020. This change is primarily due to increases in net position of Communication & Information Technology Fund ($4.1 million), Highway Garage Fund ($2.9 million), Facilities Operations Fund ($2.1 million), Property Management Fund ($1.9 million), Financial Human Resource Information Fund ($0.6 million), Copy Center Fund ($0.3 million), and the Dental Insurance Fund ($0.3 million); offset by a decreases in the Medical Insurance Fund ($8.1 million), Workers Compensation fund ($0.9 million), Offender Work Program Fund ($0.6 million), Fleet Fund ($0.6 million), Risk Management and All Other Fund ($0.5 million), and the Life Insurance Fund ($0.4 million). It should be remembered that the internal service funds' activity has been combined with the governmental funds' activity in the government-wide financial statements.

Fiduciary Funds

Vermont's fiduciary funds account for resources held for the benefit of parties outside state government. The Pension and Other Postemployment Benefit Trust Funds' net position increased by 25.1 percent to $6.08 billion at June 30, 2021. For more information regarding the Vermont's retirement and other postemployment benefit plans, see Note IV.G.4 to the financial statements. The Unclaimed Property Fund's total assets balance at June 30, 2021 is $20.7 million, and total liabilities balance is $11.0 million, including the escheat property claims liability estimated at $10.9 million, resulting in an ending net position of $9.8 million. The Custodial Funds' total assets balance at June 30, 2021 is $10.9 million, and total liabilities balance is $7.6 million, resulting in an ending net position of $3.3 million. Net position of all fiduciary funds is reported as restricted for particular purposes.

GENERAL FUND BUDGET HIGHLIGHTS

Vermont ended fiscal year 2021 with General Fund revenues of $1.952 billion, expenditures of $1.443 billion, and net transfers to other funds of $54.2 million (non-GAAP budgetary basis). This was a $493.1 million increase in revenues over the previous year. The fiscal year 2021 General Fund consensus revenue forecast initially approved by the Emergency Board in 2020 was subsequently revised upward by the Emergency Board at their January 2021 meeting. Compared to target, the revenues were 38.1% above the 2020 revenue forecast of $1,414 million, and 24.1% above the 2021 revised revenue forecast of $1,574 million. Personal income tax receipts were $286.3 million above target, corporate taxes above target by $70.2 million, meals and rooms tax above target by 12.0 million, and estate tax receipts were $3.5 million above target. The General Fund results allowed for a fully funded General Fund Budget Stabilization Reserve of $81.9 million, representing the statutory maximum of 5% of the prior year appropriations level.

PRIMARY GOVERNMENT'S CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Vermont's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2021 was $3.243 billion, a total increase of 2.5% (Table 7). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the state, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items. Additional information on Vermont's capital assets can be found in Note IV.E of the notes to the financial statements.

(Table on next page.)

TABLE 7
Capital Assets at Fiscal Year End
(Net of depreciation, amounts in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land, Land Use Rights, and Land Improvements	$ 165,083	$ 161,052	$ -	$ -	$ 165,083	$ 161,052
Construction in Progress	652,380	675,571	-	-	652,380	675,571
Works of Art	136	136	-	-	136	136
Buildings and Improvements	424,772	430,745	-	-	424,772	430,745
Machinery and Equipment	178,355	207,595	3,767	4,071	182,122	211,666
Infrastructure	1,818,436	1,684,415	-	-	1,818,436	1,684,415
Totals	$ 3,239,162	$ 3,159,514	$ 3,767	$ 4,071	$ 3,242,929	$ 3,163,585

Totals may not add due to rounding.

Many component units, municipal and non-profit organizations' capital construction projects and acquisitions are financed by Vermont, but the assets are actually owned by these other entities. Therefore, these capital assets are recorded on the financial statements of those entities and not on the books of the state; however, the general obligation bonds issued by Vermont to finance these capital assets are reported as a liability of the state's governmental activities. At June 30, 2021, Vermont had $244.1 million of general obligation bonds outstanding related to capital assets of these other entities.

Debt Administration

Bonded Indebtedness

Vermont has no constitutional or other limit on its power to issue obligations or to incur debt besides borrowing only for public purposes. In 1990, the General Assembly created the Capital Debt Affordability Advisory Committee and made it responsible for overseeing the long-term capital planning for the state. Annually, the General Assembly passes appropriations for capital purposes and authorizes the State Treasurer to issue general obligation bonds to provide the financing for all or a portion of the appropriations. Bonds are backed by the full faith and credit of the State of Vermont, including the state's power to levy additional taxes to ensure repayment of the debt.

During fiscal year 2021, the State of Vermont's outstanding general and special obligation bond debt increased by approximately $15.0 million. This increase can be accounted for by the issuance of general obligation bonds of $153.3 million; offset by the redemption of general obligation bonds of $136.6 million and $1.7 million in special obligation bonds. Additional information on Vermont's bonded debt is contained in Note IV.G.1 of the notes to the financial statements.

Vermont's general obligation bond ratings are as follows: Aa1 by Moody's Investor Service (since October 2018), AA+ by Standard & Poor's Ratings Services (since September 2000), and AA+ by Fitch Ratings (since July 2019).

ECONOMIC OUTLOOK AND STATE REVENUE OUTLOOK

Vermont's economy was impacted by the COVID-19 pandemic in calendar years 2020 and 2021. This required state government, the state's health system, and the general public to undertake and participate in a series of extraordinary public health measures designed to protect the lives and ultimately the livelihoods of state residents and visitors. During the sharp but brief period of economic decline at the onset of the crisis, Vermont's economy and labor markets experienced a harsh, but relatively brief three-month economic downturn where state labor

markets lost an estimated 63,500 jobs overall, corresponding to roughly 1 in 5 jobs that existed just prior to the onset of the pandemic. Job losses and business interruptions were particularly significant in the parts of the economy where remote working and social distancing were difficult, if not impossible, to undertake. Particularly negatively impacted were the state's Leisure and Hospitality sector, the traditional "Bricks and Mortar" Retail sector, the Health Care industry, and the Entertainment sector.

This economic hardship was reflected in the state's overall economic performance metrics. In calendar year 2020, the national economy as measured by inflation-adjusted Gross Domestic Product (GDP) declined by 3.4 percent, while Vermont's inflation-adjusted Gross State Product (GSP) declined by 4.2 percent, somewhat higher than the national rate. Vermont faces demographic challenges in its labor market which contributes to forecasted growth at roughly one-half of a percentage point lower than the national rate for calendar years 2021 and 2022. The rate of Vermont's job recovery is expected to reflect these same demographic challenges. Even though the forward pace of Vermont's economy is expected to lag a bit behind the U.S. average, Vermont is expected to continue to compare favorably in terms of its rate of unemployment. With a forecasted unemployment rate of 2.8 percent in calendar year 2021, the state's rate of unemployment is expected to be 2.6 percentage points below the U.S. average and be one of the lowest in the nation. For calendar years 2022 and 2023, Vermont's forecasted rate of unemployment is expected to track 1.4 percentage points below the expected 3.7 percent U.S. average, and 1.1 percentage points below the 3.5 percent U.S. average unemployment rate forecasted for calendar year 2023.

Vermont's housing market has reflected a shift in real estate preferences away from more densely populated areas (such as the New York and Boston metro areas) toward less densely populated and more rural areas, and particularly those areas with highly valued recreational amenities and where there is adequate access to broadband. With interest rates at historically low levels (at least for the near-term), plentiful amounts of cash for investment, and roughly a decade of underinvestment in new housing in the aftermath of the "Great Recession," the potential exists for significantly higher rates of home price increases for calendar years 2021, 2022, and 2023. As such, the consensus forecast reflects a near-term continuation of that dynamic with at or near double-digit rates of single-family home price appreciation over the period as measured by the Federal Housing Finance Agency's Home Price Index.

Vermont has had an enviable record in managing the public health aspects of the pandemic. The first wave of infections consistently tracked well below case rates in most other states, as state residents were quick to accept and take up measures designed to slow the spread of the virus. When the first vaccines became available, the State implemented a prioritized vaccination regime that reduced the incidence of severe disease, which helped to keep hospitalization rates and mortality levels low. Even with the recent increase in case levels tied to the Delta variant, the relatively high vaccination rates, where Vermont consistently ranks first or second highest among the 50 states for a range of vaccination metrics for its population, the state so far experienced significantly lower rates of hospitalization and mortality associated with the COVID-19 virus. To-date, since the onset of the pandemic, Vermont has experienced the second lowest case rate overall and has had the lowest death rate among the 50 states.

Since the mid-1990s, Vermont has employed a consensus revenue forecast made in January and updated in July. In July 2021, the consensus revenue forecast for fiscal year 2022 called for "Revenues Available to the General Fund" to total $1,853.8 million, which is a $190.2 million upgrade for fiscal year 2022 in comparison to the previous January's consensus revenue forecast of $1,663.6 million. For fiscal year 2023, the consensus forecast of "Revenues Available to the General Fund" was for an upgrade to $1,904.4 million, from the previous January's consensus revenue forecast of $1,705.2 million. The July 2021 consensus revenue forecast for "Revenues Available to the Transportation Fund" for fiscal year 2022 was $298.4 million, which was a 4.7 percent upgrade for fiscal year 2022 revenue expectations in comparison to the previous January's consensus revenue forecast of $285.1 million. For fiscal year 2023, "Revenues Available to the Transportation Fund" were forecasted to be upgraded to $305.2 million, from the previous January's consensus revenue forecast of $290.5 million. The July 2021 consensus revenue forecast for "Revenues Available to the Education Fund" for fiscal year 2022 were estimated to be $661.4 million, which corresponded to a 6.3 percent upgrade for fiscal year 2022 in comparison to last January's revenue forecast of $622.4 million. For fiscal year 2023, the consensus forecast for "Revenues Available to the Education Fund" were upgraded to $679.5 million, from the previous January's consensus revenue forecast of $625.2 million. The assumptions used in the forecasts described above are subject to a

higher-than-normal level of uncertainty due to the dominant, largely temporary, recovery-supporting role of several trillion dollars of federal fiscal financial aid and the unprecedented monetary policy interventions by the Federal Reserve in response to the pandemic.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State of Vermont's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

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

Component units of the State of Vermont issue their own financial statements. These statements may be obtained by directly contacting them at the addresses found in Note I to the financial statements.



BASIC FINANCIAL STATEMENTS



GOVERNMENTAL-WIDE FINANCIAL STATEMENTS

STATE OF VERMONT
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government			Discretely Presented
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current Assets				
Cash and cash equivalents	$ 1,495,323,574	$ 322,278,636	$ 1,817,602,210	$ 421,470,374
Cash and cash equivalents - restricted	-	-	-	73,687,455
Taxes receivable, net	141,594,268	23,035,845	164,630,113	-
Loans and notes receivable, net	27,793,449	432,766	28,226,215	180,001,868
Federal grants receivable	410,823,734	10,091,490	420,915,224	13,386,473
Other receivables, net	72,824,877	14,383,099	87,207,976	135,182,343
Investments	184,909,144	-	184,909,144	297,725,006
Inventories	3,042,238	9,194,491	12,236,729	2,492,056
Internal balances	4,882,914	(4,882,914)	-	-
Receivable from primary government	-	-	-	16,034,403
Receivable from component units	3,303,642	-	3,303,642	-
Other current assets	3,896,226	-	3,896,226	18,446,197
Total current assets	2,348,394,066	374,533,413	2,722,927,479	1,158,426,175
Noncurrent Assets				
Cash and equivalents	-	-	-	19,038,856
Cash and cash equivalents - restricted	-	-	-	74,560,229
Taxes receivable	165,573,682	-	165,573,682	-
Other receivables	47,480,215	-	47,480,215	-
Loans and notes receivable	269,317,318	811,180	270,128,498	1,738,605,343
Receivable from component units	5,500,000	-	5,500,000	-
Investments	-	644,105	644,105	989,700,256
Investments - restricted	-	-	-	85,071,019
Other noncurrent assets	-	-	-	24,704,868
Capital assets				
Land	165,082,919	-	165,082,919	53,254,818
Construction in progress	652,380,348	-	652,380,348	73,015,156
Works of art	136,003	-	136,003	-
Capital assets being depreciated:				
Infrastructure	3,165,392,066	-	3,165,392,066	42,330,013
Property, plant and equipment	1,381,544,752	6,093,746	1,387,638,498	1,577,774,579
Less accumulated depreciation	(2,125,375,061)	(2,327,208)	(2,127,702,269)	(852,365,755)
Total capital assets, net of depreciation	3,239,161,027	3,766,538	3,242,927,565	894,008,811
Total noncurrent assets	3,727,032,242	5,221,823	3,732,254,065	3,825,689,382
Total assets	6,075,426,308	379,755,236	6,455,181,544	4,984,115,557
DEFERRED OUTFLOW OF RESOURCES				
Loss on refunding of bonds payable	3,318,287	-	3,318,287	32,928,988
Interest rate swap	-	-	-	413,000
VHCB related deferred outflows	-	-	-	31,503,000
Pension related outflows	881,760,379	2,885,275	884,645,654	7,330,666
OPEB related outflows	487,096,647	5,100,780	492,197,427	147,308,977
Total deferred outflow of resources	1,372,175,313	7,986,055	1,380,161,368	219,484,631

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

	Primary Government			Discretely Presented
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES				
Current Liabilities				
Accounts payable and other current liabilities	467,300,259	30,755,193	498,055,452	215,529,237
Income tax refunds payable	102,096,344	-	102,096,344	-
Payable to primary government	-	-	-	3,303,642
Payable to component units	16,034,403	-	16,034,403	-
Intergovernmental payable - due to federal government	5,615,767	-	5,615,767	-
Accrued interest payable	8,246,559	-	8,246,559	4,973,739
Current portion of long-term liabilities	147,436,427	7,734,602	155,171,029	124,032,423
Unearned revenue	302,883,351	52,720,087	355,603,438	86,029,448
Total current liabilities	1,049,613,110	91,209,882	1,140,822,992	433,868,489
Long-term Liabilities				
Lottery prize awards payable	-	378,342	378,342	-
Bonds, notes and leases payable	657,308,493	-	657,308,493	2,252,480,937
Payable to primary government	-	-	-	5,500,000
Compensated absences	5,273,373	84,759	5,358,132	-
Claims and judgments	37,537,613	-	37,537,613	-
Net pension liabilities	3,036,422,794	7,277,556	3,043,700,350	18,614,518
Net other postemployment benefits liabilities	2,635,300,807	9,414,132	2,644,714,939	736,410,619
Other long-term liabilities	15,299,308	5,436,143	20,735,451	28,396,634
Total long-term liabilities	6,387,142,388	22,590,932	6,409,733,320	3,041,402,708
Total liabilities	7,436,755,498	113,800,814	7,550,556,312	3,475,271,197
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	1,632,489	-	1,632,489	2,002,000
Gain on refunding of bonds payable	64,453	-	64,453	12,457,000
Service concession arrangement	-	-	-	1,076,000
Split interest arrangements	-	-	-	3,623,000
Pension related inflows	12,130,009	403,543	12,533,552	527,752
OPEB related inflows	319,821,333	6,004,861	325,826,194	124,701,035
Total deferred inflow of resources	333,648,284	6,408,404	340,056,688	144,386,787
NET POSITION				
Net investment in capital assets	2,879,107,083	3,766,538	2,882,873,621	219,897,838
Restricted for				
Unemployment compensation	-	253,453,590	253,453,590	-
Funds held in permanent investments				
Expendable	155,644	-	155,644	562,810,013
Nonexpendable	7,416,453	-	7,416,453	341,124,281
General government	866,804	-	866,804	16,742,819
Protection to persons and property	1,316,937	6,955,431	8,272,368	-
Human services	84,748,905	-	84,748,905	2,042,139
Labor	4,412,577	-	4,412,577	-
General education	-	-	-	52,599,000
Natural resources	448,063,426	-	448,063,426	-
Commerce and community development	12,329,344	-	12,329,344	421,531,645
Debt service	3,214,255	-	3,214,255	-
Unrestricted (deficit)	(3,764,433,589)	3,356,514	(3,761,077,075)	(32,805,531)
Total net position	$ (322,802,161)	$ 267,532,073	$ (55,270,088)	$ 1,583,942,204

STATE OF VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

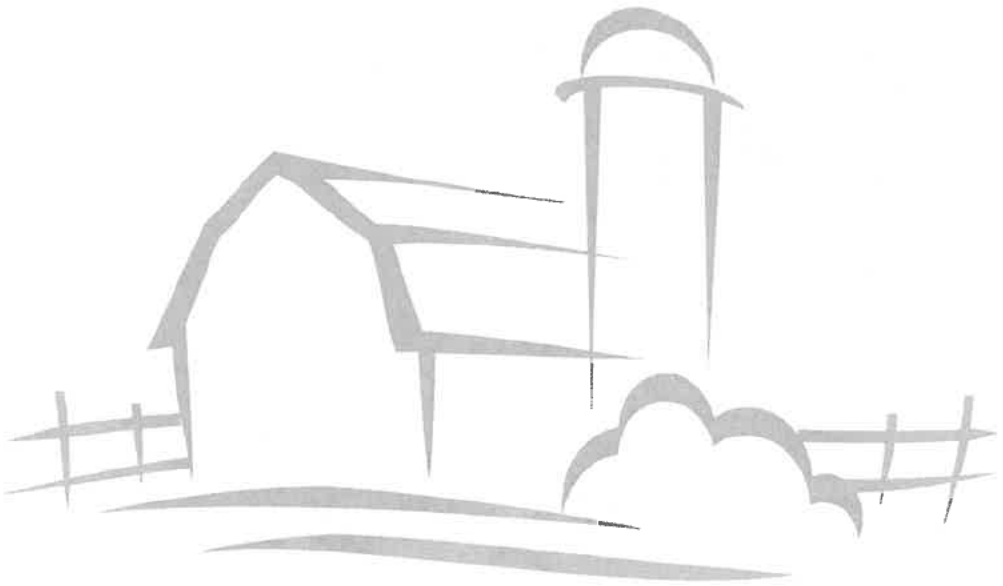
		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Primary Government				
Governmental activities				
General government	$ 454,772,741	$ 62,015,419	$ 1,067,701,330	$ -
Protection to persons and property	512,381,219	169,160,430	161,404,175	-
Human services	3,053,817,421	36,297,776	1,742,671,579	-
Labor	132,790,867	4,601,579	82,280,630	-
General education	2,608,373,427	1,734,487	174,335,972	-
Natural resources	150,274,704	49,322,300	53,143,195	-
Commerce and community development	269,887,599	244,519	11,700,315	-
Transportation	478,845,913	125,124,735	142,178,213	200,229,503
Interest on long-term debt	17,563,424	-	509,102	-
Total governmental activities	7,678,707,315	448,501,245	3,435,924,511	200,229,503
Business-type activities				
State Lottery	129,684,509	161,540,486	-	-
Liquor Control	76,305,899	96,667,036	-	-
Unemployment Compensation	852,807,978	63,408,473	655,021,221	-
Other	62,050,991	69,462,956	-	-
Total business-type activities	1,120,849,377	391,078,951	655,021,221	-
Total primary government	$ 8,799,556,692	$ 839,580,196	$ 4,090,945,732	$ 200,229,503
Component Units				
Vermont Student Assistance Corporation	$ 63,884,000	$ 34,988,000	$ 34,263,000	$ -
University of Vermont and State Agricultural College	721,874,000	432,041,000	395,021,000	1,192,000
Vermont State Colleges	193,331,802	94,290,265	125,387,284	2,032,438
Vermont Housing Finance Agency	26,735,000	21,788,000	6,792,000	-
Other	119,307,121	53,115,180	59,627,390	6,645,792
Total component units	$ 1,125,131,923	$ 636,222,445	$ 621,090,674	$ 9,870,230

General Revenues	
Taxes	
Personal and corporate income	
Sales and use	
Meals and rooms	
Purchase and use	
Motor fuel	
Statewide education	
Other taxes	
Total taxes	
Investment earnings	
Tobacco litigation settlement	
Miscellaneous	
Additions to non-expendable endowments	
Transfers	
Total general revenues and transfers	
Changes in net position	
Net Position - Beginning	
Net Position - Ending	

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Discretely Presented Component Units
Governmental Activities	Business-type Activities	Total	
$ 674,944,008	$ -	$ 674,944,008	$ -
(181,816,614)	-	(181,816,614)	-
(1,274,848,066)	-	(1,274,848,066)	-
(45,908,658)	-	(45,908,658)	-
(2,432,302,968)	-	(2,432,302,968)	-
(47,809,209)	-	(47,809,209)	-
(257,942,765)	-	(257,942,765)	-
(11,313,462)	-	(11,313,462)	-
(17,054,322)	-	(17,054,322)	-
(3,594,052,056)	-	(3,594,052,056)	-
-	31,855,977	31,855,977	-
-	20,361,137	20,361,137	-
-	(134,378,284)	(134,378,284)	-
-	7,411,965	7,411,965	-
-	(74,749,205)	(74,749,205)	-
(3,594,052,056)	(74,749,205)	(3,668,801,261)	-
-	-	-	5,367,000
-	-	-	106,350,000
-	-	-	28,378,185
-	-	-	1,845,000
-	-	-	81,241
-	-	-	142,051,426
1,335,227,803	-	1,335,227,803	-
509,693,188	-	509,693,188	-
146,144,236	-	146,144,236	-
133,901,628	-	133,901,628	-
69,309,346	-	69,309,346	-
1,197,454,689	-	1,197,454,689	-
507,811,758	-	507,811,758	10,580,695
3,899,542,648	-	3,899,542,648	10,580,695
1,094,250	5,721,798	6,816,048	206,287,443
25,509,718	-	25,509,718	-
833,680	2,529	836,209	2,030,917
-	-	-	1,479,122
55,413,855	(55,413,855)	-	-
3,982,394,151	(49,689,528)	3,932,704,623	220,378,177
388,342,095	(124,438,733)	263,903,362	362,429,603
(711,144,256)	391,970,806	(319,173,450)	1,221,512,601
$ (322,802,161)	$ 267,532,073	$ (55,270,088)	$ 1,583,942,204

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Vermont



GOVERNMENTAL FUNDS
FINANCIAL STATEMENTS

STATE OF VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Transportation Fund	Education Fund	Special Fund
ASSETS				
Cash and cash equivalents	$ 666,013,325	$ 48,325,022	$ 139,422,360	$ 136,380,209
Investments	-	-	-	4,332,123
Receivables				
Taxes receivable, net	241,227,779	336,878	63,682,647	1,917,928
Accrued interest receivable	127,067	78,944	167	3,402
Notes and loans receivable	23,296,021	1,348,109	-	7,020,614
Other receivables, net	13,583,099	9,744,447	2,515,171	31,739,838
Intergovernmental receivables - federal government, net	-	56,923,922	-	-
Due from other funds	3,245,641	1,698	-	47,788,000
Due from component units	3,303,642	-	-	-
Interfund receivable	60,610,646	-	-	-
Advances to other funds	300,075	-	-	-
Advances to component units	5,500,000	-	-	-
Total assets	$ 1,017,207,295	$ 116,759,020	$ 205,620,345	$ 229,182,114
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 26,514,812	$ 43,366,947	$ 28,707,931	$ 30,474,013
Accrued liabilities	26,333,518	7,467,984	-	7,719,019
Retainage payable	228,294	81,594	-	318,649
Due to other funds	76,357,541	3,700,737	222,664	11,269,540
Due to component units	10,300,500	-	-	-
Intergovernmental payable - federal government	-	-	-	-
Tax refunds payable	39,080,513	-	284,146	127,200
Unearned revenue	6,513,952	51,612	-	272,376
Total liabilities	185,329,130	54,668,874	29,214,741	50,180,797
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	179,293,863	9,341,448	10,515,644	22,022,880
Total deferred inflow of resources	179,293,863	9,341,448	10,515,644	22,022,880
FUND BALANCES				
Nonspendable				
Advances	5,800,075	-		-
Long-term receivables	44,204,796	-	-	-
Permanent fund principal	-	-	-	-
Restricted	-	-	-	16,760,674
Committed	-	52,748,698	165,889,960	139,562,137
Assigned	15,577,410	-	-	655,626
Unassigned	587,002,021	-	-	-
Total fund balances	652,584,302	52,748,698	165,889,960	156,978,437
Total liabilities, deferred inflows and fund balances	$ 1,017,207,295	$ 116,759,020	$ 205,620,345	$ 229,182,114

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

Federal Revenue Fund	Global Commitment Fund	Non-major Governmental Funds	Eliminations	Total Governmental Funds
$ 312,643,452	$ 120,515	$ 81,206,805	$ -	$ 1,384,111,688
133,975,884	-	46,601,137	-	184,909,144
-	-	2,718	-	307,167,950
79,912	-	-	-	289,492
261,974,820	-	-	-	293,639,564
2,856,388	38,627,113	100,503	-	99,166,559
247,956,512	105,943,300	-	-	410,823,734
2,737,611	71,743,947	1,679	(124,741,872)	776,704
-	-	-	-	3,303,642
-	-	-	-	60,610,646
-	-	-	-	300,075
-	-	-	-	5,500,000
$ 962,224,579	$ 216,434,875	$ 127,912,842	$ (124,741,872)	$ 2,750,599,198
$ 91,053,662	$ 173,947,571	$ 3,774,560	$ -	$ 397,839,496
12,609,872	2,011,637	1,175,717	-	57,317,747
1,946,271	-	214,379	-	2,789,187
50,600,679	2,314,478	619,628	(124,741,872)	20,343,395
67,736	-	5,666,167	-	16,034,403
5,615,767	-	-	-	5,615,767
-	-	-	-	39,491,859
295,843,800	-	42,678	-	302,724,418
457,737,787	178,273,686	11,493,129	(124,741,872)	842,156,272
-	8,736,011	7,411	-	229,917,257
-	8,736,011	7,411	-	229,917,257
-	-	-	-	5,800,075
-	-	-	-	44,204,796
-	-	7,416,453	-	7,416,453
504,486,792	29,425,178	58,599,355	-	609,271,999
-	-	50,396,494	-	408,597,289
-	-	-	-	16,233,036
-	-	-	-	587,002,021
504,486,792	29,425,178	116,412,302	-	1,678,525,669
$ 962,224,579	$ 216,434,875	$ 127,912,842	$ (124,741,872)	$ 2,750,599,198

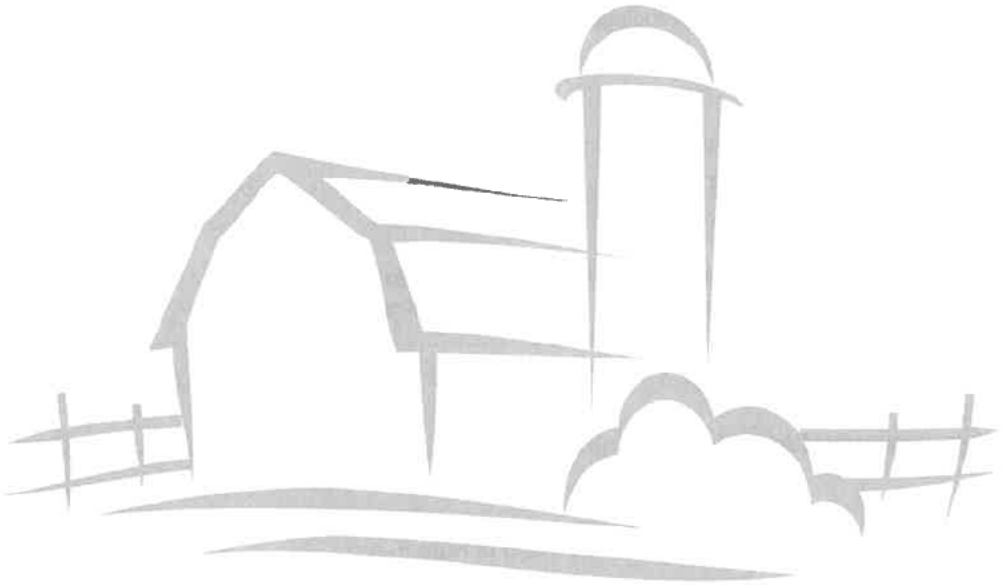
STATE OF VERMONT
RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2021

Total fund balances from previous page	$	1,678,525,669
Capital assets used in governmental activities (net of internal service funds' capital assets) are not considered financial resources for fund perspective reporting and, therefore, are not reported in the funds [1]		3,184,834,637
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to certain funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position		73,617,695
Amounts presented in the statement of net position relating to, but not in fund balances due to a different basis of accounting [1]		1,268,444,286
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not considered financial liabilities for fund perspective reporting, and therefore are not reported in the funds [1]		(6,528,224,448)
Net position of governmental activities	$	(322,802,161)

[1] Additional information on these amounts can be found in Note II. A.

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

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Vermont

STATE OF VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Transportation Fund	Education Fund	Special Fund
REVENUES				
Taxes				
Personal income tax	$ 1,132,807,469	$ -	$ -	$ 1,424,969
Corporate income tax	145,233,446	-	-	368,906
Sales and use tax	-	-	511,340,951	-
Meals and rooms tax	102,683,327	-	37,104,121	8,844,625
Motor fuels tax	-	67,277,806	-	1,277,648
Purchase and use tax	-	89,252,953	44,649,557	-
Statewide education tax	-	-	1,197,454,689	-
Other taxes	437,040,508	18,601,928	2,791,605	43,437,049
Earnings of departments				
Fees	42,622,027	19,259,365	-	111,583,146
Rents and leases	-	1,910,090	-	4,143,754
Sales of services	2,948,038	17,295	-	12,177,117
Federal grants	-	342,315,359	-	-
Fines, forfeits and penalties	3,132,064	2,604,235	-	4,726,276
Investment income	876,774	83,558	107,931	861,370
Licenses				
Business	1,313,402	411,829	-	32,079,835
Non-business	60,615	95,899,486	-	3,216,779
Special assessments	18,438,984	141,679	-	12,920,191
Other revenues	7,022,504	2,105,173	-	78,104,697
Total revenues	1,894,179,158	639,880,756	1,793,448,854	315,166,362
EXPENDITURES				
General government	147,990,010	3,787,226	-	16,192,675
Protection to persons and property	138,572,394	9,752,931	-	86,919,539
Human services	412,308,342	-	-	131,406,715
Labor	3,519,159	-	-	2,971,442
General education	286,287,734	-	1,763,021,367	15,473,287
Natural resources	30,783,918	-	-	54,298,310
Commerce and community development	24,747,397	-	-	5,166,016
Transportation	-	573,113,879	-	2,195,689
Capital outlay	-	-	-	-
Debt service	1,268,958	-	-	-
Total expenditures	1,045,477,912	586,654,036	1,763,021,367	314,623,673
Excess of revenues over (under) expenditures	848,701,246	53,226,720	30,427,487	542,689
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	-	-	-
Premium from the issuance of bonds	13,036,104	-	-	-
Issuance of refunding bonds	70,747,542	-	-	392,458
Payment to bond escrow agent	(82,515,000)	-	-	-
Transfers in	90,859,544	-	39,298,111	91,014,362
Transfers out	(552,714,117)	(6,038,722)	-	(101,575,211)
Total other financing sources (uses)	(460,585,927)	(6,038,722)	39,298,111	(10,168,391)
Net change in fund balances	388,115,319	47,187,998	69,725,598	(9,625,702)
Fund balances, July 1,	264,468,983	5,560,700	96,164,362	166,604,139
Fund balances, June 30	$ 652,584,302	$ 52,748,698	$ 165,889,960	$ 156,978,437

The accompanying notes are an integral part of these statements.

Federal Revenue Fund	Global Commitment Fund	Non-major Governmental Funds	Eliminations	Total Governmental Funds
$ -	$ -	$ -	$ -	$ 1,134,232,438
-	-	-	-	145,602,352
-	-	-	-	511,340,951
-	-	-	-	148,632,073
-	-	774,744	-	69,330,198
-	-	-	-	133,902,510
-	-	-	-	1,197,454,689
-	-	-	-	501,871,090
4,620	-	155,999	-	173,625,157
-	-	63,964	-	6,117,808
-	-	11	-	15,142,461
2,191,615,442	1,063,701,710	7,352,120	-	3,604,984,631
-	-	14,625	-	10,477,200
725,263	-	6,112,137	-	8,767,033
-	-	365	-	33,805,431
-	-	8,584,925	-	107,761,805
-	-	-	-	31,500,854
799,274	13,682,250	6,457,816	-	108,171,714
2,193,144,599	1,077,383,960	29,516,706	-	7,942,720,395
258,584,358	-	-	-	426,554,269
260,480,619	-	-	-	495,725,483
900,499,464	1,558,889,152	25,000	-	3,003,128,673
116,538,293	-	-	-	123,028,894
282,667,311	1,324,923	2,148,990	-	2,350,923,612
41,041,142	-	18,180,563	-	144,303,933
231,152,319	-	-	-	261,065,732
9,277,598	-	-	-	584,587,166
-	-	44,439,960	-	44,439,960
-	-	79,377,263	-	80,646,221
2,100,241,104	1,560,214,075	144,171,776	-	7,514,403,943
92,903,495	(482,830,115)	(114,655,070)	-	428,316,452
-	-	82,185,000	-	82,185,000
-	-	16,740,163	-	29,776,267
-	-	-		71,140,000
-	-	-		(82,515,000)
8,260,553	505,290,643	79,834,282	(759,143,640)	55,413,855
(69,381,711)	(22,094,110)	(8,345,127)	759,143,640	(1,005,358)
(61,121,158)	483,196,533	170,414,318	-	154,994,764
31,782,337	366,418	55,759,248	-	583,311,216
472,704,455	29,058,760	60,653,054	-	1,095,214,453
$ 504,486,792	$ 29,425,178	$ 116,412,302	$ -	$ 1,678,525,669

STATE OF VERMONT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total net change in fund balances from the previous page	**$**	**583,311,216**
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (net of internal service funds) [1]		82,120,660
Repayment of bond principal is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position [1]		138,340,000
Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position [1]		(176,524,735)
Receivables in the governmental funds that are not available to provide current financial resources are not reported as revenues in the governmental funds		56,014,762
Estimated personal income tax refunds that are not due and payable are not reported as governmental fund liabilities		7,888,187
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds [1]		(304,126,346)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities		1,318,351
Total changes in net position of governmental activities as reported on the statement of activities	**$**	**388,342,095**

[1] Additional information on these amounts can be found in Note II. B.

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



PROPRIETARY FUNDS

FINANCIAL STATEMENTS

STATE OF VERMONT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	State Lottery Fund
ASSETS			
Current Assets			
Cash and cash equivalents	$ 294,131,770	$ -	$ 6,201,742
Receivables			
Taxes receivable, net of allowance for uncollectibles	20,536,059	-	-
Accounts receivable, net of allowance for uncollectibles	-	2,176,739	2,794,486
Loans receivable	-	-	-
Accrued interest receivable	-	-	-
Due from other funds	-	44,025	222,484
Intergovernmental receivables - federal government	10,091,490	-	-
Inventories, at cost	-	8,733,941	460,550
Prepaid expenses	-	-	-
Total current assets	324,759,319	10,954,705	9,679,262
Noncurrent Assets			
Investments	-	-	644,105
Loans receivable	-	-	-
Imprest cash and change fund - advances	-	75	300,000
Total noncurrent assets	-	75	944,105
Capital Assets			
Land	-	-	-
Construction in progress	-	-	-
Works of art	-	-	-
Capital assets being depreciated/amortized:			
Machinery, equipment and buildings	-	5,850,354	243,392
Less accumulated depreciation	-	(2,120,401)	(206,807)
Total capital assets, net of depreciation	-	3,729,953	36,585
Total noncurrent and capital assets	-	3,730,028	980,690
Total assets	324,759,319	14,684,733	10,659,952
DEFERRED OUTFLOW OF RESOURCES			
Pension related outflows	-	2,051,126	834,149
OPEB related outflows	-	3,578,950	1,521,830
Total deferred outflow of resources	-	5,630,076	2,355,979

Business-type Activities-Enterprise Funds			Governmental Activities
Non-major Enterprise Funds	Eliminations	Total Enterprise Funds	Total Internal Service Funds
$ 21,645,049	$ -	$ 321,978,561	$ 107,711,886
2,499,786	-	23,035,845	-
9,407,143	-	14,378,368	31,014,773
432,766	-	432,766	816,598
4,731	-	4,731	-
515,562	(342,854)	439,217	20,067,284
-	-	10,091,490	-
-	-	9,194,491	3,042,238
-	-	-	3,896,226
34,505,037	(342,854)	379,555,469	166,549,005
-	-	644,105	-
811,180	-	811,180	2,654,605
-	-	300,075	3,500,000
811,180	-	1,755,360	6,154,605
-	-	-	26,156
-	-	-	2,451,152
-	-	-	8,200
-	-	6,093,746	137,223,188
-	-	(2,327,208)	(85,382,303)
-	-	3,766,538	54,326,393
811,180	-	5,521,898	60,480,998
35,316,217	(342,854)	385,077,367	227,030,003
-	-	2,885,275	-
-	-	5,100,780	-
-	-	7,986,055	-

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STATE OF VERMONT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	State Lottery Fund
LIABILITIES			
Current Liabilities			
Accounts payable	-	6,090,034	1,046,844
Accrued salaries and benefits	-	481,654	165,388
Claims payable	11,905,968	-	-
Due to lottery winners	-	-	97,997
Due to agents	-	468,439	-
Due to other funds	342,854	107,295	32,144
Interfund payable	-	4,237,113	-
Future and unclaimed prizes payable	-	-	7,408,731
Unearned revenue	52,504,604	10,950	204,533
Capital leases payable	-	-	-
Other current liabilities	6,552,303	-	-
Total current liabilities	71,305,729	11,395,485	8,955,637
Long-term Liabilities			
Due to lottery winners	-	-	378,342
Claims payable	-	-	-
Advances from other funds	-	75	300,000
Capital leases payable	-	-	-
Net pension liabilities	-	5,327,300	1,950,256
Net other postemployment benefits liabilities	-	6,885,868	2,528,264
Other noncurrent liabilities	-	64,098	20,661
Total long-term liabilities	-	12,277,341	5,177,523
Total liabilities	71,305,729	23,672,826	14,133,160
DEFERRED INFLOW OF RESOURCES			
Pension related inflows	-	247,942	155,601
OPEB related inflows	-	4,262,899	1,741,962
Total deferred inflow of resources	-	4,510,841	1,897,563
NET POSITION			
Net investment in capital assets	-	3,729,953	36,585
Restricted for unemployment compensation benefits	253,453,590	-	-
Restricted for protection to persons and property	-	-	-
Unrestricted (deficit)	-	(11,598,811)	(3,051,377)
Total net position	$ 253,453,590	$ (7,868,858)	$ (3,014,792)

The accompanying notes are an integral part of these statements.

Business-type Activities-Enterprise Funds			Governmental Activities
Non-major Enterprise Funds	Eliminations	Total Enterprise Funds	Total Internal Service Funds
4,270,237	-	11,407,115	11,843,026
2,200	-	649,242	8,634,038
-	-	11,905,968	26,670,150
-	-	97,997	-
-	-	468,439	-
426,866	(342,854)	566,305	349,829
459,081	-	4,696,194	55,789,581
-	-	7,408,731	-
-	-	52,720,087	158,933
-	-	-	332,608
-	-	6,552,303	520,711
5,158,384	(342,854)	96,472,381	104,298,876
-	-	378,342	-
-	-	-	37,537,613
-	-	300,075	-
-	-	-	8,529,340
-	-	7,277,556	-
-	-	9,414,132	-
5,436,143	-	5,520,902	2,806,036
5,436,143	-	22,891,007	48,872,989
10,594,527	(342,854)	119,363,388	153,171,865
-	-	403,543	-
-	-	6,004,861	-
-	-	6,408,404	-
-	-	3,766,538	45,464,445
-	-	253,453,590	-
6,955,431	-	6,955,431	-
17,766,259	-	3,116,071	28,393,693
$ 24,721,690	$ -	267,291,630	$ 73,858,138
Adjustment to reflect the consolidation of internal service activities related to enterprise funds.....		240,443	
Net Position - Business-type Activities.....		$ 267,532,073	

STATE OF VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	State Lottery Fund
OPERATING REVENUES			
Charges for sales and services	$ 63,408,473	$ 89,822,804	$ -
Ticket sales	-	-	161,538,231
Rental income	-	-	-
License fees	-	1,966,429	-
Federal donated properties	-	-	-
Other operating revenues	-	4,877,803	2,255
Total operating revenues	63,408,473	96,667,036	161,540,486
OPERATING EXPENSES			
Cost of sales and services	-	58,125,730	126,311,641
Claims expenses	851,980,672	-	-
Salaries and benefits	-	4,886,817	1,909,276
Insurance premium expenses	-	59,976	310
Contractual services	-	759,769	192,405
Repairs and maintenance	-	80,648	12,262
Depreciation	-	564,047	9,470
Rental expenses	-	91,656	214,617
Utilities and property management	-	1,382,966	250,077
Non-capital equipment purchased	-	175,098	24,564
Promotions and advertising	-	59,070	552,460
Administration expenses	-	110,387	37,778
Supplies and parts	-	184,532	12,848
Distribution and postage	-	7,722	16,614
Travel	-	4,011	697
Other operating expenses	-	9,823,917	144,809
Total operating expenses	851,980,672	76,318,346	129,689,828
Operating income (loss)	(788,572,199)	20,348,690	31,850,658
NONOPERATING REVENUES (EXPENSES)			
Federal grants	655,021,221	-	-
Gain on disposal of capital assets	-	2,529	-
Investment income	5,627,189	-	38,042
Interest expense	-	-	-
Other nonoperating expenses	(827,306)	-	-
Total nonoperating revenues (expenses)	659,821,104	2,529	38,042
Income (loss) before other revenues, expenses, gains, losses, and transfers	(128,751,095)	20,351,219	31,888,700
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS			
Capital contributions	-	-	-
Transfers in	-	-	-
Transfers out	-	(22,763,156)	(31,888,699)
Total other revenues, expenses, gains, losses, and transfers	-	(22,763,156)	(31,888,699)
Changes in net position	(128,751,095)	(2,411,937)	1
Total net position, July 1,	382,204,685	(5,456,921)	(3,014,793)
Total net position June 30	$ 253,453,590	$ (7,868,858)	$ (3,014,792)

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

Business-type Activities-Enterprise Funds		Governmental Activities
Non-major Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
$ 68,656,966	$ 221,888,243	$ 411,919,926
-	161,538,231	-
-	-	20,656,416
-	1,966,429	-
805,990	805,990	-
-	4,880,058	9,468,255
69,462,956	391,078,951	442,044,597
53,473,854	237,911,225	50,679,494
-	851,980,672	215,122,096
33,895	6,831,988	76,561,544
-	60,286	7,953,335
2,352,748	3,304,922	37,569,996
-	92,910	8,145,721
-	573,517	11,033,024
-	306,273	3,268,320
40	1,633,083	13,320,187
-	199,662	965,572
-	611,530	17,661
5,433,808	5,581,973	10,999,592
-	197,380	2,462,704
-	24,336	63,411
-	4,708	38,297
513,595	10,482,321	4,473,383
61,807,940	1,119,796,786	442,694,337
7,655,016	(728,717,835)	(649,740)
-	655,021,221	-
-	2,529	696,788
56,567	5,721,798	194,316
-	-	(47,729)
(242,819)	(1,070,125)	-
(186,252)	659,675,423	843,375
7,468,764	(69,042,412)	193,635
-	-	136,892
-	-	1,005,358
(762,000)	(55,413,855)	-
(762,000)	(55,413,855)	1,142,250
6,706,764	(124,456,267)	1,335,885
18,014,926	391,747,897	72,522,253
$ 24,721,690	$ 267,291,630	$ 73,858,138

Total change in net position reported above.....	$ (124,456,267)
Consolidation adjustment of internal service activities related to enterprise funds.....	17,534
Change in net position - business type activities...	$ (124,438,733)

STATE OF VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

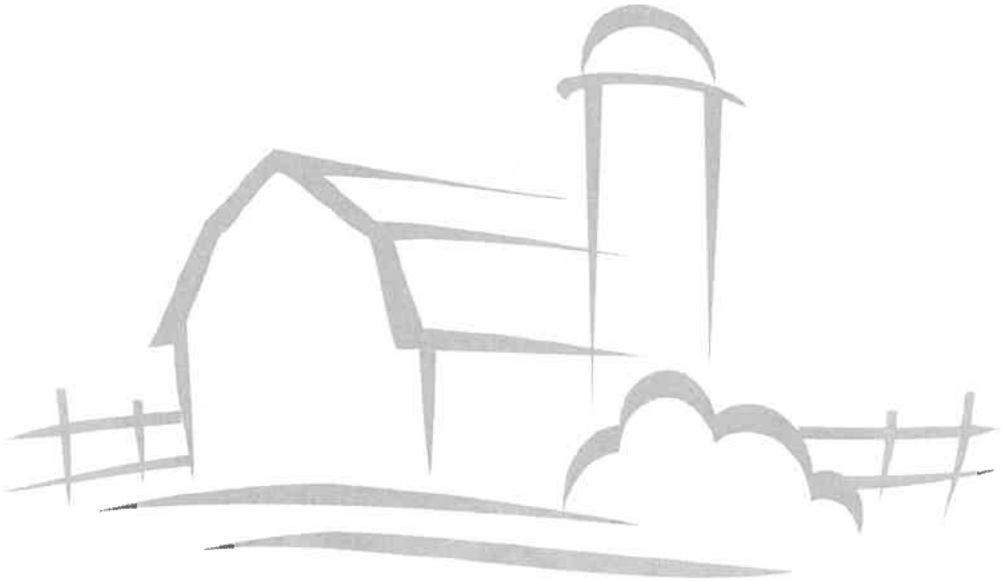
	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	State Lottery Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 87,251,818	$ 88,394,368	$ 161,272,526
Cash paid to suppliers for goods and services	-	(60,640,078)	(9,353,519)
Cash paid to employees for services	-	(4,567,031)	(1,755,215)
Cash paid for prizes and commissions	-	-	(118,478,060)
Cash paid to claimants	(883,437,499)	-	-
Other operating revenues	-	6,844,232	2,255
Other operating expenses	(827,306)	(9,823,917)	(144,809)
Total cash provided (used) by operating activities	(797,012,987)	20,207,574	31,543,178
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	-
Transfers out	-	(22,783,156)	(32,111,183)
Interfund loans and advances	-	2,786,062	-
Federal grants	582,717,492	-	-
Net cash provided (used) by noncapital financing activities	582,717,492	(19,977,094)	(32,111,183)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(233,009)	(36,224)
Payment of capital leases and loans	-	-	-
Interest paid on capital leases and loans	-	-	-
Proceeds from sale of capital assets	-	2,529	-
Net cash provided (used) by capital and related financing activities	-	(230,480)	(36,224)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	5,627,189	-	66,979
Proceeds from sales/maturities of investments	-	-	103,827
Proceeds from loan repayments	-	-	-
Loans issued	-	-	-
Net cash provided (used) by investing activities	5,627,189	-	170,806
Net increase (decrease) in cash and cash equivalents	(208,668,306)	-	(433,423)
Cash and cash equivalents, July 1	502,800,076	75	6,935,165
Cash and cash equivalents, June 30	$ 294,131,770	$ 75	$ 6,501,742
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ (788,572,199)	$ 20,346,690	$ 31,850,658
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation and amortization	-	564,047	9,470
Other nonoperating expenses	(827,306)	-	-
Effect of changes in assets, deferred outflows, liabilities and deferred inflows:			
Accounts/taxes receivable, net	23,584,793	(704,444)	(257,267)
Due from other funds	-	20,627	-
Inventories	-	266,277	129,729
Prepaid expenses	-	-	-
Deferred outflows	-	(4,046,921)	(1,617,051)
Accounts payable	-	52,846	(38,949)
Accrued salaries and benefits	-	5,154	13,008
Claims payable	(30,430,200)	-	-
Due to lottery winners	-	-	(103,828)
Due to agents	-	82,364	-
Future and unclaimed prizes payable	-	-	181,301
Due to other funds	258,552	(751,604)	(373,559)
Unearned revenues	-	6,985	(8,438)
Other liabilities	(1,026,627)	-	-
Other noncurrent liabilities	-	-	-
Net pension liabilities	-	1,287,383	545,923
Net OPEB liabilities	-	3,315,593	1,319,179
Deferred inflows	-	(239,423)	(106,998)
Total adjustments	(8,440,788)	(141,116)	(307,480)
Net cash provided (used) by operating activities	$ (797,012,987)	$ 20,207,574	$ 31,543,178
Noncash investing, capital, and financing activities:			
Contributions of capital assets to/from other funds	-	-	-
Retirement of assets not fully depreciated	-	-	-
Fair market value of donated inventory sold	-	-	-

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

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

Business-type Activities-Enterprise Funds		Governmental Governmental Activities
Non-major Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
$ 71,980,425	$ 408,899,137	$ 430,990,781
(64,332,695)	(134,326,492)	(133,443,877)
(47,896)	(6,370,142)	(76,248,836)
-	(118,478,060)	-
-	(883,437,499)	(208,970,857)
-	6,846,487	8,399,753
(243,043)	(11,039,075)	(4,473,383)
7,356,591	(737,905,644)	16,253,581
-	-	1,005,358
(782,000)	(55,636,339)	-
203,973	2,990,035	(11,283,958)
-	582,717,492	-
(558,027)	530,071,188	(10,278,600)
-	(299,233)	(6,776,310)
-	-	(623,799)
-	-	(47,730)
-	2,529	987,515
-	(296,704)	(6,460,324)
30,870	5,725,038	194,316
-	103,827	-
542,824	542,824	680,200
(157,000)	(157,000)	(43,343)
416,694	6,214,689	831,173
7,215,258	(201,886,471)	(1,654,170)
14,429,791	524,165,107	112,866,056
$ 21,645,049	$ 322,278,636	$ 111,211,886
$ 7,655,016	$ (728,717,835)	$ (649,740)
-	573,517	11,033,024
(242,819)	(1,070,125)	-
1,120,173	23,743,255	(6,275,574)
(431,260)	(410,633)	5,411,824
-	396,006	(277,094)
-	-	(629,378)
-	(5,663,972)	-
(1,634,399)	(1,620,502)	1,888,698
(14,001)	4,161	312,212
-	(30,430,200)	6,160,198
-	(103,828)	-
-	82,364	-
-	181,301	-
(42,823)	(909,434)	(338,340)
-	(1,453)	(424,683)
-	(1,026,627)	42,434
946,704	946,704	-
-	1,833,306	-
-	4,634,772	-
-	(346,421)	-
(298,425)	(9,187,809)	16,903,321
$ 7,356,591	$ (737,905,644)	$ 16,253,581
-	-	136,892
-	-	(353,375)
805,990	805,990	1,067,802

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Vermont



FIDUCIARY FUNDS

FINANCIAL STATEMENTS

STATE OF VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2021

	Pension and Other Postemployment Benefits Trust Funds	Private Purpose Trust Fund Unclaimed Property Fund	Custodial Funds
ASSETS			
Cash and cash equivalents	$ 98,151,748	$ 7,687,951	$ 6,487,360
Investments			
Fixed income	263,094,465	-	-
Equities	598,737,104	4,141,472	-
Mutual and commingled funds	4,128,798,513	-	-
Real estate and private partnerships	963,512,165	-	-
Receivables:			
Taxes	-	-	2,479,064
Contributions - current	22,996,046	-	-
Contributions - non-current	6,052,280	-	-
Investments sold	21,432,781	-	-
Interest and dividends	2,506,606	-	-
Other	11,703,528	-	1,962,059
Prepaid expenses	255,332	-	-
Other assets	-	8,901,713	-
Capital assets:			
Capital assets being depreciated:			
Equipment	8,283,937	6,790	-
Less accumulated depreciation	(6,291,750)	(3,748)	-
Total capital assets, net of depreciation	1,992,187	3,042	-
Total assets	6,119,232,755	20,734,178	10,928,483
LIABILITIES			
Accounts payable	2,167,091	31,833	-
Accrued salaries and benefits	-	48,962	-
Claims payable	-	10,878,716	-
Investments purchased	37,321,913	-	-
Due to other funds	22,812	864	-
Interfund loans payable	124,640	231	-
Intergovernmental payable - other governments	-	-	7,413,663
Payable to individuals	-	-	171,832
Total liabilities	39,636,456	10,960,606	7,585,495
NET POSITION			
Restricted for employees' pension benefits	5,928,839,497	-	-
Restricted for employees' other postemployment benefits	150,756,802	-	-
Restricted for individuals, organizations and other governments	-	9,773,572	3,342,988
Net position restricted for benefits and other purposes	$ 6,079,596,299	$ 9,773,572	$ 3,342,988

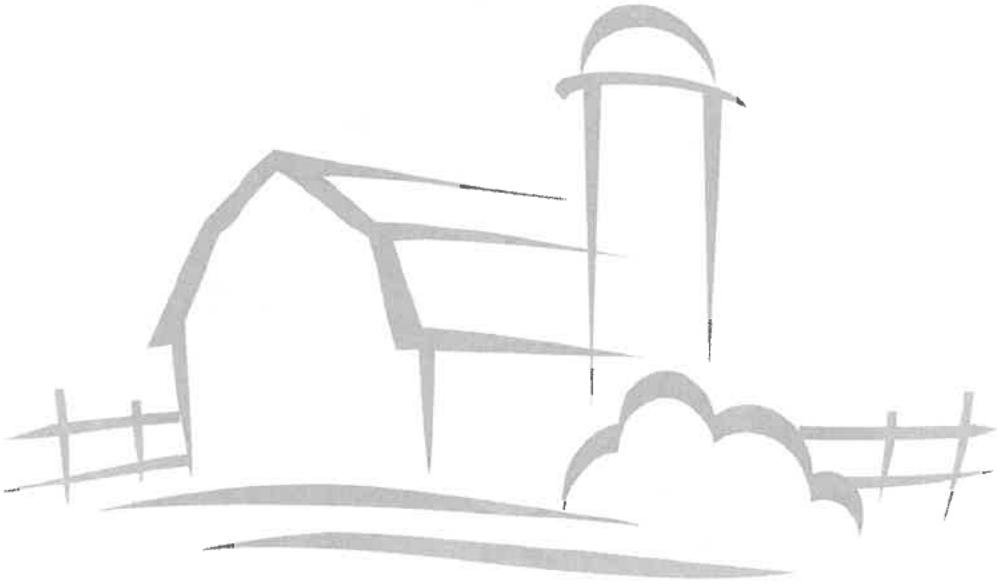
The accompanying notes are an integral part of these financial statements.

STATE OF VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Pension and Other Postemployment Benefits Trust Funds	Private Purpose Trust Fund Unclaimed Property Fund	Custodial Funds
ADDITIONS			
Contributions			
Employer - pension benefit	$ 113,683,013	$ -	$ -
Employer - healthcare benefit	90,462,714	-	-
Non-employer - pension benefit	125,910,465	-	-
Non-employer - healthcare benefit	36,638,994	-	-
Plan member	108,620,180	-	-
Transfers from non-state systems	4,560	-	-
Other revenues	8,630,813	-	-
Total contributions	483,950,739	-	-
Investment Income			
Net appreciation in fair value of investments	1,193,353,932	-	-
Dividends	38,974,841	-	-
Interest income	6,472,656	87,948	262
Other income	210,460	-	-
Total investment income	1,239,011,889	87,948	262
Less Investment Expenses			
Investment managers and consultants	4,662,623	-	-
Total investment expenses	4,662,623	-	-
Net investment income	1,234,349,266	87,948	262
Escheat property remittances	-	4,758,575	-
Collection of local option taxes for other governments	-	-	24,187,286
Collection of fines and fees for other governments	-	-	4,379,053
Collection of child support for individuals	-	-	44,305,409
Collection for the benefit of individuals	-	-	7,932,314
Other custodial fund collections	-	-	724,659
Total additions	1,718,300,005	4,846,523	81,528,983
DEDUCTIONS			
Retirement benefits	411,458,450	-	-
Other postemployment benefits	66,916,701	-	-
Refunds of contributions	8,076,840	-	-
Death claims	1,579,765	-	-
Payment of local option taxes to other governments	-	-	24,187,286
Payment of fines and fees to other governments	-	-	4,140,381
Payments of child support to individuals	-	-	44,305,557
Payments for the benefit of individuals	-	-	7,069,798
Other custodial fund payments	-	-	724,659
Transfers to non-state systems	4,036,504	-	-
Depreciation	645,768	1,362	-
Operating expenses	5,891,368	1,169,694	-
Total deductions	498,605,396	1,171,056	80,427,681
Change in net position			
Restricted for employees' pension benefits	1,149,166,223	-	-
Restricted for employees' other postemployment benefits	70,528,386	-	-
Held in trust for individuals, organizations and other governments	-	3,675,467	1,101,302
Restricted Net position, July 1, as restated	4,859,901,690	6,098,105	2,241,686
Restricted Net position, June 30	$ 6,079,596,299	$ 9,773,572	$ 3,342,988

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

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Vermont



DISCRETELY PRESENTED COMPONENT UNITS

FINANCIAL STATEMENTS

STATE OF VERMONT
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2021

	Vermont Student Assistance Corporation	University of Vermont and State Agricultural College	Vermont State Colleges	Vermont Housing Finance Agency	Non-major Component Units	Total Component Units
ASSETS						
Current Assets						
Cash and cash equivalents	$ 41,642,000	$ 266,193,000	$ 75,370,827	$ 1,058,000	$ 37,206,547	$ 421,470,374
Cash and cash equivalents - restricted	-	-	4,655,455	58,866,000	10,166,000	73,687,455
Investments	-	261,934,000	1,068,825	8,119,000	26,603,181	297,725,006
Accounts receivable, net	-	95,355,000	12,887,694	-	2,979,789	111,222,483
Accrued interest receivable - loans	13,390,000	-	-	2,141,000	2,839,650	18,370,650
Accrued interest receivable - investments	1,000	-	-	564,000	-	565,000
Loans and notes receivable - current portion	89,064,000	1,789,000	-	17,946,000	71,202,868	180,001,868
Other receivables	2,784,000	-	-	512,000	1,728,210	5,024,210
Due from federal government	85,000	10,492,000	-	-	2,809,473	13,386,473
Due from primary government	-	-	-	-	16,034,403	16,034,403
Inventories, at cost	-	1,966,000	-	-	526,056	2,492,056
Other current assets	706,000	15,133,000	1,906,174	-	701,023	18,446,197
Total current assets	147,672,000	652,862,000	95,888,975	89,206,000	172,797,200	1,158,426,175
Noncurrent Assets						
Cash and cash equivalents	-	18,102,000	936,856	-	-	19,038,856
Cash and cash equivalents - restricted	72,571,000	-	-	-	1,989,229	74,560,229
Investments	9,695,000	734,204,000	54,904,256	184,942,000	5,955,000	989,700,256
Investments - restricted	-	-	-	-	85,071,019	85,071,019
Loans and notes receivable, net	494,144,000	39,039,000	3,279,122	209,288,000	992,855,221	1,738,605,343
Other assets	1,886,000	778,000	99,207	-	21,941,661	24,704,868
Total noncurrent assets	578,296,000	792,123,000	59,219,441	394,230,000	1,107,812,130	2,931,680,571
Capital Assets						
Land	3,150,000	40,782,000	8,670,348	50,000	602,470	53,254,818
Construction in progress	-	67,958,000	4,859,466	-	197,690	73,015,156
Capital assets, being depreciated						
Buildings and leasehold improvements	17,407,000	1,039,582,000	265,421,374	1,988,000	36,743,005	1,361,141,379
Equipment, furniture and fixtures	4,610,000	166,042,000	38,043,564	885,000	7,052,636	216,633,200
Infrastructure	-	-	42,330,013	-	-	42,330,013
Less accumulated depreciation	(13,238,000)	(592,457,000)	(214,581,094)	(2,350,000)	(29,739,661)	(852,365,755)
Total capital assets, net of depreciation	11,929,000	721,907,000	144,743,671	573,000	14,856,140	894,008,811
Total assets	737,897,000	2,166,892,000	299,852,087	484,009,000	1,295,465,470	4,984,115,557
DEFERRED OUTFLOWS OF RESOURCES						
Loss on refunding of bonds payable	-	5,513,000	7,525,847	-	19,890,141	32,928,988
Interest rate swaps	-	-	-	413,000	-	413,000
VHCB related deferred outflows	-	-	-	31,503,000	-	31,503,000
Pension related outflows	-	-	-	-	7,330,666	7,330,666
OPEB related outflows	-	84,473,000	50,006,413	-	12,829,564	147,308,977
Total deferred outflows of resources	-	89,986,000	57,532,260	31,916,000	40,050,371	219,484,631

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

	Vermont Student Assistance Corporation	University of Vermont and State Agricultural College	Vermont State Colleges	Vermont Housing Finance Agency	Non-major Component Units	Total Component Units
LIABILITIES						
Current Liabilities						
Accounts payable and accrued liabilities	2,374,000	93,239,000	16,251,717	930,000	4,119,520	116,914,237
Accrued interest payable	-	-	-	2,248,000	109,000	2,357,000
Bond interest payable	460,000	-	-	-	2,156,739	2,616,739
Unearned revenue	9,130,000	64,043,000	12,856,448	-	-	86,029,448
Other current liabilities	-	-	-	-	90,000,000	90,000,000
Current portion of long-term liabilities	10,800,000	16,807,000	4,258,454	16,766,000	75,400,969	124,032,423
Due to primary government	-	-	-	-	3,303,642	3,303,642
Escrowed cash deposits	-	-	-	7,680,000	935,000	8,615,000
Total current liabilities	22,764,000	174,089,000	33,366,619	27,624,000	176,024,870	433,868,489
Noncurrent Liabilities						
Bonds, notes and leases payable	490,294,000	559,841,000	113,702,457	372,330,000	716,313,480	2,252,480,937
Accounts payable and accrued liabilities	-	19,048,000	-	-	-	19,048,000
Accrued arbitrage rebate	4,565,000	-	-	-	153,256	4,718,256
Advances from primary government	-	-	-	-	5,500,000	5,500,000
Net pension liabilities	-	-	-	-	18,614,518	18,614,518
Net other postemployment benefits liabilities	-	474,485,000	238,004,492	-	23,921,127	736,410,619
Other liabilities	-	-	4,171,829	413,000	45,549	4,630,378
Total noncurrent liabilities	494,859,000	1,053,374,000	355,878,778	372,743,000	764,547,930	3,041,402,708
Total liabilities	517,623,000	1,227,463,000	389,245,397	400,367,000	940,572,800	3,475,271,197
DEFERRED INFLOWS OF RESOURCES						
Deferred lease revenue	2,002,000	-	-	-	-	2,002,000
Gain on refunding of bonds payable	12,457,000	-	-	-	-	12,457,000
Service concession arrangement	-	1,076,000	-	-	-	1,076,000
Split interest arrangements	-	3,623,000	-	-	-	3,623,000
Pension related inflows	-	-	-	-	527,752	527,752
OPEB related inflows	-	106,838,000	3,876,310	-	13,986,725	124,701,035
Total deferred inflows of resources	14,459,000	111,537,000	3,876,310	-	14,514,477	144,386,787
NET POSITION						
Net investment in capital assets	11,929,000	151,348,000	41,191,698	573,000	14,856,140	219,897,838
Restricted						
Endowments - expendable	858,000	541,830,000	20,122,013	-	-	562,810,013
Endowments - nonexpendable	8,877,000	311,465,000	20,782,281	-	-	341,124,281
Grants and scholarships	1,435,000	-	-	-	-	1,435,000
Bond resolution	51,164,000	-	-	99,802,000	-	150,966,000
Investment in limited partnerships	-	-	-	-	3,317,000	3,317,000
Collateral for commercial paper program	-	-	-	-	21,676,000	21,676,000
Project and program commitments	-	-	-	5,281,000	56,847,029	62,128,029
Loans receivable	-	-	-	-	253,393,574	253,393,574
Unrestricted (deficit)	131,552,000	(86,765,000)	(117,833,352)	9,902,000	30,338,821	(32,805,531)
Total net position	$ 205,815,000	$ 917,878,000	$ (35,737,360)	$ 115,558,000	$ 380,428,564	$ 1,583,942,204

STATE OF VERMONT
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2021

	Vermont Student Assistance Corporation	University of Vermont and State Agricultural College	Vermont State Colleges	Vermont Housing Finance Agency	Non-major Component Units	Total Component Units
Expenses						
Salaries and benefits	$ 16,088,000	$ 448,170,000	$ 119,310,893	$ 3,968,000	$ 25,603,027	$ 613,139,920
Other expenses	10,030,000	188,634,000	46,476,309	9,023,000	66,273,200	320,436,509
Scholarship, grants and fellowships	28,978,000	29,954,000	12,688,211	-	-	71,620,211
Depreciation	885,000	33,512,000	9,973,768	77,000	1,451,221	45,898,989
Interest on debt	7,903,000	21,604,000	4,882,621	13,667,000	25,979,673	74,036,294
Total expenses	63,884,000	721,874,000	193,331,802	26,735,000	119,307,121	1,125,131,923
Program Revenues						
Charges for services	34,988,000	432,041,000	94,290,265	21,788,000	53,115,180	636,222,445
Operating grants and contributions	34,263,000	395,021,000	125,387,284	6,792,000	59,627,390	621,090,674
Capital grants and contributions	-	1,192,000	2,032,438	-	6,645,792	9,870,230
Total program revenues	69,251,000	828,254,000	221,709,987	28,580,000	119,388,362	1,267,183,349
Net revenue (expense)	5,367,000	106,380,000	28,378,185	1,845,000	81,241	142,051,426
General Revenues						
Property transfer tax	-	-	-	-	10,580,695	10,580,695
Investment income	402,000	191,298,000	6,915,624	515,000	7,156,819	206,287,443
Additions to non-expendable endowments	118,000	-	1,361,122	-	-	1,479,122
Miscellaneous	-	301,000	-	-	1,729,917	2,030,917
Total general revenues	520,000	191,599,000	8,276,746	515,000	19,467,431	220,378,177
Changes in net position	5,887,000	297,979,000	36,654,931	2,360,000	19,548,672	362,429,603
Net position - beginning,	199,928,000	619,899,000	(72,392,291)	113,198,000	360,879,892	1,221,512,601
Net position - ending	$ 205,815,000	$ 917,878,000	$ (35,737,360)	$ 115,558,000	$ 380,428,564	$ 1,583,942,204

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

STATE OF VERMONT
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2021

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STATE OF VERMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the State of Vermont (State) have been prepared in accordance with generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles in the United States of America.

The basic financial statements present the financial position of the State, the results of operations of the State and the various funds and fund types, and the cash flows of the various proprietary funds. The basic financial statements are presented as of and for the period ended June 30, 2021.

The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. Financial Reporting Entity

The State of Vermont's Primary Government is comprised of three branches: the Executive Branch, with the Governor as the chief executive officer; the Legislative Branch, with a Senate of 30 members and a House of Representatives of 150 members; and the Judicial Branch, with Supreme and Superior Courts and the Judicial Bureau.

The basic financial statements include all funds, agencies, boards, commissions, and organizations of the primary government (the State), as well as component units that have been determined to meet the requirements for inclusion in the State's financial reporting entity.

Component Units are entities that, although legally separate from the State, have been included because they are either financially accountable to the State, or have relationships with the State such that exclusion would cause the State's financial statements to be misleading or incomplete. These component units are financially accountable to the State if the State appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, or if there is a potential for the organization to provide a financial benefit or financial burden to the State. Alternatively, for those organizations where the State does not appoint a voting majority, an organization is financially accountable to the State if the organization is fiscally dependent, and the organization provides a financial benefit or financial burden to the State.

Component unit activity may be "blended" into the activity of the primary government or may be reported separately. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. If they are reported separately, they are called "discretely presented component units" and are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. Each discretely presented component unit's designation as either "major" or "non-major" has been determined by the entity's relative significance to the State. Additional information as well as separately issued financial reports may be obtained by contacting the individual entity desired at the address given in the following text.

Discretely Presented Major Component Units

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

Vermont Student Assistance Corporation (VSAC) – The VSAC was established by the Vermont Legislature to provide opportunities for persons who are residents of Vermont to attend colleges or other institutions of higher education by awarding grants and by making, financing, servicing, and guaranteeing loans to qualifying students. The Governor of the State appoints five of the eleven members of the Board of Directors, and the State Legislature appoints two additional members. The State of Vermont has the ability to impose its will upon VSAC through its ability to change or alter the organization, structure, or programs. For audited financial statements and further information, contact their administrative offices at 10 East Allen Street, P.O. Box 2000, Winooski, Vermont 05404.

University of Vermont (UVM) - The UVM's financial report includes the University, the State Agricultural College, and UVM's two discretely presented component units; the University of Vermont and State Agricultural College Foundation, Inc. (UVMF), and the University Medical Education Associates, Inc. (UMEA). The State appoints thirteen of the twenty-five voting members of the Board of trustees. The State has assumed an obligation to provide financial support through its annual appropriation and is obligated to maintain the University's debt service reserves. Audited financial statements and additional information may be obtained by contacting the university's administrative offices at 348 Waterman Building, Burlington, Vermont 05405.

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

System Offices and Services
Community College of Vermont
Castleton University
Northern Vermont University
Vermont Technical College
Vermont Manufacturing Extension Center
Small Business Development Center
Vermont Tech Office of Continuing Education and Workforce Development

The Governor, with the advice and consent of the Senate, appoints nine of the fifteen members of the board of trustees, and the legislature appoints an additional four members. The State has assumed an obligation to provide financial support through its annual appropriations and has assumed an obligation to maintain VSC's debt service reserves. Audited financial statements and additional information about the system itself or about any of the individual organizations included in the system may be obtained by contacting the Office of the Chancellor, Vermont State Colleges, P.O. Box 7, Montpelier VT 05601.

Vermont Housing Finance Agency (VHFA) – The VHFA was created in 1974 by an Act of the General Assembly of the State of Vermont for the purpose of financing and promoting affordable, safe, and decent housing opportunities for low- and moderate-income Vermonters. The State appoints voting members of VHFA's board of commissioners. The State is able to impose its will on the organization as the Governor can remove any member of the board at will. The State also has an obligation to maintain the organization's debt reserves. Audited financial statements and additional information may be obtained by contacting the Agency's administrative offices at 164 Saint Paul Street, Burlington, VT 05401.

Discretely Presented Non-major Component Units

Vermont Economic Development Authority (VEDA) VEDA, a tax-exempt entity, was created by the Vermont Legislature for the purpose of promoting economic prosperity in the State by directly financing eligible businesses and projects including manufacturing, agricultural, and travel and tourism enterprises; and by operating programs which provide eligible borrowers with access to capital. The authority has 15 voting members consisting of the Secretary of the Agency of Commerce and Community Development; the State Treasurer; the Secretary of Agriculture, Food and Markets; the Commissioner of Forest, Parks, & Recreation; and the Commissioner of Public Service; or a designee of any of the above; and ten members, who are residents of the State of Vermont and appointed by the Governor with the advice and consent of the senate. The State has the ability to impose its will on the entity as the Governor can remove members at will and the State can change the structure and activities of

the organization at any time. The entity's services primarily benefit the Vermont citizenry.

VEDA also administers the State Infrastructure Bank (SIB), the Drinking Water State Revolving Loan Fund – Private Loans, the Brownfields Revitalization Fund, Clean Energy Development Fund, and the Windham County Economic Development Fund. These five funds are administered for the benefit of the State and are consolidated and reported in VEDA's agency fund. Audited financial statements and additional information may be obtained by contacting VEDA at 58 East State Street, Suite 5, Montpelier, Vermont 05602.

Vermont Housing and Conservation Board (VHCB) – The Legislature created and charged this organization with two goals: create affordable housing for Vermont residents; and conserve and protect Vermont's agricultural lands, historic properties, forestlands, important natural areas, and recreational lands. The VHCB's Board of Directors is appointed by the Governor of the State of Vermont and there is a material financial relationship. Funding for the organization is provided by the Legislature, comprised of 50% of the revenue from the property transfer tax, plus other monies appropriated from time to time. Audited financial statements and additional information may be obtained by contacting the VHCB at 58 East State Street, Suite 5 Montpelier, Vermont 05602.

Vermont Municipal Bond Bank (VMBB) – The Vermont Legislature established the VMBB for the express purpose of fostering and promoting adequate capital markets and facilities for borrowing money by governmental units of the State of Vermont for the financing of public improvements or other public purposes. The Governor appoints the four directors and can remove members at will. VMBB is authorized, with written consent of the Governor and the State Treasurer, to carry out these charges by borrowing money or by issuing its own bonds and notes to obtain funds which are then utilized to purchase bonds and notes issued by local governmental entities. The State is obligated annually to appropriate any funds necessary to maintain required reserves of the bond bank. The VMBB has a December 31 (annual) year-end. Audited financial statements and additional information regarding VMBB may be obtained by contacting VMBB at 20 Winooski Falls Way, Winooski VT 05404.

VMBB also administers the Special Environmental Revolving Fund in accordance with 24 V.S.A. 4753(b). This fund was created by the Vermont Legislature for the purpose of fostering and promoting timely expenditures by municipalities for water supply, water pollution control, and solid waste management. The fund has a June 30 year-end and publishes its own audited financial statements. For financial reporting purposes, its financial statements have been consolidated with the State's Federal Revenue Fund financial statements in this ACFR. The Special Environmental Revolving Fund's audited financial statements may be obtained by contacting the Department of Environmental Conservation at Davis 3, 1 National Life Drive, Montpelier, VT 05602-3901.

Vermont Educational and Health Buildings Financing Agency (VEHBFA) – VEHBFA is a non-profit entity which finances or assists in the financing of projects for eligible Vermont educational institutions, health care related entities, and private libraries. The majority of the Board of VEHBFA is appointed by the Governor of the State. The Board may appoint officers, agents, consultants, and employees. Their compensation is subject to approval of the Governor. It has a December 31 (annual) year-end. Audited financial statements and additional information may be obtained by contacting VEHBFA at 20 Winooski Falls Way, Winooski VT 05404.

Vermont Veterans' Home – The Vermont Veterans' Home was originally chartered in 1884 by the Vermont Legislature and incorporated on November 24, 1884. A Board of Trustees appointed by the Governor oversees the operations of the Vermont Veterans' Home. The State can impose its will on the entity as directors serve at the pleasure of the Governor. The Vermont Veterans' Home is financially accountable to the State as the State provides all funding and controls the finances of the Home. Audited financial statements and additional information may be obtained by contacting them at 325 North Street, Bennington, Vermont 05201.

Vermont Transportation Authority (VTA) – The Vermont Legislature specifically authorized the creation of VTA pursuant to the acquisition, operation, and support of an authorized transportation facility as defined in 29 V.S.A. 701. All members of the authority are appointed by the Governor, and all resources revert to the State on termination of the authority. The VTA, currently inactive, has remained in the State Statutes in case it becomes necessary to reactivate it in the future. Additional information may be obtained from the Agency of Transportation – Rail Division, National Life Building, Montpelier, Vermont 05633–5001.

Joint Ventures

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

Jointly governed Organizations

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

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

Related Organizations

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

Excluded Organizations

The following entities have been determined not to be part of the reporting entity after applying the criteria of GASB Statement No. 14 "The Financial Reporting Entity", as amended by GASB Statements No. 61.

Vermont Sustainable Jobs Fund, Inc.
Vermont Information Technology Leaders (VITL)
Vermont Council on the Humanities
Vermont Council on the Arts
Vermont Historical Society
Vermont Public Power Supply Authority
Connecticut River Atlantic Salmon Commission (10 V.S.A. 4654)
Texas Low Level Radioactive Waste Disposal Compact (10 V.S.A. 7013)

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

B. Basis of Presentation—Government-wide Financial Statements

The basic financial statements of the State of Vermont include both *government-wide statements* and *fund financial statements*. The focus of the government-wide statements is on reporting the operating results and financial position of the State as a whole and present a longer-term view of the State's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the State and present information on how operations were financed and what remains available for future spending.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements.

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

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

Net position (the amount by which assets and deferred outflows exceed liabilities and deferred inflows) are reported on the Statement of Net Position in three components:

(1) Net investment in capital assets– total amount of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds and other debt that are related to the acquisition or construction of those assets, including related deferred outflows of resources and deferred inflows of resources.
(2) Restricted – for amounts when constraints placed on the net position are either externally imposed or are imposed by constitutional provisions or enabling legislation.
(3) Unrestricted – the total net position which do not fit the two preceding categories.

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

C. Basis of Presentation—Fund Financial Statements

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

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

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

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

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

Governmental Funds

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

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects, and include the following:

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

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

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

Federal Revenue Fund – This fund is a major special revenue fund. All federal grant receipts are recorded in this fund except for those federal funds specifically designated for human services as part of the global commitment to health Medicaid waiver, transportation or fish and wildlife purposes (which are recorded in the State's Global Commitment Fund, Transportation Fund or Fish and Wildlife Fund respectively).

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

In addition to the grant received from the Federal Government, General and Special Fund resources are used to fund payments from the Agency of Human Services to the DVHA for the purpose of providing services under the global commitment to health care waiver approved by the Federal Centers for Medicare and Medicaid Services under Section 1115 of the Social Security Act. These payments are reported as transfers out of the General and Special Funds and as transfers into the Global Commitment Fund. These funds will be expended as appropriated by the general assembly, authorized by the Director of the DVHA, and approved by the Commissioner of Finance and Management consistent with agreements between the DVHA and departments delivering eligible services under the waiver. These resources paid to the Global Commitment Fund are adjusted by the AHS each quarter to the actual expenditures paid.

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

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

Capital Projects Funds – These funds, consisting of the General Obligation Bond Projects Fund and the Transportation Infrastructure Bond Projects Fund, are non-major governmental funds, and account for and report financial resources that are restricted, committed, or assigned to be used for expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. These capital expenditures may be for the State directly or for outside organizations such as the Vermont State College System, municipalities, etc.

Debt Service Funds—These funds, consisting of the General Obligation Debt Service Fund and the Transportation Infrastructure Debt Service Fund, are non-major governmental funds, and account for and report financial resources that are restricted, committed, or assigned to be used for expenditures for bond principal and interest.

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

Proprietary Funds

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

Enterprise Funds – These nine funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The State's intent in these funds is to recover the costs including depreciation expense associated with providing the goods and services to the public primarily through user charges. Three of these enterprise funds, reporting the activities of the State's unemployment compensation

program, the Division of Liquor Control, and the State's lottery program, are reported as "major funds" while the remaining six are reported as non-major funds.

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

Liquor Control Fund – accounts for the operations of the Division of Liquor Control which purchases, distributes, and sells distilled spirits through its agency stores (7 V.S.A. Chapter 5).

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

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

Fiduciary Funds

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

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

Private Purpose Trust Fund – The State's only fund in this category is the *Unclaimed Property Fund*, which accounts for all abandoned property that is required to be remitted to the State. The Unclaimed Property Division in the State Treasurer's Office administers procedures for returning this property to its rightful owner if they can be located. In addition to monetary assets, from time to time, the Unclaimed Property Division may have custody of tangible property that has not been valued and therefore is not reported in the financial statements.

Custodial Funds – These funds report fiduciary activities that are not required to be reported in another fiduciary fund type. This includes funds that are held for the benefit of individuals, organizations, or other governments that are not part of the State's reporting entity, such as local option taxes, fines, and fees collected on behalf of other governments, and child support collections for individuals

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The State uses a 60-day availability period for revenue recognition. Major revenue sources considered susceptible to accrual include federal grants, interest on investments, and sales and income taxes. Expenditures generally are recorded when a liability is due and payable, with the following exceptions:

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

Proprietary Funds, Fiduciary Funds, and Discretely Presented Proprietary Fund Type Component Units – The financial statements presented for these types of funds use the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liabilities are incurred.

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

E. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance

Cash and Cash Equivalents

Cash balances for most funds are deposited with the State Treasurer. Except for the Pension and Other Post Employment Benefit Funds, and bond proceeds in the Capital Projects Funds, cash balances deposited with the State Treasurer are pooled together and amounts that are not immediately required are invested in short-term investments.

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

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

Investments

The investments are categorized at their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure fair value of the asset that prioritizes inputs into three levels: Level 1 - quoted prices for identical instruments in active markets; Level 2 - significant inputs that are observable; Level 3 - significant inputs that are unobservable.

Also, certain investments that are measured at net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. For additional information regarding types of investments and basis of valuation, see Note IV.B. - Investments.

Receivables

Receivables in the government-wide financial statements represent amounts due to the State at June 30 that will be collected at some time in the future. They consist primarily of accrued taxes and federal grants and are reported net of allowance for uncollectible accounts. See Note IV.C. - Receivables for further information. Receivables reported in the governmental funds financial statements consist primarily of accrued taxes, federal grants receivable, and notes receivable from drinking water and clean water special environmental loans. Other receivables include primarily fees, fines, and drug expenditure reimbursements due to the Medicaid program from drug companies and third-party insurance companies. Revenues accrued in the governmental funds' financial statements consist primarily of accrued taxes, and other receivables that will be collected by the State within 60 days after year-end. Amounts estimated to be collected after the 60-day revenue recognition period are recorded as unavailable revenues. Federal receivables are amounts due from the federal government to reimburse the State's expenditures incurred pursuant to federally funded programs. Federal grant revenues are accrued when the qualifying expenditure is incurred. Notes and loans receivable in the General Fund consist primarily of loans to various non-profit organizations and a Vermont Economic Development Authority note held by the State. No allowances for uncollectible amounts have been recognized in these notes receivable. See Note V.C. - Contingent Liabilities for further information.

Inventories

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

Prepaid Expenses

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

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, art and historical treasures, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide Statements of Net Position, and in the fund financial statements for the proprietary and fiduciary funds. All purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be

liquidated with the counterparty at the acquisition date.

Capital assets, except as stated below, have an individual cost of at least $5,000, and provide a future economic benefit for a minimum of 2 years. This includes buildings that are not considered to be part of an infrastructure asset. All land and land use rights, regardless of cost, are capitalized and are not depreciated. Infrastructure assets are defined as long-lived economic resources that are normally stationary in nature, utilized primarily by the general public as opposed to State employees, cost at least $250,000 and provide future economic benefit for a minimum of 3 years. Commercial Off-The-Shelf Software with a cost of at least $50,000, internally generated software and websites with a cost of at least $500,000, internally generated intellectual property with a cost of at least $150,000, and a useful life of 2 or more years are capitalized.

Capital assets are depreciated over their useful lives using the straight-line mid-month depreciation method. Useful lives for buildings and building improvements are 5 to 50 years, machinery and equipment is 3 to 20 years, and infrastructure assets are 7 to 80 years. Additional disclosures related to capital assets and assets acquired through capital leases are found in Notes IV. E. - Capital Assets, and IV. G. 3. - Lease Commitments, respectively.

When a capital asset is disposed of, its cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. Repairs and maintenance are recorded as expenses. Significant replacements and improvements that increases the useful life, increases the asset's ability to provide service, or increases the effectiveness or efficiency of the asset are capitalized and deductions are made for retirements resulting from the replacements or improvements. Interest incurred on debt issued for construction of governmental activities capital assets is not capitalized.

The majority of the historic artifacts and collections that are maintained by the various State agencies and departments are not included in the capital asset reporting. The items not reported are protected and preserved, held for public exhibition and educational purposes and the proceeds from any sales of such items are used to acquire new items for the collection.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Primary Government has six items that qualify for reporting in this category, five of which are related to pensions and other postemployment benefits, the changes in proportional share, net differences between projected and actual earnings on plan investments, changes of assumptions, differences between expected and actual experience, contributions made subsequent to the measurement date, and the unamortized balance of losses on bond refunding, are all reported in the government-wide Statement of Net Position. A loss on a bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Changes in proportional share, changes of assumptions, and differences between expected and actual experience are capitalized and recognized over a period equal to the expected remaining service lives of all employees. Net differences between projected and actual earnings on plan investments is capitalized and recognized over a five-year period. Pension and other postemployment benefits contributions made subsequent to the measurement date will be recognized as a reduction of the net pension and other postemployment benefits liability after the next measurement date.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Primary Government has one type of item, which only arises under the modified accrual basis of accounting, that qualifies for reporting in this category, and that is unavailable revenue. Governmental funds report unavailable revenue in the balance sheet for revenue that is not available under the modified accrual basis. The amount is

capitalized and recognized as revenue in the period that it becomes available. The Primary Government has five items that qualify for reporting in this category in the government-wide financial statements, three are related to pensions and other postemployment benefits. Net differences between projected and actual earnings on plan investments is capitalized and recognized over a five-year period. Changes in assumptions and changes in proportional share related amounts are capitalized and recognized over a period equal to the expected remaining service lives of all employees. The fourth item is the unamortized balance of gains on bond refunding. A gain on a bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The fifth item is property taxes collected in advance of levy date.

Additional disclosures related to deferred outflows and inflows of resources are included in Notes IV. F. - Deferred Outflows and Deferred Inflows and IV. G. 4. - Retirement Plans and Other Postemployment Benefits.

Tax Refunds Payable

Tax refunds payable primarily represent amounts owed by the State to taxpayers because of overpayment of their income tax liabilities. Tax refunds payable, which reduce respective tax revenues, are accrued to the extent they are measurable based on payments and estimates. The amount reported as tax refunds payable at June 30, 2021 in the governmental funds statements is comprised of tax refunds for filed tax returns due and payable at June 30, 2021. The amount reported as tax refunds payable at June 30, 2021 in the government–wide financial statements is comprised of estimated tax liability overpayments for the first and second calendar quarters of year 2021's tax liability that will be paid out in calendar year 2022.

Arbitrage Rebate Obligations

In accordance with Section 148(f) of the U.S. Internal Revenue Code, the State must rebate to the U.S. Government the excess of interest earned from the investment of certain debt proceeds over the yield rate of the applicable debt. Arbitrage rebate, if any, is due and payable on each five-year anniversary of the respective debt issue. As of June 30, 2021, the primary government had no outstanding arbitrage rebate obligation. The arbitrage rebate liabilities reported by the discretely presented component units are included in "Other Long-term Liabilities" in the government-wide statement of net position.

Compensated Absences

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

Liabilities for compensated absences are recorded in the government-wide Statement of Activities where the employees are assigned, and in the funds, where applicable. The amounts are calculated based on an employee's pay rate in effect as of year-end. Additional information including changes in balances may be found in Note IV. G. 5. - Other Long-term Liabilities.

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

Encumbrances

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. When the terms of the purchase order or contract have been fulfilled and payment to the contracting party is due, the encumbrance is liquidated, and the liability and expenditure are recorded. Encumbrances remaining at fiscal year-end in the governmental funds are as follows:

Governmental Funds	Encumbrances
General Fund	$ 15,577,410
Transportation Fund	141,483
Education Fund	480,885
Special Fund	21,029,467
Federal Revenue Fund	54,060,152
Global Commitment Fund	3,007,715
Non-major Governmental Funds	11,572,325
Total	$ 105,869,437

Fund Balances

The fund balance amounts for governmental funds have been classified in accordance with GASB Statement No. 54 - *Fund Balance Reporting and Government Fund Type Definitions*. Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portions of loans or notes receivable, or property held for resale unless the use of the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

- Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

- Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the Vermont Legislature, the State's highest level of decision-making authority. This formal action is the passage of a law by the legislature specifying the purposes for which amounts can be used. The same type of formal action is necessary to remove or change the specified use.

- Assigned fund balance includes amounts that are constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed. In the General Fund, amounts are assigned by the Agency of Administration under authorization by the Legislature in the annual Budget Adjustment Act.

- Unassigned fund balance is the residual amount of the General Fund not included in the four categories above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

When both restricted and unrestricted amounts are available for use, generally it is the State's policy to use restricted amounts first, with unrestricted resources utilized as needed. In the case of unrestricted resources, it is generally the State's policy to use committed amounts first, followed by assigned amounts, then unassigned

amounts as needed. Additional information may be found in Note IV. H. - Fund Balance/Net Position.

Bond Discounts, Premiums, and Issuance Costs

In the government-wide financial statements, bond discounts or premiums are capitalized and amortized over the term of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs other than prepaid insurance are reported as expenses.
In the fund financial statements, governmental fund types recognize bond discounts, premiums, and issuance costs in the period the bond proceeds are received. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issued are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as expenditures.

Interfund Transactions

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

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

Interfund Services Provided and Used –These transactions occur between two government funds that would be accounted for as revenue and expenditures if they occurred between a government entity and a private sector entity.

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

Use of Estimates

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

F. Accounting and Reporting Changes

In fiscal year 2021, the State implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities and how those activities should be reported. This statement generally focuses on whether a government is controlling the assets of the fiduciary activity, and the beneficiaries with whom the fiduciary relationship exists. Fiduciary Fund statements should include pension trusts, investment trusts, private purpose trusts, and custodial funds. The adoption of GASBS 84 resulted in reporting of custodial funds in the Statement of Fiduciary Net Position, and the Statement of Changes in Fiduciary Net Position. See Note V.G. for the cumulative effect of change in accounting principles.

In fiscal year 2021, the State implemented Governmental Accounting Standards Board (GASB) Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. GASB 90 defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as

an investment if a government's holding of the equity interest meets the definition of an investment. This statement did not have an impact on the financial statements.

In fiscal year 2021, the State implemented Governmental Accounting Standards Board (GASB) Statement No. 98, *The Annual Comprehensive Financial Report*, which establishes the term *annual comprehensive financial report* and its acronym *ACFR*. This new term and its acronym replaces instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

Note II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund financial statements each include a schedule that reconciles the fund balance and net changes in fund balance in the fund financial statements to the net position and changes in net position in the government-wide financial statements. Differences between the two occur because the current financial resources measurement focus and modified accrual basis of accounting that is used in governmental funds must be converted to the economic resources measurement focus and accrual basis of accounting that is used in government-wide reporting. In addition, differences will occur because balances and transactions associated with interfund activity must be eliminated in the process of preparing the government-wide financial statements, including consolidation of internal service fund data into the governmental activities in the government-wide financial statements.

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds* and *net position—governmental activities* as reported in the government-wide statement of net position.

One element of that reconciliation explains that "capital assets used in governmental activities (net of internal service funds' capital assets) are not considered financial resources for fund perspective reporting and, therefore, are not reported in the funds." The details of this are as follows:

Land	$ 165,056,763
Works of art	127,803
Construction in progress	649,929,196
Depreciable capital assets and infrastructure, net of $2,039,922,755 of accumulated depreciation	2,369,720,875
Net adjustment to increase *fund balances - total governmental funds* to arrive at *net position - governmental activities*	$ 3,184,834,637

Another element of that reconciliation explains that "amounts are presented in the Statement of Net Position but are not presented in fund balances due to a different basis of accounting." The details of this are as follows:

Long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds	$ 228,284,768
Deferred outflow for unamortized loss on sale of refunding bonds	3,318,287
Deferred inflow for unamortized gain on sale of refunding bonds	(64,453)
Deferred outflow for pension related items	881,760,379
Deferred inflow for pension related items	(12,130,009)
Deferred outflow for OPEB related items	487,096,647
Deferred inflow for OPEB related items	(319,821,333)
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ 1,268,444,286

The final element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not considered financial liabilities for fund perspective reporting, and therefore, are not reported in the funds." The details of this are as follows:

Bonded debt	$ (711,491,377)
Accrued interest payable on bonds	(8,246,559)
Compensated absences (net of internal service funds' liability)	(40,430,681)
Tax refunds payable	(62,604,485)
Net pension liabilities	(3,036,422,794)
Net other postemployment benefits liabilities	(2,651,442,699)
Other long-term liabilities	(17,585,853)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (6,528,224,448)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period, net of internal service funds." The details of this difference are as follows:

Capital outlay/functional expenditures	$ 573,418,166
Expensed net book value of disposed assets	(294,592,789)
Depreciation expense	(196,704,717)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 82,120,660

A second element of the reconciliation states that repayment of bond principal is reported as an expenditure in governmental funds. However, in the government wide statements, repayment of bond principal reduces long-term liabilities. The details of this difference are as follows:

Principal repayment	$ 55,825,000
Payment to refunding bond escrow agent	82,515,000
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 138,340,000

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The details of this difference are as follows:

Bonds issued increases long-term debt in the statement of net position	$ (82,185,000)
Refunding bonds issued increases long-term debt in the statement of net position	(71,140,000)
Premium from the issuance of bonds increases long-term debt in the statement of net position	(29,776,267)
Bond premium is amortized to interest expense in the statement of activities	7,662,254
Refunding bonds deferred amounts are amortized to interest expense in the statement of activities	(1,085,722)
Net adjustment to decrease *changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (176,524,735)

The final element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this difference are as follows:

Decrease in accrued interest payable	$ 681,265
Increase in compensated absences	(2,606,381)
Increase in employer pension and other postemployment benefit related costs	(300,770,047)
Increase in pollution remediation related costs	(1,431,183)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (304,126,346)

Note III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Budgets are prepared and appropriated on a cash basis and usually at the program level. The Agency of Administration maintains budgetary control by fund at the appropriation level. Governmental funds' unspent appropriation balances revert to the fund balance at the end of each fiscal year for re-appropriation unless authorized to be carried forward to the following year(s) by legislative act. Unexpended balances of capital projects funds are available for expenditure in the following fiscal year(s).

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

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

B. Deficit Fund Balances/Net Position

The following funds had a deficit net position at June 30, 2021:

Proprietary Funds	
Major Enterprise Funds:	
Liquor Control Fund	$ (7,868,858)
State Lottery Fund	(3,014,792)
Non-major Enterprise Funds:	
Federal Surplus Property Fund	(177,160)
Internal Service Funds:	
Offender Work Programs	(1,074,074)
Copy Center	(1,044,391)
Postage	(3,513,459)
Property Management	(21,684,058)
State Liability Insurance	(982,772)
Risk Management - All Other Insurance	(112,198)
Workers' Compensation	(5,910,419)
Human Resources	(354,229)

Major Enterprise Funds

The deficit in the Liquor Control Fund is due to the accrual of the Fund's Proportionate Share of the Net Pension and Net OPEB Liabilities. This deficit will be funded over time by the Pension and OPEB actuarially determined contributions which includes payments for the amortization of the unfunded actuarial accrued liability.

The deficit in the State Lottery Fund is due to the accrual of the Fund's Proportionate Share of the Net Pension and Net OPEB Liabilities. This deficit will be funded over time by the Pension and OPEB actuarially determined contributions which includes payments for the amortization of the unfunded actuarial accrued liability.

Non-major Enterprise Funds

The deficit in the Federal Surplus Property Fund is due mainly to the lack of inventory for sale from the federal government that could in turn be retrieved for sale by the State. Program management will continue to pursue increasing revenue by actively retrieving goods for sale as well as to encourage increased participation by Towns and eligible organizations. At the start of fiscal year 2021, the program model shifted to an administrative service fee-based participation via the State Surplus Property program which will allow for more consistent and predictable expenses year to year.

Internal Service Funds

The Vermont Offender Work Program includes the Vermont Correctional Industries (VCI), Facility Work Camps, and Community Work Crews. The deficit is attributable to the closure of the Windsor Work Camp, the State converting to open office environments which has nearly eliminated state purchases of furniture from VCI, and a

decline in offenders that are being sentenced to Community Work Crews. Additionally, the pandemic effectively shut down operations for VCI and the Work Crews/Camps through fiscal year 2021. Structural program changes are being planned and implemented with the assistance of federal grant funding. Work has already begun with statewide partners to ensure the continuation of these vocational programs that are successful in mitigating recidivism.

The Copy Center Fund deficit net position is the result of a long-term decline in usage, driven by digital replacements of printed materials, limiting the program's revenue potential without a corresponding reduction in fixed costs. To eliminate the deficit, program management may implement rate increases, while continuing to aggressively pursue additional opportunities including synergistic partnership with the postal services program. The Copy Center ended the fiscal year with a surplus change in net position because of these actions.

The Postage Fund deficit is due in part to cumulative underbilling using a marginal rate formula aimed to reduce the cost of postal services. In addition, unbilled services (bomb screening and inter-office mail) have not been fully funded in recent years. Program management will attempt to address the fund deficit through improved business operations, while continuing to explore efficiencies gained through a partnership and co-location with the copy center. The fund ended the fiscal year with a surplus change in net position due to a modest marginal rate increase which was implemented in fiscal year 2020.

The Property Management Fund deficit is due to cost recovery assumptions which will be mitigated going forward as follows. First, there are two buildings that have been financed over a twenty-year period with recovery of costs scheduled over fifty years. This part of the deficit should be eliminated gradually over the next twenty to thirty years. Second, the administration has added a surcharge to existing leases –and the level of surcharge will be monitored during budgeting each year to ensure recovery of operating costs. Lastly, program management has also addressed, via corrective agreements and billings, a few instances of tenant subsidization where invoicing did not recover the full cost of leased space. Program management will continue to monitor for subsidized leases and collect all recoverable expenses,

The State Liability Fund deficit is due to consecutive years of revenues being outpaced by actual and projected liability driven expenses. Program management identified deficiencies in the rate setting model which have been corrected for fiscal year 2021. The outlook for the program is improving as the growth of claims has slowed per actuarial projections. Program management will work closely with the State administration to identify additional risk mitigation opportunities.

Risk Management All Other Insurance Fund deficit is a result of higher program costs and the revenues approved during fiscal year 2021 rate setting proved insufficient. In fiscal year 2021, the new Cyber Security program incurred claims, though no revenue source had been identified for deductible coverage. Increased premium pressure will likely be much worse in fiscal year 2022 as statewide policy premiums (specifically for the Property and Cyber Security programs) are far outpacing the approved revenue/statewide billings. The Office of Risk Management will continue to work with AOA Financial Services Division, the Finance & Management budget office, and Administration leadership to monitor this program and seek solutions to steer away from unsustainable operating deficits.

The Workers' Compensation Fund deficit momentum has slowed relative to the prior two years now that revenues are back to a break-even model. Due to an excess fund surplus in fiscal year 2017, discounted premiums were charged to customers between fiscal year 2018 and fiscal year 2020. The fund balance was further reduced by larger than expected Incurred But Not Reported (IBNR) ultimate loss calculations provided by an independent actuary consultant in both fiscal year 2018 and fiscal year 2019. Program management has removed the premium discount and returned rate to a break-even level for fiscal year 2021.

The Human Resources Services fund ended fiscal year 2021 with an operating income surplus which helped improve the deficit net position. Program management will continue to review the rate setting process to ensure that all anticipated expenses are considered while also considering opportunities for efficiencies where appropriate.

NOTE IV. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash and Cash Equivalents

Deposits for the primary government are governed by State statutes. When depositing public monies, the State Treasurer must act in accordance with 32 V.S.A. Chapter 431. Although the statute provides requirements for the collateralization of deposits, it does not establish limits. These limits are set by published formal guidelines issued by the State Treasurer.

The custodial credit risk for deposits is the risk that in the event of a depository financial institution failure, the government will not be able to recover funds deposited in the failed institution or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by the Federal Deposit Insurance Corporation (FDIC) insurance and are uncollateralized; or collateralized with securities held by the pledging financial institution's trust department or agent, that are not registered in the depositor – government's name. Although State statute does not require deposits to be collateralized, the Treasurer requires the State's cash deposits held in its primary bank to be collateralized with either United States Treasury securities or Vermont municipal securities or other approved money market instruments, or other collateral acceptable to the Treasurer. Certificates of deposit are collateralized, in whole or in part, on the basis of agreements with the bank, a protocol requiring periodic due diligence and review of bank capitalization and assets. Bank deposits in excess of the FDIC amounts and collateral agreements are uninsured and uncollateralized. Bank balances of deposits for the primary government, excluding pension, and other post-employment benefits funds, at June 30, 2021, were $860,532,309. Of these, $15,318,252 were exposed to custodial credit risk as uninsured and collateralized with securities held in the name of pledging financial institutions.

The Unemployment Compensation Trust Fund had $292,894,629 on deposit with the U.S. Treasury at June 30, 2021. This amount is presented as cash and cash equivalents and is not included in the carrying amount of deposits, nor is it categorized according to risk, because it is neither a deposit with a financial institution nor an investment.

The pension, other postemployment benefits, and investment trust funds' cash deposits, outside of the pension trust funds' custodian bank at June 30, 2021, totaled $77,733,964 none of which was exposed to custodial credit risk.

B. Investments

Primary Government—Excluding All Pension, and Other Postemployment Benefits Trust Funds

Investments for the primary government are governed by State statutes. The State has an investment policy with an overriding goal of minimizing exposure to risk and maintaining liquidity necessary for future cash needs while maximizing the return on investments. Two sections of State statute govern the investment of the State's operating and restricted cash (i.e., non-pension funds).

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

The statutory guidelines for certain trust funds are contained in 32 V.S.A. 434, referred collectively as the Trust Investment Account. These include the Tobacco Trust Fund, the Higher Education Trust Fund, the Agency of Natural Resources Stewardship Fund, two Veterans' Home trusts, the Fish and Wildlife Trust, Vermont State

Retirement OPEB Fund, and various small trusts.

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

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

(a) *Fair Value Measurements*
The State categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset as follows:

- Level 1: Inputs are quoted prices for identical investments in active markets.
- Level 2: Observable inputs other than quoted market prices.
- Level 3: Unobservable inputs.

The fair value measurement at June 30, 2021 for the primary government, with the exception of the Pension and OPEB trust funds is as follows:

Primary Government Investments - Excluding
Pension and Other Postemployment Benefits Trust Funds
(Expressed in Thousands)

Investments by fair value level	Fair Value	Fair Value Measurement Level: Level 1	Level 2	Level 3
Debt investments:				
US Treasuries	$ 132,229	$ 132,229	$ -	$ -
US Agencies Securities	2,391	-	2,391	-
Commercial Paper	6,109	-	6,109	-
Total debt investments	140,729	132,229	8,500	-
Equities:				
Equity Securities	4,141	4,141	-	-
Total investments by fair value level	144,870	$ 136,370	$ 8,500	$ -

Investments measured by net asset value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Money Market Mutual Funds	727,621	-	Daily	-
Fixed Income Mutual Funds	24,862	-	Daily, monthly	1-30 days
Equity Mutual Funds	26,072	-	Daily, monthly	1-60 days
Total investments by NAV	778,555			
Total investments	$ 923,425			

$727,621 (in thousands) of the above money market mutual funds and $6,109 (in thousands) of the above commercial paper are classified as cash & cash equivalents on the financial statements.

(b) Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The primary government does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates for investments, other than pension and investment trust funds' investments. The primary government's investments, other than pension and investment trust funds' investments, at June 30, 2021 are presented as follows:

Primary Government Investments - Excluding Pension and Other Postemployment Benefits Trust Funds
(Expressed in Thousands)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1 to <6	6 to 10	More Than 10
Debt Investments:					
US Treasuries	$ 132,229	$ 131,705	$ 277	$ 181	$ 66
US Agencies Securities	2,391	2,391	-	-	-
Money Market Mutual Funds	727,621	727,621	-	-	-
Fixed Income Mutual Funds	24,862	24,862	-	-	-
Commercial Paper	6,109	6,109	-	-	-
Total Debt Investments	893,212	$ 892,688	$ 277	$ 181	$ 66
Other Investments:					
Equity Securities	4,141				
Equity Mutual Funds	26,072				
Total Investments	$ 923,425				

Investments per maturity schedule	$	923,425
Included in cash & cash equivalents:		
Money market mutual fund		(727,621)
Commercial paper		(6,109)
Financial statement investments total	$	189,695

(c) Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributable to the monetary magnitude of the State's investment in a single issuer. While State statute does not establish ceilings, formal investment guidelines for operating funds limit the amount invested to 10% in any one issuer of commercial paper, corporate securities, or bankers' acceptances. There are no limitations for U.S. Government and Federal Agencies. Money market funds utilized by the State Treasurer's Office are highly rated and incorporate the requisite diversification. As of June 30, 2021, no single issuer exceeded 5% for the primary government portfolios.

(d) Custodial Credit Risk
For investments, custodial credit risk is the risk that a government will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The State has no formal policy on custodial credit risk but maintains contractual relationships with custodian banks that provide coverage and define the procedures. As of June 30, 2021, all securities were registered in the name of the State at its custodian bank. Investments in open-end mutual funds are not exposed to custodial risk because their existence is not evidenced by specific securities.

(e) Credit Risk

Credit risk is the possibility that the issuer or other counterparty to an investment may default on their obligations. In non-pension funds this risk has been mitigated by implementing statutory guidelines on credit quality and further restricted by formal investment guidelines and the use of low-risk money market instruments. The credit risk associated with the State's debt securities, money market funds, bond mutual funds, and other pools of fixed income securities, exclusive of U.S. Treasury investments of $132,229 (in thousands), and pension fund investments are as follows: as of June 30, 2021, is presented as follows using the Moody's rating scale:

Primary Government Rated Debt Instruments
Excluding Pension and Other Postemployment Benefits Trust Funds
(Expressed in Thousands)

		Quality Ratings		
Debt Investments	Fair Value	Aaa	Aa2	Unrated
US Agencies Securities	$ 2,391	$ -	$ 2,391	$ -
Money Market Mutual Funds	727,621	727,621	-	-
Fixed Income Mutual Funds	24,862	-	-	24,862
Commercial Paper	6,109	-	6,109	-
Totals	$ 760,983	$ 727,621	$ 8,500	$ 24,862

Currency Risk

Foreign currency risk is the extent to which changes in exchange rates affect the value of an investment. Vermont's operating funds are restricted, through statute and formal guidelines, to specific money market instruments and money market funds who only invest in domestic instruments. In the Trust Investment Account portfolio, total exposure to foreign currency risk as of June 30, 2021, was $0.

Primary Government—Pension, and Other Postemployment Benefits Trust Funds

The State has three defined benefit plans (Vermont State Retirement System (VSRS), State Teachers Retirement System (STRS), and Vermont Municipal Employees' Retirement System (MERS); three defined contribution plans (VSRS, MERS, and Single Deposit Investment Account); and three other postemployment benefit funds. Additional information on these plan benefit and actuarial valuations may be found in Note IV.G.4. - Pension and Other Postemployment Benefits.

By statute, the assets of the three defined benefit plans are invested on behalf of each plan's Trustees through the Vermont Pension Investment Commission (VPIC), which was established by the Vermont Legislature (Title 3 V.S.A. Chapter 17), effective July 1, 2005, to combine the assets of the VSRS, STRS and MERS defined benefit plans for the purpose of (i) investment in a manner that is more cost and resource-efficient; (ii) improving the effectiveness of the oversight and management of the assets of the Retirement Systems; and (iii) maintaining the actuarial, accounting, and asset allocation integrity of the Retirement Systems. The majority of these assets have been pooled for investment purposes.

All three defined benefit plans managed by the State have adopted a common asset allocation as determined by the VPIC. As of October 29, 2009, the VPIC adopted a set of investment policies and guidelines common to all three defined benefit plans, most recently amended on June 25, 2020. These are used by VPIC with the objective of maximizing returns within acceptable risk parameters.

The State's Single Deposit Investment Account (SDIA), a non-contributory defined contribution plan, is invested in a commingled stable value fund. The investment policy governing the SDIA portfolios includes a minimum average credit quality of double-A, no bonds rated below investment grade, and limitations on asset-backed, mortgage-backed, collateralized mortgage obligations, corporate bonds, and single issuers of non-treasury/government agency backed bonds.

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

The State has two other postemployment benefit funds, the Vermont State Postemployment Benefits Trust Fund (State OPEB), the Retired Teachers' Health and Medical Benefit Fund (RTHMB). Additionally, the State has an employer-sponsored health benefit savings plan available to MERS members, the Vermont Municipal Employees Health Benefit Fund (Muni Health). The State OPEB is invested in the Trust Investment Account utilized as an investment vehicle by many of the State's primary funds. The RTHMB has no investments. The Muni Health is invested under the authority of the Municipal Retirement Board of Trustees and utilizes an outside administrator, Prudential, and is invested in American Funds.

Investments are stated at fair value in the case of marketable securities and at estimated fair value for certain nonmarketable securities. Money market and other short-term investments are reported at fair value when published market prices and quotations are available, or for certain securities at amortized cost. Real estate is carried at the net asset value of each retirement system's real estate fund investments, which net asset value is further based on the fair market value of the real properties. Properties' fair market values in each of the retirement systems' fund investments are established quarterly by real estate fund manager appraisals and are validated at least yearly by third-party property appraisals. Nonmarketable securities include alternative investments such as private equity, private credit, and private partnerships, which are valued using current estimates of fair value obtained from the Investment Manager (Manager) in the absence of readily determinable public market values. Such valuations generally consider variables such as the high, medium, and low values for portfolio investments; the investments' exit timetables, and the status of any proceedings leading to a liquidity event; the financial performance of investments, including comparison of comparable companies' earnings multiples; cash flow analysis; and recent sales prices of investments. Management at the State Treasurer's Office is responsible for the fair value measurements of investments reported in the financial statements. The State Treasurer's Office has implemented policies and procedures to assess the reasonableness of the fair values provided; the Office believes that reported fair values at the balance sheet date are reasonable. Real estate and private partnerships include investments in limited partnerships that invest in private equity, private credit, and real estate. These investments can never be redeemed with the funds. Instead, fund distributions are generated by operation and liquidation of the underlying assets. We expect such distributions to accelerate over the lives of these funds and to be initiated at the general partners' discretion. As of June 30, 2021, it is our expectation that all of the investments will be sold over the next 15 years at amounts that differ from the NAV.

(a) *Fair Value Measurements*
The Pension and OPEB Trust Funds categorize the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset that prioritizes inputs into three levels. The level is determined based on the lowest level of input significant to the measurement in its entirety.

- Level 1: Securities traded in an active market, on an exchange that have quoted unadjusted prices such as Exchange-traded equities, and exchange-traded derivatives.
- Level 2: Inputs other than quoted prices that are observable. These inputs are derived from market data through correlation or by other means, e.g., "market corroborated". These are primarily fixed income prices using an evaluated price provided by an independent pricing vendor or broker/dealer.
- Level 3: Inputs to the valuation methodology that are unobservable and significant to the fair value measurement. Instruments are often based on internally developed models in which there are few, if any, external observation.

Below is the fair value measurement table at June 30, 2021, for the Pension and OPEB trust funds.

(Table on next page.)

Pension and Other Postemployment Benefits
Trust Funds' Investments
(Expressed in Thousands)

Investments by fair value level	Fair Value	Fair Value Measurement Level: Level 1	Level 2	Level 3
Debt securities:				
US Treasuries	$ 137,009	$ -	$ 137,009	$ -
Corporate Debt	82,316	-	82,316	-
Municipals	4,843	-	4,843	-
Asset Backed Securities	2,091	-	2,091	-
Mortgage Backed Securities	35,070	-	35,070	-
Sovereign Debt	1,765	-	1,765	-
Total debt securities	263,094	-	263,094	-
Equity investments:				
Stock Securities	598,737	598,493	244	-
Total equity securities	598,737	598,493	244	-
Total investments by fair value level	861,831	$ 598,493	$ 263,338	$ -

Investments measured at the net asset value (NAV)		Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Commingled Fixed Income Mutual Funds	1,432,137	-	Daily, monthly	1-30 days
Commingled Equity Mutual Funds	381,485	-	Daily, monthly	1-60 days
Mutual Funds	2,315,177	-	Monthly, quarterly	90 days
Money Market Mutual Fund	19,227	-	Daily	-
Real Estate Funds	208,984	62,993	N/A	N/A
Private Partnerships	754,528	828,812	N/A	N/A
Total investments measured at NAV	5,111,538			
Total investments	$5,973,369			
Investments per maturity schedule	$5,973,369			
Included in cash & cash equivalents:				
Money market mutual funds	(19,227)			
Financial statement investments total	**$5,954,142**			

(b) Interest Rate Risk
As pension trust funds have a different investment term horizon based on a long average liability term, the VPIC manages exposure to fair value loss arising from movements in interest rates by establishing duration guidelines with its debt securities with Core, Core Plus and Global Fixed Income Managers, requiring that the duration be

within a specified percentage of the duration band of the appropriate benchmark index. The Core Plus portfolio restriction is +/- 40% around the passive benchmark duration. The calculation of the duration of mortgage backed securities involves assumptions as to the expected future prepayment rate for the security. The Managers are required to calculate duration at the time of initial purchase and on a routine basis to maintain compliance with these guidelines. Fixed income Managers are required to report portfolio characteristics quarterly inclusive of portfolio duration as a measure of portfolio interest rate sensitivity.

Pension and Other Postemployment Benefits
Trust Funds' Investments
(Expressed in Thousands)

Investment Type	Fair Value	Less Than 1	1 to <6	6 to 10	More Than 10
Debt Investments:					
US Treasuries	$ 137,009	$ 45,995	$ 59,312	$ 15,346	$ 16,356
Corporate Debt	82,316	4,731	30,859	29,565	17,161
Money Market Mutual Fund	19,227	19,227	-	-	-
Municipals	4,843	-	404	453	3,986
Asset Backed Securities	2,091	5	-	666	1,420
Mortgage Backed Securities	35,070	-	143	37	34,890
Sovereign Debt	1,765	-	-	191	1,574
Fixed Income Mutual Funds	1,432,137	1,432,137	-	-	-
Total Debt Investments	1,714,458	$ 1,502,095	$ 90,718	$ 46,258	$ 75,387
Other Investments:					
Equity Mutual Funds	381,485				
Equity Securities	598,737				
Mutual Funds	2,315,177				
Real Estate	208,984				
Private Partnerships	754,528				
Total	$ 5,973,369				

(c) Concentration of Credit Risk
Formal guidelines for pension funds state that no more than 5% of the fair value of a portfolio's domestic fixed income assets may be invested in the debt securities of any one issuer. No limitations on issues and issuers shall apply to obligations of U.S. Government and Federal Agencies. As of June 30, 2021, no issuer exceeded 5%.

(d) Custodial Credit Risk
Custodial credit risk for investments is the risk that a government will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The VPIC manages exposure to custodial credit risk by requiring all relevant Managers to hold investments in separate accounts with VPIC's custodian. VPIC guidelines specify the custodial requirements for these accounts and the duties of the Managers and the custodian. As of June 30, 2021, all securities were registered in the name of the State at its custodian bank. Investments in pools, open-end mutual funds, and other investments not evidenced by specific securities are not categorized.

(e) Credit Risk

Detailed pension guidelines by asset class and supplemental requirements by Manager are used to set risk parameters and are stated in written contracts. These guidelines are reviewed and adopted by VPIC. Treasury staff and independent investment consultants are utilized to assure compliance. The credit risks associated with these securities, exclusive of U.S. Treasury investments of $137,009 (in thousands) are as follows:

Pension and Other Postemployment Benefits
Trust Funds' Investments
(Expressed in Thousands)

Debt Investments	Fair Value	Quality Ratings Aaa	Aa	A
Corporate Debt	$ 82,316	$ -	$ 345	$ 29,551
Money Market Mutual Funds	19,227	-	-	-
Municipals	4,843	-	3,629	357
Asset Backed Securities	2,091	542	-	578
Mortgage Backed Securities	35,070	2,166	655	-
Sovereign Debt	1,765	-	-	462
Fixed Income Mutual Funds	1,432,137	-	-	-
Totals	$ 1,577,449	$ 2,708	$ 4,629	$ 30,948

Debt Investments	Quality Ratings Baa	Ba	B and below	Unrated
Corporate Debt	$ 51,744	$ -	$ -	$ 676
Money Market Mutual Funds	-	-	-	19,227
Municipals	453	-	-	404
Asset Backed Securities	271	-	-	700
Mortgage Backed Securities	-	-	-	32,249
Sovereign Debt	1,303	-	-	-
Fixed Income Mutual Funds	-	-	-	1,432,137
Totals	$ 53,771	$ -	$ -	$ 1,485,393

(f) Foreign Currency Risk

Unless VPIC stipulates specific exceptions to the guidelines, the non-US dollar denominated debt of non-US issuers are limited to 15% of the Core Plus portfolio and no more than 5% of the portfolio may be invested in non-US currencies. In the case of equities, the Manager is afforded flexibility in the number of issues held and their geographic or industry distribution, provided that equity holdings are within the lesser of established percentage ranges in relation to single holding limitations and a stock's weighting in the style benchmark against which the Manager is measured. Most foreign currency exposure is in the pension and investment trust funds' portfolios. The value in US dollars by foreign currency denomination and type of investment is as follows:

Pension and Other Postemployment Benefits
Trust Funds' Investments
Foreign Currency Risk - International Securities at Fair Value
(Expressed in Thousands)

Currency	Total	Short Term	Equity
Australian Dollar	$ 16,348	$ (1)	$ 16,349
Canadian Dollar	12,062	42	12,020
Danish Krone	15,307	-	15,307
Euro	104,477	1	104,476
Hong Kong Dollar	11,445	35	11,410
Hungarian Forint	23	23	-
Israeli Shekel	3,061	-	3,061
Japanese Yen	93,221	497	92,724
Malaysian Ringgit	56	6	50
Mexican Peso	11	11	-
New Zealand Dollar	1,854	3	1,851
Norwegian Krone	2,233	-	2,233
Philippine Peso	1	1	-
Polish Zloty	15	15	-
Singapore Dollar	5,908	1	5,907
South African Rand	1,429	3	1,426
South Korean Won	9,446	97	9,349
Swedish Krona	25,017	1	25,016
Swiss Franc	37,649	22	37,627
United Kingdom Pound	49,390	17	49,373
Yuan Renminbi	2,458	32	2,426
Total	**$ 391,411**	**$ 806**	**$ 390,605**

Formal investment policy guidelines adopted by the VPIC state that international equity Managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility and facilitate securities transaction settlements rather than leverage portfolio risk exposure.

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

Risk is minimized through the purchase of high-quality instruments with limited default or prepayment risk. Agency fixed and floating rate pass-through, U.S. Treasury securities and cash equivalents can be held without limitation. Securities designed to provide more precisely targeted maturities (Sequential Collateralized Mortgage

Obligations) and those that create tranches, or Planned Amortization Classes (PAC I and PAC II), with cash flows that are protected from prepayment changes within certain limits, may also be purchased without limitation. Policy restrictions and portfolio percentage limitations are established for the purchase of more interest rate sensitive instruments and certain interest rate and price stress tests are required.

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

C. Receivables

Accounts receivable at June 30, 2021 are summarized as follows:

	Enterprise Funds		Total Business-type
	Major	Non-major	Activities
Business-type activities			
Taxes			
Unemployment	$ 34,304,539	$ 4,011,526	$ 38,316,065
Allowance for uncollectibles	(13,768,480)	(1,511,740)	(15,280,220)
Taxes receivable, net	$ 20,536,059	$ 2,499,786	$ 23,035,845
Loans and notes receivable	$ -	$ 1,243,946	$ 1,243,946
Current receivable			$ 432,766
Non-current receivable			811,180
Total loans and notes receivable, net			$ 1,243,946
Federal grants	$ 10,091,490	$ -	$ 10,091,490
Other			
Accrued interest and other receivables	$ 5,061,834	$ 9,411,874	$ 14,473,708
Allowance for uncollectibles	(90,609)	-	(90,609)
Other receivables, net	$ 4,971,225	$ 9,411,874	$ 14,383,099
Current receivable			$ 14,383,099
Non-current receivable			-
Total other receivable, net			$ 14,383,099

continued on following page

	Governmental Funds		Internal	Total Governmental
	Major	Non-major	Service Funds	Activities
Governmental activities				
Taxes				
Personal and corporate income	$ 273,719,617	$ -	$ -	$ 273,719,617
Sales and use	83,577,158	-	-	83,577,158
Meals and rooms	40,012,843	-	-	40,012,843
Purchase and use	318	-	-	318
Motor Fuel	113,525	2,738	-	116,263
Other taxes	37,414,597	-	-	37,414,597
Subtotal	434,838,058	2,738	-	434,840,796
Allowance for uncollectibles	(127,672,826)	(20)	-	(127,672,846)
Taxes receivable, net	$ 307,165,232	$ 2,718	$ -	$ 307,167,950
Current receivable				$ 141,594,268
Non-current receivable				165,573,682
Total taxes receivable, net				$ 307,167,950
Loans and notes				
Loans and notes receivable	$ 294,399,742	$ -	$ 3,471,203	$ 297,870,945
Allowance for uncollectibles	(760,178)	-	-	(760,178)
Loans and notes receivable, net	$ 293,639,564	$ -	$ 3,471,203	$ 297,110,767
Current receivable				$ 27,793,449
Non-current receivable				269,317,318
Total loans and notes receivable, net				$ 297,110,767

	Governmental Funds		Internal	Total Governmental
	Major	Non-major	Service Funds	Activities
Federal grants				
Human services	$ 258,762,595	$ -	$ -	$ 258,762,595
Protection to persons & property	42,527,605	-	-	42,527,605
Transportation	56,923,922	-	-	56,923,922
Other	52,609,612	-	-	52,609,612
Federal grants	$ 410,823,734	$ -	$ -	$ 410,823,734
Other				
Accrued interest and other receivables	$ 155,847,254	$ 107,221	$ 31,014,773	$ 186,969,248
Allowance for uncollectibles	(56,491,706)	(6,718)	-	(56,498,424)
Other receivables, net	$ 99,355,548	$ 100,503	$ 31,014,773	130,470,824
Interfund loans receivable and due from other funds from Fiduciary Funds				148,547
Less Internal Service Funds' receivables from Governmental Funds				(10,314,279)
Other receivables, net				$ 120,305,092
Current receivable				$ 72,824,877
Non-current receivable				47,480,215
Total other receivable, net				$ 120,305,092

D. Interfund Balances

1. Due From/To Other Funds

Due from/to other funds represents amounts owed to one State fund by another, for goods sold, services received or reimbursement of costs. The balances of due from/to other funds at June 30, 2021, are as follows:

	Due to Other Funds			
	Governmental Funds			
Due From Other Funds	General Fund	Transportation Fund	Education Fund	Special Fund
General Fund	$ -	$ 155,123	$ -	$ 148,213
Transportation Fund	-	-	180	237
Special Fund	2,099,229	452,318	-	-
Federal Revenue Fund	189,280	36,901	-	2,323,874
Global Commitment Fund	70,739,217	-	-	1,004,614
Non-major Governmental Funds	-	-	-	1,679
Liquor Control Fund	-	-	-	44,025
State Lottery Fund	-	-	222,484	-
Non-major Enterprise Funds	500	-	-	172,208
Internal Service Funds	3,329,315	3,056,395	-	7,574,690
Total	$ 76,357,541	$ 3,700,737	$ 222,664	$ 11,269,540

continued below

	Due to Other Funds				
	Governmental Funds			Proprietary Funds	
Due From Other Funds	Federal Revenue Fund	Global Commitment Fund	Non-major Governmental Funds	Internal Service Funds	Unemployment Compensation Trust Fund
General Fund	$ 956,343	$ 1,925,243	$ 1,996	$ 58,723	$ -
Transportation Fund	-	-	600	681	-
Education Fund	-	-	-	-	-
Special Fund	43,961,339	217,828	527,453	102,958	-
Federal Revenue Fund	-	89	-	187,467	-
Global Commitment Fund	116	-	-	-	-
Non-major Enterprise Funds	-	-	-	-	342,854
Internal Service Funds	5,682,881	171,318	89,579	-	-
Total	$ 50,600,679	$ 2,314,478	$ 619,628	$ 349,829	$ 342,854

continued on following page

continued from previous page

	Due to Other Funds				
	Proprietary Funds				
Due From Other Funds	Liquor Control Fund	State Lottery Fund	Non-major Enterprise Funds	Fiduciary Funds	Total
General Fund	$ -	$ -	$ -	$ -	$ 3,245,641
Transportation Fund	-	-	-	-	1,698
Special Fund	-	-	426,866	9	47,788,000
Federal Revenue Fund	-	-	-	-	2,737,611
Global Commitment Fund	-	-	-	-	71,743,947
Non-major Governmental Funds	-	-	-	-	1,679
Liquor Control Fund	-	-	-	-	44,025
State Lottery Fund	-	-	-	-	222,484
Non-major Enterprise Funds	-	-	-	-	515,562
Internal Service Funds	107,295	32,144	-	23,667	20,067,284
Total	$ 107,295	$ 32,144	$ 426,866	$ 23,676	$ 146,367,931

2. Advances To/From Other Funds

The General Fund has made cash advances to certain proprietary funds for imprest petty cash disbursements needs. The General Fund advances to other funds at June 30, 2021, are summarized below:

Proprietary Funds	
State Lottery Fund	$ 300,000
Liquor Control Fund	75
Total	$ 300,075

3. Interfund Receivables/Payables

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

The interfund receivables/payables at June 30, 2021, are as follows:

(Table on next page.)

Interfund Payable	Interfund Receivable General Fund
Proprietary Funds	
Liquor Control Fund	4,237,113
Non-major Enterprise Funds	459,081
Internal Service Funds	55,789,581
Fiduciary Funds	
Pension and Other Postemployment Benefits Trust Funds	124,640
Unclaimed Property Fund	231
Total	$ 60,610,646

4. Inter - Primary Government/Component Unit Balances

Advances to component units consist of the amounts advanced under various agreements with the Vermont Economic Development Authority (VEDA) for specific programs. At June 30, 2021, the advances to component units reported in the General Fund ($5,500,000) are advances to Vermont Economic Development Authority. The advance funded a loan for a portion of a project to build a State office building. The terms of the agreement require the principal repayments on the loan be held by VEDA until the funds are requested by the State.

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

At June 30, 2021, these account balances are as follows:

	Vermont Housing & Conservation Board	Vermont Veterans' Home	Total
Due from Component Units			
General Fund	$ 2,336,945	$ 966,697	$ 3,303,642
Due to Component Units			
General Fund	(10,300,500)	-	(10,300,500)
Federal Fund	(67,736)	-	(67,736)
Non-major Governmental Funds	(5,666,167)	-	(5,666,167)
Total	$ (13,697,458)	$ 966,697	$ (12,730,761)

5. Interfund Transfers

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

The Global Commitment Fund received transfers from the General and Special Funds for Medicaid related services provided under the Vermont Global Commitment to Health Medicaid waiver. The General Fund received transfers from the Liquor Control fund; the Federal Revenue Fund for Earned Federal Receipts and the Special Fund for transfer of Securities, Insurance and Captive Funds. The Non-major Governmental Funds received a transfer from General fund for debt service payments. The Special Fund received transfers from the General Fund for the Tobacco Settlement Fund, from the Federal Revenue Fund for the earned income tax credit for the year, and from the Global Commitment Fund for special education school-based Medicaid services. The Education Fund received transfers from the State Lottery Fund to support the general State grant for local education, and the Special Fund for Medicaid services.

Interfund transfers for the fiscal year ended June 30, 2021, are as follows:

(Table on next page.)

Transfers in	Transfers Out: Governmental Funds: General Fund	Transportation Fund	Special Fund	Federal Revenue Fund
General Fund	$ -	$ -	$ 61,621,920	$ 6,497,624
Education Fund	-	-	7,409,412	-
Special Fund	4,065,640	1,564,436	-	62,379,349
Federal Revenue Fund	-	-	41,097	-
Global Commitment Fund	472,819,482	-	32,471,161	-
Non-major Governmental Funds	75,828,995	3,468,928	31,621	504,738
Internal Service Funds	-	1,005,358	-	-
Total	$ 552,714,117	$ 6,038,722	$ 101,575,211	$ 69,381,711

continued below

Transfers in	Transfers Out: Governmental Funds: Global Commitment Funds	Non-major Governmental Funds	Proprietary Funds: Liquor Control Fund	State Lottery Fund
General Fund	$ -	$ -	$ 22,740,000	$ -
Education Fund	-	-	-	31,888,699
Special Fund	22,094,110	125,671	23,156	-
Federal Revenue Fund	-	8,219,456	-	-
Total	$ 22,094,110	$ 8,345,127	$ 22,763,156	$ 31,888,699

continued below

Transfers in	Transfers Out: Proprietary Funds: Non-major Enterprise Funds	Total
General Fund	$ -	$ 90,859,544
Education Fund	-	39,298,111
Special Fund	762,000	91,014,362
Federal Revenue Fund	-	8,260,553
Global Commitment Fund	-	505,290,643
Non-major Governmental Funds	-	79,834,282
Internal Service Funds	-	1,005,358
Total	$ 762,000	$ 815,562,853

E. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2021, was as follows:

Primary Government

Governmental Activities	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Capital assets, not being depreciated					
Land, land use rights, and land improvements	$ 161,052,475	$ 4,030,444	$ -	$ -	$ 165,082,919
Construction in process	675,570,981	277,890,532	(278,079,626)	(23,001,539)	652,380,348
Works of art	136,003	-	-	-	136,003
Total capital assets, not being depreciated	836,759,459	281,920,976	(278,079,626)	(23,001,539)	817,599,270
Capital assets, being depreciated					
Buildings and improvements	754,196,984	18,794,801	(2,913,671)	-	770,078,114
Machinery and equipment	585,557,280	34,768,612	(8,859,254)	-	611,466,638
Infrastructure	2,945,113,962	254,570,135	(34,292,031)	-	3,165,392,066
Total capital assets, being depreciated	4,284,868,226	308,133,548	(46,064,956)	-	4,546,936,818
Less accumulated depreciation for					
Buildings and improvements	(323,451,995)	(23,773,920)	1,919,702	-	(345,306,213)
Machinery and equipment	(377,962,002)	(63,419,236)	8,269,909	-	(433,111,329)
Infrastructure	(1,260,700,122)	(120,544,585)	34,287,188	-	(1,346,957,519)
Total accumulated depreciation	(1,962,114,119)	(207,737,741)	44,476,799	-	(2,125,375,061)
Capital assets, being depreciated, net	2,322,754,107	100,395,807	(1,588,157)	-	2,421,561,757
Governmental activities capital assets, net	$ 3,159,513,566	$ 382,316,783	$ (279,667,783)	$ (23,001,539)	$ 3,239,161,027

Business-type Activities	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Capital assets, being depreciated					
Buildings and improvements	$ 59,935	$ -	$ -	$ -	$ 59,935
Machinery and equipment	5,772,306	269,233	(7,728)	-	6,033,811
Total capital assets, being depreciated	5,832,241	269,233	(7,728)	-	6,093,746
Less accumulated depreciation for					
Buildings and improvements	(59,935)	-	-	-	(59,935)
Machinery and equipment	(1,701,484)	(573,517)	7,728	-	(2,267,273)
Total accumulated depreciation	(1,761,419)	(573,517)	7,728	-	(2,327,208)
Capital assets, being depreciated, net	4,070,822	(304,284)	-	-	3,766,538
Business-type activities capital assets, net	$ 4,070,822	$ (304,284)	$ -	$ -	$ 3,766,538

Fiduciary Activities	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Capital assets, being depreciated					
Machinery and equipment	$ 8,475,411	$ 45,510	$ (230,194)	$ -	$ 8,290,727
Total capital assets, being depreciated	8,475,411	45,510	(230,194)	-	8,290,727
Less accumulated depreciation for					
Machinery and equipment	(5,873,440)	(647,130)	225,072	-	(6,295,498)
Total accumulated depreciation	(5,873,440)	(647,130)	225,072	-	(6,295,498)
Fiduciary activities capital assets, net	$ 2,601,971	$ (601,620)	$ (5,122)	$ -	$ 1,995,229

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

Governmental Activities		Business-type Activities	
General Government	$ 26,902,954	Liquor Control Fund	$ 564,047
Protection to Persons and Property	8,777,195	State Lottery Fund	9,470
Human Services	37,002,384		
Labor	36,838	**Total**	$ 573,517
General Education	1,123,213		
Natural Resources	3,004,148		
Commerce & Community Development	264,179	**Fiduciary Activities**	
Transportation	119,593,806		
Depreciation on capital assets held by		Pension Trust Funds	$ 645,768
Internal Service Funds	11,033,024	Private Purpose Trust Fund	1,362
Total	$ 207,737,741	**Total**	$ 647,130

F. Deferred Outflows and Deferred Inflows

Deferred outflows and deferred inflows in the government-wide Statement of Net Position governmental activities consist of the unamortized balance of losses and gains related to refunding of debt. The difference between the reacquisition price (the amount placed in escrow to pay for advance refunding, and the principle amount remaining plus any call premium paid in a current refunding) and the net carrying amount of the old debt, is reported as a deferred outflow if a loss on refunding of debt and a deferred inflow if a gain on refunding of debt and recognized as a component of interest over the remaining life of the old debt or the life of the new debt, whichever is shorter.

The change in deferred outflows of resources for the loss on refunding of bonds payable is as follows:

	Deferred Outflows
Balance, July 1, 2020	$ 5,121,630
Reduction of unamortized deferral due to refunding	(923,747)
Deferred amount on new refunding	211,454
Current year amortization	(1,091,050)
Balance, June 30, 2021	$ 3,318,287

The change in deferred inflows of resources for the gain on refunding of bonds payable is as follows:

	Deferred Inflows
Balance, July 1, 2020	$ 28,376
Deferred amount on new refundings	41,405
Current year amortization	(5,328)
Balance, June 30, 2021	$ 64,453

Additional information regarding governmental and business-type activities' deferred outflows of resources and deferred inflows of resources related to pension and OPEB liabilities can be found in Note IV. G. 4.

Deferred inflows in the governmental funds Balance Sheet consist of unavailable amounts related to revenue recognition. Revenues and other governmental fund financial resources are recognized in the accounting period in which they become both available and measurable. When an asset is recorded in governmental fund financial statements, but the revenue is not available, a deferred inflow of resources is reported until such time as the revenue becomes available.

G. Long-term Liabilities

1. General Obligation & Special Obligation Bonds Payable

General obligation bonds payable have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correctional facilities, environmental conservation purposes, maintenance and construction of highways, assistance to municipalities for construction of water and sewage systems, and local schools.

Once authorized by the Legislature, the State Treasurer, with the approval of the Governor, may issue general obligation bonds. The bonds are to be payable in substantially equal or diminishing amounts, the first such payment to be payable not later than five years after the date of the bonds, and the last such payment to be made no later than twenty years after the date of the bonds.

Special obligation transportation infrastructure bonds are limited obligations of the State of Vermont payable from and secured solely by a pledge of funds held in trust by the Peoples United Bank in accordance with the terms of a Trust Agreement. Funding sources for the pledged funds are funds to be received from the Motor Fuel Infrastructure Assessments as authorized by Act 50 of the 2009 legislative session. The proceeds from this issue are expected to be expended for transportation infrastructure purposes, namely the rehabilitation or replacement of State bridges, and construction of roadway capacity projects.

The changes in bonds principal payable for fiscal year 2021 are summarized in the following schedule:

(Table on next page.)

	General Obligation Bonds	Special Obligation Bonds	Total Obligation Bonds
Balance, July 1, 2020	$ 612,995,000	$ 23,440,000	$ 636,435,000
Additions:			
Issuances	153,325,000	-	153,325,000
Total	153,325,000	-	153,325,000
Deductions:			
Redemptions	(54,095,000)	(1,730,000)	(55,825,000)
Defeasance	(82,515,000)	-	(82,515,000)
Total	(136,610,000)	(1,730,000)	(138,340,000)
Balance, June 30, 2021	$ 629,710,000	$ 21,710,000	$ 651,420,000

General obligation and special obligation transportation infrastructure bonds outstanding at June 30, 2021, are shown on the following page:

General Obligation and Special Obligation Transportation Infrastructure Bonds Outstanding at June 30, 2021

Date Issued	Date Series Matures	Interest Rates %	Amount of Original Issue	Maturity Value Sources of Payments: General Fund	Maturity Value Sources of Payments: Transportation Fund	Maturity Value of Bonds Outstanding Total
General Obligation Current Interest Bonds:						
3/21/2012	8/15/2022	0.6 to 3.0	$25,000,000	$ 3,150,000	$ -	$ 3,150,000
3/21/2012	8/15/2025	0.6 to 5.0	69,060,000	8,597,180	157,820	8,755,000
10/11/2012	8/15/2024	2.0 to 5.0	26,765,000	9,730,000	-	9,730,000
10/11/2012	8/15/2032	2.0 to 5.0	66,420,000	46,175,000	-	46,175,000
11/14/2013	8/15/2028	2.0 to 5.0	25,000,000	7,415,000	-	7,415,000
11/14/2013	8/15/2033	2.0 to 5.0	42,810,000	36,655,000	-	36,655,000
11/14/2013	8/15/2024	3.0 to 5.0	18,935,000	3,945,000	-	3,945,000
12/9/2014	8/15/2029	0.14 to 5.0	20,310,000	9,640,000	-	9,640,000
12/9/2014	8/15/2034	5	53,245,000	41,835,000	-	41,835,000
12/9/2014	8/15/2027	3.0 to 5.0	36,205,000	19,910,000	-	19,910,000
10/22/2015	8/15/2030	2.0 to 5.0	28,515,000	19,340,000	-	19,340,000
10/22/2015	8/15/2035	2.625 to 5.0	61,345,000	48,045,000	-	48,045,000
10/22/2015	8/15/2028	2.0 to 4.0	25,720,000	18,165,000	2,080,000	20,245,000
9/13/2017	8/15/2037	2.0 to 5.0	34,700,000	26,345,000	-	26,345,000
9/13/2017	8/15/2037	2.25 to 5.0	71,395,000	63,835,000	-	63,835,000
8/15/2019	2/15/2039	3.0 to 5.0	88,255,000	79,425,000	-	79,425,000
8/15/2019	8/15/2029	2.0 to 5.0	39,525,000	31,940,000	-	31,940,000
5/18/2021	8/15/2040	2.0 to 5.0	82,185,000	82,185,000	-	82,185,000
5/18/2021	8/15/2030	5	31,560,000	31,560,000	-	31,560,000
5/18/2021	8/15/2030	4.0 to 5.0	39,580,000	39,422,180	157,820	39,580,000
Total General Obligation Current Interest Bonds				**627,314,360**	**2,395,640**	**629,710,000**
Special Obligation Transportation Infrastructure Bonds:						
8/3/2010	6/15/2030	2.0 to 4.0	14,400,000	-	7,495,000	7,495,000
8/9/2012	6/15/2032	2.0 to 3.0	10,820,000	-	6,540,000	6,540,000
8/8/2013	6/15/2033	3.0 to 4.25	11,165,000 0	-	7,675,000	7,675,000
Total Special Obligation Transportation Bonds				-	21,710,000	21,710,000
Total General Obligation and Special Obligation Bonds				**$ 627,314,360**	**$ 24,105,640**	**$ 651,420,000**

At June 30, 2021, there remains $185,243,255 of authorized but unissued general obligation bonds.

Future general and special obligation debt service requirements at June 30, 2021 are as follows:

Fiscal Year	General Obligation Current Interest Bonds Principal	General Obligation Current Interest Bonds Interest	Special Obligation Current Interest Bonds Principal	Special Obligation Current Interest Bonds Interest	Total
2022	$ 50,710,000	$ 22,765,474	$ 1,785,000	$ 720,863	$ 75,981,337
2023	51,245,000	22,313,513	1,835,000	667,363	76,060,876
2024	49,685,000	20,017,481	1,885,000	617,713	72,205,194
2025	49,730,000	17,854,763	1,945,000	561,275	70,091,038
2026	47,815,000	15,722,219	1,995,000	501,713	66,033,932
2027-2031	208,235,000	50,391,375	10,060,000	1,451,050	270,137,425
2032-2036	126,830,000	16,852,459	2,205,000	117,486	146,004,945
2037-2041	45,460,000	2,285,806	-	-	47,745,806
Totals	$ 629,710,000	$ 168,203,090	$ 21,710,000	$ 4,637,463	$ 824,260,553

2. Bond Refundings

During the 2021 fiscal year, the State issued general obligation refunding bonds 2021 Series B in the amount of $31,560,000 and 2021 Series C in the amount of $39,580,000 to be used solely to refund portions of the State's general obligation bonds.

Through a current refunding, $37,500,000 outstanding principal of the 2010 Series D-2 - General Obligation Bonds (Federally Taxable – Build America Bonds) were refunded by the 2021 Series B issuance. The 2010 Series D-2 bonds were called and refunded on June 17, 2021, and the liabilities have been removed from the State's financial statements. The net carrying value of the refunded debt was $37,541,405. Total proceeds inclusive of premium for the 2021 Series B is $38,149,295; $133,649 was paid in refunding bond issuance costs, and $37,500,000 was paid to the bond escrow agent to call and refund the bond the principal. Accrued interest of $515,958 was paid on the refunded bonds at the time they were called and refunded. The funds being held by the escrow agent earned $312 of interest income during the holding period until the bonds were refunded.

Through a current refunding, $350,000 outstanding principal of the 2012 Series A - General Obligation Bonds, $28,000,000 outstanding principal of the 2012 Series B – General Obligation Bonds, and $16,665,000 outstanding principal of the 2012 Series D – General Obligation Refunding Bonds for a total of $45,015,000 were refunded by the 2021 Series C issuance. The 2012 Series A, 2012 Series B, and 2012 Series D bonds are to be called and refunded on August 15, 2021. The proceeds of the 2021 Series C issuance were placed in an irrevocable trust held by an escrow agent and are sufficient to satisfy the principal and interest payments of the refunded bonds; resulting in an in-substance defeasance and the liabilities have been removed from the State's financial statements. The net carrying value of the refunded debt was $44,803,546. Total proceeds inclusive of premium for the 2021 Series C is $46,026,809; $258,809 was paid in refunding bond issuance costs, and $45,015,000 was paid to the bond escrow agent to call and refund the bond the principal. Accrued interest of $753,000 is to be paid on the refunded bonds at the time they are called and refunded.

The State has taken advantage of lower interest rates; and has decreased its aggregate debt service payments by $3,660,474 for the 2021 Series B bonds and $4,277,953 for the 2021 Series C bonds for a total savings of $7,938,427 over the ten years ending August 2030. The economic gain (the present value of the debt service savings) for the State through this transaction is $3,501,539 for the 2021 Series B bonds and $4,116,271 for the 2021 Series C bonds for a total savings of $7,617,810 using a discount rate of 1.0256134%.

The total amount of defeased bonds remaining outstanding on June 30, 2021, is $44,015,000.

3. Lease Commitments

A. Operating Leases

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

Total lease payments paid by the primary government in fiscal year 2021 was $15,806,034 for operating leases of which $15,564,572 was paid for property leases, $196,690 for equipment leases, $35,081 for non-cancellable land leases and $9,691 for cancellable land rentals.

The following is a summary of the estimated future minimum rental commitments under operating leases for real property and equipment at June 30, 2021:

	Primary Government		
Fiscal Year	Non-Cancelable Leases	Cancelable Leases	Total
2022	$ 14,429,007	$ 9,066	$ 14,438,073
2023	12,586,453	8,750	12,595,203
2024	10,471,152	1,550	10,472,702
2025	7,680,150	1,550	7,681,700
2026	6,455,068	1,550	6,456,618
2027 - 2031	26,797,475	5,550	26,803,025
2032 - 2036	2,193,595	5,000	2,198,595
2037 - 2041	-	1,000	1,000
Totals	$ 80,612,900	$ 34,016	$ 80,646,916

B. Capital Leases

As of June 30, 2021, the historical cost of the primary government's assets acquired through capital leases was $13,028,832 for buildings and improvements, less accumulated depreciation of $6,120,073 results in a net amount of $6,908,759 for primary government's assets acquired through capital leases.

The State Office Building Redevelopment Project in Downtown St. Albans commenced in 2013. Under this multi-part downtown redevelopment strategy, the Department of Buildings and General Services enter a building lease for the primary government. The lease payments paid by the primary government in fiscal 2021 was $853,868.

The future minimum lease obligation and the net present value of the minimum lease payments at June 30, 2021 are as follows:

(Table on next page.)

Fiscal Year	Primary Government
2022	$ 873,080
2023	892,724
2024	912,810
2025	933,349
2026	954,349
2027 - 2031	5,103,666
2032 - 2036	3,825,650
Total minimum lease payments	13,495,628
Less interest	(4,633,680)
Present value of minimum lease payments	$ 8,861,948

4. Retirement Plans and Other Postemployment Benefits

In accordance with State statutes, the State Treasurer and the individual retirement systems' Board of Trustees administer the State's three defined benefit pension plans and three defined contribution plans. In addition to providing pension benefits, the State also offers other postemployment medical insurance benefit plans to retirees of the Vermont State Retirement System and State Teachers' Retirement System. Disclosures relating to defined benefit pension plans are included in 4. A. below, those relating to defined contribution pension plans are included in 4. B. below, and those relating to other postemployment benefits (OPEB) are included in 4. C. below.

These systems are considered part of the State's reporting entity and are included in the accompanying financial statements as pension and other postemployment benefit trust funds in the fiduciary fund type. There are no separate stand-alone financial statements issued for these plans.

Summary of significant accounting policies – basis of accounting and valuation of investments
The financial statements for the pension and other postemployment benefit trust funds are prepared using the accrual basis of accounting. Plan members' contributions are recognized in the period in which the contributions are due. The employers' contributions are recognized when legally due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the pension and OPEB plans and additions to/deductions from the plans' net position have been determined on the same basis as they are reported by the pension and OPEB plans. All investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on June 30, 2021. Securities without an established market are reported at estimated fair value. Additional information on the plans' investments may be found in Note IV. B. - Investments.

The State annually establishes a state defined benefit retirement contribution rate. The fiscal year 2021 employer contribution rate was 21.40% of payroll and consists of the following two components: 14.82% for Vermont State Retirement System defined benefit pension plan (VSRS) and 6.58% for the Vermont State Postemployment Benefits Trust Fund defined benefit OPEB plan (VSPB). The rates reflect estimates to fund the VSRS actuarially determined contribution and the VSPB pay-as-you-go amounts. These amounts are estimates and may differ from the funding required to meet VSPB pay-as-you-go amounts. Currently, contributions in excess of VSPB pay-as-you-go amounts are deposited directly to VSRS. Contributions to VSRS and VSPB totaled $88.9 million and $90.5 million, respectively, for the fiscal year ended June 30, 2021. In fiscal year 2021, the State made an additional contribution of $52.4 million to the VSPB from the General Fund that was not based on the employer established contribution rate.

A. Defined Benefit Retirement Plans

In order to provide the necessary disclosures that are required under the various GASB Statements, the disclosures below are separated into three sections. The first section (Disclosures about the Defined Benefit Retirement Plans) offers disclosures about the plans themselves - descriptions of the plans and who is covered; an analysis of the membership of the various groups of the various plans as of the end of the fiscal year; a discussion of benefits provided by each of the plans, and the financial statements of each of the three defined benefit plans.

The second section (Financial Reporting of Net Pension Liability and Pension Expense by the Employer as required by GASB Statement No. 68) provides funding information regarding the pension plans that are required by GASB Statement No. 68 - changes in net pension liability (NPL), balances of deferred pension outflows of resources and deferred pension inflows of resources (including prospective schedules of amortization of the deferred outflows and inflows), and the calculation of pension expense for the year.

The third section (Net Pension Liability and Disclosures required by GASB Statement No. 67) provides the information that is required by GASB Statement No. 67 - the calculation of the net pension liability; the actuarial assumptions and census data that were used in calculating that NPL; the discount rate that was used in the calculations; and the sensitivity of the NPL to changes in the discount rate. The Statement of Plan Net Position and the Statement of Changes in Plan Net Position for the fiscal year ended June 30, 2021, are included at the end of this section.

1. Disclosures about the Defined Benefit Retirement Plans

This first section provides the disclosures about the defined benefit retirement plans required by GASB Statement No. 67, including the plan descriptions, benefits, and membership at June 30, 2021.

Plan Descriptions

The Vermont State Retirement System (VSRS) (3 V.S.A. Chapter 16) is a single employer defined benefit pension plan which covers substantially all general State employees and State Police, except employees hired in a temporary capacity. Membership in the system is a condition of employment.

Management of the plan is vested in the VSRS Retirement Board, which consists of an appointee of the Governor; State Treasurer; Commissioner of Human Resources; Commissioner of Finance and Management; three members of the Vermont State Employees' Association who are active members of the system (each chosen by such association in accordance with its articles of association) and one retired state employee who is a beneficiary of the system (to be elected by the Vermont Retired State Employees' Association).

The Vermont State Teachers' Retirement System (STRS) (16 V.S.A. Chapter 55) is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation. It covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2021, the retirement system consisted of 132 participating employers.

Management of the plan is vested in the STRS Board of Trustees, which consists of the Secretary of Education (ex-officio); the State Treasurer (ex-officio); the Commissioner of Financial Regulation (ex-officio); two trustees and one alternate who are members of the system (each elected by the members of the system under rules adopted by the board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

The Vermont Municipal Employees' Retirement System (MERS) (24 V.S.A., Chapter 125) is a cost-sharing, multiple-employer defined benefit pension plan designed for school districts and other municipal employees that

work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirement is required to join the system. During the year ended June 30, 2021, the retirement system consisted of 352 participating employers.

Management of the plan is vested in the MERS Retirement Board of Trustees, which consists of the State Treasurer; two employee representatives who at all times during their term of office are contributing members and have completed five years of creditable service (each elected by the membership of the system); one employer representative who shall at all times during their term of office be a member of the governing body, chief executive officer or supervisor of a participating employer (elected by the membership of the system) and one employer representative who shall at all times during their term of office be a member of the governing body, chief executive officer or supervisor of a participating employer (appointed by the Governor from candidates jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association).

Copies of each individual defined benefit retirement plan's annual actuarial valuation report, and information describing each defined benefit plan's provisions in greater detail, are available for inspection at the Retirement Division, Office of the State Treasurer, 109 State Street, Montpelier, Vermont 05609-6901.

Membership of the Vermont State Retirement System is made up of the following:

- General employees who did not join the non-contributory system on July 1, 1981 (Group A);
- State police, law enforcement positions, and airport firefighters (Group C);
- Judges (Group D); and
- Terminated vested members of the non-contributory system and all other general employees (Group F).

Membership of the State Teachers' Retirement System is made up of the following:

- General teachers who did not join the non-contributory system on July 1, 1981 (Group A); and
- Terminated vested members of the non-contributory system and all other general teachers (Group C).

Membership of the Vermont Municipal Employees' Retirement System is made up of the following:

- General employees whose legislative bodies have not elected to become a member of Group B or Group C (Group A);
- General employees whose legislative bodies have elected to become members of Group B or Group C (Group B & C); and
- Sworn police officers, firefighters and emergency medical personnel (Group D)

At June 30, 2021, the State Treasurer's Office reports the following membership of each of the defined benefit plans by status and group:

	Vermont State Retirement System	Vermont State Teachers Retirement System	Vermont Municipal Employees Retirement System
Total Active Members	8,192	9,955	7,879
Retirees and beneficiaries currently receiving benefits	7,716	10,106	3,938
Terminated employees entitled to benefits but not yet receiving them (vested)	771	911	998
Inactive members	1,716	2,915	3,343
Total Members	18,395	23,887	16,158

Contributions

Vermont State Retirement System. Title 3 VSA Chapter 16 of Vermont Statutes grant the authority to the retirement board to review annually the amount of state contribution recommended by the actuary of the retirement system as necessary to achieve and preserve the financial integrity of the fund and submit this recommendation to the Governor and both houses of the Legislature. Employee contributions are established in Chapter 16. Contribution rates for the fiscal year ended June 30, 2021, for the various groups are as follows:

Vermont State Retirement System	Group A	Group C	Group D	Group F
Employee Contributions	6.65% of gross payroll	8.53% of gross payroll	6.65% of gross payroll	6.65% of gross payroll
Employer Contributions	14.82% of gross payroll	14.82% of gross payroll	14.82% of gross payroll	14.82% of gross payroll

State Teachers' Retirement System. Title 16 VSA Chapter 55 of Vermont Statutes grant the authority to the board of trustees of the system to annually review the amount of State contribution recommended by the actuary of the retirement system to achieve and preserve the financial integrity of the fund and submit this recommendation to the Governor and both houses of the Legislature. The board of trustees also certifies the rates of contribution payable by employees. Contribution rates for the fiscal year ended June 30, 2021, for the various groups are as follows:

Vermont State Teachers Retirement System	Group A	Group C - Group #1	Group C - Group #2
Employee Contributions	5.50% of gross salary	5.00% of gross salary	5.00% of gross salary for members with at least 5 years of service as of 7/1/2014, and 6.00% of gross salary for members with less than 5 years of service as of 7/1/2014
Non-employer Contributions	Appropriation based on June 2019 actuarial recommendation of amount needed to fund benefits earned during the year (1.07% of projected payroll), plus amount needed to liquidate the accrued liability over the remaining amortization period ($128,436,157).		

Vermont Municipal Employees Retirement System. Title 24 VSA Chapter 125 of Vermont Statutes grant the authority to the retirement board to annually review the amount of municipalities contribution recommended by the actuary of the retirement system to achieve and preserve the financial integrity of the fund and certify the rates of

contributions payable by employers. The board of trustees also certifies the rates of contribution payable by employees. Contribution rates for the fiscal year ended June 30, 2021, for the various groups are as follows:

Vermont Municipal Employees Retirement System	Group A	Group B	Group C	Group D
Employee Contributions	3.000% of gross salary	5.375% of gross salary	10.500% of gross salary	11.850% of gross salary
Employer Contributions	4.500% of gross salary	6.000% of gross salary	7.750% of gross salary	10.350% of gross salary

Benefits provided

Benefit terms are established or amended in accordance with 3 V.S.A. Chapter 16 for the Vermont State Retirement System, in accordance with 16 V.S.A. Chapter 55 for the Vermont State Teachers Retirement System, and in accordance with 24 V.S.A Chapter 125 for the Vermont Municipal Employees Retirement System.

Details of the pension benefits provided by each of the retirement plans are included on the next 3 pages:

(Notes continue on next page.)

Vermont State Retirement System	Group A	Group C	Group D	Group F *Hired Before 7/1/08*	Group F *Hired On or After 7/1/08*
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave payoff	Highest 2 consecutive years, including unused annual leave payoff	Final salary at retirement	Highest 3 consecutive years, excluding unused annual leave payoff	Same
Benefit Formula	1.67% X AFC x creditable service	2.5% X AFC x creditable service up to 20 years	3.33% X AFC x creditable service (after 12 years in Group D)	1.25% X AFC x service prior to 12/31/90 + 1.67% X AFC x service after 1/1/91	Same
Maximum Benefit Payable	100% of AFC	50% of AFC	100% of Final Salary	50% of AFC	60% of AFC
Normal Retirement (no reduction)	Age 65 with 5 years of service or 62 with 20 years of service	Age 55 (mandatory) with 5 years of service	Age 62 with 5 years of service	Age 62 or with 30 years of service	Age 65 or a combination of age & service credit that equals 87
Early Retirement Eligibility	Age 55 with 5 years of service or 30 years of service (any age)	Age 50 with 20 years of service	Age 55 with 5 years of service or 30 years of service (any age)	Age 55 with 5 years of service	Same
Early Retirement Reduction	Actuarially reduced benefit if under 30 years of service	No reduction	3% per year from age 62	6% per year preceding age 62	No reduction if age 65 with 5 years of service, or if combination of age and service equal to 87; otherwise, monthly reduction preceding age 65 based on years of service: 35+ years - 1/8th of 1%; 30-34 years - 1/4th of 1%; 25-29 years - 1/3rd of 1%; 20-24 years - 5/12th of 1%; less than 20 years - 5/9th of 1%
Post-Retirement COLA*	Full CPI, up to a maximum of 5%, after 12 months of retirement	Full CPI, up to a maximum of 5%, after 12 months of retirement	Full CPI, up to a maximum of 5%, after 12 months of retirement	For members retiring on or after 07/01/2008, 100% of a fiscal year CPI increase. For members who retired before 07/01/2008, 50% of a fiscal year CPI increase. Annual COLA adjustments have a minimum of 1% and maximum of 5%.	Annual COLA adjustments are 100% of a fiscal year CPI increase, with a minimum of 1% and maximum of 5%.
Disability Benefit**	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC, with children's benefit of 10% of AFC to maximum of three concurrently	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC	Same
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	70% of accrued benefit with no actuarial reduction applied, plus children's benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Same

* Annual post-retirement Cost of Living Adjustment (COLA) applies beginning the first January after receiving at least 12 pension payments and for those under early retirement will receive COLA only after reaching normal retirement age.

** Service connected disability has no minimum service requirement, ordinary disability requires 5 years of service.

(Notes continue on next page.)

Vermont State Teachers Retirement System	Group A	Group C - Group #1*	Group C - Group #2**
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave, and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit Formula	1.67% X creditable service X AFC	1.25% X service prior to 6/30/90 X AFC + 1.67% X service after 7/1/90 X AFC	1.25% X service prior to 6/30/90 X AFC + 1.67% X service after 7/1/90 X AFC, 2% X AFC after attaining 20.0 years
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Normal Retirement (no reduction)	Age 60 or with 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service credit equals 90
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction
Post-Retirement COLA***	Full CPI, up to a maximum of 5%, after 12 months of retirement	50% CPI, up to a maximum of 5% after 12 months of normal retirement or with 30 years, or age 62; minimum of 1%	50% CPI, up to a maximum of 5% minimum of 1% after 12 months of normal retirement or age 65
Disability Benefit****	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefit up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently

* Group #1 are members who were within 5 years of normal retirement (age 62 or 30 years of service) on June 30, 2010.

** Group #2 members who were under 57 years of age or had less than 25 years of service on June 30, 2010.

***Member who retire under an early retirement allowance receive a COLA the January after attaining the age of 62 for Group #1, and 65 for Group #2.

**** Must have 5 or more years of creditable service, and served as a teacher in the state during the 5 years immediately preceding the date of separation from service.

(Notes continue on next page.)

Vermont Municipal Employees Retirement System	Group A	Group B	Group C	Group D
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit Formula	1.4% X creditable service X AFC	1.7% X creditable service X AFC + previous service:1.4% X Group A X AFC	2.5% X creditable service X AFC + previous service:1.4% X Group A X AFC; 1.7% X Group B X AFC	2.5% X creditable service X AFC + previous service:1.4% X Group A X AFC; 1.7% X Group B X AFC; 2.5% X Group C X AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Normal Retirement (no reduction)	Age 65 with 5 years of service or 55 with 35 years of service	Age 62 with 5 years of service or 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction
Post-Retirement COLA	50 % of CPI, up to 2% per year	50 % of CPI, up to 3% per year	50 % of CPI, up to 3% per year	50 % of CPI, up to 3% per year
Disability Benefit	Unreduced, accrued benefit	Unreduced, accrued benefit	Unreduced, accrued benefit	Unreduced, accrued benefit plus children's benefit representing 10% of AFC to maximum of three concurrently
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied	70% of accrued benefit with no actuarial reduction applied, plus children's benefit

** A special early retirement factor of 3% per year only for municipal police officers who have attained age 60.

2. Employer Reporting of Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension Plans as required by GASB Statement No. 68

This section includes the information that is required to be reported by employers per GASB Statement No. 68. It reports information regarding the calculation of the State's net pension liability, including changes during the measurement period in both total pension liability and plan net position; balances in the various components of deferred pension outflows of resources and deferred pension inflows of resources and the amounts to be recognized in pension expense in future periods; and the calculation of pension expense. In addition to presenting the NPL, this section also includes information on the actuarial assumptions and census data used in the valuation, the discount rate that was used to calculate the NPL, and disclosures as to the sensitivity of the NPL to changes in the discount rate.

The State is responsible for 98.3248% of the VSRS net pension liability. The Vermont Veterans' Home (a discrete component unit) is responsible for 1.6752% of the VSRS net pension liability. The State is responsible for 100% of the STRS net pension liability as a non-employer contributing entity. The information is presented in this section is for those two plans. The State does not participate in the MERS plan, so no employer information is presented for that plan.

Reporting Date, Measurement Date, and Valuation Date (Employer Reporting)

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the State's reporting date (June 30, 2020) and for the State's reporting period (the

year ended June 30, 2021). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer's prior fiscal year. For the reporting date of June 30, 2021, the State has chosen to use the end of the prior fiscal year (June 30, 2020) as the measurement date, and the year ended June 30, 2020, as the measurement period.

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The State has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of June 30, 2019, to the measurement date of June 30, 2020. There were no material changes in assumptions or benefit terms that occurred between the actuarial valuation date and the measurement date.

Net Pension Liabilities (Employer Reporting)

The net pension liability (NPL) is measured as the portion of the actuarial present value of projected benefit payments that is attributable to past periods of employee service, net of the pension plan's fiduciary net position. The changes in the components for the measurement period are as follows (amounts are in thousands):

	Vermont State Retirement System			State Teachers' Retirement System		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a-b)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances - June 30, 2019	$ 2,750,811	$ 1,909,470	$ 841,341	$ 3,465,113	$ 1,904,488	$ 1,560,625
Changes for the year:						
Service cost	53,010	-	53,010	40,744	-	40,744
Interest	204,548	-	204,548	255,393	-	255,393
Difference between expected and actual experience	5,123	-	5,123	31,637	-	31,637
Changes of assumptions	209,787	-	209,787	310,968	-	310,968
Contributions - employer	-	84,430	(84,430)	-	-	-
Contributions - non-employer	-	-	-	-	120,247	(120,247)
Contributions - employee	-	40,902	(40,902)	-	40,599	(40,599)
Net investment income	-	78,965	(78,965)	-	83,105	(83,105)
Benefit payments, including refunds of contributions	(153,026)	(153,026)	-	(201,237)	(201,237)	-
Administrative expenses	-	(2,268)	2,268	-	(2,815)	2,815
Other changes	-	594	(594)	-	7,103	(7,103)
Net changes	319,442	49,597	269,845	437,505	47,002	390,503
Balances - June 30, 2020	$ 3,070,253	$ 1,959,067	$ 1,111,186	$ 3,902,618	$ 1,951,490	$ 1,951,128
Fiduciary net position as a percentage of total pension liability			63.81%			50.00%

Proportionate Share of Net Pension Liability

	Vermont State Retirement System			
		Proportionate Share		
	Amount	2020	2019	Change
Governmental activities	$ 1,085,295	97.6699%	97.6666%	0.0033%
Business type activities	7,277	0.6549%	0.6471%	0.0078%
Discrete component unit	18,614	1.6752%	1.6863%	-0.0111%
Total net pension liability	1,111,186	100.0000%	100.0000%	

	State Teachers' Retirement System			
		Proportionate Share		
	Amount	2020	2019	Change
Governmental activities	1,951,128	100.0000%	100.0000%	0.0000%
Total governmental activities net pension liability	$ 3,036,423			

Additional information regarding the changes in the net pension liability for the year ended June 30, 2021, can be found in the Required Supplementary information immediately following these notes to the financial statements.

Deferred Pension Outflows of Resources and Deferred Pension Inflows of Resources (Employer Reporting)

Most changes in the net pension liability are included in pension expense during the year of change. Changes resulting from current-period service cost, interest on the total pension liability, and changes in benefit terms are required to be included in pension expense immediately. Similarly, projected earnings on the pension plan's investments are also required to be included in the determination of pension expense immediately.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods, depending on the nature of the change.

The effect on the net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. This treatment arises from the concept that these changes result from the use of estimates, where probabilities of events range from 0 to 100 percent, while actual events either occur or do not occur. Therefore, differences between some estimates and actual experience will occur with every measurement that incorporates future events.

The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense 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 pension plan (active employees and inactive employees), beginning with the current period. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. This treatment arises from the concept that pensions arise from an exchange between employer and employee of salaries and benefits for employee service each period and that these transactions and related pension measurements are viewed in the context of ongoing, career-long employment relationships.

Employer contributions subsequent to the measurement date of the net pension liability are required to be

reported as deferred outflows of resources, and will be recognized as a reduction of the net pension liability at June 30, 2022. As of June 30, 2021, the State reported the following deferred pension outflows of resources and deferred pension inflows of resources (amounts are in thousands):

	Vermont State Retirement System			
	Primary Government		Discrete Component Units	
Source	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 82,090	$ -	$ 1,399	$ -
Changes of assumptions	185,898	3,582	3,167	61
Net differences between projected and actual earnings on plan investments	61,213	-	1,043	-
Change in proportion and the effect of certain employer contributions on the employer's net pension liability	878	713	302	467
Employer contributions made subsequent to the measurement date	87,524	-	1,420	-
Total	$ 417,603	$ 4,295	$ 7,331	$ 528

	State Teachers' Retirement System	
	Primary Government	
Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 53,094	$ -
Changes of assumptions	233,226	8,239
Net differences between projected and actual earnings on plan investments	54,813	-
Employer contributions made subsequent to the measurement date	125,910	-
Total	$ 467,043	$ 8,239

Source	Primary Government Total Deferred Outflows of Resources	Primary Government Total Deferred Inflows of Resources
Differences between expected and actual experience	$ 135,184	$ -
Changes of assumptions	419,124	11,821
Net differences between projected and actual earnings on plan investments	116,026	-
Change in proportion and the effect of certain employer contributions on the employer's net pension liability	878	713
Employer contributions made subsequent to the measurement date	213,434	-
Total	$ 884,646	$ 12,534

The amounts reported as deferred pension outflows of resources resulting from employer contributions made subsequent to the measurement date (VSRS - $87.524 million Primary Government and $1.420 million Component Units; and STRS - $125.910 million Primary Government), will be recognized as a reduction of the net pension liability at June 30, 2022. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows (amounts are in thousands):

Year Ended June 30	State Teachers' Retirement System Primary Government	Vermont State Retirement System Primary Government	Total Primary Government	Vermont State Retirement System Discrete Component Units
2022	$ 107,949	$ 77,161	$ 185,110	$ 1,296
2023	110,623	85,184	195,807	1,469
2024	102,647	73,836	176,483	1,211
2025	11,675	54,373	66,048	820
2026	-	35,230	35,230	587
Total	$ 332,894	$ 325,784	$ 658,678	$ 5,383

Pension Expense (Employer Reporting)

As discussed above, most changes in the net pension liability are included in pension expense in the year of change, including changes resulting from current-period service cost, interest on the total pension liability, changes in benefit terms, and projected earnings on the pension plan's investments. Other changes in net pension liability are recorded as deferred pension outflows of resources and deferred pension inflows of resources and included in pension expense on a systematic and rational manner over current and future periods.

Pension expense for the year ended June 30, 2021, is as follows (amounts are in thousands):

(Table on next page.)

	State Teachers' Retirement System	Vermont State Retirement System	Total	Vermont State Retirement System
	Primary Government	Primary Government	Primary Government	Discrete Component Units
Service cost	$ 40,745	$ 52,122	$ 92,867	$ 888
Interest on total pension liability	255,393	201,121	456,514	3,427
Employee contributions	(40,598)	(40,217)	(80,815)	(685)
Plan administrative costs	2,815	2,230	5,045	38
Other changes	(7,102)	(584)	(7,686)	(10)
Projected earnings on plan investments	(141,483)	(139,728)	(281,211)	(2,381)
Recognition (amortization) of deferred pension outflows of resources:				
Difference between expected and actual experience	7,909	840	8,749	14
Change in assumptions	77,742	34,379	112,121	585
Net difference between projected and actual investment earnings	11,675	12,417	24,092	212
Recognition of deferred outflows from prior periods	90,357	65,556	155,913	1,117
Changes in proportional share of contributions	-	333	333	122
Recognition (amortization) of deferred pension inflows of resources:				
Recognition of deferred inflows from prior periods	(8,239)	(3,581)	(11,820)	(61)
Changes in proportional share of contributions	-	(260)	(260)	(195)
Total Pension Expense	$ 289,214	$ 184,628	$ 473,842	$ 3,071

Actuarial Methods and Assumptions (Employer Reporting)

Methods and assumptions used to determine pension expense and the total pension liability are based on a valuation date of June 30, 2019, for VSRS and STRS.

(Table on next page.)

	VSRS	STRS
Valuation date	6/30/2019*	6/30/2019*
Inflation assumptions	2.30%	2.30%
Investment rate of return	7.00%	7.00%
Projected salary increases	3.40% - 5.55%	3.30% - 10.50%
Cost of living adjustments	Groups A, C & D: 2.40%; Group F: 1.35% and Group F retiring after 7/1/08: 2.40%	Group A: 2.40%; Group C: 1.35%
Post Retirement Adjustments Allowances in payment for at least one year adjusted for cost of living based on CPI but not in excess of percentage indicated	Groups A, C, D - 5%	Group A - 5%
Allowances in payment for at least one year increased on January 1 by one-half of the percentage increase in the CPI but not in excess of percentage indicated	Group F - 5%	Group C - 5%
Assumed annual rate of cost-of-living increases	For those eligible for increases of 100% of CPI change - 2.40%	For those eligible for increases of 100% of CPI change - 2.40%
	For those eligible for increases of 50% of CPI change - 1.35%	For those eligible for increases of 50% of CPI change - 1.35%
Census Data for 2019 Valuation Retired members or beneficiaries currently receiving benefits	7,268	9,514
Inactive members	1,443	2,756
Active members	8,443	9,862
Terminated vested members	747	819
Total membership	17,901	22,951
*Valuation date is rolled forward to the measurement date of June 30, 2020 using standard actuarial techniques		

Mortality rates are based as follows for the various retirement systems:

Vermont State Retirement System

- *Pre-retirement Mortality*: Groups A & F: 60% of PubG-2010 General Employee Amount-Weighted Above Median, 40% of PubG-2010 General Employee Amount-Weighted with generational projection using scale MP-2019. Group C: PubS-2010 Public Safety Employee Amount-Weighted with generational projection using scale MP-2019. Group D: 70% of PubG-2010 General Employee Amount-Weighted Above Median, 30% of PubG-2010 General Employee with generational projection using scale MP-2019.

- *Post-retirement Retiree Mortality*: Groups A & F: 109% of PubG-2010 General Healthy Retiree Amount-Weighted with generational projection using scale MP-2019. Group C: 40% of PubS-2010 Public Safety Retiree Amount-Weighted Above Median, 60% of PubS-2010 Public Safety Retiree Amount-Weighted with generational projection using scale MP-2019. Group D: PubG-2010 General Healthy Retiree Amount-Weighted Above Median with generational projection using scale MP-2019.

- *Post-retirement Beneficiaries Mortality*: Groups A & F: Pub-2010 Contingent Survivor Amount-Weighted with generational projection using MP-2019. Group C: 40% of Pub-2010 Contingent Survivor Amount-Weighted Above Median, 60% of Pub-2010 Contingent Survivor Amount-Weighted with generational projection using

MP-2019. Group D: Pub-2010 Contingent Survivor Amount-Weighted Above Median with generational projection using MP-2019.

- *Disabled Post-retirement Mortality:* All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

Vermont State Teachers' Retirement System

- *Pre-retirement Mortality*: All Groups were based on the PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2019.

- *Post-retirement Retiree Mortality*: All Groups based on the PubT-2010 Teacher Healthy Retiree Amount-Weighted Table with generational projection using scale MP-2019.

- *Post-retirement Beneficiaries Mortality*: All Groups based on 109% of the Pub-2010 Contingent Survivor Amount-Weighted Table with generational projection using scale MP-2019

- *Disabled Post-retirement Mortality*: All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2019. Actuarial valuations attempt to estimate costs associated with the pension system based on a number of demographics, economic, and retirement experience assumptions. To the extent assumptions are at variance to experience, this can result in actuarial gains and losses ultimately impacting contribution rates and the development of the actuarially required contribution. Experience studies are required by statute to be conducted every five years to review actual experience in comparison to these assumptions and to provide recommended changes to assumptions.

The long-term expected rate of return on pension plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020, measurement date are summarized in the following table:

(Table on next page.)

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Global Equity	29.00%	7.07%
US Equity – Large Cap	4.00%	6.19%
US Equity – Small/Mid Cap	3.00%	6.93%
Non-US Equity – Large Cap	5.00%	7.01%
Non-US Equity – Small Cap	2.00%	7.66%
Emerging Markets Debt	4.00%	3.66%
Core Bond	20.00%	0.39%
Private & Alternate Credit	10.00%	6.03%
US TIPS	3.00%	-0.20%
Core Real Estate	5.00%	4.06%
Non-Core Real Estate	3.00%	6.43%
Private Equity	10.00%	11.27%
Infrastructure/Farmland	2.00%	5.44%
Total	100.00%	

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 2.3%.

Discount Rate (Employer Reporting)

The discount rate used to measure the total pension liability as of June 30, 2020, measurement date was 7.0% for the VSRS and STRS. The discount rate used for the prior year was 7.50% for the VSRS and STRS. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB Statement No. 68.

The annual money-weighted rate of return on pension plan investments calculated as the internal rate of return on pension plan investments, net of pension plan investment expenses for the year ended June 30, 2020, measurement date was 3.90% for VSRS, and 4.10% for STRS. Amounts for the prior year were 5.90%, and 6.10% respectively. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Employer Reporting)

The following presents the net pension liability of the various retirement systems (at the June 30, 2020, measurement date), calculated using the discount rates determined above, as well as what the systems' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (amounts are in thousands):

	VSRS	STRS
One-percent decrease		
Discount rate	6.00%	6.00%
Net pension liability	$ 1,511,458	$ 2,430,339
Net pension liability, as reported		
Discount rate	7.00%	7.00%
Net pension liability	$ 1,111,186	$ 1,951,128
One-percent increase		
Discount rate	8.00%	8.00%
Net pension liability	$ 781,521	$ 1,552,656

Payable to the Defined Benefit Pension Plan (Employer Reporting)

At June 30, 2021, the State reported a payable of $8,070,104 for the outstanding amount of contributions to the VSRS pension plan required for the year ended June 30, 2021.

3. Net Pension Liability and Disclosures required by GASB Statement No. 67 (Plan Reporting)

This section includes the information that is required to be presented by GASB Statement No. 67, reporting on the financial statements for the defined benefit plans for the year ended June 30, 2021. Separate valuations were performed by the State's actuary to calculate the total pension liability in accordance with this standard for financial reporting by pension plans and calculates the net pension liability (NPL). The plans' valuations as of June 30, 2020, were rolled forward to the pension plans' fiscal year end of June 30, 2021. In addition to presenting the NPL, this section also includes information on the actuarial assumptions used in the valuation, the discount rate that was used to calculate the NPL, and disclosures as to the sensitivity of the NPL to changes in the discount rate.

Net Pension Liabilities (Plan Reporting)

The components of the net pension liabilities of the defined benefit retirement plans at June 30, 2021, are shown as follows with amounts in thousands:

	Vermont State Retirement System	Vermont State Teachers' Retirement System	Vermont Municipal Employees Retirement System
Total pension liability	$ 3,255,050	$ 4,118,283	$ 1,073,218
Fiduciary net position	(2,425,222)	(2,422,793)	(926,034)
Net pension liability	$ 829,828	$ 1,695,490	$ 147,184
Fiduciary net position as a percentage of total pension liability	74.51%	58.83%	86.29%

Additional information regarding changes in the net pension liability for the year ended June 30, 2021, can be found in the Required Supplementary Information section immediately following these notes to the financial statements.

Actuarial Assumptions (Plan Reporting)

The June 30, 2021, total pension liability was determined by rolling forward the total pension liability as of June 30, 2020, to June 30, 2021, using the actuarial assumptions and methods used in the June 30, 2020 actuarial valuation of the plans. There were no material changes in assumptions or benefit terms that occurred between the actuarial valuation date and the measurement date.

(Table on next page.)

	VSRS	STRS	MERS
Valuation date	6/30/2020*	6/30/2020*	6/30/2020*
Inflation assumptions	2.30%	2.30%	2.30%
Investment rate of return	7.00%	7.00%	7.00%
Projected salary increases	3.40% - 5.55%	3.30% - 10.50%	4.50% - 7.00%
Cost of living adjustments	Groups A, C & D and F (retiring on or after 7/1/2008): 2.40%; Group F (retiring before 7/1/2008) : 1.35%	Group A: 2.40%; Group C: 1.35%	Group A: 1.10%; Groups B, C, & D: 1.20%
Post Retirement Adjustments Allowances in payment for at least one year adjusted for cost of living based on CPI but not in excess of percentage indicated	Groups A, C, D, F (retired on or after 7/1/2008) - 5%	Group A - 5%	N/A
Allowances in payment for at least one year increased on January 1 by one-half of the percentage increase in the CPI but not in excess of percentage indicated	Group F (retired before 7/1/2008) - 5%	Group C - 5%	Group A - 2%, Groups B,C & D - 3%
Assumed annual rate of cost-of-living increases	For those eligible for increases of 100% of CPI change - 2.40% For those eligible for increases of 50% of CPI change - 1.35%	For those eligible for increases of 100% of CPI change - 2.40% For those eligible for increases of 50% of CPI change - 1.35%	Group A - 1.10%, Groups B,C & D - 1.20%
Census Data for 2020 Valuation Retired members or beneficiaries currently receiving benefits	7,424	9,843	3,693
Inactive members	1,482	2,710	2,941
Active members	8,539	9,996	7,987
Terminated vested members	768	887	927
Total membership	18,213	23,436	15,548
*Valuation date is rolled forward to the measurement date of June 30, 2021 using standard actuarial techniques			

Mortality rates are based as follows for the various retirement systems:

Vermont State Retirement System

- *Pre-retirement Mortality*: Groups A & F: 60% of PubG-2010 General Employee Amount-Weighted Above Median, 40% of PubG-2010 General Employee Amount-Weighted with generational projection using scale MP-2019. Group C: PubS-2010 Public Safety Employee Amount-Weighted with generational projection using scale MP-2019. Group D: 70% of PubG-2010 General Employee Amount-Weighted Above Median, 30% of PubG-2010 General Employee with generational projection using scale MP-2019.

- *Post-retirement Retiree Mortality*: Groups A & F: 109% of PubG-2010 General Healthy Retiree Amount-Weighted with generational projection using scale MP-2019. Group C: 40% of PubS-2010 Public Safety Retiree Amount-Weighted Above Median, 60% of PubS-2010 Public Safety Retiree Amount-Weighted with generational projection using scale MP-2019. Group D: PubG-2010 General Healthy Retiree Amount-Weighted Above Median with generational projection using scale MP-2019.

- *Post-retirement Beneficiaries Mortality*: Groups A & F: Pub-2010 Contingent Survivor Amount-Weighted with generational projection using MP-2019. Group C: 40% of Pub-2010 Contingent Survivor Amount-Weighted Above Median, 60% of Pub-2010 Contingent Survivor Amount-Weighted with generational projection using MP-2019. Group D: Pub-2010 Contingent Survivor Amount-Weighted Above Median with generational projection using MP-2019.

- *Disabled Post-retirement Mortality*: All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

Vermont State Teachers' Retirement System

- *Pre-retirement Mortality*: All Groups were based on the PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2019.

- *Post-retirement Retiree Mortality*: All Groups based on the PubT-2010 Teacher Healthy Retiree Amount-Weighted Table with generational projection using scale MP-2019.

- *Post-retirement Beneficiaries Mortality*: All Groups based on 109% of the Pub-2010 Contingent Survivor Amount-Weighted Table with generational projection using scale MP-2019

- *Disabled Post-retirement Mortality*: All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

Vermont Municipal Employees Retirement System

- *Pre-retirement Mortality*: Groups A/B/C: 40% PubG-2010 General Employee amount-weighted below-median and 60% of PubG-2010 General Employee amount-weighted, with generational projection using Scale MP-2019. Group D: PubG-2010 General Employee amount-weighted above-median, with generational projection using scale MP-2019.

- *Post-retirement Retiree Mortality*: Groups A/B/C: 104% of 40% PubG-2010 General Healthy Retiree amount-weighted below-median and 60% of PubG-2010 General Healthy Retiree amount-weighted, with generational projection using scale MP-2019. Group D: PubG-2010 General Healthy Retiree amount-weighted, with generational projection using scale MP-2019.

- *Post-retirement Beneficiaries Mortality*: Groups A/B/C: 70% Pub-2010 Contingent Survivor amount-weighted below-median and 30% of Pub-2010 Contingent Survivor amount-weighted, with generational projection using scale MP-2019. Group D: Pub-2010 Contingent Survivor amount-weighted, with generational projection using scale MP-2019.

- *Disabled Post-retirement Mortality*: All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

The actuarial assumptions used in the June 30, 2020; valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, are summarized in the following table:

(Table on next page.)

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Passive Global Equity	24.00%	5.05%
Active Global Equity	5.00%	5.05%
US Equity – Large Cap	4.00%	4.00%
US Equity – Small/Mid Cap	3.00%	4.50%
Non-US Developed Market Equities	7.00%	5.50%
Private Equity	10.00%	6.75%
Emerging Market Debt	4.00%	3.00%
Private & Alternate Credit	10.00%	4.75%
Non-Core Real Estate	4.00%	5.75%
Core Fixed Income	19.00%	0.00%
Core Real Estate	4.00%	3.75%
US TIPS	3.00%	-0.50%
Infrastructure/Farmland	3.00%	4.25%
Total	100.00%	

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 2.30%.

Discount Rate (Plan Reporting)

The discount rate used to measure the total pension liability was 7.00% for the VSRS, STRS, and MERS. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB Statement No. 67.

The annual money-weighted rate of return on pension plan investments calculated as the internal rate of return on pension plan investments, net of pension plan investment expenses for the year ended June 30, 2021, was 24.59% for VSRS, 24.75% for STRS, and 24.32% for MERS. Amounts for the prior year were 3.90%, 4.10% and 3.90% respectively. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Plan Reporting)

The following presents the net pension liability of the various retirement systems, calculated using the discount rates determined above, as well as what the systems' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (amounts are in thousands):

(Table on next page.)

	VSRS	STRS	MERS
One-percent decrease			
Discount rate	6.00%	6.00%	6.00%
Net pension liability	$ 1,254,767	$ 2,220,769	$ 290,918
Net pension liability, as reported			
Discount rate	7.00%	7.00%	7.00%
Net pension liability	$ 829,828	$ 1,695,490	$ 147,184
One-percent increase			
Discount rate	8.00%	8.00%	8.00%
Net pension liability	$ 480,073	$ 1,261,020	$ 28,993

The defined benefit plans financial statements are on the following two pages:

(Notes continue on next page.)

Statement of Fiduciary Net Position
Defined Benefit Plans
June 30, 2021

	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
Assets			
Cash and short term investments	$ 11,604,916	$ 11,797,678	$ 3,845,509
Receivables			
Contributions - current	11,301,515	5,930,899	5,492,455
Contributions - non-current	-	-	6,052,280
Investments sold	10,204,522	7,876,782	3,351,477
Interest and dividends	912,097	918,063	676,446
Due from other funds	67,031	6,458	221,094
Other	244	4,668,398	765,917
Investments			
Fixed income	110,059,937	110,930,797	42,103,731
Equities	249,360,731	255,489,651	93,886,722
Mutual and commingled funds	1,643,304,253	1,625,049,631	632,022,316
Real estate and private partnerships	404,646,859	415,531,154	143,334,152
Prepaid expenses	66,741	76,010	42,795
Capital assets, net of depreciation	760,461	897,908	333,818
Total assets	2,442,289,307	2,439,173,429	932,128,712
Liabilities			
Accounts payable	1,439,214	448,640	174,246
Investments purchased	15,553,459	15,852,403	5,916,051
Due to other funds	14,430	14,034	4,085
Interfund loan payable	59,796	64,844	-
Total liabilities	17,066,899	16,379,921	6,094,382
Net position restricted for employees' pension benefits	$ 2,425,222,408	$ 2,422,793,508	$ 926,034,330

Statement of Changes in Fiduciary Net Position
Defined Benefit Plans
For the Fiscal Year Ended June 30, 2021

	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
Additions			
Contributions			
Employer - pension benefit	$ 88,944,172	$ -	$ 22,297,570
Non-employer - pension benefit	-	125,910,465	-
Plan member	42,113,318	42,199,015	23,074,402
Transfers from other pension trust funds	247,033	399,814	365,225
Other revenues	-	8,630,813	-
Total contributions	131,304,523	177,140,107	45,737,197
Investment Income			
Net appreciation in fair value of investments	481,640,357	496,582,207	178,738,288
Dividends	14,999,533	15,068,431	5,423,582
Interest income	2,534,688	2,464,907	1,404,992
Other income	164,685	36,871	3,157
Total investment income	499,339,263	514,152,416	185,570,019
Less Investment Expenses			
Investment managers and consultants	1,916,608	1,957,965	719,924
Net investment income	497,422,655	512,194,451	184,850,095
Total additions	628,727,178	689,334,558	230,587,292
Deductions			
Retirement benefits	155,493,584	212,698,779	39,925,945
Refunds of contributions	3,650,081	2,042,368	2,384,391
Death claims	615,965	507,360	456,440
Transfers to other pension trust funds	531,268	-	590,442
Depreciation	246,628	291,185	107,955
Administration expenses	2,033,884	2,491,240	1,140,683
Total deductions	162,571,410	218,030,932	44,605,856
Change in net position	466,155,768	471,303,626	185,981,436
Net position restricted for employees' pension benefits			
July 1, 2020	1,959,066,640	1,951,489,882	740,052,894
June 30, 2021	$ 2,425,222,408	$ 2,422,793,508	$ 926,034,330

B. Defined Contribution Retirement Plans

Retirement Plan Descriptions

In accordance with Title 3 of the Vermont Statutes Annotated, Chapter 16A, the State established an optional single employer defined contribution pension plan for exempt State employees effective January 1, 1999. The Vermont State Defined Contribution Plan is reported in the Pension Trust Funds. Exempt employees hired after January 1, 1999, have a one-time opportunity to elect either the defined benefit or defined contribution plan. Employees are required to contribute at the rate of 2.85%. The State is required to contribute to each employee's account at the rate of 7% of the employee's compensation for each payroll period. An employee becomes vested in the plan after completion of 23 months of creditable service as a State employee. During the fiscal year ended June 30, 2021, member contributions totaled $766,710 with State employer contributions at $1,965,394. As of June 30, 2021, the Vermont State Defined Contribution Plan's net position totaled $91,371,892 and there were 551 participants.

The Vermont Municipal Employees' Defined Contribution Plan (24 V.S.A. 5070), a multiple employer defined contribution pension plan, was implemented by the Vermont Municipal Employees' Retirement System's Board of Trustees on July 1, 2000, and is reported as a pension trust fund. The defined contribution plan was offered by municipal employers to one or more groups of their eligible employees. Once offered by the employer, each eligible employee was required to make an election to participate. Employees participating in one of the municipal defined benefit plans who elected to participate in the defined contribution plan had the July 1, 2001, actuarial value of their accrued defined benefit plan transferred to the defined contribution plan. Employers that did not offer the defined contribution plan to their employees as of December 31, 1999, have an opportunity to do so no later than December 31 of any subsequent year with the transfer effective July 1 of the following year.

Participating municipal employees are required to contribute at the rate of 5% of earnable compensation. Employers are required to contribute at the rate of 5.125%. Employees become vested in the plan after 12 months of service. During the fiscal year ended June 30, 2021, member contributions totaled $466,735 and employer contributions at $475,877. As of June 30, 2021, the Municipal Employees' Defined Contribution Plan's net position totaled $32,239,779 and there were 433 participants.

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

The STRS's members in the Group A contributory plan could have elected to either remain in the Group A plan or transfer to the new Group B non-contributory plan. Group A members electing to transfer to the Group B plan had their choice between the following three options:

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

The VSRS's members in the Group A contributory plan could have elected to either remain in the Group A plan or transfer to the new Group E non-contributory plan. Group A members electing to transfer to the Group E plan had their choice between the following three options:

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

No additional contributions could be made to the SDIA beyond those described above. The SDIA funds are not available to the members until they retire or terminate employment. At June 30, 2021 there were 865 members, with net position of $31,177,580 in the Single Deposit Investment Account.

The defined contribution plans' financial statements are as follows:

Statement of Fiduciary Net Position
Defined Contribution Plans
June 30, 2021

	Vermont State Defined Contribution Fund	Single Deposit Investment Account	Vermont Municipal Employees' Defined Contribution Fund
Assets			
Cash and short term investments	$ 62,884	$ -	$ 66,692
Receivables			
Contributions	177,636	-	21,596
Other	1,353	-	334
Investments			
Mutual and commingled funds	91,188,728	31,177,580	32,371,941
Prepaid expenses	30,261	-	-
Total assets	91,460,862	31,177,580	32,460,563
Liabilities			
Accounts payable	24,527	-	381
Due to other funds	64,443	-	220,403
Total liabilities	88,970	-	220,784
Net position restricted for employees' pension benefits	$ 91,371,892	$ 31,177,580	$ 32,239,779

Statement of Changes in Fiduciary Net Position
Defined Contribution Plans
For the Fiscal Year Ended June 30, 2021

	Vermont State Defined Contribution Fund	Single Deposit Investment Account	Vermont Municipal Employees' Defined Contribution Fund
Additions			
Contributions			
Employer - pension benefit	$ 1,965,394	$ -	$ 475,877
Plan member	766,710	-	466,735
Transfers from other pension trust funds	83,107	-	26,531
Transfers from non-state systems	4,560	-	-
Total contributions	2,819,771	-	969,143
Investment Income			
Net appreciation (depreciation) in fair value of investments	19,907,542	-	7,648,614
Dividends	1,027,621	695,279	294,721
Interest income	123	-	167
Other income	4,856	-	891
Total investment income	20,940,142	695,279	7,944,393
Less Investment Expenses			
Investment managers and consultants	-	45,167	-
Net investment income	20,940,142	650,112	7,944,393
Total additions	23,759,913	650,112	8,913,536
Deductions			
Retirement benefits	927,041	1,863,391	549,710
Transfers to non-state systems	2,447,202	519,117	1,070,185
Operating expenses	115,724	173	105,625
Total deductions	3,489,967	2,382,681	1,725,520
Change in net position	20,269,946	(1,732,569)	7,188,016
Net position restricted for employees' pension benefits			
July 1, 2020	71,101,946	32,910,149	25,051,763
June 30, 2021	$ 91,371,892	$ 31,177,580	$ 32,239,779

C. Other Postemployment Benefits (OPEB)

In addition to providing pension benefits, the State offers postemployment medical insurance, dental insurance, and life insurance benefits to retirees of the VSRS and STRS. Component units and authorities of the State will perform their own valuation as the State does not assume the risk or financial burden for their health care costs.

The State reports under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 requires employers and nonemployer contributing entities to report their net OPEB liability on their financial statements.

Defined Benefit OPEB Plans
In order to provide the necessary disclosures that are required under the various GASB Statements, the disclosures below are separated into three sections. The first section (Disclosures about the Defined Benefit OPEB Plans) offers disclosures about the plans themselves - descriptions of the plans and who is covered; a discussion of benefits provided by each of the plans.

The second section (Financial Reporting of Net OPEB Liability and OPEB Expense by the Employer as required by GASB Statement No. 75) provides funding information regarding the OPEB plans that are required by GASB Statement No. 75 - changes in net OPEB liability, balances of deferred OPEB outflows of resources and deferred OPEB inflows of resources (including prospective schedules of amortization of the deferred outflows and inflows), and the calculation of OPEB expense for the year.

The third section (Net OPEB Liability and Disclosures required by GASB Statement No. 74) provides the information that is required by GASB Statement No. 74 - the calculation of the net OPEB liability (NOL); the actuarial assumptions and census data that were used in calculating that NOL; the discount rate that was used in the calculations; and the sensitivity of the NOL to changes in the discount rate.

1.Disclosures about the Defined OPEB Plans

This first section provides the disclosures about the defined benefit retirement plans required by GASB Statement No. 74, including the plan descriptions, contribution information, benefits, and membership at June 30, 2021.

Plan Descriptions and Contribution Information

Vermont State Postemployment Benefits Trust Fund
The Vermont State Postemployment Benefits Trust Fund (VSPB) (3 V.S.A. 479a), a single employer defined benefit OPEB plan, was established in fiscal year 2007 as an irrevocable trust fund for the purpose of accumulating and providing reserves to support retiree postemployment benefits other than pension benefits for members of the Vermont State Retirement System (VSRS).

The VSPB is managed by the VSRS Retirement Board (see VSRS in 4.A.1 above). Title 3 V.S.A. Chapters 16 and 21 provides the authority to establish and amend the benefit provisions of the plan, and to establish and amend contribution requirements. Contributions are actuarially determined; however, the State has normally elected to pay State contributions to fund current year retiree health care expenses on a pay-as-you-go basis. But, in fiscal year 2021, the State made an additional contribution of $52.4 million to the VSPB from the General Fund that was above the pay-as-you-go amount. State contributions for the fiscal year ended June 30, 2021, were $90,462,714, which is 15.63% of covered payroll. Employees are not required to contribute to the OPEB plan.

Benefits are provided through the State's self-insured Medical Insurance Fund (an internal service fund). VSPB plan members have access to the same benefit plans as active employees.

State employees hired prior to July 1, 2008 and retiring directly from active State service for any reason (disability, early, or normal) may elect to carry whatever medical coverage is in effect at that time into retirement for themselves and their dependents. During their lifetime the retiree will pay 20% of the cost of the premium, except

in the case where retirees select joint or survivorship options. If the retiree chooses the joint or survivor pension options and predeceases their spouse, the medical benefits along with the pension benefit will continue for the spouse. However, generally, the surviving spouse must pay 100% of the cost of the premium.

In addition, once a retiree or surviving spouse becomes eligible for Medicare coverage (at age 65); it is mandatory that they enroll in both Medicare Part A and Part B as soon as possible. Medicare thus becomes the primary insurer with the State plan becoming the secondary insurer. The insured's State insurance premium costs will then decrease in recognition of this change.

Vermont State Retirement System's defined benefit plan Group C members who terminate with 20 or more years of service, but are not yet 50 years old, may elect to receive medical coverage at the time they begin receiving their retirement benefits. For all other Vermont State Retirement System's active employees, if the employee does not retire directly from State service (inactive members), they are not eligible to participate in the State's medical insurance plan. If the insurance is terminated at any time after retirement benefits have been received, coverage will not be able to be obtained again at a later date.

Based on legislation enacted during fiscal year 2008, Vermont State Retirement System's defined benefit plan Group F employees hired after June 30, 2008, will pay, upon retirement, a tiered retiree health care premium amount based on completed years of service. The tiered rate paid will range from 100% of the premium cost for retirees with less than 10 years of service to 20% of the premium cost for retirees with 20 or more years of service. Additionally, as part of the enacted legislation, Group F employees hired after June 30, 2008, will also have the ability to elect health care insurance at the 20% premium cost level when they begin to receive retirement benefits in a manner comparable to regular retirements even if the employee terminated prior to their early retirement date, provided the member had 20 years of service upon termination of employment.

Retired Teachers' Health and Medical Benefit Fund

The Retired Teachers' Health and Medical Benefit Fund (RTHMB) (16 V.S.A. 1944b), a cost-sharing multiple employer defined benefit OPEB plan with a special funding situation, was created by the legislature on July 1, 2014, to explicitly appropriate State contributions to the fund for health care expenses separate from the State's contribution to the State Teachers' Retirement System (STRS) pension trust fund. Prior to fiscal year 2015, the health care expenses for the STRS's retirees were paid through a sub-fund of the defined benefit pension trust fund and no State contribution was explicitly budgeted or funded.

The RTHMB is managed by the STRS Retirement Board (see STRS in 4.A.1 above). Title 16 V.S.A. Chapter 55 provides the authority to establish and amend the benefit provisions of the plan, and to establish and amend contribution requirements. Contributions are actuarially determined; however, the State has elected to appropriate State contributions to fund current year retiree health care expenses on a pay-as-you-go basis. State contributions for the fiscal year ended June 30, 2021, were $36,638,994, which is 5.67% of covered payroll. Employees are not required to contribute to the OPEB plan.

Retirees of the STRS participate in multi-employer health coverage plans operated by the Vermont Education Health Initiative (VEHI) which is managed jointly by the Vermont School Boards Insurance Trust and the Vermont National Education Association. VEHI partners with Blue Cross Blue Shield to provide health insurance to retired and active teachers. VEHI issues its own audited financial statements. These and plan information are available the VEHI Offices, 2 Prospect Street, Suite 5, Montpelier, VT 05602.

STRS's members have access to medical benefit plans in retirement as offered by VEHI. The plans are identical to those offered to active teachers in public school systems in Vermont. Members may pick up medical coverage under one of the plans offered for themselves and all eligible dependents at the time of retirement, or anytime thereafter during one of the semi-annual open enrollment periods. If the member has a minimum of 10 years of creditable service at the time of retirement, the system picks up 80% of the retiree's premium only, based on the cost of the "standard plan" as defined by statute. The retiree must pick up the full cost of the premium for all covered dependents. Once a retiree becomes eligible for Medicare coverage (at age 65), it is mandatory that they enroll in both Medicare Part A and Part B. Medicare becomes the primary insurer and the Teacher's medical

plans become the secondary insurer. Two of the plans offered become "carve-out" plans to coordinate with Medicare, and one of the plans is replaced with a true Medicare supplemental plan. The premiums for all plans are reduced in accordance with the decrease in liability once Medicare becomes the primary insurer.

During fiscal year 2021 there were 132 participating employers in the STRS - RTHMB plan.

Membership in the plans consisted of the following at June 30, 2021:

	VSRS - VSPB	STRS - RTHMB
Retired members or beneficiaries currently receiving benefits	5,474	7,282
Retired members or beneficiaries not receiving benefits	-	2,824
Vested terminated members entitled to but not yet receiving benefits	-	1,955
Active members	8,517	9,955
Total	13,991	22,016

2. Employer Reporting of OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB Plans as required by GASB Statement No. 75

This section includes the information that is required to be reported by employers per GASB Statement No. 75. It reports information regarding the calculation of the State's net OPEB liability, including changes during the measurement period in both total OPEB liability and plan net position; balances in the various components of deferred OPEB outflows of resources and deferred OPEB inflows of resources and the amounts to be recognized in OPEB expense in future periods; and the calculation of OPEB expense. In addition to presenting the NOL, this section also includes information on the actuarial assumptions and census data used in the valuation, the discount rate that was used to calculate the NOL, and disclosures as to the sensitivity of the NOL to changes in the discount rate.

The State is responsible for 98.3218% of the VSPB net OPEB liability. The Vermont Veterans' Home (a discrete component unit) is responsible for 1.6782% of the VSPB net OPEB liability. The State is responsible for 100% of the RTHMB net OPEB liability as a non-employer contributing entity. The information is presented in this section is for those two plans.

Reporting Date, Measurement Date, and Valuation Date (Employer Reporting)

Net OPEB liabilities, deferred OPEB outflows of resources, deferred OPEB inflows of resources, and OPEB expense are all presented as of the State's reporting date (June 30, 2021) and for the State's reporting period (the year ended June 30, 2021). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 75 requires that the current measurement date be no earlier than the end of the employer's prior fiscal year. For the reporting date of June 30, 2021, the State has chosen to use the end of the prior fiscal year (June 30, 2020) as the measurement date, and the year ended June 30, 2020, as the measurement period.

The total OPEB liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The State has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of June 30, 2019, to the measurement date of June 30, 2020. There were no material changes in assumptions or benefit terms that occurred between the actuarial valuation date and the measurement date.

Net OPEB Liabilities (Employer Reporting)

The net OPEB liability (NOL) is measured as the portion of the actuarial present value of projected benefit payments that is attributable to past periods of employee service, net of the OPEB plan's fiduciary net position. The changes in the components for the measurement period are as follows (amounts are in thousands):

	VSRS - VSPB			STRS - RTHMB		
	Increase (Decrease)			Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a-b)	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balances - June 30, 2019	$ 1,279,299	$ 51,733	$ 1,227,566	$ 1,041,065	$ 312	$ 1,040,753
Changes for the year:						
Service cost	45,691	-	45,691	30,590	-	30,590
Interest	45,754	-	45,754	37,030	-	37,030
Difference between expected and actual experience	20,361	-	20,361	31,061	-	31,061
Changes of assumptions	127,633	-	127,633	155,924	-	155,924
Contributions - non-employer	-	-	-	-	35,176	(35,176)
Contributions - employer	-	38,600	(38,600)	-	-	-
Net investment income	-	3,029	(3,029)	-	283	(283)
Benefit payments, including refunds of contributions	(35,768)	(35,768)	-	(27,551)	(27,551)	-
Administrative expenses	-	(2)	2	-	(2)	2
Other changes	-	-	-	-	501	(501)
Net changes	203,671	5,859	197,812	227,054	8,407	218,647
Balances - June 30, 2020	$ 1,482,970	$ 57,592	$ 1,425,378	$ 1,268,119	$ 8,719	$ 1,259,400
Fiduciary net position as a percentage of total OPEB liability			3.88%			0.69%

Proportionate Share of Net OPEB Liability

	VSRS - VSPB			
		Proportionate Share		
	Amount	2020	2019	Change
Governmental activities	$ 1,392,043	97.6613%	98.6040%	-0.9427%
Business type activities	9,414	0.6605%	0.3893%	0.2711%
Discrete component unit	23,921	1.6782%	1.0067%	0.6716%
Total net OPEB liability	1,425,378	100.0000%	100.0000%	

	STRS - RTHMB			
		Proportionate Share		
	Amount	2020	2019	Change
Governmental activities	1,259,400	100.0000%	100.0000%	0.0000%
Total governmental activities net OPEB liability:				
Current Portion	16,142			
Long-term portion	2,635,301			
Total	$ 2,651,443			

Additional information regarding the changes in the net OPEB liability for the year ended June 30, 2021, can be found in the Required Supplementary information immediately following these notes to the financial statements.

Deferred OPEB Outflows of Resources and Deferred OPEB Inflows of Resources (Employer Reporting)

Most changes in the net OPEB liability are included in OPEB expense during the year of change. Changes resulting from current-period service cost, interest on the total OPEB liability, and changes in benefit terms are required to be included in OPEB expense immediately. Similarly, projected earnings on the OPEB plan's investments are also required to be included in the determination of OPEB expense immediately.

The effects of certain other changes in the net OPEB liability are required to be included in OPEB expense over the current and future periods, depending on the nature of the change. The effect on the net OPEB liability of differences between the projected earnings on OPEB plan investments and actual experience with regard to those earnings is required to be included in OPEB expense in a systematic and rational manner over a closed period of five years, beginning with the current period. Changes in the net OPEB liability not included in OPEB expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to OPEBs. This treatment arises from the concept that these changes result from the use of estimates, where probabilities of events range from 0 to 100 percent, while actual events either occur or do not occur. Therefore, differences between some estimates and actual experience will occur with every measurement that incorporates future events.

The effects on the total OPEB liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in OPEB expense 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 (active employees and inactive employees), beginning with the current period. Changes in the net OPEB liability not included in OPEB expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to OPEBs. This treatment arises from the concept that OPEBs arise from an exchange between employer and employee of salaries and benefits for employee service each period and that these transactions and related OPEB measurements are viewed in the context of ongoing, career-long employment relationships.

Employer contributions subsequent to the measurement date of the net OPEB liability are required to be reported as deferred outflows of resources, and will be recognized as a reduction of the net OPEB liability at June 30, 2022.

As of June 30, 2021, the State reported the following deferred OPEB outflows of resources and deferred OPEB inflows of resources (amounts are in thousands):

	VSRS - VSPB		VSRS - VSPB	
	Primary Government		Discrete Component Units	
Source	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 26,127	$ -	$ 446	$ -
Changes of assumptions	108,647	288,093	1,854	4,918
Net differences between projected and actual earnings on plan investments	1,558	-	27	-
Change in proportion and the effect of certain employer contributions on the employer's net OPEB liability	16,972	17,797	9,894	9,069
Employer contributions made subsequent to the measurement date	89,855	-	608	-
Total	$ 243,159	$ 305,890	$ 12,829	$ 13,987

Source	STRS - RTHMB Primary Government Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 49,950	$ -
Changes of assumptions	162,449	18,177
Net differences between projected and actual earnings on plan investments	-	1,759
Employer contributions made subsequent to the measurement date	36,639	-
Total	$ 249,038	$ 19,936

Source	Primary Government Total Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 76,077	$ -
Changes of assumptions	271,096	306,270
Net differences between projected and actual earnings on plan investments	1,558	1,759
Change in proportion and the effect of certain employer contributions on the employer's net OPEB liability	16,972	17,797
Employer contributions made subsequent to the measurement date	126,494	-
Total	$ 492,197	$ 325,826

The amounts reported as deferred OPEB outflows of resources resulting from employer contributions made subsequent to the measurement date (VSRS-VSPB - $89.855 million Primary Government and $0.608 million Component Units; and STRS - RTHMB - $36.639 million Primary Government), will be recognized as a reduction of the net OPEB liability at June 30, 2022. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs, will be recognized in OPEB expense as follows (amounts are in thousands):

(Table on next page.)

Year Ended June 30	STRS - RTHMB Primary Government	VSRS - VSPB Primary Government	TOTAL Primary Government	VSRS - VSPB Discrete Component Units
2022	$ 64,417	$ (45,125)	$ 19,292	$ (826)
2023	68,514	(45,168)	23,346	(827)
2024	50,623	(45,317)	5,306	(830)
2025	8,909	(36,213)	(27,304)	(680)
2026	-	(6,550)	(6,550)	(239)
Thereafter	-	25,787	25,787	1,636
Total	$ 192,463	$ (152,586)	$ 39,877	$ (1,766)

OPEB Expense (Employer Reporting)

As discussed above, most changes in the net OPEB liability are included in OPEB expense in the year of change, including changes resulting from current-period service cost, interest on the total OPEB liability, changes in benefit terms, and projected earnings on the OPEB plan's investments. Other changes in net OPEB liability are recorded as deferred OPEB outflows of resources and deferred OPEB inflows of resources and included in OPEB expense on a systematic and rational manner over current and future periods. OPEB expense for the year ended June 30, 2021, is as follows (amounts are in thousands):

	Primary Government		Primary Government	Component Units
	STRS - RTHMB	VSRS - VSPB	TOTAL	VSRS - VSPB
Service cost	$ 30,590	$ 44,924	$ 75,514	$ 767
Interest on total OPEB liability	37,030	44,986	82,016	768
Plan administrative costs	2	3	5	-
Other changes	(501)	-	(501)	-
Projected earnings on plan investments	(306)	(3,658)	(3,964)	(62)
Recognition (amortization) of deferred OPEB outflows of resources:				
Difference between expected and actual experience	7,395	2,687	10,082	46
Change in assumptions	37,125	16,844	53,969	288
Difference between projected and actual investment earnings	5	136	141	2
Recognition of deferred outflows from prior periods	35,001	2,158	37,159	36
Changes in Proportions	-	2,983	2,983	1,582
Recognition (amortization) of deferred OPEB inflows of resources:				
Recognition of deferred inflows from prior periods	(20,157)	(67,005)	(87,162)	(1,144)
Changes in Proportions	-	(2,928)	(2,928)	(1,637)
Total OPEB Expense	$ 126,184	$ 41,130	$ 167,314	$ 646

Actuarial Methods and Assumptions (Employer Reporting)

Actuarial Assumptions (Employer Reporting)

Total OPEB liability at the June 30, 2020, measurement date was determined using the June 30, 2019, actuarial valuation and applying roll forward procedures. The actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified were as follows:

	VSRS - VSPB	STRS - RTHMB
Inflation	2.00%	2.00%
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation	7.00%, net of OPEB plan investment expense, including inflation
Discount rate	2.23%	2.21%
Salary increase rate	Varies by age from age 20 - 5.55%, to age 60 - 3.40%.	Varies by age from age 20 - 10.50%, to age 60 - 3.55%.
Health care cost trend rate		
Non-Medicare	6.925% graded to 4.50% over 11 years	6.925% graded to 4.50% over 11 years
Medicare	6.14% graded to 4.50% over 13 years	6.14% graded to 4.50% over 12 years
Retiree contributions	Equal to health trend	Equal to health trend
Plan membership - 6/30/2019		
Retired members or beneficiaries currently receiving benefits	5,236	6,878
Retired members or beneficiaries not receiving benefits	-	2,486
Vested terminated members entitled to but not yet receiving benefits	-	1,990
Active members	8,725	9,862
Total	13,961	21,216

The actuarial assumptions used in the June 30, 2019; valuation were based on the results of the following actuarial experience studies:

Vermont State Retirement System
Experience Study: July 1, 2014 – June 30, 2019, completed in October 2020 by Segal

Vermont State Teachers' Retirement System
Experience Study: July 1, 2014 – June 30, 2019, completed in October 2020 by Segal

Mortality rates are based on the following:

Vermont State Retirement System

- *Pre-retirement Mortality*: Groups A, F, & DC: 60% of PubG-2010 General Employee Headcount-Weighted Above Median, 40% of PubG-2010 General Employee Headcount-Weighted with generational projection using scale MP-2019. Group C: PubS-2010 Public Safety Employee Headcount-Weighted with generational projection using scale MP-2019. Group D: 70% of PubG-2010 General Employee Headcount-Weighted Above Median, 30% of PubG-2010 General Employee with generational projection using scale MP-2019.

- *Post-retirement Retiree Mortality*: Groups A, F & DC: 109% of PubG-2010 General Healthy Retiree Headcount-Weighted with generational projection using scale MP-2019. Group C: 40% of PubS-2010 Public Safety Retiree Headcount-Weighted Above Median, 60% of PubS-2010 Public Safety Retiree Headcount-Weighted with generational projection using scale MP-2019. Group D: PubG-2010 General Healthy Retiree Headcount-Weighted Above Median with generational projection using scale MP-2019.

- *Post-retirement Beneficiaries Mortality*: Groups A, F, & DC: Pub-2010 Contingent Survivor Headcount-Weighted with generational projection using MP-2019. Group C: 40% of Pub-2010 Contingent Survivor Headcount-Weighted Above Median, 60% of Pub-2010 Contingent Survivor Headcount-Weighted with generational projection using MP-2019. Group D: Pub-2010 Contingent Survivor Headcount-Weighted Above Median with generational projection using MP-2019.

- *Disabled Mortality*: All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2019.

Vermont State Teachers' Retirement System

Pre-retirement Mortality: All Groups were based on the PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2019.

- *Post-retirement Retiree Mortality*: All Groups based on the PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table with generational projection using scale MP-2019.

- *Post-retirement Beneficiaries Mortality*: All Groups based on 109% of the Pub-2010 Contingent Survivor Headcount-Weighted Table with generational projection using scale MP-2019

- *Disabled Mortality*: All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2019.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. The following table contains the target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate or return assumption:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Large cap equity	20.00%	7.25%
International equity	15.00%	9.00%
Emerging international equity	5.00%	11.25%
Core bonds	60.00%	2.50%
Total	100.00%	

Discount Rate (Employer Reporting)

The projection of cash flow used to determine the discount rate assumed that the plans' contributions would be made at rates equal to the projected benefit payments for the upcoming year. Based on these assumptions, RTHMB's OPEB plan fiduciary net position was projected to be exhausted within the first year. Therefore, the long-term bond rate expected rate of return of 2.21% on plan investments was applied to all periods of projected benefit payments to determine the RTHMB's total OPEB liability. Since, VSPB's OPEB fiduciary net position is partially sufficient to cover projected benefit payments, a blended discount rate of 2.23% was used to measure the total OPEB liability. VSPB's discount rate is a blend of the long-term expected rate of return on VSPB's OPEB plan investments and the long-term bond rate expected rate of return of 2.21%. The 2.21% is based on the 20-year Bond Buyer GO index at June 30, 2020. The discount rate used in the prior year was 3.50% for both plans.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate (Employer Reporting)

The following presents the NOL of the plans, as well as what the plans' NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (amounts in thousands):

	VSRS - VSPB	STRS - RTHMB
One-percent decrease		
Discount rate	1.23%	1.21%
Net OPEB liability	$ 1,686,127	$ 1,491,537
Net OPEB liability, as reported		
Discount rate	2.23%	2.21%
Net OPEB liability	$ 1,425,378	$ 1,259,400
One-percent increase		
Discount rate	3.23%	3.21%
Net OPEB liability	$ 1,218,200	$ 1,074,304

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate (Employer Reporting)

The following presents the NOL of the plans, as well as what the plans' NOL would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (amounts in thousands):

	VSRS - VSPB	STRS - RTHMB
One-percent decrease		
Healthcare cost trend rate		
Non-medicare	5.925% decreasing to 3.5%	5.925% decreasing to 3.5%
Medicare	5.14% decreasing to 3.5%	5.14% decreasing to 3.5%
Net OPEB liability	$ 1,197,073	$ 1,044,651
Net OPEB liability, as reported		
Healthcare cost trend rate		
Non-medicare	6.925% decreasing to 4.5%	6.925% decreasing to 4.5%
Medicare	6.14% decreasing to 4.5%	6.14% decreasing to 4.5%
Net OPEB liability	$ 1,425,378	$ 1,259,400
One-percent increase		
Healthcare cost trend rate		
Non-medicare	7.925% decreasing to 5.5%	7.925% decreasing to 5.5%
Medicare	7.14% decreasing to 5.5%	7.14% decreasing to 5.5%
Net OPEB liability	$ 1,724,222	$ 1,543,109

Payable to the OPEB Plans (Employer Reporting)

At June 30, 2021, the State reported a payable of $71,382 for the outstanding amount of contributions to the VSPB plan required for the year ended June 30, 2021.

3. Net OPEB Liability and Disclosures required by GASB Statement No. 74 (Plan Reporting)

This section includes information that is required to be presented by GASB Statement No. 74. The plans elected to base the valuations on plan data as of June 30, 2020, and used update procedures to roll forward the total OPEB liability to the OPEB plans' fiscal year end. In addition to presenting the NOL, this section also includes information on the actuarial assumptions and census data used in the valuation, the discount rate that was used to calculate the NOL, and disclosures as to the sensitivity of the NOL to changes in the discount rate.

GASB Statement No, 74 requires that OPEB plans disclose the NOL and other related disclosures.

Net OPEB Liabilities (Plan Reporting)

The components of the net OPEB liabilities at June 30, 2021, were as follows (amounts in thousands):

	VSRS - VSPB	STRS - RTHMB
Total OPEB liability	$ 1,593,341	$ 1,290,221
Fiduciary net position (deficit)	120,268	14,634
Net OPEB liability	$ 1,473,073	$ 1,275,587
Fiduciary net position as a percentage of total OPEB liability	7.55%	1.13%

Additional information regarding changes in net OPEB liability for the year ended June 30, 2021, can be found in the Required Supplementary Information section of these financial statements.

Actuarial Assumptions (Plan Reporting)

The total OPEB liability at June 30, 2021 was determined using the June 30, 2020 actuarial valuation and applying roll forward procedures. The actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified were as follows:

(Table on next page.)

	VSRS - VSPB	STRS - RTHMB
Inflation	2.00%	2.00%
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation	7.00%, net of OPEB plan investment expense, including inflation
Discount rate	2.41%	2.20%
Salary increase rate	Varies by age from age 20 - 5.55%, to age 60 - 3.40%.	Varies by age from age 20 - 10.50%, to age 70 - 3.30%.
Health care cost trend rate		
Non-Medicare	6.70% graded to 4.50% over 10 years	6.70% graded to 4.50% over 10 years
Medicare	6.00% graded to 4.50% over 12 years	6.00% graded to 4.50% over 11 years
Retiree contributions	Equal to health trend	Equal to health trend
Plan membership - 6/30/2020		
Retired members or beneficiaries currently receiving benefits	5,310	7,094
Retired members or beneficiaries not receiving benefits	-	2,591
Vested terminated members entitled to but not yet receiving benefits	-	1,919
Active members	8,788	9,996
Total	14,098	21,600

The actuarial assumptions used in the June 30, 2020; valuation were based on the results of the following actuarial experience studies:

Vermont State Retirement System
Experience Study: July 1, 2014 – June 30, 2019, completed in October 2020 by Segal

Vermont State Teachers' Retirement System
Experience Study: July 1, 2014 – June 30, 2019, completed in October 2020 by Segal

Mortality rates are based on the following:

Vermont State Retirement System

- *Pre-retirement Mortality*: Groups A, F & DC: 60% of PubG-2010 General Employee Headcount-Weighted Above Median, 40% of PubG-2010 General Employee Headcount-Weighted with generational projection using scale MP-2019. Group C: PubS-2010 Public Safety Employee Headcount-Weighted with generational projection using scale MP-2019. Group D: 70% of PubG-2010 General Employee Headcount-Weighted Above Median, 30% of PubG-2010 General Employee with generational projection using scale MP-2019.

- *Post-retirement Retiree Mortality*: Groups A, F & DC: 109% of PubG-2010 General Healthy Retiree Headcount-Weighted with generational projection using scale MP-2019. Group C: 40% of PubS-2010 Public Safety Retiree Headcount-Weighted Above Median, 60% of PubS-2010 Public Safety Retiree Headcount-Weighted with generational projection using scale MP-2019. Group D: PubG-2010 General Healthy Retiree Headcount-Weighted Above Median with generational projection using scale MP-2019.

- *Post-retirement Beneficiaries Mortality*: Groups A, F & DC: Pub-2010 Contingent Survivor Headcount-Weighted with generational projection using MP-2019. Group C: 40% of Pub-2010 Contingent Survivor Headcount-Weighted Above Median, 60% of Pub-2010 Contingent Survivor Headcount-Weighted with generational projection using MP-2019. Group D: Pub-2010 Contingent Survivor Headcount-Weighted Above Median with generational projection using MP-2019.

- *Disabled Mortality*: All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2019.

Vermont State Teachers' Retirement System

Pre-retirement Mortality: All Groups were based on the PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2019.

- *Post-retirement Retiree Mortality*: All Groups based on the PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table with generational projection using scale MP-2019.

- *Post-retirement Beneficiaries Mortality*: All Groups based on 109% of the Pub-2010 Contingent Survivor Headcount-Weighted Table with generational projection using scale MP-2019

- *Disabled Mortality*: All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2019.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation.

The following table contains the target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate or return assumption:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Passive Global Equity	24.00%	5.05%
Active Global Equity	5.00%	5.05%
US Equity – Large Cap	4.00%	4.00%
US Equity – Small/Mid Cap	3.00%	4.50%
Non-US Developed Market Equities	7.00%	5.50%
Private Equity	10.00%	6.75%
Emerging Market Debt	4.00%	3.00%
Private & Alternate Credit	10.00%	4.75%
Non-Core Real Estate	4.00%	5.75%
Core Fixed Income	19.00%	0.00%
Core Real Estate	4.00%	3.75%
US TIPS	3.00%	-0.50%
Infrastructure/Farmland	3.00%	4.25%
Total	100.00%	

Discount Rate (Plan Reporting)

The projection of cash flow used to determine the discount rate assumed that the plans' contributions would be made at rates equal to the projected benefit payments for the upcoming year. Based on these assumptions, VSPB's OPEB and RTHMB's OPEB plan fiduciary net position is partially sufficient to cover projected benefit payments. Therefore, a blended discount rate of 2.41% for VSPB's OPEB and 2.20% for RTHMB's OPEB was used to measure the total OPEB liability. For both plans the discount rate is a blend of the long-term expected rate of return on plan investments and the long-term bond rate expected rate of return of 2.16%.

The 2.16% is based on the 20-year Bond Buyer GO index at June 30, 2021. The discount rate used in the prior year was 2.23% for VSPB OPEB plan, and 2.21% for the RTHMB OPEB plan. For the year ended June 30, 2021, the annual money-weighted rate return of investments, net of investment expense, was 13.9% for the VSPB, and 0.3% for the RTHMB. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate (Plan Reporting)

The following presents the NOL of the plans, as well as what the plans' NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentge-point higher than the current rate (amounts in thousands):

	VSRS - VSPB	STRS - RTHMB
One-percent decrease		
Discount rate	1.41%	1.20%
Net OPEB liability	$ 1,748,130	$ 1,509,346
Net OPEB liability, as reported		
Discount rate	2.41%	2.20%
Net OPEB liability	$ 1,473,073	$ 1,275,587
One-percent increase		
Discount rate	3.41%	3.20%
Net OPEB liability	$ 1,254,002	$ 1,089,241

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate (Plan Reporting)

The following presents the NOL of the plans, as well as what the plans' NOL would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (amounts in thousands):

(Table on next page.)

	VSRS - VSPB	STRS - RTHMB
One-percent decrease		
Healthcare cost trend rate		
Non-medicare	5.70% graded to 3.50%	5.70% graded to 3.50%
Medicare	5.00% graded to 3.50%	5.00% graded to 3.50%
Net OPEB liability	$ 1,230,214	$ 1,056,770
Net OPEB liability, as reported		
Healthcare cost trend rate		
Non-medicare	6.70% graded to 4.50%	6.70% graded to 4.50%
Medicare	6.00% graded to 4.50%	6.00% graded to 4.50%
Net OPEB liability	$ 1,473,073	$ 1,275,587
One-percent increase		
Healthcare cost trend rate		
Non-medicare	7.70% graded to 5.50%	7.70% graded to 5.50%
Medicare	7.00% graded to 5.50%	7.00% graded to 5.50%
Net OPEB liability	$ 1,790,492	$ 1,565,167

Dental Insurance
Dental plans are available to retired State employees, retired teachers, retired municipal employees and their eligible dependents. The dental plan must be elected at the time of retirement. The retiree pays the full premium for all covered lives. There is no cost to the State.

Life Insurance
In the case of life insurance, if a State employee retires with 20 or more years of service and was participating in the life insurance program, a $10,000 benefit will continue into retirement. If a State employee retires due to disability prior to age 60, and if proper documentation is approved by the life insurance company, full life insurance coverage will continue at the State's expense up to age 65. When the retiree reaches the age of 65 and if they have a total of 20 years or more of active and retired (while receiving disability) service, life insurance coverage will automatically change to the $10,000 level with 100% of the premium being paid by the State. In addition, a retiree may convert their insurance coverage in effect at their time of retirement to an individual policy within 30 days of their retirement date without a physical exam.

Vermont Municipal Employees Health Benefit Fund
The Vermont Municipal Employees Retirement System (MERS), a cost-sharing, multiple-employer public employees' retirement system, is administered by the State but has no associated State health care benefit or liability. While the Vermont Municipal Employees Health Benefit Fund is classified as a postemployment benefit fund, there is no accrued liability in excess of the assets of the fund. There is no annual required contribution and unfunded actuarial accrued liability.

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

The MERS Board deposited an initial amount of $5.1 million into the RHS accounts on July 2, 2007. Additional employer contributions totaling approximately $6 million were collected during the course of the fiscal years 2008 and 2009 that were deposited in member accounts during fiscal year 2009. No such contributions have been

made since fiscal year 2009. Future contributions and subsequent transfers to member accounts will be made as directed by the MERS Board of Trustees. There is no guarantee that the RHS member accounts will receive any additional funding. While classified as a postemployment benefit fund, there is no accrued liability in excess of the asset of the fund. There is no annual required contribution and unfunded actuarial accrued liability.

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

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

At June 30, 2021, there were 3,697 active and retired members participating in the MERS RHS plan. The net position of the MERS RHS plan at June 30, 2021 was $15,855,497.

The financial statements for the OPEB Funds are on the following two pages:

Statement of Fiduciary Net Position
Other Postemployment Benefit Funds
June 30, 2021

	Vermont State Postemployment Benefits Trust Fund	Vermont Retired Teachers' Health and Medical Benefits Fund	Vermont Municipal Employees' Health Benefit Fund
Assets			
Cash and short term investments	$ 60,845,082	$ 8,377,323	$ 1,551,664
Receivables			
Contributions	71,945	-	-
Other receivables	9,771	6,257,511	-
Investments			
Mutual funds	59,380,231	-	14,303,833
Prepaid expenses	-	39,525	-
Total assets	120,307,029	14,674,359	15,855,497
Liabilities			
Accounts payable	39,216	40,867	-
Total liabilities	39,216	40,867	-
Net position restricted for employee's other postemployment benefits	$ 120,267,813	$ 14,633,492	$ 15,855,497

Statement of Changes in Fiduciary Net Position
Other Postemployment Benefit Funds
For the Fiscal Year Ended June 30, 2021

	Vermont State Postemployment Benefits Trust Fund	Vermont Retired Teachers' Health and Medical Benefits Fund	Vermont Municipal Employees' Health Benefit Fund
Additions			
Contributions			
Employer - healthcare benefit	$ 90,462,714	$ -	$ -
Non-employer - healthcare benefit	-	36,638,994	-
Total contributions	90,462,714	36,638,994	-
Investment Income			
Net appreciation (depreciation) in fair value of investments	6,624,266	-	2,212,658
Dividends	1,145,675	-	319,999
Interest income	11,792	53,350	2,637
Total investment income	7,781,733	53,350	2,535,294
Less Investment Expenses			
Investment managers and consultants	6,694	-	16,265
Net investment income	7,775,039	53,350	2,519,029
Total additions	98,237,753	36,692,344	2,519,029
Deductions			
Other postemployment benefits	35,560,776	30,775,384	580,541
Operating expenses	1,872	2,167	-
Total deductions	35,562,648	30,777,551	580,541
Change in net position	62,675,105	5,914,793	1,938,488
Net position restricted for employees postemployment benefits			
July 1, 2020	57,592,708	8,718,699	13,917,009
June 30, 2021	$ 120,267,813	$ 14,633,492	$ 15,855,497

5. Other Long-term Liabilities

Governmental activities long-term liabilities are generally liquidated by payments from the governmental and internal service funds' programs, including all major governmental fund types except for the Education Fund. Bonds payable are liquidated by transfers of resources from the General, Transportation, Special and Federal Funds. During the year ended June 30, 2021, the following changes occurred in the governmental activities long-term liabilities:

	Total Liability July 1, 2020	Additions	Reductions	Total Liability June 30, 2021	Amounts due within one year
Governmental activities					
Bonds payable					
Bonds	$ 636,435,000	$ 153,325,000	$ 138,340,000	$ 651,420,000	$ 52,495,000
Bond premium	38,711,062	29,776,267	8,415,952	60,071,377	10,217,224
Total bonds payable	675,146,062	183,101,267	146,755,952	711,491,377	62,712,224
Capital leases payable	9,157,330	-	295,382	8,861,948	332,608
Compensated absences	41,680,614	42,260,887	39,375,120	44,566,381	39,293,008
Claims and judgments	58,056,524	212,682,566	206,531,327	64,207,763	26,670,150
Contingent liabilities	7,000,000	-	-	7,000,000	-
Net pension liabilities	2,382,334,113	1,105,258,645	451,169,964	3,036,422,794	-
Net other postemployment liabilities	2,251,182,024	488,448,752	88,188,077	2,651,442,699	16,141,892
Pollution remediation obligations	9,154,670	3,176,027	1,744,844	10,585,853	2,286,545
Total governmental activities long-term liabilities	$ 5,433,711,337	$ 2,034,928,144	$ 934,060,666	$ 6,534,578,815	$ 147,436,427

The amount of the OPEB net liability due in one year is due to the expected benefits to be paid in one year from the STRS - RTHMB OPEB plan, is greater than the STRS - RTHMB OPEB plan's fiduciary net position.

During the year ended June 30, 2021, the changes occurred in the business-type activities and fiduciary funds long-term liabilities are as follows:

	Total Liability July 1, 2020	Additions	Reductions	Total Liability June 30, 2021	Amounts due within one year
Business-type activities					
Compensated absences	$ 331,454	$ 186,124	$ 204,945	$ 312,633	$ 227,874
Lottery prize awards payable	7,807,597	108,154,781	108,077,307	7,885,071	7,506,728
Net pension liabilities	5,444,250	3,181,530	1,348,224	7,277,556	-
Net other postemployment liabilities	4,779,360	4,909,721	274,949	9,414,132	-
Other liabilities	4,489,439	946,704	-	5,436,143	-
Total business-type activities long term liabilities	$ 22,852,100	$ 117,378,860	$ 109,905,425	$ 30,325,535	$ 7,734,602
Fiduciary					
Compensated absences	$ 16,378	$ 13,520	$ 6,364	$ 23,534	$ 18,252

The compensated absences for the Business-type activities are included as part of accrued salaries and benefits on the propriety funds' Statement of Net Position. The compensated absences for the fiduciary funds are included as part of accrued liabilities on the fiduciary funds Statement of Net Position.

The Pollution Remediation Obligation (PRO) liabilities were measured using the actual contract cost when no changes in cost are expected, or a method that is materially close to the expected cash flow technique. Liability

estimates are subject to change due to cost increases or reductions, or changes in technology or applicable laws or regulations governing the remediation efforts. Overall, the state has recorded a pollution remediation liability of $10,585,853 of which $2,286,545 is due within one year.

Pollution remediation liability activity in fiscal year 2021 was as follows:

Superfund Sites

Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the United States Environmental Protection Agency (USEPA) expends resources from the superfund trust for cleanup. Currently, there are eight sites where the state has referred the matter to federal Superfund jurisdiction, and has executed a contract, or legal obligation, to share in the cost for cleanup and long-term operations and maintenance. These obligations are reflected in a State Superfund Contract.

There are two superfund sites where no liability has been reported because obligations are not yet reasonably estimable. The sites include an abandoned copper mine requiring cleanup of acid mine drainage and hazardous waste groundwater cleanup from a former manufacturing facility of capacitors, transformers, and motors used in household appliances.

The remaining six Superfund sites in Vermont are in various stages of cleanup, from initial assessment to cleanup activities and required monitoring of the remediation effort. There are no viable Potentially Responsible Parties (PRP) or insurance available to reduce the remediation costs for the superfund sites listed below. The PRO as of June 30, 2021, is $5,208,573 and the estimated amount to be paid for remediation activities in 2021 is $642,545.

Department of Environmental Conservation

The Vermont Agency of Natural Resources through the Department of Environmental Conservation (DEC) administers the Environmental Contingency Fund, authorized under 10 V.S.A. §1283, to pay for the investigation and cleanup of contaminated sites where there is no PRP or the PRP is recalcitrant, and the state considers it necessary to investigate and mitigate the effects of hazardous material releases to the environment. In the latter case, the state has the right to recover costs from the PRP, but in the former case, there is often no viable PRP to pursue and, if the pollution is significant, the state is left with little or no discretion to avoid fixing the problem.

The DEC has undertaken a proactive role in investigating the most likely sources of per- and polyfluoroalkyl substances (PFAS) contamination found in public drinking water and in directing public water systems to implement treatment or other remedy to reduce the levels of regulated PFAS contaminants in the water. This effort has been expanded with the passage of Act 21 effective May 15, 2019. The State is pursuing recoveries and/or cost sharing by participants named in the lawsuits as a PRP in the public water sites impacted by PFAS. The PRO as of June 30, 2021, is $695,718. The estimated current amount due is $25,000.

The Department is also monitoring soil and water contamination from two former dry cleaner facilities. Cleanup includes source removal along with vapor intrusion mitigation systems. The PRO as of June 30th, 2021, is $1,358,528. The estimated current amount due is $699,000.

Lastly, the largest potential obligations for cleanup under the DEC's supervisions includes a former mining facility with large eroding mining tailings and waste rock piles that are discharging asbestos into downstream waters. Currently, one of the PRP performs the annual operation and maintenance of the erosion control features. The erosion control measures at the site will ultimately need to be replaced. The PRO for the mining site is $2,000,000 for the estimated cost of reconstruction measures not yet scheduled but likely to occur within the next five years.

Other State Agencies and Departments

Agencies and departments are working with regulators, including the USEPA, to ensure remediation of contaminate sites which are often detected during construction projects including renovation of historic buildings,

excavation, and infrastructure improvements. The PRO is generally related to indoor air issues like asbestos or other chemical and toxics contaminating community soil and groundwater.

The liabilities are being reported because the agency or department was named as a PRP, or legally obligates itself to commence pollution remediation required for permitting or other regulatory restrictions. There are no viable PRP or insurance available to reduce the remediation costs for these sites.

In fiscal year 2019, the Vermont Agency of Transportation detected contaminated soil at the construction site of the replacement drawbridge between Grand Isle and North Hero. The Agency suspected the presence of lead around the bridge from previous paint systems, and testing yielded positive results for some lead as well as polychlorinated biphenyls (PCBs). Subsequent testing revealed a larger more complex contamination profile including hexavalent chromium and lead in soil and sediment underlying the bridge site and into Lake Champlain. The remediation and site monitoring will likely remain ongoing well beyond the current construction investigation and remediation phases. The PRO as of June 30, 2021, is $1,000,000; the estimated current amount due is $700,000.

The other four sites represent a wide array of remediation activities ranging from onetime events of removing contaminated soils related to renovations to longer-term activities like extending the area of investigation of water supply sampling and testing of community drinking water. The PRO as of June 30, 2021, is $323,034 with an estimated $220,000 to be expended in the current fiscal year.

H. Fund Balance/Net Position

Governmental Funds

The composition of the summarized fund balances reported on the governmental funds' Balance Sheet for the fiscal year ended June 30, 2021, are as follows:

	Restricted Purposes	Committed Purposes	Assigned Purposes
General Fund			
Government Operations			
Governor and other Elected Officials	$ -	$ -	$ 25,000
Administrative Services	-	-	8
Public Safety and Regulatory Services	-	-	1,796,066
Courts	-	-	2,768,542
Health and Human Services	-	-	4,224,767
Correctional Services	-	-	279,355
Educational Services	-	-	30,151
Natural Resources Protection and Preservation	-	-	2,033,191
Economic and Community Development	-	-	2,297,750
Tourism and Marketing	-	-	2,122,580
Total General Fund	$ -	$ -	$ 15,577,410
Transportation Fund			
Transportation	$ -	$ 52,748,698	$ -
Total Transportation Fund	$ -	$ 52,748,698	$ -

	Restricted Purposes	Committed Purposes	Assigned Purposes
Education Fund			
Educational Services	$ -	$ 165,889,960	$ -
Total Education Fund	$ -	$ 165,889,960	$ -
Special Fund			
Government Operations			
Governor and Other Elected Officials	$ -	$ 275,234	$ 65,824
Legislature	214	184,411	973
Administrative Services	761,778	23,799,244	555,003
Public Safety and Regulatory Services	1,489,276	30,044,711	29,963
Courts	-	3,870,711	-
Health and Human Services	2,141,966	-	3,824
Correctional Services	5	765,121	-
Employment and Training	-	15,868,479	-
Educational Services	-	2,394,766	-
Natural Resources Protection and Preservation	8,385,811	56,252,056	39
Economic and Community Development	3,981,624	5,854,814	-
Tourism and Marketing	-	252,590	-
Total Special Fund	$ 16,760,674	$ 139,562,137	$ 655,626
Federal Revenue Fund			
Government Operations			
Governor and Other Elected Officials	$ 76,450	$ -	$ -
Administrative Services	146,917	-	-
Public Safety and Regulatory Services	662,621	-	-
Health and Human Services	49,684,014	-	-
Employment and Training	5,439,650	-	-
Natural Resources Protection and Preservation	440,129,420	-	-
Economic and Community Development	8,347,720	-	-
Total Federal Revenue Funds	$ 504,486,792	$ -	$ -
Global Commitment Fund			
Health and Human Services	$ 29,425,178	$ -	$ -
Total Global Commitment Fund	$ 29,425,178	$ -	$ -
Non-major Governmental Funds			
Government Operations			
Administrative Services	$ 20,721	$ -	$ -
Health and Human Services	29,774	-	-
Educational Services	-	31,100,187	-
Natural Resources Protection and Preservation	98,867	19,076,361	-
Economic and Community Development	6,282	-	-
Capital Outlays	55,229,456	-	-
Debt Service	3,214,255	219,946	-
Total Non-major Governmental Funds	$ 58,599,355	$ 50,396,494	$ -

Note V. OTHER INFORMATION

A. Risk Management

1. Workers' Compensation and Risk Management

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

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

The State Employees' Workers' Compensation Fund covers all State employees who are injured on the job, pursuant to State statute. Certain quasi-governmental entities may also request coverage through this program. The State has unlimited exposure to liability and has not purchased any excess workers' compensation insurance to limit this exposure. All claims are processed by a third-party administrator. Two types of claims audits are conducted annually. One is a claims management audit by an independent outside claims consulting company to ensure that the claims operations and claims adjusting follow leading industry practice. The second is a complete actuarial review of Workers' Compensation claims and fund to review and recommend reasonable reserve and funding levels. Reserve fund allocated charges to each participating entity is done by Risk Management personnel utilizing departmental exposure and experience factors.

The State Liability Insurance Fund covers general and employment practices liability, discrimination, bodily injury, and automobile liability risk. The coverage is comparable to standard private commercial policies. This liability coverage is offered to state agencies and certain quasi-governmental agencies. The State's exposure to tort risk in Vermont is subject to the doctrine of sovereign immunity and is governed by the Vermont Tort Claims Act, 12 V.S.A. §5601. The current sovereign immunity limits are $500,000 per person and $2,000,000 per occurrence. Exposure outside of Vermont and to federal suit and other non-tort suit is potentially unlimited. The State holds a self-insured retention (SIR) for the first $500,000 of exposure and purchases excess commercial liability insurance up to $1,500,000 ($2,000,000 total) per occurrence in Vermont and $10,000,000 per occurrence in excess of the $1,000,000 SIR for claims that are not subject to the Vermont Tort Claims Act. Claims are processed by the third-party administrator and/or the Vermont Attorney General's Office. Two types of claims audits are conducted annually. One is a claims management audit by an independent outside claims consulting company to ensure that the claims operations and claims adjusting follow leading industry practice. The second is a complete actuarial review of liability claims and fund to review and recommend reasonable reserve and funding levels. Reserve fund allocated charges to each participating entity is done by Risk Management personnel utilizing departmental exposure and experience factors.

The Risk-Management – All Other Fund provides insurance coverage through purchased commercial policies for risks not covered by the above funds. This coverage provides insurance for State-owned real property, flood, terrorism, cyber liability, bonds for various categories of employees, professional liability coverage for judges, workers' compensation coverage for non-state employees on contract with the Agency of Human Services, and various other miscellaneous coverages. The State's liability exposure is limited to the amount of the various deductibles associated with the respective policies and potentially for any claims in excess of the purchased limits. Premium charges from the various insurers are either assessed directly against the entity requiring the coverage or apportioned among those entities receiving the benefits of the coverage. Risk Management also assesses a surcharge of up to 5% of the premium to cover administrative costs. Entities eligible for coverage are state agencies and certain quasi-governmental agencies.

Insurance settlements have never exceeded the above commercial insurance limits.

2. Health Care Insurance, Dental Assistance Plan, and Life Insurance Funds for State Employee Benefit Plans

The Employee Benefits Division of the Department of Human Resources maintains medical/behavioral health insurance, dental assistance plan, and life insurance funds for the benefit of current State employees, retired former employees, and legislators as well as employees and certain former employees of outside "special" groups (Special Groups) which have been declared eligible to participate by statute or labor agreement. Not all of these named groups may participate in every plan. Detailed eligibility information for each group listed above can be found in the plan summaries that follow. Temporary and contractual employees are not eligible to participate in these plans.

Enrolled plan participants share in the premium cost of the medical/behavioral health plan. Prescription drug coverage is included in the medical/behavioral health plan. Premium rate development is performed by an outside actuary in conjunction with the Operations Division of the Department of Human Resources. The State's liability for incurred but not yet reported (IBNR) claims is calculated by the actuary and is based on the State's prior claims experience. Special Groups covered under the health insurance plan remit premium to the State for their members. Retirees covered under the health plan pay premium through the Retirement Division of the Treasurer's Office.

The plan options are: TotalChoice which is a "preferred provider organization" indemnity-type plan; and the SelectCare plan which is a "point of service" plan similar to an open-ended Health Maintenance Organization (members may opt out of the SelectCare network but must meet a deductible and coinsurance to do so). Benefits are administered under a managed care arrangement. Both health plan options are self-insured by the State. The State uses a third-party administrator to provide administrative services, including claims payment. To limit the State's large claims exposure, the State has purchased a stop loss insurance policy.

The self-funded State of Vermont Employee Dental Assistance Plan provides up to $1,000 regular dental benefits annually and up to $1,750 lifetime benefit for orthodontic expenses for each participant. These plan caps effectively limit the State's exposure to catastrophic loss, so no stop-loss insurance has been purchased. The Operations Division within the Department of Human Resources develops the premium rates, in consultation with the dental plan administrator's actuary. Participants include all groups mentioned in paragraph 1 above except for retirees. The State pays 100% of the premium for State employee participants and their covered dependents. Special Groups covered under the dental assistance plan remit premium to the State for their members.

The State of Vermont Employee Life Insurance Program consists of a Term-Life benefit and an Accidental Death and Dismemberment (AD&D) benefit, each of which provides coverage equal to two times a participant's base salary rounded down to the nearest $100. Retirees who work for the State for at least twenty years and who have life insurance at the time of retirement receive a retiree life benefit of $10,000 with no AD&D coverage. Both Life and AD&D are fully insured benefits. The State purchases insurance under which the carrier retains liability for all claims. The Operations Division calculates the premium rates charged to departments for both of these programs. The State pays 75% of active employees' premiums and 100% of retirees' premium costs. Only current State employees, retired State employees, and current active employees of the Special Groups are eligible to participate. Special Groups covered under the life insurance plan remit premium to the State for their members.

Three years' changes in the respective funds' claims liability amounts are displayed in the following table:

(Table on next page.)

Fund and Fiscal Year	Liability at Beginning of the Fiscal Year	Current FY Claims and Changes in Estimates	Current FY Claims Payments	Liability at End of the Fiscal Year
Workers' Compensation Fund				
2019	$ 28,747,885	$ 11,405,255	$ 11,530,934	$ 28,622,206
2020	28,622,206	11,910,597	11,597,138	28,935,665
2021	28,935,665	12,068,748	11,142,016	29,862,397
State Liability Insurance Fund				
2019	8,769,339	2,803,305	2,048,600	9,524,044
2020	9,524,044	260,545	1,982,910	7,801,679
2021	7,801,679	272,544	(1,939,797)	10,014,020
Medical Insurance Fund				
2019	13,276,524	177,987,236	168,802,967	22,460,793
2020	22,460,793	167,704,318	169,060,329	21,104,782
2021	21,104,782	193,796,889	190,941,994	23,959,677
Dental Insurance Fund				
2019	285,938	6,403,546	6,324,097	365,387
2020	365,387	5,292,047	5,443,036	214,398
2021	214,398	6,544,385	6,387,114	371,669

B. Budget Stabilization Reserves

The Legislature created Budget Stabilization Reserves within the General Fund per 32 V.S.A 308, the Transportation Fund per 32 V.S.A 308a, and the Education Fund Budget per 16 V.S.A 4026. These reserves were created to reduce the effects of annual variations in State revenues upon these funds by reserving certain surpluses of revenues.

The reserves balances consist of any budgetary basis surplus at the close of the fiscal year, provided the balance in each fund's Budget Stabilization Reserve shall not exceed an amount equal to five percent of its appropriations for the prior fiscal year plus any additional amounts as may be authorized by the Vermont Legislature. Use of the reserve is limited to offsetting the respective fund's deficit at the close of a fiscal year. For fiscal year 2021, the State fully funded the Budget Stabilization Reserves for the General, Transportation and Education Funds to their respective statutory maximum levels. The balances at June 30, 2021 are as follows: $81,865,373 in the General Fund's Budget Stabilization Reserve; $11,936,748 in the Transportation Fund's Budget Stabilization Reserve; and $38,217,440 in the Education Fund's Budget Stabilization Reserve.

In addition to the Budget Stabilization Reserve, the General Fund Balance Reserve, also known as the "Rainy Day Reserve" was established per 32 V.S.A 308c. After satisfying the requirements of 32 V.S.A 308, and after other reserve requirements have been met, fifty percent of any remaining the end of fiscal year General Fund surplus determined on budgetary basis shall be reserved in the General Fund Balance Reserve. The General Fund Balance Reserve shall not exceed five percent of the appropriations from the General Fund for the prior fiscal year without legislative authorization. Use of General Fund Balance Reserve is limited to the use of up to fifty percent of the amounts added in the prior fiscal year from the General Fund Balance Reserve to fund unforeseen or emergency needs, and to compensate for a reduction of revenues if the official State revenue estimates are reduced by two percent or more form the original estimate used to determined general appropriations act or budget adjustment act. For fiscal year 2021, the balance in the General Fund Balance Reserve was $80,365,373.

C. Contingent and Limited Liabilities

1. Contingent Liabilities

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

2. Limited Liabilities

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

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

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

Vermont Student Assistance Corporation:
The State has a limited liability for the VSAC. VSAC may create one or more debt service reserve funds in accordance with 10 V.S.A. Section 2867. Annually, VSAC must report to the State the amount necessary to bring the reserve balances up to the minimum required by statute. This sum so certified may be appropriated by the State. To date, it has not been necessary for the State to appropriate money to maintain the reserve and it is not anticipated that any appropriation will have to be made.

University of Vermont:
The State has a limited liability for the UVM. UVM may create one or more debt service reserve funds in accordance with 16 V.S.A. Section 2363. Annually, UVM must report to the State the amount necessary to bring the reserve balances up to the minimum required by statute. This sum so certified may be appropriated by the State. To date, it has not been necessary for the State to appropriate money to maintain the reserve and it is not anticipated that any appropriation will have to be made.

Vermont State Colleges:
The State has a limited liability for the VSC. VSC may create one or more debt service reserve funds in accordance with 16 V.S.A. Section 286. Annually, VSC must report to the State the amount necessary to bring the reserve balances up to the minimum required by statute. This sum so certified may be appropriated by the State. To date, it has not been necessary for the State to appropriate money to maintain the reserve and it is not anticipated that any appropriation will have to be made.

3. Contractual Liabilities

As of June 30, 2021, the State of Vermont had long-term contracts outstanding of approximately $717,410,746 funded from federal sources, and $679,840,207 funded from all other funding sources. Contracts such as retainer contracts and contracts for commodities have not been included since the nature of these on-going contracts are tracked statewide to insure the best prices for supplies and some professional services. Following is a summary of contractual obligations by agency, department, or office on June 30, 2021.

The Agency of Transportation contracts are mainly used for infrastructure construction; of which 73% of Transportation's contracts have end dates of June 30, 2022, or earlier. The Agency of Human Services contracts are used for the Department of Vermont Health Access (33%), the Department of Children and Families (29%), and the Department of Corrections (13%). There are 84% of the Human Services contracts that will expire by June 30, 2022, or earlier. Of the contracts in the Agency of Administration, 60% have end dates that expire by the end of fiscal year 2022. The contract obligations are for human resource benefit administration services (57%), capital construction (27%), and information technology (7%). The State Treasurer's Office contracts are mostly investment management services and health insurance for the retirement plans; of which 61% have end dates that will expire by the end of fiscal year 2022. Of the contract obligations for the Military Department, 58% are for capital construction. There are 66% of Military's contracts that have end dates of June 30, 2022, or earlier. The Agency of Digital Services (ADS), 60% of their contract obligations are for data software / consulting and 28% for telecommunications / fiber optic networks. There are 56% of ADS's contracts that will expire by the end of fiscal year 2022.

Following is a summary of contractual obligations by agency, department, or office at June 30, 2021:

(Table on next page.)

Agency, Department, or Office	Total Contractual Obligation	Funded by Federal Sources	Funded by Other Sources
Agency of Administration	$ 88,869,964	$ 279,653	$ 88,590,310
Agency of Agriculture, Food & Markets	2,368,516	465,633	1,902,883
Agency of Commerce & Community Development	6,277,584	5,023,797	1,253,787
Agency of Digital Services	31,045,070	3,000	31,042,070
Agency of Education	12,960,378	6,975,222	5,985,156
Agency of Human Services	506,580,269	353,494,664	153,085,605
Agency of Natural Resources	15,434,964	3,819,994	11,614,970
Agency of Transportation	549,286,265	301,364,719	247,921,546
Auditor of Accounts' Office	2,904,438	-	2,904,438
Center Crime Victim Services	478,858	207,298	271,560
Criminal Justice Training Council	389,443	-	389,443
Department of Labor	2,606,566	2,606,566	-
Department of Public Safety	11,543,405	2,808,467	8,734,938
Department of Liquor & Lottery	20,342,358	-	20,342,358
Enhanced 911 Board	7,885,481	-	7,885,481
Financial Regulation	2,293,576	-	2,293,576
Green Mountain Care Board	6,572,368	-	6,572,368
Joint Fiscal Office	445,117	-	445,117
Judiciary	832,349	-	832,349
Military Department	44,535,461	39,431,424	5,104,036
Office of the Attorney General	1,242,384	67,055	1,175,329
Office of the Defender General	37,473	-	37,473
Public Service Department	7,038,794	-	7,038,794
Public Utility Commission	311,585	48,642	262,944
Secretary of State's Office	6,713,864	814,612	5,899,253
State Treasurer's Office	68,254,423	-	68,254,423
Total	$ 1,397,250,953	$ 717,410,746	$ 679,840,207

4. Grant Awards

The State of Vermont engages in many grant programs that benefit municipalities, non-profits, individuals, and families statewide. The grant table below summarizes the grant activity by agency, department, or office. The award balance represents the total grant obligation outstanding. The awards to grantees in the current fiscal year totaled $1,163,987,432. The award adjustments column includes an increase of $36,371,051 for amendments to grants that commenced in prior fiscal years and a reduction of $13,682,250 to the current year awards balance under Human Services for the contribution received from the University of Vermont Medical Center for the Graduate Medical Education program. The grants expended amount of $845,801,178 includes payments issued to grantees on both current year awards and prior year grant awards. The award balances on June 30, 2021, represents the remaining unexpended award amounts.

(Table on next page.)

	Number of Grants Awarded in 2021	Total Grant Obligation: Award Balances at June 30, 2020	Current Year Awards	Award Adjustments	Grants Expended	Award Balances at June 30, 2021
Agency of Administration	330	$ -	$ 204,669,994	$ -	$ 204,669,994	$ -
Agency of Agriculture, Food & Markets	364	11,898,444	8,551,331	(737,056)	11,079,492	8,633,227
Agency of Commerce & Community Development	275	17,537,269	58,878,272	10,365,852	61,325,448	25,455,945
Agency of Education	1,635	17,141,103	359,794,119	-	106,812,782	270,122,440
Agency of Human Services	3,434	68,048,698	302,689,765	(14,018,905)	260,447,495	96,272,063
Agency of Natural Resources	378	62,762,976	74,696,084	13,592,650	57,136,899	93,914,811
Agency of Transportation	532	159,691,681	97,368,512	7,595,171	101,585,865	163,069,499
Center Crime Victim Services	210	980,931	8,304,921	-	8,299,873	985,979
Department of Labor	45	2,604,606	1,273,567	1,471,974	3,400,265	1,949,882
Department of Liquor & Lottery	1	-	124,800	-	91,524	33,276
Department of Public Safety	227	13,657,162	25,274,990	4,491,804	13,754,476	29,669,480
Enhanced 911 Board	40	246,878	387,619	(67,664)	225,925	340,908
Judiciary	2	-	90,000	-	90,000	-
Military Department	8	-	42,498	-	42,498	-
Office of the Attorney General	22	27,633	5,868,029	(5,025)	2,921,488	2,969,149
Public Service Department	35	3,426,136	13,867,894	-	11,812,117	5,481,913
State Treasurer's Office	19	101,327	228,486	-	228,486	101,327
State's Attorneys and Sheriffs	51	-	1,876,551	-	1,876,551	-
Total	7,608	$ 358,124,844	$ 1,163,987,432	$ 22,688,801	$ 845,801,178	$ 698,999,899

The Agency of Administration includes the Department of Libraries which awarded 244 grants in the amount of $224,635 to public libraries throughout the state. The agency also awarded over $173.2 million to help fund higher education in Vermont, and $2.3 million to promote cultural development. The Agency of Education awarded 1,635 grants totaling $359.8 million. The Agency of Human Services issued 3,434 awards or 45.1% of the total number of grants issued by the state and expended $244.1 million to improve the conditions and wellbeing of Vermonters. The Agency of Human Services also awarded $30 million to the University of Vermont Medical Center, Inc. for the Graduate Medical Education program (GME). The GME program helps ensure access to quality essential professional health services for Medicaid beneficiaries through the care provided by teaching physicians and teaching hospitals. The University of Vermont contributed $13.7 million to the State to support the GME programs; this support is listed as other revenue in the Global Commitment Fund. The Agency of Transportation awarded 532 grants, totaling $97.4 million, providing funding to communities around the state that focus on safety, preservation and maintenance of existing transportation system, economic development, and energy efficient transportation choices.

D. Litigation

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

E. Joint Venture

The State of Vermont has entered into a Tri-State Lotto Compact with the States of New Hampshire and Maine for the purpose of operating a tri-state lottery. This lottery does not replace Vermont's individual lottery games but is run in addition to the existing games. The Compact provided for the creation of a Tri-State Lottery Commission (Commission) which is an interstate body, both corporate and politic, serving as a common agent for the party states and representing them both collectively and individually in the exercise of its powers and duties. The Commission is composed of one member from each of the party states. Each State's lottery appoints one of its members to this position. The three-member Commission annually elects a chairperson from among its members. The Commission is empowered to promulgate rules and regulations governing the establishment and to administer the operation of the Tri-State Lotto. Tri-State Lotto tickets are sold in each of the party states and processed in a central location as determined by the Commission. A proportional share of revenue and expenses is allocated to each state based on the ticket sales made by that state. The exceptions to the proportional allocation include: (1) the facilities management fee and agent commissions, which are based on a contracted percentage of operating revenue that varies from state to state; and (2) per diem charges, advertising, and certain printing, travel, and miscellaneous costs, which are allocated based on actual charges generated by each state. Comparative financial information for fiscal years ending June 30, 2021 and 2020 are as follows:

	June 30, 2021	June 30, 2020	Increase (Decrease)
Comparative Financial Information			
Assets	$ 32,776,375	$ 35,459,648	$ (2,683,273)
Liabilities	26,349,680	28,437,991	(2,088,311)
Operating revenues	90,387,773	72,639,922	17,747,851
Interest income	158,158	252,577	(94,419)
Gain on the sale of investments	2,969	-	2,969
Commissions, fees and bonus expense	6,968,223	5,710,903	1,257,320
Prize awards	54,228,780	41,504,750	12,724,030
Other operating expenses	3,922,062	3,055,496	866,566
Total transfers to member states	25,429,835	22,621,350	2,808,485
Transfer to Vermont	3,378,418	3,537,403	(158,985)

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

F. Tax Abatements

The State of Vermont provides tax abatements through various programs subject to the requirements of GASB Statement No. 77. A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity through which the government promises to forgo tax revenues to which they are otherwise entitled, and the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefit the government or its citizens. As of June 30, 2021, the State provided tax abatements through the following programs:

(Table on next page.)

Vermont Affordable Housing Tax Credit

Purpose of program	The program encourages construction or rehabilitation of affordable housing projects in the State.
Tax being abated	Personal income, corporate income, bank franchise, and insurance premium taxes
Authority to abate taxes	32 V.S.A. 5930u
Criteria to be eligible to receive abatements and commitment of the taxpayer	Any municipality, private sector developer, State agency as defined in 10 V.S.A. 6301a, the Vermont Housing Finance Agency, or a nonprofit organization qualifying under 26 U.S.C. 501(c)(3), or a cooperative housing organization, the purpose of which is to create and retain affordable housing for Vermonters with lower income and which has in its bylaws a requirement that the housing the organization creates be maintained as affordable housing for Vermonters with lower income on a perpetual basis. The taxpayer applies to and must be approved by the allocating agency to receive the credit. In return, the taxpayer agrees to construct or rehabilitate affordable housing projects as specified in the application submitted. Vermont's designated allocating agency for this tax credit is the Vermont Housing Finance Agency. The participant is required to ensure that eligible housing is maintained as affordable housing by subsidy covenant, as defined in 27 V.S.A. 610 on a perpetual basis.
How taxes are reduced	Taxpayer will claim credit on tax return. Unused credits may be carried forward for fourteen years.
How is the amount of the tax abatement determined	The amount of the credit is determined by the allocating agency based on the amount of eligible investment in the affordable housing project.
Provisions for recapturing abated taxes	N/A
Type of commitments other than taxes	N/A
Dollar amount of taxes abated during reporting period	$4,459,475

Downtown Sales Tax Reallocation Credit

Purpose of program	The program encourages new construction projects, and the improvement and rehabilitation of existing properties in Vermont's designated downtowns.
Tax being abated	Sales tax
Authority to abate taxes	32 V.S.A. 9819
Criteria to be eligible to receive abatements and commitment of the taxpayer	An expansion or rehabilitation of real property in a designated downtown development district, or new construction of real property in a designated downtown development district but only to the extent that the new construction is compatible with the buildings that contribute to the integrity of the district in terms of materials, features, size, scale and proportion, and massing of buildings. The municipality and the developer of the qualified project jointly apply and must be approved by the Vermont Downtown Development Board to receive the credit. In return, the taxpayer agrees to complete their project as specified in the application submitted, and the municipality agrees to use the reallocated tax revenue only for expenditures related to the support of the qualified project.
How taxes are reduced	Refund of sales taxes paid
How is the amount of the tax abatement determined	6% of taxable cost of construction materials
Provisions for recapturing abated taxes	N/A
Type of commitments other than taxes	N/A
Dollar amount of taxes abated during reporting period	$152,821

Agricultural and Managed Forest Land Use Program

Purpose of program	The program goal is to preserve the working landscape and the rural character of Vermont.
Tax being abated	Education Property Tax
Authority to abate taxes	32 V.S.A 3756
Criteria to be eligible to receive abatements and commitment of the taxpayer	A property must be at least 25 contiguous acres in size to be eligible for enrollment in the program, with limited exceptions for actively farmed land, and conservation land owned by a qualified organization as defined in 10 V.S.A 6301a. The property owner applies to and must be approved by the Department of Taxes to receive the tax abatement. In return, the owners of agricultural land and/or farm buildings are required to certify annually that their agricultural land and farm buildings meet the requirements to be eligible for the program; and for forested and conservation land (non-agricultural) the property must be managed according to the approved forest or conservation management plan and according to state standards and be inspected at least once every 10 years.
How taxes are reduced	Reduction of assessed value
How is the amount of the tax abatement determined	Land is valued at fixed price per acre as determined by the Current Use Advisory Board
Provisions for recapturing abated taxes	Once enrolled in the program land is subject to a lien, if this land is ever developed or removed from the program, the owner at the time of development must pay a land use change tax of 10% tax on the full fair market value of the changed land determined without regard to the use value appraisal.
Type of commitments other than taxes	As part of the Land Use Program, is a municipal hold harmless payment that reimburses municipalities for property tax revenue not collected due to the reduction in assessed value from property enrolled in the Land Use Program. Fiscal year 2021 payments are $17,328,532.
Dollar amount of taxes abated during reporting period	$49,202,027

Vermont Downtown and Village Center Tax Credit Program

Purpose of program	The program encourages the improvement and rehabilitation of historic properties in designated downtowns and village centers. It includes three tax credits: The Historic Rehabilitation Tax Credit, the Façade Improvement Tax Credit, and the Code or Technology Improvement Tax Credit.
Tax being abated	Personal income, corporate income, bank franchise, and insurance premium taxes
Authority to abate taxes	32 V.S.A. 5930cc
Criteria to be eligible to receive abatements and commitment of the taxpayer	Commercial buildings and non-profit owned buildings constructed before 1983 located within designated downtown or village centers are eligible for the credit. The taxpayer applies to and must be approved by the Vermont Downtown Development Board to receive the credit. In return, the taxpayer agrees to improve or rehabilitate their historic property in designated downtowns and village centers as specified in the application submitted.
How taxes are reduced	Taxpayer will claim credit on tax return. Unused credits may be carried forward for nine years.
How is the amount of the tax abatement determined	Historic Rehabilitation Tax Credit is 10% of qualified expenditures up to a maximum tax credit of $75,000. Façade Improvement Tax Credit is 25% of qualified expenditures up to a maximum tax credit of $25,000. Code or Technology Improvement Tax Credit is 50% of qualified expenditures up to a maximum tax credit of $50,000 for sprinklers, $50,000 for elevators, $12,000 for platform lifts, $50,000 for other qualified code improvements, and $30,000 for technology improvements.
Provisions for recapturing abated taxes	If, within five years after completion of the qualified project the applicant shall be liable for a recapture penalty in an amount equal to the total tax credit claimed if the Vermont Downtown Development Board finds that any work performed on the qualified project is inconsistent with the approved application; or the applicant knowingly failed to supply any information, or supplied incorrect or untrue information or failed to comply with any award condition; or in the case of the Historic Rehabilitation Tax Credit, the National Park Service revokes certification for unapproved alterations or for work not done as described in the historic preservation certification application.
Type of commitments other than taxes	N/A
Dollar amount of taxes abated during reporting period	$2,556,216

Vermont Employment Growth Incentive (VEGI)

Purpose of program	The program is designed to encourage business recruitment, growth and expansion.
Tax being abated	Personal income taxes
Authority to abate taxes	32 V.S.A. 3330
Criteria to be eligible to receive abatements and commitment of the taxpayer	Any size business can apply, to be eligible to receive abatements. The Vermont Economic Progress Council (VEPC) must find for the project that the total estimated incremental tax revenues from all sources generated to the State by the proposed economic activity exceeds the revenue costs of the activity to the State, including the cost of the incentive. The host municipality must welcome the new business. The proposed economic activity must conform to applicable town and regional plans. If the business proposes to expand within a limited local market, an incentive must not give the business an unfair competitive advantage over other Vermont businesses in the same or similar line of business and in the same limited local market. Applicants must assert in writing and VEPC must agree that, but for the incentive, the proposed economic activity: would not occur; or would occur in a significantly different manner that is significantly less desirable to the State. The taxpayer applies to and must be approved by the VEPC to receive the tax abatement. In return, the taxpayer agrees to meet their performance requirements for new qualifying employment, new qualifying payroll, and new qualifying capital investments as specified in the application submitted.
How taxes are reduced	Refund of taxes paid
How is the amount of the tax abatement determined	The total amount of abatement is determined by a cost-benefit model analysis that calculates the estimated revenue benefits and costs to the State, based on the qualifying jobs, payroll, and capital investments projected by the applicant.
Provisions for recapturing abated taxes	For three years from the last day of the utilization period if the business experiences a 90% or greater reduction in base employment, or if the business fails to file required claim forms. In addition, if the business fails to meet its capital investment performance requirements by the end of the award period the abatements paid may be recaptured.
Type of commitments other than taxes	N/A
Dollar amount of taxes abated during reporting period	$2,803,410

G. Accounting Changes

Accounting changes related to changes in Fiduciary Activities

During the year ended June 30, 2021, the State implemented Statement No. 84, Fiduciary Activities (GASB 84). Balances previously reported in agency funds are now reported in the governmental funds or separately reported as custodial funds. The Statement improves guidance regarding the identification of fiduciary activities and how those activities should be reported. The Statement Implementation required the beginning net position of the custodial funds to be established. The effect of the restatement is shown below.

Restatement of net position

The effects of accounting changes on net position of the custodial funds were as follows:

	Custodial Funds Net Position
As originally reported, July 1	$ -
Restatements	
Adjustment for the implementation of GASB 84 as of July 1, 2020	2,241,686
Restated amount	$ 2,241,686

H. Subsequent Events

The State has evaluated whether any events have occurred subsequent to June 30, 2021, that would require disclosure and has determined that no such events have occurred through the date which these financial statements were available to be issued.



Required Supplementary Information

(Unaudited)

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
VERMONT STATE RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST EIGHT FISCAL YEARS
(Dollar amounts expressed in thousands)
(Unaudited)

	2021	2020	2019	2018
Total pension liability				
Service cost	$ 70,993	$ 53,010	$ 51,946	$ 49,744
Interest	214,277	204,548	194,127	180,860
Differences between expected and actual experience	59,818	5,123	40,476	83,266
Changes of assumptions	-	209,787	-	-
Benefit payments, including refunds of member contributions	(160,291)	(153,026)	(144,297)	(134,090)
Net change in total pension liability	184,797	319,442	142,252	179,780
Total pension liability, July 1	3,070,253	2,750,811	2,608,559	2,428,779
Total pension liability, June 30	3,255,050	3,070,253	2,750,811	2,608,559
Fiduciary net position				
Contributions - employer	88,944	84,430	66,618	64,564
Contributions - member	42,113	40,902	40,818	40,423
Net investment income (loss)	497,423	78,965	106,778	123,632
Benefit payments, including refunds of member contributions	(160,291)	(153,026)	(144,297)	(134,090)
Administrative expenses	(2,281)	(2,268)	(2,246)	(1,720)
Other	247	594	299	249
Net change in fiduciary net position	466,155	49,597	67,970	93,058
Fiduciary net position, beginning of year	1,959,067	1,909,470	1,841,500	1,748,442
Fiduciary net position, end of year	2,425,222	1,959,067	1,909,470	1,841,500
Net pension liability, June 30	$ 829,828	$ 1,111,186	$ 841,341	$ 767,059
Fiduciary net position as a percentage of the total pension liability	74.51%	63.81%	69.41%	70.59%
Covered payroll	$ 551,981	$ 527,571	$ 521,671	$ 504,553
Net pension liability as a percentage of covered payroll	150.34%	210.62%	161.28%	152.03%
Notes to Schedule				
Change in assumptions:				
Discount rate	7.00%	7.00%	7.50%	7.50%
Assumed inflation	2.30%	2.30%	2.50%	2.50%
Assumed COLA increase				
Groups A, C, D and F (retired on or after 7/1/2008)	2.40%	2.40%	2.55%	2.55%
Group F (retired before 7/1/2008)	1.35%	1.35%	1.40%	1.40%

For 6/30/2020 mortality tables updated from variations of RP-2006 with generational improvement to variations of PubG-2010 with generational projection.
For the 2020 GASB 67 valuation, various actuarial assumptions were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2019.
Benefit changes since June 30, 2014: None
Plan Type: single employer

GASB No. 67 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Independent Auditors' Report.

2017	2016	2015	2014
$ 42,704	$ 47,012	$ 41,786	$ 39,369
178,959	171,563	164,405	156,635
19,283	25,051	3,979	-
42,725	(21,853)	62,247	-
(126,480)	(120,094)	(111,396)	(104,493)
157,191	101,679	161,021	91,511
2,271,588	2,169,909	2,008,888	1,917,377
2,428,779	2,271,588	2,169,909	2,008,888
60,280	54,347	55,881	56,483
35,967	34,055	33,296	31,746
170,358	17,962	(8,485)	203,722
(126,480)	(120,094)	(111,396)	(104,493)
(1,777)	(1,467)	(1,858)	(1,158)
444	(14)	177	454
138,792	(15,211)	(32,385)	186,754
1,609,650	1,624,861	1,657,246	1,470,492
1,748,442	1,609,650	1,624,861	1,657,246
$ 680,337	$ 661,938	$ 545,048	$ 351,642
71.99%	70.86%	74.88%	82.50%
$ 471,268	$ 462,057	$ 437,676	$ 416,766
144.36%	143.26%	124.53%	84.37%
7.50%	7.95%	7.95%	8.22%
2.50%	3.00%	3.00%	3.00%
2.55%	3.00%	3.00%	3.00%
1.40%	1.50%	1.50%	1.50%

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATE TEACHERS' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST EIGHT FISCAL YEARS
(Dollar amounts expressed in thousands)
(Unaudited)

	2021	2020	2019	2018
Total pension liability				
Service cost	$ 72,149	$ 40,744	$ 39,766	$ 40,117
Interest	270,700	255,393	246,468	237,747
Differences between expected and actual experience	88,065	31,637	28,998	59,469
Changes of assumptions	-	310,968	-	(32,957)
Benefit payments, including refunds of member contributions	(215,249)	(201,237)	(193,197)	(182,259)
Net change in total pension liability	215,665	437,505	122,035	122,117
Total pension liability, July 1	3,902,618	3,465,113	3,343,078	3,220,961
Total pension liability, June 30	4,118,283	3,902,618	3,465,113	3,343,078
Fiduciary net position				
Contributions - non-employer	125,910	120,247	113,748	110,354
Contributions - member	42,199	40,599	39,075	37,889
Net investment income (loss)	512,194	83,105	109,429	125,566
Benefit payments, including refunds of member contributions	(215,249)	(201,237)	(193,197)	(182,259)
Administrative expenses	(2,782)	(2,815)	(2,715)	(2,084)
Other	9,031	7,103	5,775	4,349
Net change in fiduciary net position	471,303	47,002	72,115	93,815
Fiduciary net position, beginning of year	1,951,490	1,904,488	1,832,373	1,738,558
Fiduciary net position, end of year	2,422,793	1,951,490	1,904,488	1,832,373
Net pension liability, June 30	$ 1,695,490	$ 1,951,128	$ 1,560,625	$ 1,510,705
Fiduciary net position as a percentage of the total pension liability	58.83%	50.00%	54.96%	54.81%
Covered payroll	$ 645,903	$ 624,908	$ 612,899	$ 607,355
Net pension liability as a percentage of covered payroll	262.50%	312.23%	254.63%	248.74%
Notes to Schedule				
Change in assumptions:				
Discount rate	7.00%	7.00%	7.50%	7.50%
Assumed inflation	2.30%	2.30%	2.50%	2.50%
Assumed COLA increase				
Group A	2.40%	2.40%	2.55%	2.55%
Group C	1.35%	1.35%	1.40%	1.40%

For 6/30/2020 mortality tables updated from variations of RP-2006 with generational improvement to variations of PubG-2010 with generational projection.
For the 2020 GASB 67 valuation, various actuarial assumptions were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2019.
Benefit changes since June 30, 2014: None
Plan Type: cost sharing multiple employer with a special funding situation

GASB No. 67 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Independent Auditors' Report.

2017	2016	2015	2014
$ 35,383	$ 34,979	$ 33,614	$ 33,144
228,939	222,185	215,447	206,150
12,523	3,613	20,003	-
185,849	(7,224)	57,489	-
(172,156)	(162,751)	(150,734)	(140,846)
290,538	90,802	175,819	98,448
2,930,423	2,839,621	2,663,802	2,565,354
3,220,961	2,930,423	2,839,621	2,663,802
78,664	73,225	72,909	72,668
36,142	35,409	34,864	32,559
173,167	19,877	(7,567)	212,338
(172,156)	(162,751)	(150,734)	(140,847)
(2,214)	(1,797)	(2,259)	(26,116)
4,055	3,821	538	411
117,658	(32,216)	(52,249)	151,013
1,620,900	1,653,116	1,705,365	1,554,352
1,738,558	1,620,900	1,653,116	1,705,365
$ 1,482,403	$ 1,309,523	$ 1,186,505	$ 958,437
53.98%	55.31%	58.22%	64.02%
$ 586,397	$ 557,708	$ 567,074	$ 563,623
252.80%	234.80%	209.23%	170.05%
7.50%	7.95%	7.95%	8.15%
2.50%	3.00%	3.00%	3.00%
2.55%	3.00%	3.00%	3.00%
1.40%	1.50%	1.50%	1.50%

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST EIGHT FISCAL YEARS
(Dollar amounts expressed in thousands)
(Unaudited)

	2021	2020	2019	2018
Total pension liability				
Service cost	$ 37,158	$ 34,726	$ 30,744	$ 28,434
Interest	70,595	67,361	61,618	56,504
Differences between expected and actual experience	15,795	8,292	17,468	14,172
Changes of assumptions	-	38,774	-	-
Changes of benefit terms	-	-	-	194
Benefit payments, including refunds of member contributions	(43,357)	(39,084)	(35,397)	(31,445)
Net change in total pension liability	80,191	110,069	74,433	67,859
Total pension liability, July 1	993,027	882,958	808,525	740,666
Total pension liability, June 30	1,073,218	993,027	882,958	808,525
Fiduciary net position				
Contributions - employer	22,298	20,681	19,203	17,520
Contributions - member	23,074	20,771	19,778	19,167
Net investment income (loss)	184,850	29,114	38,740	43,889
Benefit payments, including refunds of member contributions	(43,357)	(39,084)	(35,397)	(31,445)
Administrative expenses	(1,249)	(1,355)	(1,158)	(929)
Other	365	460	451	137
Net change in fiduciary net position	185,981	30,587	41,617	48,339
Fiduciary net position, beginning of year	740,053	709,466	667,849	619,510
Fiduciary net position, end of year	926,034	740,053	709,466	667,849
Net pension liability, June 30	$ 147,184	$ 252,974	$ 173,492	$ 140,676
Fiduciary net position as a percentage of the total pension liability	86.29%	74.52%	80.35%	82.60%
Covered payroll	$ 327,492	$ 306,103	$ 289,839	$ 274,814
Net pension liability as a percentage of covered payroll	44.94%	82.64%	59.86%	51.19%
Notes to Schedule				
Changes in assumptions and methods:				
Discount rate	7.00%	7.00%	7.50%	7.50%
Assumed inflation	2.30%	2.30%	2.50%	2.50%
Assumed COLA increase				
Group A	1.10%	1.10%	1.15%	1.15%
Group B, C, and D	1.20%	1.20%	1.30%	1.30%

For 6/30/2020 mortality tables updated from variations of RP-2006 with generational improvement to variations of PubG-2010 with generational projection.
For the 2020 GASB 67 valuation, various actuarial assumptions were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2019.
Benefit changes since June 30, 2014: None
Plan Type: cost sharing multiple employer

GASB No. 67 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Independent Auditors' Report.

2017	2016	2015	2014
$ 27,246	$ 25,264	$ 24,366	$ 22,519
54,780	49,744	46,058	42,139
(3,749)	1,088	3,046	-
14,481	12,204	19,192	-
-	-	-	-
(27,803)	(25,589)	(23,314)	(20,601)
64,955	62,711	69,348	44,057
675,711	613,000	543,652	499,595
740,666	675,711	613,000	543,652
16,482	15,236	14,136	12,806
25,210	15,227	13,588	13,234
59,487	6,777	(2,359)	64,346
(27,803)	(25,589)	(23,315)	(20,601)
(875)	(755)	(950)	(588)
(6)	215	279	2,143
72,495	11,111	1,379	71,340
547,015	535,904	534,525	463,186
619,510	547,015	535,904	534,526
$ 121,156	$ 128,696	$ 77,096	$ 9,126
83.64%	80.95%	87.42%	98.32%
$ 256,730	$ 249,811	$ 230,969	$ 220,372
47.19%	51.52%	33.38%	4.14%
7.50%	7.95%	7.95%	8.23%
2.50%	3.00%	3.00%	3.00%
1.15%	1.50%	1.50%	1.50%
1.30%	1.80%	1.80%	1.80%

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS
SCHEDULE OF EMPLOYER AND NONEMPLOYER CONTRIBUTIONS
LAST EIGHT YEARS
(Dollar amounts expressed in thousands)
(Unaudited)

Retirement System	Year Ended 6/30	Actuarially Determined Contribution[1] (ADC)	Contributions in Relation to ADC	Contribution (Excess) Deficiency	Covered Payroll (CP)	Contribution as a Percent of CP
Vermont State Retirement System	2021	$ 83,877	$ 88,944	$ (5,067)	$ 551,981	16.11%
	2020	78,944	84,430	(5,486)	527,571	16.00%
	2019	62,985	66,618	(3,633)	521,671	12.77%
	2018	52,065	64,564	(12,499)	504,553	12.80%
	2017	48,503	60,280	(11,777)	471,268	12.79%
	2016	46,238	54,347	(8,109)	462,057	11.76%
	2015	44,652	55,881	(11,229)	437,676	12.77%
	2014	42,786	56,483	(13,697)	416,766	13.55%
State Teachers' Retirement System[2]	2021	$ 132,142	$ 134,541	$ (2,399)	$ 645,903	20.83%
	2020	126,197	126,942	(745)	624,908	20.31%
	2019	105,641	119,175	(13,534)	612,899	19.44%
	2018	88,409	114,599	(26,190)	607,355	18.87%
	2017	82,660	82,887	(227)	586,397	14.13%
	2016	76,103	76,948	(845)	557,708	13.80%
	2015	72,858	72,909	(51)	567,074	12.86%
	2014	68,353	72,668	(4,315)	563,623	12.89%
Vermont Municipal Employees' Retirement System	2021	$ 36,722	$ 22,298	$ 14,424	$ 327,492	6.81%
	2020	22,618	20,681	1,937	306,103	6.76%
	2019	17,263	19,203	(1,940)	289,839	6.63%
	2018	15,067	17,520	(2,453)	274,814	6.38%
	2017	12,896	16,482	(3,586)	256,730	6.42%
	2016	15,236	15,236	-	249,811	6.10%
	2015	14,136	14,136	-	230,969	6.12%
	2014	12,806	12,806	-	220,372	5.81%

Notes to Schedule

[1] ADC for a given fiscal year are based on results from the June 30 actuarial valuation two years prior for STRS and VTRS, and one year prior for MERS.

[2] Included in the ADC is an actuarially determined contribution rate that is applied to the total earnable compensation for teachers whose funding is provided by federal grants and is paid by the employer to the STRS.

GASB No. 67 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Independent Auditors' Report.
The accompanying notes are an integral part of the required supplemental information.

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

	VSRS	STRS	MERS
Valuation date	Actuarially determined contributions rates are calculated as of June 30 two years prior for VSRS and STRS and one year prior for MERS to the end of the fiscal year in which contributions are reported. Assumptions values listed below were used in determining the actuarially determined contributions rates calculated as of that date.		
Actuarial cost method	Entry Age Normal	Entry Age Normal	Projected Benefit Cost
Amortization method	Level percentage of payroll	Level percentage of payroll	Installments increasing 3% per year
Remaining amortization period All closed basis	19 years	19 years	18 years
Asset valuation method	Preliminary Asset Value plus 20% of difference between market and preliminary asset values	Preliminary Asset Value plus 20% of difference between market and preliminary asset values	Actuarial value of assets using a five year smoothing technique
Actuarial assumptions:			
Investment rate of return [1]	7.50%	7.50%	7.00%
Inflation rate	2.50%	2.50%	2.30%
Projected salary increases	3.50%-7.04%	3.75%-9.09%	4.50%-7.00%
Cost of living adjustments[2]	Groups A, C & D - 2.55% Group F - 1.40% Group F retiring after 7/1/2008 - 2.55%	Group A - 2.55% Group C - 1.40%	Group A - 1.15% Groups B, C & D - 1.30%

Mortality Rates

VSRS

Pre-retirement:
- Group A/F - 101% of RP-2006 blended 30% Blue Collar Employee, 70% Healthy Employee with generational projection using Scale SSA-2017
- Group C - RP-2006 Blue Collar Employee with generational projection using Scale SSA-2017
- Group D - RP-2006 Healthy Employee with generational projection using Scale SSA-2017

Healthy Retiree:
- Group A/F - 101% of RP-2006 blended 30% Blue Collar Annuitant, 70% Healthy Annuitant with generational projection using Scale SSA-2017
- Group C - RP-2006 Blue Collar Annuitant with generational projection using Scale SSA-2017
- Group D - RP-2006 Healthy Annuitant with generational projection using Scale SSA-2017

Disabled Retiree:
- All Groups - RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2017

STRS

Pre-retirement:
- All Groups - 98% of RP-2006 White Collar Employee Table with generational projection using scale SSA-2017

Healthy Retiree:
- All Groups - 98% of RP-2006 White Collar Annuitant Table with generational projection using scale SSA-2017

Disabled Retiree:
- All Groups - RP-2006 Disabled Mortality Table with generational projection using scale SSA-2017

MERS

Pre-retirement:
- Groups A/B/C - 40% PubG-2010 General Employee Amount-Weighted below-median, and 60% PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2019
- Group D - PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2019

Post-retirement Retiree
- Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted below-median, and 60% PubG-2010 Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019
- Group D - PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019

Post-retirement Beneficiaries
- Groups A/B/C: 70% Pub-2010 Contingent Survivor Amount-Weighted below-median and 30% of Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019.
- Groups D - Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019.

Disabled Retiree:
- All Groups - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019

[1]Through the 2014 valuations, a select-and-ultimate interest rate set was used ranging from 6.25% in year 1 to 9% in years 17 and later.
For MERS rates - 2016 - 7.95%, 2018 - 7.50%, and 2020 - 7.00%
For 2019 a 7.50% rate was used for VSRS and STRS

[2]Effective January 1, 2014, the Group F employees who were actively contributing into the system on June 30, 2008, and retired on or after July 1, 2008, are eligible for 100% of CPI.

See Independent Auditors' Report.

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF STATE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST EIGHT YEARS[1]
(Dollar amounts expressed in thousands)
(Unaudited)

	Vermont State Retirement System			
	2021	2020	2019	2018
State's proportion of net pension liability	98.3248%	98.3137%	98.2187%	98.2850%
State's proportionate share of the net pension liability	$ 1,092,572	$ 827,153	$ 753,395	$ 668,669
Fiduciary net position as a percentage of the total pension liability	63.81%	69.41%	70.59%	71.99%

	State Teachers' Retirement System[2]			
	2021	2020	2019	2018
State's proportion of net pension liability	100%	100%	100%	100%
State's proportionate share of the net pension liability	$ 1,951,128	$ 1,560,625	$ 1,510,705	$ 1,482,403
Fiduciary net position as a percentage of the total pension liability	50.00%	54.96%	54.81%	53.98%

[1]The amounts presented for each fiscal year were determined by an actuarial valuation on June 30 two years prior to to the fiscal year. The measurement period and measurement date is one year prior to the fiscal year.

[2]The State Teacher's Retirement System has a special funding situation where the State, as the non-employer contributing entity, is responsible for the net pension liability.

GASB No. 68 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Independent Auditors' Report.

2017	2016	2015	2014
98.3625%	98.3289%	98.2355%	98.1400%
$ 651,099	$ 535,939	$ 345,437	$ 438,573
70.86%	74.88%	82.50%	76.69%

2017	2016	2015	2014
100%	100%	100%	100%
$ 1,309,523	$ 1,186,505	$ 958,437	$ 1,011,002
55.31%	58.22%	64.02%	60.59%

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PLANS
SCHEDULE OF INVESTMENT RETURNS
LAST EIGHT YEARS
(Unaudited)

	2021	2020	2019	2018
VERMONT STATE RETIREMENT SYSTEM				
Annual money-weighted rate of return, net of investment expense	24.59%	3.90%	5.90%	6.73%
STATE TEACHERS' RETIREMENT SYSTEM				
Annual money-weighted rate of return, net of investment expense	24.75%	4.10%	6.10%	6.99%
VERMONT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM				
Annual money-weighted rate of return, net of investment expense	24.32%	3.90%	5.80%	6.75%

GASB No. 67 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Independent Auditors' Report.

2017	2016	2015	2014
10.33%	1.44%	-0.50%	14.05%
10.17%	1.69%	-0.40%	13.83%
10.88%	1.56%	-0.51%	14.13%

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
VERMONT STATE POSTEMPLOYMENT BENEFIT TRUST FUND
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS
LAST FIVE FISCAL YEARS
(Dollar amounts expressed in thousands)
(Unaudited)

	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 63,318	$ 45,691	$ 44,590	$ 52,326
Interest	34,088	45,754	49,041	54,401
Changes of benefit terms	-	-	-	(20,233)
Differences between expected and actual experience	4,953	20,361	6,284	7,140
Changes of assumptions	43,573	127,633	(25,551)	(303,322)
Benefit payments, net of retiree contributions, including administrative expense	(35,561)	(35,768)	(35,340)	(34,559)
Net change in total OPEB liability	110,371	203,671	39,024	(244,247)
Total OPEB liability, July 1	1,482,970	1,279,299	1,240,275	1,484,522
Total OPEB liability, June 30	1,593,341	1,482,970	1,279,299	1,240,275
Fiduciary net position				
Contributions - employer	90,463	38,600	63,750	32,957
Net investment income (loss)	7,775	3,030	1,554	872
Benefit payments, including refunds of member contributions	(35,561)	(35,768)	(35,340)	(34,559)
Administrative expenses	(1)	(3)	(2)	(1)
Net change in fiduciary net position	62,676	5,859	29,962	(731)
Fiduciary net position, beginning of year	57,592	51,733	21,771	22,502
Fiduciary net position, end of year	120,268	57,592	51,733	21,771
Net OPEB liability, June 30	$ 1,473,073	$ 1,425,378	$ 1,227,566	$ 1,218,504
Fiduciary net position as a percentage of the total OPEB liability	7.55%	3.88%	4.04%	1.76%
Covered payroll	$ 578,702	$ 554,292	$ 548,512	$ 531,543
Net OPEB liability as a percentage of covered-payroll	254.55%	257.15%	223.80%	229.24%

Notes to Schedule
Plan Type: single employer
Benefit changes in 2018: Medical copays were modified, and pharmacy deductible and maxiumum out of pocket expenses were increased
In 2018 the discount rate was increased from 3.58% to 3.87%
In 2019 the discount rate was decreased from 3.87% to 3.50%
In 2020 the discount rate was decreased from 3.50% to 2.23%
In 2021 the discount rate was decreased from 2.23% to 2.41%
GASB No. 74 required supplementary information is not available for fiscal years prior to 2017. Data for future years will be added prospectively.

See Independent Auditors' Report.

2017
$ 66,841
46,868
-
-
(190,151)
(33,346)
(109,788)
1,594,310
1,484,522
33,123
1,372
(33,346)
-
1,149
21,353
22,502
$ 1,462,020
1.52%
$ 497,201
294.05%

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
RETIRED TEACHERS' HEALTH AND MEDICAL BENEFITS TRUST FUND
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS
LAST FIVE FISCAL YEARS
(Dollar amounts expressed in thousands)
(Unaudited)

	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 50,729	$ 30,590	$ 20,786	$ 26,273
Interest	28,809	37,030	36,139	32,838
Changes of benefit terms	(75,248)	-	(21,209)	-
Differences between expected and actual experience	33,179	31,061	24,665	42,621
Changes of assumptions	15,408	155,924	82,448	(50,192)
Benefit payments, net of retiree contributions, including administrative expense	(30,775)	(27,551)	(29,607)	(29,329)
Net change in total OPEB liability	22,102	227,054	113,222	22,211
Total OPEB liability, July 1	1,268,119	1,041,065	927,843	905,632
Total OPEB liability, June 30	1,290,221	1,268,119	1,041,065	927,843
Fiduciary net position				
Contributions - non-employer	36,639	35,176	56,594	29,803
Net investment income (loss)	53	283	31	20
Benefit payments, including refunds of member contributions	(30,775)	(27,551)	(29,607)	(29,329)
Administrative expenses	(2)	(2)	(263)	(279)
Other	-	501	-	-
Net change in fiduciary net position	5,915	8,407	26,755	215
Fiduciary net position, beginning of year	8,719	312	(26,443)	(26,658)
Fiduciary net position, end of year	14,634	8,719	312	(26,443)
Net OPEB liability, June 30	$ 1,275,587	$ 1,259,400	$ 1,040,753	$ 954,286
Fiduciary net position as a percentage of the total OPEB liability	1.13%	0.69%	0.03%	-2.85%
Covered payroll	$ 645,903	$ 624,908	$ 612,899	$ 607,355
Net OPEB liability as a percentage of covered payroll	197.49%	201.53%	169.81%	157.12%

Notes to Schedule

Plan Type: cost sharing multiple employer with a special funding situation
In 2018 the discount rate was increased from 3.58% to 3.87%
In 2019 the discount rate was decreased from 3.87% to 3.50%
In 2020 the discount rate was decreased from 3.50% to 2.21%
In 2021 the discount rate was decreased from 2.21% to 2.20%
Benefit changes in 2019:
Effective January 1, 2020, OTC, Fertility, and ED drugs will be removed from the Medicare prescription drug plan, and non-Medicare retirees will be moved to the National Preferred Formulary and Accredo Exclusive Specialty Network.
GASB No. 74 required supplementary information is not available for fiscal years prior to 2017. Data for future years will be added prospectively.

See Independent Auditors' Report.

2017
$ 32,511
26,425
-
-
(33,192)
(29,577)
(3,833)
909,465
905,632
23,839
41
(29,348)
(229)
-
(5,697)
(20,961)
(26,658)
$ 932,290
-2.94%
$ 586,397
158.99%

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF INVESTMENT RETURNS
LAST FIVE FISCAL YEARS
(Unaudited)

	2021	2020	2019	2018
Vermont State Postemployment Benefit Trust Fund				
Annual money-weighted rate of return, net of investment expense	13.90%	6.20%	6.90%	4.00%
Retired Teachers' Health and Medical Benefits Fund *				
Annual money-weighted rate of return, net of investment expense	0.30%	N/A	N/A	N/A

* The Retired Teachers' Health and Medical Benefits Fund has no investments for those years.

GASB No. 74 required supplementary information is not available for fiscal years prior to 2017. Data for future years will be added prospectively.

See Independent Auditors' Report.

2017

6.50%

N/A

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF EMPLOYER AND NONEMPLOYER CONTRIBUTIONS
LAST FIVE FISCAL YEARS
(Dollar amounts expressed in thousands)
(Unaudited)

Retirement System	Year Ended 6/30	Actuarially Determined Contribution[1] (ADC)	Contributions in Relation to ADC	Contribution (Excess) Deficiency	Covered Payroll (CP)	Contribution as a Percent of CP
Vermont State Postemployment Benefit Trust Fund (VSPB)	2021	$ 90,026	$ 90,463	$ (437)	$ 578,702	15.63%
	2020	87,805	38,600	49,205	554,293	6.96%
	2019	100,188	63,750	36,438	548,512	11.62%
	2018	74,760	32,957	41,803	531,543	6.20%
	2017	71,833	33,123	38,710	497,201	6.66%
Retired Teachers' Health and Medical Benefits Fund (RTHMB)	2021	$ 67,912	$ 36,639	$ 31,273	$ 645,903	5.67%
	2020	58,253	35,176	23,077	624,908	5.63%
	2019	54,659	56,594	(1,935)	612,899	9.23%
	2018	37,317	29,803	7,514	607,355	4.91%
	2017	35,918	23,839	12,079	586,397	4.07%

[1]ADC for a given fiscal year are based on results from the June 30 actuarial valuation two years prior.
GASB No. 74 required supplementary information is not available for fiscal years prior to 2017. Data for future years will be added prospectively.

See Independent Auditors' Report.
The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

	VSPB	RTHMB
Valuation date:	Actuarially determined contributions rates are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are reported. Assumptions values listed below were used in determining the actuarially determined contributions rates calculated as of that date.	
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of payroll, closed basis	Level percentage of payroll, closed basis
Remaining amortization period	27 years	27 years
Asset valuation method	Market Value	Market Value
Actuarial assumptions		
Investment rate of return	7.50%	7.50%
Discount rate	3.50%	3.50%
Projected salary increases	Varies by age from age 20 - 7.04%, to age 60 - 3.50%.	Varies by age from age 20 - 9.09%, to age 60 - 3.75%
Inflation	2.75%	2.75%
Health care cost trend rates		
Non-Medicare	7.15% graded to 4.50% over 12 years	7.15% graded to 4.50% over 12 years
Medicare	7.30% graded to 4.50% over 13 years	7.15% graded to 4.50% over 12 years

Mortality Rates

VSPB

Pre-retirement:
- Group A/F - 101% of RP-2006 blended 30% Blue Collar Employee, 70% Healthy Employee with generational projection using Scale SSA-2017
- Group C - RP-2006 Blue Collar Employee with generational projection using Scale SSA-2017
- Group D - RP-2006 Healthy Employee with generational projection using Scale SSA-2017

Healthy Retiree:
- Group A/F - 101% of RP-2006 blended 30% Blue Collar Annuitant, 70% Healthy Annuitant with generational projection using Scale SSA-2017
- Group C - RP-2006 Blue Collar Annuitant with generational projection using Scale SSA-2017
- Group D - RP-2006 Healthy Annuitant with generational projection using Scale SSA-2017

Disabled Retiree:
- All Groups - RP-2006 Disabled Mortality Table with generational projections using Scale SSA-2017

RTHMB

Pre-retirement:
- All Groups - 98% of RP-2006 White Collar Employee with generational projection using Scale SSA-2017

Healthy Retiree:
- All Groups - 98% of RP-2006 White Collar Annuitant with generational projection using Scale SSA-2017

Disabled Retiree:
- All Groups - RP-2006 Disabled Mortality Table with generational projections using Scale SSA-2017

See Independent Auditors' Report.

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF STATE'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
LAST FOUR FISCAL YEARS[1]
(Dollar amounts expressed in thousands)
(Unaudited)

Vermont State Postemployment Benefit Trust Fund

	2021	2020	2019	2018
State's proportion of net OPEB liability	98.3218%	98.9933%	98.2292%	98.2979%
State's proportionate share of the net OPEB liability	$ 1,401,457	$ 1,215,208	$ 1,196,927	$ 1,437,135
Fiduciary net position as a percentage of the total OPEB liability	3.88%	4.04%	1.76%	1.52%

Retired Teachers' Health and Medical Benefits Fund[2]

	2021	2020	2019	2018
State's proportion of net OPEB liability	100%	100%	100%	100%
State's proportionate share of the net OPEB liability	$ 1,259,400	$ 1,040,753	$ 954,286	$ 932,290
Fiduciary net position as a percentage of the total OPEB liability	0.69%	0.03%	-2.85%	-2.94%

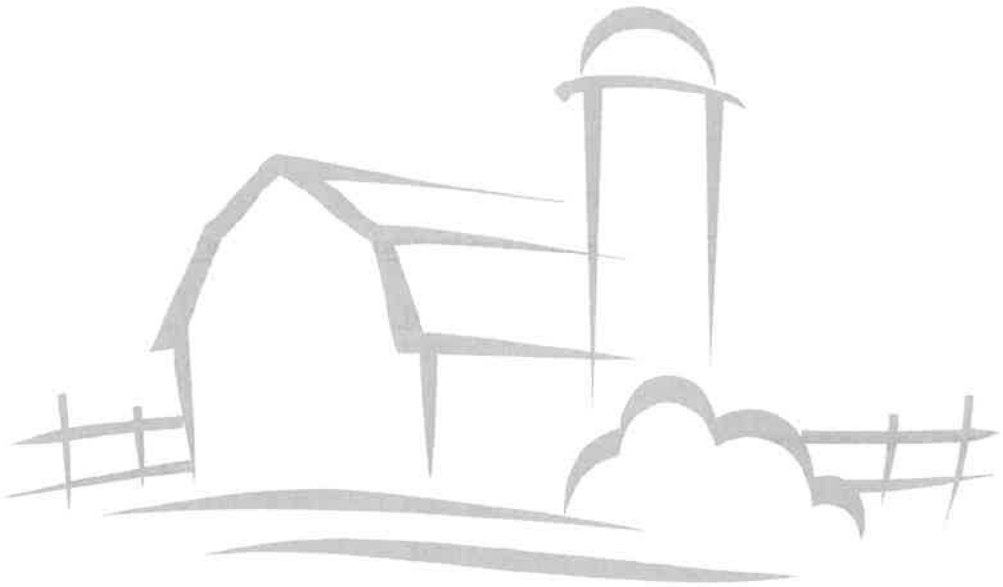
[1]The amounts presented for each fiscal year were determined as of the measurement date. The measurement period and measurement date is one year prior to the fiscal year.

[2]The Retired Teachers' Health and Medical Benefits Fund has a special funding situation where the State, as the non-employer contributing entity, is responsible for the net OPEB liability.

GASB No. 75 required supplementary information is not available for fiscal years prior to 2018. Data for future years will be added prospectively.

See Independent Auditors' Report.

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Vermont

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Taxes	$ 1,343,900,000	$ 1,504,400,000	$ 1,882,503,623	$ 378,103,623
Earnings of Departments	42,800,000	42,400,000	42,748,026	348,026
Other	27,300,000	27,000,000	27,108,011	108,011
Total revenues	1,414,000,000	1,573,800,000	1,952,359,660	378,559,660
Expenditures				
General Government				
Agency of Administration	53,347,764	54,214,025	49,925,825	(4,288,200)
Agency of Digital Services	174,342	832,816	827,266	(5,550)
Executive Office	1,657,770	2,007,699	1,097,139	(910,560)
Legislative Council	13,298,441	14,761,298	10,895,860	(3,865,438)
Joint Fiscal Office	2,093,770	2,567,362	2,264,654	(302,708)
Sergeant at Arms	951,819	1,037,021	835,348	(201,673)
Lieutenant Governor's Office	263,891	267,480	242,353	(25,127)
Auditor of Accounts	314,921	489,921	298,213	(191,708)
State Treasurer	975,600	1,391,931	999,435	(392,496)
State Labor Relations Board	286,887	307,313	288,822	(18,491)
VOSHA Review Board	45,650	79,380	51,647	(27,733)
Homeowner Property Tax Assistance	17,100,000	17,100,000	16,766,497	(333,503)
Renter Rebate Tax Assistance	9,500,000	10,441,963	7,228,998	(3,212,965)
Protection to Persons and Property				
Attorney General	8,418,700	8,837,866	8,707,592	(130,274)
Defender General	18,868,875	19,260,183	19,018,650	(241,533)
Judiciary	46,927,245	54,063,497	48,764,636	(5,298,861)
State's Attorneys and Sheriffs	19,824,602	20,656,373	18,946,177	(1,710,196)
Department of Public Safety	39,440,972	41,830,946	23,518,456	(18,312,490)
Military Department	5,613,712	5,468,630	5,101,316	(367,314)
Center for Crime Victim Services	1,232,712	1,635,639	1,105,853	(529,786)
Criminal Justice Training Council	2,609,420	2,636,625	2,311,221	(325,404)
Agency of Agriculture, Food and Markets	8,624,463	14,555,139	8,990,214	(5,564,925)
Secretary of State	-	450,000	390,705	(59,295)
Public Service Department	1,750,000	1,750,000	-	(1,750,000)
Human Rights Commission	637,188	725,488	680,065	(45,423)
Department of Liquor and Lottery	-	15,000	-	(15,000)
Human Services				
Agency of Human Services	979,536,255	946,178,953	870,486,634	(75,692,319)
Green Mountain Care Board	3,094,435	4,081,671	2,932,366	(1,149,305)
Governor's Commission on Women	399,187	417,083	404,181	(12,902)
Human Services Board	474,716	618,431	569,188	(49,243)
Vermont Veterans' Home	2,858,379	4,858,821	4,177,759	(681,062)
Labor				
Department of Labor	4,898,964	7,295,757	3,619,151	(3,676,606)
General Education				
Agency of Education	14,528,627	15,810,736	14,100,874	(1,709,862)
State Teacher's Retirement	150,811,880	150,811,880	150,811,880	-
Higher Education	116,952,209	121,952,209	121,952,204	(5)

continued on next page

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Expenditures				
Natural Resources				
Agency of Natural Resources	30,536,662	63,944,830	29,905,221	(34,039,609)
Natural Resources Board	660,798	660,798	630,798	(30,000)
Commerce and Community Development				
Agency of Commerce and Community Development	14,462,502	20,028,587	12,111,459	(7,917,128)
Cultural Development	2,048,664	2,112,821	2,112,821	-
Housing and Conservation Board	-	50,462,500	162,000	(50,300,500)
Transportation				
Agency of Transportation	-	138,000	-	(138,000)
Total expenditures	1,575,222,022	1,666,756,672	1,443,233,478	(223,523,194)
Excess of revenues over expenditures	(161,222,022)	(92,956,672)	509,126,182	602,082,854
Other Financing Sources (Uses)				
Transfers in	78,226,034	131,901,450	131,901,450	-
Transfers out	(182,982,829)	(186,052,950)	(186,052,950)	-
Premium on sale of bonds	13,036,104	13,036,104	13,036,104	-
Refunding bonds issued	70,747,542	70,747,542	70,747,542	-
Payment to escrow agent	(83,783,646)	(83,783,646)	(83,783,646)	-
Total other financing sources (uses)	(104,756,795)	(54,151,500)	(54,151,500)	-
Excess of revenues and other sources over (under) expenditures and other uses	(265,978,817)	(147,108,172)	454,974,682	602,082,854
Fund balance, July 1	302,417,792	302,417,792	302,417,792	-
Fund balance, June 30	$ 36,438,975	$ 155,309,620	$ 757,392,474	$ 602,082,854

See Independent Auditors' Report.
The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Taxes	$ 152,500,000	$ 165,100,000	$ 175,317,111	$ 10,217,111
Motor vehicle fees	83,500,000	88,400,000	87,586,702	(813,298)
Federal	350,643,331	355,126,765	322,740,038	(32,386,727)
Other	35,400,000	34,100,000	34,545,213	445,213
Total revenues	622,043,331	642,726,765	620,189,064	(22,537,701)
Expenditures				
General Government				
Agency of Administration	3,911,594	3,883,691	3,883,691	-
Agency of Digital Services	900,000	900,000	-	(900,000)
Protection to Persons and Property				
Department of Public Safety	13,350,000	13,816,772	9,689,092	(4,127,680)
Transportation				
Agency of Transportation	628,237,586	629,286,413	560,900,535	(68,385,878)
Total expenditures	646,399,180	647,886,876	574,473,318	(73,413,558)
Excess of revenues over (under) expenditures	(24,355,849)	(5,160,111)	45,715,746	50,875,857
Other financing sources (uses)				
Transfers in	-	200,000	200,000	-
Transfers out	(6,038,722)	(6,238,722)	(6,238,722)	-
Total other financing sources (uses)	(6,038,722)	(6,038,722)	(6,038,722)	-
Excess of revenues and other sources over (under) expenditures and other uses	(30,394,571)	(11,198,833)	39,677,024	50,875,857
Fund balance, July 1	5,559,008	5,559,008	5,559,008	-
Fund balance (deficit), June 30	$ (24,835,563)	$ (5,639,825)	$ 45,236,032	$ 50,875,857

See Independent Auditors' Report.
The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Taxes	$ 1,683,166,085	$ 1,759,366,085	$ 1,788,419,971	$ 29,053,886
Interest and premiums	500,000	300,000	107,764	(192,236)
Total revenues	1,683,666,085	1,759,666,085	1,788,527,735	28,861,650
Expenditures				
General Education				
Agency of Education	1,793,375,659	1,808,928,755	1,752,198,745	(56,730,010)
State Teachers' Retirement	6,881,055	6,881,055	6,881,055	-
Total expenditures	1,800,256,714	1,815,809,810	1,759,079,800	(56,730,010)
Excess of revenues over (under) expenditures	(116,590,629)	(56,143,725)	29,447,935	85,591,660
Other financing sources (uses)				
Transfers in	39,912,349	39,912,349	39,912,349	-
Total other financing sources (uses)	39,912,349	39,912,349	39,912,349	-
Excess of revenues and other sources over (under) expenditures and other uses	(76,678,280)	(16,231,376)	69,360,284	85,591,660
Fund balance, July 1	68,266,850	68,266,850	68,266,850	-
Fund balance (deficit), June 30	$ (8,411,430)	$ 52,035,474	$ 137,627,134	$ 85,591,660

See Independent Auditors' Report.
The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
SPECIAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Special Fund Revenues	$ 403,795,861	$ 689,721,649	$ 483,269,154	$ (206,452,495)
Total revenues	403,795,861	689,721,649	483,269,154	(206,452,495)
Expenditures				
General Government				
Agency of Administration	19,640,859	40,289,954	23,721,007	(16,568,947)
Agency of Digital Services	387,710	398,775	368,471	(30,304)
Executive Office	197,500	290,779	202,520	(88,259)
Joint Fiscal Office	-	250,000	75,465	(174,535)
Sergeant at Arms	-	18,136	18,136	-
Auditor of Accounts	53,145	170,391	170,391	-
State Treasurer	3,161,815	3,579,273	3,372,652	(206,621)
State Labor Relations Board	9,576	9,576	5,561	(4,015)
VOSHA Review Board	45,649	48,665	48,665	-
Unorganized Towns and Gores	-	480,000	298,338	(181,662)
Protection to Persons and Property				
Attorney General	5,694,696	6,270,638	5,923,155	(347,483)
Defender General	589,653	756,123	448,822	(307,301)
Judiciary	5,278,174	14,023,626	3,950,993	(10,072,633)
State's Attorneys and Sheriffs	2,732,343	2,753,925	2,727,042	(26,883)
Department of Public Safety	21,819,972	23,817,499	18,089,364	(5,728,135)
Military Department	214,012	942,249	822,086	(120,163)
Center for Crime Victim Services	5,354,316	5,389,316	3,905,442	(1,483,874)
Criminal Justice Training Council	285,286	457,031	406,919	(50,112)
Agency of Agriculture, Food and Markets	14,651,768	20,525,035	13,755,637	(6,769,398)
Department of Financial Regulation	16,003,866	17,253,866	15,967,853	(1,286,013)
Secretary of State	11,754,833	15,522,128	14,913,498	(608,630)
Public Service Department	11,516,409	15,425,253	9,285,396	(6,139,857)
Public Utility Commission	3,904,459	3,904,459	3,823,660	(80,799)
Enhanced 911 Board	4,808,426	6,111,341	6,027,142	(84,199)
Human Rights Commission	-	10,000	579	(9,421)
Department of Liquor and Lottery	213,843	320,745	276,904	(43,841)
Cannabis Control Board	-	650,000	52,811	(597,189)
Human Services				
Agency of Human Services	174,415,143	307,985,362	255,775,024	(52,210,338)
Green Mountain Care Board	4,643,208	5,468,198	4,411,842	(1,056,356)
Governor's Commission on Women	3,569	8,329	424	(7,905)
Labor				
Department of Labor	8,031,539	8,031,539	1,615,478	(6,416,061)
General Education				
Agency of Education	22,467,290	22,542,230	15,696,020	(6,846,210)

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STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
SPECIAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Expenditures				
Natural Resources				
Agency of Natural Resources	73,222,252	96,475,165	63,394,402	(33,080,763)
Natural Resources Board	2,651,184	2,651,184	2,451,012	(200,172)
Commerce and Community Development				
Agency of Commerce and Community Development	10,290,178	32,753,540	23,866,903	(8,886,637)
Transportation				
Agency of Transportation	5,688,970	9,567,806	2,779,770	(6,788,036)
Total expenditures	429,731,643	665,152,136	498,649,384	(166,502,752)
Excess of revenues over expenditures	(25,935,782)	24,569,513	(15,380,230)	(39,949,743)
Other Financing Sources (Uses)				
Proceeds on sale of refunding bonds	-	392,458	392,458	-
Transfers in	50,366,986	53,537,106	53,537,106	-
Transfers out	(24,431,204)	(78,106,620)	(78,106,620)	-
Total other financing sources (uses)	25,935,782	(24,177,056)	(24,177,056)	-
Excess of revenues and other sources over (under) expenditures and other uses	-	392,457	(39,557,286)	(39,949,743)
Fund balance, July 1	179,184,758	179,184,758	179,184,758	-
Fund balance, June 30	$ 179,184,758	$ 179,577,215	$ 139,627,472	$ (39,949,743)

See Independent Auditors' Report.
The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
FEDERAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Federal	$ 1,782,193,763	$ 3,455,156,628	$ 2,155,724,613	$(1,299,432,015)
Interest and premiums	-	223,450	223,450	-
Other	-	18,271,665	18,271,665	-
Total revenues	1,782,193,763	3,473,651,743	2,174,219,728	(1,299,432,015)
Expenditures				
General Government				
Agency of Administration	4,928,620	335,390,582	251,991,911	(83,398,671)
Agency of Digital Services	-	5,210,970	3,854,858	(1,356,112)
Executive Office	-	685,684	685,684	-
Legislative Council	-	5,086,487	2,585,895	(2,500,592)
Joint Fiscal Office	-	234,223	234,223	-
Seargent at Arms	-	29,284	29,284	-
Auditor of Accounts	-	115,898	40,868	(75,030)
State Treasurer	-	228,486	228,486	-
Protection to Persons and Property				
Attorney General	1,492,372	1,492,372	1,093,463	(398,909)
Defender General	-	756,372	756,372	-
Judiciary	887,586	8,406,586	8,026,030	(380,556)
State's Attorneys and Sheriffs	232,812	1,081,397	959,235	(122,162)
Department of Public Safety	39,184,573	203,678,957	131,597,054	(72,081,903)
Military Department	50,662,252	96,299,017	35,012,392	(61,286,625)
Center for Crime Victim Services	7,172,443	8,805,348	8,590,493	(214,855)
Criminal Justice Training Council	13,000	13,000	13,000	-
Agency of Agriculture, Food and Markets	5,340,651	27,874,136	27,435,489	(438,647)
Department of Financial Regulation	-	534,650	534,650	-
Secretary of State	1,330,236	6,535,727	4,901,393	(1,634,334)
Public Service Department	1,252,800	59,727,800	23,444,642	(36,283,158)
Enhanced 911 Board	-	74,328	74,328	-
Human Rights Commission	74,441	119,447	90,372	(29,075)
Department of Liquor and Lottery	184,484	186,789	140,078	(46,711)
Human Services				
Agency of Human Services	1,461,521,982	1,971,048,758	1,827,119,423	(143,929,335)
Human Services Board	353,761	439,924	107,034	(332,890)
Vermont Veterans' Home	-	643,000	643,000	-
Labor				
Department of Labor	31,264,367	77,334,542	74,145,703	(3,188,839)
General Education				
Higher Education	-	55,349,739	47,149,739	(8,200,000)
Agency of Education	136,967,503	266,264,895	233,901,814	(32,363,081)
Natural Resources				
Agency of Natural Resources	43,573,700	61,632,244	49,194,792	(12,437,452)
Natural Resources Board	-	27,310	27,310	-

continued on next page

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
FEDERAL REVENUE FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Expenditures				
Commerce and Community Development				
Agency of Commerce and Community Development	12,824,736	234,219,908	198,623,797	(35,596,111)
Housing and Conservation Board	-	33,091,499	32,206,047	(885,452)
Transportation				
Agency of Transportation	-	9,605,825	9,557,712	(48,113)
Total expenditures	1,799,262,319	3,472,225,184	2,974,996,571	(497,228,613)
Excess of revenues over expenditures	(17,068,556)	1,426,559	(800,776,843)	(802,203,402)
Other Financing Sources (Uses)				
Transfers in	51,183,289	51,183,289	51,183,289	-
Transfers out	(34,114,732)	(34,114,732)	(34,114,732)	-
Total other financing sources (uses)	17,068,557	17,068,557	17,068,557	-
Excess of revenues and other sources over (under) expenditures and other uses	1	18,495,116	(783,708,286)	(802,203,402)
Fund balance, July 1	1,066,770,556	1,066,770,556	1,066,770,556	-
Fund balance, June 30	$ 1,066,770,557	$ 1,085,265,672	$ 283,062,270	$ (802,203,402)

See Independent Auditors' Report.
The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
GLOBAL COMMITMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Global Commitment Premiums	$ 1,606,752,950	$ 1,623,649,257	$ 1,573,276,553	$ (50,372,704)
Total revenues	1,606,752,950	1,623,649,257	1,573,276,553	(50,372,704)
Expenditures				
Human Services				
Agency of Human Services	1,583,321,128	1,600,217,435	1,549,857,519	(50,359,916)
General Education				
Higher Education	1,077,712	1,077,712	1,077,712	-
Agency of Education	260,000	260,000	247,211	(12,789)
Total expenditures	1,584,658,840	1,601,555,147	1,551,182,442	(50,372,705)
Excess of revenues over (under) expenditures	22,094,110	22,094,110	22,094,111	1
Other financing sources (uses)				
Transfers out	(22,094,110)	(22,094,110)	(22,094,110)	-
Total other financing sources (uses)	(22,094,110)	(22,094,110)	(22,094,110)	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	1	1
Fund balance, July 1	16,041	16,041	16,041	-
Fund balance, June 30	$ 16,041	$ 16,041	$ 16,042	$ 1

See Independent Auditors' Report.
The accompanying notes are an integral part of the required supplementary information.

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

Budgetary Comparison Schedules
The budgetary schedules provide a comparison of the original and final adopted budget with actual data on a budgetary basis for the Governmental Funds. The State's legal level of budgetary control is at the activity level. The State compiles a separate legal basis budgetary report, which shows the legal compliance with the budget. Budgetary comparison schedules showing legal level detail may be obtained by contacting the State of Vermont, Department of Finance and Management, 109 State Street, 4th Floor, Pavilion Building, Montpelier, Vermont 05609-0401.

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

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

Revenue Estimates
By July 31 each year, the Joint Fiscal Office and the Secretary of Administration provide to the Emergency Board their respective estimates of State revenues in the General, Transportation, Education, and Global Commitment Funds. The Emergency Board then has 10 days to determine the original revenue estimates for the fiscal year. For the Special and Federal Revenue Funds the original budget for revenues is based on the amount appropriated for expenditures. By January 15, the Joint Fiscal Office and the Secretary of Administration provide to the Emergency Board their respective estimates of State revenues and the Emergency Board determines any revision to the July revenue estimates.

Expenditure and Transfer Budgets
The original budgets for expenditures and transfers are determined by the Legislature through the passage of the annual Appropriation Act. The Commissioner of Finance and Management (with approval from the Governor) may transfer balances of appropriations not to exceed $50,000 made under any appropriation act for the support of the government from one component of an agency, department, or other unit of State government, to any component of the same agency, department, or unit; and may transfer balances of appropriations made under any appropriation act from one department or unit of the agency of transportation to another department or unit of the agency of transportation for the specific purpose of funding authorized transportation projects which have been approved by the federal government for advance construction in which the expenditure of State funds will be reimbursed by federal funds when the federal funds become available, and the transfer is limited to funds which have been approved for reimbursement. If any receipts including federal receipts exceed the appropriated amounts, the receipts may be allocated and expended, subject to the approval of the Secretary of Administration. If, however, the expenditure of those receipts will establish or increase the scope of the program, which

establishment or increase will at any time commit the State to the expenditure of State funds, they may be expended only upon the approval of the Legislature. The full faith and credit of the State has been pledged to support various programs. Any payments that are required to be made by the Treasurer are paid in accordance with Vermont Statutes and do not require an appropriation by the Legislature.

Budgetary and GAAP Basis Reporting

The accompanying budgetary comparison schedules report the actual revenues, expenditures and other financing sources (uses) on a budgetary basis, which differs significantly from GAAP. These different accounting principles result in basis, perspective, and entity differences in the fund balance - budgetary basis. *Basis differences* arise because the basis of budgeting (cash basis) differs from the GAAP basis used to prepare the statement of revenues, expenditures, and changes in fund balances - governmental funds. *Perspective differences* result because the Appropriation Act's program-oriented structure differs from the fund structure required for GAAP. *Entity differences* arise because certain activity reported within the State's financial reporting entity for GAAP purposes is excluded from the Appropriation Act. The following presents a reconciliation of the budgetary basis and GAAP basis fund balances for the funds reported in the accompanying schedules for the fiscal year ended June 30, 2021:

	General Fund	Transportation Fund	Education Fund	Special Fund	Federal Revenue Fund	Global Commitment Fund
Fund Balance - Budgetary Basis	$ 757,392,474	$ 45,236,032	$ 137,627,134	$ 139,627,472	$ 283,062,270	$ 16,042
Basis differences						
Cash not in budget balances	(61,858,238)	111,648	1,655,771.00	1,211,337	(568,874)	(26,154)
Taxes receivable	241,227,779	336,878	63,682,647.00	1,917,928	-	-
Notes and loans receivable	5,262,053	-	-	2,522,920	-	-
Other receivables	1,858,687	9,744,447	2,515,171.00	25,309,370	(7,079,560)	38,627,114
Interest receivable	127,067	-	167	-	-	-
Due from other funds	3,245,641	1,698	-	47,788,000	2,737,611	71,743,947
Due from federal government	-	56,923,922	-	-	246,278,859	105,943,300
Due from component units	3,303,642	-	-	-	-	-
Interfund receivable	58,759,015	-	-	-	-	-
Advances to other funds	(199,646)	-	-	-	-	-
Advances to component units	5,500,000	-	-	-	-	-
Other current assets	-	-	-	-	42,170	-
Accounts payable	(24,643,561)	(42,909,117)	(28,568,476)	(29,450,096)	(90,000,603)	(173,816,945)
Accrued liabilities	(25,615,948)	(7,467,984)	-	(7,101,788)	(12,609,872)	(2,011,637)
Retainage payable	(228,294)	(81,594)	-	(318,649)	(1,946,271)	-
Unearned revenue	(6,513,952)	(51,612)	-	(272,378)	(295,843,800)	-
Tax refunds payable	(39,080,513)	-	(284,146)	(127,200)	-	-
Intergovernmental payables - federal government	-	-	-	-	(5,615,767)	-
Due to other funds	(76,357,541)	(3,700,737)	(222,664)	(11,269,540)	(50,600,679)	(2,314,478)
Due to component units	(10,300,500)	-	-	-	(67,736)	-
Unavailable revenue	(179,293,863)	(9,341,448)	(10,515,644)	(22,093,028)	-	(8,736,011)
Entity differences						
Blended non-budgeted funds	-	3,946,565	-	9,238,522	436,136,227	-
Perspective differences						
Component unit included in budgeted funds	-	-	-	(4,435)	562,817	-
Fund Balance - GAAP Basis	$ 652,584,302	$ 52,748,698	$ 165,889,960	$ 156,978,437	$ 504,486,792	$ 29,425,178



Other Supplementary Information



COMBINING FINANCIAL STATEMENTS

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

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

Transportation Infrastructure Bond Projects Fund – This fund accounts for transportation capital improvement expenditures funded by the issuance of transportation infrastructure special obligation bonds.

General Obligation Debt Service Fund—This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for general obligation bond principal and interest.

Transportation Infrastructure Debt Service Fund—This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for transportation infrastructure special obligation bond principal and interest.

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

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

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

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

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

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

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

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

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

STATE OF VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue	Capital Projects	
	Fish & Wildlife Fund	General Obligation Bond Projects Fund	Transportation Infrastructure Bond Projects Fund
ASSETS			
Cash and cash equivalents	$ 9,152,624	$ 63,219,776	$ 1,647,259
Investments	11,681,798	-	-
Receivables			
Taxes receivable	2,718	-	-
Other receivables	100,503	-	-
Due from other funds	-	1,679	-
Total assets	$ 20,937,643	$ 63,221,455	$ 1,647,259
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ 735,021	$ 3,039,539	$ -
Accrued liabilities	1,007,569	168,148	-
Retainage payable	-	214,379	-
Due to other funds	68,603	551,025	-
Due to component units	-	5,666,167	-
Unearned revenue	42,678	-	-
Total liabilities	1,853,871	9,639,258	-
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	7,411	-	-
Total deferred inflow of resources	7,411	-	-
FUND BALANCES			
Nonspendable			
Permanent Fund principal	-	-	-
Restricted	-	53,582,197	1,647,259
Committed	19,076,361	-	-
Total fund balances	19,076,361	53,582,197	1,647,259
Total liabilities, deferred inflows and fund balances	$ 20,937,643	$ 63,221,455	$ 1,647,259

See Independent Auditors' Report.

Debt Service		Permanent Funds		
General Obligation Debt Service Fund	Transportation Infrastructure Debt Service Fund	Higher Education Endowment Fund	Vermont Sanitorium Fund	Albert C. Lord Trust Fund
$ 219,946	$ 3,214,255	$ 3,684,902	$ -	$ 22,612
-	-	34,415,285	232,172	233,889
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
$ 219,946	$ 3,214,255	$ 38,100,187	$ 232,172	$ 256,501
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	7,000,000	206,502	183,217
-	3,214,255	-	25,670	73,284
219,946	-	31,100,187	-	-
219,946	3,214,255	38,100,187	232,172	256,501
$ 219,946	$ 3,214,255	$ 38,100,187	$ 232,172	$ 256,501

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STATE OF VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Permanent Funds		
	Lumberjack Fund	Couching Lion Farm Cemetery Fund	Carrie P. Underwood Fund
ASSETS			
Cash and cash equivalents	$ 630	$ 23,741	$ 17,648
Investments	9,807	2,464	14,183
Receivables			
Taxes receivable	-	-	-
Other receivables	-	-	-
Due from other funds	-	-	-
Total assets	$ 10,437	$ 26,205	$ 31,831
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ -	$ -	$ -
Accrued liabilities	-	-	-
Retainage payable	-	-	-
Due to other funds	-	-	-
Due to component units	-	-	-
Unearned revenue	-	-	-
Total liabilities	-	-	-
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	-	-	-
Total deferred inflow of resources	-	-	-
FUND BALANCES			
Nonspendable			
Permanent Fund principal	9,129	1,930	11,110
Restricted	1,308	24,275	20,721
Committed	-	-	-
Total fund balances	10,437	26,205	31,831
Total liabilities, deferred inflows and fund balances	$ 10,437	$ 26,205	$ 31,831

See Independent Auditors' Report.

Permanent Funds			
Laura H. Morgan Fund	Bennington Battle Monument Fund	Zenus H. Ellis Fund	Total Non-major Governmental Funds
$ 3,412	$ -	$ -	$ 81,206,805
3,192	4,312	4,035	46,601,137
-	-	-	2,718
-	-	-	100,503
-	-	-	1,679
$ 6,604	$ 4,312	$ 4,035	$ 127,912,842
$ -	$ -	$ -	$ 3,774,560
-	-	-	1,175,717
-	-	-	214,379
-	-	-	619,628
-	-	-	5,666,167
-	-	-	42,678
-	-	-	11,493,129
-	-	-	7,411
-	-	-	7,411
2,500	1,065	1,000	7,416,453
4,104	3,247	3,035	58,599,355
-	-	-	50,396,494
6,604	4,312	4,035	116,412,302
$ 6,604	$ 4,312	$ 4,035	$ 127,912,842

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Special Revenue	Capital Projects	
	Fish & Wildlife Fund	General Obligation Bond Projects Fund	Transportation Infrastructure Bond Projects Fund
REVENUES			
Taxes			
Motor fuels tax	$ 774,744	$ -	$ -
Earnings of departments			
Fees	155,999	-	-
Rents and leases	63,964	-	-
Sales of services	11	-	-
Federal grants	7,352,120	-	-
Fines, forfeits and penalties	14,625	-	-
Investment income	1,500,372	-	508
Licenses			
Business	365	-	-
Non-business	8,584,925	-	-
Other revenues	2,779,988	-	-
Total revenues	21,227,113	-	508
EXPENDITURES			
General government	-	12,937,497	-
Protection to persons and property	-	7,110,083	-
Human services	-	4,692,124	-
General education	-	2,998,087	-
Natural resources	18,180,563	7,252,412	-
Commerce and community development	-	7,911,872	-
Transportation	-	1,537,885	-
Capital outlay	-	-	-
Debt service	-	-	-
Total expenditures	18,180,563	44,439,960	-
Excess of revenues over (under) expenditures	3,046,550	(44,439,960)	508
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	-	82,185,000	-
Premium from the issuance of bonds	-	16,740,163	-
Transfers in	453,768	-	-
Transfers out	-	(8,345,127)	-
Total other financing sources (uses)	453,768	90,580,036	-
Net change in fund balances	3,500,318	46,140,076	508
Fund balances, July 1	15,576,043	7,442,121	1,646,751
Fund balances, June 30	$ 19,076,361	$ 53,582,197	$ 1,647,259

See Independent Auditors' Report.

Debt Service		Permanent Funds		
General Obligation Debt Service Fund	Transportation Infrastructure Bonds Debt Service Fund	Higher Education Endowment Fund	Vermont Sanitorium Fund	Albert C. Lord Trust Fund
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	4,540,342	34,717	30,865
-	-	-	-	-
-	-	-	-	-
-	-	3,677,828	-	-
-	-	8,218,170	34,717	30,865
-	-	-	-	-
-	-	-	-	-
-	-	-	25,000	-
-	-	2,148,990	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
76,874,651	2,502,612	-	-	-
76,874,651	2,502,612	2,148,990	25,000	-
(76,874,651)	(2,502,612)	6,069,180	9,717	30,865
-	-	-	-	-
-	-	-	-	-
76,874,651	2,505,863	-	-	-
-	-	-	-	-
76,874,651	2,505,863	-	-	-
-	3,251	6,069,180	9,717	30,865
219,946	3,211,004	32,031,007	222,455	225,636
$ 219,946	$ 3,214,255	$ 38,100,187	$ 232,172	$ 256,501

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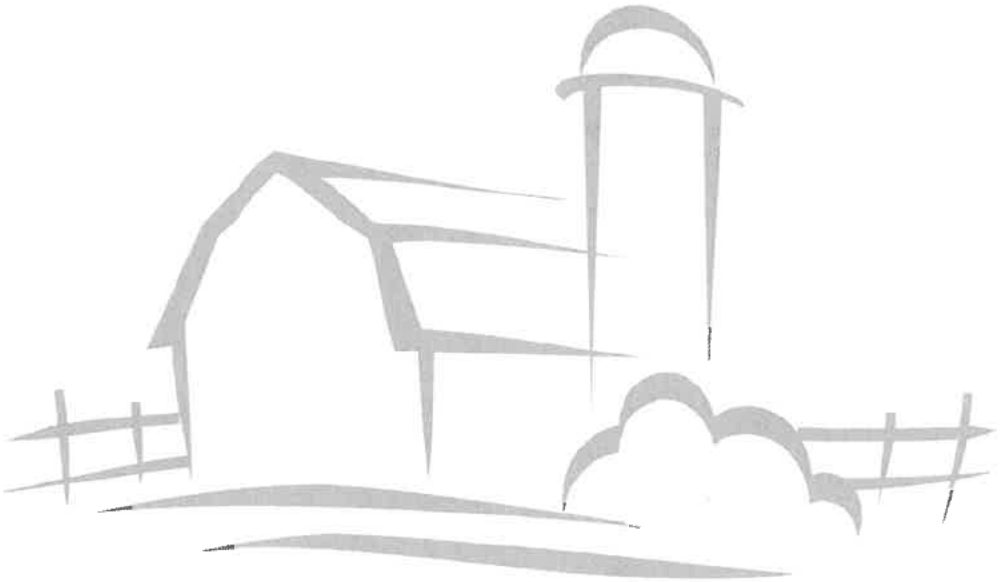
STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Permanent Funds		
	Lumberjack Fund	Couching Lion Farm Cemetery Fund	Carrie P. Underwood Fund
REVENUES			
Taxes			
Motor fuels tax	$ -	$ -	$ -
Earnings of departments			
Fees	-	-	-
Rents and leases	-	-	-
Sales of services	-	-	-
Federal grants	-	-	-
Fines, forfeits and penalties	-	-	-
Investment income	1,533	374	1,906
Licenses			
Business	-	-	-
Non-business	-	-	-
Other revenues	-	-	-
Total revenues	1,533	374	1,906
EXPENDITURES			
General government	-	-	-
Protection to persons and property	-	-	-
Human services	-	-	-
General education	-	-	-
Natural resources	-	-	-
Commerce and community development	-	-	-
Transportation	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	1,533	374	1,906
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	-	-	-
Premium from the issuance of bonds	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	1,533	374	1,906
Fund balances, July 1	8,904	25,831	29,925
Fund balance, June 30	$ 10,437	$ 26,205	$ 31,831

See Independent Auditors' Report.

Permanent Funds				
Laura H. Morgan Fund	Bennington Battle Monument Fund	Zenus H. Ellis Fund	Reclassification of Capital Outlays	Total Non-major Governmental Funds
$ -	$ -	$ -	$ -	$ 774,744
-	-	-	-	155,999
-	-	-	-	63,964
-	-	-	-	11
-	-	-	-	7,352,120
-	-	-	-	14,625
428	564	528	-	6,112,137
-	-	-	-	365
-	-	-	-	8,584,925
-	-	-	-	6,457,816
428	564	528	-	29,516,706
-	-	-	(12,937,497)	-
-	-	-	(7,110,083)	-
-	-	-	(4,692,124)	25,000
-	-	-	(2,998,087)	2,148,990
-	-	-	(7,252,412)	18,180,563
-	-	-	(7,911,872)	-
-	-	-	(1,537,885)	-
-	-	-	44,439,960	44,439,960
-	-	-	-	79,377,263
-	-	-	-	144,171,776
428	564	528	-	(114,655,070)
-	-	-	-	82,185,000
-	-	-	-	16,740,163
-	-	-	-	79,834,282
-	-	-	-	(8,345,127)
-	-	-	-	170,414,318
428	564	528	-	55,759,248
6,176	3,748	3,507	-	60,653,054
$ 6,604	$ 4,312	$ 4,035	$ -	$ 116,412,302

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Vermont

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

Vermont Life Magazine Fund – This fund is used to account for the activities of the Vermont Life Magazine. *Vermont Life* was a quarterly magazine published by the State of Vermont. *Vermont Life's* final issue was the Summer 2018 issue available for newsstands on May 15, 2018.

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

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

Electric Power Sales Fund—This fund is used to account for the revenues and expenses for the purchase of wholesale electric power for resale to Vermont's utilities.

Electric Efficiency Utility Fund—This fund is used to account for the revenues and expenses for the operation of the Electric Efficiency Utility program.

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2021

	Federal Surplus Property Fund	Vermont Life Magazine Fund	Municipal Equipment Loan Fund
ASSETS			
Current Assets:			
Cash and cash equivalents	$ -	$ 369,728	$ 2,452,632
Receivables			
Taxes receivable (net of allowance for uncollectibles)	-	-	-
Accounts receivable (net of allowance for uncollectibles)	41,605	-	-
Loans receivable	-	-	432,766
Accrued interest receivable	-	-	4,731
Due from other funds	500	-	-
Total current assets	42,105	369,728	2,890,129
Noncurrent Assets:			
Loans receivable	-	-	811,180
Total noncurrent assets	-	-	811,180
Total assets	42,105	369,728	3,701,309
LIABILITIES			
Current Liabilities:			
Accounts payable	-	-	110,000
Accrued salaries and benefits	-	-	-
Due to other funds	-	-	-
Interfund payable	219,265	-	-
Total current liabilities	219,265	-	110,000
Long-term Liabilities:			
Other noncurrent liabilities	-	-	-
Total long-term liabilities	-	-	-
Total liabilities	219,265	-	110,000
NET POSITION			
Restricted for protection to persons and property	-	-	-
Unrestricted (deficit)	(177,160)	369,728	3,591,309
Total net position	$ (177,160)	$ 369,728	$ 3,591,309

See Independent Auditors' Report.

Unemployment Compensation Contingency Fund	Electric Power Sales Fund	Electric Efficiency Utility Fund	Total Non-major Enterprise Funds
$ 239,005	$ -	$ 18,583,684	$ 21,645,049
2,499,786	-	-	2,499,786
-	371,458	8,994,080	9,407,143
-	-	-	432,766
-	-	-	4,731
342,854	172,208	-	515,562
3,081,645	543,666	27,577,764	34,505,037
-	-	-	811,180
-	-	-	811,180
3,081,645	543,666	27,577,764	35,316,217
-	286,054	3,874,183	4,270,237
-	2,200	-	2,200
-	-	426,866	426,866
-	239,816	-	459,081
-	528,070	4,301,049	5,158,384
-	-	5,436,143	5,436,143
-	-	5,436,143	5,436,143
-	528,070	9,737,192	10,594,527
-	-	6,955,431	6,955,431
3,081,645	15,596	10,885,141	17,766,259
$ 3,081,645	$ 15,596	$ 17,840,572	$ 24,721,690

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Federal Surplus Property Fund	Vermont Life Magazine Fund	Municipal Equipment Loan Fund
OPERATING REVENUES			
Charges for sales and services	$ 41,505	$ -	$ -
Federal donated property	805,990	-	-
Total operating revenues	847,495	-	-
OPERATING EXPENSES			
Cost of sales and services	824,579	-	-
Salaries and benefits	-	-	-
Contractual services	-	-	-
Utilities and property management	40	-	-
Administrative expenses	5,557	-	-
Other operating expenses	-	-	-
Total operating expenses	830,176	-	-
Operating income (loss)	17,319	-	-
NONOPERATING REVENUES (EXPENSES)			
Investment income	-	869	30,072
Other nonoperating revenue (expense)	-	(113)	-
Total nonoperating revenues (expenses)	-	756	30,072
Income (loss) before other revenues, expenses, gains, losses, and transfers	17,319	756	30,072
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS			
Transfers out	-	-	-
Total other revenues, expenses, gains, losses, and transfers	-	-	-
Change in net position	17,319	756	30,072
Total net position, July 1,	(194,479)	368,972	3,561,237
Total net position, June 30	$ (177,160)	$ 369,728	$ 3,591,309

See Independent Auditors' Report.

Unemployment Compensation Contingency Fund	Electric Power Sales Fund	Electric Efficiency Utility Fund	Total Non-major Enterprise Funds
$ 1,745,110	$ 3,613,210	$ 63,257,141	$ 68,656,966
-	-	-	805,990
1,745,110	3,613,210	63,257,141	69,462,956
-	3,568,792	49,080,483	53,473,854
-	33,895	-	33,895
-	-	2,352,748	2,352,748
-	-	-	40
-	-	5,428,251	5,433,808
-	224	513,371	513,595
-	3,602,911	57,374,853	61,807,940
1,745,110	10,299	5,882,288	7,655,016
1,966	-	23,660	56,567
-	-	(242,706)	(242,819)
1,966	-	(219,046)	(186,252)
1,747,076	10,299	5,663,242	7,468,764
(762,000)	-	-	(762,000)
(762,000)	-	-	(762,000)
985,076	10,299	5,663,242	6,706,764
2,096,569	5,297	12,177,330	18,014,926
$ 3,081,645	$ 15,596	$ 17,840,572	$ 24,721,690

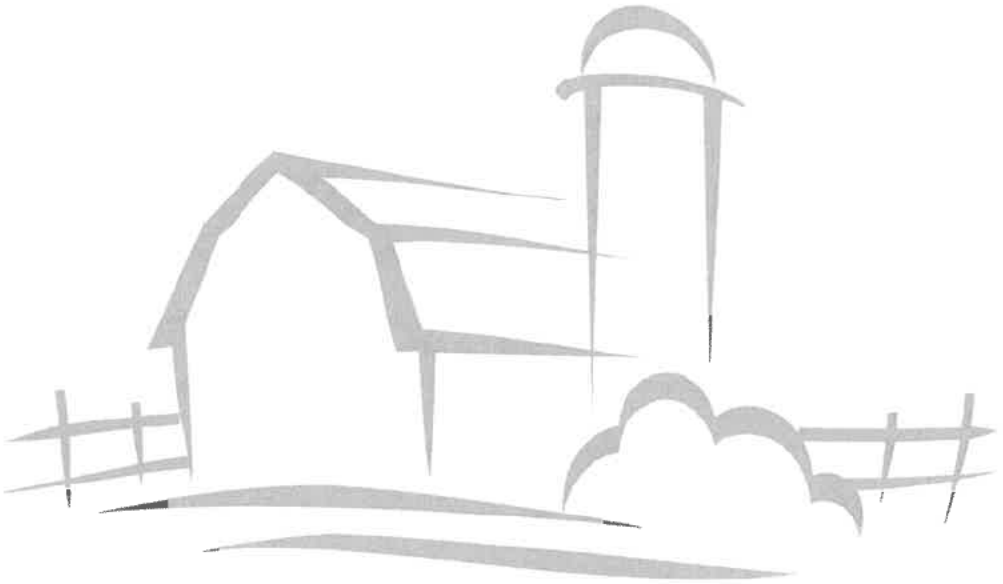
STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Federal Surplus Property Fund	Vermont Life Magazine Fund	Municipal Equipment Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ -	$ -	$ -
Cash paid to suppliers for goods and services	(24,189)	-	-
Cash paid to employees for services	(13,637)	-	-
Other operating expenses	-	(113)	-
Net cash provided (used) by operating activities	(37,826)	(113)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	-	-	-
Interfund loans and advances	37,826	-	-
Net cash provided by noncapital financing activities	37,826	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on investments	-	869	4,375
Proceeds from loan repayments	-	-	542,824
Lending payments	-	-	(157,000)
Net cash provided (used) by investing activities	-	869	390,199
Net increase (decrease) in cash and cash equivalents	-	756	390,199
Cash and cash equivalents, July 1	-	368,972	2,062,433
Cash and cash equivalents, June 30	$ -	$ 369,728	$ 2,452,632
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 17,319	$ -	$ -
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Other nonoperating expenses	-	(113)	-
Effect of changes in assets, deferred outflows, liabilities and deferred inflows:			
Accounts/taxes receivable, net	(41,005)	-	-
Due from other funds	(500)	-	-
Accounts payable	(3)	-	-
Accrued salaries and benefits	(13,637)	-	-
Due to other funds	-	-	-
Other noncurrent liabilities	-	-	-
Total adjustments	(55,145)	(113)	-
Net cash provided (used) by operating activities	$ (37,826)	$ (113)	$ -
Noncash investing, capital, and financing activities:			
Fair market value of donated inventory sold	805,990	-	-

See Independent Auditors' Report.

Unemployment Compensation Contingency Fund	Electric Power Sales Fund	Electric Efficiency Utility Fund	Total Non-major Enterprise Funds
$ 609,403	$ 3,430,221	$ 67,940,801	$ 71,980,425
-	(3,561,885)	(60,746,821)	(64,332,895)
-	(34,259)	-	(47,896)
-	(224)	(242,706)	(243,043)
609,403	(166,147)	6,951,274	7,356,591
(762,000)	-	-	(762,000)
-	166,147	-	203,973
(762,000)	166,147	-	(558,027)
1,966	-	23,660	30,870
-	-	-	542,824
-	-	-	(157,000)
1,966	-	23,660	416,694
(150,631)	-	6,974,934	7,215,258
389,636	-	11,608,750	14,429,791
$ 239,005	$ -	$ 18,583,684	$ 21,645,049
$ 1,745,110	$ 10,299	$ 5,882,288	$ 7,655,016
-	-	(242,706)	(242,819)
(877,155)	(10,781)	2,049,114	1,120,173
(258,552)	(172,208)	-	(431,260)
-	6,907	(1,641,303)	(1,634,399)
-	(364)	-	(14,001)
-	-	(42,823)	(42,823)
-	-	946,704	946,704
(1,135,707)	(176,446)	1,068,986	(298,425)
$ 609,403	$ (166,147)	$ 6,951,274	$ 7,356,591
-	-	-	805,990

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Vermont

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

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

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

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

Communications & Information Technology Fund – This fund accounts for the activities of the Agency of Digital Services communications and information technology services.

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

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

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

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

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

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

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

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

State Energy Revolving Fund – This fund is used as an internal lease purchase mechanism for energy efficiency improvements using renewable resources.

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

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

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

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

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

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

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

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

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

Human Resource Services Fund - This fund provides centralized human resources management services for agencies and departments of the State.

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund	Financial & HR Information Fund
ASSETS				
Current Assets				
Cash and cash equivalents	$ 1,071,454	$ -	$ 749,784	$ 3,338,227
Accounts receivable	28,361	156,188	-	95,183
Loans receivable	-	-	-	-
Due from other funds	1,726,964	213,085	-	978
Inventories, at cost	1,622,561	461,510	-	-
Prepaid expenses	-	-	-	141,797
Total current assets	4,449,340	830,783	749,784	3,576,185
Noncurrent Assets				
Loans receivable	-	-	-	-
Imprest cash and change fund - advances	-	-	-	-
Total noncurrent assets	-	-	-	-
Capital Assets				
Land	26,156	-	-	-
Construction in progress	1,956,083	-	-	15,563
Works of art	-	-	-	-
Capital assets being depreciated:	-	-	-	-
Machinery, equipment and buildings	83,720,341	1,579,088	3,702	101,405
Less accumulated depreciation	(50,340,797)	(1,194,368)	(3,702)	(78,297)
Total capital assets, net of depreciation	35,361,783	384,720	-	38,671
Total assets	39,811,123	1,215,503	749,784	3,614,856
LIABILITIES				
Current Liabilities				
Accounts payable	488,885	122,989	391,399	330,726
Accrued salaries and wages	473,104	122,847	205,486	712,914
Claims payable	-	-	-	-
Due to other funds	17,969	55,026	3,846	144,749
Interfund payable	-	1,907,269	-	-
Unearned revenue	-	-	-	-
Capital leases payable	-	-	-	-
Other current liabilities	-	67,563	24,699	-
Total current liabilities	979,958	2,275,694	625,430	1,188,389
Long-term Liabilities				
Claims payable	-	-	-	-
Capital leases payable	-	-	-	-
Other noncurrent liabilities	70,228	13,883	18,874	63,278
Total long-term liabilities	70,228	13,883	18,874	63,278
Total liabilities	1,050,186	2,289,577	644,304	1,251,667
NET POSITION				
Net investment in capital assets	35,361,783	384,720	-	38,671
Unrestricted net position (deficit)	3,399,154	(1,458,794)	105,480	2,324,518
Total net position	$ 38,760,937	$ (1,074,074)	$ 105,480	$ 2,363,189

See Independent Auditors' Report.

Communication & Information Technology Fund	Fleet Fund	E-Procurement Fund	Copy Center Fund	Postage Fund	Facilities Operations Fund	Property Management Fund
$ -	$ -	$ -	$ -	$ -	$ -	$ -
9,460,014	235,724	296,064	166,231	63,473	1,476,047	5,549,132
-	-	-	-	-	-	-
9,928,602	524,652	1,025,204	400,861	278,893	6,542,439	406,993
445,830	-	-	-	491,456	-	-
1,739,014	-	-	14,657	45,523	-	1,399,765
21,573,460	760,376	1,321,268	581,749	879,345	8,018,486	7,355,890
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	479,357	-
-	-	-	-	-	8,200	-
-	-	-	-	-	-	-
9,764,435	19,872,558	-	3,224,213	507,336	6,749,482	11,404,525
(8,772,909)	(13,294,254)	-	(2,787,963)	(495,749)	(4,695,221)	(3,555,751)
991,526	6,578,304	-	436,250	11,587	2,541,818	7,848,774
22,564,986	7,338,680	1,321,268	1,017,999	890,932	10,560,304	15,204,664
6,293,605	340,707	310,046	40,085	5,065	1,331,293	409,769
4,125,412	66,429	-	74,808	110,068	1,704,983	127,088
-	-	-	-	-	-	-
74,874	63,205	-	115,183	19,360	444,379	27,450
7,744,397	6,648,482	1,011,222	1,826,829	4,255,814	1,955,147	26,753,141
-	-	-	-	-	-	-
-	-	-	-	-	-	332,608
15,000	-	-	-	-	296,546	116,903
18,253,288	7,118,823	1,321,268	2,056,905	4,390,307	5,732,348	27,766,959
-	-	-	-	-	-	-
-	-	-	-	-	-	8,529,340
363,406	7,043	-	5,485	14,084	1,574,144	592,423
363,406	7,043	-	5,485	14,084	1,574,144	9,121,763
18,616,694	7,125,866	1,321,268	2,062,390	4,404,391	7,306,492	36,888,722
991,526	6,578,304	-	436,250	11,587	2,541,818	(1,013,174)
2,956,766	(6,365,490)	-	(1,480,641)	(3,525,046)	711,994	(20,670,884)
$ 3,948,292	$ 212,814	$ -	$ (1,044,391)	$ (3,513,459)	$ 3,253,812	$ (21,684,058)

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STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021

	Equipment Revolving Fund	State Resource Management Fund	State Energy Revolving Fund	State Surplus Property Fund
ASSETS				
Current Assets				
Cash and cash equivalents	$ 69,928	$ -	$ -	$ 131,632
Accounts receivable	-	-	-	410
Loans receivable	272,480	202,916	341,202	-
Due from other funds	-	-	-	226
Inventories, at cost	-	-	-	20,881
Prepaid expenses	-	-	-	-
Total current assets	342,408	202,916	341,202	153,149
Noncurrent Assets				
Loans receivable	240,720	903,456	1,510,429	-
Imprest cash and change fund - advances	-	-	-	-
Total noncurrent assets	240,720	903,456	1,510,429	-
Capital Assets				
Land	-	-	-	-
Construction in progress	-	-	-	149
Works of art	-	-	-	-
Capital assets being depreciated:	-	-	-	-
Machinery, equipment and buildings	-	-	-	-
Less accumulated depreciation	-	-	-	-
Total capital assets, net of depreciation	-	-	-	149
Total assets	583,128	1,106,372	1,851,631	153,298
LIABILITIES				
Current Liabilities				
Accounts payable	-	-	-	15,293
Accrued salaries and wages	-	-	-	32,752
Claims payable	-	-	-	-
Due to other funds	1,200	1,362	-	6,802
Interfund payable	-	1,105,010	1,851,631	-
Unearned revenue	-	-	-	20,881
Capital leases payable	-	-	-	-
Other current liabilities	-	-	-	-
Total current liabilities	1,200	1,106,372	1,851,631	75,728
Long-term Liabilities				
Claims payable	-	-	-	-
Capital leases payable	-	-	-	-
Other noncurrent liabilities	-	-	-	1,591
Total long-term liabilities	-	-	-	1,591
Total liabilities	1,200	1,106,372	1,851,631	77,319
NET POSITION				
Net investment in capital assets	-	-	-	149
Unrestricted net position (deficit)	581,928	-	-	75,830
Total net position	$ 581,928	$ -	$ -	$ 75,979

See Independent Auditors' Report

State Liability Insurance Fund	Risk Management - All Other Fund	Workers' Compensation Fund	Medical Insurance Fund	Dental Insurance Fund	Life Insurance Fund
$ 8,546,659	$ -	$ 21,071,562	$ 69,914,436	$ 2,357,109	$ 144,705
33,663	496,455	63,379	12,114,946	522,511	221,718
-	-	-	-	-	-
1	-	-	-	-	7,724
-	-	-	-	-	-
-	460,722	30,150	-	-	-
8,580,323	957,177	21,165,091	82,029,382	2,879,620	374,147
-	-	-	-	-	-
507,500	-	2,992,500	-	-	-
507,500	-	2,992,500	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,334	-	-	-	-	-
(6,334)	-	-	-	-	-
-	-	-	-	-	-
9,087,823	957,177	24,157,591	82,029,382	2,879,620	374,147
29,220	1,632	40,501	1,270,683	82,888	245,221
25,242	-	60,442	112,076	1,165	389
146,806	-	2,191,998	23,959,677	371,669	-
-	199,052	101,500	72,305	1,047	349
-	730,639	-	-	-	-
-	138,052	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
201,268	1,069,375	2,394,441	25,414,741	456,769	245,959
9,867,214	-	27,670,399	-	-	-
-	-	-	-	-	-
2,113	-	3,170	12,666	-	-
9,869,327	-	27,673,569	12,666	-	-
10,070,595	1,069,375	30,068,010	25,427,407	456,769	245,959
-	-	-	-	-	-
(982,772)	(112,198)	(5,910,419)	56,601,975	2,422,851	128,188
$ (982,772)	$ (112,198)	$ (5,910,419)	$ 56,601,975	$ 2,422,851	$ 128,188

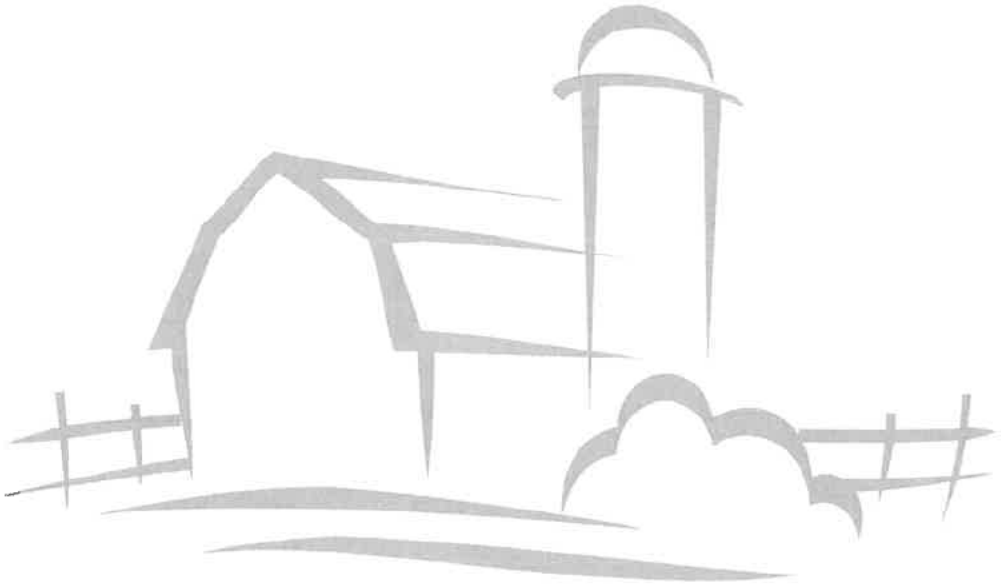
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STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021

	Long-Term Disability Fund	Employees' Assistance Fund	Human Resources Fund	Eliminations	Total Internal Service Fund
ASSETS					
Current Assets					
Cash and cash equivalents	$ 65,295	$ 61,497	$ 189,597	$ -	$ 107,711,886
Accounts receivable	14,537	20,437	300	-	31,014,773
Loans receivable	-	-	-	-	816,598
Due from other funds	-	-	71,742	(1,061,080)	20,067,284
Inventories, at cost	-	-	-	-	3,042,238
Prepaid expenses	-	-	64,598	-	3,896,226
Total current assets	79,833	81,934	326,237	(1,061,080)	166,549,005
Noncurrent Assets					
Loans receivable	-	-	-	-	2,654,605
Imprest cash and change fund - advances	-	-	-	-	3,500,000
Total noncurrent assets	-	-	-	-	6,154,605
Capital Assets					
Land	-	-	-	-	26,156
Construction in progress	-	-	-	-	2,451,152
Works of art	-	-	-	-	8,200
Capital assets being depreciated:	-	-	-	-	
Machinery, equipment and buildings	-	-	289,769	-	137,223,188
Less accumulated depreciation	-	-	(156,958)	-	(85,382,303)
Total capital assets, net of depreciation	-	-	132,811	-	54,326,393
Total assets	79,833	81,934	459,048	(1,061,080)	227,030,003
LIABILITIES					
Current Liabilities					
Accounts payable	15,772	67,702	9,545	-	11,843,026
Accrued salaries and wages	-	-	678,833	-	8,634,038
Claims payable	-	-	-	-	26,670,150
Due to other funds	-	-	61,251	(1,061,080)	349,829
Interfund payable	-	-	-	-	55,789,581
Unearned revenue	-	-	-	-	158,933
Capital leases payable	-	-	-	-	332,608
Other current liabilities	-	-	-	-	520,711
Total current liabilities	15,772	67,702	749,629	(1,061,080)	104,298,876
Long-term Liabilities					
Claims payable	-	-	-	-	37,537,613
Capital leases payable	-	-	-	-	8,529,340
Other noncurrent liabilities	-	-	63,648	-	2,806,036
Total long-term liabilities	-	-	63,648	-	48,872,989
Total liabilities	15,772	67,702	813,277	(1,061,080)	153,171,865
NET POSITION					
Net investment in capital assets	-	-	132,811	-	45,464,445
Unrestricted net position (deficit)	64,061	14,232	(487,040)	-	28,393,693
Total net position	$ 64,061	$ 14,232	$ (354,229)	$ -	$ 73,858,138

See Independent Auditors' Report.

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STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund	Financial & HR Information Fund
OPERATING REVENUES				
Charges for sales and services	$ 18,890,374	$ 2,113,074	$ 2,871,692	$ 10,437,839
Rental income	-	-	-	-
Other operating revenues	2,821	-	-	-
Total operating revenues	18,893,195	2,113,074	2,871,692	10,437,839
OPERATING EXPENSES				
Cost of sales and services	1,664,578	1,123,168	-	-
Claims expenses	-	-	-	-
Salaries and benefits	4,502,868	1,034,706	1,509,526	5,904,849
Insurance premium expenses	62,496	-	4,858	16,606
Contractual services	133	-	1,257,602	518,048
Repairs and maintenance	3,039,001	44,590	15	1,461,193
Depreciation	6,460,407	55,786	-	7,506
Rental expenses	112,115	187,003	35,786	372,747
Utilities and property management	490,706	44,578	42,259	1,159,107
Non-capital equipment purchased	63,240	5,847	5,050	29,215
Promotions and advertising	-	193	-	-
Administrative expenses	46,089	19,697	14,636	327,601
Supplies and parts	892,382	8,379	930	5,896
Distribution and postage	4,000	33,394	3	2,066
Travel expenses	-	588	-	-
Other operating expenses	14,991	108,582	165	2,387
Total operating expenses	17,353,006	2,666,511	2,870,830	9,807,221
Operating income (loss)	1,540,189	(553,437)	862	630,618
NONOPERATING REVENUES				
Gain (loss) on disposal of capital assets	381,880	-	-	-
Investment income	-	-	-	-
Interest expense	-	-	-	-
Total nonoperating revenues (expenses)	381,880	-	-	-
Income (loss) before other revenues, expenses, gains, losses, and transfers	1,922,069	(553,437)	862	630,618
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS				
Capital contributions	-	-	-	-
Transfers in	1,005,358	-	-	-
Total other revenues, expenses, gains, losses, and transfers	1,005,358	-	-	-
Change in net position	2,927,427	(553,437)	862	630,618
Total net position, July 1	35,833,510	(520,637)	104,618	1,732,571
Total net position, June 30	$ 38,760,937	$ (1,074,074)	$ 105,480	$ 2,363,189

See Independent Auditor's Report.

Communication & Information Technology Fund	Fleet Fund	E-Procurement Fund	Copy Center Fund	Postage Fund	Facilities Operations Fund	Property Management Fund
$ 95,125,867	$ 3,950,929	$ 5,916,527	$ 2,548,421	$ 2,827,242	$ 29,122,441	$ -
-	-	-	-	-	-	20,656,416
-	39,463	-	-	82,511	3,317,231	4,352,857
95,125,867	3,990,392	5,916,527	2,548,421	2,909,753	32,439,672	25,009,273
12,699,228	514,101	5,916,527	656,864	1,814,048	374,186	19,394,805
-	-	-	-	-	-	-
38,307,013	671,181	-	790,237	757,366	14,448,762	1,111,714
48,095	230,296	-	34,229	7,317	1,201,338	115,387
32,516,151	-	-	4,664	-	109,041	19,085
914,064	830,857	-	249,492	15,485	1,525,345	53,726
939,156	2,361,660	-	325,050	8,427	231,077	586,001
1,698,335	62,143	-	59,381	59,486	546,315	2,662
2,089,226	35,326	-	28,900	28,100	8,364,411	917,157
602,705	54,986	-	7,497	586	154,791	2,098
-	13,136	-	-	-	2,741	1,180
1,165,310	156,286	-	60,613	69,989	521,020	207,894
18,926	7,323	-	19,617	2,141	1,421,514	55,557
986	1,033	-	90	3,220	9,768	166
25,320	20	-	-	-	8,012	1,351
2,188	4,477	-	208	348	1,489,286	626,052
91,026,703	4,942,825	5,916,527	2,236,822	2,766,513	30,407,607	23,094,835
4,099,164	(952,433)	-	311,599	143,240	2,032,065	1,914,438
-	263,749	-	500	-	50,659	-
-	-	-	-	-	-	-
-	-	-	-	-	(29,624)	(18,105)
-	263,749	-	500	-	21,035	(18,105)
4,099,164	(688,684)	-	312,099	143,240	2,053,100	1,896,333
-	136,892	-	-	-	-	-
-	-	-	-	-	-	-
-	136,892	-	-	-	-	-
4,099,164	(551,792)	-	312,099	143,240	2,053,100	1,896,333
(150,872)	764,606	-	(1,356,490)	(3,656,699)	1,200,712	(23,580,391)
$ 3,948,292	$ 212,814	$ -	$ (1,044,391)	$ (3,513,459)	$ 3,253,812	$ (21,684,058)

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Equipment Revolving Fund	State Resource Management Fund	State Energy Revolving Fund	State Surplus Property Fund
OPERATING REVENUES				
Charges for sales and services	$ -	$ 41,492	$ -	$ 1,194,790
Rental income	-	-	-	-
Other operating revenues	-	700	-	1,072,442
Total operating revenues	-	42,192	-	2,267,232
OPERATING EXPENSES				
Cost of sales and services	-	-	-	1,993,359
Claims expenses	-	-	-	-
Salaries and benefits	-	-	-	328,956
Insurance premium expenses	-	-	-	1,996
Contractual services	-	-	-	35,354
Repairs and maintenance	-	9,724	-	364
Depreciation	-	-	-	-
Rental expenses	-	-	-	72,983
Utilities and property management	-	-	-	29,616
Non-capital equipment purchased	-	32,262	-	40
Promotions and advertising	-	-	-	150
Administrative expenses	-	206	-	28,164
Supplies and parts	-	-	-	756
Distribution and postage	-	-	-	240
Travel expenses	-	-	-	-
Other operating expenses	-	-	-	35
Total operating expenses	-	42,192	-	2,492,013
Operating income (loss)	-	-	-	(224,781)
NONOPERATING REVENUES				
Gain (loss) on disposal of capital assets	-	-	-	-
Investment income	-	-	-	-
Interest expense	-	-	-	-
Total nonoperating revenues (expenses)	-	-	-	-
Income (loss) before other revenues, expenses, gains, losses, and transfers	-	-	-	(224,781)
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS				
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Total other revenues, expenses, gains, losses, and transfers	-	-	-	-
Change in net position	-	-	-	(224,781)
Total net position, July 1	581,928	-	-	300,760
Total net position, June 30	$ 581,928	$ -	$ -	$ 75,979

See Independent Auditor's Report.

State Liability Insurance Fund	Risk Management - All Other Fund	Workers' Compensation Fund	Medical Insurance Fund	Dental Insurance Fund	Life Insurance Fund
$ 5,371,441	$ 4,304,221	$ 12,332,862	$ 198,331,596	$ 7,193,372	$ 2,887,045
-	-	-	-	-	-
-	-	-	411,322	-	-
5,371,441	4,304,221	12,332,862	198,742,918	7,193,372	2,887,045
-	4,528,630	-	-	-	-
2,544,684	167,390	12,068,748	193,796,889	6,544,385	-
272,544	-	284,272	759,193	16,216	5,407
882,121	-	-	1,591,546	50	3,295,095
1,583,933	101,613	700,437	697,027	1,416	10,472
-	-	-	-	-	-
-	-	-	-	-	-
4,164	-	14,384	23,741	738	246
2,093	-	4,721	23,409	324	108
-	-	100	-	-	-
-	-	-	-	-	-
27,110	17,643	77,370	7,987,849	249,993	8,953
-	-	2,221	19,473	-	-
21	-	1,331	6,952	-	-
-	-	-	1,774	-	-
-	-	124,876	2,037,518	62,023	-
5,316,670	4,815,276	13,278,460	206,945,371	6,875,145	3,320,281
54,771	(511,055)	(945,598)	(8,202,453)	318,227	(433,236)
-	-	-	-	-	-
14,232	-	36,604	136,485	4,060	2,935
-	-	-	-	-	-
14,232	-	36,604	136,485	4,060	2,935
69,003	(511,055)	(908,994)	(8,065,968)	322,287	(430,301)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
69,003	(511,055)	(908,994)	(8,065,968)	322,287	(430,301)
(1,051,775)	398,857	(5,001,425)	64,667,943	2,100,564	558,489
$ (982,772)	$ (112,198)	$ (5,910,419)	$ 56,601,975	$ 2,422,851	$ 128,188

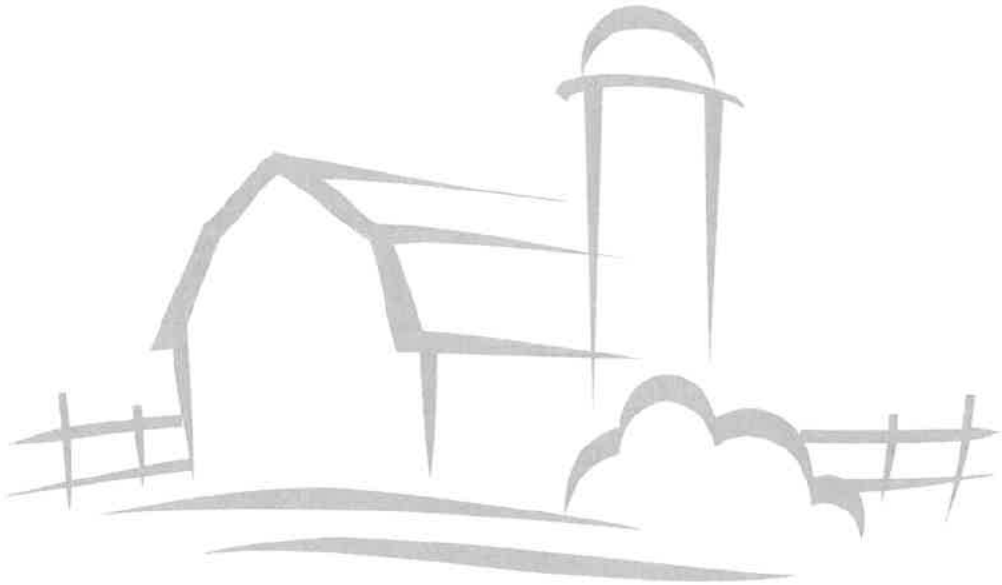
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STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Long-Term Disability Fund	Employees' Assistance Fund	Human Resources Fund	Total Internal Service Fund
OPERATING REVENUES				
Charges for sales and services	$ 176,972	$ 270,229	$ 6,011,500	$ 411,919,926
Rental income	-	-	-	20,656,416
Other operating revenues	-	-	188,908	9,468,255
Total operating revenues	176,972	270,229	6,200,408	442,044,597
OPERATING EXPENSES				
Cost of sales and services	-	-	-	50,679,494
Claims expenses	-	-	-	215,122,096
Salaries and benefits	-	-	5,856,734	76,561,544
Insurance premium expenses	188,869	272,929	107	7,953,335
Contractual services	-	-	15,020	37,569,996
Repairs and maintenance	-	-	1,865	8,145,721
Depreciation	-	-	57,954	11,033,024
Rental expenses	-	-	36,111	3,288,320
Utilities and property management	-	-	60,146	13,320,187
Non-capital equipment purchased	-	-	7,155	965,572
Promotions and advertising	-	-	261	17,661
Administrative expenses	-	-	13,169	10,999,592
Supplies and parts	-	-	7,589	2,462,704
Distribution and postage	-	-	141	63,411
Travel expenses	-	-	1,232	38,297
Other operating expenses	-	-	247	4,473,383
Total operating expenses	188,869	272,929	6,057,731	442,694,337
Operating income (loss)	(11,897)	(2,700)	142,677	(649,740)
NONOPERATING REVENUES				
Gain (loss) on disposal of capital assets	-	-	-	696,788
Investment income	-	-	-	194,316
Interest expense	-	-	-	(47,729)
Total nonoperating revenues (expenses)	-	-	-	843,375
Income (loss) before other revenues, expenses, gains, losses, and transfers	(11,897)	(2,700)	142,677	193,635
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS				
Capital contributions	-	-	-	136,892
Transfers in	-	-	-	1,005,358
Total other revenues, expenses, gains, losses, and transfers	-	-	-	1,142,250
Change in net position	(11,897)	(2,700)	142,677	1,335,885
Total net position, July 1	75,958	16,932	(496,906)	72,522,253
Total net position, June 30	$ 64,061	$ 14,232	$ (354,229)	$ 73,858,138

See Independent Auditor's Report.

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STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund	Financial & HR Information Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 22,139,986	$ 1,907,533	$ 2,871,692	$ 10,341,678
Cash paid to suppliers for goods and services	(6,895,585)	(1,432,037)	(957,894)	(3,976,456)
Cash paid to employees for services	(4,518,228)	(1,061,118)	(1,482,115)	(5,835,101)
Cash paid to claimants	-	-	-	-
Other operating revenues	2,821	-	-	-
Other operating expenses	(14,991)	(108,582)	(165)	(2,387)
Net cash provided (used) by operating activities	10,714,003	(694,204)	431,518	527,734
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers in	1,005,358	-	-	-
Interfund loans and advances	(5,077,613)	713,784	-	-
Net cash provided (used) by noncapital financing activities	(4,072,255)	713,784	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(6,239,274)	(19,580)	-	(15,563)
Payment of capital leases and loans	-	-	-	-
Interest paid on capital leases and loans	-	-	-	-
Proceeds from sale of capital assets	668,980	-	-	-
Net cash (used) by capital and related financing activities	(5,570,294)	(19,580)	-	(15,563)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earned on investments	-	-	-	-
Proceeds from loan repayments	-	-	-	-
Loans issued	-	-	-	-
Net cash provided by investing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	1,071,454	-	431,518	512,171
Cash and cash equivalents, July 1	-	-	318,266	2,826,056
Cash and cash equivalents, June 30	$ 1,071,454	$ -	$ 749,784	$ 3,338,227
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ 1,540,189	$ (553,437)	$ 862	$ 630,618
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	6,460,407	55,786	-	7,506
Effect of changes in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	35,167	(111,588)	-	(95,183)
Due from other funds	3,214,445	(93,953)	-	(978)
Inventories	(262,656)	(23,840)	-	-
Prepaid expenses	-	-	-	5,608
Accounts payable	(215,820)	36,081	383,122	(54,530)
Accrued salaries and benefits	(15,360)	(26,412)	27,411	69,748
Claims payable	-	-	-	-
Due to other funds	(42,369)	20,424	(4,576)	(35,055)
Unearned revenue	-	-	-	-
Other current liabilities	-	2,735	24,699	-
Total adjustments	9,173,814	(140,767)	430,656	(102,884)
Net cash provided (used) by operating activities	$ 10,714,003	$ (694,204)	$ 431,518	$ 527,734
Noncash investing, capital, and financing activities:				
Contributions of capital assets to other funds	-	-	-	-
Retirement of assets not fully depreciated	(287,100)	-	-	-
Fair market value of donated inventory sold	-	-	-	-

See Independent Auditors' Report.

Communications & Information Technology Fund	Fleet Fund	E-Procurement Fund	Copy Center Fund	Postage Fund	Facilities Operations Fund	Property Management Fund
$ 97,562,446	$ 3,917,499	$ 5,646,799	$ 2,399,306	$ 2,884,906	$ 26,692,172	$ 17,578,745
(50,115,053)	(1,753,207)	(5,910,833)	(1,027,111)	(2,255,336)	(14,515,228)	(20,932,447)
(38,121,115)	(705,841)	-	(781,278)	(715,539)	(14,456,181)	(1,123,630)
-	-	-	-	-	-	-
-	39,463	-	-	82,511	3,317,231	4,352,857
(2,188)	(4,477)	-	(208)	(348)	(1,489,286)	(626,052)
9,324,090	1,493,437	(264,034)	590,709	(3,806)	(451,292)	(750,527)
-	-	-	-	-	-	-
(9,026,963)	189,317	264,034	(526,555)	3,806	829,111	1,183,411
(9,026,963)	189,317	264,034	(526,555)	3,806	829,111	1,183,411
(297,127)	(2,000,856)	-	(64,154)	-	(134,527)	(5,080)
-	-	-	-	-	(214,101)	(409,698)
-	-	-	-	-	(29,624)	(18,106)
-	318,102	-	-	-	433	-
(297,127)	(1,682,754)	-	(64,154)	-	(377,819)	(432,884)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 4,099,164	$ (952,433)	$ -	$ 311,599	$ 143,240	$ 2,032,065	$ 1,914,438
939,156	2,361,660	-	325,050	8,427	231,077	586,001
(1,404,230)	(50,279)	(145,195)	15,098	62,592	(229,093)	(3,621,065)
3,840,809	16,849	(124,533)	-	(4,928)	(2,201,176)	543,394
391,471	-	-	(164,212)	(213,691)	-	-
(664,664)	-	-	-	(44,915)	-	(89,177)
1,858,228	91,639	5,694	(1,505)	1,206	(352,582)	(87,819)
185,898	(34,660)	-	8,463	41,827	(7,419)	(11,916)
-	-	-	8,959	-	-	-
63,258	60,661	-	-	2,436	75,836	15,617
-	-	-	87,257	-	-	-
15,000	-	-	-	-	-	-
5,224,926	2,445,870	(264,034)	279,110	(147,046)	(2,483,357)	(2,664,965)
$ 9,324,090	$ 1,493,437	$ (264,034)	$ 590,709	$ (3,806)	$ (451,292)	$ (750,527)
-	136,892	-	-	-	-	-
-	(54,353)	-	-	-	(11,922)	-
-	-	-	-	-	-	-

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STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Equipment Revolving Fund	State Resource Management Fund	State Energy Revolving Fund	State Surplus Property Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ -	$ -	$ -	$ 1,197,364
Cash paid to suppliers for goods and services	-	-	-	(1,080,751)
Cash paid to employees for services	-	-	-	(321,147)
Cash paid to claimants	-	-	-	-
Other operating revenues	-	-	-	4,640
Other operating expenses	-	-	-	(35)
Net cash provided (used) by operating activities	-	-	-	(199,929)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers in	-	-	-	-
Interfund loans and advances	(205,697)	27,924	(389,156)	-
Net cash provided (used) by noncapital financing activities	(205,697)	27,924	(389,156)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	-	-	(149)
Payment of capital leases and loans	-	-	-	-
Interest paid on capital leases and loans	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Net cash (used) by capital and related financing activities	-	-	-	(149)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earned on investments	-	-	-	-
Proceeds from loan repayments	275,625	15,419	389,156	-
Loans issued	-	(43,343)	-	-
Net cash provided by investing activities	275,625	(27,924)	389,156	-
Net increase (decrease) in cash and cash equivalents	69,928	-	-	(200,078)
Cash and cash equivalents, July 1	-	-	-	331,710
Cash and cash equivalents, June 30	$ 69,928	$ -	$ -	$ 131,632
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ -	$ -	$ -	$ (224,781)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	-	-	-	-
Effect of changes in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	-	-	-	581
Due from other funds	-	-	-	1,993
Inventories	-	-	-	(4,166)
Prepaid expenses	-	-	-	-
Accounts payable	-	-	-	13,976
Accrued salaries and benefits	-	-	-	7,809
Claims payable	-	-	-	-
Due to other funds	-	-	-	493
Unearned revenue	-	-	-	4,166
Other current liabilities	-	-	-	-
Total adjustments	-	-	-	24,852
Net cash provided (used) by operating activities	$ -	$ -	$ -	$ (199,929)
Noncash investing, capital, and financing activities:				
Contributions of capital assets to other funds	-	-	-	-
Retirement of assets not fully depreciated	-	-	-	-
Fair market value of donated inventory sold	-	-	-	1,067,802

See Independent Auditor's Report.

State Liability Insurance Fund	Risk Management - All Other Fund	Workers' Compensation Fund	Medical Insurance Fund	Dental Insurance Fund	Life Insurance Fund
$ 5,339,483	$ 3,515,696	$ 12,334,409	$ 198,089,829	$ 7,212,161	$ 2,965,383
(2,431,454)	(4,812,828)	(1,042,984)	(9,958,867)	(256,248)	(3,338,418)
(271,330)	-	(257,647)	(746,383)	(16,668)	(5,557)
(332,343)	(167,390)	(11,142,016)	(190,941,994)	(6,387,114)	-
-	-	-	411,322	-	-
-	-	(124,876)	(2,037,518)	(62,023)	-
2,304,356	(1,464,522)	(233,114)	(5,183,611)	490,108	(378,592)
-	-	-	-	-	-
-	730,639	-	-	-	-
-	730,639	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,232	-	36,604	136,485	4,060	2,935
-	-	-	-	-	-
-	-	-	-	-	-
14,232	-	36,604	136,485	4,060	2,935
2,318,588	(733,883)	(196,510)	(5,047,126)	494,168	(375,657)
6,735,571	733,883	24,260,572	74,961,562	1,862,941	520,362
$ 9,054,159	$ -	$ 24,064,062	$ 69,914,436	$ 2,357,109	$ 144,705
$ 54,771	$ (511,055)	$ (945,598)	$ (8,202,453)	$ 318,227	$ (433,236)
-	-	-	-	-	-
(31,957)	(478,341)	1,547	(241,767)	18,789	(7,385)
(1)	205,922	-	-	-	85,723
-	-	-	-	-	-
41,797	152,123	(30,150)	-	-	-
26,191	(23,852)	(211,932)	347,091	(4,475)	69,654
1,214	-	26,625	12,810	(452)	(150)
2,212,341	-	926,732	2,854,895	157,271	-
-	(293,213)	(338)	45,813	748	(93,198)
-	(516,106)	-	-	-	-
-	-	-	-	-	-
2,249,585	(953,467)	712,484	3,018,842	171,881	54,644
$ 2,304,356	$ (1,464,522)	$ (233,114)	$ (5,183,611)	$ 490,108	$ (378,592)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

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STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Long-Term Disability Fund	Employees' Assistance Fund	Human Resources Fund	Total Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 183,322	$ 270,914	$ 5,939,458	$ 430,990,781
Cash paid to suppliers for goods and services	(173,097)	(274,472)	(303,571)	(133,443,877)
Cash paid to employees for services	-	-	(5,829,958)	(76,248,836)
Cash paid to claimants	-	-	-	(208,970,857)
Other operating revenues	-	-	188,908	8,399,753
Other operating expenses	-	-	(247)	(4,473,383)
Net cash provided (used) by operating activities	10,225	(3,558)	(5,410)	16,253,581
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers in	-	-	-	1,005,358
Interfund loans and advances	-	-	-	(11,283,958)
Net cash provided (used) by noncapital financing activities	-	-	-	(10,278,600)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	-	-	(8,776,310)
Payment of capital leases and loans	-	-	-	(623,799)
Interest paid on capital leases and loans	-	-	-	(47,730)
Proceeds from sale of capital assets	-	-	-	987,515
Net cash (used) by capital and related financing activities	-	-	-	(8,460,324)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earned on investments	-	-	-	194,316
Proceeds from loan repayments	-	-	-	680,200
Loans issued	-	-	-	(43,343)
Net cash provided by investing activities	-	-	-	831,173
Net increase (decrease) in cash and cash equivalents	10,225	(3,558)	(5,410)	(1,654,170)
Cash and cash equivalents, July 1	55,071	65,055	195,007	112,866,056
Cash and cash equivalents, June 30	$ 65,296	$ 61,497	$ 189,597	$ 111,211,886
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ (11,897)	$ (2,700)	$ 142,677	$ (649,740)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	-	-	57,954	11,033,024
Effect of changes in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	6,350	685	(300)	(6,275,574)
Due from other funds	-	-	(71,742)	5,411,824
Inventories	-	-	-	(277,094)
Prepaid expenses	-	-	-	(629,378)
Accounts payable	15,772	(1,543)	(5,898)	1,888,698
Accrued salaries and benefits	-	-	26,776	312,212
Claims payable	-	-	-	6,160,198
Due to other funds	-	-	(154,877)	(338,340)
Unearned revenue	-	-	-	(424,683)
Other current liabilities	-	-	-	42,434
Total adjustments	22,122	(858)	(148,087)	16,903,321
Net cash provided (used) by operating activities	$ 10,225	$ (3,558)	$ (5,410)	$ 16,253,581
Noncash investing, capital, and financing activities:				
Contributions of capital assets to other funds	-	-	-	136,892
Retirement of assets not fully depreciated	-	-	-	(353,375)
Fair market value of donated inventory sold	-	-	-	1,067,802

See Independent Auditor's Report.

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

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

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

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

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

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

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

Vermont Retired Teachers' Health and Medical Benefits Fund - This fund's purpose is to accumulate and provide reserves to support retiree postemployment benefits for members of the State Teachers' Retirement System.

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

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
JUNE 30, 2021

	Defined Benefit Plans		
	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
ASSETS			
Cash and short-term investments	$ 11,604,916	$ 11,797,678	$ 3,845,509
Investments			
Fixed income	110,059,937	110,930,797	42,103,731
Equities	249,360,731	255,489,651	93,886,722
Mutual and commingled funds	1,643,304,253	1,625,049,631	632,022,316
Real estate and private partnerships	404,646,859	415,531,154	143,334,152
Total investments	2,407,371,780	2,407,001,233	911,346,921
Receivables			
Contributions - current	11,301,515	5,930,899	5,492,455
Contributions - non-current	-	-	6,052,280
Investments sold	10,204,522	7,876,782	3,351,477
Interest and dividends	912,097	918,063	676,446
Due from other funds	67,031	6,458	221,094
Other	244	4,668,398	765,917
Total receivables	22,485,409	19,400,600	16,559,669
Prepaid expenses	66,741	76,010	42,795
Capital assets			
Capital assets being depreciated			
Equipment	3,141,170	3,739,923	1,402,844
Less accumulated depreciation	(2,380,709)	(2,842,015)	(1,069,026)
Total capital assets, net of depreciation	760,461	897,908	333,818
Total assets	2,442,289,307	2,439,173,429	932,128,712
LIABILITIES			
Accounts payable	1,439,214	448,640	174,246
Investments purchased	15,553,459	15,852,403	5,916,051
Due to other funds	14,430	14,034	4,085
Interfund loan payable	59,796	64,844	-
Total liabilities	17,066,899	16,379,921	6,094,382
NET POSITION RESTRICTED FOR EMPLOYEES' PENSION AND OTHER POSTEMPLOYMENT BENEFITS	$ 2,425,222,408	$ 2,422,793,508	$ 926,034,330

See Independent Auditors' Report.

Defined Contribution Plans			Other Postemployment Benefit Funds				
Vermont State Defined Contribution Fund	Single Deposit Investment Account Fund	Vermont Municipal Employees' Defined Contribution Fund	Vermont State Postemployment Benefits Trust Fund	Vermont Retired Teachers' Health and Medical Benefits Fund	Municipal Employees' Health Benefit Fund	Eliminations	Total
$ 62,884	$ -	$ 66,692	$ 60,845,082	$ 8,377,323	$ 1,551,664	$ -	$ 98,151,748
-	-	-	-	-	-	-	263,094,465
-	-	-	-	-	-	-	598,737,104
91,188,728	31,177,580	32,371,941	59,380,231	-	14,303,833	-	4,128,798,513
-	-	-	-	-	-	-	963,512,165
91,188,728	31,177,580	32,371,941	59,380,231	-	14,303,833	-	5,954,142,247
177,636	-	21,596	71,945	-	-	-	22,996,046
-	-	-	-	-	-	-	6,052,280
-	-	-	-	-	-	-	21,432,781
-	-	-	-	-	-	-	2,506,606
-	-	-	-	-	-	(294,583)	-
1,353	-	334	9,771	6,257,511	-	-	11,703,528
178,989	-	21,930	81,716	6,257,511	-	(294,583)	64,691,241
30,261	-	-	-	39,525	-	-	255,332
-	-	-	-	-	-	-	8,283,937
-	-	-	-	-	-	-	(6,291,750)
-	-	-	-	-	-	-	1,992,187
91,460,862	31,177,580	32,460,563	120,307,029	14,674,359	15,855,497	(294,583)	6,119,232,755
24,527	-	381	39,216	40,867	-	-	2,167,091
-	-	-	-	-	-	-	37,321,913
64,443	-	220,403	-	-	-	(294,583)	22,812
-	-	-	-	-	-	-	124,640
88,970	-	220,784	39,216	40,867	-	(294,583)	39,636,456
$ 91,371,892	$ 31,177,580	$ 32,239,779	$ 120,267,813	$ 14,633,492	$ 15,855,497	$ -	$ 6,079,596,299

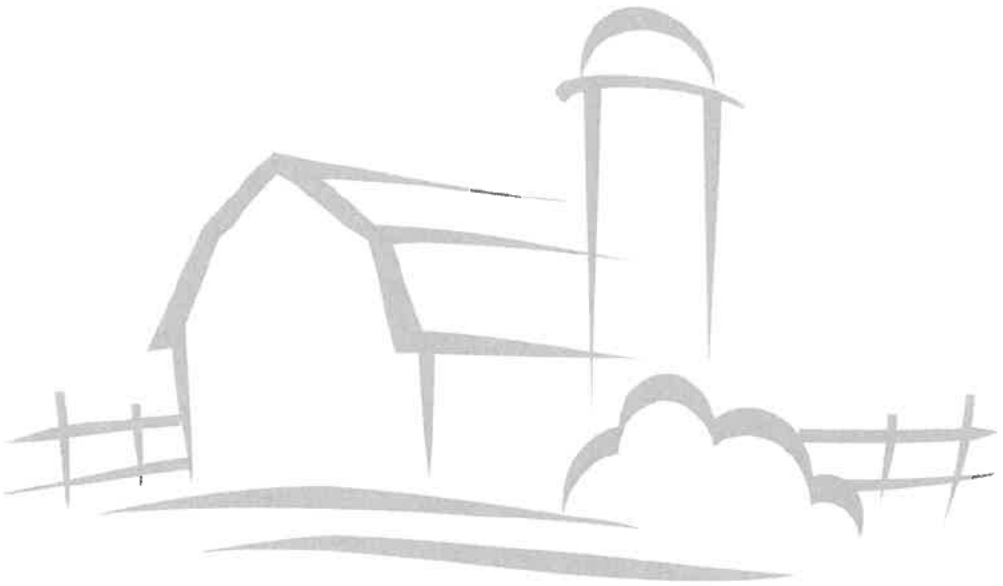
STATE OF VERMONT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Defined Benefit Plans		
	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
ADDITIONS			
Contributions			
Employer - pension benefit	$ 88,944,172	$ -	$ 22,297,570
Employer - healthcare benefit	-	-	-
Non-employer - pension benefit	-	125,910,465	-
Non-employer - healthcare benefit	-	-	-
Plan member	42,113,318	42,199,015	23,074,402
Transfers from other pension trust funds	247,033	399,814	365,225
Transfers from non-state systems	-	-	-
Other revenues	-	8,630,813	-
Total contributions	131,304,523	177,140,107	45,737,197
Investment income (loss)			
Net appreciation (depreciation) in fair value of investments	481,640,357	496,582,207	178,738,288
Dividends	14,999,533	15,068,431	5,423,582
Interest	2,534,688	2,464,907	1,404,992
Other income	164,685	36,871	3,157
Total investment income (loss)	499,339,263	514,152,416	185,570,019
Less investment expenses			
Investment managers and consultants	1,916,608	1,957,965	719,924
Total investment expenses	1,916,608	1,957,965	719,924
Net investment income (loss)	497,422,655	512,194,451	184,850,095
Total additions	628,727,178	689,334,558	230,587,292
DEDUCTIONS			
Retirement benefits	155,493,584	212,698,779	39,925,945
Other postemployment benefits	-	-	-
Refund of contributions	3,650,081	2,042,368	2,384,391
Death claims	615,965	507,360	456,440
Transfers to other pension trust funds	531,268	-	590,442
Transfers to non-state systems	-	-	-
Depreciation	246,628	291,185	107,955
Operating expenses	2,033,884	2,491,240	1,140,683
Total deductions	162,571,410	218,030,932	44,605,856
Change in net position	466,155,768	471,303,626	185,981,436
Net position restricted for employees' pension and postemployment benefits			
July 1	1,959,066,640	1,951,489,882	740,052,894
June 30	$ 2,425,222,408	$ 2,422,793,508	$ 926,034,330

See Independent Auditors' Report.

Defined Contribution Plans			Other Postemployment Benefit Funds				
Vermont State Defined Contribution Fund	Single Deposit Investment Account Fund	Vermont Municipal Employees' Defined Contribution Fund	Vermont State Postemployment Benefits Trust Fund	Vermont Retired Teachers' Health and Medical Benefits Fund	Municipal Employees' Health Benefit Fund	Eliminations	Total
$ 1,965,394	$ -	$ 475,877	$ -	$ -	$ -	$ -	$ 113,683,013
-	-	-	90,462,714	-	-	-	90,462,714
-	-	-	-	-	-	-	125,910,465
-	-	-	-	36,638,994	-	-	36,638,994
766,710	-	466,735	-	-	-	-	108,620,180
83,107	-	26,531	-	-	-	(1,121,710)	-
4,560	-	-	-	-	-	-	4,560
-	-	-	-	-	-	-	8,630,813
2,819,771	-	969,143	90,462,714	36,638,994	-	(1,121,710)	483,950,739
19,907,542	-	7,648,614	6,624,266	-	2,212,658	-	1,193,353,932
1,027,621	695,279	294,721	1,145,675	-	319,999	-	38,974,841
123	-	167	11,792	53,350	2,637	-	6,472,656
4,856	-	891	-	-	-	-	210,460
20,940,142	695,279	7,944,393	7,781,733	53,350	2,535,294	-	1,239,011,889
-	45,167	-	6,694	-	16,265	-	4,662,623
-	45,167	-	6,694	-	16,265	-	4,662,623
20,940,142	650,112	7,944,393	7,775,039	53,350	2,519,029	-	1,234,349,266
23,759,913	650,112	8,913,536	98,237,753	36,692,344	2,519,029	(1,121,710)	1,718,300,005
927,041	1,863,391	549,710	-	-	-	-	411,458,450
-	-	-	35,560,776	30,775,384	580,541	-	66,916,701
-	-	-	-	-	-	-	8,076,840
-	-	-	-	-	-	-	1,579,765
-	-	-	-	-	-	(1,121,710)	-
2,447,202	519,117	1,070,185	-	-	-	-	4,036,504
-	-	-	-	-	-	-	645,768
115,724	173	105,625	1,872	2,167	-	-	5,891,368
3,489,967	2,382,681	1,725,520	35,562,648	30,777,551	580,541	(1,121,710)	498,605,396
20,269,946	(1,732,569)	7,188,016	62,675,105	5,914,793	1,938,488	-	1,219,694,609
71,101,946	32,910,149	25,051,763	57,592,708	8,718,699	13,917,009	-	4,859,901,690
$ 91,371,892	$ 31,177,580	$ 32,239,779	$ 120,267,813	$ 14,633,492	$ 15,855,497	$ -	$ 6,079,596,299

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Vermont

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

Local Option Taxes Fund – This fund holds local option taxes collected on behalf of other governments.

Human Services Fund – This fund holds assets for the benefit of individuals, such as patients under the supervision of the Vermont State Hospital and Department of Disabilities, Aging and Independent Living, and inmate under the supervision of the Vermont Department of Corrections.

Judiciary Fund – This fund collects fines and fees on behalf of other governments, and holds escrowed amounts for tenant/landlord disputes until the resolution of the matter.

Other Deposits Fund – This fund collections various other deposits, such as the International Fuel Tax and the International Registration Plan fees that are collected on behalf of other jurisdictions, and unpaid wages recoveries collected on behalf of individuals.

STATE OF VERMONT
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021

	Child Support Collections Fund	Local Option Taxes Fund	Human Services Fund	Judiciary Fund	Other Deposits Fund	Total
ASSETS						
Cash and cash equivalents	$ 171,532	$ 2,663,951	$ 2,173,682	$ 1,477,895	$ 300	$ 6,487,360
Receivables:						
Tax receivables, net	-	2,479,064	-	-	-	2,479,064
Other receivables, net	-	-	-	1,962,059	-	1,962,059
Total receivables	-	2,479,064	-	1,962,059	-	4,441,123
Total assets	171,532	5,143,015	2,173,682	3,439,954	300	10,928,483
LIABILITIES						
Intergovernmental payable - other governments	-	5,143,015	-	2,270,648	-	7,413,663
Payable to individuals	171,532	-	-	-	300	171,832
Total liabilities	171,532	5,143,015	-	2,270,648	300	7,585,495
NET POSITION RESTRICTED FOR INDIVIDUALS, ORGANIZATIONS AND OTHER GOVERNMENTS	$ -	$ -	$ 2,173,682	$ 1,169,306	$ -	$ 3,342,988

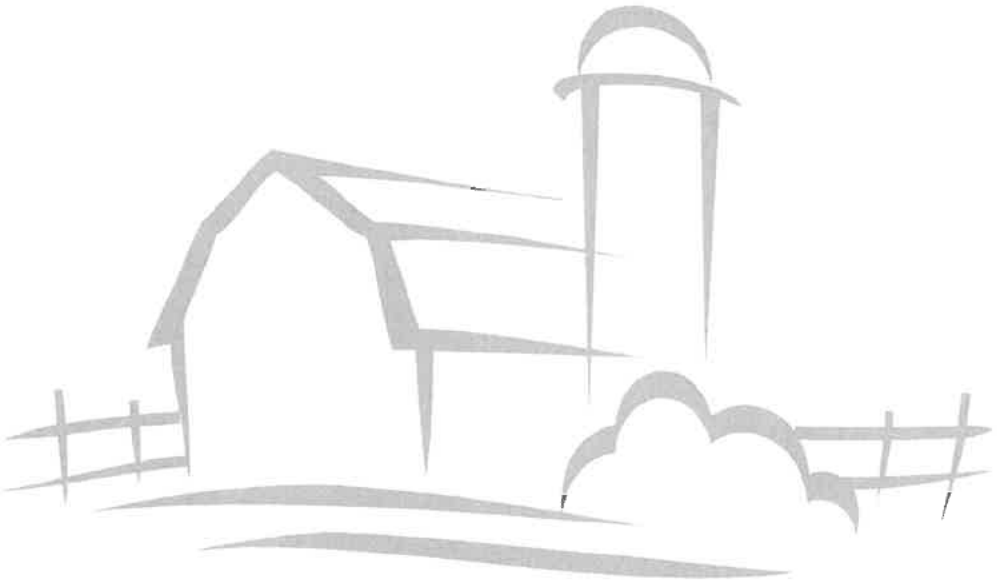
See Independent Auditors' Report.

STATE OF VERMONT
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Child Support Collections Fund	Local Option Taxes Fund	Human Services Fund	Judiciary Fund	Other Deposits Fund	Total
ADDITIONS						
Collection of local option taxes for other governments	$ -	$ 24,187,286	$ -	$ -	$ -	$ 24,187,286
Collection of fines and fees for other governments	-	-	-	4,379,053	-	4,379,053
Collection of child support for individuals	44,305,409	-	-	-	-	44,305,409
Collection for the benefit of individuals	-	-	7,932,314	-	-	7,932,314
Other custodial fund collections	-	-	-	-	724,659	724,659
Interest income	148	-	114	-	-	262
Total additions	44,305,557	24,187,286	7,932,428	4,379,053	724,659	81,528,983
DEDUCTIONS						
Payment of local option taxes to other governments	-	24,187,286	-	-	-	24,187,286
Payment of fines and fees to other governments	-	-	-	4,140,381	-	4,140,381
Payments of child support to individuals	44,305,557	-	-	-	-	44,305,557
Payments for the benefit of individuals	-	-	7,069,798	-	-	7,069,798
Other custodial fund payments	-	-	-	-	724,659	724,659
Total deductions	44,305,557	24,187,286	7,069,798	4,140,381	724,659	80,427,681
Change in net position	-	-	862,630	238,672	-	1,101,302
Net position restricted for individuals, organizations, and other governments						
July 1, as restated	-	-	1,311,052	930,634	-	2,241,686
June 30	$ -	$ -	$ 2,173,682	$ 1,169,306	$ -	$ 3,342,988

See Independent Auditors' Report.

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Vermont

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

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

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

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

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

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED NON-MAJOR COMPONENT UNITS
JUNE 30, 2021

	Vermont Economic Development Authority 6/30/2021	Vermont Housing & Conservation Board 6/30/2021	Vermont Municipal Bond Bank 12/31/2020	Vermont Educational and Health Buildings Financing Agency 12/31/2020	Vermont Veterans' Home 6/30/2021	Total Non-major Component Units
ASSETS						
Current Assets						
Cash and cash equivalents	$ 10,358,000	$ 20,726,649	$ 6,063,088	$ 58,760	$ 50	$ 37,206,547
Cash and cash equivalents - restricted	10,166,000	-	-	-	-	10,166,000
Investments	-	-	24,937,482	1,665,699	-	26,603,181
Accounts receivable, net	-	-	264,138	-	2,715,651	2,979,789
Accrued interest receivable - loans	1,166,000	-	1,673,650	-	-	2,839,650
Loans and notes receivable - current portion	21,506,000	1,228,133	48,468,735	-	-	71,202,868
Other receivables	-	72,669	-	-	1,655,541	1,728,210
Due from federal government	-	2,809,473	-	-	-	2,809,473
Due from primary government	-	16,034,403	-	-	-	16,034,403
Inventories, at cost	-	-	-	-	526,056	526,056
Other current assets	672,000	29,023	-	-	-	701,023
Total current assets	43,868,000	40,900,350	81,407,093	1,724,459	4,897,298	172,797,200
Noncurrent Assets						
Cash and cash equivalents - restricted	-	-	1,617,047	-	372,182	1,989,229
Investments	5,955,000	-	-	-	-	5,955,000
Investments - restricted	18,299,000	-	65,056,512	-	1,715,507	85,071,019
Loans and notes receivable, net	260,860,000	230,770,475	501,224,746	-	-	992,855,221
Other assets	-	21,941,661	-	-	-	21,941,661
Total noncurrent assets	285,114,000	252,712,136	567,898,305	-	2,087,689	1,107,812,130
Capital Assets						
Land	500,000	-	-	-	102,470	602,470
Construction in progress	-	-	-	-	197,690	197,690
Capital assets being depreciated						
Buildings and leasehold improvements	6,374,000	225,146	-	-	30,143,859	36,743,005
Equipment, furniture and fixtures	1,646,000	327,685	-	-	5,078,951	7,052,636
Less accumulated depreciation	(3,764,000)	(304,105)	-	-	(25,671,556)	(29,739,661)
Total capital assets, net of depreciation	4,756,000	248,726	-	-	9,851,414	14,856,140
Total assets	333,738,000	293,861,212	649,305,398	1,724,459	16,836,401	1,295,465,470
DEFERRED OUTFLOWS OF RESOURCES						
Loss on refunding of bonds payable	-	-	19,890,141	-	-	19,890,141
Pension related outflows	-	-	-	-	7,330,666	7,330,666
OPEB related outflows	-	-	-	-	12,829,564	12,829,564
Total deferred outflows of resources	-	-	19,890,141	-	20,160,230	40,050,371

See Independent Auditors' Report.

	Vermont Economic Development Authority 6/30/2021	Vermont Housing & Conservation Board 6/30/2021	Vermont Municipal Bond Bank 12/31/2020	Vermont Educational and Health Buildings Financing Agency 12/31/2020	Vermont Veterans' Home 6/30/2021	Total Non-major Component Units
LIABILITIES						
Current Liabilities						
Accounts payable and accrued liabilities	1,672,000	405,201	25,030	6,542	2,010,747	4,119,520
Accrued interest payable	109,000	-	-	-	-	109,000
Bond interest payable	-	-	2,156,739	-	-	2,156,739
Other current liabilities	90,000,000	-	-	-	-	90,000,000
Current portion of long-term liabilities	30,869,000	-	44,531,969	-	-	75,400,969
Due to primary government	-	2,336,945	-	-	966,697	3,303,642
Escrowed cash deposits	935,000	-	-	-	-	935,000
Total current liabilities	123,585,000	2,742,146	46,713,738	6,542	2,977,444	176,024,870
Noncurrent Liabilities						
Bonds and notes payable	137,611,000	546,695	578,155,785	-	-	716,313,480
Accrued arbitrge rebate	-	-	153,256	-	-	153,256
Advances from primary government	5,500,000	-	-	-	-	5,500,000
Net pension liabilities	-	-	-	-	18,614,518	18,614,518
Net other postemployment benefits liabilities	-	-	-	-	23,921,127	23,921,127
Other noncurrent liabilities	-	-	-	-	45,549	45,549
Total noncurrent liabilities	143,111,000	546,695	578,309,041	-	42,581,194	764,547,930
Total liabilities	266,696,000	3,288,841	625,022,779	6,542	45,558,638	940,572,800
DEFERRED INFLOWS OF RESOURCES						
Pension related inflows	-	-	-	-	527,752	527,752
OPEB related inflows	-	-	-	-	13,986,725	13,986,725
Total deferred inflows of resources	-	-	-	-	14,514,477	14,514,477
NET POSITION						
Net investment in capital assets	4,756,000	248,726	-	-	9,851,414	14,856,140
Restricted						
Investment in limited partnerships	3,317,000	-	-	-	-	3,317,000
Collateral for commercial paper program	21,676,000	-	-	-	-	21,676,000
Project and program commitments	1,132,000	36,930,071	16,742,819	-	2,042,139	56,847,029
Loans receivable	-	253,393,574	-	-	-	253,393,574
Unrestricted (deficit)	36,161,000	-	27,429,941	1,717,917	(34,970,037)	30,338,821
Total net position	$ 67,042,000	$ 290,572,371	$ 44,172,760	$ 1,717,917	$ (23,076,484)	$ 380,428,564

STATE OF VERMONT
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED NON-MAJOR COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2021

	Vermont Economic Development Authority 06/30/2021	Vermont Housing & Conservation Board 06/30/2021	Vermont Municipal Bond Bank 12/31/2020	Vermont Educational and Health Buildings Financing Agency 12/31/2020	Vermont Veterans' Home 06/30/2021	Total Non-major Component Units
Expenses						
Salaries and benefits	$ 5,723,000	$ 3,665,012	$ 214,682	$ 52,724	$ 15,747,609	$ 25,603,027
Other expenses	618,000	50,882,246	2,402,451	135,028	12,235,475	66,273,200
Depreciation	229,000	35,059	-	-	1,187,162	1,451,221
Interest on debt	3,647,000	-	22,332,673	-	-	25,979,673
Total expenses	10,217,000	54,782,317	24,949,806	187,752	29,170,246	119,307,121
Program Revenues						
Charges for services	15,435,000	460,359	20,373,135	137,290	16,709,386	53,115,180
Operating grants and contributions	-	54,825,131	-	-	4,802,259	59,627,390
Capital grants and contributions	-	6,645,792	-	-	-	6,645,792
Total program revenues	15,435,000	61,931,292	20,373,135	137,290	21,511,645	119,388,362
Net revenue (expense)	5,218,000	7,148,975	(4,576,671)	(50,462)	(7,658,601)	81,241
General revenues						
Property transfer tax	-	10,580,695	-	-	-	10,580,695
Investment income	1,383,000	66,491	5,353,644	128,468	225,016	7,156,819
Miscellaneous	-	49,082	1,499,590	-	191,245	1,729,917
Total general revenues	1,383,000	10,696,268	6,843,434	128,468	416,261	19,467,431
Changes in net position	6,601,000	17,845,243	2,266,763	78,006	(7,242,340)	19,548,672
Net position - beginning	60,441,000	272,727,128	41,905,997	1,639,911	(15,834,144)	360,879,892
Net position - ending	$ 67,042,000	$ 290,572,371	$ 44,172,760	$ 1,717,917	$ (23,076,484)	$ 380,428,564

See Independent Auditor's Report.

STATISTICAL SECTION CONTENTS
JUNE 30, 2021

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

Financial Trends – Tables 1 through 4
These schedules contain trend information extracted from the State's financial statements, to help the reader understand how the State's financial performance and financial position have changed over time.

Revenue Capacity – Tables 5 through 7
These schedules contain information to help the reader assess the State's most significant revenue source – the personal income tax.

Debt Capacity – Tables 8 and 9
These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt, the State's ability to issue additional debt in the future, and related historical trend data.

Demographic and Economic Information – Tables 10 and 11
These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Operating Indicators – Tables 12 through 15
These schedules contain service levels and capital asset data to help the reader understand how the information in the State's financial report relates to the services the State provides to its citizens and visitors.

This information is unaudited.

STATE OF VERMONT
Statistical Section - Table 1
Financial Trends
Net Position by Component, Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

	2021	2020	2019	2018
Primary Government				
Governmental Activities				
Net investment in capital assets	$ 2,879,107	$ 2,750,188	$ 2,656,898	$ 2,591,000
Restricted	562,524	528,815	540,574	582,021
Unrestricted	(3,764,434)	(3,990,147)	(3,796,022)	(3,831,618)
Total governmental activities net position	(322,802)	(711,144)	(598,550)	(658,597)
Business-type Activities				
Net investment in capital assets	3,767	4,071	4,373	2,414
Restricted	260,408	390,672	525,180	459,553
Unrestricted	3,357	(2,772)	8,308	(1,476)
Total business-type activities net position	267,532	391,971	537,861	460,491
Primary Government Totals				
Net investment in capital assets	2,882,874	2,754,259	2,661,271	2,593,414
Restricted	822,933	919,487	1,065,754	1,041,574
Unrestricted	(3,761,077)	(3,992,919)	(3,787,714)	(3,833,094)
Total primary government net position	$ (55,270)	$ (319,173)	$ (60,689)	$ (198,106)
Discretely Presented Component Units				
Net investment in capital assets	$ 219,898	$ 213,682	$ 217,067	$ 199,287
Restricted	1,396,850	1,216,191	1,177,718	1,144,636
Unrestricted	(32,806)	(208,360)	(232,988)	(249,843)
Total discretely presented component units net position	$ 1,583,942	$ 1,221,513	$ 1,161,798	$ 1,094,080

See Independent Auditors' Report

Totals may not add due to rounding.

2017	2016	2015	2014	2013	2012
$ 2,543,114	$ 2,428,107	$ 2,184,684	$ 2,010,724	$ 1,781,928	$ 1,727,652
601,214	639,446	609,149	579,356	605,531	499,377
(2,263,168)	(2,137,808)	(2,050,617)	(856,544)	(758,397)	(582,203)
881,160	929,744	743,216	1,733,536	1,629,062	1,644,826
897	859	2,166	985	682	745
384,431	302,400	221,946	149,345	86,006	26,216
6,704	5,473	3,586	7,086	6,811	5,244
392,032	308,733	227,698	157,416	93,499	32,205
2,544,011	2,428,966	2,186,850	2,011,709	1,782,610	1,728,397
985,646	941,846	831,095	728,701	691,537	525,593
(2,256,464)	(2,132,335)	(2,047,031)	(849,458)	(751,586)	(576,959)
$ 1,273,193	$ 1,238,477	$ 970,914	$ 1,890,952	$ 1,722,561	$ 1,677,031
$ 181,407	$ 165,955	$ 169,077	$ 163,417	$ 172,470	$ 142,584
904,126	850,224	831,553	811,175	751,082	803,221
97,022	119,606	125,125	167,184	180,383	126,560
$ 1,182,555	$ 1,135,784	$ 1,125,755	$ 1,141,776	$ 1,103,935	$ 1,072,365

STATE OF VERMONT
Statistical Section - Table 2
Financial Trends
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

	2021	2020	2019	2018
Governmental activities				
Expenses				
General government	$ 454,773	$ 301,977	$ 159,738	$ 158,631
Protection to persons and property	512,381	376,983	326,012	407,264
Human services	3,053,817	2,690,565	2,538,921	2,471,653
Labor	132,791	46,573	31,132	29,758
General education	2,608,373	2,267,430	2,157,187	2,092,459
Natural resources	150,275	149,166	143,796	135,030
Commerce and community development	269,888	36,434	41,801	43,388
Transportation	478,846	467,781	460,589	461,988
Interest on long-term debt	17,563	18,346	17,824	18,998
Total expenses	7,678,707	6,355,255	5,877,001	5,819,169
Program revenues				
Charges for services				
General government	62,015	188,169	54,050	42,049
Protection to persons and property	169,160	150,341	162,506	212,561
Human services	36,298	24,991	19,806	23,797
Natural resources	49,322	49,328	58,557	53,058
Transportation	125,125	122,269	130,464	127,163
Other	6,580	11,259	9,191	20,813
Operating grants and contributions	3,435,925	2,116,202	1,860,725	1,823,611
Capital grants and contributions	200,230	184,337	175,159	202,544
Total program revenues	4,084,655	2,846,896	2,470,458	2,505,596
Total governmental activities net program expense	(3,594,052)	(3,508,359)	(3,406,543)	(3,313,573)
General revenues and other changes in net position				
Taxes				
Personal and corporate income	1,335,228	954,940	1,045,392	947,631
Sales and use	509,693	439,103	416,817	397,119
Meals and rooms	146,144	158,422	184,570	175,746
Purchase and use	133,902	105,055	111,812	109,434
Motor fuel	69,309	66,364	79,791	80,889
Statewide property	1,197,455	1,144,068	1,105,532	1,059,024
Other taxes	507,812	446,409	462,141	469,207
Unrestricted investment earnings	1,094	5,231	6,272	4,775
Tobacco litigation settlement	25,510	23,994	23,651	58,946
Miscellaneous	834	528	423	1,007
Transfers	55,414	51,652	31,735	25,468
Total general revenues and other changes in net position	3,982,394	3,395,766	3,468,136	3,329,246
Total governmental activities change in net positon	$ 388,342	$ (112,593)	$ 61,593	$ 15,673

See Independent Auditors' Report

Totals may not add due to rounding.

2017	2016	2015	2014	2013	2012
$ 137,924	$ 86,493	$ 132,709	$ 139,920	$ 176,506	$ 185,484
385,012	340,173	347,503	344,315	348,122	328,292
2,509,094	2,411,445	2,445,968	2,271,233	2,210,850	2,013,616
31,835	30,562	31,115	30,580	34,795	30,004
1,995,530	1,941,060	1,881,413	1,803,049	1,735,794	1,680,443
112,199	109,593	104,427	105,590	94,616	91,452
48,320	53,533	38,024	44,004	33,763	38,782
432,898	430,221	433,567	425,563	479,411	542,055
17,138	18,389	17,122	11,259	20,948	19,776
5,669,950	5,421,469	5,431,848	5,175,513	5,134,805	4,929,904
32,170	34,407	36,797	33,744	31,204	50,734
215,255	168,908	168,306	165,869	163,635	144,071
29,092	27,871	26,917	31,886	64,336	34,765
39,052	37,792	33,502	32,139	30,662	26,915
127,361	119,230	122,617	120,607	123,249	121,345
30,829	27,544	25,692	23,495	19,180	17,048
1,838,474	1,861,803	1,895,061	1,775,500	1,739,160	1,590,271
178,778	183,726	214,747	190,092	152,851	306,956
2,491,011	2,461,281	2,523,639	2,373,332	2,324,277	2,292,105
(3,178,939)	(2,960,188)	(2,908,209)	(2,802,181)	(2,810,528)	(2,637,799)
830,797	871,212	846,960	743,818	760,334	696,664
376,362	370,374	366,748	355,569	348,137	347,283
169,127	158,298	152,274	143,473	136,623	128,592
103,235	100,166	97,192	91,922	83,618	81,909
38,204	38,161	34,607	58,051	61,375	61,791
1,049,359	1,050,701	1,022,319	974,466	932,973	913,639
498,162	482,201	478,850	475,368	411,663	397,012
2,116	990	419	1,229	1,240	998
34,633	34,993	33,566	37,278	34,514	34,519
863	951	1,126	1,159	4,700	3,254
27,497	28,510	24,629	24,322	23,953	22,958
3,130,355	3,136,557	3,058,690	2,906,655	2,799,130	2,688,619
$ (48,584)	$ 176,369	$ 150,481	$ 104,474	$ (11,398)	$ 50,820

STATE OF VERMONT
Statistical Section - Table 2
Financial Trends
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

	2021	2020	2019	2018
Business-type activities				
Expenses				
State Lottery	$ 129,685	$ 109,967	$ 110,221	$ 105,505
Liquor Control	76,306	71,572	66,678	64,229
Unemployment Compensation	852,808	801,125	65,658	64,096
Other	62,051	82,830	60,111	4,465
Total expenses	1,120,849	1,065,494	302,668	238,295
Program revenues				
Charges for services				
State Lottery	161,540	137,388	139,274	132,425
Liquor Control	96,667	91,118	67,591	65,843
Unemployment Compensation	63,408	120,164	108,978	129,954
Other	69,463	75,383	80,612	5,557
Operating grants and contributions	655,021	535,115	2,549	499
Total program revenues	1,046,100	959,168	399,004	334,278
Total busines-type activities net program expense	(74,750)	(106,326)	96,336	95,983
General revenues and other changes in net position				
Unrestricted investment earnings	5,722	12,076	11,188	8,810
Miscellaneous	3	11	36	26
Transfers	(55,414)	(51,652)	(31,735)	(25,468)
Total general revenues and other changes in net position	(49,689)	(39,565)	(20,511)	(16,632)
Total business-type activities change in net position	$ (124,439)	$ (145,891)	$ 75,825	$ 79,351
Total primary government change in net position	$ 263,903	$ (258,484)	$ 137,418	$ 95,024
Component units				
Expenses				
Vermont Student Assistance Corporation	$ 63,884	$ 69,516	$ 74,670	$ 72,073
University of Vermont and State Agricultural College	721,874	743,797	732,124	720,596
Vermont State Colleges	193,332	187,587	191,090	190,651
Vermont Housing Finance Agency	26,735	25,519	25,482	23,176
Other	119,307	87,430	92,361	85,278
Total expenses	1,125,132	1,113,849	1,115,727	1,091,774
Program revenues				
Charges for services				
Vermont Student Assistance Corporation	34,988	41,478	45,473	45,704
University of Vermont and State Agricultural College	432,041	459,857	466,580	445,643
Vermont State Colleges	94,290	105,770	114,124	115,036
Vermont Housing Finance Agency	21,788	26,016	24,874	17,289
Other	53,115	59,446	57,817	57,395
Operating grants and contributions	621,091	426,897	399,130	441,473
Capital grants and contributions	9,870	9,023	10,484	10,145
Total program revenues	1,267,183	1,128,487	1,118,482	1,132,685
Total component units net program expense	142,051	14,638	2,755	40,911
General revenues and other changes in net position				
Taxes	10,581	10,805	9,805	9,805
Unrestricted investment earnings	206,287	31,546	53,254	52,015
Other	3,510	3,312	1,980	670
Total general revenues and other changes in net position	220,378	45,663	65,039	62,490
Total component units changes in net position	$ 362,430	$ 60,301	$ 67,794	$ 103,401

See Independent Auditors' Report

Totals may not add due to rounding.

2017	2016	2015	2014	2013	2012
$ 96,897	$ 97,688	$ 88,832	$ 79,875	$ 79,210	$ 78,556
60,715	59,527	57,176	55,218	52,151	50,519
68,817	69,417	77,245	87,783	109,211	139,340
4,779	7,447	7,080	7,202	6,218	5,394
231,208	234,079	230,333	230,078	246,790	273,809
122,375	124,264	111,759	102,312	102,089	100,931
63,210	60,732	59,504	57,343	54,781	51,700
143,119	143,599	145,660	143,987	148,866	138,550
5,534	8,670	6,627	6,666	6,065	5,011
787	1,071	1,459	5,928	19,705	38,239
335,025	338,336	325,009	316,236	331,506	334,431
103,817	104,257	94,676	86,158	84,716	60,622
6,917	5,282	3,687	2,079	514	160
62	8	11	-	18	-
(27,496)	(28,510)	(24,629)	(24,321)	(23,953)	(22,958)
(20,517)	(23,220)	(20,931)	(22,242)	(23,421)	(22,798)
$ 83,300	$ 81,037	$ 73,745	$ 63,916	$ 61,295	$ 37,824
$ 34,716	$ 257,406	$ 224,226	$ 168,390	$ 49,897	$ 88,644
$ 68,649	$ 78,835	$ 84,801	$ 85,695	$ 105,927	$ 101,216
655,120	680,844	658,746	652,107	642,630	614,136
189,633	191,999	195,711	201,204	200,920	191,327
19,486	22,136	24,312	27,165	38,291	37,065
81,319	72,785	77,517	93,898	90,217	88,973
1,014,207	1,046,599	1,041,087	1,060,069	1,077,985	1,032,717
44,989	49,297	49,627	55,462	58,349	59,239
440,391	415,663	393,763	374,032	368,358	359,596
119,893	119,453	118,629	119,477	119,811	117,848
1,178	987	840	1,032	792	704
49,362	47,890	47,734	51,271	45,531	47,463
350,774	352,401	370,035	384,000	385,610	361,803
9,483	10,404	3,058	3,386	18,609	9,836
1,016,070	996,095	983,686	988,660	997,060	956,489
1,863	(50,504)	(57,401)	(71,409)	(80,925)	(76,228)
11,305	9,555	14,955	14,014	13,689	8,047
23,218	32,429	36,998	98,110	86,835	44,142
8,854	12,488	2,526	3,373	20,535	10,589
43,377	54,472	54,479	115,497	121,059	62,778
$ 45,240	$ 3,968	$ (2,922)	$ 44,088	$ 40,134	$ (13,450)

STATE OF VERMONT
Statistical Section - Table 3
Financial Trends
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(expressed in thousands)

	2021	2020	2019	2018
General Fund (GASB 54)				
Nonspendable	$ 50,005	$ 56,608	$ 60,718	$ 73,163
Committed	-	-	-	-
Assigned	15,577	12,403	9,303	6,830
Unassigned	587,002	195,458	142,762	90,394
Total General Fund	$ 652,584	$ 264,469	$ 212,783	$ 170,387
All Other Governmental Funds (GASB 54)				
Nonspendable	$ 7,416	$ 7,416	$ 7,417	$ 7,416
Restricted	609,272	532,767	530,776	574,843
Committed	408,597	287,949	330,262	317,628
Assigned	656	2,613	3,046	1,510
Unassigned	-	-	(27,782)	-
Total All Other Governmental Funds	$ 1,025,941	$ 830,745	$ 843,719	$ 901,397

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2017	2016	2015	2014	2013	2012
$ 121,751	$ 114,561	$ 106,283	$ 92,613	$ 1,739	$ 2,059
-	-	-	-	-	18,502
687	5,863	5,797	6,456	5,274	6,834
-	18,868	20,960	26,062	152,171	150,986
$ 122,438	$ 139,292	$ 133,040	$ 125,131	$ 159,184	$ 178,381
$ 7,416	$ 7,416	$ 7,416	$ 7,416	$ 7,416	$ 7,416
592,310	626,236	605,045	569,971	579,996	482,743
213,649	227,137	210,094	210,014	194,159	200,626
-	5,739	-	-	-	-
(8,852)	-	(22,130)	(4,826)	(6,458)	(2,065)
$ 804,523	$ 866,528	$ 800,425	$ 782,575	$ 775,113	$ 688,720

STATE OF VERMONT
Statistical Section - Table 4
Financial Trends
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(expressed in thousands)

	2021	2020	2019	2018
Revenues				
Taxes	$ 3,842,366	$ 3,353,706	$ 3,382,074	$ 3,232,052
Fees	173,625	150,451	162,247	142,462
Sales of services, rents and leases	21,260	18,260	20,243	22,631
Federal grants	3,604,985	2,273,261	2,006,409	1,996,808
Fines, forfeits and penalties	10,477	22,222	21,523	15,003
Investment income	8,767	12,564	15,034	9,151
Licenses	141,567	132,805	132,480	131,693
Special assessments	31,501	28,887	27,801	89,511
Other revenues	108,172	99,610	100,701	151,135
Total revenues	7,942,720	6,091,766	5,868,514	5,790,446
Expenditures				
General government	426,554	116,546	135,736	105,995
Protection to persons and property	495,725	360,311	314,506	385,757
Human services	3,003,129	2,645,660	2,495,910	2,419,697
Labor	123,029	46,285	32,913	29,922
General education	2,350,924	2,152,797	2,071,627	1,986,177
Natural resources	144,304	140,545	131,653	116,252
Commerce and community development	261,066	31,927	33,934	35,740
Transportation	584,587	565,414	534,342	568,456
Capital outlay	44,440	58,938	83,947	66,771
Debt service				
Interest	24,821	24,361	24,702	24,226
Principal	55,825	56,135	53,395	48,934
Total expenditures	7,514,404	6,198,919	5,912,667	5,787,927
Excess of revenues over (under) expenditures	428,316	(107,153)	(44,153)	2,519
Other financing sources (uses)				
Issuance of bonds	82,185	88,255	-	106,095
Issuance of refunding bonds	71,140	39,525	-	-
Premium from the issuance of bonds	29,776	16,914	-	10,937
Payment to bond escrow agent	(82,515)	(44,375)	-	-
Transfers in	814,557	857,547	993,924	1,122,291
Transfers out	(760,148)	(811,999)	(963,507)	(1,097,019)
Total other financing sources (uses)	154,995	145,867	30,416	142,304
Net change in fund balances	$ 583,311	$ 38,714	$ (13,737)	$ 144,823
Debt service as a percentage of noncapital expenditures	1.16%	1.42%	1.39%	1.34%

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Totals may not add due to rounding.

2017	2016	2015	2014	2013	2012
$ 3,074,928	$ 3,066,310	$ 2,985,073	$ 2,867,311	$ 2,734,774	$ 2,604,185
156,007	107,629	124,482	105,764	131,497	116,636
17,367	17,972	15,060	23,031	25,011	21,009
1,991,665	2,021,636	2,087,160	1,938,208	1,865,540	1,887,156
13,627	18,299	15,689	27,777	31,393	22,302
6,097	2,705	1,794	5,575	3,794	2,993
130,704	119,918	113,039	112,692	110,313	105,104
89,333	81,789	70,240	68,323	55,486	69,750
109,931	117,929	120,234	128,168	131,060	100,452
5,589,659	5,554,187	5,532,771	5,276,849	5,088,868	4,929,587
107,375	112,244	126,158	126,159	139,725	153,865
373,552	334,029	343,144	324,341	321,811	318,406
2,467,049	2,424,808	2,442,992	2,325,405	2,211,947	2,008,480
32,856	29,559	30,199	28,986	34,000	17,728
1,915,800	1,865,637	1,817,577	1,756,437	1,678,815	1,629,885
103,885	102,494	97,660	92,146	87,579	89,833
40,441	47,362	35,116	37,555	30,936	37,771
538,693	539,590	558,226	520,760	507,219	633,113
38,817	85,121	89,885	119,775	73,416	55,652
25,463	23,278	21,244	22,936	19,842	22,293
51,529	50,005	49,710	53,865	52,120	50,098
5,695,460	5,614,127	5,611,911	5,408,365	5,157,410	5,017,124
(105,801)	(59,940)	(79,140)	(131,516)	(68,542)	(87,537)
-	89,860	73,555	78,975	104,005	63,000
-	25,720	36,205	18,935	-	69,060
-	12,126	15,536	5,500	9,923	12,721
-	(28,292)	(39,935)	(20,046)	-	(79,022)
1,170,319	1,097,972	1,078,509	1,036,177	985,963	929,060
(1,143,377)	(1,068,990)	(1,059,147)	(1,014,615)	(963,675)	(909,314)
26,942	128,396	104,723	104,926	136,216	85,505
$ (78,859)	$ 68,456	$ 25,583	$ (26,590)	$ 67,674	$ (2,032)
1.42%	1.40%	1.36%	1.54%	1.46%	1.51%

STATE OF VERMONT
Statistical Section - Table 5
Revenue Capacity
Personal Income and Earnings by Major Industry
Last Ten Calendar Years
(expressed in thousands)

	2021 [1]	2020	2019	2018
Total personal income	$ 37,590,806	$ 36,894,247	$ 34,502,323	$ 33,422,671
Earnings	23,990,755	21,094,947	22,840,294	22,078,345
Farm earnings	206,490	166,366	230,535	155,250
Non-farm earnings	23,784,265	20,928,581	22,609,759	21,923,095
Private earnings	19,665,027	16,863,807	18,432,746	17,871,907
Forestry, fishing and related activities	83,464	74,740	89,040	84,325
Mining	61,560	56,263	63,994	63,840
Utilities	257,358	243,901	230,388	236,791
Construction	1,806,443	1,522,718	1,620,986	1,582,914
Manufacturing	2,506,513	2,115,353	2,346,892	2,298,317
Durable goods	1,575,170	1,328,903	1,556,541	1,520,852
Nondurable goods	931,343	786,450	790,351	777,465
Wholesale trade	791,067	741,491	748,476	747,210
Retail trade	1,752,328	1,499,844	1,624,557	1,597,700
Transportation and warehousing	487,691	458,641	491,610	461,373
Information	383,305	370,558	376,200	354,957
Finance and insurance	1,166,870	1,045,339	1,001,732	965,131
Real estate, rental and leasing	388,262	317,107	326,192	312,517
Professional and technical services	2,295,415	1,998,957	1,934,703	1,816,589
Management of companies and enterprises	398,346	289,663	260,871	227,037
Administrative and waste services	925,409	684,102	775,474	747,136
Education services	708,526	706,613	808,792	796,687
Healthcare and social assistance	3,606,099	3,202,101	3,400,701	3,309,406
Arts, entertainment and recreation	161,835	111,267	245,491	248,913
Accomodations and food services	1,013,693	634,875	1,177,769	1,142,496
Other services, except public administration	870,843	790,274	908,878	878,568
Government and government enterprises	4,119,238	4,064,774	4,177,013	4,051,188
Federal, civilian	822,018	844,213	816,307	798,123
Military	222,277	156,916	155,074	153,045
State and local	3,074,943	3,063,645	3,205,632	3,100,020
State	(NA)	(NA)	1,359,411	1,329,341
Local	(NA)	(NA)	1,846,221	1,770,679
Other personal income [2]	13,600,051	18,207,148	11,662,029	11,344,326
Average effective tax rate [3]	(NA)	2.46%	2.26%	2.53%

(1) Data for 2021 are projected annual estimates based on information through 2021 second quarter.
The estimates for 2012 - 2016 are based on the 2012 NAICS. The estimates for 2017 forward are based on the 2017 NAICS.
(2) Includes non-earned income, such as interest and dividends, rental income, and government transfers to individuals.
(3) Total direct tax rate is not available. Average effective tax rate equals personal income tax collections (see Statistical Section Table 6) divided by total personal income. Source of collections data: Vermont Department of Taxes

Some data previously reported for prior years has been modified to reflect updated estimates

Source: U.S. Department of Commerce, Bureau of Economic Analysis

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2017	2016	2015	2014	2013	2012
$ 32,276,946	$ 31,444,997	$ 30,882,295	$ 29,886,823	$ 28,768,855	$ 28,395,737
21,371,873	20,645,832	20,317,176	19,836,343	19,530,518	19,110,941
208,015	179,056	208,346	351,176	294,840	255,033
21,163,858	20,466,776	20,108,830	19,485,167	19,235,678	18,855,908
17,239,263	16,620,081	16,283,090	15,804,610	15,583,531	15,386,884
82,808	82,170	90,029	85,865	82,382	83,501
56,574	49,549	48,730	45,549	47,229	47,171
197,584	204,658	281,371	270,083	270,566	243,670
1,592,947	1,568,982	1,554,869	1,572,558	1,589,582	1,681,960
2,225,557	2,155,501	2,214,849	2,213,569	2,280,512	2,316,394
1,457,126	1,424,235	1,506,639	1,522,611	1,605,794	1,641,371
768,431	731,266	708,210	690,958	674,718	675,023
723,326	734,377	687,419	650,197	653,390	651,791
1,555,167	1,514,723	1,501,985	1,434,827	1,387,214	1,352,022
443,220	411,845	412,393	412,087	403,430	413,242
358,275	365,164	369,643	370,819	366,656	356,016
951,849	860,316	822,996	786,582	778,291	768,064
289,163	278,422	262,558	253,412	273,821	294,769
1,747,934	1,655,712	1,632,046	1,542,063	1,502,210	1,468,901
224,707	227,549	213,352	215,260	193,640	180,920
710,226	645,752	623,898	625,798	596,560	546,099
793,133	767,630	650,939	634,001	608,707	599,962
3,167,497	3,097,347	2,975,382	2,828,998	2,790,443	2,683,720
231,107	234,237	227,261	249,714	221,796	211,316
1,069,508	975,680	938,352	849,269	809,421	760,213
818,681	790,467	775,018	763,959	727,681	727,153
3,924,595	3,846,695	3,825,740	3,680,557	3,652,147	3,469,024
753,611	724,389	690,177	659,411	629,604	608,891
145,005	147,506	137,015	141,586	148,646	153,391
3,025,979	2,974,800	2,998,548	2,879,560	2,873,897	2,706,742
1,308,300	1,279,250	1,273,436	1,225,463	1,206,059	1,119,581
1,717,679	1,695,550	1,725,112	1,654,097	1,667,838	1,587,161
10,905,073	10,799,165	10,565,119	10,050,480	9,238,337	9,284,796
2.46%	2.31%	2.33%	2.11%	2.24%	2.19%

STATE OF VERMONT
Statistical Section - Table 6
Revenue Capacity
Personal Income Tax Rates and Tax Calculations
Last Ten Calendar Years

Calendar Year	Tax Rates for Taxable Income Within Range, Single Filing Status [1][2]					Tax Collections	Personal Income [4]	Average Effective
	3.35%	6.60%	7.60%	8.75%	8.95% [3]	(000's)	(000's)	Tax Rate
2020	$0 - $40,350	$40,350 - $97,800	$97,800 - $204,000	> $204,000		$ 907,062	$ 36,894,247	2.46%
2019	$0 - $39,600	$39,600 - $96,000	$96,000 - $200,200	> $200,200		$ 880,545	$ 34,502,323	2.55%
2018	$0 - $38,700	$38,700 - $93,700	$93,700 - $195,450	> $195,450		$ 847,047	$ 33,422,671	2.53%
2017	$0 - $37,900	$37,900 - $91,850	$91,850 - $191,650	$191,650 - $416,650	> $416,650	$ 792,402	$ 32,276,946	2.46%
2016	$0 - $37,650	$37,650 - $91,150	$91,150 - $190,150	$190,150 - $413,350	> $413,350	$ 727,920	$ 31,444,997	2.31%
2015	$0 - $37,450	$37,450 - $90,750	$90,750 - $189,300	$189,300 - $411,500	> $411,500	$ 720,103	$ 30,882,295	2.33%
2014	$0 - $36,900	$36,900 - $89,350	$89,350 - $186,350	$186,350 - $405,100	> $405,100	$ 630,337	$ 29,886,823	2.11%
2013	$0 - $36,250	$36,251 - $87,850	$87,851 - $183,250	$183,251 - $398,350	> $398,350	$ 645,069	$ 28,768,855	2.24%
2012	$0 - $35,350	$35,351 - $85,650	$85,651 - $178,650	$178,651 - $388,350	> $388,350	$ 622,109	$ 28,395,737	2.19%
2011	$0 - $34,000	$34,001 - $83,600	$83,601 - $174,400	$174,401 - $379,150	> $379,150	$ 573,429	$ 27,455,225	2.09%

[1] Different taxable income ranges apply to these rates for other filing statuses, including Married Filing Jointly, Married Filing Separately, Head of Household, etc.

[2] The *Tax Cuts and Jobs Act of 2017* reform changes to brackets and rates commenced for 2018 taxpayers.

[3] For 2011 - 2017, the tax rates applied to the five income ranges for single status filers were 3.55%, 6.80%, 7.80%, 8.80%, and 8.95%, respectively.

[4] See Statistical Section Table 5 for additional detail regarding personal income.

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STATE OF VERMONT
Statistical Section - Table 7
Revenue Capacity
Personal Income Tax Filers and Liability by Income Level
Calendar Years 2020 and 2011

	Calendar Year 2020 [1]				
Income Level	Number of Filers	Percentage of Total Filers	State Taxable Income [2]	State Personal Income Tax (net) [3]	Percentage of Total State
$300,000 and higher	5,676	1.50%	$ 4,411,173,978	$ 280,016,323	30.87%
$150,000 - $299,999	14,594	3.86%	2,925,535,779	154,631,284	17.05%
$100,000 - $149,999	21,759	5.76%	2,621,547,765	120,469,037	13.28%
$75,000 - $99,999	24,094	6.38%	2,082,715,237	84,728,329	9.34%
$50,000 - $74,999	39,106	10.35%	2,401,331,846	87,397,185	9.64%
$25,000 - $49,999	63,285	16.76%	2,307,900,408	75,609,262	8.34%
$10,000 - $24,999	55,418	14.67%	955,420,201	30,228,316	3.33%
$9,999 and lower	106,479	28.19%	215,275,760	6,728,989	0.74%
Out of State	47,274	12.52%	16,517,433,910	67,253,189	7.41%
Totals	377,685	100.00%	$ 34,438,334,884	$ 907,061,914	100.00%

	Calendar Year 2011				
Income Level	Number of Filers	Percentage of Total Filers	State Taxable Income [2]	State Personal Income Tax (net) [3]	Percentage of Total State
$300,000 and higher	2,361	0.67%	$ 1,945,422,327	$ 136,961,498	23.88%
$150,000 - $299,999	6,135	1.74%	1,229,614,372	71,309,964	12.44%
$100,000 - $149,999	10,926	3.10%	1,310,370,706	65,782,297	11.47%
$75,000 - $99,999	15,439	4.37%	1,325,761,836	59,792,019	10.43%
$50,000 - $74,999	33,017	9.35%	2,018,998,400	79,177,940	13.81%
$25,000 - $49,999	61,134	17.32%	2,208,970,059	78,645,986	13.72%
$10,000 - $24,999	58,235	16.50%	999,417,458	34,210,289	5.97%
$9,999 and lower	121,772	34.49%	243,795,795	9,217,518	1.61%
Out of State	43,996	12.46%	6,777,500,833	38,331,289	6.67%
Totals	353,015	100.00%	$ 18,059,851,785	$ 573,428,800	100.00%

[1] Information for Tax Year 2020 is preliminary data for returns processed through December 8, 2021

[2] State Taxable Income is the total taxable income reported on line 15 less returns for taxpayers with an income adjustment of zero.

[3] State Personal Income Tax is net of taxable income adjustments, Vermont credits and other tax credits.

Source: Vermont Department of Taxes

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STATE OF VERMONT
Statistical Section - Table 8
Debt Capacity
Ratios of Outstanding Debt by Type, Last Ten Years
(Expressed in Thousands, Except per Capita)

	Governmental Activities [1]							
Fiscal Year	General Obligation Current Interest Bonds	Special Obligation Current Interest Bonds	General Obligation Capital Appreciation Bonds	Total Bonds	Capital Leases	Total Primary Government	Ratio of Debt to Personal Income [2]	Debt Per Capita [3]
2021	$ 689,788	$ 21,704	$ -	$ 711,492	$ 8,862	$ 720,354	1.92%	$ 1,157
2020	651,698	23,448	-	675,146	9,157	684,303	1.85%	1,098
2019	613,380	25,151	-	638,531	9,418	647,949	1.87%	1,038
2018	672,382	26,829	-	699,211	9,751	708,962	2.12%	1,135
2017	609,893	28,479	-	638,372	10,359	648,731	2.00%	1,038
2016	667,832	30,103	-	697,935	10,920	708,855	2.24%	1,135
2015	621,161	31,712	-	652,873	11,875	664,748	2.14%	1,062
2014	586,977	33,303	-	620,280	1,630	621,910	2.06%	994
2013	577,628	23,435	1,945	603,008	2,054	605,062	2.09%	966
2012	527,334	13,457	3,542	544,333	3,619	547,952	1.92%	875

[1] Net of premiums, discounts, and unaccreted interest

[2] See Statistical Section Table 5 for additional detail regarding personal income.

[3] See Statistical Section Table 10 for population statistics.

Some data previously reported for prior years has been modified to reflect updated estimates

Note: The State has no constitutional or other limit on its power to issue obligations or incur indebtedness except for the requirement that borrowing only be for public purposes.

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STATE OF VERMONT
Statistical Section - Table 9
Debt Capacity
Ratios of General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years*
(Expressed in Thousands, Except Per Capita)

Fiscal Year	General Obligation Bonded Debt	State Taxable Personal Income [1]	Ratio of General Bonded Debt to Taxable Personal Income	General Bonded Debt Per Capita [2]
2021	$ 689,788	$ 34,438,335	2.00%	$ 1,108
2020	651,698	41,525,219	1.57%	1,045
2019	613,380	35,172,784	1.74%	983
2018	672,382	28,064,363	2.40%	1,076
2017	609,893	26,251,655	2.32%	976
2016	667,832	25,367,561	2.63%	1,070
2015	621,161	18,496,577	3.36%	993
2014	586,977	23,345,413	2.51%	938
2013	579,573	18,992,772	3.05%	925
2012	530,876	18,059,852	2.94%	848

* State Taxable Personal Income is for the calendar year that ended during the fiscal year.

[1] Source: Vermont Department of Taxes.

[2] Source: Regional Economic Information System, Bureau of Economic Analysis updated September 23, 2021 for 2021:Q2.

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STATE OF VERMONT
Statistical Section - Table 10
Demographic and Economic Statistics
Population, Per Capita Personal Income, Civilian Labor Force,
Public School Enrollment, and Motor Vehicle Registration Data
Last Ten Years*

	Population [1]				Per Capita Personal Income [1]		
Year	U.S.	Change From Prior Period	State of Vermont	Change From Prior Period	U.S.	State of Vermont	Vermont as a Percentage of U.S.
2020	329,484,123	0.35%	623,347	-0.11%	$59,510.00	59,187	99.46%
2019	328,329,953	0.46%	624,046	-0.12%	56,047.00	55,396	98.84%
2018	326,838,199	0.53%	624,802	-0.05%	54,098.00	53,516	98.92%
2017	325,122,128	0.63%	625,132	0.12%	51,811.00	51,839	100.05%
2016	323,071,755	0.73%	624,366	-0.23%	49,812.00	50,572	101.53%
2015	320,738,994	0.74%	625,810	0.02%	48,891.00	49,662	101.58%
2014	318,386,329	0.74%	625,693	-0.15%	47,017.00	48,260	102.64%
2013	316,059,947	0.70%	626,603	0.04%	44,894.00	46,224	102.96%
2012	313,877,662	0.74%	626,361	-0.13%	44,614.00	45,588	102.18%
2011	311,583,481	0.73%	627,197	0.21%	42,783.00	44,150	103.20%

* Most of the information for this table is not available for the 2021 year, so the data reported here is for the ten years 2011-2020. Some data previously reported for prior years has been modified to reflect updated estimates.

[1] Source: Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce. Last updated September 23, 2021.

[2] Source: Local Area Unemployment Statistics, Vermont Department of Labor, Economic & Labor Market Information Not Seasonally Adjusted. Released March 15, 2021: 1976 - 2020 Annual Benchmark revisions and 2020 Annual Averages. Last updated September 23, 2021.

[3] Source: Vermont Department of Education, "Number of Equalized Pupils in School Districts".

[4] Source: Vermont Department of Motor Vehicles, All Registered Vehicle Types; excludes agriculture vehicles, mototcycles and trailers; data is on a calendar year basis.

See Independent Auditors' Report

Civilian Labor Force [2]					
State Employed	State Unemployed	State Total	State Unemployment Rate	Public School Enrollment [3]	Motor Vehicles Registered [4]
311,645	18,413	330,058	5.6%	87,839	607,546
336,403	7,982	344,385	2.3%	88,359	607,220
337,608	9,113	346,721	2.6%	87,745	605,076
336,659	10,469	347,128	3.0%	89,025	592,150
335,043	10,808	345,851	3.1%	89,163	590,545
334,262	12,250	346,512	3.5%	89,257	585,347
334,742	13,955	348,697	4.0%	89,899	580,562
334,684	15,491	350,175	4.4%	90,606	582,685
336,899	17,048	353,947	4.8%	91,572	615,585
337,779	19,897	357,676	5.6%	90,289	615,608

STATE OF VERMONT
Statistical Section - Table 11
Demographic and Economic Information
Annual Average Non-Farm Employment by Industry
For the Years 2020 and 2011

	2020			2011		
	Employees	Rank	Percent of Total	Employees	Rank	Percent of Total
Total non-farm employment	**313,300**		**100.0%**	**324,400**		**100.0%**
Private total	**260,600**		**83.2%**	**269,500**		**83.1%**
Natural resources and mining	800		0.3%	800		0.2%
Construction	14,100	8	4.5%	14,100	7	4.3%
Manufacturing:						
Durable goods	17,200	6	5.5%	21,600	6	6.7%
Nondurable goods	11,000		3.5%	9,500		2.9%
Wholesale trade	8,600		2.7%	9,400		2.9%
Retail trade	33,600	2	10.7%	37,700	2	11.6%
Transportation, warehousing and utilities	7,700		2.5%	8,700		2.7%
Information	4,000		1.3%	5,000		1.5%
Financial activities:						
Finance and insurance	9,100		2.9%	9,100		2.8%
Real estate and rental and leasing	2,800		0.9%	3,000		0.9%
Professional and business services:						
Professional and technical services	15,200	7	4.9%	13,700	8	4.2%
Management of companies and enterprises	28,600	3	9.1%	24,900	4	7.7%
Administrative and waste services	11,400	10	3.6%	9,600		3.0%
Educational and health services:						
Education services	12,100	9	3.9%	12,700	9	3.9%
Healthcare and social assistance	49,300	1	15.7%	47,000	1	14.5%
Leisure and hospitality:						
Arts, entertainment and recreation	3,100		1.0%	3,900		1.2%
Accomodations and food services	22,800	4	7.3%	28,800	3	8.9%
Other services, except public administration	9,200		2.9%	10,000	10	3.1%
Government total	**52,700**		**16.8%**	**54,900**		**16.9%**
Federal	7,300		2.3%	6,500		2.0%
State government education	8,400		2.7%	9,200		2.8%
Local government education	20,200	5	6.4%	22,900	5	7.1%
Other state government	9,400		3.0%	9,000		2.8%
Other local government	7,400		2.4%	7,300		2.3%

Source: Vermont Department of Labor, Labor Market Information, data release date September 17, 2021

Note - Data for specific businesses that comprise the top employers in the State is not available due to confidentiality regulations; thus information by industry is presented.

Totals may not add due to rounding.

See Independent Auditors' Report

STATE OF VERMONT
Statistical Section - Table 12
Operating Information
Full-Time Equivalent State Government Employees by Function/Program
Last Ten Years

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
Agency of Administration	19	18	16	19	20	48	50	38	7	6
Auditor of Accounts	14	13	14	14	15	12	15	15	15	13
Buildings and General Services	308	328	316	328	326	325	318	310	347	340
Finance and Management	28	27	27	29	26	26	27	34	35	35
Executive (Governor's) Office	11	11	12	10	11	13	15	13	13	13
Agency of Digital Services	332	341	346	100	104	103	113	110	86	75
Libraries	16	17	16	18	13	13	22	26	26	25
Lieutenant Governor	2	2	2	2	2	2	2	2	2	2
Human Resources	90	95	100	94	92	77	71	85	87	73
State Treasurer	34	36	36	33	35	32	35	36	37	32
State Ethics Commission	1	1	1	1	n/a	n/a	n/a	n/a	n/a	n/a
Taxes	138	144	138	157	156	149	161	157	153	157
Vermont Labor Relations Board	3	2	2	2	2	2	2	2	1	2
VOSHA Review Board	1	1	1	1	1	1	1	1	1	1
Protection to Persons and Property										
Agency of Agriculture, Food and Markets	132	130	121	120	121	109	99	95	94	90
Attorney General	85	80	83	78	77	76	77	77	77	73
Cannabis Control Board	3	0	0	0	0	0	0	0	0	0
Financial Regulation	101	99	95	99	97	104	101	101	112	105
Criminal Justice Training Council	11	11	11	11	9	8	10	11	11	10
Defender General	73	69	70	70	69	64	68	71	68	69
Enhanced 911 Board	9	9	10	10	10	10	10	11	11	11
Liquor and Lottery	67	65	67	73	73	72	70	71	68	70
Military	141	144	140	137	129	122	120	116	121	122
Public Safety	541	576	562	571	566	563	572	592	587	577
Public Service Department	42	46	44	47	50	49	47	49	46	49
Public Utility Commission	24	25	26	25	22	25	22	26	25	25
Secretary of State	74	78	74	72	71	69	64	66	67	64
State's Attorneys and Sheriffs	159	165	167	160	161	157	154	153	152	150
Vermont Human Rights Commission	5	6	5	4	5	5	5	5	5	5
Human Services										
Children and Families	897	950	970	1,004	1,016	1,114	1,088	990	977	935
Vermont Department of Health Access	332	336	348	330	320	177	187	180	154	124
Aging, Disabilities, and Independent Living	262	268	269	271	266	268	268	274	275	269
Corrections	897	998	977	1,002	1,065	1,036	1,038	1,052	1,057	1,035
Health	494	486	482	511	501	486	489	476	472	458
Mental Health Services	220	223	242	242	237	232	234	225	171	140
Secretary of Human Services	55	58	56	129	142	137	136	108	109	104
Governor's Commission on Women	3	3	3	3	3	3	3	3	3	3
Green Mountain Care Board	30	29	28	27	26	24	29	25	20	17
Veteran's Home (discrete component unit)	155	173	178	183	175	178	179	199	206	203
Labor										
Department of Labor	214	204	212	238	244	254	261	261	261	266
General Education										
Agency of Education	151	148	138	161	150	139	150	150	159	156
Natural Resources										
Natural Resources Board	24	24	24	22	23	24	26	27	26	26
Environmental Conservation	276	288	284	300	291	283	294	282	268	259
Fish and Wildlife	133	137	138	141	141	131	134	136	127	125
Forests, Parks and Recreation	115	116	117	119	113	99	102	102	101	99
Secretary of Natural Resources	20	18	20	35	35	32	31	35	32	33
Commerce and Community Development										
Agency of Commerce and Community Development	73	75	74	92	91	96	90	91	85	75
Transportation										
Agency of Transportation	1,150	1,199	1,188	1,255	1,275	1,233	1,228	1,238	1,254	1,222
Total	7,965	8,272	8,250	8,350	8,377	8,182	8,218	8,127	8,011	7,743

Source: Vermont Department of Human Resources - State of Vermont Workforce Report

See Independent Auditors' Report

STATE OF VERMONT
Statistical Section - Table 13
Operating Information
Operating Indicators by Function
Last Ten Years

Function	2021	2020	2019	2018
General Government				
Square feet of State owned facilities [1]	2,932,868	2,965,032	2,975,834	3,013,214
State Pension Plan membership [2]	58,440	57,197	55,607	54,040
Number of State employees (full-time and part-time) [3]	8,004	8,317	8,300	8,396
Protections to Persons and Property [4]				
Number of State Agency law enforcement officers	n/a	404	402	380
Number of Sheriff's Department law enforcement officers	n/a	158	147	131
Human Services [5]				
Total Corrections population	6,402	7,749	8,758	9,809
Immunization coverage, ages 19-35 months	n/a	80%	78%	74%
Bed nights in homeless shelters	123,823	154,674	193,864	194,505
Labor [6]				
Number of Unemployment Compensation payments	n/a	1,099,066	169,007	178,394
General Education [7]				
Statewide expenditure per equalized student	16,975	16,237	18,934	18,778
Total local education agencies	121	126	213	283
Natural Resources				
Gallons of maple syrup produced [8]	1,540,000	1,950,000	2,070,000	1,940,000
Number of regular season moose permit applications [9]	n/a	44	2,994	100
Number of archery season moose permit applications [9]	n/a	10	-	-
Commerce and Community Development				
Net change in employer businesses [10]	n/a	(55)	(36)	98
Median purchase price of a new home [11]	n/a	388,000	227,500	215,000
Number of skier visits [12]	3.5 Million	3.7 Million	4.2 Million	4.0 Million
Transportation [13]				
Total snowplowing hours	n/a	278,747	124,898	214,828
Structurally deficient bridges	n/a	36	38	40
Paving projects (miles)	n/a	250	180	204

n/a - Information not available at time of printing.

Sources:

[1] Vermont Department of Buildings & General Services, Space Book
[2] Vermont Office of the State Treasurer
[3] Vermont Department of Human Resources
[4] Vermont Department of Public Safety
[5] Vermont Agency of Human Services
[5.1] Combined 7-vaccine series, 2020 estimate by age 24 months† among children born 2017-2018, 2017 and prior years ages 19-35 months
[6] Vermont Department of Labor
[7] Agency of Education
[8] US Department of Agriculture
[9] Vermont Agency of Natural Resources
[10] bls.gov
[11] Vermont Housing Finance Agency
[12] skivermont.com
[13] Vermont Agency of Transportation

See Independent Auditors' Report

2017	2016	2015	2014	2013	2012
2,953,602	2,960,415	3,002,302	2,919,433	3,100,220	3,288,254
52,639	51,210	49,787	48,630	47,547	46,577
8,432	8,237	8,284	8,189	8,073	7,805
394	374	389	394	370	411
137	131	137	124	129	122
9,692	9,809	10,159	10,404	10,743	10,718
74%	77%	76%	72%	67%	63%
175,997	173,840	153,361	141,778	122,893	154,129
196,281	214,023	226,588	255,447	284,585	321,624
18,877	18,427	17,993	17,351	16,621	16,024
327	341	337	339	344	345
1,980,000	1,990,000	1,410,000	1,350,000	1,480,000	750,000
4,436	7,773	7,788	9,666	10,378	10,603
1,265	2,228	1,769	1,977	1,756	1,194
(34)	51	(26)	(45)	95	(70)
210,000	205,000	198,000	193,000	200,000	199,000
3.9 Million	3.2 Million	4.7 Million	4.5 Million	4.5 Million	3.9 Million
191,208	180,069	98,729	166,616	172,658	116,333
45	44	68	65	72	85
203	220	208	230	195	208

STATE OF VERMONT
Statistical Section - Table 14
Operating Information
Capital Asset Statistics by Function
Last Ten Years

Function	2021	2020	2019	2018
General Government[1]				
Department of Buildings & General Services				
Land holdings (acres)	1,732	1,732	1,732	1,732
State-owned space (square feet)	2,932,868	2,965,032	2,975,834	3,013,214
Protection to Persons and Property				
Number of state police vehicles[2]	578	525	545	516
Number of armory locations[3]	17	19	19	22
Number of agriculture lab instruments[2]	68	67	70	61
Human Services[2]				
Department of Health - Number of lab instruments (analyzer, module, counters, meters, etc.)	177	153	150	164
Department of Children and Families - number of vans	-	-	-	-
Department of Corrections - number of vehicles	3	3	3	-
Labor[2]				
Department of Labor - number of capitalized computer assets	29	27	28	28
General Education[2]				
Agency of Education - number of capitalized computer assets	24	24	20	17
Natural Resources[2]				
Number of dams	100	94	94	93
Agency of Natural Resources				
Number of vehicles	270	247	253	236
Number of building and improvement assets	529	519	510	502
Commerce and Community Development[4]				
Number of historic sites	19	19	19	19
Number of covered and iron truss bridges	7	7	7	7
Number of underwater preserves	100+	100+	100+	100+
Transportation[5]				
Number of bridges over 20 feet	1,124	1,124	1,124	1,090
State highway miles	2,709	2,709	2,709	2,709
Agency of Transportation buildings (square feet)	1,367,329	1,367,329	1,367,329	1,366,929

See Independent Auditors' Report

Sources:

[1] VT Department of Buildings and General Services, Space Book

[2] VT Department of Finance and Management

[3] VT Department of Military

[4] VT Agency of Commerce and Community Development, Historic Preservation

[5] VT Agency of Transportation

2017	2016	2015	2014	2013	2012
1,697	1,741	2,499	2,499	2,752	2,807
2,953,602	2,960,415	3,002,302	2,919,433	3,100,220	3,288,254
496	528	541	485	503	511
22	22	22	22	22	22
58	54	33	32	34	29
166	165	169	115	129	108
-	17	27	27	27	27
-	-	-	-	1	-
28	24	19	16	16	12
17	18	22	26	26	27
93	94	93	93	93	92
227	238	227	219	229	228
498	490	484	476	471	459
19	19	20	20	20	20
7	7	7	7	7	7
100+	100+	100+	100+	100+	100+
1,089	1,089	1,089	1,089	1,086	1,080
2,709	2,709	2,707	2,707	2,703	2,703
1,355,569	1,341,139	1,334,339	1,327,397	1,361,017	1,361,017

STATE OF VERMONT
Statistical Section - Table 15
Operating Information
Tax Increment Financing Districts*
Last Ten Years*

	Incremental Revenues Generated			Incremental Revenues Paid To		Incremental Revenues used for TIF District Debt		
Year	Municipal Property Tax	State Education Property Tax	Total	Municipal General Fund	State Education Fund	Municipal Property Tax	State Education Property Tax	Total
2020[2]	$ 3,280,022	$ 6,285,804	$ 9,565,826	$ 170,983	$ 841,218	$ 3,109,039	$ 5,444,586	$8,553,625
2019	3,352,790	6,658,087	10,010,877	294,065	935,821	3,058,725	5,722,266	8,780,991
2018	2,978,746	5,908,057	8,886,803	223,176	816,246	2,755,570	5,091,811	7,847,381
2017	2,794,643	5,368,800	8,163,443	285,446	696,024	2,509,197	4,672,776	7,181,973
2016	2,339,947	4,480,310	6,820,257	197,738	528,591	2,142,209	3,951,719	6,093,928
2015	2,391,208	3,632,516	6,023,724	203,541	393,116	2,187,667	3,239,400	5,427,067
2014[1]	936,870	1,532,952	2,469,822	64,920	150,020	871,950	1,382,932	2,254,882
2013	1,501,890	2,858,900	4,360,790	79,014	273,236	1,422,876	2,585,664	4,008,540
2012	1,320,217	2,430,576	3,750,793	47,416	183,741	1,272,801	2,246,835	3,519,636
2011	1,246,482	2,181,508	3,427,990	38,190	123,751	1,208,292	2,057,757	3,266,049

* Incremental revenues are not available for the 2021 year, so the actual data reported here is for the ten years 2011-2020.

* In Annual Reports prior to 2018, the projected revenues were represented assuming growing tax rates. This table is now updated annually using current tax rates applied to projected taxable values which are based on anticipated real property developments.

[1] 2014 represents a 6-month period to move into alignment with municipalities fiscal year; Barre reported a 12-month cycle .

[2] 2020 includes an additional payment made to the Education Fund by the City of St. Albans in the amount of $9,325.58. An error discovered by the City in their Grand List excluded a property value from the Original Taxable Value and caused an underpayment of tax increment to the Education Fund in prior years.

Source: Agency of Commerce and Community Development - TIF Program Annual Report - 2021

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A Tax Increment Financing (TIF) district is a method to provide revenues, beyond normal municipal revenue sources, for public infrastructure improvements which will encourage private development within the district, provide employment opportunities, improve and broaden the tax base, or enhance general economic vitality in a manner and location preferred by a municipality and the State. TIF Districts are established and managed under 24 V.S.A. chapter 53 subchapter 5, and 32 V.S.A. 5404a(f) subject to approved by the Vermont Economic Progress Council. There is no individual or entity tax abatement due to the approval of a TIF. An approved TIF allows the municipality to use incremental Education Fund statewide education property tax revenues for the specified public infrastructure costs.

STATE OF VERMONT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

LEGEND OF ACRONYMS

Acronym	Description
ACFR	Annual Comprehensive Financial Report
ADC	Actuarially Determined Contribution
ADS	Agency of Digital Services
AD&D	Accidental Death and Dismemberment
AFC	Average Final Compensation
AHS	Agency of Human Services
BFS	Basic Financial Statements
CDAAC	Capital Debt Affordability Advisory Committee
CFTC	Commodity Futures Trading Commission
CIT	Communications & Information Technology
CMO's	Collateralized Mortgage Obligations
CMS	Center for Medicaid and Medicare Services
COLA	Cost of Living Adjustment
CP	Covered Payroll
CPI	Consumer Price Index
DEC	Department of Environmental Conservation
DVHA	Department of Vermont Health Access
EAN	Entry Age Normal
EAP	Employee Assistance Program
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FICA	Federal Insurance Contributions Act
FSA	Flexible Spending Account
FX	Foreign Exchange
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association of the United States and Canada
GME	Graduate Medical Education program (University of Vermont Medical Center)
HMO	Health Maintenance Organization
HR	Human Resources
HRS	Human Resources Services (Fund)
IBNR	Incurred But Not Reported
ICMA-RC	International City/County Management Association - Retirement Corporation
ISDA	International Swaps and Derivatives Association
IT	Information Technology
JFO	Joint Fiscal Office
MD&A	Management's Discussion and Analysis
MERS	Municipal Employees' Retirement System
NAICS	North American Industry Classification System
NAV	Net Asset Value
NOL	Net OPEB Liability
NPL	Net Pension Liability

See Independent Auditors' Report

STATE OF VERMONT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

LEGEND OF ACRONYMS

Acronym	Description
OPEB	Other Post Employment Benefits
OTC	Over The Counter
PAC	Planned Amortization Classes
PCB	Polychlorinated Biphenyls
PFAS	Polyfluoroalkyl Substances
PRO	Pollution Remediation Obligation
PRP	Potentially Responsible Parties
RHS	Retirement Health Savings
RSI	Required Supplementary Information
RTHMB	Retired Teachers' Health and Medical Benefits Fund
S&P	Standard & Poor's
SDIA	Single Deposit Investment Account
SIB	State Infrastructure Bank
SIR	Self-insured Retention
STRS	State Teachers Retirement System
TIF	Tax Increment Financing
TIPS	Treasury Inflation-Protected Securities
UMEA	University Medical Education Associates, Inc.
USD	United States Dollar
USEPA	United States Environmental Protection Agency
UTF	Unemployment Trust Fund
UVM	University of Vermont and State Agricultural College
UVMF	University of Vermont and State Agricultural College Foundation, Inc.
V.S.A.	Vermont Statutes Annotated
VEDA	Vermont Economic Development Authority
VEGI	Vermont Economic Growth Incentive
VEHBFA	Vermont Educational and Health Buildings Financing Agency
VEHI	Vermont Education Health Initiative
VEPC	Vermont Economic Progress Council
VHC	Vermont Health Connect
VHCB	Vermont Housing and Conservation Board
VHFA	Vermont Housing Finance Agency
VITL	Vermont Information Technology Leaders
VMBB	Vermont Municipal Bond Bank
VMERS	Vermont Municipal Employees' Retirement System
VOIP	Voice Over Internet Protocol
VOSHA	Vermont Occupational Safety and Health
VPIC	Vermont Pension Investment Committee
VSAC	Vermont Student Assistance Corporation
VSC	Vermont State College System
VSPB	Vermont State Postemployment Benefits Trust Fund
VSRS	Vermont State Retirement System
VTA	Vermont Transportation Authority

See Independent Auditors' Report

STATE OF VERMONT

UNIFORM GUIDANCE
SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2021



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STATE OF VERMONT
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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*

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

We have audited, in accordance with the 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 the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Vermont (the State), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State's basic financial statements and have issued our report thereon dated December 23, 2021. Our report includes a reference to other auditors who audited the financial statements of certain funds and component units of the State, which represent the indicated% of total assets and total revenues as described in our report on the State's financial statements and as presented in the following tables. Additionally, 100% of the information disclosed in Note V-E was also audited by other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

Opinion Unit	Entity	Percent of Opinion Unit's Total	
		Assets	Revenues / Additions
Governmental Activities	Universal Service Fund; Special Environmental Revolving Fund	0.06%	0.07%
Business-Type Activities	State Lottery Fund; Energy Efficiency Utility Fund	10.07%	21.38%
Special Fund	Universal Service Fund	1.50%	1.70%
State Lottery Fund	State Lottery Fund	100.00%	100.00%
Aggregate Remaining Fund Information	Energy Efficiency Utility Fund	0.42%	2.70%
Aggregate Discretely Presented Component Units	Vermont Student Assistance Corporation; University of Vermont and State Agricultural College; Vermont State Colleges; Vermont Housing Finance Agency; Vermont Economic Development Authority; Vermont Housing and Conservation Board; Vermont Municipal Bond Bank; Vermont Educational and Health Buildings Financing Agency, Vermont Veterans' Home	100.00%	100.00%

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Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State's 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, 2021-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-004 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State'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.*

State of Vermont's Response to Findings

The State's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
September 20, 2022

CliftonLarsonAllen LLP
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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

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

Report on Compliance for Each Major Federal Program

We have audited the State of Vermont's (the State) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2021. The State's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The State's basic financial statements include the operations of the Vermont Student Assistance Corporation, University of Vermont and State Agricultural College, Vermont State College System, Vermont Veterans' Home, Vermont Economic Development Authority, Vermont Municipal Bond Bank, Vermont Educational and Health Buildings Financing Agency, Vermont Transportation Authority, Vermont Housing Finance Agency and Vermont Housing Conservation Board, which received federal awards, and which are not included in the State's schedule of expenditures of federal awards for the year ended June 30, 2021. Our audit, described below, did not include the operations of the Vermont Student Assistance Corporation, University of Vermont and State Agricultural College, Vermont State College System, Vermont Veterans' Home, Vermont Economic Development Authority, Vermont Municipal Bond Bank, Vermont Educational and Health Buildings Financing Agency, Vermont Transportation Authority, Vermont Housing Finance Agency and Vermont Housing and Conservation Board because other auditors were engaged to perform audits in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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 State's compliance.

Basis for Qualified Opinions on Certain Major Federal Programs

As described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements regarding:

Program	Assistance Listing	Noncompliance	Finding Number
Unemployment Insurance	17.225	Reporting	2021-009
Unemployment Insurance	17.225	Eligibility	2021-012
COVID-19 - Emergency Rental Assistance	21.023	Subrecipient Monitoring	2021-016
Title I Grants to Local Educational Agencies	84.010	Reporting	2021-017
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	Reporting	2021-019
Children's Health Insurance Program Medicaid Cluster	93.767, 93.775, 93.777, 93.778	Special Tests and Provisions – Provider Eligibility	2021-022
Medicaid Cluster	93.775, 93.777, 93.778	Special Tests and Provisions – Provider Health & Safety Standards	2021-025
Medicaid Cluster	93.775, 93.777, 93.778	Reporting	2021-026
COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050	Reporting	2021-028

Compliance with such requirements is necessary, in our opinion, for the State to comply with requirements applicable to those programs.

Qualified Opinions on Major Federal Programs

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinions* paragraph, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the programs for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-005, 2021-006, 2021-010, 2021-011, 2021-014, 2021-015, 2021-018, 2021-020, 2021-021, 2021-023, 2021-024, and 2021-027. Our opinion on each major federal program is not modified with respect to these matters.

The State's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-008, 2021-009, 2021-012, 2021-016, 2021-017, 2021-019, 2021-022, 2021-025, 2021-026, and 2021-028 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-005, 2021-006, 2021-007, 2021-010, 2021-011, 2021-013, 2021-014, 2021-015, 2021-018, 2021-020, 2021-021, 2021-023, 2021-024, and 2021-027 to be significant deficiencies.

The State's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon dated December 23, 2021, which contained unmodified opinions on those financial statements.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. 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 basic 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
September 20, 2022

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Plant and Animal Disease, Pest Control, and Animal Care	10.025		$ 293,051	$ -
Conservation Reserve Program	10.069		46,221	-
Market News	10.153		22,688	-
Federal-State Marketing Improvement Program	10.156		28,762	18,600
Market Protection and Promotion	10.163		5,400	-
Specialty Crop Block Grant Program - Farm Bill	10.170		299,261	236,734
Organic Certification Cost Share Programs	10.171		363,717	2,000
Acer Access Development Program	10.174		167,690	-
Dairy Business Innovation Initiatives	10.176		410,190	107,250
Trade Mitigation Program Eligible Recipient Agency Operational Funds	10.178		82,000	82,000
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475		762,170	-
Meat, Poultry, and Egg Products Inspection	10.477		3,064	-
CACFP Training Grants	10.536		60,164	-
COVID-19 - Pandemic EBT Food Benefits	10.542		15,223,638	-
Farmers' Market Supplemental Nutrition Assistance Program Support Grants	10.545		3,234	-
Special Milk Program for Children	10.556		1,517	1,517
COVID-19 - WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		1,055,072	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children			9,348,920	-
Total 10.557 - WIC Special Supplemental Nutrition Program for Women, Infants, and Children			10,403,992	-
Child and Adult Care Food Program	10.558		5,087,265	4,994,615
State Administrative Expenses for Child Nutrition	10.560		738,150	750
WIC Farmers' Market Nutrition Program (FMNP)	10.572		49,672	-
Farm to School Grant Program	10.575		19,569	19,569
Senior Farmers Market Nutrition Program	10.576		73,497	57,119
WIC Grants To States (WGS)	10.578		28,685	-
Child Nutrition Discretionary Grants Limited Availability	10.579		78,160	78,160
Fresh Fruit and Vegetable Program	10.582		1,198,819	1,102,688
Child Nutrition Direct Certification Performance Awards	10.589		39,253	-
COVID-19 - Pandemic EBT Administrative Costs	10.649		298,675	-
Cooperative Forestry Assistance	10.664		1,171,319	690,397
Passed Through Michigan Department of Natural Resources		19-DG-11420000-090	18,023	16,000
Total 10.664 - Cooperative Forestry Assistance			1,189,342	706,397
Wood Utilization Assistance	10.674		87,753	9,313
Forest Legacy Program	10.676		1,062,113	-
Forest Health Protection	10.680		16,356	2,400
Community Forest and Open Space Conservation Program (CFP)	10.689		349	-
Good Neighbor Authority	10.691		3,750	-
Partnership Agreements	10.699		3,697	2,281
Rural Energy for America Program	10.868		20,937	20,000
Environmental Quality Incentives Program	10.912		225,551	-
Regional Conservation Partnership Program	10.932		226,520	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture (Continued)				
SNAP Cluster				
Supplemental Nutrition Assistance Program	10.551		$ 157,529,582	$ 574,045
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		12,285,861	1,468,164
Total SNAP Cluster			169,815,443	2,042,209
Child Nutrition Cluster				
School Breakfast Program	10.553		159,241	159,241
National School Lunch Program	10.555		3,046,050	306,746
Summer Food Service Program for Children	10.559		42,310,083	42,171,025
Total Child Nutrition Cluster			45,515,374	42,637,012
Food Distribution Cluster				
Commodity Supplemental Food Program	10.565		778,279	183,918
Emergency Food Assistance Program (Administrative Costs)	10.568		569,379	569,379
Emergency Food Assistance Program (Food Commodities)	10.569		2,219,472	-
Total Food Distribution Cluster			3,567,130	753,297
Forest Service Schools and Roads Cluster				
Schools and Roads - Grants to States	10.665		228,486	228,486
Total Forest Service Schools and Roads Cluster			228,486	228,486
Total U.S. Department of Agriculture			257,751,305	53,102,397
U.S. Department of Commerce				
Passed Through Chittenden County Regional Planning Commission	11.302	ED20PHI3020087	16,252	-
State and Local Implementation Grant Program	11.549		39,912	-
Total U.S. Department of Commerce			56,164	-
U.S. Department of Defense				
Procurement Technical Assistance For Business Firms	12.002		492,351	-
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113		3,979	-
Military Construction, National Guard	12.400		10,073,167	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401		24,030,163	-
National Guard ChalleNGe Program	12.404		847,876	-
Economic Adjustment Assistance for State Governments	12.617		688,231	35,563
Total U.S. Department of Defense			36,135,767	35,563
U.S. Department of Housing and Urban Development				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		9,135,482	8,569,379
COVID-19 - Emergency Solutions Grant Program	14.231		1,905,866	1,863,448
Emergency Solutions Grant Program			581,033	543,430
Total 14.231 - Emergency Solutions Grant Program			2,486,899	2,406,878
Home Investment Partnerships Program	14.239		3,179,745	180,168
Continuum of Care Program	14.267		403,608	393,364
Office of Fair Housing-Assistance Grant	14.999		90,372	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of the Housing and Urban Development (Continued)				
CDBG-Disaster Recovery Grants-Pub. L. No. 113-2 Cluster				
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269		$ 55,174	$ 55,174
Total CDBG-Disaster Recovery Grants-Pub. L. No. 113-2 Cluster			55,174	55,174
Total Department of Housing and Urban Development			15,351,280	11,604,963
U.S. Department of the Interior				
Fish and Wildlife Management Assistance	15.608		29,241	-
Cooperative Endangered Species Conservation Fund	15.615		421,274	1,061
Clean Vessel Act	15.616		30,916	26,532
Partners for Fish and Wildlife	15.631		43,250	-
State Wildlife Grants	15.634		499,804	90,190
Endangered Species Recovery Implementation	15.657		33,380	-
National Cooperative Geologic Mapping	15.810		74,010	-
Historic Preservation Fund Grants-In-Aid	15.904		435,684	65,686
Outdoor Recreation Acquisition, Development and Planning	15.916		417,822	280,000
National Maritime Heritage Grants	15.925		45,063	42,918
Water Use and Data Research	15.981		55,515	-
Fish and Wildlife Cluster				
Sport Fish Restoration	15.605		2,595,587	-
Wildlife Restoration and Basic Hunter Education	15.611		3,337,059	78,785
Total Fish and Wildlife Cluster			5,932,646	78,785
Total U.S. Department of Interior			8,018,605	585,172
U.S. Department of Justice				
Sexual Assault Services Formula Program	16.017		417,591	340,808
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		281,618	14,567
Services for Trafficking Victims	16.320		140,730	-
Juvenile Justice and Delinquency Prevention	16.540		234,290	113,973
Missing Children's Assistance	16.543		254,750	21,068
State Justice Statistics Program for Statistical Analysis Centers	16.550		201,153	-
National Criminal History Improvement Program (NCHIP)	16.554		73,397	-
Crime Victim Assistance	16.575		4,686,809	4,626,715
Crime Victim Compensation	16.576		317,151	-
Crime Victim Assistance/Discretionary Grants	16.582		383,009	-
Drug Court Discretionary Grant Program	16.585		224,474	-
Violence Against Women Formula Grants	16.588		895,204	722,948
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589		245,895	231,736
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		140,390	-
Residential Substance Abuse Treatment for State Prisoners	16.593		42,011	-
Public Safety Partnership and Community Policing Grants	16.710		496,132	-
Juvenile Mentoring Program	16.726		394,046	387,430
Edward Byrne Memorial Justice Assistance Grant Program	16.738		488,906	98,363

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of the Justice (Continued)				
DNA Backlog Reduction Program	16.741		$ 240,302	$ -
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		148,650	-
Harold Rogers Prescription Drug Monitoring Program	16.754		129,997	-
Second Chance Act Reentry Initiative	16.812		9,627	-
Justice Reinvestment Initiative	16.827		469	-
STOP School Violence	16.839		4,824	-
Equitable Sharing Program	16.922		25,398	-
Contract/Other	16.999			
FBI-VTOC/Cyber/Intelligence			16,398	-
US Marshall's District Fugitive Task Force			4,432	-
ICE/SLOT			1,701	-
Evidence (Asset Seizure) Forfeiture Funds (Justice & Treasury)			560	-
Total Contract/Other			23,091	-
Total U.S. Department of Justice			10,499,914	6,557,608
U.S. Department of Labor				
Labor Force Statistics	17.002		808,594	-
Compensation and Working Conditions	17.005		41,756	-
COVID-19 - Unemployment Insurance	17.225		644,865,926	-
Unemployment Insurance			250,566,374	-
Total 17.225 - Unemployment Insurance			895,432,300	-
Senior Community Service Employment Program	17.235		498,800	479,834
Trade Adjustment Assistance	17.245		324,495	-
H-1B Job Training Grants	17.268		565	-
Work Opportunity Tax Credit Program (WOTC)	17.271		102,925	-
Temporary Labor Certification for Foreign Workers	17.273		174,559	-
Apprenticeship USA Grants	17.285		373,343	121,418
Occupational Safety and Health State Program	17.503		773,302	-
Consultation Agreements	17.504		579,427	-
Mine Health and Safety Grants	17.600		103,748	-
Disability Employment Policy Development	17.720		2,079,140	1,879,470
Employment Service Cluster				
Employment Service/Wagner-Peyser Funded Activities	17.207		2,780,642	-
Jobs for Veterans State Grants	17.801		530,505	-
Total Employment Service Cluster			3,311,147	-
WIOA Cluster				
WIOA Adult Program	17.258		1,773,863	-
WIOA Youth Activities	17.259		1,922,007	-
WIOA Dislocated Worker Formula Grants	17.278		843,095	-
Total WIOA Cluster			4,538,965	-
Total U.S. Department of Labor			909,143,066	2,480,722
U.S. Department of Transportation				
Airport Improvement Program	20.106		2,712,860	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation (Continued)				
Highway Research and Development Program	20.200		$ 1,445,257	$ 18,381
Highway Training and Education	20.215		146,801	-
Commercial Driver's License Program Implementation Grant	20.232		22,954	-
Railroad Development	20.314		63,696	-
High-Speed Rail Corridors and Intercity Passenger Rail Service -- Capital Assistance Grants	20.319		1,018	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		1,147,354	1,147,354
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	20.509		9,331,704	7,839,633
Formula Grants for Rural Areas and Tribal Transit Program			11,335,481	10,545,134
Total 20.509 - Formula Grants for Rural Areas and Tribal Transit Program			20,667,185	18,384,767
Public Transportation Research, Technical Assistance, and Training	20.514		38,509	35,322
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608		396,356	383,349
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614		6,547	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		129,608	-
PHMSA Pipeline Safety Program One Call Grant	20.721		285,231	-
National Infrastructure Investments	20.933		2,759,206	-
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205		274,470,581	23,349,096
Recreational Trails Program	20.219		783,733	442,141
Federal Lands Access Program	20.224		4,885	-
Total Highway Planning and Construction Cluster			275,259,199	23,791,237
Federal Motor Carrier Safety Assistance Cluster				
Motor Carrier Safety Assistance	20.218		1,082,912	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237		194,272	-
Total Federal Motor Carrier Safety Assistance Cluster			1,277,184	-
Federal Transit Cluster				
Federal Transit Capital Investment Grants	20.500		429,722	429,722
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		5,413,894	5,413,894
Total Federal Transit Cluster			5,843,616	5,843,616
Transit Services Programs Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		860,241	850,536
Total Transit Services Programs Cluster			860,241	850,536
Highway Safety Cluster				
State and Community Highway Safety	20.600		1,743,240	849,032
Incentive Grant Program to Prohibit Racial Profiling	20.611		24,383	24,383
National Priority Safety Programs	20.616		2,250,421	632,948
Total Highway Safety Cluster			4,018,044	1,506,363
Total U.S. Department of Transportation			317,080,866	51,960,925

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Treasury				
Equitable Sharing	21.016		$ 809	$ -
COVID-19 - Coronavirus Relief Fund	21.019		1,051,703,277	350,289,981
COVID-19 - Emergency Rental Assistance Program	21.023		30,592,704	27,825,167
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		14,007	-
Total U.S. Department of Treasury			1,082,310,797	378,115,148
U.S. General Services Administration				
Donation of Federal Surplus Personal Property	39.003		805,990	-
Total U.S. General Services Administration			805,990	-
U.S. Institute of Museum and Library Service				
Grants to States	45.310		1,217,296	97,740
Total U.S. Institute of Museum and Library Service			1,217,296	97,740
U.S. Small Business Administration				
State Trade Expansion	59.061		78,794	42,584
Total U.S. Small Business Administration			78,794	42,584
U.S. Department of Veterans Affairs				
Post-9/11 Veterans Educational Assistance	64.028		90,658	-
Total U.S. Department of Verterans Affairs			90,658	-
U.S. Environmental Protection Agency				
State Indoor Radon Grants	66.032		102,823	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		256,544	-
Diesel Emissions Reduction Act (DERA) State Grants	66.040		485,524	444,827
Temporally Integrated Monitoring of Ecosystems (TIME) and Long-Term Monitoring (LTM) Program	66.042		156,799	-
Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))	66.444		180,000	-
Water Quality Management Planning	66.454		94,387	40,000
Regional Wetland Program Development Grants	66.461		203,496	-
Lake Champlain Basin Program	66.481		3,634,744	1,036,378
Performance Partnership Grants	66.605		5,343,025	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608		13,857	-
Consolidated Pesticide Enforcement Cooperative Agreements	66.700		277,404	-
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701		27,429	-
Pollution Prevention Grants Program	66.708		40,372	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802		44,351	-
Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	66.804		218,108	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805		534,638	-
Solid Waste Management Assistance Grants	66.808		18,319	13,889
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809		109,296	-
State and Tribal Response Program Grants	66.817		800,818	19,751
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818		467,749	463,200

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Environmental Protection Agency (Continued)				
Clean Water State Revolving Fund Cluster				
Capitalization Grants for Clean Water State Revolving Funds	66.458		$ 12,554,833	$ 12,203,201
Total Clean Water State Revolving Fund Cluster			12,554,833	12,203,201
Drinking Water State Revolving Fund Cluster				
Capitalization Grants for Drinking Water State Revolving Funds	66.468		9,913,330	7,690,311
Total Drinking Water State Revolving Fund Cluster			9,913,330	7,690,311
Total U.S. Environmental Protection Agency			35,477,846	21,911,557
U.S. Department of Energy				
State Energy Program	81.041		223,902	30,940
Weatherization Assistance for Low-Income Persons	81.042		1,656,277	1,475,694
State Heating Oil and Propane Program	81.138		5,000	-
Total U.S. Department of Energy			1,885,179	1,506,634
U.S. Department of Education				
Adult Education - Basic Grants to States	84.002		1,055,592	900,216
Title I Grants to Local Educational Agencies	84.010		39,021,754	38,480,356
Migrant Education State Grant Program	84.011		645,984	507,000
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		2,509	-
Career and Technical Education – Basic Grants to States	84.048		4,352,442	3,711,747
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		10,420,386	-
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177		225,000	225,000
Special Education-Grants for Infants and Families	84.181		2,147,174	41,200
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187		194,567	-
Education for Homeless Children and Youth	84.196		174,306	101,021
Twenty-First Century Community Learning Centers	84.287		5,262,950	4,991,053
English Language Acquisition State Grants	84.365		520,806	345,663
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		8,933,779	8,631,774
Grants for State Assessments and Related Activities	84.369		3,148,473	-
School Improvement Grants	84.377		477,152	477,152
Disability Innovation Fund (DIF)	84.421		2,157,338	-
Student Support and Academic Enrichment Program	84.424		4,810,218	4,548,337
Education Stabilization Fund	84.425			
COVID-19 - Governors Emergency Education Relief Fund	84.425C		1,879,674	1,879,674
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D		11,548,290	10,953,296
COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance to Non-Public Schools (CRRSA EANS)	84.425R		13,537	-
Total 84.425 - Education Stabilizaton Fund			13,441,501	12,832,970

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Education (Continued)				
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027		$ 32,119,161	$ 28,086,904
Special Education Preschool Grants	84.173		674,136	507,192
Total Special Education Cluster (IDEA)			32,793,297	28,594,096
Total U.S. Department of Education			129,785,228	104,387,585
National Archives and Records Administration				
National Historical Publications and Records Grants	89.003		57,661	-
Total National Archives and Records Administration			57,661	-
U.S. Election Assistance Commission:				
Help America Vote Act Requirements Payments	90.401		693,421	-
COVID-19 - 2018 HAVA Election Security Grants	90.404		1,380,385	-
2018 HAVA Election Security Grants			203,678	-
Total - 90.404 - 2018 HAVA Election Security Grants			1,584,063	-
Total U.S. Election Assistance Commission			2,277,484	-
U.S. Northern Border Regional Commission				
Northern Border Regional Development	90.601		319,966	260,846
Total U.S. Northern Border Regional Commission			319,966	260,846
U.S. Department of Health and Human Services				
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		23,679	23,679
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042		89,269	89,269
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043		103,250	103,250
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		265,072	262,946
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052		336,900	336,900
National Family Caregiver Support, Title III, Part E			831,458	449,436
Total 93.052 - National Family Caregiver Support, Title III, Part E			1,168,358	786,336
Public Health Emergency Preparedness	93.069		2,545,664	65,846
Environmental Public Health and Emergency Response	93.070		1,002,528	83,511
Medicare Enrollment Assistance Program	93.071		114,164	114,164
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079		30,353	-
Guardianship Assistance	93.090		158,295	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092		35,966	19,105
Food and Drug Administration Research	93.103		650,671	84,389
Maternal and Child Health Federal Consolidated Programs	93.110		672,912	311,923
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		114,010	-
Emergency Medical Services for Children	93.127		36,141	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130		88,471	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
COVID-19 - Injury Prevention and Control Research and State and Community Based Programs	93.136		$ 6,693	$ 6,693
Injury Prevention and Control Research and State and Community Based Programs			2,281,477	980,626
Total 93.136 - Injury Prevention and Control Research and State and Community Based Programs			2,288,170	987,319
Projects for Assistance in Transition from Homelessness (PATH)	93.150		285,824	285,824
Grants to States for Loan Repayment	93.165		352,500	352,500
Disabilities Prevention	93.184		94,813	-
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197		300,493	-
Traumatic Brain Injury State Demonstration Grant Program	93.234		125,586	45,961
Grants to States to Support Oral Health Workforce Activities	93.236		70,140	66,708
State Rural Hospital Flexibility Program	93.241		256,854	139,793
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		4,668,710	2,177,537
Early Hearing Detection and Intervention	93.251		235,803	212,045
COVID-19 - Immunization Cooperative Agreements	93.268		5,685,288	2,748,431
Immunization Cooperative Agreements			11,922,810	-
Total 93.268 - Immunization Cooperative Agreements			17,608,098	2,748,431
Viral Hepatitis Prevention and Control	93.270		10,107	-
COVID-19 - Small Rural Hospital Improvement Grant Program	93.301		758,851	758,851
Small Rural Hospital Improvement Grant Program			57,999	57,540
Total 93.301 - Small Rural Hospital Improvement Grant Program			816,850	816,391
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314		94,730	71,437
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		29,507,683	1,035,997
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			9,657,386	-
Total 93.323 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			39,165,069	1,035,997
State Health Insurance Assistance Program	93.324		267,165	263,262
Behavioral Risk Factor Surveillance System	93.336		141,791	-
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366		145,025	-
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367		174,656	-
ACL Independent Living State Grants	93.369		288,868	128,216
National and State Tobacco Control Program	93.387		867,181	40,353
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426		1,175,361	572,982
Every Student Succeeds Act/Preschool Development Grants	93.434		2,483,967	1,734,925
Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	93.436		390,704	58,801
ACL Assistive Technology	93.464		462,247	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556		944,952	377,112

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Temporary Assistance for Needy Families	93.558		$ 33,253,152	$ 4,282
Child Support Enforcement	93.563		9,516,977	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		883,776	668,186
COVID-19 - Low-Income Home Energy Assistance	93.568		5,059,194	559,424
Low-Income Home Energy Assistance			20,550,318	5,669,623
Total 93.568 - Low-Income Home Energy Assistance			25,609,512	6,229,047
COVID-19 - Community Services Block Grant	93.569		1,100,222	1,041,075
Community Services Block Grant			3,390,733	3,182,527
Total 93.569 - Community Services Block Grant			4,490,955	4,223,602
Refugee and Entrant Assistance Discretionary Grants	93.576		37,238	36,678
State Court Improvement Program	93.586		165,862	-
Community-Based Child Abuse Prevention Grants	93.590		168,190	168,190
Grants to States for Access and Visitation Programs	93.597		107,908	104,673
Chafee Education and Training Vouchers Program (ETV)	93.599		99,533	99,533
Head Start	93.600		106,430	-
Adoption and Legal Guardianship Incentive Payments	93.603		87,200	87,200
Developmental Disabilities Basic Support and Advocacy Grants	93.630		553,161	111,715
Children's Justice Grants to States	93.643		102,606	-
COVID-19 - Stephanie Tubbs Jones Child Welfare Services Program	93.645		6,921	-
Stephanie Tubbs Jones Child Welfare Services Program			539,877	90,299
Total 93.645 - Stephanie Tubbs Jones Child Welfare Services Program			546,798	90,299
Foster Care Title IV-E	93.658		11,876,712	-
Adoption Assistance	93.659		12,679,314	6,494
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665		376,895	163,114
Social Services Block Grant	93.667		7,727,619	1,048,270
Child Abuse and Neglect State Grants	93.669		212,345	100,000
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		788,023	734,669
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		500,000	500,000
ARRA – Temporary Assistance for Needy Families (TANF) Supplemental Grants	93.716		174,756	45,419
Elder Abuse Prevention Interventions Program	93.747		295,671	-
Children's Health Insurance Program	93.767		10,915,665	-
Opioid STR	93.788		6,173,138	4,044,205
Money Follows the Person Rebalancing Demonstration	93.791		1,600,707	-
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796		747,969	-
Organized Approaches to Increase Colorectal Cancer Screening	93.800		59,995	-
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817		107,777	72,912

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Maternal, Infant and Early Childhood Home Visiting Grant	93.870		$ 1,260,909	$ 1,218,397
COVID-19 - National Bioterrorism Hospital Preparedness Program	93.889		388,162	-
National Bioterrorism Hospital Preparedness Program			845,014	-
Total 93.889 - National Bioterrorism Hospital Preparedness Program			1,233,176	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		1,196,807	333,099
Grants to States for Operation of State Offices of Rural Health	93.913		133,064	23,988
COVID-19 - HIV Care Formula Grants	93.917		50,000	-
HIV Care Formula Grants			104,863	-
Total 93.917 - HIV Care Formula Grants			154,863	-
HIV Prevention Activities Health Department Based	93.940		588,271	494,056
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		163,374	-
Block Grants for Community Mental Health Services	93.958		1,138,245	1,013,759
Block Grants for Prevention and Treatment of Substance Abuse	93.959		6,576,316	4,180,469
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		183,147	45,260
Mental Health Disaster Assistance and Emergency Mental Health	93.982		471,619	471,619
Preventive Health and Health Services Block Grant	93.991		332,266	53,413
Maternal and Child Health Services Block Grant to the States	93.994		972,929	435,143
Aging Cluster				
COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		634,674	634,674
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			2,394,797	2,392,716
Total 93.044 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			3,029,471	3,027,390
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		1,980,354	1,980,354
Special Programs for the Aging, Title III, Part C, Nutrition Services			3,050,244	3,050,244
Total 93.045 - Special Programs for the Aging, Title III, Part C, Nutrition Services			5,030,598	5,030,598
Nutrition Services Incentive Program	93.053		784,679	784,679
Total Aging Cluster			8,844,748	8,842,667
CCDF Cluster				
COVID-19 - Child Care and Development Block Grant	93.575		4,183,171	4,143,198
Child Care and Development Block Grant			17,206,464	4,153,090
Total 93.575 - Child Care and Development Block Grant			21,389,635	8,296,288
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		6,581,739	-
Total CCDF Cluster			27,971,374	8,296,288

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
Medicaid Cluster				
State Medicaid Fraud Control Units	93.775		$ 775,342	$ -
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777		1,518,738	-
Medical Assistance Program	93.778		1,174,333,285	28,720,749
Total Medicaid Cluster			1,176,627,365	28,720,749
Total U.S. Department of Health and Human Services			1,438,628,624	86,727,407
U.S. Corporation for National Community Service:				
State Commissions	94.003		216,132	-
AmeriCorps	94.006		1,926,756	1,926,756
Training and Technical Assistance	94.009		61,020	-
Volunteers in Service to America	94.013		49,618	-
Total U.S. Corporation for National Community Service			2,253,526	1,926,756
U.S. Social Security Administration				
Social Security - Work Incentives Planning and Assistance Program	96.008		112,385	-
Disability Insurance/SSI Cluster				
Social Security Disability Insurance	96.001		7,716,734	-
Total Disability Insurance/SSI Cluster			7,716,734	-
Total U.S. Social Security Administration			7,829,119	-
U.S. Department of Homeland Security:				
Non-Profit Security Program	97.008		104,256	104,256
Boating Safety Financial Assistance	97.012		726,652	38,301
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023		179,739	-
Flood Mitigation Assistance	97.029		36,447	36,324
Crisis Counseling	97.032		128,434	-
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		179,190	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			95,001,280	9,243,401
Total 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)			95,180,470	9,243,401
Hazard Mitigation Grant	97.039		1,008,719	554,974
National Dam Safety Program	97.041		61,750	-
Emergency Management Performance Grants	97.042		2,774,563	481,308
State Fire Training Systems Grants	97.043		5,197	-
Assistance to Firefighters Grant	97.044		96,502	-
BRIC: Building Resilient Infrastructure and Communities	97.047		435,952	420,939
COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050		56,069,014	-
Homeland Security Grant Program	97.067		3,886,247	769,405
Earthquake Consortium	97.082		19,914	-
Law Enforcement Officer Reimbursement Agreement Program	97.090		56,788	46,930
Total U.S. Department of Homeland Security			160,770,644	11,695,838
Total Expenditures of Federal Awards			$ 4,417,825,779	$ 732,999,445

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the State of Vermont (the State) applied in the presentation of the schedule of expenditures of federal awards (the Schedule) are set forth below:

Single Audit Reporting Entity

For purposes of complying with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the State includes all entities that are considered part of the primary government, as described in the basic financial statements as of and for the year ended June 30, 2021. The Schedule does not include component units identified in the notes to the basic financial statements.

The entities listed below are Discretely Presented Component Units in the State's basic financial statements, which received federal financial assistance for the year ended June 30, 2021. Each of these entities is subject to separate audits in compliance with audit requirements of the Uniform Guidance, if required.

The federal transactions of the following entities are not reflected in the Schedule:

Vermont Student Assistance Corporation	Vermont Municipal Bond Bank
University of Vermont and State Agricultural College	Vermont Educational and Health Buildings Financing Agency
Vermont State College System	Vermont Transportation Authority
Vermont Veterans' Home	Vermont Housing Finance Agency
Vermont Economic Development Authority	Vermont Housing and Conservation Board

Basis of Presentation

The information in the accompanying Schedule is presented in accordance with the Uniform Guidance. Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, food commodities, direct appropriations, or other assistance and, therefore, are reported on the Schedule. Federal awards do not include direct federal cash payments to individuals.

Certain programs presented in the accompanying Schedule that have not been assigned an assistance listing number are reported by the respective federal agency followed by "999." Federal award programs include expenditures, passthroughs to nonstate agencies (i.e., payments to subrecipients), nonmonetary assistance, and loan programs.

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedule was prepared on the modified basis of accounting. Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the State's basic financial statements. Such expenditures (except for Assistance Listing 21.019, which follows criteria established by the Department of Treasury for allowability of costs) are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Matching Costs

Matching costs, the nonfederal share of certain program costs, are not included in the accompanying Schedule.

Indirect Cost Rate

Whereas the various agencies and departments of the State may negotiate individual cost recovery rates with their cognizant agencies, the State is precluded from, and does not utilize, the 10% de minimus cost rate under the conditions of 2 CFR 200.414(f).

NOTE 3 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency.

NOTE 4 UNEMPLOYMENT INSURANCE (ASSISTANCE LISTING 17.225)

State unemployment tax revenues must be deposited to the Unemployment Trust Fund in the U.S. Treasury and may only be used to pay benefits under the federally approved state unemployment law. The OMB Compliance Supplement requires that State Unemployment Insurance Funds, as well as federal funds, be included in the total expenditures of Assistance Listing 17.225. Unemployment insurance expenditures are classified as follows:

Federal	$ 12,755,215
Federal-COVID-19	644,865,926
State	237,811,159
Total	$ 895,432,300

NOTE 5 AIRPORT IMPROVEMENT PROGRAM (ASSISTANCE LISTING 20.106)

The State receives Federal Aviation Administration (FAA) funds from the U.S. Department of Transportation on behalf of the City of Burlington, Vermont (the City). The State excludes these funds from the Schedule because the State does not perform program responsibilities or oversight of these funds. Rather, its sole function is to act as a conduit between the federal awarding agency and the City, who owns and operates the airport. These FAA funds are included on the City's schedule of expenditures of federal awards.

NOTE 6 NONMONETARY FEDERAL FINANCIAL ASSISTANCE

The State is the recipient of federal programs that do not result in cash receipts or disbursements. Nonmonetary awards included in the Schedule are as follows:

Assistance Listing	Program Name	Amount
10.542	Pandemic EBT Food Benefits	$ 15,223,638
10.551	Supplemental Nutrition Assistance Program	114,599,180
10.555	National School Lunch Program	2,739,304
10.559	Summer Food Service Program for Children	6,351
10.565	Commodity Supplemental Food Program	594,360
10.569	Emergency Food Assistance Program (Food Commodities)	2,219,472
39.003	Donation of Federal Surplus Personal Property	805,990
93.268	Immunization Cooperative Agreements	6,723,488
	Total	$ 127,688,145

NOTE 7 DISASTER GRANTS – PUBLIC ASSISTANCE (ASSISTANCE LISTING 97.036)

After a Presidential-Declared Disaster, FEMA provides a Public Assistance Grant to reimburse eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. The federal government reimburses in the form of cost-shared grants which requires state matching funds. For the year ended June 30, 2021, $1,333,924 of approved eligible expenditures that were incurred in a prior year are included on the Schedule.

NOTE 8 REBATES FROM THE SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

During fiscal year 2021, the state received cash rebates from infant formula manufacturers in the amount of $1,325,508 on sales of formula to participants in the WIC program (Assistance Listing 10.557), which are netted against total expenditures included in the Schedule. Rebate contracts with infant formula manufacturers are authorized by Code of Federal Regulations, Title 7: Agriculture, Subtitle B, Chapter II, Subchapter A, Part 246.16a as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enabled the State to extend program benefits to more participants than could have been serviced this fiscal year in the absence of the rebate contract.

NOTE 9 DONATED PERSONAL PROTECTIVE EQUIPMENT (PPE) (UNAUDITED)

The State did not receive federally donated PPE during fiscal year 2021.

NOTE 10 CCDF CLUSTER (ASSISTANCE LISTINGS 93.575 AND 93.596)

Expenditures reported in the Schedule for the Child Care Development Fund (CCDF) Cluster include the following funding sources:

Funding Source	Amount
CCDBG	$ 17,206,464
CCDF Mandatory and Matching	6,581,739
CCDF Disaster Relief	-
CCDF CARES	-
CCDF CRRSA	4,183,171
CCDF ARP Supplemental	-
CCDF ARP Child Stabilization Funds	-
Total	$ 27,971,374

NOTE 11 PRIOR FISCAL YEAR EXPENDITURES - STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (ASSISTANCE LISTING 10.561)

The Schedule includes $698,887 in expenditures incurred by the State during federal fiscal years 2019 and 2020 for its Integrated Eligibility and Enrollment system that were retroactively approved by the USDA Food and Nutrition Service during state fiscal year 2021.

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? ____x____ yes _____ no
   - Significant deficiency(ies) identified? ____x____ yes _____ no
3. Noncompliance material to financial statements noted? _____ yes ____x____ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ____x____ yes _____ no
   - Significant deficiency(ies) identified? ____x____ yes _____ none reported
2. Type of auditors' report issued on compliance for major federal programs: See table below
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____x____ yes _____ no

Dollar threshold used to distinguish between Type A and Type B programs: $ 13,253,477

Auditee qualified as low-risk auditee? _____ yes ____x____ no

Section I – Summary of Auditors' Results (Continued)

Identification of Major Programs

Major Program	Assistance Listing	Opinion
Pandemic EBT Food Benefits	10.542	Unmodified
SNAP Cluster	10.551, 10.561	Unmodified
National Guard Military Operations and Maintenance (O&M) Projects	12.401	Unmodified
Unemployment Insurance	17.225	Qualified
Highway Planning and Construction Cluster	20.205, 20.219, 20.224	Unmodified
Coronavirus Relief Fund	21.019	Unmodified
Emergency Rental Assistance	21.023	Qualified
Title I Grants to Local Educational Agencies	84.010	Qualified
Education Stabilization Fund	84.425	Unmodified
Epidemiology and Laboratory Capacity	93.323	Qualified
Temporary Assistance to Needy Families	93.558	Unmodified
CCDF Cluster	93.575, 93.596	Unmodified
Social Services Block Grant	93.667	Unmodified
Children's Insurance Program	93.767	Qualified
Medicaid Cluster	93.775, 93.777, 93.778	Qualified
Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050	Qualified

Section II – Financial Statement Findings

Material Weakness in Internal Control Over Financial Reporting

Finding 2021-001 – Financial Close and Reporting –Department of Labor

Condition

The Vermont Department of Labor did not have controls properly implemented to ensure that unearned revenue, federal grant revenue, employer tax revenue, and related receivables were recorded accurately.

Criteria

Generally accepted accounting principles require nonexchange revenues meet eligibility requirements (such as the incurrence of expenses) prior to recognition and accrual. This encompasses nonexchange federal funding received in advance of eligibility requirements being met.

Additionally, the State's Internal Controls Best Practice Series memorandum over accounts receivable indicates that departmental best practices include the maintenance of an accurate record of receivables transactions.

Context

Our audit procedures detected material misstatements to revenue, unearned revenue, and receivables related to Emergency Relief Funds (ERF) for reimbursable employers, (those employers that pay based on actual claims as opposed to a flat percentage rate of wages). ERF cash received as of June 30, 2021 was accrued in error as reimbursable employer receivables and unearned revenue. However, the State met eligibility requirements for revenue recognition at year-end. The result was an overstatement of reimbursable employer receivables and unearned revenue of $21,269,384, an understatement of ERF federal grant revenue of $26,582,184, an overstatement of reimbursable employer revenue of $23,358,701, and an understatement of ERF federal grants receivable of $3,223,483.

Effect

Reimbursable employer receivables, unearned revenue, and reimbursable employer revenue were materially overstated while federal grant revenue and federal grant receivables were materially understated. The State recorded adjustments to correct the errors.

Cause

The Department's internal controls over financial reporting did not ensure recognized revenues met eligibility requirements nor did they ensure accounts receivable represented valid receivable accruals.

Recommendation

We recommend that policies and procedures over the year-end reconciliation and review of financial statement balances be strengthened to help ensure the balances are recorded accurately and that revenues are recognized in the proper period.

Section II – Financial Statement Findings (Continued)

Management Response

After further discussion with CLA and the State's Department of Finance and Management, the Department understands the justification underlying the finding identified, as the finding is required by

nature of the fact that there were material adjustments to the Department's financial statements made during, and as a result of, the audit review. While the Department acknowledges this finding and understands the continued need to ensure proper reporting of financial statements, including the need to incorporate the adjustments made during this review, the Department would like to ensure the audit record reflects the steps taken that led to this finding.

In preparing the Department's financial statements, staff proactively reached out to the State's Department of Finance and Management to review the manner in which the Department was reporting its financials. During the State fiscal year, significant new funding sources and transactions were managed by the Department as part of the response to the COVID-19 global pandemic and the federal programs enacted by the CARES Act. These types of programs and corresponding revenues were new and have never been reported by the Department prior to FY 2021. Thus, as mentioned above, the Department worked with the State to ensure that we were reporting the information in the most accurate manner prior to submitting the official financial statements.

In working with the Department of Finance and Management and CLA for the ACFR Audit, the manner in which the financial statements were presented was reviewed. After extensive discussion, and further research and review by CLA, it was determined that the Department needed to make material adjustments to the Department's financial statements in order to more accurately reflect the state of the Department's finances.

The Department would argue that the above steps taken both prior to and during the audit review period indicate that there are internal controls in place over financial reporting and that the Department does not need to implement any significant changes or alterations in our current practices of compiling and reviewing our financial statements. Moving forward, the Department will ensure that the lessons learned from this review are incorporated into our future preparations, and we will continue to collaborate with the Department of Finance and Management and with our State auditors to ensure we are reporting financial information in the most accurate manner.

Section II – Financial Statement Findings (Continued)

Material Weakness in Internal Control Over Compliance

Finding 2021-002 – Unemployment Claims – Department of Labor

Condition

The Regular Unemployment Insurance program is administered by the Vermont Department of Labor and gives financial aid to unemployed individuals. In 2020, the federal government created new temporary unemployment insurance programs, including the Pandemic Unemployment Assistance (PUA) program, the Pandemic Emergency Unemployment Insurance (PEUC), and the Federal Pandemic Unemployment Compensation (FPUC) program, to further help individuals who lost their jobs due to COVID-19. The COVID-19 pandemic significantly increased the unemployment rate nationally and in Vermont. Before the pandemic, the national unemployment rate was about 4% in January 2020 and about 3% in Vermont. By April 2020, the national unemployment rate and the Vermont rate both increased to about 15%. The estimated unsupported claims and payments from these programs are significant to the State of Vermont.

Criteria

The Regular Unemployment Insurance program is a joint program between federal and state governments. In Vermont, individuals must meet several criteria to qualify for Regular Unemployment benefits. State law requires individuals to be monetarily entitled to receive unemployment insurance, meaning they must have received the minimum qualifying amount of wages of $2,949 from insured employment in one quarter of their base period, and the total of the three remaining quarters in their must equal or exceed 40% of the highest quarter earnings in the base period. The new federal programs established during the pandemic had fewer verification requirements than the State's Regular Unemployment Insurance program. For example, in April 2020, the United States Department of Labor (USDOL) stated that PUA claimants did not need to provide proof of employment or self-employment to qualify for PUA, nor did PUA consider the individual's principal source of income as part of the self-certification process. On December 27, 2020, Congress amended the law to require claimants to provide documentation to substantiate their employment or self-employment to be eligible to receive PUA. The Department should require all PUA claimants, those who previously received PUA payments and those who will file new PUA claims, to provide employment/self-employment documentation as required by USDOL.

Context

Tests of effectiveness over controls surrounding PUA claims, for the period beginning December 27, 2020 through year-end, identified the following deficiencies in required documentation:

- Thirty-eight (38) out of thirty-eight (38) PUA claims samples tested had no evidence of review nor timely review of wage support;
- Nineteen (19) out of thirty-eight (38) PUA claims samples tested had no documentation to support claims payment amount;
- Nine (9) out of thirty-eight (38) PUA claims samples tested had documentation that did not support the claims payment amount.

Section II – Financial Statement Findings (Continued)

Effect

The Department paid a significant amount of unsupported claims through the unemployment insurance program as a result of the COVID-19 pandemic. Claims were paid without the required wage support documentation and without review by the Department as required by USDOL.

Cause

The Department was unable to respond in a timely and effective manner to address the significant increase in claims and federal funds received in Fiscal Year 2021. The Department relied on an inadequate computer system during the pandemic to manage the program, resulting in various system errors and processing delays.

Recommendation

We recommend the State and the Department perform a thorough risk assessment over the unemployment insurance program and design controls and processes to address identified risks. Seeking continuous improvement to your risk assessment and internal processes is key to strengthening governance, risk management, internal controls, program management and overall operations within the program.

Management Response

The Department acknowledges and accepts this finding.

The Pandemic Unemployment Assistance (PUA) program did not exist prior to the COVID-19 global health pandemic. Unlike the unemployment insurance program, which has been in existence since 1935, the PUA program did not have the inherent checks and balances built into the system to ensure proper program administration. Instead, state workforce agencies were expected to build the PUA program from the ground up with little guidance from the USDOL all the while managing through a pandemic that caused unprecedented upheaval in the employment status of millions of citizens.

It is accurate that the Vermont Department of Labor was not able to implement the necessary checks and balances into the PUA program to ensure proper program eligibility. As has been pointed out in the audit finding, it was not until nine months *after* the start of the PUA program that Congress passed legislation that *required* documentation to be provided to substantiate program eligibility. At that time, due to the significant and unprecedented strains on the Department of Labor's resources, the newly established documentation requirements were not able to be implemented prior to the end of the PUA program.

The Department acknowledges that the lack of the ability to review claimant financial eligibility may have resulted in improper payments. It is important to point out that UIPL 16-20, Change 4 was issued on January 8, 2021, providing no time for UI programs to implement the required changes while still continuing to provide vital economic assistance to tens of thousands of individuals. The only other recourse available to the Department at that time would have been to stop program payments from issuing until the new eligibility requirements were reviewed. This would have left claimants without benefits for months while the Department used our limited financial and staff resources to implement the necessary changes.

Section II – Financial Statement Findings (Continued)

This is the result of the continuously changing eligibility requirements built from hastily implemented legislation and program design. The Department has already begun the process of developing the necessary features into the Department's PUA system and has begun the auditing of claims to ensure retroactive program eligibility. Where appropriate, claims will be placed into an overpayment status and collection efforts will ensue.

Section II – Financial Statement Findings (Continued)

Material Weakness in Internal Control Over Financial Reporting

Finding 2021-003 – Unemployment Claims – Department of Labor

Condition

The Department of Labor did not adequately document the implementation of internal controls over bank accounts utilized for claims disbursements.

Criteria

The Department does not have written policies and procedures established for month-end reconciliations of claims disbursements bank accounts. The Office of the State Treasurer requires that reconciliation procedures for each bank account are provided for review annually. In the absence of a policy, best practices require that the reconciled report should be available for review by the Financial Manager (or designee) within thirty (30) days of month end.

Context

Tests of effectiveness over controls surrounding PUA claims, for the period beginning December 27, 2020 through year-end, identified the following deficiency in required bank reconciliation documentation:

Thirty-eight (38) out thirty-eight (38) PUA claims samples tested had bank reconciliations that were prepared and approved more than 30 days after month end. Such reconciliations were for the period December 2020 through June 2021 and were prepared by the Department in December 2021.

Effect

Documentation of the reconciliation of the claims disbursements bank accounts was not sufficient to indicate the reconciliations were performed in accordance with the established procedures of the Department and best practices established by the Vermont State Treasurer's Office.

Cause

Reconciliations over the claims disbursements bank accounts were not properly implemented by the Department and were not provided timely to the Vermont State Treasurer's Office for review.

Recommendation

We recommend that policies and procedures are implemented to ensure that claims disbursements bank account reconciliations are performed in accordance with established policies, procedures and best practices. Additionally, we recommend sufficient documentation be maintained to support the performance of the reconciliations in accordance with established policies and procedures and that such documentation is reviewed by the Department timely.

Management Response

The Department acknowledges and accepts this finding.

Section II – Financial Statement Findings (Continued)

Throughout the period of review, the Department of Labor was facing unprecedented challenges in administering its UI program through the global heath pandemic of COVID-19. The Department became

the only financial lifeline for tens of thousands of individuals and was tasked with developing and implementing five additional benefit programs in addition to managing claims volumes never before experienced in Vermont. Throughout this period, the Department's limited resources focused on prioritizing people over process and many reporting functions were suspended.

One of those functions was the month end reconciliation as identified in this finding. The justification behind this decision was that financial staff worked within the UI program's numerous bank accounts on a daily basis reconciling as payments were processed. The Department acknowledges that best practices require that reconciliation reports be available within 30 days of month end.

The Department is committed to ensuring proper program administration.

Section II – Financial Statement Findings (Continued)

Significant Deficiency in Internal Control Over Financial Reporting

Finding 2021-004 – Tax Disbursements –Department of Taxes

Condition

The Department of Taxes did not adequately document the implementation of internal controls over bank accounts utilized for tax disbursements.

Criteria

The Department of Taxes has policies and procedures established for month-end reconciliations of tax disbursements bank accounts that require the reconciled report should be available for review by the Financial Manager (or designee) within thirty (30) days of month end.

Context

Tests of effectiveness of internal controls over tax disbursements identified the following deficiencies in documentation of the month-end tax disbursements bank account reconciliations:

Fourteen (14) out of twenty-two (22) monthly reconciliations tested did not include sufficient documentation to support that all reconciliations were prepared within thirty (30) days of month-end. We noted that the reconciliations with exceptions related to the months occurring on or before March 31, 2021. As of April 1, 2021, the Department implemented a new electronic reconciliation and review process. No exceptions were noted in the final quarter of the fiscal year.

Effect

Documentation of the reconciliation of the tax disbursements bank accounts was not sufficient to indicate the reconciliations were performed in accordance with established policies and procedures.

Cause

Reconciliations over the tax disbursements bank accounts were not properly implemented.

Recommendation

We recommend that policies and procedures are implemented to ensure that tax disbursements bank account reconciliations are performed in accordance with established policies and procedures. Additionally, we recommend sufficient documentation be maintained to support the performance of the reconciliations in accordance with established policies and procedures.

Management Response

The Department of Taxes agrees with this finding.

Section II – Financial Statement Findings (Continued)

Multiple staffing changes in the Finance Division including retirements and several departures led to the monthly reconciliation work falling behind. Several new employees including a new Director of Finance were brought on board during fiscal year 2021. The monthly reconciliations had not been completed timely for many months and after an in-depth review, it was decided to completely overhaul the process to an electronic format. This overhaul resulted in many improvements which have made the reconciliations easier to audit and far more comprehensive. All of the source documentation for the

reconciliations is now attached to the file. All of the reconciliations for fiscal year 2021 were completed using this new method.

The reconciliations for all seven of the Departments bank accounts can now be completed in just a few days. All monthly reconciliations for the fiscal year ended June 30, 2022 have been completed timely.

Section III –Findings and Questioned Costs – Major Federal Programs

Matrix of Findings by Federal Agency and Federal Program

Major Federal Program	Federal Agency (Prefix)	Assistance Listing	Finding Number	Internal Control		Compliance	Compliance Requirement
				Material Weakness	Significant Deficiency		
SNAP Cluster	USDA (10)	10.551, 10.561	2021-005		X	X	Procurement, Suspension & Debarment
SNAP Cluster	USDA (10)	10.551, 10.561	2021-006		X	X	Special Tests and Provisions - EBT Card Security
SNAP Cluster	USDA (10)	10.551, 10.561	2021-007		X		Special Tests and Provisions - EBT Reconciliation
Pandemic EBT Food Benefits	USDA (10)	10.542	2021-008	X			Reporting - SEFA
Unemployment Insurance	U.S. DOL (17)	17.225	2021-009	X		X	Reporting
Unemployment Insurance	U.S. DOL (17)	17.225	2021-010		X	X	Special Tests and Provisions - UI Benefit Payments
Unemployment Insurance	U.S. DOL (17)	17.225	2021-011		X	X	Special Tests and Provisions - RESEA
Unemployment Insurance	U.S. DOL (17)	17.225	2021-012	X		X	Eligibility
National Guard Military Operations, Coronavirus Relief Fund	MIL (12) TREAS (21)	12.401, 21.019	2021-013		X		Reporting - SEFA
Coronavirus Relief Fund	TREAS (21)	21.019	2021-014		X	X	Activities Allowed or Unallowed and Period of Performance
Coronavirus Relief Fund	TREAS (21)	21.019	2021-015		X	X	Subrecipient Monitoring
Emergency Rental Assistance	TREAS (21)	21.023	2021-016	X		X	Subrecipient Monitoring
Title I Grants to Local Educational Agencies	U.S. DOE (84)	84.010	2021-017	X		X	Reporting - FFATA
Education Stabilization Fund	U.S. DOE (84)	84.425	2021-018		X	X	Reporting - FFATA
Epidemiology and Laboratory Capacity for Infectious Diseases	U.S. HHS (93)	93.323	2021-019	X		X	Reporting
CCDF Cluster	U.S. HHS (93)	93.575, 93.596	2021-020		X	X	Reporting - FFATA
CCDF Cluster	U.S. HHS (93)	93.575, 93.596	2021-021		X	X	Subrecipient Monitoring
CHIP, Medicaid Cluster	U.S. HHS (93)	93.767, 93.775, 93.777, 93.778	2021-022	X		X	Provider Eligibility
CHIP, Medicaid Cluster	U.S. HHS (93)	93.767, 93.775, 93.777, 93.778	2021-023		X	X	Allowable Activities/Costs, Eligibility
CHIP, Medicaid Cluster	U.S. HHS (93)	93.767, 93.775, 93.777, 93.778	2021-024		X	X	Special Tests and Provisions - Medical Loss Ratio
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2021-025	X		X	Special Tests and Provisions - Provider Health and Safety Standards
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2021-026	X		X	Reporting - FFATA
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2021-027		X	X	Special Tests and Provisions - ADP Risk Analysis
Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	U.S. DHS (97)	97.050	2021-028	X		X	Reporting

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-005**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Agriculture
State Agency:	Agency of Human Services (Agency)
Federal Program:	SNAP Cluster
Assistance Listing Number:	10.551, 10.561
Award Number and Year:	4VT430446 (10/1/2019 – 9/30/2020) 4VT400406 (10/1/2019 – 9/30/2020) 4VT430426 (10/1/2020 – 9/30/2021) 4VT430446 (10/1/2020 – 9/30/2021) 4VT400406 (10/1/2020 – 9/30/2021) 4VT400466 (10/1/2020 – 9/30/2021)
Compliance Requirement:	Procurement, Suspension and Debarment
Type of Finding	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance:
Procurement – When procuring property and services, states must use the same policies and procedures they use for procurements from their nonfederal funds (2 CFR section 200.317). The State of Vermont follows *Bulletin 3.5 – Procurement and Contracting Procedures* (Bulletin 3.5) which is applicable to purchases made by Vermont State agencies for both state and federal programs.

Suspension and Debarment - Nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All nonprocurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a nonfederal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at https://www.beta.sam.gov/, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Control: Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with Federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
We noted the Agency was unable to provide supporting documentation to show that it complied with the procurement and suspension and debarment requirements contained in the State's procurement policy, Bulletin 3.5.

Context:
Two of eleven vendors selected for procurement testing did not have contracts or other supporting documentation available for review. Purchases from these vendors exceeded $100,000 each but were made without using a competitive bidding process and without signed contracts in place as required by Bulletin 3.5.

Two of six samples selected for suspension and debarment testing did not have documentation to support that the vendor's suspension and debarment status had been verified.

Cause:
The Agency made purchases from the vendors in prior years and those transactions were below the State's competitive bidding threshold. When the total amount purchased by the program increased above the State's competitive bidding threshold, the Agency failed to implement the required procurement and suspension and debarment procedures contained in Bulletin 3.5.

Effect:
The Agency is not compliant with federal and state procurement and suspension and debarment requirements. Failure to adhere to procurement policies and procedures may result in obtaining goods or services under terms that are not in the best interest of the federal program and/or the state. Failure to adhere to suspension and debarment requirements may result in the State doing business with a vendor that is suspended or debarred and not authorized to provide goods and services to the program.

Questioned costs:
Undetermined due to the lack of documentation.

Recommendation:
We recommend the Agency review and enhance procedures and controls to ensure that it follows the State's procurement policy, including suspension and debarment requirements, for all goods and services charged to the program.

Views of Responsible Officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-006**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Agriculture
State Agency:	Agency of Human Services (Agency)
Federal Program:	SNAP Cluster
Assistance Listing Number:	10.551, 10.561
Award Number and Year:	4VT430446 (10/1/2019 – 9/30/2020) 4VT400406 (10/1/2019 – 9/30/2020) 4VT430426 (10/1/2020 – 9/30/2021) 4VT430446 (10/1/2020 – 9/30/2021) 4VT400406 (10/1/2020 – 9/30/2021) 4VT400466 (10/1/2020 – 9/30/2021)
Compliance Requirement:	Special Tests and Provisions – EBT Card Security
Type of Finding	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance: The state is required to maintain adequate security over, and documentation/records for, EBT cards to prevent their theft, embezzlement, loss, damage, destruction, unauthorized transfer, negotiation, or use (7 CFR section 274.8(b)(3)).

Control: Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
We noted that the Agency did not maintain documentation and records to support the required EBT Card Security procedures.

Context:
For three out of forty daily issued/destroyed card reconciliations completed, the reconciliation did not have the proper preparer and reviewer signatures. For one out of forty days selected, the daily issued/destroyed card reconciliation was not completed.

Cause:
The Agency did not adequately follow its procedures for completing daily issued/destroyed card reconciliations as part of the EBT Card Security process and controls did not detect or prevent the errors.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Effect:
The Agency is not compliant with the EBT Card Security documentation requirement and may be subject to disallowed program costs by the grantor. In addition, a lack of controls over EBT Card Security could result in improper use of EBT benefits.

Questioned costs:
Undetermined due to the lack of documentation.

Recommendation:
We recommend the Agency review and enhance its procedures and controls over EBT Card Security to ensure that documentation is maintained in accordance with the federal program requirements.

Views of Responsible Officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-007**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Agriculture
State Agency:	Agency of Human Services (Agency)
Federal Program:	SNAP Cluster
Assistance Listing Number:	10.551, 10.561
Award Number and Year:	4VT430446 (10/1/2019 – 9/30/2020) 4VT400406 (10/1/2019 – 9/30/2020) 4VT430426 (10/1/2020 – 9/30/2021) 4VT430446 (10/1/2020 – 9/30/2021) 4VT400406 (10/1/2020 – 9/30/2021) 4VT400466 (10/1/2020 – 9/30/2021)
Compliance Requirement:	Special Tests and Provisions – EBT Reconciliation
Type of Finding	Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement:
Compliance: States must have systems in place to reconcile all funds entering into, exiting from, and remaining in the system each day with the state's benefit account with Treasury and EBT contractor records. This includes a reconciliation of the state's issuance files of postings to recipient accounts with the EBT contractor.

States (generally through the EBT contractor that operates the EBT system) must also have systems in place to reconcile retailer credit activity as reported into the banking system to client transactions maintained by the processor and to the funds drawn down from the EBT benefit account with Treasury. States' EBT system processors should maintain audit trails that document the cycle of client transactions from posting to point-of-sale transactions at retailers through settlement of retailer credits. The financial and management data that comes from the EBT processor is reconciled by the state to the SNAP issuance files and settlement data to ensure that benefits are authorized by the state and funds have been properly drawn down. States' may only draw federal funds for authorized transactions (e.g., electronic point-of-sale purchases supported by entry of a valid personal identification number (PIN) or purchases using manual vouchers with telephone verification supported by a client signature and an EBT contractor authorization number) (7 CFR sections 274.3(a)(1) and 274.4(a)).

Control: Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:
We noted that the Agency did not maintain proper documentation to support the required EBT Reconciliations.

Context:
For one out of forty EBT Reconciliations sampled, the completed reconciliation did not have the proper preparer and reviewer signatures.

Cause:
The Agency did not adequately follow its procedures for retaining proper support over the EBT reconciliation process and controls did not detect or prevent the error.

Effect:
The Agency is not compliant with the EBT Reconciliation requirement and may be subject to disallowed program costs by the grantor. Improper controls over the EBT reconciliation process could result in ineligible costs being charged to the program.

Questioned costs:
Undetermined due to the lack of documentation.

Recommendation:
We recommend the Agency review and enhance procedures and controls to ensure that documentation for EBT reconciliations is maintained in accordance with the federal program requirements.

Views of Responsible Officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-008**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Agriculture
State Agency:	Department of Finance and Management (Finance)
Federal Program:	COVID-19 – Pandemic EBT Food Benefits
Assistance Listing Number:	10.542
Award Number and Year:	2020 – 2021
Compliance Requirement:	Reporting: Schedule of Expenditures of Federal Awards
Type of Finding	Material Weakness in Internal Control Over Compliance

Criteria or specific requirement:
Compliance: Per 2 CFR 200 Section 510(b), the auditee must prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements which must include the total federal awards expended as determined in accordance with Section 200.502. The schedule must list individual federal programs by federal agency and provide total federal awards expended for each individual federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. Per Section 502(g), federal noncash assistance, such as free rent, food commodities, donated property, or donated surplus property, must be valued at fair market value at the time of receipt or the assessed value provided by the federal agency.

Control: Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
The Schedule of Expenditures of Federal Awards (SEFA) submitted to auditors for test work was missing a new noncash assistance program which was later determined to be a new Type A program.

Context:
When reconciling support to the SEFA submitted to auditors during test work, it was discovered that approximately $15.2 million in noncash assistance for assistance listing 10.542-Pandemic EBT Food Benefits had been omitted. After the error was detected, this program was determined to be a new major program.

Questioned costs:
Undetermined.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:
Procedures and internal controls were not sufficient to ensure that noncash assistance reported on the SEFA was complete and accurate and tied to supporting documentation. Individual State agencies/departments prepare their own sections of the SEFA and submit them to Finance which compiles the State's consolidated report. Controls did not prevent nor detect that a new noncash assistance program had been omitted.

Effect:
Federal noncash assistance was incorrectly compiled and reported on the SEFA which was used to determine Type A and Type B programs for the FY 2021 Single Audit. After the error was detected and corrected, Assistance Listing 10.542 was required to be audited as a new major program.

Recommendation:
We recommend that Finance improve its SEFA compilation process to ensure that program expenditures reported on the State's SEFA are complete and accurate. Procedures and controls should include a process to identify noncash assistance programs that are new to the State and ensure they are included on the SEFA.
We further recommend that Finance work with the State's agencies and departments to review and update their SEFA compilation procedures to ensure that noncash assistance reported on the SEFA is accurate and that it ties to supporting documentation.

Views of responsible officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-009**
Prior Year Finding:	2020-009, 2020-010
Federal Agency:	U.S. Department of Labor
State Agency:	Department of Labor (Department)
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	UI347462055A50 (4/1/2020 – 6/30/2023) UI326301955A50 (10/1/2018 – 12/31/2021) UI340892055A50 (10/1/2019 – 12/31/2022) UI341952055A50 (10/1/2019 – 9/30/2020) UI345252060A50 (1/1/2020 – 9/30/2022)
Compliance Requirement:	Reporting
Type of Finding	Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:
Compliance – ETA 191, Financial Status of UCFE/UCX (OMB No. 1205-0162) – Quarterly report on UCFE and UCX expenditures and the total amount of benefits paid to claimants of specific federal agencies (ET Handbook 401). Per federal regulations, the ETA 191 should be submitted electronically to the National Office by the 25th of the month following the close of the quarter.

ETA 2112, UI Financial Transaction Summary (OMB No. 1205-0154) – A monthly summary of transactions, which account for all funds received in, passed through, or paid out of the state unemployment fund (ET Handbook 401). Per federal regulations, the ETA 2112 should be submitted electronically to the National Office by the 1st day of the second month following the close of the reporting month.

ETA 9130, Financial Status Report, UI Programs – All ETA grantees are required to submit quarterly financial reports for each grant award which they operate, including standard program and pilot, demonstration, and evaluation projects. Financial data is required to be reported cumulatively from grant inception through the end of each reporting period. A separate ETA 9130 is submitted for each of the following: UI, PEUC, and PUA Administration, DUA, TRA/RTAA, and UA Projects (administration and benefits).

ETA 9050, Time Lapse of All First Payments except Workshare – The ETA 9050 report contains monthly information on first payment time lapse. This report concerns the time it takes states to pay benefits to claimants for the first compensable week of unemployment. That data addressed first payment time lapse
for total unemployment only. The report is submitted electronically to the ETA National Office on the 20th of the month following the month to which the data relates.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

ETA 9052, Nonmonetary Determination Time Lapse Detection - The ETA 9052 report contains monthly information on the time it take states to issue nonmonetary determinations from the date the issues are first detected by the agency. Single-claimant and multi-claimant nonmonetary determinations are included in the report. Nonmonetary determinations made by organizational units such as Benefits Accuracy Measurement (BAM) and Benefit Payment Control (BPC) are also included in the report. Note: Overpayment notices on uncontested earnings detected by any method (e.g., crossmatch) should not be included. The report is submitted electronically to the ETA National Office on the 20th of the month following the month to which the data relates.

ETA 9055, Appeals Case Aging - The ETA 9055 report gathers monthly information on the inventory of lower authority and higher authority single claimant appeals cases that have been filed but not decided. Appeals case aging provides information about the number of days from the date an appeal was filed through the end of the month covered by the report. Also included are the average and median ages of the pending single claimant appeals cases. The report is submitted electronically to the ETA National Office on the 20th of the month following the month to which the data relates.

Internal Control – Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control-Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
The Department was not able to provide support that it had submitted required financial and performance reports by the due dates nor that reports had been reviewed and approved by an authorized State official prior to submission.

Questioned costs:
Undetermined.

Context:
We reviewed a sample of the ETA 191, ETA 2112 and ETA 9130 financial reports as well as a sample of the ETA 9050, ETA 9052 and ETA 9055 performance reports filed during for FY 2021. The following exceptions were noted:

ETA 191: 2 of 2 quarterly reports reviewed were submitted after the required due date. The 9/30/2020 report was submitted 18 days late and the 3/31/2021 report was submitted 1 day late. In addition, support could not be provided to document that the reports had been reviewed and approved prior to submission.

ETA 2112: 4 of 4 monthly reports reviewed were submitted after the required due date. The September 2020 report was due 11/1/2020 but was filed 3/25/2021, or 144 days late. The November 2020 report was due 1/1/2021 but was filed 4/2/2021, or 91 days late. The January 2021 report was due 3/1/2021 but was filed 6/7/2021, or 98 days late. The April 2021 report was due 6/1/2021 but was filed 7/19/2021, or 48 days late.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

ETA 9130: Reports for the 9/30/2020 and 3/31/201 quarters were reviewed which included 17 individual grant reports, 7 reports for the 9/30/2020 quarter and 10 for the 3/31/2021 quarter. 5 of the 7 grant reports for the 9/30/2020 quarter were filed after the due date. These reports were due 11/14/2020 but 2 were filed on 12/4/2020, or 20 days late; 2 were filed on 12/7/2020, or 23 days late; 1 was filed on 12/8/2020, or 24 days late.

ETA 9050: Support could not be provided that 3 of 3 reports reviewed were reviewed and approved prior to submission.

ETA 9052: Support could not be provided that 3 of 3 reports reviewed were reviewed and approved prior to submission.

ETA 9055: Support could not be provided that 3 of 3 reports reviewed were reviewed and approved prior to submission. In addition, documentation could not be provided to support lower appeals data.

Cause:
The Department does not have sufficient internal controls in place over compliance with Unemployment Insurance reporting requirements to ensure that reports are reviewed and approved prior to submission.

Effect:
Financial and performance reports lacked review and approval which could allow incorrect data to be reported for the program which could misrepresent the State's financial and programmatic performance in the program.

Recommendation:
We recommend that policies and procedures be implemented to ensure that all financial and performance reports are filed accurately and that reports are reviewed and approved by an authorized State official prior to submission.

Views of responsible officials:
The Department acknowledges and accepts this finding.

This is a finding that was identified during the last fiscal year's Single Audit and the Department's position remains the same. Prior to the onset of the COVID-19 pandemic, the Unemployment Insurance (UI) program was significantly underfunded by Congress and the USDOL leading to significantly reduced staffing levels. When the pandemic led to drastic increasing workload levels, the Department consciously chose to prioritize ensuring that critical functions of the UI program were met and deprioritize other administrative aspects of the program, such as federal reporting.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-010**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Labor
State Agency:	Department of Labor (Department)
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	UI34089310 (10/1/2019 – 12/31/2022), UI35679DO0 (7/1/2021 – 12/31/2023)
Compliance Requirement:	Special Tests and Provisions: UI Benefit Payments
Type of Finding	Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:
Compliance – The State Workforce Agency (SWA) is required by 20 CFR section 602.11(d) to operate and maintain a quality control system. The Benefits Accuracy Measurement (BAM) program is DOL's quality control system designed to assess the accuracy of UI benefit payments and denied claims, unless the SWA is excepted from such requirement (20 CFR section 602.22). The program estimates error rates, that is, numbers of claims improperly paid or denied and dollar amounts of benefits improperly paid or denied, by projecting the results from investigations of statistically sound random samples to the universe of all claims paid and denied in a state. Specifically, the SWA's BAM unit is required to draw a weekly sample of payments and denied claims, complete prompt, and in-depth investigations to determine if the administration of the UC program is consistent with state and federal law (20 CFR section 602.21(d)).

As presented in the ET Handbook No. 395, the investigation involves a review of state agency records, as well as contacting the claimant, employers, and third parties (either in-person, by telephone, or by fax) to conduct new and original fact-finding related to all of the information pertinent to the paid or denied claim that was sampled. BAM investigators review cases for adherence to federal and state law as well as official policy. The following time limits are established for completion of all cases for the year. (The "year" includes all batches of weeks ending in the calendar year.):

- a minimum of 70% of cases must be completed within 60 days of the week ending date of the batch;
- 95% of cases must be completed within 90 days of the week ending date of the batch;
- a minimum of 98% of cases for the year must be completed within 120 days of the ending date of the calendar year.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Internal Control – Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control-Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
The Department did not complete BAM case investigations within the time limits established in ET Handbook No. 395.

Questioned costs:
Undetermined.

Context:
Forty cases were selected for testing, and we noted that the Department did not meet the required time limits for closing cases within 60, 90, or 120 days. Specifically, we noted the following:

- 68% of cases tested (27 cases) were closed within 60 days which is less than the required 70%
- 78% of cases tested (31 cases) were closed within 90 days which is less than the required 95%
- 80% of cases tested (32 cases) were closed within 120 days which is less than the required 98%

Cause:
Due to the COVID-19 pandemic, the Department disassembled its BAM investigation unit in February 2020 and reassigned staff to other activities. The BAM unit was reassembled in October 2020.

Effect:
Noncompliance with BAM case investigation time limits could delay the detection and correction of inaccurate benefit payments and denied claims.

Recommendation:
We recommend that the Department review and enhance procedures and controls to ensure that BAM case investigations are completed timely.

Views of responsible officials:
The Department acknowledges and accepts this finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

At the onset of the COVID-19 pandemic, the Department was flooded with unemployment insurance (UI) claims. Overall weekly claims volume went from approximately 5,000 to over 100,000 claimants filing for UI assistance. At that time, the Department took all staff within the UI program and redirected them to assisting with the processing of claims to ensure that Vermonters were able to access the necessary funds in as timely a manner as possible. The USDOL offered waivers of certain UI program requirements during this period, including the requirement that BAM case investigations be conducted, thereby recognizing that cases would not be closed timely.

The USDOL required that BAM program functions be reinstated at the beginning of the fourth quarter of 2020. However, due to the circumstances continuing to face the Department, this was not feasible at that time. The Department was still facing significant challenges due to a lack of administrative funding from Congress and USDOL and due to the serious limitations of our information technology platforms. Department BAM functions were not reinstated until the first quarter of 2021.

The Department was slow in reinstating all BAM functions, and thereby was unable to meet the program requirements to close the required number of cases and to do so within the required timeframes. The Department worked throughout the remainder of the program year to continue to build out capacity to conduct this necessary program function.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-011**
Prior Year Finding:	2020-010
Federal Agency:	U.S. Department of Labor
State Agency:	Department of Labor (Department)
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	UI34525Y90 (1/1/2020 – 9/30/2022), UI35976JU0 (1/1/2021 – 9/30/2022)
Compliance Requirement:	Special Tests and Provisions: UI Reemployment Programs: RESEA
Type of Finding:	Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:
Compliance – The UI program serves as one of the principal "gateways" to the workforce system. It is often the first workforce program accessed by individuals who need workforce services. The WPRS and RESEA programs serve as UI's primary programs that facilitate the reemployment needs of UI claimants.

WPRS, which is mandated by Section 303(j) of the Social Security Act, is designed to identify UI claimants who are most likely to exhaust their benefits and need reemployment assistance to return to work, and refer them to appropriate reemployment services, such as: job search and job placement assistance; counseling; testing; provision of occupational and labor market information; and assessments. WPRS provides reemployment services to selected claimants through an early intervention process. The number of individuals served under WPRS is determined by the state (and/or local areas) based on its capacity to serve these individuals. UIPL No. 41-94 provides guidance on WPRS requirements.

RESEA is authorized by Section 306 of the Social Security Act and builds on the success of both WPRS and RESEA's predecessor, the former UI Reemployment and Eligibility Assessment (REA) program. RESEA uses an evidence-based integrated approach that combines an eligibility assessment for continuing UI eligibility and the provision of reemployment services. RESEA is a voluntary program and under certain circumstances may be designed to also satisfy WPRS requirements. Operating guidance for the RESEA program is updated annually. UIPL 7-19 provides RESEA operating Guidance for FY 2019.

Internal Control – Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control-Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:
The Department did not retain Eligibility Review Questionnaire forms required by the program to verify compliance with federal regulations. Controls were not working sufficiently to document that a staff member at the Department with knowledge of the program reviewed eligibility requirements prior to admission of participants to the RESEA program.

Questioned costs:
Undetermined.

Context:
We noted that 3 of 60 samples selected for testing were missing Eligibility Review Questionnaire forms and subsequently a lack of proper eligibility review and approval.

Cause:
The Department's procedures and internal controls are not sufficient to ensure compliance with RESEA requirements.

Effect:
Without clear documentation on file of a participant's eligibility review, it is possible that ineligible participants could receive benefits from the program.

Recommendation:
We recommend that policies and procedures be implemented to ensure that internal controls over RESEA include documentation of participants' eligibility review by a UI supervisor.

Views of responsible officials:
The Department acknowledges and accepts this finding. This finding was also found during the last fiscal year's Single Audit and is a carryover issue stemming from the same underlying problem. The RESEA program was suspended at the onset of the COVID-19 pandemic due to the Department redirecting all staff towards processing claims to ensure claimants were able to receive necessary benefits in as timely a manner as possible.

In early 2021, the Department reinstated the RESEA program. However, at the time of reinstatement, the program was operating in an entirely virtual capacity. This was entirely new to the program and the program staff, which had operated in an in-person form leading up to the pandemic. In addition, both prior to and during significant portion during the pandemic, the program lacked a supervisor as that position had been vacant. When the reinstatement of the program occurred, operating virtually and with a new supervisor, the necessary file reviews were not being conducted thoroughly to ensure that each file had the appropriate eligibility documentation required.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-012**
Prior Year Finding:	2020-006
Federal Agency:	U.S. Department of Labor
State Agency:	Department of Labor (Department)
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	UI-34746-20-55-A-50 (4/1/2020 – 6/30/2022)
Compliance Requirement:	Eligibility
Type of Finding:	Material Weakness in Internal Control over Reporting, Material Noncompliance

Criteria or specific requirement:
Compliance – State Workforce Agencies (SWA) responsibilities include: (1) establishing specific, detailed policies and operating procedures which comply with the requirements of federal laws and regulations; (2) determining the state UI tax structure; (3) collecting state UI contributions from employers (commonly called "unemployment taxes"); (4) determining claimant eligibility and disqualification provisions; (5) making payment of UI benefits to claimants; (6) managing the program's revenue and benefit administrative functions; (7) administering the programs in accordance with established policies and procedures; and (8) enacting state UC law that conforms with federal UC law. *UIPL No. 16-20* – The Consolidated Appropriations Act, 2021 (Pub. L. 116-260), enacted on December 27, 2020, included the Continued Assistance for Unemployed Workers Act of 2020 (Continued Assistance Act) in Division N, Title II, Subtitle A. The Continued Assistance Act extended the PUA program and enacted several program integrity measures, including a requirement that all individuals receiving a PUA payment on or after December 27, 2020, submit documentation substantiating employment, self-employment, or the planned commencement of employment or self-employment.

Internal Control – Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control-Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:
The Regular Unemployment Insurance program is administered by the Vermont Department of Labor (Department) and gives financial aid to unemployed individuals. In 2020, the federal government created new temporary unemployment insurance programs, including the Pandemic Unemployment Assistance (PUA) program, the Pandemic Emergency Unemployment Insurance (PEUC), and the Federal Pandemic Unemployment Compensation (FPUC) program, to further help individuals who lost their jobs due to COVID-19. The COVID-19 pandemic significantly increased the unemployment rate nationally and in Vermont. Before the pandemic, the national unemployment rate was about 4% in January 2020 and about 3% in Vermont. By April 2020, the national unemployment rate and the Vermont rate both increased to about 15%. The estimated unsupported claims and payments from these programs are significant to the State of Vermont.

Questioned costs:
Undetermined and under investigation by both federal and state authorities.

Context:
We reviewed a sample for each of the following populations of unemployment claims:

- Regular unemployment July 1, 2020 through June 30, 2021 (Population 1)
- FPUC July 1, 2020 through June 30, 2021 (Population 2)
- PUA July 1, 2020 through December 26, 2020 (Population 3)
- PUA December 27, 2020 through June 30, 2021 (Population 4)

Population 4 had the additional documentation requirements for eligibility noted in *UIPL No. 16-20* in the compliance section above. Population 4 represents $128M and 14% of all claims paid in FY21. We identified the following exceptions in the Population 4 sample:

- Thirty-eight (38) out of thirty-eight (38) PUA claims samples tested had no evidence of review nor timely review of wage support;
- Nineteen (19) out of thirty-eight (38) PUA claims samples tested had missing or inaccurate documentation that did not support the claims payment amount.

Cause:
The Department was unable to respond in a timely and effective manner to address the significant increase in claims and federal funds received in Fiscal Year 2021. The Department relied on an inadequate computer system during the pandemic to manage the program, resulting in various system errors and processing delays.

Effect:
The Department paid a significant amount of unsupported claims through the unemployment insurance program as a result of the COVID-19 pandemic. Claims were paid without the required wage support documentation and without review by the Department as required by the U.S. Department of Labor.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Recommendation:
We recommend the Department perform a thorough risk assessment over the unemployment insurance program and design controls and processes to address identified risks. Seeking continuous improvement to the risk assessment and internal processes is key to strengthening governance, risk management, internal controls, program management and overall operations within the program.

Views of responsible officials:
The Department acknowledges and accepts this finding. The Pandemic Unemployment Assistance (PUA) program did not exist prior to the COVID-19 global health pandemic. Unlike the Unemployment Insurance (UI) program, which has been in existence since 1935, the PUA program did not have the inherent checks and balances built into the system to ensure proper program administration. Instead, state workforce agencies were expected to build the PUA program from the ground up with little guidance from the USDOL all the while managing through a pandemic that caused unprecedented upheaval in the employment status of millions of citizens. It is accurate that the Vermont Department of Labor was not able to implement the necessary checks and balances into the PUA program to ensure proper program eligibility. As has been pointed out in the audit finding, it was not until nine months after the start of the PUA program that Congress passed legislation that required documentation to be provided to substantiate program eligibility. At that time, due to the significant and unprecedented strains on the Department of Labor's resources, the newly established documentation requirements were not able to be implemented prior to the end of the PUA program.

The Department acknowledges that the lack of the ability to review claimant financial eligibility may have resulted in improper payments. It is important to point out that UIPL 16-20, Change 4 was issued on January 8, 2021, providing no time for UI programs to implement the required changes while still continuing to provide vital economic assistance to tens of thousands of individuals. The only other recourse available to the Department at that time would have been to stop program payments from issuing until the new eligibility requirements were reviewed. This would have left claimants without benefits for months while the Department used our limited financial and staff resources to implement the necessary changes.

This is the result of the continuously changing eligibility requirements built from hastily implemented legislation and program design. The Department has already begun the process of developing the necessary features into the Department's PUA system and has begun the auditing of claims to ensure retroactive program eligibility. Where appropriate, claims will be placed into an overpayment status and collection efforts will ensue.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-013**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Defense U.S. Department of the Treasury
State Agency:	Department of Finance and Management (Finance)
Federal Program:	National Guard Military Operations and Maintenance (O&M) Projects COVID-19 – Coronavirus Relief Fund
Assistance Listing Numbers:	12.401, 21.019
Award Number and Year:	FY2020: W912LN-20-2-1001, W912LN-20-2-1002, W912LN-20-2-1003, W912LN-20-2-1004, W912LN-20-2-1005, W912LN-20-2-1007, W912LN-20-2-1010, W912LN-20-2-1011, W912LN-20-2-1014, W912LN-20-2-1021, W912LN-20-2-1022, W912LN-20-2-1023, W912LN-20-2-1024, W912LN-20-2-1040 FY2021: W912LN-21-2-1001, W912LN-21-2-1002, W912LN-21-2-1003, W912LN-21-2-1004, W912LN-21-2-1005, W912LN-21-2-1007, W912LN-21-2-1010, W912LN-21-2-1011, W912LN-21-2-1014, W912LN-21-2-1021, W912LN-21-2-1022, W912LN-21-2-1023, W912LN-21-2-1024, W912LN-21-2-1040 SLT0049 (2020), SLT0083 (2020)
Compliance Requirement:	Reporting: Schedule of Expenditures of Federal Awards
Type of Finding:	Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement:
Compliance: Per 2 CFR 200 Section 510(b), the auditee must prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements which must include the total federal awards expended as determined in accordance with Section 200.502. The schedule must list individual federal programs by federal agency and provide total federal awards expended for each individual federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. Per Section 502(g), federal noncash assistance, such as free rent, food commodities, donated property, or donated surplus property, must be valued at fair market value at the time of receipt or the assessed value provided by the federal agency.

Control: Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:
Errors were detected in the Schedule of Expenditures of Federal Awards (SEFA) submitted to auditors. Errors consisted of an overstatement of expenditures for assistance listing 12.401-National Guard Military Operations and Maintenance (O&M) Projects and an overstatement of subrecipient expenditures for assistance listing 21.019-Coronavirus Relief Fund.

Context:
When reconciling detail expenditures to the SEFA during audit test work, the following SEFA reporting errors were noted:

1. Documentation supporting expenditures for assistance listing 12.401 did not tie to the SEFA. Reported expenditures were overstated by 42%, or approximately $10 million for this program. It was later determined that $10 million should have been reported under assistance listing 12.400-Military Construction, National Guard which was a new program in FY 2021 and had been omitted from the SEFA.
2. Subrecipient expenditures for assistance listing 21.019 were overstated by 50%, or approximately $175 million. Numerous errors were detected when reconciling supporting documentation to the amount passed through to subrecipients and it was determined that a significant number of payments to beneficiaries had been misclassified as payments to subrecipients when the SEFA was prepared.

Questioned costs:
Undetermined.

Cause:
Individual State agencies/departments prepare their own sections of the SEFA and submit them to Finance which compiles the State's consolidated report. Procedures and internal controls were not sufficient to ensure that expenditures reported by Finance on the SEFA were supported by detail expenditure transactions recorded in the State's accounting system and reported under the correct assistance listing number. Further, procedures and controls in the Coronavirus Relief Program were insufficient to correctly identify and report payments to beneficiaries.

Effect:
Federal expenditures were incorrectly reported on the SEFA submitted to auditors, effecting the initial determination of Type A and Type B programs. When the reporting error was corrected, assistance listing 12.400 was determined to be a new Type B program. Subrecipient pass-through reporting errors for assistance listing 21.019 effected testing of subrecipient monitoring for the program.

Recommendation:
We recommend that Finance improve its SEFA compilation process to ensure that program expenditures and the amounts passed through to subrecipients reported on the State's SEFA are complete and accurate. Procedures and controls should include a process to identify programs that are new to the State and ensure they are included on the SEFA.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

We further recommend that Finance work with the State's agencies and departments to review and update their SEFA compilation procedures to ensure expenditure information they submit to Finance is accurate, that it includes all programs expended, and ties to detail expenditure transactions in the State's accounting system. They should also review and enhance procedures and controls to ensure that subrecipient payments are accurately reported and do not include payments to beneficiaries.

Views of responsible officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-014**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of the Treasury
State Agency:	Agency of Administration (Agency)
Federal Program:	COVID-19 – Coronavirus Relief Fund
Assistance Listing Number:	21.019
Award Number and Year:	SLT0049 (2020), SLT0083 (2020)
Compliance Requirement:	Activities Allowed or Unallowed, Period of Performance
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance: The Coronavirus Relief Fund was designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. Governments may use Fund payments for eligible expenses subject to the restrictions set forth in section 601(d) of the Social Security Act. Payments must be used to cover costs that are: 1) Necessary expenditures incurred due to the public health emergency with respect to COVID–19; 2) Not accounted for in the governments' most recently approved budget as of March 27, 2020; and 3) Incurred during the period that begins on March 1, 2020 and ends on December 31, 2021.

Control: Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
We noted that an invoice charged to the program included expenditures that were incurred prior to March 1, 2020.

Context:
The Agency has oversight responsibility for Coronavirus Relief Fund expenditures and reporting for the State of Vermont (the State). Multiple agencies and departments within the State incur costs charged to the program which are compiled by the Agency. One of sixty expenditure transactions selected for testing was for cleaning/sanitation supplies purchased by the Department of Labor (the Department) in January 2020 which was prior to the allowable period of the program.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:
The Department's procedures and controls were not sufficient to ensure that only costs incurred between March 1, 2020 and December 31, 2021 were submitted to the Agency and charged to the program. The Agency's internal controls were not sufficient to detect that the Department had charged costs to the program that were incurred prior to the program's allowable period.

Effect:
Unallowable costs were charged to the program.

Questioned costs:
$871.72

Recommendation:
We recommend the Agency review and enhance procedures and controls to ensure that only allowable costs are charged the program. We further recommend that the Agency work with the State's agencies and departments to review and enhance their procedures and controls to ensure that costs they submit to the Agency are allowable and are incurred within the program's allowable period.

Views of responsible officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-015**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of the Treasury
State Agency:	Agency of Administration (Agency)
Federal Program:	COVID-19 – Coronavirus Relief Fund
Assistance Listing Number:	21.019
Award Number and Year:	SLT0049 (2020), SLT0083 (2020)
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance: Per 2 CFR section 200.1, a subaward is an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

Per 2 CFR section 200.331, a nonfederal entity may concurrently receive federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with federal awarding agencies and pass-through entities. Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor.

2 CFR section 200.332 - Requirements for Pass-Through Entities, states in part, that all pass-through entities must:

(f) Verify that every subrecipient is audited as required by Subpart F - Audit Requirements of this part when it is expected that the subrecipient's federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.

2 CFR section 200.521 – Management Decision, states that a pass-through entity must be responsible for issuing a management decision for audit findings that relate to federal awards it makes to subrecipients. Further, a management decision must be issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Control: Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
The Agency misclassified payments it made to beneficiaries as subawards. The misclassifications were detected by auditors during test work. In addition, the Agency did not obtain or review single audit reports for all subrecipients and was unable to verify that they were audited in compliance with Subpart F.

Context:
Sixty subawards were selected for testing and the following exceptions were noted:

- 5 of 60 subawards provided economic support to businesses that experienced economic harm during the pandemic which were determined to be beneficiary payments and not subawards. The Agency issued subaward agreements to the beneficiaries although program requirements should not have been applicable.
- The Agency was unable to provide support that 2 of 60 subrecipients were audited in compliance with Subpart F. Audit reports were not obtained nor reviewed and management decisions were not issued.

Cause:
The Agency did not establish effective internal controls and procedures to accurately classify payments to beneficiaries and it issued subawards in error. The Agency also did not establish effective internal controls and procedures over subrecipient monitoring to ensure that it monitored subawards in accordance with 2 CFR section 200.332.

Effect:
Subawards were issued in error and programmatic requirements were improperly passed on to beneficiaries.

Failure to ensure subrecipients have obtained audits as required by Subpart F increases the risk that subrecipients may inappropriately spend and/or inaccurately track and report federal funds over multiple year periods, and these discrepancies may not be properly monitored, detected, or corrected on a timely basis.

Questioned costs:
Undetermined

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Recommendation:
We recommend the Agency review and enhance internal controls and procedures to ensure that subrecipient determinations are properly performed and that evaluations of independent audits are completed and documented timely.

Views of responsible officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-016**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of the Treasury
State Agency:	Agency of Administration (Agency)
Federal Program:	COVID-19 – Emergency Rental Assistance
Assistance Listing Number:	21.023
Award Number and Year:	ERA1 (12/27/2020 – 9/30/2022)
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:
Compliance:
Subrecipient Monitoring - Per 2 CFR section 200.332 - Requirements for Pass-Through Entities states, in part, that all pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the federal award and subaward. Required information includes:

i. Subrecipient name (which must match the name associated with its unique entity identifier);

ii. Subrecipient's unique entity identifier;

iii. Federal Award Identification Number (FAIN);

iv. Federal award date (see the definition of federal award date in § 200.1 of this part) of award to the recipient by the federal agency;

v. Subaward period of performance start and end date;

vi. Subaward budget period start and end date;

vii. Amount of federal funds obligated by this action by the pass-through entity to the subrecipient;

viii. Total amount of federal funds obligated to the subrecipient by the pass-through entity including the current financial obligation;

ix. Total amount of the federal award committed to the subrecipient by the pass-through entity;

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

x. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);

xi. Name of federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;

xii. Assistance listings number and title; the pass-through entity must identify the dollar amount made available under each federal award and the Assistance Listings Number at time of disbursement;

xiii. Identification of whether the award is R&D; and

xiv. Indirect cost rate for the federal award (including if the de minimis rate is charged) per section 200.414.

(f) Verify that every subrecipient is audited as required by Subpart F - Audit Requirements of this part when it is expected that the subrecipient's federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.

Suspension and Debarment – Per 2 CFR section 180 - OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement), nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All nonprocurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a nonfederal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction.

Control: Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
The Agency did not furnish all required information to its subrecipients at the time of issuance of subawards nor was it able to provide support that it ensured its subrecipients were audited as required by 2 CFR Part 200 Subpart F – Audit Requirements (Subpart F). Further, the Agency was not able to provide support that it verified its subrecipients were not suspended or debarred or otherwise excluded from participating in the program.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Context:
The Agency issued three subawards to two subrecipients during FY 2021 and all were selected for testing. The following exceptions were noted:

- 2 of 3 subawards were missing the following required information: subrecipient's unique identifier, FAIN, federal award date, subaward budget period, name of federal awarding agency, assistance listing number and program name, and indirect cost rate.
- For 2 of 3 subawards, the Agency was unable to provide support that the subrecipient had not been suspended or debarred or otherwise excluded from participating in the transaction.
- For 1 of 2 subrecipients, the Agency was unable to provide support that they were audited in compliance with Subpart F.

Cause:
The Agency did not establish effective internal controls and procedures over subrecipient monitoring to ensure that it issued and monitored subawards in accordance with 2 CFR section 200.332 and the suspension and debarment requirements of 2 CFR section 180.

Effect:
Excluding the required federal grant award information at the time of the subaward may cause subrecipients and their auditors to be uninformed about specific program and other regulations that apply to the funds they receive. There is also the potential for subrecipients to have incomplete Schedules of Expenditures of Federal Awards (SEFA) in their Single Audit reports, and federal funds may not be properly audited at the subrecipient level in accordance with the Uniform Guidance.

Failure to ensure subrecipients have not been suspended or debarred could allow a subaward to be issued to an ineligible subrecipient.

Failure to ensure subrecipients have obtained audits as required by Subpart F increases the risk that subrecipients may inappropriately spend and/or inaccurately track and report federal funds over multiple year periods, and these discrepancies may not be properly monitored, detected, or corrected on a timely basis.

Questioned costs:
Undetermined

Recommendation:
We recommend the Agency review and enhance internal controls and procedures to ensure that all required information is included in its subawards, that it verifies subrecipients have not been suspended or debarred, and that evaluation of independent audits is performed and documented.

Views of responsible officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-017**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Education
State Agency:	Agency of Education (Agency)
Federal Program:	Title I
Assistance Listing Number:	84.010
Award Number and Year:	S010A200045 (7/1/2020 – 9/30/2021) S010A200045-20A (7/1/2020 – 9/30/2021)
Compliance Requirement:	Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:
Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of $30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to $30,000. If the initial award is below $30,000 but subsequent grant modifications result in a total award equal to or over $30,000, the award will be subject to the reporting requirements as of the date the award exceeds $30,000. If the initial award equals or exceeds $30,000 but funding is subsequently de-obligated such that the total award amount falls below $30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80% or more of its annual gross revenues in federal awards; and $30,000,000 or more in annual gross revenues from federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:
Subaward modifications were overstated when reported to FSRS, resulting in obligations that exceeded the total amount of the federal awards. One subaward was not reported timely.

Context:
Eight subawards were selected for testing, to which 16 modifications were issued that modified the subaward amount. For 15 of the 16 modifications, the amended award amounts totaled $1,781,905, but the amount reported to FSRS totaled $18,161,079, resulting in overreporting of $16,379,174. Rather than reporting only the amount of the modifications, the Agency reported the new cumulative award totals for each. This resulted in an over-obligation of the total federal award.

One of eight subawards selected for testing was obligated on 9/17/2019 but was not reported in FSRS until 10/31/2020.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
32	0	1	15	0
Dollar Amount of Tested Transactions	**Subaward not reported**	**Report not timely**	**Subaward amount incorrect**	**Subaward missing key elements**
$10,638,005	$0	$972,347	$16,379,174	$0

Cause:
The Agency incorrectly interpreted FSRS reporting guidance when entering modifications of its subawards and internal controls were not sufficient to prevent the late reporting of a subaward.

Effect:
Subawards were not reported accurately to FSRS in accordance with FFATA requirements.

Questioned costs:
None noted.

Recommendation:
We recommend the Agency review FSRS reporting guidance and modify its procedures regarding the reporting of modifications in accordance with this guidance. We further recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards are reported timely to FSRS no later than the end of the month following the month of issuance.

Views of responsible officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-018**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Education
State Agency:	Agency of Education (Agency)
Federal Program:	COVID-19 – Elementary and Secondary School Emergency Relief Fund
Assistance Listing Number:	84.425D
Award Number and Year:	S425D200011 (4/29/2020 – 9/30/2021) S425D210011 (1/5/2021 – 9/30/2022)
Compliance Requirement:	Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of $30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to $30,000. If the initial award is below $30,000 but subsequent grant modifications result in a total award equal to or over $30,000, the award will be subject to the reporting requirements as of the date the award exceeds $30,000. If the initial award equals or exceeds $30,000 but funding is subsequently de-obligated such that the total award amount falls below $30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80% or more of its annual gross revenues in federal awards; and $30,000,000 or more in annual gross revenues from federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Control: Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
Subaward modifications were overstated when reported to FSRS, resulting in obligations that exceeded the total amount of the federal awards. Two subaward modifications were not reported.

Context:
Eight subrecipients were selected for testing consisting of 14 issued subawards. To which 4 amendments were issued that modified the subaward amount. A total of 18 transactions were tested consisting of the 14 original awards and 4 amendments. For 2 of the 4 modifications, the amended award amounts totaled $752,202, but the amount reported to FSRS totaled $3,750,748, resulting in overreporting of $2,998,546. Rather than reporting only the amount of the modifications, the Agency reported the new cumulative award totals for each. This resulted in an over-obligation of the total federal award.

Two of eight subrecipients selected for testing issued amendments to the original subaward that were not reported in FSRS.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
18	2	0	2	0
Dollar Amount of Tested Transactions	**Subaward not reported**	**Report not timely**	**Subaward amount incorrect**	**Subaward missing key elements**
$22,182,452	$266,346	$0	$2,998,546	$0

Cause:
The Agency incorrectly interpreted FSRS reporting guidance when entering modifications of its subawards. Internal controls were not sufficient to ensure that all subaward modifications were reported in FSRS.

Effect:
Subawards were not reported accurately to FSRS in accordance with FFATA requirements.

Questioned costs:
None noted.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Recommendation:
We recommend the Agency review FSRS reporting guidance and modify its procedures regarding the reporting of modifications in accordance with this guidance. We further recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards are reported timely to FSRS no later than the end of the month following the month of issuance.

Views of responsible officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-019**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Assistance Listing Number:	93.323
Award Number and Year:	19NU50CK000520 (8/1/2020 – 7/30/2021)
Compliance Requirement:	Reporting
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:
Compliance: Nonfederal entities are required to submit performance reports on a quarterly basis, no later than 30 days after the end of each quarter, in accordance with the terms and conditions of the federal award.

Control: Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
The Agency could not provide support to document that performance measure reports had been filed timely and accurately.

Context:
Reports for two quarters were selected for testing in which four performance reports were reviewed. We noted the following exceptions:

- For 3 of 4 reports, supporting documentation provided did not agree with the information reported.
- For 1 of 4 reports, data lines were left blank, and the report was not properly submitted.
- For 4 of 4 reports, supporting documentation could not be provided to validate the reports had been filed timely.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:
Reports are filed electronically, and the Agency did not maintain copies of all supporting documentation used to prepare them nor of timely submission. Procedures and controls were insufficient to ensure that supporting documentation was maintained and available for audit and that reports were filed accurately and timely.

Effect:
Performance measure data reported for the program was incomplete and unsupported with adequate documentation.

Questioned costs:
Undetermined due to a lack of supporting documentation.

Recommendation:
We recommend the Agency review and enhance internal controls and procedures to ensure that all required performance reports are filed accurately and timely and that supporting documentation is maintained and is available for audit.

Views of responsible officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-020**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	CCDF Cluster, COVID-19 – CCDF Cluster
Assistance Listing Number:	93.575, 93.596
Award Number and Year:	2101VTCCC5 (12/27/2020 – 9/30/2023)
Compliance Requirement:	Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of $30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to $30,000. If the initial award is below $30,000 but subsequent grant modifications result in a total award equal to or over $30,000, the award will be subject to the reporting requirements as of the date the award exceeds $30,000. If the initial award equals or exceeds $30,000 but funding is subsequently de-obligated such that the total award amount falls below $30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80% or more of its annual gross revenues in federal awards; and $30,000,000 or more in annual gross revenues from federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:
Subaward information was not reported to FSRS timely. The Agency reported subawards to FSRS nine months after award issuance. The reporting deadline was no later than the last day of the month following the month in which the award was issued.

Context:
Sixteen subrecipients were selected for testing, to which 39 subawards were issued during FY2021. Of the 39 subawards, 26 were issued on April 1, 2021, and should have been reported to FSRS no later than May 31, 2021, but they were not reported until January 2022.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
39	0	26	0	0
Dollar Amount of Tested Transactions	**Subaward not reported**	**Report not timely**	**Subaward amount incorrect**	**Subaward missing key elements**
$1,767,804	$0	$1,487,333	$0	$0

Cause:
The Agency's Internal Audit Group (IAG) reports subaward information in FSRS using subaward information provided by the Department of Children and Families (DCF). DCF did not provide the IAG with subaward information timely and internal controls did not detect that the subawards had not been reported to FSRS as required.

Effect:
Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:
None noted.

Recommendation:
We recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards are reported accurately and timely to FSRS no later than the end of the month following the month of issuance, in accordance with FFATA requirements.

Views of responsible officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-021**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	CCDF Cluster, COVID-19 – CCDF Cluster
Assistance Listing Number:	93.575, 93.596
Award Number and Year:	2101VTCCC5 (12/27/2020 – 9/30/2023)
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:
Compliance: Per 2 CFR section 200.332(a), all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the federal award and subaward. Required information includes:

i. Subrecipient name (which must match the name associated with its unique entity identifier);
ii. Subrecipient's unique entity identifier;
iii. Federal Award Identification Number (FAIN);
iv. Federal award date (see the definition of federal award date in § 200.1 of this part) of award to the recipient by the federal agency;
v. Subaward period of performance start and end date;
vi. Subaward budget period start and end date;
vii. Amount of federal funds obligated by this action by the pass-through entity to the subrecipient;
viii. Total amount of federal funds obligated to the subrecipient by the pass-through entity including the current financial obligation;
ix. Total Amount of the federal award committed to the subrecipient by the pass-through entity;
x. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
xi. Name of federal awarding agency, pass-through entity, and contact information for awarding official of the pass-through entity;
xii. Assistance listings number and title; the pass-through entity must identify the dollar amount made available under each federal award and the assistance listings number at time of disbursement;

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

xiii. Identification of whether the award is R&D; and

xiv. Indirect cost rate for the federal award (including if the de minimis rate is charged) per section 200.414.

Control: Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
Required federal award information was missing from Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) subawards.

Context:
Ten subrecipients were selected for testing to which 33 subawards were issued during FY 2021. For 25 of the 33 subawards, the federal award date was missing from the subaward agreements. We noted that the 25 exceptions were all funded with CRRSA funds.

Cause:
The Agency did not adequately follow its subrecipient procedures and internal controls prior to issuance of the subawards were not sufficient to detect that the required information was omitted.

Effect:
Subrecipients were not provided with all required federal award information pertaining to their subawards.

Questioned costs:
None noted.

Recommendation:
We recommend the Agency review and enhance procedures and controls to ensure that all required federal award information is included on subawards prior to their issuance.

Views of responsible officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-022**
Prior Year Finding:	2020-012
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	State Children's Insurance Program (CHIP), Medicaid Cluster
Assistance Listing Number:	93.767, 93.775, 93.777, 93.778
Award Number and Year:	190VT5021 (10/1/2018 – 9/30/2020) 2005VT5021 (10/1/2019 – 9/30/2021) 2105VT5021 (10/1/2020 – 9/30/2022) 2005VT5MAP (10/1/2019 – 9/30/2020) 2105VT5MAP (10/1/2020 – 9/30/2021)
Compliance Requirement:	Special Tests and Provisions - Provider Eligibility
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:
Compliance: In order to receive Medicaid payments, providers must: (1) be licensed in accordance with federal, state, and local laws and regulations to participate in the Medicaid program (42 CFR sections 431.107 and 447.10; and Section 1902(a)(9) of the Social Security Act (42 USC 396a(a)(9)); (2) screened and enrolled in accordance with 42 CFR Part 455, Subpart E (sections 455.400 through 455.470); and make certain disclosures to the State (42 CFR part 455, subpart B, sections 455.100 through 455.106). Medicaid managed care network providers are subject to the same disclosure, screening, enrollment, and termination requirements that apply to Medicaid fee-for-service providers in accordance with 42 CFR Part 438, Subpart H.

Control: Per 2 CFR section 200.303(a), the nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
We noted that the Agency did not maintain documentation to support provider eligibility to participate in the Medicaid and CHIP programs. The provider eligibility requirement is administered by a 3rd-party that is required to determine and document the provider's eligibility with the Agency's requirements. License renewal information was not updated on a timely basis in the provider management module.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Context:
Total provider sample size was sixty for Medicaid and sixty for CHIP. Specifically, we noted the following:

1. Nine Medicaid and twelve CHIP provider files did not have current license information in the provider management module and the monthly screening process was not followed to validate the licenses.
2. The application for one Medicaid provider was not available for review.
3. For one Medicaid and two CHIP providers, the State did not maintain proper documentation that revalidation occurred within the required five-year time frame.
4. Documentation was incomplete to support that two CHIP providers were compliant with Vermont state law that providers must be in good tax standing to receive Medicaid funding.

Cause:
The Agency did not adequately follow procedures regarding CHIP and Medicaid provider eligibility in accordance with federal program requirements and controls did not detect or prevent the errors.

Effect:
The Agency was unable to support provider eligibility or consistent application of their internal control process. Failure to maintain complete provider files and ensuring that provider licenses are kept current could allow program payments to be made to an ineligible and/or unlicensed provider.

Questioned costs:
Undetermined.

Recommendation:
We recommend the Agency review its procedures and controls to ensure that documentation is maintained in accordance with the federal grantor's requirements.

Views of responsible officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-023**
Prior Year Finding:	2020-013
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	State Children's Insurance Program (CHIP), Medicaid Cluster
Assistance Listing Number:	93.767, 93.775, 93.777, 93.778
Award Number and Year:	190VT5021 (10/1/2018 – 9/30/2020) 2005VT5021 (10/1/2019 – 9/30/2021) 2105VT5021 (10/1/2020 – 9/30/2022) 2005VT5MAP (10/1/2019 – 9/30/2020) 2105VT5MAP (10/1/2020 – 9/30/2021)
Compliance Requirement:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance: Allowable Costs and Allowable Activities for CHIP and Medicaid are for beneficiaries who have been determined to be eligible (or are presumptively eligible) at the time of service, whether covered under fee-for-service or managed care.

Eligibility for CHIP is based on the application of modified adjusted gross income and household definition, in addition to other permissible eligibility standards, for example standards relating to geographic area, age (up to, but not including age 19), and insurance status. States are directed at 42 CFR 457.340(d) to determine eligibility promptly and without undue delay. The determination of eligibility may not exceed 45 days.

Eligibility for Medicaid includes both financial and nonfinancial requirements and each eligibility group has its own specific standards. Financial eligibility for most individuals is based on modified adjusted gross income or MAGI, which is described at 42 CFR 435.603.

Control: Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:
We noted the following beneficiary eligibility exceptions:

- Documentation to support beneficiary eligibility was incomplete in both CHIP and Medicaid.
- CHIP eligibility determination was not completed within the required 45-day period.
- Benefits were not terminated timely for a Medicaid beneficiary that was determined to be ineligible.

Context:
- One of 60 CHIP participants was lacking proper documentation to support eligibility determination and prompt determination.
- Eligibility determination for one of sixty CHIP participants exceeded 45 days.
- One of 60 Medicaid beneficiaries was lacking proper documentation to support eligibility determination.
- One of 60 Medicaid beneficiaries was determined to be ineligible, but benefits were not terminated timely. The beneficiary was determined to be ineligible in May 2020 and benefits continued to be paid until January 2022.

Cause:
The Agency did not adequately follow procedures regarding CHIP and Medicaid eligibility in accordance with federal program requirements and controls did not detect or prevent the errors.

Effect
The Agency was unable to support beneficiary eligibility and the Agency paid benefits for an ineligible participant.

Questioned costs:
$15,760 – Federal share of benefits paid on behalf of an ineligible participant from May 2020 to January 2022. Questioned costs for all other eligibility exceptions is undetermined.

Recommendation:
We recommend that the Agency review and enhance procedures and controls for Medicaid and CHIP beneficiary eligibility determination to ensure that eligibility is determined promptly within federal requirements and that documentation to support eligibility is maintained in accordance with the retention policy and is readily available for review. We further recommend that ineligible participants are terminated on a timely basis.

Views of responsible officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-024**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	State Children's Insurance Program (CHIP), Medicaid Cluster
Assistance Listing Number:	93.767, 93.775, 93.777, 93.778
Award Number and Year:	190VT5021 (10/1/2018 – 9/30/2020) 2005VT5021 (10/1/2019 – 9/30/2021) 2105VT5021 (10/1/2020 – 9/30/2022) 2005VT5MAP (10/1/2019 – 9/30/2020) 2105VT5MAP (10/1/2020 – 9/30/2021)
Compliance Requirement:	Special Tests and Provisions – Medical Loss Ratio (MLR)
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance: For all contracts, the state must ensure that each Managed Care Organization (MCO), Prepaid Inpatient Health Plan (PIHP), and Prepaid Ambulatory Health Plan (PAHP) submits a report with the data elements specified in 42 CFR sections 438.8(k) and 438.8(n). The report should contain the required 13 data elements in the regulation, reflect the correct reporting years, and contain an attestation of accuracy regarding the calculation of the medical loss ratio. Managed care plans are required to submit the annual report in the time and manner established by the state, which must be within 12 months after the end of the MLR reporting year. The state should have a policy and procedure to indicate when the report(s) are due from plans and should not accept multiple submissions from plans unless the capitation payments are revised retroactively.

Control: Per 2 CFR section 200.303(a), the nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
The 2019 Medical Loss Ratio report for the State's MCO was not submitted within twelve months after the end of the reporting year.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Context:
The Agency of Human Services, Department of Vermont Health Access (DVHA) acts as its own MCO. DVHA was required to submit the MCO's Medical Loss Ratio report for the year ending 12/31/2019 no later than 12/31/2020 but the report was not submitted until 8/26/2021.

Cause:
The Agency did not adequately follow procedures regarding timely submission of the Medical Loss Ratio report for its MCO.

Effect:
The Agency is out of compliance with MLR reporting requirements.

Questioned costs:
Undetermined.

Recommendation:
We recommend the Agency review and enhance its procedures and controls regarding Medical Loss Ratio reporting to ensure that reports for its MCO are submitted timely.

Views of responsible officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-025**
Prior Year Finding:	2020-014
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	Medicaid Cluster
Assistance Listing Number:	93.775, 93.777, 93.778
Award Number and Year:	2005VT5MAP (10/1/2019 – 9/30/2020) 2105VT5MAP (10/1/2020 – 9/30/2021)
Compliance Requirement:	Special Tests and Provisions - Provider Health and Safety Standards
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:
Compliance: Providers must meet the prescribed health and safety standards for hospital, nursing facilities, and ICF/IID (42 CFR part 442). The standards may be modified in the State plan. The Medicaid Provider Enrollment Compendium (MPEC) requires that State Medicaid Agencies perform screening of providers based upon their risk level. Screening includes verifications of licenses and compliance with all federal and state regulations of the program.

Control: Per 2 CFR section 200.303(a), the nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
We noted that the Agency did not maintain documentation to support providers' compliance with the prescribed health and safety standards.

The Agency requires that providers complete a health and safety agreement in which they attest to compliance with the Agency's health and safety requirements. The provider eligibility and health and safety requirements are administered by a 3rd-party that is required to determine and document providers' eligibility with the Agency's requirements. Health and safety documentation was not consistently maintained in provider files and compliance could not be verified.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Context:
Of the 60 samples selected for testing, health and safety standards could not be verified for the following:

1. Nine provider files did not have current license information maintained in the provider management module and the monthly screening process was not followed to validate the licenses.
2. One application was not available for review.
3. One provider file was out of date. The provider was due for revalidation in January 2019, but no evidence was provided to support that revalidation had occurred.

Cause:
The Agency's 3rd-Party provider did not consistently maintain current documentation in the provider management module and controls did not detect or prevent the errors.

Effect:
Failure to verify and document compliance with health and safety standards could allow ineligible providers to perform services under the Medicaid program.

Questioned costs:
Undetermined.

Recommendation:
We recommend the Agency review its procedures and controls to ensure that documentation is maintained in accordance with the federal grantor's requirements and that all providers are compliant with required health and safety standards.

Views of responsible officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-026**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	Medicaid Cluster
Assistance Listing Number:	93.775, 93.777, 93.778
Award Number and Year:	2005VT5MAP (10/1/2019 – 9/30/2020) 2105VT5MAP (10/1/2020 – 9/30/2021)
Compliance Requirement:	Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:
Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of $30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to $30,000. If the initial award is below $30,000 but subsequent grant modifications result in a total award equal to or over $30,000, the award will be subject to the reporting requirements as of the date the award exceeds $30,000. If the initial award equals or exceeds $30,000 but funding is subsequently de-obligated such that the total award amount falls below $30,000, the award continues to be subject to FFATA reporting requirements.

The following key data elements must be reported: Subawardee Name and Data Universal Numbering System (DUNS) number; Amount of Subaward (inclusive of modifications); Subaward Obligation/Action Date; Date of Report Submission; Subaward Number; Project Description; and Names and Compensation of Highly Compensated Officers. (Names and Compensation of Highly Compensated Officers must only be reported when the entity in the preceding fiscal year received 80% or more of its annual gross revenues in federal awards; and $30,000,000 or more in annual gross revenues from federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.)

Control: Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Condition:
Subawards were not reported to FSRS in accordance with FFATA requirements. The following errors were noted:

- The Agency did not report all required subaward information.
- The Agency reported incorrect subaward amounts and did not report modifications to previously reported subawards.

Context:
Twelve subrecipients were selected for testing, to which 31 subawards were issued during FY2021. The Agency's Internal Audit Group (IAG) reports subaward information in FSRS for its various departments using subaward information provided by the departments. The following reporting errors were noted:

Department of Mental Health (DMH): One reported amount did not agree with the subaward agreement and one subaward modification was not reported. The total amount not reported to FSRS is $2,089,249.

Department of Aging and Independent Living (DAIL): Six subaward modifications were not reported. The total amount of modifications not reported to FSRS is $927,799.

Department of Vermont Health Access (DVHA): Nine reported amounts did not agree with the subaward agreement and fifteen modifications to four subawards were not reported. The total amount not reported to FSRS is $77,350.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
31	0	0	21	0
Dollar Amount of Tested Transactions	**Subaward not reported**	**Report not timely**	**Subaward amount incorrect**	**Subaward missing key elements**
$12,858,349	$0	$0	$3,094,398	$0

Cause:
DMH, DAIL and DVHA did not provide the IAG with accurate and complete subaward information which caused errors and omissions in subaward reporting to FSRS. In addition, the Agency's FSRS reporting procedure did not comply with FFATA requirements, resulting in modifications below $30,000 being excluded from FSRS reporting.

Effect:
Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:
None noted.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Recommendation:
We recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards and subaward modifications are reported accurately to FSRS in accordance with FFATA requirements.

Views of responsible officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-027**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	Medicaid Cluster
Assistance Listing Number:	93.775, 93.777, 93.778
Award Number and Year:	2005VT5MAP (10/1/2019 – 9/30/2020) 2105VT5MAP (10/1/2020 – 9/30/2021)
Compliance Requirement:	Special Tests and Provisions – ADP Risk Analysis and System Security Review
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance: State Medicaid Agencies (SMAs) must establish and maintain a program for conducting periodic risk analyses to ensure that appropriate and cost-effective safeguards are incorporated into new and existing systems. SMAs must perform risk analyses whenever significant system changes occur. SMAs shall review the ADP system security installations involved in the administration of HHS programs on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures, and personnel practices. The SMA shall maintain reports on its biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site reviews (45 CFR section 95.621).

Control: Per 2 CFR section 200.303(a), the nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
The Agency was required to conduct a biennial ADP risk analysis and system security review of its ACCESS system in May 2020, but this review has not yet been conducted.

Context:
The Agency contracted with an independent auditor in 2018 to conduct a security audit of the ACCESS system and the next biennial audit was due in May 2020. Due to COVID restrictions and enhanced Agency workloads in 2020, the May 2020 review did not take place and instead the Agency relied on an IRS review in November 2021 to fulfill its review requirement. In addition, findings were noted in the IRS review and the Agency's corrective action plan to address these findings is due by October 2022.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:
Due to COVID restrictions and enhanced Agency workloads, the May 2020 review was delayed. The Agency uses the IRS review which takes place every three years to fulfill its biennial risk analysis and system security audit requirement.

Effect:
Failure to conduct timely biennial ADP risk analysis and system security reviews could result in undetected system errors and security vulnerabilities.

Questioned costs:
Undetermined.

Recommendation:
We recommend the Agency review its procedures to ensure that ADP risk analysis and system security reviews are conducted biennially.

Views of responsible officials:
Management agrees with the finding.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	**2021-028**
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA)
State Agency:	Department of Labor (Department)
Federal Program:	COVID-19 – Presidential Declared Disaster Assistance to Individuals and Households - Other Needs
Assistance Listing Number:	97.050
Award Number and Year:	4532DRVTSPLW (8/1/2020 – 3/27/2021)
Compliance Requirement:	Reporting
Type of Finding:	Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:
Compliance – Weekly Reporting Requirement: States and territories that received a grant award for supplemental lost wages payments were required to provide FEMA with the Lost Wages Benefits Payment Weekly Report that included the total, weekly dollar amount of actual lost wages benefit payments made to eligible claimants, by program, the number of appeals for the underlying benefits received by claimants, and any pending claims. The state/territory used the Lost Wages Weekly Report Template for the weekly submission. The Lost Wages Weekly Report is provided to FEMA and is required until all claims are paid.

Quarterly Reporting Requirement - SF-425 Federal Financial Report: States/territories must submit the SF-425 form to FEMA on a quarterly basis throughout the grant award period of performance, including any partial quarters in which the period of performance is open. States/territories must submit the report even if no grant award activity occurs during a given quarter.

Internal Control – Per 2 CFR section 200.303(a), a nonfederal entity must: Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control-Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
The Department did not submit the Lost Wages Weekly Report nor the SF-425 Federal Financial Report as required by program reporting requirements.

Questioned costs:
Undetermined.

Section III –Findings and Questioned Costs – Major Federal Programs (Continued)

Context:
The Department provided assistance to program participants for benefit weeks ending 8/1/2020 through 9/5/2020 (six weeks). Weekly reports were due for each benefit week and quarterly reports were due for each quarter until the grant was closed out on 6/27/2021. As of the date of audit test work, the Department has not filed any of the required weekly or quarterly reports.

Cause:
The Department did not establish procedures or controls to ensure that weekly or quarterly reports were filed as per program requirements.

Effect:
In the case of any potential or actual noncompliance, including delinquent reports, a demonstrated lack of progress, or an insufficient detail in the reports, FEMA may place special considerations on an award and/or FEMA may place a hold on funds until the matter is corrected or additional information is provided per 2 C.F.R. §§ 200.207 and 200.338.

Recommendation:
We recommend that policies and procedures be implemented to ensure that all required reports are filed timely and accurately and that reports are reviewed and approved by an authorized State official prior to submission.

Views of responsible officials:
The Department acknowledges and accepts this finding.

With limited staff, insufficient funding, and significant challenges facing the Department since the onset of the COVID-19 pandemic, the Department consciously chose to deprioritize certain administrative functions, such as federal reporting, in order to ensure that critical functions of the Unemployment Insurance program were being met. The Department placed people over process and focused all available resources on the distribution and accuracy of benefit payments and the support of Vermont's employer communities.

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Agency of Administration

APPENDIX I

Corrective Action Plan

September 2, 2022

Reference Number: 2021-005

Prior Year Finding: N/A

Federal Agency: U.S. Department of Agriculture

State Agency: Agency of Human Services (Agency)

Federal Program: SNAP Cluster

Assistance Listing Number: 10.551, 10.561

Award Number and Year: 4VT430446 (10/1/2019 – 9/30/2020)
4VT400406 (10/1/2019 – 9/30/2020)
4VT430426 (10/1/2020 – 9/30/2021)
4VT430446 (10/1/2020 – 9/30/2021)
4VT400406 (10/1/2020 – 9/30/2021)
4VT400466 (10/1/2020 – 9/30/2021)

Compliance Requirement: Procurement, Suspension and Debarment

Type of Finding: Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
We recommend the Agency review and enhance procedures and controls to ensure that it follows the State's procurement policy, including suspension and debarment requirements, for all goods and services charged to the program.

Views of Responsible Officials:
Management agrees with the finding.

Corrective Action Plan:
The Financial Director I, Procurement Compliance & EBT Services, will run the VT_AP_ACCR_VCHR_PO_CNTRCT_DTL query out of the State VISION Accounting system monthly to monitor spending to ensure we are not exceeding the $3,500 threshold for items that don't have a contract. It will show areas of potential contract need. When a potential contract is needed, the Financial Director I will reach out to the DCF Business Office Contract & Grant Unit for potential contract creation. Regarding the two noted vendors without a signed contract in place as required by Bulletin 3.5:

- Consolidated Communications - the State Purchasing Department has issued an RFP for this service.
- LexisNexis - DCF is working in conjunction with AHS CO to develop an RFP to be issued for this service.

Scheduled Completion Date of Corrective Action Plan:
May 1, 2022: Implementation of monthly query monitoring procedure.
May 1, 2022: Issued RFP associated with services currently provided by Consolidated Communications.
June 30, 2022: RFP associated with services currently provided by LexisNexis.

Contacts for Corrective Action Plan:

Melanie Rutledge, DCF Financial Director I	melanie.rutledge@vermont.gov
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Peter Moino, AHS Director of Internal Audit	peter.moino@vermont.gov

Reference Number:	2021-006
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Agriculture
State Agency:	Agency of Human Services (Agency)
Federal Program:	SNAP Cluster
Assistance Listing Number:	10.551, 10.561
Award Number and Year:	4VT430446 (10/1/2019 – 9/30/2020) 4VT400406 (10/1/2019 – 9/30/2020) 4VT430426 (10/1/2020 – 9/30/2021) 4VT430446 (10/1/2020 – 9/30/2021) 4VT400406 (10/1/2020 – 9/30/2021) 4VT400466 (10/1/2020 – 9/30/2021)
Compliance Requirement:	Special Tests and Provisions – EBT Card Security
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
We recommend the Agency review and enhance its procedures and controls over EBT Card Security to ensure that documentation is maintained in accordance with the federal program requirements.

Views of Responsible Officials:
Management agrees with the finding.

Corrective Action Plan:
The EBT unit has implemented a daily quality assurance review (QA) that will be completed by the Procurement and EBT Services units Administrative Services Coordinator III. The position does not complete the Daily EBT Reconciliation.

A recurring calendar reminder has been sent to the Administrative Services Coordinator III who will be doing the QA as well as Administrative Services Coordinator I who is responsible for completing, e-mail routing for signature/date, and saving the Daily EBT Reconciliation. In addition, the Procurement and EBT Services Financial Director and Administrative Services Manager are included in the e-mail distribution to act as a daily reminder to complete the task.

Scheduled Completion Date of Corrective Action Plan:
May 9, 2022.

Contacts for Corrective Action Plan:

Jennifer Touchette, DCF Administrative Services Manager I	jennifer.touchette@vermont.gov
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Megan Smeaton, DCF Financial Director IV	megan.smeaton@vermont.gov
Peter Moino, AHS Director of Internal Audit	peter.moino@vermont.gov

Reference Number:	2021-007
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Agriculture
State Agency:	Agency of Human Services (Agency)
Federal Program:	SNAP Cluster
Assistance Listing Number:	10.551, 10.561
Award Number and Year:	4VT430446 (10/1/2019 – 9/30/2020) 4VT400406 (10/1/2019 – 9/30/2020) 4VT430426 (10/1/2020 – 9/30/2021) 4VT430446 (10/1/2020 – 9/30/2021) 4VT400406 (10/1/2020 – 9/30/2021) 4VT400466 (10/1/2020 – 9/30/2021)
Compliance Requirement:	Special Tests and Provisions – EBT Reconciliations
Type of Finding:	Significant Deficiency in Internal Control Over Compliance

Recommendation:
We recommend the Agency review and enhance procedures and controls to ensure that documentation for EBT reconciliations is maintained in accordance with the federal program requirements.

Views of Responsible Officials:
Management agrees with the finding.

Corrective Action Plan:
The EBT unit has implemented a daily quality assurance review (QA) that will be completed by the Procurement and EBT Services units Administrative Services Coordinator III. The position does not generally complete the Card Count Verification – there may be times when it is necessary for the Administrative Services Coordinator III to complete the Card Count Verification; when this occurs, the DCF Administrative Services Manager I or DCF Financial Director I will complete the QA.
A recurring calendar reminder has been sent to the Administrative Services Coordinator III who will be doing the QA as well as Administrative Services Coordinator I who is responsible for completing, e-mail routing for signature, and saving the Card Count Verification. In addition, the Procurement and EBT Services Financial Director and Administrative Services Manager are included in the e-mail distribution to act as a daily reminder to complete the task.

Scheduled Completion Date of Corrective Action Plan:
May 9, 2022

Contacts for Corrective Action Plan:

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Reference Number:	2021-008
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Agriculture
State Agency:	Department of Finance and Management (Finance)
Federal Program:	COVID-19 – Pandemic EBT Food Benefits
Assistance Listing Numbers:	10.542
Award Number and Year:	2020 – 2021
Compliance Requirement:	Reporting: Schedule of Expenditures of Federal Awards
Type of Finding:	Material Weakness in Internal Control Over Compliance

Recommendation:
We recommend that Finance improve its SEFA compilation process to ensure that program expenditures reported on the State's SEFA are complete and accurate. Procedures and controls should include a process to identify non-cash assistance programs that are new to the State and ensure they are included on the SEFA.

We further recommend that Finance work with the State's agencies and departments to review and update their SEFA compilation procedures to ensure that non-cash assistance reported on the SEFA is accurate and that it ties to supporting documentation.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
The changes to staff and increase in federal funding caused by the coronavirus pandemic overwhelmed the process. Information regarding new awards to the state is decentralized and sits with each individual agency/department. When departments do not report new programs to finance and management the programs are not recorded on the SEFA.

Finance and Management will put into place a requirement for each agency/department to develop and enact procedures which will ensure that all new programs are reported upwards to the position responsible for completing the ACFR9 at the time of receiving the funding. This process should ensure that new programs make their way to the people responsible for providing SEFA information to the department of finance and management on the ACFR9.

An Agency of Administration Bulletin will be written/updated to include guidance on how to handle beneficiary payments. This update will include guidance on how to determine if an entity is a beneficiary and what information should be collected and maintained for beneficiary payments. ACFR9 Instructions for FY22 were already updated to include additional information regarding beneficiary payments, including a bullet point telling departments not to include any beneficiary payments in their subrecipient expenditures columns when reporting to Finance and Management.

CRF, ERAP, and ARPA specific notes were added to the ACFR9 Instructions to better guide agencies/departments in submitting their expenditures and subrecipient expenditures for these multiple agency/department programs.

Scheduled Completion Date of Corrective Action Plan:
Completed: April 29, 2022: ACFR9 Instructions Update
Scheduled: June 30, 2023: Bulletin update
Scheduled: June 30, 2023: Finance & Management SEFA Procedure Policy

Contact for Corrective Action Plan:
Jordan Black-Deegan Statewide Grants Administrator Jordan.black-deegan@vermont.gov

Reference Number:	2021-009
Prior Year Finding:	2020-009, 2020-010
Federal Agency:	U.S. Department of Labor
State Agency:	Department of Labor (Department)
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
CFDA Number:	17.225
Award Number and Period:	UI347462055A50 (4/1/2020 – 6/30/2023) UI326301955A50 (10/1/2018 – 12/31/2021) UI340892055A50 (10/1/2019 – 12/31/2022) UI341952055A50 (10/1/2019 – 9/30/2020) UI345252060A50 (1/1/2020 – 9/30/2022)
Compliance Requirement:	Reporting
Type of Finding:	Material Weakness in Internal Control over Compliance, Material Noncompliance

Recommendation:
We recommend that policies and procedures be implemented to ensure that all financial and performance reports are filed timely and accurately and that reports are reviewed and approved by an authorized State official prior to submission.

Views of responsible officials:

The Department acknowledges and accepts this finding.

This is a finding that was identified during the last fiscal year's Single Audit and the Department's position remains the same. Prior to the onset of the COVID-19 pandemic, the Unemployment Insurance (UI) program was significantly underfunded by Congress and the USDOL leading to significantly reduced staffing levels. When the pandemic led to drastic increasing workload levels, the Department consciously chose to prioritize ensuring that critical functions of the UI program were met and deprioritize other administrative aspects of the program, such as federal reporting.

Corrective Action Plan:
The Department continues to work through the backlog of work created during the COVID-19 pandemic. To date, the Department has onboarded a finance manager for the UI program and has filled all vacant positions in our cashier's office.

As long as the Department remains fully staffed, the Department expects to become current with all outstanding reports due to the USDOL by the end of this calendar year.

Moving forward, as long as the Department is able to maintain the necessary staffing levels, the Department expects to remain current with our reporting requirements as well as providing the necessary approval for each USDOL required report.



It should be noted that the State of Vermont is not provided with an adequate level of administrative funding by Congress and the USDOL. Therefore, the Department does not have the resources to ensure cross training and backfilling of all required aspects of a UI Program. Without adequate administrative funding, the Department must maintain bare minimum number of staff in respective programs areas. In some cases, such as the cashier's unit, this equates to one or two staff members to meet basic functions. In the event the Department experiences a significant increase in workload or a prolonged period of staff vacancy, the Department will continue to find itself in the position of being unable to meet all performance or timeliness expectations of the UI system.

Scheduled Completion Date of Corrective Action Plan:
December 31, 2022

Contacts for Corrective action Plan:
Cameron Wood, UI Director Cameron.Wood@vermont.gov

Reference Number:	2021-010
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Labor
State Agency:	Department of Labor (Department)
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
CFDA Number:	17.225
Award Number and Period:	UI34089310 (10/1/2019 – 12/31/2022), UI35679DO0 (7/1/2021 – 12/31/2023)
Compliance Requirement:	Special Tests and Provisions: UI Benefit Payments
Type of Finding:	Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation:
We recommend that the Department review and enhance procedures and controls to ensure that BAM case investigations are completed timely.

Views of responsible officials:

The Department acknowledges and accepts this finding.

At the onset of the COVID-19 pandemic, the Department was flooded with unemployment insurance (UI) claims. Overall weekly claims volume went from approximately 5,000 to over 100,000 claimants filing for UI assistance. At that time, the Department took all staff within the UI program and redirected them to assisting with the processing of claims to ensure that Vermonters were able to access the necessary funds in as timely a manner as possible. The USDOL offered waivers of certain UI program requirements during this period, including the requirement that BAM case investigations be conducted, thereby recognizing that cases would not be closed timely.

The USDOL required that BAM program functions be reinstated at the beginning of the fourth quarter of 2020. However, due to the circumstances continuing to face the Department, this was not feasible at that time. The Department was still facing significant challenges due to a lack of administrative funding from Congress and USDOL and due to the serious limitations of our information technology platforms. Department BAM functions were not reinstated until the first quarter of 2021

The Department was slow in reinstating all BAM functions, and thereby was unable to meet the program requirements to close the required number of cases and to do so within the required timeframes. The Department worked throughout the remainder of the program year to continue to build out capacity to conduct this necessary program function.

Corrective Action Plan:

As mentioned above, the Department was unable to complete all required sampling and do so within the expected timeframes required by USDOL due to the staffing shortages and impacts from the COVID-19 pandemic increase in claims volume.

The Department has closed all opened cases from the 2021 BAM program year and has subsequently sampled the required number of cases for the 2022 BAM program year, although the Department is not yet meeting all of the timeliness performance expectations for case closure.

Without additional funding, the BAM unit will continue to operate at a minimum staffing level and will continue to do its best to meet the federal performance expectations. The Department has identified a limited-service position to assist the BAM unit with case completion and timeliness. However, without adequate funding from Congress and USDOL, the Department will continue to struggle to meet all performance expectations of the UI Program.

Scheduled Completion Date of Corrective Action Plan:

Ongoing

Contacts for Corrective Action Plan:

Cameron Wood, UI Director Cameron.Wood@vermont.gov

Reference Number:	2021-011
Prior Year Finding:	2020-010
Federal Agency:	Department of Labor
State Agency:	Vermont Department of Labor (Department)
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
CFDA Number:	17.225
Award Number and Period:	UI34525Y90 (1/1/2020 – 9/30/2022), UI35976JU0 (1/1/2021 – 9/30/2022)
Compliance Requirement:	Special Tests and Provisions: UI Reemployment Programs: RESEA
Type of Finding:	Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation:
We recommend that policies and procedures be implemented to ensure that internal controls over RESEA include documentation of participants' eligibility review by a UI supervisor.

Views of responsible officials:

The Department acknowledges and accepts this finding.

This finding was also found during the last fiscal year's Single Audit and is a carryover issue stemming from the same underlying problem. The RESEA program was suspended at the onset of the COVID-19 pandemic due to the Department redirecting all staff towards processing claims to ensure claimants were able to receive necessary benefits in as timely a manner as possible.

In early 2021, the Department reinstated the RESEA program. However, at the time of reinstatement, the program was operating in an entirely virtual capacity. This was entirely new to the program and the program staff, which had operated in an in-person form leading up to the pandemic. In addition, both prior to and during significant portion during the pandemic, the program lacked a supervisor as that position had been vacant. When the reinstatement of the program occurred, operating virtually and with a new supervisor, the necessary file reviews were not being conducted thoroughly to ensure that each file had the appropriate eligibility documentation required.

Corrective Action Plan:

This was a carryover finding from last year's audit. The Department will continue with the implementation of our correction action plan already identified.

The supervisor reviewed and updated the procedure in calendar year 2021. With re-implementation of the program in a virtual capacity, the staff were adjusting to the new workflows of the program coming out of the COVID-19 pandemic. The supervisor will provide additional training to the staff to ensure that the procedure is understood and being followed.

Scheduled Completion Date of Corrective Action Plan:

December 31, 2022

Contacts for Corrective Action Plan:

Cameron Wood, UI Director Cameron.Wood@vermont.gov

Reference Number:	2021-012
Prior Year Finding:	2020-006
Federal Agency:	U.S. Department of Labor
State Agency:	Vermont Department of Labor (Department)
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
CFDA Number:	17.225
Award Number and Period:	UI-34746-20-55-A-50 (4/1/2020 – 6/30/2022)
Compliance Requirement:	Eligibility
Type of Finding:	Material Weakness in Internal Control over Compliance, Material Noncompliance

Recommendation:
We recommend the Department perform a thorough risk assessment over the unemployment insurance program and design controls and processes to address identified risks. Seeking continuous improvement to the risk assessment and internal processes is key to strengthening governance, risk management, internal controls, program management and overall operations within the program.

Views of responsible officials:

The Department acknowledges and accepts this finding

The Pandemic Unemployment Assistance (PUA) program did not exist prior to the COVID-19 global health pandemic. Unlike the Unemployment Insurance (UI) program, which has been in existence since 1935, the PUA program did not have the inherent checks and balances built into the system to ensure proper program administration. Instead, state workforce agencies were expected to build the PUA program from the ground up with little guidance from the USDOL all the while managing through a pandemic that caused unprecedented upheaval in the employment status of millions of citizens. It is accurate that the Vermont Department of Labor was not able to implement the necessary checks and balances into the PUA program to ensure proper program eligibility. As has been pointed out in the audit finding, it was not until nine months *after* the start of the PUA program that Congress passed legislation that *required* documentation to be provided to substantiate program eligibility. At that time, due to the significant and unprecedented strains on the Department of Labor's resources, the newly established documentation requirements were not able to be implemented prior to the end of the PUA program.

The Department acknowledges that the lack of the ability to review claimant financial eligibility may have resulted in improper payments. It is important to point out that UIPL 16-20, Change 4 was issued on January 8, 2021, providing no time for UI programs to implement the required changes while still continuing to provide vital economic assistance to tens of thousands of individuals. The only other recourse available to the Department at that time would have been to stop program payments from issuing until the new eligibility requirements were reviewed. This would have left claimants without benefits for months while the Department used our limited financial and staff resources to implement the necessary changes.

This is the result of the continuously changing eligibility requirements built from hastily implemented legislation and program design. The Department has already begun the process of developing the necessary features into the Department's PUA system and has begun the auditing of claims to ensure retroactive program eligibility. Where appropriate, claims will be placed into an overpayment status and collection efforts will ensue.

Corrective Action Plan:
As mentioned above, the Department was aware that it was unable to implement the documentation requirement for the PUA program as required by the amendments to the CARES Act.

The Department had every intention of going back and retroactively reviewing PUA claims for documentation and requiring submission for those claims that lacked adequate documentation retroactively.

The Department has begun this work in early 2022 and will continue this review for PUA program eligibility for as long as USDOL provides the funding to do so until the Department has reviewed all PUA claims filed in calendar year 2021.

Scheduled Completion Date of Corrective Action Plan:
June 30, 2023, as long as adequate program funding is provided.

Contacts for Corrective Action Plan:
Cameron Wood, UI Director Cameron.Wood@vermont.gov

Reference Number:	2021-013,
Prior Year Finding:	N/A
Federal Agency:	Department of Defense Department of the Treasury
State Agency:	Department of Finance and Management (Finance)
Federal Program:	National Guard Military Operations and Maintenance (O&M) Projects COVID-19 – Coronavirus Relief Fund
Assistance Listing Numbers:	12.401, 21.019
Award Number and Year:	FY2020: W912LN-20-2-1001, W912LN-20-2-1002, W912LN-20-2-1003, W912LN-20-2-1004, W912LN-20-2- 1005, W912LN-20-2-1007, W912LN-20-2-1010, W912LN-20-2-1011, W912LN-20-2-1014, W912LN-20-2-1021, W912LN-20-2-1022, W912LN-20-2-1023, W912LN-20-2- 1024, W912LN-20-2-1040 FY2021: W912LN-21-2-1001, W912LN-21-2-1002, W912LN-21-2-1003, W912LN-21-2-1004, W912LN-21-2- 1005, W912LN-21-2-1007, W912LN-21-2-1010, W912LN-21-2-1011, W912LN-21-2-1014, W912LN-21-2-1021, W912LN-21-2-1022, W912LN-21-2-1023, W912LN-21-2- 1024, W912LN-21-2-1040 SLT0049 (2020), SLT0083 (2020)
Compliance Requirement:	Reporting: Schedule of Expenditures of Federal Awards
Type of Finding:	Significant Deficiency in Internal Control Over Compliance

Recommendation:

We recommend that Finance improve its SEFA compilation process to ensure that program expenditures and the amounts passed through to subrecipients reported on the State's SEFA are complete and accurate. Procedures and controls should include a process to identify programs that are new to the State and ensure they are included on the SEFA.

We further recommend that Finance work with the State's agencies and departments to review and update their SEFA compilation procedures to ensure expenditure information they submit to Finance is accurate, that it includes all programs expended, and ties to detail expenditure transactions in the

State's accounting system. They should also review and enhance procedures and controls to ensure that subrecipient payments are accurately reported and do not include payments to beneficiaries.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
The changes to staff and increase in federal funding caused by the coronavirus pandemic overwhelmed the process. Information regarding new awards to the state is decentralized and sits with each individual agency/department. When departments do not report new programs to finance and management the programs are not recorded on the SEFA.

Finance and Management will put into place a requirement for each agency/department to develop and enact procedures which will ensure that all new programs are reported upwards to the position responsible for completing the ACFR9 at the time of receiving the funding. This process should ensure that new programs make their way to the people responsible for providing SEFA information to the department of finance and management on the ACFR9.

An Agency of Administration Bulletin will be written/updated to include guidance on how to handle beneficiary payments. This update will include guidance on how to determine if an entity is a beneficiary and what information should be collected and maintained for beneficiary payments. ACFR9 Instructions for FY22 were already updated to include additional information regarding beneficiary payments, including a bullet point telling departments not to include any beneficiary payments in their subrecipient expenditures columns when reporting to Finance and Management.

CRF, ERAP, and ARPA specific notes were added to the ACFR9 Instructions to better guide agencies/departments in submitting their expenditures and subrecipient expenditures for these multiple agency/department programs.

Scheduled Completion Date of Corrective Action Plan:
Completed: April 29, 2022: ACFR9 Instructions Update
Scheduled: June 30, 2023: Bulletin update
Scheduled: June 30, 2023: Finance & Management SEFA Procedure Policy

Contact for Corrective Action Plan:
Jordan Black-Deegan Statewide Grants Administrator Jordan.black-deegan@vermont.gov

Reference Number:	2021-014
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of the Treasury
State Agency:	Agency of Administration
Federal Program:	COVID-19 – Coronavirus Relief Fund
Assistance Listing Number:	21.019
Award Number and Year:	SLT0049 (2020), SLT0083 (2020)
Compliance Requirement:	Activities Allowed or Unallowed
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
We recommend the Agency review and enhance procedures and controls to ensure that only allowable costs are charged the program. We further recommend that the Agency work with the State's agencies and departments to review and enhance their procedures and controls to ensure that costs they submit to the Agency are allowable and are incurred within the program's allowable period.

Views of Responsible Officials:
Management agrees with the finding.

Corrective Action Plan:

Subrecipient single audit review:
The problem occurred when the guidelines for Covid Relief Funds allowed for retroactive charging to the start of the pandemic. The tangible process for retroactive charging of Covid Relief Funds included the identification and movement of qualified expenses (the transfer of expenses that had already been processed). During this process, the Department included a charge that was not inside the allowable period, but otherwise would have qualified for CRF. The date of the original invoice was overlooked in the process of collecting and transferring eligible expenses. The practice of retroactively identifying and transferring expenses between programs is not a routine procedure for the Department.

The Department currently has procedures in place that ensure all expenses paid are allowable, within the timeline of the program, and approved by an authorized official for the program being charged. The initial charging and subsequent paying of the invoice in question was done in full accordance with these procedures and authorizations. In the future, if retroactive charging requires the movement of qualified expenses, the Department will use the same review and approval procedures for the transferring of expenses as is done for the review and approval of the expenses. This process will ensure that all transferred expenses are allowed, within the timeline of the program, and approved by an authorized official for the program being charged.

Scheduled Completion Date of Corrective Action Plan:
Expected: September 30, 2022: Update of procedures to reflect controls for future transfers.

Contacts for Corrective Action Plan:

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Reference Number:	2021-015
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of the Treasury
State Agency:	Agency of Administration (Agency)
Federal Program:	COVID-19 – Coronavirus Relief Fund
Assistance Listing Number:	21.019
Award Number and Year:	SLT0049 (2020), SLT0083 (2020)
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
We recommend the Agency review and enhance internal controls and procedures to ensure that subrecipient determinations are properly performed and that evaluations of independent audits are completed and documented timely.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plans:
Subrecipient determinations:
The Agency of Administration has created an Award Classification Checklist used to determine Beneficiary or subrecipient status. The Agency of Agriculture will submit the Award Classification Checklist to the Agency of Administration for State and Local Fiscal Recovery Funds. This review process will determine the correct relationship designation. Once the review process is completed, if the status of 'subrecipient' is determined, the Agency of Agriculture business office will ensure that the information is correctly entered into the VISION grants tracking module.

Subrecipient single audit review:
The queries run by departments to identify subrecipients who have single audits required relies on our subrecipient annual reports (SAR) process. Due to late entry of awards, and unprecedented numbers of first time subrecipients with questions, a backlog occurred in the manual SAR process. The process for identifying subrecipients delinquent in submitting their SAR was also manual and experienced a backlog due to the backlog in SAR entry.

Finance & Management recognized the process issues and began a complete update to the SAR process and grant tracking module entry process in November 2021. The process has moved the paper form to a digital Microsoft Forms location. A Power Automate flow has been created to automate the email responses to each subrecipients submission and will also move the replies to the survey into two organized Microsoft Excel tables. The Excel tables can be mass uploaded into the Grant Tracking Module in VISION, removing the time of manually entering each paper submission. This updated process also removes human error which could occur during the entering of the SAR. Letters to notify subrecipients of the SAR requirements were previously printed and manually stuffed into envelopes by

the Statewide Grants Administrator, both the first and second letters have now been updated to reflect the other changes to the SAR process, the new SAR form location, and have been edited to fit the Buildings and Services mailing department requirements; allowing F&M to automate the letter folding/enveloping stuffing/mailing portion of this process. When running the second letter, ~45 days after the subrecipients fiscal year end, the delinquent box in the VISION Grant Tracking Module is now automatically checked for all subrecipients who are still delinquent in submission.

The automated process should eliminate the ability for entry backlog and delinquency backlog due to entry time, which caused queries to not properly indicate all subrecipients who required a single audit review.

The Statewide Grants Administrator is currently working with ADS to test the mass upload update to the VISION Grant Tracking Module and expect this process to be completed and operating by 8/15/2022. A memo was sent out to all granting agency/departments on 7/15/2022 giving all departments an update on the various portions of this process that have been updated and will be updated in the coming months.

Scheduled Completion Date of Corrective Action Plan:
Completed: May 30, 2022: Subrecipient Annual Report update to digital form
Completed: June 24, 2022: Power Automate Flow
Completed: July 6, 2022: Letter 1 & 2 update including delinquency automation
Expected: August 15, 2022: VISION Grant Tracking Module mass-upload update
Expected: September 30, 2022: Award Classification Checklist Usage for all Agricultural Programs
Expected: October 31, 2022: Revision to SAR procedures

Contacts for Corrective Action Plan:
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Reference Number:	2021-016
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of the Treasury
State Agency:	Agency of Administration (Agency)
Federal Program:	COVID-19 – Emergency Rental Assistance
Assistance Listing Number:	21.023
Award Number and Year:	ERA1 (12/27/2020 – 9/30/2022)
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Material Weakness in Internal Control over Compliance, Material Noncompliance

Recommendation:
We recommend the Agency review and enhance internal controls and procedures to ensure that all required information is included in its subawards, that it verifies subrecipients have not been suspended or debarred, and that evaluation of independent audits is performed and documented.

Views of responsible officials:
Management agrees with the finding.

There was an unprecedented volume of new Federal Funds arriving at the State due to the COVID-19 Pandemic. The additional large volume of work fell to existing staff. As a result, there was limited capacity to manage the work.

Corrective Action Plan:
The department has on boarded one additional Financial Manager to help with the pandemic related workload and is in the process of review and approval to obtain a position number for a second Financial Manager. This additional staff capacity will allow for the work to be completed moving forward.

Regarding the requirement to include the required information in the subawards, grant agreements were put into place and executed on March 3, 2022. These grant agreements provide the required information. This has been completed.

Regarding the requirement to verify that the entities the state is entering into agreements with are not suspended or debarred, a process has been put into place for regular monitoring of state suspension and debarment, and a process is in progress for regular monitoring of federal suspension and debarment. A procedure will be put in place regarding this process.

Regarding the requirement to review Single Audits submitted, the Agency of Administration will be completing secondary reviews (in cases when they are not the designated agency) and working to ensure that primary reviews are completed in a timely manner by the designated agencies.



Scheduled Completion Date of Corrective Action Plan:
March 3, 2022: Required Information Included in Subawards
September 30, 2022: Verification of State and Federal Debarment
December 31, 2022: Completion of Single Audit Reviews

Contacts for Corrective Action Plan:
Doug Farnham
Deputy Secretary, Agency of Administration
Douglas.Farnham@vermont.gov
(802) 585-8119

Reference Number:	2021-017
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Education
State Agency:	Agency of Education (Agency)
Federal Program:	Title I
Assistance Listing Number:	84.010
Award Number and Year:	S010A200045 (7/1/2020 – 9/30/2021) S010A200045-20A (7/1/2020 – 9/30/2021)
Compliance Requirement:	Reporting–Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Non-compliance

Recommendation:
We recommend the Agency review FSRS reporting guidance and modify its procedures regarding the reporting of modifications in accordance with this guidance. We further recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards are reported timely to FSRS no later than the end of the month following the month of issuance.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan

The Agency agrees with this finding and by July 1, 2022 will:

1. Review the FSRS reporting guidance.
2. Put into place an updated process to ensure the correct grant award amount or amended amount is entered into FFATA. Our internal process will be updated to instruct Agency staff to only enter the net change in award amount when entering amended grant amounts. We have begun to review our FY22 awards to ensure the correct award amounts are in the system.
3. The process of internal handling of Sub-Grant award documents will be reviewed and enhanced to ensure the award documents are routed to all areas of the business office as needed, so the award amounts may be recorded in a timely manner.

We have also met and discussed some process improvements that we plan to implement in the upcoming year, which will allow us to meet the input deadlines easier.

Contacts for Corrective Action Plan:
Sean Cousino , Deputy CFO sean.cousino@vermont.gov

Reference Number:	2021-018
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Education
State Agency:	Agency of Education (Agency)
Federal Program:	COVID-19 – Elementary and Secondary School Emergency Relief Fund
Assistance Listing Number:	84.425D
Award Number and Year:	S425D200011 (4/29/2020 – 9/30/2021) S425D210011 (1/5/2021 – 9/30/2022)
Compliance Requirement:	Reporting–Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
We recommend the Agency review FSRS reporting guidance and modify its procedures regarding the reporting of modifications in accordance with this guidance. We further recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards are reported timely to FSRS no later than the end of the month following the month of issuance.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan

The Agency agrees with this finding and by July 1, 2022 will:

1. Review the FSRS reporting guidance.
2. Put into place an updated process to ensure the correct grant award amount or amended amount is entered into FFATA. Our internal process will be updated to instruct Agency staff to only enter the net change in award amount when entering amended grant amounts.
   We have begun to review our FY22 awards to ensure the correct award amounts are in the system.
3. The process of internal handling of Sub-Grant award documents will be reviewed and enhanced to ensure the award documents are routed to all areas of the business office as needed, so the award amounts may be recorded in a timely manner.

We have also met and discussed some process improvements that we plan to implement in the upcoming year, which will allow us to meet the input deadlines easier.

Contacts for Corrective Action Plan:
Sean Cousino, Deputy CFO sean.cousino@vermont.gov

Reference Number: 2021-019

Prior Year Finding: N/A

Federal Agency: U.S. Department of Health and Human Services

State Agency: Agency of Human Services (Agency)

Federal Program: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

Assistance Listing Number: 93.323

Award Number and Year: 19NU50CK000520 (8/1/2019 – 7/30/2021)

Compliance Requirement: Reporting

Type of Finding: Material Weakness in Internal Control Over Compliance, Material Non-compliance

Recommendation:
We recommend the Agency review and enhance internal controls and procedures to ensure that all required performance reports are filed accurately and timely and that supporting documentation is maintained and is available for audit.

Views of Responsible Officials:
Management agrees with the finding.

Corrective Action Plan:
The Vermont Department of Health (VDH) Administrative Services Manager and Public Health (PH) Preparedness Coordinator will create a central location for all supporting documentation to be stored and will ensure that the appropriate backup documentation is available for each progress report submitted to the CDC. The State Epidemiologist will be responsible for ensuring that subject matter experts responsible for providing the information contained in progress reports are aware of the need to save supporting documentation. This supporting documentation will include "point in time" reports from various electronic reporting systems as needed to ensure that data included in progress reports can be validated in the future.

To ensure that progress reports are submitted timely the PH Preparedness Coordinator will verify that final copies of all program reports submitted are saved in a central location. The PH Preparedness Coordinator will also ensure that this supporting documentation includes a way to verify the date of report submission to the CDC.

Scheduled Completion Date:
7/1/2022

Contacts for Corrective Action Plan:

Patsy Kelso, VDH State Epidemiologist	patsy.kelso@vermont.gov
Catherine Markesich, VDH PH Preparedness Coordinator	catherine.markesich@vermont.gov
Megan Hoke, VDH Financial Manager	megan.hoke@vermont.gov
Peter Moino, AHS Director of Internal Audit	peter.moino@vermont.gov

Reference Number:	2021-020
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	CCDF Cluster
Assistance Listing Number:	93.575, 93.596
Award Number and Year:	2101VTCCC5 (12/27/2020 – 9/30/2023)
Compliance Requirement:	Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Non-compliance

Recommendation:
We recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards are reported accurately and timely to FSRS no later than the end of the month following the month of issuance, in accordance with FFATA requirements.

Views of Responsible Officials:
Management agrees with the finding.

Corrective Action Plan:
Due to the unique nature of the COVID funds, and the urgency required to address the need in the childcare sector, we had created a new process that ended up leading to missed communication. In the future, when and if such a situation were to arise in which we could not go through all the normal grant processes to respond to an emergent need, we will make sure information is provided by program staff to the Business Office Procurement Compliance and EBT Services (PCES) team prior to award issuance. The team is well trained on all state and federal procurement rules and regulations. This will ensure that the agreements follow all established procedures in the future, as the PCES team has demonstrated that when they review agreements, DCF has an excellent record of compliance with FFATA reporting requirements.

Additionally, to address discrepancies in FFATA reporting between FSRS and the State of Vermont's VISION system, IAG will create a comprehensive PowerPoint presentation training tailored to all Departments within the Agency. Further, the Agency's FSRS procedure will be revised to include information on the proper reporting of subaward modifications to comply with FFATA requirements. On an annual basis, IAG will conduct a review of current federal rules and regulations pertaining to FFATA reporting in FSRS to ensure the Agency's procedures are up-to-

date. Also on an annual basis, IAG will select a random sample of subawards and subaward modifications that meet the required threshold for FFATA reporting to ensure they are reported in FSRS timely and accurately.

Scheduled Completion Dates of Corrective Action Plan:
May 12, 2022: Establishment of contingent grant process to include PCES team prior to grant award issuance.
June 30, 2022: Present PowerPoint training session.
June 30, 2022: Complete AHS FSRS reporting procedure update.
December 31, 2022: Complete first annual review of FFATA rules and regulations including subawards sample testing.

Contacts for Corrective Action Plan:

Melanie Rutledge, DCF Financial Director I	melanie.rutledge@vermont.gov
Megan Smeaton, DCF Financial Director IV	megan.smeaton@vermont.gov
Peter Moino, AHS Director of Internal Audit	peter.moino@vermont.gov

Reference Number:	2021-021
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	CCDF Cluster
Assistance Listing Number:	93.575, 93.596
Award Number and Year:	2101VTCCC5 (12/27/2020 – 9/30/2023)
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Significant Deficiency

Recommendation:
We recommend the Agency review and enhance procedures and controls to ensure that all required federal award information is included on subawards prior to their issuance.

Views of Responsible Officials:
Management agrees with the finding.

Corrective Action Plan:
The Department for Children and Families (DCF) has established a centralized Grants and Contracts Unit (DCF GCU) that is responsible for the administration of all DCF grant agreements according to the requirements of Federal Uniform Guidance and State of Vermont Bulletin 5, Policy for Grant Issuance and Monitoring.

Scheduled Completion Date of Corrective Action Plan:
January 1, 2022

Contacts for Corrective Action Plan:
Miranda Gray, DCF-CDD Deputy Commissioner miranda.gray@vermont.gov
Peter Moino, AHS Director of Internal Audit peter.moino@vermont.gov

Reference Number:	2021-022
Prior Year Finding:	2020-012
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	State Children's Insurance Program (CHIP), Medicaid Cluster
Assistance Listing Number:	93.767, 93.775, 96.777, 93.778
Award Number and Year:	190VT5021 (10/1/2018 – 9/30/2020) 2005VT5021 (10/1/2019 – 9/30/2021) 2105VT5021 (10/1/2020 – 9/30/2022) 2005VT5MAP (10/1/2019 – 9/30/2020) 2105VT5MAP (10/1/2020 – 9/30/2021)
Compliance Requirement:	Provider Eligibility
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Non-compliance

Recommendation:
We recommend the Agency review its procedures and controls to ensure that documentation is maintained in accordance with the federal grantor's requirements.

Views of Responsible Officials:
Management agrees with the finding.

Corrective Action Plan:
1. To ensure license data is current for all applicable providers, new features will be implemented within the Provider Management Module. These features will systematically alert providers that their license is expiring with adequate time for updating in the Provider Portal. Providers will also be given the option to submit the information to Gainwell (3rd party service provider) for update. Failure to submit updates within 30 days of expiration will result in termination from the provider network. Implementation will reduce the error rate that can occur when manually processing. Testing will be conducted by the Oversight and Monitoring Unit within DVHA prior to and following implementation. The Director of Member and Provider Services will review reports from Gainwell monthly to ensure adherence and provide evidence of the reviewed reports to Oversight & Monitoring upon request. Standard Operating Procedures (SOP) will be updated to reflect the enhanced process.

2. All paper files, maintained prior to the implementation of the Provider Management Module, have been cataloged and sent to secure storage. To ensure all records are available for review, all application data is now being processed through the Provider Management Module and available on demand. This includes paper application sent in by providers, Gainwell inputs the paper application

into the Provider Management Module. A quarterly report of files sent offsite will be sent to Member and Provider Services beginning September 1, 2022. In conjunction with Oversight & Monitoring a review of contents will be conducted periodically. SOP will be updated to reflect the enhanced process.

3. To ensure all providers revalidate a minimum of every 5 years, the Provider Management Module is automatically assigning the revalidation due date. Providers are notified 90 days prior to the due date and if the provider does not revalidate by the due date, their contract is automatically terminated. At this time, all active providers are assigned a revalidation due date and every provider converted from the old system to the Provider Management Module will be revalidated December 31, 2023, within the Provider Management Module. Providers must revalidate within the assigned year. Any extension requests require approval from the DVHA Commissioner. SOP will be updated to reflect the enhanced process.

4. Providers are required to be in good standing with the Vermont Department of Taxes to receive Medicaid funding. Initial validation of tax status is confirmed upon enrollment or revalidation by Gainwell technologies via the Vermont Tax portal. The previous practice of calling Vermont Department of Taxes and noting findings in the Provider Management Module was replaced as of December 1, 2021. The process was changed requiring the Tax Department to send a letter advising of the providers Tax standing. Based on the Tax Department letter the application will be approved or denied in accordance with 32 VSA §3113(b). SOP will be updated to reflect the enhanced process.

Scheduled Completion Date of Corrective Action Plan:
1. October 1, 2022
2. September 1, 2022
3. December 31, 2023
4. July 1, 2022

Contacts for Corrective Action Plan:
Suellen Bottiggi, DVHA Director of Member and Provider Services suellen.bottiggi@vermont.gov
Peter Moino, AHS Director of Internal Audit peter.moino@vermont.gov

Reference Number:	2021-023
Prior Year Finding:	2020-013
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	Children's Health Insurance Program (CHIP), Medicaid Cluster
Assistance Listing Number:	93.767, 93.775, 93.777, 93.778
Award Number and Year:	190VT5021 (10/1/2018 – 9/30/2020) 2005VT5021 (10/1/2019 – 9/30/2021) 2105VT5021 (10/1/2020 – 9/30/2022) 2005VT5MAP (10/1/2019 – 9/30/2020) 2105VT5MAP (10/1/2020 – 9/30/2021)
Compliance Requirement:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
We recommend that the Agency review and enhance procedures and controls for Medicaid and CHIP beneficiary eligibility determination to ensure that eligibility is determined promptly within federal requirements and that documentation to support eligibility is maintained in accordance with the retention policy and is readily available for review. We further recommend that ineligible participants are terminated on a timely basis.

Views of Responsible Officials:
Management agrees with the finding.

Corrective Action Plan:
1. The findings (2) were due to not having a telephonic signature on file at last application. The State updated their data retention policies in 2021. Due to the Federal COVID-19 Public Health Emergency (PHE), the State is not processing Medicaid renewals. We will obtain a new signature upon next renewal after the PHE ends during the 12-month unwinding period.

2. The finding eligibility determination was not completed within the required 45-day period (42 CFR 435.912) was due to a verification backlog that was in place prior to the start of the January 27, 2020 Federal COVID-19 Public Health Emergency (PHE). The State restarted certain verification processes during the PHE and is committed to reducing verification backlogs once we begin the 12-month unwinding period from the PHE. The State is constantly analyzing our staffing to determine if

additional staff is needed to ensure work is completed in a timely manner. The State has reviewed anticipated staffing needs post PHE and is currently attempting to obtain staff to meet those anticipated needs. Due to ongoing challenges with hiring the SOV is also reviewing other options that may help prevent backlogs in the future.

3. The beneficiary was erroneously re-enrolled in Medicaid because of agency error in March 2020 prior to the start of the January 27, 2020 Federal Public Health Emergency (PHE). Once the PHE started, states were not allowed to terminate enrollees during the PHE if they wanted to obtain the increase in the FMAP that was provided under the FFCRA. In November 2020, CMS altered its interpretation of that termination limitation in a regulation issued on November 6, 2020. Under that regulation, a beneficiary is considered "not validly enrolled" if enrollment is based on an agency error (see definition of "validly enrolled" in 42 CFR 433.400(b)). If a beneficiary is not validly enrolled, a state has the authority to terminate the beneficiary's eligibility during the PHE after completing a redetermination and providing the beneficiary with advance notice and the opportunity for a fair hearing. The State will attempt a redetermination of this beneficiary's eligibility, consistent with federal rules, to see if they are eligible for Medicaid at this time. If they remain ineligible, the State will terminate their Medicaid.

Scheduled Completion Date of Corrective Action Plan:

1. TBD: According to the Centers for Medicare & Medicaid Services (CMS) Department of Health & Human Services - SHO# 22-001 RE: Promoting Continuity of Coverage and Distributing Eligibility and Enrollment Workload in Medicaid, the Children's Health Insurance Program (CHIP), and Basic Health Program (BHP) Upon Conclusion of the COVID-19 Public Health Emergency, the state will have 12 to 14 months to complete renewals after conclusion of the PHE. The end of the PHE is still TBD.

2. TBD: According to the Centers for Medicare & Medicaid Services (CMS) Department of Health & Human Services - SHO# 22-001 RE: Promoting Continuity of Coverage and Distributing Eligibility and Enrollment Workload in Medicaid, the Children's Health Insurance Program (CHIP), and Basic Health Program (BHP) Upon Conclusion of the COVID-19 Public Health Emergency, the state will have 12 to 14 months to complete renewals and associated eligibility processes after conclusion of the PHE. The end of the PHE is still TBD.

3. 8/1/2022

Contacts for Corrective Action Plan:

Nicole McAllister, DVHA-HAEEU Healthcare Assistant Administrator nicole.mcallister@vermont.gov
Sarah York, DVHA-HAEEU Healthcare Assistant Administrator sarah.york@vermont.gov
Molly Sweeney, DVHA Healthcare Eligibility & Enrollment Director molly.sweeney@vermont.gov
Peter Moino, AHS Director of Internal Audit peter.moino@vermont.gov

Reference Number:	2021-024
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	State Children's Insurance Program (CHIP), Medicaid Cluster
Assistance Listing Number:	93.767, 93.775, 96.777, 93.778
Award Number and Year:	190VT5021 (10/1/2018 – 9/30/2020) 2005VT5021 (10/1/2019 – 9/30/2021) 2105VT5021 (10/1/2020 – 9/30/2022) 2005VT5MAP (10/1/2019 – 9/30/2020) 2105VT5MAP (10/1/2020 – 9/30/2021)
Compliance Requirement:	Special Tests and Provisions – Medical Loss Ratio (MLR)
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
We recommend the Agency review and enhance its procedures and controls regarding Medical Loss Ratio reporting to ensure that reports for its MCO are submitted timely.

Views of Responsible Officials:
Management agrees with the finding

Corrective Action Plan:
Department of Vermont Health Access (DVHA) and the Agency of Human Services (AHS) have worked together over the past year to define the roles and responsibilities needed to deliver the Medical Loss Ratio (MLR) to AHS by the due date. AHS has agreed to provide Medicaid summaries, and once December enrollment is available, provide capitation rates multiplied by final enrollment for total calendar year expenditures.

Additional to AHS deliverables, DVHA has updated its Standard Operating Procedures (SOP) to reflect the deliverables from AHS, additional detail to support each step in the process, and validation steps for AHS upon completion of the report by DVHA. The steps that have been added to the process allow for a more comprehensive review of the deliverable by both departments which will allow for an on-time delivery in its entirety by the due date of February 1, 2023.

Scheduled Completion Date of Corrective Action Plan:

February 1, 2023

Contact for Corrective Action Plan:

Patrick Rooney	DVHA Financial Director	patrick.rooney@vermont.gov
Allison Jensen	DVHA Financial Director	allison.jensen@vermont.gov
Peter Moino	AHS Director of Internal Audit	peter.moino@vermont.gov

Reference Number:	2021-025
Prior Year Finding:	2020-014
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	Medicaid Cluster
Assistance Listing Number:	93.775, 93.777, 93.778
Award Number and Year:	2005VT5MAP (10/1/2019 – 9/30/2020) 2105VT5MAP (10/1/2020 – 9/30/2021)
Compliance Requirement:	Special Tests and Provisions - Provider Health and Safety Standards
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Non-compliance

Recommendation:
We recommend the Agency review its procedures and controls to ensure that documentation is maintained in accordance with the federal grantor's requirements and that all providers are compliant with required health and safety standards.

Views of Responsible Officials:
Management agrees with the finding.

Corrective Action Plan:
1. To ensure license data is current for all applicable providers, new features will be implemented within the Provider Management Module. These features will systematically alert providers that their license is expiring with adequate time for updating in the Provider Portal. Providers will also be given the option to submit the information to Gainwell (3rd party service provider) for update. Failure to submit updates within 30 days of expiration will result in termination from the provider network. Implementation will reduce the error rate that can occur when manually processing. Testing will be conducted by the Oversight and Monitoring Unit within DVHA prior to and following implementation. The Director of Member and Provider Services will review reports from Gainwell monthly to ensure adherence and provide evidence of the reviewed reports to Oversight & Monitoring upon request. Standard Operating Procedures (SOP) will be updated to reflect the enhanced process.

2. All paper files, maintained prior to the implementation of the Provider Management Module, have been cataloged and sent to secure storage. To ensure all records are available for review, all application data is now being processed through the Provider Management Module and available on demand. This includes paper application sent in by providers, Gainwell inputs the paper application

into the Provider Management Module. A quarterly report of files sent offsite will be sent to Member and Provider Services beginning September 1, 2022. In conjunction with Oversight & Monitoring a review of contents will be conducted periodically. SOP will be updated to reflect the enhanced process.

3. To ensure all providers revalidate a minimum of every 5 years, the Provider Management Module is automatically assigning the revalidation due date. Providers are notified 90 days prior to the due date and if the provider does not revalidate by the due date, their contract is automatically terminated. At this time, all active providers are assigned a revalidation due date and every provider converted from the old system to the Provider Management Module will be revalidated December 31, 2023 within the Provider Management Module. Providers must revalidate within the assigned year. Any extension requests require approval from the DVHA Commissioner. SOP will be updated to reflect the enhanced process.

Scheduled Completion Date of Corrective Action Plan:

1. October 1, 2022
2. September 1, 2022
3. December 31, 2023

Contact(s) for Corrective Action Plan:

Suellen Bottiggi, DVHA Director of Member and Provider Services suellen.bottiggi@vermont.gov
Peter Moino, AHS Director of Internal Audit peter.moino@vermont.gov

Reference Number:	2021-026
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	Medicaid Cluster
Assistance Listing Number:	93.775, 93.777, 93.778
Award Number and Year:	2005VT5MAP (10/1/2019 – 9/30/2020) 2105VT5MAP (10/1/2020 – 9/30/2021)
Compliance Requirement:	Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Non-compliance

Recommendation:
We recommend the Agency review and enhance internal controls and procedures to ensure that all required subawards and subaward modifications are reported accurately to FSRS in accordance with FFATA requirements.

Views of Responsible Officials:
Management agrees with the finding.

Corrective Action Plan:
Agency of Human Services Internal Audit Group (AHS-IAG) is a designated centralized reporter of subawards for a Medicaid cluster (AL No. 93.775, 93.777, 93.778) that is shared between the Department of Mental Health (DMH), the Department of Aging and Disabilities (DAIL), and the Department of Vermont Health Access (DVHA). To address discrepancies in FFATA reporting between FSRS and the State of Vermont's VISION systems, IAG will create a comprehensive PowerPoint presentation training tailored to all Departments within the Agency of Human Services. This will ensure the Internal Audit Group (IAG) is provided with accurate and complete subaward information for reporting in FSRS going forward. Additionally, the Agency's FSRS procedure will be revised to include information on the proper reporting of subaward modifications to comply with FFATA requirements. On annual basis, IAG will conduct a review of current federal rules and regulations pertaining to FFATA reporting for FSRS to assure the Agency's procedures are up-to-date. Also on an annual basis, IAG will also select a random sample of subawards and subawards modifications that meet the required threshold for FFATA reporting to ensure they are reported in FSRS system timely and accurately.

Scheduled Completion Date of Corrective Action Plan:
June 30, 2022: Present PowerPoint training session
June 30, 2022: Complete AHS FSRS reporting procedure update
December 31, 2022: Complete first annual review of FFATA rules and regulations including subawards sample testing

Contact for Corrective Action Plan:
Peter Moino, AHS Director of Internal Audit petermoino@vermont.gov

Reference Number:	2021-027
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services (Agency)
Federal Program:	Medicaid Cluster
Assistance Listing Number:	93.775, 93.777, 93.778
Award Number and Year:	2005VT5MAP (10/1/2019 – 9/30/2020) 2105VT5MAP (10/1/2020 – 9/30/2021)
Compliance Requirement:	Special Tests and Provisions – ADP Risk Analysis and System Security Review
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
We recommend the Agency review its procedures to ensure that ADP risk analysis and system security reviews are conducted biennially.

Views of Responsible Officials:
Management agrees with the finding.

Corrective Action Plan:
The Department for Children and Families (DCF) has approved moving forward with an Independent Security Review that includes ACCESS (i.e., DCF's ADP System). The SOW RFP has been drafted and was approved by the ADS Purchase Advisory Team (PAT). It should be posted publicly by May 31, 2022. Moving forward the DCF Operations Director, ADS DCF IT Director, and DCF Business Office Director will collaborate to ensure the budgeting and execution of an Independent Security Review every two years.

Scheduled Completion Date of Corrective Action Plan:
December 31, 2022: Completion of Independent Risk Analysis and System Security Review.

Contacts for Corrective Action Plan:

Michael Blanchard, ADS DCF IT Director	michael.blanchard@vermont.gov
Emily Wivell, ADS AHS Security Director	emily.wivell@vermont.gov
Christine Cassel, DCF Director of Operations	christine.cassell@vermont.gov
Megan Smeaton, DCF Financial Director IV	megan.smeaton@vermont.gov

Peter Moino, AHS Director of Internal Audit peter.moino@vermont.gov

Reference Number:	2021-028
Prior Year Finding:	N/A
Federal Agency:	U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA)
State Agency:	Department of Labor (Department)
Federal Program:	COVID-19 – Presidential Declared Disaster Assistance to Individuals and Households - Other Needs
CFDA Number:	97.050
Award Number and Period:	4532DRVTSPLW (8/1/2020 – 3/27/2021)
Compliance Requirement:	Reporting
Type of Finding:	Material Weakness in Internal Control over Compliance, Material Noncompliance

Recommendation:
We recommend that policies and procedures be implemented to ensure that all required reports are filed timely and accurately and that reports are reviewed and approved by an authorized State official prior to submission.

Views of responsible officials:

The Department acknowledges and accepts this finding.

With limited staff, insufficient funding, and significant challenges facing the Department since the onset of the COVID-19 pandemic, the Department consciously chose to deprioritize certain administrative functions, such as federal reporting, in order to ensure that critical functions of the Unemployment Insurance program were being met. The Department placed people over process and focused all available resources on the distribution and accuracy of benefit payments and the support of Vermont's employer communities.

Corrective Action Plan:
The Department continues to work through the backlog of work created during the COVID-19 pandemic. To date, the Department has onboarded a finance manager for the UI program and has filled all vacant positions in our cashier's office.

As long as the Department remains fully staffed, the Department expects to become current with all outstanding reports due for each respective pandemic program by the end of this calendar year.

Moving forward, as long as the Department is able to maintain the necessary staffing levels, the Department expects to remain current with our reporting requirements as well as providing the necessary approval for each federally required report.

It should be noted that the State of Vermont is not provided with an adequate level of administrative funding by Congress and the USDOL. Therefore, the Department does not have the resources to ensure cross training and backfilling of all required aspects of a UI Program. Without adequate administrative funding, the Department must maintain bare minimum number of staff in respective programs areas. In some cases, such as the cashiers unit, this equates to one or two staff members to meet basic functions. In the event the Department experiences a significant increase in workload or a prolonged period of staff vacancy, the Department will continue to find itself in the position of being unable to meet all performance or timeliness expectations of the UI system.

Scheduled Completion Date of Corrective Action Plan:
December 31, 2022

Contacts for Corrective Action Plan:
Cameron Wood, UI Director Cameron.Wood@vermont.gov

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2021

Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards

Finding Number	CFDA Number	Description	Questioned Costs	Current Status
2019-001 2020-001	N/A	Deficiencies in accounts receivable reporting - Department of Liquor Control	None	In Progress See A-3

Findings Relating to Federal Awards

Agency of Human Services:

2018-011	93.658	Eligibility	None	In Progress See A-3
2019-008	84.126	Reporting	None	Corrected
2019-010 2020-014	93.775, 93.777 93.778	Special Tests and Provisions - Provider Health and Safety Standards	None	In Progress See A-4
2019-011 2020-012	93.775, 93.777 93.778, 93.767	Special Tests and Provisions - Provider Eligibility	None	In Progress See A-4
2020-011	93.568	Period of Performance	None	Corrected
2020-013	93.775 93.777 93.778 93.767	Eligibility	None	In Progress See A-5
2020-015	93.775 93.777 93.778	Reporting – CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program	None	Corrected
2020-016	96.001 96.006	Reporting – SSA-4514 – Time Report of Personnel Services for Disability Determination Services	None	Corrected

Center for Crime Victims Services:

2019-006	16.575	Subrecipient Monitoring	None	In Progress See A-7

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2021

Findings Relating to Federal Awards (continued)

Finding Number	CFDA Number	Description	Questioned Costs	Current Status
Agency of Education:				
2019-004 2018-004 2017-012	10.555 10.559	Control and compliance deficiencies related to special test and provisions (food commodities)	None	In Progress See A-7
Department of Labor				
2020-006	17.225	Eligibility	None	In Progress See A-8
2020-007	17.225	Special Tests and Provisions: UI Program Integrity - Overpayments	None	Corrected
2020-008	17.225	Reporting: ETA 2112 – UI Financial Transaction Summary	None	In Progress See A-
2020-009	17.225	Reporting: ETA 191 – Financial Status of UCFE/UXC	None	In Progress See A-
2020-010	17.225	Special Tests and Provisions: UI Reemployment Programs: RESEA	None	In Progress See A-

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Management Response to Findings Relating to Financial Statements Reported in Accordance with Government Auditing Standards

Finding Number – 2019-001, 2020-001 – Accounts Receivable – Department of Liquor Control

Management Response:
In order to correct this finding, the Department of Liquor and Lottery (DLL) has updated its year-end Accounts Receivable reporting procedures to include the use of new query created by Department of Finance & Management (DFM). The new query will help identify accounts receivable payments deposited in the bank prior to the fiscal year end, but not recorded in the accounting system to after year end close. Any payments received that are identified as related to a prior year item ID will be accrued to cash.

Management Response to Findings Relating to Federal Awards

Agency of Human Services

Foster Care Title IV-E (CFDA 93.658)

Finding Number – 2018-011

Steps to Correct:
The enhancement of FOSDB/SSMIS (foster care database) to the system is tentatively scheduled to be completed by 4/1/23 subject to completing resource demands due to the ongoing declared Public Health Emergency in the State of Vermont.

Scheduled Completion Date of Corrective Plan:
April 1, 2023

Contact for Corrective Action Plan:
Brenda Gooley, DCF-FSD Director of Operations brenda.gooley@vermont.gov

Medicaid Cluster (CFDA 93.775, 93.777, 93.778)
Finding Number – 2019-010, 2020-014

Steps to Correct:
License issue: In collaboration with Gainwell (3rd party service provider) it was noted there were a group of The Health and Safety Standards are outlined in the provider agreement which is part of the provider file. As Gainwell transitions to an online Provider Management Module (PMM) many records have been sent off-site for storage due to limitations in space available at Gainwell. Provider records prior to May 1, 2019 are paper files that are kept by Gainwell, either at the 312 Hurricane Lane Williston VT office or offsite at Iron Mountain Data & Records management. In 2019, Gainwell purged old documents in files to be stored off site due to file storage constraints. It was noted by Gainwell that some documents were mistakenly removed from files and destroyed. The one file that

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did not contain the agreement had several missing documents. At this time if it is noticed a file does not contain correct documentation the provider is contacted to revalidate their information within the PMM to assure we have current information. All providers enrolled or revalidated after May 1, 2019 will have their applications stored electronically in the PMM, therefore retrieval of records will be much more efficient and effective.
We are currently in the process of revalidation of all our providers so that complete files should exist in the electronic system for all providers by March 1, 2022. The electronic files contain the provider agreement which is taking the place of the hard provider agreement.

Scheduled Completion Date of Corrective Plan:
March 1, 2022

Contact for Corrective Action Plan:
Suellen Bottiggi, DVHA Director Member and Provider Services suellen.bottiggi@vermont.gov
Rebecca Rivers, Gainwell Provider Services Manager rebecca.l.gangl@gainwelltechnologies.com
Peter Moino, AHS Director of Internal Audit peter.moino@vermont.gov

Medicaid Cluster (CFDA 93.775, 93.777, 93.778)
Children's Health Insurance (CFDA 93.767)

Finding Number – 2019-011, 2020-012

Steps to Correct:
License issue: In collaboration with Gainwell (3rd party service provider) it was noted there were a group of providers (within an 18- month window) whose license expired in the MMIS system. This backlog was due to downtime associated with the Provider Management Module (PMM) implementation. Currently, a monthly screening process is performed to capture any providers whose licensing is set to expire in the upcoming month. Gainwell team pulls this monthly report and works through all providers on the expiring license list, verifying that the provider has an updated license either via Provider Management Screening Tool and/or License Board, and Gainwell makes the update in PMM before the current record expires.

Gainwell is working this monthly process while also working to update those in the backlog and expects the backlog to be fully completed by April 1, 2021. A sweep of 26,836 providers has been completed and currently none have an expired license although in the MMIS System the license is expired. The monthly screening process will ensure we have no expired license. Using the Provider Management module as the source record for license review in future audits will ensure compliance.

Application and Check list not available: As Gainwell transitions to an online PMM many records have been sent off-site for storage due to limitations in space available at Gainwell. Provider records prior to May 1, 2019 are paper files that are kept by Gainwell, either at the 312 Hurricane Lane Williston VT office or offsite at Iron Mountain Data& Records management. In 2019, Gainwell purged old documents in files to be stored off-site due to file storage constraints. It was noted by Gainwell that some documents were mistakenly removed from files and destroyed. At this time if it is noticed a file does not contain correct documentation the provider will be contacted to revalidate their

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information within the Provider Management Module to assure we have current information. Due to COVID-19 pandemic some files were not easily obtained. One provider application was obtained weeks after the review period due to Iron Mountain having to physically search for the actual file. All providers enrolled or revalidated after May 1, 2019 will have their applications stored electronically in the Provider Management Module, therefore retrieval of records will be much more efficient and effective.

We are currently in the process of revalidation of all our providers so that complete files should exist in the electronic system for all providers by March 1, 2022. The electronic files contain an audit trail which is taking the place of the hard copy checklist.

Scheduled Completion Date of Corrective Plan:
April 1, 2021: Provider license backlog review.
March 1, 2022: Revalidation and transfer of provider files to electronic/on-line system.
March 1, 2022: Replacement of checklist with electronic audit trail.

Contact for Corrective Action Plan:
Suellen Bottiggi, DVHA Director Member and Provider Services suellen.bottiggi@vermont.gov
Rebecca Rivers, Gainwell Provider Services Manager rebecca.l.gangl@gainwelltechnologies.com
Peter Moino, AHS Director of Internal Audit peter.moino@vermont.gov

Medicaid Cluster (CFDA 93.775, 93.777, 93.778)
Children's Health Insurance (CFDA 93.767)

Finding Number – 2020-013

Steps to Correct:

1. Corrective action pertaining to CHIP beneficiary files: The Department of Vermont Health Access (DVHA) was unable to pull the telephone recordings for 2 of the above findings because they were not saved. DVHA updated its telephone data retention policy to 10 years for its Health Access Eligibility and Enrollment Unit (HAEEU) on August 1, 2019 and for its Customer Service Center (CSC) on May 1, 2020. Now that the data retention policy has been updated to match the federal requirements, DVHA will be able to provide sufficient phone call records in the future.

   For the 3rd finding, income was verified on the back end of the eligibility system (Siebel) during the ex parte renewal, however this verification was not documented correctly in the case due to system deficiencies. At the time this case was picked up as part of the eligibility sample for the period of 7/1/19-6/30/20, the claim date for this finding was 8/2/2019, which was prior to the customers next renewal. The last eligibility ran on this case was done in October 2018. DVHA has worked with its system contractors and concluded that these system deficiencies were corrected in October 2018 and have not happened since.

Corrective action pertaining to Medicaid beneficiary file: Beginning in January 2021 the Medicaid Reconciliation team will be running a monthly report that will capture members who have a "pending review" status for their MAGI-Income verification line item but were not identified as "pending review"

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through normal processing. These cases will be reviewed and resolved by the Medicaid Reconciliation Team on a monthly basis

Scheduled Completion Date of Corrective Plan:

1. For the first 2 findings above, DVHA updated its data retention policies to 10 years for HAEEU on August 1, 2019 and for the CSC on May 1, 2020.
   For the 3rd finding, the system deficiencies were resolved in October 2018.

2. Beginning January 29, 2021, the Medicaid Reconciliation Team will implement the monthly eligibility review process.

Contact for Corrective Action Plan:

Nicole McAllister	DVHA Healthcare Assistant Administrator II	nicole.mcallister@vermont.gov
Peter Moino	AHS Director of Internal Audit	peter.moino@vermont.gov

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Center for Crime Victims Services

Crime Victims Assistance (CFDA 16.575)

Finding Number – 2019-006

Steps to Correct:
A new system went live in FY2021 and, using functionality and reports built into the system, this finding was resolved during FY2021.

Scheduled Completion Date of Corrective Action Plan:
Completed – March 3, 2021

Contact for Corrective Action Plan:
Carol Brochu, Director of Finance and Administration carol.brochu@ccvs.vermont.gov

Agency of Education

Child Nutrition Cluster (CFDA 10.553, 10.555, 10.556, 10.559)

Finding Number – 2019-004, 2018-004, 2017-012

Steps to Correct:
The agency was unable to adhere to its current procedures regarding quarterly WBSCM to TRACS reconciliations and annual warehouse inventory due to COVID-19. As a result of additional work faced by the Child Nutrition Programs team due to COVID-19 emergency operations, the agency was not able to complete a full year of sample quarterly reconciliations for School Year 19-20. Due to changes in school meals operations in Spring 2020, as schools transitioned from hot in-person meals to cold pre-packaged grab-and-go meals, or ceased to operate at all, many schools did not release all of their USDA Foods from the warehouse before the end of School Year 19-20. The state did not pressure schools to release their foods during this time because of numerous other challenges faces by school meals programs. This meant that many cases of food were carried over from 19-20 to 20-21. In addition, due to public health measures, the state agency staff was unable to visit the warehouse in June 2020 to conduct the annual reconciliation. This meant that the state and the warehouse carried over inventories from 19-20 in individual school accounts into school year 20-21. These carried over cases have made the normal quarterly sample reconciliation process unviable for SY 20-21. The state has attempted the process, but because of the carried over inventory, there are more cases shown in TRACS than shown in WBSCM and the accounts cannot be reconciled. As of June 2020, the state agency is pushing schools to take as many of their cases as possible, with the plan of zeroing out the current inventory by June 30, 2021. In early July, the state agency will return to the warehouse in-person to conduct a physical inventory and reconciliation of any remaining cases. This will allow the state to start school year 21-22 with zero balances for all schools, which will make the state agency's procedures viable again. The state will again plan to

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conduct quarterly sample reconciliations for the full year, as planned in our initial corrective action, before deciding whether there are discrepancies that merit a more intensive reconciliation process.

Steps to Correct:
The AOE implemented the following multi-step corrective action plan:

1. AOE staff conducted physical inventory of items remaining in warehouse on July 29, 2021
2. AOE met with warehouse staff on 8/26/21 to discuss new strategies for moving foods out of the warehouse more quickly to avoid any foods remaining at the end of the year. This discussion resulted in the following new strategies:
    a. Creation of a webform for schools to request unallocated cases for immediate shipment. Since implementation on 9/1/21 this has cleared out several thousand cases in carryover inventory from SY19-20 and 20-21. This worked very well and we will use this strategy again in the future for unallocated cases.
    b. Established quarterly check-in between USDA Foods staff member and warehouse's customer service rep to evaluate which schools have placed zero orders or few orders, indicating a need for training/follow-up. USDA Foods staff member and warehouse will split proactive technical assistance calls/emails for those needing assistance. First check-in scheduled for October 2021.
    c. Warehouse implementing extended storage fee, as allowed in contract, to discourage long-term storage of foods.
3. Child Nutrition Director provided additional training to USDA Foods Consultant in July and August 2021 on reconciling warehouse reports with WBSCM reporting.

Scheduled Completion Date of Corrective Action Plan:
October 31, 2021

Contact for Corrective Action Plan:
Rosie Krueger, State Director of Child Nutrition Program mary.krueger@vermont.gov

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Vermont Department of Labor

Unemployment Insurance (CFDA 17.225)

Finding Number – 2020-06

Steps to Correct:
The Department was aware that it was unable to implement the documentation requirement for the PUA program as required by the amendments to the CARES Act.

The Department had every intention of going back and retroactively reviewing PUA claims for documentation and requiring submission for those claims that lacked adequate documentation retroactively.

The Department has begun this work in early 2022 and will continue this review for PUA program eligibility for as long as USDOL provides the funding to do so until the Department has reviewed all PUA claims filed

Scheduled Completion Date of Corrective Action Plan:
June 30, 2023, as long as adequate program funding is provided.

Contact for Corrective Action Plan:
Cameron Wood, UI Director Cameron.Wood@vermont.gov

Unemployment Insurance (CFDA 17.225)

Finding Number – 2020-08

Steps to Correct:
VDOL has caught up with the submission of these reports. At the conclusion of the Department's pandemic response, the Department will look to ensure that the Cashier's Office remains adequately staffed, assuming funding is sufficient, and will cross train staff in the event of a reduction in force.

Scheduled Completion Date of Corrective Action Plan:
December 31, 2022

Contact for Corrective Action Plan:
Cameron Wood, UI Director Cameron.Wood@vermont.gov

Unemployment Insurance (CFDA 17.225)

Finding Number – 2020-09

Steps to Correct:

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The Department continues to work through the backlog of work created during the COVID-19 pandemic. To date, the Department has onboarded a finance manager for the UI program and has filled all vacant positions in our cashiers office.

As long as the Department remains fully staffed, the Department expects to become current with all outstanding reports due to the USDOL by the end of this calendar year.

Moving forward, as long as the Department is able to maintain the necessary staffing levels, the Department expects to remain current with our reporting requirements as well as providing the necessary approval for each USDOL required report.

It should be noted that the State of Vermont is not provided with an adequate level of administrative funding by Congress and the USDOL. Therefore, the Department does not have the resources to ensure cross training and backfilling of all required aspects of a UI Program. Without adequate administrative funding, the Department must maintain bare minimum number of staff in respective programs areas. In some cases, such as the cashiers unit, this equates to one or two staff members to meet basic functions. In the event the Department experiences a significant increase in workload or a prolonged period of staff vacancy, the Department will continue to find itself in the position of being unable to meet all performance or timeliness expectations of the UI system.

Scheduled Completion Date of Corrective Action Plan:
December 31, 2022

Contact for Corrective Action Plan:
Cameron Wood, UI Director Cameron.Wood@vermont.gov

Unemployment Insurance (CFDA 17.225)

Finding Number – 2020-010

Steps to Correct:
This was a carryover finding from last year's audit. The Department will continue with the implementation of our correction action plan already identified.

The supervisor reviewed and updated the procedure in calendar year 2021. With re-implementation of the program in a virtual capacity, the staff were adjusting to the new workflows of the program coming out of the COVID-19 pandemic. The supervisor will provide additional training to the staff to ensure that the procedure is understood and being followed.

Scheduled Completion Date of Corrective Action Plan:
December 31, 2022

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Contact for Corrective Action Plan:
Cameron Wood, UI Director Cameron.Wood@vermont.gov