

Audited Financial Statements
and Other Financial Information

Mount Ascutney Regional Commission

June 30, 2023



Proven Expertise & Integrity

MOUNT ASCUTNEY REGIONAL COMMISSION

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JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Mount Ascutney Regional Commission
Ascutney, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Mount Ascutney Regional Commission, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Mount Ascutney Regional Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Mount Ascutney Regional Commission as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mount Ascutney Regional 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mount Ascutney Regional 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mount Ascutney Regional 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 doubt about the Mount Ascutney Regional 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 Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 5 through 11 and 47 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mount Ascutney Regional Commission's basic financial statements. The Schedule of Departmental Operations - General Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 Departmental Operations - General Fund 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 October 4, 2023, on our consideration of the Mount Ascutney Regional Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely 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 Mount Ascutney Regional

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 the Mount Ascutney Regional Commission's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
October 4, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(UNAUDITED)

The following management's discussion and analysis of the Mount Ascutney Regional Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Commission's financial statements.

Financial Statement Overview

The Mount Ascutney Regional Commission's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule and pension schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Commission's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Commission's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have one column for the Commission's activities. The type of activity presented for the Mount Ascutney Regional Commission is:

- *Governmental activities* - The activities in this section are mostly supported by intergovernmental revenues (federal and state grants and contracts) and charges for services. All of the Commission's basic services are reported in governmental activities, which include regional planning, Environmental/Brownfields, water quality and public buildings.

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. The Mount Ascutney Regional Commission, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Mount Ascutney Regional Commission can be classified as one category: governmental funds.

Governmental funds: All of the basic services provided by the Commission are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Commission's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Commission.

Because the focus of governmental funds is narrower than that of 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 funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

Mount Ascutney Regional Commission presents six columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Commission's major governmental funds are the general fund, property buildings fund, EPA-Brownfields Revolving Loan fund, ACCD Brownfield fund, J and L 1 Demolition fund and the Clean Water Block Grant fund.

The general fund is the only fund for which the Commission legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

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 the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions and Notes to Required Supplementary Information..

Other Supplementary Information

Other supplementary information follows the required supplementary information. This other schedule provides information in regards to other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Commission's governmental activities. The Commission's total net position increased by \$771,699 from \$1,989,686 to \$2,761,385.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased by \$954,104 from \$393,908 to a balance of \$560,196 at the end of this year.

Table 1
Mount Ascutney Regional Commission
Net Position
June 30,

	Governmental Activities	
	2023	2022 (Restated)
Assets		
Current Assets	\$ 1,081,401	\$ 866,584
Noncurrent Assets:		
Capital Assets	289,309	279,909
Other	2,244,387	1,410,896
Total Assets	<u>3,615,097</u>	<u>2,557,389</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pension	<u>214,147</u>	<u>123,889</u>
Total Deferred Inflows of Resources	<u>214,147</u>	<u>123,889</u>
Liabilities		
Current Liabilities	370,274	114,363
Noncurrent Liabilities	<u>689,442</u>	<u>429,809</u>
Total Liabilities	<u>1,059,716</u>	<u>544,172</u>
Deferred Inflows of Resources		
Deferred Inflows Related to Pension	<u>8,143</u>	<u>147,420</u>
Total Deferred Inflows of Resources	<u>8,143</u>	<u>147,420</u>
Net Position		
Net Investment in Capital Assets	114,798	102,684
Restricted	3,206,783	1,493,094
Unrestricted	<u>(560,196)</u>	<u>393,908</u>
Total Net Position	<u>\$ 2,761,385</u>	<u>\$ 1,989,686</u>

Revenues and Expenses

Revenues for the Commission's governmental activities decreased by 33.39%, while total expenses decreased by 45.54%. The revenue category with the largest decrease was operating grants and contracts primarily due to activity in the J and L 1 demolition fund. The largest decrease in expenses was in pass-through grants in the same fund.

Table 2
Mount Ascutney Regional Commission
Changes in Net Position
For the Years Ended June 30,

	Governmental Activities	
	2023	2022
Revenues		
Program revenues:		
Operating grants and contracts	\$ 3,657,076	\$ 5,550,832
Charges for services	168,279	120,677
General revenues:		
Interest	4,527	4,825
Miscellaneous	1,485	75,590
Total revenues	<u>3,831,367</u>	<u>5,751,924</u>
Expenses		
Regional planning	1,580,819	1,397,056
Environmental/Brownfields	387,441	1,161,473
Pass-through grants	772,247	2,323,682
Water quality	268,931	702,996
Public buildings	41,955	24,751
Interest on long-term debt	8,275	7,788
Total expenses	<u>3,059,668</u>	<u>5,617,746</u>
Change in Net Position	771,699	134,178
Net Position - July 1, Restated	<u>1,989,686</u>	<u>1,855,508</u>
Net Position - June 30	<u>\$ 2,761,385</u>	<u>\$ 1,989,686</u>

Financial Analysis of the Commission's Fund Statements

Governmental funds: The financial reporting focus of the Commission's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Commission's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Mount Ascutney Regional Commission
Fund Balances - Governmental Funds
June 30,

	<u>2023</u>	<u>2022</u> <u>(Restated)</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 4,789	\$ 11,337	\$ (6,548)
Unassigned	434,233	462,746	(28,513)
Property Buildings Fund:			
Nonspendable	-	1,010	(1,010)
Assigned	59,925	75,519	(15,594)
EPA-Brownfields Revolving Loan Fund:			
Restricted	264,226	201,691	62,535
ACCD Brownfield Fund:			
Restricted	880,197	30,197	850,000
J and L 1 Demolition Fund:			
Unassigned	(1,904)	(2,940)	1,036
Clean Water Block Grant Fund:			
Unassigned	(2,999)	(2,999)	-
Total Major Funds	<u>\$ 1,638,467</u>	<u>\$ 776,561</u>	<u>\$ 861,906</u>

The changes to total fund balances for the general fund, property buildings fund, EPA-Brownfields revolving loan fund, ACCD Brownfield fund, J and L 1 demolition fund and the clean water block grant fund occurred due to the regular activity of operations.

Budgetary Highlights

There was no difference between the original and final budget for the general fund.

The general fund actual receipts were under budgeted amounts by \$228,834. All revenue categories were receipted under budgeted amounts with the exception of interest earned and other revenue.

The general fund actual expenditures were under budgeted amounts by \$132,136. All expenditure categories were within or under budgeted amounts with the exception of salaries and benefits.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Commission increased by \$9,400 when compared to the prior year. This increase was due to current year additions of \$30,119, less depreciation expense of \$20,719.

Table 4
Mount Ascutney Regional Commission
Capital Assets (Net of Depreciation)
June 30,

	<u>2023</u>	<u>2022</u>
Land	\$ 40,000	\$ 40,000
Buildings and improvements	225,496	223,538
Machinery and equipment	15,017	15,172
Furniture and fixtures	1,002	1,199
Right of use lease asset	7,794	-
Total	<u>\$ 289,309</u>	<u>\$ 279,909</u>

Debt

At June 30, 2023, the Commission had \$174,511 in a mortgage payable and leases payable versus \$177,225 last year, a decrease of 1.53%. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Commission's appointed officials considered many factors when setting the fiscal year 2024 budget. One of the factors was the significantly increased funding level provided by the State of Vermont through the annual Agency of Commerce and Community Development (ACCD) block grant. Other significant factors were the progress on various multi-year special contracts being performed by the Commission. There are uncertainties about our funding levels for next fiscal year. For example, whether the ACCD block grant funding level will be sustained at that new level or increased next year remains to be seen. Given inflation and the prevailing salary requests, it is reasonable to assume that pay rates will continue to trend upward.

Contacting the Commission's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Commission's Office at P.O. Box 320, Ascutney, Vermont 05030.

MOUNT ASCUTNEY REGIONAL COMMISSION

STATEMENT A

STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 348,115
Investments	90,882
Accounts receivable (net of allowance for uncollectibles)	555,416
Current portion of notes receivable (net of allowance for uncollectibles)	82,199
Prepaid items	4,789
Total current assets	<u>1,081,401</u>
Noncurrent assets:	
Noncurrent portion of notes receivable	1,078,035
Capital assets:	
Nondepreciable assets	40,000
Depreciable assets, net of accumulated depreciation	249,309
Restricted cash and cash equivalents	1,166,352
Total noncurrent assets	<u>2,533,696</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	214,147
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>214,147</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,829,244</u>

STATEMENT A (CONTINUED)
MOUNT ASCUTNEY REGIONAL COMMISSION

STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 326,847
Accrued expenses	18,912
Escrow and security deposits	1,600
Current portion of noncurrent liabilities	<u>22,915</u>
Total current liabilities	<u>370,274</u>
 Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Mortgage payable	154,753
Lease liabilities	3,803
Accrued compensated absences	20,881
Net pension liability	<u>510,005</u>
Total noncurrent liabilities	<u>689,442</u>
 TOTAL LIABILITIES	 <u>1,059,716</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>8,143</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>8,143</u>
 NET POSITION	
Net investment in capital assets	114,798
Restricted	3,206,783
Unrestricted	<u>(560,196)</u>
TOTAL NET POSITION	<u>2,761,385</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	 <u>\$ 3,829,244</u>

See accompanying independent auditor's report and notes to financial statements.

MOUNT ASCUTNEY REGIONAL COMMISSION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contracts	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Regional planning	\$ 1,580,819	\$ 122,187	\$ 1,399,195	\$ -	\$ (59,437)
Environmental/Brownfields	387,441	-	1,215,667	-	828,226
Pass-through grants	772,247	-	773,283	-	1,036
Water quality	268,931	-	268,931	-	-
Public buildings	41,955	46,092	-	-	4,137
Interest on long-term debt	8,275	-	-	-	(8,275)
Total governmental activities	<u>\$ 3,059,668</u>	<u>\$ 168,279</u>	<u>\$ 3,657,076</u>	<u>\$ -</u>	<u>765,687</u>

STATEMENT B (CONTINUED)
MOUNT ASCUTNEY REGIONAL COMMISSION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities
Changes in net position:	
Net (expense) revenue	765,687
General revenue:	
Interest earned	4,527
Miscellaneous	1,485
Total general revenue	6,012
Change in net position	771,699
NET POSITION - JULY 1, RESTATED	1,989,686
NET POSITION - JUNE 30	\$ 2,761,385

See accompanying independent auditor's report and notes to financial statements.

MOUNT ASCUTNEY REGIONAL COMMISSION

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Property Buildings Fund	EPA-Brownfields Revolving Loan Fund	ACCD Brownfield Fund	J and L 1 Demolition Fund	Clean Water Block Grant Fund	Total
ASSETS							
Cash and cash equivalents	\$ 335,222	\$ 12,591	\$ 278,105	\$ 880,197	\$ 302	\$ 8,050	\$ 1,514,467
Investments	90,882	-	-	-	-	-	90,882
Accounts receivable (net of allowance for uncollectibles)	323,625	-	31,215	-	200,576	-	555,416
Notes receivable (net of allowance for uncollectibles)	-	-	1,160,234	-	-	-	1,160,234
Prepaid items	4,789	-	-	-	-	-	4,789
Due from other funds	76,469	50,892	-	-	-	-	127,361
TOTAL ASSETS	\$ 830,987	\$ 63,483	\$ 1,469,554	\$ 880,197	\$ 200,878	\$ 8,050	\$ 3,453,149
LIABILITIES							
Accounts payable	\$ 142,433	\$ 1,958	\$ 4,674	\$ -	\$ 177,782	\$ -	\$ 326,847
Accrued expenses	18,912	-	-	-	-	-	18,912
Escrow and security deposits	-	1,600	-	-	-	-	1,600
Due to other funds	50,892	-	40,420	-	25,000	11,049	127,361
TOTAL LIABILITIES	212,237	3,558	45,094	-	202,782	11,049	474,720
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	179,728	-	-	-	-	-	179,728
Deferred notes receivable	-	-	1,160,234	-	-	-	1,160,234
TOTAL DEFERRED INFLOWS OF RESOURCES	179,728	-	1,160,234	-	-	-	1,339,962
FUND BALANCES (DEFICITS)							
Nonspendable	4,789	-	-	-	-	-	4,789
Restricted	-	-	264,226	880,197	-	-	1,144,423
Committed	-	-	-	-	-	-	-
Assigned	-	59,925	-	-	-	-	59,925
Unassigned	434,233	-	-	-	(1,904)	(2,999)	429,330
TOTAL FUND BALANCES (DEFICITS)	439,022	59,925	264,226	880,197	(1,904)	(2,999)	1,638,467
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 830,987	\$ 63,483	\$ 1,469,554	\$ 880,197	\$ 200,878	\$ 8,050	\$ 3,453,149

See accompanying independent auditor's report and notes to financial statements.

MOUNT ASCUTNEY REGIONAL COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

	Total Governmental Funds
	Funds
Total Fund Balances	\$ 1,638,467
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	289,309
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Deferred revenue	179,728
Deferred notes receivable	1,160,234
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	214,147
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Mortgage payable	(166,717)
Leases payable	(7,794)
Accrued compensated absences	(27,841)
Net pension liability	(510,005)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(8,143)
	(8,143)
Net position of governmental activities	\$ 2,761,385

See accompanying independent auditor's report and notes to financial statements.

MOUNT ASCUTNEY REGIONAL COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Property Buildings Fund	EPA-Brownfields Revolving Loan Fund	ACCD Brownfield Fund	J and L 1 Demolition Fund	Clean Water Block Grant Fund	Total
REVENUES							
Federal grants/contracts	\$ 39,980	\$ -	\$ 188,864	\$ -	\$ -	\$ -	\$ 228,844
State grants/contracts	1,348,841	-	-	1,026,803	773,283	268,931	3,417,858
Town contracts	122,187	-	-	-	-	-	122,187
Rental income	-	46,092	-	-	-	-	46,092
Interest income	497	-	-	-	-	-	497
Interest earned - loan programs	-	-	4,030	-	-	-	4,030
Other revenue	1,485	-	80,279	-	-	-	81,764
TOTAL REVENUES	<u>1,512,990</u>	<u>46,092</u>	<u>273,173</u>	<u>1,026,803</u>	<u>773,283</u>	<u>268,931</u>	<u>3,901,272</u>
EXPENDITURES							
Current:							
Regional planning	1,548,051	-	-	-	-	-	1,548,051
Environmental/Brownfields	-	-	210,638	176,803	-	-	387,441
Pass-through grants	-	-	-	-	772,247	-	772,247
Water quality	-	-	-	-	-	268,931	268,931
Public buildings	-	43,913	-	-	-	-	43,913
Debt service:							
Principal	-	10,508	-	-	-	-	10,508
Interest	-	8,275	-	-	-	-	8,275
TOTAL EXPENDITURES	<u>1,548,051</u>	<u>62,696</u>	<u>210,638</u>	<u>176,803</u>	<u>772,247</u>	<u>268,931</u>	<u>3,039,366</u>
NET CHANGE IN FUND BALANCE (DEFICITS)	(35,061)	(16,604)	62,535	850,000	1,036	-	861,906
FUND BALANCE (DEFICITS) - JULY 1, RESTATED	<u>474,083</u>	<u>76,529</u>	<u>201,691</u>	<u>30,197</u>	<u>(2,940)</u>	<u>(2,999)</u>	<u>776,561</u>
FUND BALANCE (DEFICITS) - JUNE 30	<u>\$ 439,022</u>	<u>\$ 59,925</u>	<u>\$ 264,226</u>	<u>\$ 880,197</u>	<u>\$ (1,904)</u>	<u>\$ (2,999)</u>	<u>\$ 1,638,467</u>

See accompanying independent auditor's report and notes to financial statements.

MOUNT ASCUTNEY REGIONAL 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, 2023

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 861,906</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset acquisitions	30,119
Depreciation expense	<u>(20,719)</u>
	<u>9,400</u>
Long-term note receivable activity was reported as revenues and/or expenditures in the governmental funds but are reported as a decrease and/or increase in long-term notes receivable in the Statement of Net Position.	<u>(80,279)</u>
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>90,258</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(11,624)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>14,338</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>10,374</u>
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>139,277</u>
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>	
Accrued compensated absences	19,532
Net pension liability	<u>(281,483)</u>
	<u>(261,951)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 771,699</u>

See accompanying independent auditor's report and notes to financial statements.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Mount Ascutney Regional Commission is a non-profit organization exempt from income taxes under Section 115 of the Internal Revenue Code of 1986. It is an instrumentality of non-taxing political subdivisions of the State of Vermont.

Membership in the Commission is open to all of the cities, towns and gores within Southern Windsor County in Vermont. Municipalities within the region who elect by an act of their voters or their legislative body become members of the Commission. The Commission is governed by a Board of Commissioners comprised of representatives from each member municipality, other at-large representatives are appointed by the Board of Commissioners. Each member has one vote.

The Commission's combined financial statements include all accounts and all operations of the Commission. We have determined that the Commission has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 96 “Subscription-Based Information Technology Arrangements”. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 “Omnibus 2022”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The Commission's basic financial statements include both government-wide (reporting the Commission as a whole) and fund financial statements (reporting the Commission's major funds).

Both the government-wide and fund financial statements categorize primary activities as governmental. The Commission categorizes all activities of the Commission as governmental.

In the government-wide Statement of Net Position, the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Commission's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Commission first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Commission's functions (regional planning and other programs, transportation and regional development, etc.) except for fiduciary activities. The functions are also supported by general government revenues (certain intergovernmental revenues, charges for services, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (certain intergovernmental revenues and charges for services, etc.).

The Commission allocates indirect costs. Certain administrative costs are charged indirectly to the corresponding project using the established and approved annual indirect cost rate.

The government-wide focus is more on the sustainability of the Commission as an entity and the change in the Commission's net assets resulting from the current year's activities.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Commission are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Commission:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Commission:

Major Funds:

- a. The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Property Buildings Fund is used to account for financial resources to be used for the maintenance, acquisition or construction of the Commission's capital facilities. The main sources of revenues are from rental income and interfund proceeds.
- c. The EPA-Brownfields Revolving Loan Fund is used to account for the proceeds of the EPA-Brownfields revolving loan program which are legally restricted to expenditures for specified purposes. The primary revenue sources for this fund are federal revenues as well as loan repayments.
- d. The ACCD Brownfield Fund is used to account for the proceeds of the Vermont Agency of Commerce and Community Development State Brownfields Revitalization Grant Assessment Program which is legally restricted to expenditures for specified purposes. The primary revenue source for this fund is state revenue.
- e. The J and L 1 Demolition Fund is used to account for the proceeds of the Demolition program funded by the State of Vermont Brownfields cleanup program, which are legally restricted to expenditures for specified purposes. The primary revenue source for this fund is state revenue.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- f. The Clean Water Block Grant Fund is used to account for the proceeds of the Water Resource Planning program which provides planning assistance, technical support and additional resources on a variety of water resource planning initiatives and which are legally restricted to expenditures for specified purposes. The primary revenue source for this fund is state revenue.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Commission's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Commission prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Commission was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the Commission.

Deposits and Investments

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Commission's policy to value investments at fair value. None of the Commission's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. The Commission is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Mount Ascutney Regional Commission has no formal investment policy but instead follows the State of Vermont Statutes.

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$555,416 for the year ended June 30, 2023. The allowance for uncollectible accounts for notes

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

receivable is estimated to be \$0 as of June 30, 2023. Notes receivable netted with allowances for uncollectible accounts were \$1,160,234 for the year ended June 30, 2023.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

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

A right of use lease asset is required to be reported at the present value of payments expected to be made during the lease term including and any/all other required financial lease obligations in accordance with the terms of the lease and excluding interest. A lease asset will be amortized on a straight-line basis over the lease term or the useful life of the underlying asset (whichever is shorter).

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

Estimated useful lives are as follows:

Buildings and improvements	10-50 years
Machinery and equipment	5-20 years
Furniture and fixtures	5-20 years

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All long-term obligations to be repaid from governmental resources are reported as liabilities in government-wide statements. The long-term obligations consist of a mortgage payable, leases, accrued compensated absences and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions 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 Plan's fiduciary net position have been determined on the same basis as they are reported by the VMERS Plan. 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.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consist of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Commission or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement 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/expenditure) until then. The Commission currently has one type of this item, deferred outflows related to pensions. This item is reported in the statement of net position.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position and or balance sheet will at times 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. The Commission has two types of this item, deferred revenue and deferred notes receivable, which arise only under a modified accrual basis of accounting that qualify for reporting in this category. Accordingly, these items are reported in the governmental funds balance sheet. Deferred inflows related to pensions also qualifies for reporting in this category. This item is reported in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Commission is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Commission. The inhabitants of the Commission through Commission meetings are the highest level of decision-making authority of the Commission. Commitments may be established, modified or rescinded only through a Commission meeting vote.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes by the Commission's highest level of decision-making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Commission meeting vote has provided otherwise in its commitment or assignment actions.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Commission does not utilize encumbrance accounting for its general fund.

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The Commission's investment policies, which follow state statutes, authorize the Commission to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Commission funds.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Commission will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party.

At June 30, 2023, the Commission's cash balances of \$1,514,467 were comprised of bank deposits amounting to \$1,445,422. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Commission's cash balance. Of these bank deposits, \$253,192 were insured by federal depository insurance and consequently were not exposed to custodial credit risk. \$507,449 were collateralized with securities held by the financial institution in the client's name and the remaining deposits of \$684,781 were uninsured and uncollateralized.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 937,973
Repurchase agreement	507,449
	<u>\$ 1,445,422</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Commission does not have a policy for custodial credit risk for investments.

Interest rate risk - The risk that changes in interest rates will adversely affect the fair value of an investment. The Commission does not have a policy related to interest rate risk as the investments that the Commission uses are not subject to interest rate risk. Certificates of deposit held with local financial institutions for \$90,519 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2023, the Commission's investment of \$90,882 in certificates of deposit were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

Credit risk - The Commission's investment policies authorize to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other States and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

statutory limits, financial institutions, mutual funds and repurchase agreements. The Commission does not have an investment policy on credit risk. Generally, the Commission invests excess funds in various insured certificates of deposit.

NOTE 3 - NOTES RECEIVABLE

The following is a summary of changes in notes receivable for the year ended June 30, 2023:

	Balance 7/1/22	Additions	Deductions	Balance 6/30/23	Current Portion
<u>Governmental activities:</u>					
Notes receivable	\$ 1,240,513	\$ -	\$ (80,279)	\$ 1,160,234	\$ 82,199

The following is a summary of notes receivable outstanding as of June 30, 2023:

Note receivable from SBDC Artisan Surfaces with an original amount of \$40,000 (of which \$23,362 has been disbursed to date). Interest rate is 0% with monthly payments of \$195 and a maturity of 10 years.	\$ 11,097
Note receivable from Bright Street with an original amount of \$250,000. Interest rate is fixed at 1% with monthly payments of \$1,150 and a maturity of 20 years.	175,268
Note receivable from 100 River Street with an original amount of \$833,114. Interest rate is 0% with monthly payments of \$4,000 and a maturity of 15 years.	509,114
Note receivable from Woolson Block LP with an original amount of \$175,000. Interest rate is 0% with monthly payments of \$583 to begin in June of 2025 and a maturity of 10 years.	175,001
Note receivable from 100 River Street with an original amount of \$50,000 (of which \$39,478 has been disbursed to date). Interest rate is 0% with monthly payments of \$329 and a maturity of 10 years.	21,384

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - NOTES RECEIVABLE (CONTINUED)

Note receivable from Windsor Improvement Corp with an original amount of \$258,000 (of which \$257,686 has been disbursed to date). Interest rate is 0% with monthly payments of \$1,074 and a maturity of 20 years. 213,761

Note receivable from Precision Valley LLC with an original amount of \$50,000 (of which \$49,478 has been disbursed to date). Interest rate is fixed at 4% with monthly payments of \$162 for 59 months and a ballon payment in month 60 for a maturity of 5 years. 49,478

Note receivable from SRDC-ARRA with an original amount of \$15,000 (of which \$8,617 has been disbursed to date). Interest rate is 0% with monthly payments of \$103 and a maturity of 7 years. 5,131

\$ 1,160,234

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 76,469	\$ 50,892
Property buildings fund	50,892	-
EPA-Brownfields revolving loan fund	-	40,420
J and L 1 demolition fund	-	25,000
Clean Water Block Grant fund	-	11,049
	<u>\$ 127,361</u>	<u>\$ 127,361</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Committee. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance 7/1/22	Additions	Disposals/ Adjustments	Balance 6/30/23
<u>Governmental activities</u>				
Capital assets not depreciated:				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Depreciated assets:				
Buildings and improvements	238,744	7,700	-	246,444
Machinery and equipment	99,330	10,795	-	110,125
Furniture and fixtures	21,650	-	-	21,650
Right of use lease asset	-	11,624	-	11,624
	<u>359,724</u>	<u>30,119</u>	<u>-</u>	<u>389,843</u>
Less: accumulated depreciation:				
Buildings and improvements	(15,206)	(5,742)	-	(20,948)
Machinery and equipment	(84,158)	(10,950)	-	(95,108)
Furniture and fixtures	(20,451)	(197)	-	(20,648)
Right of use lease asset	-	(3,830)	-	(3,830)
	<u>(119,815)</u>	<u>(20,719)</u>	<u>-</u>	<u>(140,534)</u>
Net depreciated assets	<u>239,909</u>	<u>9,400</u>	<u>-</u>	<u>249,309</u>
Net capital assets	<u>\$ 279,909</u>	<u>\$ 9,400</u>	<u>\$ -</u>	<u>\$ 289,309</u>
Depreciation expense:				
Regional planning			\$ 14,977	
Public building			5,742	
Total depreciation expense			<u>\$ 20,719</u>	

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	Balance 7/1/22	Additions	Deductions	Balance 6/30/23	Current Portion
Mortgage payable	\$ 177,225	\$ -	\$ (10,508)	\$ 166,717	\$ 11,964
Lease liabilities	-	11,624	(3,830)	7,794	3,991
	<u>\$ 177,225</u>	<u>\$ 11,624</u>	<u>\$ (14,338)</u>	<u>\$ 174,511</u>	<u>\$ 15,955</u>

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the mortgage payable outstanding as of June 30, 2023:

Mortgage payable:

Mortgage payable to Mascoma Bank, with a fixed interest rate of 4.25%. Monthly principal and interest payments of \$1,565 and a maturity date of July 17, 2034.

\$ 166,717

Lease liabilities:

Mount Ascutney Regional Commission entered into a lease agreement for a Digital Mailing System with Pitney Bowes in July of 2019. Interest is 0% while quarterly payments for this lease are \$162.

808

Mount Ascutney Regional Commission entered into a lease agreement for a Postage Meter with SymQuest in September of 2020. Interest is 0% while monthly payments for this lease are \$265.

6,986

\$ 7,794

The annual principal and interest requirements to amortize the mortgage and leases payable are as follows:

	Mortgage Payable		Lease Liabilities		Total Debt Service
	Principal	Interest	Principal	Interest	
2024	\$ 11,964	\$ 6,819	\$ 3,991	\$ -	\$ 22,774
2025	12,483	6,300	3,183	-	21,966
2026	13,024	5,759	620	-	19,403
2027	13,588	5,195	-	-	18,783
2028	14,177	4,606	-	-	18,783
2029-2033	81,640	13,774	-	-	95,414
2034-2038	19,841	832	-	-	20,673
	<u>\$ 166,717</u>	<u>\$ 43,285</u>	<u>\$ 7,794</u>	<u>\$ -</u>	<u>\$ 217,796</u>

The right of use lease assets associated with these lease liabilities (including amortization/depreciation applicable to the same) are presented as a separate category of capital assets and are grouped accordingly in the Statement of Net Position.

All notes from direct borrowings payable are direct obligations of the Commission, for which its full faith and credit are pledged. The Commission is not obligated for any special assessment debt.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended June 30, 2023:

	Balance 7/1/22	Additions	Deductions	Balance 6/30/23	Current Portion
Accrued compensated absences	\$ 47,373	\$ -	\$ (19,532)	\$ 27,841	\$ 6,960
Net pension liability	228,522	327,451	(45,968)	510,005	-
	<u>\$ 275,895</u>	<u>\$ 327,451</u>	<u>\$ (65,500)</u>	<u>\$ 537,846</u>	<u>\$ 6,960</u>

Please see Notes 8 and 15 for detailed information on the other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Commission's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation leave but not sick time. The liability for these compensated absences is recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2023, the Commission's liability for compensated absences is \$27,841.

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Commission at June 30, 2023:

Invested in capital assets	\$ 429,843
Accumulated depreciation	(140,534)
Outstanding capital related debt	(174,511)
	<u>\$ 114,798</u>

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 - RESTRICTED NET POSITION

At June 30, 2023, the Commission had the following restricted net position:

EPA-Brownfields Revolving Loan Fund:	
Notes receivable	\$ 1,160,234
EPA-Brownfields Revolving Loan Fund	
Restricted cash	1,166,352
ACCD Brownfields Fund	
Restricted cash	<u>880,197</u>
	<u>\$ 3,206,783</u>

NOTE 11 - NONSPENDABLE FUND BALANCES

At June 30, 2023, the nonspendable fund balances were made up of the following:

General fund:	
Prepaid items	<u>\$ 4,789</u>

NOTE 12 - RESTRICTED FUND BALANCES

At June 30, 2023, the restricted fund balances were made up of the following:

EPA-Brownfields Revolving Loan Fund	\$ 264,226
ACCD Brownfields Fund	<u>880,197</u>
	<u>\$ 1,144,423</u>

NOTE 13 - ASSIGNED FUND BALANCE

At June 30, 2023, the assigned fund balance was made up of the following:

Property buildings fund	<u>\$ 59,925</u>
-------------------------	------------------

NOTE 14 - DEFICIT FUND BALANCES

At June 30, 2023, the Commission has the following deficit fund balances:

J and L 1 Demolition Fund	\$ 1,904
Clean Water Block Grant Fund	<u>2,999</u>
	<u>\$ 4,903</u>

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2021 (the most recent data available), the retirement system consisted of 16,158 participating members.

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 Schools 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. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report may be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

The pension plan is divided into four membership groups:

- Group A - general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B and C - general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D - sworn police officers, firefighters and emergency medical personnel

The Commission participates in Group B. Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service or age 55 with 35 years of service	Age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula - Normal Service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

** A special early retirement factor of 3% per year only for municipal police officers who have attained age 60

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2022 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.500% of gross salary	5.875% of gross salary	11.000% of gross salary	12.350% of gross salary
Employer Contributions	5.000% of gross salary	6.500% of gross salary	8.250% of gross salary	10.850% of gross salary

Employee contributions are withheld pre-income tax by the Commission and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2023 totaled \$41,548. The Commission contributed \$45,968 for the year ended June 30, 2023. The Commission's total payroll for the year ended June 30, 2023 for all employees covered under this plan was \$707,197.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities

At June 30, 2023, the Commission reported a liability of \$510,005 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2021. The Commission's proportion of the net pension liabilities were based on a projection of the Commission's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2022, the Commission's proportion was 0.16811% for VMERS, which was an increase of 0.01285% from its proportion measured as of June 30, 2021 for VMERS.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the Commission recognized pension expense of \$51,948 for the VMERS plan. At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,302	\$ -
Changes of assumptions	26,074	-
Net difference between projected and actual earnings on pension plan investments	82,800	-
Changes in proportion and differences between contributions and proportionate share of contributions	21,003	8,143
Contributions subsequent to the measurement date	45,968	-
Total	<u>\$ 214,147</u>	<u>\$ 8,143</u>

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$45,968 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date 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 related to pensions will be recognized in pension expense as follows:

	VMERS Plan
Plan year ended June 30:	<hr/>
2023	\$ 47,105
2024	38,305
2025	17,969
2026	56,657
2027	-
Thereafter	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2022 measurement date was determined by rolling forward the total pension liability as of June 30, 2021 to June 30, 2022. The total pension liability was calculated using the following actuarial assumptions:

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

Inflation: 2.30%

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.

Deaths After Retirement: Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pre-Retirement:

- Groups A/B/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/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/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.

Inactive Members: Valuation liability equals 100% of accumulated contributions. Inactive who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.

Future Administrative Expenses: An expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

Unknown Data for Participants: The same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: 85% of male members and 50% of female members are assumed to be married.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Spouse's Age: Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2022 COLA is 2.00% for Group A members and 2.30% for Group B, C and D members. The January 1, 2023 COLA is 2.00% for Group A members and 3.00% for Group B, C and D members.

Actuarial Cost Method: The Projected Benefit Cost Method is used. Normal contribution rates for each Group are equal to rates from the prior year, adjusted for increases or decreases in rates due to assumption changes or plan provision changes.

A smoothing *asset valuation method* was used for funding purposes in the VMERS plan, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

The *long-term expected rate of return* on 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 investment expense and inflation) developed for each major asset class. These best estimate ranges were 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 rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equities	24.00%	4.30%
Active Global Equities	5.00%	4.30%
US Equity - Large Cap	4.00%	3.25%
US Equity - Small/Mid Cap	3.00%	3.75%
Non-US Developed Market Equities	7.00%	5.00%
Emerging Market Debt	4.00%	3.50%
Core Fixed Income	19.00%	0.00%
Private and Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	3.00%	3.50%
Non-Core Real Estate	4.00%	6.00%
Private Equity	10.00%	6.50%
Infrastructure/Farmland	4.00%	4.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.00% for the VMERS plan, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
Commission's proportionate share of the net pension liability	\$ 764,221	\$ 510,005	\$ 300,903

Pension Plan Fiduciary Net Position

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of VMERS or their participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](https://www.vermont.gov/annual-comprehensive-financial-report).

NOTE 16 - 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 Commission carries commercial insurance covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission.

Based on the coverage provided by the insurance purchased, the Commission feels it is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2023. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 17 - CONTINGENCIES AND COMMITMENTS

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Commission's financial position.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 17 - CONTINGENCIES AND COMMITMENTS (CONTINUED)

The Commission participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Commission's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 18 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Commission's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 19 - RELATED PARTY

During the fiscal year ended June 30, 2023, the Commission paid RAI Services which is owned by an employee's spouse. During fiscal year 2023, payments for these services totaled \$4,476.

NOTE 20 - RESTATEMENTS

In 2023, the Commission determined that restatements to the 2022 financial statements were required. The beginning fund balances for the ACCD Brownfield fund was restated by \$22,197. The resulting restatements increased the ACCD Brownfield fund total fund balance from \$8,000 to \$30,197. This restatement also increased the beginning net position from \$1,967,489 to \$1,989,686.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Notes to Required Supplementary Information

MOUNT ASCUTNEY REGIONAL COMMISSION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Resources (Inflows):				
Federal grants/contracts	\$ 174,464	\$ 174,464	\$ 39,980	\$ (134,484)
State grants/contracts	1,418,181	1,418,181	1,348,841	(69,340)
Town contracts	148,716	148,716	122,187	(26,529)
Interest earned	363	363	497	134
Other revenue	100	100	1,485	1,385
Amounts Available for Appropriation	<u>1,741,824</u>	<u>1,741,824</u>	<u>1,512,990</u>	<u>(228,834)</u>
Charges to Appropriations (Outflows):				
Current:				
Salaries and benefits	1,124,637	1,124,637	1,133,236	(8,599)
Operations	546,571	546,571	405,959	140,612
Non-allowable	8,979	8,979	8,856	123
Total Charges to Appropriations	<u>1,680,187</u>	<u>1,680,187</u>	<u>1,548,051</u>	<u>132,136</u>
Excess of Revenues Over (Under)				
Appropriations	<u>\$ 61,637</u>	<u>\$ 61,637</u>	<u>\$ (35,061)</u>	<u>\$ (360,970)</u>

See accompanying independent auditor's report and notes to financial statements.

MOUNT ASCUTNEY REGIONAL COMMISSION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>									
Proportion of the net pension liability	0.17%	0.16%	0.15%	0.17%	0.17%	0.17%	0.15%	0.13%	0.13%
Proportionate share of the net pension liability	\$ 510,005	\$ 228,522	\$ 387,496	\$ 288,957	\$ 240,883	\$ 205,627	\$ 193,681	\$ 100,532	\$ 11,490
Covered payroll	\$ 672,981	\$ 575,336	\$ 552,105	\$ 568,905	\$ 545,327	\$ 503,945	\$ 415,918	\$ 340,689	\$ 324,800
Proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

MOUNT ASCUTNEY REGIONAL COMMISSION

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>									
Contractually required contribution	\$ 45,968	\$ 42,061	\$ 34,520	\$ 31,746	\$ 32,001	\$ 29,993	\$ 27,717	\$ 22,873	\$ 18,228
Contributions in relation to the contractually required contribution	(45,968)	(42,061)	(34,520)	(31,746)	(32,001)	(29,993)	(27,717)	(22,873)	(18,228)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 707,197	\$ 672,981	\$ 575,336	\$ 552,105	\$ 568,905	\$ 545,327	\$ 503,945	\$ 415,918	\$ 340,689
Contributions as a percentage of covered payroll	6.50%	6.25%	6.00%	5.75%	5.63%	5.50%	5.50%	5.50%	5.35%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

MOUNT ASCUTNEY REGIONAL COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

Changes of Assumptions

VMERS Pension Plan:

The July 1, 2023 COLA assumption was increased from 2.00% to 3.00% for Groups B, C and D members.

See accompanying independent auditor's report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund

SCHEDULE A

MOUNT ASCUTNEY REGIONAL COMMISSION

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Expenditures				
Salaries and benefits:				
Salaries	\$ 767,823	\$ 767,823	\$ 779,250	\$ (11,427)
Payroll taxes	58,738	58,738	57,406	1,332
Health benefits	148,892	148,892	186,617	(37,725)
Group disability, wcomp, unemployment	20,607	20,607	22,447	(1,840)
Health reimbursement	40,000	40,000	-	40,000
Retirement	88,577	88,577	87,516	1,061
Total salaries and benefits	<u>1,124,637</u>	<u>1,124,637</u>	<u>1,133,236</u>	<u>(8,599)</u>
Operations:				
Advertising	800	800	972	(172)
Administrative	12,900	12,900	11,912	988
Office cleaning and maintenance	9,240	9,240	6,786	2,454
Computer support and maintenance	36,635	36,635	31,553	5,082
Professional services	381,806	381,806	251,128	130,678
Dues and reference materials	5,647	5,647	5,248	399
Insurance	8,000	8,000	5,656	2,344
Leasing	3,827	3,827	4,079	(252)
Meetings	2,000	2,000	2,119	(119)
Miscellaneous	1,000	1,000	979	21
Office supplies	7,200	7,200	7,714	(514)
Small office equipment	3,600	3,600	3,009	591
Equipment	7,000	7,000	10,794	(3,794)
Planning projects	2,000	2,000	2,099	(99)
Postage	1,200	1,200	1,093	107
Rent	28,392	28,392	28,392	-
Telephone	8,000	8,000	7,774	226
Travel and auto reimbursement	15,500	15,500	17,649	(2,149)
Workshops/training	5,000	5,000	1,226	3,774
SW franchise review	6,824	6,824	5,777	1,047
Total operations	<u>546,571</u>	<u>546,571</u>	<u>405,959</u>	<u>140,612</u>
Non-allowable	<u>8,979</u>	<u>8,979</u>	<u>8,856</u>	<u>123</u>
Total Departmental Operations	<u>\$ 1,680,187</u>	<u>\$ 1,680,187</u>	<u>\$ 1,548,051</u>	<u>\$ 132,136</u>

See accompanying independent auditor's report and notes to financial statements.



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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 Commissioners
Mount Ascutney Regional Commission
Ascutney, Vermont

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 governmental activities and each major fund of Mount Ascutney Regional Commission as of and for the year ended June 30, 2023 and the related notes to the financial statements which collectively comprise Mount Ascutney Regional Commission's basic financial statements and have issued our report thereon dated October 4, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mount Ascutney Regional 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*. We noted certain other matters that we reported to the management of Mount Ascutney Regional Commission in a separate letter dated August 18, 2023.

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 organization's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
October 4, 2023