

**UPPER VALLEY LAKE SUNAPEE
REGIONAL PLANNING COMMISSION**

Annual Financial Statements

For the Year Ended June 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Upper Valley Lake Sunapee Regional Planning Commission

Additional Offices:

Andover, MA
Greenfield, MA
Manchester, NH
Ellsworth, ME

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Upper Valley Lake Sunapee Regional Planning Commission, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which comprise the Commission's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Commission's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of Upper Valley Lake Sunapee Regional Planning Commission, as of June 30, 2014, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Commission's fiscal year 2013 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated October 23, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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 evidence sufficient 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 February 3, 2015 on our consideration of the Upper Valley Lake Sunapee Regional Planning Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Upper Valley Lake Sunapee Regional Planning Commission's internal control over financial reporting and compliance.

Melanson Heath

February 3, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Upper Valley Lake Sunapee Regional Planning Commission's (the "Commission") annual financial report, management provides a narrative discussion and analysis of the financial activities for the year ended June 30, 2014. The Commission's performance is discussed and analyzed with the context of the accompanying financial statements and disclosures following this section.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Commission's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The accounts of the Commission are reported as governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$288,203 (i.e., net position), a change of \$1,606 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported ending fund balance of \$224,315, a change of \$222 in comparison with the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

| | <u>NET POSITION</u> | |
|----------------------------------|---------------------|-------------------|
| | <u>2014</u> | <u>2013</u> |
| Current assets | \$ 326,970 | \$ 325,998 |
| Noncurrent assets | <u>78,007</u> | <u>85,269</u> |
| Total assets | 404,977 | 411,267 |
| Current liabilities | <u>116,774</u> | <u>124,670</u> |
| Total liabilities | 116,774 | 124,670 |
| Net position: | | |
| Net investment in capital assets | 78,007 | 85,269 |
| Restricted | <u>210,196</u> | <u>201,328</u> |
| Total net position | <u>\$ 288,203</u> | <u>\$ 286,597</u> |

CHANGE IN NET POSITION

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| Revenues: | | |
| Program revenues: | | |
| Operating grants and contributions | \$ 913,285 | \$ 1,078,446 |
| General revenues: | | |
| Investment income | 202 | 238 |
| Miscellaneous | 62,218 | 57,771 |
| Total revenues | <u>975,705</u> | <u>1,136,455</u> |
| Expenses: | | |
| Advertising | 1,552 | 4,584 |
| Depreciation | 9,652 | 9,764 |
| Dues and subscriptions | 7,329 | 6,145 |
| Employee benefits and taxes | 145,225 | 123,258 |
| Equipment, rentals, maintenance and support | 22,598 | 27,082 |
| Household hazardous waste disposal | 37,720 | 44,475 |
| Insurance | 46 | 5,027 |
| Legal and professional | 11,866 | 8,884 |
| Meetings | 113 | 145 |
| Miscellaneous | 13,688 | 11,343 |
| Office expense | 29,609 | 33,794 |
| Postage | 4,577 | 5,916 |
| Printing and reproduction | 2,742 | 2,982 |
| Rent | 41,380 | 39,900 |
| Salaries and wages | 502,587 | 519,298 |
| Technical and professional services | 118,878 | 240,698 |
| Telephone | 3,477 | 2,919 |
| Training | 3,124 | 7,073 |
| Travel | 11,020 | 15,855 |
| Truck | 6,916 | 8,817 |
| Total expenses | <u>974,099</u> | <u>1,117,959</u> |
| Change in net position | <u>1,606</u> | <u>18,496</u> |
| Net position - beginning of year | <u>286,597</u> | <u>268,101</u> |
| Net position - end of year | <u>\$ 288,203</u> | <u>\$ 286,597</u> |

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$288,203, a change of \$1,606 from the prior year.

D. CAPITAL ASSET ADMINISTRATION

Total investment in capital assets amounted to \$78,007 (net of accumulated depreciation), a change of \$(7,262) from the prior year. This investment in capital assets includes furniture and equipment.

Additional information on capital assets can be found in the Notes to Financial Statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Upper Valley Lake Sunapee Regional Planning Commission's finances for all those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Upper Valley Lake Sunapee Regional Planning Commission

10 Water Street

Lebanon, New Hampshire 03766

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

GOVERNMENTAL ACTIVITIES

STATEMENT OF NET POSITION

JUNE 30, 2014

(With Comparative Totals as of June 30, 2013)

| | <u>2014</u> | <u>2013</u> |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Current: | | |
| Cash and short-term investments | \$ 153,085 | \$ 189,628 |
| Accounts receivable, net of allowance of \$1,000 | 173,885 | 133,024 |
| Prepaid expenses | - | 3,346 |
| Noncurrent: | | |
| Capital assets, net of accumulated depreciation | <u>78,007</u> | <u>85,269</u> |
| TOTAL ASSETS | 404,977 | 411,267 |
| LIABILITIES | | |
| Current: | | |
| Accounts payable | 30,923 | 57,499 |
| Accrued payroll and related liabilities | 10,807 | 11,130 |
| Accrued liability to governmental agency (Note 6) | 8,816 | 8,816 |
| Advance receipts | 52,109 | 24,461 |
| Noncurrent: | | |
| Compensated absences | <u>14,119</u> | <u>22,764</u> |
| TOTAL LIABILITIES | 116,774 | 124,670 |
| NET POSITION | | |
| Net investment in capital assets | 78,007 | 85,269 |
| Restricted | <u>210,196</u> | <u>201,328</u> |
| TOTAL NET POSITION | \$ <u>288,203</u> | \$ <u>286,597</u> |

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

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

GOVERNMENTAL ACTIVITIES

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Expenses</u> | <u>Program Revenues</u> Operating Grants and <u>Contributions</u> | <u>Net (Expenses) Revenues and Changes in Net Position</u> Governmental <u>Activities</u> |
|---------------------------------|-------------------|---|---|
| Governmental Activities: | | | |
| Planning services | \$ <u>974,099</u> | \$ <u>913,285</u> | \$ <u>(60,814)</u> |
| Total Governmental Activities | \$ <u>974,099</u> | \$ <u>913,285</u> | (60,814) |
| General Revenues: | | | |
| Investment income | | | 202 |
| Miscellaneous income | | | <u>62,218</u> |
| Total general revenues | | | <u>62,420</u> |
| Change in Net Position | | | 1,606 |
| Net Position: | | | |
| Beginning of year | | | <u>286,597</u> |
| End of year | | | <u>\$ 288,203</u> |

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

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2014

(With Comparative Totals as of June 30, 2013)

| | <u>General Fund</u> | |
|---|--------------------------|--------------------------|
| | <u>2014</u> | <u>2013</u> |
| ASSETS | | |
| Cash and short-term investments | \$ 153,085 | \$ 189,628 |
| Accounts receivable, net of allowance of \$ 1,000 | 173,885 | 133,024 |
| Prepaid expenses | <u>-</u> | <u>3,346</u> |
| TOTAL ASSETS | <u>\$ 326,970</u> | <u>\$ 325,998</u> |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable | \$ 30,923 | \$ 57,499 |
| Accrued payroll and related liabilities | 10,807 | 11,130 |
| Accrued liability to governmental agency (Note 6) | 8,816 | 8,816 |
| Advance receipts | <u>52,109</u> | <u>24,460</u> |
| TOTAL LIABILITIES | 102,655 | 101,905 |
| Fund Balances: | | |
| Nonspendable | - | 3,346 |
| Restricted | 155,230 | 151,747 |
| Committed | <u>69,085</u> | <u>69,000</u> |
| TOTAL FUND BALANCE | <u>224,315</u> | <u>224,093</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 326,970</u> | <u>\$ 325,998</u> |

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

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET ASSETS OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2014

| | |
|--|-------------------|
| Total governmental fund balances | \$ 224,315 |
| <ul style="list-style-type: none">• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 78,007 |
| <ul style="list-style-type: none">• Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds. | <u>(14,119)</u> |
| Net position of governmental activities | <u>\$ 288,203</u> |

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

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Totals for the Year Ended June 30, 2013)

| | <u>General Fund</u> | |
|---|---------------------|-------------------|
| | <u>2014</u> | <u>2013</u> |
| Revenues: | | |
| Contract revenue | \$ 798,731 | \$ 970,256 |
| Membership dues | 114,554 | 108,190 |
| Investment income | 202 | 238 |
| Miscellaneous income | 62,218 | 57,771 |
| Total Revenues | <u>975,705</u> | <u>1,136,455</u> |
| Expenditures: | | |
| Current: | | |
| Advertising | 1,552 | 4,584 |
| Dues and subscriptions | 7,329 | 6,145 |
| Employee benefits and taxes | 145,225 | 123,258 |
| Equipment, rentals, maintenance and support | 24,993 | 30,635 |
| Household hazardous waste disposal | 37,720 | 44,475 |
| Insurance | 46 | 5,027 |
| Legal and professional | 11,866 | 8,884 |
| Meetings | 113 | 145 |
| Miscellaneous | 13,688 | 11,343 |
| Office expense | 29,609 | 33,794 |
| Postage | 4,577 | 5,916 |
| Printing and reproduction | 2,742 | 2,982 |
| Rent | 41,380 | 39,900 |
| Salaries and wages | 511,228 | 511,258 |
| Technical and professional services | 118,878 | 240,698 |
| Telephone | 3,477 | 2,919 |
| Training | 3,124 | 7,073 |
| Travel | 11,020 | 15,855 |
| Truck | 6,916 | 8,817 |
| Total Expenditures | <u>975,483</u> | <u>1,103,708</u> |
| Excess of revenues over expenditures | 222 | 32,747 |
| Fund Equity, Beginning of Year | <u>224,093</u> | <u>191,346</u> |
| Fund Equity, End of Year | <u>\$ 224,315</u> | <u>\$ 224,093</u> |

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

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

| | |
|--|------------------------|
| Net changes in fund balances - total governmental funds | \$ 222 |
| <ul style="list-style-type: none">Governmental funds report capital purchases as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: | |
| Purchase of fixed assets | 2,390 |
| Depreciation | (9,652) |
| <ul style="list-style-type: none">Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds. | |
| | <u>8,646</u> |
| Change in net position of governmental activities | <u>\$ 1,606</u> |

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

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Upper Valley Lake Sunapee Regional Planning Commission (the "Commission") conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The Upper Valley Lake Sunapee Regional Planning Commission is a special-purpose entity, a public agency, established pursuant to New Hampshire RSA 36:45-53, governed by a member elected Board of Commissioners. Its purpose is (1) to provide regional planning services in order to prepare and maintain a coordinated plan for development of the region (taking into account present and future needs) with a view toward encouraging the most appropriate use of land, and (2) to provide technical planning assistance to local governments.

On May 20, 2000, the State of New Hampshire enacted Chapter Law 200:1 (codified in RSA 36) entitled "Regional Planning Commissions" with an effective date of July 29, 2000. The new law specifically re-enacts the status of Regional Planning Commissions as "political subdivisions" of the State of New Hampshire. The new law also: amends the purpose therein (RSA 36:45); amends the formation and representative of its members (RSA 36: 46); and specifically defined its finances (RSA 36:49).

In fiscal year 2014, it was determined that no entities met the GASB 14 (as amended) criteria of component units.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Fund Financial Statements

Separate financial statements are provided for governmental funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as *program revenues* include operating grants and contributions.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Cash and Short-Term Investments

Deposits with financial institutions consist of deposits in checking and money market accounts.

E. Capital Assets

Capital assets include furniture and equipment. Capital assets are defined by the Commission as assets with an initial individual cost of more than \$ 1,000. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

| <u>Type</u> | <u>Years</u> |
|-------------------------|--------------|
| Furniture and equipment | 3 - 7 |

F. Compensated Absences

It is the Commission's policy to permit employees to accumulate earned but unused vacation benefits. All vested vacation pay is accrued when incurred in the government-wide financial statements.

G. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. The Commission reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The Commission's fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in current form (i.e., prepaid items) or can never be spent.
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., the Board of Commissioners).
- 4) Assigned funds are used for specific purposes established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance voted to be used in the subsequent fiscal year.
- 5) Unassigned funds are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Commission uses the following order to liquidate liabilities: restricted, committed, assigned and unassigned.

Net Position - Net position represents the difference between assets/ , deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

H. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

I. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended June 30, 2013.

J. Reclassifications

The accompanying financial statements reflect various changes in classifications from the prior year.

2. Cash and Short-Term Investments

The carrying amount of the Commission's deposits at June 30, 2014 was \$153,085. The bank balance, which does not include items such as deposits in transit and outstanding checks, was fully insured.

3. Accounts Receivable

Receivables are primarily comprised of amounts due from federal, state, and local governments for contractual services, as well as local dues from members.

4. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|-------------------|---------------------------|
| Capital assets, being depreciated: | | | | |
| Furniture and equipment | \$ 156,373 | \$ 2,390 | \$ - | \$ 158,763 |
| Less accumulated depreciation | <u>(71,104)</u> | <u>-</u> | <u>(9,652)</u> | <u>(80,756)</u> |
| Total capital assets, being depreciated, net | <u>\$ 85,269</u> | <u>\$ 2,390</u> | <u>\$ (9,652)</u> | <u>\$ 78,007</u> |

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses represent 2014 expenditures paid in fiscal year 2015.

6. Accrued Liability to Governmental Agency

The Commission has calculated a potential liability totaling \$8,816, due to the New Hampshire Department of Transportation (NHDOT), related to indirect costs billed on NHDOT contracts. This estimated liability is subject to review and adjustment of NHDOT subsequent to year-end.

7. Advance Receipts

Advance receipts consist of contracts from member towns, municipalities, and other agencies for the subsequent fiscal year.

8. Operating Leases

In January 2010, the Commission entered into a five-year agreement to rent office space at an annual rate of \$24,863. In addition to the base rent, the Commission has to pay their proportionate share of the Landlord's operating costs and expenses and utilities. The Commission has an option to renew this lease for an additional five-year term.

The Commission is also party to a vehicle lease and a copier lease with monthly required payments of \$388 and \$77, respectively.

9. Unsecured Line of Credit

At June 30, 2014, the Commission had available a \$25,000 unsecured line of credit with Lake Sunapee Bank. The line of credit, which was not used during the fiscal year, is currently due to mature on October 15, 2015.

10. Restricted Net Position

The accompanying entity-wide financial statements report restricted net position when external constraints from grantors or contributors are placed on net position.

11. Commitments and Contingencies

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

12. Retirement System

As of December 19, 2012, the Commission approved changing from the Simple IRA plan to a 457(b) plan. Additionally, the Commission voted to increase the Commission's match of employee's contributions to a maximum of 6% of the employee's gross compensation. The Commission funds placed in the 457(b) plan are in addition to the employee's salary, are considered an employer contribution, and are not taxed to the employee unless withdrawn prematurely from the 457(b) plan. The Commissioner's match charged to expense during the years ended June 30, 2014 and 2013 was \$29,900 and \$22,012, respectively.

13. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

14. Post-Employment Healthcare Insurance Benefits

The Commission is required to implement GASB Statement 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other

Than Pensions. Statement 45 requires government entities to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the statement of activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time. However, since the Commission does not provide post-employment benefits to retirees, GASB Statement 45 is not applicable.

15. Relationship with Connecticut River Joint Commission (CRJC)

The Connecticut River Joint Commissions (CRJC) is a separate organization with no association financially or structurally with UVLSRPC. Since July 2011, under a contractual relationship, UVLSRPC has provided the CRJC with administrative assistance including maintaining the organization's financial records, and providing staffing support to their Board of Directors, Executive Committee, and Local River Subcommittees. The CRJC Board of Directors makes all decisions regarding the CRJC's policies, budgeting, expenditures of funds, contracts, and other governance items. The current contract with the CRJC ends on June 30, 2015. The CRJC is preparing to solicit a Request for Proposals for administrative assistance for the period of July 1, 2015 to June 30, 2016.