

Federal Compliance Audit

Chittenden County Transportation Authority

June 30, 2016



Proven Expertise and Integrity

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

CONTENTS

JUNE 30, 2016

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 8
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENTS OF NET POSITION	9
STATEMENT B - STATEMENTS OF ACTIVITIES	10
STATEMENT C - STATEMENTS OF CASH FLOWS	11 - 12
NOTES TO FINANCIAL STATEMENTS	13 - 23
<u>SUPPLEMENTAL INFORMATION</u>	
SCHEDULE A - SCHEDULE OF OPERATING REVENUES AND SUBSIDIES	24 - 25
SCHEDULE B - SCHEDULE OF EXPENSES	26 - 33
<u>FEDERAL COMPLIANCE</u>	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	34 - 35
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	36
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 <i>GOVERNMENT AUDITING STANDARDS</i>	37 - 38
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE	39 - 41
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	42



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Chittenden County Transportation Authority
Burlington, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the major fund of Chittenden County Transportation Authority, as of and for the year ended June 30, 2016, 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, 2016, 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 Revenue and Subsidies and Schedule of Operating 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 Revenue and Subsidies, Schedule of Operating 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 Revenue and Subsidies, Schedule of Operating 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 December 5, 2016, 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 5, 2016

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

(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, 2016. 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 increased by \$3,717,249 from \$29.30 million to \$33.02 million.

Table 1
Chittenden County Transportation Authority
Net Position
June 30,

	<u>2016</u>	<u>2015</u>
Assets:		
Current Assets	\$ 7,764,061	\$ 6,065,073
Capital Assets	29,537,091	25,118,346
Total Assets	<u>\$ 37,301,152</u>	<u>\$ 31,183,419</u>
Liabilities:		
Current Liabilities	\$ 3,499,469	\$ 1,328,892
Long-term Debt Outstanding	712,466	512,281
Total Liabilities	<u>\$ 4,211,935</u>	<u>\$ 1,841,173</u>
Deferred Inflows of Resources:		
Deferred Revenue	\$ 68,128	\$ 38,406
Total Deferred Inflows of Resources	<u>\$ 68,128</u>	<u>\$ 38,406</u>
Net Position:		
Net Investment in Capital Assets	\$ 29,537,091	\$ 25,118,346
Restricted	1,484,415	1,979,111
Unrestricted	1,999,583	2,206,383
Total Net Position	<u>\$ 33,021,089</u>	<u>\$ 29,303,840</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 - decreased by \$206,800 from \$2,206,383 to a balance of \$1,999,583 at the end of this year.

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

	<u>2016</u>	<u>2015</u>
Operating Revenues:		
Purchase of services	\$ 4,749,199	\$ 4,851,811
Intergovernmental	14,094,876	14,349,144
Other income	359,589	244,813
Total Operating Revenues	<u>19,203,664</u>	<u>19,445,768</u>
Operating Expenses:		
Transportation	<u>18,389,477</u>	<u>18,764,722</u>
Operating income (loss)	<u>814,187</u>	<u>681,046</u>
Non-operating revenues (expenses)		
Contributions	7,861,161	4,164,700
Other non-operating revenue	(21,450)	8,805
Non-operating expense	(4,862,621)	(3,929,521)
Change in deferred cost pool	(74,028)	(213,781)
Total non-operating revenues (expenses)	<u>2,903,062</u>	<u>30,203</u>
Change in net position	3,717,249	711,249
Net Position - July 1	<u>29,303,840</u>	<u>28,592,591</u>
Net Position - June 30	<u>\$ 33,021,089</u>	<u>\$ 29,303,840</u>

Revenues and Expenses

The Authority's operating revenues and expenses decreased over last year's amounts. Operating revenues decreased by 1.69% and operating expenses decreased by 2.0%.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2016, the net book value of capital assets recorded by the Authority increased by \$4,418,745 over the prior year. Capital additions of \$7,992,344 were recorded while net disposals of \$71,247 were removed from the books. Depreciation expense in the amount of \$3,502,352 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>2016</u>	<u>2015</u>
Land	\$ 775,000	\$ 775,000
Construction in progress	10,327,917	2,598,302
Buildings and improvements	5,012,213	5,225,155
Bus stops and shelters	1,234,136	1,372,973
Revenue vehicles	11,878,243	14,849,769
Non-revenue vehicles	87,425	27,427
Office equipment	20,272	29,071
Bus accessories	2,793	32,384
Shop equipment	199,092	208,265
Total	<u>\$ 29,537,091</u>	<u>\$ 25,118,346</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,

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 2,521,184	\$ 2,312,860
Receivables (net of allowance for uncollectibles):		
Grants	3,083,022	1,705,323
Other	1,309,319	1,064,824
Deferred cost pool (Note 10)	(119,464)	(45,436)
Inventories	640,029	669,273
Prepaid items	329,971	358,229
Total current assets	7,764,061	6,065,073
Noncurrent assets:		
Land, structures and equipment - net of accumulated depreciation (Note 3)	29,537,091	25,118,346
TOTAL ASSETS	\$ 37,301,152	\$ 31,183,419
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 3,069,642	\$ 985,969
Accrued payroll expenses	335,500	286,398
Other accrued liabilities	94,327	56,525
Total current liabilities	3,499,469	1,328,892
Long-term liabilities:		
Accrued compensated absences (Note 4)	712,466	496,291
Accrued retirement benefits	-	15,990
Total long-term liabilities	712,466	512,281
TOTAL LIABILITIES	4,211,935	1,841,173
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	68,128	38,406
TOTAL DEFERRED INFLOWS OF RESOURCES	68,128	38,406
NET POSITION		
Net investment in capital assets	29,537,091	25,118,346
Restricted (Note 5)	1,484,415	1,979,111
Unrestricted (Note 6)	1,999,583	2,206,383
TOTAL NET POSITION	33,021,089	29,303,840
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 37,301,152	\$ 31,183,419

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

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2016		Total	2015
	Urban	Rural		
OPERATING REVENUE				
Purchase of services	\$ 2,591,917	\$ 2,157,282	\$ 4,749,199	\$ 4,851,811
Other income	280,793	78,796	359,589	244,813
Local subsidies	2,858,367	409,824	3,268,191	3,189,674
State subsidies	2,150,365	884,000	3,034,365	3,030,365
Federal subsidies	1,873,942	1,463,100	3,337,042	3,707,106
Other grants	3,093,191	1,362,087	4,455,278	4,421,999
TOTAL OPERATING REVENUE	<u>12,848,575</u>	<u>6,355,089</u>	<u>19,203,664</u>	<u>19,445,768</u>
OPERATING EXPENSES				
Transportation	<u>12,565,624</u>	<u>5,823,853</u>	<u>18,389,477</u>	<u>18,764,722</u>
OPERATING INCOME (LOSS)	<u>282,951</u>	<u>531,236</u>	<u>814,187</u>	<u>681,046</u>
NON-OPERATING REVENUES (EXPENSES)				
SSTA lease payments	19,057	-	19,057	51,221
Interest income	3,158	2,777	5,935	4,026
Lease payments	(46,442)	-	(46,442)	(46,442)
Bad debt expense	-	(530)	(530)	(482)
Capital fund expense	(1,107,085)	(252,654)	(1,359,739)	(438,493)
Depreciation expense	<u>(2,502,053)</u>	<u>(1,000,299)</u>	<u>(3,502,352)</u>	<u>(3,490,546)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(3,633,365)</u>	<u>(1,250,706)</u>	<u>(4,884,071)</u>	<u>(3,920,716)</u>
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	<u>(3,350,414)</u>	<u>(719,470)</u>	<u>(4,069,884)</u>	<u>(3,239,670)</u>
CAPITAL CONTRIBUTIONS				
Capital contributions - grants	<u>7,531,024</u>	<u>330,137</u>	<u>7,861,161</u>	<u>4,164,700</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>7,531,024</u>	<u>330,137</u>	<u>7,861,161</u>	<u>4,164,700</u>
CHANGE IN DEFERRED COST POOL	<u>(74,028)</u>	<u>-</u>	<u>(74,028)</u>	<u>(213,781)</u>
CHANGE IN NET POSITION	4,106,582	(389,333)	3,717,249	711,249
NET POSITION - JULY 1	<u>24,240,049</u>	<u>5,063,791</u>	<u>29,303,840</u>	<u>28,592,591</u>
NET POSITION - JUNE 30	<u>\$28,346,631</u>	<u>\$ 4,674,458</u>	<u>\$33,021,089</u>	<u>\$ 29,303,840</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,

	<u>2016</u>	<u>2015</u> (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 8,132,484	\$ 7,791,817
Receipts from operating grants	9,478,708	11,992,206
Payments to vendors	(4,137,767)	(7,032,205)
Payments to employees	<u>(11,823,446)</u>	<u>(11,682,873)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,649,979</u>	<u>1,068,945</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>5,935</u>	<u>4,026</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>5,935</u>	<u>4,026</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
(Increase) decrease in land, structure and equipment	(7,921,627)	(4,163,606)
Payments for capital fund expenses	(1,359,739)	(438,493)
Proceeds from SSTA lease payments	19,057	51,221
Payments on leases	(46,442)	(46,442)
Proceeds from capital grants and contributions	<u>7,861,161</u>	<u>4,164,700</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,447,590)</u>	<u>(432,620)</u>
NET INCREASE (DECREASE) IN CASH	208,324	640,351
CASH AND CASH EQUIVALENTS - JULY 1	<u>2,312,860</u>	<u>1,672,509</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 2,521,184</u>	<u>\$ 2,312,860</u>

STATEMENT C (CONTINUED)
CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2016	2015
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 814,187	\$ 681,046
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivables	(1,377,699)	822,690
(Increase) decrease in other receivables	(244,495)	(494,481)
(Increase) decrease in inventories	29,244	110,780
(Increase) decrease in prepaid expenses	28,258	(57,943)
(Decrease) increase in accounts payable	2,083,673	195,409
(Decrease) increase in accrued payroll expenses	49,102	13,657
(Decrease) increase in deferred revenue	29,722	10,046
(Decrease) increase in other accrued liabilities	37,802	(9,251)
(Decrease) increase in accrued compensated absences	216,175	(181,351)
(Decrease) increase in accrued retirement benefits	(15,990)	(21,657)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,649,979	\$ 1,068,945

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

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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 61.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New Accounting Standards

During the year ended June 30, 2016, 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, 2016 AND 2015

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, 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:

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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, 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.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts was estimated to be \$0 as of both June 30, 2016 and 2015.

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.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 (charges to customers or applicants for goods, services, or privileges provided; operating or capital grants and contributions, including special assessments).

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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'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.

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.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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, 2016, the Authority's cash balances amounting to \$2,521,184 were comprised of deposits of \$2,584,385. Of these bank deposits, \$250,000 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$2,334,385 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	\$ 608,169
Repurchase agreements	1,976,216
	<u>\$ 2,584,385</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, 2016, 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.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 at June 30, 2016:

	Balance, 7/1/15	Additions	Deletions	Balance, 6/30/16
<u>Primary government:</u>				
Non-depreciated assets:				
Land	\$ 775,000	\$ -	\$ -	\$ 775,000
Construction in progress	2,598,302	7,747,033	(17,418)	10,327,917
	<u>3,373,302</u>	<u>7,747,033</u>	<u>(17,418)</u>	<u>11,102,917</u>
Depreciated assets:				
Buildings and improvements	6,984,769	-	-	6,984,769
Bus stops and shelters	2,663,621	17,417	-	2,681,038
Revenue vehicles	32,655,700	128,629	(1,537,860)	31,246,469
Non-revenue vehicles	322,365	80,682	-	403,047
Office equipment	73,455	-	-	73,455
Computer equipment/software	279,865	-	-	279,865
Bus accessories	240,617	-	(6,357)	234,260
Shop equipment	394,032	18,583	-	412,615
	<u>43,614,424</u>	<u>245,311</u>	<u>(1,544,217)</u>	<u>42,315,518</u>
Less: accumulated depreciation	<u>(21,869,380)</u>	<u>(3,502,352)</u>	<u>1,490,388</u>	<u>(23,881,344)</u>
Net capital assets	<u>21,745,044</u>	<u>(3,257,041)</u>	<u>(53,829)</u>	<u>18,434,174</u>
Total net capital assets	<u>\$25,118,346</u>	<u>\$ 4,489,992</u>	<u>\$ (71,247)</u>	<u>\$29,537,091</u>

NOTE 4 - LONG-TERM DEBT

A summary of long-term debt is as follows:

	Balance, 7/1/15	Additions	Deletions	Balance, 6/30/16
Accrued compensated absences	<u>\$ 496,291</u>	<u>\$ 420,943</u>	<u>\$ (204,768)</u>	<u>\$ 712,466</u>

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 5 - RESTRICTED NET POSITION

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

	<u>2016</u>	<u>2015</u>
Restricted for obligated local match on capital purchases	\$ 518,790	\$ 1,082,356
Restricted by the Board for future capital match	<u>965,625</u>	<u>896,755</u>
	<u>\$ 1,484,415</u>	<u>\$ 1,979,111</u>

NOTE 6 - NET POSITION

The following table discloses the composition of net position at June 30, 2016, separated between Rural and Urban programs:

	<u>Urban</u>	<u>Rural</u>	<u>Total</u>
Net investment in capital assets	\$26,215,031	\$ 3,322,060	\$29,537,091
Restricted net position (Note 5)	1,170,606	313,809	1,484,415
Unrestricted net position:			
Unrestricted, operating reserve	<u>960,994</u>	<u>1,038,589</u>	<u>1,999,583</u>
	<u>\$28,346,631</u>	<u>\$ 4,674,458</u>	<u>\$33,021,089</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, 2016 and 2015, respectively, were \$326,430 and \$331,105. Pension expense for fiscal years ended June 30, 2016 and 2015, respectively, was \$313,580 and \$297,110.

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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 \$33,859 and \$33,335, respectively, for unemployment claims for the years ended June 30, 2016 and 2015, respectively.

NOTE 10 - DEFERRED COST POOL

For the fiscal years ended June 30, 2016 and 2015, 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 under-allocation of general and administration costs at June 30, 2016 of \$81,318 and an over-allocation of general and administration costs at June 30, 2015 of \$155,346.

NOTE 11 - RESTATEMENT

The increase in land, structure and equipment under cash flows from capital and related financing activities was restated as of July 1, 2015, increasing the balance by \$214 to (\$4,163,606). This restatement was to correct the change in net fixed assets related to 2015 depreciation expense.

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

	Urban	Rural	Totals	
			2016	2015
Operating Revenues:				
Passenger fares:				
Fixed route	\$ 2,428,368	\$ 144,087	\$ 2,572,455	\$ 2,716,028
Paratransit	111,470	-	111,470	123,335
Subtotal passenger fares	<u>2,539,838</u>	<u>144,087</u>	<u>2,683,925</u>	<u>2,839,363</u>
Purchase of services:				
Fixed route	<u>52,079</u>	<u>2,013,195</u>	<u>2,065,274</u>	<u>2,012,448</u>
Total other purchase of services	<u>2,591,917</u>	<u>2,157,282</u>	<u>4,749,199</u>	<u>4,851,811</u>
Other income:				
Advertising	139,459	31,450	170,909	135,581
Gain (loss) - sale of asset	14,438	3,266	17,704	4,253
Other income	126,896	44,080	170,976	104,979
Subtotal other income	<u>280,793</u>	<u>78,796</u>	<u>359,589</u>	<u>244,813</u>
Local subsidies				
Fixed route operating	2,128,095	-	2,128,095	2,057,475
Paratransit operating	678,748	-	678,748	669,585
Municipal donations	51,524	409,824	461,348	462,614
Subtotal local subsidies	<u>2,858,367</u>	<u>409,824</u>	<u>3,268,191</u>	<u>3,189,674</u>
State subsidies - State operating grant	<u>2,150,365</u>	<u>884,000</u>	<u>3,034,365</u>	<u>3,030,365</u>
Federal subsidies - Federal operating grant	<u>1,873,942</u>	<u>1,463,100</u>	<u>3,337,042</u>	<u>3,707,106</u>
Other grants:				
Planning revenue	347,288	14,552	361,840	365,125
Grants - JARC, CMAQ, other	2,745,903	1,347,535	4,093,438	4,056,874
Subtotal other grants	<u>3,093,191</u>	<u>1,362,087</u>	<u>4,455,278</u>	<u>4,421,999</u>
Total operating revenues	<u>12,848,575</u>	<u>6,355,089</u>	<u>19,203,664</u>	<u>19,445,768</u>

SCHEDULE A (CONTINUED)

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

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

	Urban	Rural	Totals	
			2016	2015
Nonoperating revenues:				
Local contributions:				
SSTA lease payments	19,057	-	19,057	51,221
Interest income	3,158	2,777	5,935	4,026
Total nonoperating revenue	22,215	2,777	24,992	55,247
Total revenues from operating grants and subsidies	<u>\$ 12,870,790</u>	<u>\$ 6,357,866</u>	<u>\$19,228,656</u>	<u>\$ 19,501,015</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 Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning CCMPO	ADA	Mobility Manager	Capital Exp./ Depreciation	Totals
Operating Expenses:										
Labor:										
Operators' salaries and wages	\$ -	\$ 3,653,698	\$ 802,249	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,455,947
Other salaries and wages	743,638	715,930	203,032	-	73,494	202,031	104	41,269	33,978	2,013,476
Subtotal labor	743,638	4,369,628	1,005,281	-	73,494	202,031	104	41,269	33,978	6,469,423
Fringe benefits:										
Payroll taxes	55,155	320,518	73,879	-	5,574	14,341	-	3,166	2,402	475,035
Pension plan	45,850	162,391	32,670	-	2,160	9,335	-	1,312	-	253,718
Life insurance and short-term disability plan	12,699	60,583	14,202	-	1,185	2,334	41	405	697	92,146
Medical plan	136,838	891,631	243,159	-	24,866	42,659	-	10,237	-	1,349,390
Dental plan	9,811	70,453	15,847	-	1,791	3,556	-	660	234	102,352
Employer flex contribution	7,869	49,207	9,905	-	2,366	379	-	-	-	69,726
Vision reimbursement	956	1,416	176	-	-	-	-	-	-	2,548
Vision plan	1,609	11,167	2,703	-	282	547	-	110	77	16,495
Employee testing	439	14,626	3,979	-	-	-	-	-	-	19,044
Employee referral program	-	1,800	-	-	-	-	-	-	-	1,800
Unemployment insurance	6,576	1,024	3,615	-	9,812	-	-	-	-	21,027
Pension admin fees	5,209	(1,629)	300	-	-	-	-	-	-	3,880
Other employee benefits	7,313	3,932	597	-	-	-	-	-	-	11,842
Uniform and work clothing allowance	-	33,450	20,986	-	-	-	-	-	-	54,436
Employee development	5,858	15,223	2,207	-	45	446	-	-	-	23,779
Tool allowance	-	-	12,600	-	-	-	-	-	-	12,600
Subtotal fringe benefits	296,182	1,635,792	436,825	-	48,081	73,597	41	15,890	3,410	2,509,818
Services:										
Legal fees	9,812	1,110	4,089	-	-	-	1,338	-	-	16,349
Accounting and audit fees	16,455	-	-	-	-	-	-	-	-	16,455
Cleaning	1,917	171	5,672	-	-	-	-	-	-	7,760
Consultants	3,251	-	-	-	-	-	-	24,234	-	27,485
Subtotal services	31,435	1,281	9,761	-	-	-	1,338	24,234	-	68,049

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Rural								Rural Totals	2016 Totals	2015 Totals	
	General Admin.	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services				Capital Exp./ Depreciation
Operating Expenses:												
Labor:												
Operators' salaries and wages	\$ -	\$ 1,259,420	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,259,420	\$ 5,715,367	\$ 5,717,348
Other salaries and wages	-	437,198	155,682	30,936	-	53,280	7,756	263,959	1,461	950,272	2,963,748	2,457,749
Subtotal labor	-	1,696,618	155,682	30,936	-	53,280	7,756	263,959	1,461	2,209,692	8,679,115	8,175,097
Fringe benefits:												
Payroll taxes	-	130,466	11,904	2,734	-	4,197	597	19,899	110	169,907	644,942	633,631
Pension plan	-	47,310	3,403	1,113	-	2,460	-	4,932	-	59,218	312,936	322,428
Life insurance and short-term disability plan	-	24,682	2,017	732	-	1,046	4,744	1,955	-	35,176	127,322	135,805
Medical plan	-	353,250	29,189	9,246	-	12,239	2,029	70,430	-	476,383	1,825,773	1,636,066
Dental plan	-	27,954	2,184	515	-	728	122	5,387	9	36,899	139,251	134,511
Employer flex contribution	-	19,507	-	-	-	-	-	2,477	-	21,984	91,710	176,197
Vision reimbursement	-	805	-	-	-	-	-	400	-	1,205	3,753	7,044
Vision plan	-	4,895	311	71	-	113	21	1,018	4	6,433	22,928	24,175
Employee testing	-	15,155	1,219	-	-	-	-	2,286	-	18,660	37,704	38,135
Employee referral program	-	-	-	-	-	-	-	-	-	-	-	1,000
Unemployment insurance	-	10,134	338	-	-	-	-	2,360	-	12,832	33,859	31,993
Pension admin fees	2,104	100	-	-	-	-	-	-	-	2,204	6,084	10,576
Other employee benefits	3,750	1,433	153	-	-	-	-	-	-	5,336	17,178	27,149
Uniform and work clothing allowance	-	9,714	2,863	-	-	-	-	-	-	12,577	67,013	59,801
Employee development	-	2,743	-	-	20,000	-	-	191	-	22,934	46,713	65,514
Tool allowance	-	-	2,052	-	-	-	-	-	-	2,052	14,652	14,400
Subtotal fringe benefits	5,854	648,148	55,633	14,411	20,000	20,783	7,513	111,335	123	883,800	3,393,618	3,318,425
Services:												
Legal fees	351	1,070	-	-	-	-	-	-	-	1,421	17,770	14,280
Accounting and audit fees	7,995	-	-	-	-	-	-	-	-	7,995	24,450	21,750
Cleaning	-	10,663	-	-	-	-	-	7,151	-	17,814	25,574	55,175
Consultants	1,394	-	-	-	-	-	-	-	-	1,394	28,879	67,819
Subtotal services	9,740	11,733	-	-	-	-	-	7,151	-	28,624	96,673	159,024

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	-	734,105	-	-	-	-	-	-	-	734,105
Tires and tubes	-	-	63,590	-	-	-	-	-	-	63,590
Other materials and supplies:										
Hardware	-	-	31,991	-	-	-	-	-	-	31,991
Facility maintenance	-	-	22,052	-	-	-	-	-	-	22,052
Small tools expense	-	-	12,048	-	-	-	-	-	-	12,048
Parts expense:										
Service vehicles	-	-	576	-	-	-	-	-	-	576
Revenue vehicles	-	-	153,135	-	-	-	-	-	-	153,135
Maintenance supplies	-	-	36,993	-	-	-	-	-	-	36,993
Radio maintenance	-	-	6,645	-	-	-	-	-	-	6,645
Repeater fees	-	19,854	-	-	-	-	-	-	-	19,854
Safety expense	-	-	-	-	-	-	-	-	-	-
Kiosk/shelter expense	-	592	5,827	-	-	-	-	-	-	6,419
Vehicle registrations	-	857	-	-	-	-	-	-	-	857
Subtotal materials and supplies	-	755,408	332,857	-	-	-	-	-	-	1,088,265
Utilities:										
Light, heat and water	27,639	2,211	83,044	-	-	-	-	-	-	112,894
Communications	7,664	27,591	3,322	-	805	1,922	-	-	-	41,304
Subtotal utilities	35,303	29,802	86,366	-	805	1,922	-	-	-	154,198
Casualty and liability costs:										
Insurance premiums	96,373	609,557	123,419	-	6,977	13,574	158	-	-	850,058
Subtotal casualty and liability costs	96,373	609,557	123,419	-	6,977	13,574	158	-	-	850,058

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Rural								Rural Totals	2016 Totals	2015 Totals
	General Admin.	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services			
Materials and supplies:											
Fuels and lubricants	-	295,870	-	-	-	-	-	-	295,870	1,029,975	1,622,656
Tires and tubes	-	-	33,442	-	-	-	-	-	33,442	97,032	99,533
Other materials and supplies:											
Hardware	-	-	8,383	-	-	-	-	-	8,383	40,374	326,141
Facility maintenance	-	-	35,576	-	-	-	-	-	35,576	57,628	82,861
Small tools expense	-	-	1,901	-	-	-	-	-	1,901	13,949	8,445
Parts expense:											
Service vehicles	-	-	97	-	-	-	-	-	97	673	9,675
Revenue vehicles	-	-	170,845	-	-	-	-	-	170,845	323,980	174,583
Maintenance supplies	-	-	2,979	-	-	-	-	-	2,979	39,972	22,619
Radio maintenance	-	-	594	-	-	-	-	-	594	7,239	5,578
Repeater fees	-	16,398	-	-	-	-	-	-	16,398	36,252	34,272
Safety expense	-	567	-	-	-	-	-	-	567	567	4,109
Kiosk/shelter expense	-	-	1,357	-	-	-	-	-	1,357	7,776	7,908
Vehicle registrations	-	128	-	-	-	-	-	-	128	985	1,430
Subtotal materials and supplies	-	312,963	255,174	-	-	-	-	-	568,137	1,656,402	2,399,810
Utilities:											
Light, heat and water	-	25,858	4,619	-	-	-	17,735	-	48,212	161,106	153,350
Communications	621	13,485	-	741	-	-	5,632	-	20,479	61,783	47,245
Subtotal utilities	621	39,343	4,619	741	-	-	23,367	-	68,691	222,889	200,595
Casualty and liability costs:											
Insurance premiums	8,289	240,086	31,432	6,676	-	6,755	-	28,637	321,875	1,171,933	1,196,778
Subtotal casualty and liability costs	8,289	240,086	31,432	6,676	-	6,755	-	28,637	321,875	1,171,933	1,196,778

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Urban								Urban
General	Transit		Special		Planning		Mobility	Capital Exp./	Urban
Admin.	Operations	Maintenance	Projects	Marketing	CCMPO	ADA	Manager	Depreciation	Totals
General and administration:									
Dues and subscriptions	30,341	-	-	-	-	-	-	-	30,341
Travel, meetings and meals	5,328	2,610	277	-	-	-	-	-	8,215
Marketing expense	-	-	-	-	47,254	-	150	-	47,404
Advertising/public information	-	-	-	-	27,779	-	-	-	27,779
Office supplies	22,167	2,172	430	-	37	-	-	-	24,806
Fare media	-	-	-	-	19,887	-	-	-	19,887
Recruiting	4,657	3,891	7,536	-	-	-	-	-	16,084
Computer services	56,981	2,462	5,004	-	-	-	-	-	64,447
Postage and freight	6,748	-	-	-	-	-	-	-	6,748
Bank charges	7,142	-	-	-	-	-	-	-	7,142
Rent expense	-	-	15,569	-	-	-	-	-	15,569
Subtotal general and administration	133,364	11,135	28,816	-	94,957	-	150	-	268,422

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Rural									Rural Totals	2016 Totals	2015 Totals
	General Admin.	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services	Capital Exp./ Depreciation			
General and administration:												
Dues and subscriptions	5,683	-	-	-	-	-	-	-	-	5,683	36,024	35,067
Travel, meetings and meals	2,525	2,364	127	-	-	-	-	583	-	5,599	13,814	3,162
Marketing expense	-	-	-	30,604	-	-	-	-	-	30,604	78,008	92,088
Advertising/public information	-	-	-	13,696	-	-	-	-	-	13,696	41,475	63,200
Office supplies	10,831	4,324	-	-	-	-	-	1,372	-	16,527	41,333	33,516
Fare media	-	-	-	2,832	-	-	-	-	-	2,832	22,719	21,472
Recruiting	2,009	4,357	1,192	-	-	-	-	1,808	-	9,366	25,450	23,565
Computer services	17,642	179	877	-	-	-	-	1,435	-	20,133	84,580	67,911
Postage and freight	2,860	-	-	-	-	-	-	-	-	2,860	9,608	9,620
Bank charges	517	-	-	-	-	-	-	-	-	517	7,659	7,919
Rent expense	-	-	32,274	-	-	-	-	-	-	32,274	47,843	50,869
Subtotal general and administration	42,067	11,224	34,470	47,132	-	-	-	5,198	-	140,091	408,513	408,389

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	-	9,328	-	25,955	-	-	-	-	-	35,283
Planning expenses	-	-	-	-	-	67,705	-	-	-	67,705
Cash counting expense	2,355	-	-	-	-	-	-	-	-	2,355
Paratransit transportation expense	-	-	-	-	-	-	1,231,292	-	-	1,231,292
Volunteer mileage reimbursements	-	-	-	-	-	-	-	-	-	-
Contracted transportation expense	39,286	-	-	-	-	-	-	-	-	39,286
Other reimbursements	-	-	-	-	-	-	-	-	-	-
Other miscellaneous expenses	-	10,272	29,473	-	-	-	-	-	-	39,745
Transfers	-	191,211	(112,803)	-	-	-	-	-	-	78,408
Subtotal miscellaneous expenses	41,641	210,811	(83,330)	25,955	-	67,705	1,231,292	-	-	1,494,074
Total operating expenses	1,377,936	7,623,414	1,939,995	25,955	224,314	358,829	1,232,933	81,543	37,388	12,902,307
Nonoperating expenses:										
Bad debt expense	-	-	-	-	-	-	-	-	-	-
Capital fund expenses	-	-	-	-	-	-	-	-	1,107,085	1,107,085
Depreciation expense	-	-	-	-	-	-	-	-	2,502,053	2,502,053
Capital lease expense	-	-	-	-	-	-	-	-	46,442	46,442
Subtotal nonoperating expenses	-	-	-	-	-	-	-	-	3,655,580	3,655,580
Total expenses	1,377,936	7,623,414	1,939,995	25,955	224,314	358,829	1,232,933	81,543	3,692,968	16,557,887
General administration allocation	(1,253,781)	689,585	168,428	-	20,839	27,045	153	7,575	3,473	(336,683)
Deferred Cost Pool - Current year	(81,318)	-	-	-	-	-	-	-	-	(81,318)
Deferred Cost Pool - Prior year	155,346	-	-	-	-	-	-	-	-	155,346
Total change in deferred cost pool	74,028	-	-	-	-	-	-	-	-	74,028
Net expenses	\$ 198,183	\$ 8,312,999	\$ 2,108,423	\$ 25,955	\$ 245,153	\$ 385,874	\$ 1,233,086	\$ 89,118	\$ 3,696,441	\$ 16,295,232

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENSES
FOR THE YEARS ENDED JUNE 30,

	Rural											
	General Admin.	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services	Capital Exp./ Depreciation	Rural Totals	2016 Totals	2015 Totals
Miscellaneous expenses:												
Park and ride lease payments	-	300	-	-	-	-	-	-	-	300	35,583	31,871
Planning expenses	-	-	-	-	-	14,552	-	-	-	14,552	82,257	62,818
Cash counting expense	323	-	-	-	-	-	-	-	-	323	2,678	2,982
Paratransit transportation expense	-	-	-	-	-	-	-	-	-	-	1,231,292	1,345,989
Volunteer mileage reimbursements	-	-	-	-	-	-	142,297	505,763	-	648,060	648,060	694,381
Contracted transportation expense	-	-	-	-	-	-	538,318	140,509	-	678,827	718,113	757,556
Other reimbursements	-	394	-	-	-	-	-	-	-	394	394	-
Other miscellaneous expenses	-	2,212	-	-	-	-	-	-	-	2,212	41,957	11,007
Transfers	-	(191,211)	112,803	-	-	-	-	-	-	(78,408)	-	-
Subtotal miscellaneous expenses	323	(188,305)	112,803	-	-	14,552	680,615	646,272	-	1,266,260	2,760,334	2,906,604
Total operating expenses	66,894	2,771,810	649,813	99,896	20,000	95,370	695,884	1,085,919	1,584	5,487,170	18,389,477	18,764,722
Nonoperating expenses:												
Bad debt expense	530	-	-	-	-	-	-	-	-	530	530	482
Capital fund expenses	-	-	-	-	-	-	-	-	252,654	252,654	1,359,739	438,493
Depreciation expense	-	-	-	-	-	-	-	-	1,000,299	1,000,299	3,502,352	3,490,546
Capital lease expense	-	-	-	-	-	-	-	-	-	-	46,442	46,442
Subtotal nonoperating expenses	530	-	-	-	-	-	-	-	1,252,953	1,253,483	4,909,063	3,975,963
Total expenses	67,424	2,771,810	649,813	99,896	20,000	95,370	695,884	1,085,919	1,254,537	6,740,653	23,298,540	22,740,685
General administration allocation	(65,731)	275,237	67,981	9,280	-	7,508	1,418	40,843	147	336,683	-	-
Deferred Cost Pool - Current year	-	-	-	-	-	-	-	-	-	-	(81,318)	21,829
Deferred Cost Pool - Prior year	-	-	-	-	-	-	-	-	-	-	155,346	191,952
Total change in deferred cost pool	-	-	-	-	-	-	-	-	-	-	74,028	213,781
Net expenses	\$ 1,693	\$ 3,047,047	\$ 717,794	\$ 109,176	\$ 20,000	\$ 102,878	\$ 697,302	\$ 1,126,762	\$ 1,254,684	\$ 7,077,336	\$ 23,372,568	\$ 22,954,466

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, 2016

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor Identifying Number	Total Federal Expenditures	Expenditures to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION:				
Federal Transit Administration:				
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-03-0048	\$ 32,308	\$ -
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-03-0050	5,031,974	-
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0004	704	-
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0010	465,565	-
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0011	24,945	-
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0019	12,064	-
Passed through State of Vermont, Agency of Transportation:				
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0021	455,002	-
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0021	164,157	-
			<u>6,186,719</u>	<u>-</u>
Federal Transit Administration:				
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-90-X071	2,187	-
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-95-X015	214,829	-
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-95-X016	113,355	-
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-95-X017	155,493	-
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-2016-001	32,273	-
Federal Transit Formula Grants - Preventive Maintenance	20.507	VT-95-X017	1,025,854	-
Federal Transit Formula Grants - Preventive Maintenance	20.507	VT-2016-001	402,378	-
Federal Transit Formula Grants - Operating	20.507	VT-90-X072	1,210,581	-
Federal Transit Formula Grants - Operating	20.507	VT-2016-002	663,361	-
Federal Transit Formula Grants - CMAQ Operating	20.507	VT-95-X013	7,342	-
Federal Transit Formula Grants - CMAQ Operating	20.507	VT-95-X014	34,755	-
Federal Transit Formula Grants - CMAQ Operating	20.507	VT-95-X016	69,741	-
Federal Transit Formula Grants - CMAQ Operating	20.507	VT-95-X017	887,516	-
Federal Transit Formula Grants - CMAQ Operating	20.507	VT-2016-001	137,995	-
			<u>4,957,660</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	8,480	-
Subtotal Federal Transit Grants			<u>11,152,859</u>	<u>-</u>

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

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 - Interstate Maintenance	20.205	IM089-2(43)	13,238	-
Highway Planning and Construction - FHWA Capital	20.205	50-TB-LG03	14,045	-
Passed through Chittenden County Regional Planning Commission (CCRPC):				
Highway Planning and Construction - CCRPC	20.205	PL 2016-04	<u>308,700</u>	<u>-</u>
Subtotal Highway Planning and Construction			<u>335,983</u>	<u>-</u>
Passed through State of Vermont, Agency of Transportation:				
Formula Grants for Rural Areas - Capital Assistance Program	20.509	VT-85-X008	13,336	-
Formula Grants for Rural Areas - Capital Assistance Program	20.509	VT-85-X010	20,837	-
Formula Grants for Rural Areas - Capital Assistance Program	20.509	VT-85-X011	52,800	-
Formula Grants for Rural Areas - Operating Assistance Program	20.509	VT-18-X063	700,000	-
Formula Grants for Rural Areas - Admin/Preventive Maintenance	20.509	VT-85-X011	763,100	-
Formula Grants for Rural Areas - Preventive Maintenance	20.509	VT-85-X011	149,383	-
Formula Grants for Rural Areas - E&D - Washington County	20.509	VT-85-X011	303,768	-
Formula Grants for Rural Areas - E&D - Franklin/Grand Isle County	20.509	VT-85-X011	331,496	-
Formula Grants for Rural Areas - E&D - Chittenden County - Rural	20.509	VT-85-X011	328,408	-
Formula Grants for Rural Areas - Rural Transit Assistance Program	20.509	VT-18-X063	20,000	-
Formula Grants for Rural Areas - CMAQ	20.509	VT-85-X011	<u>84,372</u>	<u>-</u>
Subtotal Formula Grants for Rural Areas			<u>2,767,500</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-16-X046	102,904	-
Enhanced Mobility of Seniors and Individuals with Disabilities - New Freedoms	20.513	VT-16-X046	<u>72,471</u>	<u>-</u>
Subtotal Enhanced Mobility of Seniors and Individuals with Disabilities			<u>175,375</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 14,431,717</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, 2016

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, 2016. 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 9.29% fixed indirect cost rate for fiscal year 2016, as approved by the Federal Transit Administration. The approved fixed indirect cost rate used by Chittenden County Transportation Authority in fiscal year 2016 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, 2016, 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 5, 2016.

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.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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 5, 2016



Proven Expertise and Integrity

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

Board of Commissioners
Chittenden County Transportation Authority
Burlington, Vermont

Report on Compliance for Each Major Federal Program

We have audited Chittenden County Transportation Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Chittenden County Transportation Authority's major federal programs for the year ended June 30, 2016. 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, 2016.

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
December 5, 2016

CHITTENDEN COUNTY TRANSPORTATION AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

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 - Capital Assistance Program

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