

ANDROSCOGGIN VALLEY COUNCIL OF GOVERNMENTS

FINANCIAL OVERVIEW

Presented by:

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RHR SMITH & COMPANY, CPAS

We are pleased to report that RHR Smith's audit of Androscoggin Valley Council of Government's (AVCOG) financial statements for 2016 received an unmodified opinion, which means the financial statements are fairly stated in all material respects. In addition, we noted no material weaknesses with AVCOG's internal controls.

The remainder of this publication is dedicated to providing you with the financial results for fiscal year 2016 and the preceding four years in comparative format. We hope you find this information useful and understandable. Finally, we wish to express our appreciation to your staff, who were so helpful to us during the engagement.

INSIDE

2. Assets
3. Liabilities (excluding notes payable)
4. Notes payable
5. Net position
6. Use of membership contributions
7. Operating Revenues
8. Operating Expenses
9. Indirect Costs

About this presentation

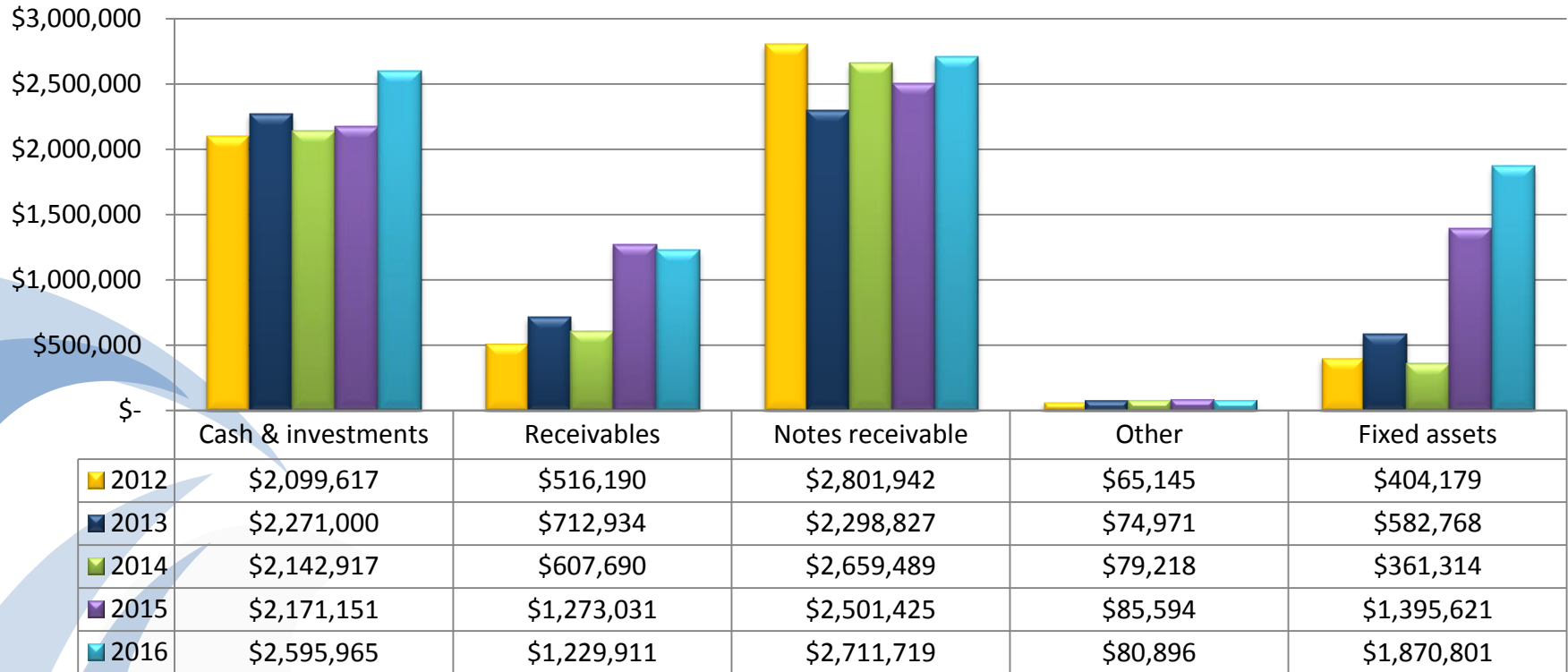
This presentation is intended as a tool to assist the AVCOG's Executive Committee and management in understanding its financial operating results. The information contained in this publication should be read in conjunction with the audited financial statements and related disclosures and should not be used for any other purposes without the expressed consent of *RHR SMITH & COMPANY, CPAS*.

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ASSETS



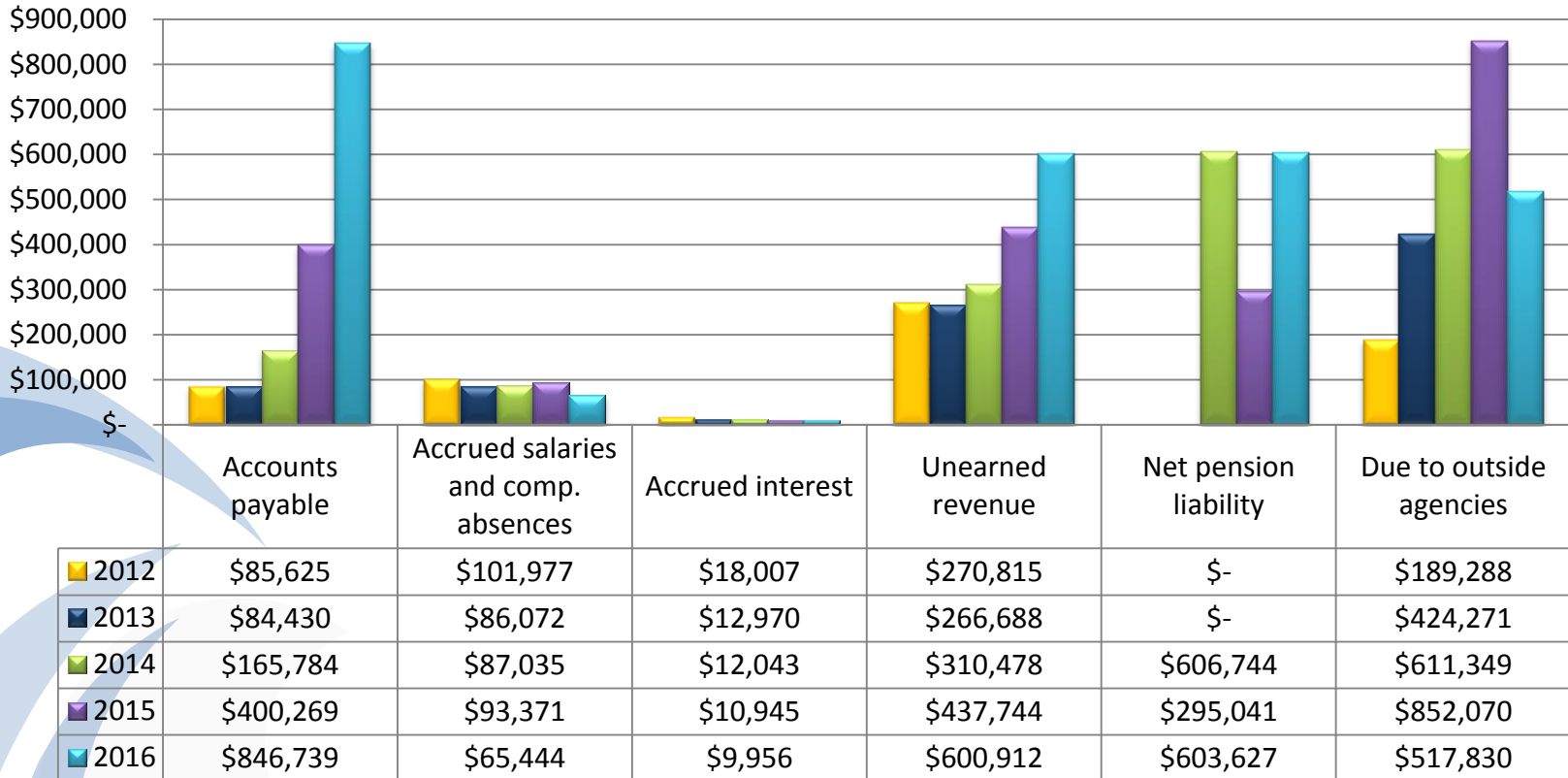
Observations:

- Cash increased 19.6% since 2015. This is primarily due to a decrease in amounts due from the Federal Transit Administration for citylink system improvements.
- Receivables declined due to a reduction in pending FTA reimbursements.
- Fixed assets increased 34.0% mainly as a result of new bus station in Auburn (\$503,185).



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LIABILITIES (EXCLUDING NOTES PAYABLE)



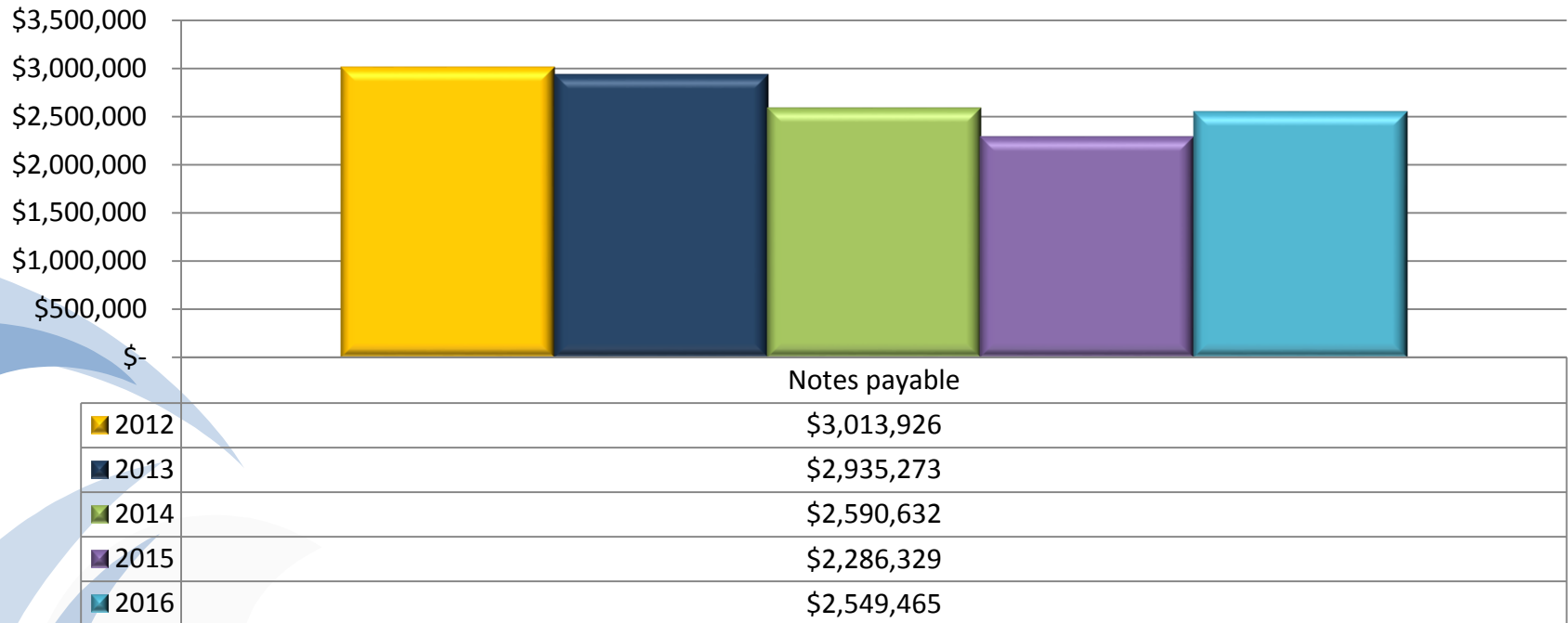
Observations:

- Accounts payable continued to increase significantly due to the payables associated with LATC for operations of the transit service.
- Unearned revenue represents dues paid in advance for next year (\$229,028), unearned grants (\$361,355), and unearned indirect costs reimbursement received (\$10,529).
- The change in net pension liability for 2016 is primarily the result of a change in the long-term rate of return on investments in the plan.



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NOTES PAYABLE



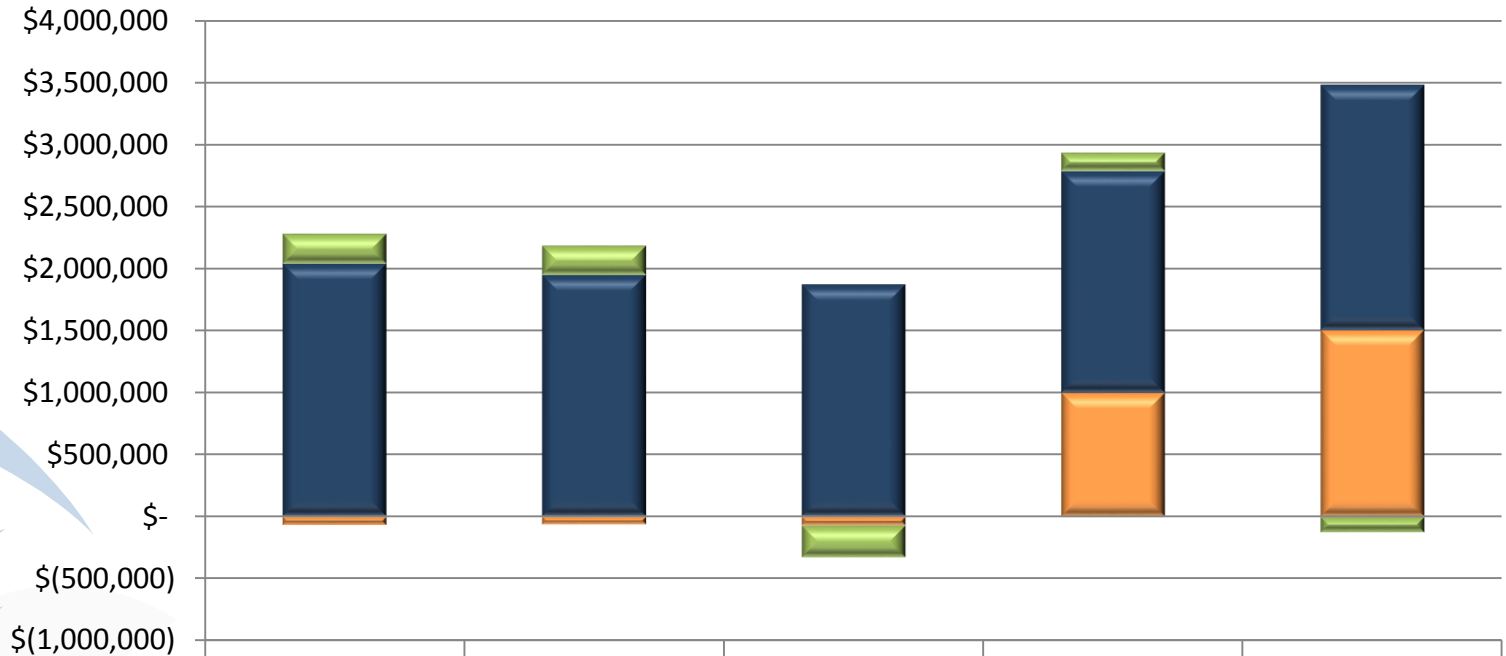
Observations:

- Notes payable has increased 11.5% due to issues of new debt of \$579,642 and principal reduction on existing debt of \$316,506. \$362,500 represents the AVCOG loan on the administrative offices building and the balance of \$2,186,965 represents outstanding loans to various Federal and State agencies under loan programs.



ANDROSCOGGIN VALLEY COUNCIL OF GOVERNMENTS

NET POSITION



	2012	2013	2014	2015	2016
■ Unrestricted	\$239,154	\$233,263	\$(257,173)	\$146,870	\$(124,996)
■ Restricted	\$2,035,597	\$1,945,953	\$1,868,464	\$1,786,075	\$1,977,444
■ Net Inv. in capital assets	\$(67,315)	\$(61,160)	\$(68,812)	\$994,814	\$1,497,999

Observations:

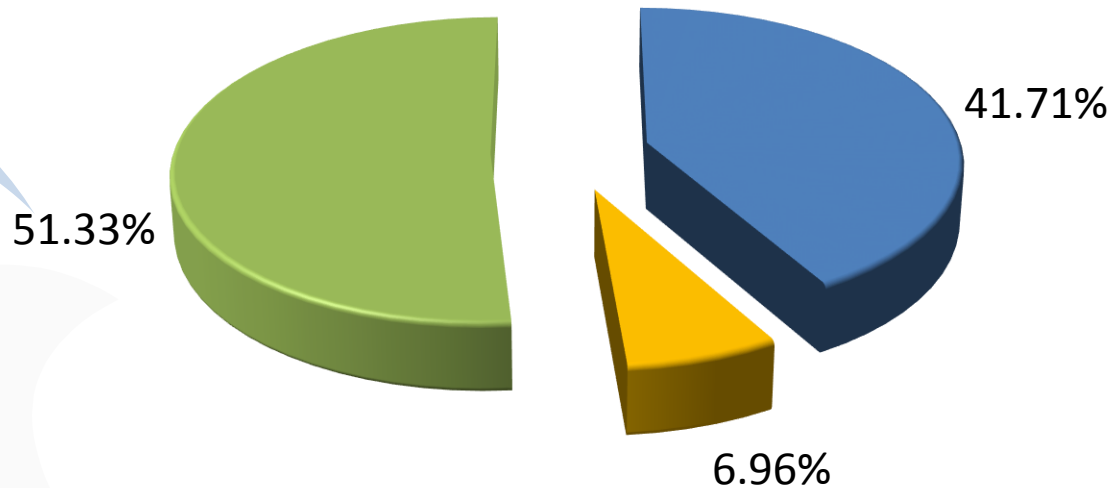
- RHR Smith suggests the equivalent of two to three months of operating expenses be held in unrestricted net position. At year end, unrestricted net position was in a deficit position.
- In 2015, the net position increased due to the amalgamation of LATC.
- In 2016, the net position increased primarily due to the new bus station (\$503K) and an increase in restricted loan fund due to additional FAME funding (\$191K), partially offset by an increase in the net pension liability associated with GASB 68.



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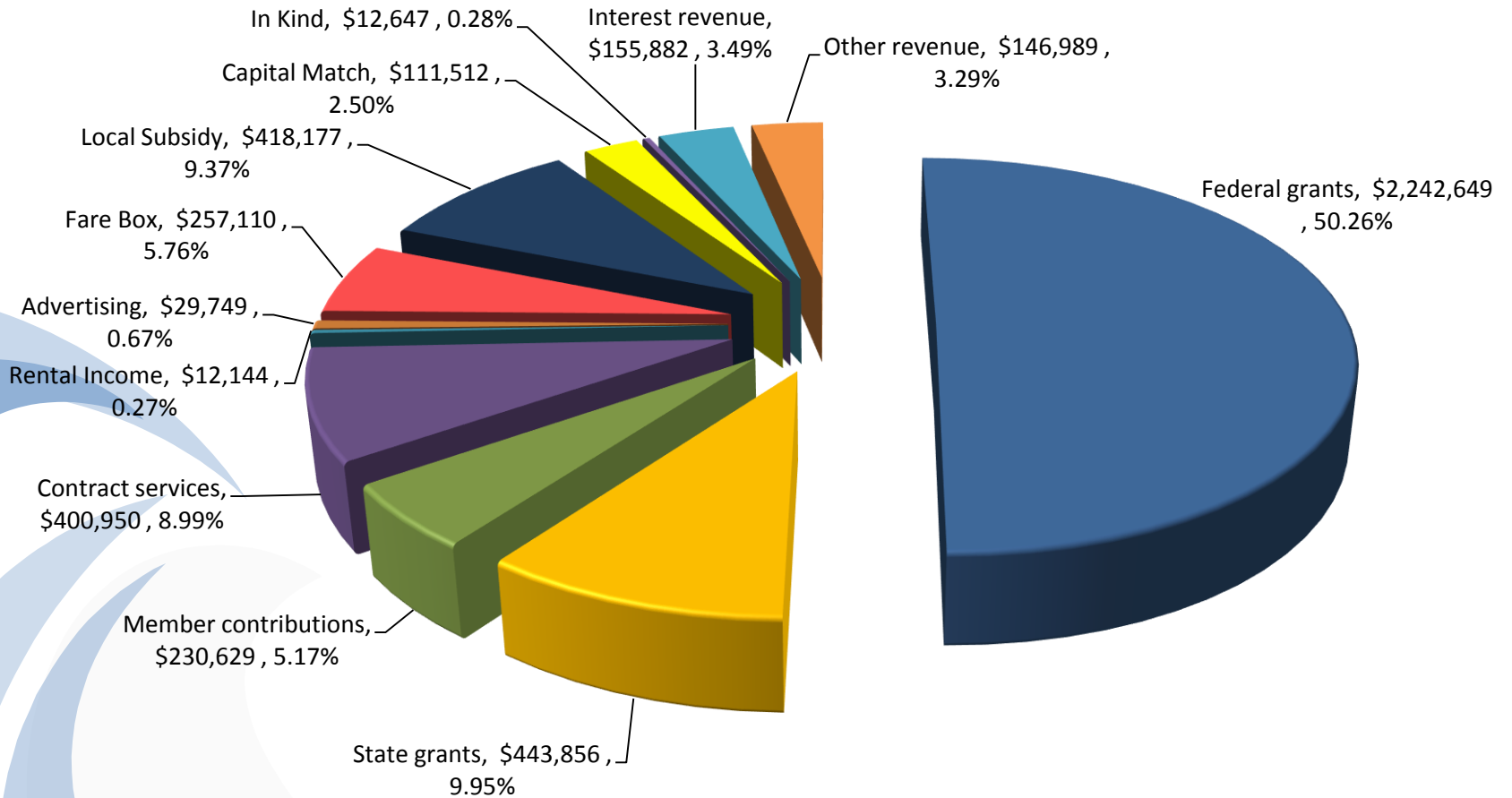
USE OF MEMBERSHIP CONTRIBUTIONS

- Physical Planning Programs
- Transportation Programs
- Economic Development Programs



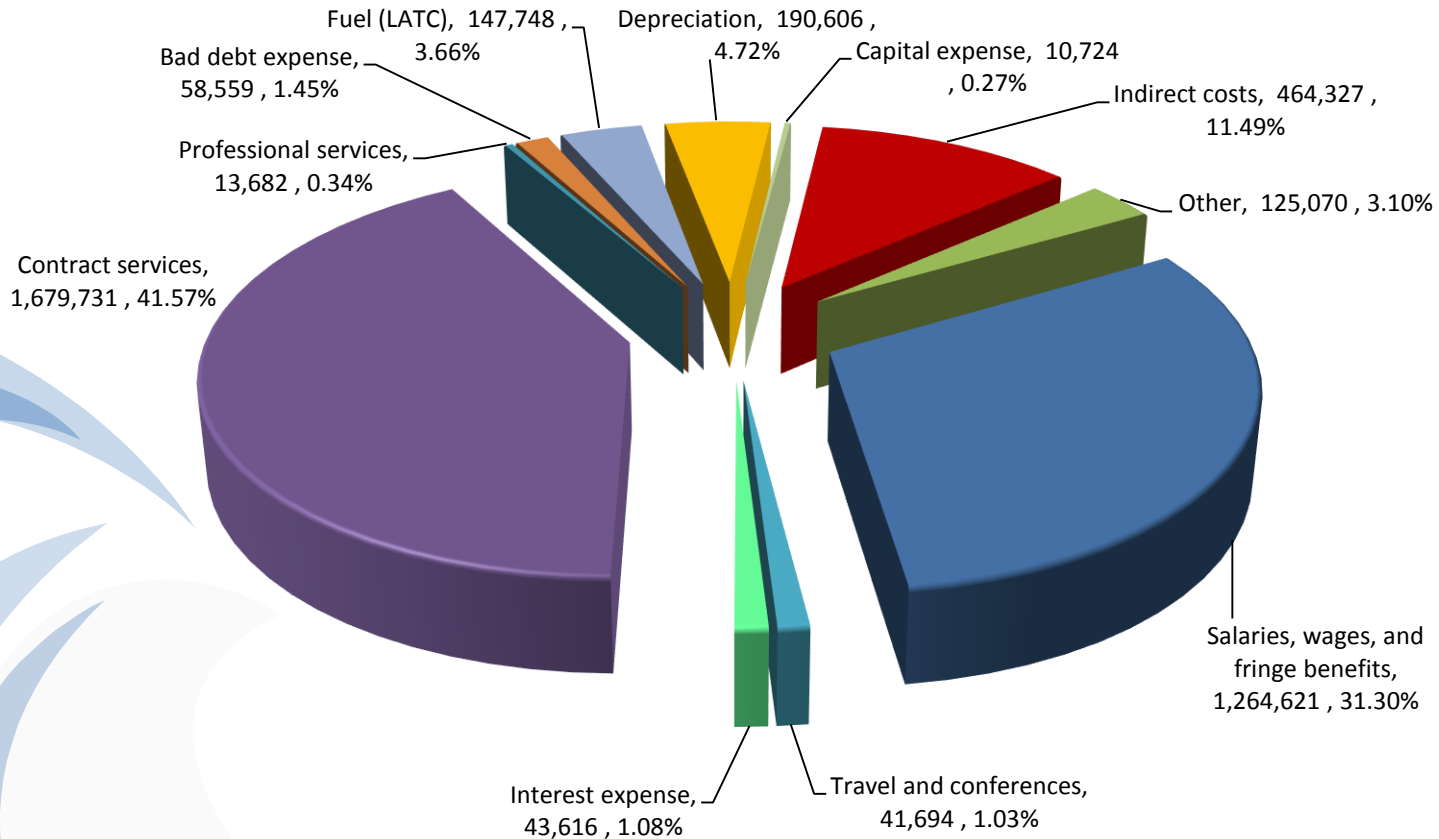
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OPERATING REVENUES



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OPERATING EXPENSES



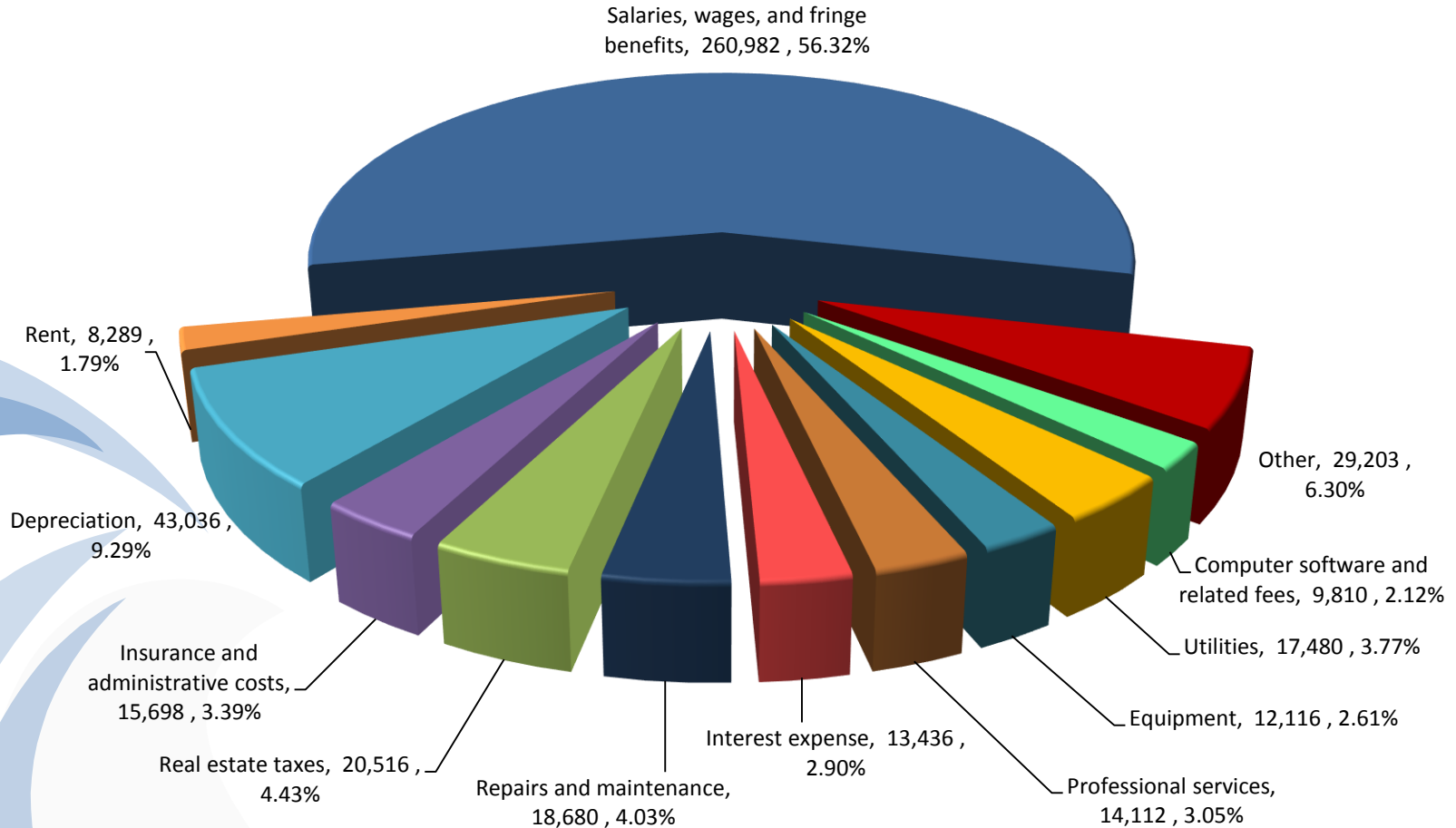
Note:

- Other expenses includes printing and postage (\$2,450), membership dues (\$2,449), meetings (\$2,014), advertising (\$3,878), office supplies (\$5,253), equipment (\$22,761), and other (\$86,265).



ANDROSCOGGIN VALLEY COUNCIL OF GOVERNMENTS

INDIRECT COSTS



Note:

- Details for indirect costs can be seen in Schedule 9 (Page 46) of the financial statements.

