

Federal Compliance Audit

**Two Rivers-Ottawaquechee Regional
Commission**

June 30, 2021



Proven Expertise & Integrity

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

CONTENTS

JUNE 30, 2021

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 10
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	11
STATEMENT B - STATEMENT OF ACTIVITIES	12
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	13
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	14
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	15
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	16
NOTES TO FINANCIAL STATEMENTS	17 - 32
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	33
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	34

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	35
SCHEDULE A - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	36 - 38
<u>FEDERAL COMPLIANCE</u>	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	39 - 42
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	43 - 47
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	48 - 49
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	50 - 52
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	53



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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Two Rivers-Ottauquechee Regional Commission
Woodstock, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit and each major fund of Two Rivers-Ottauquechee Regional Commission, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Two Rivers-Ottauquechee Regional Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit and each major fund of Two Rivers-Ottawaquechee Regional Commission as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Two Rivers-Ottawaquechee Regional Commission's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund is presented for purposes of additional analysis and is 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.

The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 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 October 5, 2021, on our consideration of Two Rivers-Ottawaquechee Regional Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Two Rivers-Ottawaquechee Regional Commission's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
October 5, 2021

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

(UNAUDITED)

The following management's discussion and analysis of the Two Rivers-Ottawaquechee Regional Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the Commission's financial statements.

Financial Statement Overview

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

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Commission's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Commission's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the Commission's two types of activity. The types of activity presented for the Two Rivers-Ottawaquechee Regional Commission are:

- *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 Commission's basic services are reported in governmental activities, which include regional planning and other programs.
- *Component units* - The Two Rivers-Ottawaquechee Regional Foundation is included as part of the "Component Units".

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 Two Rivers-Ottawaquechee Regional Commission, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Two Rivers-Ottawaquechee Regional Commission are categorized as one fund type: governmental funds.

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

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

Two Rivers-Ottawaquechee Regional Commission presents one column in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Commission's major governmental fund is the general fund.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Commission's governmental activities. The Commission's total net position increased by \$338,355 from \$773,722 to \$1,112,077.

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 \$338,355 from \$773,722 to a balance of \$1,112,077 at the end of this year.

Table 1
Two Rivers-Ottauquechee Regional Commission
Net Position
June 30,

	2021	2020
Assets:		
Current Assets	\$ 1,191,456	\$ 858,385
Total Assets	\$ 1,191,456	\$ 858,385
Liabilities:		
Current Liabilities	\$ 37,216	\$ 25,445
Noncurrent Liabilities	37,246	27,331
Total Liabilities	\$ 74,462	\$ 52,776
Deferred Inflows of Resources:		
Deferred Revenue	\$ 4,917	\$ 31,887
Total Deferred Inflows of Resources	\$ 4,917	\$ 31,887
Net Position:		
Unrestricted	\$ 1,112,077	\$ 773,722
Total Net Position	\$ 1,112,077	\$ 773,722

Table 2
Two Rivers-Ottauquechee Regional Commission
Changes in Net Position
For the Years Ended June 30,

	2021	2020
Revenues		
Program revenues:		
Operating grants and contracts	\$ 2,582,321	\$ 1,595,587
Charges for services	265,449	189,391
General revenues:		
Municipal dues	85,724	83,437
Interest	9,878	8,263
Total revenues	2,943,811	1,876,678
Expenses		
Regional planning and other programs	2,605,456	1,893,058
Depreciation	-	1,184
Total expenses	2,605,456	1,894,242
Change in Net Position	338,355	(17,564)
Net Position - July 1	773,722	791,286
Net Position - June 30	\$ 1,112,077	\$ 773,722

Revenues and Expenses

Revenues for the Commission's governmental activities increased by 56.86%, while total expenses increased by 37.55%. The increases in both revenues and expenses are from grant activity related to the HUD sole proprietor program.

Financial Analysis of the Commission's Fund Statements

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

Table 3
Two Rivers-Ottauquechee Regional Commission
Fund Balances - Governmental Funds
June 30,

	<u>2021</u>	<u>2020</u>	<u>Increase/ Decrease</u>
General Fund:			
Nonspendable	\$ 3,528	\$ 1,151	\$ 2,377
Assigned	23,864	23,864	-
Unassigned	<u>1,121,931</u>	<u>776,038</u>	<u>345,893</u>
Total General Fund	<u>\$ 1,149,323</u>	<u>\$ 801,053</u>	<u>\$ 348,270</u>

The general fund total fund balance increased by \$348,270 from the prior fiscal year. This increase was primarily due to the HUD sole proprietor grant revenues exceeding the related expenses for this program.

Budgetary Highlights

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

The general fund actual revenues were more than budget by \$1,412,067. This was mainly the result of the HUD sole proprietor grant revenues received during the fiscal year.

The general fund actual expenditures were over budget by \$1,092,853. Regional planning and other programs were significantly overspent due to the HUD sole proprietor program expenditures.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the Commission remained the same as the prior year. All capital assets are fully depreciated.

Debt

At June 30, 2021, the Commission had no outstanding bonds or notes. The Commission had a line of credit of \$60,000 which had a balance of \$0 as of June 30, 2021.

Currently Known Facts, Decisions or Conditions

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

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

Economic Factors and Next Year's Budgets and Rates

The Commission's unassigned fund balance is at a level to sustain government operations for a period of about five months. The Commission's fund balance policy requires the Commission to maintain a fund balance of six months' worth of operating expenses.

Contacting the Commission's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Commission's Office at 128 King Farm Road, Woodstock, Vermont 05091.

STATEMENT A

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Component Unit
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 157,176	\$ 23,487
Investments	659,052	-
Accounts receivable (net of allowance for uncollectibles):		
Intergovernmental	371,700	-
Prepaid items	3,528	-
Total current assets	1,191,456	23,487
TOTAL ASSETS	\$ 1,191,456	\$ 23,487
LIABILITIES		
Current liabilities:		
Accrued expenses	\$ 24,800	\$ 1,110
Current portion of long-term obligations	12,415	-
Total current liabilities	37,216	1,110
Noncurrent liabilities:		
Noncurrent portion of long-term obligations:		
Accrued compensated absences	37,246	-
Total noncurrent liabilities	37,246	-
TOTAL LIABILITIES	74,462	1,110
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue	4,917	-
TOTAL DEFERRED INFLOWS OF RESOURCES	4,917	-
NET POSITION		
Unrestricted	1,112,077	22,377
TOTAL NET POSITION	1,112,077	22,377
TOTAL LIABILITIES AND NET POSITION	\$ 1,191,456	\$ 23,487

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

STATEMENT B

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Contracts and Contributions	Total Governmental Activities	Component Unit
Governmental activities:					
Regional planning and other programs	\$ 2,605,456	\$ 265,449	\$ 2,582,321	\$ 242,314	\$ -
Total government	<u>\$ 2,605,456</u>	<u>\$ 265,449</u>	<u>\$ 2,582,321</u>	<u>242,314</u>	<u>-</u>
Component unit:					
Two Rivers-Ottauquechee Regional Foundation	\$ 14,608	\$ -	\$ -	-	(14,608)
	<u>\$ 14,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(14,608)</u>
Changes in net position:					
Net (expense) revenue				<u>242,314</u>	<u>(14,608)</u>
General revenue:					
Municipal dues				85,724	-
Interest				9,878	-
Miscellaneous				439	2,800
Total general revenue				<u>96,041</u>	<u>2,800</u>
Change in net position				338,355	(11,808)
NET POSITION - JULY 1				<u>773,722</u>	<u>34,185</u>
NET POSITION - JUNE 30				<u>\$ 1,112,077</u>	<u>\$ 22,377</u>

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

STATEMENT C

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 157,176	\$ 157,176
Investments	659,052	659,052
Accounts receivable (net of allowance for uncollectibles):		
Intergovernmental	371,700	371,700
Prepaid items	3,528	3,528
TOTAL ASSETS	<u>\$ 1,191,456</u>	<u>\$ 1,191,456</u>
LIABILITIES		
Accrued expenses	\$ 37,215	\$ 37,215
TOTAL LIABILITIES	<u>37,216</u>	<u>37,216</u>
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue	4,917	4,917
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,917</u>	<u>4,917</u>
FUND BALANCES		
Nonspendable	3,528	3,528
Assigned	23,864	23,864
Unassigned	1,121,931	1,121,931
TOTAL FUND BALANCES	<u>1,149,323</u>	<u>1,149,323</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,191,456</u>	<u>\$ 1,191,456</u>

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

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2021

	Total Governmental Funds
	<u> </u>
Total Fund Balances	\$ 1,149,323
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	<u>(37,246)</u>
Net position of governmental activities	<u><u>\$ 1,112,077</u></u>

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

STATEMENT E

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

STATEMENT OF IN REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Total Governmental Funds
REVENUES		
Municipal dues	\$ 85,724	\$ 85,724
Agency of Commerce	281,638	281,638
VT Agency of Transportation	263,655	263,655
HUD Buyouts	52,856	52,856
HUD sole proprietor grants	1,383,736	1,383,736
EPA Brownfields	60,651	60,651
EDA Planning Grant	82,186	82,186
State/federal/other grants and contracts	457,599	457,599
Municipal contracts	265,449	265,449
Interest	9,878	9,878
Miscellaneous income	439	439
TOTAL REVENUES	2,943,811	2,943,811
EXPENDITURES		
Current:		
Regional planning and other programs	2,595,541	2,595,541
TOTAL EXPENDITURES	2,595,541	2,595,541
NET CHANGE IN FUND BALANCES	348,270	348,270
FUND BALANCE - JULY 1	801,053	801,053
FUND BALANCE - JUNE 30	\$ 1,149,323	\$ 1,149,323

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

STATEMENT F

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

RECONCILIATION OF THE STATEMENT OF IN REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 348,270</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(9,915)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 338,355</u></u>

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

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Two Rivers-Ottauquechee Regional Commission is a governmental organization chartered under Chapter 117 of Title 24 of Vermont State Statutes to coordinate regional planning activities in the combined Connecticut River, White River and Ottauquechee River basin areas of Vermont.

The Commission acts as an advocate for the needs of its member towns and helps to bridge the opportunities and concerns that exist between towns and the State. Services provided include regional planning and other programs.

The Commission's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Commission's combined financial statements include all accounts and all operations of the Commission. In accordance with Governmental Accounting Standards Board Statement No. 14 (as amended by Number 39 and 61), the Commission has evaluated all potential component units. The financial statements include the Two Rivers-Ottauquechee Regional Foundation as a discretely presented component unit. This component unit does not have separately issued financial statements.

COVID-19 Outbreak

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

In response to the health crisis created by COVID-19 since early March, the Governor of Vermont issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Vermont to those necessary to obtain or provide essential services or activities. See Executive Order 01-20 and its addendums. The state of emergency expired on June 15, 2021.

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

In accordance with Addendum 6 to Executive Order 01-20, issued by the Governor of Vermont on March 24, 2020 (also referred to as the “Stay Home, Stay Safe Order”) and Directive 5 to Executive Order 01-20, issued by the Governor of Vermont on March 26, 2020, Commission facilities were temporarily closed to the public from March 23, 2020 to June 1, 2021. The Commission was required to reduce its on-site staff temporarily.

Impact on Finances

The Commission does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security (“CARES”) Act, American Rescue Plan Act (“ARPA”) funding and applicable Federal and /or State programs.

Expected Federal/State Support

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

Conclusion

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

Implementation of New Accounting Standards

During the year ended June 30, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 84 “Fiduciary Activities”. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 90 “Majority Equity Interests”. This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Statement No 93 “Replacement of Interbank Offered Rates (paragraphs 4-11a).” The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. Management has determined the impact of this Statement is not material to the financial statements.

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

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

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Commission's net position is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Commission first utilizes restricted resources to finance qualifying activities.

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

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

The Commission does allocate indirect costs. All costs are charged directly to the corresponding department and the Commission has an established and approved indirect cost rate.

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

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

Major Fund:

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

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.

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

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

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

1. Early in the second half of the year the Commission 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 Commission 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 Commission.

Deposits and Investments

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

It is the Commission's policy to value investments at fair value. None of the Commission's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent.

Receivables

Receivables include amounts due from governmental agencies or employees. 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, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$371,700 for the year ended June 30, 2021.

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. 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:

Computer software	5 years
Computer hardware	3 years
Other equipment	5-7 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 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.

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Commission or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balances

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

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

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Commission considers amounts to have been spent first out of assigned funds and then unassigned funds, as needed.

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On September 12, 2019, the Commission adopted a set of financial policies to guide the financial operation of the Commission. Included in the policies are guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance of each fund shall be zero or greater.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission currently has no deferred outflows of resources.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one type of this item, unearned revenues, which arises in both the statements of net position and the governmental funds balance sheet. All items in this category are deferred and recognized as inflows 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).

Encumbrance Accounting

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

Use of Estimates

During the preparation of the Commission's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS

The Commission invests cash and investments according to policies established by the Commission. These investment policies apply to all Commission funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Commission will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Commission did not have any balances as of June 30, 2021 that were exposed to custodial credit risk.

At June 30, 2021, the Commission's cash and cash equivalents balances of \$157,176 were comprised of bank deposits and cash equivalents of \$218,961 which were all insured by federal depository insurance and consequently were not exposed to custodial credit risk. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Commission's cash and cash equivalents balance.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 208,207
Savings accounts	101
Cash and cash equivalents	10,653
	<u>\$ 218,961</u>

Investments:

At June 30, 2021, the Commission's investments amounting to \$659,052 were comprised of certificates of deposit, a loan fund, equity exchange traded funds and fixed income exchange traded funds. The certificates of deposit of \$100,584 were insured by federal depository insurance and consequently were not exposed to custodial credit risk. The loan funds of \$103,415 also were not subject to custodial credit risk. And the remaining investments of \$455,053 were covered by the Securities Investor Protection Corporation (SIPC).

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

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2021, the Commission had the following investments and maturities:

Investment Type	Fair Value	N/A	<1 Year	1 - 5 Years
Loan funds	\$ 103,415	\$ -	\$ -	\$ 103,415
Equity ETPs	339,040	339,040	-	-
Fixed income ETPs	116,013	116,013	-	-
	\$ 558,468	\$ 455,053	\$ -	\$ 103,415

Fair Value Hierarchy

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Commission has the following recurring fair value measurements at June 30, 2021:

	June 30, 2021 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Mutual funds and exchange traded funds	\$ 339,040	\$ 339,040	\$ -	\$ -
Total equity securities	339,040	339,040	-	-
Fixed income:				
Mutual funds and exchange traded funds	116,013	116,013	-	-
Total fixed income	116,013	116,013	-	-
Total investments by fair value level	455,053	\$ 455,053	\$ -	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	10,653			
Total cash equivalents measured at the NAV	10,653			
Total investments and cash equivalents measured at fair value	\$ 465,706			

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Commission has no level III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2021 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with local financial institutions for \$100,584 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit quality distribution for the Town's investments with credit exposure as a percentage of total investments are as follows:

Investment Type	Bond Credit Rating	Percentage of Total
Corporate Bonds	AAA	5.965%
Corporate Bonds	AA	5.732%
Corporate Bonds	A	29.434%
Corporate Bonds	BBB	32.507%
Corporate Bonds	BB	6.747%
Corporate Bonds	B	4.877%
Corporate Bonds	Below B	1.984%
Corporate Bonds	Unrated	12.752%

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

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance 7/1/20	Additions	Disposals	Balance 6/30/21
Depreciated assets:				
Computer software	\$ 42,680	\$ -	\$ -	\$ 42,680
Computer hardware	57,371	-	-	57,371
Furniture and fixtures	63,827	-	-	63,827
	<u>163,878</u>	<u>-</u>	<u>-</u>	<u>163,878</u>
Less: accumulated depreciation				
Computer software	(42,680)	-	-	(42,680)
Computer hardware	(57,371)	-	-	(57,371)
Furniture and fixtures	(63,827)	-	-	(63,827)
	<u>(163,878)</u>	<u>-</u>	<u>-</u>	<u>(163,878)</u>
Net capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 - LINE OF CREDIT

The Commission has established a \$60,000 revolving line of credit with the People's United Bank which is due on demand by the bank. Interest is chargeable at 1.75% above the Wall Street Journal Prime Rate index. There were no borrowings during the year ended June 30, 2021.

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2021:

	Balance 7/1/20	Additions	Reductions	Balance 6/30/21	Current Portion
Accrued compensated absences	<u>\$ 36,441</u>	<u>\$ 13,220</u>	<u>\$ -</u>	<u>\$ 49,661</u>	<u>\$ 12,415</u>

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

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - ACCRUED COMPENSATED ABSENCES

The Commission's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation leave. 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, 2021, the Commission's liability for compensated absences is \$49,661.

NOTE 7 - NONSPENDABLE FUND BALANCE

At June 30, 2021, the general fund nonspendable fund balance was made up of the following balance:

Prepaid items	<u>\$ 3,528</u>
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NOTE 8 - ASSIGNED FUND BALANCES

At June 30, 2021, the general fund assigned fund balance was made up of the following account balances carried forward into the subsequent year's budget:

Building fund	\$ 19,553
Equipment replacement	4,311
	<u>\$ 23,864</u>

NOTE 9 - PENSION AND DEFERRED COMPENSATION PLANS

In 1990, the Commission adopted a simplified employee pension (SEP) plan. The Commission can make an annual elective contribution of up to 25% of each eligible employee's gross wage. All permanent full and part-time employees are covered by the plan. Any employees who chose not to participate in the plan, were ineligible for a matching contribution. The Commission made a 14% contribution of \$82,864 on 100% of the covered wages of \$683,480 in fiscal year 2021.

In 2001, the Commission established a deferred compensation plan under Section 457 of the Internal Revenue Code. The maximum deferred contribution for calendar years 2020 and 2021 is 100% of gross salary or \$19,500, whichever is less. Individuals age 50 and older may contribute up to \$26,000. The Commission matches the deferred contribution up to 4% of all participating employees' annual salaries but has flexibility to contribute more as long as overall funding limits are not exceeded. The Commission contributed \$26,972 on 100% of the covered wages of \$606,694 in fiscal year 2021.

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 - RISK MANAGEMENT

The Commission 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 Commission carries commercial insurance covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission.

Based on the coverage provided by the insurance purchased, the Commission feels it is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2021. 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 11 - 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 Commission's financial position.

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

The Commission is presently engaged in fulfilling its fiscal 2021 ACCD annual work program; various Transportation Planning Initiative grants; the EPA Brownfields petroleum assessment grant and various other grants and contracts.

The Commission has leased office space from the Vermont Land Trust, Inc. at the "King Farm" in Woodstock, Vermont, on a yearly basis. Effective July 1, 2019, monthly rent became \$2,789 for an annual rent expense of \$33,470. Utility costs of \$6,789 were also reimbursed to the Vermont Land Trust for the year ended June 30, 2021. The lease was extended until June 30, 2021.

NOTE 12 - COMPONENT UNIT

The Two Rivers-Ottauquechee Regional Commission has shown the following component unit separately in the financial statements.

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 - COMPONENT UNIT (CONTINUED)

The Commission has established the Two Rivers-Ottawaquechee Regional Foundation a 501(c)(3) entity. The purpose is to allow the Commission to better compete for private grants and gifts which meet the Commission's mission. The Foundation is part of the Commission's reporting entity. During 2021, the Foundation received \$2,800 in income and had \$14,608 in expenses.

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

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 801,053	\$ 801,053	\$ 801,053	\$ -
Resources (Inflows):				
Municipal dues	85,674	85,674	85,724	50
Agency of Commerce	279,683	279,683	281,638	1,955
VT Agency of Transportation	231,000	231,000	263,655	32,655
HUD Buyouts	43,950	43,950	52,856	8,906
HUD sole proprietor grants	-	-	1,383,736	1,383,736
EPA Brownfields	398,475	398,475	60,651	(337,824)
EDA Planning Grant	75,890	75,890	82,186	6,296
State/federal/other grants and contracts	249,903	249,903	457,599	207,696
Municipal contracts	160,419	160,419	265,449	105,030
Fee income	1,250	1,250	-	(1,250)
Interest	5,000	5,000	9,878	4,878
Miscellaneous income	500	500	439	(61)
Amounts Available for Appropriation	<u>2,332,797</u>	<u>2,332,797</u>	<u>3,744,864</u>	<u>1,412,067</u>
Charges to Appropriations (Outflows):				
Current:				
Regional planning and other programs	<u>1,502,688</u>	<u>1,502,688</u>	<u>2,595,541</u>	<u>(1,092,853)</u>
Total Charges to Appropriations	<u>1,502,688</u>	<u>1,502,688</u>	<u>2,595,541</u>	<u>(1,092,853)</u>
Budgetary Fund Balance, June 30	<u>\$ 830,109</u>	<u>\$ 830,109</u>	<u>\$ 1,149,323</u>	<u>\$ 319,214</u>

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

Other Supplementary Information

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

- Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Revenues			
Municipal dues	\$ 85,674	\$ 85,724	\$ 50
Grant and contract income:			
Agency of Commerce	279,683	281,638	1,955
VT Agency of Transportation	231,000	263,655	32,655
HUD Buyouts	43,950	52,856	8,906
HUD sole proprietor grants	-	1,383,736	1,383,736
EPA Brownfields	398,475	60,651	(337,824)
EDA Planning Grant	75,890	82,186	6,296
State/federal/other grants and contracts	249,903	457,599	207,696
Municipal contracts	160,419	265,449	105,030
Total grant and contract income	<u>1,439,320</u>	<u>2,847,770</u>	<u>1,408,450</u>
Fee income:			
Municipal fees	1,250	-	(1,250)
Total fee income	<u>1,250</u>	<u>-</u>	<u>(1,250)</u>
Miscellaneous income:			
Interest	5,000	9,878	4,878
Miscellaneous	500	439	(61)
Total miscellaneous income	<u>5,500</u>	<u>10,317</u>	<u>4,817</u>
Total revenues	<u>\$ 1,531,744</u>	<u>\$ 2,943,811</u>	<u>\$ 1,412,067</u>

SCHEDULE A (CONTINUED)
TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts	Actual Amounts	Variance Positive (Negative)
Expenditures			
Personnel services:			
Salaries and wages	\$ 558,795	\$ 644,507	\$ (85,712)
Payroll taxes	42,748	49,034	(6,286)
Employee assistance service	600	550	50
Workmen's compensation	3,500	2,678	822
Unemployment insurance	1,500	656	844
Health and dental insurance	109,000	136,284	(27,284)
Life insurance	5,000	4,908	92
Pension fund	94,991	109,836	(14,845)
Disability insurance	9,000	6,988	2,012
Tuition reimbursement	6,000	6,000	-
Total personnel services	831,134	961,441	(130,307)
Occupancy/insurances:			
Rent and King Farm utilities	40,000	40,259	(259)
Occupancy expense - King Farm	1,500	424	1,076
Professional insurance	9,100	9,099	1
Property insurance	6,000	3,959	2,041
Total occupancy/insurances	56,600	53,741	2,859
Professional services:			
Legal services	1,000	238	762
Accounting services	500	-	500
Auditing services	10,000	9,700	300
Total professional services	11,500	9,938	1,562
Consultants:			
Planning	47,224	90,955	(43,731)
HUD buyout consultants	1,400	-	1,400
HUD buyout pass-thru funds	38,950	47,281	(8,331)
HUD sole proprietor funds	-	1,093,930	(1,093,930)
VHCB buyout pass-thru funds	250,000	106,618	143,382
Engineering - Brownfields	-	52,706	(52,706)
EDD consultants	96,280	34,903	61,377
Wealth management	5,000	-	5,000
Total consultants	438,854	1,426,393	(987,539)
Travel:			
Travel	31,250	6,098	25,152
Meetings and conferences	29,500	3,401	26,099
Total travel	60,750	9,499	51,251

SCHEDULE A (CONTINUED)
TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Office expenses:			
General supplies	\$ 6,000	\$ 8,409	\$ (2,409)
Printing	4,500	1,521	2,979
Advertising	6,500	3,351	3,149
Dues, publications and data	30,000	23,787	6,213
Postage	3,500	1,949	1,551
Telephone/internet/web	11,000	17,953	(6,953)
Repairs	500	150	350
Bank/payroll fees	850	2,871	(2,021)
Unallowed direct expenses	-	7,809	(7,809)
Equipment/software service contracts	24,500	10,865	13,635
Total office expenses	<u>87,350</u>	<u>78,665</u>	<u>8,685</u>
Office equipment:			
Computer hardware	3,500	8,024	(4,524)
Office equipment and furniture	1,000	1,329	(329)
Computer software	4,000	30,029	(26,029)
Total office equipment	<u>8,500</u>	<u>39,382</u>	<u>(30,882)</u>
Other expenses:			
Scholarship program	8,000	8,000	-
Equipment - VAOT	-	8,482	(8,482)
Total other expenses	<u>8,000</u>	<u>16,482</u>	<u>(8,482)</u>
Total expenditures	<u>1,502,688</u>	<u>2,595,541</u>	<u>(1,092,853)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 29,056</u>	348,270	<u>\$ 319,214</u>
FUND BALANCE - JULY 1, 2020		<u>801,053</u>	
FUND BALANCE - JUNE 30, 2021		<u>\$ 1,149,323</u>	

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

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Pass-through Grantor Program/Cluster Title	Federal Assistance Listing Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:				
Passed through Central Vermont Regional Planning Commission				
Cooperative Forestry Assistance	10.664	N/A	\$ -	\$ 4,865
Total Cooperative Forestry Assistance			<u>-</u>	<u>4,865</u>
Total U.S. Department of Agriculture			<u>-</u>	<u>4,865</u>
U.S. DEPARTMENT OF COMMERCE:				
Passed through East Central Vermont Economic Development District:				
Economic Adjustment Assistance	11.307	ED16PHI3020056	\$ -	\$ 13,089
Economic Adjustment Assistance	11.307	ED16PHI3020056	-	25,890
Economic Adjustment Assistance	11.307	ED20PHI3070063	-	56,296
Total Economic Adjustment Assistance			<u>-</u>	<u>95,275</u>
Total U.S. Department of Commerce			<u>-</u>	<u>95,275</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Passed through the Vermont Agency of Commerce and Community Development:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - CARES Act Funding	14.228	07110-IG-2020-TRORC-02	859,500	1,121,618
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	07110-AM-2019-Corinth-02	-	13,149
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	07110-PG-2018-Rochester-01	-	2,615
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	07110-PG-2018-Woodstock-16	41,646	55,024
Subtotal Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>901,146</u>	<u>1,192,406</u>
Passed through the Vermont Agency of Commerce and Community Development:				
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	07110-DR-IG-2012-TRORC-00036	41,706	47,281
Subtotal Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)			<u>41,706</u>	<u>47,281</u>
Total U.S. Department of Housing and Urban Development			<u>942,852</u>	<u>1,239,687</u>

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Pass-through Grantor Program/Cluster Title	Federal Assistance Listing Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION:				
Highway Planning and Construction Cluster:				
Passed through State of Vermont Agency of Transportation:				
FFY 2021 Transportation Planning Initiative - TPI	20.205	GR1485	-	142,496
FFY 2020 Transportation Planning Initiative - TPI	20.205	GR1376	-	103,347
Passed through the Central Vermont Regional Planning Commission:				
Highway Planning and Construction	20.205	N/A	-	1,969
Passed through the Town of Barnard:				
Highway Planning and Construction	20.205	CA0615	-	2,594
Passed through the Town of Bethel:				
Highway Planning and Construction	20.205	BR0748	-	9,852
Passed through the Town of Bradford:				
Highway Planning and Construction	20.205	BR0603	-	9,878
Passed through the Town of Royalton:				
Highway Planning and Construction	20.205	CA0635	-	1,470
Passed through the Town of Norwich:				
Highway Planning and Construction	20.205	CA0561	-	5,463
Passed through the Town of Pittsfield:				
Highway Planning and Construction	20.205	CA0579	-	5,269
Passed through the Town of Bridgewater:				
Highway Planning and Construction	20.205	CA0580	-	3,427
Passed through the Town of Bridgewater:				
Highway Planning and Construction	20.205	BR0750	-	3,223
Passed through the Town of Brookfield:				
Highway Planning and Construction	20.205	BR0604	-	8,502
Passed through the Town of Hartland:				
Highway Planning and Construction	20.205	CA0597	-	6,029
Passed through the Oxbow Unified Union School District:				
Highway Planning and Construction	20.205	CA0602	-	2,166
Passed through the Town of Newbury:				
Highway Planning and Construction	20.205	BR0619	-	5,635
Passed through the Town of Plymouth:				
Highway Planning and Construction	20.205	BR0622	-	541
Passed through the Town of Topsham:				
Highway Planning and Construction	20.205	BR0629	-	2,706
Subtotal Highway Planning and Construction Cluster			-	314,567
Total U.S. Department of Transportation			-	314,567

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Pass-through Grantor Program/Cluster Title	Federal Assistance Listing Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF TREASURY:				
Passed through Central Vermont Regional Planning Commission Coronavirus Relief Fund	21.019		-	13,744
Total Coronavirus Relief Fund			-	13,744
Total U.S. Department of Treasury			-	13,744
U.S. ENVIRONMENTAL PROTECTION AGENCY:				
Passed through the Vermont Department of Environmental Conservation: Water Quality Management Planning	66.454	2019-604B-01	32,724	34,771
Direct Program: Brownfields Multipurpose, Assessment, Revolving Loan Fund and Cleanup Cooperative Agreements	66.818	BF-00A00420	-	60,651
Total U.S. Environmental Protection Agency			32,724	95,422
NORTHERN BORDER REGIONAL COMMISSION				
Northern Border Regional Development	90.601	NBRC20GEDA05	32,850	33,903
Northern Border Regional Development	90.601	NBRC2004TRORC	8,171	13,638
Total Northern Border Regional Commission			41,021	47,541
U.S. DEPARTMENT OF HOMELAND SECURITY:				
Passed through the State of Vermont Department of Public Safety: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	02140-84532-087	-	5,181
Passed through the State of Vermont Department of Public Safety: Hazard Mitigation Grant Program	97.039	02140-34000-013	-	13,556
Passed through the Town of Hartford: Hazard Mitigation Grant Program	97.039	02140-34356-003C	-	4,418
Passed through the Town of Bridgewater: Hazard Mitigation Grant Program	97.039	02140-34356-003A	-	5,867
Passed through the Town of Fairlee: Hazard Mitigation Grant Program	97.039	02140-34356-003B	-	4,162
Subtotal Hazard Mitigation Grant Program			-	28,003
Passed through the State of Vermont Department of Public Safety: Emergency Management Performance Grant	97.042	02140-31027C-010	-	3,580
Emergency Management Performance Grant	97.042	02140-31028C-010	-	38,882
Emergency Management Performance Grant	97.042	02140-31029C-010	-	8,642
Subtotal Emergency Management Performance Grant			-	51,104

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Pass-through Grantor Program/Cluster Title	Federal Assistance Listing Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
Passed through the Town of Norwich:				
BRIC: Building Resilient Infrastructure and Communities	97.047	02140-31234-011	-	4,308
Passed through the Town of Royalton:				
BRIC: Building Resilient Infrastructure and Communities	97.047	02140-31234-014	-	8,964
BRIC: Building Resilient Infrastructure and Communities	97.047	02140-31234-005	-	2,968
Subtotal BRIC: Building Resilient Infrastructure and Communities			<u>-</u>	<u>16,240</u>
Total U.S. Department of Homeland Security			<u>-</u>	<u>100,528</u>
Total Federal Expenditures			<u>\$ 1,016,597</u>	<u>\$ 1,911,629</u>

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

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Two Rivers-Ottawaquechee Regional Commission under programs of the federal government for the year ended June 30, 2021. 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 Two Rivers-Ottawaquechee Regional Commission, it is not intended to and does not present the financial position, changes in net position or cash flows of Two Rivers-Ottawaquechee Regional Commission.

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. Two Rivers-Ottawaquechee Regional Commission has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

3. Expenditures to Subrecipients

Federal Assistance Listing Number	Southern Windsor County Regional Planning Commission	Town of Cambridge	Town of Pittsfield	Town of Stockbridge	CARES Act Subrecipients*	Vermont Mountain Bike Association
14.228	\$ 9,343	\$ -	\$ -	\$ -	\$ 859,500	\$ -
14.269	-	22,904	17,415	1,387	-	-
66.454	3,636	-	-	-	-	-
90.601	8,171	-	-	-	-	32,850

Federal Assistance Listing Number	Upper Valley Lake Sunapee Regional Planning Commission	Lamoille County Planning Commission	Rutland Regional Planning Commission	Northwest Regional Planning Commission	Chittenden County Regional Planning Commission
14.228	\$ 32,303	\$ -	\$ -	\$ -	\$ -
14.269	-	-	-	-	-
66.454	-	3,636	3,636	3,636	3,636
90.601	-	-	-	-	-

Federal Assistance Listing Number	Windham Regional Commission	Bennington County Regional Commission	Central Vermont Regional Planning Commission	Northeastern Vermont Development Association	Totals
14.228	\$ -	\$ -	\$ -	\$ -	\$ 901,146
14.269	-	-	-	-	41,706
66.454	3,636	3,636	3,636	3,636	32,724
90.601	-	-	-	-	41,021
					<u>\$ 1,016,597</u>

* Please see the detailed subrecipient listing for the CARES Act Funding, Federal Assistance Listing #14.228 on the following page.

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

3. Expenditures to Subrecipients (Continued)

Subrecipients for Federal Assistance Listing #14.228
Community Development Block Grant - CARES ACT

	<u>Amount</u>
Kristen Grenier	\$ 10,000
Aubin Carpentry	10,000
Todor Stoilov	10,000
Willoughby Grit Outdoor Center, LLC	10,000
Big Jay Roasting Company LLC	10,000
Jocelyn and Cinta Present The Bake Shop	10,000
PATP, Inc.	5,000
Robert Lesnikoski	10,000
Queen City Kombucha LLC	10,000
Morton Greenwood Jr.	10,000
Jeffery Francis	10,000
Jane Ackerman	10,000
JRB Enterprises, LLC	10,000
S & E Projects LLC	7,500
Vintage Steele, LLC	10,000
Andrew T. Freeman	10,000
Amber Banuelos	5,000
Law Office of Marc D. Nemeth, PLC	10,000
Taylor's Tables and Cues	10,000
Jacques J. Landry	10,000
Edmond Before	10,000
Tuan Anh Peter Tran	10,000
Courtney Cutrufello	10,000
Peter Garrecht	5,000
Therese Heath	10,000
David Lihatsh	10,000
Amy Bennett	10,000
Russell Walker	10,000
Chateau Industries LLC	10,000
Joshua Danco	10,000
BootstrapVT LLC	10,000
Drewski's on the River	10,000
Great Bike Tours, LLC	10,000
JD Design, LLC	10,000
Evan J Scheidet	10,000
Robert E. Stone	10,000
Perfect Cut Construction, Inc.	10,000

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

3. Expenditures to Subrecipients (Continued)

	<u>Amount</u>
Benjamin Cote	10,000
Dana Rocheleau	10,000
Elm Brook Farm	10,000
Craig B. Harrison	7,500
Bluff Island Music	10,000
DBM Strategies	10,000
Chop Vermont	5,000
Beautiful Moon, LLC	5,000
David Bushey	10,000
Benjamin K. Lepesqueur	10,000
Mary Catherine Winters	10,000
Andrew Orr	5,000
Grandstand Apparel	10,000
Chiefs Truck Maintenance	10,000
Hometown Central Vacuums	10,000
Jessica Abston	10,000
Daniel W Webb	5,000
Tara Lynn Scheidet	5,000
Tony Bittner	10,000
Tracy J. St. Louis	10,000
Sara L. Patch	5,000
The Rehair Shop LLC	5,000
Doherty Plumbing & Hearing	10,000
APEX Consulting LLC	10,000
IWA, LLC	5,000
John Daly	7,500
Andy Duback Photography	10,000
Jacques J. Landry	10,000
Ellen Sargent Photography, LLC	5,000
Andrea Todd, LLC	10,000
Rustic Man Farm, Inc.	10,000
Kingdom Kombucha	10,000
Tuan Anh Peter Tran	10,000
Flint Consulting LLC	1,700
Queen City Kombucha LLC	10,000
Nuttly Life, LLC	10,000
Martha Lynn Motschman	10,000
Stacey Thurston	2,800
Morton Greenwood Jr.	10,000

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

3. Expenditures to Subrecipients (Continued)

	<u>Amount</u>
Courtney Reckord Jewelry	10,000
Adam Miller	10,000
802 Logging LLC	10,000
Chester Baxter III	10,000
Kevin Hans	2,400
Vermont Pain Relief, LLC	10,000
Russell Apotheker	10,000
Family Tree, LLC	10,000
Sugartree Maple Farm	6,900
Snowcap Brewing Company LLC	10,000
Jessica Abston	10,000
Lindsay McClure Miller	9,900
Kyle Buoniconti	10,000
Shannon Trainer	4,800
Shelley Kendall	10,000
EcoGlobal LLC	9,100
Glenn Powers	7,000
Healing Heart Collective, PLC	6,400
Small World Networks LLC	10,000
Melisa Mahony	10,000
Margery Keasler	6,000
	<u><u>\$ 859,500</u></u>



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

Board of Commissioners
Two Rivers-Ottawaquechee Regional Commission
Woodstock, 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, the discretely presented component unit and each major fund of Two Rivers-Ottawaquechee Regional Commission as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Two Rivers-Ottawaquechee Regional Commission's basic financial statements and have issued our report thereon dated October 5, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Two Rivers-Ottawaquechee Regional Commission'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 Two Rivers-Ottawaquechee Regional Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Two Rivers-Ottawaquechee Regional Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Two Rivers-Ottauquechee Regional Commission'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 Two Rivers-Ottauquechee Regional Commission in a separate letter dated August 25, 2021.

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
October 5, 2021



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

Board of Commissioners
Two Rivers-Ottauquechee Regional Commission
Woodstock, Vermont

Report on Compliance for Each Major Federal Program

We have audited Two Rivers-Ottauquechee Regional Commission'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 Two Rivers-Ottauquechee Regional Commission's major federal programs for the year ended June 30, 2021. Two Rivers-Ottauquechee Regional Commission'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 federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Two Rivers-Ottauquechee Regional Commission'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 the audit 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). 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 Two Rivers-Ottauquechee Regional Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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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 Two Rivers-Ottawaquechee Regional Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, Two Rivers-Ottawaquechee Regional Commission 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, 2021.

Report on Internal Control Over Compliance

Management of Two Rivers-Ottawaquechee Regional Commission 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 Two Rivers-Ottawaquechee Regional Commission'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 Two Rivers-Ottawaquechee Regional Commission'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

October 5, 2021

TWO RIVERS-OTTAUQUECHEE REGIONAL COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

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 CFR200.516(a) of Uniform Guidance? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

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