



NVDA
*Northeastern Vermont
Development Association*

~ MINUTES ~
BOARD OF DIRECTORS' MEETING
Zoom Meeting (St. Johnsbury, Gallery Building)
December 16, 2021 6:00 PM

THOSE ATTENDING:

Directors: Stephen Amos, William Davis, Louisa Dotoli, Martha Feltus, Marcia Martel, Gina Vigneault, Terri Williams, Laura Dolgin, Mike Metcalf, Joel Cope, Farley Brown, Brian Smith, Paul Brouha, Fred Saar, Mark Whitworth, Woodman Page, Robert Starr, Jane Kitchel

Guests: Matthew Clark, Evan Carlson

NVDA Staff: Tina Gonyaw, David Snedeker

The meeting was called to order by President Laura Dolgin at 6:02 AM

Updates to Agenda

None

Minutes

A motion by Stephen Amos, seconded by Robert Starr, to accept the minutes of the June 24, 2021 meeting as mailed, carried unanimously.

Financials

A motion September & October Financial Statements were reviewed and subject to audit was made Fred Saar and seconded by Paul Brouha. The motion was approved on a voice vote.

PO Box 630 36 Eastern Avenue, Suite 1 St. Johnsbury, Vermont 05819-0630 802 748-5181 Fax: 802 748-1223

The regional planning and development commission serving The Northeast Kingdom: Caledonia, Essex and Orleans Counties
NVDA is an Equal Opportunity lender, provider and employer

Approval FY2021 Audit

A motion by Fred Saar, seconded by Stephen Amos, to approve the FY2021 Audit Reports, carried unanimously.

Whiteout Solutions

Guest Speaker – Matthew Clark & Evan Carlson

Presentation presented during meeting is attached below.

Here are a couple data sets in the GeoSAP Web Viewer for the board to look at as well:

- Burke Snow Depth Analysis
- <http://customer.whiteoutsolutions.com/BurkeMountainTrainingHill/BurkeMountainTrainingHill.html>
- Industrial Park: <http://customer.whiteoutsolutions.com/IndustrialPark/IndustrialPark.html>

Community & Economic Recovery Updates

David Snedeker Presented

There's a lot of money coming into the state for communities and businesses. NVDA is working with communities and businesses to get the word out on the following three programs:

- American Recovery Plan Act
- Capital Investment Grant Program
- USDA Rural Development Business Grants
- Newport Development Fund

Director's Updates

We are sharing the FY21 Annual Report that RPCs submit to ACCD. Updates follows below.

Any other Business

Upcoming meetings:

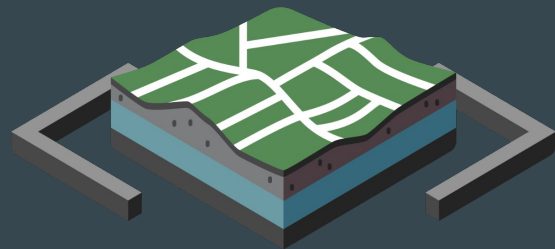
- Full Board – March 24
- Executive Committee – January 27th

Jane Kitchel commented positively on the completion of Depot Square Apartments and complemented the work of regional organizations like NVDA.

There being no further business, a motion by Robert Starr; seconded by Mike Metcalf to adjourn the meeting carried unanimously.

President Laura Dolgin adjourned the meeting at 7:02 PM

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Whiteout Solutions

geospatial technologies

Matt Clark

Co-Founder & Technology
Director

Evan Carlson

Director, Product &
Business Development

About Whiteout Solutions

After the sale of their previous company, MicroData, Co-Founders Christine Heinrich & Matt Clark took their deep knowledge of GIS technologies and began to explore new ways of collecting critical environmental data with drones.

It was clear that there were tremendous opportunities on the horizon in the collection and processing of data pairing these new technologies.



Whiteout Solutions
geospatial technologies

Service Bureau

This group is setup to plans, collect and process complex geospatial project. We're made up of professional pilots, GIS analyst, GIS technicians and project managers.

Services:

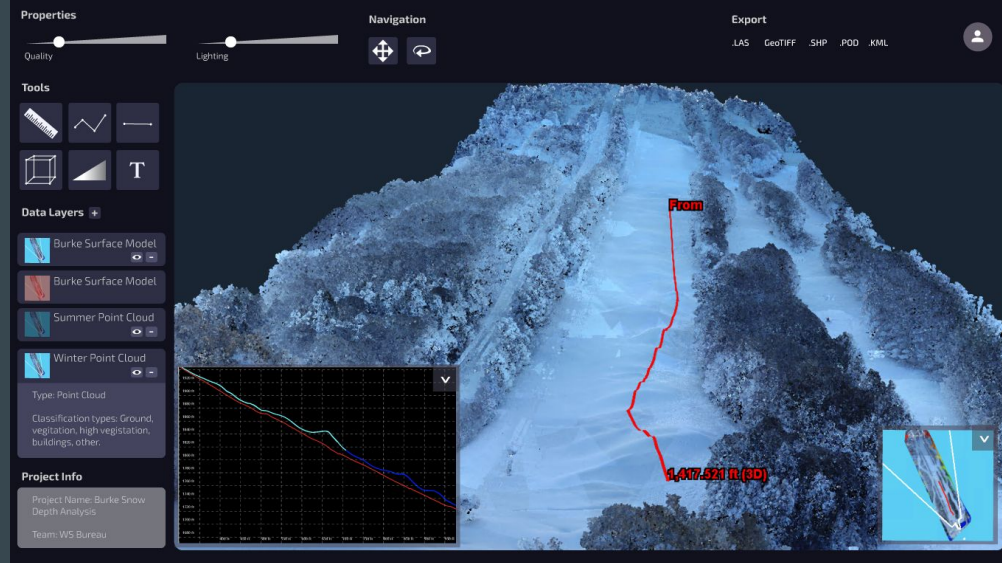
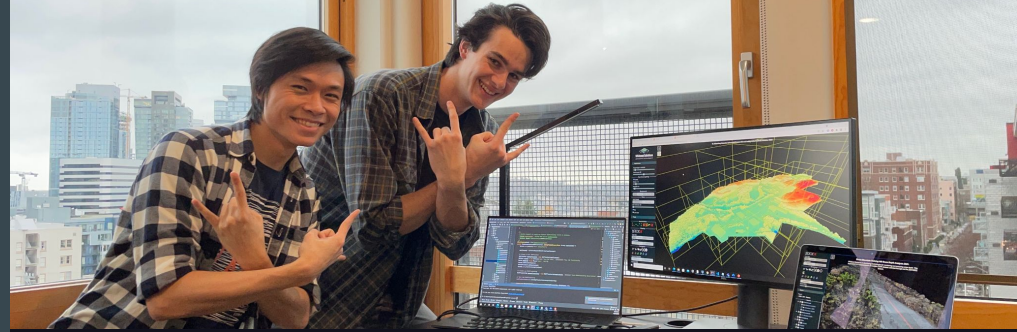
- LiDAR & Photogrammetric Imagery Collection
- Geospatial Data Processing
- Geospatial Data Analysis
- Custom Geospatial Application Development



Whiteout Solutions
geospatial technologies

GeoSAP & Product

Processing LiDAR and other geospatial data is time consuming, expensive and has a very steep learning curve. We are working to change this with the development of GeoSAP, an automated geospatial processing and workflow application.



Whiteout Solutions
geospatial technologies

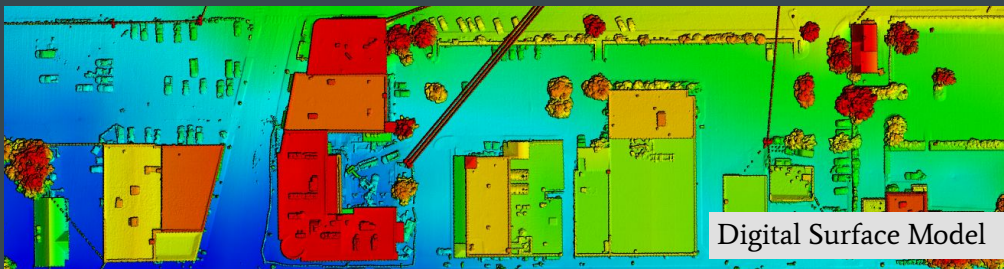
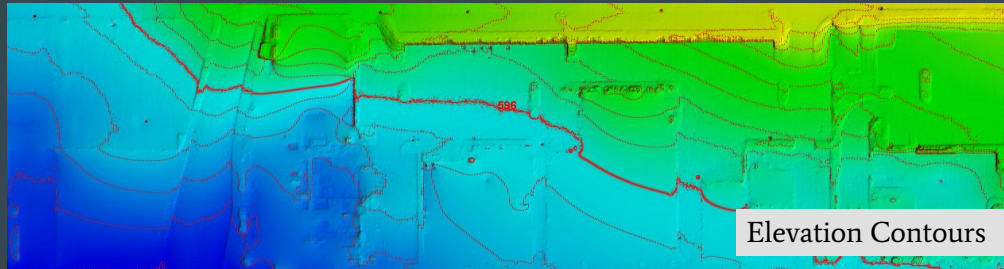
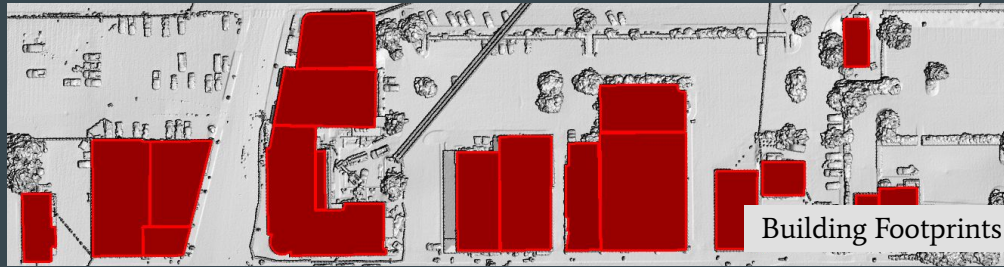
Drones, GIS tools and Data...

With all the tools and technology that we use at Whiteout Solutions, it's all just a means to get to the deliverable which deliver value to our customers.



Whiteout Solutions
geospatial technologies

High Accuracy Data for Engineering & Planning



Derived Outputs:

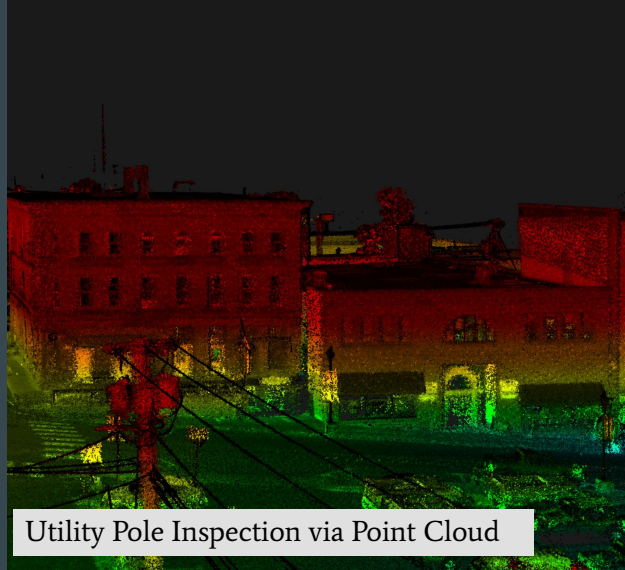
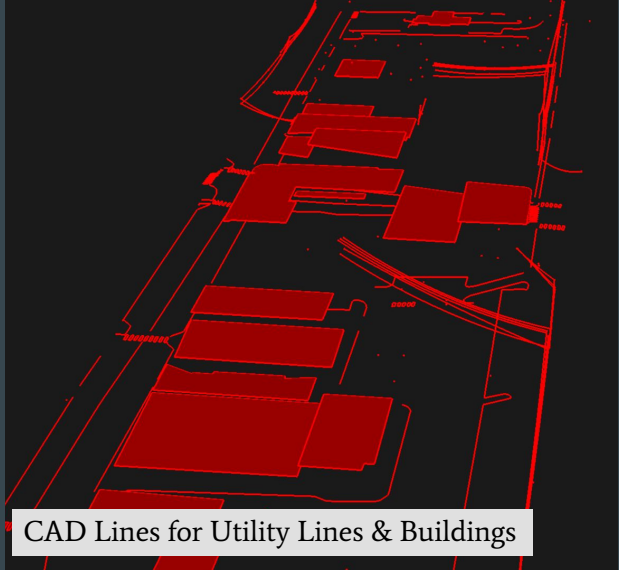
- Site planning & Engineering
- Volumetrics
- Grading

Technologies

- Aerial LiDAR Collection
- Aerial Multi-Spectral
- Aerial Thermal



Infrastructure Inventory



Derived Outputs:

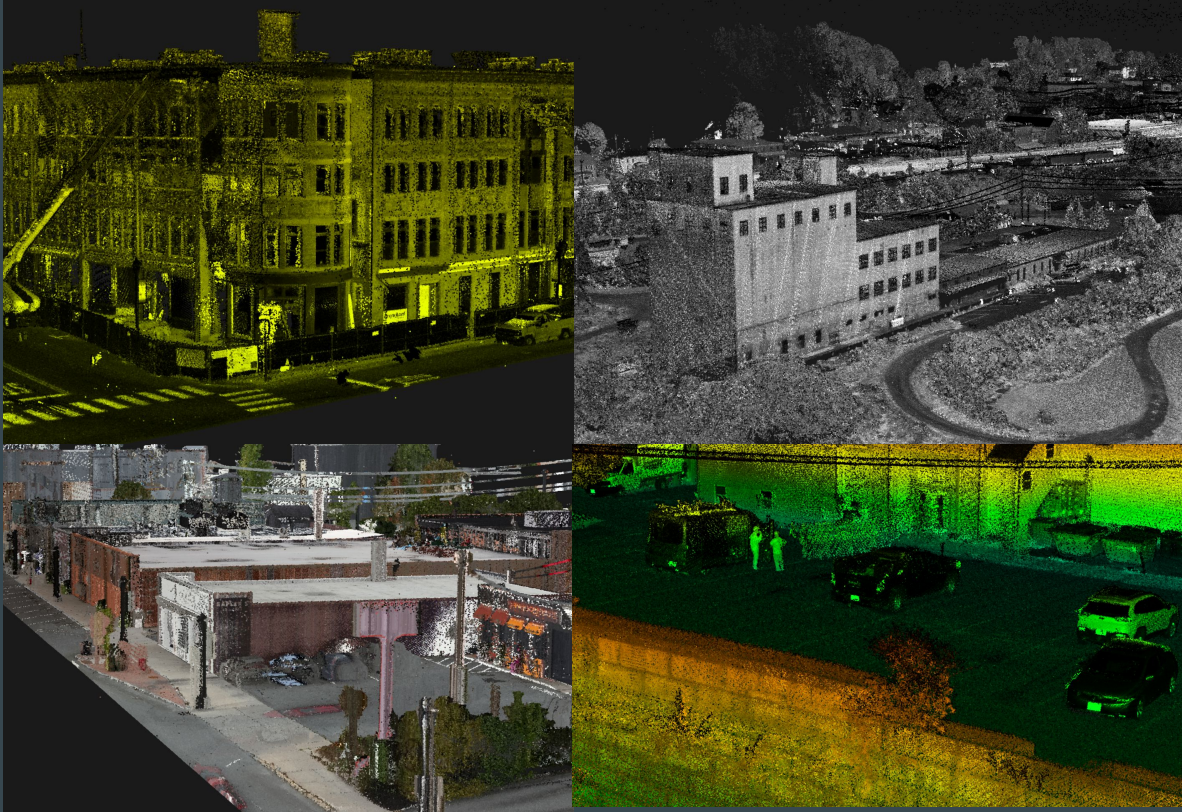
- Inventory of municipal assets (road signs, hydrant, man holes, etc)
- Infrastructure inspection (communication, electrical, etc)
- Capital project planning
- Energy audit via thermal cameras

Technologies

- Aerial LiDAR Collection



Urban 3D Modeling



Derived Outputs:

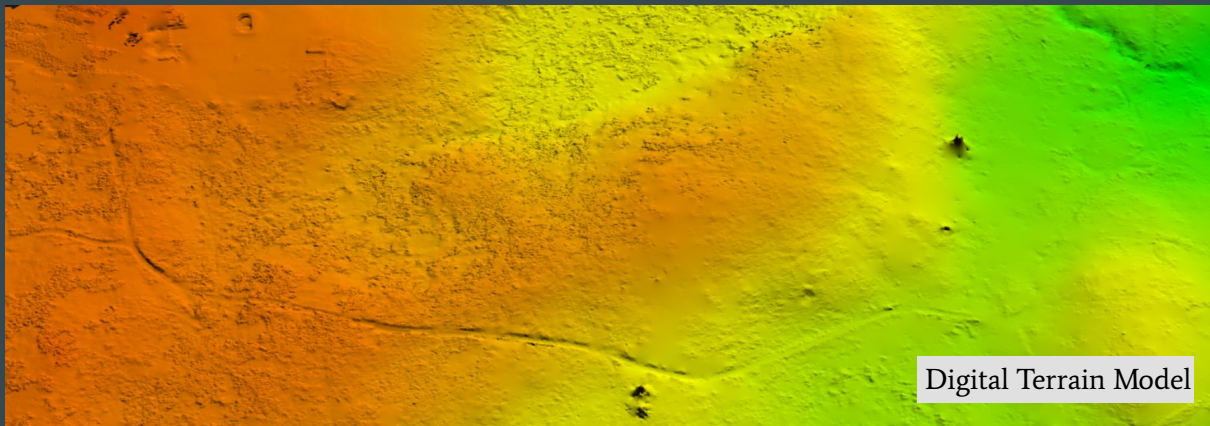
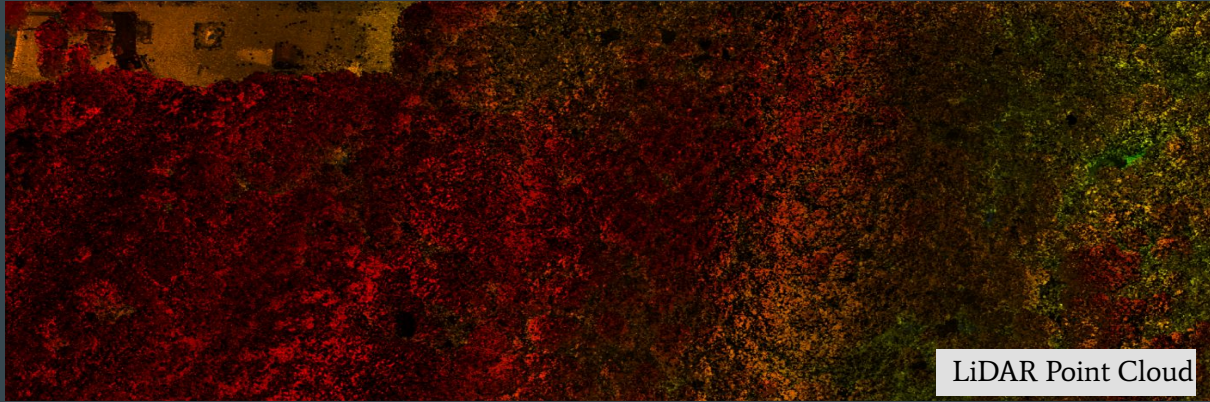
- Real estate presentation
- Insurance claim reporting
- Project status reporting
- Environment clean up reporting

Technologies

- Aerial & Terrestrial LiDAR Collection
- Aerial Multi-Spectral



Immersive 3D Landscapes & Terrain Modeling



Derived Outputs:

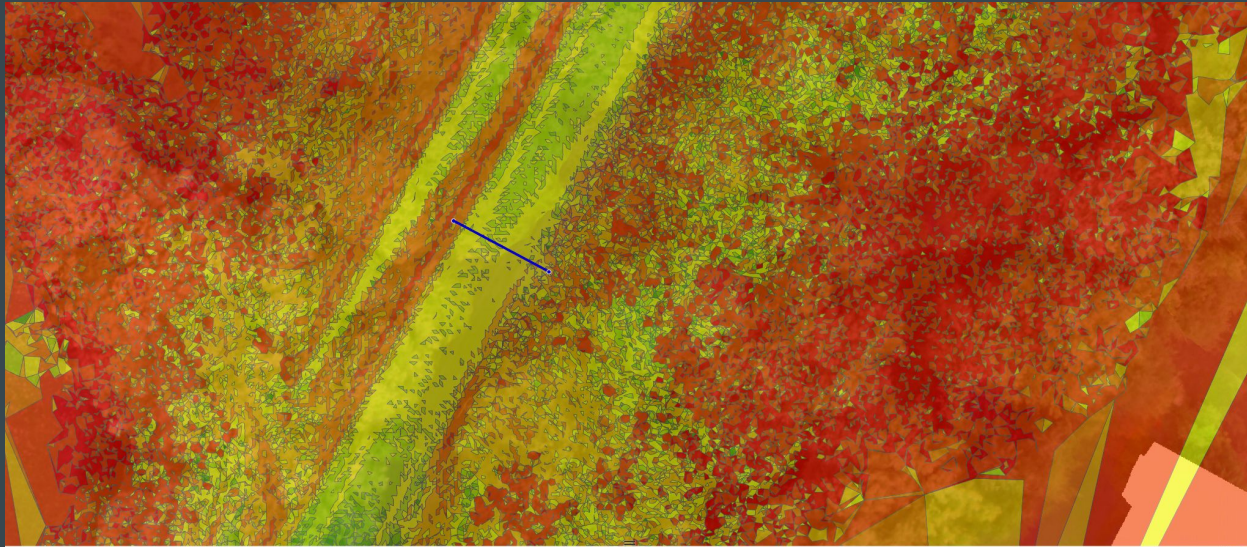
- Survey Grade Ground Control Points
- Evaluation Models
- Trail grading
- Watershed analysis
- Vegetation & Canopy
- Flood Plain Maps

Technologies

- Aerial LiDAR Collection



Corridor Collection & Analysis



Derived Outputs:

- Stormwater Plan Data
- Road condition analysis(crown, ditch, etc.)
- LVRT Planning/Cross VT Trails
- Tree canopy encroachment & health analysis

Technologies

- Terrestrial LiDAR Collection



Demo

Burke Mountain - Snow Depth Analysis - [Demo Here](#)

Danville Section - Lamoille Valley Rail Trail

St. Johnsbury Downtown



Whiteout Solutions
geospatial technologies

Questions?

Contact Us

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Learn More at [WhiteoutSolutions.com](https://www.whiteoutsolutions.com)



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Northeastern Vermont Development Association (NVDA)

FY 2021 Annual Report

NVDA serves Vermont's Northeast Kingdom, which encompasses Caledonia, Essex, and Orleans counties. Although it's traditionally viewed as the most rural part of a rural state, the Northeast Kingdom is the regional planning and development organization with the largest service area, covering 50 municipalities and approximately one-fifth of the state's land area. And despite our uniquely rural status, this is hardly a simple region: The NEK contains two labor market areas, two designated downtowns, 41 Designated Village Centers, three Opportunity Zones, twelve New Market Tax Credit eligible census tracts, one USDA-designated economic area, and seven watershed basin planning areas. Because NVDA serves as the regional planning commission and economic development corporation, our staff often wear multiple hats when assisting a member community.

This year, despite the continuing challenges of COVID, we delivered thousands of hours of technical assistance in service of our mission: "to improve the quality of life in the Northeast Kingdom through planning, promoting economic development, and preserving the region's natural environment."

MUNICIPAL PLANNING & IMPLEMENTATION

Our communities have a time-honored commitment to planning. As of September 1, we have 42 municipalities with current municipal plans – surpassing last year's record high! Despite our rural status, we also have 34 municipalities with local zoning.

Only a handful of our municipalities have paid professional planning staff, so the demands on NVDA staff are great. In FY2021, our planning staff was able to continue providing virtual, socially distanced support to help communities rebound from the impacts of COVID 119. Here is a sampling of our planning activities in FY2021:

- NVDA staff helped obtain the following Village Center Designations: North Danville, Glover, West Glover, Troy and North Troy. Bustling downtown Hardwick, the site of important economic development investments, is now pursuing Downtown Designation, and NVDA staff stands ready to provide whatever support is needed. The Village Center and Downtown Designation programs remains immensely popular with our communities, and a record number of communities pursued tax credits for community and economic development projects this year. In FY2021 (July 2020 and January 2021), the downtown board allocated \$130,746 in tax incentives for five projects, supporting more than \$1.2 million in downtown and village center revitalization projects in the Northeast Kingdom. Also, during FY2021, NVDA provided direct assistance with application development to five Northeast Kingdom businesses, all of which were awarded tax credits in FY2022. A total of 10 Northeast Kingdom projects in the communities of Barton, Danville, Hardwick, Glover, Lyndonville, Peacham, and St. Johnsbury, had projects awarded funding through the Downtown and Village Center Tax Credits Program in July of 2021 with over 40% of Program funding going to the Northeast Kingdom!
- Municipal Planning Grants continue to fund a vital element of our service delivery, and our municipalities rely heavily on this grant program to establish vibrant and resilient communities. In FY2021, we helped Newport City obtain technical assistance to embark on

an ambitious community visioning effort that will result in the first major update to the municipal plan in nearly two decades. We also worked with the Town of Westfield to complete a housing study of potential reuses for a now-closed assisted living facility. The grant was completed in the spring of this year, and the site is already under redevelopment! Also, staff wrote a grant on behalf of a multi-town consortium to fund a feasibility study for regional fire-protection services. The Northeast Kingdom Consortium Regional Fire Services Feasibility Study was completed in the Spring of 2021, and NVDA continues to facilitate meetings among the seven towns to discuss implementation of the study's recommendations. Also in FY2021, NVDA helped the Towns of Concord and Troy obtain Municipal Planning Grants for zoning regulation updates, including a focus on "zoning for great neighborhoods;" and helped Greensboro obtain a grant for targeted master planning to prepare for the arrival of the Lamoille Valley Rail Trail in Greensboro Bend.

- NVDA provides ongoing technical assistance to the Town of St. Johnsbury in implementing its riverfront master plan and its various housing initiatives. NVDA staff assisted the Town in obtaining a 2021 State Economic & Infrastructure Development (SEID) grant in order to complete additional riverfront trail sections connecting the Lamoille Valley Rail Trail to the new trailhead picnic pavilion on Bay Street in the designated downtown.
- An NVDA staff member serves on the advisory committee for the St. Johnsbury Rental Housing Improvement Grant Program, which continues to award matching grants to rental property owners to help improve the overall quality of the rental housing stock in town.
- This year NVDA staff assisted the Town of Lyndon with a successful Better Connections Program grant application. This program provides technical assistance and funding to local communities for planning efforts to increase multi-modal transportation options and improve land use, water quality, public health, and economic vitality in Vermont communities. In March of 2021 the Agency of Transportation (VTTrans) and the Agency of Commerce and Community Development (ACCD) awarded \$105,000 to the Town to develop a Village Route 5 Corridor Master Plan to improve the safety, walkability, and vibrancy of the Town's historic commercial center. These revitalization efforts will be paired with a downtown land use and market analysis to help prioritize infrastructure investments and create a redevelopment plan for Lyndonville's downtown commercial corridor. The project will address the current lack of connectivity between northern Main St. and the Designated Village Center, transportation safety issues, land use issues, storefront vacancies, redevelopment opportunities, and key stormwater runoff issues at the intersection of US RT5 and VT RTS 114 and 122. Lyndon will have a year and a half to complete this project and NVDA will continue to support the Master Plan development by serving as the local project manager throughout FY2022.
- This year, our staff assisted with the update and adoption of municipal plans for the towns of Norton, Troy, and Brunswick, and the Unified Towns & Gores. In FY 2021, NVDA assisted the Unified Towns & Gores and the Towns of Jay and Concord with zoning amendments, and the Towns of St. Johnsbury, Glover, and Craftsbury with amendments to their existing plans to include "enhanced" energy plans.

REGIONAL PLANNING

RPCs coordinate planning at the regional level through the adoption and implementation of a comprehensive regional plan and related studies. NVDA's plan, which was last amended in 2018 to meet the enhanced energy planning requirements of Act 174, helps guide local planning efforts by offering extensive data and perspective. (www.nvda.net/regional-plan.php)

- NVDA staff help to further regional interests by serving on statewide boards. In FY2021, an NVDA staff member joined the board of the Working Lands Enterprise Initiative and will serve on its Enterprise Finance Options Committee. The Working Lands Enterprise Grant program remains an important tool for helping our local communities and businesses expand opportunities for agriculture and forest-related enterprises. An NVDA staff member also continues to serve on the Board of the Vermont Community Development Association, which strives to establish a series of meaningful educational forums on timely issues such as affordable housing, renewable energy, downtown development, and age-friendly communities. NVDA staff also serves on the VT Telecommunications & Connectivity Advisory Board, an important entity for guiding state investments in broadband.
- NVDA staff also serve on the Northeastern Vermont Regional Hospital Community Health Needs assessment steering committee. This committee works with communities and school districts served by NVRH to address health issues, including impacts from the COVID-19 crisis. The committee conducted several outreach surveys, providing input to help the hospital better align its services with the needs of the region.
- NVDA continued working on an update of our Regional Transportation Plan. The update is essential to address the widespread impacts of the pandemic on our residents and businesses with regards to transportation. The state's Comprehensive Energy Strategy calls for a dramatic reduction in carbon emissions, and COVID has shown us that improved telecommuting capacity can reduce VMTs. NVDA is working to complete the region's "last mile" to support more businesses and workers. The transportation planning and Essex County economic recovery teams have been focused on filling the gaps in our broadband infrastructure. The transportation planning team is also working to make our communities more accessible, sustainable and attractive to economic development through improved pedestrian and biking infrastructure to support our residents needs and improved quality of life. All these issues are addressed in our Regional Transportation Plan update.

ECONOMIC & COMMUNITY DEVELOPMENT

In FY2021, NVDA's technical assistance was largely focused on accelerating economic recovery. We continued our expanded outreach through newsletters, web site, social media, and participation in state and regional recovery efforts and worked to ensure that local businesses were able to access CARES Act relief resources.

- When COVID-19 hit, to relieve pressure on businesses and organizations, the RDCs of Vermont launched the Restart Vermont Technical Assistance (ReVTA) Program. This original program was

designed to deliver critically important technical assistance to hundreds of businesses and organizations trying to adapt to new practices, retrofit their physical spaces, and access new technology. Through the ReVTA Program NVDA provided over \$80,000 in technical assistance to 32 Northeast Kingdom businesses. Individual grants averaged \$2,535 and were dispersed across a total of 35 projects. Of the 235 projects, 22 were contracted with a technical assistance provider located within our region, which represents over \$50,000 (70% of total) work for local vendors. Although the ReVTA Program ended in December 2020, NVDA was recently awarded a \$99,000 in USDA Rural Business Development Grant (RBDG) to administer a similar technical assistance program for Northeast Kingdom businesses in FY2022. Through this new technical assistance program NVDA will continue to engage businesses impacted by the pandemic to establish recovery solutions and identify appropriate technical assistance providers and a technical assistance scope of work. Examples of technical assistance projects include but are not limited to assistance for business operations; financial management; digital strategies; architecture and design; re-configuring products or processes; updating safety measures; technology and software consulting; marketing services; business pivot consulting services; and legal or professional services. NVDA also received a Regional Economic Development Grant through VT Buildings & General Services for a community market in Glover, and 3 other applications were submitted for business projects in Newport and St. Johnsbury.

- With additional EDA funding, NVDA has been working with our Northern Vermont Economic Development District (NVEDD) partners since January 2021 to create the NVEDD Recovery Plan. The plan will address recovery priorities in 12 different areas including the following: 1) Broadband; 2) Housing; 3) Diversity and Equity; 4) Water and Sewer; 5) Childcare; 6) Business Support; 7) Transportation; 8) Civic and Cultural infrastructure; 8) Outdoor Economy and Recreation; 10) Agriculture, Working Lands, and Food Systems; 11) Education and Workforce Development; 12) Climate Change and Resiliency. The Plan addresses the need for work in each recovery priority, provides specific strategies to address recovery needs, and identifies quantifiable metrics for success. The Plan was adopted by the NVEDD Board this Fall. NVDA also participated in the NEK Collaborative's regional recovery planning effort.
- Efforts to establish the Hardwick Yellow Barn Business Accelerator intensified in FY2021, when an updated construction estimate attributed at least \$1.3 million in cost increases to market disruptions from COVID. Staff worked hard to close the budget gap and obtained a \$1 million grant from the Northern Border Regional Commission Regional Forest Economy Partnership. The project is back on track for a fall construction start date. When completed, the project will be responsible for the direct creation of at least 50 jobs in the Hardwick area.
- In October 2020, NVDA was awarded a \$250,000 grant from the Northern Border Regional Commission to advance the outdoor recreation economy in the Northeast Kingdom. Most funds were to be sub-awarded to local recreation-based projects throughout the 3-county region. Working in partnership with the Northern Forest Center and the NEK Collaborative, NVDA was able to award funding to 6 projects in May 2021. Funds will go to the Town of St. Johnsbury (town forest trail improvements); Town of Hardwick (community trail improvements and LVRT access); Albany Community School (pump track, skills park, and beginner mountain bike trails); Old Stone House (outdoor art trail); Lyndon Outing Club (mountain bike trails and skills park); Kingdom Trail Association (safe road and trail crossings).

Other NBRC funding will be used to advance regional marketing of the Northeast Kingdom (www.getNEKedVT.com).

- Throughout FY2021, NVDA continued to provide funding support through grants for our region's Communications Union District, NEK Community Broadband. Feasibility and business planning work has been completed and buildout plans are in the development process.
- In the fall of 2020, the Northeast Kingdom received funding from the Vermont Community Foundation to work directly with the Center on Rural Innovation (CORI) to assess the region's existing digital economy ecosystem (DEE) and develop and refine inclusive DEE building strategies with the goal of creating quality digital jobs and increasing local wealth by supporting local tech startups. CORI has successfully implemented this model in many rural communities throughout the country, including the development of the Black River Innovation Campus in Springfield Vermont. NVDA will continue to work with the CORI team in FY2022 to seek federal funding to support this work, including the EDA's Build to Scale Venture Challenge, which provides up to \$1.5M for over three years, with a 1:1 non-federal match. Additionally, as a result of our DEE assessment and strategy development work, the Northeast Kingdom is now a member of CORI's Rural Innovation Network (RIN), which will provide ongoing assistance with implementation of our DEE strategy as well as opportunities to connect and share resources with other network communities throughout the country.

TRANSPORTATION PLANNING

Regional Planning Commissions coordinate the Transportation Planning Initiative (TPI) through a contract with VTrans. This effort has provided a statewide framework for public involvement in planning improvements to Vermont's transportation system, with communities represented through regional Transportation Advisory Committees (TACs). Each regional TAC prioritizes projects, identifies local and regional transportation needs, and provides the platform for public involvement in the planning and development of the state's transportation system. The regional planning commissions serve as the point of delivery for the statewide transportation planning process to support local, regional, state, and federal transportation network advancement. This year, we have had to pivot to appropriate format for TAC meetings, as well as Road Foreman meetings, which provide important training on best practices, regulatory compliance and funding opportunities.

- NVDA facilitates a regional Rivers and Roads Working group made up of DEC Staff, County Conservation District Managers, VTrans Maintenance District Staff, and other regional partners. We continue to assist municipalities with various aspects of stormwater mitigation related to town highways and private landowner access issues related to stormwater.
- NVDA also works closely with the non-profit service provider, Rural Community Transportation (RCT), which uses multiple modes of transportation to serve the region: buses, wheelchair accessible vans, taxis, and volunteer drivers. NVDA serves on the RCT Board of Directors, where we leverage our many partnerships and collaborations throughout our region to benefit public transit and improve the transportation opportunities for the least fortunate and most in-need citizens. RCT is also making efforts to bring awareness of transportation services to the general population. NVDA staff also facilitates, along with Lamoille County Planning Commission, a working committee to coordinate serves for the elders and persons with disabilities program to assist RCT and our regional service providers to increase transportation services to health care, socialization and quality of life activities.

Here are NVDA's accomplishments as they relate to Transportation Planning Initiative Work Program:

Objective 1: Enhance cooperation and coordination between VTrans, RPC regions, and municipalities.

- 5 TAC meetings held
- 2 non-municipal TAC members actively engaged in transportation planning
- 45 municipalities actively engaged in transportation planning
- 7 RPC coordination activities with municipalities and VTrans

Objective 2: Better Connect Federal, Regional and Statewide Transportation Planning

- Regional transportation plan that is current (within 8 years) – note our plan, last updated in 2018, is current, but being updated now
- 1 Act 25 applications with regional planning commission comments relating to transportation
- 4 coordination activities in support of regional public transit providers
- Participation in project prioritization

Objective 3: Provide Technical Assistance to Municipalities

- 6 municipalities assisted with transportation related grants
- 45% of budget spent on municipal technical assistance
- 3 municipal transportation inventories conducted
- 1 municipal transportation related feasibility/project definition studies completed/undertaken
- municipalities assisted with transportation element of municipal/town plan
- 2 road erosion inventories in support of the MRGP completed using TPI dollars and using other funding sources

Objective 4: Deliver Results that Advance VTrans Strategic and Long-Range Transportation Plans

- 50 data collection activities conducted specifically for VTrans

Objective 5: Provide a Mechanism for Improved Public Outreach and Education

- See above: Rivers and Roads, etc.

EMERGENCY PREPAREDNESS & DISASTER RESILIENCE

NVDA plays a key role in emergency management through its work with Vermont Emergency Management, the Vermont Homeland Security Unit, Vermont Agency of Transportation, and the Agency of Natural Resources. We focus primarily of mitigation and preparedness, so we work with each community to identify vulnerabilities and actions to eliminate or lessen the risk. NVDA staff work with member communities to write and update flood hazard regulations, prepare FEMA-approved hazard mitigation plans, and coordinate updates to local plans. We also assist during response and recovery in larger-scale events, such as federally declared disasters.

- Throughout the COVID response, NVDA staff has participated in numerous conference calls and Zoom and Teams meetings. We have also monitored the Governor's press conferences to keep our communities informed.

- Every community is required to have an up-to-date Local Emergency Management Plan (LEMP). NVDA staff assisted every municipality in our region with the update and adoption process. We currently have 46 communities with adopted LEMPs for FY2021, and two more are pending adoption.
- Local Hazard Mitigation Plans identify predominant risks to a community and identify ways to lessen their impacts. They are required for any community seeking FEMA hazard mitigation funds. In recent years, the requirements for the plan have become fairly extensive. This year, NVDA helped the following municipalities with preparation of Local Hazard Mitigation Plans: Derby, Burke, Sutton, Sheffield, Wheelock, Groton, Westfield, Troy, Danville, Maidstone, Craftsbury, and Ryegate. Derby, Burke, Sutton, Sheffield, and Wheelock plans have received approval from Vermont Emergency Management and are already in effect.
- NVDA staff continue to participate in special planning exercises, such as the Great Bay Hydro Corp. Dam Emergency Action Seminar which is held annually in December. The pandemic forced training exercises to shift to an on-line environment. NVDA staff participated in the Training, Exercise and Planning workshop (virtually) hosted by Vermont Emergency Management, and the Emergency Preparedness Conference.
- NVDA staff worked with Local Emergency Planning Committees (LEPCs) 9 and 10 as they transitioned to the single Regional Emergency Management Committee on July 1 of this year. Additionally, there will be one statewide LEPC, and a member of NVDA's staff will serve on it.

GEOGRAPHIC INFORMATION SYSTEM (GIS) SERVICES

GIS mapping is an integral component of NVDA technical service offerings in planning and economic development. Our mapping supports planners and community development initiatives by providing geographical and spatial analysis.

- Our mapping is essential for proposed and existing designated village centers. Because we use a format acceptable to the Village Center Designation board, our municipalities can easily apply to this popular program. *(See Municipal Planning and Implementation)*
- We continue to provide maps for town plans to depict land use and well as development patterns and constraints to development. We also provided zoning bylaw district maps. Our zoning formats include wall-sized and ledger-sized (for easy download and remote printing.)

ENERGY CONSERVATION & DEVELOPMENT

NVDA's regional energy plan provides a blueprint for reaching the ambitious goals of the statewide Comprehensive Energy Plan: to meet 90% of our energy needs through the use of renewables by the year 2050. To date, 15 municipalities in our region have adopted similar plans authorized under Act 174. More communities are working on enhanced local energy plans as well. In FY2021, much of our work was focused on putting regional and local plans into action:

- Successful implementation of energy plans largely depends on personal choices, not regulatory initiatives, such as weatherizing homes and businesses and switching to cleaner burning fuel sources. Outreach and education, therefore, are central to NVDA's implementation strategy. In FY2021, NVDA pivoted to virtual programming, yielding strong results. In July, our webinar on Heat Pumps drew 100+ attendees. In the fall of 2020, our webinar series on affordable "regenerative" housing (i.e., ultra-efficient net-positive housing) drew 35-50 attendees over multiple days. Putting cutting-edge energy efficiency within reach of young families and members of the workforce was clearly a hot button issue in the NEK. NVDA was invited to make a pitch on this concept at the EAN Energy Summit. In October, we partnered with Efficiency Vermont to promote a virtual "Step Up to Button Up." We reached new audiences through online programming during the pandemic. Webinars will certainly remain an important outreach tool in the coming year, even after social distancing requirements are relaxed.
- NVDA's extensive network of partnerships is especially critical for delivering education and empowerment to local communities. In FY2021, we worked closely with HEAT Squad, Vermont Natural Resources Council, Efficiency Vermont, and the Energy Action Network. We look forward to strengthening these partnerships in the coming year.
- NVDA's Energy Newsletter continued to be a popular communications vehicle for local energy committees, planning commissions, local businesses, and individuals with a passionate interest in combating climate change. In FY2021 the newsletters became more frequent, and we expect to send them out monthly in FY2022.
- NVDA staff is also closely involved in statewide planning efforts. Our executive director serves on the VT Climate Action Council Rural Resilience Subcommittee, and a senior planner has been serving on a subcommittee that meets with the Department of Public Service biweekly to evaluate enhanced energy planning standards under Act 174.

WATERSHED PLANNING & PROJECT DEVELOPMENT

Nonpoint source pollution, such as phosphorous loading, remains a key concern throughout the state. NVDA's watershed planner engages in partnerships with state agencies, municipalities, and various public and private organizations to achieve holistic solutions. It's all tall order because our region, which covers one-fifth of the state's land mass, encompasses seven basin planning areas. Two of these areas -- the Passumpsic and Memphremagog -- are completely contained in our region, so we do not share planning responsibilities with other regional planning commissions.

- NVDA's Water Quality Advisory Committee is responsible for reviewing Tactical Basin Plans for conformance with NVDA's Regional Plan. These plans are important because they identify impaired areas, as well as corrective measures to restore water quality. The plans are useful to local planning commissions as they provide insight into water quality issues in their respective communities. Our advisory committee had a busy year. Under NVDA staff direction, the four-member panel reviewed plans for the Upper Connecticut River Direct Tributaries Basin 16, Ompompanoosuc, Stevens, Wells, Waits, and Connecticut River Direct Tributaries Basin 14. We are currently engaged in assisting basin planners with updates to the Missisquoi River Basin 6, Lamoille River Basin 7, and Lake Memphremagog Basin 17.

- Regional planning commissions continued to partner with the DEC to implement best management projects to improve road segments through the DEC's Grants in Aid program. As the regional partner, NVDA manages each grant, performs an initial assessment of the road segment, and reassesses the road segment after the work is completed. Forty of our towns have participated in this program.
- Managing development in areas prone to flooding also is an important part of our water quality outreach. In FY2021, NVDA staff provided technical assistance to the town of Holland on flood hazard regulations.

SPECIAL PROJECTS

- NVDA's Executive Director serves on the board of the Northeast Kingdom Development Corporation, a non-profit 501(c)(3) that serves as a catalyst for economic development efforts in the region, especially those built on public-private partnerships. As the fiscal agent for the Hardwick Yellow Barn, NEKDC is the primary entity to secure more than \$4 million in bridge financing during the development of the project and the construction period. The NEKDC will form a non-profit subsidiary to be the recipient of the New Markets Credit (NMTC) financing at the conclusion of the construction period and will enter a long-term ground lease with the Town of Hardwick to manage the Hardwick Yellow Barn and sub-lease space to tenants.
- Other initiatives currently undertaken by the NEKDC include the anticipated acquisition and repurposing of a vacant 50,000 square foot former Bogner manufacturing facility in Newport currently in federal receivership. The acquisitions and renovation of the building will allow NEKDC to lease space to a growing snow equipment business for sales, service, and distribution.
- The region's many historic and cultural facilities require special consideration and support for adaptive reuse. In FY2021, NVDA staff supported fundraising efforts of McIndoes Academy in Barnet. The 1853 structure, which has been on the National Register for Historic Places since the early 1970s, has extraordinary potential to become a bona fide community and cultural center serving the towns of southern Caledonia and the Connecticut River valley. Also in FY2021, NVDA served on the historic Danville Train Station Committee, which is tasked with restoring the 1871 structure (recently determined eligible for the National Register of Historic Places) into an alternative transportation and recreation hub along the Lamoille Valley Rail Trail. Staff attended regular meetings and supported grant writing and fundraising efforts for rehabilitation of the structure, which currently houses the Town's recycling center.

ADMINISTRATION & FUNDING

NVDA's revenues came from numerous sources, including a share of the state's property transfer funds; private, state, and federal grants; and annual appropriations from each of our 50+ member communities. We also received rental income from our multi-tenant buildings in St. Johnsbury and Lyndonville, and other income from contracted services, such as grant administration, as well as municipal plan and bylaw development, which is usually funded by Municipal Planning Grants.

- NVDA is an approved Non-Profit Community Development Organization, which allows us to operate a revolving loan fund recapitalized by loan repayments from previous economic development projects. In FY2021, NVDA provided a second time extension (2 months) for a loan repayment for a community store project as they were waiting for closeouts of grants to be processed.
- As with previous years, our most recent audit (FY2020) produced no significant findings. Our FY2021 audit was recently completed and will be adopted by the Board at the end of the calendar year.
- NVDA continued the publication and distribution of its regular e-newsletters with a circulation of about 1,300. The e-newsletter went to a twice a month distribution schedule to keep readers informed of COVID-19 and economic recovery opportunity updates.
- NVDA's website is a reliable source of detailed information on each of its member municipalities. We make every effort to keep it up to date so that users can access and download current plans, bylaws, maps, and Census data.

Audited Financial Statements
and Other Financial Information

**Northeastern Vermont Development
Association**

June 30, 2020



Proven Expertise & Integrity

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

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Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT

Board of Directors
Northeastern Vermont Development Association
St. Johnsbury, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Northeastern Vermont Development Association, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Association'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 auditors' 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 auditors consider 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,

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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 governmental activities and each major fund of Northeastern Vermont Development Association as of June 30, 2020, 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 and budgetary comparison information on pages 4 through 11 and 38 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 Northeastern Vermont Development Association's basic financial statements. The Schedule of Departmental Operations - General Fund and Schedule of Indirect Costs are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Departmental Operations - General Fund and Schedule of Indirect Costs 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 Departmental Operations - General Fund and Schedule of Indirect Costs are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020, on our consideration of Northeastern Vermont Development Association'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 Northeastern Vermont Development Association's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
November 25, 2020

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

(UNAUDITED)

The following management's discussion and analysis of the Northeastern Vermont Development Association's financial performance provides an overview of the Association's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Association's financial statements.

Financial Statement Overview

The Northeastern Vermont Development Association'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 other supplementary information.

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 Association'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 Association'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 Association's activities. The type of activity presented for the Northeastern Vermont Development Association is:

- *Governmental activities* - The activities in this section are mostly supported by intergovernmental revenues (federal and state grants and contracts) and charges for services. All of the Association's basic services are reported in governmental activities, which include regional planning, transportation and regional development.

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 Northeastern Vermont Development Association, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Northeastern Vermont Development Association can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds: Most of the basic services provided by the Association 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 Association's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Association.

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 financial statement.

Northeastern Vermont Development Association presents one column in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Association's major governmental fund is the general fund.

The general fund is the only fund for which the Association 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.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Association. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Association's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

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 Statement of Net Position - Fiduciary Funds.

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.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to other detailed budgetary and indirect cost information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Association's governmental activities. The Association's total net position increased by \$3,261 from \$2,978,243 to \$2,981,504.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased by \$66,722 from \$330,366 to a balance of \$397,088 at the end of this year.

Table 1
Northeastern Vermont Development Association
Net Position
June 30,

	Governmental Activities	
	2020	2019 (Restated)
Assets		
Current Assets	\$ 1,874,824	\$ 1,895,616
Noncurrent Assets:		
Capital Assets	1,682,520	1,760,888
Other	473,208	458,301
Total Assets	<u>\$ 4,030,552</u>	<u>\$ 4,114,805</u>
Liabilities		
Current Liabilities	\$ 170,811	\$ 221,198
Noncurrent Liabilities	856,815	910,331
Total Liabilities	<u>\$ 1,027,626</u>	<u>\$ 1,131,529</u>
Deferred Inflows of Resources		
Unearned Revenue	\$ 21,422	\$ 5,033
Total Deferred Inflows of Resources	<u>\$ 21,422</u>	<u>\$ 5,033</u>
Net Position		
Net Investment in Capital Assets	\$ 1,682,520	\$ 1,760,888
Restricted	901,896	886,989
Unrestricted	397,088	330,366
Total Net Position	<u>\$ 2,981,504</u>	<u>\$ 2,978,243</u>

Revenues and Expenses

Revenues for the Association's governmental activities decreased by 2.38%, while total expenses decreased by 4.94%. The most significant decrease in revenues was in miscellaneous while the largest decrease in expenses was in change in unallocated indirect costs.

Table 2
Northeastern Vermont Development Association
Changes in Net Position
For the Years Ended June 30,

	Governmental Activities	
	2020	2019
Revenues		
Program revenues:		
Operating grants and contracts	\$ 1,377,807	\$ 1,369,503
Charges for services	216,068	217,408
General revenues:		
Interest	14,993	16,838
Miscellaneous	45,664	91,137
Total revenues	<u>1,654,532</u>	<u>1,694,886</u>
Expenses		
Regional planning	977,587	944,168
Transportation	298,479	307,591
Regional development	468,071	462,623
Change in unallocated indirect costs	(121,295)	(7,265)
Interest on long-term debt	28,429	30,025
Total expenses	<u>1,651,271</u>	<u>1,737,142</u>
Change in Net Position	3,261	(42,256)
Net Position - July 1, Restated	<u>2,978,243</u>	<u>3,020,499</u>
Net Position - June 30	<u>\$ 2,981,504</u>	<u>\$ 2,978,243</u>

Financial Analysis of the Association's Fund Statements

Governmental funds: The financial reporting focus of the Association'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 Association'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
Northeastern Vermont Development Association
Fund Balances - Governmental Funds
June 30,

	<u>2020</u>	<u>2019 (Restated)</u>	<u>Increase / (Decrease)</u>
Major Fund:			
General Fund:			
Nonspendable	\$ 5,681	\$ 5,661	\$ 20
Restricted	901,896	886,989	14,907
Unassigned	673,669	589,286	84,383
Total General Fund	<u>\$ 1,581,246</u>	<u>\$ 1,481,936</u>	<u>\$ 99,310</u>

The changes to total fund balances for the general 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 receipts were under budgeted revenues by \$53,962. This was mainly a result of other revenue coming in significantly below budgeted amounts.

The general fund actual expenditures were under budgeted amounts by \$57,223. This was due to all expenditure categories coming in under budget with the exception of regional planning and transportation.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2020, the net book value of capital assets recorded by the Association decreased by \$78,368 when compared to the prior year. This decrease was due to current year depreciation expense.

Table 4
Northeastern Vermont Development Association
Capital Assets (Net of Depreciation)
June 30,

	Governmental Activities	
	2020	2019
Land	\$ 54,698	\$ 54,698
Land improvements	10,713	13,390
Buildings and improvements	1,550,825	1,604,944
Furniture and equipment	66,284	87,856
Total	\$ 1,682,520	\$ 1,760,888

Debt

At June 30, 2020, the Association had \$869,353 in notes from direct borrowings payable versus \$924,961 last year, a decrease of 6.01%. Refer to Note 4 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

Maintaining and strengthening a financial stream that allows NVDA to continue providing quality services and programs to the communities and businesses it serves remains a primary goal today and in future years. By a significant degree, NVDA serves the largest geographic area of any regional planning or development organization in Vermont and we are unique in that we provide both planning and economic development services. Requests for services from the communities and businesses we serve continue to grow, as do the requirements and scope of our contracts with state agencies.

At present, NVDA's core funding comes from the Vermont Agency of Commerce and Community Development (regional land use planning and economic development services); Vermont Agency of Transportation (transportation planning); Vermont Department of Emergency Management and Homeland Security (emergency management planning and coordination); Vermont Agency of Natural Resources (water quality planning); Vermont Department of Public Service (energy planning); and Municipal Dues from our fifty (50) member municipalities. Core funds from state agencies are always subject to statewide budget pressures (and the federal budget in the case of transportation funds provided by the state). Given that NVDA's core funding sources remained relatively stable, the association opted to keep municipal dues at their previous year's level.

NVDA also receives other federal and state funds provided only after competitive application and award. Currently, these include: USDA Rural Business Development Grant funds; FEMA Hazard Mitigation Grant Planning funds; Northern Border Regional Commission Grant funds; EDA Planning funds; Vermont Regional Economic Development Grants; and other smaller, miscellaneous project funds that NVDA works on independently with municipalities; or, working in concert with other regional planning organizations to ensure statewide coverage.

NVDA and its regional planning and economic development partners continue working to provide a consistent level of professional and technical services to all communities across the state. In Vermont, with an absence of county government, regional organizations like NVDA serve as the logical interface between rural municipalities and state government. However, annual pressures on state and federal budgets will exert pressure on our regional planning and development budgets. We expect that this will be the case for FY2021 as the administration continues to promote cost containment, especially during the COVID-19 crisis. In FY2020, NVDA was level-funded across most state-funded programs.

Issues of concern that NVDA will address in the coming year(s) include items that have negatively impacted NVDA's budget to varying degrees over the years - costs associated with real estate ownership and operation; finding an effective way to meet rising costs through the development of other sustainable revenue resources; and, exploring opportunities for business memberships that would allow us to enhance our economic development services.

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Association. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Association.

Contacting the Association's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Association's finances and to show the Association's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Association's Office at 36 Eastern Avenue, Suite 1, P.O. Box 630, St. Johnsbury, Vermont 05819.

STATEMENT A

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 253,576
Investments	361,472
Accounts receivable (net of allowance for uncollectibles):	
Other	82,726
Due from other governments	95,570
Prepaid items	5,681
Notes receivable, net of allowance of \$72,387	647,111
Industrial Park land for sale	428,688
Total current assets	1,874,824
Noncurrent assets:	
Restricted cash and cash equivalents	473,208
Capital assets:	
Nondepreciable assets	54,698
Buildings and equipment, net of accumulated depreciation	1,627,822
Total noncurrent assets	2,155,728
TOTAL ASSETS	\$ 4,030,552
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 87,782
Accrued expenses	5,607
Accrued interest	12,514
Escrow and security deposits	4,864
Current portion of noncurrent liabilities	60,044
Total current liabilities	170,811
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes from direct borrowings payable, net of current portion	811,684
Accrued compensated absences	45,131
Total noncurrent liabilities	856,815
TOTAL LIABILITIES	1,027,626
DEFERRED INFLOWS OF RESOURCES	
Unearned grant revenue	21,422
TOTAL DEFERRED INFLOWS OF RESOURCES	21,422
NET POSITION	
Net investment in capital assets	1,682,520
Restricted	901,896
Unrestricted	397,088
TOTAL NET POSITION	2,981,504
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 4,030,552

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

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Contracts and Contributions	Total Governmental Activities
Governmental activities				
Regional planning	\$ 977,587	\$ 13,565	\$ 890,723	\$ (73,299)
Transportation	298,479	-	298,479	-
Regional development	468,071	202,503	188,605	(76,963)
Change in unallocated indirect costs	(121,295)	-	-	121,295
Interest on long-term debt	28,429	-	-	(28,429)
Total governmental activities	<u>1,651,271</u>	<u>216,068</u>	<u>1,377,807</u>	<u>(57,396)</u>

STATEMENT B (CONTINUED)
NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(57,396)</u>
General revenue:	
Interest	14,993
Miscellaneous	<u>45,664</u>
Total general revenue	<u>60,657</u>
Change in net position	3,261
NET POSITION - JULY 1, RESTATED	<u>2,978,243</u>
NET POSITION - JUNE 30	<u><u>\$ 2,981,504</u></u>

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

STATEMENT C

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund
ASSETS	
Cash and cash equivalents	\$ 253,576
Investments	361,472
Accounts receivable (net of allowance for doubtful accounts):	
Other	82,726
Due from other governments	95,570
Notes receivable, net of allowance of \$72,387	647,111
Prepaid items	5,681
Industrial Park land for sale	428,688
Restricted cash and cash equivalents	473,208
	\$ 2,348,032
LIABILITIES	
Accounts payable	\$ 87,782
Accrued expenses	5,607
Escrow and security deposits	4,864
TOTAL LIABILITIES	98,253
DEFERRED INFLOWS OF RESOURCES	
Unearned grant revenue	21,422
Deferred notes receivable	647,111
TOTAL DEFERRED INFLOWS OF RESOURCES	668,533
FUND BALANCES	
Nonspendable	5,681
Restricted	901,896
Committed	-
Assigned	-
Unassigned	673,669
TOTAL FUND BALANCES	1,581,246
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,348,032

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

STATEMENT D

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

	Total Governmental Funds
Total Fund Balances	\$ 1,581,246
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	1,682,520
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Deferred notes receivable	647,111
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(12,514)
Notes from direct borrowings payable	(869,353)
Accrued compensated absences	(47,506)
	\$ 2,981,504
Net position of governmental activities	\$ 2,981,504

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

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund
REVENUES	
Federal revenue	\$ 731,094
State revenue	500,689
Municipal/private funded contracts	96,732
Town appropriations	49,292
Rental income	216,068
Interest earned - banks	6,159
Interest earned - loan programs	8,834
Notes receivable collected	185,469
Other revenue	45,664
TOTAL REVENUES	<u>1,840,001</u>
EXPENDITURES	
Current:	
Regional planning	952,344
Transportation	298,479
Regional development	410,483
Change in unallocated indirect costs	(121,295)
Notes receivable issued	117,311
Debt service:	
Principal	55,608
Interest	27,761
TOTAL EXPENDITURES	<u>1,740,691</u>
NET CHANGE IN FUND BALANCE	99,310
FUND BALANCE - JULY 1, RESTATED	<u>1,481,936</u>
FUND BALANCE - JUNE 30	<u>\$ 1,581,246</u>

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

STATEMENT F

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 99,310</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:	
Depreciation expense	<u>(78,368)</u>
Long-term note receivable activity was reported as revenues and/or expenditures in the governmental funds but are reported as a decrease in long-term notes receivable in the Statement of Net Position.	
	<u>(68,158)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>55,608</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:	
Accrued interest expense	(668)
Accrued compensated absences	<u>(4,463)</u>
	<u>(5,131)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 3,261</u></u>

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

STATEMENT G

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Agency Fund</u>
	St. Johnsbury/Lyndon Industrial Park Board Fund
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 436,891
TOTAL ASSETS	<u>\$ 436,891</u>
LIABILITIES	
Deposits held for others	\$ 436,891
TOTAL LIABILITIES	<u>\$ 436,891</u>

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

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Northeastern Vermont Development Association is a non-profit organization exempt from income taxes under Section 115 of the Internal Revenue Code of 1986. It is an instrumentality of political subdivisions of the State of Vermont.

Membership in the Association is open to all of the cities, towns and gores within Caledonia, Essex and Orleans Counties in Vermont. Municipalities within the region who elect by an act of their voters or their legislative body become members of the Association. The Association is governed by a Board of Directors comprised of representatives from each member municipality, other at-large representatives of citizen interest groups in the region elected by a majority of the Board and State legislators representing the region who accept invitations to membership from the Board. Each member has one vote.

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

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Vermont, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Vermont issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Vermont to those necessary to obtain or provide essential services or activities. See Executive Order 01-20 and its addendums. As of the date of this report, the state of emergency was extended to November 15, 2020 and may be further extended if circumstances warrant. While steps toward reopening the State have begun, the speed and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

In accordance with Addendum 6 to Executive Order 01-20, issued by the Governor of Vermont on March 24, 2020 (also referred to as the “Stay Home, Stay Safe Order”) and Directive 5 to Executive Order 01-20, issued by the Governor of Vermont on March 26, 2020, the Association’s facilities were temporarily closed to the public and all nonessential services to its inhabitants were suspended from March 23, 2020 to a time until the Governor advises differently.

Unemployment rates

Although the Association’s facilities were closed to the public all staff continued to work remotely as much as possible and thus no staff reductions were made. It is anticipated that there will be no increase in staff unemployment rates. However, the Association anticipates an increase in its unemployment insurance premium in fiscal year 2021.

Impact on Finances

The Association does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security (“CARES”) Act funding and applicable State programs.

Expected Federal/State Support

The Association may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Association expects that if those actions are necessary, that the Association would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the Association and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Association. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Association.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New Accounting Standards

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Both the government-wide and fund financial statements categorize primary activities as governmental. The Association categorizes all activities of the Association as governmental.

In the government-wide Statement of Net Position, the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are 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 Association's net position is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Association 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 Association's functions (regional planning and other programs, transportation and regional development, etc.) except for fiduciary activities. The functions are also supported by general government revenues (certain intergovernmental revenues, charges for services, 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 (certain intergovernmental revenues and charges for services, etc.).

The Association allocates indirect costs. Certain administrative costs are charged indirectly to the corresponding department and the Association has an established and approved indirect cost rate.

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

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Association 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 Association:

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 Association:

Major Fund:

- a. The General Fund is the general operating fund of the Association. It is used to account for all financial resources of the Association.

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Association programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The Association's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

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 nonmajor funds are combined in a column in the fund financial statements.

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.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Association'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 Association prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Association was 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 Association.

Deposits and Investments

The Association'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.

The Northeastern Vermont Development Association has a formal investment policy.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2020. Accounts receivable netted with allowances for uncollectible accounts were \$178,296 for the year ended June 30, 2020. The allowance for uncollectible accounts for notes receivable is estimated to be \$72,387 as of June 30, 2020. Notes receivable netted with allowances for uncollectible accounts were \$647,111 for the year ended June 30, 2020.

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.

Capital Assets

Capital assets purchased or acquired with an original cost varying from \$5,000 to \$20,000 or more depending on the asset type are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

Land improvements	10-50 years
Buildings and improvements	10-50 years
Machinery and equipment	5-20 years
Infrastructure	10-50 years

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 resources are reported as liabilities in government-wide statements. The long-term obligations consist of notes from direct borrowings payable and accrued compensated absences.

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.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consist 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 Association 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.

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 Association currently does not have any 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. The Association has only one type of this item, deferred notes receivable, which arises only under a modified accrual basis of

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Unearned grant revenue also qualifies for reporting in this category. This item is reported in both the statement of net position and governmental 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.

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).

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 Association 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 Association. The inhabitants of the Association through Association meetings are the highest level of decision-making authority of the Association. Commitments may be established, modified or rescinded only through an Association meeting vote.

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 by NVDA's highest level of decision making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 Association does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Association'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 Association invests cash and investments according to policies established by the Association. These investment policies apply to all Association funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Association 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 Association did not have any balances as of June 30, 2020 that were exposed to custodial credit risk.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2020, the Association's cash balances of \$1,163,675 were comprised of bank deposits amounting to \$1,166,466. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Association's cash balance. All of these bank deposits were either insured by federal depository insurance or a letter of credit of \$600,000 and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 225,075
Savings accounts	50
ICS accounts	279,957
Money market accounts	661,384
	<u>\$ 1,166,466</u>

Investments:

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

Interest rate risk - The risk that changes in interest rates will adversely affect the fair value of an investment. The Association does not have a policy related to interest rate risk as the investments that the Association uses are not subject to interest rate risk. Certificates of deposit held with local financial institutions for \$361,472 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2020, the Association's investments of \$361,472 in certificates of deposits were either insured by federal depository insurance or a letter of credit of \$600,000 and consequently were not exposed to custodial credit risk.

Credit risk - The Association's investment policies authorize 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 Association does not have an investment policy on credit risk. Generally, the Association invests excess funds in various insured certificates of deposit.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	<u>Balance 7/1/19</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance 6/30/20</u>
<u>Governmental activities</u>				
Capital assets not depreciated:				
Land	\$ 54,698	\$ -	\$ -	\$ 54,698
Depreciated assets:				
Land improvements	64,150	-	-	64,150
Buildings and improvements	2,654,872	-	-	2,654,872
Furniture and equipment	261,971	-	-	261,971
	<u>2,980,993</u>	<u>-</u>	<u>-</u>	<u>2,980,993</u>
Less: accumulated depreciation:				
Land improvements	(50,760)	(2,677)	-	(53,437)
Buildings and improvements	(1,049,928)	(54,119)	-	(1,104,047)
Furniture and equipment	(174,115)	(21,572)	-	(195,687)
	<u>(1,274,803)</u>	<u>(78,368)</u>	<u>-</u>	<u>(1,353,171)</u>
Net depreciated assets	<u>1,706,190</u>	<u>(78,368)</u>	<u>-</u>	<u>1,627,822</u>
Net capital assets	<u>\$ 1,760,888</u>	<u>\$ (78,368)</u>	<u>\$ -</u>	<u>\$ 1,682,520</u>

NOTE 4 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	<u>Balance 7/1/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/20</u>	<u>Current Portion</u>
<u>Governmental activities:</u>					
Notes from direct borrowings payable	<u>\$ 924,961</u>	<u>\$ -</u>	<u>\$ (55,608)</u>	<u>\$ 869,353</u>	<u>\$ 57,669</u>

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - LONG-TERM DEBT (CONTINUED)

The following is a summary of notes from direct borrowings payable outstanding as of June 30, 2020:

Note from direct borrowing payable to the Town of St. Johnsbury, no interest is charged, the total balance is due in October of 2024.	\$ 28,471
Note from direct borrowing payable to the Vermont Economic Development Authority, no interest is charged, total principal balance due in July of 2017. Effective July 31, 2017 the maturity date was extended to July 31, 2022.	140,225
Note from direct borrowing payable to the United States Department of Agriculture, Rural Economic and Community Development Agency, interest only payments due in January through 2005, with 27 subsequent annual principal and interest payments of \$41,366 due each November 1st, interest charged at a fixed rate of 4.625%, due in November of 2032.	397,177
Note from direct borrowing payable to the VCDP, due on repayment of loan receivable from Pete's Greens, interest charged at a fixed rate ranging from 1.0% to 3.0%, due in June of 2022.	32,087
Note from direct borrowing payable to Passumpsic Savings Bank, annual principal and interest payments of \$2,349, interest charged at a fixed rate of 3.45%, due in April of 2032.	<u>271,393</u>
	<u><u>\$ 869,353</u></u>

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - LONG-TERM DEBT (CONTINUED)

The annual principal and interest requirements to amortize the notes from direct borrowings payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 57,669	\$ 28,250	\$ 85,919
2022	200,552	26,036	226,588
2023	45,627	20,923	66,550
2024	47,488	22,062	69,550
2025	77,938	20,083	98,021
2026-2030	279,733	68,119	347,852
2031-2035	160,346	12,157	172,503
	<u>\$ 869,353</u>	<u>\$ 197,630</u>	<u>\$ 1,066,983</u>

All notes from direct borrowings payable are direct obligations of the Association, for which its full faith and credit are pledged. The Association is not obligated for any special assessment debt.

NOTE 5 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended June 30, 2020:

	<u>Balance 7/1/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/20</u>	<u>Current Portion</u>
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 43,043	\$ 4,463	\$ -	\$ 47,506	\$ 2,375

Please see Note 6 for detailed information on the other long-term obligations.

NOTE 6 - ACCRUED COMPENSATED ABSENCES

The Association's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation leave but not sick time. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2020, the Association's liability for compensated absences is \$47,506.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - RESTRICTED NET POSITION

At June 30, 2020, the Association had the following restricted net position:

General fund:	
Land held for sale	\$ 428,688
Regional development - restricted cash	473,208
	<u>\$ 901,896</u>

NOTE 8 - GENERAL FUND NONSPENDABLE FUND BALANCE

At June 30, 2020, the general fund nonspendable fund balance was made up of the following:

Prepaid items	<u>\$ 5,681</u>
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NOTE 9 - GENERAL FUND RESTRICTED FUND BALANCE

At June 30, 2020, the general fund restricted fund balance was made up of the following account balances carried forward into the subsequent year's budget:

General fund:	
Land held for sale	\$ 428,688
Regional development - restricted cash	473,208
	<u>\$ 901,896</u>

NOTE 10 - PENSION PLAN

The Association has a non-contributory defined contribution pension plan covering substantially all of its employees. The plan is a Simplified Employee Pension plan under which 9% of salaries or wages are contributed annually to individual retirement accounts for each employee. Contributions for the fiscal year ended June 30, 2020 were \$48,019 on covered payroll of \$533,541.

NOTE 11 - IRREVOCABLE STANDBY LETTER OF CREDIT

At June 30, 2020, the Association has a third-party deposit pledge and agency agreement issued by the Federal Home Loan Bank of Pittsburg serving as collateral for its deposits held at TD Bank. This pledge, which expires at the close of business on September 17, 2020, authorizes securities to be held up to the amount of \$600,000. There were no draws for the year ended June 30, 2020.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Association carries commercial insurance covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Association.

Based on the coverage provided by the insurance purchased, the Association feels it is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2020. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 13 - CONTINGENCIES AND COMMITMENTS

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Association's financial position.

The Association participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Association'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.

NOTE 14 - OPERATING LEASES

The Association entered into an agreement to rent office space in Newport, Vermont. The term of the lease agreement is for 36 months beginning February 1, 2020 and ending January 31, 2023. The total base rent is \$16,380, with 24 installments of \$450 and then 12 installments of \$465 starting January 20, 2022.

NOTE 15 - RESTATEMENTS

In 2020, the Association determined that certain transactions in prior years had been recorded incorrectly. Therefore, a restatement to the 2019 government-wide and fund financial statements were required. The beginning net position was restated by \$18,118 to correct errors in the accounts receivable amount and the beginning general fund total fund balance was restated by a similar amount.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 – RESTATEMENTS (CONTINUED)

The resulting restatements decreased net position from \$2,996,361 to \$2,978,243, while the general fund total fund balance decreased from \$1,501,391 to \$1,481,936.

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

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Resources (Inflows):				
Federal revenue	\$ 671,559	671,559	\$ 731,094	\$ 59,535
State revenue	540,291	540,291	500,689	(39,602)
Municipal/private funded contracts	91,844	91,844	96,732	4,888
Town appropriations	48,000	48,000	49,292	1,292
Rental income	221,703	221,703	216,068	(5,635)
Interest earned - banks	5,505	5,505	6,159	654
Interest earned - loan programs	24,043	24,043	8,834	(15,209)
Assignment to NCDO RLF	-	-	16,636	16,636
Other revenue	105,549	105,549	29,028	(76,521)
Amounts Available for Appropriation	<u>1,708,494</u>	<u>1,708,494</u>	<u>1,654,532</u>	<u>(53,962)</u>
Charges to Appropriations (Outflows):				
Current:				
Regional planning	883,640	883,640	977,587	(93,947)
Transportation	312,299	312,299	298,479	13,820
Regional development	512,555	512,555	496,500	16,055
Change in unallocated indirect costs	-	-	(121,295)	121,295
Total Charges to Appropriations	<u>1,708,494</u>	<u>1,708,494</u>	<u>1,651,271</u>	<u>57,223</u>
Excess of Revenues Over (Under)				
Appropriations	<u>\$ -</u>	<u>\$ -</u>	3,261	<u>\$ 3,261</u>
Reconciliation to Statement E				
Notes receivable collected			177,321	
Notes receivable issued			(117,311)	
Change in allowance for bad debts			8,148	
Change in accrued compensated absences			4,463	
Change in accrued interest payable			668	
Remove depreciation			78,368	
Add debt principal			<u>(55,608)</u>	
			<u>\$ 99,310</u>	

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

Other Supplementary Information

Other supplementary information includes financial statements not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund
- Schedule of Indirect Costs

SCHEDULE A

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Regional planning:			
Salaries	\$ 224,289	\$ 236,839	\$ (12,550)
Fringe benefits	104,057	110,016	(5,959)
Advertising/promotion	1,850	1,557	293
Consultants	289,226	357,590	(68,364)
Depreciation	18,005	18,001	4
Legal and professional	800	1,505	(705)
Office	1,320	586	734
Training	3,000	781	2,219
Travel	10,455	7,926	2,529
Indirect costs	221,808	234,215	(12,407)
Miscellaneous	8,830	8,571	259
Total regional planning	<u>883,640</u>	<u>977,587</u>	<u>(93,947)</u>
Transportation:			
Salaries	100,566	94,288	6,278
Fringe benefits	46,654	43,775	2,879
Consultants	49,500	38,676	10,824
Office	1,800	1,155	645
Travel	8,329	3,654	4,675
Furniture, fixtures and equipment	2,000	20,087	(18,087)
Indirect costs	99,450	93,244	6,206
Miscellaneous	4,000	3,600	400
Total transportation	<u>312,299</u>	<u>298,479</u>	<u>13,820</u>
Regional development:			
Salaries	75,744	92,083	(16,339)
Fringe benefits	35,140	42,739	(7,599)
Advertising/promotion	1,300	1,020	280
Consultants	2,350	-	2,350
Bad debt	10,550	8,148	2,402
Depreciation	57,602	57,588	14
Insurance	4,030	3,932	98
Interest	29,195	28,429	766
Legal and professional	3,000	227	2,773
Maintenance	48,950	47,654	1,296
Office	1,040	3,209	(2,169)
Real estate taxes	44,500	43,067	1,433
Travel	1,453	1,120	333
Utilities	59,250	51,436	7,814
Indirect costs	74,906	91,063	(16,157)
Miscellaneous	63,545	24,785	38,760
Total regional development	<u>512,555</u>	<u>496,500</u>	<u>16,055</u>
Change in unallocated indirect costs	<u>-</u>	<u>(121,295)</u>	<u>121,295</u>
Total Departmental Operations	<u>\$ 1,708,494</u>	<u>\$ 1,651,271</u>	<u>\$ 57,223</u>

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

SCHEDULE B

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

SCHEDULE OF INDIRECT COSTS
JUNE 30, 2020

The following is a summary of significant cost allocation policies and results used in the preparation of the audited financial statements.

Cost allocation operates in accordance with an Indirect Cost Proposal developed annually. The proposal identifies shared costs and the financial bases for cost-sharing of leave benefits, fringe benefits and indirect costs. Our Cognizant Agency requires that NVDA use a fixed rate for each cost allocation pool. Any overage or underage from the fixed rate to the actual rate calculated by the accounting system in each cost allocation pool will be carried forward as an adjustment to the indirect rate computation in the Indirect Cost Proposal for fiscal year 2021. The accounting system produced the following actual results for fiscal year 2020.

SCHEDULE B (CONTINUED)
NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

SCHEDULE OF INDIRECT COSTS
JUNE 30, 2020

Leave Benefits - consist of accrued annual leave and other types of leave granted, i.e. sick, holiday, funeral and jury. Leave costs are accumulated in an organizational leave pool and distributed to activities based on year-to-date regular time salaries and comp time earned costs. This results in all activities bearing an equitable share of leave costs and diminishes the circumstantial effects of timing associated with leave usage. The fixed rate for Leave Benefits as outlined in the Cost Allocation Plan for FY2020 was 19.82%. Actual leave costs for the year ended June 30, 2020 are shown below:

	Class 1	Class 2	Class 3	Class 4	Class 8	Class 9	Totals
Annual Leave	\$ 30,743	\$ -	\$ -	\$ 2,299	\$ 2,428	\$ -	\$ 35,471
Comp Used	2,650	-	-	408	152	-	3,210
Funeral Leave	207	-	-	-	38	-	245
Holiday Leave	24,252	-	-	1,088	1,768	-	27,109
Leave W/O Pay	-	-	-	-	-	-	-
Sick Leave	13,739	-	-	72	323	-	14,134
Jury Service	-	-	-	-	-	-	-
Office Closure	26	-	-	139	-	-	165
Total Leave Costs	<u>71,617</u>	<u>-</u>	<u>-</u>	<u>4,007</u>	<u>4,709</u>	<u>-</u>	<u>80,334</u>
Regular Time Salaries	407,254	-	9,165	17,629	28,325	-	462,373
Comp Earned	2,591	-	-	391	158	-	3,140
	<u>409,845</u>	<u>-</u>	<u>9,165</u>	<u>18,019</u>	<u>28,483</u>	<u>-</u>	<u>465,512</u>
Total Salaries & Leave	\$ 481,462	\$ -	\$ 9,165	\$ 22,027	\$ 33,192	\$ -	\$ 545,846
Compute Leave Pool							
Leave Taken Charges	\$ 71,617	\$ -	\$ -	\$ 4,007	\$ 4,709	\$ -	\$ 80,334
Less: Comp Used	<u>(2,650)</u>	<u>-</u>	<u>-</u>	<u>(408)</u>	<u>(152)</u>	<u>-</u>	<u>(3,210)</u>
Plus: AL Accrued							
Current Liability	39,266	-	-	370	4,494	-	44,130
Less: Opening Liability	35,217	-	-	674	4,094	-	39,984
AL Liability Change	<u>4,049</u>	<u>-</u>	<u>-</u>	<u>(304)</u>	<u>400</u>	<u>-</u>	<u>4,146</u>
Total Leave Costs	<u>\$ 73,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,295</u>	<u>\$ 4,958</u>	<u>\$ -</u>	<u>\$ 81,270</u>
Total Leave Cost	\$ 73,017	\$ -	\$ -	\$ 3,295	\$ 4,958	\$ -	\$ 81,270
Total Base	409,845	-	9,165	18,019	28,483	-	465,512
Total Leave Rate	17.82%	0.00%	0.00%	18.29%	17.41%	0.00%	17.46%
Fixed Leave Rate	19.82%	19.82%	19.82%	19.82%	19.82%	19.82%	19.82%
Leave Allocated	81,231	-	-	3,571	5,645	-	90,448
Under(Over) Cost	(8,214)	-	-	(276)	(688)	-	(9,178)
Accrued Comp at 06/30/20							-
Less Accrued Comp at 06/30/20							-
Comp Used							3,210
Comp Earned							(3,140)
Total Under(Over) Cost							<u>\$ (9,108)</u>

Actual leave rates by employee classification (which reflects leave eligibility) are developed and applied to the year-to-date base of regular time salaries and comp time earned in each project to determine its share of leave costs. In the aggregate, \$90,448.02 was charged among all programs operated during the fiscal year. The overage of \$9,107.90 will be carried forward as an adjustment to the fringe benefit rate computation in the Cost Allocation Plan for fiscal year 2022.

SCHEDULE B (CONTINUED)
NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

SCHEDULE OF INDIRECT COSTS
JUNE 30, 2020

Fringe Benefits - employees are defined by class based upon fringe benefit eligibility. Employee fringe benefits are accumulated in an organizational fringe pool as they are incurred. Fringe costs are prorated by employee class (i.e. eligibility) based on its year-to-date proportionate share of regular time salaries, comp time earned and leave costs to total year-to-date organizational regular time salaries, comp time earned and leave costs. The fixed rate for Fringe Benefits as outlined in the Cost Allocation Plan for FY2020 was 45.88%. The fringe eligibility matrix and actual fringe benefit costs for the year ended June 30, 2020, are shown below:

	Class 1	Class 2	Class 3	Class 4	Class 8	Class 9	Totals
FICA and Medicare	Y	Y	Y	Y	Y	Y	
Unemployment	Y	Y	Y	Y	Y	Y	
WC Admin Fee	Y	Y	Y	Y	Y	Y	
Health Insurance	Y	Y	N	Y	Y	Y	
SEP IRA	Y	N	N	Y	Y	N	
Dental Insurance	Y	Y	N	Y	Y	Y	
Vision Insurance	Y	Y	N	Y	Y	Y	
FICA and Medicare	\$ 36,952	\$ -	\$ 690	\$ 1,625	\$ 2,568	\$ -	\$ 41,834
Unemployment	304	-	6	13	21	-	344
WC Admin Fee	278	-	5	12	19	-	315
Health Insurance	120,614	-	-	5,303	8,382	-	134,299
SEP IRA	43,126	-	-	1,896	2,997	-	48,019
Dental Insurance	4,175	-	-	184	290	-	4,649
Vision Insurance	1,353	-	-	59	94	-	1,507
Adjustment - FY2018	15,878	-	296	698	1,103	-	17,976
Class Totals	<u>222,680</u>	<u>-</u>	<u>997</u>	<u>9,790</u>	<u>15,475</u>	<u>-</u>	<u>248,943</u>
Total Base	491,076	-	9,165	21,591	34,128	-	555,960
Actual Rate	45.35%	0.00%	10.20%	44.22%	44.22%	0.00%	43.06%
Fixed Rate	45.88%	45.88%	45.88%	45.88%	45.88%	45.88%	45.88%
Amount Applied	<u>225,306</u>	<u>-</u>	<u>4,205</u>	<u>9,906</u>	<u>15,658</u>	<u>-</u>	<u>255,075</u>
Under(Over) Cost	\$ (2,626)	\$ -	\$ (3,208)	\$ (115)	\$ (182)	\$ -	\$ (6,131)

These final rates were applied to the year-to-date salaries, comp time earned and leave base by class in each project to determine its share of fringe benefit costs. In the aggregate, \$255,074.56 was charged among all programs operated during the fiscal year. The use of the pool and year-to-date financial activity results in an equitable distribution among all activities regardless of individual contract periods or monthly expenditure levels. The overage of \$6,131.46 will be carried forward as an adjustment to the fringe benefit rate computation in the Cost Allocation Plan for fiscal year 2022.

SCHEDULE B (CONTINUED)

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

SCHEDULE OF INDIRECT COSTS
JUNE 30, 2020

Indirect Costs - consist of salaries and fringe benefits of central organization personnel who perform management and administrative functions necessary and beneficial to all activities. Also included are joint or common costs supporting all programs, or the central administrative portions of these costs. The classification of costs conforms to the Association's Cost Allocation Plan for the year. The fixed rate for Indirect Costs as outlined in the Cost Allocation Plan for FY2020 was 67.79%.

DESCRIPTION	INDIRECT	INDIRECT COST DESCRIPTION
EXECUTIVE DIRECTOR	\$ 9,321	
BUSINESS MANAGER	40,980	
ADMINISTRATIVE ASSISTANT	34,221	
SENIOR PLANNER	219	
SENIOR TRANSPORTATION PLANNER	-	
SENIOR PLANNER	1,477	
PLANNER	-	
PROJECT MANAGER	10,806	
GIS SPECIALIST	13,672	
EMERGENCY MANAGEMENT SPECIALIST	95	
ECONOMIC DEVELOPMENT SPECIALIST	-	
INTERN	-	
TOTAL SALARIES	110,792	CENTRAL SUPPORT FUNCTIONS
LEAVE COSTS	21,959	CENTRAL SUPPORT FUNCTIONS
FRINGE BENEFITS	60,906	CENTRAL SUPPORT FUNCTIONS
FRINGE-WORKERS COMP	405	CENTRAL SUPPORT FUNCTIONS
ACCOUNTING/AUDIT	18,600	ALL PROGRAMS
BANK SERVICE CHARGE	240	ALL PROGRAMS
COMPUTER EXPENSE	12,560	ALL PROGRAMS
CONSULTANTS/CONTRACTUAL	-	ALL PROGRAMS
COPIER EXPENSE	1,749	ALL PROGRAMS
DEPRECIATION EXPENSE	2,779	CENTRAL FUNCTIONS
DUES/PUBLICATIONS/SUBSCRIPTIONS	3,432	ORGANIATIONAL DUES/PUB/SUB
ELECTRICITY	535	ALL PROGRAMS
FF&E	5,333	ALL PROGRAMS
COMPUTER SOFTWARE	-	ALL PROGRAMS
INSURANCE	4,780	ALL PROGRAMS
JANITOR SUPPLIES	-	ALL PROGRAMS
LEGAL FEES	35	ALL PROGRAMS
MAINTENANCE CONTRACTS	5,572	CENTRAL SUPPORT FUNCTIONS
MEETING EXPENSE	3,229	CENTRAL FUNCTIONS
OFFICE RENTAL	60,860	ALL PROGRAMS
OFFICE SUPPLIES	4,595	ALL PROGRAMS
POSTAGE EXPENSE	1,900	ALL PROGRAMS
PRINTING	397	ALL PROGRAMS
RECORDING FEES	-	ALL PROGRAMS
REPAIRS AND MAINTENANCE	200	ALL PROGRAMS
RUBBISH REMOVAL	212	ALL PROGRAMS
TELEPHONE EXPENSE	8,861	ALL PROGRAMS
TRAINING/SEMINARS	-	CENTRAL SUPPORT FUNCTIONS
TRAVEL EXPENSE	491	CENTRAL SUPPORT FUNCTIONS
MISC. EXPENSE	20	ALL PROGRAMS
PRIOR YEAR UNRECOVERED OVERHEAD COSTS	18,690	
TOTALS	\$ 349,130	
COMPUTATION OF INDIRECT COST RATE		Indirect Cost Pool
		Base for Distribution
		Year to Date Indirect Cost Rate
		Fixed Indirect Cost Rate
		Fixed Indirect Costs applied
		Under(Over) applied
		\$ 349,130
		617,378
		56.55%
		67.79%
		418,521
		(\$ 69,391)

*Description of base for distribution - Base is comprised of Regular Time Salaries, Comp Earned, Leave Allocated, Fringe Benefits, less Indirect (Salaries, Leave and Fringe Benefits)
[+462,373+3,140+90,448+255,075-110,792-21,959-60,906] Any difference caused by rounding.

SCHEDULE B (CONTINUED)

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

SCHEDULE OF INDIRECT COSTS
JUNE 30, 2020

Indirect Costs were accumulated in an organization pool and distributed to activities/programs based on year-to-date direct salaries, comp time earned, leave costs and fringe benefits in conformance with the Association's Cost Allocation Plan.

The fixed rate was applied to the year-to-date base in each project to determine its share of indirect costs. In the aggregate, costs of \$418,520.82 were charged among all programs operated during the fiscal year. The use of year-to-date financial information arrayed costs equitably regardless of individual contract periods or monthly expenditure levels. The overage of \$69,390.76 will be carried forward as an adjustment to the indirect rate computation in the Cost Allocation Plan for fiscal year 2022.

Financial Reporting - The total overage of \$15,239.37 for the leave and fringe benefit cost pools, which resulted from the use of a fixed rate versus the actual rate calculated by the accounting system, will be carried forward as an adjustment to the fringe benefit rate computation in the Cost Allocation Proposal for fiscal year 2022 and is shown as the change in the unallocated leave, salary and fringe costs on Schedule A. The total overage of \$69,390.75 for the indirect cost pool, which resulted from the use of a fixed rate versus the actual rate calculated by the accounting system, will be carried forward as an adjustment to the indirect rate computation in the Cost Allocation Proposal for fiscal year 2022 and is shown as the change in the unallocated indirect costs on Schedule A.

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



Proven Expertise & 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 Directors
Northeastern Vermont Development Association
St. Johnsbury, 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 Northeastern Vermont Development Association as of and for the year ended June 30, 2020 and the related notes to the financial statements which collectively comprise Northeastern Vermont Development Association's basic financial statements and have issued our report thereon dated November 25, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northeastern Vermont Development Association'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northeastern Vermont Development Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 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.

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 Northeastern Vermont Development Association's financial statements are free of 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 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 Northeastern Vermont Development Association in a separate letter dated November 13, 2020.

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 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
November 25, 2020



Proven Expertise & Integrity

November 13, 2020

Board of Directors
Northeastern Vermont Development Association
36 Eastern Avenue, Suite 1
St. Johnsbury, Vermont 05819

MANAGEMENT LETTER

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Northeastern Vermont Development Association as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of Northeastern Vermont Development Association's internal control over financial reporting or compliance.

Management is responsible for the selection and use of appropriate accounting policies and procedures. The significant accounting policies and procedures practiced by the Northeastern Vermont Development Association are described in Note 1 of Notes to Financial Statements. In performing our test work and other auditing procedures, we noted no transactions of the Northeastern Vermont Development Association for the above-mentioned year end audited, for which there was a lack of authoritative guidance or consensus or deviation from best practice.

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

These matters do not modify our opinion on the financial statements for the year ended June 30, 2020, where we expressed an unmodified opinion on our independent auditors' report dated November 25, 2020.

We would like to thank Judy and the rest of the staff at Northeastern Vermont Development Association for their cooperation throughout this audit process.

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

Very Best,

A handwritten signature in black ink that reads "RHR Smith & Company". The signature is written in a cursive, flowing style.

RHR Smith & Company, CPAs

3 Old Orchard Road, Buxton, Maine 04093
T. 800.300.7708 | 207.929.4606 | F. 207.929.4609
www.rhrsmith.com



Proven Expertise & Integrity

November 25, 2020

Board of Directors
Northeastern Vermont Development Association
P.O. Box 630
St. Johnsbury, VT 05819

We have audited the financial statements of the governmental activities and each major fund of the Northeastern Vermont Development Association for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 29, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Northeastern Vermont Development Association are described in Note 1 of Notes to Financial Statements. In performing our test work and other auditing procedures, we noted no transactions entered into by the Northeastern Vermont Development Association during the year for which there is a lack of authoritative guidance, consensus or deviation from best practice. All significant transactions have been recognized in the financial statements in the proper period.

As described in Note 1 of Notes to Financial Statements, the Northeastern Vermont Development Association changed accounting policies related to Governmental Accounting Standards Board (GASB Statement) No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*" and GASB Statement No. 97, "*Certain Component Unit Criteria (paragraphs 4 & 5)*" in 2020. There was no impact in the financial statements based on the cumulative effect of these accounting changes.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the governmental activities and each major fund of the Northeastern Vermont Development Association's financial statements were:

- Allowance for uncollectible accounts
- Depreciation expense which is based on the estimated useful lives of capital assets
- Accrued compensation
- Deferred revenues

Management's process for determining the above estimates is based on firm concepts and reasonable assumptions of both historical and future events. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are reflected in the capital assets, other long-term obligations and fund balance footnotes.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. A schedule of any uncorrected misstatements has been presented to management with the management representation letter. We did not identify or propose any adjustments of misstatements as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 11, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Northeastern Vermont Development Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Northeastern Vermont Development Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

However, we noted certain other matters that we reported to management of the Northeastern Vermont Development Association in a separate letter dated November 13, 2020.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Departmental Operations - General Fund and Schedule of Indirect Costs, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Northeastern Vermont Development Association and is not intended to be and should not be, used by anyone other than these specified parties.

Very Best,

A handwritten signature in black ink that reads "RHR Smith & Company". The signature is written in a cursive, flowing style.

RHR Smith & Company, CPAs