

LAMOILLE COUNTY PLANNING COMMISSION

**AUDIT REPORT AND REPORTS ON
COMPLIANCE AND INTERNAL CONTROL**

JUNE 30, 2023

LAMOILLE COUNTY PLANNING COMMISSION
AUDIT REPORT
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AUDIT REPORT
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Independent Auditor's Report

Board of Directors
Lamoille County Planning Commission
Morrisville, Vermont 05661

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Lamoille County Planning Commission as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Lamoille County 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 Lamoille County 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 Lamoille County 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 described in Note 1 to the financial statements, effective June 30, 2023, the Planning Commission implemented GASB Statement No. 96, "Subscription-Based Information Technology Arrangements".

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 Lamoille County 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 Lamoille County 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 Lamoille County 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 Supplemental Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 10, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 1 and the Schedule of Contributions on Schedule 2 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 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, 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 Lamoille County Planning Commission's basic financial statements. The accompanying financial information listed as Schedules 3 and 4 in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Schedules 3 and 4 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion, on the financial statements that collectively comprise the Lamoille County Planning Commission’s basic financial statements. The Schedule of Expenditures of Federal Awards listed as Schedule 5 is presented for the purpose of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, “Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards” and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates 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 Expenditures of Federal Awards is 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 March 26, 2024 on our consideration of the Lamoille County 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 Lamoille County 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 Lamoille County Planning Commission’s internal control over financial reporting and compliance.

Sullivan, Powers & Co.

March 26, 2024
Montpelier, Vermont
VT Lic. #92-000180

**LAMOILLE COUNTY PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

The Financial Statements

This section explains the general financial condition and results of operations of the Lamoille County Planning Commission (LCPC) for the fiscal year ended June 30, 2023 (FY 2023). Please read it in conjunction with the Commission's financial statements, which begin on page 11.

LAMOILLE COUNTY PLANNING COMMISSION

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

The legal basis and powers for LCPC serving as the region's regional planning commission stem from and are as stipulated in 24 V.S.A. § 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 LCPC was chartered by the municipalities of Lamoille 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, LCPC is a non-taxing 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.

Using These Financial Statements

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position (starting on page 11) provides information about the activities of the Commission as a whole. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources of LCPC 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, liabilities and deferred inflows of resources, one way to measure the financial health, or financial position, of LCPC. Over time, increases or decreases in the LCPC 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.

**LAMOILLE COUNTY PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS – continued
JUNE 30, 2023**

Budget

The LCPC builds its annual budget on diverse sources of funding. Transportation funding is primarily federal, including both Federal Highway Administration and Federal Transit Administration funds, so it is dependent on the Federal Transportation Bill for appropriations of planning funds. LCPC receives 10% of matching funds for the majority of the federal transportation funds from the State, so it is dependent on actions of the Vermont legislature. The Commission receives dues from its member municipalities that in FY 2023 totaled \$20,000 as unrestricted revenue used to match projects and support basic operations.

The State of Vermont provides regional planning funding through an annual performance-based contract. These contract funds were \$315,833 in FY 2023. With these funds, the LCPC carries out statutory duties as specified in an annual work program approved by LCPC.

LCPC also funds its operations through special purpose grants and service contracts for technical assistance, and there is some variability in these grant programs from year to year. These programs included the following in FY 2023: Water quality projects funded by Vermont Agency of Natural Resources, and Emergency Management Performance Grants funded by Vermont Emergency Management and Homeland Security through Vermont Department of Public Safety.

Pension Liability Note

The Governmental Accounting Standards Board (GASB), which sets rules for Public Accounting, now requires that institutions like the LCPC who participate in retirement plans like the Vermont Municipal Employee's Retirement System (VMERS) Defined Benefit plan (pension), carry potential liabilities within the retirement system on their books. Note 10, Pension Plans, in the body of the audit report discusses this rule and its impact in some detail. It is important to understand that the actuarial assumptions detailed in the Note are from VMERS, not LCPC or the auditors. Furthermore, LCPC has no management control over potential future liabilities or assets resulting from actions by the VMERS Board.

The net of the new asset and liability accounts, along with how the LCPC contributes to their employees' retirement plans, produces an additional expense of \$23,361 of Other Expense, shown in Exhibit II, Changes in Net Position. This expense is not considered Operating as LCPC has no control over the changes in this expense. It should be noted that the expense may increase or decrease, even dramatically, due to changes in actuarial assumptions in coming years. This additional expense of \$23,361 was not actually paid out by LCPC in FY 2023, but rather, is an estimate of our share of potential future costs to the VMERS pension system. This is why it is important to recognize these additions to LCPC books, but not consider the figures part of our financial performance year over year.

**LAMOILLE COUNTY PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS – continued
JUNE 30, 2023**

New Accounting Standard – Leases

On July 1, 2021, the beginning of FY22, GASB implemented a new Statement No. 87 “Leases”. The new standard is discussed in Notes to the Financial Statements as part of Note 1 on page 16. Notes 5 and 11 further explain the impact of GASB 87 to LCPC’s financial statements. Essentially the new methodology requires LCPC to consider our office space lease arrangement to be accounted for like a financed asset. The cost of the entire lease is amortized, and an interest cost is calculated. Over the life of the lease the amortization and interest costs will equal the “actual” lease costs. Early in the process the combined amortization and interest costs are higher than the “old” methodology would have calculated. In FY23, for example, the combined lease amortization, \$29,296 and interest costs, \$1,648, were \$30,944. The rental expense that these components replaced was \$32,244, resulting in a decrease of \$1,300 of expense for FY23.

Operating Results

The LCPC finished FY 2023 with Operating income of \$34,913. These results are shown on the statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2023 on page 12.

The increase in net unrestricted net position of \$10,206 is the net result of unrestricted revenues from local communities and other grants less recording the pension expense related to the participation in VMERS, depreciation expense and indirect expenses being less than the estimate the FY 2023 indirect rate approval was based on.

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 be 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 out years to make up for an inflated rate or increase a rate if indirect costs were under collected in a previous year.

The net income in previous fiscal years had allowed the LCPC to build up Reserve funds. The purpose of the fund shall be to establish and maintain a reserve funding pool for emergency equipment purchases, operational cash flow security, and contingency costs of operation functions. LCPC has designated for reserves \$180,000 at the end of FY23 and FY22, respectively.

Management has a goal of maintaining a Reserve balance that will cover at least three months of expenses. Non-project monthly expenses in FY 2023 and FY 20221 were \$60,000 on average.

**LAMOILLE COUNTY PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS – continued
JUNE 30, 2023**

Condensed Financial Information

Net position for the years ending June 30, 2023 and 2022, and changes, are displayed on the following page. The assets, deferred outflows of resources, liabilities and deferred inflows of resources related to participation in VMERS are discussed in more detail in the body of the Audit Report.

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Current and Other Assets	\$ 1,110,716	\$ 521,973	\$ 588,743
Right to Use Leased Assets	12,611	43,848	(31,237)
Total Assets	<u>1,123,327</u>	<u>565,821</u>	<u>557,506</u>
Deferred Outflows of Resources	<u>99,355</u>	<u>74,096</u>	<u>25,259</u>
Current Liabilities	768,115	230,923	537,192
Other Liabilities	<u>215,171</u>	<u>116,559</u>	<u>98,612</u>
Total Liabilities	<u>983,286</u>	<u>347,482</u>	<u>635,804</u>
Deferred Inflows of Resources	<u>2,365</u>	<u>65,610</u>	<u>(63,245)</u>
Net Position:			
Investment in Capital Assets	0	0	0
Unrestricted	<u>237,031</u>	<u>226,825</u>	<u>10,206</u>
Total Net Position	<u>\$ 237,031</u>	<u>\$ 226,825</u>	<u>\$ 10,206</u>

Explanation of changes in Net Assets for years ending 2023 and 2022:

1. Change in Cash and Cash Equivalents in Current and Other Assets: This increase is the result of normal operational needs and an increase in unearned grant revenue.
2. Change in Accounts Receivable in Current and Other Assets: The significant increase in accounts receivable at the end of FY 2023 was due to increased consultant costs that are pass through to our customers
3. Change in Accounts Payable in Current Liabilities: The increase can be attributed to increased consultant billings from one time period to another and timing of vendor payments.
4. The Deferred Outflows of Resources, Other Liability related to participation in VMERS and the Deferred Inflows of Resources: Stating these positions on the LCPC balance sheet is the result of changes in GASB accounting rules. The positions are not calculated, influenced, or managed by the LCPC. The assets and liabilities are not material in the sense that they could be collected, nor do they represent monies due. As is discussed in more detail in this letter and in the auditor's report, the amounts are calculations of possible changes in the future based on assumptions and calculations about the future.

**LAMOILLE COUNTY PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS – continued
JUNE 30, 2023**

A summary of 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>	<u>Change</u>
Operating Revenues	\$ 1,774,716	\$ 944,200	\$ 830,516
Operating Expenses	<u>(1,739,803)</u>	<u>(924,508)</u>	<u>(815,295)</u>
Operating Income	<u>34,913</u>	<u>19,692</u>	<u>15,221</u>
Other Revenues (Expenses)			
VMERS Pension Expense	<u>(23,361)</u>	<u>(6,112)</u>	<u>(17,249)</u>
Nonoperating Revenues/(Expenses)			
Interest Income	302	2	300
Interest Expense	<u>(1,648)</u>	<u>(2,948)</u>	<u>1,300</u>
Total Nonoperating Revenues/(Expenses)	<u>(1,346)</u>	<u>(2,946)</u>	<u>1,600</u>
Change in Net Position	<u>\$ 10,206</u>	<u>\$ 10,634</u>	<u>\$ (428)</u>

The change in Total Net Position from FY 2023 to FY 2022 was \$10,206. While we produced operating revenues of \$1,774,716 this fiscal year our operating expenses of \$1,739,803 were lower resulting in operating income of \$34,913. The additional expenses related to the pension plan of \$23,361 and interest expense of \$1,648, less interest income of \$302, however resulted in an overall surplus of \$10,206.

Approved FY 2024 Budget

Total revenues	\$2,038,643
Total expenses	<u>2,038,643</u>
Net Surplus	\$ <u>0</u>

**LAMOILLE COUNTY PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS – continued
JUNE 30, 2023**

Contacting LCPC's Financial Management

This financial report is designed to provide our served municipal and state officials with a general overview of LCPC's finances and to show LCPC's accountability for the money it receives. If you have any questions about this report or need additional information, contact Rosamund T. Wallis, LCPC's Executive Director at PO Box 1637, Morrisville, VT 05661, by phone at (802) 888-4548, or by email at tasha@lcpcvt.org.

LAMOILLE COUNTY PLANNING COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 260,757
Receivables	833,719
Prepaid Expenses	<u>16,240</u>

TOTAL CURRENT ASSETS 1,110,716

Right to Use Leased Assets (Net of Accumulated Amortization)	<u>12,611</u>
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TOTAL NONCURRENT ASSETS 12,611

TOTAL ASSETS 1,123,327

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources Related to Participation in VMERS	<u>99,355</u>
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TOTAL DEFERRED OUTFLOWS OF RESOURCES 99,355

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	543,156
Accrued Payroll and Related Liabilities	10,474
Compensated Absences	17,066
Lease Payable - Current Portion	12,611
Unearned Grant Revenue	<u>184,808</u>

TOTAL CURRENT LIABILITIES 768,115

LONG TERM LIABILITIES

Net Pension Liability Related to Participation in VMERS	<u>215,171</u>
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TOTAL LONG TERM LIABILITIES 215,171

TOTAL LIABILITIES 983,286

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources Related to Participation in VMERS	<u>2,365</u>
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TOTAL DEFERRED INFLOWS OF RESOURCES 2,365

NET POSITION

Net Investment in Property and Equipment Unrestricted:	<u>0</u>
Related to Participation in VMERS/(Deficit)	(118,181)
Other	<u>355,212</u>

TOTAL UNRESTRICTED NET POSITION 237,031

TOTAL NET POSITION \$ 237,031

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

LAMOILLE COUNTY 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	\$ 1,754,508
Local communities - annual assessments	20,000
Other income	<u>208</u>
TOTAL OPERATING REVENUES	<u>1,774,716</u>
OPERATING EXPENSES	
Salaries and wages	487,878
Payroll taxes and employee benefits	111,654
Consultants and contract services	1,028,785
Other operating expenses	82,190
Depreciation and Amortization expense	<u>29,296</u>
TOTAL OPERATING EXPENSES	<u>1,739,803</u>
OPERATING INCOME	<u>34,913</u>
OTHER REVENUE/(EXPENSES)	
Pension Expense Related to Participation in VMERS	<u>(23,361)</u>
NONOPERATING REVENUES	
Interest Income	302
Interest Expense	<u>(1,648)</u>
TOTAL NONOPERATING REVENUES/(EXPENSES)	<u>(1,346)</u>
CHANGE IN NET POSITION	10,206
BEGINNING NET POSITION	<u>226,825</u>
ENDING NET POSITION	<u><u>\$ 237,031</u></u>

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

LAMOILLE COUNTY 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	\$ 1,253,528
Cash received from local communities	20,000
Cash paid for goods and services	(617,376)
Cash paid for personnel	<u>(602,946)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>53,206</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
	<u>0</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Lease Interest Paid	(1,648)
Lease Principal Paid	<u>(29,296)</u>
NET CASH PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(30,944)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	<u>302</u>
INCREASE IN CASH AND CASH EQUIVALENTS	22,564
BEGINNING CASH AND CASH EQUIVALENTS	<u>238,193</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 260,757</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Operating Income	\$ 34,913
Depreciation and Amortization	29,296
Pension Expense Related to Participation in VMERS	(23,361)
(Increase)/Decrease in Receivables	(572,945)
(Increase) Decrease in Deferred Outflows of Resources - Pension Plan	(25,259)
(Increase) Decrease in Prepaid Expenses	6,766
Increase/(Decrease) in Accounts Payable	486,834
Increase/(Decrease) in Accrued Payroll and Related Liabilities	(6,186)
Increase/(Decrease) in Compensated Absences	2,772
Increase (Decrease) in Unearned Grant Revenue	71,757
Increase/(Decrease) in Net Pension Liability	111,864
Increase/(Decrease) in Deferred Inflows of Resources-Pension Plan	<u>(63,245)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 53,206</u>

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

LAMOILLE COUNTY PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

The Lamoille County Planning Commission (LCPC) is one of 11 regional planning commissions in Vermont. LCPC was organized under Title 24 Vermont Statutes Annotated (V.S.A.), Chapter 117 in 1966 to promote the mutual cooperation of its member municipalities and to facilitate the appropriate development and preservation of the physical and human resources in Lamoille County.

The mission of the Lamoille County Planning Commission is to act as the principal forum for planning, policy and community development in the region. LCPC 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. LCPC 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 LCPC. 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 LCPC.

Basis of Presentation

LCPC 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.

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.

LAMOILLE COUNTY PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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, LCPC 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 LCPC'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

Lamoille County 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, LCPC considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

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. Lamoille County 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.

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

LAMOILLE COUNTY PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Right to Use Leased Assets

LCPC 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. LCPC records the right to use leased assets and the related liability for any noncancellable leases with terms exceeding 12 months which management deems material.

Pensions

For purposes of measuring the proportionate share of the net pension liability and the related deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) plan and additions to/deductions from the VMERS' fiduciary net position have been determined on the same basis as they are reported by VMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long Term Liabilities

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

New Pronouncement – Subscription-Based Information Technology Arrangements

Effective June 30, 2023, the Commission implemented GASB Statement No. 96, "Subscription-Based Information Technology Arrangements". GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, "Leases", as amended. Lamoille County Planning Commission currently has no subscription-based information technology arrangements applicable to this Statement that are material to the financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related.

LAMOILLE COUNTY PLANNING COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023

2) CASH

Cash is as follows:

Deposits with Financial Institutions	\$260,507
Petty Cash	<u>250</u>
Total Cash	<u>\$260,757</u>

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 deposits are exposed to custodial credit risk as follows:

	Book Balance	Bank Balance
FDIC Insured	\$ 260,507	\$ 350,754
Uninsured, Uncollaterized	0	391
Petty Cash	<u>250</u>	<u>0</u>
 Total	 <u>\$ 260,757</u>	 <u>\$ 351,145</u>

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

3) RECEIVABLES

Receivables consist of amounts due from grants, contracts and other items. Lamoille County 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	\$ 833,509
Municipal Services and Other	<u>210</u>
Total	<u>\$ 833,719</u>

LAMOILLE COUNTY PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

4) PROPERTY AND EQUIPMENT

Property and Equipment balances were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Office Furniture and Equipment	\$ 37,432	\$ 0	\$ 0	\$ 37,432
Less Accumulated Depreciation	(37,432)	0	0	(37,432)
Capital Assets, Net at June 30, 2023	\$ 0	\$ 0	\$ 0	\$ 0

5) RIGHT TO USE LEASED ASSETS

LCPC has one Right to Use Leased Asset for its office in Morrisville, Vermont. See Note 11 for details of the related lease liability. The right to use the leased asset is amortized on a straight-line basis over the term of the lease.

The Right to Use Leased Asset as of June 30, 2023 was as follows:

Right to use Leased Assets:	
Leased Building	\$ 73,144
Less: Accumulated Amortization	(60,533)
Balance, June 30, 2023	\$ 12,611

The Planning Commission recognized \$29,296 of amortization expense during the year.

6) DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2023 consists of \$16,159 of the difference between expected and actual experience, \$11,001 from changes in assumptions, \$16,614 of changes in proportion and differences between employer contributions and proportionate share of contributions the difference between projected and actual earnings on pension plan investments and \$34,933 and \$20,648 of required employer pension contributions made subsequent to the measurement date related to LCPC's participation in the Vermont Municipal Employees' Retirement System (VMERS) for a total of \$99,355 as further described in Note 10.

7) DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources at June 30, 2023 consists of \$2,365 of the changes in proportion and differences between employer contributions and proportionate share of contributions.

LAMOILLE COUNTY PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

8) NET POSITION

The Board of Directors has designated a portion of the Unrestricted Net Position as follows:

Designated for Reserves	\$180,000
Undesignated	<u>57,031</u>
Total Unrestricted Net Position	<u>\$237,031</u>

9) FEDERAL STATE AND OTHER GRANTS

Federal, State and Other Grants consist of the following:

Direct Federal Grants:

EPA - Brownfields	\$ <u>40,152</u>
	<u>40,152</u>

Federal Grants Passed Through State and State Grants:

Public Safety	57,734
Natural Resources	145,910
Municipal Contracts	43,135
Department of Forest, Parks and Recreation	62,253
Department of Health - Health Equity	259,842
Department of Health - Hot Weather	4,048
AOT - Transportation	148,355
AOT - Smuggs	325,490
AOT - Better Back Roads	4,926
AOT - Scoping Study	64,666
AOT - Public Transit Study	7,336
ACCD	335,587
Department of Buildings and General Services Energy Office	20,318
Economic Development	<u>63,557</u>
	<u>1,543,157</u>

Other:

Northern Borders Regional Commission	161,236
Grants in Aid	<u>9,963</u>
	<u>171,199</u>

Total	<u>\$ 1,754,508</u>
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LAMOILLE COUNTY PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

10) PENSION PLANS

Defined Benefit Plan

The Vermont Municipal Employees' Retirement System (VMERS)

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. As of June 30, 2022, the measurement date selected by the State of Vermont, the retirement system consisted of 359 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2022, the measurement date selected by the State of Vermont, VMERS was funded at 73.60% and had a plan fiduciary net position of \$845,979,471 and a total pension liability of \$1,149,351,427 resulting in a net position liability of \$303,371,956. As of June 30, 2023, the Town's proportionate share of this was 0.07093% resulting in a net pension liability of \$215,171. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.07093% was an increase of 0.0074 from its proportion measured as of the prior year.

LAMOILLE COUNTY PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

For the year ended June 30, 2023, the Town recognized pension expense of \$28,105.

As of June 30, 2023, the Lamoille County Planning Commission reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 16,159	\$ 0
Net difference between projected and actual investment earnings on pension plan investments	34,933	0
Changes in assumptions	11,001	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,614	2,365
Town's required employer contributions made subsequent to the measurement date	20,648	0
	\$ 99,355	\$ 2,365

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$20,648 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2024	\$ 22,611
2025	20,807
2026	10,738
2027	22,186
Total	\$ 76,342

Summary of System Provisions

Membership – Full time employees of participating municipalities. Municipalities can elect coverage under Groups A, B, C or D provisions. Lamoille County Planning Commission elected coverage under Groups B and C.

Creditable Service – Service as a member plus purchased service.

LAMOILLE COUNTY PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Average Final Compensation (AFC) – Group A – Average annual compensation during highest five (5) consecutive years. Groups B and C – Average annual compensation during highest three (3) consecutive years. Group D – Average annual compensation during highest two (2) consecutive years.

Service Retirement Allowance:

Eligibility – Group A – The earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service. Groups C and D – Age 55 with five (5) years of service.

Amount – Group A – 1.4% of AFC times service. Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC. Group D – 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC.

Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The previous amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility – Age 55 with five (5) years of service for Groups A and B. Age 50 with twenty (20) years of service for Group D.

Amount – Normal retirement allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Groups A and B members, and payable without reduction to Group D members.

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

Amount – Allowance beginning at Normal Retirement Age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments”.

Disability Retirement Allowance:

Eligibility – Five (5) years of service and disability as determined by Retirement Board.

Amount – Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

LAMOILLE COUNTY PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Death Benefit:

Eligibility – Death after five (5) years of service.

Amount – For Groups A, B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability allowance computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.

Post-Retirement Adjustments – Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 2% for Group A and 3% for Groups B, C and D.

Optional Benefit and Death after Retirement – For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.

Refund of Contributions – Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions with interest are refunded.

Member Contribution Rates – Group A – 3.25%. Group B – 5.625%. Group C – 10.75%. Group D – 12.10%.

Employer Contribution Rates – Group A – 4.75%. Group B – 6.25%. Group C – 8.00%. Group D – 10.60%.

Retirement Stipend – \$25 per month payable at the option of the Board of Trustees.

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7.00%, net of pension plan investment expenses, including inflation.

Inflation: 2.30% per year.

Salary increases: Varying service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2022 COLA was 2.00% for Group A members and 2.30% for Groups B, C and D members. The January 1, 2023 COLA was 2.00% for Group A members and 3.00% for Groups B, C and D members.

LAMOILLE COUNTY PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Mortality:

Pre-Retirement: Groups A, B and C – 40% PubG-2010 General Employee Amount-Weighted below-median and 60% of PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2019. Group D – PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2019.

Healthy Post-Retirement – Retirees: Groups A, B and C – 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted below-median and 60% of PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019. Group D – PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.

Healthy Post-Retirement – Beneficiaries: Groups A, B and C – 70% Pub-2010 Contingent Survivor Amount-Weighted below-median and 30% of Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019. Group D – Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019.

Disabled Post-Retirement: All Groups – PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

Spouse's Age: Females three years younger than males.

Actuarial Cost Method: Entry Age Actuarial Cost Method. Entry age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

Assets: The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an “actuarial value of assets” that differs from market value to gradually reflect year-to-year changes in the market value of assets in determine the contribution requirements.

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

LAMOILLE COUNTY PLANNING COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Passive Global Equities	24%	4.30%
Active Global Equities	5%	4.30%
Large Cap US Equities	4%	3.25%
Small/Mid Cap US Equities	3%	3.75%
Non-US Developed Market Equities	7%	5.00%
Private Equity	10%	6.50%
Emerging Market Debt	4%	3.50%
Private & Alternate Credit	10%	4.75%
Non-Core Real Estate	4%	6.00%
Core Fixed Income	19%	0.00%
Core Real Estate	3%	3.50%
US TIPS	3%	(0.50)%
Infrastructure/Farmland	4%	4.25%

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period of four years beginning July 1, 2022. In 2022, the Legislature passed H.740, which effectively split the Board-authorized increases evenly between members and employers by including an increase in the employee rate of 0.25% for each group for four years, beginning July 1, 2022. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Lamoille County Planning Commission's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%):

<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$322,424	\$215,171	\$126,951

Additional Information

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

LAMOILLE COUNTY PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Defined Contribution Plan

LCPC also participates in VMERS Group DC, a defined contribution plan. Employees in Group DC contribute 5.0% and LCPC contributes 5.125%. The premise of Plan DC is to allow employees to have a choice in investing their retirement assets. Each employee will receive the value of their account upon retirement. Covered payroll for Group DC for the years ended June 30, 2023 was \$85,047. LCPC's total payroll for the year ended June 30, 2023 was \$487,878. Pension expense for this plan for the year ended June 30, 2023 was \$4,359.

11) LEASE PAYABLE

LCPC has entered into an agreement to lease offices in Morrisville, Vermont. This agreement commenced on December 1, 2018 and requiring monthly payments of \$2,200 for year one, \$2,350 for year two and \$2,687 for years three through five.

The lease liability is measured at a discount rate of 5.5% at July 1, 2022, which as deemed to be LCPC's incremental borrowing rate. As a result of the lease, LCPC has recorded a Right to Use Leased Asset with a net book value of \$12,611 see Note 5.

The Lease Payable is as follows:

Lease Payable as of June 30, 2024	\$12,611
Current Portion	<u>(12,611)</u>
Long Term Liability	<u>\$ 0</u>

Future minimum lease payments consist of \$12,611 of principal and \$824 of interest in fiscal year 2024.

Subsequent to year end, this lease was renewed to December 31, 2025 with monthly rent of \$2,816.

12) RISK MANAGEMENT

LCPC 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. LCPC maintains insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to LCPC. Settled claims have not exceeded this coverage in any of the past three fiscal years.

13) 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 LCPC to the provisions of the grants.

LAMOILLE COUNTY PLANNING COMMISSION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
VMERS DEFINED BENEFIT PLAN
JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 303,371,956	\$ 147,184,198	\$ 252,974,064	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
LCPC's Proportion of the Net Pension Liability	0.07093%	0.07019%	0.05521%	0.05533%	0.06660%	0.06660%	0.08212%	0.08875%	0.07653%
LCPC's Proportionate Share of the Net Pension Liability	\$ 215,171	\$ 103,307	\$ 139,664	\$ 95,995	\$ 94,205	\$ 80,702	\$ 105,691	\$ 68,421	\$ 6,097
LCPC's Covered Employee Payroll	\$ 289,997	\$ 255,082	\$ 232,124	\$ 199,007	\$ 188,997	\$ 213,265	\$ 197,780	\$ 226,940	\$ 230,799
Proportionate Share of the Net Pension Liability as a Percentage of Covered - Employee Payroll	74.19%	40.50%	60.17%	48.24%	49.84%	37.84%	53.44%	30.15%	2.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.60% as of	86.29% as of	74.52% as of	80.35% as of	82.60% as of	83.64% as of	80.95% as of	87.42% as of	98.32% as of
Valuation Dates:	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: None

Changes in Plan Provisions: At the November 17, 2020 Board meeting, the Board voted unanimously to authorize employer contribution rate increases of 0.50% each year for a period of four years, beginning July 1, 2022. In 2022, the Legislature passed H.740, which effectively split the Board-authorized increases evenly between members and employers by including an increase in the employee rate of 0.25% for each group for four years, beginning July 1, 2022.

Fiscal year 2015 was the first year of implementation, therefore, only nine (9) years are shown.

See Accompanying Independent Auditor's Report.

LAMOILLE COUNTY PLANNING COMMISSION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (Actuarially Determined)	\$ 20,674	\$ 17,746	\$ 15,605	\$ 11,442	\$ 10,631	\$ 11,729	\$ 10,878	\$ 12,482	\$ 12,406
Contributions in Relation to the Actuarially Determined Contributions	<u>20,674</u>	<u>17,746</u>	<u>15,605</u>	<u>11,442</u>	<u>10,631</u>	<u>11,729</u>	<u>10,878</u>	<u>12,482</u>	<u>12,406</u>
Contribution Excess/(Deficiency)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Covered - Employee Payroll	\$ 289,997	\$ 255,082	\$ 232,124	\$ 199,007	\$ 188,997	\$ 213,265	\$ 197,780	\$ 226,940	\$ 230,799
Contributions as a Percentage of Covered - Employee Payroll	7.120%	6.957%	6.723%	5.750%	5.625%	5.500%	5.500%	5.500%	5.375%

Notes to Schedule

Valuation Date:	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
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Fiscal year 2015 was the first year of implementation, therefore, only nine (9) years are shown.

LAMOILLE COUNTY 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) - State Formula Allocation	\$ 334,000	\$ 315,833	\$ (18,167)
ACCD - Energy Planning	14,000	14,351	351
ACCD - Supplemental Funds	20,000	5,403	(14,597)
Economic Development Grants	143,475	63,557	(79,918)
Energy Grants	25,000	20,318	(4,682)
Natural Resources Grants	142,100	186,062	43,962
Public Safety Grants	73,000	57,734	(15,266)
Transportation Grants	1,101,675	613,026	(488,649)
Health Grants	400,000	263,890	(136,110)
Other Grants	6,000	171,199	165,199
Municipal Contracts	45,650	43,135	(2,515)
Local Communities - Annual Assessments	20,000	20,000	0
Other Income	400	208	(192)
	<u>2,325,300</u>	<u>1,774,716</u>	<u>(550,584)</u>
OPERATING EXPENSES			
Salaries and Wages	491,000	487,878	3,122
Payroll Taxes and Employee Benefits	132,360	111,654	20,706
Consultants and Contract Services	1,523,200	1,028,785	494,415
Rent and Maintenance	30,722	32,244	(1,522)
Advertising	1,800	4,931	(3,131)
Copy and Printing	4,500	2,452	2,048
Equipment and Software Maintenance	18,110	7,108	11,002
Dues and Memberships	9,495	11,958	(2,463)
Insurance	11,200	15,140	(3,940)
Office Supplies	6,000	7,957	(1,957)
Other	1,694	678	1,016
Postage	2,268	337	1,931
Program Workshops and Meetings	16,042	5,708	10,334
Subscriptions and Publications	3,000	3,369	(369)
Supplies	1,500	1,373	127
Telephone and Internet	18,159	14,740	3,419
Travel	14,250	5,139	9,111
Transfer to Long-Term Reserves/Contingency	40,000	0	40,000
	<u>2,325,300</u>	<u>1,741,451</u>	<u>583,849</u>
OPERATING INCOME - BUDGETARY BASIS	<u>\$ 0</u>	33,265	<u>\$ 33,265</u>
Reconciliation of Budgetary Basis to GAAP Basis:			
Amortization - Right to Use Leased Asset		(30,596)	
Rent Paid		32,244	
Operating Income - GAAP Basis		<u>\$ 34,913</u>	

See Accompanying Independent Auditor's Report.

LAMOILLE COUNTY PLANNING COMMISSION
SCHEDULE OF DIRECT AND INDIRECT COSTS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Total</u>	<u>Direct Costs</u>	<u>Unallowable Costs (a)</u>	<u>Allowable Indirect Costs</u>
Salaries and Wages	\$ 487,878	\$ 305,562	\$ 0	\$ 182,316
Payroll Taxes and Employee Benefits	111,654	75,895	0	35,759
Consultants and Contract Services	1,028,785	945,897	0	82,888
Amortization - Right to Use Leased Asset	30,596	0	0	30,596
Advertising	4,931	1,150	0	3,781
Copy and Printing	2,452	0	0	2,452
Equipment and Software Maintenance	7,108	0	0	7,108
Dues and Memberships	11,958	0	3,455	8,503
Insurance	15,140	0	0	15,140
Interest - Right to Use Leased Asset	1,648	0	0	1,648
Office Supplies	7,957	0	0	7,957
Other	678	0	250	428
Postage	337	13	0	324
Program Workshops and Meetings	5,708	236	0	5,472
Subscriptions and Publications	3,369	0	0	3,369
Supplies	1,373	1,373	0	0
Telephone and Internet	14,740	0	0	14,740
Travel	5,139	4,665	0	474
TOTAL EXPENSES	\$ <u>1,741,451</u>	\$ <u>1,334,791</u>	\$ <u>3,705</u>	\$ <u>402,955</u>

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

See Accompanying Independent Auditor's Report.

LAMOILLE COUNTY PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Pass through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of the Interior</u>				
Passed through Vermont Department of Forest, Parks and Recreation				
Outdoor Recreation Acquisition, Development and Planning	15.916	OLWCF-5000665-01	\$ 0	\$ 62,253
Total U.S. Department of the Interior			<u>0</u>	<u>62,253</u>
<u>U.S. Department of Agriculture</u>				
Direct Program:				
Community Facilities Loans and Grants Center				
Community Facilities Loans and Grants Cluster	10.766	10.766 TAT	0	15,720
Total U.S. Department of Agriculture			<u>0</u>	<u>15,720</u>
<u>U.S. Environmental Protection Agency</u>				
Direct Program:				
Brownfield Multipurpose, Assessment, Revolving Loan Fund and Cleanup Cooperative	66.818	4B-00A01066	0	40,152
Passed through Addison County Regional Planning Commission				
Water Quality Management Planning (ACRPC)	66.454	06140-2023-604B-01	0	3,258
Total U.S. Environmental Protection Agency			<u>0</u>	<u>43,410</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through State of Vermont Department of Health				
Environmental Public Health Emergency Response	93.070	03420-09301	0	4,693
Preventive Health and Health Services Block Grant	93.391	03420-9266	182,762	259,842
Total U.S. Department of Health and Human Services			<u>182,762</u>	<u>264,535</u>
<u>U.S. Department of Homeland Security</u>				
Passed through State of Vermont Department of Public Safety				
Emergency Management Performance Grant	97.042	02140-31030C-005	0	10,954
Emergency Management Performance Grant	97.042	02140-31030C-005	0	32,644
Hazard Mitigation Grant	97.039	02140-31039C-005	0	1,609
Community Assistance Program - State Support Services Element	97.023	06140-2022-Flood Hazr	84,547	101,432
Total U.S. Department of Homeland Security			<u>84,547</u>	<u>146,639</u>
<u>U.S. Department of Transportation</u>				
Passed through State of Vermont Agency of Transportation				
Highway Planning and Construction	20.205	08100-GR1758	0	99,966
Highway Planning and Construction	20.205	08100-GR1661	0	31,138
Highway Planning and Construction	20.205	08100-CA0279	0	11,672
Highway Planning and Construction	20.205	08100-CA0688	0	64,666
Highway Planning and Construction	20.205	08100-GR1665	0	7,336
Highway Planning and Construction	20.205	08100-BR0914	0	2,488
Highway Planning and Construction	20.205	08100-BR0915	0	2,439
Total U.S. Department of Transportation			<u>0</u>	<u>219,705</u>

See Accompanying Independent Auditor's Report.

LAMOILLE COUNTY PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Pass through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Commerce</u>				
Passed through Northwest Regional Planning Commission				
Economic Development Support for Planning Organizations	11.302		\$ <u>0</u>	\$ <u>13,020</u>
Total U.S. Department of Commerce			<u>0</u>	<u>13,020</u>
<u>Northern Border Regional Commission</u>				
Direct Program:				
Northern Border Regional Development	90.601	NBRC18GVT11	<u>0</u>	<u>161,236</u>
Total Northern Border Regional Commission			<u>0</u>	<u>161,236</u>
Total Federal Awards			\$ <u>267,309</u>	\$ <u>926,518</u>

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Lamoille County Planning Commission under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Lamoille County Planning Commission, it is not intended to and does not present the financial position, changes in net position or cash flows.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Lamoille County Planning Commission, Vermont, has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Sullivan, Powers & Co., P.C.

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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 Directors
Lamoille County Planning Commission
Morrisville, Vermont 05661

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 Lamoille County Planning Commission as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Lamoille County Planning Commission's basic financial statements and have issued our report thereon dated March 26, 2024.

Internal Control Over Financial Reporting

In planning and performing the audit, we considered the Lamoille County Planning Commission's internal control over financial reporting (internal control) as a basis for designing auditing 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 the Lamoille County Planning Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lamoille County 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 Lamoille County Planning Commission'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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 the Lamoille County 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 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".

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 Lamoille County 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 Lamoille County Planning Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sullivan, Powers & Co.

March 26, 2024
Montpelier, Vermont
VT Lic. #92-000180

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Lamoille County Planning Commission
Morrisville, Vermont 05661

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Lamoille County Planning Commission's compliance with the types of compliance requirements identified as subject to audit in the OMB "Compliance Supplement" that could have a direct and material effect on the Lamoille County Planning Commission's major federal programs for the year ended June 30, 2023. Lamoille County Planning Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and deficiencies in internal control.

In our opinion, the Lamoille County Planning Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. "Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Lamoille County Planning Commission and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Lamoille County Planning Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Lamoille County Planning Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Lamoille County Planning Commission's compliance based on our audit. 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, "Government Auditing Standards", and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Lamoille County Planning Commission's compliance with the requirements of its major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Lamoille County Planning Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Lamoille County Planning Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Lamoille County Planning Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sullivan, Powers & Co.

March 26, 2024
Montpelier, Vermont
VT Lic. #92-000180

LAMOILLE COUNTY PLANNING COMMISSION
SCHEDULE OF PRIOR AUDIT FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2023

There was no single audit required in the prior year.

LAMOILLE COUNTY PLANNING COMMISSION
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2023

SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s Report Issued:
Unmodified.

Internal Control Over Financial Reporting:
Material Weaknesses identified:
None noted.

Significant Deficiencies identified not considered to be material weaknesses:
None noted.

Noncompliance material to financial statements:
None noted.

Federal Awards

Internal Control Over Major Programs:
Material Weaknesses identified:
None noted.

Significant Deficiencies identified not considered to be material weaknesses:
None noted.

Type of auditor’s report issued on compliance for major programs:
Unmodified.

There are no audit findings that are required to be reported in accordance with 2CFR 200.516(a).

Major Programs:

<u>CFDA #</u>	<u>Program</u>
93.391	U.S. Department of Health and Human Services Preventative Health and Health Services Block Grant
90.601	Northern Border Regional Commission Northern Border Regional Development

The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.

The auditee did not qualify as a low risk auditee.