

CENTRAL VERMONT REGIONAL PLANNING COMMISSION

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS

JUNE 30, 2015 and 2014

Bonnie K. Batchelder ✪ Certified Public Accountant

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CENTRAL VERMONT REGIONAL PLANNING COMMISSION

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Batchelder Associates, PC

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Central Vermont Regional Planning Commission
29 Main Street, Suite 4
Montpelier, VT 05602

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Central Vermont Regional Planning Commission ("Commission"), as of and for the year ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Commission as of June 30, 2015 and 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of American require that the Management's Discussion and Analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

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management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions, on the financial statements that collectively comprise the Central Vermont Regional Planning Commission's basic financial statements. The accompanying financial information listed as Schedule D through F in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Schedule D through F are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the standards generally accepted in the United States of America. In our opinion, Schedules 1 through 5 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by "Government Auditing Standards"

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2015 on our consideration of the Commission'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 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 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 Commission's internal control over financial reporting and compliance.



Batchelder Associates, PC
Barre, Vermont
VT License #945
August 11, 2015

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 and 2014

Introduction

This section explains the general financial condition and results of operations of the Central Vermont Regional Planning Commission (Commission) for the fiscal year ended June 30, 2015. Please read this in conjunction with the Commission's financial statements, which begin on page 8.

Central Vermont Regional Planning Commission

The mission of the Central Vermont Regional Planning Commission is to assist member municipalities in providing effective local government and to work cooperatively with them to address regional issues. The Commission work with area non-profits, other regional organizations, State and Federal agencies, and the general public. We implement a variety of projects and programs tailored to local and regional needs, and also complete projects of statewide importance and interest.

The legal basis and powers for the Commission serving as the region's regional planning commission stem from and are as stipulated in 24 V.S.A. Chapter 117 § 4301 et seq., as amended, 24 V.S.A. § 4345 et seq. and such other laws as may be enacted by the General assembly of the State of Vermont. The Commission was chartered by the municipalities of Washington County on April 27, 1967 and is funded in part through the State of Vermont property transfer tax as outlined in 24 V.S.A. § 4306 (a). To the extent a conflict exists with a provision in Vermont statutes governing regional planning commissions, the Vermont statutes will control.

Financial Highlights

Key financial highlights for 2015 are as follows:

- The assets of the Commission exceeded its liabilities at the close of the year ended June 30, 2015 by \$133,040, compared to \$135,411 at the close of the year ended June 30, 2014. Of the June 30, 2015 amount, \$117,228 may be used to meet the Commission's ongoing obligations to citizens, authorities and creditors. The remaining balance of \$15,812 is invested in capital assets.
- The Commission's total net assets decreased by \$2,371 in 2015 compared to a decrease of \$39,290 in 2014. All of this decrease was attributable to governmental activities (General Fund).
- At the end of fiscal year 2015 the Commission's General Fund reported a combined ending fund balance of \$133,040, a decrease of \$2,371 from the prior year.

Using These Financial Statements

The State of Net Position and Changes in Net Position (on page 8 and 9) provide information about the activities of the Commission as a whole. These statements include all assets and liabilities of the Commission using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

Net position is the difference between assets and liabilities, one way to measure the financial health, or financial position, of the Commission. Over time, increases or decreases in the Commission's net position is one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the mix of grant and operating revenue.

Budget

The Commission builds its annual budget on diverse sources of funding. Transportation funding is primarily federal (80%), including Federal Highway Administration funds, so it is dependent on the Federal Transportation Bill for appropriations of planning funds. The Commission receives 10% of matching funds for the majority of the federal transportation funds from the state, making it dependent on the actions of the Vermont legislature and the Vermont Agency of Transportation. The Commission receives dues from its member municipalities that in year ended June 30, 2015 totaled \$71,537 as unrestricted revenue used to locally match projects and support basic operations.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 and 2014

The State of Vermont had provided regional planning funding through an annual grant through the Agency of Commerce and Community Development (ACCD) up to FY10, but annual grant agreement structure was modified to a performance based contract starting in 2011. These contract funds were \$271,814 for year ended June 30, 2015. With these funds, the Commission carries out statutory duties as specified in an annual work program approved by the Commission and ACCD.

The Commission also funds its operations through special purpose grants and performance contracts and through technical assistance service contracts. Other substantial grants include:

- Emergency Management Performance Grant funded by the US Department of Homeland Security through the Vermont Department of Public Safety;
- Vermont Community Development Block Grant Disaster Recovery Program funded through the US Department of Housing and Urban Development through the Vermont Agency of Commerce and Community Development; and
- Waterbury Ecosystem Restoration Program Fluvial Erosion Hazard funded by the Vermont Department of Environmental Conservation.

For the year ended June 30, 2015, the Commission's total revenue was derived from thirty-seven (37) percent state performance contract, forty-five (45) percent regional program grants, eight (8) percent municipal project grants, and ten (10) percent town assessments.

Operating Results

The Commission finished year ended June 30, 2015 with a \$2,371 loss. This loss was partly attributable to an increase in the fringe and payroll tax expenses.

The Commission completes an annual analysis to determine whether estimated indirect costs were higher than actual costs. This analysis follows federal guidelines using an Indirect Cost Proposal and follows a Memorandum of Understanding with the Vermont Agency of Transportation, which reviews the proposal. Indirect costs benefit all programs and are equitably distributed among all contracts and agreements through an annual "rate" applied to the salary billed to each contract/agreement. Indirect rates are adjusted up or down in the subsequent period to account for over or underestimating costs. Such adjustments can have material effects on revenue collection in future periods. For example, the year ended June 30, 2016 will have an indirect rate of 135.75%, a downward adjustment of 17.65%. This adjustment downward will account for overestimating indirect costs for the year ended June 30, 2014. There is the potential that expenses could exceed revenues in 2016 because of this adjustment.

Condensed Financial Information

CENTRAL VERMONT REGIONAL PLANNING COMMISSION'S NET ASSETS			
	2015	2014	Change
Current and other assets	\$ 197,651	\$ 174,460	\$ 23,191
Capital assets, net	15,812	20,244	(4,432)
Total Assets	213,463	194,704	18,759
Current liabilities	80,422	59,293	21,129
Total Liabilities	80,422	59,293	21,129
Net Assets			
Invested in capital assets, net of related del	15,812	20,244	(4,432)
Unrestricted	117,228	115,167	2,061
Total Net Assets	\$ 133,040	\$ 135,411	\$ (2,371)

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 and 2014

Condensed Financial Information (continued)

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceed liabilities by \$133,040 at the close of the most recent fiscal year.

Investment in capital assets represents 8.4% of the Commission's net assets, less any related debt used to acquire those assets that is still outstanding. The Commission uses these capital assets to provide services; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net assets of \$133,040 may be used to meet the Commission's ongoing obligations to citizens and creditors. Included in unrestricted net assets are amounts that management has assigned for particular purposes, such as capital reserve funds and reserves for expenditures in subsequent years.

At the end of the current fiscal year, the Commission is able to report a positive net asset balance for the government as a whole, as well as for its separate governmental activities.

Activities

CENTRAL VERMONT REGIONAL PLANNING COMMISSION'S CHANGES IN NET ASSETS			
	2015	2014	Change
REVENUES			
Program revenues			
Charges for services	\$ 7,350	\$ 7,725	\$ (375)
Operating grants and contributions	652,739	582,088	70,651
Total program revenues	<u>660,089</u>	<u>589,813</u>	<u>70,276</u>
General revenues			
Member assessments	71,537	68,286	3,251
Interest income	37	67	(30)
Total general revenues	<u>71,574</u>	<u>68,353</u>	<u>3,221</u>
Total Revenues	<u>731,663</u>	<u>658,166</u>	<u>73,497</u>
EXPENSES			
Governmental activities			
Regional planning and other general programs	571,840	438,127	133,713
Transportation programs	157,761	255,221	(97,460)
Amortization and depreciation	4,432	4,108	324
Total Expenses	<u>734,033</u>	<u>697,456</u>	<u>36,577</u>
Change in net assets	(2,371)	(39,290)	36,919
Net assets-beginning of year	<u>135,411</u>	<u>174,701</u>	<u>(39,290)</u>
Net assets - end of year	<u>\$ 133,040</u>	<u>\$ 135,411</u>	<u>\$ (2,371)</u>

General Fund Budgeting Highlights

The Commission's budget is prepared according to the requirements of the Commission's bylaws and policies. The most significant budgeted fund is the General Fund. The operating budget included proposed expenditures and estimated revenues.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 and 2014

General Fund Budgeting Highlights (continued)

For the General Fund, final revenues and other financing sources, in the amount of \$731,663 were more than original budgeted revenues by the amount of \$34,229.

Expenditures and other financing uses were budgeted at \$656,035 while actual expenditures were \$734,034.

Current Issues

1. CVRPC works with local officials to keep the annual per capita dues at a fair, but equitable level given the hardship that property taxes are on the Region's residents. The per capita dues have been \$.95 since 2006. However, in order to maintain our ability to match grants that do not pay for administrative services associated with the grant work, (for instance, the EPA Brownfield Program) CVRPC increased the per capita dues to \$1.10 as of July 1, 2014, and remains unchanged as of June 30, 2015.

2. CVRPC provides a 10% match for the Transportation Planning Initiative (TPI) grant the Commission has with the Vermont Transportation Agency. This annual match requires that a fund balance be maintained by the Commission while endeavoring to meet its statutory requirements for regional planning and technical assistance.

3. Various departments of State government have asked the Commission to do special planning studies while providing no or only minimal financial resources to carry out these studies. CVRPC has used monies from its fund balance in order to do this work when the study will benefit the municipalities directly and the Region as a whole.

4. In past years, when there was an insignificant or no fund balance or the State appropriation was insufficient, CVRPC staff was laid off or took unpaid leave in order to assist with keeping the Commission operating. In other years, fringe benefits were reduced to make up for insufficient funding from the State appropriation. This cyclical decrease and increase in funding for planning has been the State's history and requires that the Commission maintain a fund balance that will see the Commission through the years when revenue is lean.

5. Regional commissions are also affected by grant funding that is either non-existent in some years or very minimal in others. Grants, such as the EPA Brownfields funding, are very competitive, are for special purposes, and are available for only a designated performance period. In addition, some grant sources do not pay for the associated administrative costs of their programs. The Commission uses its local and state appropriations and/or its fund balance to meet this need and to meet grant match requirements.

6. The Commission has had, and may continue, to use its fund balance to replace equipment that has become outdated or is no longer repairable. The commission charges equipment to contracts when it is an eligible expense. The Commission established a capital equipment reserve fund several years ago for lean years and for emergency needs.

Contacting the Commission's Financial Management

This financial report is designed to provide our citizens and creditors with a general overview of the Commission's finances, and to reflect the Commission's accountability for the monies it receives. Questions about this report or requests for additional financial information should be directed to Laurie Emery, Office and Grants Manager, or Bonnie Waninger, Executive Director, Central Vermont Regional Planning Commission, 29 Main Street, Suite 4, Montpelier, Vermont, 05602.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2015 and 2014

EXHIBIT A

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 83,667	\$ 76,458
Investments - Certificate of Deposit	11,179	41,142
Accounts receivable	81,085	52,445
Prepaid payroll	3,916	-
Prepaid expenses	13,389	-
	<u>193,236</u>	<u>170,045</u>
Non-current assets:		
Deposits	4,415	4,415
Capital assets, net of accumulated depreciation	15,812	20,244
	<u>20,227</u>	<u>24,659</u>
Total non-current assets	20,227	24,659
Total assets	<u>\$ 213,463</u>	<u>\$ 194,704</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ -	\$ 7,819
Accrued expenses	40,465	4,952
Accrued payroll taxes	5,659	9,202
Vacation payable	21,665	31,411
Deferred income	3,548	1,471
Pension liability	9,085	4,438
	<u>80,422</u>	<u>59,293</u>
Total current liabilities	80,422	59,293
NET ASSETS		
Invested in capital assets, net of related debt	15,812	20,244
Unrestricted	117,228	115,167
	<u>133,040</u>	<u>135,411</u>
Total net position	<u>\$ 133,040</u>	<u>\$ 135,411</u>

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

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2015 and 2014

EXHIBIT B

	2015	2014
REVENUES		
Town and local assessments	\$ 71,537	\$ 68,286
State department of community development	271,814	256,580
Contracted services	7,350	7,725
Federal and state transportation grants	240,484	229,699
Other federal and state grants	80,128	47,123
GIS project income	60,313	48,686
Interest income	37	67
Total revenues	731,663	658,166
EXPENDITURES		
Personnel	375,678	374,585
FICA and fringe benefits	99,180	97,445
Office supplies	3,998	3,194
Cleaning	1,680	-
Copier	5,766	6,045
Computer equipment and maintenance	4,980	7,167
Depreciation	4,433	4,108
Dues and subscriptions	2,527	4,538
Equipment Reserve	2,929	-
Postage	2,450	2,059
Rent and utilities	40,728	41,415
Insurance	1,303	1,313
Travel	4,304	6,522
Telephone	4,248	4,870
Audit and legal services	5,005	4,550
Meetings	2,769	3,367
Miscellaneous	297	-
Direct project costs		122,770
GIS	4,543	
Transportation projects	153,512	
Energy	-	
Workshops	917	2,645
Other	12,122	8,992
Education	665	1,871
Total expenditures	734,034	697,456
Excess (Deficiency) of revenue over expenditures	(2,371)	(39,290)
Other financing sources (uses):		
Computer equipment acquired	-	-
Total other financing sources (uses)	-	-
Excess of revenues and other financing sources over (under) expenditures and other uses	(2,371)	(39,290)
Fund Balance - July 1, 2014	135,411	174,701
Fund Balance - June 30, 2015	\$ 133,040	\$ 135,411

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

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
STATEMENT OF CASH FLOW
FOR YEARS ENDED JUNE 30, 2015 and 2014

EXHIBIT C

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Changes in net assets	\$ (2,371)	\$ (39,290)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	4,433	4,108
(Increase) decrease in accounts receivable	(28,640)	5,746
(Increase) decrease in prepaid expenses	(17,305)	10,711
Increase (decrease) in accounts payable - other	27,694	11,329
Increase (decrease) in accrued payroll	(13,289)	(4,097)
Increase (decrease) in deferred income	2,077	1,471
Increase (decrease) in pension liability	4,647	325
Total adjustment	<u>(20,383)</u>	<u>29,593</u>
Net cash provided by operating activities	<u>(22,754)</u>	<u>(9,697)</u>
 Cash flows from investing activities:		
Certificate of deposit	<u>-</u>	<u>-</u>
 Cash flows from financing activities:		
Purchases of fixed assets	<u>-</u>	<u>(13,016)</u>
 Net increase in cash and cash equivalents	(22,754)	(22,713)
Cash and cash equivalents at beginning of year	117,600	140,313
Cash and cash equivalents at end of year	<u>\$ 94,846</u>	<u>\$ 117,600</u>

OTHER STATEMENT ITEMS:

Interest paid	\$ -	
Taxes paid	\$ -	

The accompanying notes are an integral part of these financial statements

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 and 2014

NOTE I Description of the Commission and Reporting Entity

The Central Vermont Regional Planning Commission ("Commission") operates under the Vermont Municipal and Regional Planning and Development Act (VSA 24, Chapter 117) and its adopted bylaws. The Commission was formed in 1967 by action of the municipalities it serves. All municipalities by law are members of their regional commission. Active participation is voluntary, and all municipalities in Central Vermont participate in and recognize the value of regional planning. The Commission is a regional government that coordinates planning activities in the Central Vermont region, which encompasses twenty-three member municipalities.

The Commission is governed by members appointed by the region's municipalities. It implements a variety of projects and programs tailored to local and regional needs, and also complete projects of statewide importance and interest.

The Commission is a governmental entity exempt from income taxes under the Internal Revenue Code as an instrumentality of political subdivision of the State of Vermont.

NOTE II Summary of Significant Accounting Policies

This report includes all of the funds of the Commission. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Based on these criteria, there are no other entities that should be combined with the financial statements of the Commission.

A. Basis of Presentation

The Commission reports itself as a business-type activity as defined in GASB 34.

Operating revenues include grant revenue, project and community match revenues, and consulting revenues and result from transactions associated with the principal activities of the organization. Nonoperating revenues, such as investment earnings result from nonexchange transactions or ancillary activities.

B. Measurement Focus

The accounting and financial reporting treatment applied is determined by the measurement focus. The financial statements are reported using the economic resources measurement focus. This means that all assets, liabilities and deferred inflows and outflows (whether current or noncurrent) are included on the statement of net position. Fund equity (i.e. net total position) is segregated into restricted and unrestricted net position. Operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

C. Basis of Accounting

Business type activities are accounted for on the economic resources measurement focus using the accrual basis of accounting. Revenues are recorded when they are earned, including unbilled services which are accrued. Expenses are recorded at the time liabilities are incurred.

Under the terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 and 2014

NOTE II Summary of Significant Accounting Policies (continued)

position available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditures driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

D. Donated Services

Central Vermont Regional Planning Commission receives noncash contributions in the form of member communities and other organizations performing various planning tasks to assist the Commission. These in-kind contributions are used as match for grants at an estimated hourly rate or the actual billing rate, if available. These contributions are not recorded in the financial statements of the Commission.

E. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Assets, Liabilities, and Equity

1. Cash and Cash Equivalents

For the purpose of the statement of net position, cash and cash equivalents includes all cash on hand, demand, deposits, savings accounts, and certificates of deposits of the Commission.

2. Due from other Governments

Amounts due from other governments are stated net of estimated uncollectible amounts of \$0.

3. Capital Assets

Capital assets are reported at actual cost. Major outlays for capital assets and improvements are capitalized as purchased. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Central Vermont Regional Planning Commission does not own major general infrastructure assets.

Capital assets are depreciated in order that the cost of these assets will be charged to expenses over their estimated services lives of three to ten years, using the straight-line method of calculating depreciation.

Central Vermont Regional Planning Commission capitalizes any item with an original cost of \$5,000 or more and with a useful life of greater than one year.

4. Compensated Absences

The Commission's policy for compensated absences allows employees to accumulate earned but unused vacation leave. The entire liability for these compensated absences is recorded in the government-wide financials. The liability for these compensated absences that is estimated not to exceed the amount to be paid from expendable available resources is recorded as a liability in the fund financial statements.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 and 2014

NOTE II Summary of Significant Accounting Policies (continued)

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Commission did not have any items that qualified for reporting in this category.

In addition to liabilities the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission did not have any items that qualified for reporting in this category.

6. Future Changes in Accounting Standards

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Financial Reporting for Pension Plans" – an amendment of GASB Statement No. 27, effective for fiscal years beginning after June 15, 2014. This new accounting and reporting standard may impact the Commission's measurement and recognition of pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures in the financial statements. The requirements of this statement may require restating of beginning net position. The Commission is currently not planning to early implement this Statement and has made no estimation of the effect this Statement will have in the financial statements.

7. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year.

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use through the policies adopted by the Commission or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Commission's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

9. Fund Balance Reserves

The Commission reserves those portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources, and therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserve has been established for prepaid expenses.

10. Fund Balance Designations

The Commission's governing body designates a portion of fund balance to finance future planned operations which, if carried out, will restrict the use of financial resources.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2015 and 2014

NOTE III Stewardship, Compliance and Accountability

A. Budget and Budgetary Accounting

In accordance with its bylaws, the Executive Committee annually establishes an assessment rate for each member municipality and adopts a general fund budget for the forthcoming year. The budget is prepared in accordance with generally accepted accounting principles for governmental activities.

NOTE IV Detailed Disclosures Regarding Account Balances

A. Cash

Deposits and investments are categorized to give an indication of the level of risk assumed by the Commission at June 30, 2015. The categories are described as follows:

- Category 1: Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor's name.
- Category 3: Uncollateralized.

As of June 30, 2015, all of the Commission's deposits are Category 1.

B. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does have a deposit policy for custodial credit risk. As of June 30, 2015 and 2014, none of the government bank balances were exposed to custodial credit risk.

C. Due from Other Governments

Amounts due from other governments consist of intergovernmental services and grants. All amounts are considered collectible in full. At June 30, 2015, the Commission had no amounts due from other governments.

D. Receivables

Receivables consist of amounts due from grants, contracts and other items. The Commission uses the allowance method for uncollectible receivables. Management has reviewed the accounts and determined that an allowance for doubtful accounts of \$0 is appropriate at June 30, 2015 and 2014.

Receivables are comprised of the following:

	2015	2014
Grants and Contracts	\$ 80,975	\$ 51,634
Municipal Services and Other	110	811
Total	<u>\$ 81,085</u>	<u>\$ 52,445</u>

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2015 and 2014

NOTE IV Detailed Disclosures Regarding Account Balances (continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Computers and equipment	\$ 49,869	\$ -	\$ -	\$ 49,869
Totals at Historical Cost	<u>49,869</u>	<u>-</u>	<u>-</u>	<u>49,869</u>
Less: Accumulated Depreciation				
Computers and equipment	(29,625)	(4,433)	-	(34,058)
Equipment under capital lease	-	-	-	-
Software	-	-	-	-
Total Accumulated Depreciation	<u>(29,625)</u>	<u>(4,433)</u>	<u>-</u>	<u>(34,058)</u>
Capital Assets - Net	<u>\$ 20,244</u>	<u>\$ (4,433)</u>	<u>\$ -</u>	<u>\$ 15,812</u>

Depreciation and amortization expense were not allocated to governmental functions. They appear on the statement of activities as unallocated.

E. Designated Fund Balances

The Board designated fund balances for the following uses:

Capital equipment expenditures: \$0

F. Indirect Cost Rate

The indirect rate used during this fiscal year of 153.4% was reviewed and tested as part of the current audit. The rate was found to be reasonably stated and in compliance with the financial agreement with the state and federal rule 2 CFR PART 225 (OMB CIRCULAR A-87).

G. Pension Plans

The Commission established a Simplified Employee Pension under which up to 5% of salary or wages is contributed annually to individual retirement accounts for each employee. The Plan was established on July 13, 1993 and covers all full-time employees with one (1) year of employment with the Commission. The plan was funded at 5% for the fiscal year ended June 30, 2015 and contributions totaled \$16,326.16. The Commission's total payroll, excluding accruals, for fiscal year ended June 30, 2015 was \$430,557 of which \$346,871 was covered by the pension plan.

H. Risk Management and Insurance

The Commission participates in state and federally assisted grant programs which are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2015, have not yet been completed. Accordingly the Commission's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Commission expects such amounts, if any to be immaterial.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2015 and 2014

H. Risk Management and Insurance (continued)

The Commission covers its significant risks of loss, which are identified with the assistance of insurance agents, by commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. There have been no significant reductions in insurance coverage or settlement amounts exceeding insurance coverage for the current or three (3) prior years

I. Operating Lease

The Commission entered into a five year lease for office space starting October 1, 2000 which has been extended in five year increments. The Commission expended \$40,728 under this lease during the fiscal year ended June 30, 2015. The lease was negotiated and renewed for an additional five year term through September, 2020, with future minimum lease payments of \$41,059, annually, through September, 2018 and an increase in 2018-2020 to \$42,384, annually.

The Commission entered into a five-year copier lease starting December 28, 2012. Monthly payments are \$425 of which \$52.50 covers the costs of service. Minimum lease payments are as follows:

2016:	5,100
2017	5,100
	\$ 10,200

NOTE V Major Grants

The Commission receives a major portion of the fund from Federal and State grants. Following is a schedule of major grants and expenses, passed through the Vermont Agency of Transportation:

Significant Federal and State Grants				
<u>Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Pass-Thru Grantor's Number</u>	<u>Award</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>				
Passed through VT Agency of Transportation:				
Highway Planning and Construction	20.205	GR0234	\$ 197,793	\$ 65,671
Highway Planning and Construction	20.205	GR0432	\$ 197,793	\$ 161,167
<u>State of Vermont</u>				
Agency of Commerce and Community Development	n/a	26950	\$ 271,814	\$ 271,814

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL GOVERNMENTAL FUNDS - GENERAL FUND
YEAR ENDED JUNE 30, 2015

EXHIBIT D

	Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Town and local assessments	\$ 71,537	\$ 71,537	\$ -
State department of community development	271,814	271,814	-
Contracted services	-	7,350	7,350
Federal and state transportation grants	197,183	240,484	43,301
Other federal and state grants	71,850	80,128	8,278
GIS project income	85,000	60,313	(24,687)
Interest income	50	37	(13)
Miscellaneous income	-	-	-
Total revenues	<u>697,434</u>	<u>731,663</u>	<u>34,229</u>
EXPENDITURES			
Personnel	356,235	375,678	19,443
FICA and fringe benefits	111,880	99,180	(12,700)
Office supplies	3,200	3,998	798
Cleaning	1,800	1,680	(120)
Copier	5,400	5,766	366
Computer equipment and maintenance	5,800	4,980	(820)
Depreciation	-	4,433	4,433
Dues and subscriptions	2,200	2,527	327
Equipment Reserve	-	2,929	2,929
Postage	2,500	2,450	(50)
Rent and utilities	40,728	40,728	-
Insurance	975	1,303	328
Travel	5,500	4,304	(1,196)
Telephone	4,032	4,248	216
Audit and legal services	3,200	5,005	1,805
Meetings	3,000	2,769	(231)
Miscellaneous		297	297
Special projects:			
GIS	53,400	4,543	(48,857)
Transportation projects	38,635	153,512	114,877
Energy	-	-	-
Workshops	1,000	917	(83)
Other	14,550	12,122	(2,428)
Education	2,000	665	(1,335)
Total expenditures	<u>656,035</u>	<u>734,034</u>	<u>77,999</u>
Excess (Deficiency) of revenue over expenditures	<u>41,399</u>	<u>(2,371)</u>	<u>(43,770)</u>
Other financing sources (uses):			
Computer equipment acquired	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	41,399	(2,371)	(43,770)
Fund Balance - July 1, 2014	-	135,411	135,411
Fund Balance - June 30, 2015	<u>\$ 41,399</u>	<u>\$ 133,040</u>	<u>\$ 91,641</u>

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

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
 SCHEDULE OF DIRECT AND INDIRECT COSTS
 FOR YEAR ENDED JUNE 30, 2014

EXHIBIT E

	<u>Direct</u> <u>Expense</u>	<u>Indirect</u> <u>Expense</u>	<u>Unallowable</u> <u>Indirect</u> <u>Expense</u>	<u>Total</u> <u>Allowable</u> <u>Indirect</u> <u>Expense</u>	<u>Total</u> <u>Expenses</u>
Cost category					
Salaries	\$ 211,091	\$ 163,494	\$ -	\$ 163,494	\$ 374,585
Fringe benefits	35,335	62,110	-	62,110	97,445
Total salaries and fringe benefits	<u>246,426</u>	<u>225,604</u>	<u>-</u>	<u>225,604</u>	<u>472,030</u>
Professional fees	-	4,550	2,050	2,500	4,550
Education	-	1,871	-	1,871	1,871
Meetings, conferences	-	3,367	-	3,367	3,367
Travel	-	6,522	-	6,522	6,522
Supplies	-	3,194	-	3,194	3,194
Office - equipment/repairs	-	7,167	-	7,167	7,167
Office - insurance	-	1,313	-	1,313	1,313
Office - postage	-	2,059	-	2,059	2,059
Office - rent, utilities & maintenance	-	41,415	-	41,415	41,415
Office - telephone	-	4,870	-	4,870	4,870
Office - copying/printing	-	6,045	-	6,045	6,045
Depreciation	-	4,108	-	4,108	4,108
Workshops	-	2,645	-	2,645	2,645
Subscriptions/publications	-	4,538	2,727	1,811	4,538
Direct costs - other	122,837	-	-	-	122,837
Miscellaneous	-	8,925	6,605	2,320	8,925
Total organizational expenses	<u>\$ 369,263</u>	<u>\$ 328,193</u>	<u>\$ 11,382</u>	<u>\$ 316,811</u>	<u>\$ 697,456</u>
Organizational Indirect Rate:			Indirect Rate True-Up:		
Total indirect expenses	\$ 316,811		\$ 316,811		
Carryforward indirect	\$ -		\$ 17,705		
	<u>\$ 316,811</u>		<u>\$ 334,516</u>		
Direct labor and fringe	<u>\$ 246,426</u>		<u>\$ 246,426</u>		
Calculated indirect rate	<u>128.56%</u>		<u>135.75%</u>		

The accompanying notes are an integral part of these financial statements

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
 SCHEDULE OF DIRECT AND INDIRECT COSTS
 FOR YEAR ENDED JUNE 30, 2015

EXHIBIT F

Cost category	Direct Expense	Indirect Expense	Unallowable Indirect Expense	Total Allowable Indirect Expense	Total Expenses
Salaries	\$ 211,485	\$ 164,193	\$ -	\$ 164,193	\$ 375,678
Fringe benefits	55,832	43,348	-	43,348	99,180
Total salaries and fringe benefits	<u>267,317</u>	<u>207,541</u>	<u>-</u>	<u>207,541</u>	<u>474,858</u>
Professional fees	-	5,005	1,150	3,855	5,005
Education	-	665	-	665	665
Meetings, conferences	-	2,769	-	2,769	2,769
Travel	456	3,848	-	3,848	4,304
Supplies	-	3,998	-	3,998	3,998
Office - equipment/repairs	-	7,909	-	7,909	7,909
Office - insurance	-	1,303	-	1,303	1,303
Office - postage	-	2,450	-	2,450	2,450
Office - rent, utilities & maintenance	-	42,408	-	42,408	42,408
Office - telephone	-	4,248	-	4,248	4,248
Office - copying/printing	-	5,766	-	5,766	5,766
Depreciation	-	4,433	-	4,433	4,433
Workshops	-	917	-	917	917
Subscriptions/publications	-	5,754	3,227	2,527	5,754
Direct costs - other	166,976	-	-	-	166,976
Miscellaneous	-	271	-	271	271
Total organizational expenses	<u>\$ 434,749</u>	<u>\$ 299,285</u>	<u>\$ 4,377</u>	<u>\$ 294,908</u>	<u>\$ 734,034</u>

Organizational Indirect Rate:

Indirect Rate True-Up:

Total indirect expenses	\$ 294,908	\$ 294,908
Carryforward indirect	\$ -	\$ (15,265)
	<u>\$ 294,908</u>	<u>\$ 279,643</u>
Direct labor and fringe	<u>\$ 267,317</u>	<u>\$ 267,317</u>
Overhead (indirect) rate	<u>110.32%</u>	<u>104.61%</u>
	<u>110.32%</u>	<u>104.61%</u>

The accompanying notes are an integral part of these financial statements



Batchelder Associates, PC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Commissioners of
Central Vermont Regional Planning Commission
29 Main Street, Suite 4
Montpelier, VT 05602

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Central Vermont Regional Planning Commission, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Commission's basic financial statements, and have issued our report thereon dated August 11, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, on compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Bonnie K. Batchelder • Certified Public Accountant

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Commissioners
Central Vermont Regional Planning Commission
August 11, 2015
Page Two

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

A handwritten signature in cursive script that reads "Batchelder Associates, PC". The signature is written in black ink and is positioned above the typed name of the firm.

Batchelder Associates, PC
Barre, Vermont
VT License #945
August 11, 2015