

**UPPER VALLEY LAKE SUNAPEE
REGIONAL PLANNING COMMISSION**

Annual Financial Statements

For the Year Ended June 30, 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Upper Valley Lake Sunapee Regional Planning Commission
Lebanon, New Hampshire

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, 2009, which comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Upper Valley Lake Sunapee Regional Planning Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, appearing on the following pages, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of

Additional Offices:

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

America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 7, 2009 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Melanson, Heath + Company P.C.

Nashua, New Hampshire
October 7, 2009

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, 2009. 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. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 assets presents information on all assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 the 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 \$ 243,678 (i.e., net assets), a decrease of \$ (34,628) in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 238,302, a decrease of \$ (29,211) 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>2009</u>	<u>2008</u>
Current assets	\$ 404,601	\$ 335,371
Noncurrent assets	<u>20,260</u>	<u>22,663</u>
Total assets	424,861	358,034
Current liabilities	<u>181,183</u>	<u>79,728</u>
Total liabilities	181,183	79,728
Net assets:		
Invested in capital assets	17,680	22,663
Restricted	<u>225,998</u>	<u>255,643</u>
Total Net Assets	\$ <u>243,678</u>	\$ <u>278,306</u>

CHANGES IN NET ASSETS

	<u>2009</u>	<u>2008</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 712,994	\$ 554,293
General revenues:		
Investment income	4,106	8,915
Miscellaneous	<u>4,531</u>	<u>2,756</u>
Total revenues	721,631	565,964
Expenses:		
Advertising	2,696	1,728
Depreciation	6,319	8,748
Dues and subscription	2,185	2,225
Employee benefits and taxes	89,394	74,727
Equipment, rentals, maintenance and support	4,332	4,937
Household hazardous waste disposal	43,393	35,126
Insurance	3,095	3,816
Internet	245	365
Legal and professional	3,600	3,600
Meetings	2,310	1,092
Miscellaneous	5,412	8,743
Office expense	17,785	14,761
Postage	3,856	3,645
Printing and reproduction	4,270	4,391
Rent	34,182	33,316
Salaries and wages	384,243	340,370
Technical and professional services	42,239	35,543
Telephone	4,887	4,664
Training	6,500	4,520
Travel	12,255	8,530
Truck	1,749	3,248
Utilities	<u>350</u>	<u>325</u>
Total expenses	675,297	598,420
Refund due to federal agency (see footnote # 5)	<u>80,962</u>	<u>-</u>
Change in net assets	(34,628)	(32,456)
Net assets - beginning of year	<u>278,306</u>	<u>310,762</u>
Net assets - end of year	\$ <u>243,678</u>	\$ <u>278,306</u>

As noted earlier, net assets 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 assets were \$ 243,678, a decrease of \$ (34,628) from the prior year.

D. CAPITAL ASSET ADMINISTRATION

Total investment in capital assets amounted to \$ 17,680 (net of accumulated depreciations), a decrease of \$ (4,983) from the prior year. This investment in capital assets includes furniture and equipment.

Additional information on capital assets can be found in the footnotes to the 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

30 Bank Street

Lebanon, New Hampshire 03766

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

GOVERNMENTAL ACTIVITIES

STATEMENT OF NET ASSETS

JUNE 30, 2009

ASSETS

Current:

Cash and short-term investments	\$ 286,010
Accounts receivable, net of allowance of \$1,000	117,512
Prepaid expenses	1,079

Noncurrent:

Capital assets, net of accumulated depreciation	17,680
Rent deposit	<u>2,580</u>

TOTAL ASSETS 424,861

LIABILITIES

Current:

Accounts payable	12,460
Accrued payroll and related liabilities	17,673
Accrued liability to federal agency (see footnote #5)	80,962
Deferred revenue	57,784
Compensated absences	<u>12,304</u>

TOTAL LIABILITIES 181,183

NET ASSETS

Invested in capital assets	17,680
Restricted	<u>225,998</u>

TOTAL NET ASSETS \$ 243,678

See notes to the financial statements.

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2009

	General Fund
ASSETS	
Cash and short-term investments	\$ 286,010
Accounts receivable, net of allowance of \$1,000	117,512
Prepaid expenses	1,079
Rent deposit	<u>2,580</u>
TOTAL ASSETS	<u>\$ 407,181</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 12,460
Accrued payroll and related liabilities	17,673
Accrued liability to federal agency (see footnote #5)	80,962
Deferred revenue	<u>57,784</u>
TOTAL LIABILITIES	168,879
Unreserved Fund Balance	<u>238,302</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 407,181</u>

See notes to the 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 ASSETS

JUNE 30, 2009

Total governmental fund balances	\$ 238,302
<ul style="list-style-type: none">• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	17,680
<ul style="list-style-type: none">• Long-term liabilities, including accrued vacation time, are not due and payable in the current period and, therefore, are not reported in governmental funds	(<u>12,304</u>)
Net assets of governmental activities	\$ <u>243,678</u>

See notes to the 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, 2009

	General Fund
Program revenues:	
Contract revenue	\$ 712,994
Investment income	4,106
Miscellaneous income	4,531
Total Revenues	<u>721,631</u>
Expenditures:	
Current:	
Advertising	2,696
Dues and subscriptions	2,185
Employee benefits and taxes	89,394
Equipment, rentals, maintenance and support	5,669
Household hazardous waste disposal	43,393
Insurance	3,095
Internet	245
Legal and professional	3,600
Meetings	2,310
Miscellaneous	5,412
Office expense	17,785
Postage	3,856
Printing and reproduction	4,270
Rent	34,182
Salaries and wages	383,808
Technical and professional services	42,239
Telephone	4,887
Training	6,500
Travel	12,255
Truck	1,749
Utilities	350
Total Expenditures	<u>669,880</u>
Excess (deficiency) of revenues over expenditures before refund to federal agency	51,751
Refund due to federal agency (see footnote # 5)	<u>(80,962)</u>
Excess (deficiency) of revenues over expenditures	(29,211)
Fund Equity, Beginning of Year	<u>267,513</u>
Fund Equity, End of Year	<u>\$ 238,302</u>

See notes to the 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, 2009

**NET CHANGE IN FUND BALANCES - TOTAL
GOVERNMENTAL FUNDS** \$ (29,211)

- 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	1,336
Depreciation	(6,319)

- 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. (434)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (34,628)

See notes to the financial statements.

UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION

Notes to the 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 2009, it was determined that no entities met the GASB-14 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 assets and the statement of changes in net assets) 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 accounts and certificates of deposits.

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. 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.

2. Cash and Short-Term Investments

The carrying amount of the Commission's deposits in their checking account at June 30, 2009 was \$ 286,010. The bank balance, which does not include items such as deposits in transit and outstanding checks was fully insured by the FDIC.

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, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Furniture and equipment	\$ 87,590	\$ 1,336	\$ -	\$ 88,926
Less accumulated depreciation	<u>(64,927)</u>	<u>(6,319)</u>	<u>-</u>	<u>(71,246)</u>
Total capital assets, being depreciated, net	\$ <u>22,663</u>	\$ <u>(4,983)</u>	\$ <u>-</u>	\$ <u>17,680</u>

5. Accrued Liability to Federal Agency

The New Hampshire Department of Transportation (NHDOT) has required that all regional planning commissions recalculate their indirect rates and recompute all invoices for the period July 1, 2007 through June 30, 2009. UVLSRPC has recomputed its invoices and accrued a potential liability for repayment to NHDOT of \$ 80,962 as of June 30, 2009. UVLSRPC is currently in the process of discussing the issue and potential repayment or other uses of these funds with NHDOT personnel.

6. Deferred Revenue

Deferred revenue consists of advance receipts for local dues and contracts from member towns and municipalities for the subsequent fiscal year.

7. Operating Lease

On May 1, 2006, the Commission entered into a four-year, non-cancelable operating lease for office space at 30 Bank Street, expiring April 30, 2010. Future commitments under this agreement total approximately \$ 28,000 for fiscal year 2010.

8. Unsecured Line of Credit

At June 30, 2009, the Commission had available a \$ 10,000 unsecured line of credit with Lake Sunapee Bank. The line of credit, which was not used during the fiscal year, is renewed bi-annually in December and is currently due to mature on June 11, 2011. Interest on the line of credit floats at a rate that is two percentage points over the highest prime rate published in the Wall Street Journal.

9. Restricted Net Assets

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

10. 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.

11. Retirement System

Beginning October 1, 2008, all permanent employees of the Upper Valley Lake Sunapee Regional Planning Commission were eligible to participate in the Commission's retirement plan. The retirement plan is a Simple IRA as defined and regulated by the Internal Revenue Service. Participation in the Simple-IRA Plan is voluntary. Under this plan, an employee may make salary reduction contributions, not to exceed a statutorily limited percentage. The Commission matches the employee's contribution subject to a maximum of three percent (3%) of the employee's gross compensation. The Commission funds placed in the Simple IRA are in addition to the employee's salary, are considered an employer contribution, and are not taxable to the employee unless withdrawn prematurely from the Simple-IRA. The Commission's matching contribution charged to expense for all plans during the year ended June 30, 2009 was \$ 6,850.

12. 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.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Upper Valley Lake Sunapee Regional Planning Commission
Lebanon, New Hampshire

We have audited the financial statements of the governmental activities and the major fund of the Upper Valley Lake Sunapee Regional Planning Commission as of and for the year ended June 30, 2009, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated October 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Melanson, Heath + Company P.C.

Nashua, New Hampshire
October 7, 2009