

**UPPER VALLEY LAKE SUNAPEE  
REGIONAL PLANNING COMMISSION**

**Annual Financial Statements**

**For the Year Ended June 30, 2018**

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**Additional Offices:**

Nashua, NH  
Andover, MA  
Greenfield, MA  
Ellsworth, ME

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the 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, 2018 and the related notes to the financial statements, which collectively 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.

### **Auditors' 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. 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 auditors' 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, 2018, 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 2017 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated December 7, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 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 the 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.

*Melanson Heath*

October 4, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Within this section of 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, 2018. 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, liabilities, and deferred outflows/inflows of resources, with the difference 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.

**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 the Commission'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 Commission's near-term financing decisions. Reconciliations to facilitate this comparison between governmental funds and governmental activities are provided.

**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 \$149,926 (i.e., net position), a change of \$6,476 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported an ending fund balance of \$120,300, a change of \$11,603 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.

	<b><u>NET POSITION</u></b>	
	<u>2018</u>	<u>2017</u>
Current assets	\$ 226,656	\$ 225,820
Noncurrent assets	<u>45,572</u>	<u>49,944</u>
Total assets	272,228	275,764
Current liabilities	106,356	117,123
Noncurrent liabilities	<u>15,946</u>	<u>15,191</u>
Total liabilities	122,302	132,314
Net position:		
Net investment in capital assets	45,572	49,944
Restricted	<u>104,354</u>	<u>93,506</u>
Total net position	<u>\$ 149,926</u>	<u>\$ 143,450</u>

## CHANGE IN NET POSITION

	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 960,114	\$ 751,949
General revenues:		
Membership dues	112,048	110,614
Miscellaneous income	44,553	3,164
Total revenues	<u>1,116,715</u>	<u>865,727</u>
Expenses:		
Advertising	2,002	2,320
Depreciation	6,822	7,391
Employee benefits and taxes	103,505	110,663
Equipment repairs and maintenance	1,732	2,355
Legal and professional	12,424	15,065
Other	14,593	15,400
Postage	1,229	1,773
Printing and reproduction	3,262	5,126
Professional development	1,609	2,620
Publications	1,637	4,834
Rent	45,604	45,601
Salaries and wages	378,741	387,023
Software	11,146	14,514
Supplies	18,131	15,256
Technical and professional services	487,667	317,520
Telephone/internet	4,617	4,039
Travel	10,144	9,125
Truck	5,374	5,672
Total expenses	<u>1,110,239</u>	<u>966,297</u>
Change in net position	<u>6,476</u>	<u>(100,570)</u>
Net position - beginning of year	<u>143,450</u>	<u>244,020</u>
Net position - end of year	<u>\$ 149,926</u>	<u>\$ 143,450</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 \$149,926, a change of \$6,476 from the prior year.

### **D. CAPITAL ASSET ADMINISTRATION**

Total investment in capital assets amounted to \$45,572 (net of accumulated depreciation). 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 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, 2018

(With Comparative Totals as of June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current:		
Cash and short-term investments	\$ 64,214	\$ 105,401
Accounts receivable, net of allowance \$815 in 2018 and \$815 in 2017	162,166	119,151
Prepaid expenses	276	1,268
Total current assets	226,656	225,820
Noncurrent:		
Capital assets, net of accumulated depreciation	45,572	49,944
<b>TOTAL ASSETS</b>	272,228	275,764
<b>LIABILITIES</b>		
Current:		
Accounts payable	50,237	55,327
Accrued payroll and related liabilities	14,781	16,998
Advance receipts	41,338	44,798
Total current liabilities	106,356	117,123
Noncurrent:		
Compensated absences	15,946	15,191
<b>TOTAL LIABILITIES</b>	122,302	132,314
<b>NET POSITION</b>		
Net investment in capital assets	45,572	49,944
Restricted	104,354	93,506
<b>TOTAL NET POSITION</b>	\$ 149,926	\$ 143,450

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



**UPPER VALLEY LAKE SUNAPEE REGIONAL PLANNING COMMISSION**

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2018

(With Comparative Totals as of June 30, 2017)

	<u>General Fund</u>	
	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and short-term investments	\$ 64,214	\$ 105,401
Accounts receivable, net of allowance \$815 in 2018 and \$815 in 2017	162,166	119,151
Prepaid expenses	<u>276</u>	<u>1,268</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 226,656</u></b>	<b><u>\$ 225,820</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 50,237	\$ 55,327
Accrued payroll and related liabilities	14,781	16,998
Advance receipts	<u>41,338</u>	<u>44,798</u>
Total Liabilities	106,356	117,123
Fund Balances:		
Nonspendable	276	1,268
Restricted	80,486	57,959
Committed	<u>39,538</u>	<u>49,470</u>
Total Fund Balances	<u>120,300</u>	<u>108,697</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 226,656</u></b>	<b><u>\$ 225,820</u></b>

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, 2018

<b>Governmental fund balances</b>	\$ 120,300
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	45,572
• 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>(15,946)</u>
<b>Net position of governmental activities</b>	<u>\$ 149,926</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, 2018

(With Comparative Totals for the Year Ended June 30, 2017)

	<u>General Fund</u>	
	<u>2018</u>	<u>2017</u>
<b>Revenues:</b>		
Contract revenue	\$ 960,114	\$ 751,949
Membership dues	112,048	110,614
Miscellaneous income	44,553	3,164
Total Revenues	<u>1,116,715</u>	<u>865,727</u>
<b>Expenditures:</b>		
Current:		
Advertising	2,002	2,320
Employee benefits and taxes	103,505	110,663
Equipment repairs and maintenance	4,182	2,355
Legal and professional	12,424	15,065
Other	14,593	15,400
Postage	1,229	1,773
Printing and reproduction	3,262	5,126
Professional development	1,609	2,620
Publications	1,637	4,834
Rent	45,604	45,601
Salaries and wages	377,986	387,746
Software	11,146	14,514
Supplies	18,131	15,256
Technical and professional services	487,667	317,520
Telephone/internet	4,617	4,039
Travel	10,144	9,125
Truck	5,374	5,672
Total Expenditures	<u>1,105,112</u>	<u>959,629</u>
Excess (deficiency) of revenues over expenditures	11,603	(93,902)
<b>Fund Equity, Beginning of Year</b>	<u>108,697</u>	<u>202,599</u>
<b>Fund Equity, End of Year</b>	<u>\$ 120,300</u>	<u>\$ 108,697</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, 2018

<b>Net changes in fund balances - governmental funds</b>	\$ 11,603
<ul style="list-style-type: none"><li>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:</li></ul>	
Purchase of fixed assets	2,450
Depreciation	(6,822)
<ul style="list-style-type: none"><li>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.</li></ul>	
	<u>(755)</u>
<b>Change in net position - governmental activities</b>	<u>\$ 6,476</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 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

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 2018, 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 Commission.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.

#### 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, certain expenditures, such as claims and judgments and compensated absences, 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 acquisition 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 is depreciated using the straight-line method over the estimated useful lives of the respective assets over a period of three to seven years.

### 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 current assets/deferred outflows and current liabilities/deferred inflows. 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 Commission (i.e., the Board of Commissioners).
- 4) Assigned funds are used for specific purposes established by management. These funds include encumbrances which have been assigned for specific goods and services ordered but not yet received.
- 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 use, either through 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.

*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, 2017.

**2. Cash and Short-Term Investments**

The carrying amount of the Commission's deposits at June 30, 2018 was \$64,214. The bank balance, which does not include items such as deposits in transit and outstanding checks, was fully insured.

**3. Accounts Receivable, Net**

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

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Furniture and equipment	\$ 157,755	\$ 2,450	\$ -	\$ 160,205
Less accumulated depreciation	<u>(107,811)</u>	<u>(6,822)</u>	<u>-</u>	<u>(114,633)</u>
Total capital assets, being depreciated, net	<u>\$ 49,944</u>	<u>\$ (4,372)</u>	<u>\$ -</u>	<u>\$ 45,572</u>

**5. Advance Receipts**

Advance receipts consist of amounts received in advance with performance requirements from member towns, municipalities, and other agencies.

**6. Unsecured Line of Credit**

At June 30, 2018, the Commission had available a \$25,000 unsecured line of credit dated October 31, 2017 with Bar Harbor Bank and Trust, which was not used during the fiscal year. The line of credit matures on October 15, 2019.

**7. Operating Leases**

In January 2010, the Commission entered into a five-year agreement to rent office space. In addition to the base rent, the Commission is required to pay their proportionate share of the landlord's operating costs, expenses, and utilities. In fiscal year 2016, the Commission renewed this lease for an additional five-year term at a base rate of \$27,113 per year adjusted by the Consumer Price Index.

On March 25, 2016, the Commission entered into a three-year lease agreement for a vehicle. Monthly payments of \$329 are required.

**8. Retirement Plan**

The Commission offers a 457(b) plan to eligible employees and matches up 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 Commission's match charged to expense during the years ended June 30, 2018 and 2017 was \$17,875 and \$18,713, respectively.

**9. Relationship with Connecticut River Joint Commission (CRJC)**

The Connecticut River Joint Commissions (CRJC) is a separate organization with no association financially or structurally with the Commission. Since July 2011, under a contractual relationship, the Commission has provided CRJC with administrative assistance including maintaining 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 CRJC's policies, budgeting, expenditures of funds, contracts, and other governance items. The current contract with CRJC ended on June 30, 2018. Subsequent to year end, CRJC contracted with the Commission on substantially the same terms as in prior years to provide

accounting and administrative services to CRJC for the period from July 1, 2018 to June 30, 2019.

**10. Concentration of Risk**

A material part of the Commission's revenue is dependent upon government sources, the loss of which would have a materially adverse effect on the Commission. During the year ended June 30, 2018, funding was as follows:

New Hampshire Department of Transportation	20%
Environmental Protection Agency	20
Sullivan County Contract	17
U.S. Department of Agriculture	12
Membership Dues	10
Other	<u>21</u>
Total	<u>100%</u>

**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. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Commission expects such amounts, if any, to be immaterial.