



*Proven Expertise and Integrity*

January 9, 2018

Board of Commissioners  
Chittenden County  
Transportation Authority  
15 Industrial Parkway  
Burlington, VT 05401

MANAGEMENT LETTER

In planning and performing our audit of the financial statements of the business-type activities of the Chittenden County Transportation Authority as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of the Chittenden County Transportation Authority's internal control over financial reporting or compliance.

During our audit we became aware of several matters referred to as "management letter comments" that offer opportunities for strengthening internal control and improving operating procedures of the Chittenden County Transportation Authority. The following pages summarize our comments and suggestions on those matters.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

These matters do not modify our opinion on the financial statements for the year ended June 30, 2017, where we expressed an unmodified opinion on our independent auditors' report dated November 27, 2017.

**Purchasing/Procurement:**

While performing the audit for the above mentioned year end, it was noticed the Authority has very comprehensive purchasing policies and procedures. During the testing process it was noted on select purchases of the Authority, that the Authority did not follow its internal purchasing/procurement policies prior to soliciting services/goods to be provided to the Authority by an outside contractor.

We recommend the Authority review its existing procurement policies and procedures and review for adequacy. Some of this policy should be clarified for roles and authority at the Authority on “large purchases”.

***Management Response: Staff understands that there were some discrepancies with the application of the purchasing policy in Fiscal year 2017. The last time the purchasing policy and procedures were updated was August 2015. Staff updated and tightened the procedures to comply with the current guidance, and presented to the board of commissioners on June 15, 2017 where it was subsequently approved unanimously.***

**Inventory:**

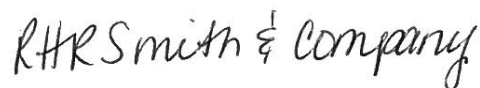
While performing the audit for the above mentioned year, it was noted that a password used to log into the inventory software was written on a post it note located directly next to the computer used to track inventory. This password was assigned to one employee; however, it was being used by several employees at CCTA. The rights assigned to this password allows adjustments to be recorded to inventory within the inventory software. The risk associated with this practice is that adjustments could be made to inventory within the inventory software that are incorrect and that these adjustments could be made by employees who have not been assigned logins to the system. It is recommended that a separate password be issued to each employee who needs access to the inventory system, that each password remain confidential and that the appropriate user rights be assigned to each password. This will provide an audit trail and accountability, tracking which users have made adjustments to inventory within the inventory software.

***Management Response: The new Maintenance Director has reviewed all the user accounts and ensured that the rights assigned to each user are appropriate. The maintenance staff was also trained on the importance of securing their passwords.***

We would like to thank Mark, Michelle, Jordan and all of the staff at the Authority for their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,



RHR Smith and Company, CPAs

# Federal Compliance Audit

## Chittenden County Transportation Authority

June 30, 2017



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CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

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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, 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,**

	<b>2017</b>	<b>2016</b>
<b>Assets:</b>		
Current Assets	\$ 6,106,729	\$ 7,764,061
Capital Assets	28,031,330	29,537,091
<b>Total Assets</b>	<b>\$ 34,138,059</b>	<b>\$ 37,301,152</b>
<b>Liabilities:</b>		
Current Liabilities	\$ 1,516,828	\$ 3,499,469
Long-term Debt Outstanding	808,572	712,466
<b>Total Liabilities</b>	<b>\$ 2,325,400</b>	<b>\$ 4,211,935</b>
<b>Deferred Inflows of Resources:</b>		
Deferred Revenue	\$ 13,360	\$ 68,128
<b>Total Deferred Inflows of Resources</b>	<b>\$ 13,360</b>	<b>\$ 68,128</b>
<b>Net Position:</b>		
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
<b>Total Net Position</b>	<b>\$ 31,799,299</b>	<b>\$ 33,021,089</b>

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,**

	<u>2017</u>	<u>2016</u>
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	<u>19,663,373</u>	<u>19,203,664</u>
Operating Expenses:		
Transportation	<u>19,679,335</u>	<u>18,389,477</u>
Operating income (loss)	<u>(15,962)</u>	<u>814,187</u>
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	<u>(61,055)</u>	<u>(74,028)</u>
Total non-operating revenues (expenses)	<u>(1,205,828)</u>	<u>2,903,062</u>
Change in net position	(1,221,790)	3,717,249
Net Position - July 1	<u>33,021,089</u>	<u>29,303,840</u>
Net Position - June 30	<u>\$ 31,799,299</u>	<u>\$ 33,021,089</u>

### 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,**

	<b>2017</b>	<b>2016</b>
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	<b>\$ 28,031,330</b>	<b>\$ 29,537,091</b>

### **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,

	2017	2016
<b>ASSETS</b>		
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
<b>TOTAL ASSETS</b>	<b>\$ 34,138,059</b>	<b>\$ 37,301,152</b>
<b>LIABILITIES</b>		
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
<b>TOTAL LIABILITIES</b>	<b>2,325,400</b>	<b>4,211,935</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue	13,360	68,128
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>13,360</b>	<b>68,128</b>
<b>NET POSITION</b>		
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
<b>TOTAL NET POSITION</b>	<b>31,799,299</b>	<b>33,021,089</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 34,138,059</b>	<b>\$ 37,301,152</b>

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

## CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30,

	2017		Total	2016
	Urban	Rural		
<b>OPERATING REVENUES</b>				
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
<b>TOTAL OPERATING REVENUES</b>	<b>13,483,104</b>	<b>6,178,617</b>	<b>19,661,721</b>	<b>19,203,664</b>
<b>OPERATING EXPENSES</b>				
Transportation	13,139,430	6,539,905	19,679,335	18,389,477
<b>OPERATING INCOME (LOSS)</b>	<b>343,674</b>	<b>(361,288)</b>	<b>(17,614)</b>	<b>814,187</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
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)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(3,752,900)</b>	<b>(1,057,324)</b>	<b>(4,810,224)</b>	<b>(4,884,071)</b>
<b>CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(3,409,226)</b>	<b>(1,418,612)</b>	<b>(4,827,838)</b>	<b>(4,069,884)</b>
<b>CAPITAL CONTRIBUTIONS</b>				
Capital contributions - grants	3,028,999	638,104	3,667,103	7,861,161
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<b>3,028,999</b>	<b>638,104</b>	<b>3,667,103</b>	<b>7,861,161</b>
<b>CHANGE IN DEFERRED COST POOL</b>	<b>(61,055)</b>	<b>-</b>	<b>(61,055)</b>	<b>(74,028)</b>
<b>CHANGE IN NET POSITION</b>	<b>(441,282)</b>	<b>(780,508)</b>	<b>(1,221,790)</b>	<b>3,717,249</b>
<b>NET POSITION - JULY 1,</b>	<b>29,121,631</b>	<b>3,899,458</b>	<b>33,021,089</b>	<b>29,303,840</b>
<b>NET POSITION - JUNE 30</b>	<b>\$28,680,349</b>	<b>\$ 3,118,950</b>	<b>\$31,799,299</b>	<b>\$ 33,021,089</b>

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(947,769)</b>	<b>1,649,979</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	5,326	5,935
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>5,326</b>	<b>5,935</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
(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
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>357,314</b>	<b>(1,447,590)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(585,129)</b>	<b>208,324</b>
<b>CASH AND CASH EQUIVALENTS - JULY 1</b>	<b>2,521,184</b>	<b>2,312,860</b>
<b>CASH AND CASH EQUIVALENTS - JUNE 30</b>	<b>\$ 1,936,055</b>	<b>\$ 2,521,184</b>

STATEMENT C (CONTINUED)  
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.



# CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

### 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.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

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.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

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:

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

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.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

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.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

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.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

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.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

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.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 589,725
Repurchase agreements	<u>1,542,618</u>
	<u>\$ 2,132,343</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.



CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

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
<u>Primary government:</u>				
Non-depreciated assets:				
Land	\$ 775,000	\$ -	\$ -	\$ 775,000
Construction in progress	10,327,917	770,712	(10,975,737)	122,892
	<u>11,102,917</u>	<u>770,712</u>	<u>(10,975,737)</u>	<u>897,892</u>
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
	<u>42,315,518</u>	<u>12,104,817</u>	<u>(575,058)</u>	<u>53,845,277</u>
Less: accumulated depreciation and amortization	<u>(23,881,344)</u>	<u>(3,329,828)</u>	<u>499,333</u>	<u>(26,711,839)</u>
Net depreciated capital assets	<u>18,434,174</u>	<u>8,774,989</u>	<u>(75,725)</u>	<u>27,133,438</u>
Total net capital assets	<u>\$29,537,091</u>	<u>\$ 9,545,701</u>	<u>\$(11,051,462)</u>	<u>\$28,031,330</u>

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

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	<u>\$ 712,466</u>	<u>\$ 191,700</u>	<u>\$ (95,594)</u>	<u>\$ 808,572</u>

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	<u>46,443</u>
Total minimum lease payment	371,544
Less amount representing interest	<u>(49,574)</u>
Present value of future minimum lease payments	<u>\$ 321,970</u>

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

NOTE 6 - RESTRICTED NET POSITION

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

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

NOTE 7 - NET POSITION

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

	<u>Urban</u>	<u>Rural</u>	<u>Total</u>
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	<u>1,562,728</u>	<u>657,759</u>	<u>2,220,487</u>
	<u>\$28,680,349</u>	<u>\$ 3,118,950</u>	<u>\$31,799,299</u>

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.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

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.

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

	Urban	Rural	Total	
			2017	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	<u>2,317,952</u>	<u>122,075</u>	<u>2,440,027</u>	<u>2,683,925</u>
Purchase of services:				
Fixed route	<u>49,791</u>	<u>1,768,028</u>	<u>1,817,819</u>	<u>2,065,274</u>
Total other purchase of services	<u>2,367,743</u>	<u>1,890,103</u>	<u>4,257,846</u>	<u>4,749,199</u>
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	<u>162,360</u>	<u>66,100</u>	<u>228,460</u>	<u>359,589</u>
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	<u>2,935,210</u>	<u>406,312</u>	<u>3,341,522</u>	<u>3,268,191</u>
State subsidies - State operating grant	<u>2,337,179</u>	<u>900,000</u>	<u>3,237,179</u>	<u>3,034,365</u>
Federal subsidies - Federal operating grant	<u>2,298,273</u>	<u>1,220,851</u>	<u>3,519,124</u>	<u>3,337,042</u>
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	<u>3,382,339</u>	<u>1,695,251</u>	<u>5,077,590</u>	<u>4,455,278</u>
Total operating revenues	<u>13,483,104</u>	<u>6,178,617</u>	<u>19,661,721</u>	<u>19,203,664</u>

SCHEDULE A (CONTINUED)

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

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

	Urban	Rural	Total	
			2017	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.

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								Rural Total	2017 Total	2016 Total	
	General Admin.	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services				Capital Exp./ Depreciation
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								Urban	
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning	ADA	Mobility Manager	Capital Exp./ Depreciation	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									Rural Total	2017 Total	2016 Total
	General Admin.	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services	Capital Exp./ Depreciation			
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								Urban	
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning	ADA	Mobility Manager	Capital Exp./ Depreciation	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									Rural Total	2017 Total	2016 Total
	General Admin.	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services	Capital Exp./ Depreciation			
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								Urban	
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning	ADA	Mobility Manager	Capital Exp./ Depreciation	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								Rural	2017	2016	
	General Admin.	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services	Capital Exp./ Depreciation	Total	Total	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
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>				
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	-
			<u>1,037,940</u>	<u>-</u>
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	-
			<u>6,584,911</u>	<u>-</u>
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			<u>7,883,766</u>	<u>-</u>

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	<u>308,372</u>	<u>-</u>
Subtotal Highway Planning and Construction			<u>309,386</u>	<u>-</u>
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	<u>18,000</u>	<u>-</u>
Subtotal Formula Grants for Rural Areas			<u>3,128,826</u>	<u>-</u>
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	<u>62,294</u>	<u>-</u>
Subtotal Enhanced Mobility of Seniors and Individuals with Disabilities			<u>188,573</u>	<u>-</u>



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			<u>\$ 11,535,551</u>	<u>\$ -</u>

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:

<u>Program</u>	<u>CFDA #</u>
Federal Transit Capital Investment Grants	20.500
Federal Transit Formula Grants	20.507
Formula Grants for Rural Areas	20.509



*Proven Expertise and Integrity*

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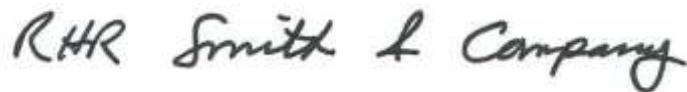
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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



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



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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.

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 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 2 CFR 200.516(a) yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
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? yes no

**Section II – Financial Statement Findings**

None

**Section III – Federal Awards Findings and Questioned Costs**

None