AGENDA
Green Mountain Transit Board of Commissioners
January 29th 2019, 7:30 a.m.
15 Industrial Pkwy, Burlington, VT 05401

The mission of GMT is to promote and operate safe, convenient, accessible, innovative, and sustainable public transportation services in northwest and central Vermont that reduce congestion and pollution, encourage transit oriented development, and enhance the quality of life for all.

7:30 a.m. 1. Open Meeting

7:31 a.m. 2. Adjustment of the Agenda

7:33 a.m. 3. Public Comment

7:43 a.m. 4. Approval of the January 15th Board Minutes

7:45 a.m. 5. Approving the FY20 Budget*
Motion to approve the fiscal year 20 budget as presented noting that all service assumptions used to balance the budget will require a separate board approval

9:00 a.m. 6. GM Evaluation (Executive Session)

9:30 a.m. 11. Adjourn

Next GMT meeting date: February 19th, 2019 @ 7:30 am at GMT

NOTES:

* Indicates an action agenda item.
- Persons with disabilities who require assistance or special arrangements to participate in programs or activities are encouraged to contact Cari Whittemore at 802-540-1746 at least 48 hours in advance so that proper arrangements can be made. Hearing disabled patrons can contact GMT through the Vermont Relay Service (711).
- Free transportation to and from GMT Board Meetings is available within the GMT service area. To make advance arrangements, please call GMT's Customer Service Representatives at 802-864-2282.
- Municipal Clerks: Please post this public meeting notice pursuant to Act 78 of the Acts of the 1979 Vermont Legislature. Thank you.

TO: GMT Board of Commissioners
FR: Michelle Daley, Director of Finance and Jon Moore, Director of Transportation
CC: Mark Sousa, General Manager
RE: FY 20 Budget

As a recap, the GMT staff began developing the FY20 Budget back in late August/early September along with adjusting the FY19 Budget. In October, staff discussed with the Finance Committee and the full board about the challenges with the FY20 budget. Finance Committee saw the first draft of the budget in early November, then again in December. As staff developed the budget several assumptions were made to balance the budget for board approval. Those assumptions were as follows:

- Level State and Federal Funding
- Loss of one STIC for Urban Federal 5307 Allocation
- Possible fare increase for urban system
- Wage savings for vacated positions
- Increase in Medicaid Revenue through PMPW

After applying those assumptions, the budget gap we are left with is $900,466. The following table shows the breakdown by urban and rural and the cost savings measures applied in order to balance the budget. The grant application process for 2020 begins in April 2019, this process can take some time. Last year our grant agreement for FY19 was executed in July after the start of the fiscal year. This wouldn't leave much time for the Authority to make quick adjustments if funding didn't come through as expected.

During the next few months the finance/grants team will be engaged in the state-wide cost allocation study. This process will hopefully allow for some technical support in advance of FY20 to guide a more enhanced cost allocation plan.

	Urban	Rural
Starting Budget Deficit	**$ 654,000**	**$246,466**
Administrative position savings through attrition	(95,0000)	(31,000)
Use of extra 5307 Funds	(200,000)	
Fare Increase to $1.50 urban only	(120,000)	
Increased Urban Assessments by 1%	(25,000)	
NEXTGen Implementations in FY19		(35,396)
NextGen Implementations and 5307 funds	(214,000)	
Additional Contributions/VTRANs		(180,070)
Total	0	0

Staff is looking for the Board of Commissioners to approve this approach, and staff will go back and develop the budget under these assumptions for a vote to approve the FY20 Budget on February 12, 2019.

TO: Finance Committee
FR: Michelle Daley, Director of Finance and Jon Moore, Director of Transportation
CC: Mark Sousa, General Manager
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- Loss of one STIC for Urban Federal 5307 Allocation
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After applying those assumptions, the budget gap we are left with is $900,466. The following table shows the breakdown by urban and rural and the cost savings measures applied in order to balance the budget. If during the grant application process in April/May of 2019 is successful and we are able to negotiate additional funds or there is some increased contributions committed for FY20, service suspensions could be avoided.

	Urban	Rural
Starting Budget Deficit	**$ 654,000**	**$246,466**
Administrative position savings through attrition	$(95,0000)	$(31,000)
Use of extra 5307 Funds	$(200,000)	
Fare Increase to $1.50 urban only	$(120,000)	
Elimination/reductions planned in FY19		$(35,396)
Service Suspensions	$(239,000)	$(180,070)

As a separate attachment we have included the cost allocation plan and the FTA Indirect Cost Rate closeout report for FY17. The Authority's accounting system doesn't capture costs by route. We use 18 different cost centers, and track the programs (urban system and rural system). Monthly we report to VTRANS on our rural system utilizing the service indicator report (SIRs). We calculate the cost of service each month called a transit rate (aka the fully allocated rate), and apply this to the vehicle service hours for billing the grants. Staff works with several rate structures when looking at costs by route. When we add routes and bill services we use the fully allocated rate. When we are looking to cut service we use the direct cost rate. **The fully allocated rate is made up of direct program costs, variable program costs, and overhead applied at the indirect cost rate.**

Below is a brief explanation of each rate:

Direct Cost Rate	The hourly rate based on direct costs to add or eliminate one hour of driver pay time up to roughly 2,080 annual hours. o When more than 2,080 annual pay hours are added or eliminated additional fixed cost savings are realized; i.e. driver benefits and vehicle insurance when a driver position and/or vehicle is eliminated. o The greater number of annual pay hours that are added or eliminated the more potential fixed costs are saved; i.e. adding or eliminating of maintenance personnel and/or administrative staff based on the increase or decrease of service hours provided.
Fully Allocated Rate	Total fixed route operating costs divided by number of service hours. This is the rate we use to bill new services and is what the local match % is based from.
Variable Costs:	Costs directly incurred by the program that go up or down based the amount of service provided. (to operate a bus; i.e. driver pay, fuel, parts.)
Fixed Costs:	Costs directly incurred by the program that may not change with minimal changes in service. (to operate a bus; i.e. operations manager, operation supervisors, dispatchers, and their benefits)
Overhead Costs:	These are costs that cannot be easily allocated to a program (i.e. GM, Finance, Grants, HR)

After the Board of Commissioners meeting on January 15, 2018 we understood that we needed to provide more detailed information on the direct cost rate as its applied to routes for consideration of suspension.

Urban Service Direct Operating Costs

FY19 Driver Hours		**142,454**		
FY19 Projected Costs			% of Total	Per Hour
Driver Wages paid	$	4,311,026	71%	$30.26
Driver PR Taxes	$	344,882	6%	$2.42
Fuel Exp	$	863,992	14%	$6.07
Oil/Antifreeze	$	75,829	1%	$0.53
Parts Exp	$	478,769	8%	$3.36
Tires Exp	$	68,772	1%	$0.48
	$	6,143,270	102%	**$43.12**
Supervisor Cost+taxes/benefits	$	73,150		
Bus Local Match	$	10,000		
Average Benefits for Driver	$	13,500		
Average Cost of Bus Insurance	$	4,000		

This is the breakdown of the urban direct operating cost rate. These costs are also variable since they will change with service hours operated.

The costs below are variable but after more than 2080 hrs of service which would equate to a fulltime equivalent.

The urban fully allocated rate is $84/hour.

Estimated urban direct hourly rate (FY20):

- $43.12/hour

To realize $239,000 gross cost savings in FY20, a reduction of 5,542 urban service hours would be needed.

Since this level of service cuts would result in two driver positions and two vehicles being eliminated, an additional $106,000 would be realized in fixed costs savings. This would result in a total of 4,160 urban hours needed to be eliminated in FY20.

Staff is hopeful that the Nextgen recommendations, when implemented, will save this amount through driver scheduling efficiencies. A discussion is needed on how the 10-hour rule will impact the NextGen implementation. **The 10-hour rule requires a change to municipal assessment when there is more than 10 weekly operator pay hours affected.**

Staff is hoping to implement the NextGen service changes as soon as June 2019.

The rural system is a little more complicated since we have different rate structures.

FY20 Rural Minor Service Change Direct Rate	All Rural	Year Round Allocation	Seasonal Allocation
Rural Driver Wages	$1,694,135	$1,505,223	$188,912
Rural Driver Payroll Taxes	$110,479	$96,195	$14,284
Rural Fuel Expense	$385,589	$335,735	$49,854
FY18 Parts Expense	$102,000	$88,812	$13,188
FY18 Rural Oil, Anti-freeze & Tires Expense	$68,433	$59,585	$8,848
Total Minor Service Change Direct Costs	$2,360,636	$2,085,551	$275,085
FY20 Direct Hourly Rate (Minor service change)	**$31.99**	**$32.46**	**$28.83**
MRV Dispatch Seasonal Hourly Rate			$2.57

This is the breakdown of the rural direct operating cost rate. With additional breakdowns between year round service and seasonal services that operate 4.5 months of the year. These costs are also variable since they will change with service hours operated.

FY20 Rural fixed cost Rate Calculation	All Rural	Year Round Allocation	Seasonal Allocation
Driver Benefit Expenses	$616,593	$616,593	$0
Ops Admin Expenses (less fuel & oil expenses above)	$898,774	$782,569	$116,205
Marketing Expenses	$151,365	$131,795	$19,570
Planning Expenses	$95,254	$82,939	$12,316
Mainteance Expenses (less direct expenses above)	$426,741	$371,566	$55,174
Maintenace Allocation	$132,983	$115,789	$17,194
General Admin Overhead	$428,435	$373,041	$55,393
Total Rural Indirect Costs	$2,750,144	$2,474,292	$275,852
FY20 Indirect Hourly Rate	**$37.27**	**$38.51**	**$28.91**
FY20 Rural Fully Allocated Rate	**$69.26**	**$70.97**	**$57.74**

This shows how we apply the fixed direct costs to the direct service rate above, calculating the fully allocated rate.

Seasonal employees do not have benefits, so they are not charged with them.

However it is important to note that we have had to use fulltime operators and managers to drive in the seasonal areas because of the difficulty hiring fully endorsed CDL operators.

Estimated FY20 direct cost (includes driver wages, fuel/oil, and Maintenance parts):

- Rural system: $34.46/hour
- Seasonal service: $28.83/hour

The seasonal service direct cost rate is lower due to the lower hourly wage and the subtraction of operator benefits.

The needed $180,000 cost savings is equal to 5,545 operator pay hours for year round service and 6,240 seasonal operator pay hours at the above direct cost rates.

Other fixed cost savings, such as the reduction of an operator position or vehicle disposal, would be determined by the amount of hours needing to be eliminated. These savings would be realized from:

- A reduction in operator benefits
- Workers' comp insurance
- Uniforms
- Local capital match
- Vehicle insurance savings based on fleet reduction

*Every 2,080 hours of service reduction would eliminate one operator position and one vehicle. The monetary savings would equal $53,000. The net sum of a 2,080 hour reduction of service would be $120,500 (**$67,500 direct costs, $53,000 fixed costs).***

In order to reach the $180,000 savings needed, an additional 1,850 service hours would have to be cut.

We would need a 4,160 hour reduction of service pay hours, in FY20, to realize $180,000 in gross cost savings.

Local contributions provided would be netted out of the above number. See attachment for a route level direct cost, minus local match.

GMT would need to reduce 3,930 rural service hours to realize $180,000 in net of local match cost savings in FY20 or find $180,000 in additional (state and/or local) revenue to continue all services.

The total additional funding amount needed to avoid service cuts, including local capital match, for the Stowe Mountain Road service is $80,500 and $98,000 for the Mad River Valley services. Staff will be looking at FY20 service modifications in the MRV that could reduce the additional amount needed.

FY18 Rural Service Indicator Report

Route #	Route Name	FY18 Total Boardings	Total Vehicle Hours FY18	Total Vehicle Miles FY18	Boardings/ Vehicle Hour (CALC Field)	Boardings/RVH per FY18 SIR	Gross Cost @ $74	Fares Collected in FY18	Farebox Recovery % (Calc field)	FY18 FB Recovery per SIR	Net Cost (Gross - Fares)	Net Cost / Boarding (NC/B)	Direct Costs @ $31.99	Boardings/ Service Day FY18	Region
110	St.Albans DT Shuttle	21,155	3,783	37,231	5.59	8.52	$279,942	$7,742	2.8%	3.0%	$272,200	$12.87	$121,018	68.7	FGI
115	Alburgh Commuter	6,021	1,443	36,669	4.17	6.60	$106,782	$4,029	3.8%	4.0%	$102,753	$17.07	$46,162	23.6	FGI
116	Richford Commuter	7,551	1,148	32,156	6.58	15.19	$84,952	$5,448	6.4%	7.0%	$79,504	$10.53	$36,725	29.6	FGI
?	Franklin Co. Tuesday Shopping Shuttle	789	217	2,616	3.64	4.24	$16,058	$0	0.0%	0.0%	$16,058	$20.35	$6,942	15.2	FGI
100	Rt. 100 Commuter	8,382	2,606	62,552	3.22	5.12	$192,844	$7,495	3.9%	4.0%	$185,349	$22.11	$83,366	32.9	Stowe
102	Morrisville Loop	4,552	1,275	14,586	3.57	4.38	$94,350	$2,001	2.1%	2.0%	$92,349	$20.29	$40,787	17.9	Stowe
103	Morrisville Shopping	4,404	510	10,404	8.64	9.44	$37,740	$2,051	5.4%	6.0%	$35,689	$8.10	$16,315	17.3	Stowe
108	Mountain Road Shuttle	47,170	4,610	70,294	10.23	12.83	$341,140	$0	0.0%	0.0%	$341,140	$7.23	$147,474	365.7	Stowe
108	Mountain Road Shuttle (CMAQ)	13,460	1,315	20,058	10.24	12.83	$97,310	$0	0.0%	0.0%	$97,310	$7.23	$42,067	104.3	Stowe
120	Valley Floor	7,576	1,326	20,696	5.71	6.62	$98,124	$0	0.0%	0.0%	$98,124	$12.95	$42,419	72.8	Sugarbush
121	Valley Evening	2,341	156	2,889	15.01	16.26	$11,544	$0	0.0%	0.0%	$11,544	$4.93	$4,990	130.1	Sugarbush
122	Mount Ellen	21,858	979	14,645	22.33	24.05	$72,446	$0	0.0%	0.0%	$72,446	$3.31	$31,318	216.4	Sugarbush
124	Mountain Condos	10,809	771	4,884	14.02	14.75	$57,054	$0	0.0%	0.0%	$57,054	$5.28	$24,664	103.9	Sugarbush
125	Access Road	10,919	777	6,119	14.05	13.09	$57,498	$0	0.0%	0.0%	$57,498	$5.27	$24,856	105.0	Sugarbush
?	Warren Fireworks Shuttle				#DIV/0!		$0	$0	#DIV/0!	0.0%	$0	#DIV/0!	$0	0.0	Sugarbush
80	City Mid-day	23,882	2,053	26,585	11.63	12.41	$151,922	$10,270	6.8%	7.0%	$141,652	$5.93	$65,675	77.5	WC
81	Barre Hospital Hill	27,961	3,984	54,605	7.02	8.03	$294,816	$12,695	4.3%	5.0%	$282,121	$10.09	$127,448	90.8	WC
82	Montpelier Hospital Hill	21,803	3,682	37,161	5.92	6.54	$272,468	$9,452	3.5%	4.0%	$263,016	$12.06	$117,787	70.8	WC
83	Waterbury Commuter	10,822	1,892	41,795	5.72	7.05	$140,008	$9,559	6.8%	7.0%	$130,449	$12.05	$60,525	42.4	WC
84	US2 Commuter (CMAQ)	7,318	2,953	51,128	2.48	4.33	$218,522	$6,444	2.9%	3.0%	$212,078	$28.98	$94,466	28.7	WC
87	Northfield Shuttle	1,099	181	1,675	6.07	8.09	$13,394	$0	0.0%	0.0%	$13,394	$12.19	$5,790	20.7	WC
88	Capital Shuttle (non-session) (CMAQ	1,901	1,297	12,152	1.47	1.63	$95,978	$0	0.0%	0.0%	$95,978	$50.49	$41,491	17.0	WC
88	Capital Shuttle (in-session)	4,741	1,135	10,633	4.64	4.64	$83,990	$0	0.0%	0.0%	$83,990	$17.72	$36,309	48.4	WC
89	City Commuter	36,362	6,134	79,587	5.93	7.17	$453,916	$15,859	3.5%	4.0%	$438,057	$12.05	$196,227	107.3	WC
90	Plainfield Health	776	855	11,306	0.91	1.32	$63,270	$0	0.0%	0.0%	$63,270	$81.53	$27,351	5.2	WC
92	Montpelier Circulator	16,686	2,889	26,367	5.78	6.77	$213,786	$0	0.0%	0.0%	$213,786	$12.81	$92,419	65.4	WC
93	Northfield Commuter	6,899	1,913	32,283	3.61	5.18	$141,562	$6,111	4.3%	5.0%	$135,451	$19.63	$61,197	27.1	WC
		327,237	**49,884**	**721,076**	**6.56**		**$3,691,416**	**$99,156**	**2.7%**		**$3,592,260**	**$10.98**	**$1,595,788**	**1,905**	

FY18 Urban Service Indicator Report

Route #	Route Name	Total Boardings	Total Vehicle Hours	Boardings/ Vehicle Rev Hour	Gross Cost @ $84	Fares Collected	Farebox Recovery %	Net Cost (Gross - Fares)	Net Cost/ Boarding	Direct Costs @ $43.12	Boardings/ Day*
56	Milton (9:40 PM)	864	426	2.03	$35,784	$1,728	4.8%	$34,056	$39.42	$16,641.12	3.4
36	Jeffersonville	8,898	2,950	3.02	$247,800	$21,704	8.8%	$226,096	$25.41	$105,500.00	34.9
10	Williston- Essex	17,874	4,694	3.81	$394,254	$16,087	4.1%	$378,167	$21.16	$186,297.12	58.2
76	Middlebury	13,597	3,436	3.96	$288,624	$57,892	20.1%	$230,732	$16.97	$90,268.32	53.3
96	St. Albans	15,940	2,573	6.20	$216,132	$58,830	27.2%	$157,302	$9.87	$52,117.76	62.5
4	Essex Center	19,874	2,933	6.78	$246,330	$17,887	7.3%	$228,443	$11.49	$108,562.80	77.9
1V	Williston Village (midday)	2,678	319	8.39	$26,796	$2,410	9.0%	$24,386	$9.11	$11,345.28	10.5
	ALL Sunday Service	45,022	2,639	17.06	$221,676	$40,520	18.3%	$181,156	$4.02	$73,273.88	176.6
		124,747	**19,969**	**6.25**	**$1,677,396**	**$217,057**	**12.9%**	**$1,460,339**	**$11.71**	**$644,006**	**477**

Town	Contact	Phone	Too late for FY20?	Do you anticipate the town would be willing to support an increased request in FY21? (FY20 where applicable)	Could GMT make an early request (July) to Select Boards about receiving an exemption from "X%" required signature to obtain a funding increase?	Notes
Central Vermont						
Barre City	Steve Mackenzie, City Manager	476-0240	YES	Possibly? Cannot predict Council tolerance	Council may have that authority but politically it leads to a slippery slope	Pursue Agenda through Mayor and make request for exemption for signatures (this sentiment from was different that actual conversation with the mayor. Mayor recommends not pursuing).

						Experiencing a contentious budget review and setting process. There is going to need to be decisions made in Barre around priorities and making tough cuts. Voter assistance requests are being scrutinized.
Barre Town	Carl Rogers, Town Manager	802-479-9331	NO	Possible increase? Town Manager has discretion	N/A	Prepared for increase based on GMT questions this summer to develop the Funding Master Schedule
Berlin	Dana Hadley, Town Administrator	802-552-8801	YES	Voters likely to support an increase, SB will approve to ballot	Yes, but not likely to get approval for exemption	Get town residents to support
Calais	Judy Fitch Robert, Town Clerk		YES	Voters will vote but select board would likely send to ballot	Yes	Requires petition for an increase, we can make the request early in the year to inquire if the exemption is going to be granted

East Montpelier	Bruce Johnson, Town and Zoning Administrator	(802) 223-3313	YES	The town will be split in how it views this, the town has funds available and gives what is requested and support social services. Minimal ridership from East Montpelier and the costs need to be in	N/A	If SB does not approve ballot item then it will be
Fayston	We did not contact the seasonal towns due to the conversations already happening.					
Marshfield	Bobbi Brimblecombe, Town Clerk	426-3305	YES	Cannot answer at this time.	Budget committee has discretion of funding level can be accepted, increased, or lowered. If GMT increased request is not met, we would have to collect signatures to get on the ballot at a different level than approved by budget committee.	

Middlesex	Sarah Merriman, Town Clerk	802-223-5915	YES	Require ~75 signatures due by 2/15/2020	Does not believe that it is a good idea to pursue early. There is a chance SB might change policy on signatures requirement anyway?	
Montpelier	Bill Fraser, City Manager	223-9502	YES	Likely to support increase in future years	N/A	
Morristown	Dan Lindley, Town Administrator	888-5147	YES	Need petition from residents	NO signatures required, NO exemptions	
Northfield	Jeff Schultz, Town Manager	802-485-9822	YES	Questionable	Signatures will be required	FY20 funding in jeopardy, would be speculative to consider support in FY21
Plainfield	Linda Wells, Town Clerk	454-8461				Only open M-W-F
Stowe Waitsfield Warren	We did not contact the seasonal towns due to the conversations already happening.					

Waterbury	Bill Shepeluk, Municiple Manager	244-7033	YES	Depends on how large of an increase, unsure	We can ask, but no indication if they will accommodate the request	Suggests that we try to do the letter in July, but understands that the 250 signatures is a barrier and that it may be possible - Shouldn't be afraid ask and we could influence changes on town's process
Woodbury	Diana Peduzzi, Town Clerk	456-7051	YES	Depends on how large of an increase, unsure	Does not know if we will get the exemption, town office willing to help. Require ~35 signatures - No waiver given in past examples	Bus Operator who lives in Woodbury may be able to help
Williamstown	Jackie Higgins, Town Manager	433-5455				Left VM awaiting return call
			FGI			
Alburgh	Donna Bohannon, Town Clerk	796-3468	YES	Generally favorable to modest increase, but will depend on increase	N/A	townofalburgh@fairpoint.net

Berkshire	Stuart Hurd, Town Manager	933-2335				Call back
Fairfax	Brad Docheff, Town Manager	849-6111 ext. 16	YES	Potentially depending on rate of increase	N/A	No petition needed, letter explaining increase
Fletcher	Karrie Sweet, Town Clerk	849-6616	YES	Possibly but will depend on the amount	N/A	Spoke with select board member filling in for town clerk
Georgia	Michael R. McCarthy, Town Adminsutrator	524-3524	YES	Looked at request and is not adverse to modest increases	N/A	No petition, they understand cost increases annually
Montgomery	Deanna Robitaille, Town Clerk					
Richford	Alan Fletcher, Town Clerk	848-7751 ex 3	YES	Likely to be approved for the ballot and will be decided by voters.	N/A	
Sheldon	Kimberlee Dufresne, Town Clerk	933-2524	YES	Cannot speculate	N/A	
St Albans City	Tim Smith, Mayor	524-2194	YES	potentially not supportive, funding is being scrutinized vs. town	Cannot speak to select board decisions, feels 10% might be possible for exemption	

St Albans Town	Anna Bourdon, Town Clerk	524-2415	YES	likely to pass	N/A	
Swanton	David Jescavage, Town Administrator	868-7418	YES	They funded at $2,500 last year and this year so increase would be questionable	Select board appearance for increase	There is no indication that Swanton has ever funded at $5,300. They have been billed for $2,500 annually since 2015 all funding request letters indicate $5,300 annual contribution tracking back to FY12
Towns that don't contribute:						
Fairfield						
Cabot						
Worchester						
Roxbury						
Duxbury						

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY
INDIRECT COST PROPOSAL
FOR THE YEAR ENDED JUNE 30, 2017

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Green Mountain **Transit**

15 Industrial Parkway
Burlington, VT 05401

6088 VT Route 12
Berlin, VT 05602

375 Lake Road, Suite 5
St. Albans, VT 05478

Burlington:
T: 802-540-2468
F: 802-864-5564

Berlin:
T: 802-223-7287
F: 802-223-6236

St. Albans:
T: 802-527-2181
F: 802-527-5302

info@RideGMT.com
www.RideGMT.com

December 29, 2017

Mary Beth Mello
Regional Administrator
U.S. Department of Transportation
Federal Transit Administration
Volpe Center
55 Broadway, Suite 920
Cambridge, MA 02142-1093

Dear Ms. Mello,

Please find enclosed the Chittenden Country Transportation Authority (CCTA) Indirect Cost Proposal and closeout for Fiscal Year Ended June 30, 2017. This proposal is submitted in accordance with OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments.

This Indirect Cost Proposal has been prepared using the original methodology established for cost allocation for reporting purposes, and a fixed rate with a carry forward provision to be used in the year ending June 30, 2017. Equipment capitalized with a per unit cost of $5,000 or more will be excluded from the base calculation.

Based on the enclosed closeout of fiscal year 2017, we approximate our rate for fiscal year 2019 to be 9.15%. We understand that we are not required to report changes to you unless the changes are greater than 20%.

If you have any questions regarding this proposal you can contact me directly at (802) 864-2282 X308.

Sincerely,

Mark A. Sousa
General Manager

Cc: Matthew Keamy (via email Matthew.Keamy@dot.gov)

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY
INDIRECT COST PROPOSAL
FOR THE YEAR ENDED JUNE 30, 2017

COMPUTATION OF CARRY-FORWARD AMOUNT
FROM 6/30/2017 TO 6/30/2019

	Actual 2017	
FY 2017 Fixed Rate, Previously Established	9.55%	
Actual FY 2017 Indirect Base	15,475,864	(1)
Allowable Indirect Costs to Programs	1,477,945	(2)
Adjusted Allocated FY 2017 Indirect Cost Expenses	1,477,903	(3)
Carry-Forward Adjustment to FY June 30, 2019	$ 42	

Reference:

(1): See Appendix A - 3.2 (Schedule 2)
(2): Calculation based on approved rate with Carryforward
(3): See Appendix A - 3.2 (Schedule 2)

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY
INDIRECT COST PROPOSAL
FOR THE YEAR ENDED JUNE 30, 2017

AS REVISED
PROPOSAL FOR FIXED RATE FOR JUNE 30, 2019

	Actual 2017
Actual FY 2017 Indirect Cost	1,462,408
Less: Carryforward Provision from FY15	42
Less: Unallowed costs	(46,443)
Total Indirect Costs	1,416,007
Actual FY 2017 Direct Program Cost Base	15,475,864
Fixed Rate Proposed for FY 2019	9.15%

Federal Compliance Audit

Chittenden County Transportation Authority

June 30, 2017

RHR SMITH & COMPANY
Certified Public Accountants

Proven Expertise and Integrity

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

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JUNE 30, 2017

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Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Chittenden County Transportation Authority
Burlington, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the major fund of Chittenden County Transportation Authority, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as

evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the major fund of Chittenden County Transportation Authority as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chittenden County Transportation Authority's basic financial statements. The Schedule of Operating Revenues and Subsidies and Schedule of Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The Schedule of Operating Revenues and Subsidies, Schedule of Expenses and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and related 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 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 Operating Revenues and Subsidies, Schedule of Expenses and the Schedule of Expenditures of Federal Awards 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 November 27, 2017, on our consideration of Chittenden County Transportation Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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* and should be read in considering the Chittenden County Transportation Authority's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
November 27, 2017

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

(UNAUDITED)

The following management's discussion and analysis of Chittenden County Transportation Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the Authority's financial statements.

Financial Statement Overview

The Authority's basic financial statements include the following components: 1) government-wide financial statements and 2) notes to the financial statements. This report also includes required supplementary information which consists of other supplementary information including combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in the government-wide 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 Authority'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 Authority'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 Authority activities. The type of activity presented for the Authority is:

- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services.

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 Financial Statements. The Notes to Financial Statements can be found following the Statements of Cash Flows.

Other Supplementary Information

Other supplementary information follows the notes to the financial statements. These combining and other schedules provide information in regards to operating revenues and subsidies and expenses.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Authority's business-type activities. The Authority's net position decreased by $1,221,790 from $33.02 million to $31.80 million.

Table 1
Chittenden County Transportation Authority
Net Position
June 30,

	2017	2016
Assets:		
Current Assets	$ 6,106,729	$ 7,764,061
Capital Assets	28,031,330	29,537,091
Total Assets	$ 34,138,059	$ 37,301,152
Liabilities:		
Current Liabilities	$ 1,516,828	$ 3,499,469
Long-term Debt Outstanding	808,572	712,466
Total Liabilities	$ 2,325,400	$ 4,211,935
Deferred Inflows of Resources:		
Deferred Revenue	$ 13,360	$ 68,128
Total Deferred Inflows of Resources	$ 13,360	$ 68,128
Net Position:		
Net Investment in Capital Assets	$ 28,031,330	$ 29,537,091
Restricted	1,547,482	1,484,415
Unrestricted	2,220,487	1,999,583
Total Net Position	$ 31,799,299	$ 33,021,089

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 - increased by $220,904 from $1,999,583 to a balance of $2,220,487 at the end of this year.

Table 2
Chittenden County Transportation Authority
Changes in Net Position
For the Years Ended June 30,

	2017	2016
Operating Revenues:		
Purchase of services	$ 4,257,846	$ 4,749,199
Intergovernmental	15,177,067	14,094,876
Other income	228,460	359,589
Total Operating Revenues	19,663,373	19,203,664
Operating Expenses:		
Transportation	19,679,335	18,389,477
Operating income (loss)	(15,962)	814,187
Nonoperating revenues (expenses)		
Contributions	3,665,451	7,861,161
Other nonoperating revenue	13,941	(21,450)
Nonoperating expense	(4,824,165)	(4,862,621)
Change in deferred cost pool	(61,055)	(74,028)
Total non-operating revenues (expenses)	(1,205,828)	2,903,062
Change in net position	(1,221,790)	3,717,249
Net Position - July 1	33,021,089	29,303,840
Net Position - June 30	$ 31,799,299	$ 33,021,089

Revenues and Expenses

The Authority's operating revenues and expenses increased over last year's amounts. Operating revenues increased by 2.39% and operating expenses increased by 7.01%.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2017, the net book value of capital assets recorded by the Authority decreased by $1,505,761 over the prior year. Capital additions of $1,899,792 were recorded while net disposals of $75,725 were removed from the books. Depreciation and amortization expense in the amount of $3,329,828 was recorded.

All capital assets and capital improvements with an original cost of $5,000 or more are capitalized and depreciated, if necessary, in accordance with Government Accounting Standards Board Statement No. 34. More information on capital assets is included in Note 3 of Notes to Financial Statements.

Table 3
Chittenden County Transportation Authority
Capital Assets (Net of Depreciation)
June 30,

	2017	2016
Land	$ 775,000	$ 775,000
Construction in progress	122,892	10,327,917
Land easement - right of way	281,552	-
Buildings and improvements	15,290,248	5,012,213
Bus stops and shelters	1,132,087	1,234,136
Revenue vehicles	10,061,978	11,878,243
Non-revenue vehicles	69,868	87,425
Office equipment	29,693	20,272
Bus accessories	-	2,793
Shop equipment	268,012	199,092
Total	$ 28,031,330	$ 29,537,091

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The Authority has steadily maintained a sufficient unrestricted net position to sustain government operations for a period of approximately one month, while also maintaining significant reserve accounts for future capital and program needs. However, several factors including the following will have an impact on that balance:

- Fuel market volatility
- Expansion of services and service routes
- Purchases of additional buses
- Rising medical, workers' compensation and other insurance costs
- Declining State revenues and its effect on agency allocations
- Declining and/or level funded Federal grants

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Finance Department at 15 Industrial Parkway, Burlington, Vermont 05401.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

STATEMENTS OF NET POSITION
JUNE 30,

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	$ 1,936,055	$ 2,521,184
Receivables (net of allowance for uncollectibles):		
Grants	2,134,753	3,083,022
Other	1,334,700	1,309,319
Deferred cost pool (Note 10)	(180,519)	(119,464)
Inventories	638,426	640,029
Prepaid items	243,314	329,971
Total current assets	6,106,729	7,764,061
Noncurrent assets:		
Land, structures and equipment - net of accumulated depreciation and amortization (Note 3)	28,031,330	29,537,091
TOTAL ASSETS	$ 34,138,059	$ 37,301,152
LIABILITIES		
Current liabilities:		
Accounts payable	$ 1,255,523	$ 3,069,642
Accrued payroll expenses	152,669	335,500
Other accrued liabilities	108,636	94,327
Total current liabilities	1,516,828	3,499,469
Long-term liabilities:		
Accrued compensated absences (Note 4)	808,572	712,466
Total long-term liabilities	808,572	712,466
TOTAL LIABILITIES	2,325,400	4,211,935
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	13,360	68,128
TOTAL DEFERRED INFLOWS OF RESOURCES	13,360	68,128
NET POSITION		
Net investment in capital assets	28,031,330	29,537,091
Restricted (Note 5)	1,547,482	1,484,415
Unrestricted (Note 6)	2,220,487	1,999,583
TOTAL NET POSITION	31,799,299	33,021,089
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 34,138,059	$ 37,301,152

See accompanying independent auditors' report and notes to financial statements.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2017			
	Urban	Rural	Total	2016
OPERATING REVENUES				
Purchase of services	$ 2,367,743	$ 1,890,103	$ 4,257,846	$ 4,749,199
Other income	162,360	66,100	228,460	359,589
Local subsidies	2,935,210	406,312	3,341,522	3,268,191
State subsidies	2,337,179	900,000	3,237,179	3,034,365
Federal subsidies	2,298,273	1,220,851	3,519,124	3,337,042
Other grants	3,382,339	1,695,251	5,077,590	4,455,278
TOTAL OPERATING REVENUES	13,483,104	6,178,617	19,661,721	19,203,664
OPERATING EXPENSES				
Transportation	13,139,430	6,539,905	19,679,335	18,389,477
OPERATING INCOME (LOSS)	343,674	(361,288)	(17,614)	814,187
NONOPERATING REVENUES (EXPENSES)				
SSTA lease payments	51,447	3,610	55,057	19,057
Interest income	1,356	3,970	5,326	5,935
Lease payments	(46,442)	-	(46,442)	(46,442)
Bad debt expense	-	-	-	(530)
Capital fund expense	(1,208,165)	(286,172)	(1,494,337)	(1,359,739)
Depreciation expense	(2,551,096)	(778,732)	(3,329,828)	(3,502,352)
TOTAL NONOPERATING REVENUES (EXPENSES)	(3,752,900)	(1,057,324)	(4,810,224)	(4,884,071)
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	(3,409,226)	(1,418,612)	(4,827,838)	(4,069,884)
CAPITAL CONTRIBUTIONS				
Capital contributions - grants	3,028,999	638,104	3,667,103	7,861,161
TOTAL CAPITAL CONTRIBUTIONS	3,028,999	638,104	3,667,103	7,861,161
CHANGE IN DEFERRED COST POOL	(61,055)	-	(61,055)	(74,028)
CHANGE IN NET POSITION	(441,282)	(780,508)	(1,221,790)	3,717,249
NET POSITION - JULY 1,	29,121,631	3,899,458	33,021,089	29,303,840
NET POSITION - JUNE 30	$ 28,680,349	$ 3,118,950	$ 31,799,299	$ 33,021,089

See accompanying independent auditors' report and notes to financial statements

STATEMENT C

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 7,802,447	$ 8,132,484
Receipts from operating grants	12,727,394	9,478,708
Payments to vendors	(8,588,662)	(4,137,767)
Payments to employees	(12,888,948)	(11,823,446)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(947,769)	1,649,979
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	5,326	5,935
NET CASH PROVIDED BY INVESTING ACTIVITIES	5,326	5,935
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
(Increase) decrease in land, structure and equipment	(1,824,067)	(7,921,627)
Payments for capital fund expenses	(1,494,337)	(1,359,739)
Proceeds from SSTA lease payments	55,057	19,057
Payments on leases	(46,442)	(46,442)
Proceeds from capital grants and contributions	3,667,103	7,861,161
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	357,314	(1,447,590)
NET INCREASE (DECREASE) IN CASH	(585,129)	208,324
CASH AND CASH EQUIVALENTS - JULY 1	2,521,184	2,312,860
CASH AND CASH EQUIVALENTS - JUNE 30	$ 1,936,055	$ 2,521,184

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2017	2016
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ (17,614)	$ 814,187
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivables	948,269	(1,377,699)
(Increase) decrease in other receivables	(25,381)	(244,495)
(Increase) decrease in inventories	1,603	29,244
(Increase) decrease in prepaid expenses	86,657	28,258
(Decrease) increase in accounts payable	(1,814,119)	2,083,673
(Decrease) increase in accrued payroll expenses	(182,831)	49,102
(Decrease) increase in deferred revenue	(54,768)	29,722
(Decrease) increase in other accrued liabilities	14,309	37,802
(Decrease) increase in accrued compensated absences	96,106	216,175
(Decrease) increase in accrued retirement benefits	-	(15,990)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (947,769)	$ 1,649,979

See accompanying independent auditors' report and notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Chittenden County Transportation Authority was created in 1973 as a municipal corporation by an Act of the General Assembly of the State of Vermont. The Authority was formed for the purpose of providing public transportation services in Chittenden County. Fixed route (bus) transportation is provided in the following CCTA member communities: Burlington, Essex, Hinesburg, Milton, Shelburne, South Burlington, Williston, and Winooski. Paratransit service for people with disabilities is provided in those communities where it is required and Colchester. CCTA is governed by a Board of Commissioners consisting of one commissioner from each member community with the exception of Burlington who has two.

With the addition of Green Mountain Transit Agency on July 1, 2011, CCTA now also provides public transportation in Washington, Lamoille, Franklin and Grand Isle Counties in Vermont and the municipalities of Washington, Williamstown and Orange in Orange County, Vermont. CCTA currently provides a variety of transportation options including deviated fixed route bus service in Montpelier and Barre, Medicaid brokering for eligible recipients, commuter routes to Waterbury, Montpelier, Burlington, Morristown, Richford, Alburg, St. Albans City and St. Albans Town, volunteer drivers and Ticket-To-Ride program. In addition, CCTA participates with the Central Vermont Council on Aging, Barre Project Independence, Care Partners, Vermont Center for Independent Living, CIDER, Central Vermont Area Aging and the Franklin County Senior Center, in the Elderly and Disabled Program.

The Authority's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Authority has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Authority has chosen not to do so.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New Accounting Standards

During the year ended June 30, 2017, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 72, "*Fair Value Measurement and Application*". The objective of the Statement is to expand comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will improve fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify in the context of the current governmental financial reporting environment the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 79, "*Certain External Investment Pools and Pool Participants*". This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

In the government-wide Statement of Net Position, the business-type activities are (a) presented on a consolidated basis, and (b) is 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 Authority's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Authority first utilizes restricted resources to finance qualifying activities.

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Authority are reported in one fund in the financial statements. This fund is accounted for by providing self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures/expenses. The following fund type is used by the Authority:

1. Proprietary Fund

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary fund of the Authority:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

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 activity of the Authority is in one major fund and there are no nonmajor funds.

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 are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Deposits and Investments

The Authority'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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Authority's policy to value investments at fair value. None of the Authority's investments are reported at amortized cost. The Authority's Treasurer 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 deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Inventory of the Authority consists of tickets, fuel, oil, materials and supplies.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

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. Allowances for uncollectible accounts netted with accounts receivable were $1,334,700 for the year ended June 30, 2017. The allowance for uncollectible accounts is estimated to be $0 as of June 30, 2017. Allowances for uncollectible accounts netted with grants receivable were $2,134,753 for the year ended June 30, 2017. The allowance for uncollectible accounts for grants receivable is estimated to be $0 as of June 30, 2017.

Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more and a useful life longer than one year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued 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:

Land easement - right of way	99 years
Buildings and improvements	10-50 years
Bus stops and shelters	5-20 years
Office equipment	5-10 years
Revenue vehicles	7-12 years
Shop equipment	7-20 years
Non-revenue vehicles	4-12 years
Computer equipment/software	3 years

Long-term Obligations

All long-term debt to be repaid from business-type resources is reported as liabilities in government-wide statements. The long-term debt consists of accrued compensated absences.

Compensated Absences

The Authority's policies regarding vacation, sick, personal and holiday time permit employees to accumulate earned but unused vacation, sick, personal and holiday leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements.

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 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 Authority 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 Authority currently has no deferred outflows of resources.

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. Deferred revenue qualifies for reporting in this category. This item is reported in both the statements of net position and proprietary funds balance sheet. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, operating budget appropriations lapse at fiscal year-end and capital budget appropriations remain available until appropriations are liquidated. The Authority does not utilize encumbrance accounting for its operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

During the preparation of the Authority'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

State statutes require that all investments made by the Authority consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Authority funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Authority will not be able to recover its deposits. The Authority does not have a policy covering custodial credit risk for deposits. However, the Authority maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF. At June 30, 2017, the Authority's cash balances amounting to $1,936,055 were comprised of deposits of $2,132,343. Of these bank deposits, $250,000 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk and $1,882,343 was insured or collateralized with securities held by the financial institution in the Authority's name and consequently were not exposed to custodial credit risk.

Account Type	Bank Balance
Checking accounts	$ 589,725
Repurchase agreements	1,542,618
	$ 2,132,343

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2017, the Authority did not have any investments.

Credit risk – Statutes for the State of Vermont authorize the Authority 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. Generally, the Authority invests excess funds in cash management accounts and various insured certificates of deposit.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017:

	Balance, 7/1/16	Additions	Deletions	Balance, 6/30/17
Primary government:				
Non-depreciated assets:				
Land	$ 775,000	$ -	$ -	$ 775,000
Construction in progress	10,327,917	770,712	(10,975,737)	122,892
	11,102,917	770,712	(10,975,737)	897,892
Depreciated assets:				
Land easement - right of way	-	283,600	-	283,600
Buildings and improvements	6,984,769	10,682,395	-	17,667,164
Bus stops and shelters	2,681,038	57,180	(5,300)	2,732,918
Revenue vehicles	31,246,469	890,164	(449,993)	31,686,640
Non-revenue vehicles	403,047	-	(81,336)	321,711
Office equipment	73,455	-	(18,484)	54,971
Computer equipment/software	279,865	37,174	(19,945)	297,094
Bus accessories	234,260	-	-	234,260
Shop equipment	412,615	154,304	-	566,919
	42,315,518	12,104,817	(575,058)	53,845,277
Less: accumulated depreciation and amortization	(23,881,344)	(3,329,828)	499,333	(26,711,839)
Net depreciated capital assets	18,434,174	8,774,989	(75,725)	27,133,438
Total net capital assets	$29,537,091	$ 9,545,701	$(11,051,462)	$28,031,330

NOTE 4 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2017:

	Balance, 7/1/16	Additions	Deletions	Balance, 6/30/17
Accrued compensated absences	$ 712,466	$ 191,700	$ (95,594)	$ 808,572

NOTE 5 - CAPITAL LEASE PAYABLE

A summary of the outstanding capital lease payable is as follows:

The Authority entered into a capital lease payable with Municipal Leasing Consultants, LLC dated as of July 2, 2012 to acquire 10 replacement motor coaches. Under the agreement the Authority pays annual principal and interest payments of $46,443 through July 2, 2024:	$ 321,970

The following is a summary of outstanding capital lease requirements for the fiscal years ending June 30:

Year Ending June 30:	
2018	$ 46,443
2019	46,443
2020	46,443
2021	46,443
2022	46,443
2023	46,443
2024	46,443
2025	46,443
Total minimum lease payment	371,544
Less amount representing interest	(49,574)
Present value of future minimum lease payments	$ 321,970

NOTE 6 - RESTRICTED NET POSITION

The following net position has been restricted at June 30, for the following purposes:

	2017	2016
Restricted for obligated local match on capital purchases	$ 816,385	$ 518,790
Restricted by the Board for future capital match	731,097	965,625
	$ 1,547,482	$ 1,484,415

NOTE 7 - NET POSITION

The following table discloses the composition of net position at June 30, 2017, separated between Rural and Urban programs:

	Urban	Rural	Total
Net investment in capital assets	$25,871,390	$ 2,159,940	$28,031,330
Restricted net position (Note 5)	1,246,231	301,251	1,547,482
Unrestricted net position:			
Unrestricted, operating reserve	1,562,728	657,759	2,220,487
	$28,680,349	$ 3,118,950	$31,799,299

The Authority currently has approximately one month of operating expenses in unrestricted net position.

NOTE 8 - RETIREMENT PLAN

Chittenden County Transportation Authority contributes to a qualified 401(a) plan covering all eligible employees who have completed one year of service and have attained the age of 21. The plan is administered by Future Planning Associates, Inc. Employee contributions vest immediately and employer contributions are 100% vested after three years of service. Normal retirement age is 65, however, the pension plan also provides for early retirement at age 62 with completion of three years of service. CCTA's contribution will be equal to 3% or more of the eligible employees' gross wages for that year. Employee contributions during fiscal years ended June 30, 2017 and 2016, respectively, were $350,055 and $326,430. Pension expense for fiscal years ended June 30, 2017 and 2016, respectively, was $333,706 and $313,580. Total payroll covered under the plan is $8,264,762.

NOTE 9 - CONTINGENCY

The Authority receives federal funds through grants and loans. Closeout of these grants may not happen until subsequent fiscal years. The Authority may be responsible for returning federal funds based upon the close out of these grants.

NOTE 10 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to CCTA. Settled claims have not exceeded this coverage in any of the past three fiscal years.

CCTA is self-insured for unemployment coverage. The Authority must pay the Vermont Department of Labor for any paid claims. CCTA paid $38,274 and $33,859 for unemployment claims for the years ended June 30, 2017 and 2016, respectively.

NOTE 11 - DEFERRED COST POOL

For the fiscal years ended June 30, 2017 and 2016, the Authority used a Simplified Allocation Method with a fixed rate and a carryforward provision as prescribed under the Uniform Guidance. This methodology resulted in an over-allocation of general and administration costs at June 30, 2017 of $61,938 and an under-allocation of general and administration costs at June 30, 2016 of $81,318.

SCHEDULE A

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF OPERATING REVENUES AND SUBSIDIES
FOR THE YEARS ENDED JUNE 30,

	Urban	Rural	Total 2017	Total 2016
Operating Revenues:				
Passenger fares:				
Fixed route	$ 2,218,441	$ 122,075	$ 2,340,516	$ 2,572,455
Paratransit	99,511	-	99,511	111,470
Subtotal passenger fares	2,317,952	122,075	2,440,027	2,683,925
Purchase of services:				
Fixed route	49,791	1,768,028	1,817,819	2,065,274
Total other purchase of services	2,367,743	1,890,103	4,257,846	4,749,199
Other income:				
Advertising	135,671	23,000	158,671	170,909
Gain (loss) - sale of asset	10,609	5,556	16,165	17,704
Other income	16,080	37,544	53,624	170,976
Subtotal other income	162,360	66,100	228,460	359,589
Local subsidies:				
Fixed route operating	2,182,180	-	2,182,180	2,128,095
Paratransit operating	691,231	-	691,231	678,748
Municipal donations	61,799	406,312	468,111	461,348
Subtotal local subsidies	2,935,210	406,312	3,341,522	3,268,191
State subsidies - State operating grant	2,337,179	900,000	3,237,179	3,034,365
Federal subsidies - Federal operating grant	2,298,273	1,220,851	3,519,124	3,337,042
Other grants:				
Planning revenue	346,918	25,000	371,918	361,840
Grants - JARC, CMAQ, other	3,035,421	1,670,251	4,705,672	4,093,438
Subtotal other grants	3,382,339	1,695,251	5,077,590	4,455,278
Total operating revenues	13,483,104	6,178,617	19,661,721	19,203,664

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF OPERATING REVENUES AND SUBSIDIES
FOR THE YEARS ENDED JUNE 30,

	Urban	Rural	Total 2017	Total 2016
Nonoperating revenues:				
Local contributions:				
SSTA lease payments	51,447	3,610	55,057	19,057
Interest income	1,356	3,970	5,326	5,935
Total nonoperating revenue	52,803	7,580	60,383	24,992
Total revenues from operating grants and subsidies	$ 13,535,907	$ 6,186,197	$19,722,104	$ 19,228,656

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE B

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Urban									
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning	ADA	Mobility Manager	Capital Exp./ Depreciation	Urban Total
Operating Expenses:										
Labor:										
Operators' salaries and wages	$ -	$ 4,073,725	$ 864,915	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,938,640
Other salaries and wages	761,949	462,837	191,270	-	84,148	164,549	4,169	40,953	46,710	1,756,585
Subtotal labor	761,949	4,536,562	1,056,185	-	84,148	164,549	4,169	40,953	46,710	6,695,225
Fringe benefits:										
Payroll taxes	58,312	343,059	79,894	-	6,113	12,035	313	3,097	3,318	506,141
Pension plan	45,241	177,508	32,282	-	4,409	15,695	-	3,377	-	278,512
Life insurance and short-term disability plan	13,978	63,372	13,356	-	1,327	3,154	45	446	634	96,312
Medical plan	167,504	962,005	263,091	-	29,629	48,565	1,590	12,685	581	1,485,650
Dental plan	11,963	70,655	17,094	-	2,052	3,605	98	815	622	106,904
Employer flex contribution	-	(9,809)	-	-	-	-	-	-	-	(9,809)
Vision reimbursement	1,071	3,365	-	-	-	-	-	-	-	4,436
Vision plan	1,942	11,750	2,874	-	338	599	17	132	103	17,755
Employee events	1,702	844	130	-	-	-	-	-	-	2,676
Employee testing	507	16,626	5,836	-	-	-	-	-	-	22,969
Employee referral program	-	600	-	-	-	-	-	-	-	600
Unemployment insurance	-	13,578	2,460	-	-	-	-	-	-	16,038
Pension admin fees	3,491	-	-	-	-	-	-	-	-	3,491
Other employee benefits	8,364	1,165	13,974	-	-	-	-	-	-	23,503
Uniform and work clothing allowance	-	49,231	22,342	-	-	-	-	-	-	71,573
Employee development	14,070	13,886	69	-	2,614	-	-	250	-	30,889
Tool allowance	-	-	9,450	-	-	-	-	-	-	9,450
Subtotal fringe benefits	328,145	1,717,835	462,852	-	46,482	83,653	2,063	20,802	5,258	2,667,090
Services:										
Legal fees	5,100	1,557	-	-	-	-	-	-	-	6,657
Accounting and audit fees	19,425	-	-	-	-	-	-	-	-	19,425
Cleaning	659	59	22,782	-	-	-	-	-	-	23,500
Consultants	-	524	350	-	-	-	-	9,274	-	10,148
Subtotal services	25,184	2,140	23,132	-	-	-	-	9,274	-	59,730

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Rural											
	General Admin.	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services	Capital Exp./ Depreciation	Rural Total	2017 Total	2016 Total
Operating Expenses:												
Labor:												
Operators' salaries and wages	$ -	$ 1,399,271	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,399,271	$ 6,337,911	$ 5,715,367
Other salaries and wages	-	441,315	183,378	33,550	-	49,804	7,472	323,734	1,273	1,040,526	2,797,111	2,963,748
Subtotal labor	-	1,840,586	183,378	33,550	-	49,804	7,472	323,734	1,273	2,439,797	9,135,022	8,679,115
Fringe benefits:												
Payroll taxes	-	138,429	13,397	2,758	-	3,659	572	23,818	95	182,728	688,869	644,942
Pension plan	-	43,272	-	4,352	-	2,424	-	6,279	-	56,327	334,839	312,936
Life insurance and short-term disability plan	-	25,584	2,523	802	-	711	4,907	1,522	-	36,049	132,361	127,322
Medical plan	-	442,854	38,406	10,232	-	9,329	2,917	70,306	127	574,171	2,059,821	1,825,773
Dental plan	-	32,661	2,371	635	-	560	180	5,919	11	42,337	149,241	139,251
Employer flex contribution	-	-	-	-	-	-	-	-	-	-	(9,809)	91,710
Vision reimbursement	-	85	-	-	-	-	-	250	-	335	4,771	3,753
Vision plan	-	5,365	413	107	-	96	31	1,007	2	7,021	24,776	22,928
Employee events	-	409	-	-	-	-	-	209	-	618	3,294	-
Employee testing	-	14,440	823	-	-	-	-	5,136	-	20,399	43,368	37,704
Employee referral program	-	-	-	-	-	-	-	-	-	-	600	1,800
Unemployment insurance	-	20,851	-	-	-	-	-	1,385	-	22,236	38,274	33,859
Pension admin fees	1,362	-	-	-	-	-	-	-	-	1,362	4,853	6,084
Other employee benefits	2,799	4,242	-	-	-	-	-	118	-	7,159	30,662	17,178
Uniform and work clothing allowance	-	25,711	3,703	-	-	-	-	-	-	29,414	100,987	67,013
Employee development	633	226	-	-	18,000	40	-	6	-	18,905	49,794	46,713
Tool allowance	-	-	1,050	-	-	-	-	-	-	1,050	10,500	14,652
Subtotal fringe benefits	4,794	754,129	62,686	18,886	18,000	16,819	8,607	115,955	235	1,000,111	3,667,201	3,393,618
Services:												
Legal fees	-	54	-	-	-	-	-	1,276	-	1,330	7,987	17,770
Accounting and audit fees	8,325	-	-	-	-	-	-	-	-	8,325	27,750	24,450
Cleaning	-	7,521	-	-	-	-	-	4,547	-	12,068	35,568	25,574
Consultants	524	-	-	-	-	-	-	712	-	1,236	11,384	28,879
Subtotal services	8,849	7,575	-	-	-	-	-	6,535	-	22,959	82,689	96,673

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Urban									
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning	ADA	Mobility Manager	Capital Exp./ Depreciation	Urban Total
Materials and supplies:										
Fuels and lubricants	-	776,012	-	-	-	-	-	-	-	776,012
Tires and tubes	-	-	86,022	-	-	-	-	-	-	86,022
Other materials and supplies:										
Hardware	-	-	41,817	-	-	-	-	-	-	41,817
Facility maintenance	-	-	61,986	-	-	-	-	-	-	61,986
Small tools expense	-	-	8,578	-	-	-	-	-	-	8,578
Parts expense:										
Service vehicles	-	-	7,013	-	-	-	-	-	-	7,013
Revenue vehicles	-	-	379,243	-	-	-	-	-	-	379,243
Maintenance supplies	-	-	41,322	-	-	-	-	-	-	41,322
Radio maintenance	-	-	4,223	-	-	-	-	-	-	4,223
Repeater fees	-	19,224	-	-	-	-	-	-	-	19,224
Safety expense	-	1,210	-	-	-	-	-	-	-	1,210
Kiosk/shelter expense	-	-	5,498	-	-	-	-	-	-	5,498
Vehicle registrations	-	788	-	-	-	-	-	-	-	788
Subtotal materials and supplies	-	797,234	635,702	-	-	-	-	-	-	1,432,936
Utilities:										
Light, heat and water	22,460	4,032	119,780	-	-	-	-	-	-	146,272
Communications	8,533	29,533	7,054	-	895	2,122	-	-	-	48,137
Subtotal utilities	30,993	33,565	126,834	-	895	2,122	-	-	-	194,409
Casualty and liability costs:										
Insurance premiums	91,399	637,840	126,596	-	6,707	13,094	110	-	-	875,746
Subtotal casualty and liability costs	91,399	637,840	126,596	-	6,707	13,094	110	-	-	875,746

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Rural											
	General Admin.	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services	Capital Exp./ Depreciation	Rural Total	2017 Total	2016 Total
Materials and supplies:												
Fuels and lubricants	-	305,664	-	-	-	-	-	-	-	305,664	1,081,676	1,029,975
Tires and tubes	-	-	31,154	-	-	-	-	-	-	31,154	117,176	97,032
Other materials and supplies:												
Hardware	-	-	13,881	-	-	-	-	-	-	13,881	55,698	40,374
Facility maintenance	-	-	47,874	-	-	-	-	-	-	47,874	109,860	57,628
Small tools expense	-	-	908	-	-	-	-	-	-	908	9,486	13,949
Parts expense:												
Service vehicles	-	-	4,724	-	-	-	-	-	-	4,724	11,737	673
Revenue vehicles	-	-	302,853	-	-	-	-	-	-	302,853	682,096	323,980
Maintenance supplies	-	-	5,787	-	-	-	-	-	-	5,787	47,109	39,972
Radio maintenance	-	-	160	-	-	-	-	-	-	160	4,383	7,239
Repeater fees	-	14,850	-	-	-	-	-	-	-	14,850	34,074	36,252
Safety expense	-	2,426	-	-	-	-	-	-	-	2,426	3,636	567
Kiosk/shelter expense	-	-	-	-	-	-	-	-	-	-	5,498	7,776
Vehicle registrations	-	51	-	-	-	-	-	-	-	51	839	985
Subtotal materials and supplies	-	322,991	407,341	-	-	-	-	-	-	730,332	2,163,268	1,656,402
Utilities:												
Light, heat and water	-	24,795	2,481	-	-	-	-	10,488	-	37,764	184,036	161,106
Communications	488	23,813	-	134	-	-	-	4,879	-	29,314	77,451	61,783
Subtotal utilities	488	48,608	2,481	134	-	-	-	15,367	-	67,078	261,487	222,889
Casualty and liability costs:												
Insurance premiums	8,512	262,257	34,126	6,454	-	6,516	-	27,985	-	345,850	1,221,596	1,171,933
Subtotal casualty and liability costs	8,512	262,257	34,126	6,454	-	6,516	-	27,985	-	345,850	1,221,596	1,171,933

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Urban									
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning	ADA	Mobility Manager	Capital Exp./ Depreciation	Urban Total
General and administration:										
Dues and subscriptions	28,499	-	-	-	-	-	-	-	-	28,499
Travel, meetings and meals	3,312	284	198	-	6	727	-	-	-	4,527
Marketing expense	-	-	-	-	28,194	-	-	50	-	28,244
Advertising/public information	-	-	-	4,000	35,918	-	-	-	-	39,918
Office supplies	25,339	2,126	840	-	258	-	-	-	-	28,563
Fare media	-	-	-	-	13,955	-	-	-	-	13,955
Recruiting	3,414	5,643	14,800	-	-	-	-	-	-	23,857
Computer services	53,048	1,900	2,643	-	-	-	-	-	-	57,591
Postage and freight	5,590	-	-	-	-	-	-	-	-	5,590
Bank charges	7,762	-	-	-	-	-	-	-	-	7,762
Rent expense	-	-	4,246	-	-	-	-	-	-	4,246
Subtotal general and administration	126,964	9,953	22,727	4,000	78,331	727	-	50	-	242,752

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Rural											
	General Admin.	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services	Capital Exp./ Depreciation	Rural Total	2017 Total	2016 Total
General and administration:												
Dues and subscriptions	5,216	-	-	-	-	-	-	-	-	5,216	33,715	36,024
Travel, meetings and meals	517	211	621	259	-	47	-	1,238	-	2,893	7,420	13,814
Marketing expense	-	-	-	22,324	-	-	-	-	-	22,324	50,568	78,008
Advertising/public information	-	-	-	23,918	-	-	-	-	-	23,918	63,836	41,475
Office supplies	3,134	4,617	-	-	-	-	-	5,809	-	13,560	42,123	41,333
Fare media	-	-	-	629	-	-	-	-	-	629	14,584	22,719
Recruiting	3,079	6,498	382	-	-	-	-	175	-	10,134	33,991	25,450
Computer services	11,570	1,696	1,754	-	-	-	-	240	-	15,260	72,851	84,580
Postage and freight	1,233	-	-	-	-	-	-	1,209	-	2,442	8,032	9,608
Bank charges	601	-	-	-	-	-	-	-	-	601	8,363	7,659
Rent expense	-	-	37,200	-	-	-	-	-	-	37,200	41,446	47,843
Subtotal general and administration	25,350	13,022	39,957	47,130	-	47	-	8,671	-	134,177	376,929	408,513

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Urban									
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning	ADA	Mobility Manager	Capital Exp./ Depreciation	Urban Total
Miscellaneous expenses:										
Park and ride lease payments	-	13,264	-	19,421	-	-	-	-	-	32,685
Planning expenses	-	-	-	-	-	96,578	-	-	-	96,578
Cash counting expense	3,734	-	-	-	-	-	-	-	-	3,734
Paratransit transportation expense	-	-	-	-	-	-	1,156,939	-	-	1,156,939
Volunteer mileage reimbursements	-	-	-	-	-	-	-	-	-	-
Contracted transportation expense	-	35,029	-	-	-	-	-	-	-	35,029
Other reimbursements	-	-	-	-	-	-	-	-	-	-
Other miscellaneous expenses	-	7,010	-	-	-	-	-	-	-	7,010
Other misc. - parking expense	-	66	-	-	-	-	-	-	-	66
Transfers	-	177,381	(119,652)	-	-	-	-	-	-	57,729
Subtotal miscellaneous expenses	3,734	232,750	(119,652)	19,421	-	96,578	1,156,939	-	-	1,389,770
Total operating expenses	1,368,368	7,967,879	2,334,376	23,421	216,563	360,723	1,163,281	71,079	51,968	13,557,658
Nonoperating expenses:										
Bad debt expense	-	-	-	-	-	-	-	-	-	-
Capital fund expenses	-	-	-	-	-	-	-	-	1,208,165	1,208,165
Depreciation expense	-	-	-	-	-	-	-	-	2,551,096	2,551,096
Capital lease expense	-	-	-	-	-	-	-	-	46,442	46,442
Subtotal nonoperating expenses	-	-	-	-	-	-	-	-	3,805,703	3,805,703
Total expenses	1,368,368	7,967,879	2,334,376	23,421	216,563	360,723	1,163,281	71,079	3,857,671	17,363,361
General administration allocation	(1,430,303)	739,330	214,522	-	20,682	25,184	606	6,788	4,963	(418,228)
Deferred Cost Pool - Current year	61,938	-	-	-	-	-	-	-	-	61,938
Deferred Cost Pool - Prior year	(883)	-	-	-	-	-	-	-	-	(883)
Total change in deferred cost pool	61,055	-	-	-	-	-	-	-	-	61,055
Net expenses	$ (880)	$ 8,707,209	$ 2,548,898	$ 23,421	$ 237,245	$ 385,907	$ 1,163,887	$ 77,867	$ 3,862,634	$ 17,006,188

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Rural											
	General Admin.	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services	Capital Exp./ Depreciation	Rural Total	2017 Total	2016 Total
Miscellaneous expenses:												
Park and ride lease payments	-	-	-	-	-	-	-	-	-	-	32,685	35,583
Planning expenses	-	-	-	-	-	53,666	-	-	-	53,666	150,244	82,257
Cash counting expense	131	-	-	-	-	-	-	-	-	131	3,865	2,678
Paratransit transportation expense	-	-	-	-	-	-	-	-	-	-	1,156,939	1,231,292
Volunteer mileage reimbursements	-	-	-	-	-	-	162,724	412,692	-	575,416	575,416	648,060
Contracted transportation expense	-	-	-	-	-	-	649,616	159,220	-	808,836	843,865	718,113
Other reimbursements	-	-	-	-	-	-	-	-	-	-	-	394
Other miscellaneous expenses	-	1,053	-	-	-	-	-	-	-	1,053	8,063	41,957
Other misc. - parking expense	-	-	-	-	-	-	-	-	-	-	66	-
Transfers	-	(177,381)	119,652	-	-	-	-	-	-	(57,729)	-	-
Subtotal miscellaneous expenses	131	(176,328)	119,652	-	-	53,666	812,340	571,912	-	1,381,373	2,771,143	2,760,334
Total operating expenses	48,124	3,072,840	849,621	106,154	18,000	126,852	828,419	1,070,159	1,508	6,121,677	19,679,335	18,389,477
Nonoperating expenses:												
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	530
Capital fund expenses	-	-	-	-	-	-	-	-	286,172	286,172	1,494,337	1,359,739
Depreciation expense	-	-	-	-	-	-	-	-	778,732	778,732	3,329,828	3,502,352
Capital lease expense	-	-	-	-	-	-	-	-	-	-	46,442	46,442
Subtotal nonoperating expenses	-	-	-	-	-	-	-	-	1,064,904	1,064,904	4,870,607	4,909,063
Total expenses	48,124	3,072,840	849,621	106,154	18,000	126,852	828,419	1,070,159	1,066,412	7,186,581	24,549,942	23,298,540
General administration allocation	(47,600)	310,396	89,111	9,661	-	6,989	1,536	47,991	144	418,228	-	-
Deferred Cost Pool - Current year	-	-	-	-	-	-	-	-	-	-	61,938	(81,318)
Deferred Cost Pool - Prior year	-	-	-	-	-	-	-	-	-	-	(883)	155,346
Total change in deferred cost pool	-	-	-	-	-	-	-	-	-	-	61,055	74,028
Net expenses	$ 524	$ 3,383,236	$ 938,732	$ 115,815	$ 18,000	$ 133,841	$ 829,955	$ 1,118,150	$ 1,066,556	$ 7,604,809	$ 24,610,997	$ 23,372,568

See accompanying independent auditors' report and notes to financial statements.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor Identifying Number	Total Federal Expenditures	Expenditures to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION:				
Federal Transit Administration:				
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-03-0048	$ 233,315	$ -
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0010	218,185	-
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0011	65,508	-
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0019	6,035	-
Passed through State of Vermont, Agency of Transportation:				
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0021	182,229	-
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0021	332,668	-
			1,037,940	-
Federal Transit Administration:				
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-90-0072	5,986	-
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-95-X015	23,782	-
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-95-X016	434,645	-
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-95-X017	40,000	-
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-2016-001	901,108	-
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-2016-002	5,779	-
Federal Transit Formula Grants - Preventive Maintenance	20.507	VT-2016-001	997,621	-
Federal Transit Formula Grants - Preventive Maintenance	20.507	VT-2017-005	795,808	-
Federal Transit Formula Grants - Operating	20.507	VT-2016-002	2,298,275	-
Federal Transit Formula Grants - CMAQ Operating	20.507	VT-95-X016	50,389	-
Federal Transit Formula Grants - CMAQ Operating	20.507	VT-95-X017	903,363	-
Federal Transit Formula Grants - CMAQ Operating	20.507	VT-2016-001	128,155	-
			6,584,911	-
Passed through State of Vermont, Agency of Transportation:				
Bus and Bus Facilities Formula Program - Capital Assistance Program	20.526	VT-34-0001	260,915	-
Subtotal Federal Transit Grants			7,883,766	-

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Identifying Grantor Number	Total Federal Expenditures	Expenditures to Subrecipients
Passed through State of Vermont, Agency of Transportation:				
Highway Planning and Construction - FHWA Capital	20.205	50-TB-LG03	1,014	-
Passed through Chittenden County Regional Planning Commission (CCRPC):				
Highway Planning and Construction - CCRPC	20.205	PL 2017-06	308,372	-
Subtotal Highway Planning and Construction			309,386	-
Passed through State of Vermont, Agency of Transportation:				
Formula Grants for Rural Areas - Admin	20.509	VT-2016-004	605,000	-
Formula Grants for Rural Areas - Capital Assistance Program	20.509	VT-85-X010	31,671	-
Formula Grants for Rural Areas - Capital Assistance Program	20.509	VT-85-X011	281,206	-
Formula Grants for Rural Areas - Capital Assistance Program	20.509	VT-2016-004	12,329	-
Formula Grants for Rural Areas - Capital Assistance Program	20.509	VT-2016-004	38,394	-
Formula Grants for Rural Areas - Operating Assistance Program	20.509	VT-2016-001	615,851	-
Formula Grants for Rural Areas - Preventive Maintenance	20.509	VT-80-0010	495,143	-
Formula Grants for Rural Areas - E&D - Chittenden County - Rural	20.509	VT-2016-004	432,099	-
Formula Grants for Rural Areas - E&D - Franklin/Grand Isle County	20.509	VT-2016-004	297,276	-
Formula Grants for Rural Areas - E&D - Washington County	20.509	VT-2016-004	301,857	-
Formula Grants for Rural Areas - Rural Transit Assistance Program	20.509	VT-2016-001	18,000	-
Subtotal Formula Grants for Rural Areas			3,128,826	-
Passed through State of Vermont, Agency of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities - Capital Assistance Program	20.513	VT-2016-002	74,296	-
Enhanced Mobility of Seniors and Individuals with Disabilities - Capital Assistance Program	20.513	VT-16-X048	51,983	-
Enhanced Mobility of Seniors and Individuals with Disabilities - New Freedoms	20.513	VT-16-X048	62,294	-
Subtotal Enhanced Mobility of Seniors and Individuals with Disabilities			188,573	-

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Identifying Grantor Number	Total Federal Expenditures	Expenditures to Subrecipients
Passed through State of Vermont, Agency of Transportation:				
Statewide Transportation Planning	20.515	VT-80-0010	25,000	-
Total Federal Expenditures			$ 11,535,551	$ -

See accompanying notes to schedule of expenditures of federal awards.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal awards activity of Chittenden County Transportation Authority under programs of the federal government for the year ended June 30, 2017. The federal awards activity presented in the Schedule includes all federal awards received directly from federal agencies as well as federal awards passed through other government agencies. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Since the Schedule presents only a selected portion of the operations of the Chittenden County Transportation Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Chittenden County Transportation Authority.

2. Summary of Significant Accounting Policies

a. Expenditures presented on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

b. The Chittenden County Transportation Authority elected to use a 9.55% fixed indirect cost rate for fiscal year 2017, as approved by the Federal Transit Administration. The approved fixed indirect cost rate used by Chittenden County Transportation Authority in fiscal year 2017 is calculated using an indirect cost rate base type of modified total direct costs.

3. Major Programs - Federal

The following programs were considered major programs as defined by the Uniform Guidance and also Type A programs as defined by the Uniform Guidance. These programs were tested due to the Agency being classified as low-risk as defined in the Uniform Guidance:

Program	CFDA #
Federal Transit Capital Investment Grants	20.500
Federal Transit Formula Grants	20.507
Formula Grants for Rural Areas	20.509

INDEPENDENT AUDITORS' 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
Chittenden County Transportation Authority
Burlington, Vermont

We have audited, in accordance with generally accepted auditing standards 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 business-type activities of the major fund of the Chittenden County Transportation Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Chittenden County Transportation Authority's basic financial statements, and have issued our report thereon dated November 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Chittenden County Transportation Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chittenden County Transportation Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Chittenden County Transportation Authority'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.

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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 the Chittenden County Transportation Authority'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 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 instance of noncompliance or other matter 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 entity'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 entity'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
November 27, 2017

Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Board of Commissioners
Chittenden County Transportation Authority
Burlington, Vermont

Report on Compliance for Each Major Federal Program

We have audited Chittenden County Transportation Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Chittenden County Transportation Authority's major federal programs for the year ended June 30, 2017. Chittenden County Transportation Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Chittenden County Transportation Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chittenden County Transportation Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Chittenden County Transportation Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Chittenden County Transportation Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Chittenden County Transportation Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chittenden County Transportation Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chittenden County Transportation Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
November 27, 2017

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

- *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	____yes	__X__no
• Significant deficieny(ies) identified?	____yes	__X__no
• Noncompliance material to financial statements noted?	____yes	__X__no

- *Federal Awards*

Internal control over major programs:

• Material weakness(es) identified?	____yes	__X__no
• Significant deficiency(ies) identified?	____yes	__X__no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported In accordance with 2 CFR 200.516(a) ____yes __X__no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
20.500	Federal Transit Capital Investments - Capital Assistance Program
20.507	Federal Transit Formula Grants - Capital, Preventive Maintenance, Operating, and CMAQ Operating Assistance Programs
20.509	Formula Grants for Rural Areas – Admin, Capital, Operating, Preventive Maintenance, E&D, and Rural Transit Assistance Programs

Dollar threshold used to distinguish between type A and B: $750,000

Auditee qualified as low-risk auditee? __X__yes _____no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None

Schedule 1

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY
INDIRECT COST PROPOSAL
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE OF INDIRECT COST - GENERAL AND ADMINISTRATIVE
FOR THE YEAR ENDED JUNE 30, 2017

		Actual Amount FY 2017	
Salaries			761,949
General Manager and Assistant GM (2)	100%	178,487	
Human Resources Department (3)	100%	172,203	
Finance and Grants Department (8)	100%	411,259	
Fringe benefits	100%		332,431
Board Expenses	100%		34
Legal	100%		5,100
Consulting Fees	100%		-
Accounting fees	100%		27,750
Cleaning	100%		659
Cash Count Expenses	100%		3,865
Office Supplies	100%		28,473
Postage & freight	100%		6,823
Lights, heat & water	100%		22,459
Communications	100%		9,021
Insurance	100%		99,911
Dues & subscriptions	100%		33,715
Travel	100%		3,796
Recruiting	100%		7,000
Computer services	100%		64,617
Capital Lease payment	100%		46,443
Bank Charges	100%		8,362
		Subtotal Non-Salary Expenses	700,459
Total General & Administrative Expenses			1,462,408

** Assistant GM left at the beginning of this fiscal year and the position was not filled.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY
INDIRECT COST PROPOSAL
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE OF DIRECT PROGRAM COSTS ACTUAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	(1) Total Audited Program Costs	Less Unallowable/ Excluded Expenses	Modified Total Direct Costs	Add Allocated Management & General	Total Program Costs
Program Expenses	$ 22,746,662	$ (7,270,798)	$ 15,475,864	$ 1,477,903	$ 16,953,767
Management & General Expenses	$ 1,415,965	$ (46,443)	$ 1,415,965	$ -	$ 1,415,965
	$ 24,162,627	$ (7,317,241)	$ 16,845,386	$ 1,477,903	$ 18,323,289
Transit Operations	$ 11,041,239	$ (49,340)	$ 10,991,899	$ 1,049,726	$ 12,041,625
Maintenance	$ 3,183,998	$ (4,596)	$ 3,179,402	$ 303,633	$ 3,483,035
Marketing	$ 317,729	$ -	$ 317,729	$ 30,343	$ 348,072
Planning	$ 487,577	$ (150,244)	$ 337,333	$ 32,173	$ 369,506
Broker Services	$ 1,071,650	$ (569,125)	$ 502,525	$ 47,991	$ 550,516
Elders and Disabled	$ 831,919	$ (815,839)	$ 16,080	$ 1,536	$ 17,616
Special Projects	$ 23,421	$ (23,421)	$ -	$ -	$ -
RTAP	$ 18,000	$ (18,000)	$ -	$ -	$ -
Capital Projects	$ 4,536,770	$ (4,483,294)	$ 53,476	$ 5,107	$ 58,583
ADA	$ 1,163,280	$ (1,156,939)	$ 6,341	$ 606	$ 6,947
Mobilitiy Management	$ 71,079	$ -	$ 71,079	$ 6,788	$ 77,867
Management & General Actual	$ 1,462,408	$ (46,443)	$ 1,415,965		$ 1,415,965
		$ -			
Total Program Expenses	$ 24,209,070	$ (7,317,241)	$ 16,891,829	$ 1,477,903	$ 18,369,732

CERTIFICATE OF INDIRECT COSTS

This is to certify that I have reviewed the indirect cost rate proposal prepared and maintained herewith and to the best of my knowledge and belief:

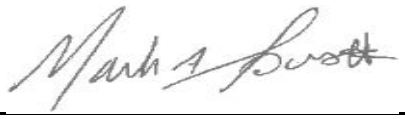
(1) All costs included in this proposal dated December 31, 2017 to establish billing or final indirect costs rates for the year ended **June 30, 2017** are allowable in accordance with the requirements of the Federal award(s) to which they apply and OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments". Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.

(2) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal Government will be notified of any accounting changes that would affect the fixed rate.

(3) The indirect cost rate(s) calculated within the proposal is 9.15 % which was calculated using an indirect cost rate base type of modified total direct costs (MTDC).

I declare to the best of my knowledge that the foregoing is true and correct.

Organization Name: Chittenden County Transportation Authority

Signature: 

Name of Authorized Official: Mark A. Sousa

Title of Authorizing Official: General Manager

Date of Execution: **December 31, 2017**

I hereby certify that Chittenden County Transportation Authority has complied with the regulations and standards on lobbying costs in paragraph B.24, of OMB Circular A-87 for the fiscal year ended 6/30/2017.

Signature:

Name of Official: Mark A. Sousa

Title: General Manager

Date of Execution: December 31, 2017