



NVDA
*Northeastern Vermont
Development Association*

~ MINUTES ~
BOARD OF DIRECTORS' MEETING
Zoom Meeting
December 15, 2022 6:00 PM

THOSE ATTENDING:

Directors: Stephen Amos, Laura Dolgin, Joe Benning, Bruce Berryman, James Brown, Paul Brouha, Hope Colburn, Louisa Dotoli, Martha Feltus, Marcia Martell, Alan Robertson, Thomas Robinson, Fred Saar, Grant Spates, Robert Starr, Terry Williams, Gina Vigneault and Michael Gonyaw.

Guests: Gillian Sewake, Rick Ufford-Chase

NVDA Staff: Tina Gonyaw, Alison Low, David Snedeker

The meeting was called to order by President Laura Dolgin at 6:00 PM.

Updates to Agenda

The last item on the agenda, Caucus for the Orleans County Executive Committee seat. A caucus is only held at the June meeting per the by-laws. The NVDA Board is to appoint Executive Committee members for any vacant seats until the next board caucus. Hope Colburn has indicated she is willing to fill the vacant seat until the Annual Meeting in September of 2023.

Area Downtowns

Invited guests, Gillian Sewake from the St. Johnsbury Downtown organization and Rick Ufford-Chase from the Newport Downtown organization, spoke to the NVDA Board on the operation of their respective organizations. Importantly, they were able to speak to the recent activities of their groups – including the period through COVID – and also upcoming plans for their organizations. Both noted the importance of having municipal support and support from organizations like NVDA.

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

Minutes

A motion by Steve Amos, seconded by Robert Starr, to accept the minutes of the June 30, 2022 meeting as presented carried unanimously.

Financials

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

Approval FY2022 Audit

A motion by Fred Saar, seconded by Steve Amos, to approve the FY2022 Audit Reports carried unanimously.

David noted that once again there were no significant findings and thanked Judy Butson, with the help of Tina Gonyaw, for all their hard work on the financial aspects of NVDA.

Approval of Newport City Plan

Alison Low presented to the Board the recommendation of the NVDA Town Plan Approval committee for the Newport City Plan.

A motion by Robert Starr, seconded by Paul Brouha, to grant regional approval of the Newport City Plan carried unanimously.

Public Hearing

A motion was made by Robert Starr, seconded by Fred Saar, to open a Public Hearing to confirm the municipal planning efforts of the Towns of Albany, Groton, Jay, Newark, Newport City and Sheffield.

Alison Low explained that regional confirmation now only needs to occur twice within an eight-year period, whereas NVDA used to confirm eligible municipalities annually.

A motion by Paul Brouha, seconded by Fred Saar, to confirm the municipal planning efforts of Albany, Groton, Jay, Newark, Newport City and Sheffield carried unanimously.

Motion to close the public hearing by Fred Saar, seconded by Martha Feltus, approved unanimously.

Director's Updates

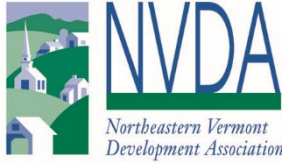
Attached

Any other Business

Sen. Robert Starr gave a brief update on returning to Montpelier for the coming legislative session. Sen. Joe Benning was thanked for his many years of service at the government level. He indicated that he will be focusing on his law firm for the next couple of years.

There being no further business, a motion by Fred Saar; seconded by Steve Amos to adjourn the meeting carried unanimously.

President Laura Dolgin adjourned the meeting at 7:05 PM



December 15, 2022

To: NVDA Board of Directors

From: David Snedeker, Executive Director

Re: NVDA Board of Directors meeting of December 15, 2022

Thank you once again for participating in tonight's virtual meeting. With COVID and now the flu coming around, it makes sense to continue meeting in this manner until things clear up. Staff and tenants at our downtown office building all seem to be working in a hybrid manner with some days in the office and other days working remotely.

NVDA Brownfields Coalition Partnership – EPA Assessment Activities update

NVDA has now committed all of our 2020 EPA Coalition Brownfield Assessment Grant in year 2 of the 3-year grant. Through Irene Nagle's (NVDA) coordination, we have funded assessment activities for significant redevelopment projects in the region. These include the Bogner and Sacred Heart properties in Newport, a vacant fire site and the former armory on Main Street in St. Johnsbury, and the former Barton Motors properties in that village. In November, working with our consultant Stantec, we were able to successfully submit two new funding applications to EDA. One for \$1M in additional assessment funds and another for \$1M in brownfield revolving loan funds. Award decisions are expected in Spring 2023.

Industrial Park Lot Sale/Inquiry

- NVDA has received an offer on 2 lots in the St. Johnsbury – Lyndon Industrial Park.
- NVDA has listed for sale the Orleans Park with a local realtor.
- NVDA continues working with one of our tenants toward the purchase of our St. Johnsbury office building, with closing now expected in mid-January. The Phase 2 environmental assessment is complete and some mitigation will be required to address a potential contaminant.

Other major projects:

NVDA staff updates: Doug Morton is working on training a new hire, Liam Abbate, who will be assisting him with transportation work going forward. Jesse Noone, will be beginning his work with NVDA on Dec. 16th. He comes to NVDA from Oregon and will be working as a general land use planner. He will be working with Alison Low to get up to speed on VT planning rules and requirements. Hannah Davie, our new part-time bookkeeper, is working closely with Judy Butson and Tina Gonyaw on learning our financial system. It is nice to have some new faces on the NVDA staff!

NVDA's Alison Low continues to lead the Hardwick Yellow Barn Business Accelerator development project. The project was revised slightly with the approval of all funding agencies and was re-bid in early December. The participating businesses have not changed although their space needs have been altered, but the overall job creation benefits for the project will be essentially the same.

NVDA, in partnership with the Northeast Kingdom Development Corporation (NEKDC), is now working with a Construction Management firm to update remediation and rehabilitation estimates for the project budget to secure the financing that will be needed from VEDA and NCIC. The development team is meeting twice weekly for project updates. Once renovations are complete, we will lease the building to Track, Inc., an expanding business currently located in Newport Center. We are hopeful that the business will be in operation in the building in June 2023.

NVDA's Annie McLean has been leading our efforts to develop a Regional Priority Projects List. This is a new requirement from the Agency of Commerce for all RPCs/RDCs. These lists will be used to help ACCD and other state agencies to prioritize projects seeking grant funds through ACCD programs like the CDBG program, NBRC program, and newer programs like the Community Recovery & Revitalization Program. Annie recently completed the small business technical assistance program funded by USDA. This program assisted 17 small businesses and communities to secure professional technical assistance to strengthen their operations.

NVDA and the Regional Planning Commissions continue working with the VT League of Cities and Towns to assist municipalities with accessing American Recovery Plan Act (ARPA) funds. If your community has any questions around the use of ARPA funds, our contact is Annie McLean – amclean@nvda.net In November, the NVDA region also hosted state agencies for an ARPA-focused event in Newport. Communities from Orleans and Essex Counties were well-represented and the goal was to help them understand the available opportunities through the state.

Allie Webster continues to assist NVDA communities with Energy Planning and Implementation initiatives. She and Alison Low have created a new energy-focused newsletter that goes out to all of our municipalities and local energy committees. Allie will be NVDA's lead person on the new Municipal Energy Resilience Program (MERP). This program through VT BGS will assist communities with energy audits and energy efficiency initiatives over the next 3 years. Up to \$500,000 is available for each municipality.

NVDA staff members continue working directly with communities along the Lamoille Valley Rail Trail to plan and implement developments related to the trail's expected final completion in early 2023. NVDA is also staffing the regional trail council that was created to provide support to LVRT communities and volunteer groups going forward. NVDA is currently working with SE Group on an economic impact analysis of known and expected trail usage that will help the host communities apply for funding opportunities associated with the LVRT.

NVDA's Water Quality Planner, Beth Torpey, is working with the region's Basin Water Quality Councils and Clean Water Service Provider (VHCB) for clean water work in the Memphremagog Basin. Beth is also in contact with the Agency of Natural Resources and following the expected release of new Flood Insurance Rate Maps (FIRMs) by FEMA. These map updates will impact local flood hazard regulations in our region and VT, and NVDA staff will be assisting communities with bylaw updates.

NVDA released a Request for Proposals for a consulting firm to assist us with an update of our 2018 *Regional Plan for the Northeast Kingdom*. Four responses were received and staff are reviewing the proposals. The regional plan update is expected to begin in mid-January.

The above list is by no means comprehensive as staff are also working in the areas of emergency management, water quality planning, mapping, and many other projects related to community and economic development in the Northeast Kingdom. Please contact me at dsnedeker@nvda.net if you have any questions. The support of the NVDA Board and all our legislators is greatly appreciated!

Thank you,

Dave Snedeker

Executive Director



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November 15, 2022

Board of Directors
Northern Vermont Development Association
36 Eastern Avenue
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, 2022, 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 the 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 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 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 Director's, 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, 2022 where we expressed an unmodified opinion on our independent auditor's report dated November 30, 2022.

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,

RHR Smith & Company

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



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November 30, 2022

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, 2022. 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 July 26, 2022. 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. 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. 87, "*Leases*", GASB Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*", GASB Statement No. 91, "*Conduit Debt Obligations*", GASB Statement No. 92, "*Omnibus 2020*", GASB Statement No. 93, "*Replacement of Interbank Offered Rates (paragraphs 13-14)*" and GASB Statement No. 97, "*Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*" in 2022. 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 September 19, 2022.

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 15, 2022.

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, Schedule of Indirect Costs and schedule of expenditures of federal awards, 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,

RHR Smith & Company

RHR Smith & Company, CPAs

Federal Compliance Audit

**Northeastern Vermont Development
Association**

June 30, 2022



Proven Expertise & Integrity

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

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JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Northeastern Vermont Development Association, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

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, 2022 and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Northeastern Vermont Development Association's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Northeastern Vermont Development Association's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 12 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.

Supplementary 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 expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, Schedule of Indirect Costs and

the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022, on our consideration of Northeastern Vermont Development Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Northeastern Vermont Development Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 30, 2022

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

(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, 2022. 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: All 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 Changes in 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 decreased by \$5,164 from \$2,929,062 to \$2,923,898.

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 \$40,783 from \$334,964 to a balance of \$375,747 at the end of this year.

Table 1
Northeastern Vermont Development Association
Net Position
June 30,

	Governmental Activities	
	2022	2021
Assets		
Current Assets	\$ 1,916,564	\$ 1,706,809
Noncurrent Assets:		
Capital Assets	1,530,960	1,606,070
Other	588,503	559,340
Total Assets	<u>\$ 4,036,027</u>	<u>\$ 3,872,219</u>
Liabilities		
Current Liabilities	\$ 167,039	\$ 137,527
Noncurrent Liabilities	765,332	797,127
Total Liabilities	<u>\$ 932,371</u>	<u>\$ 934,654</u>
Deferred Inflows of Resources		
Unearned Revenue	\$ 179,758	\$ 8,503
Total Deferred Inflows of Resources	<u>\$ 179,758</u>	<u>\$ 8,503</u>
Net Position		
Net Investment in Capital Assets	\$ 1,530,960	\$ 1,606,070
Restricted	1,017,191	988,028
Unrestricted	375,747	334,964
Total Net Position	<u>\$ 2,923,898</u>	<u>\$ 2,929,062</u>

Revenues and Expenses

Revenues for the Association's governmental activities increased by 20.47%, while total expenses increased by 16.83%. All revenue categories saw increases. The largest increases in expenses were in regional planning and change in unallocated indirect costs.

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

	Governmental Activities	
	2022	2021
Revenues		
Program revenues:		
Operating grants and contracts	\$ 1,557,797	\$ 1,291,478
Charges for services	233,483	197,406
General revenues:		
Interest	9,057	8,381
Miscellaneous	56,917	44,435
Total revenues	<u>1,857,254</u>	<u>1,541,700</u>
Expenses		
Regional planning	1,020,459	821,046
Transportation	236,493	259,193
Regional development	463,541	466,618
Change in unallocated indirect costs	116,973	20,605
Interest on long-term debt	24,952	26,680
Total expenses	<u>1,862,418</u>	<u>1,594,142</u>
Change in Net Position	(5,164)	(52,442)
Net Position - July 1	<u>2,929,062</u>	<u>2,981,504</u>
Net Position - June 30	<u>\$ 2,923,898</u>	<u>\$ 2,929,062</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>2022</u>	<u>2021</u>	<u>Increase / (Decrease)</u>
Major Fund:			
General Fund:			
Nonspendable	\$ 22,560	\$ 19,483	\$ 3,077
Restricted	1,017,191	988,028	29,163
Unassigned	744,909	643,531	101,378
Total General Fund	<u>\$ 1,784,660</u>	<u>\$ 1,651,042</u>	<u>\$ 133,618</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 revenues were receipted under budgeted revenues by \$98,710. This was mainly a result of state revenues coming in significantly below budgeted amounts.

The general fund actual expenditures were under budgeted amounts by \$93,546. This was due to all expenditure categories coming in under budget with the exception of regional development and change in unallocated indirect costs.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the Association decreased by \$75,110 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	
	2022	2021
Land	\$ 54,698	\$ 54,698
Land improvements	5,359	8,036
Buildings and improvements	1,443,029	1,496,927
Furniture and equipment	27,874	46,409
Total	\$ 1,530,960	\$ 1,606,070

Debt

At June 30, 2022, the Association had \$751,295 in notes from direct borrowings payable versus \$795,146 last year, a decrease of 5.51%. 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). NVDA has approval to incrementally increase the per capital rate for municipal dues over the next five years to more accurately reflect the cost of services provided to its member communities.

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; EPA Brownfield 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. NVDA saw a funding increase in RPC funding for FY2023 as well as ARPA funding to provide technical assistance to municipalities for their ARPA funds, energy planning and implementation funding that is expected for a full three years ending in FY2024 and some other likely federal funds with the passage of the federal infrastructure bill(s).

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.

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, 2022

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 493,817
Investments	367,915
Accounts receivable (net of allowance for uncollectibles):	
Other	137,264
Due from other governments	46,355
Prepaid items	22,560
Notes receivable, net of allowance of \$111,360	419,965
Industrial Park land for sale	428,688
Total current assets	1,916,564
Noncurrent assets:	
Restricted cash and cash equivalents	588,503
Capital assets:	
Nondepreciable assets	54,698
Buildings and equipment, net of accumulated depreciation	1,476,262
Total noncurrent assets	2,119,463
TOTAL ASSETS	\$ 4,036,027
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 108,757
Accrued expenses	6,081
Escrow and security deposits	5,846
Current portion of noncurrent liabilities	46,355
Total current liabilities	167,039
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Notes from direct borrowings payable, net of current portion	707,409
Accrued interest	11,013
Accrued compensated absences	46,910
Total noncurrent liabilities	765,332
TOTAL LIABILITIES	932,371
DEFERRED INFLOWS OF RESOURCES	
Unearned grant revenue	179,758
TOTAL DEFERRED INFLOWS OF RESOURCES	179,758
NET POSITION	
Net investment in capital assets	1,530,960
Restricted	1,017,191
Unrestricted	375,747
TOTAL NET POSITION	2,923,898
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 4,036,027

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 1,020,459	\$ 14,797	\$ 1,016,847	\$ 11,185
Transportation	236,493	-	236,493	-
Regional development	463,541	218,686	304,457	59,602
Change in unallocated indirect costs	116,973	-	-	(116,973)
Interest on long-term debt	24,952	-	-	(24,952)
Total governmental activities	<u>1,862,418</u>	<u>233,483</u>	<u>1,557,797</u>	<u>(71,138)</u>

STATEMENT B (CONTINUED)
NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(71,138)</u>
General revenue:	
Interest	9,057
Miscellaneous	<u>56,917</u>
Total general revenue	<u>65,974</u>
Change in net position	(5,164)
NET POSITION - JULY 1	<u>2,929,062</u>
NET POSITION - JUNE 30	<u>\$ 2,923,898</u>

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

STATEMENT C

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund
ASSETS	
Cash and cash equivalents	\$ 493,817
Investments	367,915
Accounts receivable (net of allowance for doubtful accounts):	
Other	137,264
Due from other governments	46,355
Notes receivable, net of allowance of \$111,360	419,965
Prepaid items	22,560
Industrial Park land for sale	428,688
Restricted cash and cash equivalents	588,503
TOTAL ASSETS	\$ 2,505,067
LIABILITIES	
Accounts payable	\$ 108,757
Accrued expenses	6,081
Escrow and security deposits	5,846
TOTAL LIABILITIES	120,684
DEFERRED INFLOWS OF RESOURCES	
Unearned grant revenue	179,758
Deferred notes receivable	419,965
TOTAL DEFERRED INFLOWS OF RESOURCES	599,723
FUND BALANCES	
Nonspendable	22,560
Restricted	1,017,191
Committed	-
Assigned	-
Unassigned	744,909
TOTAL FUND BALANCES	1,784,660
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,505,067

See accompanying independent auditor's 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, 2022

	Total Governmental Funds
Total Fund Balances	\$ 1,784,660
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	1,530,960
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Deferred notes receivable	419,965
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(11,013)
Notes from direct borrowings payable	(751,295)
Accrued compensated absences	(49,379)
Net position of governmental activities	\$ 2,923,898

See accompanying independent auditor's 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, 2022

	General Fund
REVENUES	
Federal revenue	\$ 822,472
State revenue	559,576
Municipal/private funded contracts	126,034
Town appropriations	49,715
Rental income	233,483
Interest earned - banks	4,390
Interest earned - loan programs	4,667
Notes receivable collected	159,274
Other revenue	56,917
TOTAL REVENUES	<u>2,016,528</u>
EXPENDITURES	
Current:	
Regional planning	1,001,436
Transportation	236,493
Regional development	378,459
Change in unallocated indirect costs	116,973
Notes receivable issued	80,000
Debt service:	
Principal	43,851
Interest	25,698
TOTAL EXPENDITURES	<u>1,882,910</u>
NET CHANGE IN FUND BALANCE	133,618
FUND BALANCE - JULY 1	<u>1,651,042</u>
FUND BALANCE - JUNE 30	<u>\$ 1,784,660</u>

See accompanying independent auditor's 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, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 133,618</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Depreciation expense	<u>(75,110)</u>
<p>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.</p>	
	<u>(107,103)</u>
<p>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</p>	
	<u>43,851</u>
<p>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:</p>	
Accrued interest expense	746
Accrued compensated absences	<u>(1,166)</u>
	<u>(420)</u>
Change in net position of governmental activities (Statement B)	<u>\$ (5,164)</u>

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

STATEMENT G

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2022

	Custodial Fund
	St. Johnsbury/Lyndon Industrial Park Board Fund
ASSETS	
Cash and cash equivalents	\$ 592,914
TOTAL ASSETS	\$ 592,914
 LIABILITIES	
Deposits held for others	\$ -
TOTAL LIABILITIES	-
 NET POSITION	
Restricted - held in trust	\$ 592,914

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

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

Implementation of New Accounting Standards

During the year ended June 30, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 89 “Accounting for Interest Cost Incurred before the End of a Construction Period”. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 “Conduit Debt Obligations”. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 “Omnibus 2020”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 “Replacement of Interbank Offered Rates (paragraphs 13-14)”. The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 “Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans”. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. 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).

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.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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 custodial 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 (custodial). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$183,619 for the year ended June 30, 2022. The allowance for uncollectible accounts for notes receivable is estimated to be \$111,360 as of June 30, 2022. Notes receivable netted with allowances for uncollectible accounts were \$419,965 for the year ended June 30, 2022.

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. Additions, improvements and other capital outlays that

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

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

Long-term Obligations

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

All long-term obligations to be repaid from governmental 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.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Deferred notes receivable, which arises only under a modified accrual basis of 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.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022 that were exposed to custodial credit risk.

At June 30, 2022, the Association's cash balances of \$1,675,234 were comprised of bank deposits amounting to \$1,675,208. 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 in the amount of \$1,050,000 and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 447,329
Savings accounts	51
ICS accounts	339,717
Money market accounts	888,111
	<u>\$ 1,675,208</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 \$367,915 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2022, the Association's investments of \$367,915 in certificates of deposit were either insured by federal depository insurance or a letter of credit in the amount of \$1,050,000 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.

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Balance 7/1/21	Additions	Disposals/ Adjustments	Balance 6/30/22
<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	(56,114)	(2,677)	-	(58,791)
Buildings and improvements	(1,157,945)	(53,898)	-	(1,211,843)
Furniture and equipment	(215,562)	(18,535)	-	(234,097)
	<u>(1,429,621)</u>	<u>(75,110)</u>	<u>-</u>	<u>(1,504,731)</u>
Net depreciated assets	<u>1,551,372</u>	<u>(75,110)</u>	<u>-</u>	<u>1,476,262</u>
Net capital assets	<u>\$ 1,606,070</u>	<u>\$ (75,110)</u>	<u>\$ -</u>	<u>\$ 1,530,960</u>

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	Balance 7/1/21	Additions	Reductions	Balance 6/30/22	Current Portion
<u>Governmental activities:</u>					
Notes from direct borrowings payable	\$ 795,146	\$ -	\$ (43,851)	\$ 751,295	\$ 43,886

The following is a summary of notes from direct borrowings payable outstanding as of June 30, 2022:

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, 2027.	140,224
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% per annum, due in November of 2032.	350,120
Note from direct borrowing payable to Passumpsic Savings Bank, monthly principal and interest payments of \$2,349, interest charged at a fixed rate of 3.45% per annum, due in April of 2032.	<u>232,480</u>
	<u>\$ 751,295</u>

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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>
2023	\$ 43,886	\$ 23,982	\$ 67,868
2024	47,428	22,122	69,550
2025	77,876	20,145	98,021
2026	51,446	18,105	69,551
2027	53,571	15,979	69,550
2028-2032	438,520	44,390	482,910
2033-2037	38,568	1,820	40,388
	<u>\$ 751,295</u>	<u>\$ 146,543</u>	<u>\$ 897,838</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, 2022:

	<u>Balance 7/1/21</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/22</u>	<u>Current Portion</u>
<u>Governmental activities:</u>					
Accrued compensated absences	\$ 48,213	\$ 1,166	\$ -	\$ 49,379	\$ 2,469

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, 2022, the Association's liability for compensated absences is \$49,379.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Association at June 30, 2022:

Invested in capital assets	\$ 3,035,691
Accumulated depreciation	(1,504,731)
Outstanding capital related debt	<u>(232,480)</u>
	<u>\$ 1,298,480</u>

NOTE 8 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

At June 30, 2022, the Association had the following restricted net position and restricted fund balances which are 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	<u>588,503</u>
	<u>\$ 1,017,191</u>

NOTE 9 - NONSPENDABLE FUND BALANCE

At June 30, 2022, the nonspendable fund balance was made up of the following:

Prepaid items	<u>\$ 22,560</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, 2022 were \$45,324 on covered payroll of \$503,604.

NOTE 11 - IRREVOCABLE STANDBY LETTER OF CREDIT

At June 30, 2022, 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 13, 2022, authorizes securities to be held up to the amount of \$1,050,000. There were no draws for the year ended June 30, 2022.

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022. 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.

The Association entered into a postage meter lease agreement with Pitney Bowes. Quarterly installments of \$110 are to be made through October 2024.

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, 2022

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Resources (Inflows):				
Federal revenue	\$ 831,379	831,379	\$ 822,472	\$ (8,907)
State revenue	753,675	753,675	559,576	(194,099)
Municipal/private funded contracts	79,073	79,073	126,034	46,961
Town appropriations	49,842	49,842	49,715	(127)
Rental income	195,816	195,816	233,483	37,667
Interest earned - banks	4,315	4,315	4,390	75
Interest earned - loan programs	2,200	2,200	4,667	2,467
Assignment to NCDO RLF	16,636	16,636	12,477	(4,159)
Other revenue	23,028	23,028	44,440	21,412
Amounts Available for Appropriation	<u>1,955,964</u>	<u>1,955,964</u>	<u>1,857,254</u>	<u>(98,710)</u>
Charges to Appropriations (Outflows):				
Current:				
Regional planning	1,154,394	1,154,394	1,020,459	133,935
Transportation	326,399	326,399	236,493	89,906
Regional development	475,171	475,171	488,493	(13,322)
Change in unallocated indirect costs	-	-	116,973	(116,973)
Total Charges to Appropriations	<u>1,955,964</u>	<u>1,955,964</u>	<u>1,862,418</u>	<u>93,546</u>
Excess of Revenues Over (Under)				
Appropriations	<u>\$ -</u>	<u>\$ -</u>	(5,164)	<u>\$ (5,164)</u>
Reconciliation to Statement E				
Notes receivable collected			159,274	
Notes receivable issued			(80,000)	
Change in allowance for bad debts			27,829	
Change in accrued compensated absences			1,166	
Change in accrued interest payable			(746)	
Remove depreciation			75,110	
Add debt principal			<u>(43,851)</u>	
Net Change in Fund Balance			<u>\$ 133,618</u>	

See accompanying independent auditor's 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

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Expenditures			
Regional planning:			
Salaries	\$ 266,993	\$ 220,656	\$ 46,337
Fringe benefits	114,147	93,653	20,494
Advertising/promotion	1,550	1,162	388
Consultants	306,150	475,573	(169,423)
Depreciation	17,003	17,003	-
Legal and professional	1,500	-	1,500
Office	3,786	4,169	(383)
Training	3,850	597	3,253
Travel	11,734	4,718	7,016
Indirect costs	149,359	123,149	26,210
Miscellaneous	6,830	8,365	(1,535)
Grant pass through	188,250	71,414	116,836
To/from reserves	83,242	-	83,242
Total regional planning	<u>1,154,394</u>	<u>1,020,459</u>	<u>133,935</u>
Transportation:			
Salaries	115,803	101,471	14,332
Fringe benefits	49,509	43,049	6,460
Advertising/promotion	400	-	400
Consultants	89,500	30,226	59,274
Office	3,600	4,089	(489)
Travel	1,006	895	111
Training	1,800	132	1,668
Indirect costs	64,781	56,631	8,150
Total transportation	<u>326,399</u>	<u>236,493</u>	<u>89,906</u>
Regional development:			
Salaries	81,359	70,967	10,392
Fringe benefits	34,783	30,110	4,673
Advertising/promotion	500	679	(179)
Consultants	500	29,816	(29,316)
Bad debt	5,300	27,829	(22,529)
Depreciation	57,254	57,253	1
Insurance	4,240	3,760	480
Interest	25,736	24,952	784
Legal and professional	2,200	198	2,002
Maintenance	51,245	43,106	8,139
Office	3,882	2,910	972
Real estate taxes	46,400	46,010	390
Travel	426	450	(24)
Utilities	54,860	56,968	(2,108)
Indirect costs	45,513	39,607	5,906
Miscellaneous	60,973	53,878	7,095
Total regional development	<u>475,171</u>	<u>488,493</u>	<u>(13,322)</u>
Change in unallocated indirect costs	-	116,973	(116,973)
Total Departmental Operations	<u>\$ 1,955,964</u>	<u>\$ 1,862,418</u>	<u>\$ 93,546</u>

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

SCHEDULE B

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

SCHEDULE OF INDIRECT COSTS
JUNE 30, 2022

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 2024. The accounting system produced the following actual results for fiscal year 2022.

SCHEDULE B (CONTINUED)
NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

SCHEDULE OF INDIRECT COSTS
JUNE 30, 2022

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 FY2022 was 16.10%. Actual leave costs for the year ended June 30, 2022 are shown below:

	Class 1	Class 4	Class 5	Class 6	Class 8	Class 9	Class 10	Totals
Annual Leave	\$ 28,619	\$ 2,189	\$ -	\$ -	\$ 7,319	\$ 1,671	\$ -	\$ 39,798
Comp Used	1,061	98	-	-	2,318	-	-	3,477
Funeral Leave	642	105	-	-	-	-	-	747
Holiday Leave	17,348	1,108	-	-	5,629	1,722	-	25,807
Sick Leave	8,521	858	-	-	3,259	1,680	-	14,318
Jury Service	184	-	-	-	-	-	-	184
Office Closure	-	165	-	-	-	-	-	165
Total Leave Costs	<u>56,375</u>	<u>4,523</u>	<u>-</u>	<u>-</u>	<u>18,525</u>	<u>5,073</u>	<u>-</u>	<u>84,496</u>
Regular Time Salaries	301,833	18,415	1,820	5,796	90,706	22,215	5,616	446,401
Comp Earned	2,833	109	-	-	3,037	-	-	5,979
	<u>304,666</u>	<u>18,524</u>	<u>1,820</u>	<u>5,796</u>	<u>93,743</u>	<u>22,215</u>	<u>5,616</u>	<u>452,380</u>
Total Salaries & Leave	\$ 361,041	\$ 23,047	\$ 1,820	\$ 5,796	\$ 112,268	\$ 27,288	\$ 5,616	\$ 536,876
Compute Leave Pool								
Leave Taken Charges	\$ 56,375	\$ 4,524	\$ -	\$ -	\$ 18,524	\$ 5,073	\$ -	\$ 84,496
Less: Comp Used	<u>(1,061)</u>	<u>(98)</u>	<u>-</u>	<u>-</u>	<u>(2,318)</u>	<u>-</u>	<u>-</u>	<u>(3,477)</u>
Plus: AL Accrued								
Current Liability	29,859	458	84	515	13,238	-	-	44,154
Less: Opening Liability	<u>39,756</u>	<u>635</u>	<u>-</u>	<u>-</u>	<u>3,468</u>	<u>927</u>	<u>-</u>	<u>44,786</u>
AL Liability Change	<u>(9,897)</u>	<u>(177)</u>	<u>84</u>	<u>515</u>	<u>9,770</u>	<u>(927)</u>	<u>-</u>	<u>(632)</u>
Total Leave Costs	<u>\$ 45,417</u>	<u>\$ 4,249</u>	<u>\$ 84</u>	<u>\$ 515</u>	<u>\$ 25,976</u>	<u>\$ 4,146</u>	<u>\$ -</u>	<u>\$ 80,387</u>
Total Leave Cost	\$ 45,417	\$ 4,249	\$ 84	\$ 515	\$ 25,976	\$ 4,146	\$ -	\$ 80,387
Total Base	304,666	18,524	1,820	5,796	93,743	22,215	5,616	\$ 452,380
Total Leave Rate	14.91%	22.94%	4.62%	8.89%	27.71%	18.66%	0.00%	17.77%
Fixed Leave Rate	16.10%	16.10%	16.10%	16.10%	16.10%	16.10%	16.10%	16.10%
Leave Allocated	49,051	2,982	293	933	15,094	3,577	904	72,834
Under(Over) Cost	(3,634)	1,267	(209)	(418)	10,882	569	(904)	7,553
Accrued Comp at 06/30/22								1,847
Less Accrued Comp at 06/30/21								-
Comp Used								3,478
Comp Earned								(5,979)
Total Under(Over) Cost								<u>\$ 6,899</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, \$80,385.88 was charged among all programs operated during the fiscal year. The underage of \$6,898.52 will be carried forward as an adjustment to the fringe benefit rate computation in the Cost Allocation Plan for fiscal year 2024.

SCHEDULE B (CONTINUED)

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

SCHEDULE OF INDIRECT COSTS
JUNE 30, 2022

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 FY2022 was 42.12%. The fringe eligibility matrix and actual fringe benefit costs for the year ended June 30, 2022, are shown below:

	Class 1	Class 4	Class 5	Class 6	Class 8	Class 9	Class 10	
Add Salary and Fringe	Y	Y	Y	Y	Y	Y	Y	
FICA and Medicare	Y	Y	Y	Y	Y	Y	Y	
Unemployment	Y	Y	Y	Y	Y	Y	Y	
WC Admin Fee	Y	Y	Y	Y	Y	Y	Y	
Health Insurance	Y	Y	N	N	Y	Y	N	
SEP IRA	Y	N	N	Y	Y	N	N	
Dental Insurance	Y	Y	N	N	Y	Y	N	
Vision Insurance	Y	Y	N	N	Y	Y	N	
								Totals
FICA and Medicare	\$27,319	\$1,661	\$163	\$520	\$8,406	\$1,992	\$504	\$40,565
Unemployment	762	46	5	15	235	56	14	1,133
WC Admin Fee	236	14	1	5	73	17	4	350
Health Insurance	98,844	6,010	590	-	30,413	7,207	-	143,064
SEP IRA	32,666	1,986	-	621	10,051	-	-	45,324
Dental Insurance	2,610	159	16	-	803	190	-	3,778
Vision Insurance	939	57	6	-	289	68	-	1,359
Adjustment - FY2020	<u>(10,263)</u>	<u>(624)</u>	<u>(61)</u>	<u>(196)</u>	<u>(3,158)</u>	<u>(748)</u>	<u>(189)</u>	<u>(15,239)</u>
Class Totals	153,113	9,309	720	965	47,112	8,782	333	220,334
Total Base	353,717	21,507	2,113	6,730	108,835	25,791	6,520	525,213
Actual Rate	43.29%	43.28%	34.07%	14.34%	43.29%	34.05%	5.11%	41.95%
Fixed Rate	42.12%	42.12%	42.12%	42.12%	42.12%	42.12%	42.12%	42.12%
Amount Applied	<u>148,986</u>	<u>9,058</u>	<u>890</u>	<u>2,835</u>	<u>45,841</u>	<u>10,863</u>	<u>2,746</u>	<u>221,219</u>
Under(Over) Cost	\$ 4,127	\$ 251	\$ (170)	\$ (1,870)	\$ 1,271	\$ (2,081)	\$ (2,413)	\$ (885)

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, \$220,334.28 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 underage of \$885.33 will be carried forward as an adjustment to the fringe benefit rate computation in the Cost Allocation Plan for fiscal year 2024.

SCHEDULE B (CONTINUED)
NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

SCHEDULE OF INDIRECT COSTS
JUNE 30, 2022

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 FY2022 was 39.27%.

DESCRIPTION	INDIRECT	INDIRECT COST DESCRIPTION
EXECUTIVE DIRECTOR	\$ 7,983	
BUSINESS MANAGER	33,497	
OFFICE MANAGER	37,869	
SENIOR PLANNER	178	
SENIOR PLANNER	1,388	
PROJECT MANAGER	16,084	
GIS SPECIALIST	14,634	
ECONOMIC DEVELOPMENT SPECIALIST	345	
INTERN	1,820	
TOTAL SALARIES	113,798	CENTRAL SUPPORT FUNCTIONS
LEAVE COSTS	18,321	CENTRAL SUPPORT FUNCTIONS
FRINGE BENEFITS	55,649	CENTRAL SUPPORT FUNCTIONS
FRINGE-WORKERS COMP	250	CENTRAL SUPPORT FUNCTIONS
ACCOUNTING/AUDIT	17,725	ALL PROGRAMS
BANK SERVICE CHARGE	240	ALL PROGRAMS
COMPUTER EXPENSE	12,818	ALL PROGRAMS
COPIER EXPENSE	1,993	ALL PROGRAMS
DEPRECIATION EXPENSE	854	CENTRAL FUNCTIONS
DUES/PUBLICATIONS/SUBSCRIPTIONS	3,257	ORGANATIONAL DUES/PUB/SUB
FF&E	2,738	ALL PROGRAMS
COMPUTER SOFTWARE	212	ALL PROGRAMS
INSURANCE	5,076	ALL PROGRAMS
LICENSE/PERMITS	1,800	ALL PROGRAMS
MAINTENANCE CONTRACTS	6,024	CENTRAL SUPPORT FUNCTIONS
MEETING EXPENSE	1,800	CENTRAL FUNCTIONS
OFFICE RENTAL	57,540	ALL PROGRAMS
OFFICE SUPPLIES	2,295	ALL PROGRAMS
POSTAGE EXPENSE	1,412	ALL PROGRAMS
PRINTING	206	ALL PROGRAMS
RUBBISH REMOVAL	236	ALL PROGRAMS
TELEPHONE EXPENSE	10,620	ALL PROGRAMS
TRAVEL EXPENSE	202	CENTRAL SUPPORT FUNCTIONS
MISC. EXPENSE	42	ALL PROGRAMS
PRIOR YEAR UNRECOVERED OVERHEAD COSTS	(69,391)	
TOTALS	\$ 245,717	

COMPUTATION OF INDIRECT COST RATE	Indirect Cost Pool	\$ 245,717
	Base for Distribution*	558,664
	Year to Date Indirect Cost Rate	43.98%
	Fixed Indirect Cost Rate	39.27%
	Fixed Indirect Costs applied	219,387
	Under(Over) applied	\$ 26,330

*Description of base for distribution - Base is comprised of Regular Time Salaries, Comp Earned, Leave Allocated and Fringe Benefits less Indirect (Salaries, Leave and Fringe Benefits) [+446,401+5,979+72,833+221,220-113,798-18,321-55,649-1]
Any difference caused by rounding.

SCHEDULE B (CONTINUED)
NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

SCHEDULE OF INDIRECT COSTS
JUNE 30, 2022

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 \$219,387.51 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 underage of \$26,329.62 will be carried forward as an adjustment to the indirect rate computation in the Cost Allocation Plan for fiscal year 2024.

Financial Reporting - The total underage of \$6,013.19 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 2024 and is shown as the change in the unallocated leave, salary and fringe costs on Schedule A. The total underage of \$26,329.62 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 2024 and is shown as the change in the unallocated indirect costs on Schedule A.

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

Federal Compliance Description

Federal compliance includes financial information and reports that are required in accordance with Government Auditing Standards and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditor's Report on Compliance or Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Pass-through Grantor Program Title	AL Number	Pass-Through Grantor Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:			
Direct program:			
Rural Business Development Grant	10.351	Broadband #2	\$ 38,157
Rural Business Development Grant	10.351	Business TA Grants	10,000
			<u>48,157</u>
Passed through the Northern Forest Center Inc.:			
Rural Community Development Initiative	10.446	N/A	<u>15,920</u>
Total U.S. Department of Agriculture			<u>64,077</u>
U.S. DEPARTMENT OF COMMERCE:			
Direct program:			
Economic Development Cluster:			
Investments for Public Works and Economic Development Facilities	11.300	N/A	327
Economic Adjustment Assistance	11.307	N/A	87,930
Subtotal Economic Development Cluster			<u>88,257</u>
Economic Development - Support for Planning Organizations	11.302	N/A	<u>12,088</u>
Total U.S. Department of Commerce			<u>100,345</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
Passed through the State of Vermont Agency of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	1490	65,389
Highway Planning and Construction	20.205	1662	123,805
Subtotal Highway Planning and Construction Cluster			<u>189,194</u>
Total U.S. Department of Transportation			<u>189,194</u>
U.S. SMALL BUSINESS ADMINISTRATION			
Direct program:			
7(j) Technical Assistance	59.007	N/A	<u>2,500</u>
Total U.S. Small Business Administration			<u>2,500</u>

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Pass-through Grantor Program Title	AL Number	Pass-Through Grantor Number	Federal Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Direct program:			
Brownfields Multipurpose, Assessment, Revolving Loan Fund and Cleanup Cooperative Agreements	66.818	BF-00A01042-0	319,461
Brownfields Multipurpose, Assessment, Revolving Loan Fund and Cleanup Cooperative Agreements	66.818	N/A	<u>1,335</u>
Total U.S. Environmental Protection Agency			<u>320,796</u>
NORTHERN BORDER REGIONAL COMMISSION			
Direct program:			
Northern Border Regional Development	90.601	NBRC19GVT04	58,357
Passed through the Agency of Commerce and Community Development:			
Northern Border Regional Development	90.601	07120-22-08	<u>10,000</u>
Total Northern Border Regional Commission			<u>68,357</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct program:			
Environmental Public Health and Emergency Response	93.070	N/A	<u>875</u>
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	N/A	<u>857</u>
Total U.S. Department of Health and Human Services			<u>1,732</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through the Vermont Department of Public Safety:			
Hazard Mitigation Grant Program	97.039	02140-34000-061	5,385
Hazard Mitigation Grant Program	97.039	02140-34000-106F	<u>3,330</u>
			<u>8,715</u>
Emergency Management Performance Grant	97.042	02140-31026C-007	16,238
Emergency Management Performance Grant	97.042	02140-31026C-008	<u>50,845</u>
			<u>67,083</u>
Total U.S. Department of Homeland Security			<u>75,798</u>
Total Federal Expenditures			<u>\$ 822,799</u>

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Northeastern Vermont Development Association under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Northeastern Vermont Development Association, it is not intended to and does not present the financial position, changes in net position or cash flows of the Northeastern Vermont Development Association.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. Northeastern Vermont Development Association has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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

Board of 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, 2022 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 30, 2022.

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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 15, 2022.

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 30, 2022



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

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

Report on Compliance for Each Major Federal Program

We have audited Northeastern Vermont Development Association's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northeastern Vermont Development Association's major federal programs for the year ended June 30, 2022. Northeastern Vermont Development Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Northeastern Vermont Development Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northeastern Vermont Development Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

3 Old Orchard Road, Buxton, Maine 04093
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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Northeastern Vermont Development Association's compliance.

Opinion on Each Major Federal Program

In our opinion, Northeastern Vermont Development Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Report on Internal Control Over Compliance

Management of Northeastern Vermont Development Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northeastern Vermont Development Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northeastern Vermont Development Association's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine

Vermont Registration No. 092.0000697

November 30, 2022

NORTHEASTERN VERMONT DEVELOPMENT ASSOCIATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205/20.219/20.224/ 23.003 68.818	Highway Planning and Construction Cluster Brownfield Multipurpose, Assessment, Revolving Loan Fund and Cleanup Cooperative Agreements

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None