CLA's Response to Addendum 2

Please see below for CLA's response to Annual Comprehensive Financial Report (ACFR) & Single Audit CRFP 0209 FAR2500000001, Addendum 2, including the updated forms.

4.3.11A. Licensed CPAs

(RFP Section 4.3.11A)

Licensed CPAs at CLA

CLA has 2,990 CPAs across the firm and 259 CPAs within our state and local government industry.

Licensed CPAs within CLA's proposal

As requested, in our proposal CLA has a total of seven licensed CPAs on our staff. Each licensed CPA team member within our proposal has experience with state and local governments and is assigned to work specifically on the State of West Virginia engagement. Our engagement principal, Sean Walker, is licensed to practice within the state of West Virginia Please see the names of the CPAs within our proposal below.

- Sean Walker, CPA – License #WV005403
- Cheri Amoss, CPA
- Michael Johns, CPA
- William (Bill) A. Early, Jr., CPA
- Joel Eshleman, CPA
- Lauren Bradford, CPA
- Shannon Weiss, CPA

CPAs located by office

The following CPAs our located within the Baltimore, Maryland office.

- Sean Walker, CPA
- Cheri Amoss, CPA
- William (Bill) A. Early, Jr., CPA
- Lauren Bradford, CPA
- Shannon Weiss, CPA

RECEIVED
2025 APR 14 PM 2:47
WV PURCHASING DIVISION

WV PURCHASING DIVISION
2025 APR 14 PM 2:46
RECEIVED

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: 1647141			**Reason for Modification:** Addendum No. 2
Doc Description: ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) & SINGLE AUDIT			
Proc Type: Central Contract - Fixed Amt			
Date Issued	**Solicitation Closes**	**Solicitation No**	**Version**
2025-04-14	2025-04-16 13:30	CRFP 0209 FAR2500000001	3

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 : 4334 Munson Street NW,

Street : Suite 200

City : Canton

State : Ohio **Country :** USA **Zip :** 44718

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

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

FOR INFORMATION CONTACT THE BUYER
Crystal G Hustead
(304) 558-2402
crystal.g.hustead@wv.gov

Vendor Signature X **FEIN#** 41-0746749 **DATE** April 14, 2025

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

Date Printed: Apr 14, 2025 Page: 1 FORM ID: WV-PRC-CRFP-002 2020/05

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: CRFP FAR25*01

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
[x]	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

April 14, 2025
Date

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

CLA's Response to Addendum 2

Please see below for CLA's response to Annual Comprehensive Financial Report (ACFR) & Single Audit CRFP 0209 FAR2500000001, Addendum 2, including the updated forms.

4.3.11A. Licensed CPAs

(RFP Section 4.3.11A)

Licensed CPAs at CLA

CLA has 2,990 CPAs across the firm and 259 CPAs within our state and local government industry.

Licensed CPAs within CLA's proposal

As requested, in our proposal CLA has a total of seven licensed CPAs on our staff. Each licensed CPA team member within our proposal has experience with state and local governments and is assigned to work specifically on the State of West Virginia engagement. Our engagement principal, Sean Walker, is licensed to practice within the state of West Virginia Please see the names of the CPAs within our proposal below.

- Sean Walker, CPA – License #WV005403
- Cheri Amoss, CPA
- Michael Johns, CPA
- William (Bill) A. Early, Jr., CPA
- Joel Eshleman, CPA
- Lauren Bradford, CPA
- Shannon Weiss, CPA

CPAs located by office

The following CPAs our located within the Baltimore, Maryland office.

- Sean Walker, CPA
- Cheri Amoss, CPA
- William (Bill) A. Early, Jr., CPA
- Lauren Bradford, CPA
- Shannon Weiss, CPA

RECEIVED
2025 APR 14 PM 2:46
WV PURCHASING DIVISION

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: 1647141			**Reason for Modification:** Addendum No. 2
Doc Description: ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) & SINGLE AUDIT			
Proc Type: Central Contract - Fixed Amt			
Date Issued	**Solicitation Closes**	**Solicitation No**	**Version**
2025-04-14	2025-04-16 13:30	CRFP 0209 FAR2500000001	3

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 : 4334 Munson Street NW,

Street : Suite 200

City : Canton

State : Ohio **Country :** USA **Zip :** 44718

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

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

FOR INFORMATION CONTACT THE BUYER
Crystal G Hustead
(304) 558-2402
crystal.g.hustead@wv.gov

Vendor Signature X **FEIN#** 41-0746749 **DATE** April 14, 2025

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

Date Printed: Apr 14, 2025 Page: 1 FORM ID: WV-PRC-CRFP-002 2020/05

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: CRFP FAR25*01

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
[X]	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

April 14, 2025
Date

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

RECEIVED
2025 APR 14 AM 10: 31
WV PURCHASING DIVISION

Proposal to provide professional audit services to:

Technical Proposal

State of West Virginia

ORIGINAL

Prepared by:

RFP Subject, Number	Annual Comprehensive Financial Report (ACFR) & Single Audit CRFP 0209 FAR2500000001
Vendor's Name	CliftonLarsonAllen LLP (CLA)
Business Address	4334 Munson Street NW, Suite 200, Canton, OH 44718
Telephone number | fax number	330-497-2000 | 330-497-2244
Name of Contact Person	Sean M. Walker, CPA, CFE, CGFM, CGMS, Principal
Email Address	sean.walker@CLAconnect.com
Vendor Signature	
Date	April 15, 2025

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.

©2025 CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
CLAconnect.com

April 15, 2025

Ms. Crystal Huestead, Buyer
State of West Virginia
2019 Washington Street East
Charleston, WV 25305-0130

Dear Ms. Huestead:

Thank you for inviting us to propose. We look forward to the opportunity to provide services to State of West Virginia (the State or the Agency).

We are confident that our extensive experience serving similar governmental entities, 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-specialized insight and resources*** – As one of the nation's leading professional services firms, and one of the largest firms who specialize in regulated industries, CLA has the experience and resources to assist the State with their audit needs. 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 regulated industry resources.
- ***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. 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. The work plan also minimizes 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.

- ***Fresh perspective*** – By engaging CLA, the State will benefit from a fresh look at its business operations, information systems, and financial risk management policies and procedures. You will be served by an engagement team with enthusiasm and a desire to meet and exceed expectations. We are confident that our industry experience will bring to the State new ideas, creative approaches, and fresh opportunities to meet the financial management and accountability challenges before the State.

As requested in the State's RFP section titled *Section 2: Instructions to Vendors Submitting Bids, 22. Exceptions and Clarifications,* we have provided our exceptions, clarifications and other proposed modifications to our bid in ***Appendix D*** of this proposal. We understand that exceptions to, clarifications of, or modifications of a requirement or term and condition of the Solicitation may result in in bid disqualification.

We want to serve you and we have the qualifications to deliver quality, timely work. Throughout this proposal, we take you on a journey outlining how we'll work together and the value you can come to appreciate when we exceed expectations. For ease of evaluation, the structure of our proposal follows your RFP section titled, *Section 5.3. Proposal Format*.

Please contact me if I can provide additional information on our firm or our proposal.

Sincerely,

CliftonLarsonAllen LLP

Sean Walker, CPA, CFE, CGFM, CGMS
Principal
703-825-2106
sean.walker@CLAconnect.com

Table of Contents

Attachment A: Vendor Response Sheet **5**
4.2.1.1: Demonstrate availability to manage an audit 7
4.2.1.2. Proposed audit staff 21
4.2.1.3. Prior government experience 25
4.2.1.4. Audit work plan 29
Attachment B: Mandatory Specification Checklist **55**
4.3.1: Independence and license 58
4.3.2. Principal, supervisory, and management staff 58
4.3.3. Single audit qualifications 59
4.3.4. Experience auditing state governments 59
4.3.5. Work related to single audit requirements 59
4.3.6. Sample report 59
4.3.7. External quality control review 60
4.3.8. Final audit issued 60
4.3.9. Membership in AICPA Government Audit Quality Center 61
4.3.10. Subcontractor requirement 61
4.3.11. Remote work 61
Attachment C: Cost Sheet **62**
Appendix **63**
A. Your service team biographies 63
B. Peer review report 81
C. Required forms 83
D. Exceptions and clarifications 90

Attachment A: Vendor Response Sheet

REQUEST FOR PROPOSAL

(West Virginia Finance Division CRFP FAR2500000001)

Attachment A: 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

Revised 07/01/2021

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 availability to manage an audit

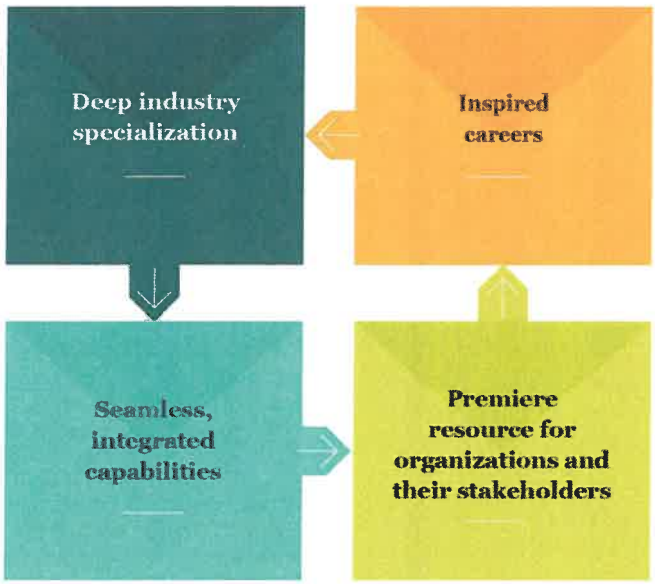
(RFP Section 4, Subsection 4.2.1.1)

Firm overview

It takes balance.™ With CLA by your side, you will 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.

As a professional services firm, we exist to create opportunities … for you, our people, and our communities through industry-focused wealth advisory, digital, audit, tax, consulting, and outsourcing services. We do this when we live the CLA Promise — a promise to know you and help you.

Opportunities for you



You'll find resources you would expect in the largest firms, with the personal touch of people who live and work in your community.

You'll access leaders and professionals in communities across the country, rather than from one central headquarters. We work together to look at your organization holistically, and then help you address challenges by offering support where you need it, from traditional audit and tax to outsourcing and wealth advisory.

As you navigate opportunities and challenges in a competitive and constantly changing environment, we'll embrace change, learn from it, and design processes to make interactions easier, more transparent, and seamless.

Opportunities for our people

At CLA, people find meaningful work in a fun, compelling, and energizing culture. Our people design their own customized careers through our inspired careers strategic advantage. In 2024 our total headcount was relatively the same as in 2023, and we continue to witness a remarkable retention rate of 89%. Inspired by their careers, our family members develop client relationships that bring deeper knowledge and help you shine. We're one family, working together to create opportunities.

What's more, CLA is building a culture of connection and belonging that welcomes different beliefs and perspectives. We want to represent the communities we serve and foster an environment of inclusion and belonging, resulting in enhanced value for our clients, our communities, and each other.

> ***Inclusive:*** *We embrace all voices and create opportunities by removing barriers and helping our people build inspired careers.*

Opportunities for our community

CLA's community impact team unifies the work of connection, belonging and the CLA Foundation with a laser focus on advancing education, employment, and entrepreneurship within CLA and throughout our society.

Since 2015, our CLA Foundation has granted more than $13 million from nominations made by and funds raised from CLA family members. Each grant recipient's work aligns with the foundation's mission to create career opportunities through education, employment, and entrepreneurship by connecting networks inclusive of all genders and races, veterans, and the disability community.

Read more in CLA's annual Promise Report.

Office location assigned to manage the engagement

Our firm matches the necessary skill set to an engagement before considering the geographic location of the staff. Assigning team members who specialize in working with similar clients can provide the State higher-quality services and allows us to complete the engagement 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 located in our Arlington, Virginia, Baltimore, Maryland offices with support from our local office, Canton, Ohio office.

CLA Arlington	CLA Baltimore (Timonium)	CLA Canton
950 N Glebe Road Suite 1200 Arlington, VA 22203	1966 Greenspring Drive Suite 300 Timonium, MD 21093	4334 Munson Street NW Suite 200 Canton, OH 44718

Ability to manage an audit engagement of this magnitude

State and local government experience

You can benefit from a close personal connection with a team of professionals devoted to governments. Our goal is to become familiar with all aspects of your operations — not just the information needed for the year-end audit so that we can offer proactive approaches in the areas that matter most to you:

- Finding new ways to operate more effectively and efficiently
- Responding to regulatory pressures and complexities
- Maintaining quality services in the face of changing budgetary priorities
- Providing transparent, accurate, and meaningful financial information to stakeholders, decision-makers, and your constituents

We understand the legislative changes, funding challenges, compliance responsibilities, and risk management duties that impact you. Our experienced government services team can help you navigate the challenges of today, all while seamlessly strategizing for the future.

Support at every turn

With dedicated services specific to state and local governments, you have access to guidance on all aspects of your operations.

- Audit, review, and compilation of financial statements
- Compliance audits (HUD, OMB Single Audits)
- Cybersecurity
- Enterprise risk management
- Forensic accounting, auditing, and fraud investigation
- Fraud risk management
- Grant compliance
- Implementation assistance for complex Governmental Accounting Standards Board (GASB) statements
- Internal audit
- Outsourced business operations
- Performance auditing
- Purchase card (p-card) monitoring and analytics

- Risk assessments
- Strategic, financial, and operational consulting
- Telecom management services
- Business opportunity assessments
- System optimization and selection

State and state agency experience

Serve your citizens with flexible efficiency and sound finances.

Your constituents need effective governmental services, and we can help you analyze and address financial, operational, and regulatory issues so you can focus on serving them.

We're committed to addressing what matters most to you:

- Providing accurate and meaningful financial information to stakeholders, decision-makers, and your constituents
- Maintaining quality and quantity of services in an ever-changing society
- Responding to regulatory pressures and complexities
- Identifying ways to operate more efficiently
- Planning and restructuring to accommodate changing citizen needs

CLA has been working with government agencies for more than 60 years and is a leader in the state and local government industry. Our team of 600 professionals brings specialized skills and direct experience with providing assurance and consulting services to states and state agencies. We understand that all aspects of your operations are important — not just the information needed for your year-end compilation.

In addition to providing financial and compliance audit/compilation services, we guide state governments and agencies through legislative changes, funding challenges, compliance responsibilities, and risk management duties, while developing a personal connection with our clients and their needs. You're more than just a number to us. Our CPAs and consultants are devoted to the industry and stay in touch with you throughout the year so we can meet challenges as they arise.

Sampling of state and state agency clients

The tables on the following pages 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.

Sampling of Similar Clients Served by CLA

State-Wide Audits

- Commonwealth of Pennsylvania
- Commonwealth of Massachusetts
- State of Alaska (single audit only)
- State of California (single audit only)
- 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 Clients

- Arizona Commerce Authority
- Arizona Department of Corrections
- Arizona Department of Transportation
- 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
- College Assist
- Colorado Department of Human Services
- Colorado Department of Local Affairs
- Colorado Department of Public Health and Environment
- Colorado Division of Lottery
- Colorado Water Conservation Board
- Connecticut Green Bank
- Connecticut Lottery Corporation
- Coos Area Transportation District
- Danville Mass Transit
- Decatur Mass Transit
- Maryland Health Care Commission
- Maryland Health Insurance Plan
- Maryland Transportation Authority
- 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
- Mississippi Department of Education
- Mississippi Department of Human Services
- Mississippi Development Authority
- Mississippi Marine Resources
- Mississippi Public Safety
- New Mexico Spaceport Authority
- 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
- Pinellas Suncoast Transit Authority
- Rhode Island Convention Center Authority
- Rhode Island Convention Center Authority
- Rhode Island Housing Mortgage and Finance Corporation
- Rhode Island Infrastructure Bank
- Rhode Island Lottery

Sampling of Similar Clients Served by CLA

- Department of Housing and Community Development
- Department of Natural Resources
- 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 Commission
- Grant Transit Authority
- 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
- Indiana State Board of Education
- Iowa Finance Authority
- 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 Workforce Solutions
- New Mexico Environment Department
- New Mexico Finance Authority
- New Mexico Gaming Control Board
- New Mexico Human Services Department
- New Mexico Lottery Authority
- New Mexico Office of Superintendent of Insurance
- New Mexico Office of the Attorney General
- School Employees Retirement System of Ohio
- State of Connecticut Special Transportation Fund
- 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
- Virginia Department of Transportation
- Virginia Port Authority
- Washington Metropolitan Area Transit Authority
- Washington State Department of Transportation

Sampling of Similar Clients Served by CLA

- Kansas Public Employees Retirement System
- Maryland Department of Transportation
- Maryland Dept. of Housing & Community Development
- New Mexico Public Education Department
- New Mexico Regulation and Licensing Department
- Wisconsin Housing and Economic Development Authority

Higher education experience

Your motivation to educate is a more powerful force than rising costs or shrinking enrollment. We help improve processes so you can build a long legacy of excellence in education in the midst of daily challenges such as:

- Meeting increasing costs, including health care, aging buildings, and technology upgrades
- Adapting to declining enrollment
- Protecting against threats to data, privacy, and system security
- Complying with financial reporting and regulatory requirements
- Maintaining exempt status for federal, state, and local tax purposes
- Monitoring and mitigating risks
- Preparing for succession of key personnel
- Successfully competing for revenue

You need trusted advisors, and you don't have time to teach them about the complexities of your situation. With years of experience serving higher education, our team can help you navigate the challenges of today, all while seamlessly strategizing for the future.

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.

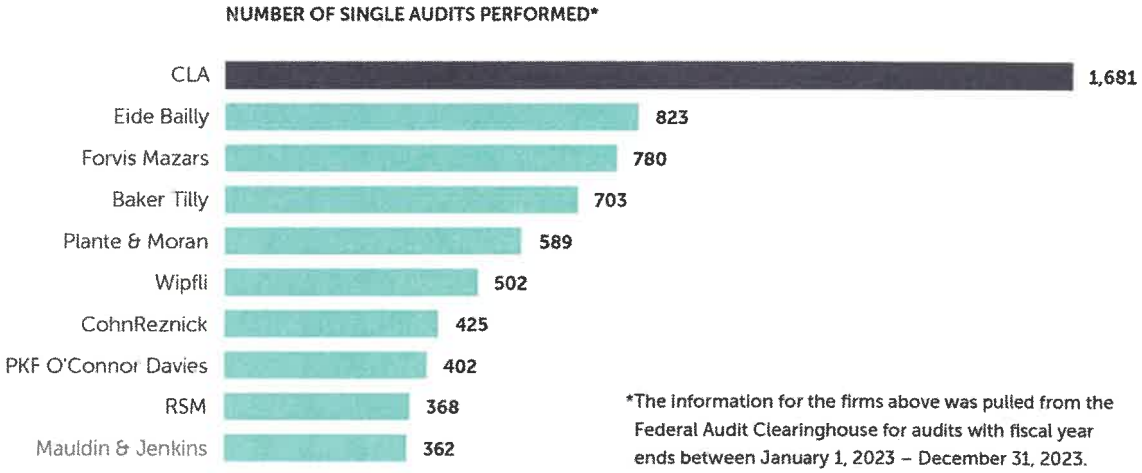
SFA audits start with having the right people in the field working with our clients. Our approach to staffing SFA audits is extremely uncommon. We have compiled a group of trained professionals who specialize in performing these audits. Each of our dedicated higher education team members has completed 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 true collaborator to discuss SFA issues with.

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 help make your audit more efficient and effective!

Single audit experience

CLA performs the largest number of single audits in the United States

We audited nearly $229 billion dollars in federal funds expended in 2023. 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.



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.

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.

The survey queried more than 10,920 nonprofit and government entities about the knowledge of their auditors, the value of their service, and overall satisfaction with their 2023 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.*

As previously stated, CLA performs the State-wide single audits for over half of the states that use outside auditors. We have included the listing of states where we currently perform the single audit work as either the primary or secondary auditor for the below states.

State/Commonwealth	SEFA Expenditures (in billions)	Number of Major Programs
State of California[2]	$181.35	TBD
State of Texas	$91.70	24
Commonwealth of Pennsylvania[1]	$52.90	36
State of New Jersey	$31.40	22
Commonwealth of Massachusetts	$29.80	29
State of Maryland	$23.10	16
State of Indiana[1]	$22.80	23
State of Minnesota[1]	$21.30	26
State of Mississippi[4]	$10.40	22
State of Kansas	$8.60	17
State of Rhode Island[1]	$7.00	21
State of Alaska[1]	$5.70	41
State of Delaware	$4.40	18
State of Vermont	$3.40	24
New Mexico state agencies[3]	Various	Various

[1]CLA IS THE SECONDARY AUDITOR ON THIS SINGLE AUDIT

[2]NEW CLIENT. CLA RECENTLY AWARDED.

[3]NEW MEXICO DOES NOT COMPLETE A STATE-WIDE SINGLE AUDIT. CLA PERFORMS SINGLE AUDITS FOR MANY LARGER STATE AGENCIES REQUIRING A SINGLE AUDIT

[4]CLA ASSISTS THE STATE OF MISSISSIPPI WITH AUDITS OF SPECIFIC PROGRAMS AND IT TESTING AS PART OF THE STATE-WIDE SINGLE AUDIT. CLA IS NOT THE PRIMARY OR SECONDARY AUDITOR

The below table lists major programs CLA has audited for states for the past three years and denotes which other states we have tested this program as part of a state-wide single audit.

Program Name	States and State Agencies							
	DE	KS	MD	NM	NJ	PA	TX	VT
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)		X	X	X		X	X	X
Child & Adult Care Food Program	X	X	X		X	X	X	X
Community Development Block Grant (CDBG)		X			X			X
Crime Victim Assistance						X	X	X
Unemployment Insurance	X	X	X	X		X	X	X
Highway Planning & Construction	X	X	X			X	X	X
Formula Grants for Rural Areas	X							X
Coronavirus Relief Fund	X	X	X	X	X	X	X	X
Emergency Rental Assistance Program		X	X	X		X	X	X
Homeowner Assistance Fund		X	X	X	X	X		X
Coronavirus State and Local Fiscal Recovery Fund	X	X	X		X	X	X	X
Adult Education - Basic Grants to States								X
Title I Grants to Local Education Agencies	X	X	X		X	X	X	X
Vocational Education - Basic Grants to States						X		X
Rehabilitation Services - Vocational Rehabilitation Grants to States			X	X	X	X	X	X
Twenty-First Century Community Learning Centers								X
English Language Acquisition State Grants								X
Supporting Effective Instruction State Grant						X	X	X

Program Name	States and State Agencies							
	DE	KS	MD	NM	NJ	PA	TX	VT
Student Support and Academic Enrichment Program								X
Education Stabilization Fund	X	X	X		X	X	X	X
Immunization Cooperative Agreements	X	X	X	X		X	X	X
Epidemiology and Lab Capacity for Infectious Diseases	X	X	X	X	X	X	X	X
Public Health Emergency Response: Public Health Crisis Response								X
Temporary Assistance for Needy Families	X	X	X		X	X	X	X
Child Support Enforcement	X		X			X	X	X
LIHEAP (Low-Income Home Energy Assistance Program)	X	X	X		X	X	X	X
Foster Care - Title IV-E		X	X		X	X	X	X
Adoption Assistance - Title IV-E		X				X	X	X
Social Services Block Grant			X			X	X	X
Children's Health Insurance Program	X	X	X			X	X	X
HIV Care Formula Grants			X					X
Block Grants for Community Mental Health Services								X
Block Grants for Prevention and Treatment of Substance Abuse	X		X			X		X
Disaster Grants - Public Assistance	X	X	X	X	X	X	X	X
Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	X	X	X			X	X	X
Homeland Security Program					X	X		X
SNAP Cluster	X	X	X			X	X	X
Food Distribution Cluster						X	X	X
Child Nutrition Cluster	X	X	X		X	X	X	X
Clean Water State Revolving Fund Cluster					X	X		X

Program Name	States and State Agencies							
	DE	KS	MD	NM	NJ	PA	TX	VT
Drinking Water State Revolving Fund Cluster	X				X			X
WIOA Cluster				X		X	X	X
Special Education (IDEA) Cluster	X	X	X		X	X	X	X
Aging Cluster						X	X	X
CCDF (Child Care and Development Fund) Cluster	X	X	X		X	X	X	X
Medicaid Cluster	X	X	X	X	X	X	X	X

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 operation 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.

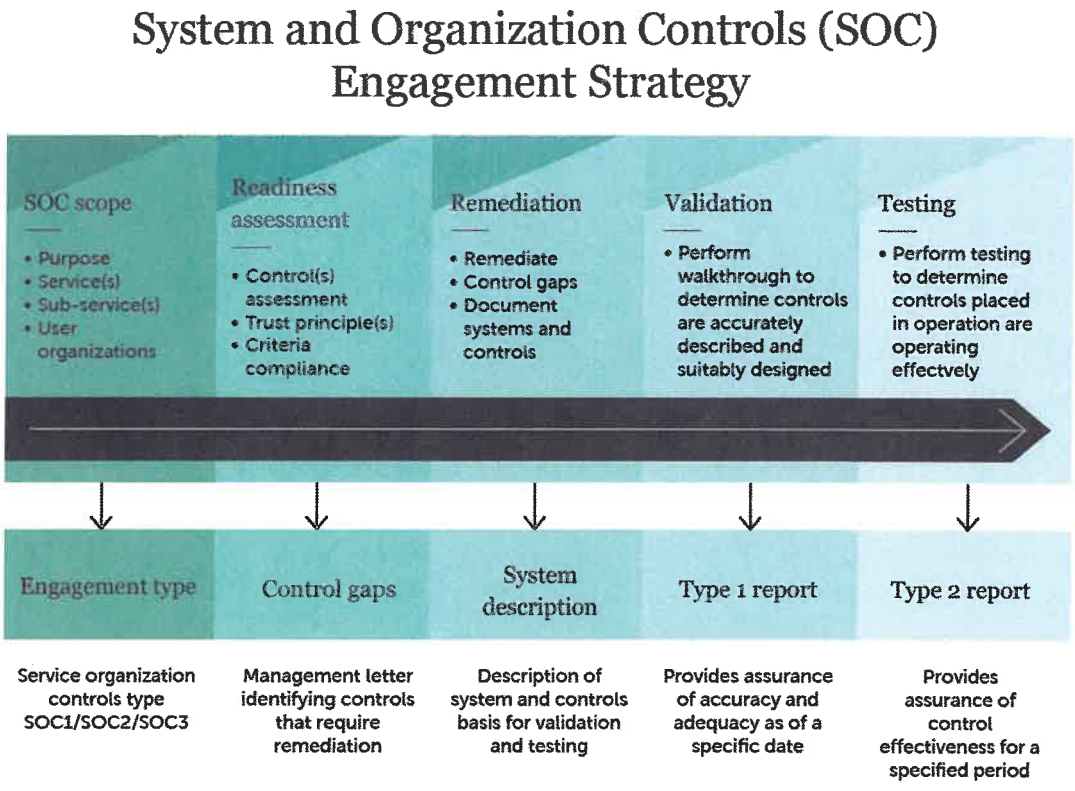
With the help of the State's resources, we will gather data from its various IT operations, IT infrastructure, application owners, and stakeholders. Part of our methodology will be to specifically identify and assess key controls in IT infrastructure, operations, and processes. Through these activities, 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***.

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)

Qualification of proposed audit staff

The true value in working with our team is developing a personal and professional relationship with leaders who understand your industry, challenges, and opportunities — with the full support of an entire CLA family behind them.

Meet your service team below.

Engagement Team Member	Role	Years' Experience
Sean Walker, CPA, CFE, CGFM, CGMS	***Engagement principal*** – Sean will serve as the State's relationship principal and a member of the ACFR 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.	25+
Cheri Amoss, CPA	***Single audit principal*** – Cheri 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 maintaining client contact throughout the engagement and throughout the year.	20+
Michael (Mike) Johns, CPA	***Student Financial Aid principal*** – Mike will serve as the engagement principal for the 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.	25+
William (Bill) A. Early, Jr., CPA	***Quality assurance principal*** – Bill 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.	27+
James (Jim) Kreiser, CISA, CRMA, CFSA	***Information technology principal*** – Jim will assist the audit team in documenting and evaluating general computer controls and IT application controls.	26+

Engagement Team Member	Role	Years' Experience
Joel Eshleman, CPA, CISA, CIA	***Information technology principal*** –Joel will assist the audit team in documenting and evaluating general computer controls and IT application controls.	12+
Lauren Bradford, CPA	***Engagement director, ACFR*** – Lauren will act as the lead director on the ACFR portion of the engagement. In this role, Lauren 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.	9+
Shannon Weiss, CPA	***Engagement director, single audit*** – Shannon will act as the lead director on the single audit portion 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.	15+
Joshua (Josh) McClain	***Senior*** – Josh will be responsible for the day-to-day activities for this engagement, including the supervision of all staff assigned.	5+
Jonathan Ocampo	***Senior*** – Jonathan will be responsible for the day-to-day activities for this engagement, including the supervision of all staff assigned.	4+
Erin P. Davis	***Senior*** – Erin 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 similar clients.		

Detailed biographies including degrees, qualifications, and experience can be found in ***Appendix A***.

Collaborative: *Support from a responsive local team complemented by national resources. We consider the whole of your organization, bringing innovative teams to the table.*

Deep industry connections

CLA actively supports industry education as a thought leader and industry speaker. We focus on supporting the educational needs of the industry through nationally sponsored trade events. Our team of professionals is sought after, both as educators and as experienced speakers who are invited to speak and teach at major professional events by leading trade associations, including those shown here.

We are also actively involved in and/or are members of the following professional organizations:

- American Institute of Certified Public Accountants (AICPA)
- AICPA's State and Local Government Expert Panel
- AICPA's Government Audit Quality Center (GAQC)
- Government Finance Officers Association (GFOA)
- Special Review Committee for the GFOA's Certificate of Achievement for Excellence in Financial Reporting (Certificate) Program
- Association of Government Accountants

Our involvement in these professional organizations, combined with various technical services we subscribe to, allows us to be at the forefront of change in the constantly changing government environment. We take our responsibility for staying current with new accounting pronouncements, auditing standards, other professional standards and laws and regulations seriously.

Insight to strengthen your organization

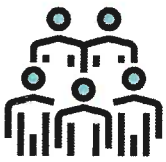
When you're ready to go beyond the numbers to find value-added strategies, we offer resources to help you respond to challenges and opportunities including:

- National webinars — Access complimentary professional development opportunities for your team.
- Articles and white papers — Stay current on industry information as issues arise.

***Curious:** We care, we listen, we get to know you.*

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 education program

To maintain and expand our assurance knowledge, we consistently provide continuing education for our professionals. Each member of our professional team, including principals, attends accredited continuing professional education (CPE) 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 on topics specific to the client industry they work in.

CLA's firm-wide training programs include:

- **Learn** — Designed for new CLA associates, this learning 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, prepaids, documentation, and materiality.
- **Experience** — Designed for the CLA associate with about one year of experience, this learning is typically attended in the second year of employment. This training focuses on topics including analytics, sampling, internal controls, walkthroughs, analytical tools, and professional skepticism.
- **Achieve** — Designed for the CLA associate with about two years of experience, this learning 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. Topics covered include detailed review, risk assessment, analytical tools, and professional skepticism.
- **Propel** — Designed for the CLA associate with about three years of experience, this learning is typically attended in the fourth year of employment. This training focuses on risk assessment, effective use of tools and programs, auditing complex areas, and professional skepticism.

Use of subcontractor

While we are not a small or minority-owned business, we are committed to utilizing the services of such firms whenever possible. This includes using small and/or minority-owned businesses as subcontractors, as well as vendors. For this engagement, however, we do not foresee using any subcontractors.

CLA strives to fill its professional positions with skilled and experienced accountants regardless of race or gender.

4.2.1.3. Prior government experience

(RFP Section 4, Subsection 4.2.1.3)

As previously mentioned, CLA currently serves more than 4,200 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.* Our clients say it best. And their independent, authentic perspective is invaluable in learning about the experience you'll have when working with us. We encourage you to connect with our clients to hear it firsthand. Additional clients are available upon request.

West Virginia Higher Education Policy Commission	
Location of Project	1018 Kanawha Blvd. East, Suite 700, Charleston, WV 25301
Project Manager Name	Michael Johns
Contact Information	Alice Harris, Vice President of Finance and Administration 304-424-8224 | alice.harris@wvup.edu
Type of Project	Audit services
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 Project	Townsend Building, Suite 1, 401 Federal Street, Dover, DE 19901
Project Manager Name	William (Bill) A. Early, Jr., Sean Walker
Contact Information	Lydia E. York, State Auditor 302-739-5055 | lydia.e.york@delaware.gov
Type of Project	Audit services
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 Project	555 Walnut Street, Harrisburg, PA 17101
Project Manager Name	Remi Omisore, Cheri Amoss, Sean Walker
Contact Information	John Kaschak, CPA, CGMA, CISA, Deputy Secretary for Comptroller Operations 717-433-4765 | jkaschak@pa.gov
Type of Project	Audit services
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), Examination of the census data for the State Employees' Retirement System

State of New Jersey	
Location of Project	20 West State Street, 12th Floor, Trenton, NJ 08625
Project Manager Name	Sean Walker
Contact Information	Lyudmila (Mila) McGann, Auditor 609-292-0051 | lyudmila.mcgann@treas.nj.gov
Type of Project	Single 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 Project	132 State Street, Montpelier, VT 05633
Project Manager Name	William (Bill) A. Early, Jr., Sean Walker
Contact Information	Tim Ashe, Deputy State Auditor 802-318-0903 | tim.ashe@vermont.gov
Type of Project	Audit services
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* and statewide single audit in accordance with OMB *Uniform Guidance*

Commonwealth of Massachusetts	
Location of Project	101 Arch Street, 8th Floor, #8285, Boston, MA 02110
Project Manager Name	Christian (Chris) Rogers, William (Bill) A. Early, Jr.
Contact Information	William McNamara, Comptroller 617-973-2515 | william.mcnamara@mass.gov
Type of Project	Audit services
Project Goals and Objectives	The Commonwealth of Massachusetts after many years working with KPMG wanted to consider other firms. CLA was the firm they felt comfortable working with given your experience in state governments. The Big 4 were more interested in working with the various department on consulting projects.
Scope of Work	Review of Statutory Basis Financial Report, Statewide ACFR audit in accordance with *Government Auditing Standards*, Statewide single audit in accordance with OMB *Uniform* Guidance and Schedules of allocations and collective amounts for two pension plans and one OPEB plan

Transparent: *We place honesty and integrity at the center of all communication. We welcome you to start an open and candid conversation with those who know us best.*

Below 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 Service**	**Years of Engagement**	**Client Contact**
State of Mississippi	• Various statewide agencies and single audit programs	2018 - present	Lisa Meade, CPA, Manager 601-576-2800
State of Kansas	• Financial statement audit • ACFR • Statewide single audit • Retirement system audit	2013 - present	Nancy Ruoff Director, Office of Accounts and Reports 785-296-5817
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	James Timberlake, Assistant State Auditor 512-936-9672

4.2.1.4. Audit work plan

(RFP Section 4, Subsection 4.2.1.4)

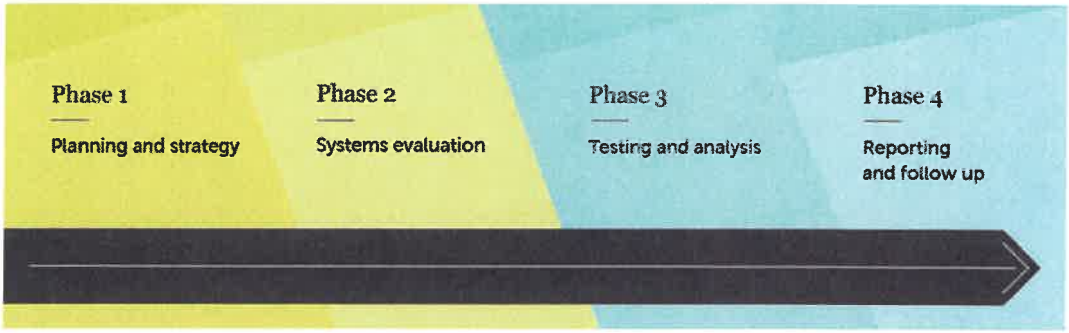
Easing the transition

We recognize that a move to a new firm presents an opportunity as well as a challenge. Over our 60-year history, we have transitioned many clients and have a collegial and professional relationship with many firms.

The CLA Seamless Assurance Advantage (SAA)

The CLA Seamless Assurance Advantage (SAA) is an innovative approach to auditing that utilizes leading technologies, analytics, and audit methods to help solve client problems and create a seamless experience.

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. Sean Walker and staff will meet with the State personnel to agree on an outline of responsibilities and time frames
    - Establish audit approach and timing schedule
    - Determine assistance to be provided by the State personnel
    - Discuss application of generally accepted accounting principles
    - Address initial audit concerns
    - Establish report parameters and timetables
    - Progress reporting process
    - Establish principal contacts
- Gain an understanding of your operations, including any changes in 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 uses a secure web-based application to request and obtain documents. This application allows clients to view detailed information, including due dates for all items CLA is requesting. Clients can attach electronic files and add commentary directly on the application.

The audit engagement will be planned under the direction of the engagement leader and in-charge. We will clearly communicate any issues in a timely manner and will be in constant contact 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 anticipated substantive testing.

During the internal control phase, we will also perform a review of general and application information services/information technology (IS/IT) 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/IT-related controls we deem to be ineffectively designed or not operating as intended, we will gather sufficient evidence to support findings and will provide recommendations for improvement. For 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 workpapers 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*
- 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*
- 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 completing the engagement within the specified time frames. The following is our proposed schedule for the engagement.

Phase and Tasks to be Performed	Time Frame	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 • Lauren Bradford, Director • Senior and associates as necessary
1 and 2 - Interim and preliminary fieldwork, including systems evaluation • Conduct entrance conferences with member institutions • Perform IT system reviews and testing • Conduct interviews with key personnel throughout the State and member institutions • Request confirmations • Determine the areas required to be tested on-site, including test of controls and compliance testing and begin test work 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 programs as needed	April through June	• Sean Walker, Principal • Jim Kreiser, IT principal • Joel Eshleman, IT principal • Lauren Bradford, Director • Senior and associates will be involved to perform test work

Phase and Tasks to be Performed	Time Frame	Key Supervisory Personnel Assigned
• Perform group audit procedures • Review actuarial reports on employer valuation for issuance of GASB 68 and GASB 75 reports		
3 - 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 and departments • Perform final analytical reviews • Review workpapers, including concurring principal review	August through Mid-November	• Sean Walker, Principal • Jim Kreiser, IT principal • Joel Eshleman, IT principal • Lauren Bradford, Director • Senior and associates will be involved to perform test work
4 - Reporting - Financial statements • Review the draft of the State's financial statements • 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 December (with ACFR issuance by 12/12)	• Sean Walker, Principal • Bill Early, Principal • Jim Kreiser, IT principal • Joel Eshleman, IT principal • Lauren Bradford, Director

Elevating with artificial intelligence (AI)

CLA is committed to harnessing cutting-edge technology to enhance client service. We may use AI to enhance your audit engagements. This can include:

- **Research and document drafting**: CLA professionals may use Microsoft Copilot to ask questions and make requests of generative AI with secure access to CLA-specific resources.
- **Document summarization**: We may use CLA Family Assistant to help extract and summarize information relevant to our audits, including minutes review, leases, debt agreements, and other document types.
- **Invoice extraction**: CLA may use AI tools to extract relevant fields from invoices and other documents.

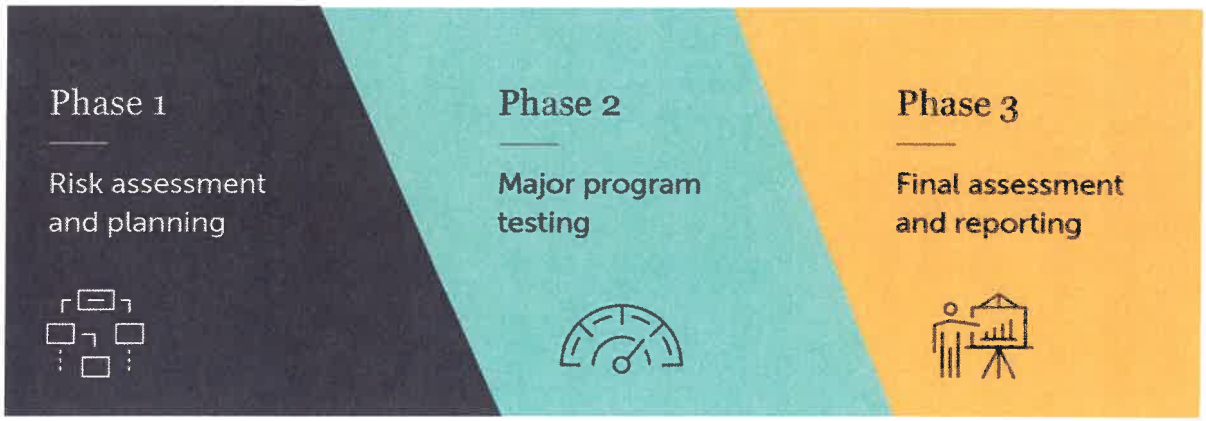
When AI is used, the work is supervised by CLA professionals who verify results before making final decisions. Client information remains confidential when working with these tools.

Single audit approach

OMB's *Uniform Guidance* (2 CFR Part 200) 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 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 completing the engagement within the specified time frames. The following is our proposed schedule for the engagement.

Phase and Tasks to be Performed	Time Frame	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	• Cheri Amoss, Principal • Jim Kreiser, IT principal • Joel Eshleman, IT principal • Shannon Weiss, Manager • Senior and associates as necessary
1 and 2 - 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, Director • Senior and associates as necessary
3 – 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	August through October	• Cheri Amoss, Principal • Michael Johns, Principal • Jim Kreiser, IT principal • Joel Eshleman, IT principal • Shannon Weiss, Director • Senior and associates as necessary

Phase and Tasks to be Performed	Time Frame	Key Supervisory Personnel Assigned
• 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		
4 - 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, Director

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 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

The 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.

Communication process

Effective communication is critical to a successful engagement. This includes weekly status meetings where observations, potential exceptions, and leading practices are discussed. To avoid surprises at the end of the engagement, we discuss and document our observations, clarify fact patterns, and confirm management's understanding and agreement with our findings.

CLA adheres to all auditing standards related to reporting observations, recommendations, and findings. All significant deficiencies and material weaknesses will be reported to the audit committee/governance in writing. Best practices, observations, and other matters will be reported to management in a management letter that can be used as a tool to track the implementation of our recommendations.

Report to those charged with governance — In addition to observations and recommendations, we will inform the audit committee of:

- Significant accounting policies
- Management judgments and accounting estimates
- Significant audit adjustments and passed adjustments, if any
- Disagreements with management, if any
- Management consultation with other accountants, if any
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit, if any

We are sensitive and understanding of the fact that we report to those charged with governance, and our audit professionals maintain objectivity and independence in issuing audit opinions. If we identify significant fraud, illegal acts, or significant delays during the audit process, we will alert the audit committee timely.

Information related to overall fiscal health or other concerns of your organization observed during audit testing will be presented in the exit presentation and as part of the management letter. We will also help you create opportunities for improvement through recommendations and suggestions for strengthening your policies, accounting procedures, and processes.

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 No. 104, Disclosure of Certain Capital Assets – The objective of this Statement for State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.	The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.
GASB Statement No. 103, Financial Reporting Model Improvements – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.	The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

GASB – Recent and Pending

Description of Statement	Potential Impact on the State
GASB Statement No. 102, Certain Risk Disclosures – State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact.	The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.
GASB Statement No. 101, Compensated Absences – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.	The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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 overall objective of this project is to develop a comprehensive, principles-based model that would establish categorization, recognition, and measurement guidance applicable to a wide range of revenue and expense transactions. Achieving that objective will include: (1) development of guidance applicable to topics for which existing guidance is limited, (2) improvement of existing guidance that has been identified as challenging to apply, (3) consideration of a performance obligation approach to the GASB's authoritative literature, and (4) assessment of existing and proposed guidance based on the conceptual framework. The expected outcome of the project is enhanced quality of information that users rely upon in making decisions and assessing accountability.	Currently in the preliminary views redeliberations stage.
Going Concern Uncertainties and Severe Financial Stress – The objective of this project is to address issues related to disclosures regarding going concern uncertainties and severe financial stress. The project will consider (1) improvements to existing guidance for going concern considerations to address diversity in practice and clarify the circumstances under which disclosure is appropriate, (2) developing a definition of severe financial stress and criteria for identifying when governments should disclose their exposure to severe financial stress, and (3) what information about a government's exposure to severe financial stress is necessary to disclose.	Currently in the preliminary views initial deliberations stage.
Infrastructure Assets – This proposed project will address issues related to accounting and financial reporting for infrastructure assets. The project would evaluate standards-setting options related to reporting infrastructure assets to make information (1) more comparable across governments and more consistent over time, (2) more useful for making decisions and assessing government accountability, (3) more relevant to assessments of a government's economic condition, and (4) better reflect the capacity of those assets to provide service and how that capacity may change over time.	Currently in the public hearings preliminary views stage.

Future Pronouncements and Projects	
Description of Project	**Current Status**
Subsequent Events—Reexamination of Statement 56 – The objective of this project is to improve the accounting and financial reporting for subsequent events. The project will reexamine existing requirements related to subsequent events in Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, to address issues related to (1) confusion about and challenges associated with applying the existing standards, (2) inconsistency in practice in the information provided about subsequent events, and (3) the usefulness of the information provided about subsequent events.	Currently in exposure draft of a proposed statement.
Implementation Guidance Update – 2025 – The objective of this project is to update implementation guidance for additional issues that come to the attention of the staff. This project will result in the issuance of an Implementation Guide when sufficient need exists for new or improved guidance and the Board does not object to its issuance. All updates are incorporated into the Codification of Governmental Accounting and Financial Reporting Standards and the Comprehensive Implementation Guide, as appropriate.	Currently in exposure draft of a proposed Implementation Guide.

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 to the extent possible will use the latest technology to help minimize the level of effort of your personnel.

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

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 Assessment, **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 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 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

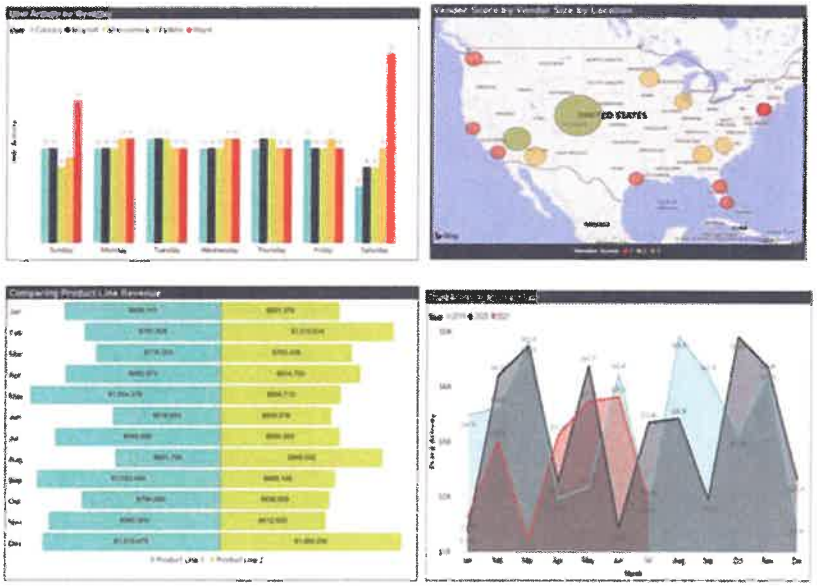
Trends and anomalies will be identified through the performance of the above referenced analytics. Comments regarding the interpretation of those trends and anomalies will be captured. When trends are identified, they are reconciled against expectations. For anomalies identified, the approach to further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

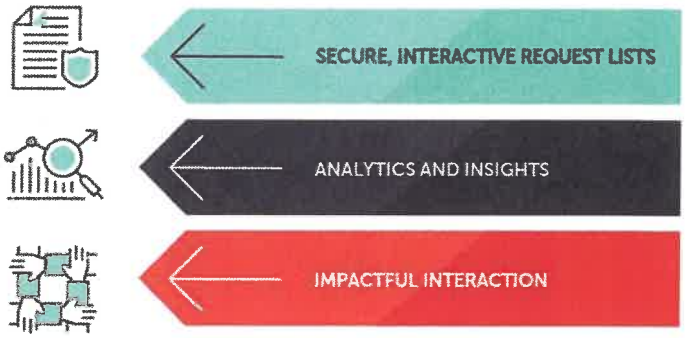
- Built-in audit functionality including powerful, audit specific commands and a self-documenting audit trail
- 100% data coverage, which means that certain audit procedures can be performed on entire populations, and not just samples
- Unlimited data access allows us to access and analyze data from 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.



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.

Assurance Integrated System (AIS) – AIS is CLA's new assurance methodology platform and includes audit programs, risk assessments, and many of our template forms that can be completed and updated online by individuals that you designate.

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 Risk Assessment, Data Analytics and Review (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 reduce disruptions in our clients' environments while continuing to effectively communicate with each other.

CLA Intelligence Platform: Digital services and generative AI

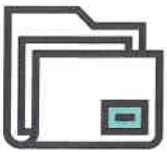
Let us help you harness cutting-edge technology to transform the way your teams work and uncover deeper business and financial insights.

Digital transformation is no longer optional, it's a necessity. With CLA, you'll find a comprehensive suite of capabilities spanning automation and integration, data analytics, software, and cybersecurity — offering you new opportunities to navigate and thrive in the digital age.

By leveraging digital product solutions and services, you can improve your business operations and achieve big goals, whether that's streamlining processes, enhancing customer experiences, embracing generative artificial intelligence (AI), or driving innovation. We help you put digital solutions in place to:

Drive growth and profitability	Drive more value from software	Gain efficiencies and quality
Improve employee experience and retention	Make data-driven decisions	Make your data work for you
Manage security more effectively	Put the power of AI in your hands	Reduce cyber and other threats

Sample size and statistical sampling



We follow the guidance of AU-C Section 530, Audit Sampling, which allows the use of a statistical or nonstatistical sampling 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 (controls 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 typically range from 22 to 77 for populations greater than 200.

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 100, then we will test 10 transactions in order to obtain moderate control assurance. If one internal control deviations is anticipated, and the frequency of the population is greater than 200, then we will test 77 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 B: Mandatory Specification Checklist

REQUEST FOR PROPOSAL

(West Virginia Finance Division CRFP FAR2500000001)

Attachment B: 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 response 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 response 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 response 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 (or a US territory that follows GAAP) and must submit a list of those States or territory audits in their proposal. The list of State/Territory 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 response on the following pages.

Revised 07/01/2021

REQUEST FOR PROPOSAL
(West Virginia Finance Division CRFP FAR2500000001)

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 response 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 response 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 response 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 response 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.

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

Section 4, Subsection 4.3.10 Only one subcontractor is allowed per each proposal. Firms may not use two or more subcontractors in their bid. This is too cumbersome for state officials to manage with multiple points of contact. As stated earlier, the same subcontractor is allowed to submit multiple proposals with different firms.

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

Revised 07/01/2021

REQUEST FOR PROPOSAL

(West Virginia Finance Division CRFP FAR2500000001)

Section 4, Subsection 4.3.11 This audit cannot be completed 100% remotely. There will be times when it is necessary for auditors to audit records on site. The on-site work can be performed by a local subcontractor that is listed/specified in your bid. It is estimated that 20% of the ACFR work is done in person Tax department, Treasurer's Office, etc.) and that up to 35 % of the work on the Single Audit will need to be performed in person. This includes limited necessary travel to colleges and universities.

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

Revised 07/01/2021

4.3.1: Independence and license

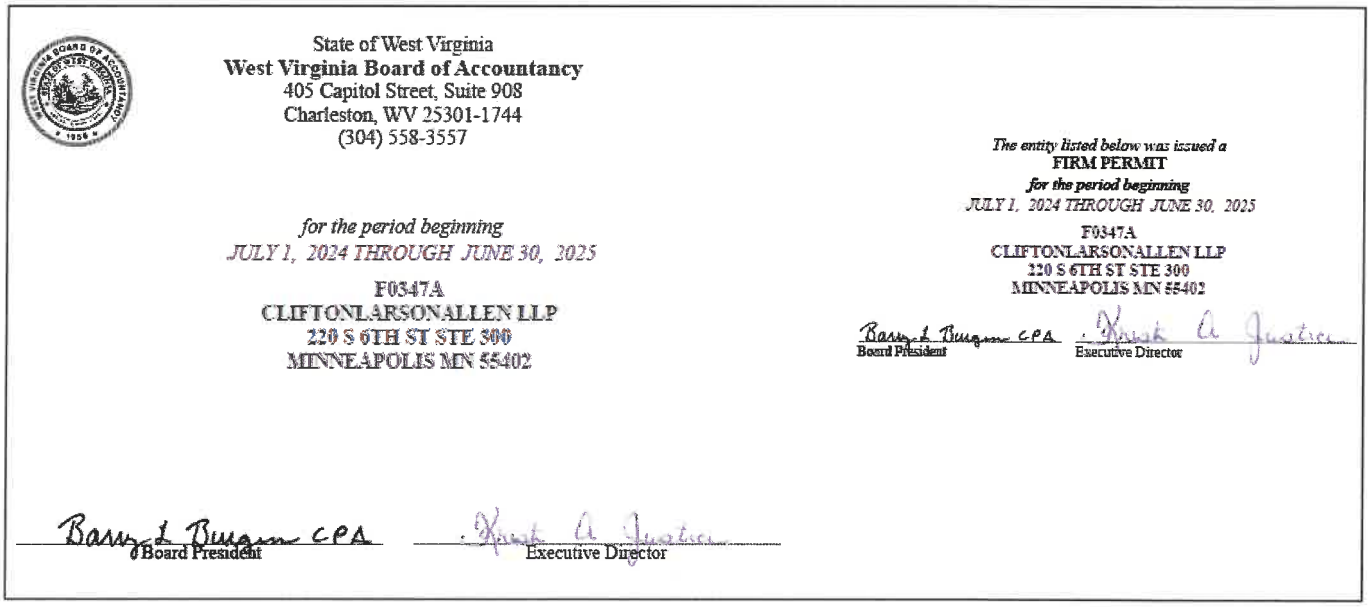
(RFP Section 4, Subsection 4.3.1)

Firm independence

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.

License to practice in West Virginia

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.



State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

for the period beginning
JULY 1, 2024 THROUGH JUNE 30, 2025

F0347A
CLIFTONLARSONALLEN LLP
220 S 6TH ST STE 300
MINNEAPOLIS MN 55402

Barry L Burgan CPA
Board President

Executive Director

The entity listed below was issued a
FIRM PERMIT
for the period beginning
JULY 1, 2024 THROUGH JUNE 30, 2025

F0347A
CLIFTONLARSONALLEN LLP
220 S 6TH ST STE 300
MINNEAPOLIS MN 55402

Barry L Burgan CPA
Board President

Executive Director

4.3.2. Principal, supervisory, and management staff

(RFP Section 4, Subsection 4.3.2)

The principals and directors on CLA's engagement team 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 that the State must inform 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 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 A: Vendor Response Sheet, 4.2.1.1. Demonstrate availability to manage an audit***.

4.3.5. Work related to single audit requirements

(RFP Section 4, Subsection 4.3.5)

CLA contracted for any work related to the single audit must all have experience performing audits in accordance with the requirements of the *Uniform Guidance.*

As previously mentioned, for this engagement we do not plan on using any subcontractors.

4.3.6. Sample report

(RFP Section 4, Subsection 4.3.6)

We have included a copy of sample single audit and ACFR report issued in the last five years with our proposal, separately bounded, State of Delaware for fiscal year ended 2023.

4.3.7. External quality control review

(RFP Section 4, Subsection 4.3.7)

Quality control procedures and peer review report

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. CLA has not failed our two most recent AICPA Peer Reviews of our audit/accounting practice and has submitted a copy of our most recent review with our proposal. The full report is provided in ***Appendix B***. ***This quality control review included a review of specific government engagements.***

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 has not 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 is 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.

4.3.10. Subcontractor requirement

(RFP Section 4, Subsection 4.3.10)

CLA understands that only one subcontractor is allowed per proposal. However, for our proposal we do not plan on using a subcontractor for assistance with our services outlined in the State's RFP. We understand that firms may not use two or more subcontractors in their bid. This is too cumbersome for state officials to manage with multiple points of contact. As stated earlier, the same subcontractor is allowed to submit multiple proposals with different firms.

4.3.11. Remote work

(RFP Section 4, Subsection 4.3.11)

CLA understands that this audit cannot be completed 100% remotely. We understand that there will be times when it is necessary for CLA to audit records on site. It is estimated that that 20% of the ACFR work is done in person (Tax Department, Treasurer's Office, etc.) and that up to 35% of the work on the single audit will be performed in person. We understand that that this includes limited necessary travel to colleges and universities. Please see below for CLA's remote work capability for the services that can be provided remotely.

While we value our face-to-face time with our clients, we have capabilities to perform this engagement remotely, if necessary. CLA has been performing internal audit and regulatory compliance engagements remotely for the past several years. We will discuss establishing a proper planning document; enhanced communications before, during, and after the engagement; use of interactive meeting formats; and the use of various secure portals and/or VPN networks. We have learned this process needs strong communication and commitment from our clients to send us requested information electronically — as well as making key personnel available during the times assigned to the projects. We have used resources such as Microsoft Teams and secure, encrypted tools to facilitate the transfer of sensitive information, share information, work collaboratively internally and with our clients, and conduct meetings. We will discuss the method in which documentation should be supplied to us, and will listen to what tools and protocols you prefer.

Attachment C: Cost Sheet

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

Appendix

A. Your service team biographies

Sean Walker, CPA, CFE, CGFM, CGMS

CLA (CliftonLarsonAllen LLP)

Principal
DC – Maryland - Virginia

703-825-2106
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 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 – Wisconsin, Mequon, Wisconsin
- Bachelor of business administration in accounting from University of Wisconsin – Milwaukee, 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

- 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
- Montgomery County, Maryland
- Prince George's County, Maryland
- Baltimore County, Maryland
- City of Rockville, Maryland
- City of Annapolis, Maryland
- Colorado Public Employees' Retirement Association (PERA)
- Pennsylvania Public School Employees' Retirement (PSERS)
- Denver Employees Retirement Plan (DERP)
- Washington Suburban Sanitary Commission Employees' Retirement Plan
- City of Rockville Retirement Board
- Howard County, Maryland Retirement Plans
- Maryland Transit Authority Pension Plan

Continuing professional education (CPE)

Sean 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.

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.

Cheri Amoss, CPA

CLA (CliftonLarsonAllen LLP)

Principal
Baltimore, Maryland

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

Profile

Cheri has more than 20 years of experience specializing in government audits and assisting clients in identifying ways to strengthen their internal controls and achieve operational efficiencies. Cheri has developed a specialized focus 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 maintain 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

- Bachelor of business administration in finance from James Madison University, Harrisonburg, Virginia
- Bachelor 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
- State of Delaware
- State of New Jersey Single Audit
- State of Mississippi (various audits)
- Delaware State Lottery
- Montgomery County, Maryland
- Frederick County, Maryland
- Montgomery County, Maryland Public Schools
- Anne Arundel County, Maryland Public Schools
- Baltimore County, Maryland Public Schools
- Howard County, Maryland Public Schools
- Carroll County, Maryland Public Schools
- Carroll County Public Library
- Frederick County, Maryland Public Schools
- Howard County, Maryland
- Baltimore County, Maryland

Continuing professional education (CPE)

Cheri 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.

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.

Michael Johns, CPA

CLA (CliftonLarsonAllen LLP)

Principal
King of Prussia, Pennsylvania

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

Profile

Michael has more than 25 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 GASB and 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
- American Institute of Certified Public Accountants (Executive Committee GAQC term beginning May 2023)
- 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 2023 – 2023 EACUBO Annual Meeting – "Accounting Update"
- 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
- West Virginia University
- LaSalle University
- Widener University
- Marshall University
- Delaware State University
- West Chester University
- University of Maine System
- Rhode Island Post-Secondary Education
- University of Toledo

Continuing professional education (CPE)

Michael 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.

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.

William A. Early, Jr., CPA

CLA (CliftonLarsonAllen LLP)

Principal
Baltimore, Maryland

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

Profile

Bill brings more than 27 years of experience in governmental auditing to CLA. He is one of the few practitioners who serves as a principal on state-wide financial and single audits. Additionally, Bill acts as the engagement principal and quality review principal for a variety of large, complex governmental audit engagements. His extensive experience includes government audits and helping clients enhance the efficiency of their operations.

Bill specializes in state and local government audit and accounting services. He is well-versed in OMB *Uniform Guidance* compliance audits and has overseen, planned, and performed single audits for numerous governmental agencies. Within CLA, Bill is responsible for client relationships, work quality, and staff development. He also serves on the public sector leadership team as the leader of the State and State Agencies sub-niche.

Bill brings innovative ideas and practical experience to the firm's governmental clients, helping them stay updated on new accounting pronouncements, state laws, fiscal trends, and best practices. His personal approach to client service includes frequent communication and a genuine concern for his clients' best interests. Clients know they can rely on Bill to help them navigate any challenges.

Bill has also assisted governmental clients in obtaining and retaining the GFOA Certificate of Achievement for Excellence in Financial Reporting award. He routinely presents at annual and quarterly conferences for Maryland GFOA and state CPE trainings. Bill is an active participant at the annual NASC, NSAA, and NASACT conferences.

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 state agencies
- Provides consulting services related to the implementation of accounting pronouncements and internal controls
- Assists with agreed upon procedures involving internal audit outsourcing, compliance engagements, and general consulting

Education and professional involvement

- Bachelor of science in accounting from Salisbury State University, Salisbury, Maryland
- Associate 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 Maryland
- Commonwealth of Massachusetts
- State of Mississippi
- Commonwealth of Pennsylvania
- State of Vermont
- Maryland Stadium Authority
- Maryland Correctional Enterprises

Continuing professional education (CPE)

Bill 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.

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.

Jim Kreiser, CISA, CRMA, CFSA

CLA (CliftonLarsonAllen LLP)

Principal
King of Prussia, Pennsylvania

717-857-2613
james.kreiser@CLAconnect.com

Profile

Jim is a principal in the CLA value and risk services group. He has 26 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 and healthcare industries. At CLA, Jim has focused on clients particularly with process and risk consulting, IT services, performance audit, internal audit, risk assessment, SOC reporting, 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 21 reporting (SOC 1 and SOC2), operational improvements, process solutions and implementation for those solutions across the organization. His primary focus for the firm is as the current national IT services leader for state and local governments. His service experience includes business risk, IT, and internal audits. Specific experience includes 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 management 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, Carnegie Mellon University, Pittsburgh, Pennsylvania
- Certified Information Systems Auditor (CISA)
- Certified in Risk Management Assurance (CRMA)
- Certified Financial Services Auditor (CFSA)

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 (CPE)

Jim 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.

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.

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 Value and Risk 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, he provides leadership and performance of information technology audit and attestations to our assurance clients. His experience includes 12 years with CLA 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
  - 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 and professional involvement

- Bachelor of science in accounting from York College of Pennsylvania, York, Pennsylvania
- Certified Public Account
- Certified Information Security Auditor
- Certified Internal Auditor

Key relevant clients

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

Continuing professional education (CPE)

Joel 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.

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.

Lauren Bradford, CPA

CLA (CliftonLarsonAllen LLP)

Director
Baltimore, Maryland

410-453-5543
lauren.bradford@CLAconnect.com

Profile

Lauren has almost nine years of experience in public accounting dedicated to providing auditing and financial reporting services to governmental entities across the region. Due to her state and local government experience, Lauren is well versed in understanding and applying the most recent GASB, Yellow Book, and auditing standards.

Technical experience

- State and local government
- Federal government

Education and professional involvement

- Bachelor of science in accounting from Franklin P. Perdue School of Business, Salisbury University, Salisbury, Maryland
- Bachelor of science in information systems from Franklin P. Perdue School of Business, Salisbury University, Salisbury, Maryland

Key relevant clients

- State of Vermont
- State of Maryland
- State of South Carolina
- State of Mississippi
- Saint Regis Mohawk Tribal Government
- Anne Arundel County, Maryland
- Baltimore County, Maryland
- Montgomery County, Maryland
- New Castle County, Delaware
- Buncombe County, North Carolina

Continuing professional education (CPE)

Lauren 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.

Shannon Weiss, CPA

CLA (CliftonLarsonAllen LLP)

Director
Baltimore, Maryland

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

Profile

Shannon has more than 15 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 dedicated governmental auditor. 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, Baltimore, Maryland
- Certified Public Accountant
- American Institute of Certified Public Accountants
- Maryland Association of Certified Public Accountants

Key relevant clients

- State of Delaware
- State of New Jersey
- State of Vermont
- Commonwealth of Pennsylvania

Continuing professional education (CPE)

Shannon 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.

Josh McClain

CLA (CliftonLarsonAllen LLP)

Senior
Baltimore, Maryland

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

Profile

Josh has five years of experience working primarily on public sector entities, specifically state and local governments, higher education institutions, and nonprofit entities.

Technical experience

- State and local government
- Nonprofit
- 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
- Baltimore County Government, Maryland
- Maryland Transportation Authority
- Delaware Department of Transportation
- Metropolitan Washington Council of Governments
- Carroll County, Maryland
- Carroll County Public Library
- Frederick County, Maryland Public Schools
- Anne Arundel Workforce Development Corporation

Continuing professional education (CPE)

Josh 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.

Jonathan Ocampo

CLA (CliftonLarsonAllen LLP)

Senior
Baltimore, Maryland

410-308-8004
jonathan.ocampo@CLAconnect.com

Profile

Jonathan graduated from Loyola University of Maryland in 2020 and joined CLA in October of 2021. He has been working with the CLA national housing group since the beginning of 2021 and has built a strong foundation of expertise on how to efficiently and effectively audit a housing authority.

Technical experience

- State and local government
- Housing Authorities
- Housing Finance Agencies

Education and professional involvement

- Bachelor of business administration in accounting from Loyola University Maryland, Baltimore, Maryland

Relevant Housing Authority Experience

- Commonwealth of Pennsylvania
- State of Maryland Agencies
- State of Mississippi Agencies
- Housing Authority of Baltimore City
- Maryland Department of Housing and Community Development
- New Jersey Housing and Mortgage Finance Agency
- Virginia Housing Development Authority

Continuing professional education (CPE)

Jonathon 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.

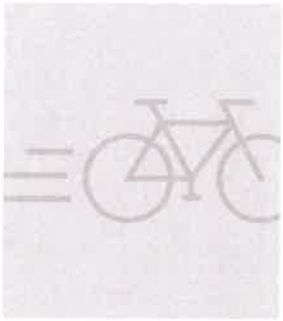
CLAconnect.com

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.

Erin P. Davis

CLA (CliftonLarsonAllen LLP)



Senior
Baltimore, Maryland

410-308-8090
erin.p.davis@CLAconnect.com

Profile

Erin has three years of public accounting experience, specializing in state and local government entities. Erin has experience with Uniform Grant Guidance and government financial audits, including public school systems and state/county single audits.

Technical experience

- Specializes in the state and local government industry
- Experienced with policies/procedures for financial preparation, reporting, and reconciliation
- Proficient knowledge with governmental accounting, GAAP, and GAGAS
- Experienced with Data Analytics use Teammate to create samples and test large data for anomalies

Education and professional involvement

- Bachelor of administration, with a concentration in accounting from Roanoke College, Salem, Virginia
- Actively pursuing CPA Licensure
- Association of Government Accountants, *Southwest Virginia Chapter*
- Government Finance Officers Association

Key relevant clients

- New Castle County, Delaware
- City of Norfolk, Virginia
- City of Portsmouth, Virginia
- Hagerstown Community College & Foundation
- Baltimore City Public Schools
- Fort Monroe Authority
- Northeast Waste Disposal Authority
- Municipal Services Commission for the City of New Castle

Continuing professional education (CPE)

Erin 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.

B. Peer review report

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

C. Required forms

	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:	1647141	**Reason for Modification:**
Doc Description:	ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) & SINGLE AUDIT	
Proc Type:	Central Contract - Fixed Amt	

Date Issued	Solicitation Closes	Solicitation No	Version
2025-03-25	2025-04-15 13:30	CRFP 0209 FAR2500000001	1

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 : 4334 Munson Street NW,

Street : Suite 200

City : Canton

State : Ohio **Country :** USA **Zip :** 44718

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

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

FOR INFORMATION CONTACT THE BUYER
Crystal G Hustead
(304) 558-2402
crystal.g.hustead@wv.gov

Vendor Signature X **FEIN#** 41-0746749 **DATE** April 15, 2025

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

Date Printed: Mar 25, 2025 Page: 1 FORM ID: WV-PRC-CRFP-002 2020/05

ADDITIONAL INFORMATION
THE STATE OF WEST VIRGINIA PURCHASING DIVISION FOR THE AGENCY, WEST VIRGINIA FINANCE DIVISION, IS SOLICITING PROPOSALS TO ESTABLISH A CONTRACT FOR ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AND SINGLE AUDIT FOR THE STATE OF WEST VIRGINA PER THE ATTACHED DOCUMENTS. ***QUESTIONS REGARDING THE SOLICITATION MUST BE SUBMITTED IN WRITING TO CRYSTAL.G.HUSTEAD@WV.GOV PRIOR TO THE QUESTION PERIOD DEADLINE CONTAINED IN THE INSTRUCTIONS TO VENDORS SUBMITTING BIDS*** ***ONLINE RESPONSES ARE PROHIBITED FOR THIS SOLICITATION***

INVOICE TO	SHIP TO
DEPARTMENT OF ADMINISTRATION 2019 WASHINGTON ST E PO BOX 50121 CHARLESTON WV 25305-0121 US	DEPARTMENT OF ADMINISTRATION BLDG 17 2101 WASHINGTON ST E CHARLESTON WV 25305-1510 US

Line	Comm Ln Desc	Qty	Unit of Measure	Unit Price	Total Price
1	ACFR Financial Report (ACFR) and Single Audit				

Comm Code	Manufacturer	Specification	Model #
93151607			

Extended Description:
Pricing to be included on Attachment C: Cost Sheet
Annual Comprehensive Financial Report (ACFR) and the Single Audit for the State of West Virginia-

SCHEDULE OF EVENTS		
Line	Event	Event Date
1	VENDOR QUESTION DEADLINE	2025-04-03

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: 1647141 **Doc Description:** ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) & SINGLE AUDIT **Proc Type:** Central Contract - Fixed Amt			**Reason for Modification:** ADDENDUM 1 TO PROVIDE ANSWERS TO VENDOR QUESTIONS
Date Issued	**Solicitation Closes**	**Solicitation No**	**Version**
2025-04-07	2025-04-15 13:30	CRFP 0209 FAR2500000001	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 : 4334 Munson Street NW

Street : Suite 200

City : Canton

State : Ohio **Country :** USA **Zip :** 44718

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

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

FOR INFORMATION CONTACT THE BUYER
Crystal G Hustead
(304) 558-2402
crystal.g.hustead@wv.gov

Vendor Signature X **FEIN#** 41-0746749 **DATE** April 15, 2025

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

Date Printed: Apr 7, 2025 Page: 1 FORM ID: WV-PRC-CRFP-002 2020/05

ADDITIONAL INFORMATION

THE STATE OF WEST VIRGINIA PURCHASING DIVISION FOR THE AGENCY, WEST VIRGINIA FINANCE DIVISION, IS SOLICITING PROPOSALS TO ESTABLISH A CONTRACT FOR ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AND SINGLE AUDIT FOR THE STATE OF WEST VIRGINA PER THE ATTACHED DOCUMENTS.

QUESTIONS REGARDING THE SOLICITATION MUST BE SUBMITTED IN WRITING TO CRYSTAL.G.HUSTEAD@WV.GOV PRIOR TO THE QUESTION PERIOD DEADLINE CONTAINED IN THE INSTRUCTIONS TO VENDORS SUBMITTING BIDS

ONLINE RESPONSES ARE PROHIBITED FOR THIS SOLICITATION

INVOICE TO	SHIP TO
DEPARTMENT OF ADMINISTRATION 2019 WASHINGTON ST E PO BOX 50121 CHARLESTON WV 25305-0121 US	DEPARTMENT OF ADMINISTRATION BLDG 17 2101 WASHINGTON ST E CHARLESTON WV 25305-1510 US

Line	Comm Ln Desc	Qty	Unit of Measure	Unit Price	Total Price
1	ACFR Financial Report (ACFR) and Single Audit				

Comm Code	Manufacturer	Specification	Model #
93151607			

Extended Description:
Pricing to be included on Attachment C: Cost Sheet
Annual Comprehensive Financial Report (ACFR) and the Single Audit for the State of West Virginia-

SCHEDULE OF EVENTS

Line	Event	Event Date
1	VENDOR QUESTION DEADLINE	2025-04-03

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: CRFP FAR2500000001

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)

- ☑ Addendum No. 1
- ☐ Addendum No. 2
- ☐ Addendum No. 3
- ☐ Addendum No. 4
- ☐ Addendum No. 5
- ☐ Addendum No. 6
- ☐ Addendum No. 7
- ☐ Addendum No. 8
- ☐ Addendum No. 9
- ☐ 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 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

April 15, 2025

Date

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

REQUEST FOR PROPOSAL
(West Virginia Finance Division CRFP FAR2500000001)

Proposal 1: Step 1 – $1,000,000 / $1,000,000 = Cost Score Percentage of 1 (100%)
Step 2 – 1 X 30 = Total Cost Score of 30

Proposal 2: Step 1– $1,000,000 / $1,100,000 = Cost Score Percentage of 0.909091 (90.9091%)
Step 2 – 0.909091 X 30 = Total Cost Score of 27.27273

6.8. Availability of Information: Proposal submissions become public and are available for review immediately after opening pursuant to West Virginia Code §5A-3-11(h). All other information associated with the RFP, including but not limited to, technical scores and reasons for disqualification, will not be available until after the contract has been awarded pursuant to West Virginia Code of State Rules §148-1-6.3.d.

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 | 410-453-0914

(Contact Phone/Fax Number)

April 15, 2025

(Date)

Revised 07/01/2021

D. Exceptions and clarifications

As requested, in the State's RFP section titled, *22. Exceptions and clarifications*, we have clearly marked any exceptions, clarifications, or other proposed modifications with our bid below.

Section 3: General Terms and Conditions

CLA requests to delete the paragraph below. CLA explicitly does not make these warranties.

*"**28. WARRANTY:** The Vendor expressly warrants that the goods and/or services covered by this Contract will: (a) conform to the specifications, drawings, samples, or other description furnished or specified by the Agency; (b) be merchantable and fit for the purpose intended; and (c) be free from defect in material and workmanship."*

CLA has added a sentence to the paragraph below, and the new text is underlined.

*"**36. INDEMNIFICATION:** The Vendor agrees to indemnify, defend, and hold harmless the State and the Agency, their officers, and employees from and against: (I) Any claims or losses for services rendered by any subcontractor, person, or firm performing or supplying services, materials, or supplies in connection with the performance of the Contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the Vendor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the Contract in a manner not authorized by the Contract, or by Federal or State statutes or regulations; and (3) Any failure of the Vendor, its officers, employees, or subcontractors to observe State and Federal laws including, but not limited to, labor and wage and hour laws. Vendor's indemnification obligations hereunder shall not extend to claims arising from the sole negligence or willful misconduct of the State, Agency, their officers and employees."*

CLA requests to remove the sections below, these sections are not applicable to CLA.

*"**41. PREFERENCE FOR USE OF DOMESTIC STEEL PRODUCTS:** Except when authorized by the Director of the Purchasing Division pursuant to W. Va. Code§ SA-3-56, no contractor may use or supply steel products for a State Contract Project other than those steel products made in the United States. A contractor who uses steel products in violation of this section may be subject to civil penalties pursuant to W. Va. Code§ SA-3-56. As used in this section:*

a. *"State Contract Project" means any erection or construction of, or any addition to, alteration of or other improvement to any building or structure, including, but not limited to, roads or highways, or the installation of any heating or cooling or ventilating plants or other equipment, or the supply of and materials for such projects, pursuant to a contract with the State of West Virginia for which bids were solicited on or after June 6, 200 I.*
b. *"Steel Products" means products rolled, formed, shaped, drawn, extruded, forged, cast, fabricated or otherwise similarly processed, or processed by a combination of two or more or such operations, from steel made by the open heath, basic oxygen, electric furnace, Bessemer or other steel making process.*
c. *The Purchasing Division Director may, in writing, authorize the use of foreign steel products if:*
    1. *The cost for each contract item used does not exceed one tenth of one percent (1 %) of the total contract cost or two thousand five hundred dollars ($2,500.00), whichever is greater. For the purposes of this section, the cost is the value of the steel product as delivered to the project; or*
    2. *The Director of the Purchasing Division determines that specified steel materials are not produced in the United States in sufficient quantity or otherwise are not reasonably available to meet contract requirements."*

*"**42. PREFERENCE FOR USE OF DOMESTIC ALUMINUM, GLASS, AND STEEL:** In Accordance with W. Va. Code § 5-19-1 et seq., and W. Va. CSR § 148-I 0-I et seq., for every contract or subcontract, subject to the limitations contained herein, for the construction, reconstruction, alteration, repair, improvement or maintenance of public works or for the purchase of any item of machinery or equipment to be used at sites of public works, only domestic aluminum, glass or steel products shall be supplied unless the spending officer determines, in writing, after the receipt of offers or bids, (1) that the cost of domestic aluminum, glass or steel products is unreasonable or inconsistent with the public interest of the State of West Virginia, (2) that domestic aluminum, glass or steel products are not produced in sufficient quantities to meet the contract requirements, or (3) the available domestic aluminum, glass, or steel do not meet the contract specifications. This provision only applies to public works contracts awarded in an amount more than fifty thousand dollars ($50,000) or public works contracts that require more than ten thousand pounds of steel products.*

The cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than twenty percent (20%) of the bid or offered price for foreign made aluminum, glass, or steel products. If the domestic aluminum, glass or steel products to be supplied or produced in a "substantial labor surplus area", as defined by the United States Department of Labor, the cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than thirty percent (30%) of the bid or offered price for foreign made aluminum, glass, or steel products. This preference shall be applied to an item of machinery or equipment, as indicated above, when the item is a single unit of equipment or machinery manufactured primarily of aluminum, glass or steel, is part of a public works contract and has the sole purpose or of being a permanent part of a single public works project. This provision does not apply to equipment or machinery purchased by a spending unit for use by that spending unit and not as part of a single public works project.

All bids and offers including domestic aluminum, glass or steel products that exceed bid or offer prices including foreign aluminum, glass or steel products after application of the preferences provided in this provision may be reduced to a price equal to or lower than the lowest bid or offer price for foreign aluminum, glass or steel products plus the applicable preference. If the reduced bid or offer prices are made in writing and supersede the prior bid or offer prices, all bids or offers, including the reduced bid or offer prices, will be reevaluated in accordance with this rule."

*"**44. PROHIBITION AGAINST USED OR REFURBISHED:** Unless expressly permitted in the solicitation published by the State, Vendor must provide new, unused commodities, and is prohibited from supplying used or refurbished commodities, in fulfilling its responsibilities under this Contract."*

In addition to the exceptions to the State's terms and conditions we request to add the information provided on the following page.

Additional Language to be added to State of West Virginia RFP

CONTRACTOR's services cannot be relied upon to disclose all errors, fraud, or noncompliance with laws and regulations. Except as described in this Agreement or any applicable SOW, CONTRACTOR has no responsibility to identify and communicate deficiencies in STATE'S internal controls as part of any services.

Time limitations

The nature of CONTRACTOR's services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between STATE and CONTRACTOR. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this Agreement or the services performed under an SOW, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by STATE against CONTRACTOR must be commenced as provided below, or STATE shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery. An action to recover on a dispute shall be commenced within these periods ("Limitation Period"), which vary based on the services provided, and may be modified as described in the following paragraph:

Service	**Time after the date CONTRACTOR delivers the services or work product***
Tax Consulting Services	36 months
Tax Return Preparation	36 months
Examination, compilation, and preparation services related to prospective financial statements	12 months
Audit, review, examination, agreed-upon procedures, compilation, and preparation services other than those related to prospective financial information	24 months
All Other Services	12 months

* pursuant to the SOW on which the dispute is based

If this Agreement is terminated or STATE'S ongoing relationship with CONTRACTOR is terminated, then the applicable Limitation Period is the lesser of the above periods or 12 months after termination of this Agreement or STATE'S ongoing relationship with CONTRACTOR. The applicable Limitation Period applies and begins to run even if STATE has not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.

CONTRACTOR will not disclose any of STATE'S confidential, proprietary, or privileged information to any person or party, unless STATE authorizes CONTRACTOR to do so, it is published or released by STATE, it becomes publicly known or available other than through disclosure by CONTRACTOR, or disclosure is required by law, regulation or professional standard. This confidentiality provision does not prohibit CONTRACTOR from disclosing STATE's information to one or more of CONTRACTOR's affiliated companies in order to provide services that STATE has requested from CONTRACTOR or from any such affiliated STATE. Any such affiliated STATE shall be subject to the same restrictions on the use and disclosure of STATE's information as apply to CONTRACTOR. STATE also consents to CONTRACTOR's disclosure of information regarding the nature of services CONTRACTOR provide to STATE to another independent network member of CLA Global, for the limited purpose of complying with professional obligations regarding independence and conflicts of interest.

The workpapers and files supporting the services CONTRACTOR performs are the sole and exclusive property of CONTRACTOR and constitute confidential and proprietary information. CONTRACTOR does not provide access to its workpapers and files to STATE or anyone else in the normal course of CONTRACTOR. Unless required by law or regulation to the contrary, CONTRACTOR retain its workpapers and files in accordance with its record retention policy that typically provides for a retention period of seven years. After this period expires, CONTRACTOR's workpapers and files will be destroyed. Furthermore, physical deterioration or catastrophic events may shorten the time CONTRACTOR's records are available. The workpapers and files of CONTRACTOR are not a substitute for STATE's records.

Pursuant to authority given by law, regulation or professional standards CONTRACTOR may be requested to make certain workpapers and files available to a regulator for its regulatory oversight purposes. CONTRACTOR will notify STATE of any such request, if permitted by law. Access to the requested workpapers and files will be provided to the regulator under the supervision of CONTRACTOR personnel and at a location designated by CONTRACTOR. Furthermore, upon request, CONTRACTOR may provide copies of selected workpapers and files to such regulator. The regulator may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

CONTRACTOR may, at times, utilize external web applications to receive and process information from its clients; however, any sensitive data, including protected health information and personally identifiable information, must be redacted by STATE to the maximum extent possible prior to uploading the document or file. In the event that STATE is unable to remove or obscure all sensitive data, please contact CONTRACTOR to discuss other potential options for transmitting the document or file.

CONTRACTOR and certain owners of CONTRACTOR are licensed by the California Board of Accountancy. However, CONTRACTOR has owners not licensed by the California Board of Accountancy who may provide services under this Agreement. If STATE has any questions regarding licensure of the personnel performing services under this Agreement, please do not hesitate to contact CONTRACTOR.

CONTRACTOR regularly aggregates anonymized client data and perform a variety of analyses using that aggregated data. Some of these analyses are published to clients or released publicly. However, CONTRACTOR is always careful to preserve the confidentiality of the separate information that CONTRACTOR obtains from each client, as required by the AICPA Code of Professional Conduct and various laws. STATE's acceptance of this Agreement will serve as STATE's consent to CONTRACTOR's use of anonymized data in performing and reporting on these cost comparison, performance indicator and/or benchmarking analyses.

CONTRACTOR may, at times, use third-party software applications to perform services under this Agreement. STATE acknowledges the software vendor may have access to its data.

VERMONT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended JUNE 30, 2024

STATE OF VERMONT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended JUNE 30, 2024

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, 2024

	PAGE
INTRODUCTORY SECTION (Unaudited)	
Title page	1
Table of Contents	2 - 4
Letter of Transmittal	5 - 8
Certificate of Achievement	9
Organization Chart	10
Selected State Officials	11
FINANCIAL SECTION	
Independent Auditors' Report	13 - 16
Management's Discussion and Analysis (Unaudited)	17 - 36
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	40 - 41
Statement of Activities	42 - 43
Governmental Funds Financial Statements	
Balance Sheet	46 - 47
Reconciliation of Governmental Fund Balances to the Statement of Net Position - Governmental Activities	48
Statement of Revenues, Expenditures and Changes in Fund Balances	50 - 51
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities - Governmental Activities	52
Proprietary Funds Financial Statements	
Statement of Net Position	54 - 57
Statement of Revenues, Expenses and Changes in Net Position	58 - 59
Statement of Cash Flows	60 - 61
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position	64
Statement of Changes in Fiduciary Net Position	65
Discretely Presented Component Units Financial Statements	
Statement of Net Position	68 - 69
Statement of Activities	70
Notes to the Financial Statements Index	71
Notes to the Financial Statements	72 - 182

PAGE

Required Supplementary Information (Unaudited)

Defined Benefit Pension Plans-Schedule of Changes in Net Pension Liability and Related Ratios..... 184 - 194
Defined Benefit Pension Plans-Schedule of Employer and Nonemployee Contributions..... 195
Defined Benefit Pension Plans-Notes to Required Supplementary Information..... 196
Defined Benefit Pension Plans-Schedule of State's Proportionate Share of the Net Pension Liability..... 198 - 199
Defined Benefit Pension Plans-Schedule of Investment Returns..... 200 - 201
Other Postemployment Benefit Plans-Schedule of Changes in Net OPEB Liability and Related Ratios... 202 - 208
Other Postemployment Benefit Plans-Schedule of Investment Returns..... 210 - 211
Other Postemployment Benefit Plans-Schedule of Employer and Non-Employer Contributions..... 212
Other Postemployment Benefit Plans-Notes to Required Supplementary Information..... 213
Other Postemployment Benefit Plans-Schedule of State's Proportionate Share of the Net OPEB Liability... 214 - 215
Budgetary Comparison Schedule-General Fund..... 216 - 217
Budgetary Comparison Schedule-Transportation Fund..... 218
Budgetary Comparison Schedule-Education Fund..... 219
Budgetary Comparison Schedule-Special Fund..... 220 - 221
Budgetary Comparison Schedule-Federal Revenue Fund..... 222 - 223
Budgetary Comparison Schedule-Global Commitment Fund..... 224
Notes to Required Supplementary Information-Budgetary Reporting..... 225 - 226

Other Supplementary Information - Combining and Individual Fund Statements and Schedules

Governmental Funds
Nonmajor Governmental Funds
Combining Balance Sheet..... 230 - 233
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances..... 234 - 237

Proprietary Funds
Nonmajor Enterprise Funds
Combining Statement of Net Position..... 240 - 241
Combining Statement of Revenues, Expenses and Changes in Net Position..... 242 - 243
Combining Statement of Cash Flows..... 244 - 245

Internal Service Funds
Combining Statement of Net Position..... 248 - 252
Combining Statement of Revenues, Expenses and Changes in Net Position..... 254 - 258
Combining Statement of Cash Flows..... 260 - 264

Fiduciary Funds
Pension and Other Postemployment Benefit Trust Funds
Combining Statement of Fiduciary Net Position..... 266 - 267
Combining Statement of Changes in Fiduciary Net Position..... 268 - 269

Custodial Funds
Combining Statement of Fiduciary Net Position..... 272
Combining Statement of Changes in Fiduciary Net Position..... 273

Discretely Presented Component Units
Non-major Component Units
Combining Statement of Net Position..... 276 - 277
Combining Statement of Activities..... 278

PAGE

STATISTICAL SECTION (Unaudited)

Statistical Section Contents 279
Financial Trends Information
Table 1 - Net position by component, last 10 fiscal years ..... 280 - 281
Table 2 - Changes in net position, last 10 fiscal years ..... 282 - 285
Table 3 - Fund balances, governmental funds - last 10 fiscal years ..... 286 - 287
Table 4 - Changes in fund balances, governmental funds - last 10 fiscal years ..... 288 - 289
Revenue Capacity Information
Table 5 - Personal income and earnings by major industry, last 10 calendar years ..... 290 - 291
Table 6 - Personal income tax rates and collections, last 10 calendar years 292
Table 7 - Personal income tax filers and liability by income level, calendar years 2023 and 2014 293
Debt Capacity Information
Table 8 - Ratios of outstanding debt by type, last 10 years 294
Table 9 - Ratios of general obligation bonded debt outstanding, last 10 fiscal years 295
Demographic and Economic Information
Table 10 - Demographic and economic statistics ..... 296 - 297
Table 11 - Annual average non-farm employment by industry 298
Operating Information
Table 12 - State government full-time equivalent employees by function/program 299
Table 13 - Operating indicators by function/program, last 10 years ..... 300 - 301
Table 14 - Capital asset statistics by function, last 10 years ..... 302 - 303
Table 15 - Tax increment financing districts revenues, last 10 years 304
Legend of Acronyms ..... 305 - 306

VERMONT

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 David Zuckerman, Lieutenant Governor,
Chairs of House Committees on Appropriations, Institutions and Ways and Means,
Senate Committees on Appropriations, Finance, and Institutions, and
the residents of 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, 2024. 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 9,613 square miles of land and water area, ranking the state 43rd in terms of land and water area among the 50 states. Vermont's population, as measured by the 2020 decennial Census was 643,077, ranking the state 49th among the 50 states - unchanged from the 2010 and 2000 Censuses per the U.S. Bureau of the Census. The state capital is Montpelier, and the largest city is Burlington. As of calendar year 2023, 95.5 percent of Vermonters aged 25 or older were at least high school graduates (ranked number 1 in the country) while 43.7 percent had at least a college bachelor's degree or higher (ranked number 5 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 major 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 2024, General Fund tax revenues accounted for 92.2 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 77.8 percent of General Fund total tax revenues, or approximately 71.8 percent of total General Fund revenues. General Fund expenditures used 73.8 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, Transportation, capital outlay, and debt service. Most of the remainder of the resources provided by 2024 General Fund revenues were transferred to other funds and used for various purposes. Please see Note IV.D for a summary of these transfers.

Economic Condition

During fiscal year 2024, Vermont's economy continued to recover from the pandemic-induced economic and labor market downturn that began in early 2020. The pace of the state's economic and labor market recovery has been uneven and slow. Vermont's fiscal year 2024 job growth lagged the national and New England regional average. However, slow labor market growth was not due to the lack of available job opportunities, it was primarily due to the lack of available workforce participants that could be paired with those available jobs. Vermont added back approximately 99 percent of the total pandemic-induced labor force downturn experienced between the end of calendar year 2019 and November 2020. Vermont is making progress on its labor market recovery with plentiful jobs for any worker wishing to participate in the labor force.

The above labor market dynamics were substantially responsible for the historically low level of the state's seasonally adjusted unemployment rate, which as of June 2024 was 2.1 percent. The unemployment rate was the lowest unemployment rate in the New England region and tied for the second lowest unemployment rate in the nation. Based on Vermont's July 2024 consensus economic forecast, Vermont's payroll job growth is expected to increase 1.7 percent in calendar year 2024. For calendar year 2025 and 2026, Vermont's payroll job growth rate is forecasted to increase 1.0 percent and 0.9 percent, respectively. Vermont's year-over-year job growth rates are comparable to the forecasted job growth rates for the U.S. economy. The state's rate of unemployment is expected to average 2.6 percent in calendar year 2024 and 3.1 percent in calendar year 2025, which is approximately 1 percent lower than the forecasted U.S. rate of unemployment over the same period. Through the calendar year 2026 time period, Vermont is expected to enjoy one of the lowest unemployment rates in the nation.

For calendar year 2024, Vermont's personal income growth is expected to increase by 5.0 percent. Increases are also anticipated for calendar years 2025 and 2026 at rates of 4.5 percent and 4.4 percent respectively, as inflation remains at historically high levels for a large part of that timeframe. Housing prices in Vermont are expected to increase approximately 6.9 percent in calendar year 2024, and another 2.5 percent in calendar year 2025. Housing prices are then forecasted to decline by 0.1 percent in calendar year 2026 due to a combination of tight monetary policy, rising interest rates and slowing household income.

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 2024 meeting the Committee made a recommendation of net tax-supported debt not to exceed $100 million for the 2026-2027 fiscal year biennium, a reduction of $8 million from the prior recommendation for the 2024-2025 fiscal year biennium. During the 2024 and 2025 fiscal year biennium legislative sessions, the General Assembly authorized $130.6 million in total capital project spending to be funded with $108 million in new general obligation debt, $5.2 million in bond premiums that were received, and $17.4 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, 2024. 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, 2023. This was the sixteenth 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 Digitally signed by Adam Greshin

Adam Greshin
Commissioner
Department of Finance and Management
December 23, 2024

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

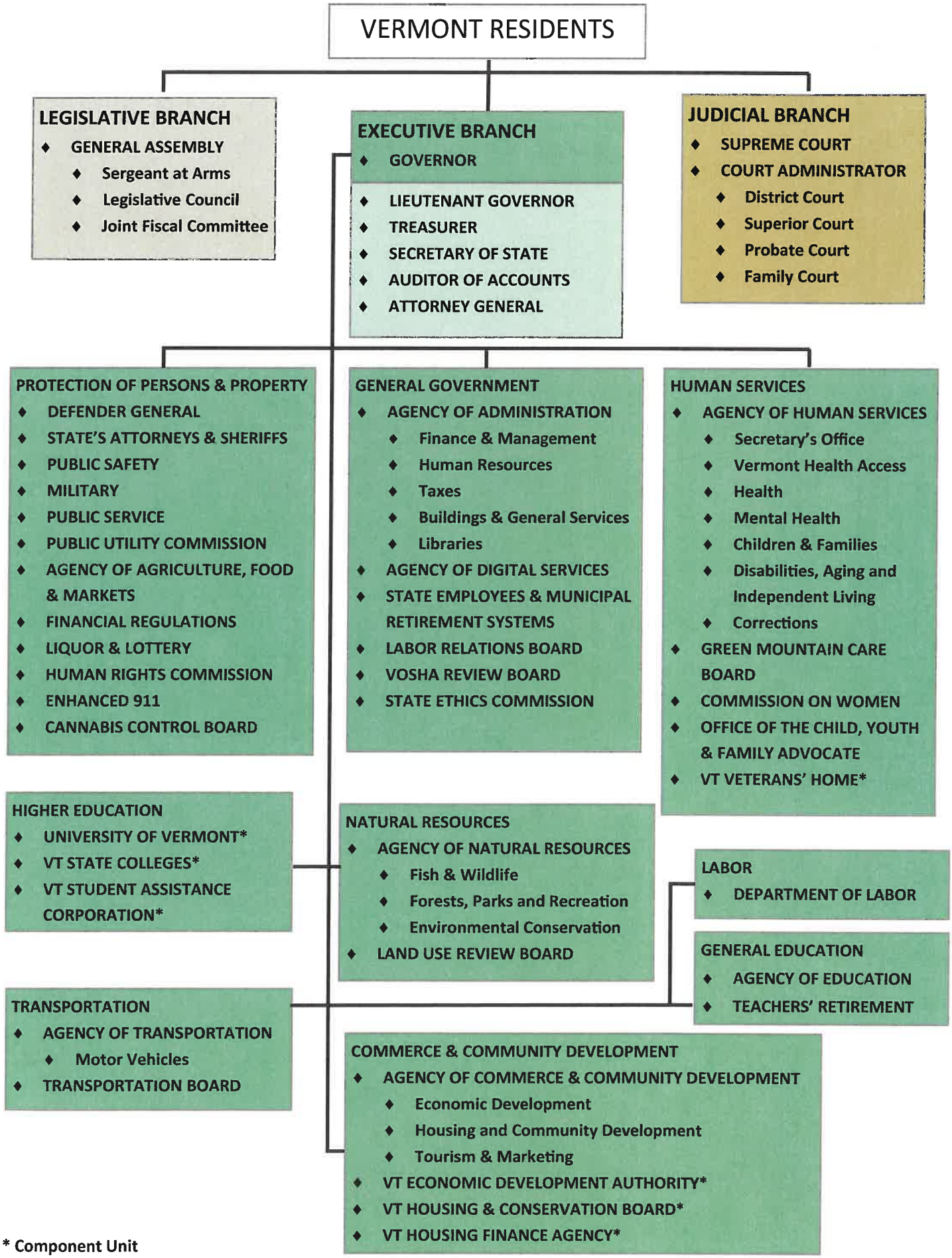
State of Vermont

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO



* Component Unit

SELECTED STATE OFFICIALS
As of June 30, 2024

EXECUTIVE

Philip B. Scott
Governor

David Zuckerman
Lieutenant Governor

Sarah Copeland Hanzas
Secretary of State

Charity Clark
Attorney General

Douglas R. Hoffer
Auditor of Accounts

Mike Pieciak
State Treasurer

JUDICIAL

Paul L. Reiber
Chief Justice

LEGISLATIVE

Philip Baruth
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 Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

In our opinion, 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, 2024, 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.

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	0.02%	0.06%
Business-Type Activities	State Lottery Fund; Energy Efficiency Utility Fund	12.23%	53.30%
Special Fund	Universal Service Fund	0.25%	1.08%
State Lottery Fund	State Lottery Fund	100.00%	100.00%
Aggregate Remaining Fund Information	Energy Efficiency Utility Fund	0.45%	3.18%
Aggregate Discretely Presented Component Units	University of Vermont and State Agricultural College; Vermont State Colleges; Vermont Housing Finance Agency; Vermont Economic Development Authority; Vermont Housing and Conservation Board; Vermont Veterans' Home	77.76%	92.75%

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 State's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 is the responsibility of management and, 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 have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary 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 combining and individual fund statements and schedules (the supplementary information) is presented for purposes of additional analysis 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 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2024, 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, 2024

INTRODUCTION

We are pleased to present this analysis and discussion of Vermont's financial performance for the fiscal year ended June 30, 2024. This Management 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 2024. 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 positive net position of $1.055 billion, comprised of $8.069 billion in total assets and $1.272 billion in deferred outflows offset by $7.171 billion in total liabilities, and $1.116 billion in deferred inflows at June 30, 2024 (Table 2). Of this positive net position amount, $3.191 billion represents the net investment in capital assets, $1.052 billion is restricted for various purposes, and $3.187 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 $16 million as a result of this year's operations. The net position for governmental activities decreased $14.8 million and net position for business-type activities increased by $30.8 million (Table 3).

Fund level

- Vermont's governmental funds reported a combined ending fund balance of $2.204 billion, a decrease of $50.7 million or 2.2% below the prior year. Of this ending fund balance, $109.1 million is nonspendable, $649.9 million is restricted for specific purposes, and $1.445 billion is available for spending (committed, assigned, and unassigned fund balance). The decrease in ending fund balance is primarily attributable to a decrease in the fund balance of the General Fund of $165.7 million and Education Fund of $118.8 million, offset by an increase in fund balance of the Special Fund of $166 million and the non-major governmental funds of $97.1 million.

- Vermont's General Fund reported an ending fund balance of $898.6 million, of which $796.9 million is available for spending (committed, assigned and unassigned).

- Vermont's enterprise funds reported a combined net position of $333.3 million, an increase of $31.3 million over last year.

Capital assets

- The carrying amount of capital assets for the primary government increased to $3.696 billion, an increase of $115.4 million over last year. The increase is primarily due to increases in Infrastructure ($213.6 million), Machinery and Equipment ($13.4 million), Intangible right-to-use assets ($4.2 million), and in Buildings and Improvements ($2.6 million); offset by decreases in Construction in Process ($114 million), and Land Use Rights and Land Improvements ($4.4 million).

Long-term debt

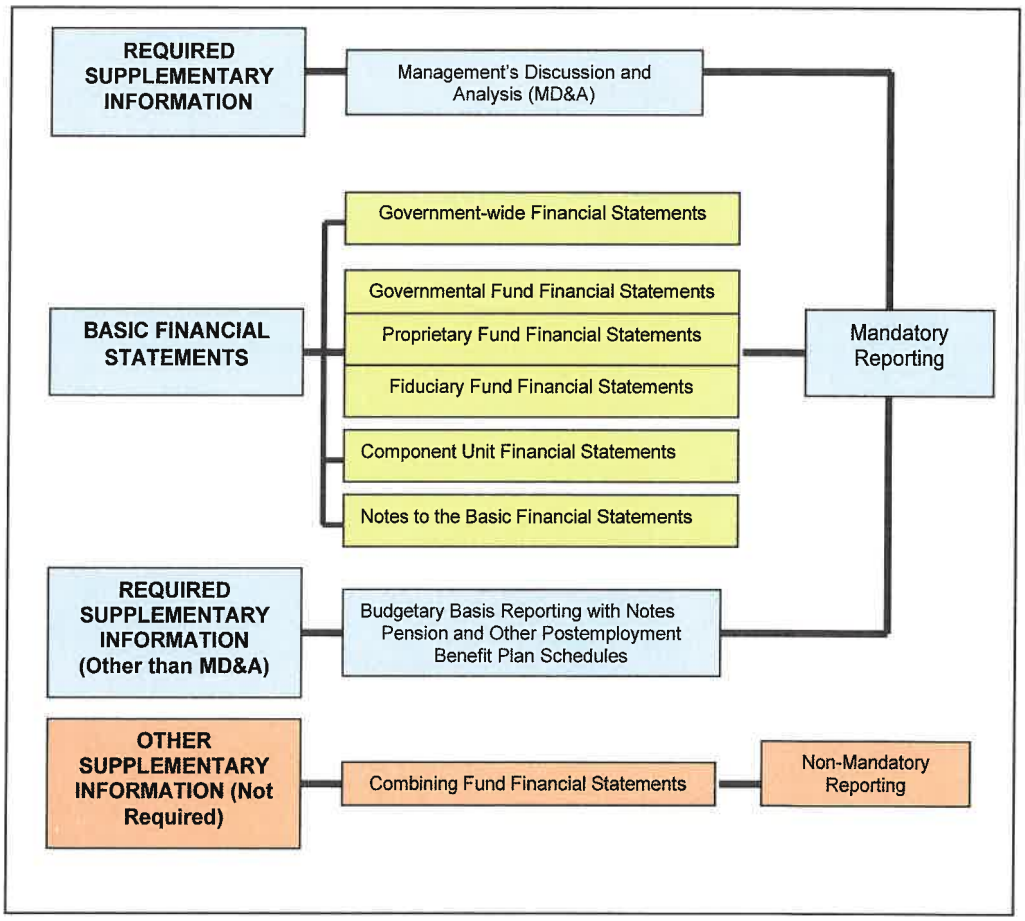
- Vermont's debt outstanding for general obligation bonds increased $78.5 million as compared to fiscal year 2023. In 2024, Vermont issued $197.7 million in general obligation bonds and through redemptions and defeasances retired $119.2 million in general obligation bonds.

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 24.

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, Expenses, 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 businesses. All of Vermont's activities except its fiduciary funds' activities are reported in 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 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. 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. 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 can 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 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 lease and subscription-based information technology arrangements (SBITA's) liabilities, 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, note, lease, and SBITA proceeds result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements. Payments of bond, note, lease, and SBITA 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, notes, lease, SBITA liabilities 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 benefits, 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 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 nineteen 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, one debt service fund, 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 major 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 public, government, and non-state government entities. They normally derive their revenue by charging user fees 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 statements 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, 2024 and 2023 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 positive net position (governmental and business-type activities) totals $1.055 billion at the end of fiscal year 2024, as shown in Table 2. Approximately $3.191 million of the combined net position represents Vermont's investment in capital assets such as land, buildings, equipment, infrastructure (roads, bridges, and other immovable assets), and intangible right-to-use 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.

The Primary Government's capital assets net of accumulated depreciation increased by $115.4 million. The increase in Governmental Activities was driven by $213.6 million transportation infrastructure improvements (railroads, bridges, and highways), $13.4 million in machinery and equipment, and $2.6 million in buildings and improvements; offset by $114 million decrease in construction in process costs. Business-type Activities for capital assets net of accumulated depreciation deceased by $623 thousand.

An additional portion of the primary government's net position ($1,051.5 million) represents resources that are subject to external restrictions on how they may be used. This is an increase of $69.6 million and is primarily a result of additional amounts that are restricted for Natural Resources ($32.2 million), Unemployment ($30.2 million), Human Services ($24.7 million), Commerce and Community Development ($4.6 million); offset by decreases in amounts restricted for Protection to Persons and Property ($11.6 million), Transportation ($8.1 million) and Labor ($3.7 million).

Internally imposed designations of resources are not presented as restricted net position. The remaining balance of unrestricted net position is a deficit of $3.187 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, $231.6 million outstanding at June 30, 2024, that does not result in a governmental activities' capital asset.

Current assets decreased by $148.3 million primarily due to reductions in cash and cash equivalents ($322.7 million); offset by increases in investments ($81.9 million), federal grants receivables ($76.4 million), loans and notes receivables ($9.4 million), other receivables ($3.8 million), and taxes receivables ($2.9 million).

Long term liabilities increased by $204.5 million primarily due to the increases in net pension liabilities and net other postemployment benefit liabilities ($121.1 million), bonds, and notes payable ($78 million), SBITA liabilities ($5.3 million), other long-term liabilities ($2.6 million), claims and judgements ($1.2 million); offset by decreases in compensated absences ($3.2 million).

At the end of fiscal year 2024, Vermont reported positive total net position balances in its governmental activities, business-type activities and its discretely presented component units.

(Table on next page.)

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current assets	$ 3,356.6	$ 3,524.4	$ 397.4	$ 377.9	$ 3,754.0	$ 3,902.3
Other assets	617.7	536.5	1.2	1.2	618.9	537.7
Capital assets	3,688.5	3,572.5	8.0	8.6	3,696.5	3,581.1
Total assets	7,662.8	7,633.4	406.6	387.7	8,069.4	8,021.1
DEFERRED OUTFLOWS OF RESOURCES						
Total deferred outflows of resources.	1,259.9	1,377.6	12.5	11.5	1,272.4	1,389.1
LIABILITIES						
Current liabilities	1,696.1	1,746.5	52.3	64.9	1,748.4	1,811.4
Long-term liabilities	5,399.3	5,199.3	22.9	18.4	5,422.2	5,217.7
Total liabilities	7,095.4	6,945.8	75.2	83.3	7,170.6	7,029.1
DEFERRED INFLOWS OF RESOURCES						
Total deferred inflows of resources...	1,104.8	1,327.9	11.6	14.4	1,116.4	1,342.3
NET POSITION						
Net Investment in capital assets	3,187.2	3,113.0	3.4	3.6	3,190.6	3,116.6
Restricted	721.0	681.5	330.5	300.4	1,051.5	981.9
Unrestricted (deficit)	(3,185.7)	(3,057.2)	(1.6)	(2.5)	(3,187.3)	(3,059.7)
Total net position	$ 722.5	$ 737.3	$ 332.3	$ 301.5	$ 1,054.8	$ 1,038.8

Totals may not add due to rounding.

Changes in Net Position

Governmental type activities had an overall decrease in net position of $14.8 million, or a 2% decrease in the net position, resulting from expenses being greater than revenues by $75.4 million offset by transfers in from business-type activities of $60.6 million. The $59.5 million increase in revenues over 2023 was due to an increase of $262.7 million in general revenues offset by a decrease of $203.2 million in program revenues. The increase in general revenues is largely due to higher tax collections and investment earnings, offset by a decrease in program revenues that is primarily attributable to decreased federal grant revenue.

Business-type activities had an overall increase in net position of $30.8 million or 10.2%, resulting from revenues being greater than expenses by $91.4 million offset by transfers out of $60.6 million. The majority of transfers out was represented by a $35.1 million transfer from the State Lottery Fund to support education and a $21.2 million transfer from the Liquor Control Fund to the General Fund. Revenues increased $32.3 million from 2023, primarily due to increases in unemployment federal grants ($12.5 million), lottery ticket sales ($9.6 million), sports wagering revenue ($5.1 million), and unemployment taxes ($1.6 million); offset by a decrease in liquor sales ($1.8 million).

The primary government condensed financial statement information is derived from Vermont's June 30, 2024 and 2023 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.)

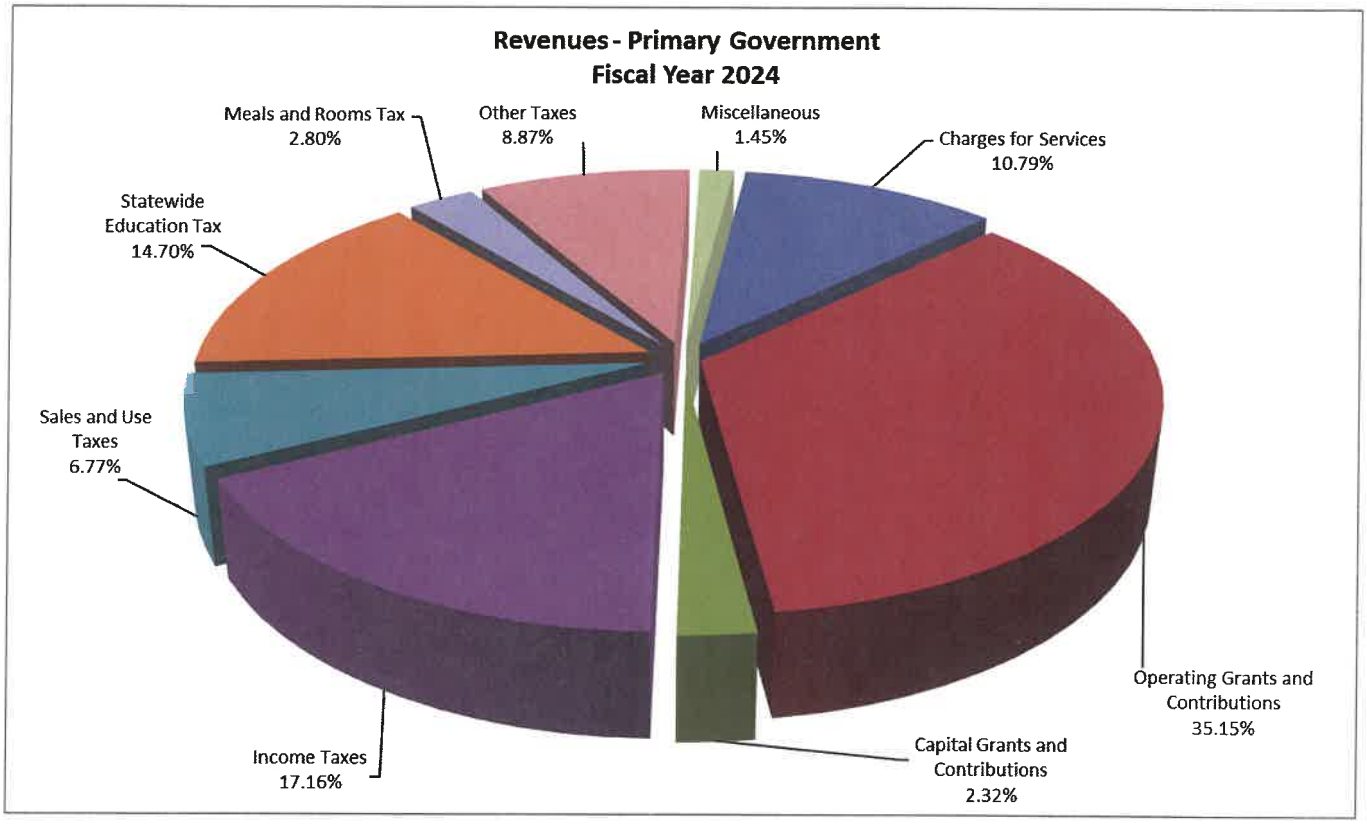
TABLE 3
State of Vermont's Changes in Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	$ 538.5	$ 511.3	$ 416.0	$ 400.2	$ 954.5	$ 911.5
Operating grants and contributions	3,088.4	3,272.1	22.5	7.1	3,110.9	3,279.2
Capital grants and contributions	204.9	251.6	-	-	204.9	251.6
General revenues						
Income taxes	1,518.5	1,455.9	-	-	1,518.5	1,455.9
Sales and use taxes	599.0	582.1	-	-	599.0	582.1
Statewide education tax	1,301.2	1,203.6	-	-	1,301.2	1,203.6
Meals and rooms tax	247.8	238.5	-	-	247.8	238.5
Other taxes	784.6	750.2	-	-	784.6	750.2
Miscellaneous	125.5	83.6	2.7	1.6	128.2	85.2
Total revenues	8,408.4	8,348.9	441.2	408.9	8,849.6	8,757.8
Expenses						
General government	237.5	297.7	-	-	237.5	297.7
Protection to persons and property	659.9	597.0	-	-	659.9	597.0
Human services	3,467.1	3,416.3	-	-	3,467.1	3,416.3
Labor	38.3	39.3	-	-	38.3	39.3
General education	2,948.2	2,704.6	-	-	2,948.2	2,704.6
Natural resources	199.0	174.5	-	-	199.0	174.5
Commerce and community development	190.6	179.5	-	-	190.6	179.5
Transportation	726.6	550.8	-	-	726.6	550.8
Interest on long-term debt	16.6	13.5	-	-	16.6	13.5
Unemployment compensation	-	-	62.2	53.2	62.2	53.2
State lottery	-	-	134.6	125.9	134.6	125.9
Liquor control	-	-	83.0	82.4	83.0	82.4
Other business type expenses	-	-	70.0	72.9	70.0	72.9
Total expenses	8,483.8	7,973.2	349.8	334.4	8,833.6	8,307.6
Change in net position before transfers	(75.4)	375.7	91.4	74.5	16.0	450.2
Transfers net in (out)	60.6	55.4	(60.6)	(55.4)	0.0	0.0
Change in net position	(14.8)	431.1	30.8	19.1	16.0	450.2
Net position, beginning of year	737.3	306.2	301.5	282.4	1,038.8	588.6
Net position, end of year	$ 722.5	$ 737.3	$ 332.3	$ 301.5	$ 1,054.8	$ 1,038.8

Totals may not add due to rounding.

The following graph illustrates the revenues of Vermont's primary government for fiscal year 2024. Approximately 37.5% comes from other entities and governments in the form of operating and capital grants and contributions (primarily federal grant revenues), and 31.9% of total revenues are generated by the statewide education and income taxes.

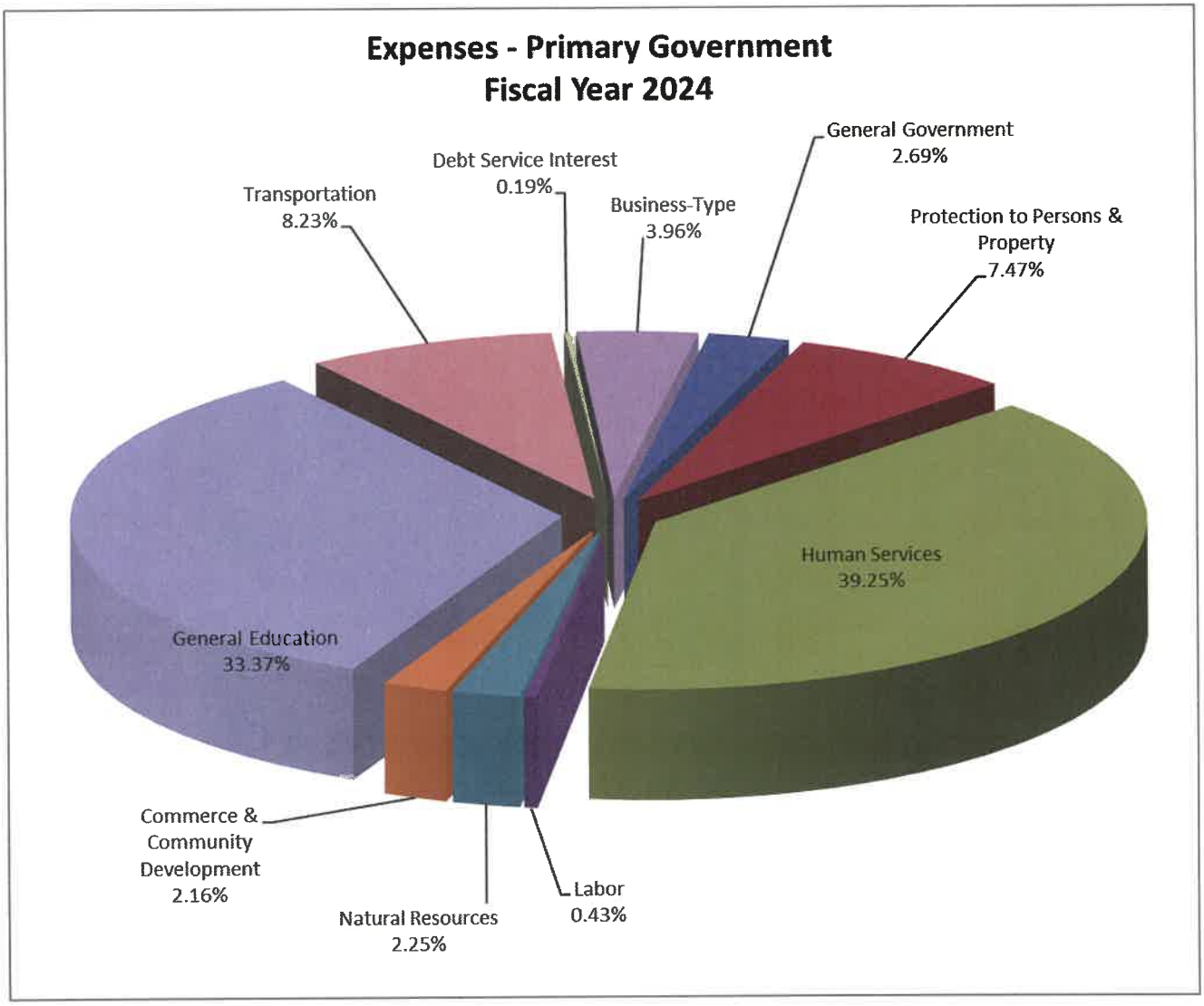
(Chart on next page.)



Percentages may not equal 100% due to rounding.

The following graph illustrates the percentages of total primary government expenses for fiscal year 2024. The largest category of expenses is for Human Services (39.2% of total expenses) which provides for Vermont's low-income, elderly care services and persons in state custody in the form of grants for selected services such as food stamps, health care, housing, and child protective services. The second most significant category of expense is for general education (33.4% of total expenses), which supports primary, secondary and higher education.

(Chart on next page.)



Percentages may not equal 100% due to rounding.

Governmental Activities

In 2024, governmental activities' expenses exceeded revenues by $75.4 million (before transfers). This decrease is offset by net transfers of $60.6 million from business activities resulted in a decrease of $14.8 million, or a 2% decrease in net position. Revenues increased by $59.5 million, primarily due to increases in general revenues ($262.7 million) offset by a decrease in program revenues ($203.2 million). Spending increased for General Education ($243.6 million), Transportation ($175.8 million), Protection to Persons and Property ($62.9 million), Human Services ($50.8 million), Natural Resources ($24.5 million), and Commerce and Community Development ($11.1 million); offset by decreases in General Government ($60.2 million), and Labor ($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) 2024	2023	Change
Charges for services	$ 538.5	$ 511.3	$ 27.2
Operating grants	3,088.4	3,272.1	(183.7)
Capital grants	204.9	251.6	(46.7)
Income taxes	1,518.5	1,455.9	62.6
Sales and use taxes	599.0	582.1	16.9
Statewide education tax	1,301.2	1,203.6	97.6
Meals and rooms tax	247.8	238.5	9.3
Other taxes	784.6	750.2	34.4
Miscellaneous	125.5	83.6	41.9
Total	$ 8,408.4	$ 8,348.9	$ 59.5

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

TABLE 5

Expenses - Governmental Activities

Functional Category	(In Millions) 2024	2023	Change
General government	$ 237.5	$ 297.7	$ (60.2)
Protection to persons and property	659.9	597.0	62.9
Human services	3,467.1	3,416.3	50.8
Labor	38.3	39.3	(1.0)
General education	2,948.2	2,704.6	243.6
Natural resources	199.0	174.5	24.5
Commerce and community development	190.6	179.5	11.1
Transportation	726.6	550.8	175.8
Interest on long-term debt	16.6	13.5	3.1
Total	$ 8,483.8	$ 7,973.2	$ 510.6

The following table shows to what extent program revenues (charges for services and grants and contributions) covered program expenses. For fiscal year 2024, program revenues covered $3,831.8 million or 45.2% of $8,483.8 million in program expenses. The remaining $4,652 million or 54.8% 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, 2024 and 2023

	Program Expenses 2024	Less Program Revenues 2024	Net Program (Expense)/Revenue 2024	Net Program (Expense)/Revenue 2023	Program Revenues as a Percentage of Program Expenses 2024	Program Revenues as a Percentage of Program Expenses 2023
Functions/programs						
General government	$ 237,453,958	$ 271,159,562	$ 33,705,604	$ 165,816,692	114.2%	155.7%
Protection to persons and property	659,877,530	433,080,040	(226,797,490)	(170,305,640)	65.6%	71.5%
Human services	3,467,056,391	2,045,773,980	(1,421,282,411)	(1,286,386,416)	59.0%	62.3%
Labor	38,317,025	27,689,760	(10,627,265)	(9,681,393)	72.3%	75.4%
General education	2,948,319,799	323,710,999	(2,624,608,800)	(2,412,063,736)	11.0%	10.8%
Natural resources	199,021,524	125,161,250	(73,860,274)	(65,441,968)	62.9%	62.5%
Commerce and community development	190,581,070	23,630,228	(166,950,842)	(142,402,729)	12.4%	20.7%
Transportation	726,562,534	581,616,451	(144,946,083)	(4,246,625)	80.1%	99.2%
Interest on long-term debt	16,636,914	-	(16,636,914)	(13,472,916)	0.0%	0.0%
	$ 8,483,826,745	$ 3,831,822,270	$ (4,652,004,475)	$ (3,938,184,731)	45.2%	50.6%

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 2024, the unrestricted fund balance is 65.6% 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 nonspendable to indicate that it is not available for appropriation, such as the principal of Vermont's Permanent Funds, and other items that are nonspendable, such as advances and long-term receivables. At the end of fiscal year 2024, Vermont's governmental funds reported combined fund balances of $2.204 billion, a decrease of $50.7 million in comparison with the prior fiscal year.

The General Fund is the chief operating fund of Vermont. At the end of fiscal year 2024, the General Fund's total fund balance was $898.6 million, the majority of which is unassigned ($714.6 million). During fiscal year 2024, total expenditures were greater than total revenues and other financing sources by $165.7 million. General Fund revenues increased by $30.8 million, or 1.4% primarily due to a $43.8 million increase in investment income as the result of higher interest rates on short term investments. Personal income taxes increased by $25.9 million in 2024 due to a strong labor market, and meals and rooms taxes increased by $5.9 million due to strong consumer demand, offset by a decrease in corporate taxes of $53.9 million.

Expenditures in the General Fund increased by $243.2 million or 16.7%. Human Services expenditures increased by $101.9 million driven by the increased cost of providing services in childcare, emergency and transitional housing, homeless assistance; and higher salaries and benefits costs for employees from wage increases and higher healthcare costs. Commerce and Community Development expenditures increased by $46.1 million due to expanding grant program activity. Protection to Persons and Property expenditures increased by $34.7 million, of which $15.2 million relates to increased salaries and benefits from wage increases and higher healthcare costs. General Education expenditures increased by $36.7 million due to a higher level of State support for higher education spending of $16.9 million, and a higher Teachers' pension contribution of $18.1 million. General

Government expenditures increased by $31.9 million, primarily due to an additional State employees' pension contribution of $13.6 million, and $4.0 million in technical assistance and flood recovery grants to municipalities. The General Fund's statutory reserve for budgetary stabilization decreased by $1.8 million to $104.9 million, the statutory maximum.

The Transportation Fund's total fund balance was $19.5 million at June 30, 2024, a decrease of $28.3 million from the fiscal year 2023's ending total fund balance. Transportation Fund revenues increased $33.1 million or 4.5%, primarily due to increased federal grant revenue as reimbursement for the higher level of spending on transportation projects. Transportation expenditures increased $59.4 million primarily due to the increased activity in transportation construction projects and inflationary pressures on construction costs ($58.3 million). The Transportation Fund's statutory reserve for budget stabilization decreased by $1.2 million to $14.2 million, the statutory maximum.

The Education Fund at June 30, 2024 had a total fund balance of $114.7 million, a decrease of $118.8 million from fiscal year 2023's ending balance. Education Fund expenditures increased by $194.5 million, primarily due to increased school district spending ($196.2 million) driven by inflation pressures. Total revenues increased by $114.1 million. The increase in revenue is primarily driven by higher statewide education tax collections ($97.5 million) due to an increase in the statewide education tax rate, and increases in the following consumption taxes from continued strong consumer demand, sales and use taxes ($13.2 million), meals & room taxes ($2.1 million), and purchase and use taxes ($1.0 million). The Education Fund's statutory reserve for budget stabilization increased by $5.2 million to $47.0 million.

The Special Fund's total fund balance at the end of fiscal year 2024 was $507.2 million, an increase of 48.6% compared to fiscal year 2023. Special Fund revenues increased $28.9 million or 6.95%, and expenditures increased $78.4 million or 26.2%. The change in revenue is predominantly due to an increase in other taxes ($21.8 million) of which $17.4 million is from the cannabis excise tax as the adult-use and medical cannabis programs continue to grow. The increase in expenditure was largely due to an increase in repairs, maintenance, and cleanup costs related to a flooding event in July 2023. This resulted in a decrease in "excess of revenues under expenditures" of $49.6 million from last fiscal year. Under other financing sources the State received insurance recoveries of $43.3 million related to the flooding event in July 2023. Fiscal year 2024 transfers into the Special Fund exceeded transfers out from other funds by $54.2 million contributing to the positive change in fund balance.

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), an ARPA federal grant to be used for broadband expansion (which is included in the Special 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 2024 were $1,422 million, a decrease of $283.1 million compared to fiscal year 2023. Expenditures were $1,408 million in fiscal year 2024, a decrease of $268.3 million compared to 2023. The decreases in federal revenues and expenditures are largely due to waning federal pandemic relief and recovery programs that were major contributors to higher levels of federal revenues and expenditures in prior years. The Federal Revenue Fund's total fund balance at the end of fiscal year 2024 ($568.7 million) was an increase of $9.9 million as compared to the total fund balance at the end of fiscal year 2023.

The Global Commitment Fund is used to provide services to eligible recipients 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. The fiscal year 2024 ending total fund balance for the Global Commitment Fund was $15.0 million, a decrease of $10.9 million. Expenditures increased by $125.4 million in fiscal year 2024 as compared to fiscal year 2023, due to the increased cost of providing healthcare services under the program.

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 increased from $286.5 million at June 30, 2023 to $316.7 million at June 30, 2024, an increase of $30.2 million. The revenue in the Unemployment Compensation Trust Fund increased over the prior year in federal grant revenue ($12.5 million), investment income ($2.9 million), and unemployment tax ($1.7 million). Expenditures from the Trust Fund for unemployment benefits increased by $9.8 million.

Vermont's internal service funds' total net position at June 30, 2024 was a $28.5 million deficit, a $42.7 million decrease from June 30, 2023. This change is primarily due to decreases in net position in the Medical Insurance Fund ($36.3 million), and the Communication & Information Technology Fund ($7.8 million); offset by an increase in the State Liability Insurance Fund ($10.7 million). The decrease in the Medical Insurance Fund net position is driven by significant increases in hospital fees and healthcare costs. The decrease in the Communication & Information Technology Fund net position is driven by increases in information technology costs that weren't built into the rates set for the fiscal year. The increase in the net position of the State Liability Insurance Fund is largely due to a transfer in from the General Fund ($9.5 million). The internal service funds' activity is 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 11.5% percent to $6.9 billion at June 30, 2024. For more information regarding Vermont's retirement and other postemployment benefit plans, see Note IV.G.5 to the financial statements. The Unclaimed Property fund's total assets balance at June 30, 2024 is $34.3 million, total liabilities balance is $15.5 million, resulting in a total net position of $18.9 million . The Custodial Funds' total assets balance at June 30, 2024, is $13.0 million, and total liabilities balance is $10.4 million, resulting in an ending net position of $2.6 million. Net position of all fiduciary funds is reported as restricted for particular purposes.

GENERAL FUND BUDGET HIGHLIGHTS

Vermont ended fiscal year 2024 with General Fund revenues of $2.271 billion, expenditures of $2.304 billion, and net transfers to other funds of $96.6 million (non-GAAP budgetary basis). This was a $45.9 million or a 2.1% increase in revenues over the previous year. The fiscal year 2024 General Fund consensus revenue forecast initially approved by the Emergency Board in July 2023 was subsequently revised upward by the Emergency Board at their January 2024 meeting. Compared to target, the revenues were 8.0% above the July 2023 revenue forecast of $2,102 million, and 6.5% above the January 2024 revised revenue forecast of $2,131 million. Personal income tax was $102.2 million above target, investment income was $22.3 million above target, insurance premium tax was $5.4 million above target, and meals and rooms tax was $4.6 million above target; offset by corporate tax that was $2.7 million below target, and bank franchise tax that was $1.3 million below target. The General Fund results allowed for a fully funded General Fund Budget Stabilization Reserve of $104.9 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, 2024 was $3.696 billion, a total increase of 3.2% (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	
	2024	2023	2024	2023	2024	2023
Land, Land Use Rights, and Land Improvements	$ 181,390	$ 185,814	$ -	$ -	$ 181,390	$ 185,814
Construction in Progress	557,591	671,615	-	-	557,591	671,615
Works of Art	136	136	-	-	136	136
Buildings and Improvements	405,998	403,388	-	-	405,998	403,388
Machinery and Equipment	123,401	109,839	2,723	2,860	126,124	112,699
Intangible right-to-use assets	124,449	119,798	5,251	5,737	129,700	125,535
Infrastructure	2,295,539	2,081,894	-	-	2,295,539	2,081,894
Totals	$ 3,688,504	$ 3,572,484	$ 7,974	$ 8,597	$ 3,696,478	$ 3,581,081

Totals may not add due to rounding.

Many component unit, municipal and non-profit organizations' capital construction projects and acquisitions are financed by Vermont, but the assets are 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, 2024, Vermont had $231.6 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 2024, the State of Vermont's outstanding general obligation bond debt increased by approximately $78.5 million. This increase can be accounted for by the issuance of general obligation bonds of $197.7 million; offset by redemption of general obligation bonds of $49.7 million and defeasances of general obligation bonds of $69.5 million. 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

For fiscal year 2024, Vermont's economy continued to contend with the legacy effects of the harsh, pandemic-induced economic and labor market downturn that began in early calendar year 2020, and the subsequent period of slow economic and labor market recovery that has characterized the post-pandemic time frame. During the sharp downturn Vermont's labor markets lost a historically large number of non-farm payroll jobs, estimated at 67,200 jobs lost, or roughly 20% of the labor force. By the end of fiscal year 2024, Vermont had recovered

66,000, or roughly 99 percent, of the nonfarm payroll jobs lost during the pandemic. That pace of job recovery was slower than both the New England average and U.S. average.

The state's slower labor market recovery has primarily been tied to the lack of available workers to fill the thousands of job openings available across the State. As of June 30, 2024, the Vermont labor force was still 1.0 percent below the pre-pandemic labor force. Data from the U.S. Department of Labor's Job Openings and Labor Turnover Survey reported 2.5 job openings per unemployed Vermont worker as of June 2024, as compared to 1.1 job openings per unemployed worker for the nation.

In calendar year 2023, the national economy as measured by inflation-adjusted Gross Domestic Product (GDP) increased by 2.5 percent, while Vermont's inflation-adjusted Gross State Product (GSP) increased by 1.3 percent. Recent economic developments have been driven by the push of extraordinary federal fiscal pandemic assistance, and the pull of tightening monetary policy to gain control over what had been historically high rates of inflation during the period.

The latest consensus economic forecast for the next two fiscal years projects the state's economy to grow at slightly below the rate of the U.S. economy during calendar year 2024 and 2025. The forecast expects Vermont payroll job growth to increase 1.7 percent in calendar year 2024 on a year-over-year basis, and slow to an annual average growth rate of 1.0 percent in calendar year 2025 and 0.9 percent in calendar year 2026. Vermont's year-over-year job growth numbers are comparable to the 1.6 percent for the forecasted U.S. economy job growth in calendar year 2024, 0.9 percent in calendar year 2025, and 0.5 percent in calendar year 2026. Vermont's rate of unemployment is expected to average 2.6 percent in calendar year 2024, 3.1 percent in calendar year 2025, and 3.2 percent in calendar year 2026 which is approximately 1.3 percent lower than the U.S. average in calendar year 2024, and 1.0 percent lower than the U.S. average in calendar years 2025 and 2026.

In Vermont's housing market, the latest consensus analysis indicates slowing demand, but prices remain high due to low inventory and the relatively high level of mortgage interest rates. The latest quarterly Federal Housing Finance Agency (FHFA) house price numbers for the July to September 2024 period showed an increase for Vermont's house prices of 6.5 percent year-over-year, ranking Vermont fourth highest in the New England region. Given the recent strong increase in Vermont housing prices, without a concurrent and sustained increase in household income, the latest consensus forecast expects the housing market will moderate for the rest of calendar year 2024 into calendar year 2025. For calendar year 2026, the FHFA house price index is expected to decrease 0.1 percent on a year-over-year basis.

Vermont employs a consensus revenue forecasting process carried out by the Administration and the State Legislature. The consensus economic and state revenue forecasts are updated each July and January and are approved by the Vermont Emergency Board under state statute. In July 2024, the consensus revenue forecast for fiscal year 2025 called for "Revenues Available to the General Fund" to total $2,298.4 million, which is a $184.9 million upgrade for fiscal year 2025 in comparison to the previous January's consensus revenue forecast of $2,113.5 million. For fiscal year 2026, the consensus forecast of "Revenues Available to the General Fund" was $2,354.4 million, an upgrade of $163.4 million from the previous January's consensus revenue forecast of $2,191.0 million. The July 2024 consensus revenue forecast for "Revenues Available to the Transportation Fund" for fiscal year 2025 was $317.8 million, which was a $2.1 million upgrade for fiscal year 2025 revenue expectations in comparison to the previous January's consensus revenue forecast of $315.7 million. For fiscal year 2026, "Revenues Available to the Transportation Fund" were forecasted to be $323.0 million, a $3.2 million upgrade from the previous January's consensus revenue forecast of $319.8 million. The July 2024 consensus revenue forecast for "Revenues Available to the Education Fund" for fiscal year 2025 were estimated to be $769.2 million, which corresponded to a $10.4 million upgrade for fiscal year 2025 in comparison to last January's revenue forecast of $758.8 million. For fiscal year 2026, the consensus forecast for "Revenues Available to the Education Fund" was $791.1 million, an increase of $12.5 million from the previous January's consensus revenue forecast of $778.6 million.

REQUESTS FOR INFORMATION

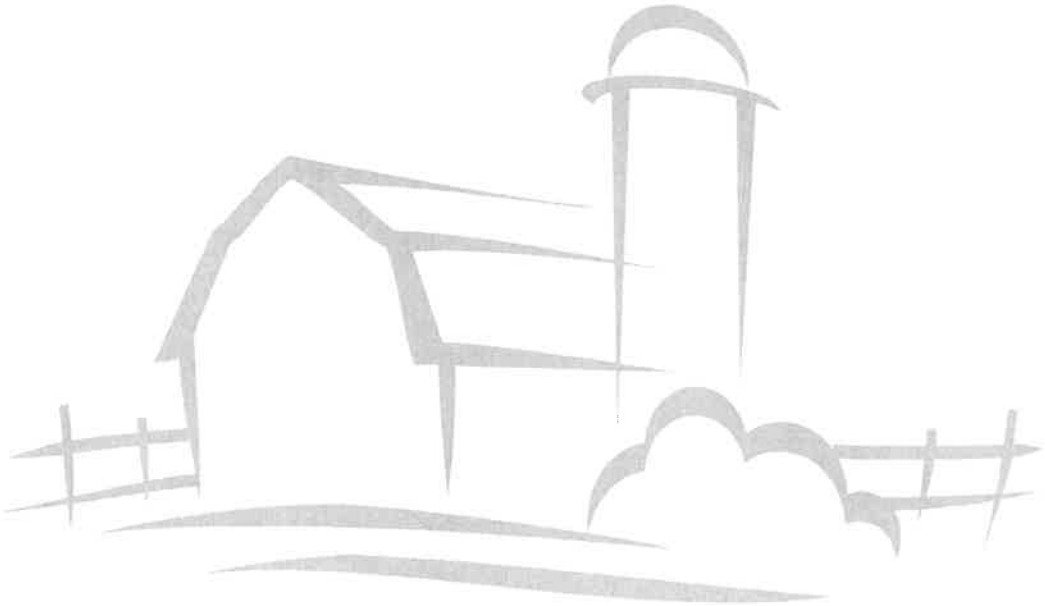
This financial report is designed to provide a general overview of the State of Vermont's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

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.A. to the financial statements.

BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK



Vermont

GOVERNMENTAL-WIDE FINANCIAL STATEMENTS

STATE OF VERMONT
STATEMENT OF NET POSITION
June 30, 2024

	Primary Government			Discretely Presented
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current Assets				
Cash and cash equivalents	$ 1,652,934,084	$ 360,835,941	$ 2,013,770,025	$ 414,515,658
Cash and cash equivalents - restricted	-	-	-	104,856,000
Taxes receivable, net	174,947,005	12,480,038	187,427,043	-
Loans and notes receivable, net	34,498,987	302,859	34,801,846	158,541,058
Federal grants receivable	454,347,646	408,023	454,755,669	15,632,862
Other receivables, net	72,073,467	17,144,835	89,218,302	119,680,195
Lease receivable	1,238,873	-	1,238,873	1,596,000
Investments	943,272,134	-	943,272,134	410,429,368
Inventories	4,002,571	11,442,914	15,445,485	454,394
Internal balances	5,180,001	(5,180,001)	-	-
Due from primary government	-	-	-	176,133,643
Due from component units	9,452,574	-	9,452,574	-
Other current assets	4,687,988	-	4,687,988	24,300,880
Total current assets	3,356,635,330	397,434,609	3,754,069,939	1,426,140,058
Noncurrent Assets				
Cash and equivalents	-	300,000	300,000	21,729,505
Cash and cash equivalents - restricted	3,500,000	-	3,500,000	63,197,690
Taxes receivable	189,256,852	-	189,256,852	-
Other receivables	133,513,237	-	133,513,237	-
Loans and notes receivable	282,372,153	547,582	282,919,735	1,666,986,539
Lease receivable	3,487,603	-	3,487,603	11,559,000
Advances to component units	5,500,000	-	5,500,000	-
Investments	-	378,994	378,994	1,220,424,335
Investments - restricted	-	-	-	80,981,275
Other noncurrent assets	-	-	-	53,860,131
Capital assets				
Land, land use rights, and land improvements	181,390,360	-	181,390,360	56,657,518
Construction in progress	557,591,061	-	557,591,061	90,007,599
Works of art	136,003	-	136,003	-
Capital assets being depreciated:				
Infrastructure	3,915,967,773	-	3,915,967,773	44,764,435
Intangible right-to-use assets	193,106,140	6,463,767	199,569,907	38,616,235
Property, plant and equipment	1,479,534,615	6,479,139	1,486,013,754	1,753,723,570
Less accumulated depreciation	(2,639,221,708)	(4,968,563)	(2,644,190,271)	(1,007,487,386)
Total capital assets, net of depreciation	3,688,504,244	7,974,343	3,696,478,587	976,281,971
Total noncurrent assets	4,306,134,089	9,200,919	4,315,335,008	4,095,020,446
Total assets	7,662,769,419	406,635,528	8,069,404,947	5,521,160,504
DEFERRED OUTFLOWS OF RESOURCES				
Loss on refunding of bonds payable	1,345,958	-	1,345,958	20,066,208
Interest rate swap	-	-	-	8,000
VHCB related deferred outflows	-	-	-	27,112,000
Pension related outflows	819,235,855	4,132,393	823,368,248	7,472,305
OPEB related outflows	439,399,277	8,313,876	447,713,153	240,145,169
Total deferred outflows of resources	1,259,981,090	12,446,269	1,272,427,359	294,803,682

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

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current Liabilities				
Accounts payable and other current liabilities	621,048,556	20,691,427	641,739,983	240,177,780
Income tax refunds payable	128,632,279	-	128,632,279	-
Due to primary government	-	-	-	9,452,574
Due to component units	176,133,643	-	176,133,643	-
Intergovernmental payable - due to federal government	23,832,171	-	23,832,171	-
Accrued interest payable	8,975,809	-	8,975,809	6,464,481
Current portion of long-term liabilities	177,096,625	11,718,935	188,815,560	137,261,356
Unearned revenue	560,425,513	19,863,166	580,288,679	102,477,043
Total current liabilities	1,696,144,596	52,273,528	1,748,418,124	495,833,234
Long-term Liabilities				
Lottery prize awards payable	-	196,478	196,478	-
Bonds, and notes payable	587,273,194	-	587,273,194	2,022,821,089
Lease liabilities	64,999,858	-	64,999,858	18,190,173
Subscription-based information technology arrangements (SBITA's)	18,205,181	3,935,967	22,141,148	2,506,583
Advances from primary government	-	-	-	5,500,000
Compensated absences	682,127	5,590	687,717	-
Claims and judgments	45,804,060	-	45,804,060	-
Net pension liabilities	3,005,054,570	7,237,208	3,012,291,778	14,521,586
Net other postemployment benefits liabilities	1,653,722,934	5,857,758	1,659,580,692	537,096,979
Other long-term liabilities	23,523,706	5,635,223	29,158,929	20,273,267
Total long-term liabilities	5,399,265,630	22,868,224	5,422,133,854	2,620,909,677
Total liabilities	7,095,410,226	75,141,752	7,170,551,978	3,116,742,911
DEFERRED INFLOWS OF RESOURCES				
Prepaid property taxes	4,999,504	-	4,999,504	-
Gain on refunding of bonds payable	3,098,282	-	3,098,282	2,731,000
Lease related inflows	4,950,034	-	4,950,034	12,279,629
Interest rate swap	-	-	-	316,000
Service concession arrangement	-	-	-	443,000
Split interest arrangements	-	-	-	5,331,000
Pension related inflows	18,429,509	1,568,330	19,997,839	4,236,644
OPEB related inflows	1,073,354,194	10,038,731	1,083,392,925	292,649,134
Total deferred inflows of resources	1,104,831,523	11,607,061	1,116,438,584	317,986,407
NET POSITION				
Net investment in capital assets	3,187,173,415	3,378,260	3,190,551,675	274,080,614
Restricted for				
Unemployment compensation	-	316,748,838	316,748,838	-
Funds held in permanent investments				
Expendable	180,410	-	180,410	579,168,793
Nonexpendable	7,416,453	-	7,416,453	457,953,307
General government	146,999	-	146,999	12,395,798
Protection to persons and property	1,184,372	13,791,003	14,975,375	-
Human services	182,268,229	-	182,268,229	2,112,214
General education	2,901,364	-	2,901,364	76,520,000
Natural resources	519,851,748	-	519,851,748	-
Commerce and community development	4,586,283	-	4,586,283	676,860,691
Transportation	894,776	-	894,776	-
Capital projects	1,639,606	-	1,639,606	-
Unrestricted (deficit)	(3,185,734,895)	(1,585,117)	(3,187,320,012)	302,143,451
Total net position	$ 722,508,760	$ 332,332,984	$ 1,054,841,744	$ 2,381,234,868

STATE OF VERMONT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

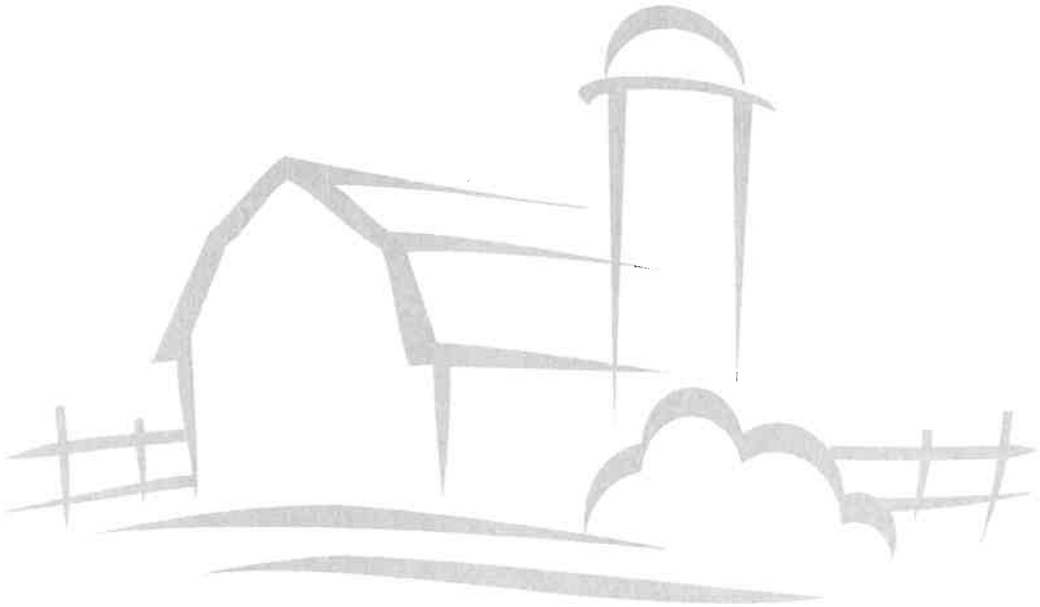
		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Primary Government				
Governmental activities				
General government	$ 237,453,958	$ 74,166,214	$ 196,993,348	$ -
Protection to persons and property	659,877,530	187,891,478	245,188,562	-
Human services	3,467,056,391	81,490,530	1,964,283,450	-
Labor	38,317,025	4,368,489	23,321,271	-
General education	2,948,319,799	1,344,535	322,366,464	-
Natural resources	199,021,524	46,478,521	78,682,729	-
Commerce and community development	190,581,070	948,651	22,681,577	-
Transportation	726,562,534	141,805,093	234,929,082	204,882,276
Interest on long-term debt	16,636,914	-	-	-
Total governmental activities	8,483,826,745	538,493,511	3,088,446,483	204,882,276
Business-type activities				
State Lottery and sports wagering	134,517,118	173,768,691	-	-
Liquor Control	82,998,480	102,821,598	-	-
Unemployment Compensation	62,192,432	70,190,018	22,502,931	-
Electric power sales and efficiency	68,935,210	68,102,931	-	-
Federal surplus property	1,087,233	1,095,625	-	-
Total business-type activities	349,730,473	415,978,863	22,502,931	-
Total primary government	$ 8,833,557,218	$ 954,472,374	$ 3,110,949,414	$ 204,882,276
Component Units				
Vermont Student Assistance Corporation	$ 70,702,000	$ 30,897,000	$ 47,947,000	$ -
University of Vermont and State Agricultural College	806,544,000	470,232,000	353,805,000	67,375,000
Vermont State Colleges	192,690,799	91,630,350	110,935,066	6,500,000
Vermont Housing Finance Agency	35,797,000	20,690,000	18,369,000	-
Other	129,128,526	63,748,246	131,565,863	25,200
Total component units	$ 1,234,862,325	$ 677,197,596	$ 662,621,929	$ 73,900,200

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/(loss)	
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	
$ 33,705,604	$ -	$ 33,705,604	$ -
(226,797,490)	-	(226,797,490)	-
(1,421,282,411)	-	(1,421,282,411)	-
(10,627,265)	-	(10,627,265)	-
(2,624,608,800)	-	(2,624,608,800)	-
(73,860,274)	-	(73,860,274)	-
(166,950,842)	-	(166,950,842)	-
(144,946,083)	-	(144,946,083)	-
(16,636,914)	-	(16,636,914)	-
(4,652,004,475)	-	(4,652,004,475)	-
-	39,251,573	39,251,573	-
-	19,823,118	19,823,118	-
-	30,500,517	30,500,517	-
-	(832,279)	(832,279)	-
-	8,392	8,392	-
-	88,751,321	88,751,321	-
(4,652,004,475)	88,751,321	(4,563,253,154)	-
-	-	-	8,142,000
-	-	-	84,868,000
-	-	-	16,374,617
-	-	-	3,262,000
-	-	-	66,210,783
-	-	-	178,857,400
1,518,547,288	-	1,518,547,288	-
599,039,741	-	599,039,741	-
247,819,562	-	247,819,562	-
144,989,517	-	144,989,517	-
73,722,305	-	73,722,305	-
1,301,157,776	-	1,301,157,776	-
565,852,102	-	565,852,102	21,462,855
4,451,128,291	-	4,451,128,291	21,462,855
100,023,824	2,679,231	102,703,055	144,027,814
24,885,098	-	24,885,098	-
561,339	(680)	560,659	3,556,542
-	-	-	1,306,716
60,564,844	(60,564,844)	-	-
4,637,163,396	(57,886,293)	4,579,277,103	170,353,927
(14,841,079)	30,865,028	16,023,949	349,211,327
737,349,839	301,467,956	1,038,817,795	2,032,023,541
$ 722,508,760	$ 332,332,984	$ 1,054,841,744	$ 2,381,234,868

THIS PAGE INTENTIONALLY LEFT BLANK



Vermont

GOVERNMENTAL FUNDS

FINANCIAL STATEMENTS

STATE OF VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Transportation Fund	Education Fund	Special Fund
ASSETS				
Cash and cash equivalents	$ 238,975,699	$ -	$ 154,982,312	$ 565,514,905
Investments	695,309,537	-	-	4,522,649
Receivables				
Taxes receivable, net	291,613,712	570,319	69,949,006	2,070,820
Accrued interest receivable	11,358,184	133,679	-	1,908
Notes and loans receivable	40,416,874	1,962,099	-	2,750,811
Other receivables, net	10,444,805	9,207,793	13,291	121,530,146
Lease receivable	-	3,025,591	-	284,355
Intergovernmental receivables - federal government, net	-	151,736,201	-	-
Due from other funds	912,914	241,830	616,563	10,894,139
Due from component units	9,452,574	-	-	-
Interfund receivable	154,827,820	-	-	-
Advances to other funds	300,000	-	-	-
Advances to component units	5,500,000	-	-	-
Total assets	$ 1,459,112,119	$ 166,877,512	$ 225,561,172	$ 707,569,733
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 61,225,309	$ 56,331,049	$ 85,971,430	$ 38,024,892
Accrued liabilities	23,421,536	6,546,386	-	7,526,226
Retainage payable	289,004	-	49,679	130,917
Due to other funds	76,762,503	6,183,768	2,016	6,354,783
Due to component units	157,661,364	-	13,492,498	-
Intergovernmental payable - federal government	-	-	-	-
Tax refunds payable	40,449,838	-	291,319	4,270
Interfund payable	-	66,199,692	-	-
Unearned revenue	-	141,630	-	45,549,431
Total liabilities	359,809,554	135,402,525	99,806,942	97,590,519
DEFERRED INFLOWS OF RESOURCES				
Prepaid property taxes	-	-	4,999,504	-
Unavailable revenue	200,663,496	8,787,430	6,087,029	102,477,449
Leases	-	3,230,605	-	307,894
Total deferred inflows of resources	200,663,496	12,018,035	11,086,533	102,785,343
FUND BALANCES				
Nonspendable				
Advances	5,800,000	-	-	-
Long-term receivables	95,906,460	-	-	-
Permanent fund principal	-	-	-	-
Restricted	-	894,565	-	45,828,079
Committed	-	18,562,387	114,667,697	464,026,390
Assigned	82,307,585	-	-	-
Unassigned	714,625,024	-	-	(2,660,598)
Total fund balances	898,639,069	19,456,952	114,667,697	507,193,871
Total liabilities, deferred inflows and fund balances	$ 1,459,112,119	$ 166,877,512	$ 225,561,172	$ 707,569,733

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
$ 600,352,105	$ -	$ 33,440,426	$ -	$ 1,593,265,447
179,537,660	-	63,902,288	-	943,272,134
-	-	-	-	364,203,857
1,553,028	-	234	-	13,047,033
269,327,473	-	-	-	314,457,257
7,372,844	30,098,538	178,194	-	178,845,611
-	-	48,516	-	3,358,462
209,348,422	92,470,054	792,969	-	454,347,646
1,393,448	69,488,167	97,631	(82,198,928)	1,445,764
-	-	-	-	9,452,574
-	-	-	-	154,827,820
-	-	-	-	300,000
-	-	-	-	5,500,000
$ 1,268,884,980	$ 192,056,759	$ 98,460,258	$ (82,198,928)	$ 4,036,323,605
$ 138,886,710	$ 156,228,153	$ 9,640,753	$ -	$ 546,308,296
11,308,233	1,750,232	853,199	-	51,405,812
2,105,471	-	2,020,477	-	4,595,548
12,347,614	932,172	502,283	(82,198,928)	20,886,211
44,151	-	4,935,630	-	176,133,643
20,595,603	3,236,568	-	-	23,832,171
-	-	-	-	40,745,427
-	82,326	16,965	-	66,298,983
514,248,326	-	91,591	-	560,030,978
699,536,108	162,229,451	18,060,898	(82,198,928)	1,490,237,069
-	-	-	-	4,999,504
672,641	14,834,983	22,290	-	333,545,318
-	-	70,455	-	3,608,954
672,641	14,834,983	92,745	-	342,153,776
-	-	-	-	5,800,000
-	-	-	-	95,906,460
-	-	7,416,453	-	7,416,453
570,208,290	14,992,325	17,950,893	-	649,874,152
-	-	54,939,269	-	652,195,743
-	-	-	-	82,307,585
(1,532,059)	-	-	-	710,432,367
568,676,231	14,992,325	80,306,615	-	2,203,932,760
$ 1,268,884,980	$ 192,056,759	$ 98,460,258	$ (82,198,928)	$ 4,036,323,605

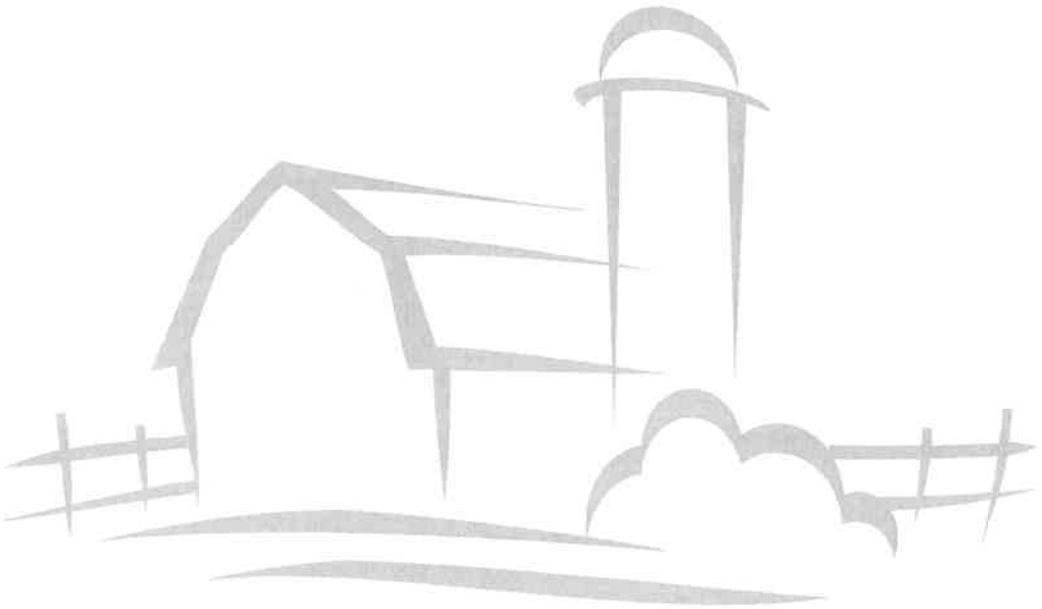
STATE OF VERMONT
RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2024

Total fund balances from previous page	**$**	**2,203,932,760**
Capital assets used in governmental activities (net of internal service funds' capital assets) are not considered financial resources for fund perspective reporting and, therefore, are not reported in the funds [1]		3,544,385,082
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to certain funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position		(27,480,937)
Amounts presented in the statement of net position relating to, but not in fund balances due to a different basis of accounting [1]		498,644,423
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not considered financial liabilities for fund perspective reporting, and therefore are not reported in the funds [1]		(5,496,972,568)
Net position of governmental activities	**$**	**722,508,760**

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

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

THIS PAGE INTENTIONALLY LEFT BLANK



Vermont

STATE OF VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Transportation Fund	Education Fund	Special Fund
REVENUES				
Taxes				
Personal income tax	$ 1,242,737,002	$ -	$ -	$ -
Corporate income tax	235,659,982	-	-	-
Sales and use tax	-	-	595,621,768	2,573,876
Meals and rooms tax	170,655,982	-	61,808,355	14,769,082
Motor fuels tax	-	71,557,402	-	1,347,688
Purchase and use tax	-	96,703,657	48,285,860	-
Statewide education tax	-	-	1,301,157,776	-
Other taxes	470,051,167	19,897,365	3,445,647	69,132,089
Earnings of departments				
Fees	44,223,810	28,515,437	-	117,776,023
Rents and leases	840	2,010,334	-	5,356,720
Sales of services	4,131,593	-	-	11,688,595
Federal grants	-	437,559,827	-	40,744,623
Fines, forfeits and penalties	2,143,739	2,309,503	-	5,815,782
Investment income/(loss)	95,158,253	1,242,402	5,797,391	16,036,003
Licenses				
Business	1,303,197	558,182	-	35,877,581
Non-business	69,690	102,198,699	-	3,171,991
Special assessments	26,570,693	-	-	25,811,628
Other revenues	5,255,291	1,609,973	-	93,927,484
Total revenues	2,297,961,239	764,162,781	2,016,116,797	444,029,165
EXPENDITURES				
General government	143,916,286	4,186,244	-	51,710,965
Protection to persons and property	246,493,847	19,808,088	-	150,501,685
Human services	744,249,740	-	-	39,202,564
Labor	3,028,235	-	-	1,805,589
General education	377,612,800	-	2,174,156,508	24,744,313
Natural resources	49,473,255	-	-	69,104,451
Commerce and community development	111,185,258	436,947	-	393,071
Transportation	11,760,997	764,070,299	-	35,401,021
Capital outlay	3,703,805	3,242,217	-	1,948,816
Debt service	4,489,985	1,620,286	193,085	2,850,310
Total expenditures	1,695,914,208	793,364,081	2,174,349,593	377,662,785
Excess of revenues over (under) expenditures	602,047,031	(29,201,300)	(158,232,796)	66,366,380
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	-	-	-
Premium from the issuance of bonds	6,168,381	-	-	-
Issuance of refunding bonds	63,934,274	-	-	210,726
Payment to bond escrow agent	(70,102,655)	-	-	-
Leases issued	38,391	52,380	-	-
SBITA's issued	2,967,275	3,189,837	-	1,948,816
Proceeds from insurance recoveries	-	-	-	43,270,956
Transfers in	97,997,927	-	43,618,461	163,163,831
Transfers out	(868,725,926)	(2,299,917)	(4,136,983)	(109,002,306)
Total other financing sources (uses)	(767,722,333)	942,300	39,481,478	99,592,023
Net change in fund balances	(165,675,302)	(28,259,000)	(118,751,318)	165,958,403
Fund balances, July 1	1,064,314,371	47,715,952	233,419,015	341,235,468
Fund balances, June 30	$ 898,639,069	$ 19,456,952	$ 114,667,697	$ 507,193,871

The accompanying notes are an integral part of these statements.

Federal Revenue Fund	Global Commitment Fund	Non-major Governmental Funds	Eliminations	Total Governmental Funds
$ -	$ -	$ -	$ -	$ 1,242,737,002
-	-	-	-	235,659,982
-	-	-	-	598,195,644
-	-	-	-	247,233,419
-	-	817,215	-	73,722,305
-	-	-	-	144,989,517
-	-	-	-	1,301,157,776
-	-	-	-	562,526,268
-	-	166,159	-	190,681,429
-	-	64,788	-	7,432,682
-	-	375	-	15,820,563
1,421,956,886	1,275,686,599	12,117,360	-	3,188,065,295
-	-	11,613	-	10,280,637
12,552,323	-	5,025,699	-	135,812,071
-	-	680	-	37,739,640
-	-	7,641,305	-	113,081,685
-	-	-	-	52,382,321
2,945,789	22,628,016	1,596,368	-	127,962,921
1,437,454,998	1,298,314,615	27,441,562	-	8,285,481,157
9,591,766	-	-	-	209,405,261
231,482,947	-	-	-	648,286,567
670,643,844	1,987,090,589	-	-	3,441,186,737
31,935,855	-	-	-	36,769,679
317,560,562	1,593,872	920,823	-	2,896,588,878
58,581,900	-	22,747,799	-	199,907,405
71,773,911	-	-	-	183,789,187
7,956,286	-	-	-	819,188,603
2,790,121	301,589	54,416,986	-	66,403,534
5,913,376	64,556	71,025,873	-	86,157,471
1,408,230,568	1,989,050,606	149,111,481	-	8,587,683,322
29,224,430	(690,735,991)	(121,669,919)	-	(302,202,165)
-	-	133,555,000	-	133,555,000
-	-	12,138,189	-	18,306,570
-	-	-	-	64,145,000
-	-	-	-	(70,102,655)
59,833	301,589	-	-	452,193
2,730,288	-	-	-	10,836,216
-	-	-	-	43,270,956
4,997,284	705,890,642	75,670,360	(1,030,773,661)	60,564,844
(27,081,846)	(26,403,177)	(2,623,506)	1,030,773,661	(9,500,000)
(19,294,441)	679,789,054	218,740,043	-	251,528,124
9,929,989	(10,946,937)	97,070,124	-	(50,674,041)
558,746,242	25,939,262	(16,763,509)	-	2,254,606,801
$ 568,676,231	$ 14,992,325	$ 80,306,615	$ -	$ 2,203,932,760

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, 2024

Total net change in fund balances from the previous page	**$**	**(50,674,041)**
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (net of internal service funds) [1]		98,472,552
Repayment of bond, lease, and SBITA principal is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position (net of internal service funds) [1]		133,956,466
Bond, lease, and SBITA proceeds provide current financial resources to the to the governmental funds, but issuing debt, leases, and SBITA's increases long-term liabilities in the statement of net position (net of internal service funds) [1]		(218,821,997)
Receivables in the governmental funds that are not available to provide current financial resources are not reported as revenues in the governmental funds		54,448,167
Estimated personal income tax refunds that are not due and payable are not reported as governmental fund liabilities		17,121,352
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds [1]		(7,047,406)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities		(42,296,172)
Total changes in net position of governmental activities as reported on the statement of activities	**$**	**(14,841,079)**

[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, 2024

	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	State Lottery Fund
ASSETS			
Current Assets			
Cash and cash equivalents	$ 326,232,008	$ -	$ 4,315,791
Receivables			
Taxes receivable, net of allowance for uncollectibles	12,480,038	-	-
Accounts receivable, net of allowance for uncollectibles	737,569	2,362,113	4,127,126
Loans receivable	-	-	-
Lease receivable	-	-	-
Accrued interest receivable	-	-	-
Due from other funds	-	1,158,855	200
Intergovernmental receivables - federal government	408,023	-	-
Inventories	-	10,703,053	739,861
Prepaid expenses	-	-	-
Total current assets	339,857,638	14,224,021	9,182,978
Noncurrent Assets			
Investments	-	-	378,994
Loans receivable	-	-	-
Lease receivable	-	-	-
Imprest cash and change fund - advances	-	-	300,000
Total noncurrent assets	-	-	678,994
Capital Assets			
Land	-	-	-
Construction in progress	-	-	-
Works of art	-	-	-
Capital assets being depreciated/amortized:			
Intangible right-to-use assets	-	265,733	6,198,034
Machinery, equipment and buildings	-	6,108,378	370,761
Less accumulated depreciation	-	(3,636,582)	(1,331,981)
Total capital assets, net of depreciation	-	2,737,529	5,236,814
Total noncurrent and capital assets	-	2,737,529	5,915,808
Total assets	339,857,638	16,961,550	15,098,786
DEFERRED OUTFLOWS OF RESOURCES			
Pension related outflows	-	2,756,063	1,376,330
OPEB related outflows	-	5,537,729	2,776,147
Total deferred outflows of resources	-	8,293,792	4,152,477

Business-type Activities-Enterprise Funds			Governmental Activities
Non-major Enterprise Funds	Eliminations	Total Enterprise Funds	Total Internal Service Funds
$ 30,288,142	$ -	$ 360,835,941	$ 59,668,637
-	-	12,480,038	-
9,916,607	-	17,143,415	20,742,716
302,859	-	302,859	610,683
-	-	-	415,748
1,420	-	1,420	3,235
124,601	(67,425)	1,216,231	19,643,514
-	-	408,023	-
-	-	11,442,914	4,002,571
-	-	-	4,687,988
40,633,629	(67,425)	403,830,841	109,775,092
-	-	378,994	-
547,582	-	547,582	1,803,200
-	-	-	952,266
-	-	300,000	3,500,000
547,582	-	1,226,576	6,255,466
-	-	-	26,156
-	-	-	2,235,438
-	-	-	8,200
-	-	6,463,767	132,000,150
-	-	6,479,139	129,444,753
-	-	(4,968,563)	(119,595,535)
-	-	7,974,343	144,119,162
547,582	-	9,200,919	150,374,628
41,181,211	(67,425)	413,031,760	260,149,720
-	-	4,132,393	-
-	-	8,313,876	-
-	-	12,446,269	-

continued on next page

STATE OF VERMONT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024

	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	State Lottery Fund
LIABILITIES			
Current Liabilities			
Accounts payable	-	9,749,709	1,016,149
Accrued salaries and benefits	-	461,632	263,347
Claims payable	1,313,335	-	-
Due to lottery winners	-	-	30,188
Due to agents	-	518,319	-
Due to other funds	67,425	141,944	671,471
Interfund payable	-	-	-
Future and unclaimed prizes payable	-	-	7,451,616
Unearned revenue	19,572,468	21,904	268,794
Lease liabilities	-	-	-
SBITA liabilities	-	137,093	523,023
Other current liabilities	2,155,572	4,216	-
Total current liabilities	23,108,800	11,034,817	10,224,588
Long-term Liabilities			
Due to lottery winners	-	-	196,478
Claims payable	-	-	-
Interfund payable	-	3,981,746	-
Advances from other funds	-	-	300,000
Lease liabilities	-	-	-
SBITA liabilities	-	-	3,935,967
Net pension liabilities	-	4,898,515	2,338,693
Net other postemployment benefits liabilities	-	3,954,163	1,903,595
Other noncurrent liabilities	-	2,794	2,796
Total long-term liabilities	-	12,837,218	8,677,529
Total liabilities	23,108,800	23,872,035	18,902,117
DEFERRED INFLOWS OF RESOURCES			
Leases	-	-	-
Pension related inflows	-	1,218,431	349,899
OPEB related inflows	-	7,106,595	2,932,136
Total deferred inflows of resources	-	8,325,026	3,282,035
NET POSITION			
Net investment in capital assets	-	2,600,436	777,824
Restricted for unemployment compensation benefits	316,748,838	-	-
Restricted for protection to persons and property	-	-	-
Unrestricted (deficit)	-	(9,542,155)	(3,710,713)
Total net position	$ 316,748,838	$ (6,941,719)	$ (2,932,889)

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
5,202,933	-	15,968,791	19,298,802
19,386	-	744,365	8,688,976
-	-	1,313,335	34,400,254
-	-	30,188	-
-	-	518,319	-
8,850	(67,425)	822,265	454,414
123,272	-	123,272	22,266,891
-	-	7,451,616	-
-	-	19,863,166	394,535
-	-	-	11,223,177
-	-	660,116	8,639,888
3,563,844	-	5,723,632	758,255
8,918,285	(67,425)	53,219,065	106,125,192
-	-	196,478	-
-	-	-	45,804,060
164,693	-	4,146,439	61,992,235
-	-	300,000	-
-	-	-	63,642,086
-	-	3,935,967	8,118,310
-	-	7,237,208	-
-	-	5,857,758	-
5,635,223	-	5,640,813	1,611,950
5,799,916	-	27,314,663	181,168,641
14,718,201	(67,425)	80,533,728	287,293,833
-	-	-	1,341,080
-	-	1,568,330	-
-	-	10,038,731	-
-	-	11,607,061	1,341,080
-	-	3,378,260	52,495,701
-	-	316,748,838	-
13,791,003	-	13,791,003	-
12,672,007	-	(580,861)	(80,980,894)
$ 26,463,010	$ -	333,337,240	$ (28,485,193)
Adjustment to reflect the consolidation of internal service activities related to enterprise funds.....		(1,004,256)	
Net Position - Business-type Activities.....		$ 332,332,984	

STATE OF VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	State Lottery Fund
OPERATING REVENUES			
Charges for sales and services	$ 69,893,596	$ 96,356,792	$ -
Ticket sales	-	-	168,585,850
Rental income	-	-	-
License fees	-	1,978,959	-
Federal donated properties	-	-	-
Other operating revenues	-	4,485,847	3,500
Total operating revenues	69,893,596	102,821,598	168,589,350
OPERATING EXPENSES			
Cost of sales and services	-	61,719,642	129,475,303
Claims expenses	62,192,432	-	-
Salaries and benefits	-	4,877,466	2,362,760
Insurance premium expenses	-	43,844	18,908
Contractual services	-	138,082	326,464
Repairs and maintenance	-	132,629	11,538
Depreciation	-	754,602	657,887
Rental expenses	-	218,669	160,230
Utilities and property management	-	2,045,847	347,407
Non-capital equipment purchased	-	51,528	-
Promotions and advertising	-	77,229	438,783
Administration expenses	-	157,250	52,777
Supplies and parts	-	230,860	34,627
Distribution and postage	-	7,196	9,185
Travel	-	33,894	185
Other operating expenses	-	12,181,674	41,533
Total operating expenses	62,192,432	82,670,412	133,937,587
Operating income (loss)	7,701,164	20,151,186	34,651,763
NONOPERATING REVENUES (EXPENSES)			
Federal grants	15,003,387	-	-
Gain/(loss) on disposal of capital assets	-	(680)	-
Investment income/(loss)	7,499,544	-	447,836
Interest expense	-	(4,216)	(42,661)
Total nonoperating revenues (expenses)	22,502,931	(4,896)	405,175
Income (loss) before other revenues, expenses, gains, losses, and transfers	30,204,095	20,146,290	35,056,938
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS			
Transfers in	-	-	-
Transfers out	-	(21,207,906)	(35,056,938)
Total other revenues, expenses, gains, losses, and transfers	-	(21,207,906)	(35,056,938)
Changes in net position	30,204,095	(1,061,616)	-
Total net position, July 1,	286,544,743	(5,880,103)	(2,932,889)
Total net position June 30	$ 316,748,838	$ (6,941,719)	$ (2,932,889)

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
$ 71,938,294	$ 238,188,682	$ 523,173,553
-	168,585,850	-
-	-	21,366,896
-	1,978,959	-
1,086,025	1,086,025	-
1,650,000	6,139,347	7,499,422
74,674,319	415,978,863	552,039,871
60,914,313	252,109,258	56,372,670
-	62,192,432	306,787,181
196,574	7,436,800	94,921,419
-	62,752	8,530,751
1,995,411	2,459,957	50,045,337
-	144,167	10,707,659
-	1,412,489	32,074,015
164	379,063	2,979,597
7,756	2,401,010	17,858,199
5,642	57,170	3,121,331
457	516,469	56,727
6,800,058	7,010,085	13,947,198
402	265,889	3,455,159
-	16,381	89,135
-	34,079	125,173
548,799	12,772,006	3,837,713
70,469,576	349,270,007	604,909,264
4,204,743	66,708,856	(52,869,393)
-	15,003,387	-
-	(680)	560,213
2,231,395	10,178,775	2,075,533
-	(46,877)	(1,976,114)
2,231,395	25,134,605	659,632
6,436,138	91,843,461	(52,209,761)
-	-	9,500,000
(4,300,000)	(60,564,844)	-
(4,300,000)	(60,564,844)	9,500,000
2,136,138	31,278,617	(42,709,761)
24,326,872	302,058,623	14,224,568
$ 26,463,010	$ 333,337,240	$ (28,485,193)

Total change in net position reported above.....	$ 31,278,617
Consolidation adjustment of internal service activities related to enterprise funds.....	(413,589)
Change in net position - business type activities...	$ 30,865,028

STATE OF VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

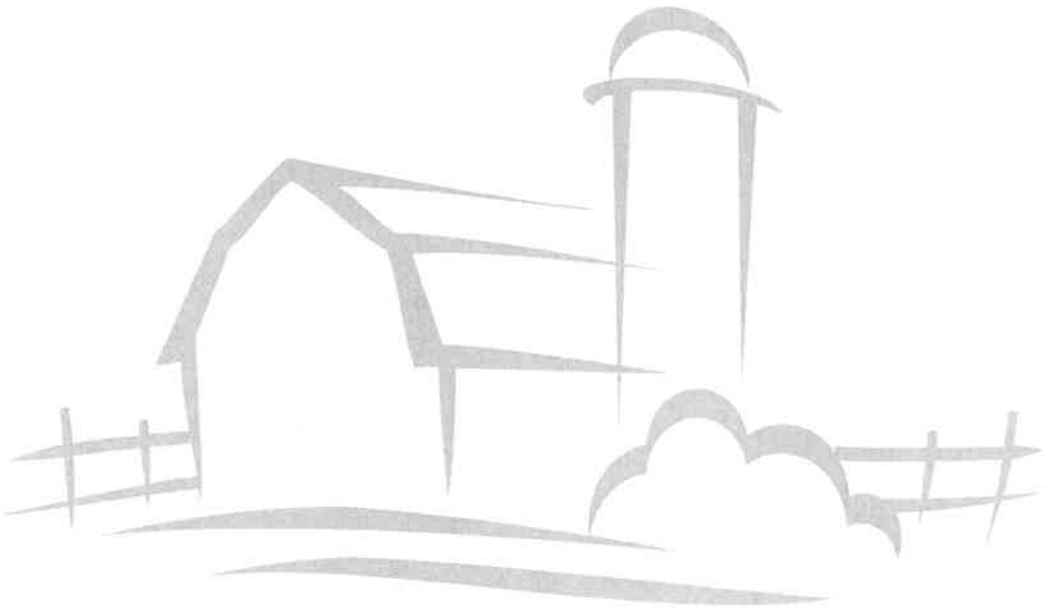
	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	State Lottery Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 71,716,501	$ 96,021,733	$ 167,536,174
Cash paid to suppliers for goods and services	-	(62,756,951)	(8,885,755)
Cash paid to employees for services	-	(5,328,347)	(2,299,132)
Cash paid for prizes and commissions	-	-	(122,656,192)
Cash paid to claimants	(62,400,878)	-	-
Other operating revenues	-	6,464,806	3,300
Other operating expenses	-	(12,181,674)	(41,533)
Total cash provided (used) by operating activities	9,315,623	22,219,567	33,656,862
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	-
Transfers out	-	(21,207,906)	(35,997,986)
(Increase)/decrease in due from other funds	-	-	-
Interfund loans and advances	-	(405,639)	-
Federal grants	297,831	-	-
Net cash provided (used) by noncapital financing activities	297,831	(21,613,545)	(35,997,986)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(485,288)	(47,797)
Payment of leases, SBITA's, and loans	-	(128,640)	(518,339)
Interest paid on leases, SBITA's, and loans	-	-	(42,661)
Proceeds from capital loans	-	-	-
Proceeds from sale of capital assets	-	7,906	-
Net cash provided (used) by capital and related financing activities	-	(606,022)	(608,797)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	7,499,544	-	458,919
Proceeds from sales/maturities of investments	-	-	19,112
Proceeds from loan repayments	-	-	-
Loans issued	-	-	-
Net cash provided (used) by investing activities	7,499,544	-	478,031
Net increase (decrease) in cash and cash equivalents	17,112,998	-	(2,471,890)
Cash and cash equivalents, July 1	309,119,010	-	7,087,681
Cash and cash equivalents, June 30	$ 326,232,008	$ -	$ 4,615,791
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ 7,701,164	$ 20,151,186	$ 34,651,763
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation and amortization	-	754,602	657,887
Effect of changes in assets, deferred outflows, liabilities and deferred inflows:			
Accounts/taxes receivable, net	2,257,727	(338,389)	(1,096,834)
Lease receivable	-	-	-
Due from other funds	-	(1,158,855)	(200)
Inventories	-	551,946	(63,169)
Prepaid expenses	-	-	-
Deferred outflows	-	(386,022)	(548,212)
Accounts payable	-	2,599,100	185,305
Accrued salaries and benefits	-	36,104	21,998
Claims payable	(168,767)	-	-
Due to lottery winners	-	-	(59,111)
Due to agents	-	123,423	-
Future and unclaimed prizes payable	-	-	(720,166)
Due to other funds	(434,822)	(46,001)	(9,399)
Unearned revenues	-	3,330	47,158
Other liabilities	(39,679)	-	-
Other noncurrent liabilities	-	-	-
Net pension liabilities	-	1,749,898	1,026,091
Net OPEB liabilities	-	172,503	318,734
Deferred inflows	-	(1,993,258)	(754,983)
Total adjustments	1,614,459	2,068,381	(994,901)
Net cash provided (used) by operating activities	$ 9,315,623	$ 22,219,567	$ 33,656,862
Noncash investing, capital, and financing activities:			
Retirement of assets not fully depreciated	-	-	-
Fair market value of donated inventory sold	-	-	-
Acquisition of capital assets via financing	-	265,733	-

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 Activities
Non-major Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
$ 78,378,399	$ 413,652,807	$ 539,232,642
(74,414,456)	(146,057,162)	(164,378,313)
(177,725)	(7,805,204)	(94,245,485)
-	(122,656,192)	-
-	(62,400,878)	(319,117,510)
1,650,000	8,118,106	7,499,422
(229,742)	(12,452,949)	(3,837,713)
5,206,476	70,398,528	(34,846,957)
-	-	9,500,000
(4,300,000)	(61,505,892)	-
-	-	(155)
107,548	(298,091)	39,717,355
-	297,831	-
(4,192,452)	(61,506,152)	49,217,200
-	(533,085)	(14,719,575)
-	(646,979)	(22,948,269)
-	(42,661)	(1,428,634)
-	-	623,067
-	7,906	1,778,972
-	(1,214,819)	(36,694,439)
2,210,956	10,169,419	1,585,057
-	19,112	-
519,720	519,720	526,926
(440,000)	(440,000)	(646,067)
2,290,676	10,268,251	1,465,916
3,304,700	17,945,808	(20,858,280)
26,983,442	343,190,133	84,026,917
$ 30,288,142	$ 361,135,941	$ 63,168,637
$ 4,204,743	$ 66,708,856	$ (52,869,393)
-	1,412,489	32,074,015
(1,046,586)	(224,082)	486,261
-	-	(325,587)
380,052	(779,003)	(6,063,467)
-	488,777	290,185
-	-	(943,441)
-	(934,234)	-
4,588	2,788,993	2,672,561
18,849	76,951	675,936
-	(168,767)	(12,330,329)
-	(59,111)	-
-	123,423	-
-	(720,166)	-
8,850	(481,372)	828,202
-	50,488	299,430
(216,365)	(256,044)	40,116
1,852,345	1,852,345	-
-	2,775,989	-
-	491,237	-
-	(2,748,241)	318,554
1,001,733	3,689,672	18,022,436
$ 5,206,476	$ 70,398,528	$ (34,846,957)
-	-	911,391
1,086,025	1,086,025	2,416,505
-	265,733	37,505,957

THIS PAGE INTENTIONALLY LEFT BLANK



Vermont

FIDUCIARY FUNDS

FINANCIAL STATEMENTS

STATE OF VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2024

	Pension and Other Postemployment Benefits Trust Funds	Private Purpose Trust Fund: Unclaimed Property Fund	Custodial Funds
ASSETS			
Cash and cash equivalents	$ 313,684,971	$ 14,590,232	$ 7,864,434
Investments			
Fixed income	290,748,137	-	-
Equities	172,724,466	8,108,862	-
Mutual and commingled funds	4,165,116,330	-	-
Private partnerships	2,193,719,333	-	-
Receivables:			
Taxes	-	-	2,787,344
Contributions - current	26,891,727	-	-
Contributions - non-current	4,922,732	-	-
Investments sold	109,897,176	-	-
Interest and dividends	1,892,158	-	-
Due from other funds	286,315	-	-
Other	9,474,204	-	2,362,429
Prepaid expenses	265,437	-	-
Other assets	-	11,638,178	-
Capital assets:			
Capital assets being depreciated:			
Equipment	8,394,121	8,299	-
Less accumulated depreciation	(8,223,378)	(7,758)	-
Total capital assets, net of depreciation	170,743	541	-
Total assets	7,289,793,729	34,337,813	13,014,207
LIABILITIES			
Accounts payable	3,218,116	37,797	5,256
Accrued salaries and benefits	-	48,846	-
Claims payable	-	15,367,758	-
Investments purchased	352,199,628	-	-
Due to other funds	428,529	405	-
Intergovernmental payable - other governments	-	-	10,284,332
Payable to individuals	-	-	129,834
Total liabilities	355,846,273	15,454,806	10,419,422
NET POSITION			
Restricted for employees' pension benefits	6,629,497,242	-	-
Restricted for employees' other postemployment benefits	304,450,214	-	-
Restricted for individuals, organizations and other governments	-	18,883,007	2,594,785
Net position restricted for benefits and other purposes	$ 6,933,947,456	$ 18,883,007	$ 2,594,785

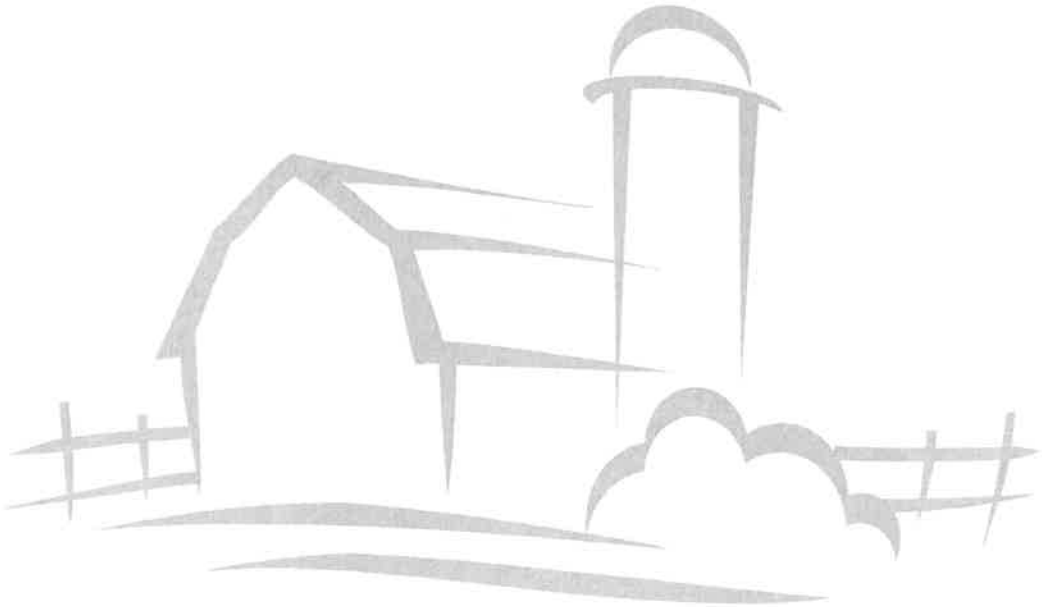
The accompanying notes are an integral part of these financial statements.

STATE OF VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Pension and Other Postemployment Benefits Trust Funds	Private Purpose Trust Fund: Unclaimed Property Fund	Custodial Funds
ADDITIONS			
Contributions			
Employer - pension benefit	$ 176,515,386	$ -	$ -
Employer - healthcare benefit	67,147,047	-	-
Non-employer - pension benefit	206,168,870	-	-
Non-employer - healthcare benefit	61,681,760	-	-
Plan member	147,501,379	-	-
Transfers from non-state systems	210,418	-	-
Other revenues	24,724,801	-	-
Total contributions	683,949,661	-	-
Investment Income			
Net appreciation/(depreciation) in fair value of investments	577,633,177	-	-
Dividends	52,546,522	-	-
Interest income	18,323,554	644,716	2,855
Other income	509,465	-	-
Total investment income/(loss)	649,012,718	644,716	2,855
Less Investment Expenses			
Investment managers and consultants	7,133,151	-	-
Total investment expenses	7,133,151	-	-
Net investment income/(loss)	641,879,567	644,716	2,855
Escheat property remittances	-	1,959,653	-
Collection of local option taxes for other governments	-	-	34,460,799
Collection of fines and fees for other governments	-	-	5,746,112
Collection of child support for individuals	-	-	39,358,794
Collection for the benefit of individuals	-	-	9,370,938
Other custodial fund collections	-	-	79,552
Total additions	1,325,829,228	2,604,369	89,019,050
DEDUCTIONS			
Retirement benefits	499,174,559	-	-
Other postemployment benefits	81,516,018	-	-
Refunds of contributions	9,798,343	-	-
Death claims	2,302,493	-	-
Payment of local option taxes to other governments	-	-	34,460,799
Payment of fines and fees to other governments	-	-	6,036,171
Payments of child support to individuals	-	-	39,669,332
Payments for the benefit of individuals	-	-	9,807,577
Other custodial fund payments	-	-	79,552
Transfers to non-state systems	9,250,044	-	-
Depreciation	630,958	803	-
Operating expenses	8,145,241	1,038,226	-
Total deductions	610,817,656	1,039,029	90,053,431
Change in net position			
Restricted for employees' pension benefits	634,547,521	-	-
Restricted for employees' other postemployment benefits	80,464,051	-	-
Held in trust for individuals, organizations and other governments	-	1,565,340	(1,034,381)
Restricted Net position, July 1	6,218,935,884	17,317,667	3,629,166
Restricted Net position, June 30	$ 6,933,947,456	$ 18,883,007	$ 2,594,785

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

THIS PAGE INTENTIONALLY LEFT BLANK



Vermont

DISCRETELY PRESENTED COMPONENT UNITS

FINANCIAL STATEMENTS

STATE OF VERMONT
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2024

	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	$ 43,153,000	$ 193,216,000	$ 112,387,519	$ 7,928,000	$ 57,831,139	$ 414,515,658
Cash and cash equivalents - restricted	-	-	-	77,585,000	27,271,000	104,856,000
Investments	-	377,276,000	-	8,096,000	25,057,368	410,429,368
Accounts receivable, net	-	69,630,000	19,476,804	-	1,654,069	90,760,873
Accrued interest receivable - loans	11,015,000	-	-	2,122,000	3,888,831	17,025,831
Accrued interest receivable - investments	160,000	-	-	1,281,000	-	1,441,000
Loans and notes receivable - current portion	47,027,000	1,667,000	-	28,948,000	80,899,058	158,541,058
Other receivables	1,697,000	-	-	336,000	8,419,491	10,452,491
Lease receivable	521,000	971,000	-	-	104,000	1,596,000
Due from federal government	-	13,808,000	-	-	1,824,862	15,632,862
Due from primary government	-	-	-	-	176,133,643	176,133,643
Inventories	-	196,000	-	-	258,394	454,394
Other current assets	387,000	20,616,000	2,258,518	-	1,039,362	24,300,880
Total current assets	103,960,000	677,380,000	134,122,841	126,296,000	384,381,217	1,426,140,058
Noncurrent Assets						
Cash and cash equivalents	-	21,061,000	668,505	-	-	21,729,505
Cash and cash equivalents - restricted	61,119,000	-	-	-	2,078,690	63,197,690
Investments	11,452,000	884,862,000	77,833,335	238,776,000	7,501,000	1,220,424,335
Investments - restricted	-	-	-	-	80,981,275	80,981,275
Loans and notes receivable, net	331,070,000	32,767,000	827,573	199,757,000	1,102,564,966	1,666,986,539
Lease receivable	124,000	10,373,000	-	-	1,062,000	11,559,000
Other assets	-	28,701,000	19,470	309,000	24,830,661	53,860,131
Total noncurrent assets	403,765,000	977,764,000	79,348,883	438,842,000	1,219,018,592	3,118,738,475
Capital Assets						
Land	3,150,000	44,419,000	8,436,048	50,000	602,470	56,657,518
Construction in progress	-	86,994,000	2,579,627	-	433,972	90,007,599
Capital assets, being depreciated						
Infrastructure	-	-	44,764,435	-	-	44,764,435
Intangible right-to-use assets	1,053,000	13,629,000	23,053,793	-	880,442	38,616,235
Buildings and leasehold improvements	17,365,000	1,181,682,000	270,779,035	2,010,000	40,062,952	1,511,898,987
Equipment, furniture and fixtures	4,746,000	183,531,000	44,856,419	860,000	7,831,164	241,824,583
Less accumulated depreciation	(15,478,000)	(702,116,000)	(253,195,763)	(2,448,000)	(34,249,623)	(1,007,487,386)
Total capital assets, net of depreciation	10,836,000	808,139,000	141,273,594	472,000	15,561,377	976,281,971
Total assets	518,561,000	2,463,283,000	354,745,318	565,610,000	1,618,961,186	5,521,160,504
DEFERRED OUTFLOWS OF RESOURCES						
Loss on refunding of bonds payable	-	4,757,000	4,403,299	-	10,905,909	20,066,208
Interest rate swaps	-	-	-	8,000	-	8,000
VHCB related deferred outflows	-	-	-	27,112,000	-	27,112,000
Pension related outflows	-	-	-	-	7,472,305	7,472,305
OPEB related outflows	-	190,589,000	31,709,689	-	17,846,480	240,145,169
Total deferred outflows of resources	-	195,346,000	36,112,988	27,120,000	36,224,694	294,803,682

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	3,303,000	113,410,000	14,772,725	746,000	3,918,055	136,149,780
Accrued interest payable	-	-	-	2,791,000	293,000	3,084,000
Bond interest payable	435,000	-	-	-	2,945,481	3,380,481
Unearned revenue	13,775,000	60,887,000	7,533,405	-	20,281,638	102,477,043
Other current liabilities	-	-	-	84,000	87,500,000	87,584,000
Current portion of long-term liabilities	13,311,000	19,036,000	7,831,560	25,000,000	72,082,796	137,261,356
Due to primary government	-	-	-	-	9,452,574	9,452,574
Escrowed cash deposits	-	-	-	15,192,000	1,252,000	16,444,000
Total current liabilities	30,824,000	193,333,000	30,137,690	43,813,000	197,725,544	495,833,234
Noncurrent Liabilities						
Bonds and notes payable	246,514,000	520,458,000	88,711,269	435,414,000	731,723,820	2,022,821,089
Lease liabilities	-	5,367,000	12,027,003	-	796,170	18,190,173
SBITA liabilities	338,000	931,000	1,237,583	-	-	2,506,583
Accounts payable and accrued liabilities	1,749,000	10,349,000	-	-	-	12,098,000
Accrued arbitrage rebate	3,797,000	-	-	-	13,008	3,810,008
Advances from primary government	-	-	-	-	5,500,000	5,500,000
Net pension liabilities	-	-	-	-	14,521,586	14,521,586
Net other postemployment benefits liabilities	-	402,125,000	123,246,472	-	11,725,507	537,096,979
Other liabilities	-	-	3,347,009	995,000	23,250	4,365,259
Total noncurrent liabilities	252,398,000	939,230,000	228,569,336	436,409,000	764,303,341	2,620,909,677
Total liabilities	283,222,000	1,132,563,000	258,707,026	480,222,000	962,028,885	3,116,742,911
DEFERRED INFLOWS OF RESOURCES						
Gain on refunding of bonds payable	2,731,000	-	-	-	-	2,731,000
Lease related inflows	508,000	10,725,000	-	-	1,046,629	12,279,629
Interest rate swaps	-	-	-	316,000	-	316,000
Service concession arrangement	-	443,000	-	-	-	443,000
Split interest arrangements	-	5,331,000	-	-	-	5,331,000
Pension related inflows	-	-	-	-	4,236,644	4,236,644
OPEB related inflows	-	183,077,000	85,090,403	-	24,481,731	292,649,134
Total deferred inflows of resources	3,239,000	199,576,000	85,090,403	316,000	29,765,004	317,986,407
NET POSITION						
Net investment in capital assets	10,152,000	206,811,000	41,889,237	472,000	14,756,377	274,080,614
Restricted						
Endowments - expendable	2,232,000	548,004,000	28,932,793	-	-	579,168,793
Endowments - nonexpendable	10,254,000	421,394,000	26,305,307	-	-	457,953,307
Grants and scholarships	4,860,000	-	-	-	-	4,860,000
Bond resolution	71,660,000	-	-	81,630,000	-	153,290,000
Investment in limited partnerships	-	-	-	-	6,471,000	6,471,000
Collateral for commercial paper program	-	-	-	-	17,790,000	17,790,000
Project and program commitments	-	-	-	12,171,000	234,730,445	246,901,445
Loans receivable	-	-	-	-	338,576,258	338,576,258
Unrestricted (deficit)	132,942,000	150,281,000	(50,066,460)	17,919,000	51,067,911	302,143,451
Total net position	$ 232,100,000	$ 1,326,490,000	$ 47,060,877	$ 112,192,000	$ 663,391,991	$ 2,381,234,868

STATE OF VERMONT
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	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	$ 16,298,000	$ 489,648,000	$ 109,978,689	$ 4,776,000	$ 27,591,376	$ 648,292,065
Other expenses	7,485,000	245,939,000	49,903,351	14,906,000	67,541,803	385,775,154
Scholarship, grants and fellowships	35,900,000	8,447,000	14,467,178	-	-	58,814,178
Depreciation	775,000	41,978,000	13,582,166	79,000	1,589,347	58,003,513
Interest on debt	10,244,000	20,532,000	4,759,415	16,036,000	32,406,000	83,977,415
Total expenses	70,702,000	806,544,000	192,690,799	35,797,000	129,128,526	1,234,862,325
Program Revenues						
Charges for services	30,897,000	470,232,000	91,630,350	20,690,000	63,748,246	677,197,596
Operating grants and contributions	47,947,000	353,805,000	110,935,066	18,369,000	131,565,863	662,621,929
Capital grants and contributions	-	67,375,000	6,500,000	-	25,200	73,900,200
Total program revenues	78,844,000	891,412,000	209,065,416	39,059,000	195,339,309	1,413,719,725
Net revenue (expense)	8,142,000	84,868,000	16,374,617	3,262,000	66,210,783	178,857,400
General Revenues						
Property transfer tax	-	-	-	-	21,462,855	21,462,855
Investment income/(loss)	6,209,000	117,595,000	7,687,334	4,414,000	8,122,480	144,027,814
Additions to non-expendable endowments	490,000	-	816,716	-	-	1,306,716
Miscellaneous	-	1,741,000	30,850	-	1,784,692	3,556,542
Total general revenues	6,699,000	119,336,000	8,534,900	4,414,000	31,370,027	170,353,927
Changes in net position	14,841,000	204,204,000	24,909,517	7,676,000	97,580,810	349,211,327
Net position - beginning	217,259,000	1,122,286,000	22,151,360	104,516,000	565,811,181	2,032,023,541
Net position - ending	$ 232,100,000	$ 1,326,490,000	$ 47,060,877	$ 112,192,000	$ 663,391,991	$ 2,381,234,868

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

STATE OF VERMONT
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2024

I. Summary of Significant Accounting Policies
- A. Financial Reporting Entity 72
- B. Basis of Presentation - Government-wide Financial Statements 75
- C. Basis of Presentation - Fund Financial Statements 76
- D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation 79
- E. Assets and Deferred Outflows, Liabilities and Deferred Inflows, and Net Position/Fund Balance 80
- F. Accounting and Reporting Changes 86

II. Reconciliation of Government-wide and Fund Financial Statements
- A. Net Position and Fund Balance 87
- B. Activities and Revenues, Expenditures, and Changes in Fund Balances 88

III. Stewardship, Compliance and Accountability
- A. Budgetary Information 89
- B. Deficit Fund Balance/Net Position 90

IV. Detail Notes on All Activities and Funds
- A. Cash and Cash Equivalents 93
- B. Investments 93
- C. Receivables 104
- D. Interfund Balances
  - 1. Due from/to Other Funds 106
  - 2. Advances to/from Other Funds 107
  - 3. Interfund Receivables/Payables 107
  - 4. Inter-Primary Government/Component Unit Balances 108
  - 5. Interfund Transfers 109
- E. Capital Assets 111
- F. Deferred Outflows and Deferred Inflows 114
- G. Long-term Liabilities
  - 1. Bonds Payable 115
  - 2. Bond Refundings 117
  - 3. Leases 118
  - 4. Subscription-Based Information Technology Arrangements 119
  - 5. Retirement Plans and Other Postemployment Benefits 120
  - 6. Changes in Long-term Liabilities 165
- H. Fund Balance/Net Position 166

V. Other Information
- A. Risk Management 169
- B. Budget Stabilization Reserves 171
- C. Contingent and Limited Liabilities
  - 1. Contingent Liabilities 172
  - 2. Limited Liabilities 172
  - 3. Contractual Liabilities 173
  - 4. Grant Awards 174
- D. Litigation 175
- E. Joint Venture 176
- F. Tax Abatements 176
- G. Subsequent Events 182

STATE OF VERMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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 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, 2024.

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. Vermont has no blended component units. 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) - UVM's financial report includes the University, the State Agricultural College, and UVM's four discretely presented component units; the University of Vermont and State Agricultural College Foundation, Inc. (UVMF), University Medical Education Associates, Inc. (UMEA), Catamount Run Phase 1, LLC, and Catamount Run Phase 2, LLC. 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 333 Waterman Building, Burlington, Vermont 05405.

Vermont State Colleges (VSC) - The VSC's annual report includes the financial activity for the following organizations:

System Office and Services
Community College of Vermont
Vermont State University
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 05602.

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 residents of Vermont.

VEDA also administers the State Infrastructure Bank (SIB), the Drinking Water State Revolving Loan Fund -

Private Loans, the Brownfields Revitalization Fund, and the Clean Energy Development Fund. These four funds are administered for the benefit of the State and are consolidated and reported in VEDA's custodial 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 are 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 Bond Bank (VBB) - The Vermont Legislature established the VBB 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. VBB 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 the required reserves of the bond bank. The VBB has a December 31 (annual) year-end. Audited financial statements and additional information regarding VBB may be obtained by contacting VBB at 100 Bank Street, Suite 401, Burlington, VT 05401.

VBB 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 1, 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. The VEHBFA 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 is currently inactive. 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 does 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 the 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 Colleges, municipalities, etc.

Debt Service Fund - The General Obligation Debt Service Fund is a non-major governmental fund that accounts for and reports 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, opioid settlements, and drug expenditure reimbursements due to the Medicaid program from drug companies and third-party insurance companies. Lease receivables include land and buildings rentals. 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. The 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 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, intangible assets, 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 (except for intangible right-to-use assets, the measurement of which is discussed sections below under the sections for Leases and Subscription-Based Information Technology Arrangements). 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 Intangible right-to-use assets are found in Notes IV. E. - Capital Assets, IV. G. 3. - Leases, and IV. G. 4. - Subscription-Based Information Technology Arrangements, 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 increase 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.

Leases

The State routinely engages in lease agreements to meet operational needs or serve the general public. The State's lease contracts generally relate to land, buildings, and various machinery and equipment. For short-term leases with a maximum possible term of 12 months or less at commencement, the State recognizes periodic revenue or expense based on the provisions of the lease contract. For all other contracts where the State is the lessee, at the commencement of a lease, the State initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The intangible right-to-use lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The intangible right-to-use lease asset is amortized on a straight-line basis over the shorter of the lease term or useful life of the underlying asset. Intangible right-to-use lease assets are reported with capital assets, and lease liabilities are reported similar to long-term debt in the statement of net position. The State monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the intangible right-to-use lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

On a more limited basis, the State also serves as a lessor providing leases of state-owned land, buildings, and various machinery and equipment. At the commencement of a lease, the State initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date that relate to future periods. The deferred inflow of resources is amortized evenly and recognized as revenue over the life of the lease term. The State monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

The State uses its estimated incremental borrowing rate as the discount rate for leases unless the rate the lessor charges are known. The State's incremental borrowing rate is based on the general obligation bonds' effective interest rate for a given year. Many lease contracts include increases to rent payments related to the consumer price index (CPI) or similar indices, and the available index increase is included in the present value at the commencement of the lease or upon remeasurement. Payments based on future performance are not included in the measurement of the lease liability or lease receivable but recognized as revenue or expense in the period performed. Residual value guarantees and exercise options will be included in the measurement if they are reasonably certain to be paid or exercised. The State has established a minimum dollar threshold for lease reporting of $5,000 per individual lease annually.

Subscription-Based Information Technology Arrangements (SBITA's)

The State routinely engages in SBITA's to meet operational needs, improve efficiency, or serve the general public. The State's SBITA contracts generally are for Software as a Service (SaaS), Platform as a Service (PaaS), or Infrastructure as a Service (IaaS). For short-term SBITA's with a maximum possible term of 12 months or less at commencement, the State recognizes periodic expense based on the provisions of the SBITA contract. For all other SBITA contracts, at the commencement of a SBITA, the State initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The intangible right-to-use SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain implementation costs. The intangible right-to-use SBITA asset is amortized on a straight-line basis over the shorter of the SBITA term or useful life of the underlying information technology asset. Intangible right-to-use SBITA assets are reported with capital assets, and SBITA liabilities are reported similar to long-term debt in the statement of net position. The State monitors changes in circumstances that would require a remeasurement of its SBITA's and will remeasure the intangible right-to-use SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

The State uses its estimated incremental borrowing rate as the discount rate for SBITA's unless the rate in the SBITA contract is known. The State's incremental borrowing rate is based on the general obligation bonds' effective interest rate for a given year. Payments based on future performance are not included in the measurement of the SBITA liability but recognized as an expense in the period performed. The State has established a minimum dollar threshold for SBITA reporting of $50,000 in subscription payments over the maximum term of the contract per individual SBITA. The State has established a minimum capitalization level of $500,000 for implementation costs related to the SBITA.

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 assets 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, and contributions made subsequent to the measurement date are related to pensions and other postemployment benefits. The sixth item is the unamortized balance of losses on bond refunding. All these items 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 are 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Primary Government has three items that qualify for reporting in this category in the governmental funds, which are prepaid property taxes, unavailable revenue, and deferred amounts related to lease receivables. 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 seven items that qualify for reporting in this category in the government-wide financial statements, the following four are related to pensions and other postemployment benefits. Net differences between projected and actual earnings on plan investments are capitalized and recognized over a five-year period. Changes in assumptions, differences between expected and actual experience, 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 fifth 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 sixth item is property taxes collected in advance of levy date. The seventh item is the deferred amount related to lease receivables, which is amortized and recognized as revenue over the life of the lease term.

Additional disclosures related to deferred outflows and inflows of resources are included in Notes IV. F. - Deferred Outflows and Deferred Inflows and IV. G. 5. - 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, 2024, in the governmental funds statements is comprised of tax refunds for filed tax returns due and payable at June 30, 2024. The amount reported as tax refunds payable at June 30, 2024, in the government–wide financial statements is comprised of estimated tax liability overpayments for the first and second calendar quarters of year 2024's tax liability that will be paid out in calendar year 2025.

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, 2024, 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. 6. – Changes in Long-term Liabilities.

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

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	$ 82,307,585
Transportation Fund	684,389
Education Fund	3,500
Special Fund	83,260,022
Federal Revenue Fund	362,285,254
Global Commitment Fund	3,961,901
Non-major Governmental Funds	24,912,883
Total	$ 557,415,534

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

Effective for fiscal year 2024 reporting, the State implemented the following new GASB standards:

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62.* This standard provides guidance for the presentation of accounting changes and error corrections in governmental financial statements and establishes disclosure requirements for the notes to the financial

statements. It also includes guidance for the treatment of accounting changes and error corrections within the supplementary information. This Statement did not have an impact on the financial statements.

GASB Statement No. 99, *Omnibus 2022*. The purpose of this Statement is to enhance the comparability in accounting and financial reporting and improve the consistency of authoritative literature by focusing on practice issues that have been identified during the implementation of various GASB Statements. GASB Statement No. 99 issued in April 2022 had multiple effective dates for the Statement's various requirements. The requirements related to financial guarantees and classification of derivatives were effective for fiscal years beginning after June 15, 2023, and were adopted by the State for fiscal year 2024 reporting. This Statement did not have an impact on the financial statements.

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	$ 181,364,204
Works of art	127,803
Construction in progress	555,355,623
Depreciable capital assets and infrastructure, net of $2,519,626,173 of accumulated depreciation	2,807,537,452
Net adjustment to increase *fund balances - total governmental funds* to arrive at *net position - governmental activities*	$ 3,544,385,082

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	$ 333,545,318
Deferred outflow for unamortized loss on sale of refunding bonds	1,345,958
Deferred inflow for unamortized gain on sale of refunding bonds	(3,098,282)
Deferred outflow for pension related items	819,235,855
Deferred inflow for pension related items	(18,429,509)
Deferred outflow for OPEB related items	439,399,277
Deferred inflow for OPEB related items	(1,073,354,194)
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ 498,644,423

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	$ (651,944,781)
Lease liability (net of internal service funds' liability)	(1,973,433)
SBITA liability (net of internal service funds' liability)	(18,604,920)
Accrued interest payable on bonds, leases, and SBITA's (net of internal service funds' liability)	(8,798,531)
Compensated absences (net of internal service funds' liability)	(43,837,041)
Tax refunds payable	(87,886,852)
Net pension liabilities	(3,005,054,570)
Net other postemployment benefits liabilities	(1,653,722,934)
Other long-term liabilities	(25,149,506)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (5,496,972,568)

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	$ 360,721,989
Expensed net book value of disposed assets	(33,762,115)
Depreciation expense	(228,487,322)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 98,472,552

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

Bond principal repayment	$	49,685,000
Lease principal repayment (net of internal service funds' liability)		710,388
SBITA principal repayment (net of internal service funds' liability)		13,458,423
Payment to refunding bond escrow agent		70,102,655
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	133,956,466

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	$	(133,555,000)
Refunding bonds issued increases long-term debt in the statement of net position		(64,145,000)
Premium from the issuance of bonds increases long-term debt in the statement of net position		(18,306,570)
Leases issued increases liabilities in the statement of net position (net of internal service funds' liability)		(452,193)
SBITA's issued increases liabilities in the statement of net position (net of internal service funds' liability)		(10,836,216)
Bond premium is amortized to interest expense in the statement of activities		9,030,228
Refunding bonds deferred amounts are amortized to interest expense in the statement of activities		(557,246)
Net adjustment to decrease *changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(218,821,997)

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:

Increase in accrued interest payable	$	(1,345,724)
Decrease in compensated absences		1,293,804
Increase in employer pension and other postemployment benefit related costs		(7,016,491)
Decrease in pollution remediation related costs		21,005
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(7,047,406)

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, 2024:

Proprietary Funds	
Major Enterprise Funds:	
Liquor Control Fund	$ (6,941,719)
State Lottery Fund	(2,932,889)
Non-major Enterprise Funds:	
Federal Surplus Property Fund	(164,693)
Internal Service Funds:	
Medical Insurance	(40,005,134)
Communications & Information Technology	(12,902,362)
Property Management	(12,056,503)
Workers' Compensation	(3,531,257)
Postage	(3,085,049)
Offender Work Programs	(2,551,589)
Copy Center	(1,522,466)
Risk Management - All Other Insurance	(849,622)
Human Resources	(491,355)
Facilities Operations	(401,007)
State Surplus Property	(314,393)
Fleet	(58,381)
Single Audit Revolving	(24,763)

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 would in turn allow for sale of surplus 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. An administrative service fee-based participation program will also allow for improved tracking of expenses for revenue reimbursement.

Internal Service Funds

The Medical Insurance Fund deficit is due to an unexpected increase in hospital fees, associated healthcare costs, and new, high cost and highly utilized medications becoming available to employees and retirees. The costs to the medical insurance fund exceeded projections for fiscal year 2024 despite a significant increase to premiums. The Department of Human Resources is currently evaluating the full impact and the considerations for projections into fiscal year 2025 and beyond when the premiums are set for calendar year 2025.

The operations of the Agency of Digital Services (ADS) are accounted for in the Communications & Information Technology Fund (CIT). The deficit in the CIT Fund is primarily due to inadequate billing rates, inability to recover the actual costs, and inadequate technology to manage the business. To address this deficit, ADS continues to work on the implementation of a reporting system to better identify operating costs as compared to billing practices and budgeted rates for ADS services. ADS is exploring alternative funding mechanisms to avoid further deficit spending.

A significant portion of the Property Management Fund deficit is due to two buildings that have been financed over a twenty-year period with a recovery of costs scheduled over fifty years. This part of the deficit should be eliminated gradually over the next twenty-five years. In addition, the administration has added a surcharge to existing leases which will be monitored during budgeting each year to ensure the recovery of operating costs. Program management is also addressing, via corrective agreements and billings, instances of tenant subsidization where invoicing did not recover the full cost of leased space. Program management will also continue to monitor recoverable expenses to pursue corresponding back-charge revenues.

The Workers' Compensation Fund deficit momentum has slowed compared 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 net position was further reduced by the 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 the rate to a break-even level for future years. Program management will work closely with State administration to identify additional workplace safety and other risk mitigation opportunities. A reserve fulfillment surcharge or additional capitalization may need to be applied if programmatic savings cannot otherwise be realized.

The Postage Fund deficit is due to years of the marginal rate (% points saved off federal postage rates) proving insufficient to cover the actual operating costs despite management-initiated efficiencies. In addition, unbilled services (bomb screening and inter-office mail) have not been fully funded. During fiscal year 2024, to address

the deficit, Program management retired a mailing machine and recently reallocated a position to right-size operations. These initiatives have resulted in a small improvement in the deficit net position in fiscal year 2024. Program management has addressed the deficit through improved business operations, while continuing to explore efficiencies gained through a partnership and co-location with the copy center.

The Vermont Offender Work Program includes the Vermont Correctional Industries, Facility Work Camps, and Community Work Crews. The most significant impact on this fund has been the closure of most shops and the cessation of all Community Work Crews. The program is moving away from a production model to a vocational training model with class work and lab time. Fiscal year 2024 was the second of two transitional years for the program. The transition has focused on collaboration with statewide partners in addition to providing vocational training at specific facilities. It is anticipated that the deficit net positive will take several years to correct, but that transitioning to a vocational training model will help to minimize any further deficit increase and it is anticipated that the remaining shops will be able to contribute to an improving net position in years to come.

The Copy Center Fund deficit net position is the result of a long-term decline in demand, driven by digital replacements of printed materials which limit the program's revenue potential without a corresponding reduction in fixed costs. To help eliminate the deficit, a new inserter was purchased in fiscal year 2023, additional work from the closing of the Correctional Industries Print Shop has increased production, and rates were adjusted in fiscal year 2024 to offset program cost increases. The new inserter expands the program's capabilities and allows more complex projects with a higher revenue return. Fiscal year 2024 reported a slight improvement in net position which is a good indication that efforts to reduce the deficit are helping.

The Risk Management - All other Insurance Fund deficit is the result of significant property insurance policy premium increases which will be recovered through future rate increases in fiscal year 2025.

The Human Resources Services Fund has carried a deficit since fiscal year 2020 as estimated revenues, via a one-time statewide allocation, proved insufficient to cover operating expenses. Expenses not covered by revenue in fiscal years 2020 - 2023 include depreciation for the upgraded talent and acquisition management system. Program management will continue to review the rate setting process to ensure that all anticipated expenses are considered while also considering opportunities for efficiencies and leveraging special funds where appropriate

The Facilities Operations Fund deficit is the result of increased administration costs, as well as an increase in contractual and depreciation costs. Program management is exploring future rate increases to eliminate the deficit net position over time.

The State Surplus Property Fund deficit is the result of timing of large reimbursements for the sale of vehicles and equipment at auctions. This deficit should go down since the reimbursement of auctioned items is expected to be much lower in fiscal year 2025 than the previous years. Program management will continue to focus on increasing revenue by having more items available for sale in fiscal year 2025.

The Fleet Fund deficit is primarily driven by vehicles retained beyond their usual 6-year lifecycle during the pandemic due to supply chain shortages, which increased repair and maintenance costs. When the fleet was retained beyond the expected lifecycle, the lease rates were insufficient to cover the increased cost of major maintenance and repairs. The new vehicle market is recovering and the backlog of fleet vehicles due to replacement is beginning to diminish. Once the older vehicles are transitioned out of the fleet, vehicle costs should come back in line with revenue.

The Single Audit Fund deficit is driven by administration costs associated with being fully staffed in fiscal year 2024 at the senior auditor and audit-management level. Contractual costs were higher than expected due to an additional 14 election-related statutory audits that were required during fiscal year 2024. There will not be any election statutory audits required in fiscal year 2025 and it's expected the net position will return to a positive balance in fiscal year 2025.

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, 2024, were $1,169,842,937. Of these, $25,054,518 were exposed to custodial credit risk as uninsured or collateralized with securities held in the name of pledging financial institutions.

The Unemployment Compensation Trust Fund had $326,213,362 on deposit with the U.S. Treasury at June 30, 2024. 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, 2024, totaled $50,968,349 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 ensure that the three investment objectives of 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, 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, 2024 for the primary government, with the exception of the Pension and OPEB trust funds is as follows:

(Table on next page.)

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
Debt investments:		
US Treasuries	$ 732,922	$ 732,922
US Agencies Securities	11,006	11,006
Total debt investments	743,928	743,928
Equities:		
Equity Securities	8,109	8,109
Total equity securities	8,109	8,109
Total investments by fair value level	752,037	$ 752,037
Investments measured at amortized cost		
Certificates of Deposit	213,900	
Total investments at amortized cost	213,900	

Investments measured by net asset value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Money Market Mutual Funds	778,810	-	Daily	-
Fixed Income Mutual Funds	25,041	-	Daily, monthly	1-30 days
Equity Mutual Funds	27,705	-	Daily, monthly	1-60 days
Total investments by NAV	831,556			
Total investments	$ 1,797,493			

$951,760 (in thousands) of the above Money Market Mutual Funds, Bank Certificates of Deposit, and US Treasury Bills 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, 2024 are presented as follows:

(Table on next page.)

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
Debt Investments:				
US Treasuries	$ 732,922	$ 732,662	$ 173	$ 87
US Agencies Securities	11,006	11,006	-	-
Money Market Mutual Funds	778,810	778,810	-	-
Certificates of Deposit	213,900	213,900	-	-
Fixed Income Mutual Funds	25,041	25,041	-	-
Total Debt Investments	1,761,679	$ 1,761,419	$ 173	$ 87
Other Investments:				
Equity Securities	8,109			
Equity Mutual Funds	27,705			
Total Investments	$ 1,797,493			

Primary Government - Excluding Pension, Other Postemployment Benefits and Investment Trust Funds
(Expressed in Thousands)

Investments per maturity schedule	$	1,797,493
Included in cash & cash equivalents:		
Money market mutual funds		(777,778)
Bank Certificates of Deposit		(20,000)
US Treasury Bills		(47,955)
Financial statement investments total	$	951,760
Governmental activities total	$	943,272
Business activities total		379
Fiduciary - private purpose trust fund		8,109
Total	$	951,760

(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, 2024, the State's investments in Certificates of Deposit at TD Bank were 10.6% of total investments in 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, 2024, 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 $732,922 (in thousands), pension, and OPEB fund investments are as follows: as of June 30, 2024, 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**	**Aa1**	**Unrated**
US Agencies Securities	$ 11,006	$ -	$ 11,006	$ -
Money Market Mutual Funds	778,810	778,810	-	-
Certificates of Deposit	213,900	-	-	213,900
Fixed Income Mutual Funds	25,041	-	-	25,041
Totals	$ 1,028,757	$ 778,810	$ 11,006	$ 238,941

(f) Foreign 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. The Trust Investment Account portfolio was not exposed to foreign currency risk as of June 30, 2024.

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.5. - 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, which was most recently amended on January 24, 2023. 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). The two OPEB plan investments are managed in a manner similar to the three defined benefit plans described above in order to provide both growth of invested assets, and liquidity to fund current obligations. U.S. Bank serves as custodian for the two OPEB plan investment portfolios. 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 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 value of the real properties. Properties' fair 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 fair 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. The Office expects such distributions to accelerate over the lives of these funds and to be initiated at the general partners' discretion. As of June 30, 2024, it is the Office's 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, 2024, 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
Debt securities:			
US Treasuries	$ 31,723	$ 31,723	$ -
Corporate Debt	88,076	-	88,076
Municipals	1,784	-	1,784
Asset Backed Securities	14,610	-	14,610
Mortgage Backed Securities	153,639	-	153,639
Sovereign Debt	916	-	916
Repurchase Agreement	227,900	-	227,900
Total debt securities	518,648	31,723	486,925
Equity investments:			
Equity Securities	172,725	172,725	-
Total equity securities	172,725	172,725	-
Total investments by fair value level	691,373	$ 204,448	$ 486,925

Investments measured at the net asset value (NAV)		Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Fixed Income Mutual & Commingled Funds	1,243,073	-	Daily, monthly	1-30 days
Equity Mutual & Commingled Funds	2,296,245	-	Daily, monthly	1-60 days
Mutual & Commingled Funds	625,798	-	Monthly, quarterly	90 days
Money Market Mutual Fund	16,442	-	Daily	-
Private Partnerships	2,193,719	925,728	N/A	N/A
Total investments measured at NAV	6,375,277			
Total investments	$ 7,066,650			

Investments per maturity schedule	$ 7,066,650
Included in cash & cash equivalents:	
Money market mutual funds	(16,442)
Repurchase agreements	(227,900)
Financial statement investments total	**$ 6,822,308**

(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	$ 31,723	$ -	$ -	$ 16,182	$ 15,541
Corporate Debt	88,076	1,530	52,563	20,849	13,134
Money Market Mutual Fund	16,442	16,442	-	-	-
Municipals	1,784	-	382	83	1,319
Asset Backed Securities	14,610	-	13,138	1,461	11
Mortgage Backed Securities	153,639	-	17	43	153,579
Sovereign Debt	916	-	-	-	916
Repurchase Agreement	227,900	227,900	-	-	-
Fixed Income Mutual & Commingled Funds	1,243,073	1,243,073	-	-	-
Total Debt Investments	1,778,163	$ 1,488,945	$ 66,100	$ 38,618	$ 184,500
Other Investments:					
Equity Mutual & Commingled Funds	2,296,245				
Equity Securities	172,725				
Mutual & Commingled Funds	625,798				
Private Partnerships	2,193,719				
Total	$ 7,066,650				

(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, 2024, 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, 2024, 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 $31,723 (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	$ 88,076	$ -	$ 1,048	$ 37,665
Money Market Mutual Funds	16,442	-	-	-
Municipals	1,784	-	1,129	655
Asset Backed Securities	14,610	10,114	335	2,803
Mortgage Backed Securities	153,639	3,728	-	-
Sovereign Debt	916	-	228	688
Repurchase Agreement	227,900	-	-	-
Fixed Income Mutual & Commingled Funds	1,243,073	-	-	-
Totals	$ 1,746,440	$ 13,842	$ 2,740	$ 41,811

continued below

Debt Investments	Quality Ratings Baa	Ba	Unrated
Corporate Debt	$ 45,302	$ 644	$ 3,417
Money Market Mutual Funds	-	-	16,442
Asset Backed Securities	-	-	1,358
Mortgage Backed Securities	-	-	149,911
Repurchase Agreement	-	-	227,900
Fixed Income Mutual & Commingled Funds	-	-	1,243,073
Totals	$ 45,302	$ 644	$ 1,642,101

(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:

(Table on next page.)

Pension and Other Postemployment Benefits
Trust Funds' Investments
Foreign Currency Risk - International Securities at Fair Value
(Expressed in Thousands)

Currency	Total	Short Term	Equity
Canadian Dollar	$ 2	$ 2	$ -
Danish Krone	24	24	-
Euro	161	161	-
Japanese Yen	510	510	-
South African Rand	41	41	-
Swedish Krona	128	128	-
Swiss Franc	837	837	-
United Kingdom Pound	99	64	35
Total	$ 1,802	$ 1,767	$ 35

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, mortgage 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

Receivable balances at June 30, 2024 are summarized as follows:

	Enterprise Funds		Total Business-type
	Major	Non-major	Activities
Business-type activities			
Taxes			
Unemployment	$ 37,336,390	$ -	$ 37,336,390
Allowance for uncollectibles	(24,856,352)	-	(24,856,352)
Taxes receivable, net	$ 12,480,038	$ -	$ 12,480,038
Loans and notes receivable	$ -	$ 850,441	$ 850,441
Current receivable			$ 302,859
Non-current receivable			547,582
Total loans and notes receivable, net			$ 850,441
Federal grants			
Federal grants	$ 408,023	$ -	$ 408,023
Other			
Accrued interest and other receivables	$ 7,333,090	$ 9,918,027	$ 17,251,117
Allowance for uncollectibles	(106,282)	-	(106,282)
Other receivables, net	$ 7,226,808	$ 9,918,027	$ 17,144,835
Current receivable			$ 17,144,835
Non-current receivable			-
Total other receivable, net			$ 17,144,835

continued on following page

	Governmental Funds		Internal	Total Governmental
	Major	Non-major	Service Funds	Activities
Governmental activities				
Taxes				
Personal and corporate income	$ 297,210,098	$ -	$ -	$ 297,210,098
Sales and use	79,074,511	-	-	79,074,511
Meals and rooms	39,821,238	-	-	39,821,238
Purchase and use	5,240	-	-	5,240
Motor Fuel	107,197	-	-	107,197
Other taxes	50,220,124	-	-	50,220,124
Subtotal	466,438,408	-	-	466,438,408
Allowance for uncollectibles	(102,234,551)	-	-	(102,234,551)
Taxes receivable, net	$ 364,203,857	$ -	$ -	$ 364,203,857
Current receivable				$ 174,947,005
Non-current receivable				189,256,852
Total taxes receivable, net				$ 364,203,857
Loans and notes				
Loans and notes receivable	$ 315,090,434	$ -	$ 2,413,883	$ 317,504,317
Allowance for uncollectibles	(633,177)	-	-	(633,177)
Loans and notes receivable, net	$ 314,457,257	$ -	$ 2,413,883	$ 316,871,140
Current receivable				$ 34,498,987
Non-current receivable				282,372,153
Total loans and notes receivable, net				$ 316,871,140

	Governmental Funds		Internal	Total Governmental
	Major	Non-major	Service Funds	Activities
Federal grants				
Human services	$ 178,453,294	$ -	$ -	$ 178,453,294
General education	42,442,450	-	-	42,442,450
Transportation	151,736,195	-	-	151,736,195
Other	80,922,738	792,969	-	81,715,707
Federal grants	$ 453,554,677	$ 792,969	$ -	$ 454,347,646

	Governmental Funds		Internal	Total Governmental
	Major	Non-major	Service Funds	Activities
Lease receivables				
Land	$ 3,037,090	$ 7,917	$ 128,086	$ 3,173,093
Buildings and improvements	272,856	40,599	1,239,928	1,553,383
Lease receivables	$ 3,309,946	$ 48,516	$ 1,368,014	$ 4,726,476
Current receivable				$ 1,238,873
Non-current receivable				3,487,603
Total lease receivable,				$ 4,726,476
Other				
Accrued interest and other receivables	$ 238,302,644	$ 183,658	$ 20,745,951	$ 259,232,253
Allowance for uncollectibles	(46,588,428)	(5,230)	-	(46,593,658)
Other receivables, net	$ 191,714,216	$ 178,428	$ 20,745,951	212,638,595
Interfund loans receivable and due from other funds from Fiduciary Funds				428,934
Less Internal Service Funds' receivables from Governmental Funds				(7,480,825)
Other receivables, net				$ 205,586,704
Current receivable				$ 72,073,467
Non-current receivable				133,513,237
Total other receivable, net				$ 205,586,704

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, 2024, are as follows:

	Due to Other Funds			
	Governmental Funds			
Due From Other Funds	General Fund	Transportation Fund	Education Fund	Special Fund
General Fund	$ -	$ 1,914	$ -	$ 41,028
Transportation Fund	50,000	-	-	189,345
Special Fund	2,894,616	494,369	-	-
Federal Revenue Fund	110,214	-	-	1,283,234
Global Commitment Fund	68,971,147	-	-	517,020
Non-major Governmental Funds	-	-	-	7,699
Liquor Control Fund	-	-	-	1,158,855
State Lottery Fund	-	-	-	200
Internal Service Funds	4,450,211	5,687,485	2,016	3,157,402
Fiduciary Funds	286,315	-	-	-
Total	$ 76,762,503	$ 6,183,768	$ 2,016	$ 6,354,783

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	$ 78,213	$ 561,045	$ 214,713	$ 15,005	$ -
Transportation Fund	-	-	-	2,485	-
Special Fund	6,374,758	268,935	50,746	379,748	-
Non-major Governmental Funds	-	-	89,932	-	-
Non-major Enterprise Funds	-	-	-	57,176	67,425
Internal Service Funds	5,894,643	102,192	146,892	-	-
Total	$ 12,347,614	$ 932,172	$ 502,283	$ 454,414	$ 67,425

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	$ -	$ -	$ -	$ 996	$ 912,914
Transportation Fund	-	-	-	-	241,830
Education Fund	-	616,563	-	-	616,563
Special Fund	3,433	-	-	427,534	10,894,139
Federal Revenue Fund	-	-	-	-	1,393,448
Global Commitment Fund	-	-	-	-	69,488,167
Non-major Governmental Funds	-	-	-	-	97,631
Liquor Control Fund	-	-	-	-	1,158,855
State Lottery Fund	-	-	-	-	200
Non-major Enterprise Funds	-	-	-	-	124,601
Internal Service Funds	138,511	54,908	8,850	404	19,643,514
Fiduciary Funds	-	-	-	-	286,315
Total	$ 141,944	$ 671,471	$ 8,850	$ 428,934	$ 104,858,177

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, 2024, are summarized below:

Proprietary Funds	
State Lottery Fund	$ 300,000
Total	$ 300,000

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, 2024, are as follows:

(Table on next page.)

Interfund Payable	Interfund Receivable General Fund
Governmental Funds	
Non-major Governmental Funds	$ 16,965
Transportation Fund	66,199,692
Global Commitment Fund	82,326
Proprietary Funds	
Liquor Control Fund	3,981,746
Non-major Enterprise Funds	287,965
Internal Service Funds	84,259,126
Total	$ 154,827,820

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, 2024, the advances to component units reported in the General Fund ($5,500,000) are advances to Vermont Economic Development Authority. The State 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, 2024, these account balances are as follows:

	Vermont Housing & Conservation Board	Vermont Veterans' Home	Total
Due from Component Units			
General Fund	$ 1,189,619	$ 8,262,955	$ 9,452,574
Total	$ 1,189,619	$ 8,262,955	$ 9,452,574
Due to Component Units			
General Fund	$ (157,661,364)	$ -	$ (157,661,364)
Education Fund	(13,492,498)	-	(13,492,498)
Federal Revenue Fund	(44,151)	-	(44,151)
Non-major Governmental Funds	(4,935,630)	-	(4,935,630)
Total	$ (176,133,643)	$ -	$ (176,133,643)

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 a transfer of Liquor Control fund profits, 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 the General fund for debt service payments. The Special Fund received transfers from the General Fund for the Tobacco Settlement Fund, the Federal Revenue Fund for the earned income tax credit for the year, and 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, 2024, are as follows:

(Table on next page.)

Transfers in	Transfers Out: Governmental Funds: General Fund	Transportation Fund	Education Fund	Special Fund
General Fund	$ -	$ -	$ -	$ 68,741,310
Education Fund	-	-	-	8,561,523
Special Fund	107,238,507	1,555,801	4,136,983	-
Federal Revenue Fund	-	-	-	2,967,820
Global Commitment Fund	677,186,748	-	-	28,703,894
Non-major Governmental Funds	74,800,671	744,116	-	27,759
Internal Service Funds	9,500,000	-	-	-
Total	$ 868,725,926	$ 2,299,917	$ 4,136,983	$ 109,002,306

continued below

Transfers in	Transfers Out: Governmental Funds: Federal Revenue Fund	Global Commitment Funds	Non-major Governmental Funds	Proprietary Funds: Liquor Control Fund
General Fund	$ 4,641,960	$ -	$ 214,657	$ 21,200,000
Special Fund	22,439,886	26,403,177	281,571	7,906
Federal Revenue Fund	-	-	2,029,464	-
Non-major Governmental Funds	-	-	97,814	-
Total	$ 27,081,846	$ 26,403,177	$ 2,623,506	$ 21,207,906

continued below

Transfers in	Transfers Out: Proprietary Funds: State Lottery Fund	Non-major Enterprise Funds	Total
General Fund	$ -	$ 3,200,000	$ 97,997,927
Education Fund	35,056,938	-	43,618,461
Special Fund	-	1,100,000	163,163,831
Federal Revenue Fund	-	-	4,997,284
Global Commitment Fund	-	-	705,890,642
Non-major Governmental Funds	-	-	75,670,360
Internal Service Funds	-	-	9,500,000
Total	$ 35,056,938	$ 4,300,000	$ 1,100,838,505

E. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2024, 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	$ 185,814,443	$ 5,293,267	$ (9,852,550)	$ 135,200	$ 181,390,360
Construction in process	671,614,507	301,683,750	(412,707,421)	(2,999,775)	557,591,061
Works of art	136,003	-	-	-	136,003
Total capital assets, not being depreciated	857,564,953	306,977,017	(422,559,971)	(2,864,575)	739,117,424
Capital assets, being depreciated					
Buildings and improvements	788,031,038	34,110,927	(7,293,019)	-	814,848,946
Machinery and equipment	632,067,054	49,158,641	(16,540,026)	-	664,685,669
Infrastructure	3,596,183,678	373,925,761	(54,141,666)	-	3,915,967,773
Total capital assets, being depreciated	5,016,281,770	457,195,329	(77,974,711)	-	5,395,502,388
Less accumulated depreciation for					
Buildings and improvements	(384,642,751)	(24,495,643)	7,324,406	(7,036,549)	(408,850,537)
Machinery and equipment	(522,228,323)	(32,895,270)	13,877,365	(38,815)	(541,285,043)
Infrastructure	(1,514,289,994)	(159,282,480)	53,344,803	(201,351)	(1,620,429,022)
Total accumulated depreciation	(2,421,161,068)	(216,673,393)	74,546,574	(7,276,715)	(2,570,564,602)
Capital assets, being depreciated, net	2,595,120,702	240,521,936	(3,428,137)	(7,276,715)	2,824,937,786
Governmental activities capital assets, net, excluding intangible right-to-use assets	$ 3,452,685,655	$ 547,498,953	$ (425,988,108)	$ (10,141,290)	3,564,055,210
Intangible right-to-use assets, net (Note IV.E)					124,449,034
Total Governmental activities capital assets, net					$ 3,688,504,244

Business-type Activities	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Capital assets, being depreciated					
Buildings and improvements	$ -	$ -	$ -	$ -	$ -
Machinery and equipment	6,110,632	533,086	(164,579)	-	6,479,139
Total capital assets, being depreciated	6,110,632	533,086	(164,579)	-	6,479,139
Less accumulated depreciation for					
Buildings and improvements	-	-	-	-	-
Machinery and equipment	(3,250,775)	(661,426)	155,993	-	(3,756,208)
Total accumulated depreciation	(3,250,775)	(661,426)	155,993	-	(3,756,208)
Capital assets, being depreciated, net	2,859,857	(128,340)	(8,586)	-	2,722,931
Business-type activities capital assets, net, excluding intangible right-to-use assets	$ 2,859,857	$ (128,340)	$ (8,586)	$ -	2,722,931
Intangible right-to-use assets, net (Note IV.E)					5,251,412
Total Business-type activities capital assets, net					$ 7,974,343

Fiduciary Activities	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Capital assets, being depreciated					
Buildings and improvements	$ -	$ 83,397	$ -	$ -	$ 83,397
Machinery and equipment	8,319,023	-	-	-	8,319,023
Total capital assets, being depreciated	8,319,023	83,397	-	-	8,402,420
Less accumulated depreciation for					
Buildings and improvements	-	(695)	-	-	(695)
Machinery and equipment	(7,599,375)	(631,066)	-	-	(8,230,441)
Total accumulated depreciation	(7,599,375)	(631,761)	-	-	(8,231,136)
Fiduciary activities capital assets, net	$ 719,648	$ (548,364)	$ -	$ -	$ 171,284

Primary Government

Governmental Activities	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Intangible right-to-use lease assets					
Land	$ 217,155	$ 25,459	$ -	$ -	$ 242,614
Buildings and improvements	96,471,632	13,291,350	(5,719,521)	-	104,043,461
Machinery and equipment	2,997,526	392,360	(61,489)	-	3,328,397
Total intangible right-to-use lease assets	99,686,313	13,709,169	(5,781,010)	-	107,614,472
Less accumulated amortization for					
Land	(53,540)	(33,813)	-	-	(87,353)
Buildings and improvements	(23,803,670)	(12,934,023)	4,053,071	-	(32,684,622)
Machinery and equipment	(355,757)	(653,944)	61,489	-	(948,212)
Total accumulated amortization	(24,212,967)	(13,621,780)	4,114,560	-	(33,720,187)
Total intangible right-to-use lease assets, net	75,473,346	87,389	(1,666,450)	-	73,894,285
Intangible right-to-use subscription-based information technology arrangements (SBITA's) assets					
SBITA assets	65,903,949	36,496,248	(16,908,529)	-	85,491,668
Total intangible right-to-use SBITA assets	65,903,949	36,496,248	(16,908,529)	-	85,491,668
Less accumulated amortization for					
SBITA assets	(21,579,284)	(30,266,164)	16,908,529	-	(34,936,919)
Total accumulated amortization	(21,579,284)	(30,266,164)	16,908,529	-	(34,936,919)
Total intangible right-to-use SBITA assets, net	44,324,665	6,230,084	-	-	50,554,749
Total governmental activities intangible right-to-use assets	165,590,262	50,205,417	(22,689,539)	-	193,106,140
Total accumulated amortization intangible right-to-use assets	(45,792,251)	(43,887,944)	21,023,089	-	(68,657,106)
Total governmental activities intangible right-to-use assets, net	$ 119,798,011	$ 6,317,473	$ (1,666,450)	$ -	$ 124,449,034

Business-type Activities	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Intangible right-to-use subscription-based information technology arrangements (SBITA's) assets					
SBITA assets	$ 6,289,604	$ 265,733	$ (91,570)	$ -	$ 6,463,767
Total intangible right-to-use SBITA assets	6,289,604	265,733	(91,570)	-	6,463,767
Less accumulated amortization for SBITA assets	(552,862)	(751,063)	91,570	-	(1,212,355)
Total accumulated amortization	(552,862)	(751,063)	91,570	-	(1,212,355)
Total intangible right-to-use SBITA assets, net	$ 5,736,742	$ (485,330)	$ -	$ -	$ 5,251,412

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

Governmental Activities		Business-type Activities	
General Government	$ 26,488,138	Liquor Control Fund	$ 754,602
Protection to Persons and Property	12,557,673	State Lottery Fund	657,887
Human Services	21,537,746		
Labor	355,477	**Total**	$ 1,412,489
General Education	3,665,694		
Natural Resources	3,292,737		
Commerce & Community Development	261,485	**Fiduciary Activities**	
Transportation	160,328,372		
Depreciation on capital assets held by Internal Service Funds	32,074,015	Pension Trust Funds	$ 630,958
		Private Purpose Trust Fund	803
Total	$ 260,561,337	**Total**	$ 631,761

Impairment of Capital Assets

State capital assets have been impaired because of physical damage caused by flooding events from a severe storm in July 2023. An impairment loss has been calculated for this damage as required by GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, using the Restoration Cost Approach. Assets that were fully depreciated prior to the storm would have an impairment loss of zero, regardless of the damage.

The State recognized an impairment loss of $8,007,527 for buildings, $434,494 for other infrastructure assets, and $47,321 for machinery and equipment, for a total impairment loss of $8,489,342.

The State received insurance recoveries of $43,270,956 that are allocated to the repair or replacement of capital assets with an impairment loss of $7,936,068, resulting in a net gain of $35,334,888.

On the Statement of Activities under Governmental Activities the insurance recoveries are netted with the impairment loss of $7,936,068 reported under the General Government function in the amount of $7,910,413, and the Transportation function in the amount of $25,655.

The net gain of $35,334,888 related to the insurance recoveries is reported under program revenues on the Statement of Activities under Governmental Activities, in the General Government function in the amount of $34,503,427, and the Transportation function in the amount of $831,461.

The carrying value of impaired assets that were idle at the end of the year is $0 for buildings.

F. Deferred Outflows and Deferred Inflows

Deferred outflows in the government-wide Statement of Net Position governmental activities consist of the unamortized balance of losses related to refunding of debt. Deferred inflows in the government-wide Statement of Net Position governmental activities consist of the unamortized balance of gains related to refunding of debt, the unamortized deferred inflow related to lease receivables, and property taxes collected in advance of levy date. For deferred outflows or inflows related to refunding of debt are determined by the difference between the reacquisition price (the amount placed in escrow to pay for advance refunding, and the principal 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 deferred inflow of resources related to lease receivable is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date that relate to future periods, and is amortized evenly and recognized as revenue over the life of the lease term. 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. 5.

Deferred outflows and inflows balances in the government-wide Statement of Net Position at June 30, 2024 are as follows:

Deferred outflows of resources	Total Governmental Activities	Total Business-type Activities	Total Primary Government
Loss on refunding of bonds payable	$ 1,345,958	$ -	$ 1,345,958
Pension related outflows	819,235,855	4,132,393	823,368,248
OPEB related outflows	439,399,277	8,313,876	447,713,153
Total	$ 1,259,981,090	$ 12,446,269	$ 1,272,427,359

Deferred inflows of resources	Total Governmental Activities	Total Business-type Activities	Total Primary Government
Prepaid property taxes	$ 4,999,504	$ -	$ 4,999,504
Gain on refunding of bonds payable	3,098,282	-	3,098,282
Lease related inflows	4,950,034	-	4,950,034
Pension related inflows	18,429,509	1,568,330	19,997,839
OPEB related inflows	1,073,354,194	10,038,731	1,083,392,925
Total	$ 1,104,831,523	$ 11,607,061	$ 1,116,438,584

Deferred inflows in the governmental funds Balance Sheet consist of prepaid property taxes, unavailable amounts related to revenue recognition, and the unamortized deferred inflow related to lease receivables. 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 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.

The changes in bonds principal payable for fiscal year 2024 are summarized in the following schedule:

	General Obligation Bonds
Balance, July 1, 2023	$ 527,755,000
Additions:	
Issuances	197,700,000
Total	197,700,000
Deductions:	
Redemptions	(49,685,000)
Defeasance	(69,525,000)
Total	(119,210,000)
Balance, June 30, 2024	$ 606,245,000

General obligation outstanding at June 30, 2024, are as follows:

(Table on next page.)

General Obligation Bonds Outstanding at June 30, 2024

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:						
10/11/2012	8/15/2032	2.0 to 5.0	$ 66,420,000	$ 39,190,000	$ -	$ 39,190,000
11/14/2013	8/15/2028	2.0 to 5.0	25,000,000	620,000	-	620,000
11/14/2013	8/15/2033	2.0 to 5.0	42,810,000	6,160,000	-	6,160,000
11/14/2013	8/15/2024	3.0 to 5.0	18,935,000	1,965,000	-	1,965,000
12/9/2014	8/15/2029	0.14 to 5.0	20,310,000	4,450,000	-	4,450,000
12/9/2014	8/15/2034	5.0	53,245,000	765,000	-	765,000
12/9/2014	8/15/2027	3.0 to 5.0	36,205,000	10,975,000	-	10,975,000
10/22/2015	8/15/2030	2.0 to 5.0	28,515,000	12,795,000	-	12,795,000
10/22/2015	8/15/2035	2.625 to 5.0	61,345,000	41,105,000	-	41,105,000
10/22/2015	8/15/2028	2.0 to 4.0	25,720,000	11,250,000	1,300,000	12,550,000
9/13/2017	8/15/2037	2.0 to 5.0	34,700,000	21,965,000	-	21,965,000
9/13/2017	8/15/2037	2.25 to 5.0	71,395,000	52,300,000	-	52,300,000
8/15/2019	2/15/2039	3.0 to 5.0	88,255,000	66,180,000	-	66,180,000
8/15/2019	8/15/2029	2.0 to 5.0	39,525,000	18,790,000	-	18,790,000
5/18/2021	8/15/2040	2.0 to 5.0	82,185,000	73,525,000	-	73,525,000
5/18/2021	8/15/2030	5.0	31,560,000	22,465,000	-	22,465,000
5/18/2021	8/15/2030	4.0 to 5.0	39,580,000	22,745,000	-	22,745,000
9/7/2023	8/15/2043	4.0 to 5.0	62,765,000	62,765,000	-	62,765,000
9/7/2023	8/15/2033	5.0	27,285,000	27,285,000	-	27,285,000
6/20/2024	2/15/2044	4.0 to 5.0	70,790,000	70,790,000	-	70,790,000
6/20/2024	8/15/2034	5.0	36,860,000	36,860,000	-	36,860,000
Total General Obligation Current Interest Bonds				**$ 604,945,000**	**$ 1,300,000**	**$ 606,245,000**

At June 30, 2024, there remains $145,362,102 of authorized but unissued general obligation bonds.

Future general obligation debt service requirements at June 30, 2024 are as follows:

(Table on next page.)

Fiscal Year	General Obligation Current Interest Bonds Principal	Interest	Total
2025	$ 56,125,000	$ 22,426,833	$ 78,551,833
2026	54,105,000	21,752,681	75,857,681
2027	52,445,000	19,375,956	71,820,956
2028	50,050,000	17,123,256	67,173,256
2029	48,045,000	14,979,250	63,024,250
2030-2034	192,870,000	47,807,625	240,677,625
2035-2039	110,590,000	17,713,797	128,303,797
2040-2044	42,015,000	3,913,776	45,928,776
Totals	$ 606,245,000	$ 165,093,174	$ 771,338,174

2. Bond Refundings

During the 2024 fiscal year, the State issued general obligation refunding bonds 2023 Series B in the amount of $27,285,000 and 2024 Series B in the amount of $36,860,000 to be used solely to refund portions of the State's general obligation bonds.

Through a current refunding, $2,430,000 outstanding principal of the 2012 Series E - General Obligation Bonds, $305,000 outstanding principal of the 2012 Series F - General Obligation Bonds, $3,375,000 outstanding principal of the 2013 Series A - General Obligation Bonds, and $23,745,000 outstanding principal of the 2013 Series B - General Obligation Bonds for a total of $29,855,000 were refunded by the 2023 Series B issuance. The 2012 Series E, 2012 Series F, 2013 Series A, and 2013 Series B bonds were called and refunded on December 5, 2023.

Through a current refunding, $410,000 outstanding principal of the 2014 Series A - General Obligation Bonds, $34,810,000 outstanding principal of the 2014 Series B - General Obligation Bonds, and $4,450,000 outstanding principal of the 2014 Series C - General Obligation Bonds for a total of $39,670,000 were refunded by the 2024 Series B issuance. The 2014 Series A, 2014 Series B, and 2014 Series C bonds are to be called and refunded on September 17, 2024.

The proceeds of the 2023 Series B 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 $30,088,427. Total proceeds inclusive of premium for the 2023 Series B is $29,970,045; $149,923 was paid in refunding bond issuance costs, and $29,820,122 was paid to the bond escrow agent, plus the $400,120 of interest income that was earned on the refunding bond proceeds while being held in escrow to provide for a total of $30,220,242 being available to call and refund the $29,855,000 in bond the principal, and the accrued interest of $365,242 was 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 $1,589,596 for the 2023 Series B bonds over the ten years ending August 2033. The economic gain (the present value of the debt service savings) for the State through this transaction is $1,289,061 for the 2023 Series B bonds using a discount rate of 3.4364729%.

The proceeds of the 2024 Series B 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 $42,535,730. Total proceeds inclusive of premium for the 2024 Series B is $40,343,336; $60,803 was paid in refunding bond issuance costs, and $40,282,533 was paid to the bond escrow agent, plus

the $529,322 of interest income that was earned on the refunding bond proceeds while being held in escrow to provide for a total of $40,815,962 being available to call and refund the $39,670,000 in bond the principal and the $1,141,856 of accrued interest 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 $4,279,431 for the 2024 Series B bonds over the ten years ending August 2034. The economic gain (the present value of the debt service savings) for the State through this transaction is $3,700,644 for the 2024 Series B bonds using a discount rate of 3.1966826%.

At the end of fiscal year 2024, $39,670,000 in defeased bonds remain outstanding.

3. Leases

A. Lease Receivable

The State, acting as lessor, leases land, buildings, machinery, and equipment under long-term, non-cancelable lease agreements. The leases expire at various dates through 2034, and many leases provide for a renewal option, the renewal terms vary depending on the lease contract. During the year ended June 30, 2024, the State recognized $1,448,628 and $61,722 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum or maximum increases.

Certain leases require the lessee to guarantee minimum residual values, or make termination penalties related to the cancelation of the lease. Payments required by residual value guarantees and termination penalties are recognized in the period in which the payment is received. During the year ended June 30, 2024, the State received no payments related to residual value guarantees or termination penalties.

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which the payments are received. During the year ended June 30, 2024, the State received variable payments as required by lease agreements totaling $5,685,646.

The future principal and interest revenue as of June 30, 2024, are as follows:

	Primary Government		
Fiscal Year	Principal	Interest	Total
2025.....	$ 1,238,873	$ 81,725	$ 1,320,598
2026.....	1,144,763	60,131	1,204,894
2027.....	872,835	41,097	913,932
2028.....	530,204	26,823	557,027
2029.....	279,459	16,234	295,693
2030-2034.....	660,342	32,956	693,298
Totals	$ 4,726,476	$ 258,966	$ 4,985,442

B. Lease Liabilities

The State routinely leases land, buildings, machinery, and equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2035, and many leases provide for a renewal option, the renewal terms vary depending on the lease contract.

Certain leases require the State to guarantee minimum residual values or make termination penalties related to the cancelation of the lease. Payments required by residual value guarantees and termination penalties are recognized in the period in which the obligation is paid. During the year ended June 30, 2024, the State made no payments related to residual value guarantees or termination penalties. Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum or maximum increases.

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. During the year ended June 30, 2024, the State made variable payments as required by lease agreements totaling $97,556.

The future principal and interest lease payments as of June 30, 2024, are as follows:

	Primary Government		
Fiscal Year	Principal	Interest	Total
2025.....	$ 11,838,838	$ 1,351,818	$ 13,190,656
2026.....	9,883,930	1,166,998	11,050,928
2027.....	9,330,161	997,116	10,327,277
2028.....	8,697,075	824,335	9,521,410
2029.....	8,099,329	665,389	8,764,718
2030-2034.....	28,532,246	1,222,500	29,754,746
2035-2039.....	457,117	2,275	459,392
Totals	$ 76,838,696	$ 6,230,431	$ 83,069,127

4. Subscription-Based Information Technology Arrangements (SBITA's)

A. SBITA Liabilities

The State routinely enters in SBITA's for various terms under long-term, non-cancelable agreements. The SBITA's expire at various dates through 2032, and some SBITA's provide for a renewal option, the renewal terms vary depending on the individual SBITA.

Some SBITA's require variable payments based on future performance or usage of the underlying asset and are not included in the measurement of the SBITA liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. During the year ended June 30, 2024, the State made variable payments as required by the SBITA's totaling $4,722,323. Of this amount $646,122 is related to governmental activities, and $4,076,201 is related to business-type activities.

The future principal and interest lease payments as of June 30, 2024, are as follows:

(Table on next page.)

	Primary Government		
Fiscal Year	Principal	Interest	Total
2025	$ 17,818,053	$ 942,100	$ 18,760,153
2026	13,829,630	513,173	14,342,803
2027	4,095,088	132,424	4,227,512
2028	1,521,269	55,302	1,576,571
2029	857,537	26,038	883,575
2030-2034	1,837,624	27,225	1,864,849
Totals	$ 39,959,201	$ 1,696,262	$ 41,655,463

5. 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 Note IV.G.5.A.1. below, those relating to defined contribution pension plans are included in Note IV.G.5.B. below, and those relating to other postemployment benefits (OPEB) are included in Note IV.G.5.C.1. 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, 2024. 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 2024 employer contribution rate was 26.70% of payroll and consists of the following two components: 17.36% for Vermont State Retirement System defined benefit pension plan (VSRS) and 9.34% for the Vermont State Postemployment Benefits Trust Fund defined benefit OPEB plan (VSPB). The rates reflect estimates to fund the VSRS and the VSPB's actuarially determined contributions. Contributions to VSRS and VSPB totaled $140.9 million and $67.1 million, respectively, for the fiscal year ended June 30, 2024.

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, 2024, 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, 2024.

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, 2024, the retirement system consisted of 138 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, 2024, the retirement system consisted of 362 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:

Group A: General employees who did not join the non-contributory system on July 1, 1981
Group C: State police, law enforcement positions, and airport firefighters
Group D: Judges
Group F: Terminated vested members of the non-contributory system and all other general employees
Group G: Certain Department of Corrections and Department of Mental Health positions

Membership of the State Teachers' Retirement System is made up of the following:

Group A: General teachers who did not join the non-contributory system on July 1, 1981
Group C: Terminated vested members of the non-contributory system and all other general teachers

Membership of the Vermont Municipal Employees' Retirement System is made up of the following:

Group A: General employees whose legislative bodies have not elected to become a member of Group B or C
Group B & C: General employees whose legislative bodies have elected to become members of Group B or C
Group D: Sworn police officers, firefighters and emergency medical personnel

At June 30, 2024, 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	8,819	10,567	8,692
Retirees and beneficiaries currently receiving benefits	8,142	10,625	4,638
Terminated employees entitled to benefits but not yet receiving them (vested)	869	1,050	1,160
Inactive members	2,554	3,500	5,020
Total Members	20,384	25,742	19,510

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, 2024, for the various groups are as follows:

Vermont State Retirement System	Group A	Group C	*Group D	*Group F	*Group G
Employee Contributions	6.65% of gross payroll	9.53% of gross payroll	1st Quartile - 6.65% 2nd Quartile - 7.65% 3rd Quartile - 7.65% 4th Quartile - 7.65%	1st Quartile - 6.65% 2nd Quartile - 7.65% 3rd Quartile - 7.65% 4th Quartile - 7.65%	1st Quartile - 11.33% 2nd Quartile - 12.33% 3rd Quartile - 12.33% 4th Quartile - 12.33%
Employer Contributions	17.36% of gross payroll	17.36% of gross payroll	17.36% of gross payroll	17.36% of gross payroll	17.36% of gross payroll
*Contributions rates are based on where the employees' hourly pay rate falls into the 4 hourly pay rate quartiles, and is applied to all pay that is subject to retirement contributions.					

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, 2024, for the various groups are as follows:

Vermont State Teachers Retirement System	Group A	*Group C - Group #1 & #2
		Salary Range
Employee Contributions	5.50% of gross salary	$40,000.00 or less - 6.10% $40,000.01 to $50,000.00 - 6.15% $50,000.01 to $60,000.00 - 6.25% $60,000.01 to $70,000.00 - 6.35% $70,000.01 to $80,000.00 - 6.50% $80,000.01 to $90,000.00 - 6.75% $90,000.01 to $100,000.00 - 7.00% $100,000.01 or more - 7.25%
Non-employer Contributions	Appropriation based on June 2022 actuarial recommendation of amount needed to fund benefits earned during the year (4.60% of projected payroll), plus amount needed to liquidate the accrued liability over the remaining amortization period ($159,455,378).	
*Employee Contributions are based on where employees' base salary and any additional stipends paid falls in the salary range chart.		

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, 2024, for the various groups are as follows:

Vermont Municipal Employees Retirement System	Group A	Group B	Group C	Group D
Employee Contributions	3.750% of gross salary	6.125% of gross salary	11.250% of gross salary	12.600% of gross salary
Employer Contributions	5.250% of gross salary	6.750% of gross salary	8.500% of gross salary	11.100% 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	Group G
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave payoff	Highest 2 consecutive years, including unused annual leave payoff	If served 5 or more years as a judge in Group D and are 57 years of age on or before 06/30/2022, or are a Group D member with 15 or more years of service on or before 06/30/2022 - AFC is final salary at retirement. All other - average earned income from final 2 years of service	Highest 3 consecutive years, excluding unused annual leave payoff	Highest 3 consecutive years, excluding unused annual leave payoff
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	2.50% x AFC x creditable service
Maximum Benefit Payable	100% of AFC	If eligible for retirement on 07/01/2022 or after: 50% of AFC, but for each year of service that is completed on or after 7/1/2022, after attaining age 50 and 20 years of service, maximum retirement allowance cap increases 1.5% for each additional year of service. All others: 50% of AFC.	100% of final salary if served 5 or more years as a judge in Group D and are 57 years of age on or before 06/30/2022, or are a Group D member with 15 or more years of service on or before 06/30/2022. All other - 80% of your salary at retirement	50% of AFC if hired before 7/1/08, 60% of AFC if hired on or after 7/1/08	50% of AFC
Normal Retirement (no reduction)	Age 65 with 5 years of service or 62 with 20 years of service	Age 55, mandatory at 57 years of age	If first appointed or elected on or before 06/30/2022 - Age 62 with 5 years of service, if first appointed or elected on or after 07/01/2022 - Age 65 with 5 years of service	Age 62 or with 30 years of service if hired before 7/1/08, Age 65 or a combination of age & service credit that equals 87 if hired on or after 7/1/08	Age 65 with 5 years of service or 55 with 20 years of service
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	Age 55 with 5 years of service
Early Retirement Reduction	Actuarially reduced benefit if under 30 years of service	No reduction	3% per year from age 62	If hired before 7/1/08: 6% per year preceding age 62, If hired on or after 7/1/08: 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%	Actuarially equivalent reduction
Post-Retirement COLA	Full CPI, up to a maximum of 5%, after 12 months of retirement	If eligible for retirement on 07/01/2022 or after: 100% CPI, with a ceiling of 4% and a floor of 1%, must have collected a benefit for 24 months prior to the COLA effective date. All others: Full CPI, up to a maximum of 5%, after 12 months of retirement.	If eligible for retirement on 07/01/2022 or after:100% CPI if CPI is greater than 1%, with a ceiling of 5% for amounts equal to or less than $75,000 annual retirement allowance, 50% CPI if CPI is greater than 1%, with a ceiling of 5% for amounts greater than $75,000 annual retirement allowance. No COLA if CPI is less than 1%, must have collected a benefit for 24 months prior to the COLA effective date. All others: Full CPI, up to a maximum of 5%, after 12 months of retirement.	If eligible for retirement on 07/01/2022 or after:100% CPI, with a ceiling of 4% and a floor of 0%, must have collected a benefit for 24 months prior to the COLA effective date. Will not receive a COLA until have met normal retirement age. All others: 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%.	If eligible for retirement on 07/01/2022 or after:100% CPI, with a ceiling of 4% and a floor of 0%, must have collected a benefit for 24 months prior to the COLA effective date. Will not receive a COLA until have met normal retirement age.
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, if injured on the job 50% of AFC.	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	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	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently

* Service connected disability has no minimum service requirement, ordinary disability requires 5 years of service.

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	If retired or eligible for retirement on 06/30/2022 or before: 50% CPI, up to a maximum of 5% after 12 months of normal retirement or with 30 years, or age 62; minimum of 1%. If eligible for retirement on 07/01/2022 or after: 50% CPI, up to a maximum of 4% after 24 months of retirement prior to the COLA effective date.	If retired or eligible for retirement on 06/30/2022 or before: 50% CPI, up to a maximum of 5% minimum of 1% after 12 months of normal retirement or age 65. If eligible for retirement on 07/01/2022 or after: 50% CPI, up to a maximum of 4% after 24 months of retirement prior to the COLA effective date.
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 at least 57 years old or had at least 25 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.
*** 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 *1	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 98.7446% of the VSRS net pension liability. The Vermont Veterans' Home (a discrete component unit) is responsible for 1.2554% 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 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, 2024) and for the State's reporting period (the

year ended June 30, 2024). 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, 2024, the State has chosen to use the end of the prior fiscal year (June 30, 2023) as the measurement date, and the year ended June 30, 2023, 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, 2022, to the measurement date of June 30, 2023. 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, 2022	$ 3,400,579	$ 2,276,645	$ 1,123,934	$ 4,267,972	$ 2,339,413	$ 1,928,559
Changes for the year:						
Service cost	73,319	-	73,319	78,228	-	78,228
Interest	236,673	-	236,673	295,777	-	295,777
Difference between expected and actual experience	38,771	-	38,771	15,227	-	15,227
Changes of assumptions	16,346	-	16,346	(17,809)	-	(17,809)
Contributions - employer	-	116,388	(116,388)	-	-	-
Contributions - non-employer	-	-	-	-	188,096	(188,096)
Contributions - employee	-	48,581	(48,581)	-	51,998	(51,998)
Net investment income	-	168,509	(168,509)	-	178,492	(178,492)
Benefit payments, including refunds of contributions	(185,704)	(185,704)	-	(241,627)	(241,627)	-
Administrative expenses	-	(2,579)	2,579	-	(3,047)	3,047
Other changes	-	1,390	(1,390)	-	14,384	(14,384)
Net changes	179,405	146,585	32,820	129,796	188,296	(58,500)
Balances - June 30, 2023	$ 3,579,984	$ 2,423,230	$ 1,156,754	$ 4,397,768	$ 2,527,709	$ 1,870,059
Fiduciary net position as a percentage of total pension liability			67.69%			57.48%

Proportionate Share of Net Pension Liability

	Vermont State Retirement System			
		Proportionate Share		
	Amount	2023	2022	Change
Governmental activities	$ 1,134,996	98.1190%	98.7070%	-0.5880%
Business type activities	7,237	0.6256%	0.3969%	0.2287%
Discrete component unit	14,521	1.2554%	0.8961%	0.3593%
Total net pension liability	1,156,754	100.0000%	100.0000%	

	State Teachers' Retirement System			
		Proportionate Share		
	Amount	2023	2022	Change
Governmental activities	1,870,059	100.0000%	100.0000%	0.0000%
Total governmental activities net pension liability	$ 3,005,055			

Additional information regarding the changes in the net pension liability for the year ended June 30, 2024, 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, 2025. As of June 30, 2024, 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	$ 117,355	$ -	$ 1,491	$ -
Changes of assumptions	81,964	-	1,042	-
Net differences between projected and actual earnings on plan investments	91,532	-	1,164	-
Change in proportion and the effect of certain employer contributions on the employer's net pension liability	7,201	5,157	2,193	4,237
Employer contributions made subsequent to the measurement date	139,269	-	1,582	-
Total	$ 437,321	$ 5,157	$ 7,472	$ 4,237

	State Teachers' Retirement System	
	Primary Government	
Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 91,863	$ -
Changes of assumptions	-	14,841
Net differences between projected and actual earnings on plan investments	88,015	-
Employer contributions made subsequent to the measurement date	206,169	-
Total	$ 386,047	$ 14,841

	Primary Government	
	Total	
Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 209,218	$ -
Changes of assumptions	81,964	14,841
Net differences between projected and actual earnings on plan investments	179,547	-
Change in proportion and the effect of certain employer contributions on the employer's net pension liability	7,201	5,157
Employer contributions made subsequent to the measurement date	345,438	-
Total	$ 823,368	$ 19,998

The amounts reported as deferred pension outflows of resources resulting from employer contributions made subsequent to the measurement date (VSRS - $139.269 million Primary Government and $1.582 million Component Units; and STRS - $206.169 million Primary Government), will be recognized as a reduction of the net pension liability at June 30, 2025. 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):

	State Teachers' Retirement System	Vermont State Retirement System	Total	Vermont State Retirement System
Year Ended June 30	Primary Government	Primary Government	Primary Government	Discrete Component Units
2025	$ 35,979	$ 91,270	$ 127,249	$ 541
2026	24,304	72,046	96,350	390
2027	99,708	108,034	207,742	860
2028	5,477	21,545	27,022	(138)
2029	(431)	-	(431)	-
Total	$ 165,037	$ 292,895	$ 457,932	$ 1,653

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, 2024, 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	$ 78,228	$ 72,399	$ 150,627	$ 920
Interest on total pension liability	295,777	233,702	529,479	2,971
Employee contributions	(51,998)	(47,971)	(99,969)	(610)
Plan administrative costs	3,047	2,545	5,592	32
Other changes	(14,384)	(1,373)	(15,757)	(17)
Projected earnings on plan investments	(164,102)	(156,607)	(320,709)	(1,991)
Recognition (amortization) of deferred pension outflows of resources:				
Difference between expected and actual experience	2,538	7,657	10,195	97
Change in assumptions	-	3,228	3,228	41
Recognition of deferred outflows from prior periods	205,663	172,704	378,367	2,196
Changes in proportional share of contributions	-	1,974	1,974	607
Recognition (amortization) of deferred pension inflows of resources:				
Change in assumptions	(2,968)	-	(2,968)	-
Net difference between projected and actual investment earnings	(2,878)	(1,957)	(4,835)	(25)
Recognition of deferred inflows from prior periods	(75,404)	(71,369)	(146,773)	(907)
Changes in proportional share of contributions	-	(1,420)	(1,420)	(1,160)
Total Pension Expense	$ 273,519	$ 213,512	$ 487,031	$ 2,154

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, 2022, for VSRS and STRS.

(Table on next page.)

	VSRS	STRS
Valuation date	6/30/2022*	6/30/2022*
Inflation assumptions	2.30%	2.30%
Investment rate of return	7.00%	7.00%
Projected salary increases	3.76% - 6.38%	3.19% - 8.50%
Cost of living adjustments	The January 1, 2023 COLA: Groups A, C, D, F (retired on or after 7/1/2008) - 5.00%, Group F (retired before 7/1/2008) - 2.50%	The January 1, 2023 COLA: Group A: 5.00%; Group C: 2.50%
Post Retirement Adjustments: assumed annual rate of cost-of-living increases	Groups A, C, & D retiring prior to 07/01/2022: 2.25%; Group F (retiring on or after 7/1/2008): 2.35%; Group F (retiring before 7/1/2008): 1.25%. Group A retiring on or after 07/01/2022: 2.25%, Group C retiring on or after 07/01/2022: 2.10%. Group D retiring on or after 07/01/2022: 2.25% on the first $75,000 of retirement benefits, and 1.10% on amounts above $75,000 of retirement benefits. Group F & G retiring on or after 07/01/2022: 2.15%.	Group A: 2.30%; Group C: 1.20%. Group C retiring on or after 07/01/2022: 1.20%
Census Data for 2022 Valuation Retired members or beneficiaries currently receiving benefits	7,963	10,295
Inactive members	2,012	2,932
Active members	8,324	10,387
Terminated vested members	815	938
Total membership	19,114	24,552
*Valuation date is rolled forward to the measurement date of June 30, 2023 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: PubG-2010 General Employee Amount-Weighted Table with generational projection using scale MP-2021. Groups C & G: PubS-2010 Public Safety Employee Amount-Weighted Table with generational projection using scale MP-2021. Group D: PubG-2010 General Employee Amount-Weighted Above Median Table with generational projection using scale MP-2021.

- *Post-retirement Retiree Mortality*: Groups A & F: PubG-2010 General Healthy Retiree Amount-Weighted Table with credibility adjustments of 101% and 105% for the Male and Female tables, respectively, with generational projection using scale MP-2021. Groups C & G: PubS-2010 Public Safety Retiree Amount-Weighted Table with generational projection using scale MP-2021. Group D: PubG-2010 General Healthy Retiree Amount-Weighted Above Median Table with generational projection using scale MP-2021.

- *Post-retirement Beneficiaries Mortality*: Groups A,F,C, & G: Pub-2010 Contingent Survivor Amount-Weighted Table with generational projection using scale MP-2021. Group D: Pub-2010 Contingent Survivor Amount-Weighted Above Median Table with generational projection using scale MP-2021.

- *Disabled Post-retirement Mortality:* Groups A,F, & D: PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table with generational projection using scale MP-2021. Groups C & G: PubS-2010 Safety Disabled Retiree Amount-Weighted Table with generational projection using Scale MP-2021.

Vermont State Teachers' Retirement System

- *Pre-retirement Mortality*: All Groups: PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2021.

- *Post-retirement Retiree Mortality*: All Groups: PubT-2010 Teacher Healthy Retiree Amount-Weighted Table, with credibility adjustments of 103% and 93% for the Male and Female tables, respectively, with generational projection using scale MP-2021.

- *Post-retirement Beneficiaries Mortality*: All Groups: Pub-2010 Contingent Survivor Amount-Weighted Table with generational projection using scale MP-2021.

- *Disabled Post-retirement Mortality:* All Groups: PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2021.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the three-year period ended June 30, 2022. 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 at least once every three fiscal 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, 2023, 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	44.00%	5.35%
Private Equity	10.00%	7.50%
Emerging Market Debt	2.00%	5.00%
Private & Alternate Credit	10.00%	5.50%
Non-Core Real Estate	4.00%	5.50%
Core Fixed Income	19.00%	1.50%
Core Real Estate	4.00%	3.25%
US TIPS	2.00%	1.50%
Infrastructure/Farmland	5.00%	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 2.3%.

Discount Rate (Employer Reporting)

The discount rate used to measure the total pension liability as of June 30, 2023 measurement date was 7.00% for the VSRS and STRS. The discount rate used for the prior year was 7.00% 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, 2023, measurement date was 7.65% for VSRS, and 7.64% for STRS. Amounts for the prior year were -7.42%, and -7.41% 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, 2023, 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):

(Table on next page.)

	VSRS	STRS
One-percent decrease		
Discount rate	6.00%	6.00%
Net pension liability	$ 1,611,168	$ 2,408,849
Net pension liability, as reported		
Discount rate	7.00%	7.00%
Net pension liability	$ 1,156,754	$ 1,870,059
One-percent increase		
Discount rate	8.00%	8.00%
Net pension liability	$ 781,298	$ 1,420,759

Payable to the Defined Benefit Pension Plan (Employer Reporting)

At June 30, 2024, the State reported a payable of $5,050,180 for the outstanding amount of contributions to the VSRS pension plan required for the year ended June 30, 2024.

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, 2024. 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, 2023, were rolled forward to the pension plans' fiscal year end of June 30, 2024. 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, 2024, 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	$ 3,752,455	$ 4,570,817	$ 1,340,653
Fiduciary net position	(2,663,840)	(2,817,686)	(1,008,505)
Net pension liability	$ 1,088,615	$ 1,753,131	$ 332,148
Fiduciary net position as a percentage of total pension liability	70.99%	61.65%	75.22%

Additional information regarding changes in the net pension liability for the year ended June 30, 2024, can be found in the Required Supplementary Information section immediately following these notes to the financial statements.

Actuarial Assumptions (Plan Reporting)

The June 30, 2024, total pension liability was determined by rolling forward the total pension liability as of June 30, 2023, to June 30, 2024, using the actuarial assumptions and methods used in the June 30, 2023 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	6/30/2023*	6/30/2023*	6/30/2023*
Inflation assumptions	2.30%	2.30%	2.30%
Investment rate of return, net of pension plan investment expenses, including inflation	7.00%	7.00%	7.00%
Projected salary increases	3.76% - 6.38%	3.19% - 8.50%	4.07% - 6.21%
Cost of living adjustments	The January 1, 2024 COLA: Groups A, C, D, F (retired on or after 7/1/2008) - 2.20%, Group F (retired before 7/1/2008) - 1.10%	The January 1, 2024 COLA: Group A: 2.20%; Group C: 1.10%	The January 1, 2024 COLA: Group A: 1.10%; Groups B, C, & D: 1.10%
Post Retirement Adjustments: assumed annual rate of cost-of-living increases	Groups A, C, & D retiring prior to 07/01/2022: 2.25%; Group F (retiring on or after 7/1/2008): 2.35%; Group F (retiring before 7/1/2008): 1.25%. Group A retiring on or after 07/01/2022: 2.25%, Group C retiring on or after 07/01/2022: 2.10%. Group D retiring on or after 07/01/2022: 2.25% on the first $75,000 of retirement benefits, and 1.10% on amounts above $75,000 of retirement benefits. Group F & G retiring on or after 07/01/2022: 2.15%.	Group A: 2.30%; Group C: 1.20%. Group C retiring on or after 07/01/2022: 1.20%	Group A - 1.10%, Groups B,C & D - 1.20%
Census Data for 2023 Valuation			
Retired members or beneficiaries currently receiving benefits	8,058	10,431	4,431
Inactive members	2,287	3,167	4,544
Active members	8,611	10,618	8,393
Terminated vested members	844	998	1,095
Total membership	19,800	25,214	18,463
*Valuation date is rolled forward to the measurement date 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: PubG-2010 General Employee Amount-Weighted Table with generational projection using scale MP-2021. Groups C & G: PubS-2010 Public Safety Employee Amount-Weighted Table with generational projection using scale MP-2021. Group D: PubG-2010 General Employee Amount-Weighted Above Median Table with generational projection using scale MP-2021.

- *Post-retirement Retiree Mortality*: Groups A & F: PubG-2010 General Healthy Retiree Amount-Weighted Table with credibility adjustments of 101% and 105% for the Male and Female tables, respectively, with generational projection using scale MP-2021. Groups C & G: PubS-2010 Public Safety Retiree Amount-Weighted Table with generational projection using scale MP-2021. Group D: PubG-2010 General Healthy

Retiree Amount-Weighted Above Median Table with generational projection using scale MP-2021.

- *Post-retirement Beneficiaries Mortality*: Groups A,F,C, & G: Pub-2010 Contingent Survivor Amount-Weighted Table with generational projection using scale MP-2021. Group D: Pub-2010 Contingent Survivor Amount-Weighted Above Median Table with generational projection using scale MP-2021.

- *Disabled Post-retirement Mortality:* Groups A,F, & D: PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table with generational projection using scale MP-2021. Groups C & G: PubS-2010 Safety Disabled Retiree Amount-Weighted Table with generational projection using Scale MP-2021.

Vermont State Teachers' Retirement System

- *Pre-retirement Mortality*: All Groups: PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2021.

- *Post-retirement Retiree Mortality*: All Groups: PubT-2010 Teacher Healthy Retiree Amount-Weighted Table, with credibility adjustments of 103% and 93% for the Male and Female tables, respectively, with generational projection using scale MP-2021.

- *Post-retirement Beneficiaries Mortality*: All Groups: Pub-2010 Contingent Survivor Amount-Weighted Table with generational projection using scale MP-2021.

- *Disabled Post-retirement Mortality:* All Groups: PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2021.

Vermont Municipal Employees Retirement System

- *Pre-retirement Mortality*: Groups A &B: 60% PubG-2010 General Employee Amount-Weighted Below-Median and 40% of PubG-2010 General Employee Amount-Weighted, with generational projection using Scale MP-2021. Group C: PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group D: PubS-2010 Public Safety Employee Amount-Weighted Below-Median, with generational projection using scale MP-2021.

- *Post-retirement Retiree Mortality*: Groups A & B: PubG-2010 General Healthy Retiree Amount-Weighted Below Median Table with credibility adjustments of 90% and 87% for the Male and Female tables, respectively, with generational projection using scale MP-2021. Group C: PubG-2010 General Healthy Retiree Amount-Weighted Table, with generational projection using scale MP-2021. Group D: PubS-2010 Public Safety Retiree Amount-Weighted Below-Median Table, with generational projection using scale MP-2021.

- *Post-retirement Beneficiaries Mortality*: All Groups: Pub-2010 Contingent Survivor Amount-Weighted Below-Median Table, with generational projection using scale MP-2021.

- *Disabled Post-retirement Mortality:* Groups A, B, & C: PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table with generational projection using Scale MP-2021. Group D: PubS-2010 Safety Disabled Retiree Amount-Weighted Table with generational projection using Scale MP-2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the three-year period ended June 30, 2022.

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, 2024, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
US Agg Fixed Income	19.00%	1.70%
TIPS	2.00%	1.70%
Large/Mid Cap US Equity	4.00%	4.20%
Small Cap US Equity	3.00%	4.70%
Dev'd Large/Mid Cap Int'l Equity	5.00%	5.95%
Global Equity	32.00%	5.25%
Core Real Estate	3.00%	3.45%
Non-Core Real Estate	4.00%	5.70%
Private Credit	11.00%	5.70%
Private Equity	11.00%	7.45%
Private Core Infrastructure	4.00%	4.95%
Agriculture/Farmland	2.00%	3.95%
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, 2024, was 10.16% for VSRS, 10.23% for STRS, and 10.22% for MERS. Amounts for the prior year were 7.65%, 7.64% and 7.69% 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	$ 1,563,741	$ 2,310,104	$ 507,805
Net pension liability, as reported			
Discount rate	7.00%	7.00%	7.00%
Net pension liability	$ 1,088,615	$ 1,753,131	$ 332,148
One-percent increase			
Discount rate	8.00%	8.00%	8.00%
Net pension liability	$ 696,170	$ 1,288,520	$ 187,973

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, 2024

	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
Assets			
Cash and short term investments	$ 110,684,835	$ 129,797,216	$ 42,992,595
Receivables			
Contributions - current	8,157,218	7,583,829	8,494,306
Contributions - non-current	-	-	4,922,732
Investments sold	44,104,571	48,729,532	17,063,073
Interest and dividends	647,295	711,785	533,078
Due from other funds	857,420	286,471	384,443
Other	767,049	7,765,302	723,927
Investments			
Fixed income	116,593,842	129,035,758	45,118,537
Equities	70,370,433	76,149,880	26,204,153
Mutual and commingled funds	1,551,512,553	1,635,570,599	586,972,979
Private partnerships	902,941,652	939,868,243	330,580,132
Prepaid expenses	70,965	83,130	48,817
Capital assets, net of depreciation	63,208	73,352	34,183
Total assets	2,806,771,041	2,975,655,097	1,064,072,955
Liabilities			
Accounts payable	1,512,936	1,444,018	66,350
Investments purchased	141,264,481	156,274,934	54,660,213
Due to other funds	153,912	250,476	841,574
Total liabilities	142,931,329	157,969,428	55,568,137
Net position restricted for employees' pension benefits	$ 2,663,839,712	$ 2,817,685,669	$ 1,008,504,818

Statement of Changes in Fiduciary Net Position
Defined Benefit Plans
For the Fiscal Year Ended June 30, 2024

	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
Additions			
Contributions			
Employer - pension benefit	$ 140,850,622	$ -	$ 33,179,786
Non-employer - pension benefit	-	206,168,870	-
Plan member	57,061,831	56,091,622	33,075,291
Transfers from other pension trust funds	1,212,398	630,607	457,546
Other revenues	-	24,724,801	-
Total contributions	199,124,851	287,615,900	66,712,623
Investment Income			
Net appreciation in fair value of investments	217,413,619	235,098,630	81,746,552
Dividends	20,064,081	21,102,873	7,429,147
Interest income	6,014,465	6,797,112	2,889,009
Other income	23,452	88,667	3,478
Total investment income	243,515,617	263,087,282	92,068,186
Less Investment Expenses			
Investment managers and consultants	3,134,793	2,742,900	1,158,752
Total investment expenses	3,134,793	2,742,900	1,158,752
Net investment income	240,380,824	260,344,382	90,909,434
Total additions	439,505,675	547,960,282	157,622,057
Deductions			
Retirement benefits	190,392,968	250,398,843	54,398,002
Refunds of contributions	3,908,759	2,670,864	3,218,720
Death claims	1,222,448	322,290	757,755
Transfers to other pension trust funds	675,621	569,387	1,301,366
Depreciation	241,018	285,018	104,922
Administration expenses	2,455,554	3,737,609	1,449,505
Total deductions	198,896,368	257,984,011	61,230,270
Change in net position	240,609,307	289,976,271	96,391,787
Net position restricted for employees' pension benefits			
July 1, 2023	2,423,230,405	2,527,709,398	912,113,031
June 30, 2024	$ 2,663,839,712	$ 2,817,685,669	$ 1,008,504,818

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, 2024, member contributions totaled $792,139 with State employer contributions at $1,943,672. As of June 30, 2024, the Vermont State Defined Contribution Plan's net position totaled $85,834,125 and there were 528 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 6.00%. Employees become vested in the plan after 12 months of service. During the fiscal year ended June 30, 2024, member contributions totaled $480,496 and employer contributions at $541,306. As of June 30, 2024, the Municipal Employees' Defined Contribution Plan's net position totaled $30,478,792 and there were 412 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:

1. Have both their accumulated employee contributions and accumulated interest returned to them; or
2. Have their accumulated contributions returned to them and only their accumulated interest invested by the retirement board in the SDIA; or
3. 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:

1. Have both their accumulated employee contributions and accumulated interest returned to them; or
2. Have their accumulated contributions returned to them and only their accumulated interest invested by the retirement board in the SDIA; or
3. 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 their employment. At June 30, 2024 there were 737 members, with a net position of $23,154,126 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, 2024

	Vermont State Defined Contribution Fund	Single Deposit Investment Account	Vermont Municipal Employees' Defined Contribution Fund
Assets			
Cash and short term investments	$ 64,245	$ -	$ 156,626
Receivables			
Contributions	111,027	-	22,310
Investments			
Mutual and commingled funds	85,775,420	23,154,126	30,619,656
Prepaid expenses	41,938	-	221
Total assets	85,992,630	23,154,126	30,798,813
Liabilities			
Accounts payable	51,979	-	2,897
Due to other funds	106,526	-	317,124
Total liabilities	158,505	-	320,021
Net position restricted for employees' pension benefits	$ 85,834,125	$ 23,154,126	$ 30,478,792

Statement of Changes in Fiduciary Net Position
Defined Contribution Plans
For the Fiscal Year Ended June 30, 2024

	Vermont State Defined Contribution Fund	Single Deposit Investment Account	Vermont Municipal Employees' Defined Contribution Fund
Additions			
Contributions			
Employer - pension benefit	$ 1,943,672	$ -	$ 541,306
Plan member	792,139	-	480,496
Transfers from other pension trust funds	219,583	-	26,240
Transfers from non-state systems	204,151	-	6,267
Total contributions	3,159,545	-	1,054,309
Investment Income			
Net appreciation in fair value of investments	9,802,238	-	3,544,606
Dividends	2,071,150	751,789	769,028
Interest income	6,416	-	5,470
Other income	5,131	-	1,201
Total investment income	11,884,935	751,789	4,320,305
Less Investment Expenses			
Investment managers and consultants	-	34,765	-
Total investment expenses	-	34,765	-
Net investment income	11,884,935	717,024	4,320,305
Total additions	15,044,480	717,024	5,374,614
Deductions			
Retirement benefits	1,213,610	2,217,742	553,394
Transfers to non-state systems	6,954,724	928,802	1,366,518
Operating expenses	194,003	-	137,169
Total deductions	8,362,337	3,146,544	2,057,081
Change in net position	6,682,143	(2,429,520)	3,317,533
Net position restricted for employees' pension benefits			
July 1, 2023	79,151,982	25,583,646	27,161,259
June 30, 2024	$ 85,834,125	$ 23,154,126	$ 30,478,792

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 employer 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, 2024.

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 Note IV.G.5.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 annually as necessary to achieve and preserve the financial integrity of the fund and the VSRS Retirement Board submits this recommendation to the Governor and both houses of the Legislature. State contributions for the fiscal year ended June 30, 2024, were $67,147,047, which is 10.34% 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 Note IV.G.5.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 annually as necessary to achieve and preserve the financial integrity of the fund and the STRS Retirement Board submits this recommendation to the Governor and both houses of the Legislature. State contributions for the fiscal year ended June 30, 2024, were $61,681,760, which is 8.30% 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 the plan information are available from 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 2024 there were 138 participating employers in the STRS - RTHMB plan.

Membership in the plans consisted of the following at June 30, 2024:

	VSRS - VSPB	STRS - RTHMB
Retired members or beneficiaries currently receiving benefits	5,734	7,543
Retired members or beneficiaries not receiving benefits	-	3,082
Vested terminated members entitled to but not yet receiving benefits	-	4,550
Active members	9,123	10,567
Total	14,857	25,742

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 98.6851% of the VSPB net OPEB liability. The Vermont Veterans' Home (a discrete component unit) is responsible for 1.3149% 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 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, 2024) and for the State's reporting period (the year ended June 30, 2024). 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, 2024, the State has chosen to use the end of the prior fiscal year (June 30, 2023) as the measurement date, and the year ended June 30, 2023, 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, 2022, to the measurement date of June 30, 2023. 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, 2022	$ 907,317	$ 104,800	$ 802,517	$ 758,359	$ 40,508	$ 717,851
Changes for the year:						
Service cost	22,817	-	22,817	16,347	-	16,347
Interest	63,680	-	63,680	53,043	-	53,043
Difference between expected and actual experience	(19,724)	-	(19,724)	11,434	-	11,434
Changes of assumptions	96,989	-	96,989	47,069	-	47,069
Contributions - non-employer	-	-	-	-	57,168	(57,168)
Contributions - employer	-	64,699	(64,699)	-	-	-
Net investment income	-	9,810	(9,810)	-	9,043	(9,043)
Benefit payments, including refunds of contributions	(41,549)	(41,549)	-	(34,489)	(34,489)	-
Administrative expenses	-	(1)	1	-	(2)	2
Net changes	122,213	32,959	89,254	93,404	31,720	61,684
Balances - June 30, 2023	$ 1,029,530	$ 137,759	$ 891,771	$ 851,763	$ 72,228	$ 779,535
Fiduciary net position as a percentage of total OPEB liability			13.38%			8.48%

Proportionate Share of Net OPEB Liability

	VSRS - VSPB			
		Proportionate Share		
	Amount	2023	2022	Change
Governmental activities	$ 874,188	98.0283%	97.8354%	0.1929%
Business type activities	5,858	0.6569%	0.6687%	-0.0118%
Discrete component unit	11,725	1.3149%	1.4959%	-0.1811%
Total net OPEB liability	891,771	100.0000%	100.0000%	

	STRS - RTHMB			
		Proportionate Share		
	Amount	2023	2022	Change
Governmental activities	779,535	100.0000%	100.0000%	0.0000%
Total governmental activities net OPEB liability	$ 1,653,723			

Additional information regarding the changes in the net OPEB liability for the year ended June 30, 2024, 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, 2025.

As of June 30, 2024, 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	$ 15,988	$ 16,837	$ 213	$ 224
Changes of assumptions	166,856	623,611	2,223	8,309
Net differences between projected and actual earnings on plan investments	12,316	-	164	-
Change in proportion and the effect of certain employer contributions on the employer's net OPEB liability	28,060	26,494	14,383	15,949
Employer contributions made subsequent to the measurement date	66,284	-	863	-
Total	$ 289,504	$ 666,942	$ 17,846	$ 24,482

Source	STRS - RTHMB Primary Government Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 41,375	$ -
Changes of assumptions	55,152	413,703
Net differences between projected and actual earnings on plan investments	-	2,748
Employer contributions made subsequent to the measurement date	61,682	-
Total	$ 158,209	$ 416,451

Source	Primary Government Total Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 57,363	$ 16,837
Changes of assumptions	222,008	1,037,314
Net differences between projected and actual earnings on plan investments	12,316	2,748
Change in proportion and the effect of certain employer contributions on the employer's net OPEB liability	28,060	26,494
Employer contributions made subsequent to the measurement date	127,966	-
Total	$ 447,713	$ 1,083,393

The amounts reported as deferred OPEB outflows of resources resulting from employer contributions made subsequent to the measurement date (VSRS-VSPB - $66.284 million Primary Government and $0.863 million Component Units; and STRS - RTHMB - $61.682 million Primary Government), will be recognized as a reduction of the net OPEB liability at June 30, 2025. 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
2025	$ (67,462)	$ (115,224)	$ (182,686)	$ (2,361)
2026	(76,371)	(85,452)	(161,823)	(2,029)
2027	(76,524)	(60,813)	(137,337)	(1,030)
2028	(82,091)	(75,073)	(157,164)	(1,116)
2029	(20,438)	(87,452)	(107,890)	(787)
Thereafter	2,962	(19,708)	(16,746)	(176)
Total	$ (319,924)	$ (443,722)	$ (763,646)	$ (7,499)

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, 2024, is as follows (amounts are in thousands):

	Primary Government		Primary Government	Component Units
	STRS - RTHMB	VSRS - VSPB	TOTAL	VSRS - VSPB
Service cost	$ 16,348	$ 22,517	$ 38,865	$ 300
Interest on total OPEB liability	53,043	62,843	115,886	837
Plan administrative costs	1	-	1	-
Projected earnings on plan investments	(3,629)	(8,039)	(11,668)	(107)
Recognition (amortization) of deferred OPEB outflows of resources:				
Difference between expected and actual experience	1,809	-	1,809	-
Change in assumptions	7,448	12,917	20,365	172
Recognition of deferred outflows from prior periods	62,045	32,894	94,939	438
Changes in Proportions	-	7,130	7,130	3,311
Recognition (amortization) of deferred OPEB inflows of resources:				
Difference between expected and actual experience	-	(2,627)	(2,627)	(35)
Difference between projected and actual investment earnings	(1,083)	(330)	(1,413)	(4)
Recognition of deferred inflows from prior periods	(95,967)	(168,026)	(263,993)	(2,239)
Changes in Proportions	-	(6,320)	(6,320)	(4,120)
Total OPEB Expense	$ 40,015	$ (47,041)	$ (7,026)	$ (1,447)

Actuarial Methods and Assumptions (Employer Reporting)

Actuarial Assumptions (Employer Reporting)

Total OPEB liability at the June 30, 2023, measurement date was determined using the June 30, 2022, 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	2.30%	2.30%
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	7.00%	7.00%
Salary increase rate	Varies by age from age 20 - 6.38%, to age 60 - 3.76%	Varies by age from age 20 - 8.50%, to age 65 - 3.19%
Health care cost trend rate		
Non-Medicare	7.39% graded to 4.50% over 12 years	7.39% graded to 4.50% over 12 years
Medicare	6.90% graded to 4.50% over 12 years	6.90% graded to 4.50% over 12 years
Medicare STRS 65	N/A	4.50%
Retiree contributions	Equal to health trend	Equal to health trend
Plan membership - 6/30/2022		
Retired members or beneficiaries currently receiving benefits	5,475	7,313
Retired members or beneficiaries not receiving benefits	-	2,813
Vested terminated members entitled to but not yet receiving benefits	-	1,816
Active members	8,590	10,387
Total	14,065	22,329

The actuarial assumptions used in the June 30, 2022; valuation were based on the results of the following actuarial experience studies:

Vermont State Retirement System
Experience Study: July 1, 2019 – June 30, 2022, completed in September 2023 by Segal

Vermont State Teachers' Retirement System
Experience Study: July 1, 2019 – June 30, 2022, completed in September 2023 by Segal

Mortality rates are based on the following:

Vermont State Retirement System

- *Pre-retirement Mortality*: Groups A, F & DC: PubG-2010 General Employee Headcount-Weighted with generational projection using scale MP-2021. Group C: PubS-2010 Public Safety Employee Headcount-Weighted with generational projection using scale MP 2021. Group D: PubG-2010 General Employee Headcount-Weighted Above Median, with generational projection using scale MP-2021.

- *Post-retirement Retiree Mortality*: Groups A, F & DC: PubG-2010 General Healthy Retiree Headcount-Weighted with credibility adjustments of 101% and 105% for the Male and Female tables, respectively, with generational projection using scale MP-2021. Group C: PubS-2010 Public Safety Retiree Headcount-Weighted with generational projection using scale MP-2021. Group D: PubG-2010 General Healthy Retiree Headcount-Weighted Above Median with generational projection using scale MP 2021.

- *Post-retirement Beneficiaries Mortality*: Groups A, F, DC, & C Pub-2010 Contingent Survivor Headcount-Weighted with generational projection using MP 2021. Group D: Pub-2010 Contingent Survivor Headcount-Weighted Above Median with generational projection using MP 2021.

- *Disabled Mortality:* Groups A, F & DC: PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2021. Group C: PubS-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2021.

Vermont State Teachers' Retirement System

- *Pre-retirement Mortality*: All Groups: PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2021.

- *Post-retirement Retiree Mortality*: All Groups: PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table, with credibility adjustments of 103% and 93% for the Male and Female tables, respectively, with generational projection using scale MP-2021.

- *Post-retirement Beneficiaries Mortality*: All Groups: Pub-2010 Contingent Survivor Headcount-Weighted Table with generational projection using scale MP-2021.

- *Disabled Mortality:* All Groups: PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational using scale MP-2021.

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
Global Equity	43.00%	5.35%
US Aggregate Fixed Income	19.00%	1.50%
Emerging Markets Debt	4.00%	5.00%
US TIPS	3.00%	1.50%
Private Credit	10.00%	5.50%
Real Estate	11.00%	3.25%
Private Equity	10.00%	7.50%
Total	100.00%	

Discount Rate (Employer Reporting)

The discount rate used to measure the total OPEB liability was 7.00% for the VSPB's OPEB and RTHMB's OPEB plans. 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. 74. The discount rate used in the prior year was 7.00% for VSPB OPEB plan and the RTHMB OPEB plan.

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	6.00%	6.00%
Net OPEB liability	$ 1,016,662	$ 895,472
Net OPEB liability, as reported		
Discount rate	7.00%	7.00%
Net OPEB liability	$ 891,771	$ 779,535
One-percent increase		
Discount rate	8.00%	8.00%
Net OPEB liability	$ 787,396	$ 683,230

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	6.39% graded to 3.50%	6.39% graded to 3.50%
Medicare	5.90% graded to 3.50%	5.90% graded to 3.50%
Medicare VSTRS 65	N/A	3.50%
Net OPEB liability	$ 778,671	$ 670,244
Net OPEB liability, as reported		
Healthcare cost trend rate		
Non-medicare	7.39% graded to 4.50%	7.39% graded to 4.50%
Medicare	6.90% graded to 4.50%	6.90% graded to 4.50%
Medicare VSTRS 65	N/A	4.50%
Net OPEB liability	$ 891,771	$ 779,535
One-percent increase		
Healthcare cost trend rate		
Non-medicare	8.39% graded to 5.50%	8.39% graded to 5.50%
Medicare	7.90% graded to 5.50%	7.90% graded to 5.50%
Medicare VSTRS 65	N/A	5.50%
Net OPEB liability	$ 1,030,515	$ 916,061

Payable to the OPEB Plans (Employer Reporting)

At June 30, 2024, the State reported a payable of $2,499,186 for the outstanding amount of contributions to the VSPB plan required for the year ended June 30, 2024.

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, 2023, 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, 2024, were as follows (amounts in thousands):

	VSRS - VSPB	STRS - RTHMB
Total OPEB liability	$ 1,222,218	$ 974,540
Fiduciary net position	(176,655)	(113,207)
Net OPEB liability	$ 1,045,563	$ 861,333
Fiduciary net position as a percentage of total OPEB liability	14.45%	11.62%

Additional information regarding changes in net OPEB liability for the year ended June 30, 2024, can be found in the Required Supplementary Information section of these financial statements.

Actuarial Assumptions (Plan Reporting)

The total OPEB liability at June 30, 2024 was determined using the June 30, 2023 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	2.30%	2.30%
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	7.00%	7.00%
Salary increase rate	Varies by age from age 20 - 6.38%, to age 60 - 3.76%.	Varies by age from age 20 - 8.50%, to age 65 - 3.19%.
Health care cost trend rate		
Non-Medicare	8.10% graded to 4.50% over 12 years	8.10% graded to 4.50% over 12 years
Medicare	8.44% graded to 4.50% over 12 years	8.44% graded to 4.50% over 12 years
Medicare STRS 65	N/A	5.50% graded to 4.50% over 10 years
Retiree contributions	Equal to health trend	Equal to health trend
Plan membership - 6/30/2023		
Retired members or beneficiaries currently receiving benefits	5,672	7,369
Retired members or beneficiaries not receiving benefits	-	2,891
Vested terminated members entitled to but not yet receiving benefits	-	1,953
Active members	8,855	10,618
Total	14,527	22,831

The actuarial assumptions used in the June 30, 2023; valuation were based on the results of the following actuarial experience studies:

Vermont State Retirement System
Experience Study: July 1, 2019 – June 30, 2022, completed in September 2023 by Segal

Vermont State Teachers' Retirement System
Experience Study: July 1, 2019 – June 30, 2022, completed in September 2023 by Segal

Mortality rates are based on the following:

Vermont State Retirement System

- *Pre-retirement Mortality*: Groups A, F & DC: PubG-2010 General Employee Headcount-Weighted with generational projection using scale MP-2021. Group C: PubS-2010 Public Safety Employee Headcount-Weighted with generational projection using scale MP 2021. Group D: PubG-2010 General Employee Headcount-Weighted Above Median, with generational projection using scale MP-2021.

- *Post-retirement Retiree Mortality*: Groups A, F & DC: PubG-2010 General Healthy Retiree Headcount-Weighted with credibility adjustments of 101% and 105% for the Male and Female tables, respectively, with generational projection using scale MP-2021. Group C: PubS-2010 Public Safety Retiree Headcount-Weighted with generational projection using scale MP-2021. Group D: PubG-2010 General Healthy Retiree Headcount-Weighted Above Median with generational projection using scale MP 2021.

- *Post-retirement Beneficiaries Mortality*: Groups A, F, DC, & C Pub-2010 Contingent Survivor Headcount-Weighted with generational projection using MP 2021. Group D: Pub-2010 Contingent Survivor Headcount-Weighted Above Median with generational projection using MP 2021.

- *Disabled Mortality:* Groups A, F & DC: PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2021. Group C: PubS-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2021.

Vermont State Teachers' Retirement System

- *Pre-retirement Mortality*: All Groups: PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2021.

- *Post-retirement Retiree Mortality*: All Groups: 103% for the males and 93% for females of PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table with generational projection using scale MP-2021.

- *Post-retirement Beneficiaries Mortality*: All Groups: PubT-2010 Teacher Contingent Survivor Headcount-Weighted Table with generational projection using scale MP-2021.

- *Disabled Mortality:* All Groups: PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational using scale MP-2021.

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
Global Equity	43.00%	5.25%
US Aggregate Fixed Income	19.00%	1.70%
Emerging Markets Debt	2.00%	4.70%
US TIPS	3.00%	1.70%
Private Credit	12.00%	5.70%
Real Estate	11.00%	3.45%
Private Energy	10.00%	8.45%
Total	100.00%	

Discount Rate (Plan Reporting)

The discount rate used to measure the total OPEB liability was 7.00% for the VSPB's OPEB and RTHMB's OPEB plans. 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. 74. The discount rate used in the prior year was 7.00% for VSPB OPEB and the RTHMB OPEB plans.

For the year ended June 30, 2024, the annual money-weighted rate return of investments, net of investment expense, was 12.50% for the VSPB, and 12.00% 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	6.00%	6.00%
Net OPEB liability	$ 1,195,696	$ 996,213
Net OPEB liability, as reported		
Discount rate	7.00%	7.00%
Net OPEB liability	$ 1,045,563	$ 861,333
One-percent increase		
Discount rate	8.00%	8.00%
Net OPEB liability	$ 920,389	$ 749,505

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	7.10% graded to 3.50%	7.10% graded to 3.50%
Medicare	7.44% graded to 3.50%	7.44% graded to 3.50%
Medicare STRS 65	N/A	4.50% graded to 3.50%
Net OPEB liability	$ 910,298	$ 735,275
Net OPEB liability, as reported		
Healthcare cost trend rate		
Non-medicare	8.10% graded to 4.50%	8.10% graded to 4.50%
Medicare	8.44% graded to 4.50%	8.44% graded to 4.50%
Medicare STRS 65	N/A	5.50% graded to 4.50%
Net OPEB liability	$ 1,045,563	$ 861,333
One-percent increase		
Healthcare cost trend rate		
Non-medicare	9.10% graded to 5.50%	9.10% graded to 5.50%
Medicare	9.44% graded to 5.50%	9.44% graded to 5.50%
Medicare STRS 65	N/A	6.50% graded to 5.50%
Net OPEB liability	$ 1,211,635	$ 1,018,955

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, 2024, there were 3,507 active and retired members participating in the MERS RHS plan. The net position of the MERS RHS plan at June 30, 2024 was $14,588,097.

The financial statements for the OPEB Funds are on the following two pages:

Statement of Fiduciary Net Position
Other Postemployment Benefit Funds
June 30, 2024

	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	$ 21,942,350	$ 6,590,387	$ 1,456,717
Receivables			
Contributions	2,523,037	-	-
Due from other funds	-	688	-
Other receivables	22,910	195,016	-
Investments			
Mutual funds	140,132,686	98,246,931	13,131,380
Private partnerships	12,090,424	8,238,882	-
Prepaid expenses	-	20,366	-
Total assets	176,711,407	113,292,270	14,588,097
Liabilities			
Accounts payable	55,304	84,632	-
Due to other funds	688	936	-
Total liabilities	55,992	85,568	-
Net position restricted for employee's other postemployment benefits	$ 176,655,415	$ 113,206,702	$ 14,588,097

Statement of Changes in Fiduciary Net Position
Other Postemployment Benefit Funds
For the Fiscal Year Ended June 30, 2024

	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	$ 67,147,047	$ -	$ -
Non-employer - healthcare benefit	-	61,681,760	-
Total contributions	67,147,047	61,681,760	-
Investment Income			
Net appreciation in fair value of investments	17,141,674	11,930,566	955,292
Dividends	-	-	358,454
Interest income	1,053,514	1,471,236	86,332
Other income	-	381,250	6,286
Total investment income	18,195,188	13,783,052	1,406,364
Less Investment Expenses			
Investment managers and consultants	37,750	24,191	-
Total investment expenses	37,750	24,191	-
Net investment income	18,157,438	13,758,861	1,406,364
Total additions	85,304,485	75,440,621	1,406,364
Deductions			
Other postemployment benefits	46,408,287	34,460,148	647,583
Operating expenses	79	2,156	169,166
Total deductions	46,408,366	34,462,304	816,749
Change in net position	38,896,119	40,978,317	589,615
Net position restricted for employees postemployment benefits			
July 1, 2023	137,759,296	72,228,385	13,998,482
June 30, 2024	$ 176,655,415	$ 113,206,702	$ 14,588,097

6. Changes in 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, 2024, the following changes occurred in the governmental activities long-term liabilities:

	Total Liability July 1, 2023	Additions	Reductions	Total Liability June 30, 2024	Amounts due within one year
Governmental activities					
Bonds payable					
Bonds	$ 527,755,000	$ 197,700,000	$ (119,210,000)	$ 606,245,000	$ 56,125,000
Bond premium	39,731,652	18,306,570	(12,338,441)	45,699,781	8,546,587
Total bonds payable	567,486,652	216,006,570	(131,548,441)	651,944,781	64,671,587
Lease liabilities	77,205,344	13,575,680	(13,942,328)	76,838,696	11,838,838
SBITA liabilities	24,273,947	35,218,835	(24,129,664)	35,363,118	17,157,937
Compensated absences	49,926,305	51,348,323	(53,190,292)	48,084,336	47,402,209
Claims and judgments	92,534,643	306,781,916	(319,112,245)	80,204,314	34,400,254
Contingent liabilities	7,000,000	-	-	7,000,000	-
Net pension liabilities	3,037,959,823	753,050,293	(785,955,546)	3,005,054,570	-
Net other postemployment liabilities	1,502,996,907	309,310,917	(158,584,890)	1,653,722,934	-
Pollution remediation obligations	18,170,511	1,079,806	(1,100,811)	18,149,506	1,625,800
Total governmental activities long-term liabilities	$ 5,377,554,132	$ 1,686,372,340	$ (1,487,564,217)	$ 5,576,362,255	$ 177,096,625

During the year ended June 30, 2024, the changes occurred in the business-type activities and fiduciary funds long-term liabilities are as follows:

	Total Liability July 1, 2024	Additions	Reductions	Total Liability June 30, 2024	Amounts due within one year
Business-type activities					
Compensated absences	$ 416,384	$ 333,783	$ (363,715)	$ 386,452	$ 380,862
Lottery prize awards payable	8,457,559	111,596,529	(112,375,806)	7,678,282	7,481,804
SBITA liabilities	4,977,329	265,733	(646,979)	4,596,083	660,116
Net pension liabilities	4,461,219	4,871,080	(2,095,091)	7,237,208	-
Net other postemployment liabilities	5,366,521	1,333,472	(842,235)	5,857,758	-
Other liabilities	5,164,269	3,667,107	-	8,831,376	3,196,153
Total business-type activities long-term liabilities	$ 28,843,281	$ 122,067,704	$ (116,323,826)	$ 34,587,159	$ 11,718,935
Fiduciary					
Compensated absences	$ 30,481	$ 18,787	$ (18,787)	$ 30,481	$ 23,783
Total fiduciary long-term liabilities	$ 30,481	$ 18,787	$ (18,787)	$ 30,481	$ 23,783

The compensated absences for the Business-type activities are included as part of accrued salaries and benefits on the proprietary 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. There are no viable potentially responsible parties or insurance available to reduce the remediation costs. Overall, the state has recorded a pollution remediation liability of $18,149,506 of which $1,625,800 is due within one year.

Pollution remediation liability activity in fiscal year 2024 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 four 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. The Superfund sites in Vermont are in various stages of cleanup, from initial assessment to cleanup activities. The PRO as of June 30, 2024 is $1,957,414 and the estimated current amount due is $163,150.

There is one superfund site where no liability has been reported because obligations are not yet reasonably estimable. The site is an abandoned copper mine requiring cleanup of acid mine drainage.

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 potentially responsible Party (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 largest potential obligation includes a former manufacturing facility with perfluorooctanoic acid (PFOA) impacting surrounding private drinking wells and public water systems. Additional sites include a former mining facility with waste rock piles that are discharging asbestos into downstream waters. The PRO as of June 30, 2024 is $10,997,094; the estimated current amount due is $1,062,650.

Other State Agencies and Departments

The Vermont Agency of Transportation has multiple sites where investigation or cleanup is underway. The projects include remediation for soil and groundwater contamination detected during construction and infrastructure bridge improvements. Although not under federal Superfund law, the agencies and departments work with regulators, including the USEPA, to ensure the remediation of contaminated sites. Additionally, the Vermont State Military Department has one site reporting an Aqueous Film Forming Foam (AFFF) spill. It is expected the clean-up costs will be entirely reimbursed through a Cooperative Agreement with The National Guard Bureau. The PRO as of June 30, 2024 is $5,194,998 with an estimated $400,000 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, 2024, are as follows:

(Table on next page.)

	Restricted Purposes	Committed Purposes	Assigned Purposes
General Fund			
Government Operations			
Governor and other Elected Officials	$ -	$ -	$ 556
Administrative Services	-	-	1,625,045
Public Safety and Regulatory Services	-	-	9,089,469
Courts	-	-	4,011,599
Health and Human Services	-	-	20,070,189
Correctional Services	-	-	1,263,319
Educational Services	-	-	2,003
Natural Resources Protection and Preservation	-	-	12,279,275
Economic and Community Development	-	-	33,050,102
Tourism and Marketing	-	-	916,028
Total General Fund	$ -	$ -	$ 82,307,585
Transportation Fund			
Transportation	$ 894,565	$ 18,562,387	$ -
Total Transportation Fund	$ 894,565	$ 18,562,387	$ -
Education Fund			
Educational Services	$ -	$ 114,667,697	$ -
Total Education Fund	$ -	$ 114,667,697	$ -

(Table continues on the next page.)

	Restricted Purposes	Committed Purposes	Assigned Purposes
Special Fund			
Government Operations			
Governor and Other Elected Officials	$ -	$ 271,348	$ -
Legislature	2,134	109,716	-
Administrative Services	-	198,126,304	-
Public Safety and Regulatory Services	1,322,525	76,067,517	-
Health and Human Services	27,726,059	44,856,783	-
Correctional Services	-	68,375	-
Employment and Training	-	20,833,642	-
Educational Services	-	7,633,993	-
Natural Resources Protection and Preservation	13,851,263	103,822,022	-
Economic and Community Development	2,926,098	12,071,361	-
Tourism and Marketing	-	165,329	-
Total Special Fund	$ 45,828,079	$ 464,026,390	$ -
Federal Revenue Fund			
Government Operations			
Governor and Other Elected Officials	$ 149,784	$ -	$ -
Public Safety and Regulatory Services	608,903	-	-
Health and Human Services	58,398,692	-	-
Correctional Services	25,188	-	-
Educational Services	2,942,959	-	-
Natural Resources Protection and Preservation	506,413,345	-	-
Economic and Community Development	1,669,419	-	-
Total Federal Revenue Funds	$ 570,208,290	$ -	$ -
Global Commitment Fund			
Health and Human Services	$ 14,992,325	$ -	$ -
Total Global Commitment Fund	$ 14,992,325	$ -	$ -
Non-major Governmental Funds			
Government Operations			
Administrative Services	$ 22,886	$ -	$ -
Health and Human Services	37,955	-	-
Educational Services	-	29,757,648	-
Natural Resources Protection and Preservation	112,906	21,308,777	-
Economic and Community Development	6,663	-	-
Capital Outlays	17,770,483	-	-
Debt Service	-	3,872,844	-
Total Non-major Governmental Funds	$ 17,950,893	$ 54,939,269	$ -

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 allocations are prepared by the actuary by reviewing their loss forecast and determining an experience modification factor by department that considers the claim experience of the individual department.

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 suits and other non-tort suits is potentially unlimited. The State has a per claim self-insured retention (SIR) for the first $1,000,000 of exposure. The State purchases an excess commercial liability insurance policy up to $1,000,000 per occurrence, $1,000,000 aggregate for a policy that provides insurance coverage for a claim or suit arising out of those occurrences, wrongful acts, employment practices wrongful acts or employee benefit wrongful acts to which maximum limits of liability are applicable under the Vermont Tort Claims Act. The State purchases another policy with limits of $5,000,000 per occurrence, $5,000,000 aggregate in excess of the $1,000,000 SIR for claims that are not subject to the Vermont Tort Claims Act. A third excess policy provides coverage of $5,000,000 per occurrence, $5,000,000 aggregate over the $5,000,000 underlying policy limits. 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. The actuary prepares reserve fund allocations to each State department for general liability and automobile liability by reviewing their loss forecast and determining an experience modification factor by department that considers the claim experience of the individual department.

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. The actuary prepares a reserve fund allocation to each State department for property insurance by reviewing their loss forecast and determining an experience modification factor by department that considers the claim experience of the individual department. The actuary's flood insurance premium allocation is based upon loss exposure. The actuary's cyber liability insurance premium allocation is based on claims history and a risk score due to cyber exposure.

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. In addition, employees can supplement their basic life coverage up to 8 times their annual salary up to a maximum of $1,000,000. This supplemental plan also provides coverage for spouses and domestic partners up to $250,000 and children up to $20,000. This supplemental coverage is paid 100% by the employee.

The State of Vermont Family and Medical Leave Insurance (FMLI) provides eligible employees with 60% of their pre-leave base weekly wages, for up to a combined total of six weeks per benefit year if the employee can't work due to a serious health condition (including the birth of a child), caring for a family member with a serious health condition, bonding with a child during the first year following birth or within the first year of initial placement for adoption or fostering, caring for a covered military servicemember with a serious illness or injury who is a spouse, child, parent or next of kin, a qualifying exigency associated with active duty in the military or a call to active duty of a parent, spouse or child. This coverage is paid 100% by the State of Vermont.

Three years' changes in the respective funds' claims liability amounts are displayed in the following table:

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				
2022	$ 29,862,397	$ 12,186,742	$ (12,584,108)	$ 29,465,031
2023	29,465,031	12,051,405	(11,994,264)	29,522,172
2024	29,522,172	14,497,765	(11,791,240)	32,228,697
State Liability Insurance Fund				
2022	10,014,020	3,472,741	(1,857,809)	11,628,952
2023	11,628,952	17,047,978	(2,301,595)	26,375,335
2024	26,375,335	4,144,409	(12,921,071)	17,598,673
Medical Insurance Fund				
2022	23,959,677	206,992,627	(206,590,073)	24,362,231
2023	24,362,231	242,348,575	(230,574,765)	36,136,041
2024	36,136,041	281,367,986	(287,461,622)	30,042,405
Dental Insurance Fund				
2022	371,669	6,180,559	(6,216,076)	336,152
2023	336,152	6,603,417	(6,438,474)	501,095
2024	501,095	6,771,756	(6,938,312)	334,539

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 2024, 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, 2024 are as follows: $104,877,033 in the General Fund's Budget Stabilization Reserve; $14,194,331 in the Transportation Fund's Budget Stabilization Reserve; and $47,028,048 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 at 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 2024, the balance in the General Fund Balance Reserve was $98,110,203.

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 Bond Bank:
The State has a limited liability for the Vermont Bond Bank (VBB). 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 2186. 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 the 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, 2024, the State of Vermont had contractual obligations of $2,044,595,466, of which $838,773,029 are funded from federal sources. The Agency of Human Services (AHS) had contractual commitments of $685,022,872. The Agency of Transportation had contractual commitments of $566,293,584. The combined total for AHS and Transportations is 61% of the total contractual obligation of the State at fiscal year-end. 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 ensure the best prices for supplies and some professional services.

Remaining contractual obligations include:

- The AHS contracts remaining obligations are used for the Department of Children and Families (37%), the Department of Vermont Health Access (28%), the Department of Corrections (16%), Department of Aging and Independent Living (8%) and the Department of Health (4%). 76% of the Human Services contracts will expire by June 30, 2025.

- The Agency of Transportation contracts are mainly used for infrastructure construction; of which 74% of Transportation's contracts have end dates of June 30, 2025.

- Of the contracts in the Agency of Administration, 61% have end dates that expire by the end of fiscal year 2025. The Agency of Administration contract obligations are for capital construction (47%) and human resource benefit administration services (34%).

- The Agency of Digital Services (ADS), 85% of their contract obligations are for project management consulting and development and 2% for Cyber Security. 48% of ADS's contracts will expire by the end of fiscal year 2025.

- The State Treasurer's Office contracts are mostly investment management services and health insurance for the retirement plans; of which 48% have end dates that will expire by the end of fiscal year 2025.

- Of the contract obligations for the Department of Liquor and Lottery (DLL), 99% are distributor vendor contracts. 97% of DLL's contracts have end dates of June 30, 2025.

Following is a summary of contractual obligations by agency, department, or office at June 30, 2024:

(Table on next page.)

Agency, Department, or Office	Total Contractual Obligation	Funded by Federal Sources	Funded by Other Sources
Agency of Human Services	$ 685,022,872	$ 374,668,564	$ 310,354,308
Agency of Transportation	566,293,584	324,369,610	241,923,974
Agency of Digital Services	182,073,179	-	182,073,179
Agency of Administration	153,817,929	37,111,868	116,706,061
Department of Liquor & Lottery	152,354,902	-	152,354,902
State Treasurer's Office	99,099,532	-	99,099,532
Agency of Natural Resources	58,798,423	42,524,226	16,274,197
Public Service Department	29,696,142	527,408	29,168,734
Agency of Education	23,083,502	19,352,013	3,731,489
Military Department	18,925,352	18,330,101	595,251
Secretary of State's Office	17,541,575	9,561,645	7,979,930
Department of Public Safety	10,801,673	2,573,339	8,228,334
Department of Financial Regulation	8,363,804	-	8,363,804
Green Mountain Care Board	7,471,842	-	7,471,842
Department of Labor	7,457,064	7,454,163	2,901
Agency of Commerce & Community Development	5,476,446	404,776	5,071,670
Agency of Agriculture, Food & Markets	3,748,848	1,782,235	1,966,613
Office of the Defender General	3,134,389	-	3,134,389
Auditor of Accounts' Office	3,080,883	-	3,080,883
Enhanced 911 Board	2,222,033	-	2,222,033
Criminal Justice Training Council	1,960,956	-	1,960,956
State's Attorneys and Sheriffs	1,598,895	-	1,598,895
Office of the Attorney General	1,488,179	37,188	1,450,991
Public Utility Commission	381,991	-	381,991
Center Crime Victim Services	195,360	75,893	119,467
Cannabis Control Board	189,720	-	189,720
Human Rights Commission	109,314	-	109,314
Joint Fiscal Office	104,888	-	104,888
Judiciary	68,509	-	68,509
Legislative Council	33,680	-	33,680
Total	$ 2,044,595,466	$ 838,773,029	$ 1,205,822,437

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 $1,353,028,633. The award adjustments column includes an increase of $52,534,963 for amendments to grants that commenced in prior fiscal years and a reduction of $32,445,320, for a net change of $20,089,643. $22,628,016 of the award adjustments under Human Services is for the contribution received from the University of Vermont Medical Center for the Graduate Medical Education program. The grants expended amount of $1,157,695,985 includes payments issued to grantees on both current year awards and prior year grant awards. The award balances on June 30, 2024, represents the remaining unexpended award amounts.

(Table on next page.)

	Number of Grants Awarded in 2024	Total Grant Obligation				
		Award Balances at June 30, 2023	Current Year Awards	Award Adjustments	Grants Expended	Award Balances at June 30, 2024
Agency of Administration	493	$ -	$ 184,878,803	$ -	$ 184,844,926	$ 33,877
Agency of Commerce & Community Development	483	92,211,890	115,426,487	1,817,981	89,280,907	120,175,451
Agency of Education	592	141,965,297	141,870,634	-	266,527,053	17,308,878
Agency of Human Services	991	156,960,791	344,063,642	(29,518,950)	264,374,911	207,130,572
Agency of Natural Resources	364	108,002,017	127,892,843	23,335,448	64,838,651	194,391,657
Agency of Transportation	644	258,088,223	183,308,055	20,585,473	152,124,268	309,857,483
Department of Labor	58	5,581,184	2,421,803	-	2,841,643	5,161,344
Department of Liquor & Lottery	-	31,200	-	-	31,200	-
Enhanced 911 Board	-	208,389	-	(33,121)	22,681	152,587
Judiciary	2	-	140,000	-	140,000	-
Military Department	12	18,000	100,606	(18,000)	100,606	-
Public Service Department	28	50,035,074	152,769,121	-	51,238,136	151,566,059
State Treasurer's Office	20	130,332	282,187	16,558	282,187	146,890
State's Attorneys and Sheriffs	54	-	1,905,649	-	1,905,649	-
Human Rights Commission	1	-	15,450	-	15,450	-
Office of the Attorney General	14	206,894	3,131,653	(103,302)	3,154,829	80,416
Department of Public Safety	324	2,329,551	47,454,887	4,176,678	34,944,920	19,016,196
Center Crime Victim Services	161	290,042	7,717,635	2,602,825	8,802,395	1,808,107
Agency of Agriculture, Food & Markets	749	20,783,247	38,549,178	(2,771,947)	31,075,573	25,484,905
Department of Financial Regulation	2	150,000	100,000	-	150,000	100,000
Secretary of State's Office	1	-	1,000,000	-	1,000,000	-
Total	4,993	$ 836,992,131	$ 1,353,028,633	$ 20,089,643	$ 1,157,695,985	$ 1,052,414,422

The Agency of Administration includes the Department of Libraries who awarded 295 grants in the amount of $945.1 thousand to Public Libraries throughout the State. The Agency of Administration also awarded $167.7 million to help fund higher education in Vermont, $2.9 million to promote cultural development and $12 million to support communities across the State by providing direct economic and emergency funding under the American Rescue Plan. The Agency of Education awarded 592 grants totaling $141.9 million. The Agency of Human Services issued 991 awards or 19.8% of the total number of grants issued by the state and expended $235.8 million to improve the conditions and wellbeing of Vermonters. The Agency of Human Services also awarded $51.2 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 $22.6 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 644 grants, totaling $183.3 million, providing funding to communities around the state that focus on safety, preservation and maintenance of existing transportation systems, 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 are 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, 2024, and 2023 are as follows:

	June 30, 2024	June 30, 2023	Increase (Decrease)
Comparative Financial Information			
Assets	$ 31,677,146	$ 29,603,646	$ 2,073,500
Liabilities	27,657,737	25,653,511	2,004,226
Operating revenues	111,342,236	91,296,265	20,045,971
Interest income	1,180,883	705,520	475,363
Gain/(loss) on the sale of investments	11,106	(37,116)	48,222
Commissions, fees and bonus expense	8,970,732	7,186,881	1,783,851
Prize awards	68,437,372	56,585,648	11,851,724
Other operating expenses	5,849,888	4,147,186	1,702,702
Total transfers to member states	29,276,233	24,044,954	5,231,279
Transfer to Vermont	5,749,560	4,072,601	1,676,959

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, 2024, the State provided tax abatements through the following programs:

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	$3,436,875

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	$240,026

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 2024 payments are $19,354,487.
Dollar amount of taxes abated during reporting period	$50,228,157

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	$2,825,640

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	$2,443,289

G. Subsequent Events

The State has evaluated whether any events have occurred subsequent to June 30, 2024, 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 TEN FISCAL YEARS
(Dollar amounts expressed in thousands)
(Unaudited)

	2024	2023	2022	2021
Total pension liability				
Service cost	$ 80,807	$ 73,319	$ 67,752	$ 70,993
Interest	249,388	236,673	226,513	214,277
Differences between expected and actual experience	38,476	38,771	74,201	59,818
Changes of assumptions	-	16,346	-	-
Changes of benefit terms	-	-	(49,146)	-
Benefit payments, including refunds of member contributions	(196,200)	(185,704)	(173,791)	(160,291)
Net change in total pension liability	172,471	179,405	145,529	184,797
Total pension liability, July 1	3,579,984	3,400,579	3,255,050	3,070,253
Total pension liability, June 30	3,752,455	3,579,984	3,400,579	3,255,050
Fiduciary net position				
Contributions - employer	140,851	116,388	197,523	88,944
Contributions - member	57,061	48,581	44,655	42,113
Net investment income (loss)	240,381	168,509	(215,474)	497,423
Benefit payments, including refunds of member contributions	(196,200)	(185,704)	(173,791)	(160,291)
Administrative expenses	(2,695)	(2,579)	(2,352)	(2,281)
Other	1,212	1,390	862	247
Net change in fiduciary net position	240,610	146,585	(148,577)	466,155
Fiduciary net position, beginning of year	2,423,230	2,276,645	2,425,222	1,959,067
Fiduciary net position, end of year	2,663,840	2,423,230	2,276,645	2,425,222
Net pension liability, June 30	$ 1,088,615	$ 1,156,754	$ 1,123,934	$ 829,828
Fiduciary net position as a percentage of the total pension liability	70.99%	67.69%	66.95%	74.51%
Covered payroll	$ 621,256	$ 576,952	$ 552,317	$ 551,981
Net pension liability as a percentage of covered payroll	175.23%	200.49%	203.49%	150.34%
Notes to Schedule				
Change in assumptions:				
Discount rate	7.00%	7.00%	7.00%	7.00%
Assumed inflation	2.30%	2.30%	2.30%	2.30%
Assumed COLA increase				
Groups A, and D	2.25%	2.25%	2.40%	2.40%
Group C (retired prior to 7/1/2022)	2.25%	2.25%	2.40%	2.40%
Group C (retired on or after 7/1/2022)	2.10%	2.10%	2.15%	n/a
Group F (retired before 7/1/2008)	1.25%	1.25%	1.35%	1.35%
Group F (retired on or after 7/1/2008)	2.35%	2.35%	2.40%	2.40%
Group F (retired on or after 7/1/2022)	2.15%	2.15%	2.25%	n/a

Plan Type: single employer

See Notes to the Required Supplementary Information.

See Independent Auditors' Report.

2020	2019	2018	2017	2016	2015
$ 53,010	$ 51,946	$ 49,744	$ 42,704	$ 47,012	$ 41,786
204,548	194,127	180,860	178,959	171,563	164,405
5,123	40,476	83,266	19,283	25,051	3,979
209,787	-	-	42,725	(21,853)	62,247
-	-	-	-	-	-
(153,026)	(144,297)	(134,090)	(126,480)	(120,094)	(111,396)
319,442	142,252	179,780	157,191	101,679	161,021
2,750,811	2,608,559	2,428,779	2,271,588	2,169,909	2,008,888
3,070,253	2,750,811	2,608,559	2,428,779	2,271,588	2,169,909
84,430	66,618	64,564	60,280	54,347	55,881
40,902	40,818	40,423	35,967	34,055	33,296
78,965	106,778	123,632	170,358	17,962	(8,485)
(153,026)	(144,297)	(134,090)	(126,480)	(120,094)	(111,396)
(2,268)	(2,246)	(1,720)	(1,777)	(1,467)	(1,858)
594	299	249	444	(14)	177
49,597	67,970	93,058	138,792	(15,211)	(32,385)
1,909,470	1,841,500	1,748,442	1,609,650	1,624,861	1,657,246
1,959,067	1,909,470	1,841,500	1,748,442	1,609,650	1,624,861
$ 1,111,186	$ 841,341	$ 767,059	$ 680,337	$ 661,938	$ 545,048
63.81%	69.41%	70.59%	71.99%	70.86%	74.88%
$ 527,571	$ 521,671	$ 504,553	$ 471,268	$ 462,057	$ 437,676
210.62%	161.28%	152.03%	144.36%	143.26%	124.53%
7.00%	7.50%	7.50%	7.50%	7.95%	7.95%
2.30%	2.50%	2.50%	2.50%	3.00%	3.00%
2.40%	2.55%	2.55%	2.55%	3.00%	3.00%
2.40%	2.55%	2.55%	2.55%	3.00%	3.00%
n/a	n/a	n/a	n/a	n/a	n/a
1.35%	1.40%	1.40%	1.40%	1.50%	1.50%
2.40%	2.55%	2.55%	2.55%	3.00%	3.00%
n/a	n/a	n/a	n/a	n/a	n/a

STATE OF VERMONT
VERMONT STATE RETIREMENT SYSTEM
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

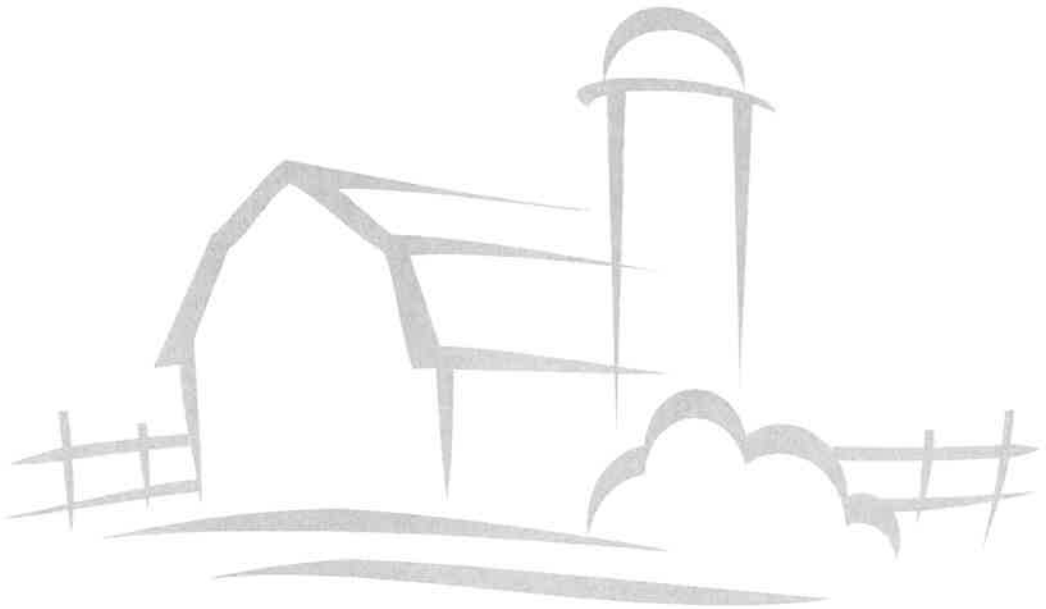
Fiscal Year 2023
Mortality improvement scales were updated to MP-2021.

Fiscal Year 2022
Changes in plan provisions for average final compensation, normal retirement eligibility and amount, early retirement amount, post retirement adjustments, and member contribution rates.

Fiscal Year 2020
Mortality tables updated from variations of RP-2006 with generational improvement to variations of PubG-2010 with generational projection.

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.

THIS PAGE INTENTIONALLY LEFT BLANK



Vermont

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATE TEACHERS' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS
(Dollar amounts expressed in thousands)
(Unaudited)

	2024	2023	2022	2021
Total pension liability				
Service cost	$ 83,618	$ 78,228	$ 71,861	$ 72,149
Interest	304,810	295,777	285,340	270,700
Differences between expected and actual experience	29,710	15,227	52,714	88,065
Changes of assumptions	-	(17,809)	-	-
Changes of benefit terms	8,872	-	(32,528)	-
Benefit payments, including refunds of member contributions	(253,961)	(241,627)	(227,698)	(215,249)
Net change in total pension liability	173,049	129,796	149,689	215,665
Total pension liability, July 1	4,397,768	4,267,972	4,118,283	3,902,618
Total pension liability, June 30	4,570,817	4,397,768	4,267,972	4,118,283
Fiduciary net position				
Contributions - non-employer	206,169	188,096	314,664	125,910
Contributions - member	56,092	51,998	44,597	42,199
Net investment income (loss)	260,344	178,492	(223,275)	512,194
Benefit payments, including refunds of member contributions	(253,961)	(241,627)	(227,698)	(215,249)
Administrative expenses	(4,023)	(3,047)	(2,715)	(2,782)
Other	25,356	14,384	11,047	9,031
Net change in fiduciary net position	289,977	188,296	(83,380)	471,303
Fiduciary net position, beginning of year	2,527,709	2,339,413	2,422,793	1,951,490
Fiduciary net position, end of year	2,817,686	2,527,709	2,339,413	2,422,793
Net pension liability, June 30	$ 1,753,131	$ 1,870,059	$ 1,928,559	$ 1,695,490
Fiduciary net position as a percentage of the total pension liability	61.65%	57.48%	54.81%	58.83%
Covered payroll	$ 743,006	$ 701,567	$ 657,935	$ 645,903
Net pension liability as a percentage of covered payroll	235.95%	266.55%	293.12%	262.50%
Notes to Schedule				
Change in assumptions:				
Discount rate	7.00%	7.00%	7.00%	7.00%
Assumed inflation	2.30%	2.30%	2.30%	2.30%
Assumed COLA increase				
Group A	2.30%	2.30%	2.40%	2.40%
Group C	1.20%	1.20%	1.35%	1.35%
Groups C (retired on or after 7/1/2022)	1.20%	1.20%	1.20%	n/a

Plan Type: cost sharing multiple employer with a special funding situation

See Notes to the Required Supplementary Information.

See Independent Auditors' Report.

2020	2019	2018	2017	2016	2015
$ 40,744	$ 39,766	$ 40,117	$ 35,383	$ 34,979	$ 33,614
255,393	246,468	237,747	228,939	222,185	215,447
31,637	28,998	59,469	12,523	3,613	20,003
310,968	-	(32,957)	185,849	(7,224)	57,489
-	-	-	-	-	-
(201,237)	(193,197)	(182,259)	(172,156)	(162,751)	(150,734)
437,505	122,035	122,117	290,538	90,802	175,819
3,465,113	3,343,078	3,220,961	2,930,423	2,839,621	2,663,802
3,902,618	3,465,113	3,343,078	3,220,961	2,930,423	2,839,621
120,247	113,748	110,354	78,664	73,225	72,909
40,599	39,075	37,889	36,142	35,409	34,864
83,105	109,429	125,566	173,167	19,877	(7,567)
(201,237)	(193,197)	(182,259)	(172,156)	(162,751)	(150,734)
(2,815)	(2,715)	(2,084)	(2,214)	(1,797)	(2,259)
7,103	5,775	4,349	4,055	3,821	538
47,002	72,115	93,815	117,658	(32,216)	(52,249)
1,904,488	1,832,373	1,738,558	1,620,900	1,653,116	1,705,365
1,951,490	1,904,488	1,832,373	1,738,558	1,620,900	1,653,116
$ 1,951,128	$ 1,560,625	$ 1,510,705	$ 1,482,403	$ 1,309,523	$ 1,186,505
50.00%	54.96%	54.81%	53.98%	55.31%	58.22%
$ 624,908	$ 612,899	$ 607,355	$ 586,397	$ 557,708	$ 567,074
312.23%	254.63%	248.74%	252.80%	234.80%	209.23%
7.00%	7.50%	7.50%	7.50%	7.95%	7.95%
2.30%	2.50%	2.50%	2.50%	3.00%	3.00%
2.40%	2.55%	2.55%	2.55%	3.00%	3.00%
1.35%	1.40%	1.40%	1.40%	1.50%	1.50%
n/a	n/a	n/a	n/a	n/a	n/a

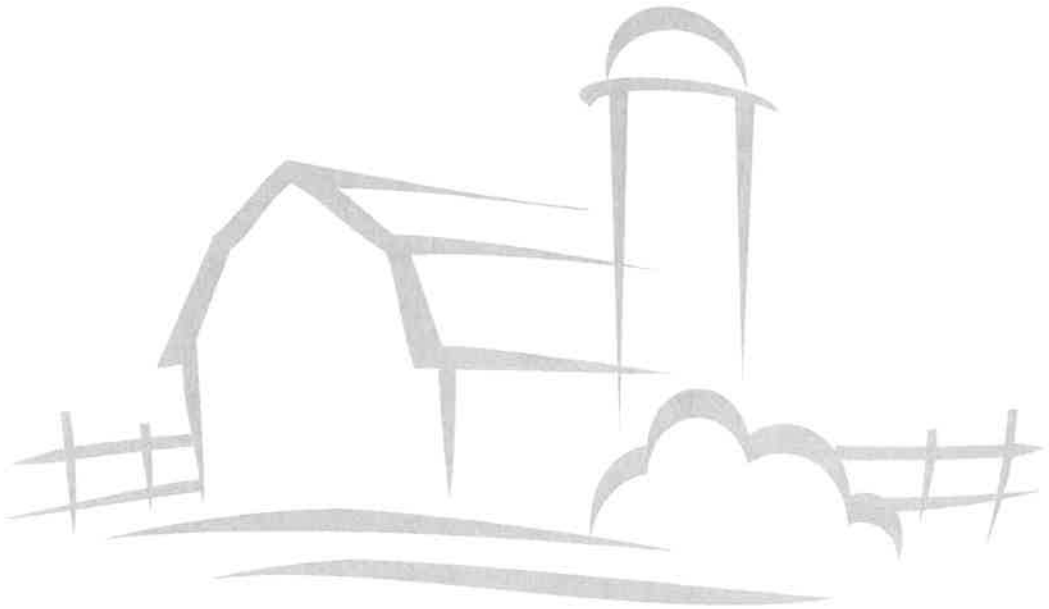
Fiscal Year 2023
Mortality improvement scales were updated to MP-2021.

Fiscal Year 2022
Changes in plan provisions for post-retirement adjustments, and member contribution rates.

Fiscal Year 2020
Mortality tables updated from variations of RP-2006 with generational improvement to variations of PubG-2010 with generational projection.

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.

THIS PAGE INTENTIONALLY LEFT BLANK



Vermont

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS
(Dollar amounts expressed in thousands)
(Unaudited)

	2024	2023	2022	2021
Total pension liability				
Service cost	$ 47,026	$ 42,204	$ 39,576	$ 37,158
Interest	87,472	81,522	76,211	70,595
Differences between expected and actual experience	32,986	9,652	8,120	15,795
Changes of assumptions	-	3,580	-	-
Changes of benefit terms	438	-	364	-
Benefit payments, including refunds of member contributions	(59,676)	(53,902)	(48,138)	(43,357)
Net change in total pension liability	108,246	83,056	76,133	80,191
Total pension liability, July 1	1,232,407	1,149,351	1,073,218	993,027
Total pension liability, June 30	1,340,653	1,232,407	1,149,351	1,073,218
Fiduciary net position				
Contributions - employer	33,180	28,456	25,218	22,298
Contributions - member	33,075	29,696	25,025	23,074
Net investment income (loss)	90,909	63,095	(81,508)	184,850
Benefit payments, including refunds of member contributions	(59,676)	(53,902)	(48,138)	(43,357)
Administrative expenses	(1,554)	(1,302)	(1,303)	(1,249)
Other	458	91	651	365
Net change in fiduciary net position	96,392	66,134	(80,055)	185,981
Fiduciary net position, beginning of year	912,113	845,979	926,034	740,053
Fiduciary net position, end of year	1,008,505	912,113	845,979	926,034
Net pension liability, June 30	$ 332,148	$ 320,294	$ 303,372	$ 147,184
Fiduciary net position as a percentage of the total pension liability	75.22%	74.01%	73.60%	86.29%
Covered payroll	$ 392,232	$ 355,709	$ 331,960	$ 327,492
Net pension liability as a percentage of covered payroll	84.68%	90.04%	91.39%	44.94%
Notes to Schedule				
Changes in assumptions and methods:				
Discount rate	7.00%	7.00%	7.00%	7.00%
Assumed inflation	2.30%	2.30%	2.30%	2.30%
Assumed COLA increase				
Group A	1.10%	1.10%	1.10%	1.10%
Group B, C, and D	1.20%	1.20%	1.20%	1.20%

Plan Type: cost sharing multiple employer

See Notes to the Required Supplementary Information.

See Independent Auditors' Report.

2020	2019	2018	2017	2016	2015
$ 34,726	$ 30,744	$ 28,434	$ 27,246	$ 25,264	$ 24,366
67,361	61,618	56,504	54,780	49,744	46,058
8,292	17,468	14,172	(3,749)	1,088	3,046
38,774	-	-	14,481	12,204	19,192
-	-	194	-	-	-
(39,084)	(35,397)	(31,445)	(27,803)	(25,589)	(23,314)
110,069	74,433	67,859	64,955	62,711	69,348
882,958	808,525	740,666	675,711	613,000	543,652
993,027	882,958	808,525	740,666	675,711	613,000
20,681	19,203	17,520	16,482	15,236	14,136
20,771	19,778	19,167	25,210	15,227	13,588
29,114	38,740	43,889	59,487	6,777	(2,359)
(39,084)	(35,397)	(31,445)	(27,803)	(25,589)	(23,315)
(1,355)	(1,158)	(929)	(875)	(755)	(950)
460	451	137	(6)	215	279
30,587	41,617	48,339	72,495	11,111	1,379
709,466	667,849	619,510	547,015	535,904	534,525
740,053	709,466	667,849	619,510	547,015	535,904
$ 252,974	$ 173,492	$ 140,676	$ 121,156	$ 128,696	$ 77,096
74.52%	80.35%	82.60%	83.64%	80.95%	87.42%
$ 306,103	$ 289,839	$ 274,814	$ 256,730	$ 249,811	$ 230,969
82.64%	59.86%	51.19%	47.19%	51.52%	33.38%
7.00%	7.50%	7.50%	7.50%	7.95%	7.95%
2.30%	2.50%	2.50%	2.50%	3.00%	3.00%
1.10%	1.15%	1.15%	1.15%	1.50%	1.50%
1.20%	1.30%	1.30%	1.30%	1.80%	1.80%

STATE OF VERMONT
VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Fiscal Year 2024
Changes in plan provisions for employer and member contribution rates, a 0.25% increase each year for four years, starting 07/01/2026.

Fiscal Year 2023
Mortality improvement scales were updated to MP-2021.

Fiscal Year 2022
Changes in plan provisions for member contribution rates, a 0.25% increase each year for four years, starting 07/01/2022.

Fiscal Year 2020
Mortality tables updated from variations of RP-2006 with generational improvement to variations of PubG-2010 with generational projection.

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.

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS
SCHEDULE OF EMPLOYER AND NONEMPLOYER CONTRIBUTIONS
LAST TEN 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	2024	$ 121,873	$ 140,851	$ (18,978)	$ 621,256	22.67%
	2023	116,038	116,388	(350)	576,952	20.17%
	2022	119,968	197,523	(77,555)	552,317	35.76%
	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%
State Teachers' Retirement System[2]	2024	$ 194,281	$ 222,021	$ (27,740)	$ 743,006	29.88%
	2023	194,962	201,925	(6,963)	701,567	28.78%
	2022	196,207	325,245	(129,038)	657,935	49.43%
	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%
Vermont Municipal Employees' Retirement System	2024	$ 50,155	$ 33,180	$ 16,975	$ 392,232	8.46%
	2023	43,344	28,456	14,888	355,709	8.00%
	2022	39,451	25,218	14,233	331,960	7.60%
	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	11,956	14,136	(2,180)	230,969	6.12%

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.

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	Entry Age Normal
Amortization method	Installments increasing 3% per year	Installments increasing 3% per year	Installments increasing 3% per year
Remaining amortization period All closed basis	16 years	16 years	15 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	7.00%	7.00%	7.00%
Inflation rate	2.30%	2.30%	2.30%
Projected salary increases	3.40%-5.55%	3.55%-10.50%	4.07%-6.21%
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 C retiring on or after 07/01/2022: 2.15%. Group F retiring on or after 07/01/2022: 2.25%. Group D retiring on or after 07/01/2022: 2.40% on the first $75,000 of retirement benefits, and 1.15% on amounts above $75,000 of retirement benefits.	Group A: 2.40%; Group C: 1.35%, Group C retiring on or after 07/01/2022: 1.20%	Group A - 1.10%, Groups B,C & D - 1.20%

Mortality Rates

VSRS

Pre-retirement:
- Group A/F - 60% of PubG-2010 General Employee Amount-Weighted Above Median, and 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, and 30% of PubG-2010 General Employee with generational projection using scale MP-2019

Post-retirement Retiree
- Group 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, and 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
- Group 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, and 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 Retiree:
- All Groups - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019

STRS

Pre-retirement:
- All Groups - PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2019

Post-retirement Retiree
- All Groups - PubT-2010 Teacher Healthy Retiree Amount-Weighted Table with generational projection using scale MP-2019

Post-retirement Beneficiaries
- All Groups - 109% of the Pub-2010 Contingent Survivor Amount-Weighted Table 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

MERS

Pre-retirement:
- Groups A &B: 60% PubG-2010 General Employee Amount-Weighted Below-Median and 40% of PubG-2010 General Employee Amount-Weighted, with generational projection using Scale MP-2021
- Group C: PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021
- Group D: PubS-2010 Public Safety Employee Amount-Weighted Below-Median, with generational projection using scale MP-2021.

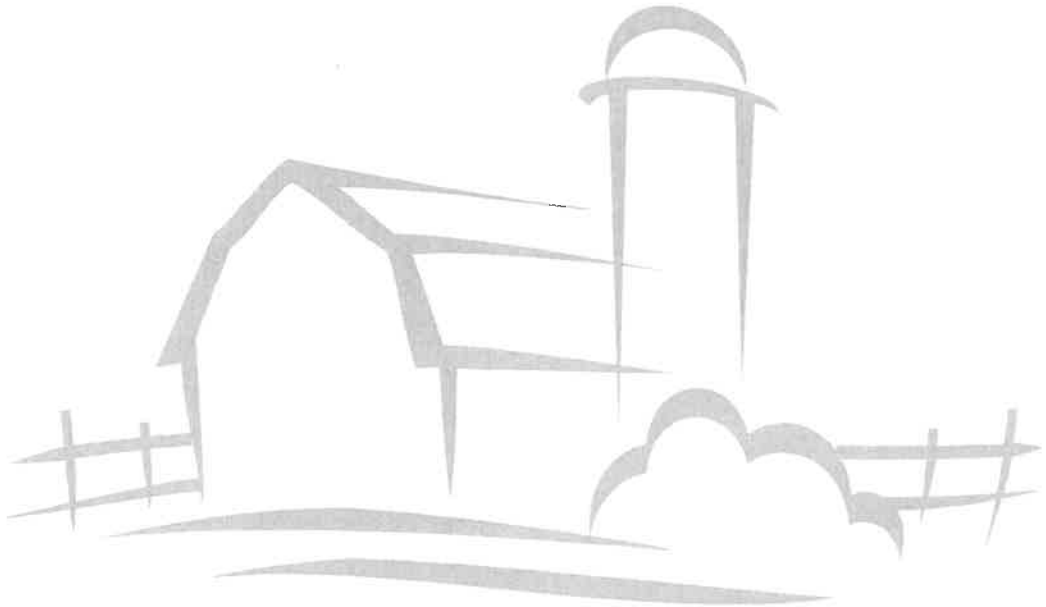
Post-retirement Retiree
- Groups A & B: PubG-2010 General Healthy Retiree Amount-Weighted Below Median Table with credibility adjustments of 90% and 87% for the Male and Female tables, respectively, with generational projection using scale MP-2021
- Group C: PubG-2010 General Healthy Retiree Amount-Weighted Table, with generational projection using scale MP-2021
- Group D: PubS-2010 Public Safety Retiree Amount-Weighted Below-Median Table, with generational projection using scale MP-2021

Post-retirement Beneficiaries
- All Groups: Pub-2010 Contingent Survivor Amount-Weighted Below-Median Table, with generational projection using scale MP-2021

Disabled Retiree:
- Groups A, B, & C: PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table with generational projection using Scale MP-2021
- Group D: PubS-2010 Safety Disabled Retiree Amount-Weighted Table with generational projection using Scale MP-2021

See Independent Auditors' Report.

THIS PAGE INTENTIONALLY LEFT BLANK



Vermont

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF STATE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST TEN YEARS[1]
(Dollar amounts expressed in thousands)
(Unaudited)

	Vermont State Retirement System			
	2024	2023	2022	2021
State's proportion of net pension liability	98.7446%	99.1039%	98.4031%	98.3248%
State's proportionate share of the net pension liability	$ 1,142,233	$ 1,113,862	$ 816,577	$ 1,092,572
Fiduciary net position as a percentage of the total pension liability	67.69%	66.95%	74.51%	63.81%

	State Teachers' Retirement System[2]			
	2024	2023	2022	2021
State's proportion of net pension liability	100%	100%	100%	100%
State's proportionate share of the net pension liability	$ 1,870,059	$ 1,928,559	$ 1,695,490	$ 1,951,128
Fiduciary net position as a percentage of the total pension liability	57.48%	54.81%	58.83%	50.00%

[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.

See Independent Auditors' Report.

2020	2019	2018	2017	2016	2015
98.3137%	98.2187%	98.2850%	98.3625%	98.3289%	98.2355%
$ 827,153	$ 753,395	$ 668,669	$ 651,099	$ 535,939	$ 345,437
69.41%	70.59%	71.99%	70.86%	74.88%	82.50%

2020	2019	2018	2017	2016	2015
100%	100%	100%	100%	100%	100%
$ 1,560,625	$ 1,510,705	$ 1,482,403	$ 1,309,523	$ 1,186,505	$ 958,437
54.96%	54.81%	53.98%	55.31%	58.22%	64.02%

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PLANS
SCHEDULE OF INVESTMENT RETURNS
LAST TEN YEARS
(Unaudited)

	2024	2023	2022	2021
VERMONT STATE RETIREMENT SYSTEM				
Annual money-weighted rate of return, net of investment expense	10.16%	7.65%	-7.42%	24.59%
STATE TEACHERS' RETIREMENT SYSTEM				
Annual money-weighted rate of return, net of investment expense	10.23%	7.64%	-7.41%	24.75%
VERMONT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM				
Annual money-weighted rate of return, net of investment expense	10.22%	7.69%	-7.88%	24.32%

See Independent Auditors' Report.

2020	2019	2018	2017	2016	2015
3.90%	5.90%	6.73%	10.33%	1.44%	-0.50%
4.10%	6.10%	6.99%	10.17%	1.69%	-0.40%
3.90%	5.80%	6.75%	10.88%	1.56%	-0.51%

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
VERMONT STATE POSTEMPLOYMENT BENEFIT TRUST FUND
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS
LAST EIGHT FISCAL YEARS
(Dollar amounts expressed in thousands)
(Unaudited)

	2024	2023	2022	2021
Total OPEB liability				
Service cost	$ 26,723	$ 22,817	$ 67,476	$ 63,318
Interest	72,341	63,680	39,605	34,088
Changes of benefit terms	-	-	(11,431)	-
Differences between expected and actual experience	25,103	(19,724)	241	4,953
Changes of assumptions	114,929	96,989	(746,859)	43,573
Benefit payments, net of retiree contributions, including administrative expense	(46,408)	(41,549)	(35,056)	(35,561)
Net change in total OPEB liability	192,688	122,213	(686,024)	110,371
Total OPEB liability, July 1	1,029,530	907,317	1,593,341	1,482,970
Total OPEB liability, June 30	1,222,218	1,029,530	907,317	1,593,341
Fiduciary net position				
Contributions - employer	67,147	64,699	35,170	90,463
Net investment income (loss)	18,157	9,810	(15,580)	7,775
Benefit payments, including refunds of member contributions	(46,408)	(41,549)	(35,056)	(35,561)
Administrative expenses	-	(1)	(2)	(1)
Net change in fiduciary net position	38,896	32,959	(15,468)	62,676
Fiduciary net position, beginning of year	137,759	104,800	120,268	57,592
Fiduciary net position, end of year	176,655	137,759	104,800	120,268
Net OPEB liability, June 30	$ 1,045,563	$ 891,771	$ 802,517	$ 1,473,073
Fiduciary net position as a percentage of the total OPEB liability	14.45%	13.38%	11.55%	7.55%
Covered payroll	$ 649,309	$ 605,398	$ 579,629	$ 578,702
Net OPEB liability as a percentage of covered-payroll	161.03%	147.30%	138.45%	254.55%
Notes to Schedule				
Discount rate	7.00%	7.00%	7.00%	2.41%
Assumed inflation	2.30%	2.30%	2.50%	2.00%

Plan Type: single employer

GASB No. 74 required supplementary information is not available for fiscal years prior to 2017. Data for future years will be added prospectively.

See Notes to the Required Supplementary Information.

See Independent Auditors' Report.

2020	2019	2018	2017
$ 45,691	$ 44,590	$ 52,326	$ 66,841
45,754	49,041	54,401	46,868
-	-	(20,233)	-
20,361	6,284	7,140	-
127,633	(25,551)	(303,322)	(190,151)
(35,768)	(35,340)	(34,559)	(33,346)
203,671	39,024	(244,247)	(109,788)
1,279,299	1,240,275	1,484,522	1,594,310
1,482,970	1,279,299	1,240,275	1,484,522
38,600	63,750	32,957	33,123
3,030	1,554	872	1,372
(35,768)	(35,340)	(34,559)	(33,346)
(3)	(2)	(1)	-
5,859	29,962	(731)	1,149
51,733	21,771	22,502	21,353
57,592	51,733	21,771	22,502
$ 1,425,378	$ 1,227,566	$ 1,218,504	$ 1,462,020
3.88%	4.04%	1.76%	1.52%
$ 554,292	$ 548,512	$ 531,543	$ 497,201
257.15%	223.80%	229.24%	294.05%
2.23%	3.50%	3.87%	3.58%
2.00%	2.75%	2.75%	2.75%

STATE OF VERMONT
VERMONT STATE POSTEMPLOYMENT BENEFIT TRUST FUND
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

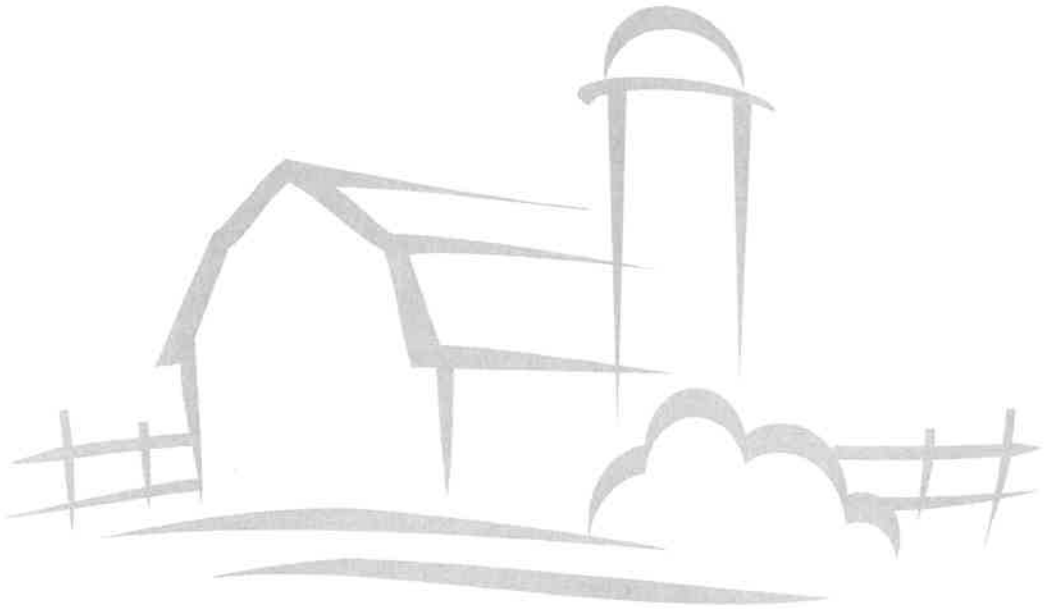
Fiscal Year 2024
Changes in assumptions: The valuation-year per capita health costs and retiree contribution rates were updated. The future trend rates on the valuation-year per capita health costs and retiree contribution rates were modified.

Fiscal Year 2023
Mortality improvement scales were updated to MP-2021.

Fiscal Year 2022
Benefit changes: Changes were made to the eligibility requirements.
Changes in assumptions: The valuation-year per capita health costs and retiree contribution rates were updated; The percentage of active employees eligible to retire and receive the maximum premium subsidy who are assumed to participate in the plan increased from 80% to 85%; The percentage of active employees eligible to retire and receive less than the maximum premium subsidy who are assumed to participate in the plan decreased from 80% to 50%; The percentage of eligible future retirees covering a spouse that are assumed to elect the Premium Reduction Option decreased from 35% to 25%; The percentage of future female retirees assumed to have an eligible spouse who also opts for health coverage decreased from 60% to 55%; Retirement rates were updated for Group C to reflect the best estimate of anticipated future experience.

Fiscal Year 2018
Benefit changes: medical copays were modified, and pharmacy deductible and maximum out of pocket expenses were increased

THIS PAGE INTENTIONALLY LEFT BLANK



Vermont

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 EIGHT FISCAL YEARS
(Dollar amounts expressed in thousands)
(Unaudited)

	2024	2023	2022	2021
Total OPEB liability				
Service cost	$ 19,827	$ 16,347	$ 53,507	$ 50,729
Interest	59,826	53,043	29,254	28,809
Changes of benefit terms	272	-	-	(75,248)
Differences between expected and actual experience	3,898	11,434	18,750	33,179
Changes of assumptions	73,414	47,069	(605,232)	15,408
Benefit payments, net of retiree contributions, including administrative expense	(34,460)	(34,489)	(28,141)	(30,775)
Net change in total OPEB liability	122,777	93,404	(531,862)	22,102
Total OPEB liability, July 1	851,763	758,359	1,290,221	1,268,119
Total OPEB liability, June 30	974,540	851,763	758,359	1,290,221
Fiduciary net position				
Contributions - non-employer	61,682	57,168	54,203	36,639
Net investment income (loss)	13,759	9,043	(186)	53
Benefit payments, including refunds of member contributions	(34,460)	(34,489)	(28,141)	(30,775)
Administrative expenses	(2)	(2)	(2)	(2)
Other	-	-	-	-
Net change in fiduciary net position	40,979	31,720	25,874	5,915
Fiduciary net position, beginning of year	72,228	40,508	14,634	8,719
Fiduciary net position, end of year	113,207	72,228	40,508	14,634
Net OPEB liability, June 30	$ 861,333	$ 779,535	$ 717,851	$ 1,275,587
Fiduciary net position as a percentage of the total OPEB liability	11.62%	8.48%	5.34%	1.13%
Covered payroll	$ 743,006	$ 701,567	$ 657,935	$ 645,903
Net OPEB liability as a percentage of covered payroll	115.93%	111.11%	109.11%	197.49%
Notes to Schedule				
Discount rate	7.00%	7.00%	7.00%	2.20%
Assumed inflation	2.30%	2.30%	2.50%	2.00%

Plan Type: cost sharing multiple employer with a special funding situation

GASB No. 74 required supplementary information is not available for fiscal years prior to 2017. Data for future years will be added prospectively.

See Notes to the Required Supplementary Information.

See Independent Auditors' Report.

2020	2019	2018	2017
$ 30,590	$ 20,786	$ 26,273	$ 32,511
37,030	36,139	32,838	26,425
-	(21,209)	-	-
31,061	24,665	42,621	-
155,924	82,448	(50,192)	(33,192)
(27,551)	(29,607)	(29,329)	(29,577)
227,054	113,222	22,211	(3,833)
1,041,065	927,843	905,632	909,465
1,268,119	1,041,065	927,843	905,632
35,176	56,594	29,803	23,839
283	31	20	41
(27,551)	(29,607)	(29,329)	(29,348)
(2)	(263)	(279)	(229)
501	-	-	-
8,407	26,755	215	(5,697)
312	(26,443)	(26,658)	(20,961)
8,719	312	(26,443)	(26,658)
$ 1,259,400	$ 1,040,753	$ 954,286	$ 932,290
0.69%	0.03%	-2.85%	-2.94%
$ 624,908	$ 612,899	$ 607,355	$ 586,397
201.53%	169.81%	157.12%	158.99%
2.21%	3.50%	3.87%	3.58%
2.00%	2.75%	2.75%	2.75%

STATE OF VERMONT
RETIRED TEACHERS' HEALTH AND MEDICAL BENEFITS TRUST FUND
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

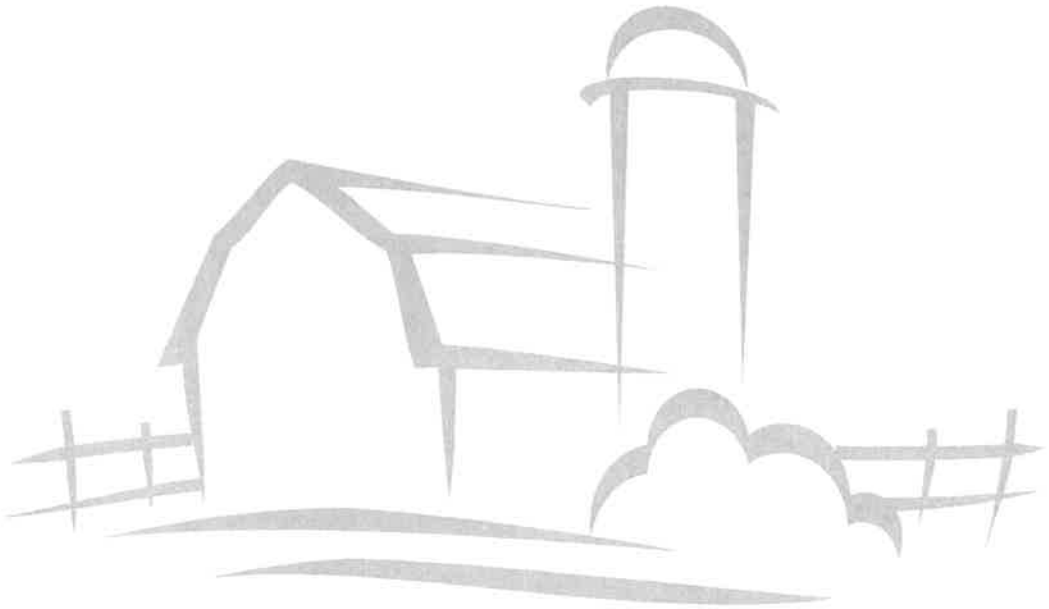
Fiscal Year 2024
Benefit changes: Effective January 1, 2025, hearing aid coverage was added for non-Medicare retirees.
Changes in assumptions: The valuation-year claims and retiree contribution rates were updated. The assumed heath trend rates were modified.

Fiscal Year 2023
Mortality improvement scales were updated to MP-2021.

Fiscal Year 2022
Changes in assumptions: the per capita valuation-year claims and retiree contribution rates were updated; The assumed health trend rates were modified; The percentage of future retirees at retirement assumed to have an eligible spouse who also opts for health coverage was increased from 40% to 60% for males and 25% to 40% for females.

Fiscal Year 2019
Benefit changes: 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.

THIS PAGE INTENTIONALLY LEFT BLANK



Vermont

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF INVESTMENT RETURNS
LAST EIGHT FISCAL YEARS
(Unaudited)

	2024	2023	2022	2021
Vermont State Postemployment Benefit Trust Fund				
Annual money-weighted rate of return, net of investment expense	12.50%	8.70%	-13.09%	13.90%
Retired Teachers' Health and Medical Benefits Fund *				
Annual money-weighted rate of return, net of investment expense	12.00%	11.90%	-3.31%	0.30%

* 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.

2020	2019	2018	2017
6.20%	6.90%	4.00%	6.50%
N/A	N/A	N/A	N/A

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF EMPLOYER AND NONEMPLOYER CONTRIBUTIONS
LAST EIGHT 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)	2024	$ 67,147	$ 67,147	$ -	$ 649,309	10.34%
	2023	64,578	64,699	(121)	605,398	10.69%
	2022	109,708	35,170	74,538	579,629	6.07%
	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)	2024	$ 61,291	$ 61,682	$ (391)	$ 743,006	8.30%
	2023	54,814	57,168	(2,354)	701,567	8.15%
	2022	102,153	54,203	47,950	657,935	8.24%
	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	25 years	25 years
Asset valuation method	Fair Value	Fair Value
Actuarial assumptions		
Investment rate of return	7.00%	7.00%
Discount rate	7.00%	7.00%
Projected salary increases	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%.
Inflation	2.50%	2.50%
Health care cost trend rates		
Non-Medicare	7.12% graded to 4.50% over 12 years	7.12% graded to 4.50% over 12 years
Medicare	6.50% graded to 4.50% over 12 years	6.50% graded to 4.50% over 12 years
Medicare STRS 65	N/A	4.50%

Mortality Rates

VSPB

Pre-retirement:
- Group A/F - 60% of PubG-2010 General Employee Headcount-Weighted Above Median, and 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, and 30% of PubG-2010 General Employee with generational projection using scale MP-2019

Post-retirement Retiree
- Group A/F - 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, and 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
- Group A/F - Pub-2010 Contingent Survivor Headcount-Weighted with generational projection using MP-2019
- Group C - 40% of Pub-2010 Contingent Survivor Headcount-Weighted Above Median, and 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 Retiree:
- All Groups - PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2019

RTHMB

Pre-retirement:
- All Groups - PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2019

Post-retirement Retiree
- All Groups - PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table with generational projection using scale MP-2019

Post-retirement Beneficiaries
- All Groups - 109% of the Pub-2010 Contingent Survivor Headcount-Weighted Table with generational projection using scale MP-2019

Disabled Retiree:
- All Groups - PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2019

See Independent Auditors' Report.

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF STATE'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
LAST SEVEN FISCAL YEARS[1]
(Dollar amounts expressed in thousands)
(Unaudited)

Vermont State Postemployment Benefit Trust Fund

	2024	2023	2022	2021
State's proportion of net OPEB liability	98.6851%	98.5041%	99.3278%	98.3218%
State's proportionate share of the net OPEB liability	$ 880,046	$ 790,512	$ 1,463,170	$ 1,401,457
Fiduciary net position as a percentage of the total OPEB liability	13.38%	11.55%	7.55%	3.88%

Retired Teachers' Health and Medical Benefits Fund[2]

	2024	2023	2022	2021
State's proportion of net OPEB liability	100%	100%	100%	100%
State's proportionate share of the net OPEB liability	$ 779,535	$ 717,851	$ 1,275,587	$ 1,259,400
Fiduciary net position as a percentage of the total OPEB liability	8.48%	5.34%	1.13%	0.69%

[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.

2020	2019	2018
98.9933%	98.2292%	98.2979%
$ 1,215,208	$ 1,196,927	$ 1,437,135
4.04%	1.76%	1.52%

2020	2019	2018
100%	100%	100%
$ 1,040,753	$ 954,286	$ 932,290
0.03%	-2.85%	-2.94%

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Taxes	$ 1,955,300,000	$ 1,987,900,000	$ 2,103,677,046	$ 115,777,046
Earnings of Departments	44,000,000	44,100,000	44,251,524	151,524
Other	102,900,000	99,400,000	122,580,473	23,180,473
Total revenues	2,102,200,000	2,131,400,000	2,270,509,043	139,109,043
Expenditures				
General Government				
Agency of Administration	102,233,264	181,239,263	70,951,729	(110,287,534)
Agency of Digital Services	186,726	4,371,084	2,090,971	(2,280,113)
Executive Office	1,801,931	2,004,915	1,951,600	(53,315)
Legislature	17,198,942	20,407,990	17,035,414	(3,372,576)
Joint Fiscal Office	3,043,940	3,861,941	2,693,759	(1,168,182)
Sergeant at Arms	1,534,761	1,905,269	1,467,958	(437,311)
Lieutenant Governor's Office	302,484	313,178	305,257	(7,921)
Auditor of Accounts	372,808	399,086	337,326	(61,760)
State Treasurer	2,898,837	23,169,828	2,623,443	(20,546,385)
State Employee Retirement	9,000,000	9,000,000	9,000,000	-
Vermont Pension Investment Commission	100,000	100,000	95,000	(5,000)
State Labor Relations Board	298,189	335,506	303,916	(31,590)
VOSHA Review Board	51,004	73,584	49,775	(23,809)
Homeowner Property Tax Assistance	16,250,000	16,953,844	16,942,177	(11,667)
Renter Rebate Tax Assistance	9,500,000	9,450,000	7,213,060	(2,236,940)
Protection to Persons and Property				
Attorney General	9,861,020	10,398,790	10,121,278	(277,512)
Defender General	23,386,122	25,642,024	25,439,518	(202,506)
Judiciary	64,733,876	81,532,114	73,045,633	(8,486,481)
State's Attorneys and Sheriffs	25,934,437	28,986,697	27,760,501	(1,226,196)
Department of Public Safety	67,855,499	92,869,725	70,010,917	(22,858,808)
Military Department	6,467,994	9,736,269	7,770,188	(1,966,081)
Center for Crime Victim Services	1,507,674	2,180,203	1,935,406	(244,797)
Criminal Justice Training Council	5,140,035	5,973,737	3,775,561	(2,198,176)
Agency of Agriculture, Food and Markets	24,335,902	31,615,759	22,972,906	(8,642,853)
Secretary of State	1,100,000	2,050,000	1,323,336	(726,664)
Public Service Department	2,900,000	42,400,000	345,648	(42,054,352)
Public Utility Commission	825,000	825,000	366,709	(458,291)
Human Rights Commission	920,110	947,683	922,093	(25,590)
Human Services				
Agency of Human Services	1,369,386,956	1,549,420,992	1,399,200,871	(150,220,121)
Green Mountain Care Board	4,182,839	9,367,143	5,676,308	(3,690,835)
Governor's Commission on Women	467,572	482,550	428,290	(54,260)
Human Services Board	452,996	429,934	429,934	-
Office of the Child, Youth, & Family Advocate	413,000	498,266	406,965	(91,301)
Vermont Veterans' Home	4,199,478	9,579,745	9,579,745	-
Labor				
Department of Labor	11,800,636	24,965,411	3,120,977	(21,844,434)
General Education				
Agency of Education	19,035,483	21,798,744	18,475,458	(3,323,286)
State Teacher's Retirement	199,001,081	199,001,081	199,001,081	-
Higher Education	147,881,478	155,407,312	151,407,312	(4,000,000)

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, 2024
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Expenditures				
Natural Resources				
Agency of Natural Resources	47,585,847	76,956,696	48,252,117	(28,704,579)
Land Use Review Board	1,913,735	2,033,638	1,023,958	(1,009,680)
Commerce and Community Development				
Agency of Commerce and Community Development	43,576,262	115,865,576	55,113,638	(60,751,938)
Cultural Development	2,437,959	2,486,003	2,486,003	-
Housing and Conservation Board	51,425,000	179,618,805	20,363,478	(159,255,327)
Transportation				
Agency of Transportation	-	19,474,324	9,764,594	(9,709,730)
Total expenditures	2,303,500,877	2,976,129,709	2,303,581,808	(672,547,901)
Excess of revenues over expenditures	(201,300,877)	(844,729,709)	(33,072,765)	811,656,944
Other Financing Sources (Uses)				
Transfers in	102,716,796	114,546,817	114,546,817	-
Transfers out	(178,816,030)	(211,134,263)	(211,134,263)	-
Premium on sale of bonds	-	6,168,381	6,168,381	-
Refunding bonds issued	-	63,934,274	63,934,274	-
Payment to escrow agent	-	(70,102,655)	(70,102,655)	-
Total other financing sources (uses)	(76,099,234)	(96,587,446)	(96,587,446)	-
Excess of revenues and other sources over (under) expenditures and other uses	(277,400,111)	(941,317,155)	(129,660,211)	811,656,944
Fund balance, July 1	1,266,242,512	1,266,242,512	1,266,242,512	-
Fund balance, June 30	$ 988,842,401	$ 324,925,357	$ 1,136,582,301	$ 811,656,944

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, 2024
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Taxes	$ 186,900,000	$ 183,700,000	$ 187,893,990	$ 4,193,990
Motor vehicle fees	94,400,000	92,800,000	94,810,143	2,010,143
Federal	476,014,899	555,074,899	387,739,993	(167,334,906)
Other	42,000,000	42,100,000	43,776,279	1,676,279
Total revenues	799,314,899	873,674,899	714,220,405	(159,454,494)
Expenditures				
General Government				
Agency of Administration	6,735,134	4,235,134	4,225,572	(9,562)
Protection to Persons and Property				
Department of Public Safety	20,250,000	20,496,763	19,856,007	(640,756)
Commerce and Community Development				
Agency of Commerce and Community Development	-	587,500	436,947	(150,553)
Transportation				
Agency of Transportation	817,102,552	899,948,128	760,833,956	(139,114,172)
Total expenditures	844,087,686	925,267,525	785,352,482	(139,915,043)
Excess of revenues over (under) expenditures	(44,772,787)	(51,592,626)	(71,132,077)	(19,539,451)
Other financing sources (uses)				
Transfers out	(2,299,917)	(2,299,917)	(2,299,917)	-
Total other financing sources (uses)	(2,299,917)	(2,299,917)	(2,299,917)	-
Excess of revenues and other sources over (under) expenditures and other uses	(47,072,704)	(53,892,543)	(73,431,994)	(19,539,451)
Fund balance, July 1	4,909,089	4,909,089	4,909,089	-
Fund balance, June 30	$ (42,163,615)	$ (48,983,454)	$ (68,522,905)	$ (19,539,451)

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, 2024
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Taxes	$ 1,997,193,663	$ 2,006,393,663	$ 2,008,540,724	$ 2,147,061
Interest and premiums	9,400,000	7,300,000	5,795,760	(1,504,240)
Total revenues	2,006,593,663	2,013,693,663	2,014,336,484	642,821
Expenditures				
General Education				
Agency of Education	2,081,184,438	2,138,784,269	2,080,063,314	(58,720,955)
State Teachers' Retirement	51,550,498	51,550,498	51,550,498	-
Total expenditures	2,132,734,936	2,190,334,767	2,131,613,812	(58,720,955)
Excess of revenues over (under) expenditures	(126,141,273)	(176,641,104)	(117,277,328)	59,363,776
Other financing sources (uses)				
Transfers in	44,559,509	44,559,509	44,559,509	-
Transfers out	(13,481,878)	(13,481,878)	(13,481,878)	-
Total other financing sources (uses)	31,077,631	31,077,631	31,077,631	-
Excess of revenues and other sources over (under) expenditures and other uses	(95,063,642)	(145,563,473)	(86,199,697)	59,363,776
Fund balance, July 1	236,034,527	236,034,527	236,034,527	-
Fund balance, June 30	$ 140,970,885	$ 90,471,054	$ 149,834,830	$ 59,363,776

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, 2024
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Special Fund Revenues	$ 543,511,564	$ 931,037,819	$ 649,959,400	$ (281,078,419)
Total revenues	543,511,564	931,037,819	649,959,400	(281,078,419)
Expenditures				
General Government				
Agency of Administration	38,173,479	98,633,354	62,658,215	(35,975,139)
Agency of Digital Services	10,471,611	50,140,382	891,758	(49,248,624)
Executive Office	249,812	834,924	771,210	(63,714)
Auditor of Accounts	53,145	53,813	53,145	(668)
State Treasurer	3,899,080	4,414,149	4,113,242	(300,907)
Vermont Pension Investment Commission	2,378,198	2,378,198	1,897,040	(481,158)
State Labor Relations Board	9,576	9,576	5,788	(3,788)
VOSHA Review Board	51,004	51,004	48,444	(2,560)
Unorganized Towns and Gores	-	525,000	292,547	(232,453)
Ethics Commission	-	44,669	-	(44,669)
Protection to Persons and Property				
Attorney General	6,372,813	7,121,254	6,978,433	(142,821)
Defender General	739,653	924,742	481,846	(442,896)
Judiciary	5,056,024	11,645,288	3,857,860	(7,787,428)
State's Attorneys and Sheriffs	648,753	648,753	508,241	(140,512)
Department of Public Safety	24,607,524	25,950,262	21,325,633	(4,624,629)
Military Department	304,442	2,153,878	1,939,784	(214,094)
Center for Crime Victim Services	3,461,972	3,961,972	3,654,415	(307,557)
Criminal Justice Training Council	352,348	356,673	356,673	-
Agency of Agriculture, Food and Markets	18,852,077	28,466,884	17,052,604	(11,414,280)
Department of Financial Regulation	18,764,229	19,245,067	18,762,123	(482,944)
Secretary of State	16,241,811	19,244,469	15,958,656	(3,285,813)
Public Service Department	14,621,042	102,190,491	52,078,165	(50,112,326)
Public Utility Commission	4,463,875	4,567,375	4,383,299	(184,076)
Enhanced 911 Board	4,795,333	4,795,333	4,659,904	(135,429)
Human Rights Commission	-	33,000	14,315	(18,685)
Department of Liquor and Lottery	343,843	408,843	267,222	(141,621)
Cannabis Control Board	5,170,692	5,681,362	3,922,888	(1,758,474)
Human Services				
Agency of Human Services	220,946,392	269,204,501	206,951,461	(62,253,040)
Green Mountain Care Board	5,146,894	6,486,927	5,635,141	(851,786)
Governor's Commission on Women	3,848	3,848	1,756	(2,092)
Labor				
Department of Labor	11,056,858	11,056,858	2,211,779	(8,845,079)
General Education				
Agency of Education	20,628,231	25,568,304	20,114,990	(5,453,314)
Higher Education	7,500,000	6,500,000	6,500,000	-

continued on next page

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
SPECIAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Expenditures				
Natural Resources				
Agency of Natural Resources	117,273,199	168,695,489	81,703,442	(86,992,047)
Land Use Review Board	2,766,239	2,766,239	2,753,342	(12,897)
Commerce and Community Development				
Agency of Commerce and Community Development	29,116,448	51,374,034	11,811,979	(39,562,055)
Cultural Development	-	8,000	8,000	-
Transportation				
Agency of Transportation	15,256,360	76,547,617	34,150,686	(42,396,931)
Total expenditures	609,776,805	1,012,692,532	598,776,026	(413,916,506)
Excess of revenues over expenditures	(66,265,241)	(81,654,713)	51,183,374	132,838,087
Other Financing Sources (Uses)				
Proceeds on sale of refunding bonds	-	210,726	210,726	-
Transfers in	138,036,432	162,055,925	162,055,925	-
Transfers out	(71,771,191)	(80,401,212)	(80,401,212)	-
Total other financing sources (uses)	66,265,241	81,865,439	81,865,439	-
Excess of revenues and other sources over (under) expenditures and other uses	-	210,726	133,048,813	132,838,087
Fund balance, July 1	441,514,831	441,514,831	441,514,831	-
Fund balance, June 30	$ 441,514,831	$ 441,725,557	$ 574,563,644	$ 132,838,087

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, 2024
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Federal	$ 2,617,617,470	$ 3,708,191,901	$ 2,405,017,898	$ (1,303,174,003)
Interest and premiums	-	495,139	495,139	-
Other	-	2,292,381	2,292,381	-
Total revenues	2,617,617,470	3,710,979,421	2,407,805,418	(1,303,174,003)
Expenditures				
General Government				
Agency of Administration	1,251,244	81,900,772	10,255,673	(71,645,099)
Agency of Digital Services	-	695,030	291,804	(403,226)
State Treasurer	-	282,187	282,187	-
Protection to Persons and Property				
Attorney General	1,583,958	1,781,804	1,738,785	(43,019)
Judiciary	953,928	1,430,928	1,345,646	(85,282)
State's Attorneys and Sheriffs	233,490	1,955,290	23,375	(1,931,915)
Department of Public Safety	36,102,156	149,689,301	116,897,281	(32,792,020)
Military Department	58,968,369	75,089,499	37,105,055	(37,984,444)
Center for Crime Victim Services	6,606,021	6,606,021	5,910,694	(695,327)
Agency of Agriculture, Food and Markets	21,436,862	38,687,066	23,005,956	(15,681,110)
Department of Financial Regulation	-	5,260,543	1,034,084	(4,226,459)
Secretary of State	5,515,991	9,255,946	3,665,629	(5,590,317)
Public Service Department	2,298,085	186,242,966	14,517,251	(171,725,715)
Human Rights Commission	85,809	127,594	115,994	(11,600)
Human Services				
Agency of Human Services	1,802,662,791	2,004,485,422	1,819,125,842	(185,359,580)
Human Services Board	284,553	311,491	290,424	(21,067)
Labor				
Department of Labor	37,373,681	45,372,466	30,844,243	(14,528,223)
General Education				
Higher Education	5,180,000	10,182,478	6,715,116	(3,467,362)
Agency of Education	493,305,099	524,715,139	302,871,484	(221,843,655)
Natural Resources				
Agency of Natural Resources	89,383,713	289,683,184	71,157,743	(218,525,441)
Land Use Review Board	-	1,327,684	378,071	(949,613)

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, 2024
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Expenditures				
Commerce and Community Development				
Agency of Commerce and Community Development	31,047,084	148,939,578	43,296,055	(105,643,523)
Housing and Conservation Board	-	81,291,457	27,872,801	(53,418,656)
Transportation				
Agency of Transportation	-	15,344,334	8,120,484	(7,223,850)
Total expenditures	2,594,272,834	3,680,658,180	2,526,861,677	(1,153,796,503)
Excess of revenues over expenditures	23,344,636	30,321,241	(119,056,259)	(149,377,500)
Other Financing Sources (Uses)				
Transfers out	(23,344,636)	(27,533,721)	(27,533,721)	-
Total other financing sources (uses)	(23,344,636)	(27,533,721)	(27,533,721)	-
Excess of revenues and other sources over (under) expenditures and other uses	-	2,787,520	(146,589,980)	(149,377,500)
Fund balance, July 1	698,540,630	698,540,630	698,540,630	-
Fund balance, June 30	$ 698,540,630	$ 701,328,150	$ 551,950,650	$ (149,377,500)

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, 2024
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Global Commitment Premiums	$ 1,991,099,515	$ 2,131,543,575	$ 2,031,244,449	$ (100,299,126)
Total revenues	1,991,099,515	2,131,543,575	2,031,244,449	(100,299,126)
Expenditures				
Human Services				
Agency of Human Services	1,964,026,877	2,103,380,398	2,003,345,303	(100,035,095)
General Education				
Higher Education	409,461	1,500,000	1,500,000	-
Agency of Education	260,000	260,000	93,872	(166,128)
Total expenditures	1,964,696,338	2,105,140,398	2,004,939,175	(100,201,223)
Excess of revenues over (under) expenditures	26,403,177	26,403,177	26,305,274	(97,903)
Other financing sources (uses)				
Transfers out	(26,403,177)	(26,403,177)	(26,403,177)	-
Total other financing sources (uses)	(26,403,177)	(26,403,177)	(26,403,177)	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	(97,903)	(97,903)
Fund balance, July 1	16,987	16,987	16,987	-
Fund balance, June 30	$ 16,987	$ 16,987	$ (80,916)	$ (97,903)

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

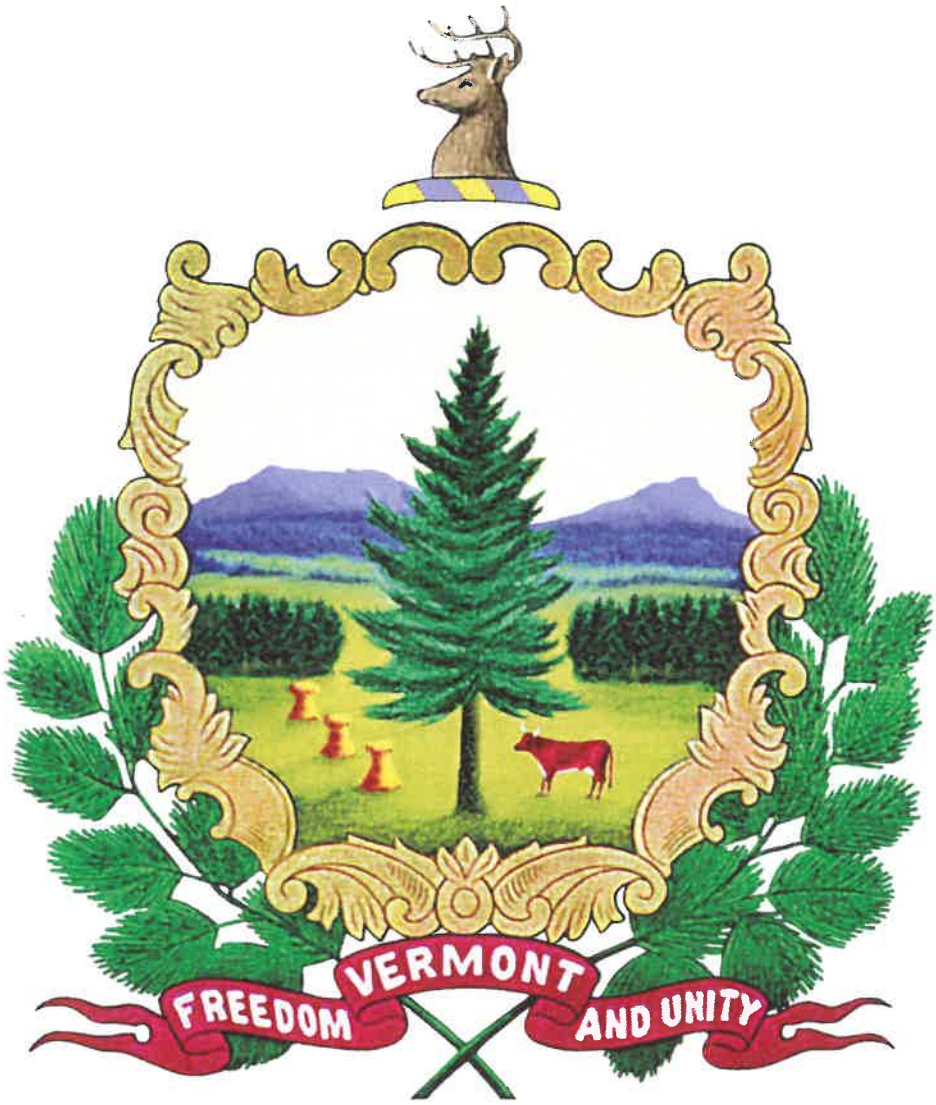
establishment or increase will at any time commit the State to the expenditure of State funds, they may be expended only upon the approval of the Legislature. The full faith and credit of the State has been pledged to support various programs. Any payments that are required to be made by the Treasurer 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, 2024:

	General Fund	Transportation Fund	Education Fund	Special Fund	Federal Revenue Fund	Global Commitment Fund
Fund Balance - Budgetary Basis	$ 1,136,582,301	$ (68,522,905)	$ 149,834,830	$ 574,563,644	$ 551,950,650	$ (80,916)
Basis differences						
Cash not in budget balances	(641,511,719)	66,162,303	5,144,802	1,088,866	(934,262)	82,326
Investments	481,409,537	-	-	-	-	-
Taxes receivable	291,613,712	570,319	69,949,006	2,070,820	-	-
Notes and loans receivable	5,007,538	-	-	1,958,489	-	-
Other receivables	2,405,291	9,207,793	13,291	112,147,083	(125,541)	30,098,538
Interest receivable	11,358,184	33,307	-	276	-	-
Lease receivable	-	3,025,591	-	284,355	-	-
Due from other funds	912,914	241,830	616,563	10,894,139	242,988	69,488,167
Due from federal government	-	151,736,201	-	-	206,996,255	92,470,054
Due from component units	9,452,574	-	-	-	-	-
Interfund receivable	153,428,724	-	-	-	-	-
Advances to other funds	(189,096)	-	-	-	-	-
Advances to component units	5,500,000	-	-	-	-	-
Accounts payable	(58,089,187)	(56,001,986)	(85,968,750)	(36,823,323)	(136,157,205)	(156,229,563)
Accrued liabilities	(23,415,499)	(6,546,386)	-	(7,524,119)	(11,277,366)	(1,750,232)
Retainage payable	(289,004)	-	(49,679)	(130,917)	(2,105,471)	-
Unearned revenue	-	(141,630)	-	(45,549,431)	(514,248,326)	-
Tax refunds payable	(40,449,838)	-	(291,319)	(4,270)	-	-
Interfund payable	-	(66,199,692)	-	-	-	(82,326)
Intergovernmental payables - federal government	-	-	-	-	(20,595,603)	(3,236,568)
Due to other funds	(76,762,503)	(6,183,768)	(2,016)	(6,354,783)	(12,347,614)	(932,172)
Due to component units	(157,661,364)	-	(13,492,498)	-	(44,151)	-
Unavailable revenue	(200,663,496)	(8,787,430)	(6,087,029)	(102,477,449)	(672,641)	(14,834,983)
Prepaid property taxes	-	-	(4,999,504)	-	-	-
Lease receivable deferred inflows	-	(3,230,605)	-	(307,894)	-	-
Entity differences						
Blended non-budgeted funds	-	4,094,010	-	3,362,820	507,058,021	-
Perspective differences						
Component unit included in budgeted funds	-	-	-	(4,435)	936,497	-
Fund Balance - GAAP Basis	$ 898,639,069	$ 19,456,952	$ 114,667,697	$ 507,193,871	$ 568,676,231	$ 14,992,325

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.

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, 2024

	Special Revenue	Capital Projects	
	Fish & Wildlife Fund	General Obligation Bond Projects Fund	Transportation Infrastructure Bond Projects Fund
ASSETS			
Cash and cash equivalents	$ 10,729,030	$ 17,027,558	$ 1,639,606
Investments	12,065,288	14,726,844	-
Receivables			
Accrued interest receivable	234	-	-
Other receivables	175,964	2,230	-
Lease receivable	48,516	-	-
Intergovernmental receivables - federal government	792,969	-	-
Due from other funds	7,699	-	-
Total assets	$ 23,819,700	$ 31,756,632	$ 1,639,606
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ 1,392,305	$ 8,248,448	$ -
Accrued liabilities	853,199	-	-
Retainage payable	-	2,020,477	-
Due to other funds	81,083	421,200	-
Due to component units	-	4,935,630	-
Interfund Payable	-	-	-
Unearned revenue	91,591	-	-
Total liabilities	2,418,178	15,625,755	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	22,290	-	-
Leases	70,455	-	-
Total deferred inflows of resources	92,745	-	-
FUND BALANCES			
Nonspendable			
Permanent Fund principal	-	-	-
Restricted	-	16,130,877	1,639,606
Committed	21,308,777	-	-
Total fund balances	21,308,777	16,130,877	1,639,606
Total liabilities, deferred inflows and fund balances	$ 23,819,700	$ 31,756,632	$ 1,639,606

See Independent Auditors' Report.

Debt Service	Permanent Funds		
General Obligation Debt Service Fund	Higher Education Endowment Fund	Vermont Sanitorium Fund	Albert C. Lord Trust Fund
$ 3,782,912	$ 170,613	$ -	$ 40,498
-	36,587,035	256,345	227,439
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
89,932	-	-	-
$ 3,872,844	$ 36,757,648	$ 256,345	$ 267,937
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	16,428	-
-	-	-	-
-	-	16,428	-
-	-	-	-
-	-	-	-
-	-	-	-
-	7,000,000	206,502	183,217
-	-	33,415	84,720
3,872,844	29,757,648	-	-
3,872,844	36,757,648	239,917	267,937
$ 3,872,844	$ 36,757,648	$ 256,345	$ 267,937

continued on next page

STATE OF VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2024

	Permanent Funds		
	Lumberjack Fund	Couching Lion Farm Cemetery Fund	Carrie P. Underwood Fund
ASSETS			
Cash and cash equivalents	$ -	$ 26,054	$ 20,204
Investments	11,332	2,396	13,792
Receivables			
Accrued interest receivable	-	-	-
Other receivables	-	-	-
Lease receivable	-	-	-
Intergovernmental receivables - federal government	-	-	-
Due from other funds	-	-	-
Total assets	$ 11,332	$ 28,450	$ 33,996
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ -	$ -	$ -
Accrued liabilities	-	-	-
Retainage payable	-	-	-
Due to other funds	-	-	-
Due to component units	-	-	-
Interfund Payable	537	-	-
Unearned revenue	-	-	-
Total liabilities	537	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
Leases	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES			
Nonspendable			
Permanent Fund principal	9,129	1,930	11,110
Restricted	1,666	26,520	22,886
Committed	-	-	-
Total fund balances	10,795	28,450	33,996
Total liabilities, deferred inflows and fund balances	$ 11,332	$ 28,450	$ 33,996

See Independent Auditors' Report.

Permanent Funds			Total Non-major Governmental Funds
Laura H. Morgan Fund	Bennington Battle Monument Fund	Zenus H. Ellis Fund	
$ 3,937	$ 7	$ 7	$ 33,440,426
3,103	4,502	4,212	63,902,288
-	-	-	234
-	-	-	178,194
-	-	-	48,516
-	-	-	792,969
-	-	-	97,631
$ 7,040	$ 4,509	$ 4,219	$ 98,460,258
$ -	$ -	$ -	$ 9,640,753
-	-	-	853,199
-	-	-	2,020,477
-	-	-	502,283
-	-	-	4,935,630
-	-	-	16,965
-	-	-	91,591
-	-	-	18,060,898
-	-	-	22,290
-	-	-	70,455
-	-	-	92,745
2,500	1,065	1,000	7,416,453
4,540	3,444	3,219	17,950,893
-	-	-	54,939,269
7,040	4,509	4,219	80,306,615
$ 7,040	$ 4,509	$ 4,219	$ 98,460,258

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Special Revenue	Capital Projects	
	Fish & Wildlife Fund	General Obligation Bond Projects Fund	Transportation Infrastructure Bond Projects Fund
REVENUES			
Taxes			
Motor fuels tax	$ 817,215	$ -	$ -
Earnings of departments			
Fees	166,159	-	-
Rents and leases	64,788	-	-
Sales of services	375	-	-
Federal grants	12,117,360	-	-
Fines, forfeits and penalties	11,613	-	-
Investment income/(loss)	1,587,702	-	-
Licenses			
Business	680	-	-
Non-business	7,641,305	-	-
Other revenues	1,461,620	-	-
Total revenues	23,868,817	-	-
EXPENDITURES			
General government	-	24,644,761	-
Protection to persons and property	-	11,546,779	-
Human services	-	1,715,939	-
Labor	-	741,998	-
General education	-	1,530,000	-
Natural resources	22,747,799	7,778,360	-
Commerce and community development	-	6,240,413	-
Transportation	-	218,736	-
Capital outlay	-	-	-
Debt service	-	-	-
Total expenditures	22,747,799	54,416,986	-
Excess of revenues over (under) expenditures	1,121,018	(54,416,986)	-
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	-	133,555,000	-
Premium from the issuance of bonds	-	12,138,189	-
Transfers in	444,470	3,861,851	-
Transfers out	-	(2,615,624)	(7,882)
Total other financing sources (uses)	444,470	146,939,416	(7,882)
Net change in fund balances	1,565,488	92,522,430	(7,882)
Fund balances, July 1	19,743,289	(76,391,553)	1,647,488
Fund balances, June 30	$ 21,308,777	$ 16,130,877	$ 1,639,606

See Independent Auditors' Report.

Debt Service	Permanent Funds		
General Obligation Debt Service Fund	Higher Education Endowment Fund	Vermont Sanitorium Fund	Albert C. Lord Trust Fund
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	3,385,531	23,154	23,215
-	-	-	-
-	-	-	-
-	134,748	-	-
-	3,520,279	23,154	23,215
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	920,823	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
71,025,873	-	-	-
71,025,873	920,823	-	-
(71,025,873)	2,599,456	23,154	23,215
-	-	-	-
-	-	-	-
71,364,039	-	-	-
-	-	-	-
71,364,039	-	-	-
338,166	2,599,456	23,154	23,215
3,534,678	34,158,192	216,763	244,722
$ 3,872,844	$ 36,757,648	$ 239,917	$ 267,937

continued on next page

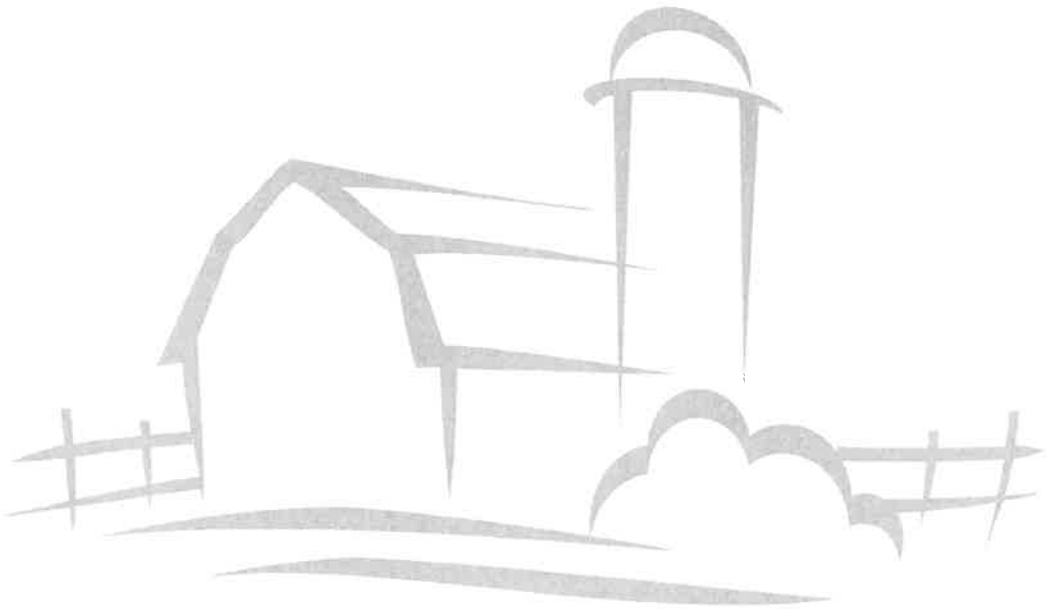
STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	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/(loss)	1,033	1,487	2,269
Licenses			
Business	-	-	-
Non-business	-	-	-
Other revenues	-	-	-
Total revenues	1,033	1,487	2,269
EXPENDITURES			
General government	-	-	-
Protection to persons and property	-	-	-
Human services	-	-	-
Labor	-	-	-
General education	-	-	-
Natural resources	-	-	-
Commerce and community development	-	-	-
Transportation	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	1,033	1,487	2,269
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	1,033	1,487	2,269
Fund balances, July 1	9,762	26,963	31,727
Fund balance, June 30	$ 10,795	$ 28,450	$ 33,996

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
$ -	$ -	$ -	$ -	$ 817,215
-	-	-	-	166,159
-	-	-	-	64,788
-	-	-	-	375
-	-	-	-	12,117,360
-	-	-	-	11,613
481	427	400	-	5,025,699
-	-	-	-	680
-	-	-	-	7,641,305
-	-	-	-	1,596,368
481	427	400	-	27,441,562
-	-	-	(24,644,761)	-
-	-	-	(11,546,779)	-
-	-	-	(1,715,939)	-
-	-	-	(741,998)	-
-	-	-	(1,530,000)	920,823
-	-	-	(7,778,360)	22,747,799
-	-	-	(6,240,413)	-
-	-	-	(218,736)	-
-	-	-	54,416,986	54,416,986
-	-	-	-	71,025,873
-	-	-	-	149,111,481
481	427	400	-	(121,669,919)
-	-	-	-	133,555,000
-	-	-	-	12,138,189
-	-	-	-	75,670,360
-	-	-	-	(2,623,506)
-	-	-	-	218,740,043
481	427	400	-	97,070,124
6,559	4,082	3,819	-	(16,763,509)
$ 7,040	$ 4,509	$ 4,219	$ -	$ 80,306,615

THIS PAGE INTENTIONALLY LEFT BLANK



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.

Sports Wagering Fund - This fund is used to account for the activities of sports wagering as authorized under Vermont Statute Title 31, Chapter 25.

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.

Energy Efficiency Utility Fund - This fund is used to account for the revenues and expenses for the operation of the Energy Efficiency Utility program.

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
June 30, 2024

	Federal Surplus Property Fund	Sports Wagering Fund	Municipal Equipment Loan Fund
ASSETS			
Current Assets:			
Cash and cash equivalents	$ -	$ 1,289,085	$ 3,028,293
Receivables			
Accounts receivable (net of allowance for uncollectibles)	13,500	294,847	-
Loans receivable	-	-	302,859
Accrued interest receivable	-	-	1,420
Due from other funds	-	57,176	-
Total current assets	13,500	1,641,108	3,332,572
Noncurrent Assets:			
Loans receivable	-	-	547,582
Total noncurrent assets	-	-	547,582
Total assets	13,500	1,641,108	3,880,154
LIABILITIES			
Current Liabilities:			
Accounts payable	-	81,606	-
Accrued salaries and benefits	-	18,994	-
Due to other funds	51	8,799	-
Interfund payable	13,449	-	-
Other liabilities	-	-	-
Total current liabilities	13,500	109,399	-
Long-term Liabilities:			
Interfund payable	164,693	-	-
Other noncurrent liabilities	-	-	-
Total long-term liabilities	164,693	-	-
Total liabilities	178,193	109,399	-
NET POSITION			
Restricted for protection to persons and property	-	-	-
Unrestricted (deficit)	(164,693)	1,531,709	3,880,154
Total net position	$ (164,693)	$ 1,531,709	$ 3,880,154

See Independent Auditors' Report.

Unemployment Compensation Contingency Fund	Electric Power Sales Fund	Energy Efficiency Utility Fund	Total Non-major Enterprise Funds
$ 507,529	$ -	$ 25,463,235	$ 30,288,142
-	434,600	9,173,660	9,916,607
-	-	-	302,859
-	-	-	1,420
67,425	-	-	124,601
574,954	434,600	34,636,895	40,633,629
-	-	-	547,582
-	-	-	547,582
574,954	434,600	34,636,895	41,181,211
-	234,874	4,886,453	5,202,933
-	392	-	19,386
-	-	-	8,850
-	109,823	-	123,272
134,050	-	3,429,794	3,563,844
134,050	345,089	8,316,247	8,918,285
-	-	-	164,693
-	-	5,635,223	5,635,223
-	-	5,635,223	5,799,916
134,050	345,089	13,951,470	14,718,201
-	-	13,791,003	13,791,003
440,904	89,511	6,894,422	12,672,007
$ 440,904	$ 89,511	$ 20,685,425	$ 26,463,010

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Federal Surplus Property Fund	Sports Wagering Fund	Municipal Equipment Loan Fund
OPERATING REVENUES			
Charges for sales and services	$ 9,600	$ 3,529,341	$ -
Federal donated property	1,086,025	-	-
Other operating revenues	-	1,650,000	-
Total operating revenues	1,095,625	5,179,341	-
OPERATING EXPENSES			
Cost of sales and services	1,086,025	-	-
Salaries and benefits	-	184,657	-
Contractual services	-	248,260	-
Rental expense	164	-	-
Utilities and property management	-	7,756	-
Non-capital equipment purchased	-	5,642	-
Promotions and advertising	-	457	-
Administrative expenses	970	500	-
Supplies and parts	42	360	-
Other operating expenses	-	-	-
Total operating expenses	1,087,201	447,632	-
Operating income (loss)	8,424	4,731,709	-
NONOPERATING REVENUES (EXPENSES)			
Investment income	-	-	152,057
Total nonoperating revenues (expenses)	-	-	152,057
Income (loss) before other revenues, expenses, gains, losses, and transfers	8,424	4,731,709	152,057
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS			
Transfers out	-	(3,200,000)	-
Total other revenues, expenses, gains, losses, and transfers	-	(3,200,000)	-
Change in net position	8,424	1,531,709	152,057
Total net position, July 1	(173,117)	-	3,728,097
Total net position, June 30	$ (164,693)	$ 1,531,709	$ 3,880,154

See Independent Auditors' Report.

Unemployment Compensation Contingency Fund	Electric Power Sales Fund	Energy Efficiency Utility Fund	Total Non-major Enterprise Funds
$ 296,422	$ 2,969,243	$ 65,133,688	$ 71,938,294
-	-	-	1,086,025
-	-	-	1,650,000
296,422	2,969,243	65,133,688	74,674,319
-	2,957,180	56,871,108	60,914,313
-	11,917	-	196,574
-	-	1,747,151	1,995,411
-	-	-	164
-	-	-	7,756
-	-	-	5,642
-	-	-	457
-	-	6,798,588	6,800,058
-	-	-	402
-	-	548,799	548,799
-	2,969,097	65,965,646	70,469,576
296,422	146	(831,958)	4,204,743
1,103,177	-	976,161	2,231,395
1,103,177	-	976,161	2,231,395
1,399,599	146	144,203	6,436,138
(1,100,000)	-	-	(4,300,000)
(1,100,000)	-	-	(4,300,000)
299,599	146	144,203	2,136,138
141,305	89,365	20,541,222	24,326,872
$ 440,904	$ 89,511	$ 20,685,425	$ 26,463,010

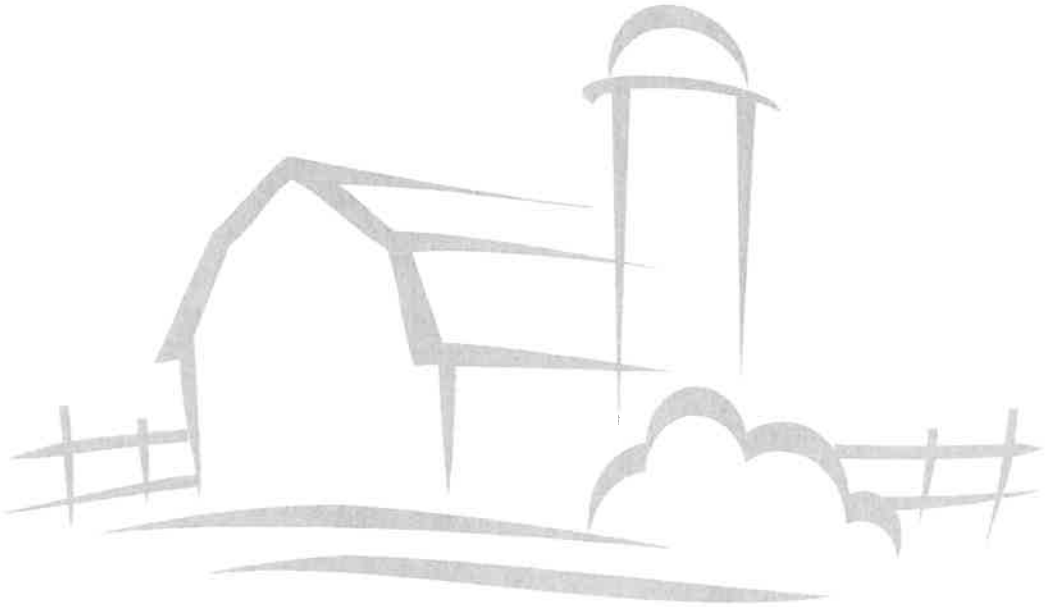
STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Federal Surplus Property Fund	Sports Wagering Fund	Municipal Equipment Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 3,400	$ 3,234,494	$ -
Cash paid to suppliers for goods and services	(1,125)	(229,746)	-
Cash paid to employees for services	-	(165,663)	-
Other operating revenues	-	1,650,000	-
Other operating expenses	-	-	-
Net cash provided (used) by operating activities	2,275	4,489,085	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	-	(3,200,000)	-
Interfund loans and advances	(2,275)	-	-
Net cash provided by noncapital financing activities	(2,275)	(3,200,000)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on investments	-	-	131,618
Proceeds from loan repayments	-	-	519,720
Lending payments	-	-	(440,000)
Net cash provided (used) by investing activities	-	-	211,338
Net increase (decrease) in cash and cash equivalents	-	1,289,085	211,338
Cash and cash equivalents, July 1	-	-	2,816,955
Cash and cash equivalents, June 30	$ -	$ 1,289,085	$ 3,028,293
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 8,424	$ 4,731,709	$ -
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Effect of changes in assets, deferred outflows, liabilities and deferred inflows:			
Accounts/taxes receivable, net	(8,606)	(294,847)	-
Due from other funds	2,406	(57,176)	-
Accounts payable	-	81,606	-
Accrued salaries and benefits	-	18,994	-
Due to other funds	51	8,799	-
Other liabilities	-	-	-
Other noncurrent liabilities	-	-	-
Total adjustments	(6,149)	(242,624)	-
Net cash provided (used) by operating activities	$ 2,275	$ 4,489,085	$ -
Noncash investing, capital, and financing activities:			
Fair market value of donated inventory sold	1,086,025	-	-

See Independent Auditors' Report.

Unemployment Compensation Contingency Fund	Electric Power Sales Fund	Energy Efficiency Utility Fund	Total Non-major Enterprise Funds
$ 731,244	$ 2,854,475	$ 71,554,786	$ 78,378,399
-	(3,002,310)	(71,181,275)	(74,414,456)
-	(12,062)	-	(177,725)
-	-	-	1,650,000
(229,742)	-	-	(229,742)
501,502	(159,897)	373,511	5,206,476
(1,100,000)	-	-	(4,300,000)
-	109,823	-	107,548
(1,100,000)	109,823	-	(4,192,452)
1,103,177	-	976,161	2,210,956
-	-	-	519,720
-	-	-	(440,000)
1,103,177	-	976,161	2,290,676
504,679	(50,074)	1,349,672	3,304,700
2,850	50,074	24,113,563	26,983,442
$ 507,529	$ -	$ 25,463,235	$ 30,288,142
$ 296,422	$ 146	$ (831,958)	$ 4,204,743
-	(114,768)	(628,365)	(1,046,586)
434,822	-	-	380,052
-	(45,130)	(31,888)	4,588
-	(145)	-	18,849
-	-	-	8,850
(229,742)	-	13,377	(216,365)
-	-	1,852,345	1,852,345
205,080	(160,043)	1,205,469	1,001,733
$ 501,502	$ (159,897)	$ 373,511	$ 5,206,476
-	-	-	1,086,025

THIS PAGE INTENTIONALLY LEFT BLANK



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, 2024

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund	Financial & HR Information Fund
ASSETS				
Current Assets				
Cash and cash equivalents	$ 7,640,247	$ -	$ 210,531	$ 2,440,167
Accounts receivable	12,347	20,935	-	-
Loans receivable	-	-	-	-
Lease receivable	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other funds	2,236,112	93,982	3,036	9,924
Inventories	2,142,030	500,585	-	-
Prepaid expenses	50,000	-	-	79,728
Total current assets	12,080,736	615,502	213,567	2,529,819
Noncurrent Assets				
Loans receivable	-	-	-	-
Lease receivable	-	-	-	-
Imprest cash and change fund - advances	-	-	-	-
Total noncurrent assets	-	-	-	-
Capital Assets				
Land	26,156	-	-	-
Construction in progress	1,897,426	-	-	-
Works of art	-	-	-	-
Capital assets being depreciated:				
Intangible right-to-use assets	-	-	-	63,441
Machinery, equipment and buildings	86,452,635	1,117,219	-	101,406
Less accumulated depreciation	(54,642,615)	(886,011)	-	(122,106)
Total capital assets, net of depreciation	33,733,602	231,208	-	42,741
Total assets	45,814,338	846,710	213,567	2,572,560
LIABILITIES				
Current Liabilities				
Accounts payable	2,671,631	150,055	28,089	409,506
Accrued salaries and wages	504,190	12,393	208,905	800,221
Claims payable	-	-	-	-
Due to other funds	338,976	1,015	-	481,752
Interfund payable	-	-	-	-
Unearned revenue	-	-	-	-
Lease liabilities	-	-	-	-
SBITA liabilities	-	-	-	-
Other current liabilities	-	5,776	-	-
Total current liabilities	3,514,797	169,239	236,994	1,691,479
Long-term Liabilities				
Claims payable	-	-	-	-
Interfund payable	-	3,227,902	-	-
Lease liabilities	-	-	-	-
SBITA liabilities	-	-	-	-
Other noncurrent liabilities	5,943	1,158	1,336	12,817
Total long-term liabilities	5,943	3,229,060	1,336	12,817
Total liabilities	3,520,740	3,398,299	238,330	1,704,296
DEFERRED INFLOWS OF RESOURCES				
Leases	-	-	-	-
Total deferred inflows of resources	-	-	-	-
NET POSITION				
Net investment in capital assets	33,733,602	231,208	-	42,741
Unrestricted net position (deficit)	8,559,996	(2,782,797)	(24,763)	825,523
Total net position	$ 42,293,598	$ (2,551,589)	$ (24,763)	$ 868,264

See Independent Auditors' Report.

Communication & Information Technology Fund	Fleet Fund	E-Procurement Fund	Copy Center Fund	Postage Fund	Facilities Operations Fund	Property Management Fund
$ -	$ -	$ -	$ -	$ -	$ 1,271,886	$ -
8,277,827	158,566	243,935	47,086	76,309	648,323	73,031
-	-	-	-	-	-	-
-	-	-	-	-	-	415,748
-	-	-	-	-	-	3,235
11,582,658	1,785,990	1,364,352	408,451	247,177	215,034	1,737,731
589,629	-	-	-	751,736	-	-
2,405,796	-	-	28,804	58,774	-	1,423,778
22,855,910	1,944,556	1,608,287	484,341	1,133,996	2,135,243	3,653,523
-	-	-	-	-	-	-
-	-	-	-	-	-	952,266
-	-	-	-	-	-	-
-	-	-	-	-	-	952,266
-	-	-	-	-	-	-
-	-	-	-	-	338,012	-
-	-	-	-	-	8,200	-
28,661,982	-	-	-	-	291,572	102,825,894
7,787,696	23,384,280	-	3,241,960	537,461	5,260,416	1,230,625
(11,735,073)	(13,761,013)	-	(2,520,462)	(517,663)	(2,959,123)	(32,105,834)
24,714,605	9,623,267	-	721,498	19,798	2,939,077	71,950,685
47,570,515	11,567,823	1,608,287	1,205,839	1,153,794	5,074,320	76,556,474
10,706,263	587,008	570,966	38,942	6,588	1,687,744	415,196
4,116,454	67,504	-	71,841	115,326	1,898,143	63,243
-	-	-	-	-	-	-
144,480	11,082	-	37,798	2,388	183,288	5,413
9,009,742	1,346,466	1,037,321	378,797	314,510	-	1,390,153
-	-	-	-	-	-	-
346,585	-	-	-	-	-	10,876,592
8,568,703	-	-	-	-	71,185	-
195,990	-	-	-	-	309,356	247,133
33,088,217	2,012,060	1,608,287	527,378	438,812	4,149,716	12,997,730
-	-	-	-	-	-	-
19,229,942	9,613,429	-	2,200,587	3,799,259	-	10,414,324
-	-	-	-	-	-	63,642,086
8,118,310	-	-	-	-	-	-
36,408	715	-	340	772	1,325,611	217,757
27,384,660	9,614,144	-	2,200,927	3,800,031	1,325,611	74,274,167
60,472,877	11,626,204	1,608,287	2,728,305	4,238,843	5,475,327	87,271,897
-	-	-	-	-	-	1,341,080
-	-	-	-	-	-	1,341,080
7,681,007	9,623,267	-	721,498	19,798	2,867,892	(2,567,993)
(20,583,369)	(9,681,648)	-	(2,243,964)	(3,104,847)	(3,268,899)	(9,488,510)
$ (12,902,362)	$ (58,381)	$ -	$ (1,522,466)	$ (3,085,049)	$ (401,007)	$ (12,056,503)

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2024

	Equipment Revolving Fund	State Resource Management Fund	State Energy Revolving Fund	State Surplus Property Fund
ASSETS				
Current Assets				
Cash and cash equivalents	$ 501,688	$ -	$ -	$ -
Accounts receivable	-	-	-	1,692
Loans receivable	80,240	151,596	378,847	-
Lease receivable	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other funds	-	-	-	91
Inventories	-	-	-	18,591
Prepaid expenses	-	-	-	-
Total current assets	581,928	151,596	378,847	20,374
Noncurrent Assets				
Loans receivable	-	782,952	1,020,248	-
Lease receivable	-	-	-	-
Imprest cash and change fund - advances	-	-	-	-
Total noncurrent assets	-	782,952	1,020,248	-
Capital Assets				
Land	-	-	-	-
Construction in progress	-	-	-	-
Works of art	-	-	-	-
Capital assets being depreciated:				
Intangible right-to-use assets	-	-	-	-
Machinery, equipment and buildings	-	-	-	41,285
Less accumulated depreciation	-	-	-	(4,473)
Total capital assets, net of depreciation	-	-	-	36,812
Total assets	581,928	934,548	1,399,095	57,186
LIABILITIES				
Current Liabilities				
Accounts payable	-	3,235	-	2,500
Accrued salaries and wages	-	-	-	17,946
Claims payable	-	-	-	-
Due to other funds	-	395	-	32,662
Interfund payable	-	-	-	-
Unearned revenue	-	-	-	18,591
Lease liabilities	-	-	-	-
SBITA liabilities	-	-	-	-
Other current liabilities	-	-	-	-
Total current liabilities	-	3,630	-	71,699
Long-term Liabilities				
Claims payable	-	-	-	-
Interfund payable	-	930,918	1,399,095	299,807
Lease liabilities	-	-	-	-
SBITA liabilities	-	-	-	-
Other noncurrent liabilities	-	-	-	73
Total long-term liabilities	-	930,918	1,399,095	299,880
Total liabilities	-	934,548	1,399,095	371,579
DEFERRED INFLOWS OF RESOURCES				
Leases	-	-	-	-
Total deferred inflows of resources	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	36,812
Unrestricted net position (deficit)	581,928	-	-	(351,205)
Total net position	$ 581,928	$ -	$ -	$ (314,393)

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
$ 18,379,806	$ -	$ 25,158,847	$ -	$ 2,144,092	$ 1,686,563
911,328	314,351	108,386	9,385,143	274,429	168,417
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
279,797	235,161	509,637	-	-	-
-	-	-	-	-	-
-	641,108	-	-	-	-
19,570,931	1,190,620	25,776,870	9,385,143	2,418,521	1,854,980
-	-	-	-	-	-
-	-	-	-	-	-
507,500	-	2,992,500	-	-	-
507,500	-	2,992,500	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	65,620	-	-	-
-	-	-	-	-	-
-	-	(32,810)	-	-	-
-	-	32,810	-	-	-
20,078,431	1,190,620	28,802,180	9,385,143	2,418,521	1,854,980
32,056	2,026	46,346	1,137,920	85,646	649,580
7,024	2,523	53,093	196,093	1,021	341
3,386,174	-	637,136	30,042,405	334,539	-
155,820	-	3,303	4,807	-	-
-	547,486	-	8,242,416	-	-
-	375,944	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,581,074	927,979	739,878	39,623,641	421,206	649,921
14,212,499	-	31,591,561	-	-	-
-	1,112,263	-	9,764,709	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,998	1,927	-	-
14,212,499	1,112,263	31,593,559	9,766,636	-	-
17,793,573	2,040,242	32,333,437	49,390,277	421,206	649,921
-	-	-	-	-	-
-	-	-	-	-	-
-	-	32,810	-	-	-
2,284,858	(849,622)	(3,564,067)	(40,005,134)	1,997,315	1,205,059
$ 2,284,858	$ (849,622)	$ (3,531,257)	$ (40,005,134)	$ 1,997,315	$ 1,205,059

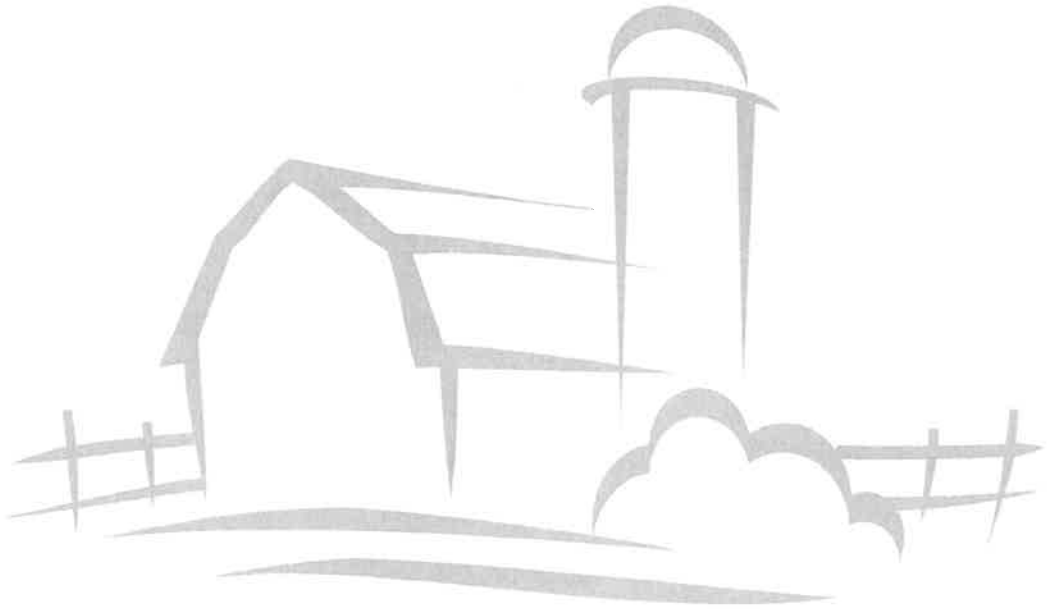
Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2024

	Long-Term Disability Fund	Employees' Assistance Fund	Human Resources Fund	Eliminations	Total Internal Service Fund
ASSETS					
Current Assets					
Cash and cash equivalents	$ 100,103	$ 100,586	$ 34,121	$ -	$ 59,668,637
Accounts receivable	8,676	11,935	-	-	20,742,716
Loans receivable	-	-	-	-	610,683
Lease receivable	-	-	-	-	415,748
Accrued interest receivable	-	-	-	-	3,235
Due from other funds	-	-	7,979	(1,073,598)	19,643,514
Inventories	-	-	-	-	4,002,571
Prepaid expenses	-	-	-	-	4,687,988
Total current assets	108,779	112,521	42,100	(1,073,598)	109,775,092
Noncurrent Assets					
Loans receivable	-	-	-	-	1,803,200
Lease receivable	-	-	-	-	952,266
Imprest cash and change fund - advances	-	-	-	-	3,500,000
Total noncurrent assets	-	-	-	-	6,255,466
Capital Assets					
Land	-	-	-	-	26,156
Construction in progress	-	-	-	-	2,235,438
Works of art	-	-	-	-	8,200
Capital assets being depreciated:					
Intangible right-to-use assets	-	-	91,641	-	132,000,150
Machinery, equipment and buildings	-	-	289,770	-	129,444,753
Less accumulated depreciation	-	-	(308,352)	-	(119,595,535)
Total capital assets, net of depreciation	-	-	73,059	-	144,119,162
Total assets	108,779	112,521	115,159	(1,073,598)	260,149,720
LIABILITIES					
Current Liabilities					
Accounts payable	55,590	-	11,915	-	19,298,802
Accrued salaries and wages	-	-	552,715	-	8,688,976
Claims payable	-	-	-	-	34,400,254
Due to other funds	-	88,044	36,789	(1,073,598)	454,414
Interfund payable	-	-	-	-	22,266,891
Unearned revenue	-	-	-	-	394,535
Lease liabilities	-	-	-	-	11,223,177
SBITA liabilities	-	-	-	-	8,639,888
Other current liabilities	-	-	-	-	758,255
Total current liabilities	55,590	88,044	601,419	(1,073,598)	106,125,192
Long-term Liabilities					
Claims payable	-	-	-	-	45,804,060
Interfund payable	-	-	-	-	61,992,235
Lease liabilities	-	-	-	-	63,642,086
SBITA liabilities	-	-	-	-	8,118,310
Other noncurrent liabilities	-	-	5,095	-	1,611,950
Total long-term liabilities	-	-	5,095	-	181,168,641
Total liabilities	55,590	88,044	606,514	(1,073,598)	287,293,833
DEFERRED INFLOWS OF RESOURCES					
Leases	-	-	-	-	1,341,080
Total deferred inflows of resources	-	-	-	-	1,341,080
NET POSITION					
Net investment in capital assets	-	-	73,059	-	52,495,701
Unrestricted net position (deficit)	53,189	24,477	(564,414)	-	(80,980,894)
Total net position	$ 53,189	$ 24,477	$ (491,355)	$ -	$ (28,485,193)

See Independent Auditors' Report.

THIS PAGE INTENTIONALLY LEFT BLANK



Vermont

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund	Financial & HR Information Fund
OPERATING REVENUES				
Charges for sales and services	$ 20,727,415	$ 861,410	$ 3,797,966	$ 11,591,649
Rental income	-	-	-	-
Other operating revenues	99,236	-	-	-
Total operating revenues	20,826,651	861,410	3,797,966	11,591,649
OPERATING EXPENSES				
Cost of sales and services	2,883,880	748,152	-	-
Claims expenses	-	-	-	-
Salaries and benefits	5,321,481	2,255,217	2,193,405	6,876,742
Insurance premium expenses	-	901	10,690	25,434
Contractual services	90,929	9,631	1,519,346	1,048,559
Repairs and maintenance	4,923,935	14,216	-	1,735,196
Depreciation	6,429,936	47,198	-	25,352
Rental expenses	104,468	76,466	56,314	505,835
Utilities and property management	552,500	37,428	48,035	1,881,482
Non-capital equipment purchased	1,590,774	5,588	2,653	29,291
Promotions and advertising	-	-	-	-
Administrative expenses	69,010	2,912	17,518	199,781
Supplies and parts	1,419,998	2,832	3,681	6,272
Distribution and postage	4,182	17,624	14	10,867
Travel expenses	4,295	7,229	-	1,933
Other operating expenses	19,059	22,166	92	6,949
Total operating expenses	23,414,447	3,247,560	3,851,748	12,353,693
Operating income (loss)	(2,587,796)	(2,386,150)	(53,782)	(762,044)
NONOPERATING REVENUES				
Gain/(loss) on disposal of capital assets	(85,508)	(29,980)	-	-
Investment income	-	-	-	-
Interest expense	-	-	-	-
Total nonoperating revenues (expenses)	(85,508)	(29,980)	-	-
Income (loss) before other revenues, expenses, gains, losses, and transfers	(2,673,304)	(2,416,130)	(53,782)	(762,044)
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS				
Transfers in	-	-	-	-
Total other revenues, expenses, gains, losses, and transfers	-	-	-	-
Change in net position	(2,673,304)	(2,416,130)	(53,782)	(762,044)
Total net position, July 1,	44,966,902	(135,459)	29,019	1,630,308
Total net position, June 30	$ 42,293,598	$ (2,551,589)	$ (24,763)	$ 868,264

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
$ 116,266,363	$ 5,061,564	$ 12,020,654	$ 2,567,688	$ 3,352,580	$ 35,984,189	$ 78,920
-	-	-	-	-	-	21,366,896
4,509	141,937	-	-	176	2,393,650	1,334,608
116,270,872	5,203,501	12,020,654	2,567,688	3,352,756	38,377,839	22,780,424
17,488,876	834,340	12,020,654	931,848	2,254,570	1,375,431	5,708,881
-	-	-	-	-	-	-
44,790,346	761,613	-	872,121	859,884	20,455,142	1,063,127
102,596	104,337	-	14,939	10,142	1,568,138	150,609
43,870,275	-	-	-	-	489,528	11,777
906,642	1,361,715	-	227,656	20,019	1,404,305	113,621
9,473,371	2,464,685	-	158,510	9,579	644,646	12,645,788
1,374,669	64,405	-	65,421	21,858	541,581	25,360
4,108,555	45,168	-	43,932	27,655	9,858,445	1,119,828
398,163	530,640	-	10,071	2,291	486,669	16,607
3,417	-	-	-	-	10,317	-
1,371,217	165,441	-	109,331	35,461	980,652	218,329
40,712	152,675	-	17,935	3,415	1,696,584	73,435
525	501	-	396	885	27,789	125
76,674	-	-	-	-	21,197	5,070
6,329	6,348	-	87	162	181,957	380,952
124,012,367	6,491,868	12,020,654	2,452,247	3,245,921	39,742,381	21,533,509
(7,741,495)	(1,288,367)	-	115,441	106,835	(1,364,542)	1,246,915
-	987,517	-	(30,102)	-	-	(281,714)
-	-	-	-	-	-	14,536
(97,580)	-	-	-	-	(17,493)	(1,372,833)
(97,580)	987,517	-	(30,102)	-	(17,493)	(1,640,011)
(7,839,075)	(300,850)	-	85,339	106,835	(1,382,035)	(393,096)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(7,839,075)	(300,850)	-	85,339	106,835	(1,382,035)	(393,096)
(5,063,287)	242,469	-	(1,607,805)	(3,191,884)	981,028	(11,663,407)
$ (12,902,362)	$ (58,381)	$ -	$ (1,522,466)	$ (3,085,049)	$ (401,007)	$ (12,056,503)

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, 2024

	Equipment Revolving Fund	State Resource Management Fund	State Energy Revolving Fund	State Surplus Property Fund
OPERATING REVENUES				
Charges for sales and services	$ -	$ 23,000	$ -	$ 2,430,264
Rental income	-	-	-	-
Other operating revenues	-	-	-	2,416,505
Total operating revenues	-	23,000	-	4,846,769
OPERATING EXPENSES				
Cost of sales and services	-	-	-	4,490,143
Claims expenses	-	-	-	-
Salaries and benefits	-	-	-	294,126
Insurance premium expenses	-	-	-	3,858
Contractual services	-	-	-	58,811
Repairs and maintenance	-	-	-	166
Depreciation	-	-	-	4,473
Rental expenses	-	-	-	77,927
Utilities and property management	-	-	-	21,259
Non-capital equipment purchased	-	23,000	-	-
Promotions and advertising	-	-	-	-
Administrative expenses	-	-	-	56,940
Supplies and parts	-	-	-	3,482
Distribution and postage	-	-	-	506
Travel expenses	-	-	-	-
Other operating expenses	-	-	-	405
Total operating expenses	-	23,000	-	5,012,096
Operating income (loss)	-	-	-	(165,327)
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	-	-	-	(165,327)
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS				
Transfers in	-	-	-	-
Total other revenues, expenses, gains, losses, and transfers	-	-	-	-
Change in net position	-	-	-	(165,327)
Total net position, July 1,	581,928	-	-	(149,066)
Total net position, June 30	$ 581,928	$ -	$ -	$ (314,393)

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
$ 7,865,216	$ 5,900,142	$ 14,301,558	$ 260,440,457	$ 7,002,911	$ 4,092,593
-	-	-	-	-	-
-	-	-	1,108,801	-	-
7,865,216	5,900,142	14,301,558	261,549,258	7,002,911	4,092,593
-	7,635,895	-	-	-	-
4,144,409	5,265	14,497,765	281,367,986	6,771,756	-
137,374	57,931	228,845	1,059,252	22,077	7,343
1,345,905	-	960	1,087,420	173	3,556,055
1,651,805	250,758	565,451	439,358	1,737	579
-	-	-	-	-	-
-	-	64,060	-	-	-
5,016	-	15,849	29,997	815	272
3,911	-	9,958	20,255	482	161
580	-	1,740	2,713	84	28
-	-	-	372	-	-
51,788	54,331	58,742	10,239,627	276,764	5,663
465	-	-	13,292	-	-
-	-	304	24,473	470	156
162	-	1,064	2,459	-	-
-	-	113,544	3,035,758	63,895	-
7,341,415	8,004,180	15,558,282	297,322,962	7,138,253	3,570,257
523,801	(2,104,038)	(1,256,724)	(35,773,704)	(135,342)	522,336
-	-	-	-	-	-
671,783	-	1,217,502	-	102,723	68,989
-	-	-	(488,208)	-	-
671,783	-	1,217,502	(488,208)	102,723	68,989
1,195,584	(2,104,038)	(39,222)	(36,261,912)	(32,619)	591,325
9,500,000	-	-	-	-	-
9,500,000	-	-	-	-	-
10,695,584	(2,104,038)	(39,222)	(36,261,912)	(32,619)	591,325
(8,410,726)	1,254,416	(3,492,035)	(3,743,222)	2,029,934	613,734
$ 2,284,858	$ (849,622)	$ (3,531,257)	$ (40,005,134)	$ 1,997,315	$ 1,205,059

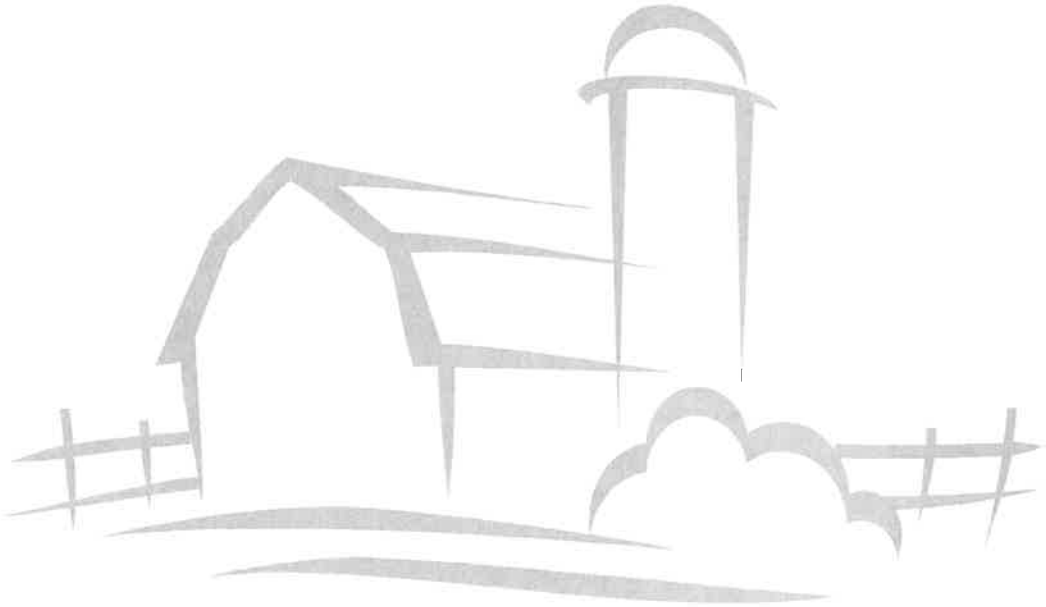
Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Long-Term Disability Fund	Employees' Assistance Fund	Human Resources Fund	Total Internal Service Fund
OPERATING REVENUES				
Charges for sales and services	$ 221,144	$ 303,910	$ 8,281,960	$ 523,173,553
Rental income	-	-	-	21,366,896
Other operating revenues	-	-	-	7,499,422
Total operating revenues	221,144	303,910	8,281,960	552,039,871
OPERATING EXPENSES				
Cost of sales and services	-	-	-	56,372,670
Claims expenses	-	-	-	306,787,181
Salaries and benefits	-	-	7,665,393	94,921,419
Insurance premium expenses	245,073	303,321	200	8,530,751
Contractual services	-	-	36,793	50,045,337
Repairs and maintenance	-	-	188	10,707,659
Depreciation	-	-	106,417	32,074,015
Rental expenses	-	-	13,344	2,979,597
Utilities and property management	-	-	79,145	17,858,199
Non-capital equipment purchased	-	-	20,439	3,121,331
Promotions and advertising	-	-	42,621	56,727
Administrative expenses	-	-	33,691	13,947,198
Supplies and parts	-	-	20,381	3,455,159
Distribution and postage	-	-	318	89,135
Travel expenses	-	-	5,090	125,173
Other operating expenses	-	-	10	3,837,713
Total operating expenses	245,073	303,321	8,024,030	604,909,264
Operating income (loss)	(23,929)	589	257,930	(52,869,393)
NONOPERATING REVENUES				
Gain/(loss) on disposal of capital assets	-	-	-	560,213
Investment income	-	-	-	2,075,533
Interest expense	-	-	-	(1,976,114)
Total nonoperating revenues (expenses)	-	-	-	659,632
Income (loss) before other revenues, expenses, gains, losses, and transfers	(23,929)	589	257,930	(52,209,761)
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS				
Transfers in	-	-	-	9,500,000
Total other revenues, expenses, gains, losses, and transfers	-	-	-	9,500,000
Change in net position	(23,929)	589	257,930	(42,709,761)
Total net position, July 1,	77,118	23,888	(749,285)	14,224,568
Total net position, June 30	$ 53,189	$ 24,477	$ (491,355)	$ (28,485,193)

See Independent Auditor's Report.

THIS PAGE INTENTIONALLY LEFT BLANK



Vermont

STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund	Financial & HR Information Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 20,193,261	$ 1,165,193	$ 3,794,935	$ 11,581,740
Cash paid to suppliers for goods and services	(9,563,666)	(684,273)	(1,677,425)	(5,086,411)
Cash paid to employees for services	(5,299,245)	(2,351,827)	(2,174,747)	(6,766,678)
Cash paid to claimants	-	-	-	-
Other operating revenues	99,236	-	-	-
Other operating expenses	(19,059)	(22,166)	(92)	(6,949)
Net cash provided (used) by operating activities	5,410,527	(1,893,073)	(57,329)	(278,298)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers in	-	-	-	-
(Increase)/decrease in due from other funds	-	-	-	-
Interfund loans and advances	-	1,929,073	-	-
Net cash provided (used) by noncapital financing activities	-	1,929,073	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(7,209,195)	(36,000)	-	-
Principal payments on leases, SBITA's, and loans	-	-	-	-
Interest paid on leases, SBITA's, and loans	-	-	-	-
Proceeds from capital loans	-	-	-	-
Proceeds from sale of capital assets	624,330	-	-	-
Net cash (used) by capital and related financing activities	(6,584,865)	(36,000)	-	-
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	(1,174,338)	-	(57,329)	(278,298)
Cash and cash equivalents, July 1	8,814,585	-	267,860	2,718,465
Cash and cash equivalents, June 30	$ 7,640,247	$ -	$ 210,531	$ 2,440,167
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ (2,587,796)	$ (2,386,150)	$ (53,782)	$ (762,044)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	6,429,936	47,198	-	25,352
Effect of changes in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	1,091	188,775	1	-
Lease receivable	-	-	-	-
Due from other funds	(535,246)	115,008	(3,032)	(9,909)
Inventories	4,415	165,556	-	-
Prepaid expenses	(50,000)	-	-	(5,685)
Accounts payable	1,825,490	84,172	(4,675)	23,623
Accrued salaries and benefits	22,236	(96,610)	18,658	110,064
Claims payable	-	-	-	-
Due to other funds	300,401	(13,994)	(14,499)	340,301
Unearned revenue	-	-	-	-
Other current liabilities	-	2,972	-	-
Deferred inflows	-	-	-	-
Total adjustments	7,998,323	493,077	(3,547)	483,746
Net cash provided (used) by operating activities	$ 5,410,527	$ (1,893,073)	$ (57,329)	$ (278,298)
Noncash investing, capital, and financing activities:				
Retirement of assets not fully depreciated	684,184	29,980	-	-
Fair market value of donated inventory sold	-	-	-	-
Acquisition of capital assets via financing	-	-	-	-

See Independent Auditors' Report.

Communications & Information Technology Fund	Fleet Fund	E-Procurement Fund	Copy Center Fund	Postage Fund	Facilities Operations Fund	Property Management Fund
$ 112,139,676	$ 4,045,142	$ 11,807,138	$ 2,411,401	$ 3,344,633	$ 35,661,297	$ 20,395,896
(68,217,708)	(3,556,755)	(11,952,674)	(1,457,847)	(2,683,592)	(18,341,642)	(7,307,329)
(44,304,376)	(780,085)	-	(867,676)	(805,644)	(20,162,586)	(1,092,663)
-	-	-	-	-	-	-
4,509	141,937	-	-	176	2,393,650	1,334,608
(6,329)	(6,348)	-	(87)	(162)	(181,957)	(380,952)
(384,228)	(156,109)	(145,536)	85,791	(144,589)	(631,238)	12,949,560
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,772,718	5,394,421	145,536	69,591	168,731	-	183,969
11,772,718	5,394,421	145,536	69,591	168,731	-	183,969
(571,575)	(6,392,954)	-	(155,382)	(24,142)	(155,553)	(133,489)
(10,759,152)	-	-	-	-	(373,507)	(11,658,348)
(57,763)	-	-	-	-	(16,911)	(1,353,960)
-	-	-	-	-	623,067	-
-	1,154,642	-	-	-	-	-
(11,388,490)	(5,238,312)	-	(155,382)	(24,142)	77,096	(13,145,797)
-	-	-	-	-	-	12,268
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	12,268
-	-	-	-	-	(554,142)	-
-	-	-	-	-	1,826,028	-
$ -	$ -	$ -	$ -	$ -	$ 1,271,886	$ -
$ (7,741,495)	$ (1,288,367)	$ -	$ 115,441	$ 106,835	$ (1,364,542)	$ 1,246,915
9,473,371	2,464,685	-	158,510	9,579	644,646	12,645,788
(2,350,442)	70,009	66,291	(24,540)	5,384	(366,556)	311,942
-	-	-	-	-	-	(325,587)
(1,776,245)	(1,086,431)	(279,807)	(131,747)	(13,332)	43,664	(1,354,829)
327,967	-	-	-	(223,119)	-	-
(685,836)	-	-	(28,804)	(58,527)	-	(41,507)
1,770,854	(305,641)	67,980	(6,349)	1,956	181,648	178,907
485,970	(18,472)	-	4,446	54,241	292,556	(29,536)
-	-	-	-	-	-	-
74,484	8,108	-	(1,166)	(27,606)	(62,654)	(1,087)
-	-	-	-	-	-	-
37,144	-	-	-	-	-	-
-	-	-	-	-	-	318,554
7,357,267	1,132,258	(145,536)	(29,650)	(251,424)	733,304	11,702,645
$ (384,228)	$ (156,109)	$ (145,536)	$ 85,791	$ (144,589)	$ (631,238)	$ 12,949,560
-	167,125	-	30,102	-	-	-
-	-	-	-	-	-	-
24,426,126	-	-	-	-	144,647	12,777,922

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Equipment Revolving Fund	State Resource Management Fund	State Energy Revolving Fund	State Surplus Property Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ -	$ -	$ -	$ 2,440,037
Cash paid to suppliers for goods and services	-	-	-	(4,677,283)
Cash paid to employees for services	-	-	-	(324,630)
Cash paid to claimants	-	-	-	-
Other operating revenues	-	-	-	2,416,505
Other operating expenses	-	-	-	(405)
Net cash provided (used) by operating activities	-	-	-	(145,776)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers in	-	-	-	-
(Increase)/decrease in due from other funds	(155)	-	-	-
Interfund loans and advances	-	(21,865)	221,246	187,061
Net cash provided (used) by noncapital financing activities	(155)	(21,865)	221,246	187,061
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	-	-	(41,285)
Principal payments on leases, SBITAs, and loans	-	-	-	-
Interest paid on leases, SBITAs, and loans	-	-	-	-
Proceeds from capital loans	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Net cash (used) by capital and related financing activities	-	-	-	(41,285)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earned on investments	-	-	-	-
Proceeds from loan repayments	80,240	44,865	401,821	-
Loans issued	-	(23,000)	(623,067)	-
Net cash provided by investing activities	80,240	21,865	(221,246)	-
Net increase (decrease) in cash and cash equivalents	80,085	-	-	-
Cash and cash equivalents, July 1	421,603	-	-	-
Cash and cash equivalents, June 30	$ 501,688	$ -	$ -	$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ -	$ -	$ -	$ (165,327)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	-	-	-	4,473
Effect of changes in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	-	-	-	24,126
Lease receivable	-	-	-	-
Due from other funds	-	-	-	1,013
Inventories	-	-	-	15,366
Prepaid expenses	-	-	-	-
Accounts payable	-	-	-	(642)
Accrued salaries and benefits	-	-	-	(30,504)
Claims payable	-	-	-	-
Due to other funds	-	-	-	21,085
Unearned revenue	-	-	-	(15,366)
Other current liabilities	-	-	-	-
Deferred inflows	-	-	-	-
Total adjustments	-	-	-	19,551
Net cash provided (used) by operating activities	$ -	$ -	$ -	$ (145,776)
Noncash investing, capital, and financing activities:				
Retirement of assets not fully depreciated	-	-	-	-
Fair market value of donated inventory sold	-	-	-	2,416,505
Acquisition of capital assets via financing	-	-	-	-

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
$ 6,674,091	$ 5,675,607	$ 13,704,595	$ 264,319,928	$ 6,996,605	$ 4,083,440
(2,935,099)	(8,014,418)	(605,254)	(12,594,429)	(301,036)	(3,828,907)
(154,457)	(57,421)	(205,533)	(958,462)	(21,711)	(7,220)
(12,921,071)	(5,265)	(11,791,240)	(287,461,622)	(6,938,312)	-
-	-	-	1,108,801	-	-
-	-	(113,544)	(3,035,758)	(63,895)	-
(9,336,536)	(2,401,497)	989,024	(38,621,542)	(328,349)	247,313
9,500,000	-	-	-	-	-
-	-	-	-	-	-
-	1,659,749	-	18,007,125	-	-
9,500,000	1,659,749	-	18,007,125	-	-
-	-	-	-	-	-
-	-	(65,620)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(65,620)	-	-	-
671,783	-	1,217,502	(488,208)	102,723	68,989
-	-	-	-	-	-
-	-	-	-	-	-
671,783	-	1,217,502	(488,208)	102,723	68,989
835,247	(741,748)	2,140,906	(21,102,625)	(225,626)	316,302
18,052,059	741,748	26,010,441	21,102,625	2,369,718	1,370,261
$ 18,887,306	$ -	$ 28,151,347	$ -	$ 2,144,092	$ 1,686,563
$ 523,801	$ (2,104,038)	$ (1,256,724)	$ (35,773,704)	$ (135,342)	$ 522,336
-	-	64,060	-	-	-
(911,328)	(304,170)	(87,326)	3,879,471	(6,306)	(9,153)
-	-	-	-	-	-
(279,797)	(235,161)	(509,637)	-	-	-
-	-	-	-	-	-
-	(73,082)	-	-	-	-
(30,384)	(117)	46,195	(733,437)	(20,497)	(265,988)
(17,083)	510	23,312	100,790	366	123
(8,776,662)	-	2,706,525	(6,093,636)	(166,556)	-
154,917	(235)	2,619	(1,026)	(14)	(5)
-	314,796	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(9,860,337)	(297,459)	2,245,748	(2,847,838)	(193,007)	(275,023)
$ (9,336,536)	$ (2,401,497)	$ 989,024	$ (38,621,542)	$ (328,349)	$ 247,313
-	-	-	-	-	-
-	-	-	-	-	-
-	-	65,620	-	-	-

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Long-Term Disability Fund	Employees' Assistance Fund	Human Resources Fund	Total Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 220,667	$ 303,379	$ 8,273,981	$ 539,232,642
Cash paid to suppliers for goods and services	(242,341)	(351,867)	(298,357)	(164,378,313)
Cash paid to employees for services	-	-	(7,910,524)	(94,245,485)
Cash paid to claimants	-	-	-	(319,117,510)
Other operating revenues	-	-	-	7,499,422
Other operating expenses	-	-	(10)	(3,837,713)
Net cash provided (used) by operating activities	(21,674)	(48,488)	65,090	(34,846,957)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers in	-	-	-	9,500,000
(Increase)/decrease in due from other funds	-	-	-	(155)
Interfund loans and advances	-	-	-	39,717,355
Net cash provided (used) by noncapital financing activities	-	-	-	49,217,200
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	-	-	(14,719,575)
Principal payments on leases, SBITAs, and loans	-	-	(91,642)	(22,948,269)
Interest paid on leases, SBITAs, and loans	-	-	-	(1,428,634)
Proceeds from capital loans	-	-	-	623,067
Proceeds from sale of capital assets	-	-	-	1,778,972
Net cash (used) by capital and related financing activities	-	-	(91,642)	(36,694,439)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earned on investments	-	-	-	1,585,057
Proceeds from loan repayments	-	-	-	526,926
Loans issued	-	-	-	(646,067)
Net cash provided by investing activities	-	-	-	1,465,916
Net increase (decrease) in cash and cash equivalents	(21,674)	(48,488)	(26,552)	(20,858,280)
Cash and cash equivalents, July 1	121,777	149,074	60,673	84,026,917
Cash and cash equivalents, June 30	$ 100,103	$ 100,586	$ 34,121	$ 63,168,637
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ (23,929)	$ 589	$ 257,930	$ (52,869,393)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	-	-	106,417	32,074,015
Effect of changes in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	(477)	(531)	-	486,261
Lease receivable	-	-	-	(325,587)
Due from other funds	-	-	(7,979)	(6,063,467)
Inventories	-	-	-	290,185
Prepaid expenses	-	-	-	(943,441)
Accounts payable	2,732	(136,590)	(6,676)	2,672,561
Accrued salaries and benefits	-	-	(245,131)	675,936
Claims payable	-	-	-	(12,330,329)
Due to other funds	-	88,044	(39,471)	828,202
Unearned revenue	-	-	-	299,430
Other current liabilities	-	-	-	40,116
Deferred inflows	-	-	-	318,554
Total adjustments	2,255	(49,077)	(192,840)	18,022,436
Net cash provided (used) by operating activities	$ (21,674)	$ (48,488)	$ 65,090	$ (34,846,957)
Noncash investing, capital, and financing activities:				
Retirement of assets not fully depreciated	-	-	-	911,391
Fair market value of donated inventory sold	-	-	-	2,416,505
Acquisition of capital assets via financing	-	-	91,642	37,505,957

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.

STATE OF VERMONT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
June 30, 2024

	Defined Benefit Plans		
	Vermont State Retirement Fund	**State Teachers' Retirement Fund**	**Vermont Municipal Employees' Retirement Fund**
ASSETS			
Cash and short-term investments	$ 110,684,835	$ 129,797,216	$ 42,992,595
Investments			
Fixed income	116,593,842	129,035,758	45,118,537
Equities	70,370,433	76,149,880	26,204,153
Mutual and commingled funds	1,551,512,553	1,635,570,599	586,972,979
Private partnerships	902,941,652	939,868,243	330,580,132
Total investments	2,641,418,480	2,780,624,480	988,875,801
Receivables			
Contributions - current	8,157,218	7,583,829	8,494,306
Contributions - non-current	-	-	4,922,732
Investments sold	44,104,571	48,729,532	17,063,073
Interest and dividends	647,295	711,785	533,078
Due from other funds	857,420	286,471	384,443
Other	767,049	7,765,302	723,927
Total receivables	54,533,553	65,076,919	32,121,559
Prepaid expenses	70,965	83,130	48,817
Capital assets			
Capital assets being depreciated			
Equipment	3,181,002	3,785,057	1,428,062
Less accumulated depreciation	(3,117,794)	(3,711,705)	(1,393,879)
Total capital assets, net of depreciation	63,208	73,352	34,183
Total assets	2,806,771,041	2,975,655,097	1,064,072,955
LIABILITIES			
Accounts payable	1,512,936	1,444,018	66,350
Investments purchased	141,264,481	156,274,934	54,660,213
Due to other funds	153,912	250,476	841,574
Total liabilities	142,931,329	157,969,428	55,568,137
NET POSITION RESTRICTED FOR EMPLOYEES' PENSION AND OTHER POSTEMPLOYMENT BENEFITS	$ 2,663,839,712	$ 2,817,685,669	$ 1,008,504,818

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
$ 64,245	$ -	$ 156,626	$ 21,942,350	$ 6,590,387	$ 1,456,717	$ -	$ 313,684,971
-	-	-	-	-	-	-	290,748,137
-	-	-	-	-	-	-	172,724,466
85,775,420	23,154,126	30,619,656	140,132,686	98,246,931	13,131,380	-	4,165,116,330
-	-	-	12,090,424	8,238,882	-	-	2,193,719,333
85,775,420	23,154,126	30,619,656	152,223,110	106,485,813	13,131,380	-	6,822,308,266
111,027	-	22,310	2,523,037	-	-	-	26,891,727
-	-	-	-	-	-	-	4,922,732
-	-	-	-	-	-	-	109,897,176
-	-	-	-	-	-	-	1,892,158
-	-	-	-	688	-	(1,242,707)	286,315
-	-	-	22,910	195,016	-	-	9,474,204
111,027	-	22,310	2,545,947	195,704	-	(1,242,707)	153,364,312
41,938	-	221	-	20,366	-	-	265,437
-	-	-	-	-	-	-	8,394,121
-	-	-	-	-	-	-	(8,223,378)
-	-	-	-	-	-	-	170,743
85,992,630	23,154,126	30,798,813	176,711,407	113,292,270	14,588,097	(1,242,707)	7,289,793,729
51,979	-	2,897	55,304	84,632	-	-	3,218,116
-	-	-	-	-	-	-	352,199,628
106,526	-	317,124	688	936	-	(1,242,707)	428,529
158,505	-	320,021	55,992	85,568	-	(1,242,707)	355,846,273
$ 85,834,125	$ 23,154,126	$ 30,478,792	$ 176,655,415	$ 113,206,702	$ 14,588,097	$ -	$ 6,933,947,456

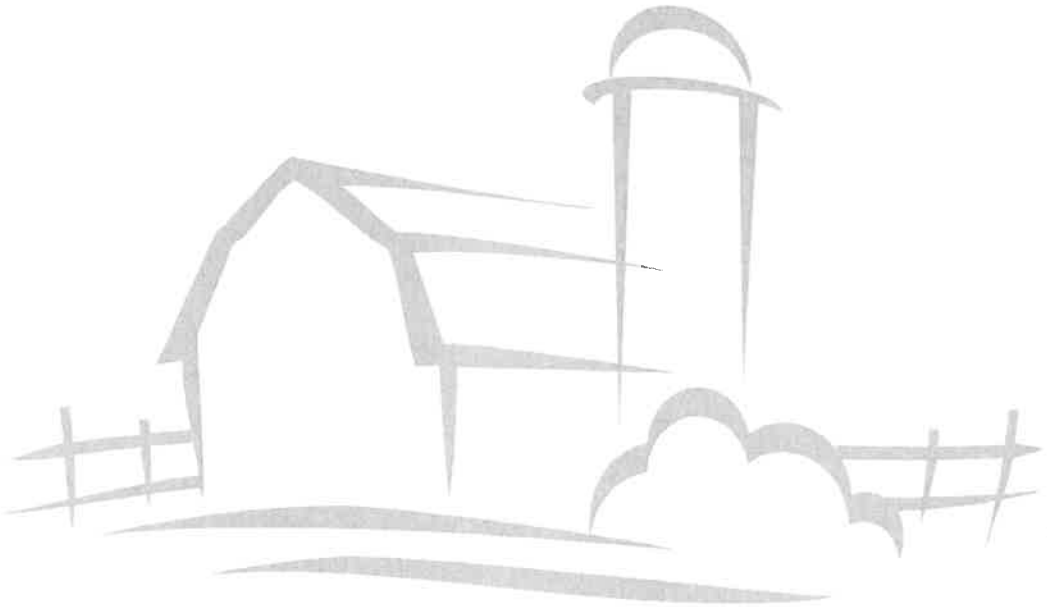
STATE OF VERMONT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Defined Benefit Plans		
	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
ADDITIONS			
Contributions			
Employer - pension benefit	$ 140,850,622	$ -	$ 33,179,786
Employer - healthcare benefit	-	-	-
Non-employer - pension benefit	-	206,168,870	-
Non-employer - healthcare benefit	-	-	-
Plan member	57,061,831	56,091,622	33,075,291
Transfers from other pension trust funds	1,212,398	630,607	457,546
Transfers from non-state systems	-	-	-
Other revenues	-	24,724,801	-
Total contributions	199,124,851	287,615,900	66,712,623
Investment Income (loss)			
Net appreciation (depreciation) in fair value of investments	217,413,619	235,098,630	81,746,552
Dividends	20,064,081	21,102,873	7,429,147
Interest	6,014,465	6,797,112	2,889,009
Other income	23,452	88,667	3,478
Total investment income (loss)	243,515,617	263,087,282	92,068,186
Less Investment Expenses			
Investment managers and consultants	3,134,793	2,742,900	1,158,752
Total investment expenses	3,134,793	2,742,900	1,158,752
Net investment income (loss)	240,380,824	260,344,382	90,909,434
Total additions	439,505,675	547,960,282	157,622,057
DEDUCTIONS			
Retirement benefits	190,392,968	250,398,843	54,398,002
Other postemployment benefits	-	-	-
Refund of contributions	3,908,759	2,670,864	3,218,720
Death claims	1,222,448	322,290	757,755
Transfers to other pension trust funds	675,621	569,387	1,301,366
Transfers to non-state systems	-	-	-
Depreciation	241,018	285,018	104,922
Operating expenses	2,455,554	3,737,609	1,449,505
Total deductions	198,896,368	257,984,011	61,230,270
Change in net position	240,609,307	289,976,271	96,391,787
Net position restricted for employees' pension and postemployment benefits			
Restricted Net position, July 1	2,423,230,405	2,527,709,398	912,113,031
Restricted Net position, June 30	$ 2,663,839,712	$ 2,817,685,669	$ 1,008,504,818

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
$ 1,943,672	$ -	$ 541,306	$ -	$ -	$ -	$ -	$ 176,515,386
-	-	-	67,147,047	-	-	-	67,147,047
-	-	-	-	-	-	-	206,168,870
-	-	-	-	61,681,760	-	-	61,681,760
792,139	-	480,496	-	-	-	-	147,501,379
219,583	-	26,240	-	-	-	(2,546,374)	-
204,151	-	6,267	-	-	-	-	210,418
-	-	-	-	-	-	-	24,724,801
3,159,545	-	1,054,309	67,147,047	61,681,760	-	(2,546,374)	683,949,661
9,802,238	-	3,544,606	17,141,674	11,930,566	955,292	-	577,633,177
2,071,150	751,789	769,028	-	-	358,454	-	52,546,522
6,416	-	5,470	1,053,514	1,471,236	86,332	-	18,323,554
5,131	-	1,201	-	381,250	6,286	-	509,465
11,884,935	751,789	4,320,305	18,195,188	13,783,052	1,406,364	-	649,012,718
-	34,765	-	37,750	24,191	-	-	7,133,151
-	34,765	-	37,750	24,191	-	-	7,133,151
11,884,935	717,024	4,320,305	18,157,438	13,758,861	1,406,364	-	641,879,567
15,044,480	717,024	5,374,614	85,304,485	75,440,621	1,406,364	(2,546,374)	1,325,829,228
1,213,610	2,217,742	553,394	-	-	-	-	499,174,559
-	-	-	46,408,287	34,460,148	647,583	-	81,516,018
-	-	-	-	-	-	-	9,798,343
-	-	-	-	-	-	-	2,302,493
-	-	-	-	-	-	(2,546,374)	-
6,954,724	928,802	1,366,518	-	-	-	-	9,250,044
-	-	-	-	-	-	-	630,958
194,003	-	137,169	79	2,156	169,166	-	8,145,241
8,362,337	3,146,544	2,057,081	46,408,366	34,462,304	816,749	(2,546,374)	610,817,656
6,682,143	(2,429,520)	3,317,533	38,896,119	40,978,317	589,615	-	715,011,572
79,151,982	25,583,646	27,161,259	137,759,296	72,228,385	13,998,482	-	6,218,935,884
$ 85,834,125	$ 23,154,126	$ 30,478,792	$ 176,655,415	$ 113,206,702	$ 14,588,097	$ -	$ 6,933,947,456

THIS PAGE INTENTIONALLY LEFT BLANK



Vermont

Child Support Collections Fund - This fund collects child support receipts that are held until they are 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 inmates 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, 2024

	Child Support Collections Fund	Local Option Taxes Fund	Human Services Fund	Judiciary Fund	Other Deposits Fund	Total
ASSETS						
Cash and cash equivalents	$ -	$ 4,605,236	$ 1,336,470	$ 1,911,677	$ 11,051	$ 7,864,434
Receivables:						
Tax receivables, net	-	2,787,344	-	-	-	2,787,344
Other receivables, net	146,128	-	-	2,216,301	-	2,362,429
Total receivables	146,128	2,787,344	-	2,216,301	-	5,149,773
Total assets	146,128	7,392,580	1,336,470	4,127,978	11,051	13,014,207
LIABILITIES						
Intergovernmental payable - other governments	334,462	7,392,580	-	2,557,290	-	10,284,332
Payable to individuals	116,948	-	-	12,886	-	129,834
Other payable	5,256	-	-	-	-	5,256
Total liabilities	456,666	7,392,580	-	2,570,176	-	10,419,422
NET POSITION RESTRICTED FOR INDIVIDUALS, ORGANIZATIONS AND OTHER GOVERNMENTS	$ (310,538)	$ -	$ 1,336,470	$ 1,557,802	$ 11,051	$ 2,594,785

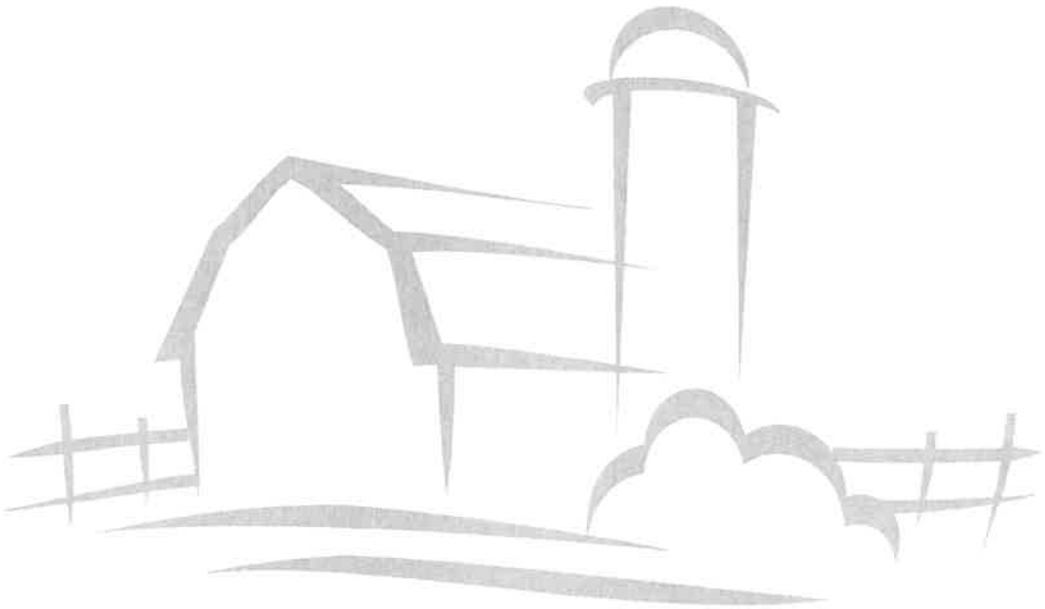
See Independent Auditors' Report.

STATE OF VERMONT
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	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	$ -	$ 34,460,799	$ -	$ -	$ -	$ 34,460,799
Collection of fines and fees for other governments	-	-	-	5,746,112	-	5,746,112
Collection of child support for individuals	39,358,794	-	-	-	-	39,358,794
Collection for the benefit of individuals	-	-	9,370,938	-	-	9,370,938
Other custodial fund collections	27,695	-	-	-	51,857	79,552
Interest income	-	-	2,855	-	-	2,855
Total additions	39,386,489	34,460,799	9,373,793	5,746,112	51,857	89,019,050
DEDUCTIONS						
Payment of local option taxes to other governments	-	34,460,799	-	-	-	34,460,799
Payment of fines and fees to other governments	-	-	-	6,036,171	-	6,036,171
Payments of child support to individuals	39,669,332	-	-	-	-	39,669,332
Payments for the benefit of individuals	-	-	9,807,577	-	-	9,807,577
Other custodial fund payments	27,695	-	-	-	51,857	79,552
Total deductions	39,697,027	34,460,799	9,807,577	6,036,171	51,857	90,053,431
Change in net position	(310,538)	-	(433,784)	(290,059)	-	(1,034,381)
Net position restricted for individuals, organizations, and other governments						
Restricted Net position, July 1	-	-	1,770,254	1,847,861	11,051	3,629,166
Restricted Net position, June 30	$ (310,538)	$ -	$ 1,336,470	$ 1,557,802	$ 11,051	$ 2,594,785

See Independent Auditors' Report.

THIS PAGE INTENTIONALLY LEFT BLANK



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 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, 2024

	Vermont Economic Development Authority 6/30/2024	Vermont Housing & Conservation Board 6/30/2024	Vermont Bond Bank 12/31/2023	Vermont Educational and Health Buildings Financing Agency 12/31/2023	Vermont Veterans' Home 6/30/2024	Total Non-major Component Units
ASSETS						
Current Assets						
Cash and cash equivalents	$ 8,875,000	$ 43,035,508	$ 5,819,826	$ 100,755	$ 50	$ 57,831,139
Cash and cash equivalents - restricted	27,271,000	-	-	-	-	27,271,000
Investments	-	-	23,425,796	1,631,572	-	25,057,368
Accounts receivable, net	-	-	94,029	-	1,560,040	1,654,069
Accrued interest receivable - loans	1,158,000	-	2,730,831	-	-	3,888,831
Loans and notes receivable - current portion	25,524,000	2,288,575	53,086,483	-	-	80,899,058
Other receivables	-	93,852	-	-	8,325,639	8,419,491
Lease receivable	104,000	-	-	-	-	104,000
Due from federal government	-	1,824,862	-	-	-	1,824,862
Due from primary government	-	176,133,643	-	-	-	176,133,643
Inventories	-	-	-	-	258,394	258,394
Other current assets	977,000	37,539	8,800	-	16,023	1,039,362
Total current assets	63,909,000	223,413,979	85,165,765	1,732,327	10,160,146	384,381,217
Noncurrent Assets						
Cash and cash equivalents - restricted	-	-	1,628,884	-	449,806	2,078,690
Investments	7,501,000	-	-	-	-	7,501,000
Investments - restricted	22,045,000	-	57,250,617	-	1,685,658	80,981,275
Loans and notes receivable, net	237,627,000	311,687,233	553,250,733	-	-	1,102,564,966
Lease receivable	1,062,000	-	-	-	-	1,062,000
Other assets	-	24,830,661	-	-	-	24,830,661
Total noncurrent assets	268,235,000	336,517,894	612,130,234	-	2,135,464	1,219,018,592
Capital Assets						
Land	500,000	-	-	-	102,470	602,470
Construction in progress	-	-	-	-	433,972	433,972
Capital assets being depreciated						
Intangible right-to-use assets	805,000	-	75,442	-	-	880,442
Buildings and leasehold improvements	6,457,000	225,146	46,273	-	33,334,533	40,062,952
Equipment, furniture and fixtures	1,837,000	327,685	59,365	-	5,607,114	7,831,164
Less accumulated depreciation	(4,469,000)	(396,087)	(77,519)	-	(29,307,017)	(34,249,623)
Total capital assets, net of depreciation	5,130,000	156,744	103,561	-	10,171,072	15,561,377
Total assets	337,274,000	560,088,617	697,399,560	1,732,327	22,466,682	1,618,961,186
DEFERRED OUTFLOWS OF RESOURCES						
Loss on refunding of bonds payable	-	-	10,905,909	-	-	10,905,909
Pension related outflows	-	-	-	-	7,472,305	7,472,305
OPEB related outflows	-	-	-	-	17,846,480	17,846,480
Total deferred outflows of resources	-	-	10,905,909	-	25,318,785	36,224,694

See Independent Auditors' Report.

	Vermont Economic Development Authority 6/30/2024	Vermont Housing & Conservation Board 6/30/2024	Vermont Bond Bank 12/31/2023	Vermont Educational and Health Buildings Financing Agency 12/31/2023	Vermont Veterans' Home 6/30/2024	Total Non-major Component Units
LIABILITIES						
Current Liabilities						
Accounts payable and accrued liabilities	1,237,000	335,715	155,565	27,161	2,162,614	3,918,055
Accrued interest payable	293,000	-	-	-	-	293,000
Bond interest payable	-	-	2,945,481	-	-	2,945,481
Unearned revenue	16,258,000	4,023,638	-	-	-	20,281,638
Other current liabilities	87,500,000	-	-	-	-	87,500,000
Current portion of long-term liabilities	17,557,000	-	54,519,571	-	6,225	72,082,796
Due to primary government	-	1,189,619	-	-	8,262,955	9,452,574
Escrowed cash deposits	1,252,000	-	-	-	-	1,252,000
Total current liabilities	124,097,000	5,548,972	57,620,617	27,161	10,431,794	197,725,544
Noncurrent Liabilities						
Bonds and notes payable	111,387,000	230,210	620,106,610	-	-	731,723,820
Lease liabilities	773,000	-	-	-	23,170	796,170
Accrued arbitrage rebate	-	-	13,008	-	-	13,008
Advances from primary government	5,500,000	-	-	-	-	5,500,000
Net pension liabilities	-	-	-	-	14,521,586	14,521,586
Net other postemployment benefits liabilities	-	-	-	-	11,725,507	11,725,507
Other noncurrent liabilities	-	-	-	-	23,250	23,250
Total noncurrent liabilities	117,660,000	230,210	620,119,618	-	26,293,513	764,303,341
Total liabilities	241,757,000	5,779,182	677,740,235	27,161	36,725,307	962,028,885
DEFERRED INFLOWS OF RESOURCES						
Lease related inflows	1,033,000	-	13,629	-	-	1,046,629
Pension related inflows	-	-	-	-	4,236,644	4,236,644
OPEB related inflows	-	-	-	-	24,481,731	24,481,731
Total deferred inflows of resources	1,033,000	-	13,629	-	28,718,375	29,765,004
NET POSITION						
Net investment in capital assets	4,325,000	156,744	103,561	-	10,171,072	14,756,377
Restricted						
Investment in limited partnerships	6,471,000	-	-	-	-	6,471,000
Collateral for commercial paper program	17,790,000	-	-	-	-	17,790,000
Project and program commitments	4,646,000	215,576,433	12,395,798	-	2,112,214	234,730,445
Loans receivable	-	338,576,258	-	-	-	338,576,258
Unrestricted (deficit)	61,252,000	-	18,052,246	1,705,166	(29,941,501)	51,067,911
Total net position	$ 94,484,000	$ 554,309,435	$ 30,551,605	$ 1,705,166	$ (17,658,215)	$ 663,391,991

STATE OF VERMONT
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED NON-MAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Vermont Economic Development Authority 06/30/2024	Vermont Housing & Conservation Board 06/30/2024	Vermont Bond Bank 12/31/2023	Vermont Educational and Health Buildings Financing Agency 12/31/2023	Vermont Veterans' Home 06/30/2024	Total Non-major Component Units
Expenses						
Salaries and benefits	$ 5,931,000	$ 5,624,285	$ 366,247	$ -	$ 15,669,844	$ 27,591,376
Other expenses	1,748,000	48,430,400	3,800,695	292,423	13,270,285	67,541,803
Depreciation	235,000	21,864	30,900	-	1,301,583	1,589,347
Interest on debt	11,120,000	-	21,286,000	-	-	32,406,000
Total expenses	19,034,000	54,076,549	25,483,842	292,423	30,241,712	129,128,526
Program Revenues						
Charges for services	16,848,000	1,137,039	23,076,822	263,344	22,423,041	63,748,246
Operating grants and contributions	13,428,000	106,853,493	-	-	11,284,370	131,565,863
Capital grants and contributions	-	-	-	-	25,200	25,200
Total program revenues	30,276,000	107,990,532	23,076,822	263,344	33,732,611	195,339,309
Net revenue (expense)	11,242,000	53,913,983	(2,407,020)	(29,079)	3,490,899	66,210,783
General revenues						
Property transfer tax	-	21,462,855	-	-	-	21,462,855
Investment income/(loss)	1,575,000	2,043,964	4,177,221	169,568	156,727	8,122,480
Miscellaneous	35,000	6,740	1,643,219	-	99,733	1,784,692
Total general revenues	1,610,000	23,513,559	5,820,440	169,568	256,460	31,370,027
Changes in net position	12,852,000	77,427,542	3,413,420	140,489	3,747,359	97,580,810
Total net position, July 1	81,632,000	476,881,893	27,138,185	1,564,677	(21,405,574)	565,811,181
Total net position, June 30	$ 94,484,000	$ 554,309,435	$ 30,551,605	$ 1,705,166	$ (17,658,215)	$ 663,391,991

See Independent Auditor's Report.

STATISTICAL SECTION CONTENTS
JUNE 30, 2024

The Statistical Section of the Annual Comprehensive 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)

	2024	2023	2022	2021	2020
Primary Government					
Governmental Activities					
Net investment in capital assets	$ 3,187,174	$ 3,113,017	$ 2,945,703	$ 2,879,107	$ 2,750,188
Restricted	721,070	681,512	619,996	562,524	528,815
Unrestricted	(3,185,735)	(3,057,179)	(3,259,546)	(3,764,434)	(3,990,147)
Total governmental activities net position	722,509	737,350	306,153	(322,802)	(711,144)
Business-type Activities					
Net investment in capital assets	3,378	3,619	3,309	3,767	4,071
Restricted	330,540	300,304	276,215	260,408	390,672
Unrestricted	(1,585)	(2,455)	2,898	3,357	(2,772)
Total business-type activities net position	332,333	301,468	282,422	267,532	391,971
Primary Government Totals					
Net investment in capital assets	3,190,552	3,116,636	2,949,012	2,882,874	2,754,259
Restricted	1,051,610	981,816	896,211	822,933	919,487
Unrestricted	(3,187,320)	(3,059,634)	(3,256,648)	(3,761,077)	(3,992,919)
Total primary government net position	$ 1,054,842	$ 1,038,818	$ 588,575	$ (55,270)	$ (319,173)
Discretely Presented Component Units					
Net investment in capital assets	$ 274,081	$ 274,710	$ 250,421	$ 219,898	$ 213,682
Restricted	1,805,011	1,641,829	1,484,804	1,396,850	1,216,191
Unrestricted	302,143	115,484	5,725	(32,806)	(208,360)
Total discretely presented component units net position	$ 2,381,235	$ 2,032,023	$ 1,740,950	$ 1,583,942	$ 1,221,513

See Independent Auditors' Report

Totals may not add due to rounding.

2019	2018	2017	2016	2015
$ 2,656,898	$ 2,591,000	$ 2,543,114	$ 2,428,107	$ 2,184,684
540,574	582,021	601,214	639,446	609,149
(3,796,022)	(3,831,618)	(2,263,168)	(2,137,808)	(2,050,617)
(598,550)	(658,597)	881,160	929,744	743,216
4,373	2,414	897	859	2,166
525,180	459,553	384,431	302,400	221,946
8,308	(1,476)	6,704	5,473	3,586
537,861	460,491	392,032	308,733	227,698
2,661,271	2,593,414	2,544,011	2,428,966	2,186,850
1,065,754	1,041,574	985,646	941,846	831,095
(3,787,714)	(3,833,094)	(2,256,464)	(2,132,335)	(2,047,031)
$ (60,689)	$ (198,106)	$ 1,273,193	$ 1,238,477	$ 970,914
$ 217,067	$ 199,287	$ 181,407	$ 165,955	$ 169,077
1,177,718	1,144,636	904,126	850,224	831,553
(232,988)	(249,843)	97,022	119,606	125,125
$ 1,161,797	$ 1,094,080	$ 1,182,555	$ 1,135,784	$ 1,125,755

STATE OF VERMONT
Statistical Section - Table 2
Financial Trends
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

	2024	2023	2022	2021	2020
Governmental activities					
Expenses					
General government	$ 237,454	$ 297,709	$ 393,180	$ 454,773	$ 301,977
Protection to persons and property	659,877	597,042	632,820	512,381	376,983
Human services	3,467,056	3,416,226	3,117,729	3,053,817	2,690,565
Labor	38,317	39,349	42,286	132,791	46,573
General education	2,948,320	2,704,521	2,500,261	2,608,373	2,267,430
Natural resources	199,022	174,518	149,483	150,275	149,166
Commerce and community development	190,581	179,498	213,349	269,888	36,434
Transportation	726,563	550,835	490,367	478,846	467,781
Interest on long-term debt	16,637	13,473	14,450	17,563	18,346
Total expenses	8,483,827	7,973,171	7,553,925	7,678,707	6,355,255
Program revenues					
Charges for services					
General government	74,166	75,806	74,144	62,015	188,169
Protection to persons and property	187,891	184,643	171,411	169,160	150,341
Human services	81,491	59,817	87,607	36,298	24,991
Natural resources	46,479	48,098	48,723	49,322	49,328
Transportation	141,805	135,590	128,424	125,125	122,269
Other	6,662	7,320	5,217	6,580	11,259
Operating grants and contributions	3,088,446	3,272,144	3,166,074	3,435,925	2,116,202
Capital grants and contributions	204,882	251,568	193,309	200,230	184,337
Total program revenues	3,831,822	4,034,986	3,874,909	4,084,655	2,846,896
Total governmental activities net program expense	(4,652,005)	(3,938,185)	(3,679,016)	(3,594,052)	(3,508,359)
General revenues and other changes in net position					
Taxes					
Personal and corporate income	1,518,547	1,455,887	1,500,228	1,335,228	954,940
Sales and use	599,040	582,101	550,261	509,693	439,103
Meals and rooms	247,820	238,452	218,662	146,144	158,422
Purchase and use	144,990	141,916	137,302	133,902	105,055
Motor fuel	73,722	75,989	74,080	69,309	66,364
Statewide property	1,301,158	1,203,614	1,228,803	1,197,455	1,144,068
Other taxes	565,852	532,342	511,914	507,812	446,409
Unrestricted investment earnings	100,024	55,228	2,274	1,094	5,231
Tobacco litigation settlement	24,885	27,917	26,178	25,510	23,994
Miscellaneous	561	494	1,484	834	528
Transfers	60,565	55,442	54,832	55,414	51,652
Total general revenues and other changes in net position	4,637,164	4,369,382	4,306,018	3,982,394	3,395,766
Total governmental activities change in net position	$ (14,841)	$ 431,197	$ 627,002	$ 388,342	$ (112,593)

See Independent Auditors' Report

Totals may not add due to rounding.

2019	2018	2017	2016	2015
$ 159,738	$ 158,631	$ 137,924	$ 86,493	$ 132,709
326,012	407,264	385,012	340,173	347,503
2,538,921	2,471,653	2,509,094	2,411,445	2,445,968
31,132	29,758	31,835	30,562	31,115
2,157,187	2,092,459	1,995,530	1,941,060	1,881,413
143,796	135,030	112,199	109,593	104,427
41,801	43,388	48,320	53,533	38,024
460,589	461,988	432,898	430,221	433,567
17,824	18,998	17,138	18,389	17,122
5,877,001	5,819,169	5,669,950	5,421,469	5,431,848
54,050	42,049	32,170	34,407	36,797
162,506	212,561	215,255	168,908	168,306
19,806	23,797	29,092	27,871	26,917
58,557	53,058	39,052	37,792	33,502
130,464	127,163	127,361	119,230	122,617
9,191	20,813	30,829	27,544	25,692
1,860,725	1,823,611	1,838,474	1,861,803	1,895,061
175,159	202,544	178,778	183,726	214,747
2,470,458	2,505,596	2,491,011	2,461,281	2,523,639
(3,406,543)	(3,313,573)	(3,178,939)	(2,960,188)	(2,908,209)
1,045,392	947,631	830,797	871,212	846,960
416,817	397,119	376,362	370,374	366,748
184,570	175,746	169,127	158,298	152,274
111,812	109,434	103,235	100,166	97,192
79,791	80,889	38,204	38,161	34,607
1,105,532	1,059,024	1,049,359	1,050,701	1,022,319
462,141	469,207	498,162	482,201	478,850
6,272	4,775	2,116	990	419
23,651	58,946	34,633	34,993	33,566
423	1,007	863	951	1,126
31,735	25,468	27,497	28,510	24,629
3,468,136	3,329,246	3,130,355	3,136,557	3,058,690
$ 61,593	$ 15,673	$ (48,584)	$ 176,369	$ 150,481

STATE OF VERMONT
Statistical Section - Table 2
Financial Trends
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

	2024	2023	2022 [1]	2021	2020
Business-type activities					
Expenses					
State Lottery and sports wagering	$ 134,517	$ 125,918	$ 120,392	$ 129,685	$ 109,967
Liquor Control	82,999	82,368	80,771	76,306	71,572
Unemployment Compensation	62,192	53,191	151,968	852,808	801,125
Electric power sales and efficiency	68,935	72,135	64,961	-	-
Federal surplus property	1,087	758	288	-	-
Other	-	-	-	62,051	82,830
Total expenses	349,730	334,370	418,380	1,120,849	1,065,494
Program revenues					
Charges for services					
State Lottery and sports wagering	173,769	159,021	151,471	161,540	137,388
Liquor Control	102,822	104,960	102,789	96,667	91,118
Unemployment Compensation	70,190	68,217	62,421	63,408	120,164
Electric power sales and efficiency	68,103	67,254	72,035	-	-
Federal surplus property	1,095	766	284	-	-
Other	-	-	-	69,463	75,383
Operating grants and contributions	22,503	7,074	95,218	655,021	535,115
Total program revenues	438,482	407,292	484,218	1,046,100	959,168
Total business-type activities net program expense	88,752	72,922	65,838	(74,750)	(106,326)
General revenues and other changes in net position					
Unrestricted investment earnings	2,679	1,522	3,865	5,722	12,076
Miscellaneous	(1)	44	19	3	11
Transfers	(60,565)	(55,442)	(54,832)	(55,414)	(51,652)
Total general revenues and other changes in net position	(57,887)	(53,876)	(50,948)	(49,689)	(39,565)
Total business-type activities change in net position	$ 30,865	$ 19,046	$ 14,890	$ (124,439)	$ (145,891)
Total primary government change in net position	$ 16,024	$ 450,243	$ 641,892	$ 263,903	$ (258,484)
Component units					
Expenses					
Vermont Student Assistance Corporation	$ 70,702	$ 72,939	$ 61,859	$ 63,884	$ 69,516
University of Vermont and State Agricultural College	806,544	744,427	745,702	721,874	743,797
Vermont State Colleges	192,690	197,421	209,999	193,332	187,587
Vermont Housing Finance Agency	35,797	48,425	33,487	26,735	25,519
Other	129,129	111,178	104,764	119,307	87,430
Total expenses	1,234,862	1,174,390	1,155,811	1,125,132	1,113,849
Program revenues					
Charges for services					
Vermont Student Assistance Corporation	30,897	32,882	28,802	34,988	41,478
University of Vermont and State Agricultural College	470,232	475,922	468,353	432,041	459,857
Vermont State Colleges	91,630	102,983	99,381	94,290	105,770
Vermont Housing Finance Agency	20,690	14,348	3,332	21,788	26,016
Other	63,748	61,118	57,502	53,115	59,446
Operating grants and contributions	662,622	666,260	587,065	621,091	426,897
Capital grants and contributions	73,900	21,825	109,065	9,870	9,023
Total program revenues	1,413,719	1,375,338	1,353,500	1,267,183	1,128,487
Total component units net program expense	178,857	200,948	197,689	142,051	14,638
General revenues and other changes in net position					
Taxes	21,463	21,129	10,805	10,581	10,805
Unrestricted investment earnings/(loss)	144,028	72,682	(58,953)	206,287	31,546
Other	4,863	5,676	7,933	3,510	3,312
Total general revenues and other changes in net position	170,354	99,487	(40,215)	220,378	45,663
Total component units changes in net position	$ 349,211	$ 300,435	$ 157,474	$ 362,430	$ 60,301

See Independent Auditors' Report

[1] In fiscal year 2022 changed the reporting of business-type activities

Totals may not add due to rounding.

2019	2018	2017	2016	2015
$ 110,221	$ 105,505	$ 96,897	$ 97,688	$ 88,832
66,678	64,229	60,715	59,527	57,176
65,658	64,096	68,817	69,417	77,245
-	-	-	-	-
-	-	-	-	-
60,111	4,465	4,779	7,447	7,080
302,668	238,295	231,208	234,079	230,333
139,274	132,425	122,375	124,264	111,759
67,591	65,843	63,210	60,732	59,504
108,978	129,954	143,119	143,599	145,660
-	-	-	-	-
-	-	-	-	-
80,612	5,557	5,534	8,670	6,627
2,549	499	787	1,071	1,459
399,004	334,278	335,025	338,336	325,009
96,336	95,983	103,817	104,257	94,676
11,188	8,810	6,917	5,282	3,687
36	26	62	8	11
(31,735)	(25,468)	(27,496)	(28,510)	(24,629)
(20,511)	(16,632)	(20,517)	(23,220)	(20,931)
$ 75,825	$ 79,351	$ 83,300	$ 81,037	$ 73,745
$ 137,418	$ 95,024	$ 34,716	$ 257,406	$ 224,226
$ 74,670	$ 72,073	$ 68,649	$ 78,835	$ 84,801
732,124	720,596	655,120	680,844	658,746
191,090	190,651	189,633	191,999	195,711
25,482	23,176	19,486	22,136	24,312
92,361	85,278	81,319	72,785	77,517
1,115,727	1,091,774	1,014,207	1,046,599	1,041,087
45,473	45,704	44,989	49,297	49,627
466,580	445,643	440,391	415,663	393,763
114,124	115,036	119,893	119,453	118,629
24,874	17,289	1,178	987	840
57,817	57,395	49,362	47,890	47,734
399,130	441,473	350,774	352,401	370,035
10,484	10,145	9,483	10,404	3,058
1,118,482	1,132,685	1,016,070	996,095	983,686
2,755	40,911	1,863	(50,504)	(57,401)
9,805	9,805	11,305	9,555	14,955
53,254	52,015	23,218	32,429	36,998
1,980	670	8,854	12,488	2,526
65,039	62,490	43,377	54,472	54,479
$ 67,794	$ 103,401	$ 45,240	$ 3,968	$ (2,922)

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)

	2024	2023	2022	2021	2020
General Fund (GASB 54)					
Nonspendable	$ 101,706	$ 50,873	$ 39,838	$ 50,005	$ 56,608
Assigned	82,308	52,491	36,998	15,577	12,403
Unassigned	714,625	960,950	770,136	587,002	195,458
Total General Fund	$ 898,639	$ 1,064,314	$ 846,972	$ 652,584	$ 264,469
All Other Governmental Funds (GASB 54)					
Nonspendable	$ 7,417	$ 7,417	$ 7,417	$ 7,416	$ 7,416
Restricted	649,874	623,855	564,984	609,272	532,767
Committed	652,196	662,864	612,641	408,597	287,949
Assigned	-	-	-	656	2,613
Unassigned	(4,193)	(103,843)	(80,125)	-	-
Total All Other Governmental Funds	$ 1,305,294	$ 1,190,293	$ 1,104,917	$ 1,025,941	$ 830,745

See Independent Auditors' Report

Totals may not add due to rounding.

2019	2018	2017	2016	2015
$ 60,718	$ 73,163	$ 121,751	$ 114,561	$ 106,283
9,303	6,830	687	5,863	5,797
142,762	90,394	-	18,868	20,960
$ 212,783	$ 170,387	$ 122,438	$ 139,292	$ 133,040
$ 7,417	$ 7,416	$ 7,416	$ 7,416	$ 7,416
530,776	574,843	592,310	626,236	605,045
330,262	317,628	213,649	227,137	210,094
3,046	1,510	-	5,739	-
(27,782)	-	(8,852)	-	(22,130)
$ 843,719	$ 901,397	$ 804,523	$ 866,528	$ 800,425

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)

	2024	2023	2022	2021	2020
Revenues					
Taxes	$ 4,406,223	$ 4,280,228	$ 4,221,308	$ 3,842,366	$ 3,353,706
Fees	190,681	190,812	180,601	173,625	150,451
Sales of services, rents and leases	23,253	26,044	22,483	21,260	18,260
Federal grants	3,188,065	3,470,446	3,343,133	3,604,985	2,273,261
Fines, forfeits and penalties	10,281	15,145	11,217	10,477	22,222
Investment income/(loss)	135,812	82,005	(1,956)	8,767	12,564
Licenses	150,821	144,028	141,135	141,567	132,805
Special assessments	52,382	51,134	37,474	31,501	28,887
Other revenues	127,963	120,121	110,076	108,172	99,610
Total revenues	8,285,481	8,379,963	8,065,471	7,942,720	6,091,766
Expenditures					
General government	209,405	262,757	417,868	426,554	116,546
Protection to persons and property	648,287	584,801	604,256	495,725	360,311
Human services	3,441,187	3,372,314	3,060,424	3,003,129	2,645,660
Labor	36,770	40,085	41,130	123,029	46,285
General education	2,896,589	2,644,891	2,581,146	2,350,924	2,152,797
Natural resources	199,907	166,906	145,209	144,304	140,545
Commerce and community development	183,789	174,280	206,951	261,066	31,927
Transportation	819,189	729,165	619,430	584,587	565,414
Capital outlay	66,404	104,210	53,022	44,440	58,938
Debt service					
Interest	22,269	22,518	23,473	24,821	24,361
Principal	63,887	63,394	72,649	55,825	56,135
Total expenditures	8,587,683	8,165,321	7,825,558	7,514,404	6,198,919
Excess of revenues over (under) expenditures	(302,202)	214,642	239,913	428,316	(107,153)
Other financing sources (uses)					
Issuance of bonds	133,555	-	-	82,185	88,255
Issuance of refunding bonds	64,145	-	-	71,140	39,525
Premium from the issuance of bonds	18,307	-	-	29,776	16,914
Payment to bond escrow agent	(70,103)	-	-	(82,515)	(44,375)
Leases issued	452	2,533	646	-	-
SBITA's issued	10,836	32,659	-	-	-
Proceeds from Insurance Recoveries	43,271	-	-	-	-
Transfers in	1,091,339	870,397	818,441	814,557	857,547
Transfers out	(1,040,274)	(817,513)	(785,637)	(760,148)	(811,999)
Total other financing sources (uses)	251,528	88,076	33,450	154,995	145,867
Net change in fund balances	$ (50,674)	$ 302,718	$ 273,363	$ 583,311	$ 38,714
Debt service as a percentage of noncapital expenditures	1.05%	1.12%	1.31%	1.16%	1.42%

See Independent Auditors' Report

Totals may not add due to rounding.

2019	2018	2017	2016	2015
$ 3,382,074	$ 3,232,052	$ 3,074,928	$ 3,066,310	$ 2,985,073
162,247	142,462	156,007	107,629	124,482
20,243	22,631	17,367	17,972	15,060
2,006,409	1,996,808	1,991,665	2,021,636	2,087,160
21,523	15,003	13,627	18,299	15,689
15,034	9,151	6,097	2,705	1,794
132,480	131,693	130,704	119,918	113,039
27,801	89,511	89,333	81,789	70,240
100,701	151,135	109,931	117,929	120,234
5,868,514	5,790,446	5,589,659	5,554,187	5,532,771
135,736	105,995	107,375	112,244	126,158
314,506	385,757	373,552	334,029	343,144
2,495,910	2,419,697	2,467,049	2,424,808	2,442,992
32,913	29,922	32,856	29,559	30,199
2,071,627	1,986,177	1,915,800	1,865,637	1,817,577
131,653	116,252	103,885	102,494	97,660
33,934	35,740	40,441	47,362	35,116
534,342	568,456	538,693	539,590	558,226
83,947	66,771	38,817	85,121	89,885
24,702	24,226	25,463	23,278	21,244
53,395	48,934	51,529	50,005	49,710
5,912,667	5,787,927	5,695,460	5,614,127	5,611,911
(44,153)	2,519	(105,801)	(59,940)	(79,140)
-	106,095	-	89,860	73,555
-	-	-	25,720	36,205
-	10,937	-	12,126	15,536
-	-	-	(28,292)	(39,935)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
993,924	1,122,291	1,170,319	1,097,972	1,078,509
(963,507)	(1,097,019)	(1,143,377)	(1,068,990)	(1,059,147)
30,416	142,304	26,942	128,396	104,723
$ (13,736)	$ 144,823	$ (78,859)	$ 68,456	$ 25,583
1.39%	1.34%	1.42%	1.40%	1.36%

STATE OF VERMONT
Statistical Section - Table 5
Revenue Capacity
Personal Income and Earnings by Major Industry
Last Ten Calendar Years
(expressed in thousands)

	2024 [1]	2023	2022	2021	2020
Total personal income	$ 45,467,068	$ 43,335,888	$ 41,171,645	$ 39,354,585	$ 37,376,690
Earnings	29,258,364	27,850,268	26,671,845	24,821,288	23,013,977
Farm earnings	214,797	179,172	397,246	208,424	216,618
Non-farm earnings	29,043,567	27,671,096	26,274,599	24,612,864	22,797,359
Private earnings	23,988,081	22,829,551	21,715,505	20,112,311	18,479,596
Forestry, fishing and related activities	96,131	101,008	85,471	82,017	87,077
Mining	71,231	69,985	63,949	55,961	53,014
Utilities	317,275	291,154	293,786	231,487	247,836
Construction	2,143,230	1,941,487	1,810,989	1,678,430	1,553,992
Manufacturing	2,552,573	2,510,612	2,510,612	2,376,373	2,293,448
Durable goods	1,634,896	1,617,128	1,637,374	1,519,617	1,471,553
Nondurable goods	917,677	893,484	862,325	856,756	821,895
Wholesale trade	979,675	928,583	886,265	808,695	791,217
Retail trade	1,975,635	1,904,033	1,812,549	1,784,843	1,658,644
Transportation and warehousing	526,125	521,375	511,550	488,122	448,780
Information	470,326	454,809	428,847	422,670	373,698
Finance and insurance	1,258,795	1,186,121	1,165,507	1,115,757	1,088,130
Real estate, rental and leasing	767,869	755,536	737,910	620,258	472,162
Professional and technical services	2,993,457	2,837,614	2,600,409	2,334,595	2,033,525
Management of companies and enterprises	316,368	328,438	314,260	287,978	280,313
Administrative and waste services	1,247,398	1,175,848	1,119,080	929,102	794,265
Education services	849,608	822,705	789,567	752,060	767,651
Healthcare and social assistance	4,270,853	4,025,934	3,845,140	3,647,887	3,544,380
Arts, entertainment and recreation	499,073	445,452	389,829	318,569	232,276
Accommodations and food services	1,573,367	1,507,794	1,394,433	1,292,072	942,711
Other services, except public administration	1,079,092	1,021,063	966,265	885,435	816,477
Government and government enterprises	5,055,486	4,841,545	4,559,094	4,500,553	4,317,763
Federal, civilian	972,334	945,023	887,210	844,391	827,483
Military	156,594	159,361	148,321	152,652	151,235
State and local	3,926,558	3,737,161	3,523,563	3,503,510	3,339,045
State	(NA)	1,463,657	1,452,316	1,430,714	1,431,055
Local	(NA)	2,104,813	2,071,247	2,072,796	1,907,990
Other personal income [2]	16,208,704	15,485,620	14,499,800	14,533,297	14,362,713
Average effective tax rate [3]	(NA)	2.62%	2.85%	2.98%	2.45%

(1) Data for 2024 are projected annual estimates based on information through 2024 second quarter.
The estimates for 2014 - 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

See Independent Auditors' Report

2019	2018	2017	2016	2015
$ 34,837,966	$ 33,117,074	$ 31,960,192	$ 31,073,264	$ 30,597,984
22,716,307	21,843,878	21,136,196	20,489,536	20,159,407
239,557	136,333	201,804	168,324	198,735
22,476,750	21,707,545	20,934,392	20,321,212	19,960,672
18,345,453	17,673,928	17,026,442	17,673,928	16,134,826
83,671	81,820	80,647	81,820	88,490
54,411	55,463	52,472	55,463	49,055
237,531	238,976	192,005	238,976	277,103
1,606,447	1,548,528	1,549,771	1,548,528	1,507,560
2,325,403	2,283,346	2,210,534	2,283,346	2,212,249
1,553,091	1,512,627	1,447,651	1,512,627	1,505,396
772,312	770,719	762,883	770,719	706,853
752,656	740,449	715,919	740,449	685,667
1,614,054	1,582,887	1,538,379	1,582,887	1,489,921
461,902	441,421	421,155	441,421	409,508
380,961	356,148	372,439	356,148	380,965
1,003,707	958,431	946,760	958,431	820,959
357,208	306,008	283,991	306,008	257,139
1,919,249	1,807,017	1,736,837	1,807,017	1,620,023
277,024	229,919	222,439	229,919	213,266
784,665	738,802	701,991	738,802	607,602
798,016	801,635	793,206	801,635	649,698
3,393,444	3,299,700	3,157,055	3,299,700	2,965,520
248,695	241,830	223,617	241,830	220,354
1,197,152	1,131,927	1,064,001	1,131,927	935,268
849,257	829,621	763,224	829,621	744,479
4,131,297	4,033,617	3,907,950	4,033,617	3,825,846
808,442	793,893	749,566	793,893	690,177
146,511	138,273	131,659	138,273	137,091
3,176,344	3,101,451	3,026,725	3,101,451	2,998,578
1,344,740	1,329,963	1,308,676	1,329,963	1,273,429
1,831,604	1,771,488	1,718,049	1,771,488	1,725,149
12,121,659	11,273,196	10,823,996	10,583,728	10,438,577
2.66%	2.56%	2.48%	2.34%	2.35%

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] 3.35%	6.60%	7.60%	8.75%	8.95%[3]	Tax Collections (000's)	Personal Income [4] (000's)	Average Effective Tax Rate
2023	$0 - $45,000	$42,150 - $110,050	$102,200 - $229,550	> $229,550		$ 1,137,336	$ 43,335,888	2.62%
2022	$0 - $42,150	$42,150 - $102,200	$102,200 - $213,150	> $213,150		$ 1,172,483	$ 41,171,645	2.85%
2021	$0 - $40,950	$40,950 - $99,200	$99,200 - $206,950	> $206,950		$ 1,172,243	$ 39,354,585	2.98%
2020	$0 - $40,350	$40,350 - $97,800	$97,800 - $204,000	> $204,000		$ 914,085	$ 37,376,690	2.45%
2019	$0 - $39,600	$39,600 - $96,000	$96,000 - $200,200	> $200,200		$ 925,353	$ 34,837,966	2.66%
2018	$0 - $38,700	$38,700 - $93,700	$93,700 - $195,450	> $195,450		$ 847,047	$ 33,117,074	2.56%
2017	$0 - $37,900	$37,900 - $91,850	$91,850 - $191,650	$191,650 - $416,650	> $416,650	$ 792,402	$ 31,960,192	2.48%
2016	$0 - $37,650	$37,650 - $91,150	$91,150 - $190,150	$190,150 - $413,350	> $413,350	$ 727,920	$ 31,073,264	2.34%
2015	$0 - $37,450	$37,450 - $90,750	$90,750 - $189,300	$189,300 - $411,500	> $411,500	$ 720,103	$ 30,597,984	2.35%
2014	$0 - $36,900	$36,900 - $89,350	$89,350 - $186,350	$186,350 - $405,100	> $405,100	$ 630,337	$ 29,724,479	2.12%

[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 2013 - 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.

See Independent Auditors' Report

STATE OF VERMONT
Statistical Section - Table 7
Revenue Capacity
Personal Income Tax Filers and Liability by Income Level
Calendar Years 2023[1] and 2014

	Calendar Year 2023				
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	8,064	2.12%	5,859,073,200	386,879,801	34.02%
$150,000 - $299,999	20,613	5.43%	4,143,917,509	217,769,440	19.15%
$100,000 - $149,999	28,565	7.52%	3,465,033,903	156,156,289	13.73%
$75,000 - $99,999	27,506	7.24%	2,381,670,303	93,730,737	8.24%
$50,000 - $74,999	43,522	11.46%	2,674,644,958	96,904,466	8.52%
$25,000 - $49,999	63,549	16.74%	2,339,072,338	75,740,904	6.66%
$10,000 - $24,999	44,422	11.70%	769,412,780	24,372,014	2.14%
$9,999 and lower	93,197	24.55%	175,759,975	5,630,252	0.50%
Out of State	50,233	13.23%	12,543,627,708	80,152,107	7.05%
Totals	379,671	100.00%	$ 34,352,212,674	$ 1,137,336,010	100.00%

	Calendar Year 2014				
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	2,909	0.81%	$ 2,243,428,646	$ 155,699,274	24.70%
$150,000 - $299,999	7,471	2.07%	1,485,242,902	84,637,085	13.43%
$100,000 - $149,999	12,641	3.51%	1,518,209,154	75,400,396	11.96%
$75,000 - $99,999	17,265	4.79%	1,483,250,714	65,894,619	10.45%
$50,000 - $74,999	34,395	9.54%	2,108,555,818	81,685,394	12.96%
$25,000 - $49,999	61,967	17.19%	2,243,270,450	79,455,347	12.61%
$10,000 - $24,999	58,106	16.12%	999,257,381	34,240,492	5.43%
$9,999 and lower	119,256	33.09%	233,695,633	8,743,201	1.39%
Out of State	46,411	12.88%	6,181,666,043	44,580,933	7.07%
Totals	360,421	100.00%	$ 18,496,576,741	$ 630,336,740	100.00%

Source: Vermont Department of Taxes

[1] Information for Tax Year 2023 is preliminary data for returns processed through November 21, 2024

[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.

STATE OF VERMONT
Statistical Section - Table 8
Debt Capacity
Ratios of Outstanding Debt by Type, Last Ten Years
(Expressed in Thousands, Except per Capita)

Fiscal Year	Governmental Activities [1]			Business-type Activities	Total Outstanding Debt Primary Government	Ratio of Debt to Personal Income [2]	Debt Per Capita [3]
	General Obligation Current Interest Bonds	Special Obligation Current Interest Bonds	Other Obligations [4]	Other Obligations [4]			
2024	$ 651,945	$ -	$ 112,202	$ 4,596	$ 768,743	1.69%	$ 1,186
2023	567,487	-	101,479	4,977	673,943	1.57%	1,040
2022	628,866	-	84,100	-	712,966	1.75%	1,102
2021	689,788	21,704	8,862	-	720,354	1.82%	1,113
2020	651,698	23,448	9,157	-	684,303	1.84%	1,064
2019	613,380	25,151	9,418	-	647,949	1.86%	1,010
2018	672,382	26,829	9,751	-	708,962	2.14%	1,107
2017	609,893	28,479	10,359	-	648,731	2.03%	1,015
2016	667,832	30,103	10,920	-	708,855	2.28%	1,114
2015	621,161	31,712	11,875	-	664,748	2.17%	1,045

[1] Net of premiums and discounts

[2] See Statistical Section Table 5 for additional detail regarding personal income.

[3] See Statistical Section Table 10 for population statistics.

[4] Other obligations include principal requirements to maturity under GASB Statement No. 96, SBITA (effective July 1,2022) and GASB Statement No. 87, Leases (effective July 1, 2021). Balances prior to fiscal year 2022 were capital leases only.

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.

See Independent Auditors' Report

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]
2024	$ 651,945	$ 34,352,213	1.90%	1,006
2023	567,487	56,157,729	1.01%	876
2022	628,866	71,764,103	0.88%	972
2021	689,788	53,457,179	1.29%	1,066
2020	651,698	41,525,219	1.57%	1,014
2019	613,380	35,172,784	1.74%	956
2018	672,382	28,064,363	2.40%	1,050
2017	609,893	26,251,655	2.32%	954
2016	667,832	25,367,561	2.63%	1,049
2015	621,161	18,496,577	3.36%	977

* State Taxable Personal Income is for the calendar year that ended during the fiscal year.

Personal Income data previously reported for prior years may been modified to reflect updated estimates

[1] Source: Vermont Department of Taxes.

[2] Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Dept. of Commerce updated September 27, 2024 for 2024:Q2.

See Independent Auditors' Report

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.
2023	334,914,895	0.49%	647,464	0.05%	69,810	66,932	95.88%
2022	333,271,411	0.38%	647,110	0.00%	66,244	63,624	96.04%
2021	332,048,977	0.16%	647,093	0.65%	64,460	60,818	94.35%
2020	331,526,933	0.39%	642,936	0.17%	59,123	58,134	98.33%
2019	330,233,102	0.51%	641,838	0.18%	55,566	54,278	97.68%
2018	328,542,157	0.59%	640,667	0.25%	53,309	51,692	96.97%
2017	326,623,063	0.70%	639,061	0.43%	51,004	50,011	98.05%
2016	324,367,742	0.79%	636,342	0.07%	48,971	48,831	99.71%
2015	321,829,327	0.80%	635,874	0.32%	48,060	48,120	100.12%
2014	319,270,047	0.80%	633,827	0.16%	46,287	46,897	101.32%

*Most of the information for this table is not available for the 2024 year, so the data reported here is for the ten years 2014 - 2023. Some data previously reported for prior years has been modified to reflect updated estimates.

[1]Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce. Last updated: September 27, 2024.

[2]Source: Local Area Unemployment Statistics (LUAS), Vermont Department of Labor, Economic & Labor Market Information; Not Seasonally Adjusted. Released November 19, 2024: 1976 - 2023 Annual Benchmark revisions and 2023 Annual Averages. Last updated March 11, 2024.

[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, motorcycles 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]
343,840	7,046	350,886	2.0%	85,814	589,143
333,081	9,034	342,115	2.6%	86,799	632,798
323,354	12,469	335,823	3.7%	87,304	625,531
320,542	19,268	339,810	5.7%	87,839	607,546
346,016	7,490	353,506	2.1%	88,359	607,220
346,553	8,790	355,343	2.5%	87,745	605,076
344,698	10,687	355,385	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

STATE OF VERMONT
Statistical Section - Table 11
Demographic and Economic Information
Annual Average Non-Farm Employment by Industry
For the Years 2023 and 2014

	2023			2014		
	Employees	Rank	Percent of Total	Employees	Rank	Percent of Total
Total non-farm employment	**340,800**		**100.0%**	**334,500**		**100.0%**
Private total	**285,700**		**83.8%**	**278,600**		**83.3%**
Natural resources and mining	800		0.2%	800		0.2%
Construction	15,800	8	4.6%	14,800	7	4.4%
Manufacturing:						
Durable goods	17,000	7	5.0%	20,300	6	6.1%
Nondurable goods	11,500		3.4%	10,900	10	3.3%
Wholesale trade	8,900		2.6%	9,200		2.8%
Retail trade	35,700	2	10.5%	37,900	2	11.3%
Transportation, warehousing, and utilities	7,900		2.3%	8,500		2.5%
Information	4,600		1.3%	4,800		1.4%
Financial activities:						
Finance and insurance	8,800		2.6%	9,100		2.7%
Real estate and rental and leasing	3,200		0.9%	3,100		0.9%
Professional and business services:						
Professional and technical services	18,000	6	5.3%	13,900	8	4.2%
Management of companies and enterprises	33,200	3	9.7%	26,600	4	8.0%
Administrative and waste services	13,100	9	3.8%	10,700		3.2%
Educational and health services:						
Education services	12,500	10	3.7%	13,200	9	3.9%
Healthcare and social assistance	50,200	1	14.7%	49,400	1	14.8%
Leisure and hospitality:						
Arts, entertainment, and recreation	4,500		1.3%	4,100		1.2%
Accommodation and food services	30,000	4	8.8%	31,100	3	9.3%
Other services, except public administration	10,000		2.9%	10,200		3.0%
Government total	**55,100**		**16.2%**	**55,900**		**16.7%**
Federal	6,900		2.0%	6,700		2.0%
State government education	8,700		2.6%	9,400		2.8%
Local government education	22,100	5	6.5%	22,700	5	6.8%
Other state government	9,500		2.8%	9,600		2.9%
Other local government	7,900		2.3%	7,500		2.2%

Source: Vermont Department of Labor, Labor Market Information, data release date October 28, 2024.

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	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government										
Agency of Administration	32	29	23	19	18	16	19	20	48	50
Auditor of Accounts	15	15	16	14	13	14	14	15	12	15
Buildings and General Services	317	313	311	308	328	316	328	326	325	318
Finance and Management	31	29	24	28	27	27	29	26	26	27
Executive (Governor's) Office	11	12	11	11	11	12	10	11	13	15
Agency of Digital Services	355	351	335	332	341	346	100	104	103	113
Libraries	18	18	17	16	17	16	18	13	13	22
Lieutenant Governor	2	2	2	2	2	2	2	2	2	2
Human Resources	100	97	96	90	95	100	94	92	77	71
State Treasurer	40	39	33	34	36	36	33	35	32	35
State Ethics Commission	1	1	1	1	1	1	1	n/a	n/a	n/a
Taxes	143	137	136	138	144	138	157	156	149	161
Vermont Labor Relations Board	2	2	2	3	2	2	2	2	2	2
VOSHA Review Board	1	1	1	1	1	1	1	1	1	1
Vermont Pension Investment Commission	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Protection to Persons and Property										
Agency of Agriculture, Food and Markets	150	142	134	132	130	121	120	121	109	99
Attorney General	83	84	80	85	80	83	78	77	76	77
Cannabis Control Board	22	21	10	3	n/a	n/a	n/a	n/a	n/a	n/a
Financial Regulation	99	92	91	101	99	95	99	97	104	101
Criminal Justice Training Council	11	13	10	11	11	11	11	9	8	10
Defender General	75	75	76	73	69	70	70	69	64	68
Enhanced 911 Board	10	10	9	9	9	10	10	10	10	10
Liquor and Lottery	70	67	61	67	65	67	73	73	72	70
Military	143	143	143	141	144	140	137	129	122	120
Public Safety	532	514	530	541	576	562	571	566	563	572
Public Service Department	65	57	52	42	46	44	47	50	49	47
Public Utility Commission	26	24	25	24	25	26	25	22	25	22
Secretary of State	81	79	77	74	78	74	72	71	69	64
State's Attorneys and Sheriffs	172	162	156	159	165	167	160	161	157	154
Vermont Human Rights Commission	7	6	5	5	6	5	4	5	5	5
Human Services										
Children and Families	942	915	922	897	950	970	1004	1,016	1,114	1,088
Office of the Child, Youth	2	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Vermont Department of Health Access	353	352	318	332	336	348	330	320	177	187
Aging, Disabilities, and Independent Living	310	301	285	262	268	269	271	266	268	268
Corrections	944	895	838	897	998	977	1002	1,065	1,036	1,038
Health	587	588	562	494	486	482	511	501	486	489
Mental Health Services	196	182	196	220	223	242	242	237	232	234
Secretary of Human Services	72	62	58	55	58	56	129	142	137	136
Governor's Commission on Women	3	3	3	3	3	3	3	3	3	3
Green Mountain Care Board	27	31	28	30	29	28	27	26	24	29
Veteran's Home (discrete component unit)	126	130	133	155	173	178	183	175	178	179
Labor										
Department of Labor	221	221	220	214	204	212	238	244	254	261
General Education										
Agency of Education	162	148	150	151	148	138	161	150	139	150
Natural Resources										
Land Use Review Board	28	26	22	24	24	24	22	23	24	26
Environmental Conservation	329	319	283	276	288	284	300	291	283	294
Fish and Wildlife	142	139	137	133	137	138	141	141	131	134
Forests, Parks and Recreation	128	115	116	115	116	117	119	113	99	102
Secretary of Natural Resources	37	37	30	20	18	20	35	35	32	31
Commerce and Community Development										
Agency of Commerce and Community Development	93	91	91	73	75	74	92	91	96	90
Transportation										
Agency of Transportation	1,191	1,185	1,159	1,150	1,199	1,188	1,255	1,275	1,233	1,228
Total	8,511	8,276	8,018	7,965	8,272	8,250	8,350	8,377	8,182	8,218

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	2024	2023	2022	2021	2020
General Government					
Square feet of State owned facilities [1]	3,066,708	2,964,161	2,920,109	2,932,868	2,965,032
State Pension Plan membership [2]	65,636	63,477	60,919	58,440	57,197
Number of State employees (full-time and part-time) [3]	8,556	8,276	8,059	8,004	8,317
Protections to Persons and Property [4]					
Number of State Agency law enforcement officers	n/a	354	372	371	404
Number of Sheriff's Department law enforcement officers	n/a	171	149	137	158
Human Services [5]					
Total Corrections population	6,200	5,723	5,672	6,402	7,749
Immunization coverage, children[5.1]	n/a	n/a	77%	75%	80%
Bed nights in homeless shelters	187,597	204,299	162,569	123,823	154,674
Labor [6]					
Number of Unemployment Compensation payments	n/a	106,933	104,351	281,465	1,099,066
General Education [7]					
Statewide expenditure per equalized student	20,254	18,376	17,207	16,975	16,237
Total local education agencies	122	120	118	121	126
Natural Resources					
Gallons of maple syrup produced [8]	3,108,000	2,045,000	2,554,000	1,750,000	1,950,000
Number of regular season moose permit applications [9]	n/a	157	83	84	44
Number of archery season moose permit applications [9]	n/a	20	17	16	10
Commerce and Community Development					
Net change in employer businesses [10]	n/a	(299)	216	454	(50)
Median purchase price of a new home [11]	n/a	616,500	555,264	457,714	388,000
Number of skier visits [12]	4.1 Million	4.1 Million	3.8 Million	3.5 Million	3.7 Million
Transportation [13]					
Total snowplowing hours	n/a	346,534	344,313	379,210	278,747
Structurally deficient bridges	n/a	31	34	35	36
Paving projects (miles)	n/a	181	261	325	250

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, 2021 estimate by age 24 months† among children born in 2019, National Immunization Survey-Child
[6] Vermont Department of Labor
[7] Agency of Education
[8] US Department of Agriculture
[9] Vermont Agency of Natural Resources
[10] bls.gov, prior year numbers may be change as updated data is available from bls.gov
[11] Vermont Housing Finance Agency
[12] skivermont.com
[13] Vermont Agency of Transportation

See Independent Auditors' Report

2019	2018	2017	2016	2015
2,975,834	3,013,214	2,953,602	2,960,415	3,002,302
55,607	54,040	52,639	51,210	49,787
8,300	8,396	8,432	8,237	8,284
402	380	394	374	389
147	131	137	131	137
8,758	9,809	9,692	9,809	10,159
78%	74%	74%	77%	76%
193,864	194,505	175,997	173,840	153,361
169,007	178,394	196,281	214,023	226,588
18,934	18,778	18,877	18,427	17,993
213	283	327	341	337
2,070,000	1,940,000	1,980,000	1,990,000	1,410,000
2,994	100	4,436	7,773	7,788
-	-	1,265	2,228	1,769
(34)	98	(30)	49	(26)
227,500	215,000	210,000	205,000	198,000
4.2 Million	4.0 Million	3.9 Million	3.2 Million	4.7 Million
124,898	214,828	191,208	180,069	98,729
38	40	45	44	68
180	204	203	220	208

STATE OF VERMONT
Statistical Section - Table 14
Operating Information
Capital Asset Statistics by Function
Last Ten Years

Function	2024	2023	2022	2021	2020
General Government[1]					
Department of Buildings & General Services					
Land holdings (acres)	1,731	1,731	1,731	1,732	1,732
State-owned space (square feet)	3,066,708	2,964,161	2,920,109	2,932,868	2,965,032
Protection to Persons and Property					
Number of state police vehicles[2]	563	564	541	578	525
Number of armory locations[3]	17	17	17	17	19
Number of agriculture lab instruments[2]	79	71	68	68	67
Human Services[2]					
Department of Health - Number of lab instruments (analyzer, module, counters, meters, etc.)	206	187	191	177	153
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	29	29	29	27
General Education[2]					
Agency of Education - number of capitalized computer assets	5	5	5	24	24
Natural Resources[2]					
Number of dams	100	100	100	100	94
Agency of Natural Resources					
Number of vehicles	249	256	241	270	247
Number of building and improvement assets	545	544	543	529	519
Commerce and Community Development[4]					
Number of historic sites	18	18	18	19	19
Number of covered and iron truss bridges	7	7	7	7	7
Number of underwater preserves	100+	100+	100+	100+	100+
Transportation[5]					
Number of bridges over 20 feet	1,129	1,129	1,125	1,124	1,124
State highway miles	2,708	2,708	2,709	2,709	2,709
Agency of Transportation buildings (square feet)	1,399,709	1,399,709	1,399,709	1,367,329	1,367,329

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

2019	2018	2017	2016	2015
1,732	1,732	1,697	1,741	2,499
2,975,834	3,013,214	2,953,602	2,960,415	3,002,302
545	516	496	528	541
19	19	20	20	20
70	61	58	54	33
150	164	166	165	169
-	-	-	17	27
3	-	-	-	-
28	28	28	24	19
20	17	17	18	22
94	93	93	94	93
253	236	227	238	227
510	502	498	490	484
19	19	19	19	20
7	7	7	7	7
100+	100+	100+	100+	100+
1,124	1,090	1,089	1,089	1,089
2,709	2,709	2,709	2,709	2,707
1,367,329	1,366,929	1,355,569	1,341,139	1,334,339

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
2023	$ 3,887,910	$ 8,265,615	$12,153,525	$ 165,827	$ 1,383,745	$ 3,722,083	$ 6,881,870	$10,603,953
2022	4,050,043	7,752,228	11,802,271	234,806	1,270,587	3,815,237	6,481,641	10,296,878
2021	3,510,918	6,840,288	10,351,206	194,497	933,949	3,316,421	5,906,339	9,222,760
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]	843,385	1,486,237	2,329,622	41,549	138,341	801,836	1,347,896	2,149,732

* Incremental revenues are not available for the 2024 year, so the actual data reported here is for the ten years 2014-2023.

* 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 - 2024

See Independent Auditor's Report

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, 2024

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
AOA	Agency of Administration
ARPA	American Rescue Plan
BFS	Basic Financial Statements
CARES	Coronavirus Aid, Relief, and Economic Security Act
CMO	Collateralized Mortgage Obligations
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
FEMA	Federal Emergency Management Assistance
FICA	Federal Insurance Contributions Act
FMLI	Family and Medical Leave Insurance
FSA	Flexible Spending Account
FX	Foreign Exchange
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GDP	Gross Domestic Product
GSP	Gross State Product
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
LLP	Limited Liability Partnership
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, 2024

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.
VBB	Vermont Bond Bank
VCI	Vermont Correctional Industries
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
VOSHA	Vermont Occupational Safety and Health
VPIC	Vermont Pension Investment Commission
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, 2024

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

STATE OF VERMONT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2024

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*	1
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	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	9
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	25

CliftonLarsonAllen LLP
CLAconnect.com

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 of the 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, 2024, 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 ,2024. 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 percentages of total assets and total revenues/additions as described in our report on the State's financial statements and as presented in the table below. 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	0.02%	0.06%
Business-Type Activities	State Lottery Fund; Energy Efficiency Utility Fund	12.23%	53.30%
Special Fund	Universal Service Fund	0.25%	1.08%
State Lottery Fund	State Lottery Fund	100.00%	100.00%
Aggregate Remaining Fund Information	Energy Efficiency Utility Fund	0.45%	3.18%
Aggregate Discretely Presented Component Units	University of Vermont and State Agricultural College; Vermont State Colleges; Vermont Housing Finance Agency; Vermont Economic Development Authority; Vermont Housing and Conservation Board; Vermont Veterans' Home	77.76%	92.75%

Report on 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.

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.

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

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

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

Report on 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 Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the State's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The State's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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
December 23, 2024

CliftonLarsonAllen LLP
CLAconnect.com

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 of the State of Vermont

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the **State of Vermont**'s (the State) compliance with the types of compliance requirements identified as subject to audit 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, 2024. 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 Colleges, Vermont Veterans' Home, Vermont Economic Development Authority, Vermont Municipal Bond Bank, Vermont Educational and Health Buildings Financing Agency, Vermont Housing Finance Agency, and Vermont Housing and 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, 2024. Our audit, described below, did not include the operations of the, University of Vermont and State Agricultural College, Vermont State Colleges, Vermont Veterans' Home, Vermont Economic Development Authority, and Vermont Housing Finance Agency and Vermont Housing and Conservation Board because other auditors were engaged to perform audits in accordance with the Uniform Guidance. Additionally, our audit did not include the operations of the Vermont Student Assistance Corporation, Vermont Municipal Bond Bank, and Vermont Educational and Health Buildings Financing Agency, because CliftonLarsonAllen was engaged to perform separate audits in accordance with the Uniform Guidance.

Summary of Opinions

Major Federal Program/Cluster	Assistance Listing	Type of Opinion
Dairy Business Innovation Initiatives	10.176	Qualified
SNAP Cluster	10.551, 10.561	Qualified
Unemployment Insurance	17.225	Qualified
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	Qualified
CCDF Cluster	93.575, 93.596	Qualified

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer

Major Federal Program/Cluster	Assistance Listing	Type of Opinion
National Guard Military Operations and Maintenance (O&M) Projects	12.401	Unmodified
Highway Planning and Construction	20.205	Unmodified
Federal Transit Cluster	20.500, 20.507, 20.526	Unmodified
Emergency Rental Assistance Program	21.023	Unmodified
Coronavirus State and Local Fiscal Recovery Funds	21.027	Unmodified
Student Support and Academic Enrichment Program	84.424	Unmodified
Education Stabilization Fund	84.425	Unmodified
Aging Cluster	93.044, 93.045, 93.053	Unmodified
Temporary Assistance for Needy Families	93.558	Unmodified
Child Support Enforcement	93.563	Unmodified
Medicaid Cluster	93.775, 93.777, 93.778	Unmodified
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Unmodified

Qualified Opinions on Certain Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the programs for the year ended June 30, 2024.

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, 2024.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the State's compliance with the compliance requirements referred to above.

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

Matters Giving Rise to Qualified Opinion on Certain Major Federal Programs

As described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements regarding the following:

Program	Assistance Listing	Noncompliance	Finding Number
Dairy Business Innovation Initiatives	10.176	Reporting – FFATA	2024-003
SNAP Cluster	10.551, 10.561	Special Tests and Provisions - ADP System for SNAP	2024-004
Unemployment Insurance	17.225	Reporting	2024-008
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	Reporting – Performance Reporting	2024-017
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	Reporting – FFATA	2024-018
CCDF Cluster	93.575, 93.596	Special Tests and Provisions - Health and Safety Requirements	2024-020

Compliance with such requirements is necessary, in our opinion, for the State to comply with requirements applicable to those programs.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the State's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the State's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the State's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other 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 2024-006, 2024-007, 2024-009, 2024-010, 2024-011, 2024-012, 2024-013, 2024-014, 2024-016, 2024-019, 2024-021, 2024-022, 2024-023, 2024-024, 2024-025, 2024-026, and 2024-028. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not 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 2024-003, 2024-004, 2024-008, 2024-017, 2024-018, and 2024-020 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 2024-005, 2024-006, 2024-007, 2024-009, 2024-010, 2024-011, 2024-012, 2024-013, 2024-014, 2024-015, 2024-016, 2024-019, 2024-021, 2024-022, 2024-023, 2024-024, 2024-025, 2024-026, 2024-027, and 2024-028 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, 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, 2024, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We have issued our report thereon dated December 23, 2024, which contained unmodified opinions on those financial statements. 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 Speaker of the House of Representatives,
President Pro-Tempore of the Senate
and the Governor of the State of Vermont

The 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. 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
March 20, 2025

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

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		$ 326,851	$ -
Conservation Reserve Program	10.069		59,159	-
Market News	10.153		34,835	-
Federal-State Marketing Improvement Program	10.156		42,366	12,000
Market Protection and Promotion	10.163		9,187	-
Specialty Crop Block Grant Program - Farm Bill	10.170		552,937	399,132
Organic Certification Cost Share Programs	10.171		560,212	2,500
Acer Access Development Program	10.174		108,151	-
Dairy Business Innovation Initiatives	10.176		11,280,081	9,235,958
COVID-19 - Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	10.182		592,010	515,830
Local Food for Schools Cooperative Agreement Program	10.185		273,286	273,286
Resilient Food System Infrastructure Program	10.190		129,171	100,000
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475		1,058,184	-
Meat, Poultry, and Egg Products Inspection	10.477		517,130	-
Farm and Ranch Stress Assistance Network Competitive Grants Program	10.525		154,201	42,800
Passed Through Chittenden County Regional Planning Commission		2020-70028-32729	139,669	-
Total 10.525 - Farm and Ranch Stress Assistance Network Competitive Grants Program			293,870	42,800
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537		292	-
Child Nutrition-Technology Innovation Grant	10.541		270,074	-
COVID-19 - Pandemic EBT Food Benefits	10.542		7,076,446	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		12,004,499	-
Child and Adult Care Food Program	10.558		5,121,304	5,026,485
State Administrative Expenses for Child Nutrition	10.560		959,105	47,000
WIC Farmers' Market Nutrition Program (FMNP)	10.572		53,305	-
COVID-19 - Senior Farmers Market Nutrition Program	10.576		37,510	-
Senior Farmers Market Nutrition Program			87,669	58,001
Total 10.576 - Senior Farmers Market Nutrition Program			125,179	58,001
WIC Grants To States (WGS)	10.578		33,938	-
Child Nutrition Discretionary Grants Limited Availability	10.579		126,726	126,726
Farm to School State Formula Grant	10.645		128,494	-
Summer Electronic Benefit Transfer Program for Children	10.646		16,223	-
COVID-19 - Pandemic EBT Administrative Costs	10.649		639,713	-
Cooperative Forestry Assistance	10.664		1,346,105	509,081
Wood Utilization Assistance	10.674		210,706	203,720
Forest Legacy Program	10.676		386,559	-
Forest Health Protection	10.680		979,857	942,397
Wood Education and Resource Center (WERC)	10.681		365	-
Good Neighbor Authority	10.691		5,497	-
State & Private Forestry Cooperative Fire Assistance	10.698		35,741	-
Partnership Agreements	10.699		73,571	-
Inflation Reduction Act Urban & Community Forestry Program	10.727		10,297	-
Rural Energy for America Program	10.868		71,614	70,000
Soil and Water Conservation	10.902		88,102	-
Environmental Quality Incentives Program	10.912		228,528	-
Regional Conservation Partnership Program	10.932		1,318,837	709,732
Contract/Other				
USDA WIC Telehealth Intervention and Evaluation Center	10.999			
Passed Through The Trustees of Tufts College		OPS-WIC Telehealth-FY19-Tufts-MA AG9028	181,285	-
SNAP Cluster				
COVID-19 - Supplemental Nutrition Assistance Program	10.551		72,178	-
Supplemental Nutrition Assistance Program			153,639,918	-
Total 10.551 - Supplemental Nutrition Assistance Program			153,712,096	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2024

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 (continued)				
COVID-19 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		$ 277,363	$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			13,942,539	1,907,622
Total 10.551 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			14,219,902	1,907,622
Total SNAP Cluster			167,931,998	1,907,622
Child Nutrition Cluster				
School Breakfast Program	10.553		8,274,880	8,274,880
National School Lunch Program	10.555		26,229,289	22,732,818
Special Milk Program for Children	10.556		15,683	15,683
Summer Food Service Program for Children	10.559		2,813,760	2,583,491
Fresh Fruit and Vegetable Program	10.582		1,616,431	1,537,276
Total Child Nutrition Cluster			38,950,043	35,144,148
Food Distribution Cluster				
Commodity Supplemental Food Program	10.565		754,437	150,727
Emergency Food Assistance Program (Administrative Costs)	10.568		408,338	311,929
Emergency Food Assistance Program (Food Commodities)	10.569		3,471,523	-
Total Food Distribution Cluster			4,634,298	462,656
Forest Service Schools and Roads Cluster				
Schools and Roads - Grants to States	10.665		282,187	282,187
Total Forest Service Schools and Roads Cluster			282,187	282,187
Total U.S. Department of Agriculture			**259,128,318**	**56,071,261**
U.S. Department of Commerce				
State Digital Equity Planning and Capacity Grant	11.032		469,416	107,600
Broadband Equity, Access, and Deployment Program	11.035		1,081,734	98,240
Economic Development Cluster				
Economic Adjustment Assistance	11.307		1,332,707	-
Total Economic Development Cluster			1,332,707	-
Total U.S. Department of Commerce			**2,883,857**	**205,840**
U.S. Department of Defense				
Procurement Technical Assistance For Business Firms	12.002		668,782	-
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113		15,842	-
STARBASE Program	12.020		851,584	-
Electronic Absentee Systems for Elections	12.217		387,950	-
Military Construction, National Guard	12.400		1,398,210	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401		33,875,454	-
Economic Adjustment Assistance for State Governments	12.617		336,871	302,523
Total U.S. Department of Defense			**37,534,693**	**302,523**
U.S. Department of Housing and Urban Development				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		8,062,682	8,062,682
COVID-19 - Emergency Solutions Grant Program	14.231		86,187	(2)
Emergency Solutions Grant Program			765,855	715,664
Total 14.231 - Emergency Solutions Grant Program			852,042	715,662
Home Investment Partnerships Program	14.239		302,939	302,939
Continuum of Care Program	14.267		480,074	441,175
Contract/Other				
Office of Fair Housing-Assistance Grant	14.999	Unknown	97,249	-
HUD Partnership Grant		Unknown	18,745	-
Total Contract/Other			115,994	-
Total Department of Housing and Urban Development			**9,813,731**	**9,522,458**

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Interior				
Fish and Wildlife Management Assistance	15.608		$ 98,505	$ 14,114
Cooperative Endangered Species Conservation Fund	15.615		28,422	-
Clean Vessel Act	15.616		58,917	47,242
Partners for Fish and Wildlife	15.631		29,308	-
State Wildlife Grants	15.634		702,837	178,427
Endangered Species Recovery Implementation	15.657		42,895	-
National Wetlands Inventory	15.665		6,386	-
U.S. Geological Survey Research and Data Collection	15.808		14,610	-
National Cooperative Geologic Mapping	15.810		144,488	55,915
National Geological and Geophysical Data Preservation	15.814		12,541	-
Historic Preservation Fund Grants-In-Aid	15.904		20,523	20,523
Outdoor Recreation Acquisition, Development and Planning	15.916		763,138	113,895
Save America's Treasures	15.929		65,827	-
Fish and Wildlife Cluster				
Sport Fish Restoration	15.605		3,839,763	-
Wildlife Restoration and Basic Hunter Education and Safety	15.611		5,891,370	125,704
Enhanced Hunter Education and Safety	15.626		58,864	58,864
Total Fish and Wildlife Cluster			9,789,997	184,568
Total U.S. Department of Interior			**11,778,394**	**614,684**
U.S. Department of Justice				
Sexual Assault Services Formula Program	16.017		471,960	457,507
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		129,436	-
Juvenile Justice and Delinquency Prevention	16.540		367,637	93,549
Missing Children's Assistance	16.543		414,279	15,861
State Justice Statistics Program for Statistical Analysis Centers	16.550		145,313	-
National Criminal History Improvement Program (NCHIP)	16.554		35,249	-
Crime Victim Assistance	16.575		2,658,533	2,434,007
Crime Victim Compensation	16.576		356,412	-
Crime Victim Assistance/Discretionary Grants	16.582		39,820	-
Treatment Court Discretionary Grant Program	16.585		505,845	-
Violence Against Women Formula Grants	16.588		901,789	641,560
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589		342,454	281,546
Residential Substance Abuse Treatment for State Prisoners	16.593		158,879	-
Public Safety Partnership and Community Policing Grants	16.710		1,024,669	-
Juvenile Mentoring Program	16.726		116,440	116,440
Edward Byrne Memorial Justice Assistance Grant Program	16.738		493,538	36,844
PREA Program: Strategic Support for PREA Implementation	16.735		16,715	-
DNA Backlog Reduction Program	16.741		347,195	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		255,852	-
Support for Adam Walsh Act Implementation Grant Program	16.750		175,000	-
Congressionally Recommended Awards	16.753		109,486	71,475
Harold Rogers Prescription Drug Monitoring Program	16.754		24,712	-
Passed Through Community College of Vermont		CCV agreement 7-26-2022	134,745	-
Total 16.754 - Harold Rogers Prescription Drug Monitoring Program			159,457	-
Second Chance Act Reentry Initiative	16.812		206,305	-
Justice Reinvestment Initiative	16.827		215,274	207,127
Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838		260,943	-
STOP School Violence	16.839		84,645	-
Equitable Sharing Program	16.922		54,164	-
Contract/Other	16.999			
Evidence (Asset Seizure) Forfeiture Funds (Justice & Treasury)		Unknown	23,375	-
FBI-VTOC/Cyber/Intelligence		Unknown	8,428	-
Total Contract/Other			31,803	-
Total U.S. Department of Justice			**10,079,092**	**4,355,916**

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Labor				
Labor Force Statistics	17.002		$ 839,708	$ -
Compensation and Working Conditions	17.005		45,057	-
COVID-19 - Unemployment Insurance	17.225		1,118,250	-
Unemployment Insurance	17.225		72,800,829	-
Total 17.225 - Unemployment Insurance			73,919,079	-
Senior Community Service Employment Program	17.235		339,302	318,820
Trade Adjustment Assistance	17.245		96,763	-
Work Opportunity Tax Credit Program (WOTC)	17.271		5,791	-
Temporary Labor Certification for Foreign Workers	17.273		175,744	-
Occupational Safety and Health State Program	17.503		848,407	-
Consultation Agreements	17.504		618,527	-
Mine Health and Safety Grants	17.600		106,542	-
Disability Employment Policy Development	17.720		2,038,578	701,358
Employment Service Cluster				
Employment Service/Wagner-Peyser Funded Activities	17.207		3,130,939	-
Jobs for Veterans State Grants	17.801		627,692	-
Total Employment Service Cluster			3,758,631	-
WIOA Cluster				
WIOA Adult Program	17.258		1,693,924	-
WIOA Youth Activities	17.259		2,060,186	-
WIOA Dislocated Worker Formula Grants	17.278		1,340,640	-
Total WIOA Cluster			5,094,750	-
Total U.S. Department of Labor			**87,886,879**	**1,020,178**
U.S. Department of Transportation				
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106		7,748,045	-
Highway Research and Development Program	20.200		127,534	-
Highway Planning and Construction	20.205		376,256,692	39,753,686
Highway Training and Education	20.215		149,384	-
Recreational Trails Program	20.219		1,537,014	337,118
Federal Lands Access Program	20.224		31,416	31,416
Fuel Tax Evasion-Intergovernmental Enforcement Effort	20.240		18,454	-
Railroad Development	20.314		5,384,292	-
Consolidated Rail Infrastructure and Safety Improvements	20.325		16,643	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		172,764	115,970
Formula Grants for Rural Areas and Tribal Transit Program	20.509		25,058,056	22,658,512
Public Transportation Research, Technical Assistance, and Training	20.514		602	602
Public Transportation Innovation	20.530		131,833	124,433
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608		487,038	374,843
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614		35,254	-
Pipeline Safety Program State Base Grant	20.700		90,788	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		123,368	-
PHMSA Pipeline Safety Program One Call Grant	20.721		60,913	-
National Infrastructure Investments	20.933		1,547,235	63,844
Federal Motor Carrier Safety Assistance Cluster				
Motor Carrier Safety Assistance	20.218		1,507,044	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237		301,818	-
Total Federal Motor Carrier Safety Assistance Cluster			1,808,862	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation (continued)				
Federal Transit Cluster				
Federal Transit Capital Investment Grants	20.500		$ 6,304	$ 6,304
Federal Transit Formula Grants	20.507		72,409	72,409
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		13,156,766	13,156,766
Total Federal Transit Cluster			13,235,479	13,235,479
Transit Services Programs Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		1,484,396	1,483,591
Total Transit Services Programs Cluster			1,484,396	1,483,591
Highway Safety Cluster				
State and Community Highway Safety	20.600		2,719,057	1,526,653
National Priority Safety Programs	20.616		3,602,995	929,791
Total Highway Safety Cluster			6,322,052	2,456,444
Total U.S. Department of Transportation			**441,828,114**	**80,635,938**
U.S. Department of Treasury				
Equitable Sharing	21.016		177,557	-
COVID-19 - Emergency Rental Assistance Program	21.023		7,230,715	5,420,263
COVID-19 - Homeowner Assistance Fund	21.026		6,293,294	6,293,294
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		184,729,959	108,411,911
COVID-19 - Coronavirus Capital Projects Fund	21.029		4,428,342	4,415,840
Total U.S. Department of Treasury			**202,859,867**	**124,541,308**
Federal Financial Institutions Examination Council Appraisal Subcommittee				
State Appraiser Agency Support Grants	38.006		76,289	-
Total Federal Financial Institutions Examination Council Appraisal Subcommittee			**76,289**	-
U.S. General Services Administration				
Donation of Federal Surplus Personal Property	39.003		815,540	-
Total U.S. General Services Administration			**815,540**	-
U.S. Institute of Museum and Library Service				
Grants to States	45.310		1,343,507	128,953
Total U.S. Institute of Museum and Library Service			**1,343,507**	**128,953**
U.S. Small Business Administration				
State Trade Expansion	59.061		188,568	181,605
Total U.S. Small Business Administration			**188,568**	**181,605**
U.S. Department of Veterans Affairs				
Post-9/11 Veterans Educational Assistance	64.028		116,172	-
Total U.S. Department of Verterans Affairs			**116,172**	-
U.S. Environmental Protection Agency				
State Indoor Radon Grants	66.032		185,361	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		310,790	-
Diesel Emissions Reduction Act (DERA) State Grants	66.040		352,484	-
Temporally Integrated Monitoring of Ecosystems (TIME) and Long-Term Monitoring (LTM) Program	66.042		73,039	-
Multipurpose Grants to States and Tribes	66.204		5,848	-
Geographic Programs – Long Island Sound Program	66.437		106,337	-
Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program	66.442		101,991	101,991
Water Quality Management Planning	66.454		96,437	13,000
Regional Wetland Program Development Grants	66.461		194,125	-
Geographic Programs – Lake Champlain Basin Program	66.481		3,900,742	1,830,473
Performance Partnership Grants	66.605		5,744,373	249,536

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Energy				
Consolidated Pesticide Enforcement Cooperative Agreements	66.700		$ 353,705	$ -
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701		5,244	-
Pollution Prevention Grants Program	66.708		26,152	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802		1,043,501	-
Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	66.804		187,949	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805		578,011	-
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809		218,004	-
State and Tribal Response Program Grants	66.817		1,115,947	-
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818		2,621	-
Solid Waste Infrastructure for Recycling Infrastructure Grants	66.920		228,510	-
Capitalization Grants for Clean Water State Revolving Fund	66.458		11,007,845	10,413,074
Capitalization Grants for Drinking Water State Revolving Fund	66.468		19,361,339	13,294,197
Total U.S. Environmental Protection Agency			**45,200,355**	**25,902,271**
U.S. Department of Energy				
State Energy Program	81.041		773,096	66,629
COVID-19 - Weatherization Assistance for Low-Income Persons	81.042		161,194	94,926
Weatherization Assistance for Low-Income Persons			1,278,609	1,159,788
Total 81.042 - Weatherization Assistance for Low-Income Persons			1,439,803	1,254,714
Conservation Research and Development	81.086		21,033	-
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		686	-
State Heating Oil and Propane Program	81.138		9,875	-
Total U.S. Department of Energy			**2,244,493**	**1,321,343**
U.S. Department of Education				
Adult Education - Basic Grants to States	84.002		1,025,779	915,707
Title I Grants to Local Educational Agencies	84.010		41,114,879	40,322,077
Migrant Education State Grant Program	84.011		662,510	480,880
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		61	-
Career and Technical Education -- Basic Grants to States	84.048		5,995,091	5,381,295
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		20,855,385	-
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177		243,750	243,750
COVID-19 - Special Education-Grants for Infants and Families	84.181		684,137	565,618
Special Education-Grants for Infants and Families			2,549,163	44,701
Total 84.181 - Special Education-Grants for Infants and Families			3,233,300	610,319
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187		481,671	-
Education for Homeless Children and Youth	84.196		296,029	154,476
Twenty-First Century Community Learning Centers	84.287		6,160,046	5,829,171
Special Education - State Personnel Development	84.323		395,415	-
Rural Education	84.358		21,371	21,113
English Language Acquisition State Grants	84.365		583,490	376,153
Supporting Effective Instruction State Grants	84.367		9,568,135	8,918,123
Grants for State Assessments and Related Activities	84.369		3,168,249	-
Disability Innovation Fund (DIF)	84.421		1,945,239	-
Student Support and Academic Enrichment Program	84.424		6,744,259	6,449,011

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Education (continued)				
COVID-19 - Education Stabilization Fund				
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C		$ 1,387,979	$ 822,842
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D		24,915,476	24,772,551
COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance to Non-Public Schools (CRRSA EANS) program	84.425R		953,910	910,439
COVID-19 - American Rescue Plan -Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U		112,118,224	106,648,610
COVID-19 - American Rescue Plan -Emergency Assistance to Non-Public Schools (ARP EANS) program	84.425V		862,215	-
COVID-19 - American Rescue Plan – Elementary and Secondary School Emergency Relief –Homeless Children and Youth	84.425W		578,287	507,633
Total 84.425 - Education Stabilization Fund			140,816,091	133,662,075
Special Education Cluster (IDEA)				
COVID-19 - Special Education Grants to States	84.027		2,001,120	2,001,120
Special Education Grants to States			37,607,522	33,598,080
Total 84.027 - Special Education Grants to States			39,608,642	35,599,200
COVID-19 - Special Education Preschool Grants	84.173		167,345	167,345
Special Education Preschool Grants			925,629	607,726
Total 84.173 - Special Education Preschool Grants			1,092,974	775,071
Total Special Education Cluster (IDEA)			40,701,616	36,374,271
Total U.S. Department of Education			**284,012,366**	**239,738,421**
National Archives and Records Administration				
National Historical Publications and Records Grants	89.003		27,394	-
Total National Archives and Records Administration			**27,394**	-
U.S. Election Assistance Commission:				
Help America Vote Act Requirements Payments	90.401		2,158,361	-
HAVA Election Security Grants	90.404		271,127	-
Total U.S. Election Assistance Commission			**2,429,488**	-
U.S. Northern Border Regional Commission				
Northern Border Regional Development	90.601		1,097,225	350,038
Passed Through Chittenden County Regional Planning Commission		ED20PHI3020087	402,207	244,409
Total 90.601 - Northern Border Regional Development			1,499,432	594,447
Total U.S. Northern Border Regional Commission			**1,499,432**	**594,447**
U.S. Department of Health and Human Services				
Medical Reserve Corps Small Grant Program	93.008		446,933	20,414
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		23,848	23,848
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042		108,948	108,948
COVID-19 - Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043		106,856	106,856
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services			130,046	130,046
Total 93.043 - Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services			236,902	236,902
COVID-19 - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		54,272	53,914
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052		330,665	327,988
National Family Caregiver Support, Title III, Part E			994,881	553,154
Total 93.052 - National Family Caregiver Support, Title III, Part E			1,325,546	881,142
Public Health Emergency Preparedness	93.069		6,081,128	12,870
Environmental Public Health and Emergency Response	93.070		1,350,400	46,495

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2024

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)				
Medicare Enrollment Assistance Program	93.071		$ 149,770	$ 149,770
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079		84,085	-
Guardianship Assistance	93.090		200,182	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092		130,899	60,585
Food and Drug Administration Research	93.103		841,351	30,000
Passed Through National Environmental Health Association		G-OACB-202110-01219 G-BM&A-202110-01217 G-OATR-202110-01218	241,023	-
Total 93.103 Food and Drug Administration Research			1,082,374	30,000
COVID-19 - Maternal and Child Health Federal Consolidated Programs	93.110		455,053	-
Maternal and Child Health Federal Consolidated Programs			1,461,377	1,065,262
Total 93.268 - Immunization Cooperative Agreements			2,998,804	1,095,262
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		254,557	-
Emergency Medical Services for Children	93.127		201,108	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130		246,291	80,002
Injury Prevention and Control Research and State and Community Based Programs	93.136		4,293,819	1,275,001
Projects for Assistance in Transition from Homelessness (PATH)	93.150		292,046	292,046
COVID-19 - Rural Health Research Centers	93.155		115,429	115,429
COVID-19 - Grants to States for Loan Repayment	93.165		757,501	757,501
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197		334,307	-
Family Planning Services	93.217		864,920	760,000
State Rural Health Flexibility Program	93.241		316,611	99,144
COVID-19 - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		705,796	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance			3,161,234	2,381,659
Total 93.243 - Substance Abuse and Mental Health Services Projects of Regional and National Significance			3,867,030	2,381,659
Universal Newborn Hearing and Screening	93.251		324,781	324,780
COVID-19 - Occupational Safety and Health Program	93.262			
Passed Through Association of State and Territorial Health Officials		00-FE-3300-01-00	336,213	-
COVID-19 - Immunization Cooperative Agreements	93.268		4,700,760	1,659,351
Immunization Cooperative Agreements			12,112,143	377
Total 93.268 - Immunization Cooperative Agreements			16,812,903	1,659,728
Viral Hepatitis Prevention and Control	93.270		283,404	19,950
Small Rural Hospital Improvement Grant Program	93.301		157,194	157,194
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314		185,058	71,899
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		6,885,292	143,499
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			4,425,355	-
Total 93.323 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			11,310,647	143,499
State Health Insurance Assistance Program	93.324		380,325	377,611
The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions related to Cognitive Health, Cognitive Impairment, and Caregiving at the State and Local Levels	93.334		410,152	-
Behavioral Risk Factor Surveillance System	93.336		752,773	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2024

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 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		$ 2,285,443	$ 484,965
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response			84,744	37,694
Total 93.354 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response			2,370,187	522,659
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366		479,356	-
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	93.367		150,000	-
ACL Independent Living State Grants	93.369		378,560	155,978
National and State Tobacco Control Program	93.387		1,149,546	102,932
COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		11,565,618	7,684,999
The State Flexibility to Stabilize the Market Grant Program	93.413		297,603	-
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421			
Passed Through Council of State & Territorial Epidemiologists		March 28, 2022 CSTE State Agreement Letter	10,000	-
The National Cardiovascular Health Program	93.426		890,907	312,775
Every Student Succeeds Act/Preschool Development Grants	93.434		2,037,607	1,619,073
Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	93.436		549,241	52,314
COVID-19 - ACL Assistive Technology	93.464		15,377	-
ACL Assistive Technology			531,092	-
Total 93.464 - ACL Assistive Technology			546,469	-
Title IV-E Prevention Program	93.472		18,135	-
COVID-19 - State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525		102,174	2,363
MaryLee Allen Promoting Safe and Stable Families Program	93.556		529,866	269,606
COVID-19 - Temporary Assistance for Needy Families	93.558		178,531	-
Temporary Assistance for Needy Families			33,623,994	-
Total 93.558 - Temporary Assistance for Needy Families			33,802,525	-
Child Support Services	93.563		9,791,974	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		2,808,421	1,847,719
COVID-19 - Low-Income Home Energy Assistance	93.568		653,559	-
Low-Income Home Energy Assistance			28,028,048	5,838,939
Total 93.568 - Low-Income Home Energy Assistance			28,681,607	5,838,939
COVID-19 - Community Services Block Grant	93.569		573,661	573,661
Community Services Block Grant			3,895,921	3,694,113
Total 93.569 - Community Services Block Grant			4,469,582	4,267,774
State Court Improvement Program	93.586		273,235	-
COVID-19 - Community-Based Child Abuse Prevention Grants	93.590		82,817	75,290
Grants to States for Access and Visitation Programs	93.597		95,020	84,129
COVID-19 - Chafee Education and Training Vouchers Program (ETV)	93.599		48,515	48,515
Chafee Education and Training Vouchers Program (ETV)			71,613	11,364
Total 93.599 - Chafee Education and Training Vouchers Program (ETV)			120,128	59,879
Adoption and Legal Guardianship Incentive Payments	93.603		149,572	75,157
COVID-19 - Developmental Disabilities Basic Support and Advocacy Grants	93.630		20,737	-
Developmental Disabilities Basic Support and Advocacy Grants			531,480	57,934
Total 93.630 - Developmental Disabilities Basic Support and Advocacy Grants			552,217	57,934

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2024

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 - Section 9813: State Planning Grants for Qualifying Community-Based Mobile Crisis Intervention Services	93.639		$ 282,034	$ -
Children's Justice Grants to States	93.643		88,523	82,219
Stephanie Tubbs Jones Child Welfare Services Program	93.645		528,868	-
Foster Care Title IV-E	93.658		10,578,093	-
Adoption Assistance	93.659		12,586,555	244,661
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665		300,394	82,998
Social Services Block Grant	93.667		7,957,555	1,048,675
Child Abuse and Neglect State Grants	93.669		144,314	34,694
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		1,436,991	1,377,930
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		816,924	800,523
COVID-19 - Elder Abuse Prevention Interventions Program	93.747		999,729	89,550
Elder Abuse Prevention Interventions Program			207,967	-
Total 93.747 - Elder Abuse Prevention Interventions Program			1,207,696	89,550
Children's Health Insurance Program	93.767		13,263,147	-
Opioid STR	93.788		3,619,930	2,467,749
Money Follows the Person Rebalancing Demonstration	93.791		3,104,972	-
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796		1,070,464	-
Organized Approaches to Increase Colorectal Cancer Screening	93.800		277,545	87,947
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829		196,145	-
COVID-19 - Maternal, Infant and Early Childhood Homevisiting Grant Program	93.870		169,054	146,845
Maternal, Infant and Early Childhood Homevisiting Grant Program			1,565,915	1,559,811
Total 93.870 - Maternal, Infant and Early Childhood Home Visiting Grant			1,734,969	1,706,656
National Bioterrorism Hospital Preparedness Program	93.889		1,232,432	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		1,654,150	303,197
Grants to States for Operation of Offices of Rural Health	93.913		242,201	37,944
HIV Care Formula Grants	93.917		2,314,292	1,039,418
HIV Prevention Activities Health Department Based	93.940		1,111,561	669,488
Assistance Programs for Chronic Disease Prevention and Control	93.945		114,489	-
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		398,339	-
COVID-19 - Block Grants for Community Mental Health Services	93.958		1,382,248	1,207,489
Block Grants for Community Mental Health Services			641,494	430,453
Total 93.958 - Block Grants for Community Mental Health Services			2,023,742	1,637,942
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959		2,770,124	1,491,591
Block Grants for Prevention and Treatment of Substance Abuse			7,198,554	3,534,181
Total 93.959 - Block Grants for Prevention and Treatment of Substance Abuse			9,968,678	5,025,772
COVID-19 - Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967		358,876	-
COVID-19 - Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		656,302	106,178
Sexually Transmitted Diseases (STD) Prevention and Control Grants			286,695	64,746
Total 93.977 - Sexually Transmitted Diseases (STD) Prevention and Control Grants			942,997	170,924
Mental Health Disaster Assistance and Emergency Mental Health	93.982		278,299	45,060
Cooperative Agreements for Diabetes Control Programs	93.988		744,059	22,557

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2024

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)				
Preventive Health and Health Services Block Grant	93.991		$ 374,911	$ 38,395
Maternal and Child Health Services Block Grant to the States	93.994		1,416,835	325,011
Aging Cluster				
COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		812,990	730,698
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			2,451,875	2,451,875
Total 93.044 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			3,264,865	3,182,573
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		1,406,000	1,392,238
Special Programs for the Aging, Title III, Part C, Nutrition Services			3,781,811	3,781,811
Total 93.045 - Special Programs for the Aging, Title III, Part C, Nutrition Services			5,187,811	5,174,049
Nutrition Services Incentive Program	93.053		769,565	769,565
Total Aging Cluster			9,222,241	9,126,187
CCDF Cluster				
COVID-19 - Child Care and Development Block Grant	93.575		9,159,967	8,851,724
Child Care and Development Block Grant			16,908,249	3,129,234
Total 93.575 - Child Care and Development Block Grant			26,068,216	11,980,958
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		8,015,763	-
Total CCDF Cluster			34,083,979	11,980,958
Head Start Cluster				
Head Start	93.600		115,784	-
Total Head Start Cluster			115,784	-
Medicaid Cluster				
State Medicaid Fraud Control Units	93.775		1,031,285	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777		1,281,606	-
Medical Assistance Program	93.778		1,422,391,341	31,511,760
Total Medicaid Cluster			1,424,704,232	31,511,760
Contract/Other	93.999			
SAMHSA Transformation Transfer Initiative - Year 3 - Vermont				
Passed Through National Association of State Mental Health Program Directors		SC-3011.3-VT-01	19,294	-
SAMHSA Behavioral Health Services Information System Mental Health State Agreements				
Passed Through Hendall Inc.		June 30, 2021 Hendall Inc. State Agreement	137,363	-
Total Contract/Other			156,657	-
Total U.S. Department of Health and Human Services			**1,708,245,026**	**104,193,328**
U.S. Corporation for National Community Service:				
AmeriCorps State Commissions Support Grant	94.003		300,052	-
AmeriCorps State and National 94.006	94.006		2,400,776	2,400,776
Training and Technical Assistance	94.009		228,093	-
AmeriCorps Volunteers In Service to America 94.013	94.013		62,206	-
Total U.S. Corporation for National Community Service			**2,991,127**	**2,400,776**

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Social Security Administration				
Disability Insurance/SSI Cluster				
Social Security Disability Insurance	96.001		$ 7,809,234	$ -
Total Disability Insurance/SSI Cluster			7,809,234	-
SSA Northern New England Work Incentives Planning and Assistance Program	96.999			
Passed Through Maine Medical Center		November 15, 2021 Collaborative	45,000	-
Total U.S. Social Security Administration			**7,854,234**	**-**
U.S. Department of Homeland Security:				
Non-Profit Security Program	97.008		416,528	416,528
Boating Safety Financial Assistance	97.012		1,037,968	50,002
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023		304,791	87,195
Crisis Counseling	97.032		58,751	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		91,800,018	22,397,526
Hazard Mitigation Grant	97.039		3,505,527	2,996,165
National Dam Safety Program	97.041		222,727	-
Emergency Management Performance Grants	97.042		4,030,407	896,723
State Fire Training Systems Grants	97.043		33,964	-
Assistance to Firefighters Grant	97.044		426,262	-
BRIC: Building Resilient Infrastructure and Communities	97.047		318,784	182,376
Emergency Operations Center	97.052		159,971	158,176
Homeland Security Grant Program	97.067		4,629,817	1,101,158
Disaster Assistance Projects	97.088		223,923	-
Law Enforcement Officer Reimbursement Agreement Program	97.090		25,598	-
Total U.S. Department of Homeland Security			**107,195,036**	**28,285,849**
Total Expenditures of Federal Awards			**$ 3,228,031,972**	**$ 680,017,099**

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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 or SEFA) 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, 2024. 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, 2024. 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
- University of Vermont and State Agricultural College
- Vermont State Colleges
- Vermont Veterans' Home
- Vermont Economic Development Authority
- Vermont Municipal Bond Bank
- Vermont Educational and Health Buildings Financing Agency
- Vermont Housing Finance Agency
- 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 Schedule may differ from amounts presented in, or used in the preparation of, the State's basic financial statements. Such expenditures 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	$	9,773,708
Federal-COVID-19		1,118,250
State		63,027,121
Total	$	73,919,079

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	$ 7,076,446
10.551	Supplemental Nutrition Assistance Program	107,749,575
10.555	National School Lunch Program	3,496,471
10.559	Summer Food Service Program for Children	55,261
10.565	Commodity Supplemental Food Program	603,710
10.569	Emergency Food Assistance Program (Food Commodities)	3,471,523
39.003	Donation of Federal Surplus Personal Property	815,540
93.268	Immunization Cooperative Agreements	9,577,039
		$ 132,845,565

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, 2024, $18,788 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 2024, the state received cash rebates from infant formula manufacturers in the amount of $1,723,701 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 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
Child Care Development Block Grant	$ 16,908,249
CCDF Mandatory and Matching	8,015,763
CCDF CARES	9,159,967
	$ 34,083,979

NOTE 10 PRIOR YEAR ADJUSTMENTS (ASSISTANCE LISTING 21.023)

The Schedule does not include prior year adjustments for Assistance Listing 21.023 – COVID-19 Emergency Rental Assistance Program in the amount of ($2,281,946).

STATE OF VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024

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? _____ yes ____x____ 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: $ 9,684,096

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
Dairy Business Innovation Initiatives	10.176	Qualified
SNAP Cluster	10.551, 10.561	Qualified
National Guard Military Operations and Maintenance (O&M) Projects	12.401	Unmodified
Unemployment Insurance	17.225	Qualified
Highway Planning and Construction	20.205	Unmodified
Federal Transit Cluster	20.500, 20.507, 20.526	Unmodified
Emergency Rental Assistance Program	21.023	Unmodified
Coronavirus State and Local Fiscal Recovery Funds	21.027	Unmodified
Student Support and Academic Enrichment Program	84.424	Unmodified
Education Stabilization Fund	84.425	Unmodified
Aging Cluster	93.044, 93.045, 93.053	Unmodified
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	Qualified
Temporary Assistance for Needy Families	93.558	Unmodified
Child Support Enforcement	93.563	Unmodified
CCDF Cluster	93.575, 93.596	Qualified
Medicaid Cluster	93.775, 93.777, 93.778	Unmodified
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Unmodified

Section II – Financial Statement Findings

Finding 2024-001 – Grant Receipts – Department of Forests, Parks and Recreation

Type of Finding

Significant Deficiency in Internal Control over Financial Reporting

Condition

During our testing of federal grant revenues, we identified the Department did not maintain documentation to support approximately $169,000 accrued as receivable from federal funding.

Criteria or Specific Requirement

Management is responsible for the design, implementation, and maintenance of internal control over financial reporting. The Department of Finance and Management has implemented a statewide accounts receivable financial process policy to assist departments in recording, managing, collecting, and accounting for accounts receivable. The policy indicates that management should maintain accurate records of accounts receivable transactions.

Effect

While the receivable was not misstated, the lack of documentation supporting amounts to be drawn from federal grants presents an unnecessary risk that a misstatement of grant receivables and receipts will occur without being detected or corrected.

Cause

The Department did not implement internal controls over accounts receivable in accordance with the statewide accounts receivable financial process policy.

Repeat Finding

No.

Recommendation

We recommend that policies and procedures be strengthened to ensure documentation is maintained for federal grant receipts and receivables in accordance with the statewide accounts receivable financial process policy.

Views of Responsible Officials and Planned Corrective Action

In response to the audit finding '2024-001 – Grant Receipts – Department of Forests, Parks and Recreation,' we concur with the findings and have implemented the necessary steps to ensure compliance with established protocols.

Over a two-year period, the Department experienced a complete turnover of its financial staff, including three changes in the financial grants manager position. Simultaneously, programmatic staff also departed, and the Department's portfolio of grant programs expanded without sufficient support to manage the increased workload. Additionally, our federal funder has also experienced significant staffing issues leading to significant delays. The influx of new staff in-house and with our federal

Section II – Financial Statement Findings (Continued)

partner, coupled with the loss of institutional knowledge – particularly concerning a grant program that differs significantly from other core funding—resulted in inadequate monitoring of this award. Consequently, a draw was entered into Vision without full approval from the federal funder.

The Department has implemented robust measures to ensure strict adherence to established protocols. We conducted an in-person meeting with the federal funder, gaining a comprehensive understanding of the specific steps required to submit a final draw request. Additionally, we have developed new monitoring spreadsheets for each award, containing complete, data-driven records. Furthermore, we have appointed a new staff member dedicated to compliance.

We are confident that these initiatives have established the necessary framework to fully comply with the statewide accounts receivable financial process policy.

Section II – Financial Statement Findings (Continued)

Finding 2024-002 – Schedule of Expenditures of Federal Awards – Agency of Administration (AOA) and Department of Finance and Management (DFM)

Type of Finding

Significant Deficiency in Internal Control over Financial Reporting

Condition

As was the case in the prior year's audit, adjustments to several departmental Forms ACFR-9 were detected because of our audit procedures over federal expenditures. The adjustments resulted in significant changes to federal expenditures and amounts passed through to subrecipients reported on the Statewide Schedule of Expenditures of Federal Awards (SEFA).

It was also noted the Agency of Administration did not submit their required Form ACFR-9 and supporting general ledger detail by the September 3, 2024 deadline.

Criteria or Specific Requirement

Annually, all State departments expending federal awards are required to submit a Form ACFR-9 to the Department of Finance and Management. The instructions for submitting the Form ACFR-9 include procedures to reconcile the departments' record of federal expenditures in VISION to those published by the Department of Finance and Management in the annual VISION Reconciliation Expenditure Report. The Forms ACFR-9 were due to the Department of Finance and Management on September 3, 2024 for the year ended June 30, 2024.

Effect

Expenditures reported on the State's initial draft of the SEFA were overstated by approximately $118 million, or 3.5%. Amounts passed through to subrecipients reported on the initial draft SEFA were overstated by approximately $117 million, or 15%. More than 90% of the adjustments were under Assistance Listing Numbers 21.027 (COVID-19 Coronavirus State and Local Fiscal Recovery Fund) and 21.023 (COVID-19 Emergency Rental Assistance); both programs which are administered by multiple State agencies and overseen by the Agency of Administration.

The SEFA adjustments were made by management at various points from September of 2024 through the date of this report and required multiple quantitative reassessments.

Cause

Internal controls were not sufficient to ensure federal expenditures reported on Form ACFR-9 were properly reconciled to the VISION Reconciliation Expenditure Report, properly supported by general ledger details, and properly coded for subrecipients. The SEFA changes were primarily due to duplication of expenditures in multiple agencies and misclassification of subrecipient expenditures which were identified during audit testing.

Repeat Finding

Yes, 2023-002

Section II – Financial Statement Findings (Continued)

Recommendation

We recommend the Department of Finance and Management revisit the Form ACFR-9 submission process and identify any opportunities to strengthen current practices. Such opportunities could include additional departmental training as well as additional reconciliation and review procedures that could be performed by the Department of Finance and Management prior to the submission of the SEFA to the external auditor.

We recommend the Agency of Administration review its procedures to ensure the timely submission of Form ACFR-9 in accordance with the instructions and requirements prescribed by the Department of Finance and Management.

Views of Responsible Officials and Planned Corrective Action

Management agrees with the finding.

The Department of Finance and Management will review ACFR9 form reconciliation tab requirements and update the form and instructions to reflect a greater level of detail required from the submitting agency/departments. Additionally, the department will provide two trainings ahead of the deadline for the departments who complete this form to review the changes and to stress the important pieces of the form which are currently not being followed as written. The deadline of completed forms with all backup documentation will be stressed during training sessions.

The Recovery Office will submit their ACFR-9 and GL backup per the DFM deadline. DFM will have two weeks to review and respond with any requests for corrections or clarifications. The Recovery Office will have one week to review, respond, and resubmit the ACFR-9 reviewed and signed off by an Appointing Authority.

A change log will be added to the Recovery Office workbook. Any changes from the original submission will be documented on a separate tab. The change log will contain documentation of what changes were made and per discussion with which parties.

The Agency of Administration – Recovery Office, Department of Finance and Management, and the State of Vermont External Auditors (currently CLA) will form a SEFA working group to meet as needed to review the SLFRF and ERA program expenditures and reconciliation workbooks. Once the Audit has begun, if the auditors have questions related to the SEFA, we will pull together a meeting within two business days including the auditors, the Recovery Office, DFM, and any impacted/involved agency or department. The results of the meeting will be documented and distributed within 1 business day.

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		
Dairy Business Innovation Initiatives	U.S.D.A. (10)	10.176	2024-003	X		X	Reporting - FFATA
SNAP Cluster	U.S.D.A. (10)	10.551, 10.561	2024-004	X		X	Special Tests and Provisions - ADP System for SNAP
SNAP Cluster	U.S.D.A. (10)	10.551, 10.561	2024-005		X		Special Tests and Provisions - EBT Card Security
SNAP Cluster	U.S.D.A. (10)	10.551, 10.561	2024-006		X	X	Procurement
National Guard Military Operations and Maintenance (O&M) Projects	U.S. DOD (12)	12.401	2024-007		X	X	Period of Performance
Unemployment Insurance	U.S. DOL (17)	17.225	2024-008	X		X	Reporting
Unemployment Insurance	U.S. DOL (17)	17.225	2024-009		X	X	Allowable Costs / Cost Principles
Unemployment Insurance	U.S. DOL (17)	17.225	2024-010		X	X	Period of Performance
Highway Planning and Construction	U.S. DOT (20)	20.205	2024-011		X	X	Subrecipient Monitoring
Highway Planning and Construction	U.S. DOT (20)	20.205	2024-012		X	X	Special Tests and Provisions - Wage Rate Requirements
Federal Transit Cluster	U.S. DOT (20)	20.500, 20.507, 20.526	2024-013		X	X	Cash Management Period of Performance
Coronavirus State and Local Fiscal Recovery Funds	TREAS (21)	21.027	2024-014		X	X	Procurement
Student Support and Academic Enrichment Grants	U.S. DOE (84)	84.424	2024-015		X		Cash Management
Education Stabilization Fund	U.S. DOE (84)	84.425 C, D, R, U, W	2024-016		X	X	Reporting - FFATA
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	U.S. HHS (93)	93.391	2024-017	X		X	Reporting - Performance Reporting
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	U.S. HHS (93)	93.391	2024-018	X		X	Reporting - FFATA
Temporary Assistance for Needy Families	U.S. HHS (93)	93.558	2024-019		X	X	Reporting - ACF-199, Special Tests and Provisions – Penalty for Failure to Comply with Work Verification Plan
CCDF Cluster	U.S. HHS (93)	93.575, 93.596	2024-020	X		X	Special Tests and Provisions - Health and Safety Requirements
CCDF Cluster	U.S. HHS (93)	93.575, 93.596	2024-021		X	X	Eligibility
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2024-022		X	X	Eligibility
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2024-023		X	X	Reporting - FFATA
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2024-024		X	X	Special Tests and Provisions - Provider Health and Safety Standards
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2024-025		X	X	Special Tests and Provisions – Utilization Control

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Matrix of Findings by Federal Agency and Federal Program (Continued)

Major Federal Program	Federal Agency (Prefix)	Assistance Listing	Finding Number	Internal Control		Compliance	Compliance Requirement
				Material Weakness	Significant Deficiency		
SNAP Cluster Temporary Assistance for Needy Families CCDF Cluster	U.S.D.A. (10) U.S. HHS (93)	10.551, 10.561, 93.558, 93.575, 93.596	2024-026		X	X	Cash Management
SNAP Cluster Temporary Assistance for Needy Families Child Support Services CCDF Cluster Medicaid Cluster	U.S. HHS (93)	10.551, 10.561, 93.558, 93.563, 93.575, 93.596, 93.775, 93.777, 93.778	2024-027		X		Allowable Costs / Cost Principles - Time and Effort Reporting
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	U.S. DHS (97)	97.036	2024-028		X	X	Reporting - FFATA

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-003
Prior Year Finding:	No
Federal Agency:	U.S. Department of Agriculture
State Agency:	Agency of Agriculture
Federal Program:	Dairy Business Innovation Initiatives
Assistance Listing Number:	10.176
Award Number and Year:	AM200100XXXXG081 (9/30/2020 – 9/30/2024), 21DBIVT1004 (10/31/2021 – 10/30/2024), AM22DBIVT1015 (9/30/2022 – 9/29/2025), AM21DBIVT1011 (9/30/2022 – 9/29/2026), 23DBIVT1018 (9/30/2023 – 9/29/2026)
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 percent 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 non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 issued by the Agency of Agriculture (Agency) were not reported to FSRS in accordance with FFATA requirements.

Context:
Nine subaward transactions were selected for testing, including eight original subawards and one subaward amendment. Of the nine subawards selected, only one was reported timely in accordance with FFATA requirements. Specifically, we noted the following exceptions:

- 1 of 8 original subawards was not reported to FSRS. The subaward was in the amount of $250,000.
- 1 of 1 subaward amendment was not reported to FSRS. The subaward was a negative adjustment of $225,445.
- 6 of 8 original subawards were not reported to FSRS timely. All subawards were reported on 4/24/2024 but they were issued from 1/27/2021 to 3/21/2024 and were reported from 24 days to 3 years and 2 months late.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
9	2	6	0	0
Dollar Amount of Tested Transactions	**Subaward not reported**	**Report not timely**	**Subaward amount incorrect**	**Subaward missing key elements**
$2,722,593	$24,555	$2,448,038	$0	$0

Cause:
The Agency did not have procedures and controls in place to ensure that subawards were reported to FSRS in accordance with FFATA reporting requirements.

Effect:
Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:
None noted.

Recommendation:
We recommend the Agency develop procedures and internal controls to ensure that all required subawards and subaward modifications are reported timely to FSRS in accordance with FFATA requirements and that all previously issued subawards are reported.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-004
Prior Year Finding:	No
Federal Agency:	U.S. Department of Agriculture
State Agency:	Agency of Human Services
Federal Program:	SNAP Cluster
Assistance Listing Number:	10.551, 10.561
Award Number and Year:	4VT400406 (10/1/2022 – 9/30/2023) 4VT402513 (10/1/2023 – 9/30/2024)
Compliance Requirement:	Special Tests and Provisions – ADP System for SNAP
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:
Compliance: State agencies are required to automate their SNAP operations and computerize their systems for obtaining, maintaining, utilizing, and transmitting information concerning SNAP (7 CFR sections 272.10 and 277.18). This includes: (1) processing and storing all case file information necessary for eligibility determination and benefit calculation, identifying specific elements that affect eligibility, and notifying the certification unit of cases requiring notices of case disposition, adverse action and mass change, and expiration; (2) providing an automatic cutoff of participation for households that have not been recertified at the end of their certification period by reapplying and being determined eligible for a new period (7 CFR sections 272.10(b)(1)(iii) and 273.10(f) and (g)); and (3) generating data necessary to meet federal issuance and reconciliation reporting requirements.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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:
Eligibility case reviews performed by the Agency of Human Services (Agency) were untimely and lacked proper documentation.

Context:
The Agency has implemented an Automated Data Processing (ADP) system referred to as the ACCESS system that is utilized in the eligibility determination process of many programs, including SNAP. ACCESS is used to process and store all case file information for eligibility determination and benefit calculations, it automatically terminates household eligibility at the end of their certification period unless recertified and provides data necessary to meet Federal issuance and reconciliation reporting requirements.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Forty participants were selected for testing and the following exceptions were noted:

- For 1 of 40 participants selected for testing, the participant was initially determined to be eligible in ACCESS, but when a quality review was performed four months later, the participant was determined to be ineligible. The ineligible participant received benefits for two months before their benefits were terminated.
- 5 of 40 participants selected for testing were not reviewed timely. A minimum of four case reviews must be performed by each district in the month in which the applicant is determined eligible in ACCESS. The five exceptions were reviewed in a subsequent month after the applicant was determined eligible.
- For 16 of 40 participants selected for testing, supervisory review and verification of the applicants' eligibility was not dated by the supervisor.

Cause:
The Agency's procedures were not sufficient to ensure that eligibility case reviews were performed timely and were properly documented. Internal controls did not detect or prevent the errors.

Effect
The failure to perform eligibility case reviews timely resulted in an ineligible applicant receiving benefits for two months before it was detected.

Questioned costs:
$2,296

Recommendation:
We recommend that the Agency review and enhance procedures and controls to ensure that eligibility case reviews are performed timely and are properly documented.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-005
Prior Year Finding:	No
Federal Agency:	U.S. Department of Agriculture
State Agency:	Agency of Human Services
Federal Program:	SNAP Cluster
Assistance Listing Number:	10.551, 10.561
Award Number and Year:	4VT400406 (10/1/2022 – 9/30/2023) 4VT402513 (10/1/2023 – 9/30/2024)
Compliance Requirement:	Special Tests and Provisions – EBT Card Security
Type of Finding:	Significant Deficiency in Internal Control Over Compliance

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 non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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:
Documentation for the daily/weekly card reconciliations was incomplete.

Context:
The Agency of Human Services (Agency) prepares the Weekly Card Activity Reconciliation report to document the daily/weekly EBT cards produced, issued or destroyed. This report verifies that the number of cards produced agrees to the number of cards issued and destroyed during the day/week. For 1 of 40 reconciliation reports selected for testing, the count of cards destroyed was not maintained.

Cause:
The Agency's internal controls were not sufficient to ensure that the reconciliation of destroyed cards was maintained.

Effect
Failure to maintain documentation for destroyed cards could result in unauthorized use of EBT cards that are designated for destruction.

Questioned costs:
Undetermined.

Recommendation:
We recommend that the Agency review and enhance internal controls to ensure that it maintains documentation of the daily/weekly reconciliation of destroyed EBT cards.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-006
Prior Year Finding:	No
Federal Agency:	U.S. Department of Agriculture
State Agency:	Agency of Human Services
Federal Program:	SNAP Cluster
Assistance Listing Number:	10.551, 10.561
Award Number and Year:	4VT400406 (10/1/2022 – 9/30/2023) 4VT402513 (10/1/2023 – 9/30/2024)
Compliance Requirement:	Procurement
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance: The State's procurement policy, *Administrative Bulletin No. 3.5 – Procurement and Contracting Procedures*, requires Vermont State agencies and departments to competitively procure goods and services which includes using a competitive bidding process and performing an analysis of the cost-effectiveness of the procurement.

Per 2 CFR section 200.219, the non-Federal entity must conduct all procurement transactions in a manner providing full and open competition.

Per 2 CFR section 200.324(a), the non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 of Human Services (Agency) was unable to provide documentation that it competitively procured a contract nor that a cost analysis was performed.

Context:
For one of five contracts selected for testing, the Agency was unable to provide documentation that it conducted the procurement using full and open competition, nor that a cost analysis was performed.

Cause:
The Agency's procedures were not sufficient to ensure that it maintained documentation that it had competitively procured a contract nor that a cost analysis was performed. Internal controls did not detect or prevent the errors.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Effect:
Failure to competitively procure a contract and perform a cost analysis could result in the Agency procuring goods or services that are not cost-effective nor in the best interest of the Agency or the program.

Questioned costs:
Undetermined.

Recommendation:
We recommend the Agency review and enhance internal controls and procedures to ensure that it maintains documentation that it competitively procures contracts and that it performs a cost analysis for all procurement actions in accordance with Agency of Administration Bulletin No. 3.5 and federal requirements.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-007
Prior Year Finding:	No
Federal Agency:	U.S. Department of Defense
State Agency:	Vermont State Military Department
Federal Program:	National Guard Military Operations and Maintenance (O&M) Projects
Assistance Listing Number:	12.401
Award Number and Year:	W912LN2421001 (10/1/2023 – 9/20/2024)
Compliance Requirement:	Period of Performance
Type of Finding:	Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:
Compliance: A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award's period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR sections 200.308 200.309 and 200.403(h)). A period of performance may contain one or more budget periods.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 Vermont State Military Department (Department) charged costs to the federal grant prior to the allowable start of the period of performance.

Context:
One of five transactions selected for testing was incurred prior to the award's period of performance. The expense was for a transaction incurred in the month of September 2023 but the award's period of performance began on 10/1/2023.

Cause:
The Department's procedures were not operating sufficiently to ensure that expenditures charged to the program were incurred within the award's period of performance. Internal controls did not prevent or detect the error.

Effect:
Costs could be deemed unallowable by the awarding agency if funds are expended outside of the allowable period of performance.

Questioned costs:
Below the reportable limit.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Recommendation:
The Department should review and enhance its procedures and internal controls to ensure that it charges expenditures to the program that are incurred within an award's allowable period of performance.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-008
Prior Year Finding:	2023-005
Federal Agency:	Department of Labor
State Agency:	Vermont Department of Labor
Federal Program:	Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	State UC, UCFE, UCX, TRA UI393002355A50 (10/2022-9/30/2023), TRA 24A55UT000024 (10/1/2023-9/30/2024), RESEA UI380102260A50 (1/1/2022-9/30/2024) RESEA 23A60UR000010 (1/1/2023-9/30/2025), Admin UI393532355A50 (10/1/2022-12/31/2025), Admin 24A55UI000063 (10/1/2023-12/31/2026), ARPA Fraud UI370952155A50 (9/1/2021-8/31/2025), ARPA Equity UI370952155A50 (10/1/2022-10/31/2025), CARES UI347462055A50 (4/1/2021-6/30/2025), DUA 23A60UD000013 (7/14/2023 - 7/14/2026)
Compliance Requirement:	Reporting
Type of Finding:	Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or specific requirement:
Compliance: ETA 9130, Financial Status Report, UI Programs – This report is used to report program and administrative expenditures. 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. Additional information on OMB Number 1205-0461 can be accessed at http://www.dol.gov/agencies/eta/grants/management and scroll down to the section on Financial Reporting. A separate ETA 9130 is submitted for each of the following: UI, PEUC, and PUA Administration, DUA, TRA/RTAA, and UI Projects (administration and benefits).

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).

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.

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

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

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 non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 of Labor (the Department) was not able to provide support that it had submitted required financial, performance, and special reports had been reviewed and approved by an authorized State official prior to submission, and the Department was unable to provide supporting documentation that agreed with the data included in the submitted financial reports.

Context:
We reviewed a sample of the financial and performance reports filed during fiscal year 2024. The following exceptions were noted:

ETA 9130:	Supporting documentation was insufficient to support the data reported in 2 of 2 quarters reviewed. Support could not be provided that 2 of 2 quarters reviewed had been reviewed and approved prior to submission.
ETA 191:	Support could not be provided that 2 of 2 reports reviewed had been reviewed and approved prior to submission.
ETA 9050:	Support could not be provided that 4 of 4 reports reviewed had been reviewed and approved prior to submission.
ETA 9052:	Support could not be provided that 4 of 4 reports reviewed had been reviewed and approved prior to submission.
ETA 9055:	Support could not be provided that 4 of 4 reports reviewed had been reviewed and approved prior to submission.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:
The Department does not have sufficient internal controls in place over compliance with Unemployment Insurance reporting requirements to ensure that reports were accurate, agreed with supporting documentation, and were reviewed and approved prior to submission.

Effect:
Auditors were unable to verify the accuracy of the financial reports submitted by the Department. A lack of review and approval of financial and performance reports could allow incorrect data to be reported for the program which could misrepresent the State's financial and programmatic performance in the program.

Questioned costs:
Undetermined.

Recommendation:
We recommend that policies and procedures be implemented to ensure that all financial and performance reports are accurate, agree with supporting documentation, and are reviewed by an authorized State official prior to submission. We also recommend that supporting documentation and evidence of supervisory review is maintained and available for audit.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-009
Prior Year Finding:	2023-007
Federal Agency:	U.S. Department of Labor
State Agency:	Vermont Department of Labor
Federal Program:	Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	DUA 23A60UD000013 (7/14/2023 - 7/14/2026)
Compliance Requirement:	Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:
Compliance: 2 CFR section 200.403 states, in part, except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
(d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
(g) Be adequately documented.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 Department of Labor (Department) charged costs to the program that were issued without supporting documentation and documentation of supervisory review and approval.

Context:
Sixty transactions were selected for testing and the following exceptions were noted:

- For six of sixty transactions selected for testing, the Department was unable to provide documentation to support the transactions totaling $510.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

- For six of sixty transactions selected for testing, the Department was unable to provide documentation of supervisory review and approval prior to issuance of payment.

Cause:
The Department's procedures were not sufficient to ensure that payments were supported, reviewed, and approved prior to issuance of payment. Internal controls did not prevent or detect the errors.

Effect:
Unallowable costs could be charged to the program if disbursements are not supported and reviewed by a supervisor who is knowledgeable of program regulations regarding allowable costs.

Questioned costs:
$510 which represents the total unsupported expenditures.

Recommendation:
We recommend the Department reviews and enhances its procedures and controls regarding payment processing to ensure that, prior to charging costs to the program, they are supported and reviewed by a supervisor who is knowledgeable of the regulations regarding allowable program costs and that documentation of the review is maintained.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-010
Prior Year Finding:	2023-008
Federal Agency:	U.S. Department of Labor
State Agency:	Vermont Department of Labor
Federal Program:	Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	Admin 24A55UI000063 (10/1/2023-12/31/2026), DUA 23A60UD000013 (7/14/2023 - 7/14/2026)
Compliance Requirement:	Period of Performance
Type of Finding:	Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:
Compliance: A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award's period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR sections 200.308 200.309 and 200.403(h)). A period of performance may contain one or more budget periods.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 Department of Labor (Department) charged costs to the federal grant prior to the allowable start of the period of performance.

Context:
Sixty transactions were selected for testing and the following exceptions were noted:

- Five of sixty transactions were charged to the award before the allowable period of performance. The grant award start date was October 1, 2023, but costs were incurred in July, August, and September 2023.

Cause:
The Department's procedures and internal controls were not operating sufficiently to ensure that expenditures charged to the program were incurred within the award's period of performance.

Effect:
Costs could be deemed unallowable by the awarding agency if funds are expended outside of the allowable period of performance.

Questioned costs:
$2,980, which represents the total incurred before the allowable period of performance.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Recommendation:
We recommend the Department review and enhance its procedures and controls to ensure that prior to charging costs to the program, they are incurred within an award's allowable period of performance.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-011
Prior Year Finding:	No
Federal Agency:	U.S. Department of Transportation
State Agency:	Agency of Transportation
Federal Program:	Highway Planning and Construction
Assistance Listing Number:	20.205
Award Number and Year:	FFY2023 – FFY2024
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, the following requirements are imposed on pass-through entities:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes 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:
  (1) (iii) Federal Award Identification Number (FAIN);
  (iv) Federal Award Date;

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:
  (1) The subrecipient's prior experience with the same or similar subawards;
  (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F of this part, and the extent to which the same or similar subaward has been audited as a major program;
  (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
  (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

(c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in § 200.208.

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:
  (1) Reviewing financial and performance reports required by the pass-through entity.
  (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

(3) Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521.
(4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings. If a subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with section § 200.513(a)(3)(vii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:
(1) Providing subrecipients with training and technical assistance on program-related matters; and
(2) Performing on-site reviews of the subrecipient's program operations;
(3) Arranging for agreed-upon-procedures engagements as described in § 200.425.

Control – Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 Vermont Agency of Transportation (VTrans) omitted required federal award information from subawards it issued in the program and did not adequately monitor subrecipients.

Context:
Nineteen subawards were selected for testing and the following exceptions were noted:

- For 16 of 19 subawards selected for testing, the federal award date was not included on the subaward agreement.

- For 1 of 19 subawards selected for testing, the last on-site subrecipient monitoring visit was performed in FY 2019 and the next on-site monitoring did not take place until FY 2024. Per the VTrans subrecipient monitoring plan, on-site monitoring must be performed no less than every three years.

Cause:
Procedures and internal controls were not sufficient to ensure that subawards included all required federal information. Although VTrans subsequently modified its subaward issuance process, controls in

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

effect during the audit period were not sufficient to ensure that subawards included all required information.

Procedures and internal controls were also not sufficient to ensure that timely on-site monitoring visits were performed in accordance with its monitoring plan.

Effect:
Excluding the required federal grant award information at the time of subaward issuance 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.

Failure to conduct adequate subrecipient monitoring may result in a failure of VTrans to detect that subawards are used for unauthorized purposes, are managed in violation of the terms and conditions of the subawards, or that subaward performance goals are not achieved. There is an increased risk that subrecipients could be inappropriately spending and/or inaccurately tracking and reporting federal funds over multiple year periods, and these discrepancies may not be properly monitored, detected, and corrected by VTrans personnel on a timely basis.

Questioned costs:
Undetermined.

Recommendation:
VTrans should review and enhance internal controls and procedures to ensure that all required federal award information is included in subawards and that on-site subrecipient monitoring is conducted timely per the terms of its subrecipient monitoring plan.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-012
Prior Year Finding:	No
Federal Agency:	U.S. Department of Transportation
State Agency:	Agency of Transportation
Federal Program:	Highway Planning and Construction
Assistance Listing Number:	20.205
Award Number and Year:	FFY2023 – FFY2024
Compliance Requirement:	Special Tests and Provisions – Wage Rate Requirements
Type of Finding:	Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement:
Compliance – All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of $2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) (40 USC 3141–3144, 3146, and 3147.)

Per 29 CFR Part 5 – Labor Standards Provisions Applicable to Contacts Governing Federally Financed and Assisted Construction, nonfederal entities shall include in their construction contracts subject to the Wage Rate Requirements a provision that the contractor or subcontractor comply with those requirements and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

Control – Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 Vermont Agency of Transportation (VTrans) did not receive weekly certified payrolls from all contractors.

Context:
Ten contracts were selected for testing, which included forty weekly certified payrolls tested. One of forty weekly certified payrolls was not received by VTrans.

Cause:
Procedures were not sufficient to ensure that VTrans obtained all required weekly certified payrolls. Internal controls did not detect or prevent the error.

Effect:
Failure to obtain weekly payrolls could prevent VTrans from detecting if a contractor pays less than the prevailing wage.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Questioned costs:
Undetermined.

Recommendation:
VTrans should review and enhance procedures and internal controls to ensure that it obtains weekly certified payrolls from all contractors.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-013
Prior Year Finding:	No
Federal Agency:	U.S. Department of Transportation
State Agency:	Agency of Transportation
Federal Program:	Federal Transit Cluster
Assistance Listing Number:	20.500, 20.507, 20.526
Award Number and Year:	VT-04-0021-01 (3/14/2013 – 6/30/2016)
Compliance Requirement:	Cash Management, Period of Performance
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance: 2 CFR section 200.343(b) requires nonfederal entities to liquidate all obligations incurred under the federal award no later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the federal award unless the federal awarding agency or pass-through entity authorizes an extension.

Per the U.S. Department of Transportation, Federal Transit Administration (FTA), circular FTA C 5010.1E Chapter 3, the recipient is responsible to initiate closeout of the Award, within 90 days after the end of the period of performance, or after all approved activities are completed and/or the applicable federal assistance has been expended for all eligible costs. Any deviation from the approved Award must be documented in the closeout amendment.

US Department of the Treasury (Treasury) regulations at 31 CFR Part 205 implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.). Per 31 CFR Part 205 Subpart B, a State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs. States should exercise sound cash management in funds transfers to subgrantees in accordance with OMB Circular A-102.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 of Transportation (VTrans) drew down federal funds against an award for which the period of performance had expired. An award period extension was not authorized by FTA, nor had the award been closed out timely.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:
VTrans drew down $12,671 from a grant award for which the period of performance ended on June 30, 2016. An extension for the award was not authorized by FTA, nor did FTA authorize VTrans to reopen or modify the grant award. VTrans did not initiate closure of the award until after completion of the drawdown.

Cause:
The procedures used by VTrans were not sufficient to ensure that it closed out a grant award timely, nor were they sufficient to prevent the drawdown of funds against an expired grant award. Internal controls did not prevent or detect the errors.

Effect:
VTrans drew down funds against a grant award after the end of its period of performance.

Questioned costs:
$12,671, the amount of funds drawn down against the expired grant award.

Recommendation:
We recommend that VTrans review and enhance grant closeout procedures and internal controls to ensure that grants are closed out timely. We further recommend that VTrans review and enhance procedures and internal controls over cash management to ensure that cash draws are performed only against grants for which the period of performance has not expired.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-014
Prior Year Finding:	No
Federal Agency:	U.S. Department of the Treasury
State Agency:	Agency of Administration
Federal Program:	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Assistance Listing Number:	21.027
Award Number and Year:	SLFRP4407 (3/3/2021 – 12/31/2024)
Compliance Requirement:	Procurement
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance: The State's procurement policy, *Administrative Bulletin No. 3.5 – Procurement and Contracting Procedures*, requires Vermont State agencies and departments to competitively procure goods and services which includes using a competitive bidding process and performing an analysis of the cost-effectiveness of the procurement.

Per 2 CFR section 200.219, the non-Federal entity must conduct all procurement transactions in a manner providing full and open competition.

Per 2 CFR section 200.324(a), the non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 of Administration (Agency) was unable to provide documentation that it competitively procured a contract nor that a cost analysis was performed.

Context:
For one of seven contracts selected for testing, the Agency was unable to provide documentation that it conducted the procurement using full and open competition, nor that a cost analysis was performed. The contract was procured in June 2020 in an initial amount of $5,000,000.

Cause:
The Agency's procedures were not sufficient to ensure that it maintained documentation that it had competitively procured a contract nor that a cost analysis was performed. Internal controls did not detect or prevent the errors.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Effect:
Failure to competitively procure a contract and perform a cost analysis could result in the Agency procuring goods or services that are not cost-effective nor in the best interest of the Agency or the program.

Questioned costs:
Undetermined.

Recommendation:
We recommend the Agency review and enhance internal controls and procedures to ensure that it maintains documentation that it competitively procures contracts and that it performs a cost analysis for all procurement actions in accordance with Agency of Administration Bulletin No. 3.5 and federal requirements.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-015
Prior Year Finding:	No
Federal Agency:	U.S. Department of Education
State Agency:	Agency of Education
Federal Program:	Student Support and Academic Enrichment Grants
Assistance Listing Number:	84.424
Award Number and Year:	S424A220047 (7/1/2022 – 9/30/2024)
Compliance Requirement:	Cash Management
Type of Finding:	Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement:
Compliance: Grantees draw funds via the G5 System. Grantees request funds by (1) creating a payment request using the G5 System through the Internet; (2) calling the Payee Hotline; or (3) if the grantee is placed on the reimbursement or cash monitoring payment method, submitting a Form 270, *Request for Title IV Reimbursement or Heightened Cash Monitoring 2 (HCM2), (OMB No. 1845-0089)*, to an ED program or regional office.

When creating a payment request in G5, the grantee enters the drawdown amounts, by award, directly into G5. Grantees can redistribute drawn amounts between grant awards by making adjustments in G5 to reflect actual disbursements for each award, as long as the net amount of the adjustments is zero. When requesting funds using the other two methods, grantees provide drawdown information to the hotline operator or on the Form 270, as applicable.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 of Education (Agency) was unable to provide evidence of proper segregation of duties including a lack of review and approval of drawdown requests.

Context:
The Agency's procedures and controls require that the Deputy Chief Fiscal Officer (CFO) prepares drawdowns and the Financial Director reviews and submits them in the G5 System. For 2 of 12 drawdown requests selected for testing, the Deputy CFO both compiled the drawdown information and reviewed and approved them in G5.

Cause:
The Agency did not follow its drawdown procedures and was unable to provide evidence of review and approval of drawdown requests. Internal controls did not detect or prevent the errors.

Effect:
There is an increased risk of undetected drawdown errors.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Questioned costs:
Undetermined.

Recommendation:
We recommend that the Agency review and enhance its internal controls to ensure that drawdowns are reviewed and approved in accordance with the Agency's policies and procedures.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-016
Prior Year Finding:	2023-018
Federal Agency:	U.S. Department of Education
State Agency:	Agency of Education
Federal Program:	COVID-19 – Governor's Emergency Education Relief Fund COVID-19 – Elementary and Secondary School Emergency Relief Fund (ESSER) COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance to Non-Public Schools (CRRSA EANS) COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) COVID-19 - American Rescue Plan – Elementary and Secondary School Emergency Relief –Homeless Children and Youth
Assistance Listing Number:	84.425C, 84.425D, 84.425R, 84.425U, 84.425W
Award Number and Year:	S425C210009 (1/8/2021 – 9/30/2022) S425D210011 (1/5/2021 – 9/30/2022) S425R210033 (2/23/2021 – 9/30/2022) S425U210011 (3/24/2021 – 9/30/2023) S425W210047 (4/23/2021 – 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 percent or more of its annual gross revenues in Federal awards; and $25,000,000 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 non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 of Education (Agency) was not in compliance with FSRS reporting requirements. Subawards were not reported timely and accurately to FSRS.

Context:
Fifty-eight subawards were selected for testing which included twenty-three original subawards and thirty-four subaward amendments. Sixteen of fifty-eight transactions tested (28%) were not in compliance with FFATA reporting requirements. The following exceptions were noted:

- 3 of 58 subawards were not reported accurately to FSRS.
- 13 of 58 subawards were not reported timely to FSRS. The subawards were reported from 3 months to more than two years late.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
58	0	13	3	0
Dollar Amount of Tested Transactions	**Subaward not reported**	**Report not timely**	**Subaward amount incorrect**	**Subaward missing key elements**
$109,359,366	$0	$13,221,184	$1,525,771	$0

Cause:
The Agency has not fully implemented its corrective action plan from the prior audit. Its procedures were not sufficient to ensure that all subawards and subaward amendments were reported timely and accurately to FSRS. Internal controls did not prevent or detect the errors.

Effect:
Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:
None noted.

Recommendation:
We recommend the Agency complete implementation of its corrective action plan from the prior audit. It should review and enhance internal controls and procedures to ensure that all required subawards and subaward amendments are reported timely and accurately 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:	2024-017
Prior Year Finding:	No
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services
Federal Program:	COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises
Assistance Listing Number:	93.391
Award Number and Year:	NH75OT000034 (6/1/2021 – 5/31/2026)
Compliance Requirement:	Reporting – Performance Reporting
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:
Compliance: Recipients must submit quarterly and final performance/progress reports.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 of Human Services (Agency) was unable to provide supporting documentation that agreed with the data included in the submitted reports.

Context:
For two of two quarterly performance reports selected for testing, supporting documentation provided by the Agency was insufficient to support the data reported.

Cause:
The Agency's procedures and controls were not sufficient to ensure that performance reports were accurate and agreed with supporting documentation.

Effect:
Auditors were unable to verify the accuracy of performance reports submitted by the Agency.

Questioned costs:
Undetermined.

Recommendation:
We recommend the Agency review and enhance internal controls and procedures to ensure that performance reports are accurate, agree with supporting documentation, and that supporting documentation is maintained and available for audit.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-018
Prior Year Finding:	2023-024
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services
Federal Program:	COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises
Assistance Listing Number:	93.391
Award Number and Year:	NH75OT000034 (6/1/2021 – 5/31/2026)
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 percent 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 non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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:
Subawards were not reported to FSRS in accordance with FFATA requirements.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:
Three of fourteen subawards selected for testing were not reported to FSRS in accordance with FFATA requirements. Specifically, we noted the following exceptions:

- Three of fourteen subawards were not reported to FSRS until after auditors requested samples for testing. The subawards were issued between 9/16/2022 and 9/6/2023 but were not reported to FSRS until 10/18/2024.

As part of a prior year Corrective Action Plan (CAP), the Agency implemented a process to report required subawards to FSRS timely and to review previously issued subawards to ensure that all subawards were reported. The subaward exceptions noted were issued prior to the full implementation of the CAP.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
14	3	0	0	0
Dollar Amount of Tested Transactions	**Subaward not reported**	**Report not timely**	**Subaward amount incorrect**	**Subaward missing key elements**
$5,687,453	$444,632	$0	$0	$0

Cause:
The Agency's procedures and controls were not sufficient to ensure that subawards were reported to FSRS in accordance with FFATA reporting requirements.

Effect:
Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:
None noted.

Recommendation:
We recommend the Agency complete implementation of its prior year CAP to ensure that all required subawards and subaward modifications are reported timely to FSRS in accordance with FFATA requirements and that all previously issued subawards are reported.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-019
Prior Year Finding:	No
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services
Federal Program:	Temporary Assistance for Needy Families
Assistance Listing Number:	93.558
Award Number and Year:	2301VTTANF (10/1/2022 – 9/30/2023) 2401VTTANF (10/1/2023 – 9/30/2024)
Compliance Requirement:	Reporting – ACF-199 Special Tests and Provisions – Penalty for Failure to Comply with Work Verification Plan
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance: Work Participation Rates – State agencies must meet or exceed their minimum annual work participation rates. The minimum work participation rates are 50 percent for the overall rate and 90 percent for the two-parent rate. A state's minimum work participation rate may be reduced by its caseload reduction credit. The Department of Health and Human Services (HHS) may penalize the state by an amount of up to 21 percent of the State Family Assistance Grant (SFAG) for violation of this provision.

Penalty for Failure to Comply with Work Verification Plan – The state agency must maintain adequate documentation, verification, and internal control procedures to ensure the accuracy of the data used in calculating work participation rates. In so doing, it must have in place procedures to

(a) determine whether its work activities may count for participation rate purposes;
(b) determine how to count and verify reported hours of work;
(c) identify who is a work-eligible individual;
(d) control internal data transmission and accuracy. Each state agency must comply with its HHS-approved Work Verification Plan in effect for the period that is audited.

HHS may penalize the state by an amount not less than 1 percent and not more than 5 percent of the SFAG for violation of this provision.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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:
Exceptions were noted regarding the reporting of work participation rates in the ACF-199 report by the Agency of Human Services (Agency) and errors were also noted in the documentation supporting the ACF-199 reports.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:
Forty participants were selected for testing and auditors noted several instances where work participation rates reported on the ACF-199 report did not agree with supporting documentation and that supporting documentation contained errors or was incomplete. Specifically, we noted the following:

- For two of forty participants selected for testing, the participants' wages/hours reported did not match supporting documentation. The error was due to a data system programming error that automatically limits a participant's actual hours worked to forty when their actual hours exceed forty hours.
- One of forty participants selected for testing did not have proper documentation of a change in circumstance. This resulted in two months in which the participant was not documented as engaged in work but had documented hours reported in the ACF-199 report.
- For one of forty participants selected for testing, their average hours of work participation were not rereviewed within the six-month window required under the state plan.
- For one of forty participants selected for testing, the amount reported did not agree with supporting documentation. The discrepancy was due to rounding errors.
- For one of forty participants selected for testing, the employment verification form was not signed by a supervisor.

Cause:
The Agency's procedures were not sufficient to ensure that work participation rates reported in the ACF-199 report were accurate, tied to supporting documentation, and that supporting documentation was accurate. Internal controls did not detect or prevent the errors.

Effect
Work Participation rates reported on the ACF-199 contained errors and did not tie to supporting documentation. HHS may penalize the Agency for its failure to ensure the accuracy of the data used when calculating work participation rates.

Questioned costs:
Undetermined.

Recommendation:
We recommend that the Agency review and enhance procedures and controls to ensure that it maintains adequate documentation, verification, and internal control procedures to ensure the accuracy of work participation rates reported in the ACF-199 reports.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-020
Prior Year Finding:	No
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services
Federal Program:	CCDF Cluster
Assistance Listing Number:	93.575, 93.596
Award Number and Year:	2301VTCCDD (10/1/2022 – 9/30/2025) 2401VTCCDD (10/1/2023 – 9/30/2026)
Compliance Requirement:	Special Tests and Provisions – Health and Safety Requirements
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or specific requirement:
Compliance: Lead Agencies must certify that procedures are in effect (e.g., monitoring and enforcement) to ensure that providers serving children who receive subsidies comply with all applicable health and safety requirements. This includes verifying and documenting that child care providers (unless they meet an exception, e.g., family members who are caregivers or individuals who object to immunization on certain grounds) serving children who receive subsidies meet requirements pertaining to health and safety. These requirements must address eleven specific areas—including first aid and CPR, safe sleeping practices, and administration of medication—and child care workers must be trained in these areas (42 USC 9858c(c)(2)(I); 45 CFR section 98.41).

Per 45 CFR 98.44(b), a Lead Agency must describe in the State Plan its established requirements for pre-service or orientation (to be completed within three months) and ongoing professional development for caregivers, teachers, and directors of child care providers of services for which assistance is provided under the CCDF that, to the extent practicable, align with the State framework. Accessible pre-service or orientation training in health and safety standards appropriate to the setting and age of children served addresses:

(i) Each of the requirements relating to matters described in §98.41(a)(1)(i) through (xi) and specifying critical health and safety training that must be completed before caregivers, teachers, and directors are allowed to care for children unsupervised;

(ii) At the Lead Agency option, matters described in § 98.41(a)(1)(xii); and

(iii) Child development, including the major domains (cognitive, social, emotional, physical development and approaches to learning);

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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:
The Agency of Human Services (Agency) did not ensure that all providers completed required annual training nor that training in health and safety standards addresses the required eleven elements per 45 CFR sections 98.41 and 98.44(b)(1).

Context:
Forty child care providers were selected for testing and the following exceptions were noted:

- For 4 of 40 child care providers selected for testing, the Agency was unable to provide documentation that it ensured the providers completed the required 15 hours of annual training or that a supervisor had documented approval of the training hours.

- For 40 of 40 child care providers selected for testing, the Agency's provider training did not include all 11 of the required health and safety topics. During a monitoring site visit conducted in November 2023 by the HHS Administration for Children & Families, Office of Child Care (OCC), the monitoring team did not find evidence that the Agency's provider training content included all 11 health and safety topics. Therefore, OCC's monitoring report identified noncompliance with this training requirement.

Cause:
The Agency's procedures were not sufficient to ensure that its monitoring documentation of child care provider training was complete.

When developing provider health and safety training content, the Agency did not ensure that it included all 11 health and safety topics required by 45 CFR section 98.44(b)(1).

Internal controls did not detect or prevent these errors.

Effect
Deficiencies in the content and monitoring of provider health and safety training could result in inadequately trained child care providers which may create a risk to the health and safety of children receiving subsidies under the program.

Questioned costs:
None noted.

Recommendation:
We recommend that the Agency review and enhance training monitoring procedures and controls to ensure that all child care providers complete required health and safety training. We further recommend that the Agency update its training content to ensure that it includes all required elements.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-021
Prior Year Finding:	No
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services
Federal Program:	CCDF Cluster
Assistance Listing Number:	93.575, 93.596
Award Number and Year:	2301VTCCDD (10/1/2022 – 9/30/2025) 2401VTCCDD (10/1/2023 – 9/30/2026)
Compliance Requirement:	Eligibility
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance: Lead Agencies must have procedures in place for documenting and verifying eligibility in accordance with federal requirements, as well as the specific eligibility requirements selected by each Lead Agency in its approved plan. A Lead Agency is the designated state, territorial, or tribal entity to which the CCDF grant is awarded and that is accountable for administering the CCDF program. Procedures for documenting and verifying eligibility may be performed directly by the lead agency or other agencies engaged in the administration of CCDF.

Per 45 CFR Section 98.20(c) - A Child's Eligibility for Child Care Services, for purposes of implementing the citizenship eligibility verification requirements mandated by title IV of the Personal Responsibility and Work Opportunity Reconciliation Act, 8 U.S.C. 1601 et seq., only the citizenship and immigration status of the child, who is the primary beneficiary of the CCDF benefit, is relevant.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 of Human Services (Agency) failed to perform verification of U.S. citizenship for participants who were otherwise eligible under the program because they were in need of or receiving protective services.

Context:
For three of forty participants selected for testing, U.S. citizenship was not verified. Auditors noted that the Agency pooled funding for multiple federal programs with CCDF, which made eligibility for the other funding sources subject to CCDF rules. The Administration for Children and Families (ACF) performed a monitoring visit in November 2023 which identified an exception for U.S. citizenship verification. Through the Agency's corrective action plan resulting from ACF's monitoring visit, citizenship was verified back to 10/1/2023 (for FFY2024), however the Agency did not verify citizenship for participants receiving benefits prior to this date.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:
The Agency's procedures and controls were not sufficient to ensure that U.S. citizenship was verified for participants who were otherwise eligible under the program because they were in need of or receiving protective services. When the exception was noted by ACF, the Agency verified citizenship for FFY2024, but did not verify citizenship for participants receiving benefits prior to this date.

Effect
Failure to verify U.S. citizenship for participants could result in ineligible participants receiving benefits under the program.

Questioned costs:
Undetermined.

Recommendation:
We recommend that the Agency review and enhance procedures and controls to ensure that it verifies U.S. citizenship for all participants and confirm that only eligible participants receive benefits under the program.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-022
Prior Year Finding:	No
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:	2305VT5MAP (10/1/2022 – 9/30/2023)
Compliance Requirement:	Eligibility
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance: States verify the financial and nonfinancial factors of eligibility by checking electronic data sources in accordance with federal requirements at 42 CFR 435.948 through 435.956 and state requirements (as documented in the state plan, verification plan, and eligibility manual). Per 42 CFR §435.915(b) and the Vermont State Plan, eligibility for Medicaid is effective on the first day of a month if an individual was eligible at any time during that month.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 of Human Services (Agency) incorrectly discontinued benefits for a Medicaid participant during the month in which eligibility was renewed.

Context:
For one of sixty participants selected for testing, the Agency performed a renewal of Medicaid benefits during the month of October and discontinued benefits for that month instead of backdating the claim to the beginning of the month.

Cause:
The Agency did not adequately follow procedures regarding eligibility renewals in accordance with federal program requirements and its state plan. Internal controls did not detect or prevent the error.

Effect
A participant's benefits were improperly discontinued for one month.

Questioned costs:
None noted.

Recommendation:
We recommend that the Agency review and enhance procedures and controls for Medicaid eligibility renewals to ensure that benefits for eligible participants are not discontinued.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-023
Prior Year Finding:	2023-030
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services
Federal Program:	Medicaid Cluster
Assistance Listing Number:	93.775, 93.777, 93.778
Award Number and Year:	2305VT5MAP (10/1/2022 – 9/30/2023) 2405VT5MAP (10/1/2023 – 9/30/2024)
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 percent 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 non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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:
A subaward was not reported to FSRS in accordance with FFATA requirements.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:
The Agency of Human Services (Agency) Internal Audit Group (IAG) reports subaward information in FSRS for its various departments using subaward information provided by the departments. Thirty subawards totaling $6,709,156 were selected for testing, including twenty-eight initial subawards and two subaward amendments. We noted the following exception:

- One of thirty subawards was not reported. The subaward was issued 9/26/2023 but it was not reported to FSRS.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
30	1	0	0	0
Dollar Amount of Tested Transactions	**Subaward not reported**	**Report not timely**	**Subaward amount incorrect**	**Subaward missing key elements**
$6,709,156	$386,888	$0	$0	$0

As part of a prior year Corrective Action Plan (CAP), the Agency implemented a process to report required subawards to FSRS timely. The exception noted occurred prior to the full implementation of the CAP.

Cause:
The individual departments did not provide the IAG with complete subaward information on a timely basis which caused errors and omissions in subaward reporting to FSRS.

Effect:
Subawards were not reported to FSRS in accordance with FFATA requirements.

Questioned costs:
None noted.

Recommendation:
We recommend that the Agency complete implementation of its prior year CAP to ensure that all required subawards and subaward modifications are reported timely 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:	2024-024
Prior Year Finding:	2023-031
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services
Federal Program:	Medicaid Cluster
Assistance Listing Number:	93.775, 93.777, 93.778
Award Number and Year:	2305VT5MAP (10/1/2022 – 9/30/2023) 2405VT5MAP (10/1/2023 – 9/30/2025)
Compliance Requirement:	Special Tests and Provisions - Provider Health and Safety Standards
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

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 non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 of Human Services (Agency) did not maintain documentation to support a provider's compliance with the prescribed health and safety standards. The provider health and safety requirements are administered by a 3rd-party that determines and documents providers' eligibility with the Agency's requirements in the provider management module (PMM).

Context:
For one of sixty providers selected for testing, documentation was incomplete to support that the provider was in good tax standing. The provider's tax standing was verified by the Agency, but the letter was not signed by the Vermont Tax Department Commissioner and uploaded to the PMM as required. As part of a prior year Corrective Action Plan (CAP), a process was developed to require letters of good standing be uploaded to the provider file in the PMM but when this provider's tax standing was verified, the CAP had not been fully implemented.

Cause:
The Agency's 3rd-Party provider did not consistently maintain verification of tax standing documentation in the PMM. Although the Agency had begun implementation of its corrective action plan from a prior year audit, the plan has not been fully implemented.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

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 fully implement its CAP to ensure that documentation is maintained in accordance with program 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:	2024-025
Prior Year Finding:	No
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:	2305VT5MAP (10/1/2022 – 9/30/2023) 2405VT5MAP (10/1/2023 – 9/30/2024)
Compliance Requirement:	Special Tests and Provisions – Utilization Control
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance: The state plan must provide methods and procedures to safeguard against unnecessary utilization of care and services (42 CFR Part 456). The State Medicaid Agency (SMA) must implement a statewide surveillance and utilization control program that (1) safeguards against unnecessary or inappropriate use of Medicaid services against excess payments, (2) assesses the quality of those services, and (3) provides for the control of the utilization of all services provided under the state plan per 42 CFR 456 Subparts B-I. The SMA must establish and use written criteria for evaluating the appropriateness and quality of Medicaid services. The agency must have procedures for the ongoing post-payment review, on a sample basis, of the need for, and the quality and timeliness of, Medicaid services. The SMA may conduct this review directly or may contract with an independent entity.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 of Human Services (Agency) failed to properly document closure of a case referred to the Medicaid Fraud and Residential Abuse Unit (MFRAU) by the Special Investigations Unit (SIU).

Context:
For one of twenty-eight cases selected for testing, the SIU opened the case in FY2016, marked it as a high priority, and referred it to the MFRAU. The MFRAU closed the case in FY2018, however, the closure was not properly documented nor communicated. In FY2024 the case was classified by the SIU as administratively closed due to its age, but the results of the review and closure were not documented.

Cause:
The Agency did not adequately follow procedures regarding utilization control case review and closure in accordance with federal program requirements and its state plan. Internal controls did not detect or prevent the error.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Effect
Failure to properly document and promptly close cases could allow unnecessary utilization of care and services to continue undetected and result in unnecessary or inappropriate use of Medicaid services.

Questioned costs:
Undetermined.

Recommendation:
We recommend that the Agency review and enhance procedures and controls for Medicaid utilization control to ensure that cases are closed timely and that documentation of the results of reviews are maintained and communicated.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-026
Prior Year Finding:	2023-023
Federal Agency:	U.S. Department of Agriculture U.S. Department of Health and Human Services
State Agency:	Department of Finance and Management
Federal Program:	SNAP Cluster Temporary Assistance for Needy Families CCDF Cluster
Assistance Listing Number:	10.551, 10.561, 93.558, 93.575, 93.596
Award Number and Year:	4VT400406 (10/1/2022 – 9/30/2023) 4VT402513 (10/1/2023 – 9/30/2024) 2301VTTANF (10/1/2022 – 9/30/2023) 2401VTTANF (10/1/2023 – 9/30/2024) 2301VTCCDD (10/1/2022 – 9/30/2025) 2401VTCCDD (10/1/2023 – 9/30/2026)
Compliance Requirement:	Cash Management
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:
Compliance: US Department of the Treasury (Treasury) regulations at 31 CFR Part 205 implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.). Subpart A of those regulations requires state recipients to enter into Treasury-State Agreements that prescribe specific methods of drawing down federal funds (funding techniques) for federal programs listed in the Assistance Listing (Catalog of federal Domestic Assistance) that meet the funding threshold for a major federal assistance program under the CMIA. Treasury-State Agreements also specify the terms and conditions under which an interest liability would be incurred. Programs not covered by a Treasury-State Agreement are subject to procedures prescribed by Treasury in Subpart B of 31 CFR Part 205 (Subpart B), which at 31 CFR section 205.33(a) include the requirement for a state to minimize the time between the drawdown of federal funds and their disbursement for federal program purposes.

Annual Reports are submitted electronically by December 31 of each year. The Annual Report includes Federal interest liabilities, State interest liabilities, and State direct cost claims.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 Department of Finance and Management (Finance) improperly calculated State interest liabilities for multiple programs on the FY2024 CMIA Annual Report.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:
Finance is the entity responsible for calculation of State and Federal interest liabilities and completion of the CMIA Annual Report. The annual interest rate is established by the U.S. Treasury and published on its CMIA website. This rate must be used when calculating State and Federal interest liabilities in the Annual Report. Finance receives drawdown detail support from other State agencies which it uses to compile the State's Annual Report submission. When Finance prepared the FY2024 Annual Report, it failed to verify that the correct interest rate was applied to calculate interest liabilities, resulting in an underreporting of the State interest liability for several programs. Specifically, we noted that the State's interest liability was underreported for the following programs:

- SNAP Cluster: $579
- Temporary Assistance for Needy Families: $2,589
- CCDF Cluster: $500

Cause:
Finance's procedures were not sufficient to ensure that the FY2024 interest rate established by the U.S. Treasury was applied for all programs when interest liabilities were calculated. Internal controls did not prevent or detect the errors.

Effect:
The State's interest liability was underreported to the U.S. Treasury, resulting in the State earning interest on Federal funds to which it was not entitled.

Questioned costs:
$3,668, the total State interest liability that was underreported on the FY2024 CMIA Annual Report.

Recommendation:
We recommend that Finance review and enhance its internal controls and procedures over the CMIA Annual Report to ensure that it verifies the correct interest rate is applied and that State and Federal interest liabilities are properly calculated in accordance with 2 CFR section 200.514.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-027
Prior Year Finding:	No
Federal Agency:	U.S. Department of Agriculture U.S. Department of Health and Human Services
State Agency:	Department of Human Resources Agency of Human Services
Federal Program:	SNAP Cluster Temporary Assistance for Needy Families Child Support Services CCDF Cluster Medicaid Cluster
Assistance Listing Number:	10.551, 10.561, 93.558, 93.563, 93.575, 93.596, 93.775, 93.777, 93.778
Award Number and Year:	4VT400406 (10/1/2022 – 9/30/2023) 4VT402513 (10/1/2023 – 9/30/2024) 2301VTTANF (10/1/2022 – 9/30/2023) 2401VTTANF (10/1/2023 – 9/30/2024) 2401VTSCSS (10/1/2023 – 9/30/2024) 2301VTCCDD (10/1/2022 – 9/30/2025) 2401VTCCDD (10/1/2023 – 9/30/2026) 2305VT5MAP (10/1/2022 – 9/30/2023)
Compliance Requirement:	Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding:	Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement:
Compliance: Per 2 CFR section 200.403(c), to be allowable under Federal awards, except where otherwise authorized by statute, costs must be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the recipient or subrecipient. Compensation for exempt attorneys in the State of Vermont are determined by the State of Vermont's Attorney Pay Plan which governs the hiring level, compensation and promotion of exempt attorneys.

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 hourly rate used to compensate an exempt attorney was higher than the maximum limit identified for the position in the State of Vermont's Attorney Pay Plan.

Context:
The Department of Human Resources (Department) manages and updates the VTHR Human Resource information system which is the system used for managing employee data and processing payroll for all State employees. The Agency of Human Services (Agency) allocates payroll costs to

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

federal programs using methodologies approved in its Cost Allocation Plan. After allocation, compensation for positions may be charged by the Agency to multiple federal programs.

During cost allocation testing, auditors determined one employee's rate of pay exceeded the limit identified for the position in the State of Vermont's Attorney Pay Plan. The maximum hourly rate for the General Counsel I position is $59.61 or up to the Department Head's Salary, whichever is lower. The employee selected for testing was compensated at the hourly rate of $62.06 which exceeds the maximum for the position.

Cause:
The Department of Human Resources used the department head's salary as the maximum for the General Counsel I position in VTHR. It did not implement a control to ensure that the employee's salary also did not exceed the maximum hourly rate identified for the position.

Effect
An employee was compensated at a rate higher than the maximum limit identified for the position in the State of Vermont's Attorney Pay Plan. Internal controls did not detect or prevent the error.

Questioned costs:
Undetermined.

Recommendation:
We recommend that the Department review and enhance procedures and internal controls to ensure that VTHR uses rates of pay for attorneys that align with the maximum pay rates established by the Attorney Pay Plan.

Views of responsible officials:
Management agrees with the finding.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Reference Number:	2024-028
Prior Year Finding:	2023-034
Federal Agency:	U.S. Department of Homeland Security
State Agency:	Department of Public Safety
Federal Program:	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Assistance Listing Number:	97.036
Award Number and Year:	FEMA-4474-DR-VT (2020), FEMA-4532-DR-VT (2020), FEMA-4621-DR-VT (2021), FEMA-4695-DR-VT (2023), FEMA-4720-DR-VT (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 percent or more of its annual gross revenues in Federal awards; and $25,000,000 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 non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal 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 Department of Public Safety (Department) was not in compliance with FSRS reporting requirements. Subawards and subaward modifications were not reported timely or accurately to FSRS.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Context:
This is a repeat finding from the prior year and auditors note that progress has been made, though the corrective action plan from the prior year has not been fully implemented. Ninety-six subawards were selected for testing, including thirty-two which were issued in a prior year and sixty-four which were issued during FY2024. The following exceptions were noted:

- 24 of 96 subawards were not reported to FSRS, totaling $17,306,440.
    - Of the exceptions noted, FY2024 subawards not reported were 13 of 64 and totaling $7,627,387 of $17,741,626.
- 5 of 96 subawards were not reported timely to FSRS, totaling $10,937,684.
    - Of the exceptions noted, FY2024 subawards reported late were 4 of 64 and totaling $9,609,432 of $17,741,626.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
96	24	5	0	0
Dollar Amount of Tested Transactions	**Subaward not reported**	**Report not timely**	**Subaward amount incorrect**	**Subaward missing key elements**
$41,386,014	$17,306,440	$10,937,684	$0	$0

Cause:
The Department's procedures were not sufficient to ensure that subawards were reported timely or accurately to FSRS. Internal controls did not prevent or detect the errors. The corrective action plan from the prior year has not been fully implemented.

Effect:
The Department's subaward reporting to FSRS was incomplete and inaccurate.

Questioned costs:
None noted.

Recommendation:
We recommend the Department complete implementation of its corrective action plan from the prior year. The Department should continue to improve its procedures and internal controls to ensure that all required subawards and subaward modifications are reported accurately and timely to FSRS no later than the end of the month following the month of issuance in accordance with FFATA reporting requirements.

Views of responsible officials:
Management agrees with the finding.

VERMONT

State of Vermont
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0201

APPENDIX I
Corrective Action Plan
June 30, 2024

Reference Number:	2024-003
Prior Year Finding:	No
Federal Agency:	U.S. Department of Agriculture
State Agency:	Agency of Agriculture
Federal Program:	Dairy Business Innovation Initiatives
Assistance Listing Number:	10.176
Award Number and Year:	AM200100XXXXG081 (9/30/2020 – 9/30/2024), 21DBIVT1004 (10/31/2021 – 10/30/2024), AM22DBIVT1015 (9/30/2022 – 9/29/2025), AM21DBIVT1011 (9/30/2022 – 9/29/2026), 23DBIVT1018 (9/30/2023 – 9/29/2026)
Compliance Requirement:	Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Recommendation:
We recommend the Agency develop procedures and internal controls to ensure that all required subawards and subaward modifications are reported timely to FSRS in accordance with FFATA requirements and that all previously issued subawards are reported.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
The business office will ensure that subrecipient grants containing federal funding that meet the FFATA reporting threshold are marked as "FFATA reportable" upon grant execution in the Agency's grants and contracts workbook. The Financial Directors will then confirm that all executed agreements that meet the FFATA reporting requirement have been entered and submitted into the appropriate Federal system by the last business day of each month.

Scheduled Completion Date of Corrective Action Plan:
April 30, 2025

Contacts for Corrective Action Plan:
Amy Mercier, Financial Director
amy.mercier@vermont.gov

Karen Mae Smith, Financial Director
karenmae.smith@vermont.gov

Reference Number:	2024-004
Prior Year Finding:	No
Federal Agency:	U.S. Department of Agriculture
State Agency:	Agency of Human Services
Federal Program:	SNAP Cluster
Assistance Listing Number:	10.551, 10.561
Award Number and Year:	4VT400406 (10/1/2022 – 9/30/2023) 4VT402513 (10/1/2023 – 9/30/2024)
Compliance Requirement:	Special Tests and Provisions – ADP System for SNAP
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Recommendation:
We recommend that the Agency review and enhance procedures and controls to ensure that eligibility case reviews are performed timely and are properly documented.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
In the past year, the Economic Services Division has been slightly restructured with the creation of six new District Director Positions. This change is a positive one as it provides additional support in the districts and also allows the central office Operations team to focus more on systems and closer collaboration with programs to ensure clear communication and training for field staff. This change has resulted in a further need to clearly define the roles and expectations of the District Director positions compared to the Operations staff. One highlighted area relevant to this corrective action plan is updates to the Supervisory Case Review (SCR) Guide to clearly delineate roles and responsibilities and ensure that SCRs are completed timely and completely. The SCR Guide has been updated accordingly.

Further corrective action includes:

- Presentation of the SCR audit findings and updated SCR Guide by Operations and the Food and Nutrition team to District Directors and Supervisors.
- Creation by the Food and Nutrition team of training for Supervisors and District Directors about the SCR process. This training will be presented at the next District Directors meeting on 3/12/2025 as well as at the ESD Division Leadership meeting on 3/21/2025 to Supervisors.

- Requirement for all newly hired District Supervisors or Directors to complete the SCR Training. This training will be mandatory for all staff who are required to complete monthly Supervisory Case Reviews and tracked through the Learning Management System.

Scheduled Completion Date of Corrective Action Plan:
March 21, 2025

Contacts for Corrective Action Plan:
Jessica Duranleau, ESD Program Manager
jessica.duranleau@vermont.gov

Peter Moino, AHS Director of Internal Audit
peter.moino@vermont.gov

Reference Number:	2024-005
Prior Year Finding:	No
Federal Agency:	U.S. Department of Agriculture
State Agency:	Agency of Human Services
Federal Program:	SNAP Cluster
Assistance Listing Number:	10.551, 10.561
Award Number and Year:	4VT400406 (10/1/2022 – 9/30/2023) 4VT402513 (10/1/2023 – 9/30/2024)
Compliance Requirement:	Special Tests and Provisions – EBT Card Security
Type of Finding:	Significant Deficiency in Internal Control Over Compliance

Recommendation:
We recommend that the Agency review and enhance internal controls to ensure that it maintains documentation of the daily/weekly reconciliation of destroyed EBT cards.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
Cards were automatically printing at 1:00 AM which presented many opportunities for errors. The printers can only hold 100 cards in their hoppers and only print on one printer at a time. If there were more than 100 cards to be printed the printer(s) would error out and subsequently drop cards from the print file and/or print duplicates when the errors were corrected once someone was in the office. We have now updated the print jobs to print at 9:00 AM when a trained EBT staff member is there to monitor the printing. Additionally, we have a system in place to rotate printing on the 3 printers monthly to spread the wear and tear evenly.

Increases to opened card inventory, decreases in the opened card inventory due to printing, and decreases in the opened card inventory due to shredded cards are included on the daily "Card Count" Excel that is then converted to a PDF for signatures through DocuSign. This daily "Card Count" Excel is updated and verified by EBT personnel to ensure that the remaining opened card inventory is reflective of what was added to the opened card inventory, what was printed, and what was shredded. Printed card counts on this "Card Count" Excel and PDF will be reflective of the daily "EBT Printing Reports" that are auto generated and e-mailed to the EBT staff. When there are excessive shredded cards (more than 5) EBT personnel will create a detailed e-mail to verify the day's events with IT personnel. Once verified by the IT personnel, the e-mail will be a part of the DocuSign packet for the "Card Count" PDF to explain and backup the events from that particular day.

The "Card Count" Excel and PDF is produced by the EBT staff person in the office to physically oversee that day's printing. EBT staff rotate days that they are in the office; meaning that the EBT Financial Manager and the Financial Director of Operations verify that the rolling count is correct each week on Thursday's and Wednesday's (respectively) as they are in the office to process the printed cards.

Scheduled Completion Date of Corrective Action Plan:
EBT personnel have implemented the above e-mail attachment to the "Card Count" PDF solution as of November 2024.

Contacts for Corrective Action Plan:
Katherine Lettieri, Financial Manager III
katherine.lettieri@vermont.gov

Kristina Roy, Admin Services Coordinator I
kristina.roy@vermont.gov

Peter Moino, AHS Director of Internal Audit
peter.moino@vermont.gov

Reference Number:	2024-006
Prior Year Finding:	No
Federal Agency:	U.S. Department of Agriculture
State Agency:	Agency of Human Services
Federal Program:	SNAP Cluster
Assistance Listing Number:	10.551, 10.561
Award Number and Year:	4VT400406 (10/1/2022 – 9/30/2023) 4VT402513 (10/1/2023 – 9/30/2024)
Compliance Requirement:	Procurement
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 it maintains documentation that it competitively procures contracts and that it performs a cost analysis for all procurement actions in accordance with Agency of Administration Bulletin No. 3.5 and federal requirements.

Views of Responsible Officials:
Management agrees with the finding.

Corrective Action Plan:
Due to the unique nature of a tropical storm hitting Vermont in 2011, which flooded the Waterbury State Office Complex (the Complex), all state operations were forced to temporarily move from the Complex to another facility while damages to the structure were remedied. Due to the significant number of records needing to be moved, the records in question may have been lost in this transition. Since then, we have instituted a new process that requires all bid submissions to be received and stored electronically. All bid submissions, cost analysis, and scoring of the bids are now kept in our electronic files instead of hard copy preventing physical damage or loss of records.

Scheduled Completion Date of Corrective Action Plan:
Completed and in full effect since December 31, 2020.

Contacts for Corrective Action Plan:
Melanie Rutledge, Financial Director I
melanie.rutledge@vermont.gov

Megan Smeaton, Financial Director IV
megan.smeaton@vermont.gov

Melanie Smit, Administrative Services Director I
melanie.smit@vermont.gov

Peter Moino, AHS Director of Internal Audit
peter.moino@vermont.gov

Reference Number:	2024-007
Prior Year Finding:	No
Federal Agency:	U.S. Department of Defense
State Agency:	Vermont State Military Department
Federal Program:	National Guard Military Operations and Maintenance (O&M) Projects
Assistance Listing Number:	12.401
Award Number and Period:	W912LN2421001 (10/1/2023 – 9/20/2024)
Compliance Requirement:	Period of Performance
Type of Finding:	Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation:
The Department should review and enhance its procedures and internal controls to ensure that it charges expenditures to the program that are incurred within an award's allowable period of performance.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
The Department agrees with this finding and will implement the following:

- Update Accounts Payable Standard Operating Procedures to include instructions for determining the appropriate Federal Fiscal year for coding and paying vendor invoices.
- Distribute updated procedures and train staff to ensure understanding of Period of Performance reporting requirements.
- Update Vision query to include the Invoice Date field. Current reports used for preparing the SF-270 only include the Vision transaction date, therefore the preparer and reviewer are not able to determine the performance dates of individual transactions based on this report alone and rely on proper coding of the Class field during voucher entry. Adding the Invoice Date to the report will improve the department's ability to QC the SF-270 for period of performance discrepancies prior to submission for reimbursement.
- The Financial Director will perform quarterly audits of this Vision report to identify any improper reporting. Any errors identified will be corrected with a journal voucher and subsequently corrected on the next SF-270.

Scheduled Completion Date of Corrective Action Plan:
April 15, 2025

Contacts for Corrective Action Plan:
Kim Fedele, Financial Director
kimberly.fedele@vermont.gov

Reference Number:	2024-008
Prior Year Finding:	2023-005; 2022-012; 2020-009
Federal Agency:	Department of Labor
State Agency:	Vermont Department of Labor
Federal Program:	Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Period:	State UC, UCFE, UCX, TRA UI393002355A50 (10/2022-9/30/2023), TRA 24A55UT000024 (10/1/2023-9/30/2024), RESEA UI380102260A50 (1/1/2022-9/30/2024) RESEA 23A60UR000010 (1/1/2023-9/30/2025), Admin UI393532355A50 (10/1/2022-12/31/2025), Admin 24A55UI000063 (10/1/2023-12/31/2026), ARPA Fraud UI370952155A50 (9/1/2021-8/31/2025), ARPA Equity UI370952155A50 (10/1/2022-10/31/2025), CARES UI347462055A50 (4/1/2021-6/30/2025), DUA 23A60UD000013 (7/14/2023 - 7/14/2026)
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 accurate, agree with supporting documentation, and are reviewed by an authorized State official prior to submission. We also recommend that supporting documentation and evidence of supervisory review is maintained and available for audit.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
The Department is currently undergoing a division and business unit wide analysis of our internal controls and procedures. As part of that effort, the Department will review internal controls and update as necessary to ensure that all required reports are filed timely and accurately and that reports are reviewed and approved by authorized State officials prior to submission.

Scheduled Completion Date of Corrective Action Plan:
June 30, 2025

Contacts for Corrective Action Plan:
Chad Wawrzyniak, Financial Director II
chad.wawrzyniak@vermont.gov

Reference Number:	2024-009
Prior Year Finding:	2023-007; 2022-016
Federal Agency:	U.S. Department of Labor
State Agency:	Vermont Department of Labor
Federal Program:	Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Period:	DUA 23A60UD000013 (7/14/2023 - 7/14/2026)
Compliance Requirement:	Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation:
We recommend the Department reviews and enhances its procedures and controls regarding payment processing to ensure that, prior to charging costs to the program, they are supported and reviewed by a supervisor who is knowledgeable of the regulations regarding allowable program costs and that documentation of the review is maintained.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
The Department will review its procedures and internal controls and update as necessary to ensure that expenditures are adequately reviewed and signed off on. It should be noted that during the period of performance for which this audit was conducted there were a large number of personnel changes and shifts. The position that was responsible for the majority of these duties retired in January 2024. We proactively hired for her replacement a year before she retired. Over the course of the year our replacement took over more and more duties. In the process of this replacement, we have completed a tremendous amount of evaluation of our assigned duties, processes, workflow, training, and documentation. Not only in this role, but we are also undergoing a division and business unit wide analysis of our internal controls and workflow.

Scheduled Completion Date of Corrective Action Plan:
April 1, 2025

Contacts for Corrective Action Plan:
Chad Wawrzyniak, Financial Director II
chad.wawrzyniak@vermont.gov

Reference Number:	2024-010
Prior Year Finding:	2023-008; 2022-017
Federal Agency:	U.S. Department of Labor
State Agency:	Vermont Department of Labor
Federal Program:	Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Period:	Admin 24A55UI000063 (10/1/2023-12/31/2026), DUA 23A60UD000013 (7/14/2023 - 7/14/2026)
Compliance Requirement:	Period of Performance
Type of Finding:	Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation:
We recommend the Department review and enhance its procedures and controls to ensure that prior to charging costs to the program, they are incurred within an award's allowable period of performance.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
The Department will review its procedures and internal controls and update as necessary to ensure that expenditures are incurred within the allowable period of performance for respective awards. It should be noted that during the period of performance for which this audit was conducted there were a large number of personnel changes and shifts. The position that was responsible for the majority of these duties retired in January 2024. We proactively hired for her replacement a year before she retired. Over the course of the year our replacement took over more and more duties. In the process of this replacement, we have completed a tremendous amount of evaluation of our assigned duties, processes, workflow, training, and documentation. Not only in this role, but we are also undergoing a division and business unit wide analysis of our internal controls and workflow.

It should also be noted that the UI admin funds are considered 'formula funds' from the US DOL. We are expected to run this program year-round with no gaps in service or performance. The funding that we receive from US DOL is based on an antiquated formula that breaks down the amount that is budgeted by Congress between 52 state and territories. We generally do not receive enough funding for the entire year. Also, with the recent trend of Congress to utilize the tool of the Continuing Resolution our funding is often ambiguous until most of the program year is over. We have at times seen our funding cut once a budget had been passed by Congress even though there was only about 3 months left in the program year. We are still expected to run this program and 'find other sources of funding'. This does make the adherence to the period of performance challenging. However, as we evaluate our internal controls and procedures

over the coming months, we will make note of every opportunity to strengthen this function to ensure that all charges applied to program funds are relevant, within the period of performance of the award, and are correctly reviewed and signed.

Scheduled Completion Date of Corrective Action Plan:
April 1, 2025

Contacts for Corrective Action Plan:
Chad Wawrzyniak, Financial Director II
chad.wawrzyniak@vermont.gov

Reference Number:	2024-011
Prior Year Finding:	No
Federal Agency:	U.S. Department of Transportation
State Agency:	Agency of Transportation
Federal Program:	Highway Planning and Construction
Assistance Listing Number:	20.205
Award Number and Year:	FFY2023 – FFY2024
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation:
VTrans should review and enhance internal controls and procedures to ensure that all required federal award information is included in subawards and that on-site subrecipient monitoring is conducted timely per the terms of its subrecipient monitoring plan.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
Missing Federal Award Date: The Contract Administration, Grants Unit addressed the deficiency of missing federal award dates during the FY23 State Single Audit (in effect as of 1/12/2024). As part of the updated award execution process, the Grants Unit now verifies that all awards include the federal award date and applicable FAIN number. Awards executed prior to the implementation of this process are being updated during amendments to ensure compliance.

Subrecipient Monitoring: The root cause of the subrecipient monitoring deficiency was staffing shortages, which affected the Agency of Transportations (AOT) ability to meet monitoring requirements on time. The AOT monitoring requirements have been transitioned from the Audit Bureau to the Contract Administration, Grants Unit. The Grants Unit has already identified and will prioritize Subrecipients based on the last date monitored. Workflow modifications to include efficiencies are also in progress. These efficiencies will help with timeliness. The revisions to the monitoring activities will be in the VTrans Granting Plan effective July 1, 2025.

Scheduled Completion Date of Corrective Action Plan:
All corrective actions will be implemented as of July 1, 2025.

Contacts for Corrective Action Plan:
Tricia Scribner, Administrative Services Manager III
tricia.scribner@vermont.gov

Reference Number:	2024-012
Prior Year Finding:	No
Federal Agency:	U.S. Department of Transportation
State Agency:	Agency of Transportation
Federal Program:	Highway Planning and Construction
Assistance Listing Number:	20.205
Award Number and Year:	FFY2023 – FFY2024
Compliance Requirement:	Special Tests and Provisions – Wage Rate Requirements
Type of Finding:	Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation:
VTrans should review and enhance procedures and internal controls to ensure that it obtains weekly certified payrolls from all contractors.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
The Daily Work Reports (DWRs) submitted by the contractor concluded the outstanding punchlist items in June 2023, and in September 2023 a subcontractor submitted a DWR to AOT. The project went through Completion and Acceptance (C&A) in December 2023. The C&A process required confirmation that payrolls were received but did not include a final complete-verification step before project closeout. As a result, missing payroll certifications went unnoticed. Additionally, the Civil Rights team was unaware of the subcontractor's work report since their review is triggered by certified payroll submissions, not DWRs.

VTrans is updating the C&A checklist to require final confirmation that all certified payrolls have been received before project closeout, with coordination from the Civil Rights team if any are missing. This checklist is to be verified by both the Resident Engineer and the Regional Engineer.

To further strengthen compliance, VTrans Construction will focus on education, and revise pre-construction meeting templates to emphasize that federal wage reporting requirements apply to all work on a project. Additionally, VTrans Civil Rights will reinforce these requirements in annual contractor training to ensure Prime and Subcontractors fully understand their payroll reporting responsibilities. VTrans will also remain cognizant of projects and DWRs submitted by new subcontractors and actively work to educate contractors at this point to prevent future payroll omissions.

Scheduled Completion Date of Corrective Action Plan:
All corrective actions will be implemented as of April 1, 2025.

Contacts for Corrective Action Plan:
Douglas Bonneau, VTrans Construction Engineer
douglas.bonneau@vermont.gov

Reference Number:	2024-013
Prior Year Finding:	No
Federal Agency:	U.S. Department of Transportation
State Agency:	Agency of Transportation
Federal Program:	Federal Transit Cluster
Assistance Listing Number:	20.500, 20.507, 20.526
Award Number and Year:	VT-04-0021-01 (3/14/2013 – 6/30/2016)
Compliance Requirement:	Cash Management, Period of Performance
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
We recommend that VTrans review and enhance grant closeout procedures and internal controls to ensure that grants are closed out timely. We further recommend that VTrans review and enhance procedures and internal controls over cash management to ensure that cash draws are performed only against grants for which the period of performance has not expired.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
The following factors contributed to the noncompliance: VTrans experienced staff turnover, at which point close out processes were missed in 2016. This resulted in a grant remaining with an open status in the TrAMS system well beyond the period of performance. During the 2024 review by program staff, a drawdown was inadvertently processed for this grant with the expired period of performance. At the time, VTrans lacked a formal, documented grant closeout process for FTA grants in the TrAMS system. Additionally, there was a breakdown in communication between the Accounts Receivable (AR) team and the Public Transit Program team regarding period of performance eligibility prior to processing the draw.

VTrans has taken the following steps to strengthen internal controls and prevent recurrence of this issue:

1. **Formalized Closeout Procedures**: VTrans has implemented a structured grant closeout process for the AOT Public Transit Program that clearly defines responsibilities, timelines, and verification steps to ensure all federal awards are closed timely and in compliance with FTA requirements. This process assigns specific tasks to designated staff members and ensures that no drawdowns occur after the period of performance has ended.

2. **Annual Period of Performance Review:** VTrans has established and documented an annual review process for FTA grant periods of performance. This review has been formally integrated into the Agency's Public Transit cash

management procedures, ensuring that grant end dates are proactively monitored, and necessary extensions or closeouts are addressed before expiration.

3. **Enhanced Communication and Documentation:** VTrans has updated the internal Excel file used to facilitate communication between the Public Transit Program team and the AR team. The file now includes a designated column for period of performance, ensuring that all drawdowns are reviewed for eligibility before processing. This is also addressed in an update to the Agency's Public Transit cash management procedure memo.

VTrans will coordinate with FTA to determine the appropriate resolution for these funds. Any necessary repayment or adjustments will be completed in accordance with FTA guidance. At this time, FTA has not requested the funds be returned.

Scheduled Completion Date of Correction Action Plan:
All corrective actions will be implemented as of March 1, 2025.

Contacts for Corrective Action Plan:
Ross MacDonald, Public Transit Director
ross.macdonald@vermont.gov

Reference Number:	2024-014
Prior Year Finding:	No
Federal Agency:	U.S. Department of the Treasury
State Agency:	Agency of Administration
Federal Program:	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Assistance Listing Number:	21.027
Award Number and Year:	SLFRP4407 (3/3/2021 – 12/31/2024)
Compliance Requirement:	Procurement
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 it maintains documentation that it competitively procures contracts and that it performs a cost analysis for all procurement actions in accordance with Agency of Administration Bulletin No. 3.5 and federal requirements.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan
The Agency of Administration has written and published Procurement and Contracting Procedures known as Bulletin 3.5. Section 9.3.14 (Documentation) details the required documentation that should be placed in the contract file. The Department of Buildings and General Services (a department of the Agency of Administration), Office of Purchasing and Contracting, is charged with maintaining procurement documentation on behalf of the Office of the Secretary of Administration.

Department of Buildings and General Services, Office of Purchasing and Contracting, will conduct an internal staff re-training on Bulletin 3.5, Section 9.3.14. In addition, the Office of Purchasing and Contracting will perform an internal review for procurements completed by the Secretary's office to ensure they are in compliance.

Scheduled Completion Date of Corrective Action Plan:
BGS OPC Staff Training – June 30, 2025
BGS OPC Internal Review – December 31, 2025

Contacts for Corrective Action Plan:
Doug Farnham, Chief Recovery Officer
douglas.farnham@vermont.gov

Deb Damore, Director, Office of Purchasing and Contracting
deborah.damore@vermont.gov

Reference Number:	2024-015
Prior Year Finding:	No
Federal Agency:	U.S. Department of Education
State Agency:	Agency of Education
Federal Program:	Student Support and Academic Enrichment Grants
Assistance Listing Number:	84.424
Award Number and Year:	S424A220047 (7/1/2022 – 9/30/2024)
Compliance Requirement:	Cash Management
Type of Finding:	Significant Deficiency in Internal Control Over Compliance

Recommendation:
We recommend that the Agency review and enhance its internal controls to ensure that drawdowns are reviewed and approved in accordance with the Agency's policies and procedures.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
The Agency will review its current Federal draw procedures and identify appropriate role assignment to ensure appropriate internal controls exist to allow for a separation of duties and dual control of critical process steps.

Scheduled Completion Date of Corrective Action Plan:
July 1, 2025

Position Responsible for Implementation of Corrective Action
Sean Cousino, Interim CFO
sean.couisno@vermont.gov

Reference Number:	2024-016
Prior Year Finding:	2023-018; 2022-029; 2021-018
Federal Agency:	U.S. Department of Education
State Agency:	Agency of Education
Federal Program:	COVID-19 – Governor's Emergency Education Relief Fund COVID-19 – Elementary and Secondary School Emergency Relief Fund (ESSER) COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance to Non-Public Schools (CRRSA EANS) COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) COVID-19 - American Rescue Plan – Elementary and Secondary School Emergency Relief –Homeless Children and Youth
Assistance Listing Number:	84.425C, 84.425D, 84.425R, 84.425U, 84.425W
Award Number and Year:	S425C210009 (1/8/2021 – 9/30/2022) S425D210011 (1/5/2021 – 9/30/2022) S425R210033 (2/23/2021 – 9/30/2022) S425U210011 (3/24/2021 – 9/30/2023) S425W210047 (4/23/2021 – 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

Recommendation:
We recommend the Agency complete implementation of its corrective action plan from the prior audit. It should review and enhance internal controls and procedures to ensure that all required subawards and subaward amendments are reported timely and accurately 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 implemented a reconciliation process in March of 2023 that allows us to ensure our grant ledgers agree with what is entered into FFATA. The Agency will increase the number of reconciliations per year to quarterly.

The Agency continues to work toward our preferred solution to address the accuracy and timeliness of our entries into the FFATA system by creating an upload file of the data from our grants management system.

Scheduled Completion Date of Corrective Action Plan:
July 1, 2025

Position Responsible for Implementation of Corrective Action
Sean Cousino, Interim CFO
sean.couisno@vermont.gov

Reference Number:	2024-017
Prior Year Finding:	No
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services
Federal Program:	COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises
Assistance Listing Number:	93.391
Award Number and Year:	NH75OT000034 (6/1/2021 – 5/31/2026)
Compliance Requirement:	Reporting – Performance Reporting
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 performance reports are accurate, agree with supporting documentation, and that supporting documentation is maintained and available for audit.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
The Office of Health Equity Integration's Director and Equity Manager will ensure that all supporting documentation are cross checked with formal submissions in CDC's REDCap reporting system to verify consistency and accuracy of performance reports. Additionally, the Equity Manager and Program Administrator will confirm all supporting documentation are properly stored in the program's SharePoint site by the end of each quarterly reporting period.

Scheduled Completion Date of Corrective Action Plan:
January 31, 2025

Contacts for Corrective Action Plan:
Katherine Richardson, Program Administrator
katherine.richardson@vermont.gov

Ariel Carter, Equity Manager
ariel.carter@vermont.gov

Song Nguyen, Equity Director
song.nguyen@vermont.gov

Megan Hoke, Financial Director III
megan.hoke@vermont.gov

Peter Moino, AHS Director of Internal Audit
peter.moino@vermont.gov

Reference Number:	2024-018
Prior Year Finding:	2023-024
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services
Federal Program:	COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises
Assistance Listing Number:	93.391
Award Number and Year:	NH75OT000034 (6/1/2021 – 5/31/2026)
Compliance Requirement:	Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Recommendation:
We recommend the Agency complete implementation of its prior year CAP to ensure that all required subawards and subaward modifications are reported timely to FSRS in accordance with FFATA requirements and that all previously issued subawards are reported.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
The Financial Administrator will ensure that subrecipient grants containing federal funding that meet the FFATA reporting threshold are marked as "required for entry into the FSRS system" upon grant execution. The Financial Administrator and Manager will then confirm that all executed agreements that meet the FFATA reporting requirement have been entered and submitted into the FSRS system by the last business day of each month.

Please note that the scheduled completion date is 2/1/23 as the same FFATA reporting finding was identified for a different program during the SFY22 Single Audit, and the corrective action plan was applied across the Department as a whole. The FFATA issues identified in the SFY24 Single Audit pre-dated the implementation of the Health Department's original corrective action plan.

Scheduled Completion Date of Corrective Action Plan:
February 1, 2023

Contacts for Corrective Action Plan:

Lillian Smith, Financial Administrator
lillian.smith@vermont.gov

Jessica Brown, Financial Manager
jessica.brown@vermont.gov
Megan Hoke, Financial Director
megan.hoke@vermont.gov

Peter Moino, Director of Internal Audit
peter.moino@vermont.gov

Reference Number:	2024-019
Prior Year Finding:	No
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services
Federal Program:	Temporary Assistance for Needy Families
Assistance Listing Number:	93.558
Award Number and Year:	2301VTTANF (10/1/2022 – 9/30/2023) 2401VTTANF (10/1/2023 – 9/30/2024)
Compliance Requirement:	Reporting – ACF-199 Special Tests and Provisions – Penalty for Failure to Comply with Work Verification Plan
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
We recommend that the Agency review and enhance procedures and controls to ensure that it maintains adequate documentation, verification, and internal control procedures to ensure the accuracy of work participation rates reported in the ACF-199 reports.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:

For the data system programming error finding, the Department removed the hard coding in the programming that limited participant hours to 40. This was completed as soon as the error was identified and our regional team approved the proposed corrective action.

For the individual instances where the reported work participation rates reported on the ACF-199 report did not agree with supporting documentation and that supporting documentation contained errors or was incomplete, the Department will do the following:

- Highlight each of the individual types of errors in our weekly newsletter that goes out to all staff and describe the correct action that should have been taken in documentation.

- Have members of Reach Up Central Office (RUCO) team attend the Senior Benefits Program Specialist Sr. BPS) meeting to review the individual types of errors and describe the correct action that should have been taken. Sr. BPS are responsible for the direct training of district Benefits Program Specialists (BPS) that process eligibility. Following their meeting they will return to their district offices and provide an overview to the district eligibility staff.

- RUCO will hold a virtual office hours session for eligibility staff to attend focused on the individual types of errors and the correct action that should have been taken.

Scheduled Completion Date of Corrective Action Plan:

- Data system programming error was corrected in October 2024.
- Newsletter highlights will be shared with staff by January 31, 2025.
- Sr BPS meeting will be attended by February 28, 2025.
- Virtual office hours will be held by March 31, 2025.

Contacts for Corrective Action Plan:

Chris Dorer, Reach Up Assistant Administrator
christine.dorer@vermont.gov

Peter Moino, AHS Director of Internal Audit
peter.moino@vermont.gov

Reference Number:	2024-020
Prior Year Finding:	No
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services
Federal Program:	CCDF Cluster
Assistance Listing Number:	93.575, 93.596
Award Number and Year:	2301VTCCDD (10/1/2022 – 9/30/2025) 2401VTCCDD (10/1/2023 – 9/30/2026)
Compliance Requirement:	Special Tests and Provisions – Health and Safety Requirements
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Recommendation:
We recommend that the Agency review and enhance training monitoring procedures and controls to ensure that all child care providers complete required health and safety training. We further recommend that the Agency update its training content to ensure that it includes all required elements.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
Department for Children and Families-Child Development Division (DCF-CDD) licensing unit is in the process of rule revisions which will include all the required health and safety topics that must be covered within the first three months of employment.

DCF-CDD licensing unit will be updating our monitoring checklists to ensure we are regulating to the federal standard.

DCF-CDD licensing unit will conduct staff training that review the results of the SFY 2024 Single Audit and establish clear procedures for licensing staff to follow when monitoring licensed providers and their staff for ongoing professional development requirements.

Scheduled Completion Date of Corrective Action Plan:
DCF-CDD is currently in the rule revision process and have a goal to shepherd the rules through promulgation by December 31, 2025.

DCF-CDD will update our monitoring checklists to align with the rule revision which will include a complete pre-service orientation training list that aligns with the federal standard. This will be completed by December 31, 2025.

DCF-CDD will review the results of the SFY 2024 Single Audit with the licensing team on January 21, 2025. Licensing supervisors will begin reviewing annual site visit reports for the licensors they supervise to ensure CDD is monitoring for the required ongoing professional development trainings required beginning immediately.

Contacts for Corrective Action Plan:
Beth Maurer, Director of Child Care Licensing
elizabeth.maurer@vermont.gov

Peter Moino, AHS Director of Internal Audit
peter.moino@vermont.gov

Reference Number:	2024-021
Prior Year Finding:	No
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services
Federal Program:	CCDF Cluster
Assistance Listing Number:	93.575, 93.596
Award Number and Year:	2301VTCCDD (10/1/2022 – 9/30/2025) 2401VTCCDD (10/1/2023 – 9/30/2026)
Compliance Requirement:	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 to ensure that it verifies U.S. citizenship for all participants and confirm that only eligible participants receive benefits under the program.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
This finding has been corrected as of January 2024 dating back to October 2023. The State is no longer pooling funding sources which means that we can identify cases by their true funding source. This means that only true CCDF cases will be audited going forward and family service cases (protective service) no longer follow CCDF rules including citizenship and identity.

Scheduled Completion Date of Corrective Action Plan:
December 31, 2024

Contacts for Corrective Action Plan:
Karolyn Long, Operations Director
karolyn.long@vermont.gov

Peter Moino, AHS Director of Internal Audit
peter.moino@vermont.gov

Reference Number:	2024-022
Prior Year Finding:	No
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:	2305VT5MAP (10/1/2022 – 9/30/2023)
Compliance Requirement:	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 eligibility renewals to ensure that benefits for eligible participants are not discontinued.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
The error was caused by a caseworker not following the steps within the job aid when processing eligibility for a late renewal form. Coverage closed on 9/30/24 for non-review. The renewal form was received on 10/17/2023 yet, coverage was reinstated for 11/1/2024 instead of 10/1/24. The gap in coverage was corrected on 9/16/2024 and coverage was backdated to 10/1/24.

The eligibility unit notified the worker's supervisor who reviewed the case error with the caseworker. In addition, eligibility staff receive refresher training yearly to review our business processes. The Eligibility Unit will continue to monitor cases through our internal QA process unit and through our off-year reviews conducted by the QC unit.

Scheduled Completion Date of Corrective Action Plan:
Coverage was corrected on September 16, 2024.

Contacts for Corrective Action Plan:
Nicole McAllister, Healthcare Assistant Administrator II
nicole.mcallister@vermont.gov

Sarah York, Healthcare Assistant Administrator I
sarah.york@vermont.gov

Peter Moino, AHS Director of Internal Audit
peter.moino@vermont.gov

Reference Number:	2024-023
Prior Year Finding:	2023-030; 2022-038; 2021-026
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services
Federal Program:	Medicaid Cluster
Assistance Listing Number:	93.775, 93.777, 93.778
Award Number and Year:	2305VT5MAP (10/1/2022 – 9/30/2023) 2405VT5MAP (10/1/2023 – 9/30/2024)
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 that the Agency complete implementation of its prior year CAP to ensure that all required subawards and subaward modifications are reported timely 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 (ALN 93.775, 93.777, 93.778) that is shared between all AHS departments. To address omissions and timeliness of subawards and subaward modifications reporting to FSRS, IAG conducted additional training tailored to each AHS Department to examine the results of FFATA testing conducted internally and reemphasized the FFATA compliance regulations. This ensured the Internal Audit Group (IAG) is provided with complete, accurate and timely subaward information for reporting in FSRS going forward. The context of the 2024 finding indicates that the departments understood the training materials and complied with the requirements to report.

On at least an annual basis, IAG conducts a review of current federal rules and regulations pertaining to FFATA reporting for FSRS to assure the Agency's procedures are up to-date. Coincidentally, 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 on a complete, accurate and timely basis.

Scheduled Completion Date of Corrective Action Plan:
March 31, 2025: Annual review of FFATA rules and regulations including subawards review.

Contacts for Corrective Action Plan:
Peter Moino, AHS Director of Internal Audit
peter.moino@vermont.gov

Reference Number:	2024-024
Prior Year Finding:	2023-031; 2022-037; 2021-025; 2020-014; 2019-010
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Agency of Human Services
Federal Program:	Medicaid Cluster
Assistance Listing Number:	93.775, 93.777, 93.778
Award Number and Year:	2305VT5MAP (10/1/2022 – 9/30/2023) 2405VT5MAP (10/1/2023 – 9/30/2025)
Compliance Requirement:	Special Tests and Provisions - Provider Health and Safety Standards
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
We recommend the Agency fully implement its CAP to ensure that documentation is maintained in accordance with program 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:
All Letters of Good Standing as well as a Standard Operating Procedure to ensure continuation were implemented in April of 2022. Prior to April the process was manual and via telephone or email with the Tax Department. All Providers who had their tax standing validated prior to April 2022 via phone or email were not solicited to get a written notification from the Tax Commissioner. As of April 2022 all tax standing reviews are validated with a letter from the Vermont Tax department and documented in the Provider Management Module.

Verification with the VT Tax Department of a provider's tax standing has always occurred; However, the good standing verification was documented in the PMM system and the confirmation of the verification from the VT Tax Department was not consistently maintained in the PMM. Although the Agency has implemented its corrective action plan from a prior year audit, cases will still be identified under this CAP until the provider is due for their 5-year revalidation and successfully revalidates with VT Medicaid.

Scheduled Completion Date of Corrective Action Plan:
Completed

Contacts for Corrective Action Plan:
Deidra Jarvis, Member and Provider Services Supervisor
deidra.Jarvis@vermont.gov

Peter Moino, AHS Director of Internal Audit
peter.moino@vermont.gov

Reference Number:	2024-025
Prior Year Finding:	No
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:	2305VT5MAP (10/1/2022 – 9/30/2023) 2405VT5MAP (10/1/2023 – 9/30/2024)
Compliance Requirement:	Special Tests and Provisions – Utilization Control
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 utilization control to ensure that cases are closed timely and that documentation of the results of reviews are maintained and communicated.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
The Special investigations Unit (SIU) only refers two types of cases to the Medicaid Fraud Residential Abuse Unit (MFRAU), these cases are: Personal Care Attendant (PCA) and provider fraud and abuse. Prior to 2021 most of those cases were kept in paper format. Since then, the SIU has fully transitioned to electronic files only. All PCA cases referred to MFRAU are assigned to the Duty Auditor (DA) of the Special Investigations Unit (SIU). The DA must send the case referral via a form that MFRAU must return with notification of acceptance or declination to investigate the allegation. If the case is accepted, then it remains under "open referred to MFRAU" status in our database and updates must be provided and documented by the DA during our MFRAU/SIU quarterly meetings until SIU receives a closure memo from MFRAU that documents the completion of their review. Additionally, all provider cases remain open with the auditor who investigated and referred the matter until a closing memo is received by the SIU. All documented follow ups are recorded in the case log.

Scheduled Completion Date of Corrective Action Plan:
This process has been implemented since 2021 for cases generated from that year forward. SIU Procedure Manual has been updated accordingly as of December 31, 2024.

Contacts for Corrective Action Plan:
Nadeth Fitzgerald, Director – SIU
nadeth.fitzgerald@vermont.gov

Peter Moino, AHS Director of Internal Audit
peter.moino@vermont.gov

Reference Number:	2024-026
Prior Year Finding:	2023-023
Federal Agency:	U.S. Department of Agriculture U.S. Department of Health and Human Services
State Agency:	Department of Finance and Management
Federal Program:	SNAP Cluster Temporary Assistance for Needy Families CCDF Cluster
Assistance Listing Number:	10.551, 10.561, 93.558, 93.575, 93.596
Award Number and Year:	4VT400406 (10/1/2022 – 9/30/2023) 4VT402513 (10/1/2023 – 9/30/2024) 2301VTTANF (10/1/2022 – 9/30/2023) 2401VTTANF (10/1/2023 – 9/30/2024) 2301VTCCDD (10/1/2022 – 9/30/2025) 2401VTCCDD (10/1/2023 – 9/30/2026)
Compliance Requirement:	Cash Management
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
We recommend that Finance review and enhance its internal controls and procedures over the CMIA Annual Report to ensure that it verifies the correct interest rate is applied and that State and Federal interest liabilities are properly calculated in accordance with 2 CFR section 200.514.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
The current available rate at the time of calculation, review, entry, and moving to draft were all accurate to what U.S. Treasury had available at the time. The rate was updated on December 3rd, after our submissions had already been locked via the draft process in the CMIAS portal done on November, 26th. The process was not fully submitted due to issues with the CMIAS portal not allowing us to submit which has been extensively documented via multiple email chains with U.S. Treasury CMIA over the past two years.

Finance and Management will take a screenshot of the CMIA interest rate page dated on the review date of the CMIA Annual Report submissions from departments to ensure that we maintain the historical rate posted to the U.S. Treasury CMIA page at the time of review.

Additionally, AHS will take their own screenshots of the CMIA Interest Rate page from U.S. Treasury website on the date of their Annual Report Summary submissions for record and to show that the rate from this time was checked and applied to the current year's program.

If during the review, there is any discrepancy between the review screen of the rates and the calculations screenshot of the rates; the calculation spreadsheets will be kicked back to AHS to be updated.

Scheduled Completion Date of Corrective Action Plan:
November 30, 2025

Contacts for Corrective Action Plan:
Jordan Black-Deegan, Statewide Grants Administrator
jordan.black-deegan@vermont.gov

Sarena Boland, Financial Manager III
sarena.boland@vermont.gov

Reference Number:	2024-027
Prior Year Finding:	No
Federal Agency:	U.S. Department of Agriculture U.S. Department of Health and Human Services
State Agency:	Department of Human Resources Agency of Human Services
Federal Program:	SNAP Cluster Temporary Assistance for Needy Families Child Support Services Medicaid Cluster
Assistance Listing Number:	10.551, 10.561, 93.558, 93.563, 93.775, 93.777, 93.778
Award Number and Year:	4VT400406 (10/1/2022 – 9/30/2023) 4VT402513 (10/1/2023 – 9/30/2024) 2301VTTANF (10/1/2022 – 9/30/2023) 2401VTTANF (10/1/2023 – 9/30/2024) 2401VTSCSS (10/1/2023 – 9/30/2024) 2305VT5MAP (10/1/2022 – 9/30/2023)
Compliance Requirement:	Allowable Activities/Allowable Costs - Payroll
Type of Finding:	Significant Deficiency in Internal Control Over Compliance

Recommendation:
We recommend that the Department review and enhance procedures and internal controls to ensure that VTHR uses rates of pay for attorneys that align with the maximum pay rates established by the Attorney Pay Plan.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
The language in the attorney play plan will be clarified to be consistent with long-standing Department of Human Resources' interpretation of the maximum hourly rate for certain attorney job titles. Specifically, the "whichever is lower" clause will be deleted from Staff Attorney III, Staff Attorney IV, and General Counsel I descriptions. This will leave the limiting language to be "or up to Department/Agency Head's Salary." This will allow the maximum salary to be capped at the department head's salary, which is the intention of the pay plan. In addition, the compensation team will continue to audit all salary actions to ensure that no pay action will exceed the intended maximum salary.

The Compensation Division of the Department of Human Resources will make these changes and publish the updated Attorney Pay Plan according to the agreed schedule.

Scheduled Completion Date of Corrective Action Plan:
The Corrective Action Plan will be completed by February 1, 2025.

Contacts for Corrective Action Plan:
Douglas Pine, Deputy Director
doug.pine@vermont.gov

Reference Number:	2024-028
Prior Year Finding:	2023-034
Federal Agency:	U.S. Department of Homeland Security
State Agency:	Department of Public Safety
Federal Program:	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Assistance Listing Number:	97.036
Award Number and Year:	FEMA-4474-DR-VT (2020), FEMA-4532-DR-VT (2020), FEMA-4621-DR-VT (2021), FEMA-4695-DR-VT (2023), FEMA-4720-DR-VT (2023)
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 Department complete implementation of its corrective action plan from the prior year. The Department should continue to improve its procedures and internal controls to ensure that all required subawards and subaward modifications are reported accurately and timely to FSRS no later than the end of the month following the month of issuance in accordance with FFATA reporting requirements.

Views of responsible officials:
Management agrees with the finding.

Corrective Action Plan:
Public Safety will continue implementation of its corrective action plan from the prior year. A new procedure will be developed for a periodic review of FFATA entries to add a control step ensuring that all FFATA entries are timely and accurate. A training will also be delivered to Public Assistance staff to ensure that the FFATA entry process is understood in both FSRS and SAM.gov. These corrective actions will be completed by April 4th, 2025

Scheduled Completion Date of Corrective Action Plan:
April 4, 2025

Contacts for Corrective Action Plan:
Richard Hallenbeck, Director of Administration/Finance
richard.hallenbeck@vermont.gov

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2024

FINDINGS RELATING TO FEDERAL AWARDS

AGENCY OF HUMAN SERVICES

Finding Number	ALN	Description	Questioned Costs	Current Status
2023-021	93.568	Reporting – FFATA	None	In Process See A-7
2023-022	93.568	Reporting	None	Completed
2023-024	93.391	Reporting – FFATA	None	In Process See A-8
2023-025	93.391	Procurement	None	Completed
2023-026	93.659	Eligibility	None	Completed
2023-027 2022-035 2021-023 2020-013	93.767	Eligibility	None	Completed
2023-028 2022-036 2021-022 2020-012 2019-011	93.767	Special Tests and Provisions - Provider Eligibility (Per CLA: CHIP only in 2023 - Medicaid portion cleared.)	None	In Process See A-9
2023-029	93.775 93.777 93.778	Special Tests and Provisions - ADP Risk Analysis and System Security Review	None	Completed
2023-030 2022-038 2021-026	93.775 93.777 93.778	Reporting - FFATA	None	In Process See A-10

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2024

2023-031 2022-037 2021-25 2020-014 2019-010	93.775 93.777 93.778	Special Tests and Provisions - Provider Health and Safety Standards	None	In Process See A-11
2023-033	93.959	Reporting – FFATA	None	Completed
2022-031	93.268	Reporting – FFATA	None	Completed
2022-033 2021-020	93.323	Reporting – FFATA	None	Completed

CENTER FOR CRIME VICTIM SERVICES:

Finding Number	ALN	Description	Questioned Costs	Current Statu
2019-006	16.575	Subrecipient Monitoring	None	In Process See A-12

AGENCY OF EDUCATION:

Finding Number	ALN	Description	Questioned Costs	Current Statu
2023-003 2022-006	10.553 10.555 10.556 10.559 10.582	Reporting - FFATA	None	Completed
2023-013	84.027 84.173	Allowable Costs/Cost Principles	None	In Process See A-13
2023-014	84.027 84.173	Subrecipient Monitoring	None	Completed
2023-015	84.367	Allowable Costs/Cost Principles	None	Completed

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2024

2023-016	84.367	Reporting – FFATA	None	In Process See A-14
2023-017	84.367	Subrecipient Monitoring	None	Completed
2023-018 2022-029 2021-018	84.425C 84.425D 84.425U	Reporting – FFATA	None	In Process See A-15
2023-019 2022-026	84.425D	Special Tests and Provisions – Participation of Private School Children	None	Completed
2023-020	84.425D 84.425U	Subrecipient Monitoring	None	Completed
2022-025	84.027 84.173	Reporting - FFATA	None	In Process See A-16

AGENCY OF ADMINISTRATION

Finding Number	ALN	Description	Questioned Costs	Current Statu
2023-009	21.027	Reporting	None	Completed
2023-010 2022-021	21.027	Subrecipient Monitoring	None	Completed

AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT

Finding Number	ALN	Description	Questioned Costs	Current Statu
2022-010	14.228	Subrecipient Monitoring	None	In Process See A-17
2022-011	14.228	Reporting – FFATA	None	Completed

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2024

MILITARY DEPARTMENT

Finding Number	ALN	Description	Questioned Costs	Current Status
2022-009	12.400	Reporting	None	Completed

VERMONT AGENCY OF TRANSPORTATION

Finding Number	ALN	Description	Questioned Costs	Current Status
2023-011	20-509	Subrecipient Monitoring	None	Completed

VERMONT DEPARTMENT OF LABOR

Finding Number	ALN	Description	Questioned Costs	Current Status
2023-001	17.225	ACFR Financial Reporting	None	Completed
2023-005 2022-012 2020-009	17.225	Reporting – Various	None	In Process See A-18
2023-006	17.225	Special Tests and Provisions - IRS FUTA Match	None	Completed
2023-007 2022-016	17.225	Allowable Costs/Activities	None	In Process See A-19
2023-008 2022-017	17.225	Period of Performance	None	In Process See A-20
2021-028	97.050	Reporting	None	Completed

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2024

DEPARTMENT OF PUBLIC SAFETY

Finding Number	ALN	Description	Questioned Costs	Current Stat
2023-034	97.036	Reporting – FFATA	None	In Process See A-21

FINANCE & MANAGEMENT, EDUCATION

Finding Number	ALN	Description	Questioned Costs	Current Status
2023-004	10.553 10.555 10.556 10.559 10.582	Cash Management (CMIA)	None	Completed

FINANCE & MANAGEMENT, EDUCATION, DEPARTMENT OF LABOR

Finding Number	ALN	Description	Questioned Costs	Current Status
2023-012 2022-024	17.225 84.010 84.027 84.173	Cash Management (CMIA)	None	Completed

FINANCE & MANAGEMENT

Finding Number	ALN	Description	Questioned Costs	Current Status
2023-023	93.568	Cash Management (CMIA)	None	In Process See A-22
2023-032	93.775 93.777 93.778	Cash Management (CMIA)	None	Completed

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2024

FINANCE & MANAGEMENT, ADMINISTRATION

Finding Number	ALN	Description	Questioned Costs	Current Status
2023-002 2022-018 2021-013	21.019 21.023 21.027	Reporting: Schedule of Expenditures of Federal Awards (SEFA)	None	In Process See A-23

MANAGEMENT RESPONSE TO FINDINGS RELATING TO FEDERAL AWARDS

AGENCY OF HUMAN SERVICES

Low-Income Home Energy Assistance (ALN 93.568)

Finding Number(s): 2023-021

Corrective Action Plan:

Due to staff vacancies and turnover that arose in the DCF Quality Assurance & Reporting (QA&R) team during the summer of 2022, there was insufficient intra-team communication and training regarding FFATA reporting requirements. As of January 1, 2024, then, formal procedures and training will be put in place to ensure all QA&R staff are prepared to execute their responsibilities pertaining to FFATA reporting requirements. Further, in order to monitor FFATA reporting compliance going forward, AHS Internal Audit Group (IAG) will include LIHEAP subawards in its annual review.

Scheduled Completion Date of the Corrective Action Plan:

- January 1, 2024: FFATA reporting procedures and training in place and operating. - Completed
- December 31, 2024: Annual review of FFATA rules and regulations including subawards review. - Completed

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

COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises (ALN 93.391)

Finding Number(s): 2023-024

Corrective Action Plan:

The Financial Administrator will ensure that subrecipient grants containing federal funding that meet the FFATA reporting threshold are marked as "required for entry into the FSRS system" upon grant execution. The Financial Administrator and Manager will then confirm that all executed agreements that meet the FFATA reporting requirement have been entered and submitted into the FSRS system by the last business day of each month.

Please note that the scheduled completion date is 2/1/23 as the same FFATA reporting finding was identified for a different program during the SFY22 Single Audit, and the corrective action plan was applied across the Department as a whole. The FFATA issues identified in the SFY24 Single Audit pre-dated the implementation of the Health Department's original corrective action plan.

Scheduled Completion Date of Corrective Action Plan:

- February 1, 2023

Contacts for Corrective Action Plan:

Lillian Smith, Financial Administrator
lillian.smith@vermont.gov

Jessica Brown, Financial Manager
jessica.brown@vermont.gov
Megan Hoke, Financial Director
megan.hoke@vermont.gov

Peter Moino, Director of Internal Audit
peter.moino@vermont.gov

Children's Health Insurance (ALN 93.767)

Finding Number(s): 2023-028, 2022-036, 2021-022, 2020-012, 2019-011

Corrective Action Plan:

With the 2022-36 Corrective Action Plan, Letters of Good Tax Standing have been obtained. A standard operating practice is in place documenting the process. The process of validating tax standing in writing from the Tax Department has been in effect since April 2022. Providers who had their tax standing validated prior to April 2022 via phone or email were not solicited to obtain a written notification from the Tax Commissioner. The State has determined that it is not necessary to obtain a retroactive written notification from the Tax Commissioner for tax standing prior to April 2022. As of April 2022, all tax standing reviews are validated with a letter from the Tax Department and documented in the PMM.

Scheduled Completion Date of Corrective Action Plan:

- Per CLA: CHIP only in 2023 - Medicaid portion cleared
- Completed

Contacts for Corrective Action Plan:

Deidra Jarvis, DVHA Supervisor of Member and Provider Services
deidra.jarvis@vermont.gov

Peter Moino, AHS Director of Internal Audit
peter.moino@vermont.gov

Medicaid Cluster (ALN 93.775; 93.777; 93.778)

Finding Number(s): 2023-030; 2022-038; 2021-026

Corrective Action Plan:

Agency of Human Services Internal Audit Group (AHS-IAG) is a designated centralized reporter of subawards for a Medicaid cluster (ALN 93.775, 93.777, 93.778) that is shared between all AHS departments. To address omissions and timeliness of subawards and subaward modifications reporting to FSRS, IAG conducted additional training tailored to each AHS Department to examine the results of FFATA testing conducted internally and reemphasized the FFATA compliance regulations. This ensured the Internal Audit Group (IAG) is provided with complete, accurate and timely subaward information for reporting in FSRS going forward. The context of the 2024 finding indicates that the departments understood the training materials and complied with the requirements to report.

On at least an annual basis, IAG conducts a review of current federal rules and regulations pertaining to FFATA reporting for FSRS to assure the Agency's procedures are up to-date. Coincidentally, 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 on a complete, accurate and timely basis.

Scheduled Completion Date of Corrective Action Plan:

- March 31, 2025: Annual review of FFATA rules and regulations including subawards review.

Contacts for Corrective Action Plan:

Peter Moino, AHS Director of Internal Audit
peter.moino@vermont.gov

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2024

Medicaid Cluster (ALN 93.775; 93.777; 93.778)

Finding Number(s): 2023-031; 2022-027; 2021-025; 2020-014; 2019-010

Corrective Action Plan:

All Letters of Good Standing as well as a Standard Operating Procedure to ensure continuation were implemented in April of 2022. Prior to April the process was manual and via telephone or email with the Tax Department. All Providers who had their tax standing validated prior to April 2022 via phone or email were not solicited to get a written notification from the Tax Commissioner. As of April 2022 all tax standing reviews are validated with a letter from the Vermont Tax department and documented in the Provider Management Module.

Verification with the VT Tax Department of a provider's tax standing has always occurred; However, the good standing verification was documented in the PMM system and the confirmation of the verification from the VT Tax Department was not consistently maintained in the PMM. Although the Agency has implemented its corrective action plan from a prior year audit, cases will still be identified under this CAP until the provider is due for their 5-year revalidation and successfully revalidates with VT Medicaid.

Scheduled Completion Date of Corrective Action Plan:

- Completed

Contacts for Corrective Action Plan:

Deidra Jarvis, Member and Provider Services Supervisor
deidra.Jarvis@vermont.gov

Peter Moino, AHS Director of Internal Audit
peter.moino@vermont.gov

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2024

CENTER FOR CRIME VICTIM SERVICES

Crime Victims Assistance (ALN 16.575)

Finding Number(s): 2019-006

Corrective Action Plan:

CCVS is in the process of incorporating system enhancements to their grants management system for the start of SFY2024. The new system will include a flag and/or report for grants issued that need to be entered into the SAR report prior to 90 days from the date of the completed grant award.

Scheduled Completion Date of Corrective Action Plan:

- April 1, 2025

Contact for Corrective Action Plan:

Carol Brochu, Director of Finance and Administration
carol.brochu@ccvs.vermont.gov

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2024

AGENCY OF EDUCATION

Special Education Cluster, COVID-19 – Special Education Cluster (ALN 84.027, 84.173)

Finding Number(s): 2023-013

Corrective Action Plan:

AOE will do review training to ensure all positions processing reimbursement requests fully understand what is required for backup on payment requests. This training will be conducted jointly by the business office and our compliance team and will be completed by the end of FY24 and will include the following key points.

1. Verity the entity on the backup.
2. The period of reimbursement matches the reimbursement request period.
3. The amount on the backup must be the same and cannot be higher (or lower) than the request.

Scheduled Completion Date of Corrective Action Plan:

- April 1, 2025

Position Responsible for Implementation of Corrective Action

Sean Cousino, Deputy CFO
sean.couisno@vermont.gov

Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) (ALN 84.367)

Finding Number(s): 2023-016

Corrective Action Plan:

To address the accuracy and timeliness of our entries into the FFATA system, we will use the USASPENDING.GOV website to assist us in reconciling what has been entered into the FFATA system. This will allow us to ensure that our grant ledgers agree with what is entered into FFATA. In March 2023 we started reconciliations and plan to continue reconciling a couple times each year. The work will be done by the Deputy CFO or position assigned by the Deputy CFO. We will also implement a process that will have all the steps necessary for a grant award or an amendment to ensure it is posted properly within our internal files and the external systems. This will ensure that new awards and amendments get routed and entered in the FFATA system timely. We will look into the Batch upload process to allow for data to be entered into the system easier.

All of these findings are related to FFATA, we continue to work to improve our timeliness and accuracy of our FFATA entry, we are currently working with our GMS provider to allow for importing FFATA data into the system rather than doing manual data entry. I would expect this will be completed in Q3 of FY2025. We have already completed additional training via webinars and by doing a reminder of our internal process.

Scheduled Completion Date of Corrective Action Plan:

- March 31, 2025

Position Responsible for Implementation of Corrective Action

Sean Cousino, Deputy CFO
sean.couisno@vermont.gov

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2024

Education Stabilization Fund (ALN 84.425C; 84.425D; 84.425R; 84.425U; 84.425W)

Finding Number(s): 2023-018; 2022-029; 2021-018

Corrective Action Plan:

The Agency implemented a reconciliation process in March of 2023 that allows us to ensure our grant ledgers agree with what is entered into FFATA. The Agency will increase the number of reconciliations per year to quarterly.

The Agency continues to work toward our preferred solution to address the accuracy and timeliness of our entries into the FFATA system by creating an upload file of the data from our grants management system.

Scheduled Completion Date of Corrective Action Plan:

- July 1, 2025

Position Responsible for Implementation of Corrective Action

Sean Cousino, Interim CFO
sean.couisno@vermont.gov

Special Education Cluster (ALN 84.027, 04.173)

Finding Number(s): 2022-025

Corrective Action Plan:

To address the accuracy and timeliness of our entries into the FFATA system, we will use the USASPENDING.GOV website to assist us in reconciling what has been entered into the FFATA system. This will allow us to ensure that our grant ledgers agree with what is entered into FFATA. This will be a reconciliation completed at least quarterly (following SOV fiscal year quarters) and will be completed by the Deputy CFO or position assigned by the Deputy CFO. We will also implement a process that will have all the steps necessary for a grant award or an amendment to ensure it is posted properly within our internal files and the external systems. This will ensure that new awards and amendments get routed and entered in the FFATA system timely. Our finance team also attended a FFATA training on February 3, 2023 for additional training on the FFATA system. We will look into the Batch upload process which was described in that training.

All of these findings are related to FFATA, we continue to work to improve our timeliness and accuracy of our FFATA entry, we are currently working with our GMS provider to allow for importing FFATA data into the system rather than doing manual data entry. I would expect this will be completed in Q3 of FY2025. We have already completed additional training via webinars and by doing a reminder of our internal process.

Scheduled Completion Date of Corrective Action Plan:

- First Reconciliation March/April 2023 – Completed
- Full Implementation June 1, 2023 – Completed
- March 31, 2025

Position Responsible for Implementation of Corrective Action

Sean Cousino, Deputy CFO
sean.couisno@vermont.gov

AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT

Community Development Block Grant (ALN 14.228)

Finding Number(s): 2022-010

Corrective Action Plan:

The Supervisor and Director of the CDBG program are now meeting weekly with the staff person assigned for review the Single Audits to understand the workload and assist in ensuring the backlog and the current audits are all reviewed in a timely manner.

The additional position will not be funded, and thus not filled. We have reallocated staff within Grants Management to ensure the backlog has been addressed, and all FY22 Audits have been reviewed and cleared with the exception of one HomeOwnership Nonprofit Development audit checklist to be finalized which will be completed prior to March 31, 2024.

The Supervisor and Director continue to meet with the Grants Management Analyst on the FY23 Audits for timely review, peer outreach, and ultimate clearance.

Supervisor and Director have established a workplan with the Grants Management Analyst in her Evaluation to bring the FY23 backlog current.

Scheduled Completion Date of Corrective Action Plan:

- April 1, 2025

Position Responsible for Implementation of Corrective Action

Ann Karlene Kroll, Federal Programs Director
Annkarlene.kroll@vermont.gov

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2024

DEPARTMENT OF LABOR

Unemployment Insurance (ALN 17.225)

Finding Number(s): 2023-005; 2022-012; 2020-009

Corrective Action Plan:

The Department is currently undergoing a division and business unit wide analysis of our internal controls and procedures. As part of that effort, the Department will review internal controls and update as necessary to ensure that all required reports are filed timely and accurately and that reports are reviewed and approved by authorized State officials prior to submission.

Scheduled Completion Date of Corrective Action Plan:

- June 30, 2025

Contacts for Corrective Action Plan:

Chad Wawrzyniak, Financial Director II
chad.wawrzyniak@vermont.gov

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2024

Unemployment Insurance (ALN 17.225)

Finding Number(s): 2023-007; 2022-016

Corrective Action Plan:

The Department will review its procedures and internal controls and update as necessary to ensure that expenditures are adequately reviewed and signed off on. It should be noted that during the period of performance for which this audit was conducted there were a large number of personnel changes and shifts. The position that was responsible for the majority of these duties retired in January 2024. We proactively hired for her replacement a year before she retired. Over the course of the year our replacement took over more and more duties. In the process of this replacement, we have completed a tremendous amount of evaluation of our assigned duties, processes, workflow, training, and documentation. Not only in this role, but we are also undergoing a division and business unit wide analysis of our internal controls and workflow.

Scheduled Completion Date of Corrective Action Plan:

- April 1, 2025

Contacts for Corrective Action Plan:

Chad Wawrzyniak, Financial Director II
chad.wawrzyniak@vermont.gov

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2024

Unemployment Insurance (ALN 17.225)

Finding Number(s): 2023-008; 2022-017

Corrective Action Plan:

The Department will review its procedures and internal controls and update as necessary to ensure that expenditures are incurred within the allowable period of performance for respective awards. It should be noted that during the period of performance for which this audit was conducted there were a large number of personnel changes and shifts. The position that was responsible for the majority of these duties retired in January 2024. We proactively hired for her replacement a year before she retired. Over the course of the year our replacement took over more and more duties. In the process of this replacement, we have completed a tremendous amount of evaluation of our assigned duties, processes, workflow, training, and documentation. Not only in this role, but we are also undergoing a division and business unit wide analysis of our internal controls and workflow.

It should also be noted that the UI admin funds are considered 'formula funds' from the US DOL. We are expected to run this program year-round with no gaps in service or performance. The funding that we receive from US DOL is based on an antiquated formula that breaks down the amount that is budgeted by Congress between 52 state and territories. We generally do not receive enough funding for the entire year. Also, with the recent trend of Congress to utilize the tool of the Continuing Resolution our funding is often ambiguous until most of the program year is over. We have at times seen our funding cut once a budget had been passed by Congress even though there was only about 3 months left in the program year. We are still expected to run this program and 'find other sources of funding'. This does make the adherence to the period of performance challenging. However, as we evaluate our internal controls and procedures over the coming months, we will make note of every opportunity to strengthen this function to ensure that all charges applied to program funds are relevant, within the period of performance of the award, and are correctly reviewed and signed.

Scheduled Completion Date of Corrective Action Plan:

- April 1, 2025

Contacts for Corrective Action Plan:

Chad Wawrzyniak, Financial Director II
chad.wawrzyniak@vermont.gov

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2024

DEPARTMENT OF PUBLIC SAFETY

Disaster Grants - Public Assistance (Presidentially Declared Disasters) (ALN 97.036)

Finding Number(s): 2023-034

Corrective Action Plan:

Public Safety will continue implementation of its corrective action plan from the prior year. A new procedure will be developed for a periodic review of FFATA entries to add a control step ensuring that all FFATA entries are timely and accurate. A training will also be delivered to Public Assistance staff to ensure that the FFATA entry process is understood in both FSRS and SAM.gov. These corrective actions will be completed by April 4th, 2025

Scheduled Completion Date of Corrective Action Plan:

- April 4, 2025

Contacts for Corrective Action Plan:

Richard Hallenbeck, Director of Administration/Finance
richard.hallenbeck@vermont.gov

FINANCE & MANAGEMENT

Low-Income Home Energy Assistance COVID-19 – Low-Income Home Energy (ALN 93.568)

Finding Number(s): 2023-023

Corrective Action Plan:

The current available rate at the time of calculation, review, entry, and moving to draft were all accurate to what U.S. Treasury had available at the time. The rate was updated on December 3rd, after our submissions had already been locked via the draft process in the CMIAS portal done on November 26th. The process was not fully submitted due to issues with the CMIAS portal not allowing us to submit which has been extensively documented via multiple email chains with U.S. Treasury CMIA over the past two years.

Finance and Management will take a screenshot of the CMIA interest rate page dated on the review date of the CMIA Annual Report submissions from departments to ensure that we maintain the historical rate posted to the U.S. Treasury CMIA page at the time of review.

Additionally, AHS will take their own screenshots of the CMIA Interest Rate page from U.S. Treasury website on the date of their Annual Report Summary submissions for record and to show that the rate from this time was checked and applied to the current year's program.

If during the review, there is any discrepancy between the review screen of the rates and the calculations screenshot of the rates; the calculation spreadsheets will be kicked back to AHS to be updated.

Scheduled Completion Date of Corrective Action Plan:

- November 30, 2025

Contacts for Corrective Action Plan:

Jordan Black-Deegan, Statewide Grants Administrator
jordan.black-deegan@vermont.gov

FINANCE & MANAGEMENT, ADMINISTRATION

Schedule of Expenditures of Federal Awards (ALN 21.019; 21.023; 21.027)

Finding Number(s): 2023-002; 2022-018; 2021-013

Corrective Action Plan:

The Department of Finance and Management will review ACFR9 form reconciliation tab requirements and update the form and instructions to reflect a greater level of detail required from the submitting agency/departments. Additionally, the department will provide two trainings ahead of the deadline for the departments who complete this form to review the changes and to stress the important pieces of the form which are currently not being followed as written. The deadline of completed forms with all backup documentation will be stressed during training sessions.

The Recovery Office will submit their ACFR-9 and GL backup per the DFM deadline. DFM will have two weeks to review and respond with any requests for corrections or clarifications. The Recovery Office will have one week to review, respond, and resubmit the ACFR-9 reviewed and signed off by an Appointing Authority.

A change log will be added to the Recovery Office workbook. Any changes from the original submission will be documented on a separate tab. The change log will contain documentation of what changes were made and per discussion with which parties.

The Agency of Administration – Recovery Office, Department of Finance and Management, and the State of Vermont Auditors will form a SEFA working group to meet as needed to review the SLFRF and ERA program expenditures and reconciliation workbooks. Once the Audit has begun, if the auditors have questions related to the SEFA, we will pull together a meeting within two business days including the auditors, the Recovery Office, DFM, and any impacted/involved agency or department. The results of the meeting will be documented and distributed within 1 business day.

Scheduled Completion Date of Corrective Action Plan:

- July 30, 2025: ACFR9 updates and trainings
- August 29, 2025: AOA ACFR9 Submission
- March 31, 2025: SEFA group review

STATE OF VERMONT
Summary Schedule of Prior Audit Findings
June 30, 2024

Contacts for Corrective Action Plan:

Doug Farnham, AOA Recovery Office
Douglas.Farnham@vermont.gov

Jordan Black-Deegan, DFM
Jordan.Black-Deegan@vermont.gov

Kimberly Baker, DFM
Kimberly.Baker@Vermont.gov

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