

Federal Compliance Audit

Chittenden County Transportation Authority

June 30, 2015



Proven Expertise and Integrity

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

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JUNE 30, 2015

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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, 2015, 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.

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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, 2015, 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 combining financial statements 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining financial statements 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 combining financial statements 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 December 15, 2015, 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
December 15, 2015

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

(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, 2015. 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 and liabilities 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 increased by \$711,249 from \$28.59 million to \$29.30 million.

Table 1
Chittenden County Transportation Authority
Net Position
June 30,

	<u>2015</u>	<u>2014</u>
Assets:		
Current Assets	\$ 6,065,073	\$ 6,019,549
Capital Assets	25,118,346	24,445,768
Total Assets	<u>\$ 31,183,419</u>	<u>\$ 30,465,317</u>
Liabilities:		
Current Liabilities	\$ 1,328,892	\$ 1,195,084
Long-term Debt Outstanding	512,281	677,642
Total Liabilities	<u>\$ 1,841,173</u>	<u>\$ 1,872,726</u>
Deferred Inflows of Resources:		
Deferred Revenue	\$ 38,406	\$ 28,360
Total Deferred Inflows of Resources	<u>\$ 38,406</u>	<u>\$ 28,360</u>
Net Position:		
Net Investment in Capital Assets	\$ 25,118,346	\$ 24,445,768
Restricted	1,979,111	1,949,959
Unrestricted	2,206,383	2,196,864
Total Net Position	<u>\$ 29,303,840</u>	<u>\$ 28,592,591</u>

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 \$9,520 from \$2,196,864 to a balance of \$2,206,384 at the end of this year.

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

	2015	2014
Operating Revenues:		
Purchase of services	\$ 4,851,811	\$ 4,306,947
Intergovernmental	14,349,144	13,928,814
Other income	244,813	244,992
Total Operating Revenues	19,445,768	18,480,753
Operating Expenses:		
Transportation	18,764,722	18,360,983
Operating income (loss)	681,046	119,770
Non-operating revenues (expenses)		
Contributions	4,164,700	2,502,134
Other non-operating revenue	8,805	(5,026)
Non-operating expense	(3,929,521)	(4,750,489)
Change in deferred cost pool	(213,781)	549,517
Total non-operating revenues (expenses)	30,203	(1,703,864)
Change in net position	711,249	(1,584,094)
Net Position - July 1	28,592,591	30,176,685
Net Position - June 30	\$ 29,303,840	\$ 28,592,591

Revenues and Expenses

The Authority's operating revenues and expenses increased over last year's amounts. Operating revenues increased by 5.22% and operating expenses increased by 2.20%.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2015, the net book value of capital assets recorded by the Authority increased by \$672,578 over the prior year. Capital additions of \$4,171,792 were recorded while net disposals of \$8,454 were removed from the books. Depreciation expense in the amount of \$3,490,760 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,

	<u>2015</u>	<u>2014</u>
Land	\$ 775,000	\$ 300,000
Construction in progress	2,598,302	1,893,850
Buildings and improvements	5,225,155	4,080,780
Bus stops and shelters	1,372,973	1,354,862
Revenue vehicles	14,849,769	16,601,039
Non-revenue vehicles	27,427	52,607
Office equipment	29,071	42,041
Bus accessories	32,384	67,385
Shop equipment	<u>208,265</u>	<u>53,204</u>
Total	<u>\$ 25,118,346</u>	<u>\$ 24,445,768</u>

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.

STATEMENT A

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

STATEMENTS OF NET POSITION
JUNE 30,

	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 2,312,860	\$ 1,672,509
Receivables (net of allowance for uncollectibles):		
Grants	1,705,323	2,528,013
Other	1,064,824	570,343
Deferred cost pool (Note 10)	(45,436)	168,345
Inventories	669,273	780,053
Prepaid expenses	358,229	300,286
Total current assets	6,065,073	6,019,549
Noncurrent assets:		
Land, structures and equipment - net of accumulated depreciation (Note 3)	25,118,346	24,445,768
TOTAL ASSETS	\$ 31,183,419	\$ 30,465,317
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 985,969	\$ 790,560
Accrued payroll expenses	286,398	272,741
Other accrued liabilities	56,525	65,776
Total current liabilities	1,328,892	1,129,077
Long-term liabilities:		
Accrued compensated absences (Note 4)	496,291	677,642
Accrued retirement benefits	15,990	37,647
Total long-term liabilities	512,281	715,289
TOTAL LIABILITIES	1,841,173	1,844,366
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	38,406	28,360
TOTAL DEFERRED INFLOWS OF RESOURCES	38,406	28,360
NET POSITION		
Net investment in capital assets	25,118,346	24,445,768
Restricted (Note 5)	1,979,111	1,949,959
Unrestricted (Note 6)	2,206,383	2,196,864
TOTAL NET POSITION	29,303,840	28,592,591
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 31,183,419	\$ 30,465,317

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

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2015		Total	2014
	Urban	Rural		
OPERATING REVENUE				
Purchase of services	\$ 2,735,869	\$2,115,942	\$ 4,851,811	\$ 4,306,947
Other income	149,397	95,416	244,813	244,992
Local subsidies	2,780,345	409,329	3,189,674	3,127,116
State subsidies	2,150,365	880,000	3,030,365	2,997,733
Federal subsidies	2,177,106	1,530,000	3,707,106	4,000,823
Other grants	3,063,179	1,358,820	4,421,999	3,803,142
TOTAL OPERATING REVENUE	<u>13,056,261</u>	<u>6,389,507</u>	<u>19,445,768</u>	<u>18,480,753</u>
OPERATING EXPENSES				
Transportation	<u>12,535,870</u>	<u>6,228,852</u>	<u>18,764,722</u>	<u>18,360,983</u>
OPERATING INCOME (LOSS)	<u>520,391</u>	<u>160,655</u>	<u>681,046</u>	<u>119,770</u>
NON-OPERATING REVENUES (EXPENSES)				
SSTA lease payments	46,892	4,329	51,221	35,561
Interest income	2,374	1,652	4,026	5,856
Lease payments	(46,442)	-	(46,442)	(46,443)
Bad debt expense	-	(482)	(482)	-
Capital fund expense	(414,338)	(24,155)	(438,493)	(330,057)
Depreciation expense	(2,500,367)	(990,179)	(3,490,546)	(4,420,432)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(2,911,881)</u>	<u>(1,008,835)</u>	<u>(3,920,716)</u>	<u>(4,755,515)</u>
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	<u>(2,391,490)</u>	<u>(848,180)</u>	<u>(3,239,670)</u>	<u>(4,635,745)</u>
CAPITAL CONTRIBUTIONS				
Capital contributions - grants	<u>3,236,552</u>	<u>928,148</u>	<u>4,164,700</u>	<u>2,502,134</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>3,236,552</u>	<u>928,148</u>	<u>4,164,700</u>	<u>2,502,134</u>
CHANGE IN DEFERRED COST POOL	<u>(213,781)</u>	<u>-</u>	<u>(213,781)</u>	<u>549,517</u>
CHANGE IN NET POSITION	<u>631,281</u>	<u>79,968</u>	<u>711,249</u>	<u>(1,584,094)</u>
NET POSITION - JULY 1	<u>23,608,768</u>	<u>4,983,823</u>	<u>28,592,591</u>	<u>30,176,685</u>
NET POSITION - JUNE 30	<u>\$24,240,049</u>	<u>\$5,063,791</u>	<u>\$29,303,840</u>	<u>\$ 28,592,591</u>

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,

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 7,791,817	\$ 7,573,822
Receipts from operating grants	11,992,206	9,877,431
Payments to vendors	(7,032,205)	(7,925,883)
Payments to employees	(11,682,873)	(10,857,210)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,068,945	(1,331,840)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	4,026	5,856
NET CASH PROVIDED BY INVESTING ACTIVITIES	4,026	5,856
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
(Increase) decrease in land, structure and equipment	(4,163,820)	(2,098,820)
Payments for capital fund expenses	(438,493)	(330,057)
Proceeds from SSTA lease payments	51,221	35,561
Payments on leases	(46,442)	(46,443)
Proceeds from capital grants and contributions	4,164,700	2,502,134
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(432,834)	62,375
NET INCREASE (DECREASE) IN CASH	640,137	(1,263,609)
CASH AND CASH EQUIVALENTS - JULY 1	1,672,509	2,936,118
CASH AND CASH EQUIVALENTS - JUNE 30	\$ 2,312,646	\$ 1,672,509

STATEMENT C (CONTINUED)

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2015	2014
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 681,046	\$ 119,770
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivables	822,690	(936,227)
(Increase) decrease in other receivables	(494,481)	(105,233)
(Increase) decrease in inventories	110,780	(89,672)
(Increase) decrease in prepaid expenses	(57,943)	(8,104)
(Decrease) increase in accounts payable	195,409	(344,003)
(Decrease) increase in accrued payroll expenses	13,657	64,053
(Decrease) increase in deferred revenue	10,046	11,960
(Decrease) increase in other accrued liabilities	(9,251)	(26,960)
(Decrease) increase in accrued compensated absences	(181,351)	(17,424)
(Decrease) increase in accrued retirement benefits	(21,657)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,068,945	\$(1,331,840)

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

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

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, Milton, Shelburne, South Burlington, Williston, and Winooski. The Town of Hinesburg is a member of CCTA which does not yet receive service. Paratransit service for people with disabilities is provided in those communities where it is required and Colchester. However, Colchester does not pay for fixed route services that it receives. 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 61.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, liabilities, 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. Non-operating 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:

- 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.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, 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.

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

Inventory consists of tickets, fuel, oil, materials and supplies. Inventory is valued at cost, on a first-in, first-out basis.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts was estimated to be \$0 as of both June 30, 2015 and 2014.

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.

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:

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.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (grant income/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.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating/Non-operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

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.

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, 2015, the Authority's cash balances amounting to \$2,312,860 were comprised of deposits of \$2,504,749. Of these bank deposits, \$250,000 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$2,254,749 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.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 664,091
Repurchase agreements	<u>1,840,658</u>
	<u>\$2,504,749</u>

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.

At June 30, 2015, 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.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2015:

	Balance, 7/1/2014	Additions	Deletions	Balance, 6/30/2015
<u>Primary government:</u>				
Non-depreciated assets:				
Land	\$ 300,000	\$ 475,000	\$ -	\$ 775,000
Construction in progress	1,893,850	1,072,857	(368,405)	2,598,302
	<u>2,193,850</u>	<u>1,547,857</u>	<u>(368,405)</u>	<u>3,373,302</u>
Depreciated assets:				
Buildings and improvements	5,658,769	1,326,000	-	6,984,769
Bus stops and shelters	2,484,117	179,504	-	2,663,621
Revenue vehicles	32,826,409	1,305,777	(1,476,486)	32,655,700
Non-revenue vehicles	322,365	-	-	322,365
Office equipment	73,455	-	-	73,455
Computer equipment/software	279,865	-	-	279,865
Bus accessories	254,733	-	(14,116)	240,617
Shop equipment	278,497	181,059	(65,524)	394,032
	<u>42,178,210</u>	<u>2,992,340</u>	<u>(1,556,126)</u>	<u>43,614,424</u>
Less: accumulated depreciation	<u>(19,926,292)</u>	<u>(3,490,760)</u>	<u>1,547,672</u>	<u>(21,869,380)</u>
Net capital assets	<u>22,251,918</u>	<u>(498,420)</u>	<u>(8,454)</u>	<u>21,745,044</u>
Total net assets	<u>\$24,445,768</u>	<u>\$ 1,049,437</u>	<u>\$ (376,859)</u>	<u>\$25,118,346</u>

NOTE 4 - LONG-TERM DEBT

A summary of long-term debt is as follows:

	Balance, 7/1/14	Additions	Deletions	Balance, 6/30/15
Accrued compensated absences	<u>\$ 677,642</u>	<u>\$ -</u>	<u>\$ (181,351)</u>	<u>\$ 496,291</u>

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 5 - RESTRICTED NET POSITION

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

	<u>2015</u>	<u>2014</u>
Restricted for obligated local match on capital purchases	\$ 1,082,356	\$ 712,131
Restricted by the Board for future capital match	<u>896,755</u>	<u>1,237,828</u>
	<u>\$ 1,979,111</u>	<u>\$ 1,949,959</u>

NOTE 6 - NET POSITION

The following table discloses the composition of net position at June 30, 2015, separated between Rural and Urban programs:

	<u>Urban</u>	<u>Rural</u>	<u>Total</u>
Net investment in capital assets	\$21,057,418	\$ 4,060,928	\$25,118,346
Restricted net position (Note 5)	1,697,488	281,623	1,979,111
Unrestricted net position:			
Unrestricted, operating reserve	<u>1,485,143</u>	<u>721,240</u>	<u>2,206,383</u>
	<u>\$24,240,049</u>	<u>\$ 5,063,791</u>	<u>\$29,303,840</u>

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

NOTE 7 - 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. Employees 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, 2015 and 2014, respectively, were \$331,105 and \$335,275. Pension expense for fiscal years ended June 30, 2015 and 2014, respectively, was \$297,110 and \$295,923.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 8 - 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 9 - 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 \$33,335 and \$77,721, respectively, for unemployment claims for the years ended June 30, 2015 and 2014, respectively.

NOTE 10 - DEFERRED COST POOL

For the fiscal years ended June 30, 2015 and 2014, the Authority used a Simplified Allocation Method with a fixed rate and a carryforward provision as prescribed under OMB Circular A-87 "Cost Principles for State, Local and Indian Tribal Governments". This methodology resulted in an over-allocation of general and administration costs at June 30, 2015 of \$21,829 and an over-allocation of general and administration costs at June 30, 2014 of \$191,952.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY
 SCHEDULE OF OPERATING REVENUES AND SUBSIDIES
 FOR THE YEARS ENDED JUNE 30,

	Urban	Rural	Totals	
			2015	2014
Operating Revenues:				
Passenger fares:				
Fixed route	\$ 2,553,859	\$ 162,169	\$ 2,716,028	\$ 2,501,246
Paratransit	123,335	-	123,335	121,547
Subtotal passenger fares	<u>2,677,194</u>	<u>162,169</u>	<u>2,839,363</u>	<u>2,622,793</u>
Purchase of services:				
Fixed route	<u>58,675</u>	<u>1,953,773</u>	<u>2,012,448</u>	<u>1,684,154</u>
Total other purchase of services	<u>2,735,869</u>	<u>2,115,942</u>	<u>4,851,811</u>	<u>4,306,947</u>
Other income:				
Advertising	116,193	19,388	135,581	124,188
Gain (loss) - sale of asset	7,860	(3,607)	4,253	13,660
Other income	25,344	79,635	104,979	107,144
Subtotal other income	<u>149,397</u>	<u>95,416</u>	<u>244,813</u>	<u>244,992</u>
Total all community subsidies				
Fixed route operating	2,057,475	-	2,057,475	2,002,532
Paratransit operating	669,585	-	669,585	714,327
Municipal donations	53,285	409,329	462,614	410,257
Subtotal local subsidies	<u>2,780,345</u>	<u>409,329</u>	<u>3,189,674</u>	<u>3,127,116</u>
State subsidies - State operating grant	<u>2,150,365</u>	<u>880,000</u>	<u>3,030,365</u>	<u>2,997,733</u>
Federal subsidies - Federal operating grant	<u>2,177,106</u>	<u>1,530,000</u>	<u>3,707,106</u>	<u>4,000,823</u>
Other grants:				
Planning revenue	362,106	-	362,106	378,981
Grants - JARC, CMAQ, other	2,701,073	1,358,820	4,059,893	3,424,161
Subtotal other grants	<u>3,063,179</u>	<u>1,358,820</u>	<u>4,421,999</u>	<u>3,803,142</u>
Total operating revenues	<u>13,056,261</u>	<u>6,389,507</u>	<u>19,445,768</u>	<u>18,480,753</u>

SCHEDULE A (CONTINUED)

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

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

	<u>Urban</u>	<u>Rural</u>	<u>Totals</u>	
			<u>2015</u>	<u>2014</u>
Nonoperating revenues:				
Local contributions:				
SSTA lease payments	<u>46,892</u>	<u>4,329</u>	<u>51,221</u>	<u>35,561</u>
Interest income	<u>2,374</u>	<u>1,652</u>	<u>4,026</u>	<u>5,856</u>
Total nonoperating revenue	<u>49,266</u>	<u>5,981</u>	<u>55,247</u>	<u>41,417</u>
Total revenues from operating grants and subsidies	<u>\$ 13,105,527</u>	<u>\$ 6,395,488</u>	<u>\$19,501,015</u>	<u>\$ 18,522,170</u>

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

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Urban								Urban	
	General	Transit	Maintenance	Special	Marketing	Planning	ADA	Mobility	Capital Exp./	Totals
	Admin.	Operations		Projects		CCMPO		Manager	Depreciation	
Operating Expenses:										
Labor:										
Operators' salaries and wages	\$ -	\$ 3,564,843	\$ 827,622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,392,465
Other salaries and wages	650,797	294,015	125,987	-	81,664	235,297	14,322	53,064	49,714	1,504,860
Subtotal labor	650,797	3,858,858	953,609	-	81,664	235,297	14,322	53,064	49,714	5,897,325
Fringe benefits:										
Payroll taxes	50,296	301,145	77,649	-	5,967	17,709	1,079	4,006	3,747	461,598
Pension plan	38,658	150,313	32,939	-	3,570	10,611	-	1,195	-	237,286
Life insurance and short-term disability plan	11,914	62,936	17,443	-	1,490	4,101	76	762	1,447	100,169
Medical plan	114,229	825,551	200,872	-	14,175	36,042	2,672	6,653	2,993	1,203,187
Dental plan	8,470	72,013	13,082	-	952	3,745	154	748	193	99,357
Employer flex contribution	15,434	109,752	22,063	-	-	2,982	-	-	-	150,231
Vision reimbursement	300	4,702	-	-	-	250	-	160	133	5,545
Vision plan	1,472	12,376	2,566	-	165	610	43	-	-	17,232
Employee testing	698	14,115	2,700	-	-	-	-	-	-	17,513
Employee referral program	-	1,000	-	-	-	-	-	-	-	-
Unemployment insurance	6,104	9,510	-	-	-	-	-	-	-	15,614
Pension admin fees	6,034	2,600	100	-	-	-	-	-	-	8,734
Other employee benefits	15,148	7,885	1,712	-	-	-	-	-	-	24,745
Uniform and work clothing allowance	-	27,861	17,998	-	-	-	-	-	-	45,859
Employee development	3,051	20,192	386	-	199	-	1,460	2,655	-	27,943
Tool allowance	-	-	12,600	-	-	-	-	-	-	12,600
Subtotal fringe benefits	271,808	1,621,951	402,110	-	26,518	76,050	5,484	16,179	8,513	2,428,613
Services:										
Legal fees	5,611	949	-	-	-	-	5,288	-	-	11,848
Accounting and audit fees	21,750	-	-	-	-	-	-	-	-	21,750
Cleaning	10,031	12,251	18,016	-	-	-	-	-	-	40,298
Consultants	2,040	-	-	-	-	-	-	62,891	-	64,931
Subtotal services	39,432	13,200	18,016	-	-	-	5,288	62,891	-	138,827

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Rural										
	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services	Capital Exp./ Depreciation	Rural Totals	2015 Totals	2014 Totals
Operating Expenses:											
Labor:											
Operators' salaries and wages	\$ 1,324,883	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,324,883	\$ 5,717,348	\$ 5,499,330
Other salaries and wages	323,758	154,034	114,901	-	64,856	19,631	257,584	18,125	952,889	2,457,749	2,419,745
Subtotal labor	1,648,641	154,034	114,901	-	64,856	19,631	257,584	18,125	2,277,772	8,175,097	7,919,075
Fringe benefits:											
Payroll taxes	125,322	11,602	8,742	-	4,306	1,496	19,188	1,377	172,033	633,631	600,705
Pension plan	42,396	6,816	26,722	-	4,352	-	4,856	-	85,142	322,428	295,752
Life insurance and short-term disability plan	24,187	2,454	-	-	1,473	5,371	2,004	147	35,636	135,805	125,253
Medical plan	313,277	30,077	-	-	20,262	3,466	63,038	2,759	432,879	1,636,066	1,376,905
Dental plan	25,936	2,302	-	-	1,702	319	4,734	161	35,154	134,511	102,840
Employer flex contribution	19,496	-	-	-	2,161	-	4,309	-	25,966	176,197	198,000
Vision reimbursement	999	-	-	-	-	-	250	250	1,499	7,044	3,444
Vision plan	5,294	335	-	-	225	68	986	35	6,943	24,175	22,041
Employee testing	15,537	379	-	-	-	-	4,706	-	20,622	38,135	32,138
Unemployment insurance	14,818	1,561	-	-	-	-	-	-	16,379	31,993	78,874
Pension admin fees	400	100	-	-	-	-	1,342	-	1,842	10,576	4,664
Other employee benefits	2,304	-	-	-	-	-	100	-	2,404	27,149	28,619
Uniform and work clothing allowance	12,177	1,765	-	-	-	-	-	-	13,942	59,801	64,642
Employee development	369	-	40	37,080	82	-	-	-	37,571	65,514	39,836
Tool allowance	-	1,800	-	-	-	-	-	-	1,800	14,400	11,051
Subtotal fringe benefits	602,512	59,191	35,504	37,080	34,563	10,720	105,513	4,729	889,812	3,318,425	2,984,764
Services:											
Legal fees	2,432	-	-	-	-	-	-	-	2,432	14,280	97,821
Accounting and audit fees	-	-	-	-	-	-	-	-	-	21,750	24,200
Cleaning	7,830	1,660	-	-	-	-	5,387	-	14,877	55,175	56,609
Consultants	-	2,888	-	-	-	-	-	-	2,888	67,819	106,154
Subtotal services	10,262	4,548	-	-	-	-	5,387	-	20,197	159,024	284,784

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Urban								Urban	
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning CCMPO	ADA	Mobility Manager	Capital Exp./ Depreciation	Totals
Materials and supplies:										
Fuels and lubricants	-	1,199,069	-	-	-	-	-	-	-	1,199,069
Tires and tubes	-	-	66,597	-	-	-	-	-	-	66,597
Other materials and supplies:										
Hardware	-	-	319,371	-	-	-	-	-	-	319,371
Facility maintenance	-	-	49,214	-	-	-	-	-	-	49,214
Small tools expense	-	-	5,786	-	-	-	-	-	-	5,786
Parts expense:										
Service vehicles	-	-	-	-	-	-	-	-	-	-
Revenue vehicles	-	-	-	-	-	-	-	-	-	-
Maintenance supplies	-	-	19,680	-	-	-	-	-	-	19,680
Radio maintenance	-	-	2,783	-	-	-	-	-	-	2,783
Repeater fees	-	19,152	-	-	-	-	-	-	-	19,152
Safety expense	-	2,324	-	-	-	-	-	-	-	2,324
Kiosk/shelter expense	-	-	7,706	-	-	-	-	-	-	7,706
Vehicle registrations	-	800	-	-	-	-	-	-	-	800
Subtotal materials and supplies	-	1,221,345	471,137	-	-	-	-	-	-	1,692,482
Utilities:										
Light, heat and water	27,900	37,765	38,386	-	-	-	-	-	-	104,051
Communications	7,699	17,883	2,936	-	768	1,216	-	-	-	30,502
Subtotal utilities	35,599	55,648	41,322	-	768	1,216	-	-	-	134,553
Casualty and liability costs:										
Insurance premiums	101,979	651,197	106,914	-	6,351	12,730	175	-	-	879,346
Subtotal casualty and liability costs	101,979	651,197	106,914	-	6,351	12,730	175	-	-	879,346

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Rural										
	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services	Capital Exp./ Depreciation	Rural Totals	2015 Totals	2014 Totals
Materials and supplies:											
Fuels and lubricants	423,587	-	-	-	-	-	-	-	423,587	1,622,656	1,703,876
Tires and tubes	-	32,936	-	-	-	-	-	-	32,936	99,533	81,643
Other materials and supplies:											
Hardware	-	6,770	-	-	-	-	-	-	6,770	326,141	31,371
Facility maintenance	-	33,647	-	-	-	-	-	-	33,647	82,861	103,302
Small tools expense	-	2,659	-	-	-	-	-	-	2,659	8,445	8,544
Parts expense:											
Service vehicles	-	9,675	-	-	-	-	-	-	9,675	9,675	20,109
Revenue vehicles	-	174,583	-	-	-	-	-	-	174,583	174,583	531,293
Maintenance supplies	-	2,939	-	-	-	-	-	-	2,939	22,619	29,390
Radio maintenance	-	2,795	-	-	-	-	-	-	2,795	5,578	5,141
Repeater fees	15,120	-	-	-	-	-	-	-	15,120	34,272	30,572
Safety expense	1,785	-	-	-	-	-	-	-	1,785	4,109	-
Kiosk/shelter expense	-	202	-	-	-	-	-	-	202	7,908	18,926
Vehicle registrations	630	-	-	-	-	-	-	-	630	1,430	1,308
Subtotal materials and supplies	<u>441,122</u>	<u>266,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>707,328</u>	<u>2,399,810</u>	<u>2,565,475</u>
Utilities:											
Light, heat and water	27,760	3,647	-	-	-	-	17,892	-	49,299	153,350	159,052
Communications	10,159	-	1,221	-	-	-	5,363	-	16,743	47,245	44,253
Subtotal utilities	<u>37,919</u>	<u>3,647</u>	<u>1,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,255</u>	<u>-</u>	<u>66,042</u>	<u>200,595</u>	<u>203,305</u>
Casualty and liability costs:											
Insurance premiums	251,667	27,073	6,277	-	6,199	-	26,216	-	317,432	1,196,778	1,043,683
Subtotal casualty and liability costs	<u>251,667</u>	<u>27,073</u>	<u>6,277</u>	<u>-</u>	<u>6,199</u>	<u>-</u>	<u>26,216</u>	<u>-</u>	<u>317,432</u>	<u>1,196,778</u>	<u>1,043,683</u>

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Urban								Urban	
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning CCMPO	ADA	Mobility Manager	Capital Exp./ Depreciation	Totals
General and administration:										
Dues and subscriptions	33,193	-	-	-	-	-	674	-	-	33,867
Travel, meetings and meals	2,053	259	3	-	20	-	20	-	-	2,355
Marketing expense	-	-	-	-	45,684	-	-	324	-	46,008
Advertising/public information	-	-	-	-	34,987	-	-	-	-	34,987
Office supplies	23,702	3,743	816	-	1,716	-	-	6	-	29,983
Fare media	-	-	-	-	19,137	-	-	-	-	19,137
Recruiting	5,170	7,525	5,920	-	-	-	-	-	-	18,615
Computer services	64,531	452	1,241	-	-	-	-	-	-	66,224
Postage and freight	9,620	-	-	-	-	-	-	-	-	9,620
Bank charges	7,919	-	-	-	-	-	-	-	-	7,919
Rent expense	-	-	18,399	-	-	-	-	-	-	18,399
Subtotal general and administration	<u>146,188</u>	<u>11,979</u>	<u>26,379</u>	<u>-</u>	<u>101,544</u>	<u>-</u>	<u>694</u>	<u>330</u>	<u>-</u>	<u>287,114</u>

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Rural							Rural Totals	2015 Totals	2014 Totals	
	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services				Capital Exp./ Depreciation
General and administration:											
Dues and subscriptions	-	1,200	-	-	-	-	-	-	1,200	35,067	34,766
Travel, meetings and meals	344	117	249	-	-	-	97	-	807	3,162	24,678
Marketing expense	-	-	46,080	-	-	-	-	-	46,080	92,088	161,794
Advertising/public information	-	-	28,213	-	-	-	-	-	28,213	63,200	3,725
Office supplies	2,333	-	-	-	-	-	1,200	-	3,533	33,516	37,390
Fare media	-	-	2,335	-	-	-	-	-	2,335	21,472	20,698
Recruiting	3,825	-	-	-	-	-	1,125	-	4,950	23,565	28,182
Computer services	-	532	-	-	-	-	1,155	-	1,687	67,911	59,046
Postage and freight	-	-	-	-	-	-	-	-	-	9,620	10,101
Bank charges	-	-	-	-	-	-	-	-	-	7,919	7,604
Rent expense	-	32,470	-	-	-	-	-	-	32,470	50,869	45,028
Subtotal general and administration	6,502	34,319	76,877	-	-	-	3,577	-	121,275	408,389	497,421

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Urban								Urban	
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning CCMPO	ADA	Mobility Manager	Capital Exp./ Depreciation	Totals
Miscellaneous expenses:										
Park and ride lease payments	-	23,463	-	7,808	-	-	-	-	-	31,271
Planning expenses	-	-	-	-	-	59,012	-	-	-	59,012
Cash counting expense	2,982	-	-	-	-	-	-	-	-	2,982
Paratransit transportation expense	-	-	-	-	-	-	1,345,989	-	-	1,345,989
Volunteer mileage reimbursements	225	-	-	-	-	-	-	-	-	225
Contracted transportation expense	38,578	-	-	-	-	-	-	-	-	38,578
Other reimbursements	-	-	-	-	-	-	-	-	-	-
Other miscellaneous expenses	-	10,344	-	-	-	-	-	-	-	10,344
Transfers	-	202,822	(162,244)	-	-	-	-	-	-	40,578
Subtotal miscellaneous expenses	<u>41,785</u>	<u>236,629</u>	<u>(162,244)</u>	<u>7,808</u>	<u>-</u>	<u>59,012</u>	<u>1,345,989</u>	<u>-</u>	<u>-</u>	<u>1,528,979</u>
Total operating expenses	<u>1,287,588</u>	<u>7,670,807</u>	<u>1,857,243</u>	<u>7,808</u>	<u>216,845</u>	<u>384,305</u>	<u>1,371,952</u>	<u>132,464</u>	<u>58,227</u>	<u>12,987,239</u>
Nonoperating expenses:										
Bad debt expense	-	-	-	-	-	-	-	-	-	-
Capital fund expenses	-	-	-	-	-	-	-	-	414,338	414,338
Depreciation expense	-	-	-	-	-	-	-	-	2,500,367	2,500,367
Capital lease expense	-	-	-	-	-	-	-	-	46,442	46,442
Subtotal nonoperating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,961,147</u>	<u>2,961,147</u>
Total expenses	<u>1,287,588</u>	<u>7,670,807</u>	<u>1,857,243</u>	<u>7,808</u>	<u>216,845</u>	<u>384,305</u>	<u>1,371,952</u>	<u>132,464</u>	<u>3,019,374</u>	<u>15,948,386</u>
General administration allocation	<u>(1,430,532)</u>	<u>731,022</u>	<u>173,627</u>	<u>-</u>	<u>21,294</u>	<u>31,944</u>	<u>2,550</u>	<u>13,008</u>	<u>5,718</u>	<u>(451,369)</u>
Deferred Cost Pool - Current year	21,829	-	-	-	-	-	-	-	-	21,829
Deferred Cost Pool - Prior year	191,952	-	-	-	-	-	-	-	-	191,952
Total change in deferred cost pool	<u>213,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,781</u>
Net expenses	<u>\$ 70,837</u>	<u>\$ 8,401,829</u>	<u>\$ 2,030,870</u>	<u>\$ 7,808</u>	<u>\$ 238,139</u>	<u>\$ 416,249</u>	<u>\$ 1,374,502</u>	<u>\$ 145,472</u>	<u>\$ 3,025,092</u>	<u>\$ 15,710,798</u>

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Rural								2015	2014	
	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services	Capital Exp./ Depreciation	Rural Totals	Totals	Totals
Miscellaneous expenses:											
Park and ride lease payments	600	-	-	-	-	-	-	-	600	31,871	14,652
Planning expenses	-	-	-	-	3,806	-	-	-	3,806	62,818	129,535
Cash counting expense	-	-	-	-	-	-	-	-	-	2,982	3,689
Paratransit transportation expense	-	-	-	-	-	-	-	-	-	1,345,989	1,314,451
Volunteer mileage reimbursements	-	-	-	-	-	142,857	551,299	-	694,156	694,381	617,285
Contracted transportation expense	-	-	-	-	-	537,577	181,401	-	718,978	757,556	39,386
Other reimbursements	-	-	-	-	-	-	-	-	-	-	734,156
Other miscellaneous expenses	663	-	-	-	-	-	-	-	663	11,007	9,322
Transfers	(202,822)	162,244	-	-	-	-	-	-	(40,578)	-	-
Subtotal miscellaneous expenses	(201,559)	162,244	-	-	3,806	680,434	732,700	-	1,377,625	2,906,604	2,862,476
Total operating expenses	2,797,066	711,262	234,780	37,080	109,424	710,785	1,154,232	22,854	5,777,483	18,764,722	18,360,983
Nonoperating expenses:											
Bad debt expense	-	-	-	-	-	-	482	-	482	482	-
Capital fund expenses	-	-	-	-	-	-	-	24,155	24,155	438,493	330,057
Depreciation expense	-	-	-	-	-	-	-	990,179	990,179	3,490,546	4,420,432
Capital lease expense	-	-	-	-	-	-	-	-	-	46,442	46,443
Subtotal nonoperating expenses	-	-	-	-	-	-	482	1,014,334	1,014,816	3,975,963	4,796,932
Total expenses	2,797,066	711,262	234,780	37,080	109,424	710,785	1,154,714	1,037,188	6,792,299	22,740,685	23,157,915
General administration allocation	294,530	76,793	23,055	-	10,372	2,980	41,395	2,244	451,369	-	-
Deferred Cost Pool - Current year	-	-	-	-	-	-	-	-	-	21,829	(354,858)
Deferred Cost Pool - Prior year	-	-	-	-	-	-	-	-	-	191,952	(194,659)
Total change in deferred cost pool	-	-	-	-	-	-	-	-	-	213,781	(549,517)
Net expenses	<u>\$ 3,091,596</u>	<u>\$ 788,055</u>	<u>\$ 257,835</u>	<u>\$ 37,080</u>	<u>\$ 119,796</u>	<u>\$ 713,765</u>	<u>\$ 1,196,109</u>	<u>\$ 1,039,432</u>	<u>\$ 7,243,668</u>	<u>\$ 22,954,466</u>	<u>\$ 22,608,398</u>

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, 2015

Federal Grantor Pass-through Grantor Program Title	CFDA Number	Pass-Through Grantor Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION:			
Federal Transit Administration			
Capital Assistance Program	20.500	VT-03-0048	\$ 1,448,452
Capital Assistance Program	20.500	VT-03-0050	641,978
Capital Assistance Program	20.500	VT-04-0010	51,340
Capital Assistance Program	20.500	VT-04-0011	91,693
Capital Assistance Program	20.500	VT-04-0019	13,107
			<u>2,246,570</u>
Capital Assistance Program	20.507	VT-90-X069	5,360
Capital Assistance Program	20.507	VT-90-X071	33,601
Capital Assistance Program	20.507	VT-95-X015	256,724
Preventive Maintenance	20.507	VT-95-X016	1,035,332
Preventive Maintenance	20.507	VT-95-X017	364,145
Operating	20.507	VT-90-X063	181,077
Operating	20.507	VT-90-X064	167,072
Operating	20.507	VT-90-X067	136,470
Operating	20.507	VT-90-X069	12,800
Operating	20.507	VT-90-X071	488,890
Operating	20.507	VT-90-X072	1,190,797
CMAQ Operating	20.507	VT-95-X013	30,524
CMAQ Operating	20.507	VT-95-X014	3,071
CMAQ Operating	20.507	VT-95-X016	874,909
CMAQ Operating	20.507	VT-95-X017	179,155
CMAQ Operating (marketing)	20.507	VT-95-X017	7,251
			<u>4,967,178</u>
Passed through State of Vermont Agency of Transportation:			
Capital Assistance Program	20.500	VT-04-0021	<u>32,499</u>
TCSP	20.505	TCSE(015)-005	13,699
CCRPC	20.505	PL 2015, CCRPC GR0340	<u>321,872</u>
			<u>335,571</u>

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor Pass-through Grantor Program Title	CFDA Number	Pass-Through Grantor Number	Federal Expenditures
Capital Assistance Program	20.509	VT-85-X007	2,737
Capital Assistance Program	20.509	VT-85-X008	37,762
Capital Assistance Program	20.509	VT-85-X010	569,922
Operating Assistance Program	20.509	VT-18-X062	535,087
Admin/PM	20.509	VT-85-X010	844,913
Admin/PM	20.509	VT-85-X007	150,000
Preventive Maintenance	20.509	VT-85-X010	149,383
E&D - Washington County	20.509	VT-85-X010	315,154
E&D - Franklin/Grand Isle County	20.509	VT-85-X010	332,390
E&D - Chittenden County - Rural	20.509	VT-85-X010	335,568
Rural Transit Assistance Program	20.509	VT-18-X062	37,080
CMAQ	20.509	VT-85-X010	84,000
CMAQ	20.509	VT-85-X007	3,467
			<u>3,397,463</u>
Capital Assistance Program	20.513	VT-16-X046	288,382
Capital Assistance Program	20.513	VT-16-X043	11,920
Capital Assistance Program	20.513	VT-16-X045	154,768
New Freedoms	20.513	VT-16-X046	116,377
			<u>571,447</u>
State Planning and Research Grant	20.515	VT-80-0009	3,019
Capital Assistance Program	20.526	VT-04-0018	47,913
Total Federal Expenditures			<u>\$11,601,660</u>

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Chittenden County Transportation Authority. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. Major Programs - Federal

The following programs were considered major programs as defined by OMB Circular A-133 and also Type A programs as defined by Circular A-133. These programs were tested due to the Agency being classified as low-risk as defined in OMB Circular A-133:

Program	CFDA #
Planning and Research	20.505
Operating and Capital Assistance Programs	20.507
Capital Assistance Programs	20.509



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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, 2015, 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 December 15, 2015.

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
December 15, 2015



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

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 Circular A-133 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, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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.

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, 2015.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
December 15, 2015

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

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 no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted yes no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes 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 section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.505	Planning and Research
20.507	Capital and Operating Assistance Programs
20.509	Capital Assistance Program

Dollar threshold used to distinguish between type A and B: \$300,000

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None