

CENTRAL VERMONT REGIONAL PLANNING COMMISSION

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2017, 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 an opinion 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 includes 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 Commission'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.

Bonnie K. Batchelder • Certified Public Accountant

Opinion

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, 2017, and the respective changes in financial position and cash flows 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 America require that the Management's Discussion and Analysis on pages 3 through 7, Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 1 and 2 in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Schedule 1 and 2 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 and 2 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 November 8, 2017 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
November 8, 2017

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
MANAGEMENT AND DISCUSSION ANALYSIS
JUNE 30, 2017

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, 2017. 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 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 in 1967 and is funded in part through the State of Vermont property transfer tax as outlined in 24 V.S.A. § 4306 (a). Along with other regional planning commissions in Vermont, Central Vermont Regional Planning Commission is a non-taxing political subdivision of the State of Vermont established under state statute (24 VSA §4341). 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 2017 are as follows:

- The assets of the Commission exceeded its liabilities at the close of the year ended June 30, 2017, reducing its total net position to \$94,714 compared to \$171,450 at the close of the year ended June 30, 2016. Of the June 30, 2017 amount, \$80,996 may be used to meet the Commission's ongoing obligations to citizens, authorities and creditors.
- The Commission's total net position decreased by \$76,737 in 2017 compared to an increase of \$38,410 in 2016. The decrease is largely attributable to wages and benefits, and to product based grants in which substantial work was completed in 2017 but will not be paid until 2018.

Using These Financial Statements

The Statement of Net Position and Statement of Revenues, Expenses 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, deferred outflows of resources 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, deferred outflows of resources and liabilities, and is 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%), from Federal Highways Administration funds, so it is dependent on the Federal Transportation Bill for appropriations of planning funds. The

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
MANAGEMENT AND DISCUSSION ANALYSIS
JUNE 30, 2017

Budget (continued)

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. The Commission receives dues from its member municipalities that in year ended June 30, 2017 totaled \$71,537 as unrestricted revenue used to locally match projects and support basic operations. Locally specific projects are matched by the community (typically 20% matches); local match is generated by the local property tax.

The State of Vermont provides regional planning funding through an annual performance-based contract through the Agency of Commerce and Community Development (ACCD). These funds were \$204,060 for year ended June 30, 2017. With these funds, the Commission carries out statutory duties as specified in an annual work program approved by the Commission and ACCD. These funds are used as match for local and regional projects.

The Commission also funds its operations through special purpose grants and service contracts for technical assistance. These funds tend to vary from year to year, but include funding through the Agency of Natural Resources, state and federal grants from Vermont Emergency Management, Brownfield's Grant funded by U.S. Environmental Protection Agency and other granting agencies.

The Commission is a knowledge-based organization. As such, staffing (wages and benefits) and consultant expenses comprise the vast majority of its expenses. In 2017, they were 85% of total expenses.

Operating Results

The Commission finished the year ended June 30, 2017 with an operating loss of \$76,737. These results are shown on the statement of Revenues, Expenses and Changes in Net Position on page 9.

Each year the indirect (overhead) rate is estimated and negotiated based on the most recent audited expenses. This indirect rate is used to charge contracts two fiscal years following the current year's negotiated rate. For example, the fiscal year 2017 indirect rate will be used in charging grants and contracts during fiscal year 2019. There will always be some variance between the estimated and actual expenses, which can be used to influence the indirect rate in future years, assuming fluctuation base is known at the time of rate negotiation.

Net position has decreased during fiscal year 2017 as described in the financial highlights..

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
MANAGEMENT AND DISCUSSION ANALYSIS
JUNE 30, 2017

Condensed Financial Information – Net Position

	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 111,347	\$ 55,652
Investments	1,197	11,190
Accounts receivable	89,177	128,666
Prepaid expenses	13,877	8,625
Total current assets	<u>215,598</u>	<u>204,133</u>
Noncurrent assets		
Deposits	4,415	4,415
Property, plant and equipment	13,718	24,917
Total noncurrent assets	<u>18,133</u>	<u>29,332</u>
Total assets	<u>233,731</u>	<u>233,465</u>
Current liabilities		
Accounts payables	26,303	20,350
Accrued payroll and benefits	24,121	18,210
Deferred income	51,926	-
Accrued compensated balances	31,803	19,090
Pension liability	4,864	4,364
Total current liabilities	<u>139,017</u>	<u>62,014</u>
Net Position		
Invested in capital assets, net of related debt	13,718	24,917
Unrestricted	<u>80,996</u>	<u>146,534</u>
Total net position	<u>\$ 94,714</u>	<u>\$ 171,451</u>

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 \$94,714 at the close of the most recent fiscal year.

Investment in capital assets represents 14% of the Commission's net position, 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 \$80,996 may be used to meet the Commission's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Commission is able to report a positive net position balance for the entity as a whole.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
MANAGEMENT AND DISCUSSION ANALYSIS
JUNE 30, 2017

Condensed Financial Information - Revenues, Expenses and Changes in Net Position for the years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Operating revenues	\$1,047,555	\$ 778,500
Operating expenses	<u>1,124,300</u>	<u>740,100</u>
Operating income	<u>(76,745)</u>	<u>38,400</u>
Nonoperating revenues/(Expenses)		
Investment income	<u>8</u>	<u>11</u>
Nonoperating income/(Loss)	<u>8</u>	<u>11</u>
Change in Net Position	(76,737)	38,411
Net Position - July 1, 2016	<u>171,451</u>	<u>133,040</u>
Net Position - June 30, 2017	<u>\$ 94,714</u>	<u>\$ 171,451</u>

Budgeting Highlights

The Commission's budget is prepared according to the requirements of the Commission's bylaws and policies. The operating budget included proposed expenditures and estimated revenues. Final revenues and other financing sources, in the amount of \$1,047,257 were less than original budgeted revenues by the amount of \$335,149.

Operating expenditures were budgeted at \$1,348,134 while actual operating expenditures were \$1,124,300, a decrease of \$223,834. The primary reduction was in consultant services. Overall operating budget showed an unfavorable variance of \$111,017 as shown in Schedule 1.

Current Issues

1. Central Vermont Regional Planning Commission works with local officials to keep the annual per capita dues at a fair, but equitable level. The dues received in fiscal year 2017 totaled \$71,537.
2. 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 funding for the assessment of Brownfields are competitive, only for special purposes, and for only one year at a time. Some grant sources will not pay their fair share of administrative costs and as a result, the Commission has to use its local dues, State appropriations and/or its fund balance to meet this need. It should be recognized that there is limited money available to be used as "local" match for grants.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
MANAGEMENT AND DISCUSSION ANALYSIS
JUNE 30, 2017

Current Issues

3. Increasingly, state and federal grants have moved to performance a based contracting. For these types of agreements, payments are made when deliverables are produced, not in regular installments based on reimbursement of actual costs. These types of grants mean the Commission has to advance larger amounts of funds for longer periods of time, typically 3-6 months. This has resulted in a greater need to build and maintain an adequate reserve fund to facilitate cash flow, especially when consultant expenses are involved.

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 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, 2017

EXHIBIT A

ASSETS

Current assets:	
Cash and cash equivalents	\$ 111,347
Investments	1,197
Receivables	89,177
Prepaid expenses	<u>13,877</u>
Total current assets	<u>215,598</u>
Noncurrent assets:	
Deposits	4,415
Property and equipment (net of accumulated depreciation)	<u>13,718</u>
Total noncurrent assets	<u>18,133</u>
Total assets	<u>233,731</u>

LIABILITIES

Current liabilities:	
Accounts payable	26,303
Accrued payroll and benefits	24,121
Accrued compensated balances	31,803
Deferred income	51,926
Pension liability	<u>4,864</u>
Total current liabilities	<u>139,017</u>
Total liabilities	<u>139,017</u>

NET POSITION

Invested in capital assets, net of related debt	13,718
Unrestricted	<u>80,996</u>
Total net position	<u><u>\$ 94,714</u></u>

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

CENTRAL VERMONT REGIONAL PLANNING COMMISSION EXHIBIT B
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

OPERATING REVENUES	
Federal, state and other grants	\$ 791,570
Fees for services	184,150
Local communities - annual dues	71,537
Other income	<u>298</u>
Total operating revenues	<u>1,047,555</u>
OPERATING EXPENSES	
Salaries and wages	619,603
Payroll taxes and benefits	174,355
Consultants and contract services	168,778
Rent and occupation	41,059
Other operating expenses	109,306
Depreciation	<u>11,199</u>
Total operating expenditures	<u>1,124,300</u>
OPERATING REVENUE/(EXPENSES)	<u>(76,745)</u>
NONOPERATING REVENUE (EXPENSES)	
Investment income	<u>8</u>
Total nonoperating revenue/(expenses)	<u>8</u>
CHANGE IN NET POSITION	(76,737)
NET POSITION - JULY 1, 2016	<u>171,451</u>
NET POSITION - JUNE 30, 2017	<u><u>\$ 94,714</u></u>

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

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT C

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from operating activity	\$ 1,138,970
Cash paid for personnel	(774,834)
Cash paid for goods and services	(318,517)
Net cash provided by operating activities	<u>45,619</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
	<u>-</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Purchase of capital assets	<u>-</u>
	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	8
Net cash provided from investing activities	<u>8</u>
INCREASE IN CASH AND CASH EQUIVALENTS	45,627
CASH AND CASH EQUIVALENTS, JULY 1, 2016	66,917
CASH AND CASH EQUIVALENTS, JUNE 30, 2017	<u>\$ 112,544</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating income	\$ (76,745)
Depreciation	11,199
(Increase) decrease in accounts receivable	39,489
(Increase) decrease in prepaid expenses	(5,252)
Increase (decrease) in accounts payable	5,878
Increase (decrease) in compensated balances	12,713
Increase (decrease) in accrued payroll	5,911
Increase (decrease) in deferred income	51,926
Increase (decrease) in pension liability	<u>500</u>
Net cash provided by operating activities	<u>\$ 45,619</u>

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, 2017

NOTE 1. 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 the adopted bylaws. Although active participation is voluntary, twenty-three (23) member municipalities participate in and recognize the value of regional planning. The Commission is one of 11 regional planning commissions in Vermont.

The Commission is governed by members appointed by the region's municipalities. They implement 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 non-profit organization exempt from income taxes under the Internal Revenue Code as an instrumentality of political subdivision of the State of Vermont.

NOTE 2. Summary of Significant Accounting Policies

The Financial Reporting Entity

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. The Commission acts as fiscal agent for the Local Emergency Planning Committee #5 (LEPC5). The LEPC5's funds are included in the Commission's financial Statements. There are no other entities that should be combined with the financial statements of the Commission.

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. Non-operating revenues, such as investment earnings and fiscal agent receipts and expenses result from non-exchange transactions or ancillary activities.

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.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017

NOTE 2 Summary of Significant Accounting Policies (continued)

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 positions 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. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Donated Services

Central Vermont Regional Planning Commission receives non-cash 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 may not reflect 100% of in-kind contributions in the financial statements of the Commission.

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.

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, with an initial maturity of three months or less.

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.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017

NOTE 2 Summary of Significant Accounting Policies (continued)

Compensated Absences

The Commission's policy for compensated absences allows employees to accumulate earned but unused vacation leave. 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.

Budget and Budgetary Accounting

In accordance with the Commission's 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.

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 statement 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 has no items that qualify for reporting in the 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", represent an acquisition of net 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 has no items that qualify for reporting in the category.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the financial statements. In general, 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 funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year.

Net Position

Net position represents the difference between assets and liabilities. Net position 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 position is 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.

Indirect Cost Rate

The indirect rate calculated for this fiscal year of 106.9% was reviewed and tested as part of the current audit. The rate was found to be reasonably stated, based on the June 30, 2015 fiscal year audit and in compliance with the financial agreement with the state and federal rule 2 CFR PART 225 (OMB CIRCULAR A-87).

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2017

NOTE 3. Cash

Cash

Deposits and investments are categorized to give an indication of the level of risk assumed by the Commission at June 30, 2017. 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, 2017, all of the Commission's deposits are Category 1.

Cash and Investments are as follows:

Deposits with Financial Institutions	\$ 112,544
Total Cash	\$ 112,544

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, 2017, none of the government bank balances were exposed to custodial credit risk.

	Book Balance	Bank Balance
FDIC Insured	\$ 112,544	\$ 115,926
Total	\$ 112,544	\$ 115,926

The difference between the book and bank balances are reconciling items, primarily outstanding checks.

NOTE 4. Advertising

The Commission expenses advertising costs as they are incurred. Advertising costs for the year ended June 30, 2017 was \$350.

NOTE 5. Receivables

Receivables consist of amounts due from grants, contracts and other items. The Commission uses the allowance method for uncollectible receivables. Management has review the accounts and determined that an allowance for doubtful accounts of \$0 is appropriate at June 30, 2017.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2017

NOTE 5. Receivables (continued)

Receivables are comprised of the following:

	2017
Grants and Contracts	\$ 89,177
Total	\$ 89,177

NOTE6. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Computers and equipment				
Net of depreciation	\$ 24,917	\$ -	\$ (11,199)	\$ 13,718
Capital Assets - Net	\$ 24,917	\$ -	\$ (11,199)	\$ 13,718

NOTE 7. Unearned Grant Revenue

For the year ended June 30, 2017 the Commission had received from grantors funds that had not yet been spent for their intended purpose, a total of \$51,926, which is shown in the Statement of Net Position as unearned grant revenue.

NOTE 8. Pension Plans

The Commission established a Simplified Employee Pension under which up to 5% of salary or wages is contributed quarterly 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, 2017 and contributions totaled \$20,427. The Commission's total payroll for fiscal year ended June 30, 2017 was \$619,381 of which \$408,540 was covered by the pension plan.

NOTE 9. 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 \$41,059 under this lease during the fiscal years ended June 30, 2017. 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.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017

NOTE 10. Federal State and Other Grants

The Commission receives a major portion of its fund from Federal and State grants. Following is a schedule of those funds:

Direct Federal Grants:	
Brownfields	<u>\$ 57,768</u>
Federal Grants Passed Through State and State Grants:	
ACCD	204,060
Community Development	20,900
Natural Resources	162,958
Public Safety	150,302
Agency of Transportation	<u>153,103</u>
	<u>691,323</u>
Other:	
Municipal grants	<u>42,479</u>
	<u><u>\$ 791,570</u></u>

NOTE 11. 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, 2017, 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.

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.

NOTE 12. Subsequent Events

Subsequent events are events or transactions that occur after the financial statement date, but before the financial statements are issued.

Management has evaluated subsequent events through November 8, 2017, the date the June 30, 2017 financial statements were available for issuance. There are no subsequent events to report.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
STATEMENT OF OPERATIONS
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 1

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
OPERATING REVENUES			
State of Vermont - Agency of Commerce and Community Development (ACCD)	\$ 271,550	\$ 204,060	\$ (67,490)
Federal, state and other grants	855,659	587,510	(268,149)
Local communities - annual dues	71,537	71,537	-
Other income	183,660	184,448	788
Total operating revenues	<u>1,382,406</u>	<u>1,047,555</u>	<u>(334,851)</u>
OPERATING EXPENSES			
Salaries and wages	596,002	619,603	(23,601)
Payroll taxes and benefits	213,530	177,355	36,175
Consultants	377,988	168,778	209,210
Professional services	31,605	31,632	(27)
Advertising	550	350	200
Insurance	1,517	1,509	8
Copy and printing	6,075	6,329	(254)
Depreciation	-	11,199	(11,199)
Rent and utilities	43,054	41,059	1,995
Office expenses	15,747	16,587	(840)
Equipment, repairs and software	7,931	4,629	3,302
Dues and subscriptions	11,128	9,231	1,897
Telephone	6,509	6,369	140
Travel	18,650	14,350	4,300
Meetings and programs	12,289	6,602	5,687
Postage	1,900	2,618	(718)
Other	3,659	6,100	(2,441)
Total operating expense	<u>1,348,134</u>	<u>1,124,300</u>	<u>223,834</u>
OPERATING INCOME	<u>\$ 34,272</u>	<u>\$ (76,745)</u>	<u>\$ (111,017)</u>

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

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
 SCHEDULE OF DIRECT AND INDIRECT COSTS
 FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE 2

	<u>Total Expenses</u>	<u>Direct Expense</u>	<u>Unallowable Indirect Expense (a)</u>	<u>Total Allowable Indirect Expense</u>
Salaries and wages	\$ 619,603	\$ 405,137	\$ 1,950	\$ 212,516
Payroll taxes and benefits	177,355	66,695	-	110,660
Audit and legal services	21,129	-	-	21,129
Consultants	168,778	168,778	-	-
Meetings, conferences	6,602	5,466	-	1,136
Travel	14,350	11,964	-	2,386
Supplies	16,587	7,834	-	8,753
Office - equipment/repairs	4,629	-	-	4,629
Office - insurance	1,509	-	-	1,509
Office - postage	2,618	24	-	2,594
Office - rent, utilities & maintenance	41,059	-	-	41,059
Office - telephone	6,369	159	-	6,210
Office - copying and printing	6,329	545	75	5,709
Depreciation	11,199	-	1,246	9,953
Professional services	10,503	1,750	-	8,753
Subscriptions and publications	9,231	-	3,455	5,776
Marketing	350	155	-	195
Other	6,100	-	5,841	259
	<u>\$ 1,124,300</u>	<u>\$ 668,507</u>	<u>\$ 12,567</u>	<u>\$ 443,226</u>

(a) Costs not allowed under 2 CFR Part 200 Subpart E - Cost Principles



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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Vermont Regional Planning Commission ("Commission"), as of and for the year ended June 30, 2017, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated November 8, 2017. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

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. There were no material weaknesses or deficiencies found.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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* for year ending June 30, 2017.

This report is intended solely for the information and use of management, Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Batchelder Associates, PC
Barre, Vermont
November 8, 2017
Vermont License # 945