

CENTRAL VERMONT REGIONAL PLANNING COMMISSION

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

CENTRAL VERMONT REGIONAL PLANNING COMMISSION

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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 years ended June 30, 2016 and 2015, 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, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof, for the years 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 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 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 October 20, 2016 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
October 20, 2016

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2016 and 2015

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, 2016. 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 2016 are as follows:

- The assets of the Commission exceeded its liabilities at the close of the year ended June 30, 2016 by \$171,450, compared to \$133,040 at the close of the year ended June 30, 2015. Of the June 30, 2016 amount, \$146,533 may be used to meet the Commission's ongoing obligations to citizens, authorities and creditors. The remaining balance of \$24,917 is invested in capital assets.
- The Commission's total net assets increased by \$38,410 in 2016 compared to a decrease of \$2,371 in 2015. All of this increase was attributable to increased grant revenue.
- At the end of fiscal year 2016 the Commission reported a combined ending fund balance of \$171,450, an increase of \$38,410 from the prior year.

Using These Financial Statements

The Statements of Net Position and 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 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, 2016 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, 2016 and 2015

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 the annual grant agreement structure was modified to a performance based contract starting in 2011. These contract funds were \$272,253 for year ended June 30, 2016. 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, 2016, the Commission's total revenue was derived from thirty-four (34) percent state performance contract, fifty-three (53) percent regional program grants, four (4) percent municipal project grants, and nine (9) percent town assessments.

Operating Results

The Commission finished year ended June 30, 2016 with a \$38,410 surplus. This surplus was partly attributable to an increase in grant funds.

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, 2017 will have an indirect rate of 106.9%, a downward adjustment of 30.41%. This adjustment downward will account for overestimating indirect costs for the year ended June 30, 2015.

Condensed Financial Information

CENTRAL VERMONT REGIONAL PLANNING COMMISSION'S NET ASSETS			
	2016	2015	Change
Current and other assets	\$ 208,548	\$ 197,651	\$ 10,897
Capital assets, net	24,917	15,812	9,105
Total Assets	233,465	213,463	20,002
Current liabilities	42,925	58,758	(15,833)
Noncurrent liabilities	19,090	21,665	(2,575)
Total Liabilities	62,015	80,423	(18,408)
Net Assets			
Net Investment in capital assets	24,917	15,812	9,105
Unrestricted	146,533	117,228	29,305
Total Net Assets	\$ 171,450	\$ 133,040	\$ 38,410

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2016 and 2015

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 \$171,450 at the close of the most recent fiscal year.

Investment in capital assets represents 12.5% 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 \$146,533 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 organization as a whole.

Activities

	2016	2015	Change
REVENUES			
Program revenues			
Charges for services	\$ 6,954	\$ 7,350	\$ (396)
Operating grants and contributions	700,008	652,739	47,269
Total program revenues	706,962	660,089	46,873
General revenues			
Member assessments	71,537	71,537	-
Interest income	11	37	(26)
Total general revenues	71,548	71,574	(26)
Total Revenues	778,510	731,663	46,847
EXPENSES			
Governmental activities			
Regional planning and other general programs	534,883	502,764	32,119
Transportation programs	200,785	226,838	(26,053)
Amortization and depreciation	4,432	4,432	-
Total Expenses	740,100	734,033	6,067
Change in net assets	38,410	(2,371)	40,781
Net position-beginning of year	133,040	135,411	(2,371)
Net position - end of year	\$ 171,450	\$ 133,040	\$ 38,410

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, 2016 and 2015

General Fund Budgeting Highlights (continued)

For the General Fund, final revenues and other financing sources, in the amount of \$778,510 were less than original budgeted revenues by the amount of \$5,638.

Expenditures and other financing uses were budgeted at \$774,839 while actual expenditures were \$740,100.

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 properly taxes are on the Region's residents. The per capita dues were \$.95 since 2008 to 2013. 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, 2016.

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. 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.

4. 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.

5. 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 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 Bonnie MacBrien, Finance and Office Manager or Bonnie Waninger, Executive Director, Central Vermont Regional Planning Commission, 29 Main Street, Suite 4, Montpelier, Vermont, 05602.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
STATEMENTS OF NET POSITION
JUNE 30, 2016 and 2015

EXHIBIT A

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 55,652	\$ 83,867
Investments	11,190	11,179
Accounts receivable	128,666	81,085
Prepaid payroll	-	3,916
Prepaid expenses	<u>8,625</u>	<u>13,389</u>
Total current assets	<u>204,133</u>	<u>193,236</u>
Non-current assets:		
Deposits	4,415	4,415
Capital assets, net of accumulated depreciation	<u>24,917</u>	<u>15,812</u>
Total non-current assets	<u>29,332</u>	<u>20,227</u>
Total assets	<u><u>\$ 233,465</u></u>	<u><u>\$ 213,463</u></u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 20,351	\$ -
Accrued expenses	-	40,466
Accrued payroll taxes	18,210	5,659
Deferred Income	-	3,548
Pension liability	<u>4,364</u>	<u>9,085</u>
Total current liabilities	<u>42,925</u>	<u>58,758</u>
Noncurrent liabilities:		
Vacation payable	<u>19,090</u>	<u>21,665</u>
Total noncurrent liabilities	<u>19,090</u>	<u>21,665</u>
Total liabilities	<u>62,015</u>	<u>80,423</u>
NET POSITION		
Net investment in capital assets	24,917	15,812
Unrestricted	<u>146,533</u>	<u>117,228</u>
Total net position	<u><u>\$ 171,450</u></u>	<u><u>\$ 133,040</u></u>
Total liabilities and net position	<u><u>\$ 233,465</u></u>	<u><u>\$ 213,463</u></u>

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

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 and 2015

EXHIBIT B

	2016	2015
OPERATING REVENUES:		
Town and local assessments	\$ 71,537	\$ 71,537
State department of community development	272,253	271,814
Contracted services	6,954	7,350
Federal and state transportation grants	166,521	240,484
Other federal, state and local grants	233,364	80,128
GIS project income	27,870	60,313
Total operating revenues	<u>778,499</u>	<u>731,626</u>
OPERATING EXPENSES:		
Personnel	414,332	375,678
FICA and fringe benefits	124,804	99,180
Office supplies	7,608	3,998
Cleaning	1,680	1,680
Copier	5,299	5,766
Computer equipment and maintenance	5,993	4,980
Depreciation	4,433	4,433
Dues and subscriptions	7,867	2,527
Equipment Reserve	-	2,929
Postage	2,802	2,450
Rent and utilities	41,059	40,728
Insurance	1,517	1,303
Travel	1,899	4,304
Telephone	7,382	4,248
Audit and legal services	7,203	5,005
Meetings	4,344	2,769
Miscellaneous	-	297
Direct project costs	100,205	171,094
Education	1,673	665
Total operating expenses	<u>740,100</u>	<u>734,034</u>
Operating Income	<u>38,399</u>	<u>(2,408)</u>
Nonoperating revenues (expenses):		
Interest income	11	37
Total other financing sources (uses)	<u>11</u>	<u>37</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	38,410	(2,371)
Net position - July 1, 2015	<u>133,040</u>	<u>135,411</u>
Net position - June 30, 2016	<u>\$ 171,450</u>	<u>\$ 133,040</u>

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

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
STATEMENTS OF CASH FLOW
FOR YEARS ENDED JUNE 30, 2016 and 2015

EXHIBIT C

	2016	2015
Cash flows from operating activities:		
Receipts from operating activity	\$ 731,803	\$ 709,496
Payments for employee services	(548,105)	(484,165)
Payments for supplies and services	(198,175)	(248,122)
Net cash provided (used) by operating activities	<u>(14,477)</u>	<u>(22,791)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(13,538)	
Net cash provided (used) by capital and related financing activities	<u>(13,538)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	11	37
Net cash provided (used) by investing activities	<u>11</u>	<u>37</u>
Net increase (decrease) in cash and cash equivalents	(28,004)	(22,754)
Cash and cash equivalents - beginning	94,846	117,600
Cash and cash equivalents - ending	<u>66,842</u>	<u>94,846</u>
Shown in financial statements as:		
Cash and cash equivalents	55,652	83,667
Investments - Certificate of Deposit	11,190	11,179
Total	<u>66,842</u>	<u>94,846</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 38,399	\$ (2,408)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	4,433	4,433
(Increase) decrease in accounts receivable	(47,581)	(28,640)
(Increase) decrease in prepaid expenses	8,680	(17,305)
Increase (decrease) in accounts payable	20,351	-
Increase (decrease) in accrued expenses	(27,915)	27,694
Increase (decrease) in accrued vacation	(2,575)	(13,289)
Increase (decrease) in deferred income	(3,548)	2,077
Increase (decrease) in pension liability	(4,721)	4,647
Total adjustment	<u>(52,876)</u>	<u>(20,383)</u>
Net cash provided by operating activities	<u>(14,477)</u>	<u>(22,791)</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, 2016 and 2015

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. Non-operating 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, 2016 and 2015

NOTE II Summary of Significant Accounting Policies (continued)

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. 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 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, 2016 and 2015

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 Position

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. Net Position - Restricted

The Commission restricts 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. Unrestricted net position indicates that portion which is available for appropriation in future periods. There are no restricted balances other than those for net investment in capital assets.

10. Net Position - Designated

The Commission's governing body designates a portion of net position to finance future planned operations which, if carried out, will restrict the use of financial resources. There are no designated balances.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 and 2015

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, 2016. 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, 2016, 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, 2016 and 2015, 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, 2016, 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, 2016 and 2015.

Receivables are comprised of the following:

	2016	2015
Grants and Contracts	\$ 128,401	\$ 80,975
Municipal Services and Other	265	110
Total	<u>\$ 128,666</u>	<u>\$ 81,085</u>

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 and 2015

NOTE IV Detailed Disclosures Regarding Account Balances (continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Computers and equipment	\$ 49,870	\$ 13,538	\$ -	\$ 63,408
Totals at Historical Cost	<u>49,870</u>	<u>13,538</u>	<u>-</u>	<u>63,408</u>
Less: Accumulated Depreciation				
Computers and equipment	(34,058)	(4,433)	-	(38,491)
Total Accumulated Depreciation	<u>(34,058)</u>	<u>(4,433)</u>	<u>-</u>	<u>(38,491)</u>
Capital Assets - Net	<u>\$ 15,812</u>	<u>\$ 9,105</u>	<u>\$ -</u>	<u>\$ 24,917</u>

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

E. Designated Net Position

The Board has no designated fund balances.

F. Indirect Cost Rate

The indirect rate used during this fiscal year of 137.31% 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 200.

G. 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, 2016 and contributions totaled \$12,248. The Commission's total payroll for fiscal year ended June 30, 2016 was \$414,332 of which \$244,960 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, 2016, 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, 2016 and 2015

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 \$41,059 and \$40,728 under this lease during the fiscal years ended June 30, 2016 and 2015, respectively.. 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
	<u>\$ 10,200</u>

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>Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passed through VT Agency of Transportation:			
Regional Transportation Planning Grant	20.205	GR0236	\$ 58,503
Regional Transportation Planning Grant	20.205	GR0422	\$ 128,097
<u>State of Vermont</u>			
Agency of Commerce and Community Development	n/a	n/a	\$ 272,253

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2016

EXHIBIT D

	Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Town and local assessments	\$ 71,537	\$ 71,537	\$ -
State department of community development	272,253	272,253	-
Contracted services	7,350	6,954	(396)
Federal and state transportation grants	206,948	166,521	(40,427)
Other federal and state grants	86,295	233,364	147,069
GIS project income	139,765	27,870	(111,895)
Interest income	-	11	11
Total revenues	<u>784,148</u>	<u>778,510</u>	<u>(5,638)</u>
EXPENDITURES			
Personnel	420,885	414,332	6,553
FICA and fringe benefits	140,403	124,804	15,599
Office supplies	4,500	7,608	(3,108)
Cleaning	1,680	1,680	-
Copier	5,550	5,299	251
Computer equipment and maintenance	5,500	5,993	(493)
Depreciation	-	4,433	(4,433)
Dues and subscriptions	7,810	7,867	(57)
Postage	2,530	2,802	(272)
Rent and utilities	41,059	41,059	-
Insurance	1,576	1,517	59
Travel	12,000	1,899	10,101
Telephone	5,650	7,382	(1,732)
Audit and legal services	22,100	7,203	14,897
Meetings	6,730	4,344	2,386
Direct project costs	93,866	100,205	(6,339)
Education	3,000	1,673	1,327
Total expenditures	<u>774,839</u>	<u>740,100</u>	<u>34,739</u>
Excess (Deficiency) of revenue over expenditures	<u>9,309</u>	<u>38,410</u>	<u>29,101</u>
Fund Balance - July 1, 2015	<u>133,040</u>	<u>133,040</u>	<u>-</u>
Fund Balance - June 30, 2016	<u>\$ 142,349</u>	<u>\$ 171,450</u>	<u>\$ -</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 E

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>

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, 2016

EXHIBIT F

Cost category	Direct Expense	Indirect Expense	Unallowable Indirect Expense	Total Allowable Indirect Expense	Total Expenses
Salaries	\$ 275,533	\$ 138,799	\$ -	\$ 138,799	\$ 414,332
Fringe benefits	13,831	110,973	-	110,973	124,804
Total salaries and fringe benefits	<u>289,364</u>	<u>249,772</u>	<u>-</u>	<u>249,772</u>	<u>539,136</u>
Professional fees	-	7,203	-	7,203	7,203
Education	-	1,673	-	1,673	1,673
Meetings, conferences	-	4,344	-	4,344	4,344
Travel	-	1,899	-	1,899	1,899
Supplies	-	7,558	-	7,558	7,558
Office - equipment/repairs	-	10,146	-	10,146	10,146
Office - insurance	-	1,517	-	1,517	1,517
Office - postage	-	2,802	-	2,802	2,802
Office - rent, utilities & maintenance	-	41,059	-	41,059	41,059
Office - telephone	-	7,382	-	7,382	7,382
Office - copying/printing	-	5,198	-	5,198	5,198
Depreciation	-	4,433	-	4,433	4,433
Subscriptions/publications	-	7,867	4,227	3,640	7,867
Direct costs - other	96,203	-	-	-	96,203
Miscellaneous	-	1,680	-	1,680	1,680
Total organizational expenses	<u>\$ 385,567</u>	<u>\$ 354,533</u>	<u>\$ 4,227</u>	<u>\$ 350,306</u>	<u>\$ 740,100</u>

The accompanying notes are an integral part of these financial statements