

CENTRAL VERMONT REGIONAL PLANNING COMMISSION

INDEPENDENT AUDITOR'S REPORT AND  
FINANCIAL STATEMENTS

JUNE 30, 2019

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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 Central Vermont Regional Planning Commission ("Commission"), as of and for the year ended June 30, 2019, 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.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Commission as of June 30, 2019, 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, be presented to supplement 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 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 Schedules 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.

Schedules 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 September 25, 2019 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, P.C.*

Batchelder Associates, PC  
Barre, Vermont  
VT License #945  
September 25, 2019

CENTRAL VERMONT REGIONAL PLANNING COMMISSION  
MANAGEMENT AND DISCUSSION ANALYSIS  
JUNE 30, 2019

**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, 2019. 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 2019 are as follows:

- The Commission's total net position increased by \$93,099 in 2019 compared to a increase of \$101,502 in 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 Commission receives 10% of matching fund 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, 2019 totaled \$73,488 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 \$288,996 for year ended June 30, 2019. 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 a match for local and regional projects.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION  
MANAGEMENT AND DISCUSSION ANALYSIS  
JUNE 30, 2019

**Budget (continued)**

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, Emergency Management Performance Grants funded by the federal U.S Department of Homeland Security through Vermont Emergency Management, Brownfields Grant funded by U.S. Environmental Protection Agency and other granting agencies.

**Operating Results**

The Commission finished the year ended June 30, 2019 with operating revenue of \$92,621. These results are shown on the statement of Revenues, Expenses and Changes in Net Position on page 9.

Each year the indirect 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 2019 indirect rate will be used in charging grants and contracts during fiscal year 2020. There will always be some variance between the estimated and actual expenses, of which can be used to influence the indirect rate in future years, assuming fluctuation base is known at the time of rate negotiation.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION  
MANAGEMENT AND DISCUSSION ANALYSIS  
JUNE 30, 2019

**Condensed Financial Information – Net Position**

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 \$289,315 at the close of the most recent fiscal year.

Investment in capital assets represents 5.7% 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 \$273,479 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'S NET POSITION

	2019	2018
Current assets		
Cash and cash equivalents	\$ 414,093	\$ 191,246
Accounts receivable	204,723	163,611
Prepaid expenses	3,392	6,371
Total current assets	622,208	361,228
Noncurrent assets		
Deposits	4,415	4,415
Property, plant and equipment	15,836	18,622
Total noncurrent assets	20,251	23,037
Total assets	642,459	384,265
Current liabilities		
Accounts payables	116,934	51,132
Accrued payroll and benefits	19,254	18,131
Deferred income	186,293	85,939
Accrued compensated balances	30,663	32,847
Pension liability	-	-
Total current liabilities	353,144	188,049
Net Position		
Invested in capital assets, net of related debt	15,836	18,622
Unrestricted	273,479	177,594
Total net position	\$ 289,315	\$ 196,216

CENTRAL VERMONT REGIONAL PLANNING COMMISSION  
MANAGEMENT AND DISCUSSION ANALYSIS  
JUNE 30, 2019

**Condensed Financial Information - Revenues, Expenses and Changes in Net Position for the years ended June 30, 2019 and 2018 are as follows:**

	2019	2018
Operating revenues	\$ 1,202,045	\$ 1,417,777
Operating expenses	1,109,424	1,316,361
Operating income	92,621	101,416
Nonoperating revenues/(Expenses)		
Investment income	478	86
Nonoperating income/(Loss)	478	86
Change in Net Position	93,099	101,502
Net Position - July 1, 2018	196,216	94,714
Net Position - June 30, 2019	\$ 289,315	\$ 196,216

**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 \$1,202,045 were less than originally-budgeted revenues by the amount of \$2,483.

Operating expenditures were budgeted at \$1,178,652 while actual operating expenditures were only \$1,109,424, a decrease of \$69,228. Overall operating budget showed a favorable increase of \$66,744, while the actual results were favorable by \$96,620.

**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 2019 totaled \$73,488.
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.
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.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION  
MANAGEMENT AND DISCUSSION ANALYSIS  
JUNE 30, 2019

**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, 2019

EXHIBIT A

ASSETS

Current Assets:

Cash and cash equivalents	\$ 414,093
Receivables	204,723
Prepaid expenses	3,392
Total Current Assets	<u>622,208</u>

Noncurrent Assets:

Deposits	4,415
Property and equipment (net of accumulated depreciation)	15,836
Total Noncurrent Assets	<u>20,251</u>

Total Assets	<u>642,459</u>
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LIABILITIES

Current Liabilities:

Accounts payable	116,934
Accrued payroll and benefits	19,254
Accrued compensated balances	30,663
Total Current Liabilities	<u>166,851</u>

Deferred Inflows:

Deferred income	186,293
Total Deferred Inflows	<u>186,293</u>

Total Liabilities	<u>353,144</u>
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NET POSITION

Net investment in property and equipment	15,836
Unrestricted	273,479
Total Net Position	<u>\$ 289,315</u>

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

CENTRAL VERMONT REGIONAL PLANNING COMMISSION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B

OPERATING REVENUES	
Federal, state and other grants	\$ 1,111,124
Fees for services	10,307
Local communities - annual assessments	73,488
Other income	7,126
Total Operating Revenues	<u>1,202,045</u>
OPERATING EXPENSES	
Salaries and wages	410,313
Payroll taxes and benefits	133,403
Consultants and contract services	374,700
Rent and occupancy	42,052
Other operating expenses	146,170
Depreciation	2,786
Total Operating Expenses	<u>1,109,424</u>
OPERATING REVENUE/(EXPENSES)	<u>92,621</u>
NONOPERATING REVENUE (EXPENSES)	
Investment income	478
Total Nonoperating Revenue (Expenses)	<u>478</u>
CHANGE IN NET POSITION	93,099
NET POSITION - JULY 1, 2018	<u>196,216</u>
NET POSITION - JUNE 30, 2019	<u><u>\$ 289,315</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, 2019

EXHIBIT C

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from operating activity	\$ 1,262,857
Cash paid for personnel	(410,197)
Cash paid for goods and services	(630,291)
Net Cash Provided by Operating Activities	222,369
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
	-
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Purchase of capital assets	-
Net Cash Flow from Capital & Related Financing Activities	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	478
Net Cash Provided From Investing Activities	478
INCREASE IN CASH AND CASH EQUIVALENTS	222,847
CASH AND CASH EQUIVALENTS, JULY 1, 2018	191,246
CASH AND CASH EQUIVALENTS, JUNE 30, 2019	\$ 414,093
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating income	\$ 92,621
Depreciation	2,786
(Increase) decrease in accounts receivable	(39,542)
(Increase) decrease in prepaid expenses	2,979
Increase (decrease) in accounts payable	64,625
Increase (decrease) in compensated balances	(2,184)
Increase (decrease) in accrued payroll	730
Increase (decrease) in deferred income	100,354
Net cash provided by operating activities	\$ 222,369

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, 2019

**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 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 currently acts as fiscal agent for the Local Emergency Planning Committee #5 (LEPC5). The City of Barre was the LEPC's previous fiscal agent and holds LEPC funds. 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.

**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.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2019

**NOTE 2      Summary of Significant Accounting Policies (continued)**

**Basis of Accounting (Continued)**

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.

**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 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.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2019

**NOTE 2 Summary of Significant Accounting Policies (continued)**

**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 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 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 deferred inflows of \$186,293 at June 30, 2019, comprised of deferred revenues.

**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, revised and approved for this fiscal year of 123.97 % was reviewed and tested as part of the current audit. A further reduction was requested for the period April 1, 2019 to June 30, 2019 to a rate of 117%, which was approved by VTrans. The rate was found to be reasonably stated, based on the June 30, 2017 fiscal year audit and in compliance with the financial agreement with the state and federal rule 2 CFR PART 225 (OMB CIRCULAR A-87). This rate was adjusted from the original indirect rate of 73.29% to "mitigate the impacts of an unusual employee compensation event during FY 17". VTrans also has approved the fiscal year June, 2020 rate at 115%.

**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, 2019. 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, 2019, all the Commission's deposits are Category 1.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED JUNE 30, 2019

**NOTE 3. Cash (Continued)**

Cash and Investments are as follows:

Deposits with Financial Institutions	\$ 414,093
Total Cash	\$ 414,093

**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, 2019, none of the government bank balances were exposed to custodial credit risk.

	Book Balance	Bank Balance
FDIC Insured	\$ 414,093	\$ 426,595
Total	\$ 414,093	\$ 426,595

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, 2019 were \$2,865.

**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 reviewed the accounts and determined that an allowance for doubtful accounts of \$0 is appropriate at June 30, 2019. Receivables from grants and contracts are below, which are a portion of total receivables.

	2019
Grants and Contracts	\$ 203,294
Total	\$ 203,294

CENTRAL VERMONT REGIONAL PLANNING COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2019

**NOTE 6. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<u>Net Book Value</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Net Book Value</u> <u>June 30, 2019</u>
Computers and equipment				
Net of depreciation	\$ 18,622	\$ -	\$ (2,786)	\$ 15,836
Capital Assets - Net	<u>\$ 18,622</u>	<u>\$ -</u>	<u>\$ (2,786)</u>	<u>\$ 15,836</u>

**NOTE 7. Unearned Grant Revenue**

For the year ended June 30, 2019 the Commission had received from grantors funds that had not yet been spent for their intended purpose, a total of \$186,293, 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, 2019 and contributions totaled \$16,610. The Commission's total payroll for fiscal year ended June 30, 2019 was \$411,571 of which \$332,198 was covered by the pension plan.

**NOTE 9. Operating Lease**

The Commission entered 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 year ended June 30, 2019. The lease was negotiated and renewed for an additional five-year term through September 2020, with future minimum lease payments of \$42,053, annually, through September 2018 and an increase in 2019-2020 to \$42,384, annually.

The Commission entered into a five-year copier lease starting July 27, 2017. Monthly payments are \$190, with minimum annual lease payments of \$2,280 for 2019 to 2022.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED JUNE 30, 2019

**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	\$ 38,240
Federal Grants Passed Through State and State Grants:	
ACCD	\$ 288,996
Community Development	15,632
Natural Resources	343,091
Public Safety	65,485
Agency of Transportation	315,862
	1,029,066
Other:	
Municipal Contracts	40,731
	\$ 1,085,430

**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, 2019, 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. Line of Credit**

The Commission established a line of credit dated October 26, 2018 in the amount of \$100,000, with a flexible interest rate of prime plus 2%. The purpose of the line is to fund working capital and fund grants receivable. The line matures on November 1, 2020, but is subject to annual review by the bank. The line is collateralized by all assets of the Commission.

**NOTE 13. 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 September 25, 2019, the date the June 30, 2019 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, 2019

SCHEDULE 1

	Budget	Actual	Favorable (Unfavorable) Variance
<b>OPERATING REVENUES</b>			
State of Vermont - Agency of Commerce and Community Development (ACCD)	\$ 289,388	\$ 288,996	\$ (392)
Federal, state and other grants	839,517	832,435	(7,082)
Local communities - annual assessments	73,488	73,488	-
Other income	2,135	7,126	4,991
Total operating revenues	<u>1,204,528</u>	<u>1,202,045</u>	<u>(2,483)</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	421,544	410,313	11,231
Payroll taxes and benefits	140,808	133,403	7,405
Consultants	392,353	374,699	17,654
Professional services	70,355	59,473	10,882
Advertising	5,375	2,865	2,510
Insurance	1,550	1,738	(188)
Copy and printing	4,684	3,307	1,377
Depreciation	7,000	2,786	4,214
Rent and utilities	42,052	42,052	-
Office expenses	15,076	12,915	2,161
Equipment, repairs and software	7,205	6,518	687
Dues and subscriptions	11,748	9,760	1,988
Telephone	6,370	5,927	443
Travel	19,516	12,734	6,782
Meetings and programs	9,782	10,844	(1,062)
Audit and legal services	13,600	14,086	(486)
Postage	3,103	2,398	705
Other	6,531	3,606	2,925
Total operating expense	<u>1,178,652</u>	<u>1,109,424</u>	<u>69,228</u>
<b>OPERATING INCOME</b>	<u>\$ 25,876</u>	<u>\$ 92,621</u>	<u>\$ 66,745</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, 2019

SCHEDULE 2

	Total Expenses	Direct Expense	Unallowable Indirect Expense (a)	Total Allowable Indirect Expense
Salaries and wages	\$ 410,313	\$ 253,334	\$ -	\$ 156,979
Payroll taxes and benefits	133,403	77,842	-	55,561
Consultants	374,699	374,699	-	-
Professional services	59,473	3,721	-	55,752
Marketing	2,865	2,758	-	107
Insurance	1,738	-	-	1,738
Copy and printing	3,307	80	-	3,227
Depreciation	2,786	-	-	2,786
Rent and utilities	42,052	-	-	42,052
Office expenses	12,915	-	-	12,915
Equipment, repairs and software	6,518	-	-	6,518
Dues and subscriptions	9,760	280	5,655	3,825
Telephone	5,927	-	-	5,927
Travel	12,734	9,115	-	3,619
Meetings and programs	10,844	6,927	-	3,917
Audit and legal services	14,086	-	-	14,086
Postage	2,398	891	-	1,507
Other	3,606	1,943	144	1,519
	<u>\$ 1,109,424</u>	<u>\$ 731,590</u>	<u>\$ 5,799</u>	<u>\$ 372,035</u>

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

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



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## 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, 2019, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated September 25, 2019. 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, 2019.

Central Vermont Regional Planning Commission  
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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, P.C.*

Batchelder Associates, PC  
Barre, Vermont  
September 25, 2019  
Vermont License # 945