

VLCT, VLCT PACIF and VERB  
Request for Proposal

DATE ISSUED: May 15, 2025

The Vermont League of Cities and Towns (VLCT), the VLCT Employment Resource and Benefits Trust (VERB), and the VLCT Property and Casualty Intermunicipal Fund (PACIF) are soliciting proposals for audit services. Specifications for the proposal are included in the sections outlined below.

Please submit an electronic copy (in PDF format) of the proposal no later than Friday, June 13<sup>th</sup> to:

Seth Abbene, CFO  
sabbene@vlct.org

The Vermont League of Cities and Towns, the VLCT Employment Resource and Benefits Trust (VERB), and the VLCT Property and Casualty Intermunicipal Fund (PACIF) individually reserve the right to reject any and all proposals, to waive any informalities or irregularities, and to make the selection of any proposal(s) or portions thereof deemed in the best interests of the entities.

Please direct all questions regarding this proposal to Seth Abbene at (802) 262-1932 or email sabbene@vlct.org. General information about VLCT and the Trusts is available on our web site at [www.vlct.org](http://www.vlct.org).

Vermont League of Cities and Towns (VLCT)  
VLCT Property and Casualty Intermunicipal Fund (PACIF)  
VLCT Employment Resource and Benefits Trust (VERB)

**I. General Information**

The Vermont League of Cities and Towns (VLCT), the VLCT Employment Resource and Benefits Trust (VERB), and the VLCT Property and Casualty Intermunicipal Fund (PACIF) are accepting proposals for qualified certified public accounting firms to perform annual audits. This will be a 3-year contract, subject to:

- The review and recommendation of the Selection Committee;
- The satisfactory negotiation of terms (including a price acceptable to all entities, individually or collectively, and the selected firm);
- The concurrence of each entity's Board.

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The Vermont League of Cities and Towns established both insurance trusts. Trust staff members are employees of the Vermont League of Cities and Towns. Each entity provides an essential governmental function to their members as described in Section 115 of the Internal Revenue Code and is exempt from federal and state taxes. In addition, both Trusts are incorporated as non-profit corporations under the Non-profit Corporation Act and qualify as wholly owned instrumentalities of their member political subdivisions. The VLCT Property and Casualty Intermunicipal Fund (PACIF) operates pursuant to VSA Title 24, Chapter 121, Section 6 and is regulated by the Vermont Department of Financial Regulation and Regulation I-90-1.

Vermont League of Cities and Towns owns all capital assets. The Trusts reimburse VLCT for their share of expenses, including the acquisition cost of capital assets, according to an allocation formula based on an estimate of staff time allotted to each program (known as the full-time equivalency allocation).

Each entity has a separate Investment Policy reviewed by their respective board on a regular basis. The Trusts each use Strategic Asset Alliance for investment advisory services and US Bank as trustee of the funds. Investment managers are also used for fixed income and equity securities.

Accounting for all three entities is in accordance with Generally Accepted Accounting Principles and the entities utilize the accrual method of accounting, following most recent GASB guidance. The VLCT PACIF financials are reported by individual fund years per State regulations and in order to reserve money for claims related to those years. This includes individual fund year statements on a comparative basis as well as on a consolidated basis. In addition, claim development schedules are required for VLCT PACIF.

VLCT and both Trusts report on a calendar year.

### **Vermont League of Cities and Towns Background**

The Vermont League of Cities and Towns is a non-profit, non-partisan organization founded in 1967 to serve the needs and best interests of Vermont municipalities. Regular membership is limited to Vermont cities and towns. In addition to cities and towns, the League's members include other municipal entities as associate members, allowing them to procure services from the League and Trusts. To participate in either of the Trusts, a municipality must be a Regular or Associate member of VLCT.

VLCT's Board of Directors is composed of thirteen municipal officials elected by the membership. The VLCT Board of Directors appoints an Executive Director to manage the general affairs of the League.

Non-Trust services to members include providing information and technical advice on municipal issues, legal advisory service, legislative policy development and advocacy, consulting, workshops and publications. In addition, VLCT offers a variety of ancillary

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employee benefit products for members. These products are offered through our broker partner, Acrisure. They include health advisory services, dental, vision, group life, short and long-term disability, and pet insurance. VLCT earns commissions on some of these products. VLCT also earns sponsorship revenue from the Business Alliance Program. This program provides corporate sponsors engagement opportunities with VLCT members.

Grant funding is a growing source of revenue for VLCT and now exceeds 5% of total revenue. There are currently two active grants, one federal and one state, however, VLCT has not reached the level requiring a single audit. Additional grant revenue sources are being pursued to expand services to members and maintain support that members continue to need.

VLCT also provides administrative services for both Trusts. All three entities use Microsoft Dynamics Great Plains for financial record keeping and reporting and it is likely that this platform will change prior to 2028.

### **VLCT VERB Trust**

The Vermont League of Cities and Towns Employment Resource and Benefits Trust (VERB) began in 2015 with the merger of two former trusts: The VLCT Health Trust (established in 1982) and the VLCT Unemployment Insurance Trust (established in 1978).

VERB operates an unemployment insurance program that is an alternative to obtaining unemployment insurance through the State of Vermont. Through its unemployment insurance program VERB provides: 1) a trust fund to pay costs due to unemployment claims filed against participating municipalities, 2) a professional claims management system to review and monitor all data and reports upon filing for unemployment compensation, 3) legal and administrative representation at hearings and appeals before the Vermont Department of Labor up through the Vermont Supreme Court, 4) information on current legislation and representation before the Vermont legislature on all unemployment matters impacting Vermont municipalities, and 5) effective cost-control programs on all aspects of unemployment compensation law and how it impacts cities and towns.

The VERB Trust is governed by a Board of Directors, which consists of five full members, each of whom are municipal officials elected by the membership and whom also serve on the PACIF Board.

The VERB Trust has a third-party administrator for unemployment claims administration, Equifax, which is tasked with tracking all member claims, claim case management, providing Trust and membership reporting and reconciling monthly charge statements to Vermont Department of Labor quarterly billing. The VERB Trust also has an actuary that sets the proposed rates on an annual basis for board review and approval.

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Vermont municipalities must be members of VLCT in order to receive services from and participate in the VERB Trust. Joining members must sign a Participation Agreement for the Trust and a Limited Power of Attorney for the Vermont Department of Labor. Trust members are billed on a quarterly basis. There are currently 215 member municipalities participating in the VERB Trust.

**VLCT Property and Casualty Intermunicipal Fund Background**

VLCT Property and Casualty Intermunicipal Fund (PACIF) was established in 1986 to: 1) provide, directly and indirectly, members of the Vermont League of Cities and Towns with various forms of property, casualty, and fidelity insurance, reinsurance, and excess insurance through admitted and surplus lines carriers, 2) develop self-insurance and risk retention pools for the benefit of the members of VLCT, 3) act as an advocate before governmental regulatory agencies with respect to municipal property and casualty insurance coverage and availability, and 4) develop, promote and implement risk management, risk containment and loss control programs for the benefit of Vermont municipalities and their employees.

The VLCT PACIF is governed by a Board of Directors, which consists of eleven full members and two alternate members, each of whom are municipal officials elected by the membership.

Political subdivisions joining PACIF must remain members for a minimum of one year and may withdraw from the Fund after that time by giving sixty (60) days notice prior to the end of the fund year. Fund underwriting and rate setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities. As of December 31, 2024, the Fund provided property and casualty, general liability, public officials liability, employee practice liability and workers' compensation coverage to 355 political subdivisions, including cities, towns, villages, and special districts providing water, solid waste management, and fire protection.

The Trust offers all coverage based on its own Members' Agreement and Coverage Document. It procures reinsurance for claims in excess of the stipulated loss retention levels by coverage. The Trust administers these claims with its own in-house claims staff. The Trust uses NavRisk software of the David Corporation to support the underwriting function.

The Trust is a member of NLC Mutual, which is a risk pool of municipal risk pools. In addition to purchasing reinsurance from NLC Mutual, PACIF has an equity interest in the pool. The NLC Mutual board determines annually an amount, if any, to declare as a dividend to NLC members. The dividend, if distributed, is given as an increase to the Trust's equity stake in NLC and/or as cash.

The Trust's annual contribution level for the year ending December 31, 2024 exceeds \$29 million for all lines of coverage. The Trust bills members for contributions on a quarterly basis. PACIF computes contributions per member by line of coverage. Origami Policy is

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used for financial record keeping, invoicing and reporting for the underwriting functions. Summary data is posted to Microsoft Dynamics Great Plains. Ventiv is used for claims processing and integrates with Great Plains through extracts, but the migration to Origami Claims is underway with an expected transition on 1/1/2026.

## **II. Proposal Evaluation**

A committee composed of staff from VLCT's Finance department and Risk Management Services department will evaluate the proposal. The committee will review each proposal and then select two finalists for in person interviews at the VLCT offices in Montpelier, Vermont.

There is no expressed or implied obligation for the entities to reimburse responding firms for any expenses incurred in preparing or presenting proposals in response to this request.

The initial evaluation is based upon the proposers' responses to this RFP, particularly as to the matters described in Section V of this RFP. Vermont League of Cities and Towns and each Trust reserves the right to make a selection among proposers based directly on the proposal, to negotiate further with any proposer, or to reject any and/or all proposals.

Proposals will be evaluated based on the following:

- Responsiveness to this RFP.
- Qualifications and experience of the firm and the personnel to be assigned to the engagement with respect to auditing, management, financial reporting, and experience with:
  - similar risk sharing pools (preferred) **or**
  - both insurance entities **and** entities whose accounting statements conform to GASB statements (required).
- Quality and appropriateness of the firm's work plan and audit techniques.
- Stability of the firm.
- Estimated cost of the engagement.
- Any other criteria the directors or officers of the entities deem relevant and appropriate in the fulfillment of the performance of their duties and the evaluation of the responses.

The tentative schedule for consideration of response to this RFP is as follows:

Issue Date:	May 15, 2025
Due Date:	June 13, 2025
Interviews:	Between June 23 and July 3, 2025
Selection:	July 11, 2025

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**III. Scope of Services**

The audit firm shall be engaged to conduct an examination of the financial statements, accounts, records and procedures as follows:

1. The firm shall perform a financial audit of all funds of each entity, performing such tests as deemed necessary to ensure the statements materially reflect the financial position, results of operations and cash flows.
2. In accordance with generally accepted auditing standards, the firm shall examine the financial statement of the entities. The firm shall ensure that the financial statements and appended notes include the disclosures necessary for a fair presentation of the financial statements in accordance with generally accepted accounting principles and with applicable GASB statements.
3. The firm shall prepare required Federal corporate tax returns.
4. The firm shall agree to make available all of its related working papers upon request. Said working papers shall be retained for a minimum of five years subsequent to the acceptance of each audit.
5. The firm shall consider the internal controls as part of its audit and note any material operational issues that will help improve efficiency and effectiveness.

Final electronic copy (in PDF format) of the audited financial statements and any other reports or letters shall be submitted no later than as noted in the schedule below. The firm is responsible for report preparation, editing and publishing. These costs are to be included in the cost of the audit.

	<b>VLCT</b>	<b>VLCT VERB</b>	<b>VLCT PACIF</b>
Final Report Due Date	August 31 (may depend on timing of receipt of state pension data)	May 20th	March 15th

In accordance with generally accepted auditing standards, the firm shall provide a report to each Board concerning the conduct of the audit, as well as management's role and level of assistance in the audit process.

The firm may be required to attend the annual meetings of each of the entities to discuss the audit and other reports required by this RFP. We anticipate, but do not guarantee, that all entities will hold their meetings on the same date and at the same location each year. In addition, two additional meetings with each of the boards are required:

- One pre-audit for audit planning purposes. Ideally in early Q4 of each year;
- One post-audit to deliver the audit report.

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**IV. Assistance Available to Auditors**

- The finance department and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations.
- The preparation of confirmations will be coordinated between the Chief Financial Officer and the auditor.
- Clerical support will not be provided to the auditor.
- League staff will prepare the necessary statements and schedules as requested by the auditor.
- Information Technology personnel will be available to provide appropriate systems documentation and explanations.
- Access to reasonable work area, a telephone, a copier, internet connection for the purposes of performing the audit work.
- Office hours are 8:00 AM to 4:30 PM, Monday through Friday, except holidays.
- Report preparation, editing and printing shall be the sole responsibility of the auditor.

If unusual circumstances are encountered that make it necessary for the auditors to do additional work, the auditors shall report such conditions to the Chief Financial Officer prior to any costs being incurred for such additional services. No extended services will be performed unless they are authorized in the contractual agreement or in an amendment to the agreement.

**V. Proposal Requirements**

At a minimum, proposal must contain the following information. Responses should be presented in the same order as these requirements. (If your firm declines to bid, we request you notify Seth Abbene, Chief Financial Officer, Vermont League of Cities and Towns, [sabbene@vlct.org](mailto:sabbene@vlct.org).

1. General

- a. Include a letter of transmittal
- b. Include a title page setting forth the proposer's name, address, telephone number, name of contact person, e-mail address and date of the proposal.

2. Profile of the Firm

- a. Indicate the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors and other professional staff employed at that office. Describe the communications and coordination procedures that will pertain if the work is to be performed from multiple offices.
- b. State the professional organizations to which the firm belongs.

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- c. Disclose whether your firm or any individuals assigned to provide services to the Vermont League of Cities and Towns or the Trusts have any affiliations or relationships with the entities, their board members or employees, which may present a potential conflict of interest. If so, state the nature of the conflict and provisions that will be made to address the conflict or potential conflict. Names of board members and staff are published and up to date on our website, vlct.org.
- d. State that the proposer is a properly licensed certified public accountant and in good standing with the Vermont Board of Accountancy.
- e. State that the individual who signs the letter of transmittal has the authority to bind the proposer.
- f. State the names of persons who will be authorized to make representations for the proposer and include their titles.

3. Summary of Firm's Qualifications

- a. Identify the managers, partners and supervisors who will work on the audit, including staff from other than the local office. Resumes of each supervisory person to be assigned to the audit should be included in the proposal as an exhibit or attachment. Include information regarding these individuals' experience in auditing risk management pools.
- b. Describe recent local and regional office auditing experiences similar to the type of audit and management services being requested. Provide the names and telephone numbers of at least three client contacts that would serve as references. Firms should place particular emphasis on their experiences with risk sharing insurance pools or other clients whose accounting practices are governed by the GASB, or with insurance companies providing employee benefit and/or property liability coverage.
- c. Provide information on the results of any peer reviews of the Firm's audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.
- d. Provide a statement that the firm, if awarded the engagement, will:
  - Maintain in full force at all times professional liability insurance in the minimum amount of \$1 million per occurrence and supply evidence of same to the Trusts. If the firm's limits exceed \$1 million, please state the limits;
  - Maintain in full force at all times workers' compensation insurance meeting statutory obligations and supply evidence of same; and
  - Maintain in full force at all times general liability insurance (including auto liability) in the minimum amount of \$1 million per occurrence and supply evidence of the same.



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As part of its submission in response to this RFP, each firm shall indicate whether it will provide a certificate of insurance or other evidence to satisfy each of the three coverages listed above.

In submitting its response to the RFP, the firm acknowledges that the engagement agreement to be signed between each entity and the firm shall include a statement that the firm shall indemnify and hold each entity harmless for losses and defense costs arising out of its actions in undertaking this engagement.

4. Work Plan

The firm should include a summary of its formal work plans. The work plan should include level of staff and number of hours to be assigned to each segment of the engagement.

An engagement time-line is to be included for each entity.

5. Compensation

The firm's proposed fee should be quoted in two parts, separately for each entity and combined should the firm be awarded all engagements. Provide the estimated total hours, hourly rates by classification and the resulting, all-inclusive maximum flat fee the firm will charge to perform the annual services as outlined in Section III (Page 5, items 1 through 4). Separately from that flat fee, provide a separate, not-to-exceed estimate of out-of-pocket expenses.

The firm shall submit invoices for payment at regular intervals beginning with the month interim work commences. The invoices shall reflect the work accomplished or the billing schedule set forth in the audit firm's proposal and approved by VLCT.

The final payment for any audit shall become due only after the submission of all reports required and their acceptance by each entity. Should the firm encounter circumstances requiring an increase in the extent of detailed investigation or should the entity require an increase in the scope of the audit, written advance notice to that effect must be furnished to the other party. The engagement can then be modified by mutual agreement of both parties as to additional work and compensation.

All proposals must include a statement that they are valid for a minimum of ninety (90) days following the RFP closing date.

The entities reserve the right to negotiate and modify any element of the RFP and to negotiate with the successful firm(s) a final fee for the proposal based on mutually agreed upon changes or refinements in the scope of work.

6. Additional Information

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Provide any additional information the firm considers essential for the success of the audit.

**VI. Attachments**

Please refer to the attached:

Audit reports for the most recent years for each entity.