FINANCIAL SECTION

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%

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

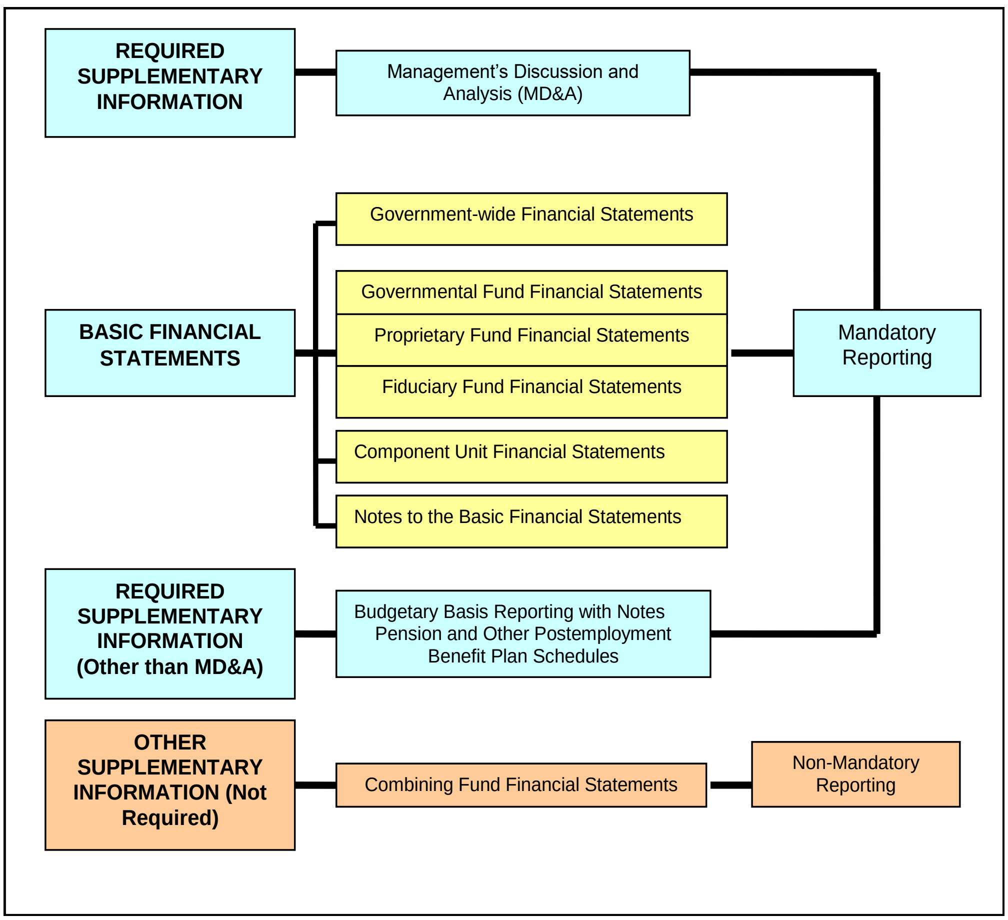
- Vermont's debt outstanding for general obligation bonds increased $78.5 million as compared to fiscal year 2023. In 2024, Vermont issued $197.7 million in general obligation bonds and through redemptions and defeasances retired $119.2 million in general obligation bonds.

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.



<u>Basic Financial Statements</u>
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.)

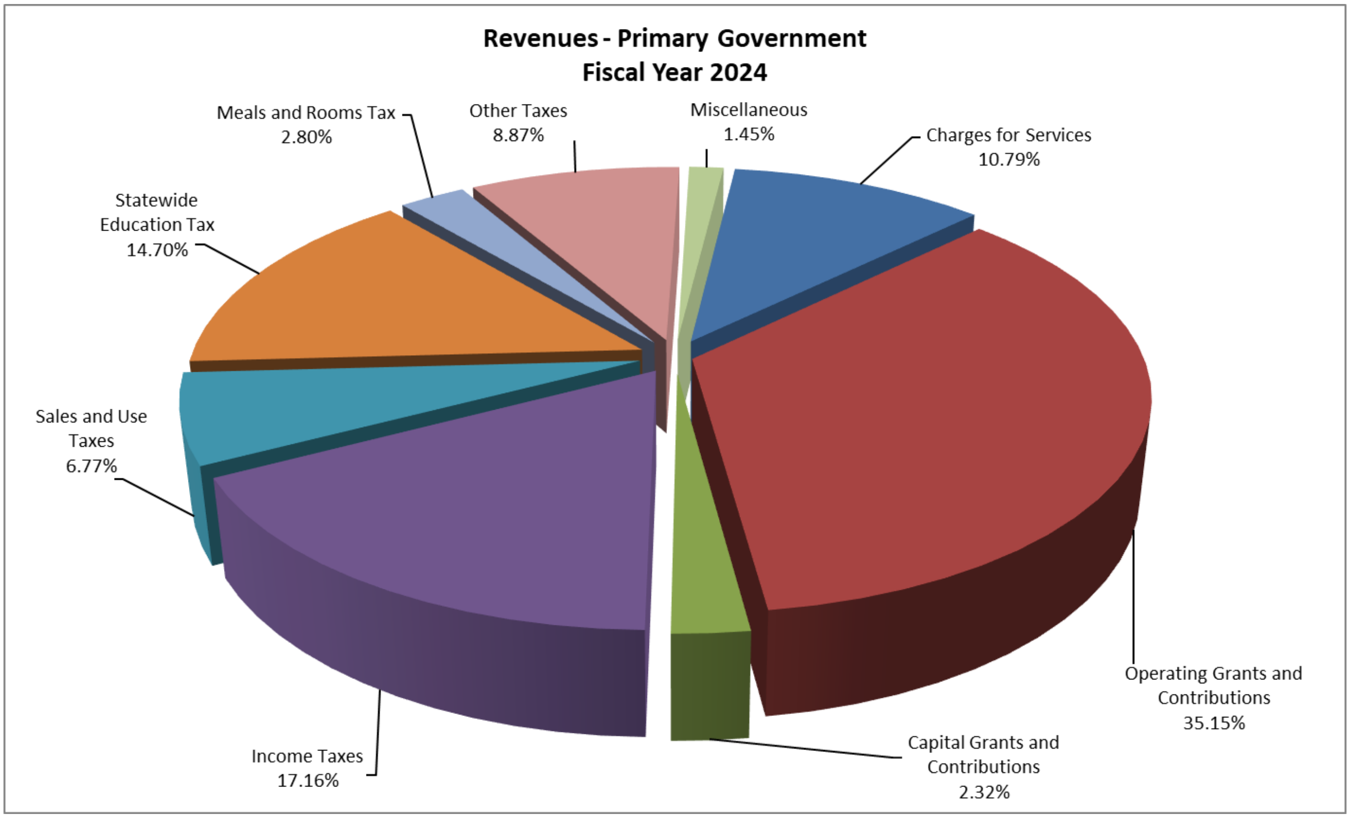
TABLE 3
State of Vermont's Changes in Net Position
(In Millions)

	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.

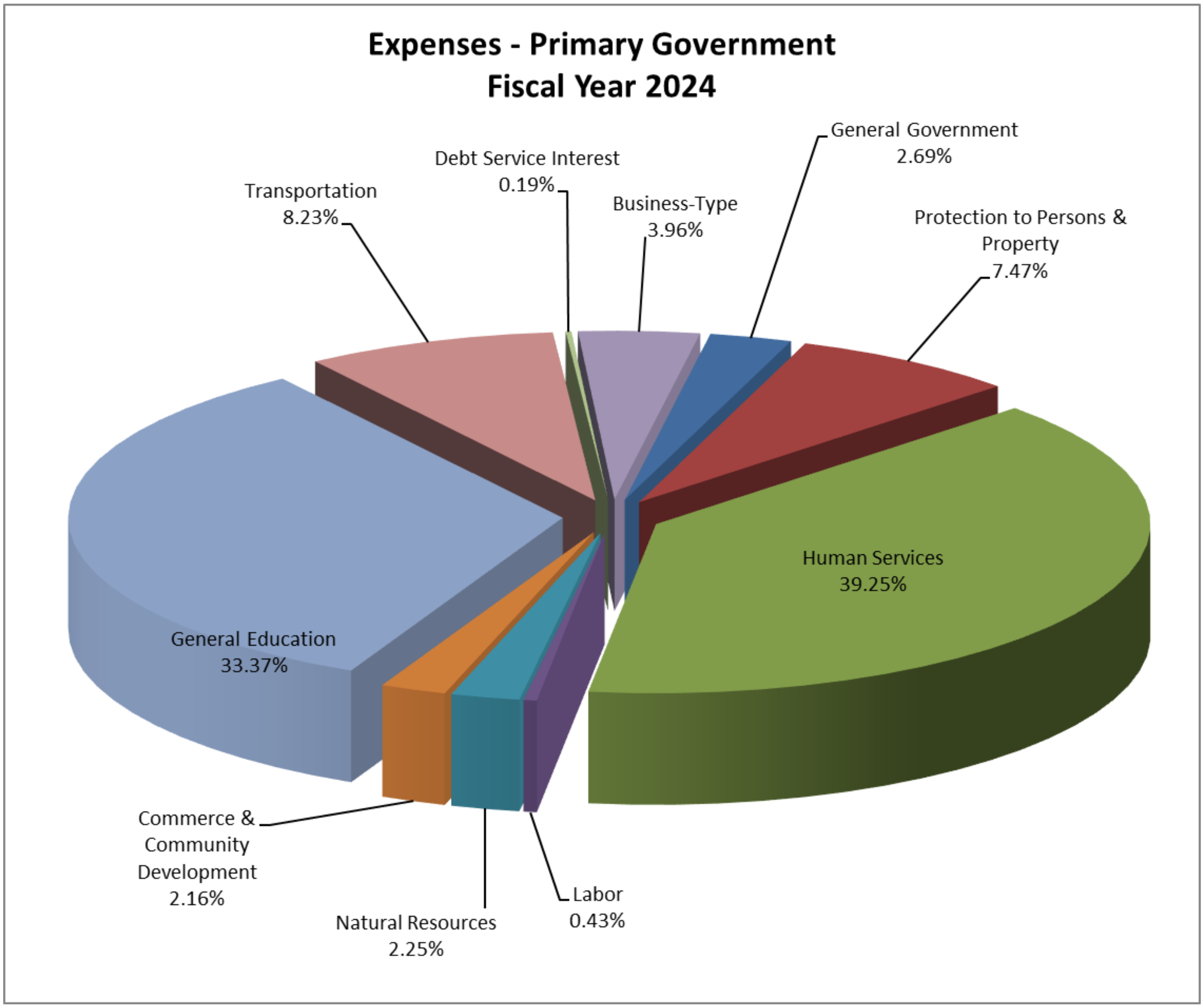
(Chart on next page.)



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	2024 (In Millions)	2023 (In Millions)	Change (In Millions)
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	2024 (In Millions)	2023 (In Millions)	Change (In Millions)
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.

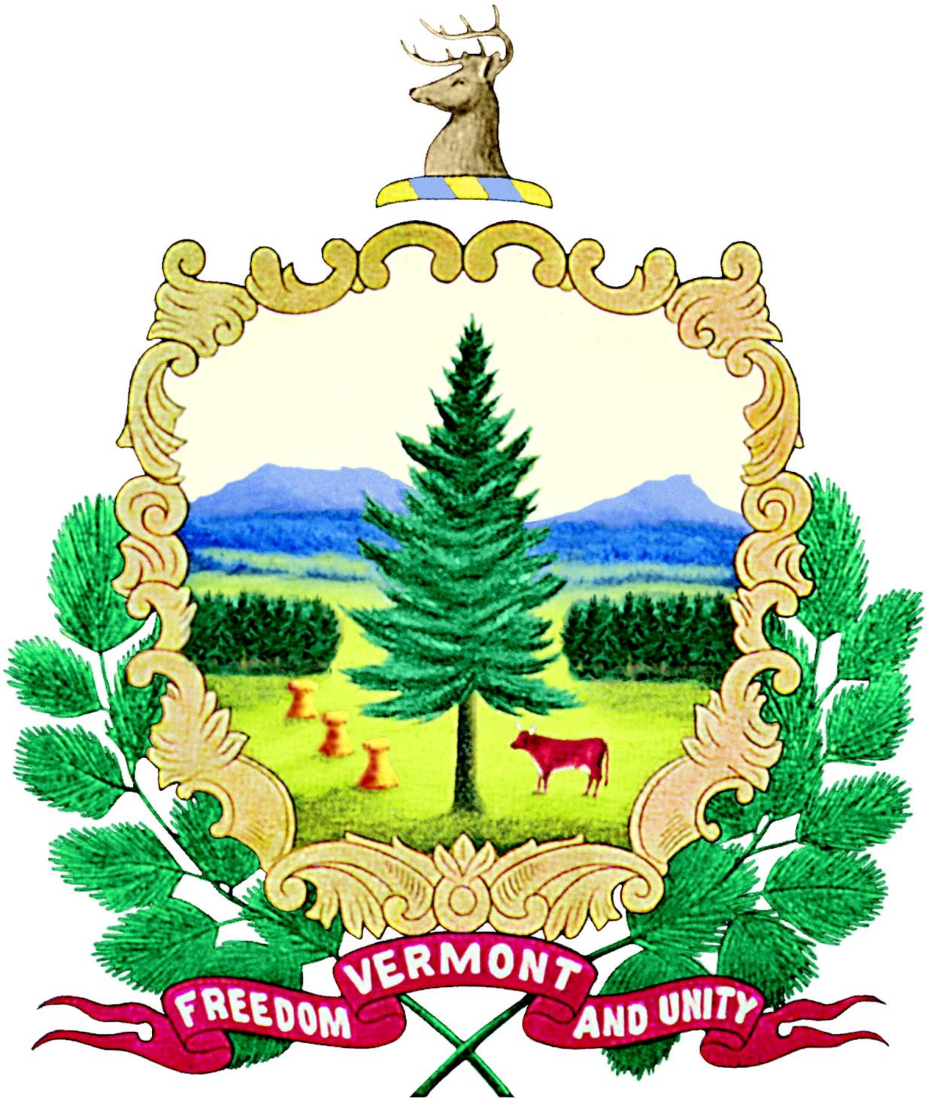
Vermont employs a consensus revenue forecasting process carried out by the Administration and the State Legislature. The consensus economic and state revenue forecasts are updated each July and January and are approved by the Vermont Emergency Board under state statute. In July 2024, the consensus revenue 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:

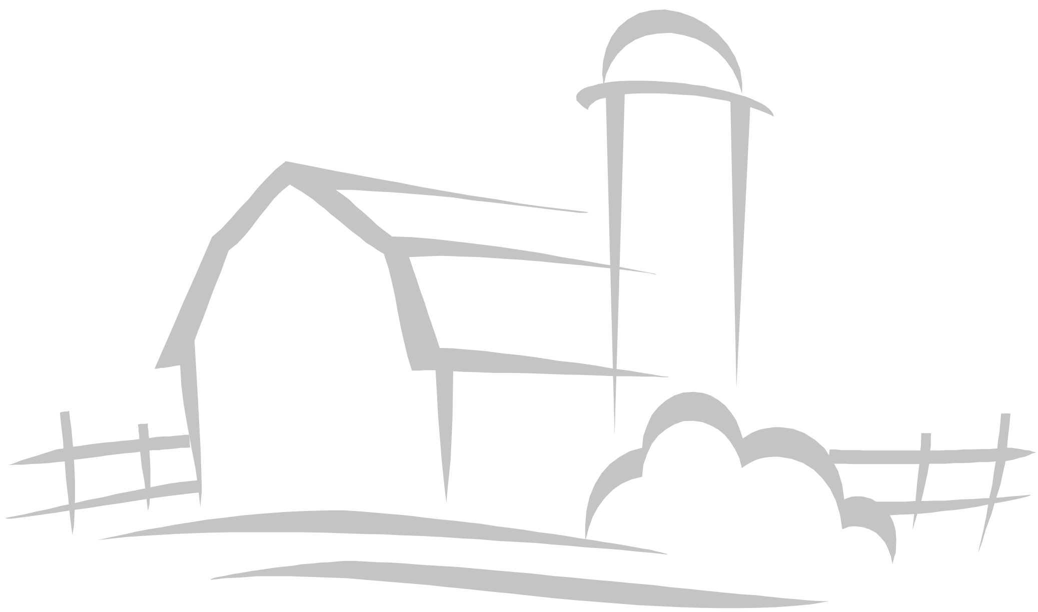
State of Vermont
Department of Finance and Management
109 State Street, 5th Floor
Pavilion Building
Montpelier, Vermont 05609-0401

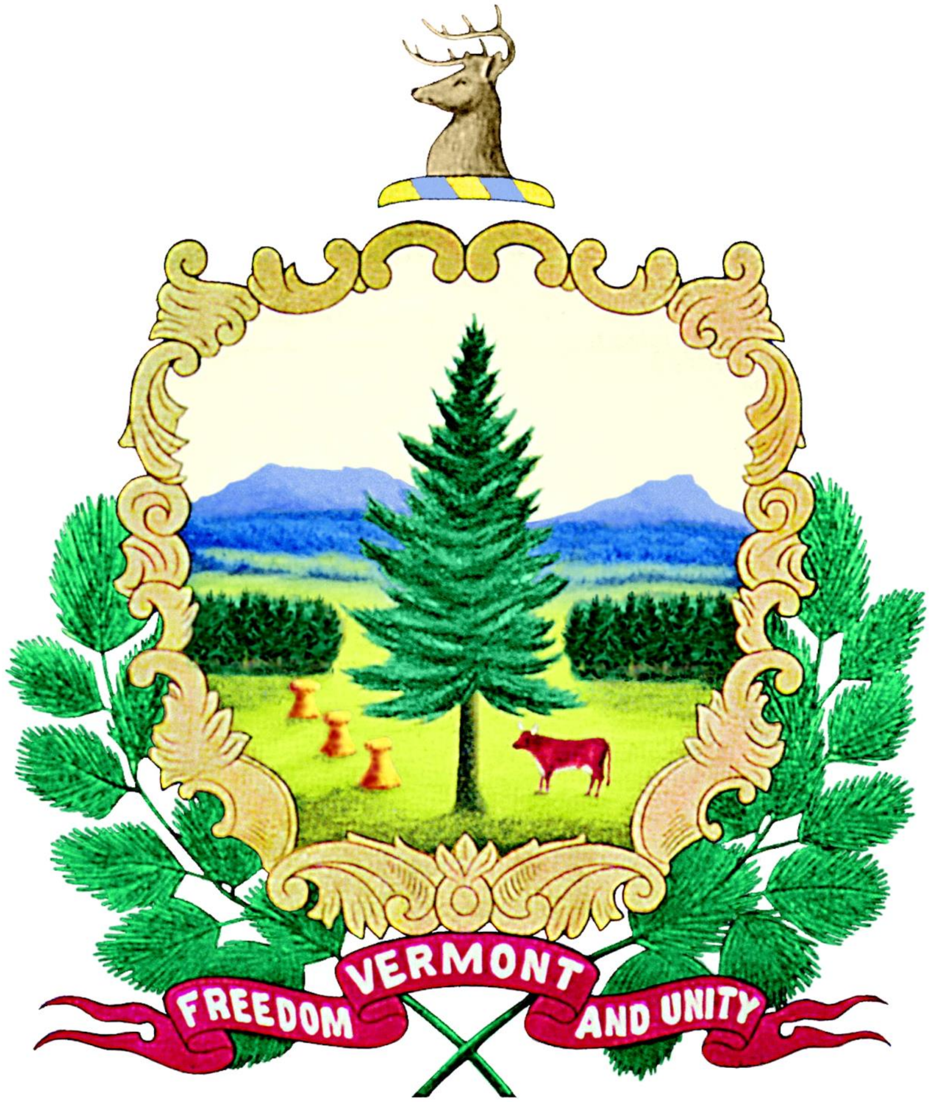
Component units of the State of Vermont issue their own financial statements. These statements may be obtained by directly contacting them at the addresses found in Note I.A. to the financial statements.



BASIC FINANCIAL STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK





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
	Governmental Activities	Business-type Activities	Total	Component Units
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

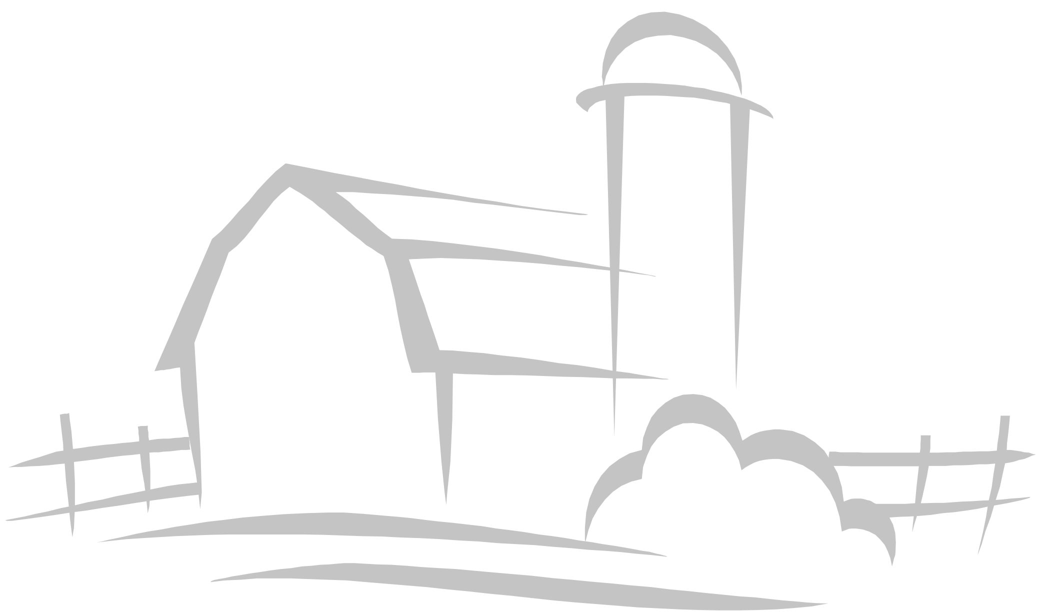
Net Position - Beginning

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



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

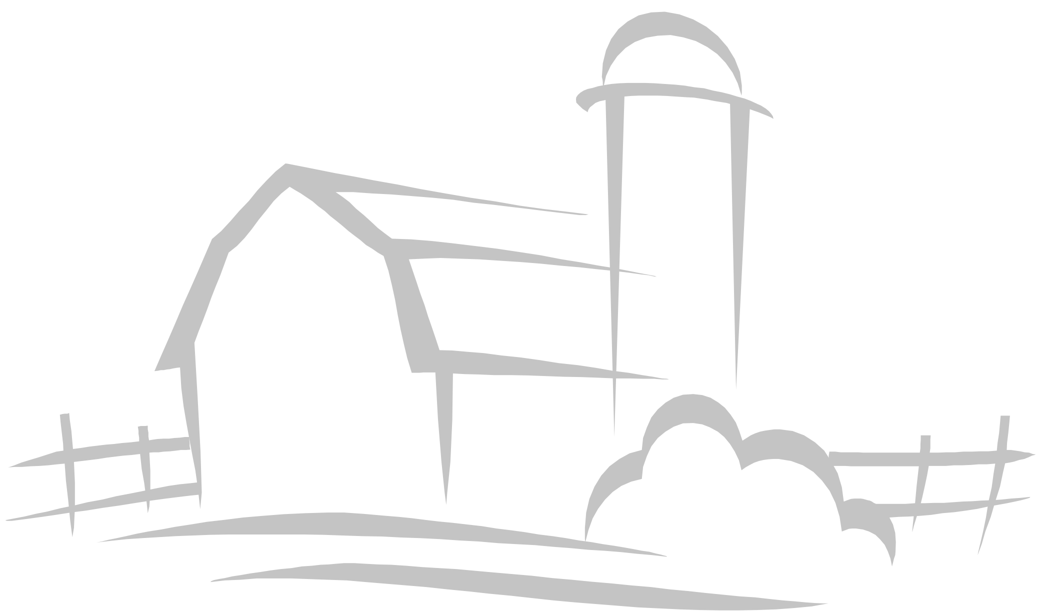
STATE OF VERMONT
RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2024

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

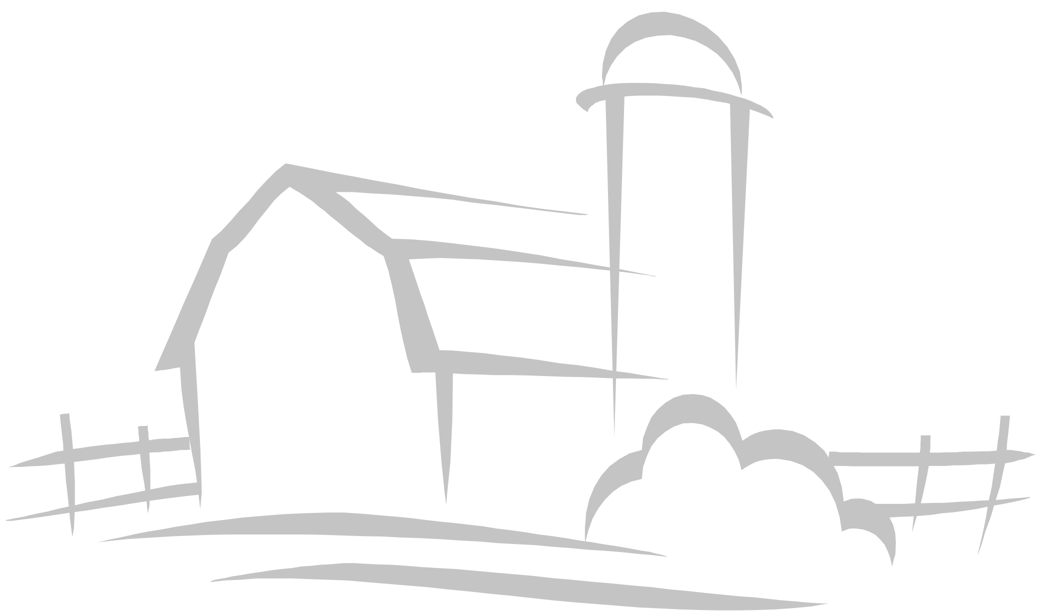
	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	State Lottery Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 71,716,501	$ 96,021,733	$ 167,536,174
Cash paid to suppliers for goods and services	-	(62,756,951)	(8,885,755)
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.

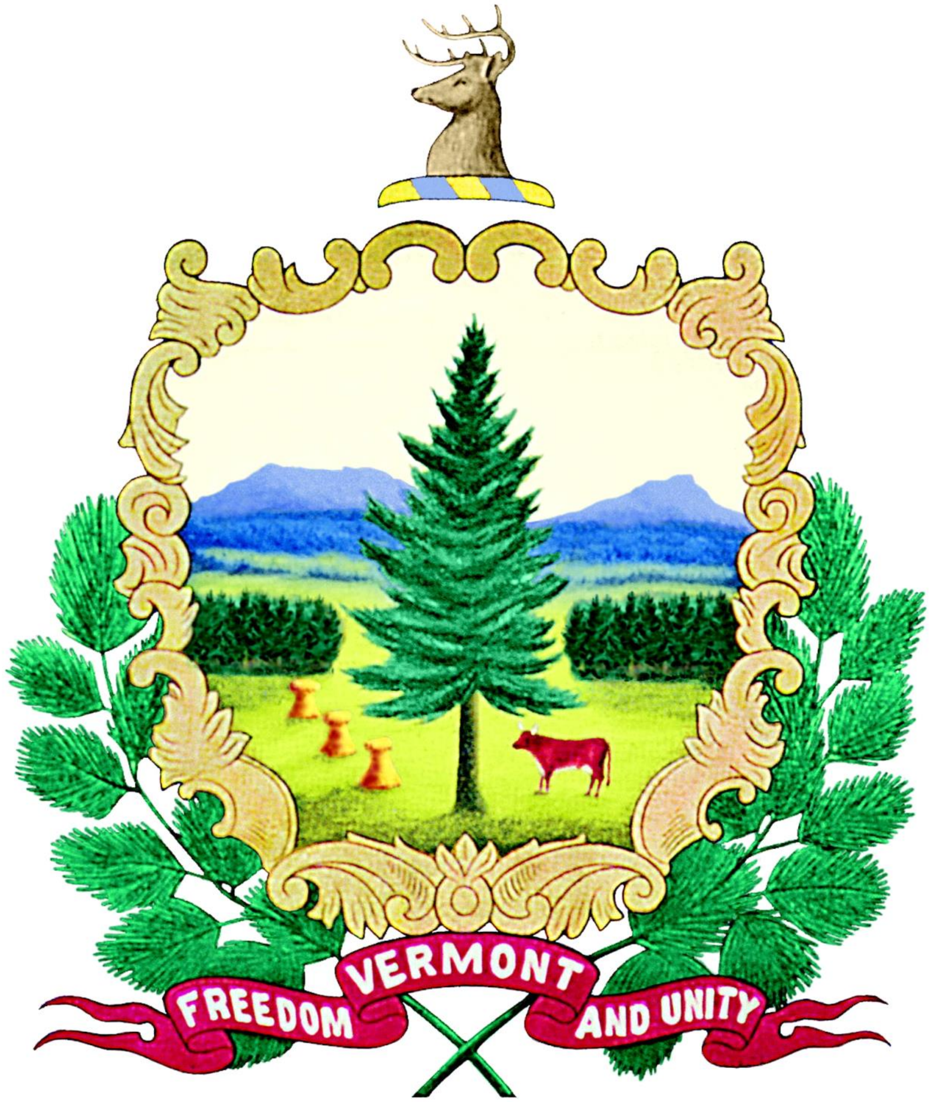
The accompanying notes are an integral part of these financial statements.

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

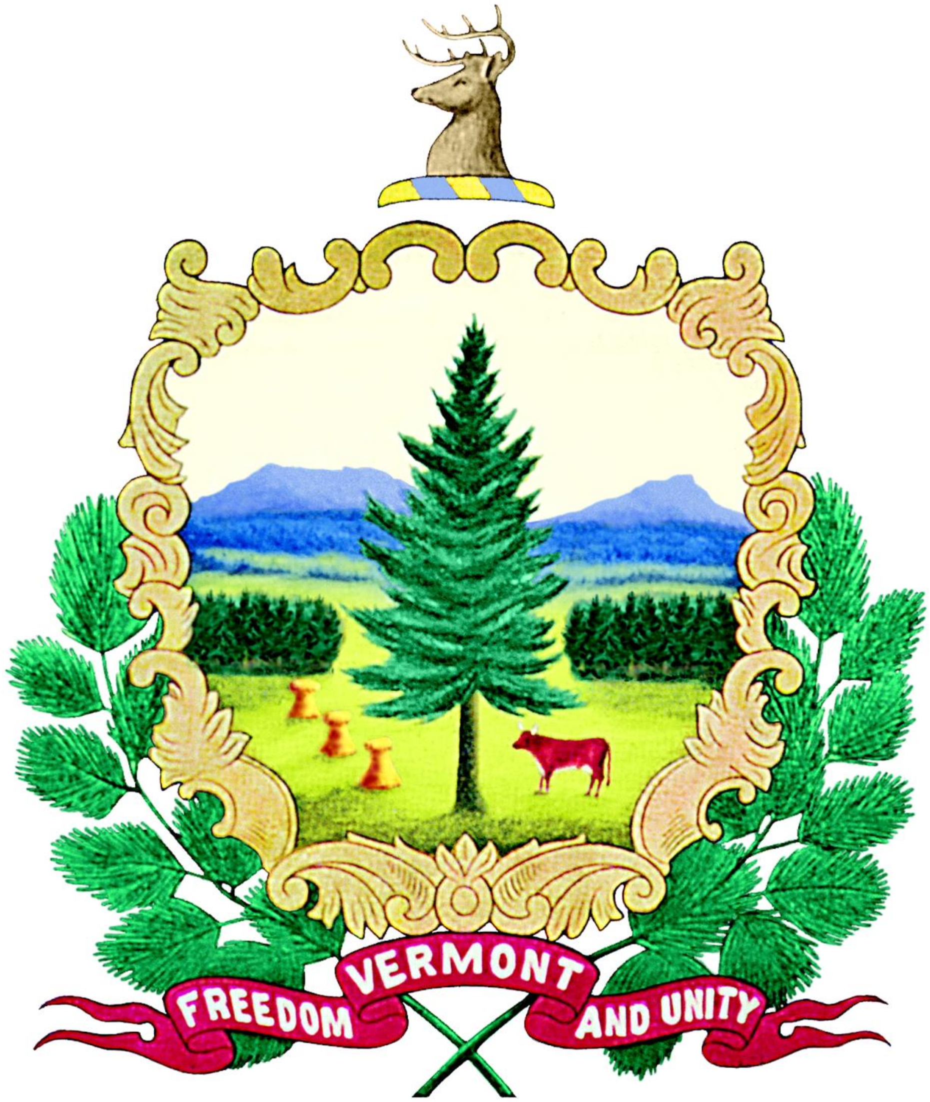
The accompanying notes are an integral part of these financial statements.

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



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

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.

<u>Bond Discounts, Premiums, and Issuance Costs</u>

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.

<u>Interfund Transactions</u>

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.

<u>Use of Estimates</u>

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

<u>**Primary Government—Excluding All Pension, and Other Postemployment Benefits Trust Funds**</u>

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)

	Fair Value Measurement Level			
Investments by fair value level	**Fair Value**	**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)

Debt Investments	Fair Value	Quality Ratings: Aaa	Quality Ratings: 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)

		Fair Value Measurement Level	
Investments by fair value level	**Fair Value**	**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 Major	Governmental Funds Non-major	Internal Service Funds	Total Governmental 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 Major	Governmental Funds Non-major	Internal Service Funds	Total Governmental 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 Major	Governmental Funds Non-major	Internal Service Funds	Total Governmental 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 Out			
	Governmental Funds			
Transfers in	**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 Out			
	Governmental Funds			Proprietary Funds
Transfers in	**Federal Revenue Fund**	**Global Commitment Funds**	**Non-major Governmental 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 Out		
	Proprietary Funds		
Transfers in	**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	
General Government	$ 26,488,138
Protection to Persons and Property	12,557,673
Human Services	21,537,746
Labor	355,477
General Education	3,665,694
Natural Resources	3,292,737
Commerce & Community Development	261,485
Transportation	160,328,372
Depreciation on capital assets held by Internal Service Funds	32,074,015
Total	$ 260,561,337

Business-type Activities	
Liquor Control Fund	$ 754,602
State Lottery Fund	657,887
Total	$ 1,412,489

Fiduciary Activities	
Pension Trust Funds	$ 630,958
Private Purpose Trust Fund	803
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
Employee Contributions	5.50% of gross salary	Salary Range $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%
<u>Census Data for 2022 Valuation</u> 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 Increase (Decrease)			STRS - RTHMB 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	STRS - RTHMB Primary Government 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	Primary Government Total 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.)

	STRS - RTHMB	VSRS - VSPB	TOTAL	VSRS - VSPB
Year Ended June 30	Primary Government	Primary Government	Primary Government	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.

<u>Vermont State Teachers' Retirement System</u>

- *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

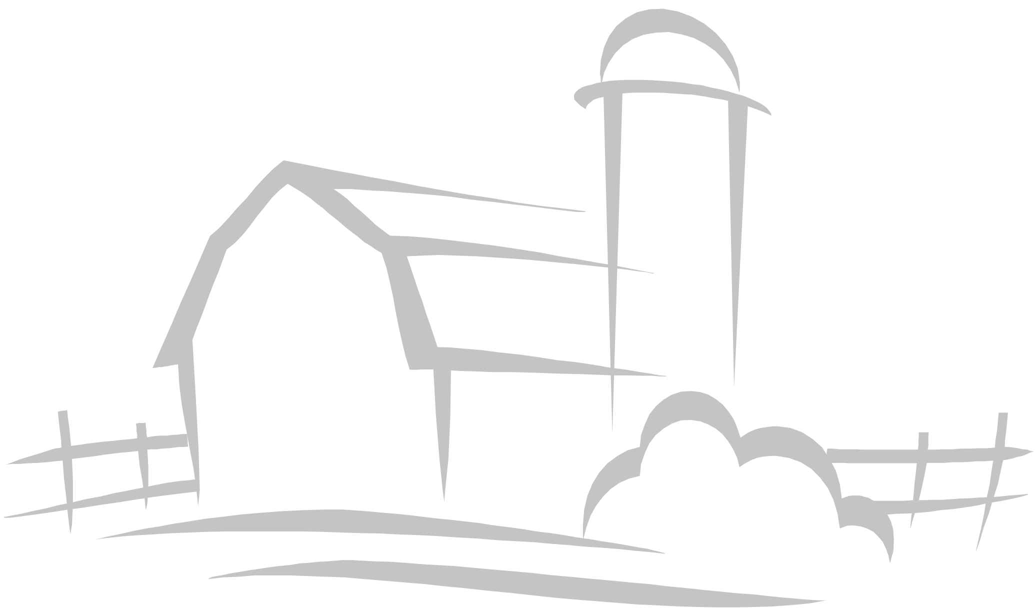
Fiscal Year 2023
Mortality improvement scales were updated to MP-2021.

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

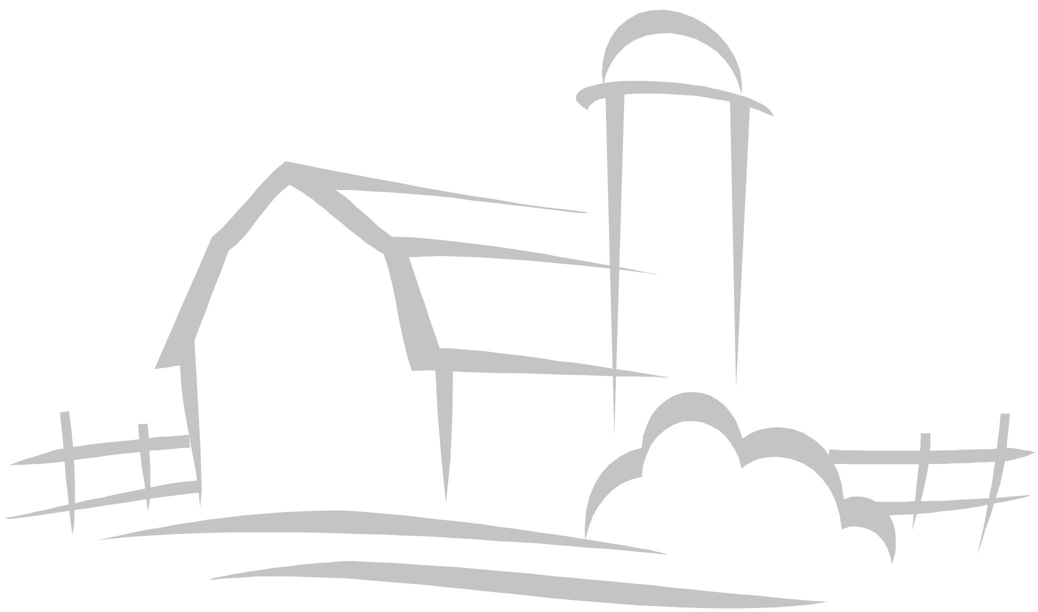
Fiscal Year 2023
Mortality improvement scales were updated to MP-2021.

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	2024	$ 121,873	$ 140,851	$ (18,978)	$ 621,256	22.67%
Retirement System	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'	2024	$ 194,281	$ 222,021	$ (27,740)	$ 743,006	29.88%
Retirement System[2]	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'	2024	$ 50,155	$ 33,180	$ 16,975	$ 392,232	8.46%
	2023	43,344	28,456	14,888	355,709	8.00%
Retirement System	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

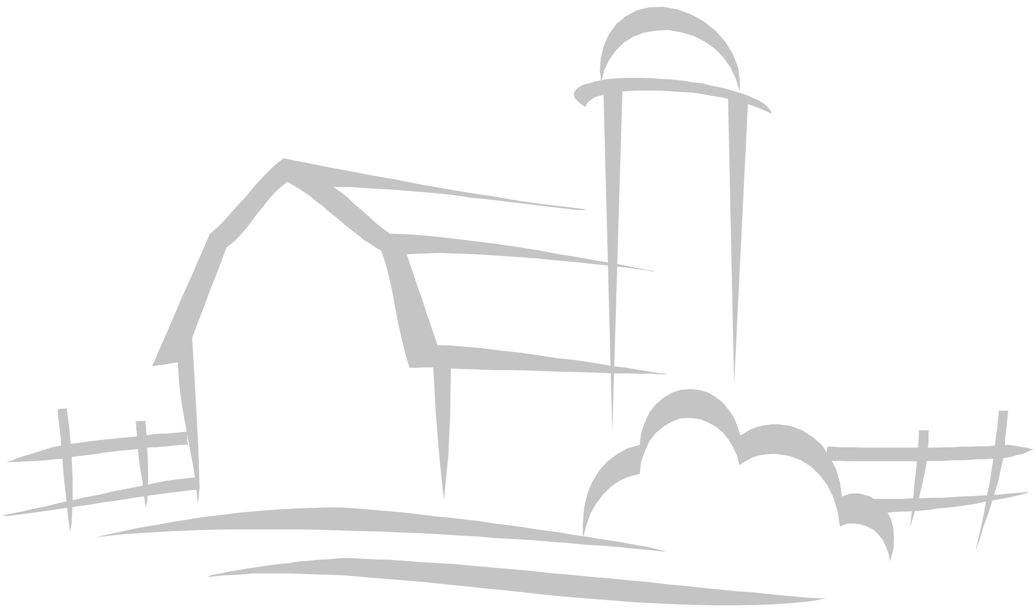
Disabled Retiree:

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

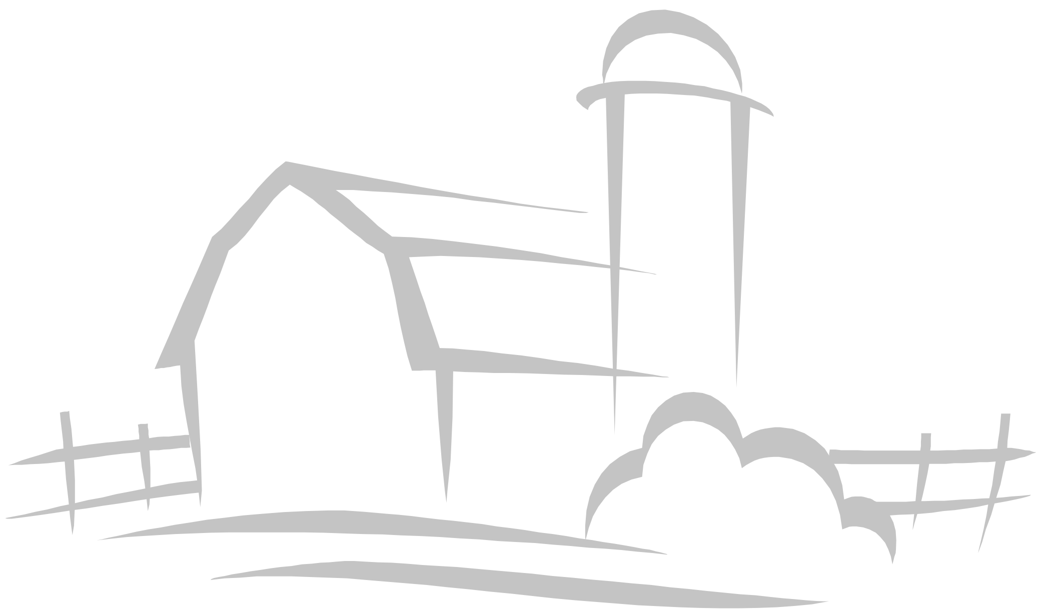
Fiscal Year 2024
Changes in assumptions: The valuation-year per capita health costs and retiree contribution rates were updated. The future trend rates on the valuation-year per capita health costs and retiree contribution rates were modified.

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

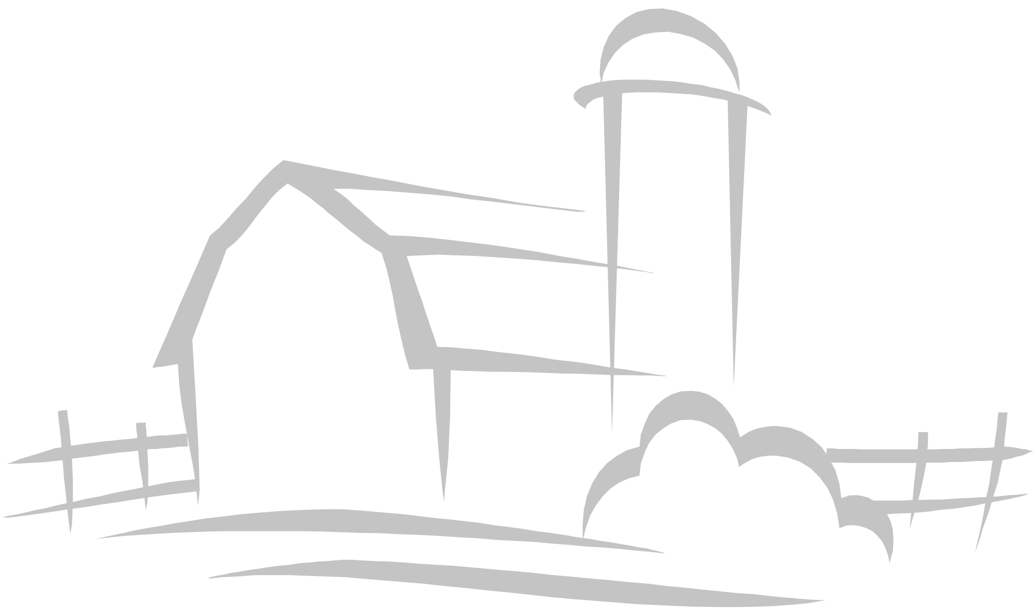
Fiscal Year 2024
Benefit changes: Effective January 1, 2025, hearing aid coverage was added for non-Medicare retirees.
Changes in assumptions: The valuation-year claims and retiree contribution rates were updated. The assumed heath trend rates were modified.

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)

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.

	VSPB	**RTHMB**
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
<u>Actuarial assumptions</u>		
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%
<u>Health care cost trend rates</u>		
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