

Audited Financial Statements and
Other Financial Information

Windham Regional Commission

September 30, 2024



Proven Expertise & Integrity

WINDHAM REGIONAL COMMISSION

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SEPTEMBER 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Windham Regional Commission
Brattleboro, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Windham Regional Commission, as of and for the year ended September 30, 2024 and the related notes to the financial statements, which collectively comprise the Windham Regional Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Windham Regional Commission as of September 30, 2024 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Windham Regional Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Windham Regional Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Windham Regional Commission's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Windham Regional Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 10 and 40 through 43 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2025, on our consideration of the Windham Regional Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Windham Regional Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Windham Regional Commission's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
April 21, 2025

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

(UNAUDITED)

The following management's discussion and analysis of the Windham Regional Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the Commission's financial statements.

Financial Statement Overview

The Windham Regional Commission's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule and pension schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund 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 Commission's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the Commission'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 Commission's activity. The type of activity presented for the Windham Regional Commission is:

- *Governmental activities* - The activities in this section are mostly supported by town assessments and intergovernmental revenues (federal and state grants). All of the Commission's basic services are reported in governmental activities, which include town and regional planning and funded special projects.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Windham Regional Commission, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Windham Regional Commission can be categorized as governmental funds.

Governmental funds: All of the basic services provided by the Commission are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Commission's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Commission.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund's financial statement.

The Windham Regional Commission presents two columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Commission's major governmental funds are the general fund and the revolving loan fund. The Commission does not have any nonmajor funds.

The general fund is the only fund for which the Commission legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

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 and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions and Notes to Required Supplementary Information.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Commission's governmental activities. The Commission's total net position for governmental activities is \$1,172,966 compared to \$1,059,656 in the prior year, an increase of \$ 113,310 .

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 to a balance of \$1,150,707 at the end of this year for governmental activities.

Table 1
Windham Regional Commission
Net Position
September 30,

	2024	2023
Assets:		
Current Assets	\$ 1,662,264	\$ 1,400,379
Noncurrent Assets - Capital Assets	22,259	24,274
Total Assets	1,684,523	1,424,653
Deferred Outflows of Resources:		
Deferred Outflows Related to Pension	146,774	129,173
Total Deferred Outflows of Resources	146,774	129,173
Liabilities:		
Current Liabilities	149,112	43,037
Noncurrent Liabilities	349,431	279,353
Total Liabilities	498,543	322,390
Deferred Inflows of Resources:		
Deferred Revenue	157,256	166,716
Deferred Inflows Related to Pension	2,532	5,064
Total Deferred Inflows of Resources	159,788	171,780
Net Position:		
Net Investment in Capital Assets	22,259	24,274
Unrestricted	1,150,707	1,035,382
Total Net Position	\$ 1,172,966	\$ 1,059,656

Table 2
Windham Regional Commission
Change in Net Position
For the Years Ended September 30,

	<u>2024</u>	<u>2023</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 708,026	\$ 887,203
Operating grants and contributions	881,499	397,644
<i>General Revenues:</i>		
Town assessments	129,353	234,007
Loan principle repayments	34,344	-
Interest income	20,131	22,344
Miscellaneous	9,443	1,846
Total Revenues	<u>1,782,796</u>	<u>1,543,044</u>
Expenses		
Town and regional planning	1,669,486	1,553,281
Funded special projects	-	93,177
Total Expenses	<u>1,669,486</u>	<u>1,646,458</u>
Change in Net Position	113,310	(103,414)
Net Position - October 1	<u>1,059,656</u>	<u>1,163,070</u>
Net Position - September 30	<u>\$ 1,172,966</u>	<u>\$ 1,059,656</u>

Revenues and Expenses

Revenues for the Commission's governmental activities increased by 15.54% while expenses increased by 1.40% from the prior year. The largest increase in revenues was in operating grants and contributions. The largest increase in expenses was in town and regional planning.

Financial Analysis of the Commission's Fund Statements

Governmental funds: The financial reporting focus of the Commission's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Commission's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Windham Regional Commission
Fund Balances - Governmental Funds
September 30,

	<u>2024</u>	<u>2023</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 7,855	\$ 15,003	\$ (7,148)
Unassigned	346,982	220,314	126,668
Total General Fund	<u>\$ 354,837</u>	<u>\$ 235,317</u>	<u>\$ 119,520</u>
Revolving Loan Fund:			
Committed	\$ 334,863	\$ 282,683	\$ 52,180
Total Special Revenue Fund	<u>\$ 334,863</u>	<u>\$ 282,683</u>	<u>\$ 52,180</u>

The changes to total fund balances for the general fund and the revolving loan fund occurred due to the regular activity of operations.

Budgetary Highlights

There was no difference between the original and final budget for the general fund.

The general fund actual revenues were receipted below budgeted amounts by \$745,194. All revenue categories were receipted within or below budgeted amounts with the exception of town assessments, state grants, miscellaneous revenues and revenue allowance.

The general fund actual expenditures were expended under budget amounts by \$709,199. All expenditure categories were under budgeted amounts with the exception of salaries and wages, payroll taxes and employee benefits, postage, printing and office supplies, rent, travel, legal, audit and accounting fees, conferences, training and memberships, equipment purchases and meals and lodging.

Capital Asset and Debt Administration

Capital Assets

As of September 30, 2024, the net book value of capital assets recorded by the Commission decreased by \$2,015. This decrease was the result of current year capital additions of \$5,610 less depreciation expense of \$7,625.

Table 4
Windham Regional Commission
Capital Assets (Net of Depreciation)
September 30,

	2024	2023
Office equipment and furnishings	\$ 22,259	\$ 24,274
Total	\$ 22,259	\$ 24,274

Debt

At September 30, 2024, the Commission had no debt.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Commission's unassigned fund balance is at a level sufficient to sustain government operations for a period of approximately two months.

Contacting the Commission's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Windham Regional Commission, 139 Main Street, Suite 505, Brattleboro, Vermont 05301.

WINDHAM REGIONAL COMMISSION

STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 732,983
Accounts receivable (net of allowance for uncollectibles)	255,230
Loans receivable	666,196
Prepaid items	7,855
Total current assets	<u>1,662,264</u>
Noncurrent assets:	
Capital assets:	
Depreciable assets, net of accumulated depreciation	<u>22,259</u>
Total noncurrent assets	<u>22,259</u>
TOTAL ASSETS	<u>1,684,523</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	146,774
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>146,774</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,831,297</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 63,632
Accrued liabilities	85,480
Total current liabilities	<u>149,112</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Net pension liability	<u>349,431</u>
Total noncurrent liabilities	<u>349,431</u>
TOTAL LIABILITIES	<u>498,543</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenues	157,256
Deferred inflows related to pension	2,532
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>159,788</u>
NET POSITION	
Net investment in capital assets	22,259
Unrestricted	1,150,707
TOTAL NET POSITION	<u>1,172,966</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 1,831,297</u>

See accompanying independent auditor's report and notes to financial statements.

WINDHAM REGIONAL COMMISSION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Town and regional planning	\$ 1,669,486	\$ 708,026	\$ 881,499	\$ -	\$ (79,961)
Total government	<u>\$ 1,669,486</u>	<u>\$ 708,026</u>	<u>\$ 881,499</u>	<u>\$ -</u>	<u>(79,961)</u>
Changes in net position:					
Net (expense) revenue					<u>(79,961)</u>
General revenues:					
Town assessments					129,353
Loan principle repayments					34,344
Interest income					20,131
Miscellaneous					9,443
Total general revenues					<u>193,271</u>
Change in net position					113,310
NET POSITION - OCTOBER 1					<u>1,059,656</u>
NET POSITION - SEPTEMBER 30					<u>\$ 1,172,966</u>

See accompanying independent auditor's report and notes to financial statements.

WINDHAM REGIONAL COMMISSION

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General Fund	Revolving Loan Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 398,120	\$ 334,863	\$ 732,983
Accounts receivables (net of allowance for uncollectibles)	255,230	-	255,230
Loans receivable	-	666,196	666,196
Prepaid items	7,855	-	7,855
TOTAL ASSETS	<u>\$ 661,205</u>	<u>\$ 1,001,059</u>	<u>\$ 1,662,264</u>
LIABILITIES			
Accounts payable	\$ 63,632	\$ -	\$ 63,632
Accrued liabilities	85,480	-	85,480
TOTAL LIABILITIES	<u>149,112</u>	<u>-</u>	<u>149,112</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues	157,256	666,196	823,452
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>157,256</u>	<u>666,196</u>	<u>823,452</u>
FUND BALANCES			
Nonspendable	7,855	-	7,855
Restricted	-	-	-
Committed	-	334,863	334,863
Assigned	-	-	-
Unassigned	346,982	-	346,982
TOTAL FUND BALANCES	<u>354,837</u>	<u>334,863</u>	<u>689,700</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 661,205</u>	<u>\$ 1,001,059</u>	<u>\$ 1,662,264</u>

See accompanying independent auditor's report and notes to financial statements.

WINDHAM REGIONAL COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 689,700
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	22,259
Other long-term assets are not available to pay for current-period expenditures therefore are deferred in the funds shown above:	
Loans receivable	666,196
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	146,774
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Net pension liability	(349,431)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(2,532)</u>
Net position of governmental activities	<u>\$ 1,172,966</u>

See accompanying independent auditor's report and notes to financial statements.

WINDHAM REGIONAL COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Revolving Loan Fund	Total Governmental Funds
REVENUES			
Town assessments	\$ 129,353	\$ -	\$ 129,353
Town technical assistance	58,082	-	58,082
Brownfield grants	268,784	-	268,784
State grants	619,145	-	619,145
Regional projects	649,944	-	649,944
Interest income	364	19,767	20,131
Miscellaneous revenues	9,443	-	9,443
Loan principle income	-	34,344	34,344
TOTAL REVENUES	1,735,115	54,111	1,789,226
EXPENDITURES			
Current:			
Salaries and wages	918,677	1,921	920,598
Consulting	311,313	-	311,313
Payroll taxes and employee benefits	250,479	-	250,479
Postage, printing and office supplies	18,642	10	18,652
Rent	37,036	-	37,036
Travel	19,206	-	19,206
Legal, audit and accounting fees	12,331	-	12,331
Conferences, training and memberships	17,922	-	17,922
Insurance	4,559	-	4,559
Equipment purchases	7,315	-	7,315
Interest	396	-	396
Meals and lodging	8,497	-	8,497
Utilities	5,263	-	5,263
Maintenance and repairs	3,395	-	3,395
Advertising	564	-	564
TOTAL EXPENDITURES	1,615,595	1,931	1,617,526
NET CHANGE IN FUND BALANCES	119,520	52,180	171,700
FUND BALANCES - OCTOBER 1	235,317	282,683	518,000
FUND BALANCES - SEPTEMBER 30	\$ 354,837	\$ 334,863	\$ 689,700

See accompanying independent auditor's report and notes to financial statements.

WINDHAM REGIONAL COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 171,700</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	5,610
Depreciation expense	<u>(7,625)</u>
	<u>(2,015)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>17,601</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Loans receivable	<u>(6,430)</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>2,532</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Net pension liability	<u>(70,078)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 113,310</u></u>

See accompanying independent auditor's report and notes to financial statements.

WINDHAM REGIONAL COMMISSION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Windham Regional Commission was incorporated under the laws of the State of Vermont Chapter 117 of Title 24 of Vermont State Statutes as a quasi-governmental organization. The Commission's purpose is to coordinate regional planning activities in Windham County.

The Commission'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).

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

Implementation of New Accounting Standards

During the year ended September 30, 2024, the following statement of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 100 "Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62". The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The Commission's basic financial statements include both government-wide (reporting the Commission as a whole) and fund financial statements (reporting the Commission's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All activities of the Commission are categorized as governmental.

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Commission's functions (town and regional planning, funded special projects, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (town assessments, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

The Commission allocates certain indirect costs to town and regional planning and funded special projects.

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

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Commission are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Commission:

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Commission:

Major Funds

- a. The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Revolving Loan Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Primary revenue sources are interest income and other income.

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 Commission does not currently have any 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 and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Commission's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Commission prepared a budget for the fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Windham Regional Commission was then called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Commission.

Deposits and Investments

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Commission's policy to value investments at fair value. None of the Commission's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Commission Treasurer is authorized by State Statutes to invest all excess funds in the following:

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

Receivables

Receivables include amounts due from governmental agencies. 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. The allowance for uncollectible accounts is estimated to be \$0 as of September 30, 2024. Accounts receivable netted with allowances for uncollectible accounts were \$255,230 for the year ended September 30, 2024. The allowance for uncollectible accounts for loans receivable is estimated to be \$0 as of September 30, 2024. Loans receivable netted with allowances for uncollectible accounts were \$666,196 for the year ended September 30, 2024.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs 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 capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The Commission's long-term obligations consist of net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(VMERS) Plan and additions to/deductions from the VMERS Plan fiduciary net position has been determined on the same basis as they are reported by the VMERS Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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 its use either through enabling legislations adopted by the Commission 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.

Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Commission is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Commission. The inhabitants of the Commission through Commission meetings are the highest level of decision-making authority of the Commission. Commitments may be established, modified or rescinded only through a Commission meeting vote.

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given annually by vote of the taxpayers and is expressed by the Board of Commissioners.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Commission meeting vote has provided otherwise in its commitment or assignment actions.

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 Commission currently has one type of this item, deferred outflows related to pensions. This item is reported in the statement of net position.

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 revenues qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualifies for reporting in this category. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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).

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Commission does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Commission'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

The Commission's investment policies, which follow state statutes, authorize the Commission 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. These investment policies apply to all Commission funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Commission will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Commission does not have a policy covering custodial credit risk.

At September 30, 2024, the Commission's cash balance of \$732,983 was comprised of bank deposits amounting to \$739,648. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Commission's cash. Of these bank deposits, \$654,785 were fully covered by federal depository insurance and 84,863 was uninsured and uncollateralized.

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 337,363
ICS accounts	402,285
	<u>\$ 739,648</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Commission does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission 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.

At September 30, 2024, the Commission had no investments.

Credit risk - Statutes for the State of Vermont authorize the Commission 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. The Commission does not have an investment policy on credit risk.

NOTE 3 - LOANS RECEIVABLE

The Commission receives environmental remediation funds from the Environmental Protection Agency through its Brownfields Program. A portion of these funds are designated for creation of a Revolving Loan Fund. The Commission has developed a Special Revenue Fund that segregates Revolving Loan Fund payments and records associated assets and liabilities. The Commission has elected to only record the actual drawdowns, as the remainder of the available funds may or may not be used. Since 2015, the EPA has made available \$1,417,942 for revolving loans, of which, \$666,196 has been drawn down and distributed. The remaining Revolving Loan Funds available for disbursement on this grant is approximately \$751,746.

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 3 - LOANS RECEIVABLE (CONTINUED)

The following loans receivable were outstanding as of September 30, 2024:

Bennington County Industrial Corporation - Total funds awarded as of September 30, 2024 was \$430,000 which is available to be used for the abatement and removal of identified environmental contamination of property located at 105-109 South Street and 331-335 Main Street in Bennington, Vermont. The loan charges a fixed interest rate of 3.000% and has a maturity date of ninety-six months after the project is complete. The loan is secured by a mortgage deed on property located in Bennington, Vermont.

Barbara George, dba B.G. Enterprises - a Vermont corporation - Total funds awarded as of September 30, 2024 was \$160,000 which is available for use in cleaning up a Brownfield site at 116, 122, 130 and 132 Birge Street in Brattleboro, Vermont. The loan charges a fixed interest rate of 3.500% and has a maturity date of December of 2024. The loan is secured by a mortgage deed on property located in Brattleboro, Vermont.

Hoosic River Hydro, LLC - Total funds awarded as of September 30, 2024 was \$36,969 which is available for cleanup of a Brownfield site. The loan is due in November of 2027 and charges a fixed interest rate of 3.125%.

New England Youth Theatre, Inc. - Total funds awarded as of September 30, 2024 was \$200,000 which consists of a loan for \$125,000 and a grant of \$75,000 which is available for use in cleaning up a Brownfield site at 48 Elm Street in Brattleboro, Vermont. The loan charges a fixed interest rate of 3.125% and has a maturity date of 120 days after the project is completed. The loan is secured by a mortgage deed on property located in Brattleboro, Vermont.

New England Youth Theatre, Inc. - Total funds awarded as of September 30, 2024 was \$28,242 which is available for use in cleaning up a Brownfield site at 48 Elm Street in Brattleboro, Vermont. The loan charges a fixed interest rate of 2.000% and has a maturity date of 120 days after the project is completed. The loan is secured by a mortgage deed on property located in Brattleboro, Vermont.

RCC2, LP - Total funds awarded as of September 30, 2024 was \$100,000 which is available for cleanup of a Brownfield site at 32 Fairgrounds Road. The loan is due in August of 2036 and charges a fixed interest rate of 2.000%. The loan is secured by a mortgage deed on property located in Brattleboro, Vermont.

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 3 - LOANS RECEIVABLE (CONTINUED)

The following is a summary of changes in loans receivable for the year ended September 30, 2024:

	Balance, 10/1/23	Additions	Deletions	Balance, 9/30/24
Bennington County				
Industrial Corporation	\$ 430,000	\$ -	\$ -	\$ 430,000
BG Enterprises	107,453	-	(10,979)	96,474
Hoosic River Hydro, LLC	16,812	-	(3,836)	12,976
New England Youth Theatre, Inc. #1	30,044	-	(13,716)	16,328
New England Youth Theatre, Inc. #2	-	28,242	(637)	27,605
RCC2, LP	88,317	-	(5,504)	82,813
	<u>\$ 672,626</u>	<u>\$ 28,242</u>	<u>\$ (34,672)</u>	<u>\$ 666,196</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2024:

	Balance, 10/1/23	Additions	Disposals	Balance, 9/30/24
<u>Governmental activities</u>				
Depreciated assets:				
Office equipment and furnishings	\$ 80,234	\$ 5,610	\$ (2,042)	\$ 83,802
	80,234	5,610	(2,042)	83,802
Less: accumulated depreciation	(55,960)	(7,625)	2,042	(61,543)
	<u>24,274</u>	<u>(2,015)</u>	<u>-</u>	<u>22,259</u>
Net capital assets	<u>\$ 24,274</u>	<u>\$ (2,015)</u>	<u>\$ -</u>	<u>\$ 22,259</u>

NOTE 5 - LINES OF CREDIT

The Commission has two lines of credit. One line of credit allows for principal draws up to \$100,000 with Brattleboro Savings and Loan at 9.50% per annum. This line of credit matures on January 9, 2026. The other line of credit allows for principal draws up to \$100,000 with M&T Bank at 4.31% per annum. On September 30, 2024 the outstanding balance on these lines of credit was \$0.

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 6 - LONG-TERM OBLIGATIONS

A summary of changes in long-term obligations for the year ended September 30, 2023 is as follows:

	Balance, 10/1/23	Additions	Deletions	Balance, 9/30/24	Current Portion
Net pension liability	\$ 279,353	\$ 100,333	\$ (30,255)	\$ 349,431	\$ -

Please see Note 10 for detailed information on the net pension liability.

NOTE 7 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Commission at September 30, 2024:

Invested in capital assets	\$ 83,802
Accumulated depreciation	(61,543)
	\$ 22,259

NOTE 8 - NONSPENDABLE FUND BALANCE

At September 30, 2024, the Commission had the following nonspendable fund balance:

General fund:	
Prepaid items	\$ 7,855

NOTE 9 - COMMITTED FUND BALANCE

At September 30, 2024, the Commission had the following committed fund balance:

Revolving loan fund	\$ 334,863
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WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 10 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a governmental unit for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a governmental unit as either a special education or transportation employee and who was transferred to and is working in a Supervisory Union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a governmental unit within the Supervisory Union, then the person is an "employee" if these criteria are met by the combined hours worked for the Commission and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2022 (the most recent data available), the retirement system consisted of 17,253 participating members.

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

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report may be viewed on the State's Department of Finance and Management website at: Annual Comprehensive Financial Report | Department of Finance and Management (vermont.gov).

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

The pension plan is divided into four membership groups:

- Group A - general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B and C - general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D - sworn police officers, firefighters and emergency medical personnel

The Commission participates in Group A and B. Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service or age 55 with 35 years of service	Age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula - Normal Service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

** A special early retirement factor of 3% per year only for municipal police officers who have attained age 60

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2023 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.750% of gross salary	6.125% of gross salary	11.250% of gross salary	12.600% of gross salary
Employer Contributions	5.250% of gross salary	6.750% of gross salary	8.500% of gross salary	11.100% of gross salary

Employee contributions are paid by the Commission and are remitted to the State of Vermont. Such contributions for the year ended September 30, 2024 totaled \$32,061. The Commission contributed \$41,514 for the year ended September 30, 2024 in employer contributions. The Commission's total payroll for the year ended September 30, 2024 for all employees covered under this plan was \$730,107.

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities

At September 30, 2024, the Commission reported a liability of \$339,978 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2023 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2022. The Commission's proportion of the net pension liabilities were based on a projection of the Commission's long-term share of contributions to each pension plan relative to the projected contributions of all participating Commissions, actuarially determined.

At June 30, 2023, the Commission's proportion was 0.10615% for VMERS, which was an increase of 0.01406% from its proportion measured as of June 30, 2022 for VMERS.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the Commission recognized pension expense of \$49,945 for the VMERS plan. At September 30, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,322	\$ -
Changes of assumptions	11,081	-
Net difference between projected and actual earnings on pension plan investments	38,679	-
Changes in proportion and differences between contributions and proportionate share of contributions	34,178	2,532
Contributions subsequent to the measurement date	41,514	-
Total	\$ 146,774	\$ 2,532

\$41,514 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VMERS Plan
	<hr/>
Plan year ended June 30:	
2024	\$ 35,511
2025	22,924
2026	45,094
2027	(800)
2028	-
Thereafter	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2023 measurement date was determined by rolling forward the total pension liability as of June 30, 2022 to June 30, 2023. The total pension liability was calculated using the following actuarial assumptions:

Investment Rate of Return: 7.00%, net of pension plan investment expense, including inflation.

Inflation: 2.30%

Salary Increases: Varying, service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.

Deaths After Retirement: Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement:

- Groups A/B/C - 40% PubG-2010 General Employee Amount-Weighted below-median and 60% of PubG-2010 General Employee Amount-Weighted, with generational projection using Scale MP-2021.

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Group D - PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2021.

Healthy Post-Retirement - Retirees:

- Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted below-median and 60% of PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2021.
- Group D - PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2021.

Healthy Post-Retirement - Beneficiaries:

- Groups A/B/C - 70% Pub-2010 Contingent Survivor Amount-Weighted below-median and 30% of Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2021.
- Group D - Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2021.

Disabled Post-Retirement:

- All Groups - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using Scale MP-2021.

Inactive Members: Valuation liability equals 100% of accumulated contributions. Inactive who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.

Future Administrative Expenses: An expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

Unknown Data for Participants: The same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: 85% of male members and 50% of female members are assumed to be married.

Spouse's Age: Husbands are assumed to be three years older than their wives.

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2024, COLA is expected to be 1.10% for Groups A, B, C and D. The January 1, 2023 COLA is 2.00% for Group A members and 3.00% for Group B, C and D members.

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

Amortization Method: Amortization payments calculated to fully fund unfunded actuarial accrued liability with annual increases of 3% over a closed period. The amortization of unfunded actuarial accrued liability (UAAL) within the actuarially determined contribution rate calculation is based on the level percentage of pay required to amortize the UAAL over the 30-year closed period that began on July 1, 2008. As of July 1, 2022, the remaining amortization period is 16 years.

A smoothing *asset valuation method* was used for funding purposes in the VMERS plan, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

The *long-term expected rate of return* on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table:

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equities	44.00%	5.35%
Private Equity	10.00%	7.50%
Emerging Market Debt	2.00%	5.00%
Private and Alternative Credit	10.00%	5.50%
Non-Core Real Estate	4.00%	5.50%
Core Fixed Income	19.00%	1.50%
Core Real Estate	4.00%	3.25%
US TIPS	2.00%	1.50%
Infrastructure/Farmland	5.00%	4.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.00% for the VMERS plan, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

<u>VMERS:</u>	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Discount rate	6.00%	7.00%	8.00%
Commission's proportionate share of the net pension liability	\$ 511,720	\$ 339,978	\$ 198,813

WINDHAM REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 10 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of VMERS or their participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

NOTE 11 - CONTINGENCIES

The Commission participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Commission's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information

WINDHAM REGIONAL COMMISSION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, October 1. Restated	\$ 235,317	\$ 235,317	\$ 235,317	\$ -
Resources (Inflows):				
Town assessments	123,365	123,365	129,353	5,988
Town technical assistance	276,097	276,097	58,082	(218,015)
Brownfield grants	761,557	761,557	268,784	(492,773)
State grants	591,873	591,873	619,145	27,272
Regional projects	734,817	734,817	649,944	(84,873)
Interest income	12,600	12,600	364	(12,236)
Miscellaneous revenues	-	-	9,443	9,443
Revenue allowance	(20,000)	(20,000)	-	20,000
Amounts Available for Appropriation	<u>2,715,626</u>	<u>2,715,626</u>	<u>1,970,432</u>	<u>(745,194)</u>
Charges to Appropriations (Outflows):				
Salaries and wages	905,291	905,291	918,677	(13,386)
Consulting	957,366	957,366	311,313	646,053
Payroll taxes and employee benefits	235,771	235,771	250,479	(14,708)
Postage, printing and office supplies	17,700	17,700	18,642	(942)
Rent	37,000	37,000	37,036	(36)
Travel	13,000	13,000	19,206	(6,206)
Legal, audit and accounting fees	9,120	9,120	12,331	(3,211)
Conferences, training and memberships	16,000	16,000	17,922	(1,922)
Insurance	13,000	13,000	4,559	8,441
Equipment purchases	4,000	4,000	7,315	(3,315)
Interest and bank fees	400	400	396	4
Meals and lodging	2,500	2,500	8,497	(5,997)
Utilities	6,030	6,030	5,263	767
Maintenance and repairs	4,000	4,000	3,395	605
Telephone	5,200	5,200	-	5,200
Advertising	1,000	1,000	564	436
Grant match	97,416	97,416	-	97,416
Total Charges to Appropriations	<u>2,324,794</u>	<u>2,324,794</u>	<u>1,615,595</u>	<u>709,199</u>
Budgetary Fund Balance, September 30	<u>\$ 390,832</u>	<u>\$ 390,832</u>	<u>\$ 354,837</u>	<u>\$ (35,995)</u>

See accompanying independent auditor's report and notes to financial statements.

WINDHAM REGIONAL COMMISSION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>										
Proportion of the net pension liability	0.11%	0.09%	0.09%	0.08%	0.09%	0.09%	0.08%	0.07%	0.07%	0.09%
Proportionate share of the net pension liability	\$ 339,978	\$ 279,353	\$ 127,522	\$ 199,326	\$ 152,985	\$ 120,768	\$ 95,666	\$ 94,846	\$ 61,107	\$ 8,608
Covered payroll	\$ 627,146	\$ 512,006	\$ 437,975	\$ 403,897	\$ 423,550	\$ 375,925	\$ 322,375	\$ 280,025	\$ 349,495	\$ 345,693
Proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	74.01%	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report and notes to financial statements.

WINDHAM REGIONAL COMMISSION

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>										
Contractually required contribution	\$ 41,514	\$ 31,978	\$ 24,681	\$ 20,002	\$ 17,428	\$ 16,942	\$ 15,037	\$ 12,895	\$ 11,201	\$ 11,079
Contributions in relation to the contractually required contribution	<u>(41,514)</u>	<u>(31,978)</u>	<u>(24,681)</u>	<u>(20,002)</u>	<u>(17,428)</u>	<u>(16,942)</u>	<u>(15,037)</u>	<u>(12,895)</u>	<u>(11,201)</u>	<u>(11,079)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered payroll	\$ 730,107	\$ 627,146	\$ 512,006	\$ 437,975	\$ 403,897	\$ 423,550	\$ 375,925	\$ 322,375	\$ 280,025	\$ 349,495
Contributions as a percentage of covered payroll	5.69%	5.10%	4.82%	4.57%	4.31%	4.00%	4.00%	4.00%	4.00%	3.17%

See accompanying independent auditor's report and notes to financial statements.

WINDHAM REGIONAL COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Changes of Assumptions

VMERS Pension Plan:

- Assumed rates of salary increase were adjusted, generally increased, based on plan experience.
- Assumed active retirement rates for all groups were adjusted based on plan experience.
- Assumed termination rates were adjusted based on plan experience. Rates are now split between Groups A and B and C and D.
- Assumed disability rates were adjusted based on plan experience. Rates are now split between Groups A and B and C and D.



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Windham Regional Commission
Brattleboro, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Windham Regional Commission, as of and for the year ended September 30, 2024 and the related notes to the financial statements, which collectively comprise the Windham Regional Commission's basic financial statements and have issued our report thereon dated April 21, 2025.

Report Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Windham Regional Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Windham Regional Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Windham Regional Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Windham Regional Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Windham Regional Commission in a separate letter dated April 21, 2025.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
April 21, 20205