

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS

**Addison County Regional Planning
Commission**

June 30, 2024

ADDISON COUNTY REGIONAL PLANNING COMMISSION

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Addison County Regional Planning Commission
14 Seminary Street
Middlebury, Vermont 05753

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Addison County Regional Planning Commission (“ACRPC”) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise ACRPC’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of ACRPC as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ACRPC 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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 ACRPC’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.

Auditors’ Responsibilities for the Audit of 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 opinions.

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 GAAS 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements 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 controls 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 ACRPC'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 doubt about ACRPC'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 the management's discussion and analysis and budgetary comparison information on page 15 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 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 - 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 part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition, Schedules I, II, III, IV are presented for purposes of additional analysis and are not a required part of the financial statements.

We have applied certain limited procedures to the required supplementary information listed above 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 for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge We obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2024, on our consideration of Addison County Regional Planning Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the Addison County Regional Planning Commission's internal control over financial reporting and compliance.

VeroffCPA

VeroffCPA, PC
Laconia, New Hampshire
NH Registration No. 07785D
December 10, 2024

**ADDISON COUNTY REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024**

The following management's discussion and analysis of the Addison County Regional Planning Commission ("ACRPC")'s financial performance provides an overview of ACRPC's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with ACRPC's financial statements.

Financial Statement Overview

ACRPC's basic financial statements include the following components: 1) Management's Discussion and Analysis, 2) basic financial statements and 3) other required supplementary information. The financial statements include notes which explain in detail some of the information included in the basic financial statements.

Addison County Regional Planning Commission

The mission of ACRPC 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 Addison County 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, ACRPC 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 fiscal year 2024 are as follows:

- ACRPC's total net position increased by \$77,807 in fiscal year 2024 compared to an increase of \$32,716 in fiscal year 2023.

Using These Financial Statements

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position (on pages 8 and 9) provide information about ACRPC's activities as a whole. These statements include all assets, deferred outflows of resources, and liabilities of ACRPC 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 ACRPC. 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

ACRPC 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.

**ADDISON COUNTY REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024**

The Commission receives 10% of the matching funds required for the majority of the federal transportation funds from the state, making it dependent on the actions of the Vermont legislature.

ACRPC receives dues from its member municipalities that in year ended June 30, 2024 totaled \$47,081 as unrestricted revenue used to locally match projects and support basic operations.

The State of Vermont provides regional planning funding through an annual performance-based contract through the Department of Housing and Community Development (DHCD). These funds were \$522,132 for year ended June 30, 2024. With these funds, ACRPC carries out statutory duties as specified in an annual work program approved by ACRPC and DHCD. These funds are used as a match for local and regional projects.

ACRPC 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 Transportation, Emergency Management Performance Grants funded by the federal U.S. Department of Homeland Security through Vermont Emergency Management, and other granting agencies.

Operating Results

ACRPC finished the year ended June 30, 2024 with a surplus change in net position of \$77,807. These results are shown on the statement of Revenues, Expenses and Changes in Net Position on page 9.

Each year the upcoming indirect rate is estimated and negotiated based on the most recent audited expenses, which are always two fiscal years previous, and the subtraction of any previous year adjustments. There will always be some variance between the estimates and actual experience. A rate that is higher than it should will tend to produce revenues in excess of expenses, while a lower rate will reduce revenues. The variance between estimates and actual indirect rates are accounted for by a "carry-forward" adjustment each year. The carry-forward adjustment adds or subtracts to the calculation in a manner that will reduce the rate in subsequent years to make up for an inflated rate or increase a rate if indirect costs were under collected in a previous year.

Condensed Financial Information

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of ACRPC, assets exceed liabilities by \$416,705 at the close of the most recent fiscal year.

Investment in capital assets represents 2.5% of ACRPC's net position. ACRPC uses these capital assets to provide services; consequently, these assets are not available for future spending.

Restricted net assets for the fiscal year ended June 30, 2024 consist of interest income of \$13,405 earned on the investment of CWSP-04 grant funds held for future project costs yet to be incurred.

The remaining balance of unrestricted net assets of \$392,698 may be used to meet ACRPC'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.

The following condensed and reformatted financial information is a condensed version of the financial statements presented in this report.

**ADDISON COUNTY REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024**

Government-wide Financial Analysis
Summary of Net Position

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change</u>
Current and other assets	\$ 1,108,721	\$ 939,455	\$ 169,266
Non-current assets	<u>10,602</u>	<u>11,021</u>	<u>(419)</u>
Total assets	<u><u>1,335,672</u></u>	<u><u>950,476</u></u>	<u><u>160,847</u></u>
Current liabilities	702,618	611,578	91,040
Long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>702,618</u></u>	<u><u>611,578</u></u>	<u><u>91,040</u></u>
Net position			
Net investment in capital assets	10,602	11,021	(419)
Restricted (CWSP-04)	13,405	-	13,405
Unrestricted	<u>392,698</u>	<u>327,878</u>	<u>64,820</u>
Total net position	<u><u>\$ 416,705</u></u>	<u><u>\$ 338,899</u></u>	<u><u>\$ 77,806</u></u>

Explanation of Changes in Net Position for the year ended June 30, 2024

- Change in cash and cash equivalents in current and other assets: This increase is the result of normal operational needs.
- Change in receivables in current and other assets: The increase in accounts receivable at the end of the fiscal year was due to regular changes in how quickly our grantors pay invoices.
- Change capital assets: The increase in capital assets was the result of routine depreciation and the acquisition of computer equipment.
- Change in accounts payable in current liabilities: The decrease can be attributed to fluctuations in consultant billings from one time period to another and timing of vendor payments.

A summary of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2024 are as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change</u>
Operating revenues	\$ <u>1,031,461</u>	\$ <u>798,996</u>	\$ <u>232,465</u>
Operating expenses	<u>979,445</u>	<u>770,871</u>	<u>208,574</u>
Operating income (loss)	52,016	28,125	23,891
Nonoperating income			
Interest income	<u>25,790</u>	<u>4,591</u>	<u>21,199</u>
Change in net position	<u><u>\$ 77,806</u></u>	<u><u>\$ 32,716</u></u>	<u><u>\$ 45,090</u></u>

**ADDISON COUNTY REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024**

The change in total net position from FY 2023 to FY 2024 was \$77,806. We produced operating revenues of \$1,031,461 this fiscal year.

Our operating expenses of \$979,445 were higher than last year, but lower than operating income, and resulted in operating income of \$52,016. Operating income, plus interest income, produced the net change in position of \$77,806.

Budgeting Highlights

ACRPC'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 nonoperating sources, in the amount of \$1,057,251 were less than originally budgeted revenues by the amount of \$1,556,473. Operating expenditures were budgeted at \$2,376,766 while actual operating expenditures were only \$979,445, a favorable variance of \$1,397,321. ACRPC's final approved budget for FY2024 included federal, state and local grants awarded to the Commission for planning, transportation, natural resource and emergency management projects that had not been received as of June 30, 2024. The budget also included consulting costs for the planning, transportation, natural resource and emergency management projects planned for FY2024 that had not been incurred as of June 30, 2024. Overall the operating budget showed a favorable increase of \$236,958 while the actual results were favorable by \$77,806.

Contacting the Commission's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of ACRPC's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact ACRPC's Office at 14 Seminary Street, Middlebury, Vermont 05753.

EXHIBIT A
ADDISON COUNTY REGIONAL PLANNING COMMISSION
STATEMENT OF NET POSITION
June 30, 2024

ASSETS

Current assets	
Cash and cash equivalents	\$ 805,723
Receivables	285,872
Prepaid expenses	17,126
Total current assets	<u>1,108,721</u>
Noncurrent Assets	
Capital assets, net of depreciation	10,602
Right-of-use asset, net of accumulated amortization	216,349
Total assets	<u>1,335,672</u>

LIABILITIES

Current liabilities	
Accounts payable	104,295
Accrued payroll and related taxes	11,640
Accrued compensated absences	75,985
Unearned revenue	510,698
Current portion of lease liability	38,221
Total current liabilities	<u>740,839</u>
Long-term liabilities	
Lease liability, net of current portion	178,128
Total liabilities	<u>918,967</u>

NET POSITION

Net investment in capital assets	10,602
Restricted (CWSP-04)	13,405
Unrestricted	392,698
TOTAL NET POSITION	\$ <u>416,705</u>

EXHIBIT B
ADDISON COUNTY REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the Year Ended June 30, 2024

OPERATING REVENUES

Federal, state and other grants	\$	984,180
Local communities - annual assessments		47,081
Interest income		25,790
Other income		200
Total revenues		1,057,251

OPERATING EXPENSES

Salaries and wages		554,807
Payroll taxes and benefits		183,036
Consultants and contract services		98,198
Building and occupancy		47,665
General office and program costs		65,630
Grant expenses		26,600
Depreciation expense		3,509
Total expenditures		979,445

CHANGE IN NET POSITION		77,806
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NET POSITION, BEGINNING OF YEAR		338,899
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NET POSITION, END OF YEAR	\$	416,705
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EXHIBIT C
ADDISON COUNTY REGIONAL PLANNING COMMISSION
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

	Total
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from grants, contracts and services	\$ 1,254,954
Cash received from local communities	89,686
Cash paid for personnel	(737,843)
Cash paid for goods and services	(561,255)
Net cash provided by operating activities	45,542
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(3,090)
Net cash flows provided by capital and related financing activities	(3,090)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	25,790
Net cash flows from investing activities	25,790
INCREASE IN CASH AND CASH EQUIVALENTS	68,242
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	737,481
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 805,723
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	\$ 52,016
Depreciation	3,509
(Increase)/decrease in receivables	(90,304)
(Increase)/decrease in prepaid expenses	(10,719)
Increase/(decrease) in accounts payable	75,620
Increase/(decrease) in accrued payroll and related taxes	2,153
Increase/(decrease) in compensated absences	20,641
Increase/(decrease) in unearned revenue	(7,374)
Net cash provided by operating activities	\$ 45,542

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

ADDISON COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – DESCRIPTION OF THE COMMISSION AND REPORTING ENTITY

Addison County Regional Planning Commission (ACRPC) was formed in April 1967. The Commission receives the support of twenty-one municipalities in Addison County. The activities of the Commission are governed largely by statute, namely Chapter 117 of Title 24 of the Vermont Statutes Annotated.

One of the primary objectives of the Commission has been, and continues to be, providing local elected and appointed officials and the general public with information; training and technical assistance necessary to facilitate the ability of locally elected and controlled municipal government to serve the needs of its citizens. The Commission's work program reflects the needs expressed by its member municipalities and priorities of state or federal funding agencies. The Commission assists its members by preparing municipal plans and bylaws. It also addresses area-wide concerns such as land use planning, economic development, energy and transportation, housing, emergency management and natural resources planning.

As part of its assistance, ACRPC speaks for municipal interests in many forums involving state and federal agencies. The Commission is a clearinghouse for the Vermont Intergovernmental Coordination System (VICS). It reviews projects and programs specifically related to Addison County and the state as a whole. The Commission represents the region at Act 250 and Section 248 hearings and in various state and federal programs involving land use planning, transportation planning, natural resources planning, emergency planning, outdoor recreation, housing, energy planning and other programs. Assistance is available to municipalities and institutions for procurement of state and federal grants. The above activities demonstrate only a portion of the Commission's ongoing programs and projects.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

This report includes all of the funds of the Commission. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Based on these criteria, 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.

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 in 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.

ADDISON COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

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

Under the terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

Computer software	3 years
Computer hardware	5 years
Other equipment	5 - 7 years

Use of Estimates

During the preparation of ACRPC's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

Income Taxes

As determined by the Internal Revenue Service in 1970, Addison County Regional Planning Commission has been classified as an organization performing essential government functions for its members. ACRPC constitutes a political subdivision of the State of Vermont. Income earned by ACRPC is excluded from gross income under Section 115 (a) (1) of the Internal Revenue Code. The Commission is not required to file federal or state income tax returns.

ADDISON COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

At various times during the fiscal year ACRPC's cash accounts may have exceeded the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000. The Commission's policy is to maintain funds for operating purposes in accounts where the balances are government secured.

Town Assessments

The town assessments receivable and associated unearned revenue at June 30, 2024 were based on the Vermont Department of Health's estimated population figures excluding group quarters at a rate of \$1.32 per capita in 2024. Revenue for 2024 was based on the 2019 US Census population figures, excluding institutional or group quarters' population as approved by the Commission.

Lease and adoption of new accounting standard

Effective July 1, 2023, the Commission adopted the provisions of Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), which replaces the prior guidance for leases found in FASB ASC 840. ASU No. 2016-02 applies to both lessees and lessors and will require lessees with operating leases to recognize a right-of-use asset and related lease liability for leases with terms of 12 months or more.

The Commission is a lessee in a non-cancelable operating lease. If the contract provides the Commission the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be a or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Commission uses a risk free discount rate based on the US Treasury par yield curve rates. The implicit rate of the lease is not readily determinable and accordingly, the Commission uses the risk-free discount rate based on the information available at the commencement date for all leases. The Commission's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

**ADDISON COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2024 is comprised of the following:

Checking accounts	\$	302,976
Money market account		8
Sweep account		<u>377,566</u>
Subtotal bank accounts		680,550
Vanguard federal money market		<u>125,173</u>
Total cash and cash equivalents	\$	<u>805,723</u>

The Vanguard Money Market account is backed by U.S. Government Securities.

State statutes authorize investments in such securities as savings banks or securities that fiduciaries or trustees are allowed to hold.

NOTE 4 – RECEIVABLES

Receivables as of June 30, 2024 are comprised of the following:

Vermont Agency of Transportation GR1851	\$	48,780
Vermont Department of Housing and Community Development FY2024		24,607
Vermont Department of Environmental Conservation GR 2021-CWSP-WID-07/WID-04		38,380
Vermont Department of Public Safety finance office EMPG-23 (02140-31044C-001)		8,897
Vermont Department of Public Safety finance office local liaison agreement		6,065
Vermont Department of Building & General Services Act 172 Building Weatherization		8,310
Chittenden County Regional Planning Commission CCRPC-WQ FY22-23/CEDS 2020		4,441
Lamoille County Planning Commission Health Equity FY2022/Flood Bylaws Outreach		5,923
US Environmental Protection Agency EPA CWA GR 00A01067		63,777
Two Rivers Ottaquechee RC municipal assistance		8,244
Middlebury College lands		31,417
US Forest Service Moosalamoo master plan		5,056
Rutland Regional Planning Commission Arnold Bay boat launch and public access		253
Vermont Public Service Department renewable energy outreach 2023		250
Town contracts		<u>31,472</u>
Total receivables	\$	<u>285,872</u>

ACRPC expects the balance in Program receivables at June 30, 2024 to be fully collectible; accordingly, no allowance for doubtful accounts is required.

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2024:

		Beginning Balance		Additions		Retirements		Ending Balance
Furniture and equipment	\$	<u>114,854</u>	\$	<u>3,090</u>	\$	-	\$	<u>117,944</u>
Total furniture and equipment		<u>114,854</u>		<u>3,090</u>		-		<u>117,944</u>
Accumulated depreciation		<u>(103,833)</u>		<u>(3,509)</u>		-		<u>(107,342)</u>
Total accumulated depreciation	\$	<u>11,021</u>	\$	<u>(419)</u>	\$	-	\$	<u>10,602</u>

**ADDISON COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 – COMPENSATED ABSENCES

It is the policy of ACRPC to accrue compensated absences based on the liability due on June 30, 2024. Vacation leave is available for full-time and regular part-time staff on a prorated basis. No vacation leave is granted for employees who work less than 19 hours per week. The vacation wage expense is the adjustment of the vacation wages payable as of June 30 of the prior year to the vacation wages payable as of June 30 of the current year as follows:

Accrued vacation current year	\$	75,985
Accrued vacation prior year		55,344
Vacation wages expense	\$	<u>20,641</u>

NOTE 7 – UNEARNED REVENUE

Unearned revenue as of June 30, 2024 consists of the following:

Donations for accessory dwelling units	\$	20,865
Vermont Department of Environmental Conservation WID-04		366,764
Vermont Department of Buildings & General Services Act 172		120,000
Middlebury College Moosalamoo interns		3,069
Total	\$	<u>510,698</u>

NOTE 8 – RESTRICTED NET POSITION

The restricted net position of the Commission as of June 30, 2024 consists of the following:

Investment income restricted for grant project CWSP-04	\$	<u>13,405</u>
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NOTE 9 - LEASE COMMITMENTS

Operating Leases

As of June 30, 2024, the Commission entered into a lease agreement for its office space for a 5-year term with a monthly rent payment of \$3,903 per month at June 30, 2024. The operating lease is included in operating lease right-to-use (ROU) assets and operating lease liabilities on the Commission’s statement of net position. The lease provides for fixed increases in the annual base rent of 1.5%. Upon adoption of ASC 842, *Leases*, the School evaluated the current contract and determined that it met the criteria for an operating lease. The right-of-use (ROU) asset represents the Commission’s right to use the underlying asset for the remaining lease term, and the lease liability represents the Commission’s obligation to make lease payments arising from this lease. The ROU asset and lease liability from the operating lease was calculated based on the present value of future lease payments over the lease term. The Clinic has made an accounting policy election to use a risk-free rate, in lieu of its incremental borrowing rate to discount future lease payments. The weighted average discount rate applied to calculate lease liabilities as of June 30, 2024 was 4.33%. The weighted average lease term is 60 months as of June 30, 2024.

Total monthly payments under the terms of the lease agreement for the year ended June 30, 2024 were \$46,140.

**ADDISON COUNTY REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 - LEASE COMMITMENTS (continued)

Future minimum office space lease commitments are as follows:

Fiscal Year Ending June 30,	Amount
2025	\$ 46,836
2026	47,539
2027	48,251
2028	48,975
2029	49,711
Total operating lease obligation payments	241,312
Less discount	(24,963)
Total operating lease obligation	\$ 216,349

In August of 2020, Addison County Regional Planning Commission signed a sixty-month operating lease with Canon Solutions of America replacing the previous operating lease that expired. Terms of the lease call for monthly payments of \$181 per month through August 2025. In addition, the Commission pays a base charge of \$15.30 per month for up to 3,000 black and white copies and copies in excess of 3,000 copies per month are billed at .0051 per copy. All color copies are billed monthly at .0395 per copy. The lease includes a full-service maintenance agreement that includes all parts, labor, travel and toner. The lease payments and copy expense was \$4,577 for the year ended June 30, 2024.

Future minimum equipment lease payments are as follows:

Year ending June 30,	
2025	\$ 2,172
2026	362
Total	\$ 2,534

NOTE 10 - RETIREMENT PLAN

The Commission maintains a SEP-IRA from the Vanguard Funds Group for its employees. The Commission contributes 7% of each eligible employee's salary to a fund established for the employee. The employer may contribute up to 15% of compensation for each employee for an annual maximum of \$30,000. The amount contributed by the Commission is fully vested in each employee's name. For the fiscal year ended June 30, 2024 employer contributions amounted to \$36,751.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 10, 2024, the date that the financial statements were available to be issued.



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
Addison County Regional Planning Commission
14 Seminary Street
Middlebury, Vermont 05753

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 Addison County Regional Planning Commission ("ACRPC") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise ACRPC's basic financial statements and have issued our report thereon dated December 10, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ACRPC'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*. The results of our tests disclosed no instances of noncompliance 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 ACRPC's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACRPC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

VeroffCPA

VeroffCPA

Laconia, New Hampshire

New Hampshire Registration No. 07785D

December 10, 2024

SCHEDULE I
ADDISON COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
For the Year Ended June 30, 2024

	<u>Original and Final</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING REVENUES			
State of Vermont - Department of Housing and Community Development (DHCD)	\$ 522,132	\$ 352,501	\$ (169,631)
Federal, state and other grants	2,037,511	631,679	(1,405,832)
Local communities - annual assessments	47,081	47,081	-
Interest income	5,500	25,790	20,290
Other income	1,500	200	(1,300)
Total operating revenues	<u>2,613,724</u>	<u>1,057,251</u>	<u>(1,556,473)</u>
OPERATING EXPENDITURES			
Salaries and wages	608,243	554,807	53,436
Payroll taxes and benefits	205,611	183,036	22,575
Consultants and contract services	1,425,272	98,198	1,327,074
Building and occupancy	51,840	47,665	4,175
General office and program costs	59,200	65,630	(6,430)
Grant expenses	26,600	26,600	-
Depreciation expense	-	3,509	(3,509)
Total operating expenses	<u>2,376,766</u>	<u>979,445</u>	<u>1,397,321</u>
Change in net position	<u>\$ 236,958</u>	77,806	<u>\$ (159,152)</u>
NET POSITION, BEGINNING OF YEAR		<u>338,899</u>	
NET POSITION, END OF YEAR		<u>\$ 416,705</u>	

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

SCHEDULE IIa
ADDISON COUNTY REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES AND EXPENSES
08100-GR1754
For the Year Ended June 30, 2024

REVENUES

Total grant revenue	\$	47,449
Less local match required		(10,247)
Federal award		<u>37,202</u>

EXPENSES

Regular salaries and wages		27,334
Overhead/fringe (74%)		20,115
Consultants		58,235
Training/travel/conference		3,264
Meetings/supplies/equipment		325
Advertising		49
Total expended		<u>109,322</u>
Less local match expended		(10,247)
Total federal award expended		<u>99,075</u>

EXCESS OF EXPENDITURES OVER REVENUE	\$	<u>(61,873)</u>
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SCHEDULE IIb
ADDISON COUNTY REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES AND EXPENSES
08100-GR1851
For the Year Ended June 30, 2024

REVENUES

Total grant revenue	\$	134,635
Less local match required		(11,728)
Federal award		<u>122,907</u>

EXPENSES

Regular salaries and wages		77,559
Overhead/fringe (74%)		57,076
Consultants		4,208
Training/travel/conference		4,073
Meetings/supplies/equipment		1,242
Advertising		50
Total expended		<u>144,208</u>
Less local match expended		(11,728)
Total federal award expended		<u>132,480</u>

EXCESS OF EXPENDITURES OVER REVENUE	\$	<u>(9,573)</u>
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SCHEDULE III
ADDISON COUNTY REGIONAL PLANNING COMMISSION
INDIRECT OVERHEAD AND COST RATE
For the Year Ended June 30, 2024

1 - Total direct salary and direct fringe benefits		\$ <u><u>498,295</u></u>
2 - Overhead:		
Indirect salary expense		210,489
Fringe benefits: vacation, payroll taxes, health, life, dental and disability insurance, workers compensation and retirement		
Other indirect costs		
Building	\$ 45,487	
Office operations	46,220	
Depreciation	<u>2,968</u>	
		<u>94,675</u>
Total indirect costs		\$ <u><u>305,164</u></u>
3 - Indirect Rate		
Total indirect costs	\$ <u>305,164</u>	
Total direct salary	\$ 498,295	
Indirect Rate:		<u><u>61%</u></u>

SCHEDULE IV
ADDISON COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - INCLUDING VTRANS PASSTHROUGH
For the Year Ended June 30, 2024

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Grantors Number	Start Date	End Date	Federal Award Amount	Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY						
Passed through the State of Vermont Department of Public Safety:						
Emergency Management Performance Grant	97.042	02140-31039C-001 (EMPG-S-22)	10/1/2022	9/30/2023	\$ 56,191	\$ 15,346
Emergency Management Performance Grant	97.042	02140-31044C-001 (EMPG-S-23)	10/1/2023	9/30/2024	??	28,103
Subtotal Emergency Management Performance Grant					<u>56,191</u>	<u>43,449</u>
Passed through the State of Vermont Department of Public Safety:						
BRIC: Building Resilient Infrastructure and Communities	97.047	02140-31236MC-007	12/23/2021	12/22/2024	1,500	83
Subtotal BRIC: Building Resilient Infrastructure and Communities					<u>1,500</u>	<u>83</u>
<i>Total U.S. Department of Homeland Security</i>					<u>57,691</u>	<u>43,532</u>
U.S. DEPARTMENT OF THE TREASURY						
Passed through the State of Vermont Department of Public Safety:						
Coronavirus State and Local Fiscal Recovery Funds	21.027	02140-33500-010	8/4/2022	12/31/2024	76,650	57,896
Coronavirus State and Local Fiscal Recovery Funds	21.027	02140-33500-011	8/4/2022	12/31/2024	31,500	20,467
Subtotal Coronavirus State and Local Fiscal Recovery Funds					<u>108,150</u>	<u>78,363</u>
<i>Total U.S. Department of the Treasury</i>					<u>108,150</u>	<u>78,363</u>
U.S. DEPARTMENT OF TRANSPORTATION						
<i>Highway Planning and Construction Cluster:</i>						
Passed through the State of Vermont Agency of Transportation:						
Highway Planning and Construction	20.205	08100-GR1754	10/1/2021	9/30/2023	212,033	99,075
Highway Planning and Construction	20.205	08100-GR1851	10/1/2022	9/30/2024	256,248	132,480
Subtotal Highway Planning and Construction Cluster					<u>468,281</u>	<u>231,555</u>
<i>Total U.S. Department of Transportation</i>					<u>468,281</u>	<u>231,555</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY						
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements						
Subtotal Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	00A010067	9/1/2022	9/30/2026	500,000	134,074
<i>Total U.S. Environmental Protection Agency</i>					<u>500,000</u>	<u>134,074</u>
U.S. DEPARTMENT OF AGRICULTURE FOREST SERVICE						
Passed through the State of Vermont Department of Health:						
Emergency Management Grant	??	23-CS-11092000-002	??	??	140,000	5,055
Subtotal Emergency Management Grant					<u>140,000</u>	<u>5,055</u>
<i>Total U.S. Department of Health and Human Services</i>					<u>140,000</u>	<u>5,055</u>
Total federal award expenditures						<u>\$ 492,579</u>