

Village of Enosburg Falls, Inc.

**BASIC FINANCIAL STATEMENTS**

December 31, 2014

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**Kittell Branagan & Sargent**

*Certified Public Accountants*

Vermont License #167

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Village of Enosburg Falls, Inc.  
Enosburg Falls, Vermont

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Enosburg Falls, Inc., as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Village'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.

### Auditor's 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. 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 auditor's 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 auditor considers 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 business type activities, each major fund, and the aggregate remaining fund information of the Village of Enosburg Falls, Inc., as of December 31, 2014, 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 page 30 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 the Village of Enosburg Falls, Inc.'s basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements 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 January XX, 2015, on our consideration of the Village of Enosburg Falls, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 Village of Enosburg Falls, Inc.'s internal control over financial reporting and compliance.

*Kittel Branagan & Sargent*

Village of Enosburg Falls, Inc.  
MANAGEMENT DISCUSSION AND ANALYSIS  
December 31, 2014

As management of the Village of Enosburg Falls, we present to the readers of the financial statements of the Village, this overview and analysis of the financial activities of the Village of Enosburg Falls for the fiscal year ended December 31, 2014.

### **Financial Highlights**

- The assets of the Village of Enosburg Falls exceeded its liabilities at the close of the most recent fiscal year by \$8,284,397 (*net position*). Of this amount, \$2,860,513 is unrestricted and may be used by the various funds of the Village to meet the Village's ongoing obligations to its citizens and creditors.
- The Village's total net position increased by \$190,939 this fiscal year. Of this amount, net position attributable to governmental activities decreased by \$34,874 and net position attributable to business-type activities increased by \$225,813.
- At the close of the fiscal year, the Village's governmental funds reported an ending fund balance of \$143,282 as measured on a regulatory basis, an increase of \$6,506 compared to the prior fiscal period. Of this total amount, \$76,809 is available for spending at the government's discretion (*unreserved fund balance*). (On a regulatory basis, certain governmental activities are reported differently. Capital assets used in government activities of \$2,317,720 are not financial resources and are therefore not reported in the fund. Also, long-term notes payable of \$460,780 are not due and payable in the current period and are therefore not reported in the fund.)

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the basic financial statements of the Village of Enosburg Falls. The basic financial statements are comprised of three components: 1) Village-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Village-wide financial statements.** The *Village-wide financial statements* are designed to provide readers with a broad overview of the Village's finances in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Village's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether or not the financial position of the Village of Enosburg Falls is improving or deteriorating.

The *statement of activities* presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the event giving rise to the change occurs, regardless of the timing of the related cash flow. Thus revenues and expenses are reported in this statement for some items that will result in cash flow changes in future fiscal periods, (i.e., uncollected receivables and accrued liabilities).

Village of Enosburg Falls, Inc.  
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Both of the Village-wide financial statements distinguish functions of the Village of Enosburg Falls that are principally supported by taxes (*governmental activities*) from other functions that are intended to recover costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Enosburg Falls include public safety services, highways and streets maintenance, public improvement projects and general administrative services. The business-type activities of the Village of Enosburg Falls include the electric, water, and wastewater operations.

The Village-wide financial statements are designed to include not only the Village of Enosburg Falls itself (known as the *primary government*), but also any legally separate entities for which the Village of Enosburg Falls is financially accountable (known as *component units*). The Village of Enosburg Falls has no such entities that qualify as 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 Village of Enosburg Falls, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Enosburg Falls can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Village-wide financial statements. However, unlike the Village-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the fiscal period. Such information may be useful in evaluating the Village's near-term financing requirements.

The focus of the governmental funds is narrower than that of the Village-wide financial statements. Therefore it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the Village-wide financial statements. By doing this, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation between the *governmental funds* and *governmental activities*.

The Village of Enosburg Falls adopts an annual budget for its General Fund. A budgetary comparison statement has been provided as required in supplementary information.

**Proprietary funds.** The Village of Enosburg Falls maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the Village-wide financial statements. The Village of Enosburg Falls uses enterprise funds to account for the Electric Fund, Water Fund, and Wastewater Fund.

Proprietary funds provide the same type of information as the Village-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for the Electric Fund, Water Fund, and Wastewater Fund.

**Notes to the basic financial statements.** The notes to the basic financial statements provide additional information that is essential to a full understanding of the Village-wide and fund financial statements.

Village of Enosburg Falls, Inc.  
MANAGEMENT DISCUSSION AND ANALYSIS  
December 31, 2014

Village-wide Financial Analysis  
Village of Enosburg Falls  
Net Position and Liabilities

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>						
Current Assets	\$ 143,674	\$ 142,583	\$ 2,693,315	\$ 3,558,334	\$ 2,836,989	\$ 3,700,917
Capital Assets						
Land	5,000	5,000	57,158	57,159	62,158	62,159
Construction in progress	-	1,802	84,636	74,752	84,636	76,554
Buildings	531,910	482,093	-	32,093	531,910	514,186
Utility plant	-	-	12,051,295	11,886,274	12,051,295	11,886,274
Machinery and equipment	239,589	297,744	1,405,910	1,181,888	1,645,499	1,479,632
Stormwater collection system	-	-	1,427,132	1,469,622	1,427,132	1,469,622
Infrastructure	2,414,851	1,947,387	2,807,067	2,571,119	5,221,918	4,518,506
Less accumulated depreciation	(873,630)	(803,100)	(11,492,310)	(11,079,458)	(12,365,940)	(11,882,558)
Other Noncurrent Assets						
Investment in transmission	-	-	427,808	363,151	427,808	363,151
Notes receivable	-	-	-	-	-	-
Deferred financing costs	-	-	-	-	-	-
Restricted cash	15,972	15,960	-	-	15,972	15,960
<b>TOTAL ASSETS</b>	<b><u>\$ 2,477,366</u></b>	<b><u>\$ 2,089,469</u></b>	<b><u>\$ 9,462,011</u></b>	<b><u>\$ 10,114,934</u></b>	<b><u>\$ 11,939,377</u></b>	<b><u>\$ 12,204,403</u></b>
<b>LIABILITIES</b>						
Current Liabilities	\$ 82,679	\$ 54,048	\$ 628,437	\$ 1,499,027	\$ 711,116	\$ 1,553,075
Noncurrent Liabilities						
Notes and bonds payable	461,457	67,108	2,481,009	2,487,311	2,942,466	2,554,419
Capital leases payable	138	347	1,260	3,104	1,398	3,451
<b>TOTAL LIABILITIES</b>	<b><u>\$ 544,274</u></b>	<b><u>\$ 121,503</u></b>	<b><u>\$ 3,110,706</u></b>	<b><u>\$ 3,989,442</u></b>	<b><u>\$ 3,654,980</u></b>	<b><u>\$ 4,110,945</u></b>
<b>NET POSITION</b>						
Invested in capital assets, net of debt	\$ 1,789,810	\$ 1,831,190	\$ 3,634,074	\$ 3,510,201	\$ 5,423,884	\$ 5,341,391
Unrestricted	143,282	136,776	2,717,231	2,615,291	2,860,513	2,752,067
<b>TOTAL NET POSITION</b>	<b><u>\$ 1,933,092</u></b>	<b><u>\$ 1,967,966</u></b>	<b><u>\$ 6,351,305</u></b>	<b><u>\$ 6,125,492</u></b>	<b><u>\$ 8,284,397</u></b>	<b><u>\$ 8,093,458</u></b>

Analysis of Net Position

The largest portion of the Village of Enosburg Falls's net position reflects its investment in land, buildings, equipment and infrastructure, less any related debt outstanding. This is 70.1% of the Village's total net position. The Village of Enosburg Falls uses these capital assets to provide services to its citizens and ratepayers, therefore these assets are future spending. Further, the debt required to pay the debt related to these assets must come from other sources since the capital assets themselves cannot be liquidated to pay that liability.

The remaining balance of net position is unrestricted and may be used to meet the ongoing obligations of the Village.



Village of Enosburg Falls, Inc.  
MANAGEMENT DISCUSSION AND ANALYSIS  
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Village-wide Financial Analysis  
Village of Enosburg Falls  
Current Assets and Liabilities

	Governmental Funds		Business-Type Funds		Total	
	2014	2013	2014	2013	2014	2013
<b>CURRENT ASSETS</b>						
Cash	\$ 108,491	\$ 113,941	\$ 1,858,268	\$ 2,220,667	\$ 1,966,759	\$ 2,334,608
Accounts receivable	22,648	21,947	617,056	700,840	639,704	722,787
Other receivables	6,728	-	91,478	520,608	98,206	520,608
Inventory	-	-	106,137	94,562	106,137	94,562
Prepaid expenses	5,807	6,695	20,376	21,657	26,183	28,352
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 143,674</b>	<b>\$ 142,583</b>	<b>\$ 2,693,315</b>	<b>\$ 3,558,334</b>	<b>\$ 2,836,989</b>	<b>\$ 3,700,917</b>
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 4,429	\$ 10,849	\$ 270,798	\$ 1,178,489	\$ 275,227	\$ 1,189,338
Current portion of long-term debt/leases	67,130	32,281	224,545	192,833	291,675	225,114
Accrued liabilities	11,935	10,918	93,716	86,736	105,651	97,654
Customer deposits	-	-	35,251	29,873	35,251	29,873
Deferred revenue	-	-	-	7,438	-	7,438
Unearned financing revenue	-	-	4,127	3,658	4,127	3,658
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 83,494</b>	<b>\$ 54,048</b>	<b>\$ 628,437</b>	<b>\$ 1,499,027</b>	<b>\$ 711,931</b>	<b>\$ 1,553,075</b>

Village of Enosburg Falls, Inc.  
MANAGEMENT DISCUSSION AND ANALYSIS  
December 31, 2014

Operating Revenues and Expenditures

	<u>General Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Electric Fund</u>	<u>Total</u>
<b>REVENUES</b>					
2014	<u>\$ 582,729</u>	<u>\$ 291,553</u>	<u>\$ 656,620</u>	<u>\$ 4,122,769</u>	<u>\$ 5,653,671</u>
2013	<u>\$ 586,056</u>	<u>\$ 291,113</u>	<u>\$ 615,415</u>	<u>\$ 4,411,255</u>	<u>\$ 5,903,839</u>
% Change	-0.6%	0.2%	6.7%	-6.5%	-4.2%
<b>EXPENDITURES</b>					
2014	<u>\$ 610,385</u>	<u>\$ 302,512</u>	<u>\$ 664,833</u>	<u>\$ 4,042,946</u>	<u>\$ 5,620,676</u>
2013	<u>\$ 634,639</u>	<u>\$ 264,939</u>	<u>\$ 663,789</u>	<u>\$ 4,646,754</u>	<u>\$ 6,210,121</u>
% Change	-3.8%	14.2%	0.2%	-13.0%	-9.5%

Village of Enosburg Falls, Inc.  
MANAGEMENT DISCUSSION AND ANALYSIS  
December 31, 2014

Village of Enosburg Falls 2014 (Current Year)  
Program Revenues and Expenditures

	General Fund	Water Fund	Wastewater Fund	Electric Fund	Total
<b>REVENUES</b>					
Taxes	\$ 494,564	\$ -	\$ -	\$ -	\$ 494,564
Customer fees	-	291,553	656,620	4,122,769	5,070,942
Intergovernmental revenues	56,395	-	-	-	56,395
Interest	2,462	1,362	2,314	82,862	89,000
Other	29,308	-	-	158,172	187,480
<b>TOTAL REVENUES</b>	<u>582,729</u>	<u>292,915</u>	<u>658,934</u>	<u>4,363,803</u>	<u>5,898,381</u>
<b>EXPENDITURES</b>					
General government	116,111	-	-	-	116,111
Public safety	-	-	-	-	-
Street lighting	29,464	-	-	-	29,464
Parks and recreation	24,692	-	-	-	24,692
Highways and streets	308,527	-	-	-	308,527
Appropriations	2,026	-	-	-	2,026
Salaries and benefits	-	124,804	265,235	533,936	923,975
Purchased power	-	-	-	2,694,938	2,694,938
O M & R	-	51,993	168,185	363,688	583,866
Administrative and general	-	22,884	78,428	85,621	186,933
Interest expense	7,218	29,385	23,580	26,583	86,766
Depreciation/amortization	129,565	98,831	152,985	175,205	556,586
Taxes	-	4,000	-	189,558	193,558
<b>TOTAL EXPENSES</b>	<u>617,603</u>	<u>331,897</u>	<u>688,413</u>	<u>4,069,529</u>	<u>5,707,442</u>
Increase (decrease) in net position	(34,874)	(38,982)	(29,479)	294,274	190,939
Net position, beginning of year	<u>2,667,964</u>	<u>484,401</u>	<u>2,545,374</u>	<u>3,095,717</u>	<u>8,793,456</u>
Net position, end of year	<u>\$ 2,633,090</u>	<u>\$ 445,419</u>	<u>\$ 2,515,895</u>	<u>\$ 3,389,991</u>	<u>\$ 8,984,395</u>

Village of Enosburg Falls, Inc.  
MANAGEMENT DISCUSSION AND ANALYSIS  
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Village of Enosburg Falls 2013 (Prior Year)  
Program Revenues and Expenditures

	General Fund	Water Fund	Wastewater Fund	Electric Fund	Total
<b>REVENUES</b>					
Taxes	\$ 505,312	\$ -	\$ -	\$ -	\$ 505,312
Customer fees	-	291,111	615,415	4,411,255	5,317,781
Intergovernmental revenues	50,967	-	-	-	50,967
Interest	1,516	1,391	3,790	63,752	70,449
Other	32,263	-	165,685	515,569	713,517
<b>TOTAL REVENUES</b>	<u>590,058</u>	<u>292,502</u>	<u>784,890</u>	<u>4,990,576</u>	<u>6,658,026</u>
<b>EXPENDITURES</b>					
General government	108,574	-	-	-	108,574
Public safety	61,294	-	-	-	61,294
Street lighting	29,802	-	-	-	29,802
Parks and recreation	20,836	-	-	-	20,836
Highways and streets	299,419	-	-	-	299,419
Appropriations	2,001	-	-	-	2,001
Salaries and benefits	-	114,062	254,239	517,696	885,997
Purchased power	-	-	-	2,746,691	2,746,691
O M & R	-	26,829	163,920	963,020	1,153,769
Administrative and general	-	21,319	84,487	77,310	183,116
Interest expense	3,353	26,509	6,310	19,739	55,911
Depreciation/amortization	112,713	98,949	161,141	159,791	532,594
Taxes	-	3,780	-	182,247	186,027
<b>TOTAL EXPENSES</b>	<u>637,992</u>	<u>291,448</u>	<u>670,097</u>	<u>4,666,494</u>	<u>6,266,031</u>
Increase (decrease) in net position	(47,934)	1,054	114,793	324,082	391,995
Net position, beginning of year	<u>2,715,898</u>	<u>483,347</u>	<u>2,430,581</u>	<u>2,771,635</u>	<u>8,401,461</u>
Net position, end of year	<u>\$ 2,667,964</u>	<u>\$ 484,401</u>	<u>\$ 2,545,374</u>	<u>\$ 3,095,717</u>	<u>\$ 8,793,456</u>

Village of Enosburg Falls, Inc.  
MANAGEMENT DISCUSSION AND ANALYSIS  
December 31, 2014

### *Financial Analysis of the Village's Funds*

As noted earlier, the Village of Enosburg Falls uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and accounting standards.

#### **Governmental Funds**

The focus of the Village's *governmental fund* is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing financing requirements.

The General Fund, which includes the Public Works Department, is the chief operating fund of the Village. The General Fund revenues are derived mainly from funds received through the general taxation on properties located in the Village. Other revenue sources include grants, State of Vermont highway aid, and interest.

Fiscal year 2014 saw General Fund budget revenues exceeding budget by \$8,210. Increases in the Delinquent Taxes/Interest, Traffic Fines, and Other Revenue line items accounted for the majority of this excess. As was publicized last year, the Town of Enosburgh has taken responsibility for the Police Enforcement contract effective January 1, 2014. Consequently, any traffic fines incurred after this date will be attributed to the Town. The Judiciary Department has informed the Village that we may continue to receive payments as traffic fines are paid by individuals that were incurred *prior* to January 1, 2014.

General fund expenses were over-budget in the employee salaries, benefits, and accrued time expense in the amount of \$26,175 due to the lingering effects of the late-December 2013 ice storm. However, these higher expenses will be partially offset by a FEMA reimbursement grant of which the General Funds allotted share is \$6,728. Due to the havoc the harsh spring wreaked on our Village streets, the Highway Department was forced to purchase an extra load of cold patch at an increased price. This pushed this line item expense \$3,351 over budget. The net result is that the General Fund expenses exceeded revenues by \$6,544 which has been reflected in the 2015 budget.

The 2014 budget anticipated an decrease of \$10,763 in the amount to be raised by taxes over FY 2013 – mainly due to the elimination of the Sheriff Appropriation. Once again this year, as in 2013, an increase in the grand list (from \$941,820 to 949,44 in 2014) resulted in a 2014 tax rate of .5051, slightly under the budgeted rate of .5091. The substantial increase in Grand List was due to the Vermont Gas tax appraisal.

Of the sidewalk appropriation of \$25,000, only \$13,344 was expended. On January 16, 2015 the unused portion of \$11,656 was transferred into the committed Sidewalk/Construction Appropriation savings account for use in 2015. Likewise, the unspent \$1,000 Patriotic Banner Appropriation was transferred into the committed Patriotic Banner savings account in order to accumulate enough funds to take advantage of cost savings due to bulk purchasing.

As is necessary each year, the General Fund borrowed funds in anticipation of property tax collections. In 2014, this short term borrowing required \$200,000 to cover expenses. Available cash in the wastewater fund allowed for short-term inter-fund loans in the amounts of \$50,000 on 2/21/14; 3/25/14; 5/1/14; and 8/4/14. These inter-fund loans, along with the appropriate amount of interest, were repaid in full in November, 2014.

#### **Proprietary Funds**

The Village's proprietary funds provide the same type of information found in the Village-wide financial statements, but in more detail.

Village of Enosburg Falls, Inc.  
MANAGEMENT DISCUSSION AND ANALYSIS  
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**Water Fund Overview**

The Water Fund revenues are user-based. The Village water rates are set to raise revenues to cover our operations and maintenance costs as well as department debt expenses.

Operating revenues in the Water Fund during 2014 exceeded anticipated amounts by \$9,505. Water fund expenses were over-budget in the employee salaries, benefits, and accrued time expense mainly due to water break issues early in the spring. The projected principal payment projection went over-budget by \$9,807 due to a timing issue with the financing of the Pearl Street Water Project which was completed in the spring. The Water Fund ended 2014 with a budget based income of \$2,046. On an accrual basis, after accounting for depreciation expense and other accounting adjustments, the Water Fund ended the year with a decrease in net assets of \$54,629.

The cleaning schedule for our two wells usually alternates every other year at an approximate cost of \$20,000 per cleaning. The Village's wells were cleaned this year at a total cost of \$21,365. Each year, \$10,000 is budgeted for well cleaning in order to compensate for this considerable biennial cost.

**Wastewater Fund Overview**

The Wastewater Fund revenues are also user-based. The Village sewer rate was maintained at the existing level for both residential and commercial accounts in 2014. It was anticipated that the sewer fund would accrue a budget-based deficit of \$21,599 in 2014. However, Sewer assessments for the Wastewater Fund were above budget by \$19,246 while operating expenses excluding depreciation were slightly (\$5,751) above budget – contributing to the net positive variance of \$3,398.

However, it should be noted that the sludge management line item expense is expected to increase from an actual expense of \$84,339 in 2013 to approximately \$120,000 in 2015. A detailed and technical explanation causing this dramatic increase can be found in the Wastewater Department Report. The change in policy causing the rate increase went into effect late summer 2014. This is reflected in the over-budget amount of \$10,088 in this line item expense.

The Aeration loan (with approximate yearly payments of \$22,000) was paid in full November, 2014. This will partially help to offset the increase in debt expenditures from the CSO project which began this year at a yearly cost of \$55,314 (principal and interest).

**Electric Fund Overview**

The Electric Fund revenues are user-based, driven by total usage and the rate per kilowatt-hour approved by the Vermont Public Service Board ("PSB").

For the first time in many years, actual operating revenues in 2014 fell below budgeted by \$127,123. This is a 12.6% decrease in revenues over 2013.

Our actual expenses exclusive of depreciation were below budgeted expenses by about \$244,491. Two of the major factors accounting for the lower than budgeted expenses was a lower power supply cost of \$31,728 due to the lower demand load and the decision to finance the 2013 TRANSCO stock purchase through VPPSA vs. purchasing the stock out of available cash (\$142,500). On a cash-budgeting basis the department completed the year with a net overage of \$158,202. On an accrual basis, after taking into account depreciation expense and other required accounting adjustments, the department had an increase in net position of \$294,274.

Village of Enosburg Falls, Inc.  
MANAGEMENT DISCUSSION AND ANALYSIS  
December 31, 2014

A heater/roller gate seal replacement project was performed on the Kendall Plant this fall with a completed cost of \$66,238. This repair should allow the Kendall Plant to safely operate and produce generation during the winter months. It is expected that this one repair will produce enough generation to pay for itself within a relatively short period of time.

**Capital Assets:**

The Village's investment in capital assets as of December 31, 2014 amounted to \$8,658,608 (net of accumulated depreciation), an increase of \$534,233 over 2013. This investment includes land, buildings, vehicles, equipment, roads, water, wastewater and electric infrastructure. Major highlights include:

- The Electric Fund investment in distribution plant and station equipment, including major overhaul work on the Kendall Plant – heater/roller gate seal replacement, fish gate repairs, purchase of a new 2014 Dodge Ram Bucket Truck and 2014 Chevy Silverado Truck.
- The Wastewater Fund investment in sewer line and storm drain improvements including upgrades to a more energy efficient fluorescent lighting system at the plant, infrastructure improvements on Missisquoi Street and behind the Dollar General.
- The Water Fund investment on the Pearl Street Waterline project.
- The General Fund investment in the 2015 International Plow/Dump Truck to maintain Village streets; installation of 3 natural gas furnaces at the Village Garage along with a chain link fence; Water Tower Road Paving Project.
- Jointly used projects: Conference Facility/Main Office Renovation & Addition, Garage Addition on Dickinson Ave.

**2015 Rates and Budgets**

- The budgets that have been set for 2015 do not anticipate rate increases in the user fee portion of the Wastewater or Electric Funds. It is projected that the Water Fund will incur a deficit of approximately \$20,000 in 2015. In anticipation of this shortfall, it will be necessary to raise rates by 16.3% across all levels of service. The last rate increase was in April 1, 2009 which was 6%.
- The General Fund budget represents a increase of 2.57% in the 2015 tax rate if voters approve all appropriations and projects. However, it should be noted that the majority of this increase is due to the financing obligations on several projects approved at the Annual Meeting in 2013. The other major contributing factor is the additional legal expense due to a lawsuit as a consequence of voter defeat of the amendment to the Village Land Use Regulations.

Required capital improvements and other special projects drive the majority of the budgeted increases for the next fiscal year:

- The General Fund will ask voters to approve the following:
  - Replacement of the 2002 John Deere Backhoe

Village of Enosburg Falls, Inc.  
MANAGEMENT DISCUSSION AND ANALYSIS  
December 31, 2014

**Requests for Further Information**

This financial report is designed to provide a general overview of the finances of the Village of Enosburg Falls for all those with an interest in the Village's financial status. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Finance  
Village of Enosburg Falls  
42 Village Drive  
Enosburg Falls, VT 05450.

Respectfully Submitted,

Caroline Marcy  
Director of Finance



Village of Enosburg Falls, Inc.  
VILLAGE-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET POSITION  
December 31, 2014

ASSETS

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash	\$ 108,491	\$ 1,858,268	\$ 1,966,759
Taxes receivable	22,648	-	22,648
Accounts receivable, net	-	617,056	617,056
Other receivable	6,728	91,478	98,206
Inventories	-	106,137	106,137
Prepaid expenses	5,807	20,376	26,183
<b>TOTAL CURRENT ASSETS</b>	<u>143,674</u>	<u>2,693,315</u>	<u>2,836,989</u>
 <b>CAPITAL ASSETS, net</b>	<u>2,317,720</u>	<u>6,340,888</u>	<u>8,658,608</u>
 <b>OTHER ASSETS</b>			
Investments	-	427,808	427,808
 <b>RESTRICTED CASH</b>	<u>15,972</u>	<u>-</u>	<u>15,972</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,477,366</u>	<u>\$ 9,462,011</u>	<u>\$ 11,939,377</u>

LIABILITIES AND NET POSITION

<b>CURRENT LIABILITIES</b>			
Current portion notes and bonds payable	\$ 66,925	\$ 222,701	\$ 289,626
Current portion capital leases payable	205	1,844	2,049
Accounts payable	4,429	270,798	275,227
Accrued payroll and withholdings	11,935	61,556	73,491
Accrued liabilities	-	28,502	28,502
Unearned revenue	-	4,127	4,127
Payable from restricted assets - customer deposits	-	35,251	35,251
Unearned bond refinancing revenue	-	3,658	3,658
<b>TOTAL CURRENT LIABILITIES</b>	<u>83,494</u>	<u>628,437</u>	<u>711,931</u>
 <b>LONG-TERM DEBT, net of current portion</b>			
Note and bonds payable	460,642	2,481,009	2,941,651
Capital leases payable	138	1,260	1,398
<b>TOTAL LONG-TERM DEBT, net of current portion</b>	<u>460,780</u>	<u>2,482,269</u>	<u>2,943,049</u>
<b>TOTAL LIABILITIES</b>	<u>544,274</u>	<u>3,110,706</u>	<u>3,654,980</u>
 <b>NET POSITION</b>			
Invested in capital assets, net of related debt	1,789,810	3,634,074	5,423,884
Unrestricted	143,282	2,717,231	2,860,513
<b>TOTAL NET POSITION</b>	<u>1,933,092</u>	<u>6,351,305</u>	<u>8,284,397</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 2,477,366</u>	<u>\$ 9,462,011</u>	<u>\$ 11,939,377</u>

See Accompanying Notes to Basic Financial Statements.

Village of Enosburg Falls, Inc.  
VILLAGE-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Revenues	Capital Grants and Revenues	Governmental Activities	Business-Type Activities	
Governmental activities:							
Current:							
General government	\$ 116,111	\$ -	\$ -	\$ -	\$ (116,111)	\$ -	\$ (116,111)
Public safety	-	-	2,345	-	2,345	-	2,345
Street lighting	29,464	-	-	-	(29,464)	-	(29,464)
Parks and recreation	24,692	-	-	-	(24,692)	-	(24,692)
Highway and street	308,527	-	54,050	-	(254,477)	-	(254,477)
Appropriations	2,026	-	-	-	(2,026)	-	(2,026)
Debt Service:							
Interest	7,218	-	-	-	(7,218)	-	(7,218)
Depreciation	129,565	-	-	-	(129,565)	-	(129,565)
Total governmental activities	<u>617,603</u>	<u>-</u>	<u>56,395</u>	<u>-</u>	<u>(561,208)</u>	<u>-</u>	<u>(561,208)</u>
Business-type activities:							
Water	331,897	291,553	-	-	-	(40,344)	(40,344)
Wastewater	688,413	656,620	-	-	-	(31,793)	(31,793)
Electric	4,069,529	4,122,769	93,266	-	-	146,506	146,506
Total business-type activities	<u>5,089,839</u>	<u>5,070,942</u>	<u>93,266</u>	<u>-</u>	<u>-</u>	<u>74,369</u>	<u>74,369</u>
General Revenues/(Expenses):							
Property taxes, levied for general purposes					494,564	-	494,564
Unrestricted investment earnings					2,462	86,538	89,000
Miscellaneous					29,308	64,906	94,214
Total general revenues/(expenses) and transfers					<u>526,334</u>	<u>151,444</u>	<u>677,778</u>
Change in Net Position					(34,874)	225,813	190,939
Net position, beginning					<u>1,967,966</u>	<u>6,125,492</u>	<u>8,093,458</u>
Net position, ending					<u>\$ 1,933,092</u>	<u>\$ 6,351,305</u>	<u>\$ 8,284,397</u>

See Accompanying Notes to Basic Financial Statements.

Village of Enosburg Falls, Inc.  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 December 31, 2014

ASSETS

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 108,491
Taxes receivable	22,648
Other receivables	6,728
Prepaid expenses	<u>5,807</u>
<b>TOTAL CURRENT ASSETS</b>	143,674
<b>RESTRICTED CASH</b>	<u>15,972</u>
<b>TOTAL ASSETS</b>	<u>\$ 159,646</u>

LIABILITIES AND FUND BALANCE

<b>LIABILITIES</b>	
Accounts payable	\$ 4,429
Accrued payroll and withholdings	<u>11,935</u>
<b>TOTAL LIABILITIES</b>	<u>16,364</u>
<b>FUND BALANCES</b>	
Committed	66,473
Unassigned	<u>76,809</u>
<b>TOTAL FUND BALANCE</b>	<u>143,282</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 159,646</u>

See Accompanying Notes to Basic Financial Statements.

Village of Enosburg Falls, Inc.  
FUND FINANCIAL STATEMENTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2014

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

Fund balances of governmental funds	\$ 143,282
Capital assets used in governmental activities are not financial resources and therefore not reported in the fund	
Capital assets	3,191,350
Accumulated depreciaton	(873,630)
Long-term liabilities, including notes & capital lease payables, are not due and payable in the current period and therefore are not reported in the fund	
Note payable	(527,567)
Capital lease payable	<u>(343)</u>
Net Position of Governmental Activities	<u>\$ 1,933,092</u>

See Accompanying Notes to Basic Financial Statements.

Village of Enosburg Falls, Inc.  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2014

	<u>General Fund</u>
<b>REVENUES</b>	
Taxes	\$ 494,564
Intergovernmental revenues	56,395
Interest	2,462
Other	<u>29,308</u>
 <b>TOTAL REVENUES</b>	 <u>582,729</u>
 <b>EXPENDITURES</b>	
Current:	
General government	131,209
Street lighting	29,464
Parks and recreation	24,692
Highway and street	796,444
Appropriations	15,370
Debt Service	<u>92,377</u>
 <b>TOTAL EXPENDITURES</b>	 <u>1,089,556</u>
 <b>EXCESS OF EXPENDITURES OVER REVENUES BEFORE OTHER FINANCING SOURCES (USES)</b>	  (506,827)
 <b>OTHER FINANCING SOURCES (USES)</b>	
Proceeds from issuance of debt	<u>513,333</u>
 <b>EXCESS OF REVENUES OVER EXPENDITURES</b>	  6,506
 <b>FUND BALANCE AT BEGINNING OF YEAR</b>	  <u>136,776</u>
 <b>FUND BALANCE AT END OF YEAR</b>	  <u><u>\$ 143,282</u></u>

See Accompanying Notes to Basic Financial Statements.

Village of Enosburg Falls, Inc.  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - GOVERNMENTAL FUNDS  
 For the Year Ended December 31, 2014

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
 OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 TO THE STATEMENT OF ACTIVITIES

Net change in fund balances - governmental funds	\$ 6,506
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Proceeds from issuance of debt	(513,333)
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.</p>	
Capital Outlays	516,359
Depreciation Expense	(129,565)
<p>Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Notes payable	84,960
Capital lease payable	<u>199</u>
Change in Net Position of Governmental Activities	<u>\$ (34,874)</u>

See Accompanying Notes to Basic Financial Statements.

Village of Enosburg Falls, Inc.  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 December 31, 2014

	<u>ASSETS</u>			
	Business-Type Activities			
	Water Fund	Wastewater Fund	Electric Fund	Totals
<b>CURRENT ASSETS</b>				
Cash	\$ 160,931	\$ 635,124	\$ 1,062,213	\$ 1,858,268
Accounts receivable, net of allowance for doubtful account:	39,058	85,671	492,327	617,056
Other receivable	271	375	90,832	91,478
Inventory	1,836	-	104,301	106,137
Prepaid expenses	1,924	5,020	13,432	20,376
<b>TOTAL CURRENT ASSETS</b>	<u>204,020</u>	<u>726,190</u>	<u>1,763,105</u>	<u>2,693,315</u>
<b>CAPITAL ASSETS, net</b>	<u>1,197,354</u>	<u>2,860,027</u>	<u>2,283,507</u>	<u>6,340,888</u>
<b>OTHER ASSETS</b>				
Investments	-	-	427,808	427,808
<b>TOTAL ASSETS</b>	<u>\$ 1,401,374</u>	<u>\$ 3,586,217</u>	<u>\$ 4,474,420</u>	<u>\$ 9,462,011</u>
<u>LIABILITIES AND NET POSITION</u>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 2,301	\$ 7,358	\$ 261,139	270,798
Current portion of bonds and notes payable	69,344	77,976	75,381	222,701
Current portion of capital leases payable	205	205	1,434	1,844
Accrued expenses	2,948	1,436	24,118	28,502
Accrued payroll and withholdings	2,869	18,843	39,844	61,556
Earned revenue	-	-	4,127	4,127
Payable from restricted assets - customer deposits	-	-	35,251	35,251
Unearned bond refinancing revenue	-	-	3,658	3,658
<b>TOTAL CURRENT LIABILITIES</b>	<u>77,667</u>	<u>105,818</u>	<u>444,952</u>	<u>628,437</u>
<b>LONG-TERM DEBT, net of current portion</b>				
Bonds and notes payable	878,150	964,366	638,493	2,481,009
Capital leases payable	138	138	984	1,260
<b>TOTAL LONG-TERM DEBT, net of current portion</b>	<u>878,288</u>	<u>964,504</u>	<u>639,477</u>	<u>2,482,269</u>
<b>TOTAL LIABILITIES</b>	<u>955,955</u>	<u>1,070,322</u>	<u>1,084,429</u>	<u>3,110,706</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	249,517	1,817,342	1,567,215	3,634,074
Committed	-	264,455	56,689	321,144
Unassigned	195,902	434,098	1,766,087	2,396,087
<b>TOTAL NET POSITION</b>	<u>445,419</u>	<u>2,515,895</u>	<u>3,389,991</u>	<u>6,351,305</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 1,401,374</u>	<u>\$ 3,586,217</u>	<u>\$ 4,474,420</u>	<u>\$ 9,462,011</u>

See Accompanying Notes to Basic Financial Statements

Village of Enosburg Falls, Inc.  
FUND FINANCIAL STATEMENTS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS  
For the Year Ended December 31, 2014

	Business-Type Activities			
	Water	Wastewater	Electric	Total
OPERATING REVENUE	<u>\$ 291,553</u>	<u>\$ 656,620</u>	<u>\$ 4,122,769</u>	<u>\$ 5,070,942</u>
OPERATING EXPENSES				
Purchased Power	-	-	2,694,938	2,694,938
Salaries and employee benefits	124,804	265,235	533,936	923,975
Repairs and maintenance	35,173	11,778	212,910	259,861
Materials, supplies and other operating expenses	6,055	28,802	53,137	87,994
Insurance	4,390	21,865	63,558	89,813
Outside services	6,375	5,653	34,083	46,111
Sludge management	-	100,087	-	100,087
Taxes	4,000	-	189,558	193,558
Depreciation and amortization	98,831	152,985	175,205	427,021
General and administrative expenses	<u>22,884</u>	<u>78,428</u>	<u>85,621</u>	<u>186,933</u>
TOTAL OPERATING EXPENSES	<u>302,512</u>	<u>664,833</u>	<u>4,042,946</u>	<u>5,010,291</u>
INCOME (LOSS) FROM OPERATIONS	<u>(10,959)</u>	<u>(8,213)</u>	<u>79,823</u>	<u>60,651</u>
NON-OPERATING REVENUE (EXPENSE)				
Grant Income	-	-	93,266	93,266
Interest Income	1,362	2,314	82,862	86,538
Miscellaneous Income	-	-	64,906	64,906
Interest Expense	<u>(29,385)</u>	<u>(23,580)</u>	<u>(26,583)</u>	<u>(79,548)</u>
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>(28,023)</u>	<u>(21,266)</u>	<u>214,451</u>	<u>165,162</u>
INCREASE/(DECREASE) IN NET POSITION	(38,982)	(29,479)	294,274	225,813
NET POSITION BEGINNING OF YEAR	<u>484,401</u>	<u>2,545,374</u>	<u>3,095,717</u>	<u>6,125,492</u>
NET POSITION AT END OF YEAR	<u>\$ 445,419</u>	<u>\$ 2,515,895</u>	<u>\$ 3,389,991</u>	<u>\$ 6,351,305</u>

See Accompanying Notes to Basic Financial Statements.



Village of Enosburg Falls, Inc.  
FUND FINANCIAL STATEMENTS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES  
For the Year Ended December 31, 2014

	Business-Type Activities			
	Water	Wastewater	Electric	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 293,184	\$ 658,591	\$ 4,206,781	\$ 5,158,556
Payments to suppliers	(81,719)	(272,268)	(4,224,330)	(4,578,317)
Payments to employees	(124,586)	(263,782)	(531,248)	(919,616)
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	86,879	122,541	(548,797)	(339,377)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from grants	-	-	520,630	520,630
Proceeds from sale of property, plant & equipment	-	-	250	250
Purchases of property, plant & equipment	(7,769)	(39,789)	(286,049)	(333,607)
Interest payments on debt	(29,385)	(23,580)	(26,583)	(79,548)
Principal payments on capital leases	(198)	(198)	(1,393)	(1,789)
Principal payments on long-term debt	(64,818)	(99,616)	(61,875)	(226,309)
NET CASH PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(102,170)	(163,183)	144,980	(120,373)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	1,362	2,314	82,862	86,538
Miscellaneous investment income	-	-	64,656	64,656
Investments purchased	-	-	(64,657)	(64,657)
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,362	2,314	82,861	86,537
NET (DECREASE) IN CASH	(13,929)	(38,328)	(320,956)	(373,213)
CASH - BEGINNING OF YEAR	174,860	673,452	1,372,355	2,220,667
CASH - END OF YEAR	\$ 160,931	\$ 635,124	\$ 1,051,399	\$ 1,847,454
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>				
Operating income (loss)	\$ (10,959)	\$ (8,213)	\$ 79,823	\$ 60,651
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	98,831	152,985	175,205	427,021
Change in net position and liabilities:				
Receivables, net	1,631	1,971	81,945	85,547
Inventories	-	-	(11,575)	(11,575)
Prepaid expenses	(126)	493	914	1,281
Accounts and other payables	(2,716)	(26,148)	(879,864)	(908,728)
Deferred revenue	-	-	(3,311)	(3,311)
Customer Deposits	-	-	5,378	5,378
Accrued payroll and withholdings	218	1,453	2,688	4,359
Net cash provided/(used) by operating activities	\$ 86,879	\$ 122,541	\$ (548,797)	\$ (339,377)
<b>SUPPLEMENTAL INFORMATION</b>				
Asset acquired through acquisition of debt	\$ 89,000	\$ 12,667	\$ 150,000	\$ 251,667

See Accompanying Notes to Basic Financial Statements.

Village of Enosburg Falls, Inc.  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Incorporated in 1886, the Village of Enosburg Falls, Inc. (“the Village”) operates under a Trustee-Manager form of government and provides the following services as authorized by State law: public health and safety services, highways and streets maintenance, culture-recreation programs, public improvements projects and general administrative services. The Village is located within the Town of Enosburg, Vermont, whose town school district provides educational services. The Village Electric Department is a municipally owned utility providing retail electric power to the residents of the Village and surrounding communities. The Electric Department is under the jurisdiction of the Federal Energy Regulatory Commission (FERC) and the Vermont Public Service Board (VPSB) with respect to rates and certain accounting practices.

The financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Village’s significant accounting policies are described below.

Reporting Entity

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility.

The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities.

Village-wide and Fund Financial Statements

The village-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-business-type activities of the Village. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Village of Enosburg Falls, Inc.  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus, basis of accounting, and financial statement presentation

The Village-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the Village receives cash.

The Village reports the following major governmental funds:

- \* The general fund is the Village's primary operating fund. It accounts for all financial resources of the Village, except those required to be accounted for in another fund.
- \* The capital projects fund accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment.

Private-sector standards of accounting, and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as program revenues include 1) operating grants and contributions, and 2) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Accounting

The Village approves the budget for the general fund at the annual Village meeting. The tax rate is determined by the trustees, based on the budget, other appropriations and the amount of the grand list. In 2014, the tax rate per \$100 of assessed value was \$.5051. The tax bills were mailed to customers September 18, 2014. Property taxes were due October 23, 2014, and were considered delinquent after 4:00 p.m. on October 23, 2014.

Village of Enosburg Falls, Inc.  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for Uncollectible Accounts

The Village provides an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of all receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

Estimated unbilled revenues

The Village records in the proprietary funds an estimate of unbilled revenues for service rendered through the end of the year.

Inventories

Inventories, composed of various parts used in the utility systems, are stated at the lower of cost or market using the first-in, first-out method.

Cash

At December 31, 2014, the carrying amount of the Village's cash deposits was \$1,982,731 and the bank balance was \$2,192,138. Of the bank balance, \$768,893 was covered by federal depository insurance, and \$1,067,127 was covered by a repurchase agreement and the remaining \$356,118 was uninsured.

At December 31, 2014, the Village had \$15,972 of restricted cash associated with the Maynard Sidewalk Project.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$1,000 (amounts not rounded) and estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset of materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. With the exception of the Village's Kendall hydroelectric facility, property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30 – 50
Infrastructure	20 – 25
Water and Sewer System	20 – 25
Machinery and Equipment	3 – 10

Village of Enosburg Falls, Inc.  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation on the Kendall hydroelectric facility is calculated using the sinking fund method. The method is time based and designed to account for interest on the accumulated depreciation balance as an element in the recovery of the plant's cost.

The Village has elected to report infrastructure prospectively as allowed under GASB 34. Therefore, infrastructure only includes expenditures capitalized beginning January 1, 2004.

Investment

The Village owns stock in the Vermont Electric Power Company and units in Vermont Transco, LLC. The investments are accounted for at cost less annual return of capital payments received.

Government Wide Net Position

Government-wide Net Position is divided into the following components:

Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted– consist of net positions that are restricted by the Village's creditors, by enabling legislation, by grantors (both federal and state), and / or by contributors.

Unrestricted – all other net positions reported in this category.

In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts that can be spent only for specific purposes because of laws, regulations, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees.

Assigned – Amounts that are designated by management for a particular purpose.

Unassigned – All amounts not included in other classifications.

Nonspendable – Amounts that cannot be spent because they are not spendable in form or are legally or contractually required to be maintained intact.

Interfund charges

The Village charges the Electric Fund 70% of the costs of the accounting personnel and Village manager's salaries and related fringe benefits. In addition, 30% of these costs are allocated equally between the General, Water and Sewer Funds. In addition, certain other costs relating to equipment and supplies are allocated among the funds.

Village of Enosburg Falls, Inc.  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 NOTE RECEIVABLE

On October 30, 2007, the Village obtained a re-construction grant in the amount of \$700,000. This money was used to provide a 20 year deferred loan with 3% interest to Falls Housing Limited Partnership, the owner of the downtown property. All of the funds were drawn down and disbursed in 2007. The entire amount of \$700,000 plus accrued interest is outstanding at December 31, 2014. An allowance for all outstanding principal and interest was determined at December 31, 2014.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Construction in Progress	<u>1,802</u>	<u>-</u>	<u>(1,802)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>6,802</u>	<u>-</u>	<u>(1,802)</u>	<u>5,000</u>
Capital assets, being depreciated				
Buildings and improvements	482,093	49,817	-	531,910
Machinery and equipment	297,744	880	(59,035)	239,589
Infrastructure	<u>1,947,387</u>	<u>467,464</u>	<u>-</u>	<u>2,414,851</u>
Total capital assets, being depreciated	<u>2,727,224</u>	<u>518,161</u>	<u>(59,035)</u>	<u>3,186,350</u>
Accumulated depreciation for				
Buildings and improvements	(171,056)	(13,197)	-	(184,253)
Machinery and equipment	(225,341)	(18,016)	59,035	(184,322)
Infrastructure	<u>(406,703)</u>	<u>(98,352)</u>	<u>-</u>	<u>(505,055)</u>
Total accumulated depreciation	<u>(803,100)</u>	<u>(129,565)</u>	<u>59,035</u>	<u>(873,630)</u>
Total capital assets, being depreciated, net	<u>1,924,124</u>	<u>388,596</u>	<u>-</u>	<u>2,312,720</u>
Governmental activities capital assets, net	<u>\$ 1,930,926</u>	<u>\$ 388,596</u>	<u>\$ (1,802)</u>	<u>\$ 2,317,720</u>

Village of Enosburg Falls, Inc.  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

NOTE 3 CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
<u>Water utility:</u>				
Capital assets, not being depreciated				
Land	\$ 9,821	\$ -	\$ -	\$ 9,821
Construction in Progress	1,802	-	(1,802)	-
Total capital assets, not being depreciated	<u>11,623</u>	<u>-</u>	<u>(1,802)</u>	<u>9,821</u>
Capital assets, being depreciated				
Machinery and equipment	119,511	3,341	-	122,852
Utility plant	1,800,764	69,984	-	1,870,748
Water system and lines	996,502	25,246	-	1,021,748
Total capital assets, being depreciated	<u>2,916,777</u>	<u>98,571</u>	<u>-</u>	<u>3,015,348</u>
Accumulated depreciation for				
Machinery and equipment	(98,220)	(3,570)	-	(101,790)
Utility plant	(1,432,135)	(68,672)	-	(1,500,807)
Water system and lines	(198,629)	(26,589)	-	(225,218)
Total accumulated depreciation	<u>(1,728,984)</u>	<u>(98,831)</u>	<u>-</u>	<u>(1,827,815)</u>
Total capital assets, being depreciated, net	<u>1,187,793</u>	<u>(260)</u>	<u>-</u>	<u>1,187,533</u>
Water utility, capital assets, net	<u>1,199,416</u>	<u>(260)</u>	<u>(1,802)</u>	<u>1,197,354</u>
<u>Wastewater utility:</u>				
Capital assets, not being depreciated				
Land	20,547	-	-	20,547
Construction in Progress	1,802	-	(1,802)	-
Total capital assets, not being depreciated	<u>22,349</u>	<u>-</u>	<u>(1,802)</u>	<u>20,547</u>
Capital assets, being depreciated				
Machinery and equipment	442,183	13,704	(14,170)	441,717
Storm water separation	1,411,106	16,026	-	1,427,132
Utility plant	4,878,773	24,528	-	4,903,301
Total capital assets, being depreciated	<u>6,732,062</u>	<u>54,258</u>	<u>(14,170)</u>	<u>6,772,150</u>

Village of Enosburg Falls, Inc.  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

NOTE 3 CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Wastewater utility (cont.):</u>				
Accumulated depreciation for				
Machinery and equipment	(307,153)	(21,785)	14,170	(314,768)
Storm water separation	(132,848)	(43,441)	-	(176,289)
Utility plant	<u>(3,353,854)</u>	<u>(87,759)</u>	<u>-</u>	<u>(3,441,613)</u>
Total accumulated depreciation	<u>(3,793,855)</u>	<u>(152,985)</u>	<u>14,170</u>	<u>(3,932,670)</u>
 Total capital assets, being depreciated, net	<u>2,938,207</u>	<u>(98,727)</u>	<u>-</u>	<u>2,839,480</u>
 Wastewater utility, capital assets, net	<u>2,960,556</u>	<u>(98,727)</u>	<u>(1,802)</u>	<u>2,860,027</u>
<u>Electric utility:</u>				
Capital assets, not being depreciated				
Land	26,790	-	-	26,790
Construction in progress	<u>71,148</u>	<u>15,290</u>	<u>(12,616)</u>	<u>73,822</u>
Total capital assets, not being depreciated	<u>97,938</u>	<u>15,290</u>	<u>(12,616)</u>	<u>100,612</u>
 Capital assets, being depreciated				
Lines, poles and meters	1,766,704	18,615	-	1,785,319
Machinery and equipment	658,203	183,138	-	841,341
Utility plant	<u>5,067,252</u>	<u>220,808</u>	<u>-</u>	<u>5,288,060</u>
Total capital assets, being depreciated	<u>7,492,159</u>	<u>422,561</u>	<u>-</u>	<u>7,914,720</u>
 Accumulated depreciation for				
Lines, poles and meters	(1,836,642)	(95,009)	-	(1,931,651)
Machinery and equipment	(472,560)	(37,807)	-	(510,367)
Utility plant	<u>(3,247,418)</u>	<u>(42,389)</u>	<u>-</u>	<u>(3,289,807)</u>
Total accumulated depreciation	<u>(5,556,620)</u>	<u>(175,205)</u>	<u>-</u>	<u>(5,731,825)</u>
 Total capital assets, being depreciated, net	<u>1,935,539</u>	<u>247,356</u>	<u>-</u>	<u>2,182,895</u>
 Electric utility, capital assets, net	<u>2,033,477</u>	<u>262,646</u>	<u>(12,616)</u>	<u>2,283,507</u>
 Business-type activities, capital assets, net	<u>\$ 6,193,449</u>	<u>\$ 163,659</u>	<u>\$ (16,220)</u>	<u>\$ 6,340,888</u>



Village of Enosburg Falls, Inc.  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

NOTE 4 INVESTMENTS

The Village owns the following stocks:

<u>Company</u>	<u># Units/ Shares</u>	<u>Unit/Share Type</u>	<u>Cost</u>	<u>% of Ownership</u>
VELCO	720	Class B Common	\$ 72,000	0.03273
VELCO	239	Class C Common	23,900	1.20090
VELCO	322	Class C Preferred	483	0.33170
TRANSCO	33,143	Class A & B Units	<u>331,425</u>	6.85310
			<u>\$ 427,808</u>	

NOTE 5 DEBT

General obligation bonds payable as of December 31, 2014:

	<u>Principal Balance 12/31/13</u>	<u>Fiscal Year Activity</u>		<u>Principal Balance 12/31/14</u>	<u>Current</u>
		<u>Borrowings</u>	<u>Repayments</u>		
<b>Electric Fund:</b>					
Various interest rate general obligation bond, payable to the Bank of New York requiring annual principal repayments from \$30,000 to \$35,000, plus interest through 2032.	<u>\$ 577,083</u>	<u>-</u>	<u>\$ (35,000)</u>	<u>\$ 542,083</u>	<u>\$ 35,000</u>
<b>Wastewater Fund:</b>					
4.5% general obligation bonds, payable to the USDA, Rural Development requiring semiannual payments of \$6,118 including principal and interest through 2025.	<u>112,372</u>	<u>-</u>	<u>(7,260)</u>	<u>105,112</u>	<u>7,593</u>
<b>Water Fund:</b>					
General obligation bond, payable to the Bank of New York requiring payments due on November 1 of each year for fifteen years.	42,864	-	(4,201)	38,663	4,074

Village of Enosburg Falls, Inc.  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

NOTE 5 DEBT (continued)

	Principal	Fiscal Year Activity		Principal	Current
	Balance	Borrowings	Repayments	Balance	
	12/31/13			12/31/14	
Water Fund (cont'd):					
3.525% general obligation bond, payable to the Bank of New York requiring annual principal repayments from \$15,000 to \$55,000 including interest through 2029.	600,000	-	(25,000)	575,000	30,000
Total Water Fund	642,864	-	(29,201)	613,663	34,074
<b>TOTAL GENERAL OBLIGATION BONDS</b>	<b>\$1,332,319</b>	<b>\$ -</b>	<b>\$ (71,461)</b>	<b>\$1,260,858</b>	<b>\$ 76,667</b>

Notes payable as of December 31, 2014:

	Principal	Fiscal Year Activity		Principal	Current
	Balance	Borrowings	Repayments	Balance	
	12/31/13			12/31/14	
Electric Fund:					
2.75% note payable to Peoples Trust Company, principal and interest payments of \$392.90, due August 2015.	\$ 7,666	\$ -	\$ (4,563)	\$ 3,103	\$ 3,103
1.69% note payable to Community National Bank, principal and interest payments of \$2,608.99, due June 2019	-	150,000	(14,435)	135,565	29,243
2.00% note payable to Community National Bank, principal and interest payments of \$718.65, due December 2018.	41,000	-	(7,877)	33,123	8,035
Total Electric Fund	48,666	150,000	(26,875)	171,791	40,381
Water Fund:					
4.25% note payable to Community National Bank, principal and interest payments of \$15,910, due December 2025, 25% allocated to the General Fund.	110,306	-	(7,373)	102,933	7,551

Village of Enosburg Falls, Inc.  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

NOTE 5 DEBT (continued)

	Principal Balance	Fiscal Year Activity		Principal Balance	Current
	12/31/13	Borrowings	Repayments	12/31/14	
Water Fund (cont'd):					
2.75% note payable to Community National Bank, principal and interest payments of \$14,808, due August 2027.	170,142	-	(10,138)	160,004	10,408
1.60% note payable to Peoples Trust Co. Bank, principal and interest payments of \$7,876 annually, due November 2018. 33% allocated to the General Fund and 33% allocated to the Wastewater Fund	-	12,667	(2,577)	10,090	2,464
1.60% note payable to Peoples Trust Co. Bank, principal and interest payments of \$5,803 annually, due November 2018. 67% allocated to the General Fund	-	9,333	(1,898)	7,435	1,815
1.60% note payable to Peoples Trust Co. Bank, principal and interest payments of \$13,886 annually, due November 2018,	-	67,000	(13,631)	53,369	13,032
<b>Total Water Fund</b>	<b>280,448</b>	<b>89,000</b>	<b>(35,617)</b>	<b>333,831</b>	<b>35,270</b>
Wastewater Fund:					
0% unsecured note payable to the State of Vermont, \$29,950 annual payments to be amortized over a 20 year period.	89,850	-	(29,950)	59,900	29,950
0% State of Vermont , ANR, payable over a 20 year period, 2% administrative fee.	22,604	-	(22,604)	-	-
1.60% note payable to Peoples Trust Co. Bank, principal and interest payments of \$5,803 annually, due November 2018. 33% allocated to the General Fund and 33% allocated to the Water Fund	-	12,667	(2,577)	10,090	2,464

Village of Enosburg Falls, Inc.  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

NOTE 5 DEBT (continued)

	Principal	Fiscal Year Activity		Principal	Current
	Balance	Borrowings	Repayments	Balance	
	12/31/13			12/31/14	
2% State of Vermont , ANR, annual payments of \$55,314 beginning January 2014, due January 2033. Principal forgiveness of \$154,776 prior to first payment.	904,465	-	(37,225)	867,240	37,969
Total Wastewater Fund	1,016,919	12,667	(92,356)	937,230	70,383

General Fund:

3.75% note payable to Community National Bank, principal and interest payments of \$733.07, due December 2014.	8,608	-	(8,608)	-	-
3.15% note payable to Community National Bank, principal and interest payments of \$923.29, due July 2015.	16,187	-	(10,717)	5,470	5,470
Bank, principal and interest payments of \$15,910, due December 2025, 75% allocated to the General Fund.	36,769	-	(2,458)	34,311	2,517
0.00% note payable to John Deere Finance, principal and interest payments of \$682 due April 2018	35,478	-	(8,187)	27,291	8,187
1.75% note payable to Community National Bank, principal and interest payments of \$2,177, due June 2019.	-	125,000	(14,023)	110,977	24,383
2.875% note payable to Community National Bank, principal and interest payments of \$2,444, due August 2018.	-	357,000	(32,441)	324,559	20,273

	Principal	Fiscal Year Activity		Principal	Current
	Balance	Borrowings	Repayments	Balance	
	12/31/13			12/31/14	
1.60% note payable to Peoples Trust Co. Bank, principal and interest payments of					

Village of Enosburg Falls, Inc.  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

NOTE 5 DEBT (continued)

	Principal Balance 12/31/13	Fiscal Year Activity		Principal Balance 12/31/14	Current
		Borrowings	Repayments		
1.60% note payable to Peoples Trust Co. Bank, principal and interest payments of \$5,803 annually, due November 2018. 33% allocated to the Water Fund and 33% allocated to the Wastewater Fund	-	12,667	(2,577)	10,090	2,464
1.60% note payable to Peoples Trust Co. Bank, principal and interest payments of \$5,803 annually, due November 2018, 33% allocated to the Water Fund	-	18,666	(3,797)	14,869	3,631
3.75% note payable to Community National Bank, principal and interest payments of \$187, due December 2014.	<u>2,152</u>	<u>-</u>	<u>(2,152)</u>	<u>-</u>	<u>-</u>
Total General Fund	<u>99,194</u>	<u>513,333</u>	<u>(84,960)</u>	<u>527,567</u>	<u>66,925</u>
<b>TOTAL LONG-TERM NOTES PAYABLE</b>	<u>\$1,445,227</u>	<u>\$ 765,000</u>	<u>\$ (239,808)</u>	<u>\$1,970,419</u>	<u>\$ 212,959</u>

The annual requirement to amortize all debts outstanding as of December 31, 2014 is as follows:

General Obligation Bonds:	Principal	Interest	Total
2015	\$ 76,667	\$ 50,734	\$ 127,401
2016	71,891	42,269	114,160
2017	72,133	40,213	112,346
2018	77,396	47,975	125,371
2019	77,679	48,087	125,766
2020-2024	423,417	184,098	607,515
2025-2029	374,591	75,630	450,221
2030-2034	<u>87,084</u>	<u>9,234</u>	<u>96,318</u>
	<u>\$ 1,260,858</u>	<u>\$ 498,240</u>	<u>\$ 1,759,098</u>

Village of Enosburg Falls, Inc.  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

NOTE 5 DEBT (continued)

Notes Payable:	Principal	Interest	Total
2015	\$ 212,959	\$ 58,259	\$ 271,218
2016	207,951	37,774	245,725
2017	181,657	34,229	215,886
2018	179,887	31,784	211,671
2019	113,739	28,172	141,911
2020-2024	472,645	104,175	576,820
2025-2029	390,956	43,248	434,204
2030-2034	210,625	10,634	221,259
	\$ 1,970,419	\$ 348,275	\$ 2,318,694

On July 1, 2009, the Vermont Municipal Bond Bank issued and sold 2009 Series 2 refunding bonds for the purpose of providing debt service reductions. The total savings allocation will be \$64,620 and will take place during the period of December 1, 2013 – December 1, 2019. The Village had a total savings allocation of \$19,107, \$11,464 allocated to the Water Fund and \$7,643 allocated to the Electric Fund.

NOTE 6 LEASES PAYABLE

Leases payable consists of the following as of December 31, 2014:

	Principal Balance 12/31/13	Fiscal Year Activity		Principal Balance 12/31/14
		Borrowings	Repayments	
<b>Electric Fund:</b>				
3.00% lease payable to GE Capital, monthly payments of \$124, including interest, secured by equipment, due August 2016	\$ 3,810	\$ -	\$ (1,392)	\$ 2,418
<b>Water Fund:</b>				
3.00% lease payable to GE Capital, monthly payments of \$18, including interest, secured by equipment, due August 2016	542	-	(199)	343

Village of Enosburg Falls, Inc.  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

NOTE 6 LEASES PAYABLE (continued)

	Principal Balance 12/31/13	Fiscal Year Activity		Principal Balance 12/31/14
		Borrowings	Repayments	
<b>Wastewater Fund:</b>				
3.00% lease payable to GE Capital, monthly payments of \$18, including interest, secured by equipment, due August 2016	542	-	(199)	343
<b>Governmental Activities:</b>				
3.00% lease payable to GE Capital, monthly payments of \$18, including interest, secured by equipment, due August 2016	542	-	(199)	343
<b>TOTAL LEASES PAYABLE</b>	<b>\$ 5,436</b>	<b>\$ -</b>	<b>\$ (1,989)</b>	<b>\$ 3,447</b>

The annual requirement to amortize all leases outstanding as of December 31, 2014 is as follows:

	Principal	Interest	Total
2015	\$ 2,047	\$ 75	\$ 2,122
2016	1,400	16	1,416
	<b>\$ 3,447</b>	<b>\$ 91</b>	<b>\$ 3,538</b>

The Village Wastewater Fund acquired a vacuum sludge truck at a total cost of \$89,103 through a lease. The accumulated depreciation taken to date is \$56,432, leaving a net book value of \$32,671.

The Village acquired a copier at a total cost of \$9,850. This cost was allocated amongst funds in accordance with Village policy, as described in Note 1 (interfund charges). The accumulated depreciation taken to date is \$6,568, leaving a net book value of \$3,282.

Village of Enosburg Falls, Inc.  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

NOTE 7      COMMITTED FUND BALANCE

Committed Fund Balances at December 31, 2014 are as follows:

General Fund:

Prepaid Expenses	\$      5,807
Fountain	11,995
Trees	1,033
Maynard Sidewalk	15,972
Accrued Time Savings	3,508
Sidewalk Appropriations	11,936
Highway Equipment Replacement	12,410
Patriotic Banners	2,004
Conference Facility	<u>1,808</u>
	<u>\$    66,473</u>

Sewer Fund:

Committed for Future Capital Expenditures/Upgrades	\$    224,341
Vehicle Replacement	33,033
Conference Facility	19
Accrued Time Savings	<u>7,062</u>
	<u>\$    264,455</u>

Electric Fund:

Committed for Future Capital Expenditures/Upgrades	<u>\$    56,689</u>
----------------------------------------------------	---------------------

NOTE 8      PENSION PLAN

Employees of the Village’s Electric, Water, Sewer, and Highway Departments are covered by a collective bargaining agreements with The International Brotherhood of Electrical Workers, Local Union 300, which requires the Village to make a contribution equal to ten percent of their gross wages, excluding overtime, for employees having obtained permanent status into a qualified retirement plan of the employees’ choosing. All other employees of the Village not covered by the above agreement also receive ten percent of gross wages, excluding overtime, paid into a qualified pension plan of the employees’ choosing. Contributions on behalf of these employees’ pension for the year ended December 31, 2014 amounted to \$86,226.

NOTE 9      ELECTRIC POWER SOURCES AND COMMITMENTS

The Village of Enosburg Falls Electric Department is a member of the Vermont Public Power Supply Authority (VPPSA), paying its proportionate share of VPPSA’s operating costs and holding a seat on the VPPSA Board of Directors.



Village of Enosburg Falls, Inc.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE 9 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

The Village Electric Department has entered into a Central Dispatch Agreement (CDA) with VPPSA for the economic dispatch of its generating sources. Under the CDA, the Electric Department authorizes VPPSA to act as its billing agent with regard to its generating sources and transmission providers.

VPPSA continues to provide dispatch services to the Electric Department under the terms of the CDA between the Electric Department and VPPSA dated 8/9/2001.

Enosburg is also a participant in the Highgate Converter Project through which they receive transmission services. The Electric Department's annual commitment for its participating share of the Highgate Converter Project is included in the Department's purchased power costs.

The energy sold through the Village Electric Department is obtained from a combination of sources. While some energy is generated by the Electric Department, most is provided by other sources through power purchase contracts. A summary of the major power agreements as of December 31, 2014 follows:

The Electric Department's entitlement in Hydro Quebec/Vermont Joint Owners contract is 1,200 kW. More specifically, the Electric Department's entitlements are summarized as follows:

<u>HQ Schedule</u>	<u>Entitlement (kW)</u>	<u>End Date</u>
B	730	2015
C3	141	2015
C4b	329	2020

Hydro Quebec's annual energy deliveries were set at a 75% capacity factor starting with the contract year beginning November 1, 2007 and will stay at that level for the remainder of the contract. Under the terms of the contract, monthly capacity factors can vary from 25% to 95%. However, in order to comply with ISO New England, Inc.'s Standard Market Design rules, the monthly capacity factor, for practical purposes, cannot be less than 47%, on average.

The Electric Department has agreements with VPPSA to purchase a portion of the power produced by the McNeil wood-burning generating facility. The Electric Department is committed to purchase and share in the costs for 1.2% of the total output of the 54 MW plant or 648 kW's of output. Revenue bonds used to finance the project mature in 2015.

The New York Power Authority ("NYPA") provides power to the utilities in Vermont under two contracts. Enosburg's share of the first contract is a 5 kW entitlement to the Robert Moses Project (a.k.a St. Lawrence). Based upon the latest information, the contract for St. Lawrence extends through April 30, 2017. Enosburg's share of the second contract has been a 220 kW entitlement to the Niagara Project. Effective September 1, 2007, the Niagara contract was renewed through September 1, 2025.

The Electric Department has an agreement with VPPSA to purchase 8.51% of a contract for the output of a landfill gas-fired generator located at the City of Fitchburg landfill in Westminster, MA. In 2012, Enosburg began receiving energy, capacity, and renewable energy credits under the terms of this contract. Contracted delivery is for three megawatts for the first five years and four and a half megawatts for the subsequent 15 years. The Electric Department's share of the Fitchburg Contract in 2014 was 255 kW.

Village of Enosburg Falls, Inc.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE 9 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

The Electric Department is required to purchase power from small power producers through the Vermont Sustainably Priced Energy Development Standard Offer Program, in accordance with PSB Rule #4.300. The Electric Department's share of Standard Offer power in 2014 was 0.5%.

The Electric Department is required to purchase power from small power producers through the Vermont Electric Power Producers, Inc. (VEPPI), in accordance with PSB Rule #4.100. The Electric Department's share of VEPPI power in 2014 was 0.49%.

The Electric Department has an agreement with VPPSA to purchase a portion of the power produced by Project 10, a peaking generating facility located in Swanton, Vermont. Under this agreement, the Electric Department is obligated for a share of the costs of the facility. The Electric Department's share of Project 10 benefits and costs in 2014 was 4.7%.

In addition to the above resources, the Electric Department purchases system power from various other entities under short-term (5 year or less) agreements.

The percentage of energy (MWH) acquired from the above sources for the year ended December 31, 2014 was as follows:

<u>Resource</u>	<u>mWh</u>	<u>Percent</u>	<u>Expiration</u>
Planned Purchase 6	2,066	7.45 %	9/30/2015
Planned Purchase 7	998	3.60 %	12/31/2015
Monthly Market Contracts	4,516	16.29 %	12/31/2013
Fitchburg Waste Management	2,236	8.06 %	12/31/2031
WMA Chester Solar	109	0.39 %	6/30/2039
HQ Schedule B	4,731	17.06 %	10/31/2015
HQ Schedule C3	914	3.30 %	10/31/2015
HQ Schedule C4ab	2,134	7.70 %	10/31/2016
HQ US	88	0.32 %	10/31/2020
McNeil	3,208	11.57 %	Life of Unit
NYPA- Niagara	1,382	4.98 %	9/1/2025
NYPA - St. Lawrence	40	0.14 %	4/30/2017
Project 10	11	0.04 %	Life of Unit
Ryegate	747	2.69 %	10/31/2021
Standard Offer	314	1.13 %	Varies
VEPPI	<u>590</u>	<u>2.13 %</u>	Varies
 Total Power Available	 24,084	 86.86 %	
 Internal - Enosburg Hydro	 <u>3,644</u>	 <u>13.14 %</u>	
Total Resources Available	<u>27,728</u>	<u>100.00 %</u>	
 Purchased from Pool	 692		
Used to Serve Load	28,421		

Village of Enosburg Falls, Inc.  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2014

NOTE 9 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

The cost of power from all power vendor sources for the year ended December 31, 2014 was as follows:

Total Supply Costs	
Planned Purchase 6	\$ 126,128
Planned Purchase 7	67,295
Monthly Market Contracts	251,888
Fitchburg Waste Management	201,988
WMA Chester Solar	14,339
HQ Schedule B	322,198
HQ Schedule C3	62,388
HQ Schedule C4ab	161,971
HQ US	5,048
NYPA- Niagara	246,884
NYPA - St. Lawrence	59,909
Project 10	1,484
Rytegate	184,219
Standard Offer	81,454
Stonybrook	66,666
VEPPI	<u>70,275</u>
Subtotal Power Supply	<u>\$ 1,924,134</u>
Transmission	
VEC Block Loan	\$ (174)
VEC FPC-10	119,132
Highgate PTF Credit	(15,591)
Highgate Transmission	23,402
Nepool/ISO Transmission	378,703
Phase 1	847
Velco '91	<u>77,598</u>
Subtotal Transmission	<u>\$ 583,917</u>

Village of Enosburg Falls, Inc.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE 9 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

VPPSA and Other	
Resource Settlement Credit	\$ (2,184,032)
Load Settlement Charges	1,923,437
Other Load and Market Charges	275,168
HQ Participant Charges	54
ISO Sched. I, II, III	62,994
Renewable Energy Credits	(7,367)
Metering Adjustment	(1,278)
VELCO Services	515
ISO Misc	11,107
Misc. Resettlements	(5,227)
VPPSA CDA Fee	39,442
Subtotal VPPSA & Other	\$ 114,813
 TOTAL POWER SUPPLY AND TRANSMISSION	 \$ 2,622,864

Enosburg has authorized the purchase of energy for delivery from January 2015- December 2019 with multiple market counterparties. The contract summaries which have not begun delivery by 12/31/2014 and hence are not reflected at all in the 2014 summary include:

2015 purchases include:

Base load power from three suppliers totaling 10,312,497 kWh, off peak power from three suppliers totaling 4,847,094 kWh, and on peak power from five suppliers totaling 4,678,064 kWh. Total contracted 2015 power is 19,837,655 kWh.

2016 purchases include:

Base load power from three suppliers totaling 5,562,263 kWh, off peak power from two suppliers totaling 3,224,290 kWh, and on peak power from three suppliers totaling 5,054,269 kWh. Total contracted 2016 power is 13,840,822 kWh.

2017 purchases include:

Base load power from three suppliers totaling 6,618,734 kWh, off peak power from one supplier totaling 1,445,846kWh and on peak power from two suppliers totaling 2,938,021 kWh. Total contracted 2017 power is 11,002,601 kWh.

2018 purchases include:

Base load power from three suppliers totaling 6,596,207 kWh, off peak power from one supplier totaling 3,369,600 kWh and on peak power from two suppliers totaling 4,794,011 kWh. Total contracted 2018 power is 14,759,818 kWh.

Village of Enosburg Falls, Inc.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE 9 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

2019 purchases include:

Base load power from three suppliers totaling 6,596,207 kWh, off peak power from one supplier totaling 3,369,600 kWh and on peak power from two suppliers totaling 4,794,011 kWh. Total contracted 2019 power is 14,759,818 kWh.

For many years, VELCO offered stock to the Vermont distribution companies when it undertook a financing. The distribution companies were encouraged to acquire VELCO stock for several reasons. First, the FERC-approved dividend rate substantially exceeds the cost of money used to purchase the stock. Second, as shareholders of VELCO, the municipalities have a voice in the operation of VELCO through the “municipal representative” director who has historically been elected to the VELCO Board. Finally, if each of VELCO’s Vermont customers own its’ load ratio share of stock, then VELCO and its customers can avoid disputes at FERC over the rate of return on equity of VELCO. In 2006, VELCO created Vt. Transco, a Limited Liability Company. Whereas VELCO previously offered stock, all future financings would be funded by the offer of membership units in Vt. Transco, LLC.

In 2007, Vt. Transco, LLC offered \$113.5 Million of equity in the form of membership units to the Vermont Distribution companies. At the time of the offer, each member had the opportunity to purchase Transco units. As an alternative to purchasing the equity itself, a member of the Vermont Public Power Supply Authority (“VPPSA”) had the authority to elect to have VPPSA acquire the units as allowed by the Vt. Transco, LLC operating agreement and a separate TRANSCO equity agreement between the member and VPPSA. The latter agreement does not eliminate the municipality’s right to purchase equity in Vt. Transco; it simply provides the option to have VPPSA purchase the units for the benefit of the member and defines the terms should it be advantageous to do so. During 2010, VPPSA purchased an additional \$225,260 of these units for the benefit of the Village of Enosburg Falls. During 2012, VPPSA purchased an additional \$209,020 of units for the benefit of the Village of Enosburg Falls. During 2014, VPPSA purchased an additional \$272,700 of units for the benefit of the Village of Enosburg Falls. This amount represents units valued at \$137,100 that were previously assigned to VELCO in 2013 and units valued at \$135,600 that were offered to the Village in 2014.

The units are owned by VPPSA, the associated debt is an obligation of VPPSA and VPPSA will receive the distributions related to the units. However, as outlined in the Transco Equity Agreement and further recognized by the Vt. Public Service Board in Docket 7340, the Village of Enosburg Falls will receive all the benefits of the units related to their load share. The distributions received by VPPSA related to these units shall be used first, to cover VPPSA’s debt service costs related to those units, and second, all net earnings from the investment will be recorded as investment income. In addition, as principal is paid on this debt, the member will record an investment in others with an offsetting credit to miscellaneous income. The balance at December 31, 2014 is \$331,425 (see Note 4).

Village of Enosburg Falls, Inc.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE 10 ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts at December 31, 2014 consists of:

	Water Fund	Wastewater Fund	Electric Fund
Accounts Receivable	\$ 41,058	\$ 88,671	\$ 502,914
Allowance	(2,000)	(3,000)	(10,587)
Accounts Receivable, net	\$ 39,058	\$ 85,671	\$ 492,327

NOTE 11 EXCESS EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the General Fund by \$497,496. The excess is offset by additional revenues of \$502,201.

NOTE 12 LINE OF CREDIT

During the year ending, December 31, 2014, the Village of Enosburg Falls, Inc. entered into a line of credit agreement with Peoples Trust Company, the line has an available limit of \$750,000 at 1.250%. There was no outstanding balance at December 31, 2014.

NOTE 13 DISCLOSURE OF SUBSEQUENT EVENTS

In accordance with professional accounting standards, the Village has evaluated subsequent events through January 29, 2015, which is the date the financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2014, have been incorporated into the financial statements herein.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Enosburg Falls, Inc.  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For the Year Ended December 31, 2014

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 494,526	\$ 494,526	\$ 494,564	\$ 38
Intergovernmental revenues	47,365	47,365	56,395	9,030
Interest	1,350	1,350	2,462	1,112
Loan proceeds	-	-	487,263	487,263
Other	24,550	24,550	29,308	4,758
<b>TOTAL REVENUES</b>	<u>567,791</u>	<u>567,791</u>	<u>1,069,992</u>	<u>502,201</u>
<b>EXPENDITURES</b>				
Current:				
General government	106,751	106,751	131,209	(24,458)
Public safety	300	300	-	300
Street lighting	32,000	32,000	29,464	2,536
Parks and recreation	23,400	23,400	24,692	(1,292)
Highway and street	309,639	309,639	796,444	(486,805)
Appropriations	28,000	28,000	15,370	12,630
Debt Service	65,899	65,899	66,307	(408)
<b>TOTAL EXPENDITURES</b>	<u>565,989</u>	<u>565,989</u>	<u>1,063,486</u>	<u>(497,497)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ 1,802</u>	<u>\$ 1,802</u>	<u>\$ 6,506</u>	<u>\$ 4,704</u>

See Accompanying Notes to Basic Financial Statements.



OTHER SUPPLEMENTARY INFORMATION

Village of Enosburg Falls, Inc.  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
 For the Year Ended December 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Pass Through Grantor Number	Federal CFDA Number	Expended
DEPARTMENT OF HOMELAND SECURITY			
Passed thru State of Vermont			
Department of Public Safety			
FEMA Public Assistance	02140-84163-008	97.036	<u>\$ 525,423</u>
			<u>\$ 525,423</u>

The Schedule of Expenditure of Federal Awards was prepared using the significant accounting policies outlined in Note 1 to the basic financial statements. The Schedule of Expenditure of Federal Awards includes awards incurred in the prior year of \$500,402.



**Kittell Branagan & Sargent**

*Certified Public Accountants*

Vermont License #167

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

To the Board of Trustees  
Village of Enosburg Falls, Inc.  
Enosburg Falls, VT

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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Enosburg Falls, Inc., as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Village of Enosburg Falls, Inc.'s basic financial statements, and have issued our report thereon dated January 29, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Village of Enosburg Falls, Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of Enosburg Falls, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Enosburg Falls, Inc.'s internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Enosburg Falls, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Kithell Branagan & Sargent". The signature is written in a cursive style with a long horizontal line extending from the end of the word "Sargent".

St. Albans, Vermont  
January 29, 2015



**Kittell Branagan & Sargent**

*Certified Public Accountants*

Vermont License # 167

INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees  
Village of Enosburg Falls, Inc.  
Enosburg Falls, Vermont

Report on Compliance for Each Major Federal Program

We have audited Village of Enosburg Falls, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Village of Enosburg Falls, Inc.'s major federal programs for the year ended December 31, 2014. Village of Enosburg Falls, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Village of Enosburg Falls, Inc.'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Village of Enosburg Falls, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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 Village of Enosburg Falls, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Village of Enosburg Falls, Inc., 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 December 31, 2014.

Report on Internal Control over Compliance

Management of Village of Enosburg Falls, Inc., 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 Village of Enosburg Falls, Inc.'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 OMB Circular A-133, 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 Village of Enosburg Falls, Inc.'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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kittell Bramayan a signat

St. Albans, Vermont  
January 29, 2015

Village of Enosburg Falls, Inc.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2014

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of Village of Enosburg Falls, Inc..
2. There were no significant deficiencies disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Village of Enosburg Falls, Inc. were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Village of Enosburg Falls, Inc. expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for Village of Enosburg Falls, Inc..
7. The programs tested as major programs were:  

CFDA #97.036                      FEMA Public Assistance
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Village of Enosburg Falls, Inc. was determined to not be a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

- There were no findings related to the financial statements audit.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

- There were no findings or questioned costs related to the major federal award programs.