

RUTLAND REGIONAL PLANNING COMMISSION

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

RUTLAND REGIONAL PLANNING COMMISSION

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Rutland Regional Planning Commission
PO Box 430
Rutland, VT 05702

Opinion

We have audited the accompanying financial statements of Rutland Regional Planning Commission ("Commission"), (a non-profit and state political organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Commission and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Commission's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Commission's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Commission's ability to continue as a going concern for a reasonable period of time.

Other Matters – Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 1, and the Schedule of Contributions on Schedule 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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.

Report on Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rutland Regional Planning Commission's basic financial statements. The accompanying financial information listed as Schedules 3 through 8 in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Schedules 3 through 8 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the standards generally accepted in the United States of America. In our opinion, Schedules 3 through 8 are 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 23, 2025 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Commission's internal control over financial reporting and compliance.

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.

Batchelder Associates, PC

Batchelder Associates, P.C.
Barre, Vermont
VT License #945
October 23, 2025

RUTLAND REGIONAL PLANNING COMMISSION
MANAGEMENT AND DISCUSSION ANALYSIS
JUNE 30, 2025

Introduction

This section explains the general financial condition and results of operations of the Rutland Regional Planning Commission (Commission) for the fiscal year ended June 30, 2025. Please read this in conjunction with the Commission's financial statements, which begin on page 7.

Rutland Regional Planning Commission

The mission of the Rutland Regional Planning Commission is to develop and implement a regional plan, to provide assistance to municipalities with the planning process and information gathering, to be a central repository of planning information, and to administer regional programs while remaining consistent with federal and state requirements.

The legal basis and powers for the Commission serving as the region's regional planning commission stem from and are as stipulated in 24 V.S.A. Chapter 117 § 4301 et seq., as amended, 24 V.S.A. § 4345 et seq. and such other laws as may be enacted by the General assembly of the State of Vermont. The Commission was chartered by the municipalities of Rutland County in 1968 and is funded in part through the State of Vermont property transfer tax as outlined in 24 V.S.A. § 4306 (a). Along with other regional planning commissions in Vermont, Rutland Regional Planning Commission is a non-taxing political subdivision of the State of Vermont established under state statute ([24 VSA §4341](#)). To the extent a conflict exists with a provision in Vermont statutes governing regional planning commissions, the Vermont statutes will control.

Financial Highlights

Key financial highlights for 2025 are as follows:

- The assets of the Commission exceeded its liabilities at the close of the year ended June 30, 2025 by \$482,696 compared to \$523,383 at the close of the year ended June 30, 2024. Of the June 30, 2025 amount, \$364,061 may be used to meet the Commission's ongoing obligations to citizens, authorities, and creditors and \$90,141 is restricted related solely to the Creek Path project for which the Commission is the fiscal agent, and \$28,494 is the net investment in capital assets.
- The Commission's total net assets decreased by \$40,687 in 2025 compared to a decrease of \$90,534 in 2024.

Using These Financial Statements

The Statement of Net Position and the Statement of Activities (on pages 7 and 8) provide information about the activities of the Commission as a whole. These statements include all assets, deferred outflows of resources and liabilities of the Commission using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

The net position is the difference between assets, deferred outflows of resources and liabilities, and is one way to measure the financial health, or financial position, of the Commission. Over time, increases or decreases in the Commission's net position is one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the mix of grant and operating revenue.

Budget

The Commission builds its annual budget on diverse sources of funding. Transportation funding includes both Federal Highway Administration and Federal Transit Administration funds, so the Commission is dependent on the Federal Transportation Bill for appropriations of planning funds. The Commission receives 10% of matching funds for the majority of the federal transportation funds from the State, making it also dependent on the actions of the Vermont legislature. The Commission receives dues from its member municipalities that in the year ended June 30, 2025 totaled \$27,000 as unrestricted revenue used to locally match projects and support basic operations.

RUTLAND REGIONAL PLANNING COMMISSION
MANAGEMENT AND DISCUSSION ANALYSIS
JUNE 30, 2025

Budget (continued)

The State of Vermont had provided regional planning funding through an annual performance-based contract through the Agency of Commerce and Community Development (ACCD). These contract funds were \$679,397 for the year ended June 30, 2025. With these funds, the Commission carries out statutory duties as specified in an annual work plan approved by the Commission and ACCD.

The Commission also funds its operations through special purpose grants and service contracts for technical assistance. These funds tend to vary from year to year, but include funding through the Department of Environmental Conservation, Emergency Management Performance Grants funded by the federal U.S Department of Homeland Security through Vermont Department of Public Safety and Brownfields Grant funding from the U.S. Environmental Protection Agency.

Pension Liability Note

The Governmental Accounting Standards Board (GASB), which sets rules for Public Accounting, now requires that institutions like the Commission who participate in retirement plans like the Vermont Municipal Employee's Retirement System (VMERS) Defined Benefit plan (pension) carry potential liabilities with the retirement system in their accounting records. The GASB 68 (accounting principal) which dictates this reporting method was adopted in 2015 and is discussed in Note 10, Pension Plans. It is important to understand that the actuarial assumptions detailed in the Note are from VMERS, not the Commission nor the auditors. Furthermore, the Commission has no management control over potential future liabilities or assets resulting from actions by the VMERS Board.

The net of the new asset and liability accounts, along with how the Commission contributes to their employees' retirement plans, produces an additional expense of \$60,297, included in operating revenues (expenses) shown on page 8, Statements of Activities. This expense is not considered Operating as the Commission has no control over the changes in this expense. It should be noted that the expense may increase or decrease, even dramatically, due to changes in actuarial assumptions in coming years. This additional expense of \$60,297 was not actually paid out by the Commission in fiscal year 2025, but rather is an estimate of its share of potential future costs to the VMERS pension system. This is why it is important to recognize these additions to the Commissions financial records, but not consider the figures part of its financial performance during the year.

Operating Results

The Commission finished the year ended June 30, 2025 with a deficit of \$40,687, of which, \$7,339 represents restricted revenue, \$42,390 represents restricted expenditure, \$2,206 represents other operating income and interest income of \$5,008, totaling \$27,837 leaving an operating loss of \$12,850. These results are shown on the Statement of Activities on page 8.

Each year the indirect rate is estimated and negotiated based on the most recent audited expenses. This indirect rate is used to charge contracts for two fiscal years following the current year's negotiated rate. For example, the fiscal year 2025 indirect rate will be used in charging grants and contracts during fiscal year 2027. There will always be some variance between the estimated and actual expenses which can be used to influence the indirect rate in future years, assuming the fluctuation base is known at the time of rate negotiation.

RUTLAND REGIONAL PLANNING COMMISSION
MANAGEMENT AND DISCUSSION ANALYSIS
JUNE 30, 2025

Condensed Financial Information – Net Position

	2025	2024
Current and other assets	\$ 1,449,122	\$ 1,436,109
Capital assets, net	449,244	80,174
Total assets	1,898,366	1,516,283
Deferred outflows of resources	171,162	157,383
Long-term liabilities outstanding	838,562	383,628
Other liabilities	748,270	765,641
Total liabilities	1,586,832	1,149,269
Deferred inflows of resources	-	1,014
Net Position		
Invested in capital assets, net of related debt	28,494	41,198
Restricted (Creek Path)	90,141	125,193
Unrestricted	364,061	356,992
Total net position	\$ 482,696	\$ 523,383

As noted earlier, net assets may serve over time as a useful indicator of a government entity's financial position. In the case of the Commission, assets exceed liabilities by \$482,696 at the close of the most recent fiscal year.

Investment in capital assets represents 6% of the Commission's net position, less any related debt used to acquire those assets that are still outstanding. The Commission uses these capital assets to provide services; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net assets of \$364,061 may be used to meet the Commission's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Commission reports a positive net position balance for the entity as a whole.

RUTLAND REGIONAL PLANNING COMMISSION
MANAGEMENT AND DISCUSSION ANALYSIS
JUNE 30, 2025

Condensed Financial Information – Statement of Activities for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Operating revenues	\$ 2,054,726	\$ 1,596,659
Operating expenses	2,067,576	1,611,359
Operating income	(12,850)	(14,700)
Nonoperating revenues/(expenses)		
Investment income	5,008	5,422
Other operating income	2,206	9
Restricted revenue	7,339	33,600
Restricted expenses	(42,390)	(114,864)
Nonoperating income/(Loss)	(27,837)	(75,833)
Change in Net Position	(40,687)	(90,533)
Net Position, beginning	523,383	613,916
Net Position, ending	\$ 482,696	\$ 523,383

Budgeting Highlights

The Commission's budget is prepared according to the requirements of the Commission's bylaws and policies. The operating budget included proposed expenditures and estimated revenues. Final revenues and other financing sources, in the amount of \$2,054,726 were less than originally budgeted revenues by the amount of \$186,931.

Operating expenditures were budgeted at \$2,237,227 while actual operating expenditures were \$2,067,576.

Current Issues

1. Rutland Regional Planning Commission works with local officials to keep the annual per capita dues at a fair, but equitable level. The dues received in fiscal 2025 totaled \$27,000.

2. Regional commissions are also affected by grant funding that is either non-existent in some years or very minimal in others. In addition, many grant sources will not pay for the associated administrative costs of having these grants and as a result the Commission must use its local and state appropriations and/or its fund balance to meet these needs. It should be recognized that there is limited money available to be used as a "local" match for grants such as the transportation grant.

Contacting the Commission's Financial Management

This financial report is designed to provide citizens and creditors with a general overview of the Commission's finances, and to reflect the Commission's accountability for the monies it receives. Questions about this report or requests for additional financial information should be directed to Mary Kay Skaza or Devon Neary, Executive Director, Rutland Regional Planning Commission, PO Box 430, Rutland, Vermont 05702.

RUTLAND REGIONAL PLANNING COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS

Current assets:

Cash and cash equivalents	\$ 599,497
Cash and cash equivalents- restricted	332,408
Receivables	491,947
Prepaid expenses	25,270
Total current assets	<u>1,449,122</u>

Non - current assets:

Property and equipment, net	34,913
Right of use asset, net	414,331
Total non- current assets	<u>449,244</u>

Total assets	<u>1,898,366</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources related to participation in VMERS	171,162
Total deferred outflows of resources	<u>171,162</u>

LIABILITIES

Current liabilities:

Accounts payable	222,823
Accrued expenses	55,331
Conditional grant payable	419,210
Current portion of lease liability	40,906
Note payable	10,000
Total current liabilities	<u>748,270</u>

LONG TERM LIABILITIES

Net pension liability related to participation in VMERS	458,718
Lease liability, net of current portion	379,844
Total noncurrent liabilities	<u>838,562</u>

Total liabilities	<u>1,586,832</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to the Commission's participation in VMERS	-
Total deferred inflows	<u>-</u>

NET POSITION

Invested in capital assets, net of related debt	28,494
Restricted	90,141
Unrestricted	364,061
Total Net Position	<u>\$ 482,696</u>

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

RUTLAND REGIONAL PLANNING COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

OPERATING REVENUES	
Federal, state and other grants	\$ 2,027,726
Local assessments	27,000
Total operating revenues	<u>2,054,726</u>
OPERATING EXPENSES	
Salaries and wages	874,196
Payroll taxes and benefits	358,872
Consultants and contract services	528,938
Grant pass-through and reimbursements	42,721
Rent and occupancy	74,598
Other operating expenses	181,965
Depreciation	6,286
Total operating expenditures	<u>2,067,576</u>
OPERATING REVENUE/(EXPENSES)	<u>(12,850)</u>
NONOPERATING REVENUE (EXPENSES)	
Investment income	5,008
Other operating income	2,206
Restricted income	7,339
Restricted expenditures	(42,390)
Total nonoperating revenue/(expenses)	<u>(27,837)</u>
CHANGE IN NET POSITION	(40,687)
NET POSITION, BEGINNING	<u>523,383</u>
NET POSITION, ENDING	<u>\$ 482,696</u>

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

RUTLAND REGIONAL PLANNING COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from operating activity	\$ 1,880,951
Cash paid for personnel	(1,160,671)
Cash paid for goods and services	<u>(804,862)</u>
Net cash provided by operating activities	<u>(84,582)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	-
Reduction of finance lease liability	<u>(39,618)</u>
	<u>(39,618)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Restricted program outlays	(42,390)
Restricted revenue	7,339
Interest received	5,008
Other non-operating income	<u>2,206</u>
Net cash provided from investing activities	<u>(27,837)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	(152,037)
CASH AND CASH EQUIVALENTS, BEGINNING	1,083,942
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 931,905</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Adjustments to reconcile operating income to net cash used by operating activities:	
Operating income	\$ (12,850)
Depreciation	6,286
Lease amortization	46,037
(Increase) decrease in accounts receivable	(173,775)
(Increase) decrease in prepaid expenses	8,101
Increase (decrease) in accounts payable	48,204
Increase (decrease) in accrued compensation	12,100
Increase (decrease) in conditional grant payable	(78,982)
(Increase) decrease in deferred outflows and inflows (pension)	(14,793)
Increase (decrease) in pension liability	<u>75,090</u>
Net cash provided by operating activities	<u><u>\$ (84,582)</u></u>

The accompanying notes are an integral part of these financial statements

RUTLAND REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1. Description of the Commission and Reporting Entity

The Rutland Regional Planning Commission ("Commission") operates under the Vermont Municipal and Regional Planning and Development Act (VSA 24, Chapter 117) and the adopted bylaws. Although active participation is voluntary, twenty-seven (27) member municipalities participate in and recognize the value of regional planning. The Commission is one of 11 regional planning commissions in Vermont.

The Commission is governed by members appointed by the region's municipalities. They implement a variety of projects and programs tailored to local and regional needs, and also complete projects of statewide importance and interest.

The Commission is a non-profit organization exempt from income taxes under the Internal Revenue Code as an instrumentality of a political subdivision of the State of Vermont.

NOTE 2. Summary of Significant Accounting Policies

The Financial Reporting Entity

This report includes all of the funds of the Commission. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Based on these criteria, there are no other entities that should be combined with the financial statements of the Commission.

Basis of Presentation

The Commission reports itself as a business-type activity as defined in GASB 34.

Operating revenues include grant revenue, project and community-match revenues, member dues, and consulting revenues that result from transactions associated with the principal activities of the organization. Non-operating revenues, such as investment earnings and fiscal agent receipts and expenses, result from non-exchange transactions or ancillary activities.

Measurement Focus

The accounting and financial reporting treatment applied is determined by the measurement focus. The financial statements are reported using the economic resources measurement focus. This means that all assets, liabilities and deferred inflows and outflows (whether current or noncurrent) are included on the statement of net position. Fund equity (i.e., net total position) is segregated into restricted and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Basis of Accounting

Business-type activities are accounted for on the economic resources' measurement focus using the accrual basis of accounting. Revenues are recorded when they are earned, including unbilled services which are accrued. Expenses are recorded at the time liabilities are incurred.

Under the terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

RUTLAND REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2. Summary of Significant Accounting Policies (continued)

Donated Services

Rutland Regional Planning Commission receives non-cash contributions in the form of member communities and other organizations performing various planning tasks to assist the Commission. These in-kind contributions may be used as a match for grants at an estimated hourly rate or the actual billing rate, if available. These contributions may not reflect 100% of in-kind contributions in the financial statements of the Commission.

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

With regard to the Statement of Net Position, "cash and cash equivalents" includes all cash on hand, demand deposits, savings accounts, and certificates of deposits of the Commission, with an initial maturity of three months or less.

Capital Assets

Capital assets are reported at actual cost. Major outlays for capital assets and improvements are capitalized as purchased. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Rutland Regional Planning Commission does not own major general infrastructure assets.

Capital assets are depreciated in order that the cost of these assets be charged to expenses over their estimated service lives of three to ten years, using the straight-line method of calculating depreciation.

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

Lease and adoption of new accounting standard

Effective July 1, 2022, Rutland Regional Planning Commission adopted the provisions of Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), which replaces the prior guidance for leases found in FASB ASC 840. ASU No. 2016-02 applies to both lessees and lessors and will require lessees with operating leases to recognize a right-of-use asset and related lease liability for leases with terms of 12 months or more.

The Commission is a lessee in a noncancelable operating lease. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be a or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred. ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

RUTLAND REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2. Summary of Significant Accounting Policies (continued)

ROU assets for finance leases are amortized on a straight-line basis over the lease term. Operating leases with fluctuating lease payments: For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

The Commission has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

The Commission has elected to use the practical expedient to not separate lease and non-lease components for all leases.

The Commission has elected to not use the risk-free rate to determine the discount rate for all leases.

Right-of-use assets and liabilities as of June 30, 2025 are presented as separate line items on the Commission's statements of financial position.

The Commission has established a capitalization threshold of \$5,000 for lease accounting.

Compensated Absences

The Commission's policy for compensated absences allows employees to accumulate earned but unused compensated time. The liability for these compensated absences that are estimated not to exceed the amount to be paid from expendable available resources is recorded as a liability in the Commission's financial statements.

Budget and Budgetary Accounting

In accordance with its bylaws, the Board of Directors at the recommendation of the Executive Finance Committee annually establishes an assessment rate for each member municipality and adopts a general fund budget for the forthcoming year. The budget is prepared in accordance with generally accepted accounting principles for governmental activities.

Pensions

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

Deferred Outflows of Resources

In addition to assets, the statement of net financial position will sometimes 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/expenditures) until then. The Commission has one item that qualifies for reporting in this category: deferred outflows related to the Commission's participation in the Vermont Municipal Employees' Retirement System. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

Deferred Inflows of Resources

In addition to liabilities, the statement of net financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources," represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one item that qualifies for reporting in this category: deferred Inflows related to the Commission's participation in the

RUTLAND REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2. Summary of Significant Accounting Policies (continued)

Vermont Municipal Employees' Retirement System. These amounts are deferred and recognized as an Inflow of resources in the future periods to which the inflows are related or when the amounts become available.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the financial statements. In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that are paid from funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets (net of related debt) consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through the policies adopted by the Commission or through external restrictions imposed by creditors, grantors, or by the laws or regulations of other governments. The Commission's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Commission's board of directors has elected to keep a minimum unrestricted fund balance equivalent to six months of operating expenses at all times.

Revenue Recognition

The Commission occasionally provides services to customers under contracts for educational or training programs. A contract with a customer may create legal rights and obligations whether or not the contract is in writing. The rights and obligations under the contract may, in turn, give rise to contract assets and contract liabilities. There were no contracts with customers that were material to the financial statements for the year ended June 30, 2025. Additionally, there were no material contract assets or liabilities as of the beginning or end of fiscal year 2025.

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by donors are reported as increases in restricted net assets, depending on the nature of the restrictions. When a restriction expires, the net assets are reclassified to the unrestricted net assets.

The Commission's primary revenue stream consists of grants at the federal, state and local levels, primarily as flow through from state agencies. Income is recognized to the extent of actual and accrued expenditures within the grant. Grant income received in advance and not spent at the end of the fiscal year is deferred as grant advances on the balance sheet.

Fiscal Agent

The Commission is the fiscal agent for the Rutland Creek Path Project. The Rutland Creek Path Project is a 10-foot-wide paved multi-use path intended for both commuting and recreational purposes. When complete, it will provide a connection between major assets of the city including three major parks, an elementary and secondary school, a former college, and several major businesses, including General Electric, Casella Waste Systems, and Carris Reels. The path originates at the Giorgetti Athletic Complex/Pine Hill Park and extends across the city along a riparian route, ending at the former College of St. Joseph. It is a combination of off-road and on-road facilities, using low volume and dead-end local streets. This project is a true community effort. A volunteer citizen-based group has driven the project forward to its present status.

RUTLAND REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3. Cash

Cash

Deposits and investments are categorized to give an indication of the level of risk assumed by the Commission at June 30, 2025. The categories are described as follows:

- Category 1: Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor's name.
- Category 3: Uncollateralized.

As of June 30, 2025, all of the Commission's deposits are shown as below.

Cash and Investments are as follows:

Deposits with Financial Institutions	\$ 931,905
Petty Cash	-
Total Cash	<u><u>\$ 931,905</u></u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does have a deposit policy for custodial credit risk. As of June 30, 2025, \$0 of the government bank balances were exposed to custodial credit risk.

	Book Balance	Bank Balance
FDIC insured	\$ 509,791	\$ 547,833
Category 1	422,114	422,114
Petty cash	-	-
Total	<u><u>\$ 931,905</u></u>	<u><u>\$ 969,947</u></u>

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

NOTE 4. Receivables

Receivables consist of amounts due from grants, contracts, and other items. The Commission uses the allowance method for uncollectible receivables. Management has reviewed the accounts and determined that an allowance for doubtful accounts of \$0 is appropriate at June 30, 2025.

Receivables are comprised of the following:

	<u>2025</u>
Grants and contracts	\$ 491,947
Total	<u><u>\$ 491,947</u></u>

RUTLAND REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025
Computers and equipment	\$ 30,920	\$ -	\$ -	\$ 30,920
Leasehold improvements	30,005	-	-	30,005
Totals at historical cost	60,925	-	-	60,925
Less: accumulated depreciation				
Computers and equipment	(19,726)	(5,517)	-	(25,243)
Leasehold improvements	-	(769)	-	(769)
Total accumulated depreciation	(19,726)	(6,286)	-	(26,012)
Capital assets - net	\$ 41,199	\$ (6,286)	\$ -	\$ 34,913

NOTE 6. Deferred Outflows/Inflows of Resources

Deferred outflows of resources consist of \$49,680 of the difference between expected and actual earnings on plan investments, \$55,200 of the difference between projected and actual earnings on plan investments, \$11,315 of the changes in Proportional share of Contributions, \$2,472 from changes in assumptions, and \$52,495 of required employer pension contributions made subsequent of the measurement date related to the Commission's participation in the Vermont Municipal Employees' Retirement System (VMERS) for the total of \$171,162 as further described in Note 10. Deferred inflows as a result of VMERS is \$0 as of June 30, 2025.

NOTE 7. Conditional Grant Payable

For the year ended June 30, 2025 the Commission had received from grantors funds that had not yet been spent for their intended purpose totaling \$419,210, which is shown in the Statement of Net Position as unearned grant revenue.

NOTE 8. Funds Held for Others

On June 30, 2025, the Commission held \$90,141 in funds for the Rutland Creek Path Project, with which the Commission is assisting. These funds are included in the Commission's cash balance and are being spent at the direction of the project's leadership.

RUTLAND REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9. Concentration of Support

The Commission receives a significant amount of support from the federal government and the State of Vermont. The concentration of grant income is passed through various departments within the State of Vermont. The Commission depends heavily upon this support, without which it may not be able to maintain the current level of services provided to the Rutland area. Approximately \$1,599,024 of grant revenue is comprised of federal and state grant revenue as a pass-through from state agencies. The largest revenue source is from the State of Vermont as a Regional Planning grant in the amount of \$679,397.

NOTE 10. Pension Plans

Vermont Municipal Employees' Retirement System

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2024, the retirement system consisted of 8,393 members. The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

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

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

Pension liabilities, deferred outflows of resources, deferred inflows of resources:

As of June 30, 2024, the measurement date selected by the State of Vermont, VMERS was funded at 75.22% and had a plan fiduciary net position of \$1,008,504,817 and a total pension liability of \$1,340,652,483 resulting in a net pension liability of \$332,147,666. As of June 30, 2024, the Commission's proportionate share of this was 0.13810% resulting in a liability of \$458,718. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2025, the Commission's proportion of 0.13810% was an increase of 0.01833% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the Commission recognized pension expense of \$60,297.

RUTLAND REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10. Pension Plans (continued)

As of June 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflow of Resources	Deferred Inflows in Resources
Difference between expected and actual experience	\$ 49,680	\$ -
Changes in assumptions	2,472	-
Changes in proportional share of contributions	11,315	-
Difference between projected and actual earnings on pension plan investments	55,200	-
Organization's required employer contributions made subsequent to the measurement date	52,495	
Total deferred resources	<u>\$ 171,162</u>	<u>\$ -</u>

The deferred outflows of resources resulting from the Commission's required employer contributions made subsequent to the measurement date in the amount of \$52,495 will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year End June 30	Employer's Proportionate of Deferred Outflows/Inflows
2025	40,720
2026	70,833
2027	14,537
2028	(7,422)
2029	-
Total	<u>\$ 118,668</u>

RUTLAND REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10. Pension Plans (continued)

Summary of System Provisions

Membership:

Full time employees of participating municipalities. The Commission elected coverage under Group B.

Creditable Service:

Service as a member plus purchased service.

Average Final Compensation (AFC):

Group B – Average annual compensation during highest 3 consecutive years.

Service Retirement Allowance:

Eligibility: Group B – The earlier of age 62 with 5 years of service or age 55 with thirty 30 years of service.

Amount: Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC.

Maximum benefit is 60% of AFC for Group B. The previous amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility: Age 55 with 5 years of service for Group B.

Amount: Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group B member.

Vested Retirement Allowance:

Eligibility: 5 years of service.

Amount:

Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post Retirement Adjustments."

Disability Retirement Allowance:

Eligibility: 5 years of service and disability as determined by Retirement Board.

Amount: Immediate allowance based on AFC and service to date of disability.

Death Benefit:

Eligibility: Death after 5 years of service.

Amount: Reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as of date of death.

RUTLAND REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10. Pension Plans (continued)

Optional Benefit and Death after Retirement:

For Group B, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

Refund of Contribution:

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

Post-Retirement Adjustments:

Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 3% for Group B.

Member Contributions:

Group B – 6.375%

Employer Contributions:

Group B – 7.00%

Retirement Stipend:

\$25 per month payable at the option of the Board of Retirees.

Significant Actuarial Assumptions and Methods

Investment Rate of Return:

7.0%, net of pension plan investment expenses, including inflation.

Salary increases:

Varying service-based rates from 0-10 years of service: 0 = 7.0%, 1 = 6.50%, 2 = 5.75%, 3 = 5.25%, 4 = 5.0%, 5-9 = 4.75%, then a single rate of 4.50% for year 10 and all subsequent years.

Mortality -- Death in active service:

Group B: 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General employee. With generational projection using scale MO-2019.

Spouse's Age:

Females three years younger than males.

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 Groups 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, 2025, COLA is expected to be 1.90% for Group A and 1.90% for Groups B, C, and D. The January 1, 2024, COLA was 1.10% for Group A and 1.10% for Groups B, C, and D.

RUTLAND REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10. Pension Plans (continued)

Actuarial Cost Method:

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

Actuarial Value of Assets:

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

Inflation:

2.30%.

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Agg Fixed Income	19.00%	1.70%
TIPS	2.00%	1.70%
Large/Mid Cap US Equity	4.00%	4.20%
Small Cap US Equity	3.00%	4.70%
Developed Large/Mid Cap International Equity	5.00%	5.95%
Global Equity	32.00%	5.25%
Core Real Estate	3.00%	3.45%
Non-Core Real Estate	4.00%	5.70%
Private Credit	11.00%	5.70%
Private Equity	11.00%	7.45%
Private Core Infrastructure	4.00%	4.95%
Agriculture/Farmland	2.00%	3.95%
	<u>100.00%</u>	

Discount Rate:

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period of four years beginning July 1, 2023 to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by the Legislature. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members,

RUTLAND REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10. Pension Plans (continued)

are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%) than the current rate:

<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
\$701,312	\$458,718	\$259,603

Additional Information:

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

The Commission historically has had a defined contribution plan with VMERS, of which one employee remains a participant. Employees participating in this plan are required to contribute 5.0% of gross wages and the Commission contributes 6% of the employees' gross wages to the plan. The contribution requirements of plan members and the Commission are established and may be amended by the Board of Trustees. Total payroll for the year ended June 30, 2025 was \$874,196, while covered payroll was \$84,904. The commission's contributions to the VMERS defined contribution plan were \$5,094 for the year ended June 30, 2025.

NOTE 11. Grant Exposure

The Commission participates in state and federally assisted grant programs which are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2025 have not yet been completed. Accordingly, the Commission's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Commission expects such amounts, if any, to be immaterial.

NOTE 12. Risk Management and Insurance

The Commission covers its significant risks of loss, which are identified by commercial insurance with the assistance of insurance agents. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. There have been no significant reductions in insurance coverage or settlement amounts exceeding insurance coverage for the current or three (3) prior years.

NOTE 13. Right-Of-Use Asset and Lease Liability

The Commission entered into a new lease agreement with MKF Properties for office space located at 16 Evelyn Street, Rutland, Vermont. The lease commenced on July 1, 2024, for a 10-year term ending June 30, 2034, with options to renew for two additional five-year periods. Base rent is \$4,275 per month (\$51,300 annually) for the first five years, increasing by 10% effective July 1, 2029, for the remainder of the term. The Commission is responsible for electricity, communications, and janitorial services, while the landlord provides heating, ventilation, air conditioning, and common area maintenance. A right-of-use asset and corresponding lease liability were recognized at lease commencement based on the present value of future lease payments. Rent expense related to this lease for fiscal year 2025 is included in occupancy costs. Rent expenses for all leases in 2025 were \$46,037.

RUTLAND REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13. Right-Of-Use Asset and Lease Liability (continued)

Right-of-use asset consisted of the following as of June 30, 2025:

	2025
Right-of-use asset, cost	\$ 460,368
Less accumulated amortization	\$ (46,037)
	<u>\$ 414,331</u>

Future minimum lease payments

	Future Lease Obligations
2026	51,300
2027	51,300
2028	51,300
2029	51,300
2030 and after	<u>285,000</u>
	490,200
Less discount to net present value	<u>(69,450)</u>
	420,750
Less current portion	<u>(40,906)</u>
Total	<u><u>379,844</u></u>

Incremental Borrowing Rate: ASC 842 defines the incremental borrowing rate as the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term for a similar amount of loan. The 3.25% incremental borrowing rate is deemed a reasonable estimate based on industry trends given the prime rate of 3.25%.

Future lease cost	2026	2027	2028	2029	2030 and after	Total
Lease cost						
Amortization of right-of-use assets	\$ 46,037	\$ 46,037	\$ 46,037	\$ 46,037	\$ 230,184	\$ 414,331
Interest of lease liabilities	<u>10,394</u>	<u>9,035</u>	<u>7,641</u>	<u>6,201</u>	<u>36,180</u>	<u>69,450</u>
Total lease cost	<u>\$ 56,431</u>	<u>\$ 55,072</u>	<u>\$ 53,678</u>	<u>\$ 52,237</u>	<u>\$ 266,364</u>	<u>\$ 483,781</u>

NOTE 14. Long-Term Debt

The following is a summary of the debt transactions for the Commission for the year ended June 30, 2025:

	Debt Payable at June 30, 2024	Debt Added	Debt Retired	Debt Payable at June 30, 2025
Note payable	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>

RUTLAND REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 14. Long-Term Debt (continued)

Long-term obligations outstanding at June 30, 2025 consisted of the following:

Two individuals loaned the Commission \$20,000 in October 2009 for the purpose of completing contract obligations with UVM and Otter Creek Engineering for work incurred on Rutland Creek Path. Upon receipt of donations to cover these costs, the funds shall be repaid in full, without interest. Should donations be insufficient to support this agreement, the Commission is under no obligation to repay the loan and is held harmless in the agreement. \$10,000 of this loan was donated during the 2016 fiscal year.

NOTE 15. Advertising

The Commission expenses advertising costs as they are incurred. Advertising costs for the year ended June 30, 2025 were \$5,281. Advertising expenses may include funds spent on direct advertising in addition to sponsorships, printing, promotional expenses and business show participation.

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; injuries to employees; natural disasters. The Commission maintains insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Significant growth and expansion of services continues to grow for the Commission due to the needs of Towns in properly designing plans and use of the federal funds distributed throughout the state.

NOTE 17. Subsequent Events

Subsequent events are events or transactions that occur after the financial statement date, but before the financial statements are issued.

Management has evaluated subsequent events through October 23, 2025, the date the June 30, 2025, financial statements were available for issuance. Subsequent to year-end, RRPC entered into a new computer lease agreement with Dell to address ongoing equipment failures occurring prior to their expected five-year life cycle. This agreement will enable RRPC to better manage and budget for computer-related costs based on actual obligated expenses. Additionally, due to organizational expansion, office renovations were completed to divide one office into two separate workspaces. The total cost of approximately \$6,000 will be capitalized and depreciated beginning in fiscal year 2026. Lastly, RRPC's Clean Water Service Provider (CWSP) projects have continued to progress into FY2026.

RUTLAND REGIONAL PLANNING COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY VMERS DEFINED BENEFIT PLAN
JUNE 30, 2025

SCHEDULE 1

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total plan net pension liability	\$ 332,147,666	\$ 320,293,753	\$ 303,371,956	\$ 147,184,198	\$ 252,974,064	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810
Commission's portion of the net pension liability	0.13810%	0.11977%	0.10780%	0.10073%	0.09418%	0.09794%	0.09390%	0.04449%	0.11824%	0.08016%
Commission's proportionate share of the net pension liability	\$ 458,718	\$ 383,628	\$ 327,027	\$ 148,261	\$ 238,260	\$ 169,921	\$ 132,080	\$ 125,985	\$ 152,176	\$ 61,798
Commission's covered employee payroll	\$ 749,929	\$ 673,958	\$ 525,228	\$ 431,531	\$ 373,268	\$ 339,476	\$ 332,148	\$ 299,007	\$ 308,760	\$ 326,751
Commission's proportionate share of the net pension liability as a percentage of Commission's covered employee payroll	61.17%	56.92%	62.26%	34.36%	63.83%	50.05%	39.77%	42.13%	49.29%	18.91%
Plan fiduciary net position as a percentage of the total pension liability	75.22% as of June 30, 2024	74.01% as of June 30, 2023	73.60% as of June 30, 2022	86.29% as of June 30, 2021	74.52% as of June 30, 2020	80.35% as of June 30, 2019	82.6% as of June 30, 2018	83.64% as of June 30, 2017	80.95% as of June 30, 2016	87.42% as of June 30, 2015

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions: The discount rate used to measure the net position liability was lowered from 7.50% to 7.0% due to the adoption by the Board of Trustees of a 7.0% expected future rate of return on assets for funding purposes.

Fiscal year 2015 was the first year of implementation, though, only ten years are shown as per standard.

RUTLAND REGIONAL PLANNING COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
VMERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 2

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution (actuarially determined)	\$ 47,808	\$ 45,492	\$ 34,140	\$ 26,970	\$ 29,263	\$ 19,521	\$ 18,818	\$ 16,445	\$ 22,302	\$ 21,145
Contributions in relation to the actuarially-determined contributions	47,808	34,140	34,140	26,970	29,263	19,521	18,818	16,445	22,302	21,145
Contribution excess/(deficiency)	<u>\$ -</u>	<u>\$ 11,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered employee payroll	\$ 749,929	\$ 673,958	\$ 525,228	\$ 431,531	\$ 373,268	\$ 339,476	\$ 332,148	\$ 299,007	\$ 308,760	\$ 326,751
Contributions as a percentage of Commission's covered employee payroll	6.38%	5.07%	6.50%	6.25%	7.84%	5.75%	5.67%	5.50%	7.22%	6.47%
Valuation date:	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

Notes to Schedule

Fiscal year 2015 was the first year of implementation, though, only ten years are shown as per standard.

RUTLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF OPERATIONS
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 3

	Budget	Actual	Favorable (Unfavorable)
OPERATING REVENUES			
Local Income	\$ 27,000	\$ 27,000	\$ -
State Income	679,397	679,397	-
VT Dept. of Environmental Cons.	371,052	272,805	(98,247)
State Income (non-permanent)	10,000	10,000	-
VT. Dept. of Public Safety	123,941	98,132	(25,809)
VT Dept. of Buildingd and Gen. Services	56,028	60,515	4,487
Fund balance reserve	18,000	-	(18,000)
VTrans	285,512	262,680	(22,832)
U.S. Department of Energy	15,199	-	(15,199)
Environmental Protection Agency	201,100	145,141	(55,959)
Local planning assistance	124,840	135,160	10,320
Special projects	262,588	219,540	(43,048)
U.S. Department of Labor	65,000	70,353	5,353
Interest income	2,000	-	(2,000)
Local match	-	74,003	74,003
Total operating revenues	<u>2,241,657</u>	<u>2,054,726</u>	<u>(186,931)</u>
OPERATING EXPENSES			
Salaries and wages	846,090	874,196	(28,106)
Payroll taxes and benefits	347,297	358,872	(11,575)
Contracted services	767,684	498,522	269,162
Marketing	6,350	5,281	1,069
Town and organizational support	300	1,243	(943)
Insurance	9,250	7,671	1,579
Copy and printing	12,952	7,650	5,302
Depreciation	-	6,286	(6,286)
Rent, utilities and cleaning	74,520	74,598	(78)
Supplies	8,574	4,912	3,662
Memberships and equipment	28,943	18,037	10,906
Service contracts, subscriptions and software	46,212	36,192	10,020
Telephone	11,220	11,031	189
Travel	11,754	9,339	2,415
Meetings, conferences and trainings	31,930	12,410	19,520
Audit and legal services	31,750	20,325	11,425
Postage	2,401	1,155	1,246
Interest expense	-	3,132	(3,132)
Grant pass through and reimbursements	-	42,721	(42,721)
Local match	-	74,003	(74,003)
Total operating expense	<u>2,237,227</u>	<u>2,067,576</u>	<u>169,651</u>
OPERATING INCOME	<u>\$ 4,430</u>	<u>\$ (12,850)</u>	<u>\$ (17,280)</u>

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

RUTLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF DIRECT AND INDIRECT COSTS
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 4

	Direct Expense	Indirect Expense	Unallowable Indirect Expense (a)	Total Allowable Indirect Expense	Total Expense
Salaries and wages	\$ 613,580	\$ 260,616	\$ -	\$ 260,616	\$ 874,196
Payroll taxes and benefits	239,926	118,946	-	118,946	358,872
Audit	-	18,750	-	18,750	18,750
Legal fees	-	1,575	-	1,575	1,575
Contracted services	472,166	26,356	-	26,356	498,522
Meetings	4,097	2,699	120	2,579	6,796
Travel, conferences and training	12,297	2,656	168	2,488	14,953
Supplies	833	4,079	117	3,962	4,912
Town and organizational support	1,243	-	1,243	(1,243)	1,243
Office - equipment purchase	3,841	6,070	5	6,065	9,911
Office - insurance	-	7,671	-	7,671	7,671
Office - postage	136	1,019	64	955	1,155
Office - rent and office improvements	950	16,994	47	16,947	17,944
Office - office cleaning	-	5,100	-	5,100	5,100
Office - telephone	-	11,031	-	11,031	11,031
Office - electricity	-	5,518	-	5,518	5,518
Office - copying and printing	11,390	(3,741)	90	(3,831)	7,649
Depreciation	-	6,286	-	6,286	6,286
Subscriptions and publications	4,650	19,868	301	19,567	24,518
Marketing	4,886	395	-	395	5,281
Interest expense	-	3,132	-	3,132	3,132
Grant pass through and reimbursements	42,721	-	-	-	42,721
Service contracts	-	11,666	-	11,666	11,666
Memberships	2,717	5,409	2,231	3,178	8,126
Local match	74,003	-	-	-	74,003
Miscellaneous / bank charges	-	8	-	8	8
Amortization expense	-	46,037	-	46,037	46,037
	<u>\$ 1,489,436</u>	<u>\$ 578,140</u>	<u>\$ 4,386</u>	<u>\$ 573,754</u>	<u>\$ 2,067,576</u>

(a) Costs not allowed under 2 CFR Part 200 Subpart E - Cost Principles

RUTLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF INDIRECT COST RATES CALCULATION
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 5

INDIRECT COSTS

Allowable Indirect Cost - 2025 Fiscal Year	\$ 573,754
	<u>\$ 573,754</u>

DIRECT COSTS

Direct Salaries and Wages - 2025 Fiscal Year	\$ 613,580
Direct Payroll Taxes and Employee Benefits - 2025 Fiscal Year	239,926
	<u>\$ 853,506</u>

INDIRECT RATE (Indirect Costs / Direct Costs)	<u>67.22%</u>
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RUTLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF DIRECT AND INDIRECT COSTS RECOVERED
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 6

<u>Grant/Agency</u>	<u>Direct Staff Costs</u>	<u>Indirect Costs at 62.97%</u>
Regional Planning Grant (Vermont Agency of Commerce and Community Development)	\$ 362,662	\$ 228,368
Transportation Grants (U.S. Department of Transportation and Vermont Agency of Transportation)	\$ 169,656	\$ 106,832
Emergency Management Performance Grants (U.S. Department of Homeland Security and Vermont Department of Public Safety)	\$ 27,635	\$ 17,402
Other	\$ 293,553	\$ 184,850
	<u>\$ 853,506</u>	<u>\$ 537,453</u>

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

RUTLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF VERMONT AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 7

Task #	Task Description	Budget	Staff	Indirect rate at 62.97%	Other Direct	Total
1	Regional Planning	\$ 319,180	\$ 188,640	\$ 118,787	\$ 5,668	\$ 313,095
2	Municipal Plan/Technical Assistance	119,502	50,950	32,083	4,324	87,357
3	Regional Training and Education For Municipalities	9,832	1,782	1,122	-	2,904
4	Support for Statewide Initiatives	9,282	1,216	766	188	2,170
5	Core Functions and Implementation Assistance	221,601	120,074	75,611	9,812	205,497
Total		<u>\$ 679,397</u>	<u>\$ 362,662</u>	<u>\$ 228,368</u>	<u>\$ 19,992</u>	<u>\$ 611,022</u>
Grant Revenue for 2025						611,022
Match						68,375
						<u>\$ 679,397</u>

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

RUTLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUE AND EXPENSES - CLEAN WATER SERVICE PROVIDER
SFY2023 AND SFY2024 FORMULA FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 8

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Federal, state and other grants	\$ 225,772	\$ 136,558
Interest	-	1,337
Total operating revenues	<u>225,772</u>	<u>137,895</u>
OPERATING EXPENSES		
Salaries and wages	35,752	37,929
Payroll taxes and benefits	11,268	12,295
Consultants and contract services	147,274	52,672
Indirect	29,608	31,993
Other operating expenses	1,870	1,669
Total operating expenditures	<u>225,772</u>	<u>136,558</u>
OPERATING REVENUE/(EXPENSES)	<u>-</u>	<u>1,337</u>
CHANGE IN NET POSITION	-	1,337
NET POSITION, BEGINNING	<u>1,543</u>	<u>206</u>
NET POSITION, ENDING	<u><u>\$ 1,543</u></u>	<u><u>\$ 1,543</u></u>

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



Batchelder Associates, PC

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*

To the Commissioners of
Rutland Regional Planning Commission
PO Box 430
Rutland, VT 05702

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 Rutland Regional Planning Commission ("Commission"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing 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 the 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 a 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.

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on 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.

Batchelder Associates, PC

Batchelder Associates, PC
Barre, Vermont
Vermont License #945
October 23, 2025