

**CENTRAL VERMONT REGIONAL
PLANNING COMMISSION**

AUDIT REPORT

JUNE 30, 2023

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2023

	<u>Page #</u>
Independent Auditor's Report	1-4
Management's Discussion and Analysis	5-9
Financial Statements:	
Statement of Net Position	Exhibit I 10
Statement of Revenues, Expenses and Changes in Net Position	Exhibit II 11
Statement of Cash Flows	Exhibit III 12
Notes to the Financial Statements	13-19
Other Supplementary Information:	
Schedule of Operations - Budget (Non-GAAP Budgetary Basis) and Actual	Schedule 1 20
Schedule of Direct and Indirect Costs	Schedule 2 21
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"	22-23

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Central Vermont Regional Planning Commission as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Central Vermont Regional Planning Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the Central Vermont Regional Planning Commission as of June 30, 2023 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards 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. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are required to be independent of the Central Vermont Regional Planning Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principles

As discussed in Note 1 to the financial statements, the Central Vermont Regional Planning Commission implemented the provisions of Governmental Accounting Standards Board Statement No. 96 "Subscription -Based Information Technology Arrangements". Our opinion is not modified with respect to this matter.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Central Vermont Regional Planning Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and "Government Auditing Standards" will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and "Government Auditing Standards", we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Central Vermont Regional Planning Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Central Vermont Regional Planning Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 9, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion, 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operations – Budget (Non-GAAP Budgetary Basis) and Actual and the Schedule of Direct and Indirect Costs 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 16, 2023 on our consideration of the Central Vermont Regional Planning 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 the effectiveness of the Central Vermont Regional Planning Commission’s 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 Central Vermont Regional Planning Commission’s internal control over financial reporting and compliance.

Sullivan, Powers & Co.

November 16, 2023
Montpelier, Vermont
VT Lic. #92-000180

CENTRAL VERMONT REGIONAL PLANNING COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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, 2023. Please read this in conjunction with the Commission's financial statements.

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 nontaxing political subdivision of the State of Vermont established under state statute ([24 V.S.A. §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 2023 are as follows:

- The Commission's total net position increased by \$38,963 in 2023 compared to a decrease of \$3,282 in 2022.

Using These Financial Statements

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the Commission's activities 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 accounted for 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, 2023 totaled \$86,985 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 \$335,984 for year ended June 30, 2023. 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.

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, and other granting agencies.

Operating Results

The Commission finished the year ending June 30, 2023 with a surplus change in net position of \$38,963. These results are shown on the statement of Revenues, Expenses and Changes in Net Position.

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 2023 indirect rate will be used in charging grants and contracts during fiscal year 2025. 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.

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 \$553,663 at the close of the most recent fiscal year.

Investment in capital assets represents -.7% of the Commission's net position, less any related debt used to acquire those assets that are 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 \$557,621 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.

	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 890,798	616,220
Investments	201,042	0
Accounts receivable	165,448	165,998
Prepaid expenses	<u>18,100</u>	<u>19,069</u>
Total current assets	<u>1,275,388</u>	<u>801,287</u>
Noncurrent assets		
Property and Equipment (Net of Accumulated Depreciation)	7,758	11,191
Right to Use Leased Asset	276,475	309,988
Security Deposits	<u>4,415</u>	<u>4,415</u>
Total noncurrent assets	<u>288,648</u>	<u>325,594</u>
Total assets	<u>1,564,036</u>	<u>1,126,881</u>
Current liabilities		
Accounts payables	22,471	16,586
Accrued Payroll and Related Liabilities	15,663	18,311
Accrued Interest Payables	1,219	1,313
Compensated Absences	15,825	41,054
Unearned Grant Revenue	667,004	220,234
Lease Payable - Current Portion	<u>27,918</u>	<u>26,493</u>
Total current liabilities	<u>750,100</u>	<u>323,991</u>
Long Term Liabilities		
Lease Payable - Long-Term Portion	<u>260,273</u>	<u>288,190</u>
Total Long Term Liabilities	<u>260,273</u>	<u>288,190</u>
Total Liabilities	<u>1,010,373</u>	<u>612,181</u>
Net Position		
Net Investment in Property and Equipment	(3,958)	11,191
Unrestricted	<u>557,621</u>	<u>503,509</u>
Total net position	<u>553,663</u>	<u>514,700</u>

Condensed Financial Information - Revenues, Expenses and Changes in Net Position for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Operating revenue	\$ 1,099,527	971,541
Operating expenses	<u>1,044,768</u>	<u>962,162</u>
Operating income	<u>54,759</u>	<u>9,379</u>
Nonoperating revenue/(Expenses)		
Interest Expense	<u>(15,796)</u>	<u>(12,661)</u>
Nonoperating income/(Loss)	<u>(15,796)</u>	<u>(12,661)</u>
Change in Net Position	38,963	(3,282)
Net Position July 1, 2022	514,700	517,982
Net Position - June 30, 2023	<u><u>553,663</u></u>	<u><u>514,700</u></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 \$1,099,527 were less than originally budgeted revenues by the amount of \$1,020,108.

Operating expenditures were budgeted at \$1,966,080 while actual operating expenditures were only \$1,044,768, a decrease of \$921,312.

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 2023 totaled \$86,985.
2. Regional commissions are also affected by grant funding that is either non-existent in some years or very minimal in others. 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-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 Christian Meyer, 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, 2023

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 890,798
Investments	201,042
Receivables	165,448
Prepaid Expenses	<u>18,100</u>

TOTAL CURRENT ASSETS	<u>1,275,388</u>
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NONCURRENT ASSETS

Property and Equipment (Net of Accumulated Depreciation)	7,758
Right to Use Leased Asset (Net of Accumulated Amortization)	276,475
Security Deposit	<u>4,415</u>

TOTAL NONCURRENT ASSETS	<u>288,648</u>
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TOTAL ASSETS	<u>1,564,036</u>
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LIABILITIES

CURRENT LIABILITIES

Accounts Payable	22,471
Accrued Payroll and Related Liabilities	15,663
Accrued Interest Payable	1,219
Compensated Absences	15,825
Unearned Grant Revenue	667,004
Lease Payable - Current Portion	<u>27,918</u>

TOTAL CURRENT LIABILITIES	<u>750,100</u>
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LONG TERM LIABILITIES

Lease Payable - Long-Term Portion	<u>260,273</u>
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TOTAL LONG TERM LIABILITIES	<u>260,273</u>
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TOTAL LIABILITIES	<u>1,010,373</u>
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NET POSITION

Net Investment in Property and Equipment	(3,958)
Unrestricted	<u>557,621</u>

TOTAL NET POSITION	<u>\$ 553,663</u>
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The accompanying notes are an integral part of this financial statement.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

OPERATING REVENUES	
Federal, state and other grants	\$ 996,502
Local communities - annual assessments	86,985
Other income	<u>16,040</u>
TOTAL OPERATING REVENUES	<u>1,099,527</u>
OPERATING EXPENSES	
Salaries and wages	472,300
Payroll taxes and employee benefits	134,732
Consultants and contract services	354,936
Other operating expenses	45,855
Depreciation and amortization expense	<u>36,945</u>
TOTAL OPERATING EXPENSES	<u>1,044,768</u>
OPERATING INCOME	54,759
NONOPERATING REVENUES (EXPENSES)	
Interest Expense	<u>(15,796)</u>
CHANGE IN NET POSITION	38,963
BEGINNING NET POSITION	<u>514,700</u>
ENDING NET POSITION	<u><u>\$ 553,663</u></u>

The accompanying notes are an integral part of this financial statement.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from grants, contracts and services	\$ 1,459,862
Cash received from local communities	86,985
Cash paid for goods and services	(393,936)
Cash paid for personnel	<u>(634,909)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 518,002

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES 0

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Lease Interest Paid	(15,890)
Lease Principal Paid	<u>(26,492)</u>

NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES (42,382)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Certificates of Deposit	<u>(201,042)</u>
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INCREASE IN CASH AND CASH EQUIVALENTS 274,578

BEGINNING CASH AND CASH EQUIVALENTS 616,220

ENDING CASH AND CASH EQUIVALENTS \$ 890,798

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Adjustments to reconcile operating income to net cash provided by operating activities:

Operating Income	\$ 54,759
Depreciation and Amortization	36,946
(Increase)/Decrease in Receivables	550
(Increase) Decrease in Prepaid Expenses	969
Increase/(Decrease) in Accounts Payable	5,885
Increase/(Decrease) in Accrued Payroll and Related Liabilities	(2,648)
Increase/(Decrease) in Compensated Absences	(25,229)
Increase (Decrease) in Unearned Grant Revenue	<u>446,770</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 518,002

The accompanying notes are an integral part of this financial statement.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

The Central Vermont Regional Planning Commission (CVRPC) is one of 11 regional planning commissions in Vermont. CVRPC was organized under Title 24 Vermont Statutes Annotated (V.S.A.), Chapter 117 in 1967 to promote the mutual cooperation of its member municipalities and to facilitate the appropriate development and preservation of the physical and human resources in these municipalities.

The mission of the Central Vermont Regional Planning Commission is to act as the principal forum for planning, policy and community development in the region. CVRPC will do this by providing planning and technical assistance that meets the needs of the member municipalities and the public, while remaining consistent with federal and state requirements. CVRPC work will result in the development and implementation of plans that support sustainable development and improve the region's quality of life and environment.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

This report includes all of the funds of CVRPC. 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 impose financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government, regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of CVRPC.

Basis of Presentation

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

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

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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 of resources (whether current or noncurrent) are included on the statement of net position. Fund equity (i.e. net total position) is segregated into net investment in property and equipment, 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.

Under the terms of grant agreements, CVRPC 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 position available to finance the program. It is CVRPC'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.

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 Organization. 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 Organization.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, CVRPC considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Investments

CVRPC invests in investments as allowed by State Statute. Investments with readily determinable fair value are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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

Right to Use Leased Assets

CVRPC has recorded the right to use leased assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease in service. The right to use assets are amortized over the life of the related lease. CVRPC records the right to use leased assets and the related liability for any noncancellable leases with terms exceeding 12 months which management deems material.

Long Term Liabilities

Long Term Liabilities includes CVRPC's liability for future minimum lease payments measured at the net present value of the payments using its incremental borrowing rate.

New Accounting Standard

Effective June 30, 2023, CVRPC implemented GASB Statement No. 96, "Subscription-Based Information Technology Arrangements". GASB Statement No. 96 increases the usefulness of governmental financial statements by requiring recognition of certain subscription-based information technology arrangements. CVRPC currently has no significant subscription-based information technology arrangements applicable to this Statement.

2) CASH AND INVESTMENTS

Cash consists of deposits with financial institutions and investments consists of a certificate of deposit. CVRPC has a policy that requires cash to be deposited with financial institutions with an office in Vermont. Also, the policy requires limiting custodial credit risk by requiring the deposits to be covered by depository insurance or collateral.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Cash and investments as of June 30, 2023 consist of the following:

Cash:	
Deposits with Financial Institutions	\$ 890,798
Investments:	
Certificate of Deposit	<u>201,042</u>
Total Cash and Investments	<u>\$1,091,840</u>

CVRPC has one (1) certificate of deposit at North Country Federal Credit Union in the amount of \$201,042 with an interest rate of 4.2% that matures on November 14, 2023.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Organization's cash and certificate of deposit are exposed to custodial credit risk as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC or NCUA Insured	\$ <u>1,091,840</u>	\$ <u>1,091,840</u>
Total	\$ <u><u>1,091,840</u></u>	\$ <u><u>1,091,840</u></u>

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. CVRPC does not have any policy to limit the exposure to interest rate risk. CVRPC's certificate of deposit is not subject to interest rate risk disclosure.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

3) RECEIVABLES

Receivables consist of amounts due from grants, contracts and other items. Central Vermont Regional Planning 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, 2023.

Receivables are comprised of the following:

Grants and Contracts	\$ 164,618
Municipal Services and Other	<u>830</u>
Total	<u>\$ 165,448</u>

4) PROPERTY AND EQUIPMENT

Property and Equipment balances were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Being Depreciated:				
Office Furniture and Equipment	\$ 47,030	\$ 0	\$ 0	\$ 47,030
Leasehold Improvements	2,597	0		2,597
Less Accumulated Depreciation	<u>(38,436)</u>	<u>(3,433)</u>		<u>(41,869)</u>
Capital Assets, Net at June 30, 2023	<u>\$ 11,191</u>	<u>\$ (3,433)</u>	<u>\$ 0</u>	<u>\$ 7,758</u>

5) RIGHT TO USE LEASED ASSETS

CVRPC has one Right to Use Leased Asset for its office in Montpelier, Vermont. See Note 10 for details of the related lease liability. The right to use the leased asset is amortized on a straight-line basis over 120 months, the life of the lease entered into on October 1, 2021.

The Right to Use Leased Asset has activity as follows for the year ended June 30, 2023:

Balance, July 1, 2022	\$309,988
Less: Amortization	<u>(33,513)</u>
Balance, June 30, 2023	<u>\$276,475</u>

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

6) UNEARNED GRANT REVENUE

For the year ended June 30, 2023, CVRPC had received grant funds that have not yet been spent for the intended purpose. These funds will be spent in fiscal year 2024 and recognized as revenue:

BGS-MERP	\$ 120,000
CWSP Formula	348,717
ACCD – Pandemic Response and Energy -	194,287
Other	<u>4,000</u>
 Total Unearned Grant Revenue	 <u>\$ 667,004</u>

7) FEDERAL STATE AND OTHER GRANTS

Federal, State and Other Grants consist of the following:

Public Safety	\$ 58,701
Natural Resources	285,632
Transportation	169,263
ACCD	335,984
Community Development	95,517
Municipal Contracts	<u>51,405</u>
 Total	 <u>\$ 996,502</u>

8) RETIREMENT PLAN

Defined Contribution Plan

The Commission established a Simplified Employee Pension (SEP) plan 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 ending June 30, 2023 and contributions totaled \$13,418. The Commission's total payroll for the year ending June 30, 2023 was \$472,300 of which \$270,985 was covered by the plan.

9) LINE OF CREDIT

The Commission established a line of credit with a bank dated October 26, 2018, with a maximum available of \$100,000. Interest is charged at prime plus 2%. The purpose of the loan is to fund working capital and grants receivable. The line has been extended to November 1, 2023. There is no balance owed on the line at June 30, 2023. The line is collateralized by all assets of the Commission.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

10) LONG-TERM OBLIGATIONS – LEASES

CVRPC has entered into an agreement to lease its office. This lease qualifies as a lease other than a short-term lease under Government Accounting Standards Board (GASB) Statement 87 “Leases”. As required by GASB 87, the present value of the future minimum lease payments have been recorded as liabilities as of the date of the lease inception.

The office lease was executed October 1, 2021 and is for ten years. Monthly payments are \$3,532 through September 2026 and then increase to \$3,642 for the remainder of the lease. The lease liability is measured at a discount rate of 5.3%, which is CVRPC’s incremental borrowing rate. The lease liability results in a right-to-use asset with a net book value of \$276,245 as of June 30, 2023 (see Note 5). The lease liability is \$288,191 at June 30, 2023, of which \$27,918 is current and \$260,273 due after June 30, 2024.

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	\$ 27,918	\$ 14,464	\$ 42,382
2025	29,419	12,963	42,382
2026	31,001	11,381	42,382
2027	33,681	9,696	43,377
2028	35,839	7,869	43,708
Thereafter	<u>130,333</u>	<u>8,077</u>	<u>138,410</u>
Total	<u>\$ 288,191</u>	<u>\$ 64,450</u>	<u>\$ 352,641</u>

11) RISK MANAGEMENT

CVRPC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. CVRPC maintains insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to CVRPC. Settled claims have not exceeded this coverage in any of the past three fiscal years.

12) COMMITMENTS AND CONTINGENCIES

Grants and contracts require the fulfillment of certain conditions set forth in the grant or contract. Failure to fulfill the conditions could result in the return of funds to the grantors. Although that is a possibility, management deems the contingency remote, since by accepting the awards and their terms, it has accommodated the objectives of CVRPC to the provisions of the grants.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
SCHEDULE OF OPERATIONS
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES			
State of Vermont - Agency of Commerce and Community Development (ACCD)	\$ 545,167	\$ 335,984	\$ (209,183)
Community Development Grants	144,902	95,517	(49,385)
Fee for Services	13,200	9,497	(3,703)
Natural Resources Grants	649,556	285,632	(363,924)
Public Safety Grants	86,515	58,701	(27,814)
Transportation Grants	300,386	169,263	(131,123)
Municipal Contracts	5,434	51,405	45,971
Town Dues	86,985	86,985	0
Other Income	852	6,543	5,691
	<u>1,832,997</u>	<u>1,099,527</u>	<u>(733,470)</u>
TOTAL OPERATING REVENUES			
OPERATING EXPENSES			
Salaries and Wages	601,806	472,300	129,506
Payroll Taxes and Employee Benefits	231,045	134,732	96,313
Advertising	3,600	2,548	1,052
Consultants and Contract Services	663,181	266,136	397,045
Office Occupancy	46,123	44,903	1,220
Copy and Printing	4,111	2,966	1,145
Depreciation	4,500	3,433	1,067
Dues and Memberships	10,783	11,873	(1,090)
Insurance	5,045	2,421	2,624
Other	2,130	1,701	429
Program Workshops and Meetings	9,460	2,603	6,857
Professional Services	84,500	86,252	(1,752)
Software and Licenses	12,531	6,213	6,318
Supplies	11,848	4,977	6,871
Telephone and Internet	7,080	7,060	20
Travel	14,751	3,520	11,231
	<u>1,712,494</u>	<u>1,053,638</u>	<u>658,856</u>
TOTAL OPERATING EXPENSES - BUDGETARY BASIS			
OPERATING INCOME/(LOSS) - BUDGETARY BASIS	\$ <u>120,503</u>	45,889	\$ <u>(74,614)</u>
Reconciliation of Budgetary Basis to GAAP Basis:			
Amortization of Right to Use Leased Asset		(33,512)	
Base Rent Paid		<u>42,382</u>	
Operating Income - GAAP Basis		\$ <u>54,759</u>	

See Accompanying Independent Auditor's Report.

CENTRAL VERMONT REGIONAL PLANNING COMMISSION
SCHEDULE OF DIRECT AND INDIRECT COSTS
FOR THE YEAR ENDED JUNE 30, 2023

	Total	Direct Costs	Unallowable Costs (a)	Allowable Indirect Costs
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Salaries and Wages	\$ 472,300	\$ 279,561	\$ 3,346	\$ 189,393
Payroll Taxes and Employee Benefits	134,732	75,627	950	58,155
Advertising	2,548	265	0	2,283
Consultants and Contract Services	266,136	266,136	0	0
Office Expenses	3,412	1,701	0	1,711
Copy and Printing	2,966	0	0	2,966
Depreciation	3,433	0	0	3,433
Amortization	33,512	0	0	33,512
Dues and Subscriptions	13,438	450	5,841	7,147
Insurance	2,421	0	0	2,421
Other	1,386	174	225	987
Program Workshops and Meetings	2,603	1,264	638	701
Postage	316	39	0	277
Professional Services	64,262	4,800	0	59,462
Audit and Legal Services	21,989	0	0	21,989
Equipment, Repairs & Software	6,213	0	0	6,213
Rent & Utilities	2,521	0	0	2,521
Interest Expense	15,796	0	0	15,796
Telephone and Internet	7,060	0	0	7,060
Travel	3,520	3,107	0	413
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES	\$ <u>1,060,564</u>	\$ <u>633,124</u>	\$ <u>11,000</u>	\$ <u>416,440</u>

(a) Costs Not Allowed under 2 CFR Part 200 Subpart E - Cost Principles.

See Accompanying Independent Auditor's Report.

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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"

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States, the financial statements of the Central Vermont Regional Planning Commission as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Central Vermont Regional Planning Commission's basic financial statements and have issued our report thereon dated November 16, 2023.

Internal Control Over Financial Reporting

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

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 Central Vermont Regional Planning Commission's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Central Vermont Regional Planning 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 financial statements. 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".

Purpose of this Report

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

Sullivan, Powers & Co.

November 16, 2023
Montpelier, Vermont
VT Lic. #92-000180