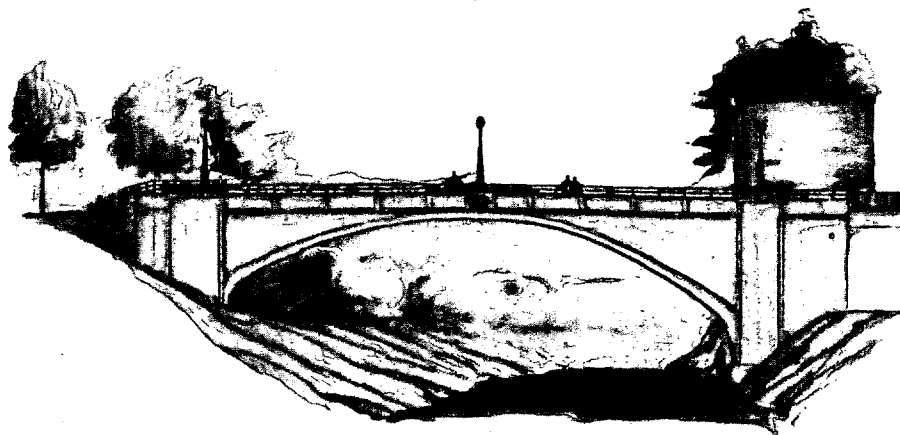


ANNUAL REPORT
of
THE OFFICERS
of the
CORPORATION OF ENOSBURG FALLS
Vermont
for the
YEAR ENDING DECEMBER 31ST
2003



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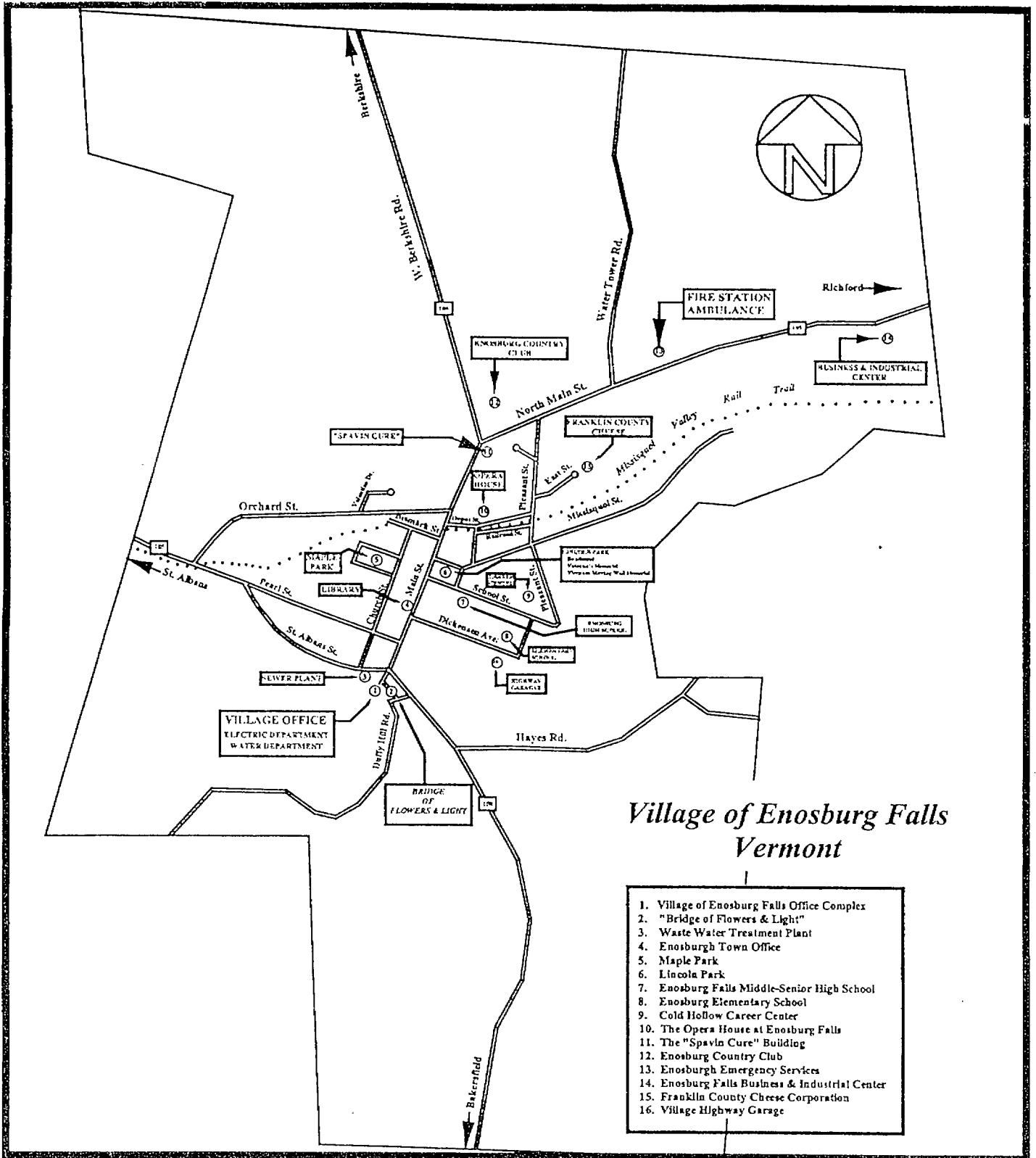
This years annual report is dedicated to all the military personnel, we salute them for their dedicated service to our country.



We Thank all members of the Air Force, Army, Marines, Navy, Coast Guard and Merchant Marines.

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Village of Enosburg Falls

42 Village Drive
Enosburg Falls, Vermont 05450

Village Office Hours
7:00AM - 4:00PM
Monday through Friday (except legal Holidays)

BUSINESS

| | |
|---|----------|
| Village Offices/Electric Light and Water Department | 933-4443 |
| Village Fax | 933-4145 |
| Waste Water Treatment Facility | 933-6669 |
| Village Highway Garage | 933-2805 |
| Zoning Administrator (Jon Scott) | 933-8851 |
| Planning Commission (Robert Young, Chair) | 933-4457 |
| Development Review Board (Ronald Duso, Chair) | 933-4394 |
| Fire Department (Business Office) | 933-4345 |
| Ambulance (Business Office) | 933-2118 |
| Vermont State Police (Non Emergency) | 524-5993 |
| Franklin County Sheriff (Non Emergency) | 524-2121 |

EMERGENCY

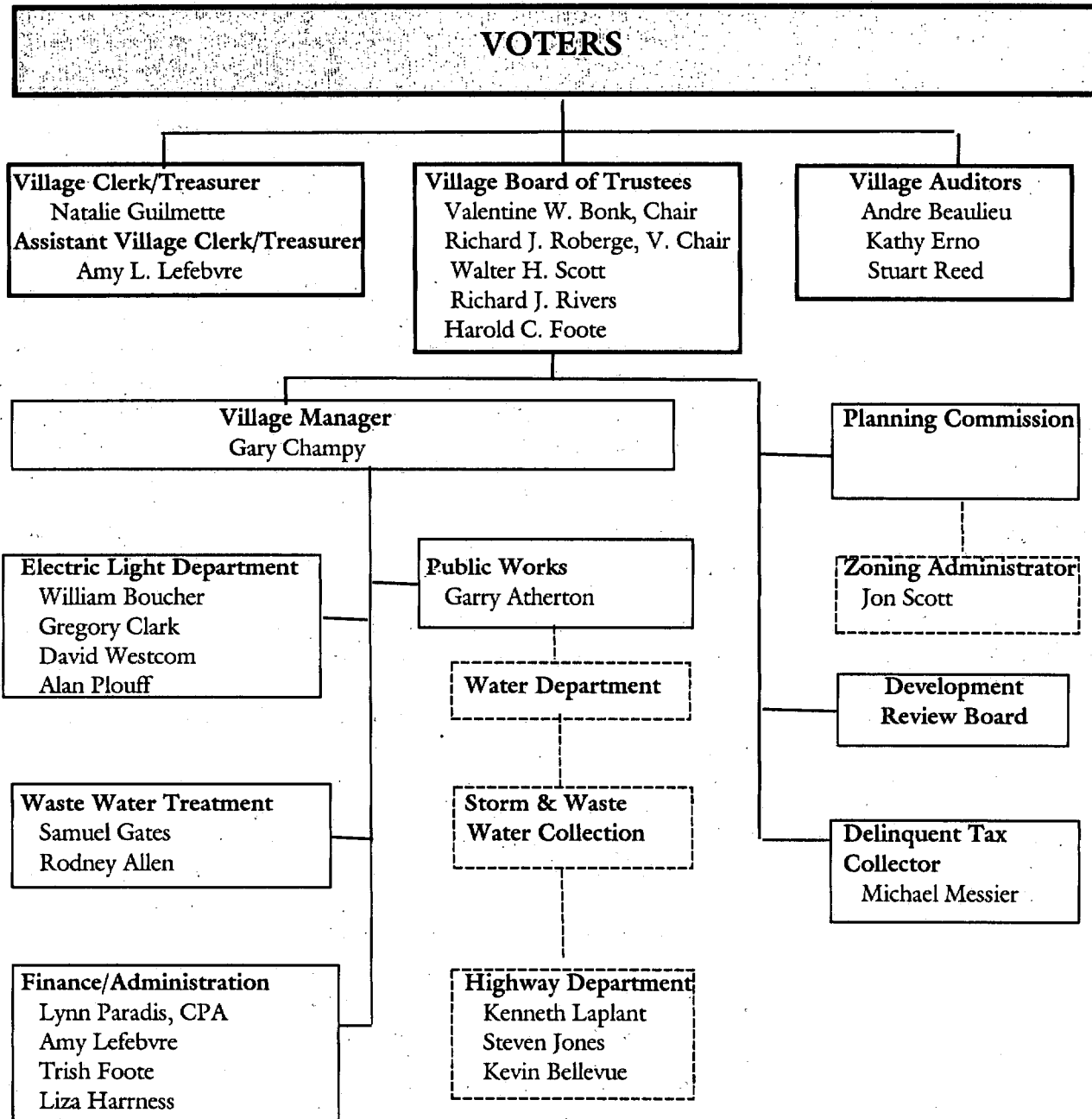
| | |
|--|----------|
| Emergency | 911 |
| Public Utilities (Electric, Water, Sewer, Highway) | 933-4443 |

The Village Board of Trustees meet at 6:30PM on the second and fourth Tuesday of each month (holidays excluded) at the Village Conference Facility located at the intersection of St. Albans Street and Village Drive. If you would like to be placed on the agenda, please contact the Village Office (802-933-4443).

List of Principal Officials

| | | |
|--------------------------------------|--|-----------|
| Trustees: | Valentine W. Bonk, Chair | 2005 |
| | Richard J. Roberge, Vice Chair | 2006 |
| | Walter H. Scott | 2005 |
| | Harold Foote Jr. | 2006 |
| | Richard J. Rivers | 2004 |
| Village Clerk/Treasurer: | Natalie Guilmette | 2004 |
| Assistant Clerk/Treasurer: | Amy L. Lefebvre | Appointed |
| Village Auditors: | Andre Beaulieu | 2004 |
| | Kathy Erno | 2005 |
| | Stuart Reed (Unexpired term of Robert Graeter) | 2004 |
| Moderator: | Lloyd Touchette | 2004 |
| Village Manager: | Gary Champy | Appointed |
| Planning Commission: | Robert Young, Sr. (Chair) | 2005 |
| | Sally Wright (Rosaire Larose) | 2004 |
| | Merrill Jeffords (Herve Airoidi) | 2006 |
| | John Colburn | 2006 |
| | Ronald Duso | 2005 |
| | Phil Lovelette, Alternate | |
| Zoning Administrator: | Jon Scott | 08/31/05 |
| Development Review Board: | Ronald Duso, Chair (Roger Parent) | 2004 |
| | Michael Bovat (Herve Airoidi) | 2006 |
| | Phil Lovelette | 2005 |
| | Normand Gervais | 2006 |
| | Paul Godin | 2004 |
| Delinquent Tax Collector: | Michael Messier | Appointed |

Organizational Chart



Warning for the 2004 Annual Meeting

The legally qualified voters of the **Village of Enosburg Falls, Vermont** are hereby warned and notified to meet at the **Opera House at Enosburg Falls** on **Tuesday February 24, 2004** at **7:00 PM** to transact the following business, viz:

- ARTICLE 1:** To elect a moderator for the ensuing year.
- ARTICLE 2:** To receive and act on the report of the Village Officers for the past year.
- ARTICLE 3:** To elect an individual for the position of Village Clerk and Treasurer for a term of one year with the Board of Trustees setting the annual wage.
- ARTICLE 4:** To elect the following officers:
- A) One Trustees for a term of three years.
 - B) Two Auditors for a term of three years.
- ARTICLE 5:** To see if the Village will authorize the Trustees to borrow in anticipation of taxes for 2004.
- ARTICLE 6:** To see if the Village will authorize the Trustees to borrow money in anticipation of revenue for 2004 for the operation of the Water and Light Department.
- ARTICLE 7:** To see if the Village will authorize the Trustees to borrow money in anticipation of revenue for 2004 for the operation of the Sewer Department.
- ARTICLE 8:** To see if the Village will vote a tax on the Grand List to cover the 2004 Village General Fund Budget.
- ARTICLE 9:** To see if the Village will approve an amount of \$0.05 on the Grand List for the purpose of upgrading sidewalks.
- ARTICLE 10:** To see if the Village will approve the sum of \$4,200.00 for the purchase of Christmas Lighting, purchasing banners to extend past the Spavin Cure and other Village enhancements.
- ARTICLE 11:** To see if the Village will appropriate the sum of \$67,558.40 for 40 hours weekly police services for a period of one year commencing on May 1, 2004 to be reduced by the remaining amount of the extra appropriated police coverage in prior years, (67,558.40 -\$11,440.07-4661.38).
- ARTICLE 12:** To see if the Village will authorize Trustees to enter into a mutual contract for 7 day police coverage pending the outcome of the Town vote of \$30,000 for police protection.

Warning for the 2004 Annual Meeting

- ARTICLE 13: To see if the Village will authorize the Trustees to spend unexpected fine moneys received from the State in 2003 in the amount of \$4661.38 for additional police protection.
- ARTICLE 14: To see if the Village will vote to appropriate the sum of \$1,000.00 to the Franklin County Industrial Development Corp.
- ARTICLE 15: To see if the Village will vote to appropriate the sum of \$5,000.00 for winter snow removal.
- ARTICLE 16: To see if the Village will authorize the Trustees to spend unexpected & unanticipated revenues received.
- ARTICLE 17: To transact any other business properly coming before this meeting.

DATED: January 27, 2004

Trustees, Village of Enosburg Falls,

Valentine W. Bonk

Valentine W. Bonk, Chairman

Richard J. Rivers

Richard J. Rivers

Walter H. Scott

Walter H. Scott

Richard J. Roberge

Richard J. Roberge

Harold C. Foote, Jr.

Harold C. Foote, Jr.

Amy L. Lefebvre
Assistant Clerk

Attest: Natalie Guilmette
Village Clerk

**VILLAGE OF ENOSBURG FALLS ANNUAL MEETING
February 25, 2003**

The legal voters of the Village of Enosburg Falls, Vermont met on Tuesday, February 25, 2003 at 7:00PM at the Opera House at Enosburg Falls for the Annual Village Meeting to transact the following business, viz. Moderator Lloyd Touchette called the meeting to order at 7:05PM.

Those present representing the Village were Chairman Val Bonk, Richard Roberge, Richard Rivers, Chad Pearson, Walter Scott, Clerk/Treasurer Natalie Guilmette, Assistant Clerk/Director of Finance Amy Lefebvre, Comptroller Lynn Paradis, Village Manager Gary Champy, Director of Public Works Garry Atherton and Moderator Lloyd Touchette.

Everyone was asked to rise for the Pledge of Allegiance. Audrey Anderson said a prayer.

Moderator Touchette instructed that the meeting would be conducted under Roberts Rules. Moderator Touchette turned the meeting over to Chairman Bonk.

Val introduced Village Manager Gary Champy. Gary Champy said a few words.

Val recognized Rep. Avis Gervais for her service on the Planning Commission and Peter Perley and Marge Jacobs for their service on the Zoning Board of Adjustment. They were provided with Bridge plaques, Bridge Christmas bulbs and maple syrup with the Bridge logo on the labels.

Val pointed out the inside front cover of the report and presented the dedication of the Annual Report to Stephen B. McNeil, former Village Manager. Steve was very dedicated to the Village of Enosburg Falls and made our community a much better place to live.

Val informed taxpayers that Selectmen, Trustees and other citizens formed a committee with Rural Development of Vermont. There will be many meetings including Town and Village to determine important issues for our community. Many volunteers are needed to participate. The next meeting will be Thursday at the Municipal Building. Anyone interested is welcome to attend. Val turned the meeting back over to Moderator Touchette.

Moderator Touchette pointed out that there are several people in attendance that are not residents of the Village. Moderator Touchette asked if taxpayers wished to grant these people permission to speak. Motion made by Avis Gervais, seconded by Kathy Erno allowing nonresidents to speak if called upon. Passed by voice vote.

Motion made by Pat Labier, seconded by Guy Breault to dispense the reading of the warning on page 6-7. Passed by voice vote.

Article #1 - To elect a moderator for the ensuing year. Motion made by Kathy Erno to elect Lloyd Touchette. Lloyd Touchette turned the meeting over to Val Bonk. Motion seconded by Normand Gervais. One ballot was cast. Lloyd Touchette was elected by voice vote.

Minutes of the 2002 Annual Meeting

Article #2 - To receive and act on the report of the Village Officers for the past year.

Information - Page 2-5 Moderator Touchette pointed out that these pages are for information only.

Warning - Page 6-7 Moderator Touchette said that these items will be acted upon throughout the meeting.

Minutes of 2002 Annual Meeting - Page 8-17 Moderator Touchette pointed out that the Minutes of 2002 Annual Meeting were for information only but invited taxpayers to offer any corrections. There were no questions or comments and no corrections were brought forward.

Village Auditor's Report - Page 18 Motion made by Avis Gervais, seconded by Pat Labier to accept the Village Auditor's Report. Passed by voice vote.

Trustee's Report - Page 19-20 Moderator Touchette pointed out that these pages are for information only.

Water Department - Page 20-24 Motion made by Kathy Erno, seconded by Normand Gervais to accept the Water Department Report. Raymond Larose asked about the meters that were purchased and how many have been installed. Val explained that some have been installed and the Village has contracted with an individual to install more. Gary Champy has this on his agenda. Raymond also asked about depreciation. Lynn explained the lines following depreciation expense that replace the noncash depreciation expenses. Passed by voice vote.

Electric Light Department - Page 25-30 Motion made by Pat Labier, seconded by Paul Lefebvre to accept the Electric Light Department Report. Rep. Avis Gervais asked about legal expense and in lieu of tax. Val explained that legal is for attorneys for basic electric, rate cases, and FERC. The FERC case will continue this year. In lieu of tax was raised to be paid to the general fund; \$2500 was an amount for taxes to the general fund that hadn't been raised for many years. Avis also asked about gross fuel tax and equipment replacements. Val explained gross revenue and referred everyone to page 41 - Anticipated Fixed Asset Additions. Raymond Larose asked about at the forecasted \$91,842 loss. Val explained that purchased power has increased. Raymond asked when the next rate increase will be. Val was unsure but hoped to not have an increase for at least a year. Raymond asked if we would take out more loans to cover the deficit. Val explained that we have not incurred the deficit and hope not to. Electric Light Department report was passed by voice vote.

Waste Water Treatment - Page 31-35 Motion made by Kathy Erno, seconded by Dan Hale to accept the Waste Water Treatment Report. Avis Gervais asked about the increased revenue budgeted. Val explained that this is due to the rate increase that we have assessed. Passed by voice vote.

Minutes of the 2002 Annual Meeting

General Fund - Page 36-39 Moderator Touchette instructed that these reports will be taken up as part of Article 8.

Property Tax Reconciliation - Page 40 Motion made by Tonya Pearson, seconded by Paul Lefebvre to accept the Property Tax Reconciliation. Passed by voice vote.

Anticipated Fixed Asset Additions - Page 41 Motion made by Avis Gervais, seconded by Pat Labier to accept the Anticipated Fixed Asset Additions pursuant to the passing of all budgets involved. Passed by voice vote.

Appendix A through Appendix E - Moderator Touchette pointed out that these pages are for information only.

Appendix F - Independent Auditors Report - Motion made by Normand Gervais, seconded by Kathy Erno to accept the Independent Auditors Report. Raymond Ferland asked about the auditor's opinion. Val explained that we are governed by the Public Service Board and had to do our accounting based on our regulatory ruling. Passed by voice vote.

Article #3 - To elect an individual for the position of Village Clerk and Treasurer for a term of one year with the Board of Trustees setting the annual wage. Natalie Guilmette was nominated by Andy Beaulieu, seconded by Guy Breault. No other nominations were made. Passed by voice vote.

Article #4 - To elect the following officers:

A) Two Trustees for a term of three years.

Raymond Larose nominated Richard Roberge seconded by Guy Breault. No other nominations were made. Passed by voice vote.

Chad does not wish to serve again. Kathy Erno nominated Harold Foote Jr, seconded by Pat Labier. Normand Gervais nominated William Spears, seconded by Guy Breault. No other nominations were made. Ballot vote was taken. Board of Civil Authority counted the votes. There were 41 votes cast. Peter Perley received 1 vote. Harold Foote Jr. received 21 votes; William Spears received 19 votes. Harold Foote Jr. was elected.

Article #5 - To see if the Village will authorize the Trustees to borrow in anticipation of taxes for 2003. Motion made by Pat Labier, seconded by Allison Dubilier to accept Article #5. Passed by voice vote.

Article #6 - To see if the Village will authorize the Trustees to borrow money in anticipation of revenue for 2003 for the operation of the Water and Light Department. Motion made by John Whitt, seconded by Kathy Erno to accept Article #6. Passed by voice vote.

Minutes of the 2002 Annual Meeting

Article #7 - To see if the Village will authorize the Trustees to borrow money in anticipation of revenue for 2003 for the operation of the Sewer Department. Motion made by Tonya Pearson, seconded by Ron Deuso to accept Article #7. Passed by voice vote.

Article #8 - To see if the Village will vote a tax on the Grand List to cover the 2003 Village General Fund Budget. Moderator Touchette referred everyone to page 36-39. Moderator Touchette reminded everyone that they would not be accepting a dollars and cents tax rate as the grand list is not completed. Motion made by Kathy Erno, seconded by Pat Labier to accept Article #8 as written. Pierre Letourneau asked if the law enforcement appropriation was from last year for additional coverage. Val explained that we have not spent all of the money as we did not call in Vermont State Police for the overtime. We have \$12,000 left and have asked for an additional \$3,000 in article 10. Raymond Ferland asked why it hadn't been spent; Raymond feels we need it and why not spend it with Franklin County Sheriff's Department. Chad explained that there isn't much need this time of year for the extra and we will address specific issues. Moderator Touchette stepped down and agreed with Raymond Ferland that there is a need regardless of weather. Discussion followed. Sheriff Robert Norris spoke and answered questions; he also informed the public that Enosburg is slated for the next school resource officer. Lt. Dan Begiebing spoke about the changes with Vermont State Police and the reduction in budget and the continuing number of vacancies. VSP is not looking for any COPS contracts and are looking very closely at overtime. There are typically three Troopers per shift for all of Franklin Grand Isle Counties. They will respond but will continue to prioritize.

Cindy Weed asked about paving; Val explained that we spent \$80,345 on Orchard Street. We are unable to budget for grant money; we received \$56,000 in grants for Orchard Street. Cindy asked what else was included in the overspending. We also purchased some additional equipment (backhoe and truck) in the highway department that was taken up under separate articles last year. Cindy asked what the policy was for equipment purchases. Garry Atherton explained that the Village receives sealed bids. Pierre Letourneau asked how much we will be over budget and if a budget had ever been denied. Gary Champy spoke about our budgets and his commitment to holding to them. Chad Pearson spoke about the effort that went into the proposed budgets and the amount of cutting that has happened before presenting it to taxpayers. Lloyd Touchette stepped down and assured voters that appropriations can not be included in the budget; these need to be added into the budget. Gary Champy explained that some costs are out of our control such as insurance premiums. Passed by voice vote.

Article #9 - To see if the Village will approve an amount of \$0.05 on the Grand List for the purpose of upgrading sidewalks. Motion made by Peter Perley, seconded by Pat Labier to accept Article #9 as written. Passed by voice vote.

Article #10 - To see if the Village will appropriate the sum of \$3,000.00 for additional hourly police services for a period of one year commencing May 1, 2003. Motion made by Dan Hale, seconded by Kathy Erno to accept Article #10 as written. Raymond Ferland asked if this was also for State Police or if it could be used with Franklin County Sheriff. Val explained that the original \$15,000 was earmarked for Vermont State Police. If there is not staffing, there isn't much we can do. Our intention is to spend some money for drug enforcement along with the

Minutes of the 2002 Annual Meeting

Town and School. Allison Dubilier asked if it was needed. Val explained that we had spent this amount in the past. Article #10 passed by voice vote as printed.

Article #11 - To see if the Village will vote to appropriate the sum of \$1,000.00 to Franklin County Industrial Development Corp. Motion made by Dan Hale, seconded by Ron Deuso to accept Article #11 as written. Passed by voice vote.

Article #12 - To transact any other business properly coming before this meeting. Moderator Touchette explained that this is non-binding and for Trustee information only.

Moderator made an announcement that Vermont Thunder will be back in the Village May 25, 2003.

Motion made by Pat Labier, seconded by Kathy Erno to adjourn at 9:00PM. Vote unanimous.

Village Auditor's Report

In January of this year, following the independent auditors we reviewed the accounts of the Village of Enosburg Falls. This was accomplished by using a random selection of months to be reviewed. The accounts that were reviewed included the General Fund, the Electric Fund, the Water Fund and the Sewer Fund. Included in this review were the checking and savings accounts and the notes payable.


Detailed receipt's journals and detailed disbursement journals are maintained. The Trustees review all accounts on a monthly basis. The internal office control of cash received, checks received and goods received is well organized.

Payroll records are kept and withholdings are properly disbursed quarterly and annually. All pay increases are documented by the Trustees and documented in their minutes.

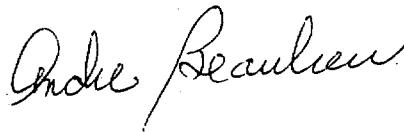
We found the records and the back-up to be in order and easily verified. The staff need to be commended on an excellent job.

If you have any questions, feel free to call any one of the auditors.

Kathy Erno
933-2690



Andre Beaulieu
933-2189



VILLAGE TRUSTEE REPORT

Trustees started the year working with village office staff and department heads in the preparation of the budgets and reports for the ensuing year. Negotiated, and then entered into a contract with Gary Champy to assume the responsibilities of Village manager. Gary 's appointment to the position was determined by the special committee appointed for this task in the latter part of 2002.

Trustees meet each month with Sheriff Bob Norris and VT. State Police Lt. Dan Begiebing to address public safety issues. During the year joint meetings were held with the Enosburgh Selectmen, The Council on Rural Development Public Safety Committee members, and the Enosburg Falls School District - Prudential Committee to set policy and procedures that will address the public safety concerns of our citizens. This project is not finalized but continued participation by the mentioned players and other concerned citizens will hopefully help us to arrive at an acceptable solution. A Community Restorative Justice Planning Grant of \$850.00 was awarded to our community by the State of Vermont to address public safety. A focus group was created that included individuals from the Town, Village, and School. Citizen involvement has been ongoing in this focus group that includes students, teachers, and teacher aids. The Town Selectmen, Village Trustees, and School Board have chosen individuals to be on the "Restorative Justice Board" It is expected that the restorative board is one of our solutions addressing public safety.

During 2003, The substation upgrade was completed, fencing was erected as a required safety issue and we had to replace the piping to the crest gates on the dam so that minimum stream flows could be maintained. Debris was removed from the rock pile in front of the dam which improved the aesthetics at the village office entrance. A new pick-up for the electric department was purchased. Billing and Accounting software was updated on the village computer system through Harris Computer Systems. Amy and Lynn visited other municipalities that were using the software system prior to our purchase to assure that it would accomplish the billing and accounting required by the Village. We lost two power suppliers through bankrupts and therefore we authorized VPPSA to pursue purchasing up to 500 KW with a price cap each year for five years or through year 2008.

Road restoring, upgrading, and paving was accomplished on Church Street, Elm Street, and on East Street. A thank you to Franklin Foods for a substantial contribution to the East Street paving. Sidewalk appropriation was spent mostly on Elm and Pleasant streets. Village received a grant for a box culvert on Duffy Hill road. Final grading and paving should be completed this year. The extreme cold has caused some frost problems and the unusually heavy snows in the latter week of 2003 have stressed our budget and our employees.

A new sewer main was installed on the upper end of West Berkshire Road. Beth Ann Finlay of VT.-RC&D helped establish a Canoe Access Point on the Missisquoi river. Cold Hollow School children planted and maintained flowers on the Bridge of Flowers & Lights. Trustees and the Planning Commission supported Northwest Regional Planning Commission on our behalf for the Development of a "Capitol Budgeting Program". Trustees adopted a new "Enosburg Falls Municipal Plan", and "Subdivision Bylaws", also developed a "Procedure Policy" for Purchases", and set various fees for permits and connections. Appointments were made to Regional Planning Commission, Enosburg Falls Planning Commission, The Development Review Board, the USDC ,EDCNV, and TAC boards,

VILLAGE TRUSTEE REPORT

The Enosburg Falls Economic Development Corp, and The Solid Waste District. Trustees have had several preliminary discussions with Gary Fiske, (North Country Cable) about the feasibility of Broad Band Deployment, (525 homes - 51 miles).

The Trustees appointed Jon Scott Village Zoning Administrator and Mike Messier Delinquent Tax Collector.

The Trustees wish to thank

Nan Guilmette our Village Clerk and Treasurer
Kathy Erno - Auditor
Andy Beaulieu - Auditor
Stuart Reed - Auditor (deceased)
Michael Messier - Delinquent Tax Collector
Jon Scott - Zoning Administrator

Planning Commission
Members

| | |
|------------------|--------------|
| Robert Young | John Colburn |
| Rosaire Larose | Ronald Duso |
| Merrill Jeffords | Sally Wright |

Development Review
Board Members

| | |
|-----------------|----------------|
| Ron Duso | Phil Lovelette |
| Michael Bovat | Paul Godin |
| Normand Garvais | |

All items mentioned in this report, and other items we surly missed would not have been accomplished or resolved without our Village Employees.

Gary Champy- Village Manager
Amy Lefebvre- Director of Finance and Assistant Clerk/Treasurer
Lynn Paradis- Electric Department Comptroller
Trish Foote- Accountant
Liza Harness- Receptionist
Garry Atherton- Director of Public Works
Sam Gates- Superintendent Wastewater Plant
Rodney Allen- Asst. Superintendent Wastewater Plant
William Boucher- Foreman Electric Department
Greg Clark- 1st Class Lineman Electric Department
David Westcom- 1st Class Lineman Electric Department
Alan Plouff- Lineman
Ken Laplant- Foreman Highway Department
Steven Jones- Laborer Highway Department
Kevin Bellevue- Laborer Highway Department

Village Managers Report

The year of 2003 started on a very fast past during my first thirty days. Tara and I made a rapid move north so I would not have to commute while looking for housing, there was sub-zero weather causing water line leaks and freezing, an appeal of our wastewater discharge permit by the Conservation Law Foundation and preparing for the Council on Rural Development community visit. The Planning Commission was also busy preparing our municipal five year plan and later to follow sub-division regulations that were both approved during public hearings and adopted by our Trustees.

This year Village residents saw their water, sewer rates increase and electric the electric rates de-seasonalized. These adjustments provided the needed revenue to maintain our utility accounts. The Village Trustees and community took the needed action in raising rates for the first time in almost seven years, there was no need to acquire short term borrowing in our enterprise accounts this year. In my estimate the future of our utility departments looks promising, we will be identifying our capital needs and develop a cost effective strategy to address each of the needs. The Village received a planning grant to hire a consultant to perform such a review. I am hoping the final report will be available during 2004 fiscal year.

The Village will provide in-kind services to a grant for enhancing a canoe access on the Missisquoi river. Future efforts will be made to improve this recreational activity which could increase local tourism in Enosburg as the rail trail has done for bicyclist passing through our community. In an effort to provide greater public safety the Village Trustees approved a supplemental law enforce initiative in August that provided selective police coverage within the Village. The extra money appropriated for police coverage was used for this project. This program produced 20 warning tickets and 38 fines during 48 hours of extra coverage from September through December. I am hopeful this selective enforcement increased the presents of law enforcement during 2003.

The Village Trustees and I have been listening and trying learning about the future applications of broadband services. This technology has advanced capabilities beyond conventual cable and telephone lines. The State of Vermont is interested in how rural communities will obtain and utilize the broadband application. I have talked with state officials and there is an interest to continue the investigation in bring broadband services into the northern rural corridor of Vermont. I am looking for people interested in this topic to serve on a local committee with me to assess what broadband service would mean for the Enosburg community. Having the capability to allow every home to have broadband service through fiber optic or coaxial cable would certainly be a goal. Please contact me at 933-4443 if you have an interest in the technology or serving on a study committee.

Water Department

The winter of 2003 created major problem in our water distribution system. The sub-zero temperatures in February stressed service connections and water mains creating high demands on our crew to get water flowing to buildings and stop water main leaks. The dedication of our crew thawed and fixed broken water lines in the worst conditions to keep water flowing. The shallow water line on Duffy Hill Road was addressed this summer during a culvert project. We are confident the deepening of this water line will prevent freeze ups. The Village of Enosburg also sold water to our neighbors in Montgomery this year during their water shortage, the residents of Montgomery were very grateful for our assistance during their water shortage.

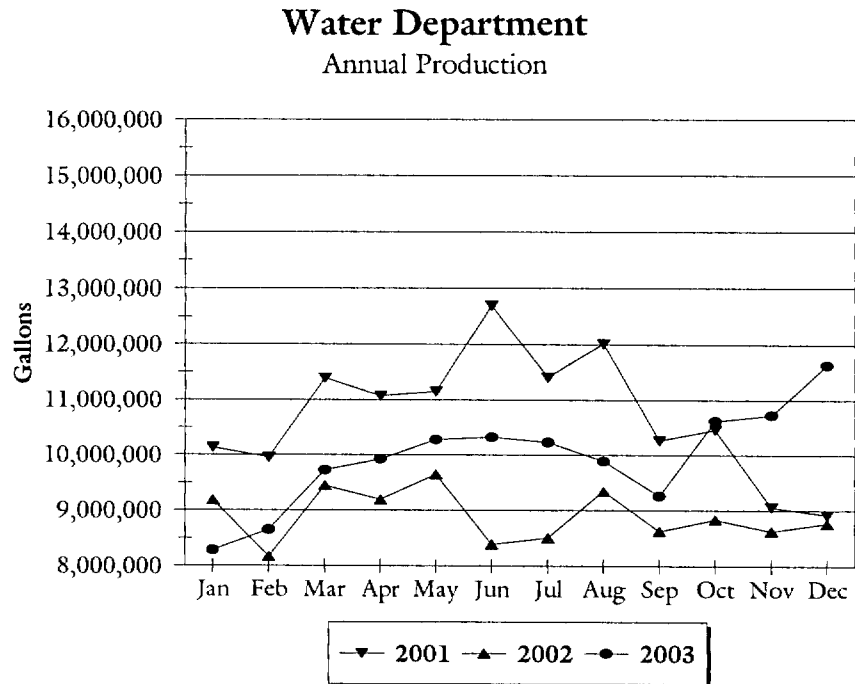
The Water Department losses were up significantly over the previous year 18,181,287 gallons this was a 41% increase from last year. This was attributed to a number of major leaks that were addressed on Pleasant Street, and on the West Berkshire Road. The Village will continue to monitor West Berkshire Road, we will install a meter pit to take readings to determine if there are leaks further up the road. The Village will also perform a leak detection study this summer with equipment that can hear water flowing underground.

The Village also had an aggressive program in place to replace a number of broken and failed water meters this year. Between the months of May and November a total of 37 water meters were replaced.

During the October flushing of water mains between the hours of 8:00pm and 10:30pm we received numerous complaints from residents that mains were being flushed during this time. Flushing the water mains at night is not an easy task, with just a flash light our crew tries to determine if the section being flushed is clean, if the water is not clear or someone draws water while the line is being flushed cloudy water will make it's way into the building. The water department will consider flushing the mains during the day so we are visible to the locations where mains are being flushed. The water department will bring this change in or water main flushing program to the Trustees for their review in 2004.

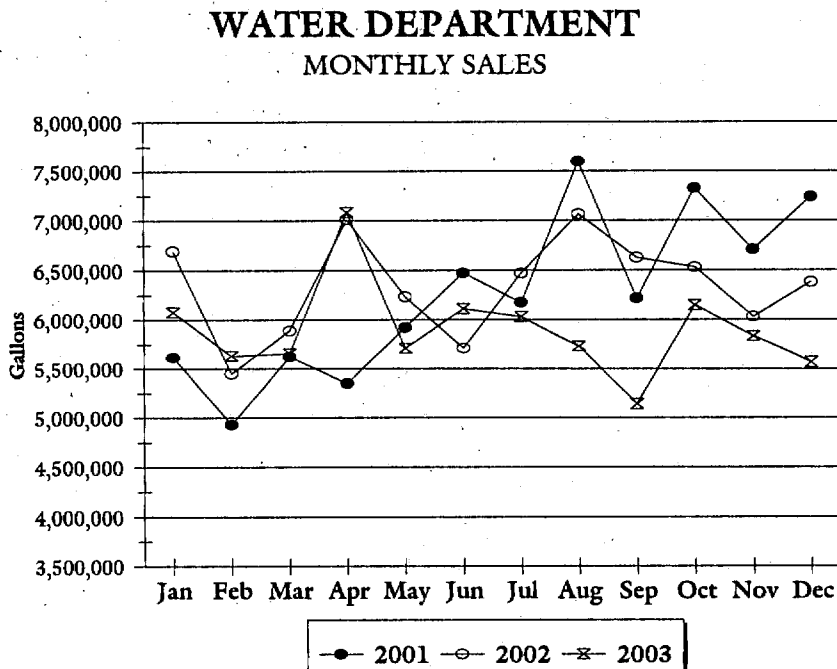
Water Department

| ACCOUNT | 2003 BUDGET | 2003 ACTUAL | 2004 BUDGET |
|----------|----------------|----------------|----------------|
| REVENUES | 234,652 | 439,841 | 260,437 |
| EXPENSES | (224,781) | (462,281) | (243,326) |
| Variance | 9,871 | (22,440) | 17,111 |



Water Department

| ACCOUNT | | 2003 | 2003 | 2004 |
|---------------------------|-------------------|----------------|----------------|----------------|
| No. | Title | BUDGET | ACTUAL | BUDGET |
| SALES | | | | |
| 301.10 | Assessments | 232,952 | 222,534 | 222,534 |
| 301.25 | Reconnection Fees | 0 | 550 | 300 |
| 301.20 | Water Connections | 500 | 0 | 500 |
| 301.30 | Sale of Materials | 0 | 224 | 200 |
| 301.35 | Job/Contract Work | 0 | 1,658 | 1,500 |
| 304.10 | Interest Income | 1,200 | 492 | 2,300 |
| INTERFUND RECEIPTS | | | 0 | 33,104 |
| | Industrial Park | | 211,063 | 0 |
| 302.25 | Miscellaneous | 0 | 3,321 | 0 |
| TOTAL | | 234,652 | 439,841 | 260,437 |



Water Department

| ACCOUNT | | 2003 | 2003 | 2004 |
|---------|--------------------------|--------|--------|--------|
| No. | Title | BUDGET | ACTUAL | BUDGET |
| 410.00 | Employee Salaries | 51,242 | 59,129 | 54,822 |
| 420.00 | Employee Benefits | 21,505 | 24,462 | 24,971 |
| | Utilities | | | |
| 431.10 | Telephone | 650 | 629 | 650 |
| 430.10 | Electricity | 12,000 | 14,072 | 15,309 |
| 430.20 | Sewer | 219 | 192 | 220 |
| 430.30 | Water | 150 | 124 | 150 |
| 431.30 | Internet Access | 50 | 154 | 160 |
| 431.20 | Alarms | 900 | 668 | 900 |
| 432.10 | Heating Oil | 150 | 170 | 250 |
| | Insurance | | | |
| 420.30 | Property | 3,150 | 3,484 | 3,589 |
| 420.10 | Liability | 1,300 | 1,095 | 1,128 |
| | Vehicle Expense | | | |
| 472.20 | Gasoline/Oil | 275 | 320 | 300 |
| 470.30 | Repairs | 100 | 41 | 150 |
| 415.10 | Mileage | 2,200 | 2,881 | 2,650 |
| | Equipment Expense | | | |
| 470.20 | Repairs | 500 | 302 | 500 |
| 472.10 | Equipment Rental | 1,000 | 105 | 200 |
| 462.20 | Small tools | 300 | 2,182 | 300 |
| 428.10 | Maint. Agreements | 515 | 531 | 1,182 |
| | Facility Expense | | | |
| 445.10 | Repairs/Maintenance | 2,970 | 566 | 6,000 |
| | Janitorial Supplies | 1,300 | 1,345 | 1,500 |
| | Training/Education | | | |
| 444.10 | Conferences & Meetings | 25 | 38 | 60 |
| 444.20 | Training | 1,000 | 158 | 1,200 |
| | Outside Services | | | |
| 451.20 | Engineering | 0 | 0 | 0 |
| 450.10 | Accounting | 1,400 | 1,676 | 1,870 |
| 450.20 | Legal | 0 | 40 | 40 |
| 443.10 | Data Processing | 200 | 71 | 200 |
| 444.30 | Memberships/Dues | 150 | 199 | 210 |
| 451.30 | Plumbers | 150 | 1,195 | 150 |
| 470.50 | Well Maintenance | 18,000 | 340 | 19,000 |
| 480.20 | Communications | 550 | 793 | 800 |
| | Office Expense | | | |
| 442.10 | Postage | 2,400 | 3,035 | 3,165 |
| 442.15 | Printing | 380 | 391 | 400 |
| 440.10 | Supplies | 1,200 | 1,105 | 1,100 |
| 440.20 | Bank Charges | 100 | 70 | 100 |
| 441.20 | Public Notices | 250 | 218 | 250 |
| 442.20 | Shipping & Handling | 125 | 312 | 225 |
| 480.10 | Miscellaneous | 100 | 324 | 382 |
| 452.20 | Testing/Certification | 4,500 | 4,048 | 4,700 |
| | Materials | | | |
| 478.10 | Chemicals | 3,000 | 2,963 | 3,000 |
| 461.30 | Infrastructure | 2,000 | 13,670 | 7,500 |
| 461.40 | Hydrant Repairs & Maint. | 1,500 | 330 | 1,500 |
| 463.20 | Materials Purchased | 1,000 | 522 | 1,000 |

Water Department

| | Property Taxes | | | |
|--------|------------------------|--------|--------|--------|
| 439.11 | Berkshire | 2,100 | 2,460 | 2,534 |
| 495.10 | Depreciation | 0 | 70,063 | 0 |
| | Equipment Replacements | 26,357 | 0 | 19,838 |
| | Principle Payments | 17,573 | 0 | 16,085 |
| | Interest Expense | | | |
| 490.10 | Short Term | 0 | 0 | 0 |
| 490.20 | Long Term | 40,245 | 44,467 | 43,088 |
| 498.10 | Bad Debt | 0 | 1,935 | 0 |

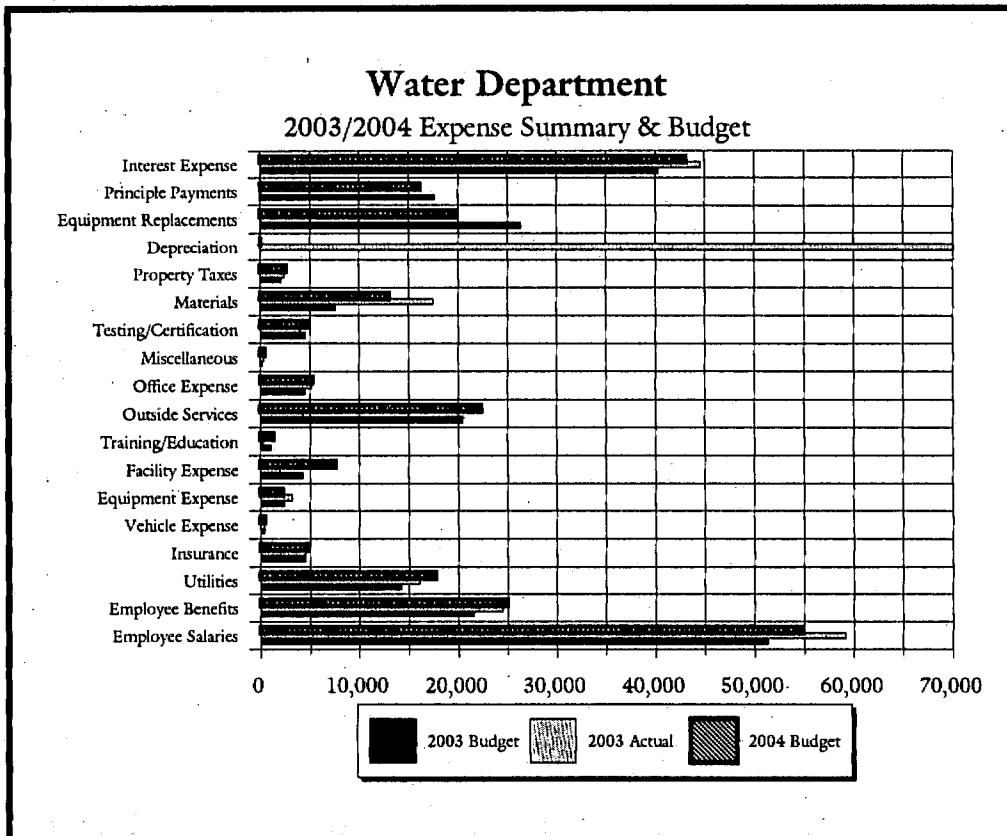
| | | | |
|--------------|----------------|----------------|----------------|
| TOTAL | 224,781 | 262,870 | 243,326 |
|--------------|----------------|----------------|----------------|

ACCRUAL TO CASH ADJUSTMENTS

| | | | |
|-------------------------------|--|----------|--|
| Depreciation (Noncash) | | (70,063) | |
| Fixed Asset - Industrial Park | | 211,063 | |
| Fixed Assets | | 41,110 | |
| Principal Payments | | 17,301 | |

| | | | |
|-------------------|----------|----------------|----------|
| SUB-TOTALS | 0 | 199,411 | 0 |
|-------------------|----------|----------------|----------|

| | | | |
|---------------|----------------|----------------|----------------|
| TOTALS | 224,781 | 462,281 | 243,326 |
|---------------|----------------|----------------|----------------|



Electric Light Department

Your Electric Light Department had a busy year in 2003. The work on the new substation, which began in late 2002 was completed and put into service in May. This substation, which serves this and parts of five other communities is now reliable and sized appropriately to absorb residential and industrial growth.

Once the substation project was finished, the next project was the reconstruction of Main Street. Once Main Street is rebuilt, the remaining side streets will be able to be upgraded and the Village will be able to be served from 7,200 and 12,470 volts instead of 2,400 volts.

During the Summer, Blow & Cote was awarded the bid to replace the hydraulic lines of the crest gates of the hydro dam. That work was completed in October. This work along with an upgrade to the computer monitoring equipment in the plant, brought us into compliance with our FERC hydro license.

In addition to the work that was done above, the line crews installed 42 new line extensions, service upgrades and equipment replacements for customers during the year. This is an increase of 12% over the prior year. The increase in line extensions and new services can be seen in the load numbers. In December, the system peak was 4.209 megawatts. The system peak for 2002 was 4.06 megawatts.

Generation was down for 2003 over 2002, by 5%. Part of the reason for this was the work that took place on the dam and we had times during low water periods that there was not enough water to run the hydro's and all river flows went downstream and none into the hydro units.

In February 2003 Phase I of the Class Cost of Service that was filed in April 2002 was implemented. Phase I deseasonalized the rates so customers see the same rate year round and reallocated the department's costs among a wider range of customer classes. Phase II will appear on bills beginning February 2004 and Phase III goes into effect January 2005. A rate schedule is included in the Appendix.

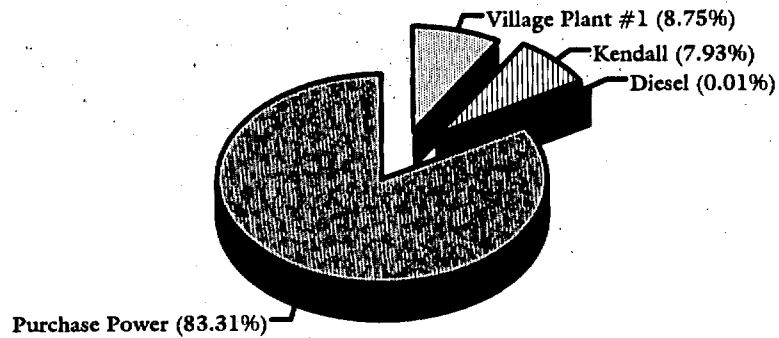
On December 1st, Citizens Communications sold part of its transmission line to the Vermont Electric Power Company (VELCO). This resulted in a reduction in the transmission costs Enosburg pays and it also resulted in the Electric Department receiving \$83,833.58 in settlement money from Citizens Communications. The Trustees have requested approval from the Public Service Board to use this money to reduce some of the short term debt of the Electric Department. It is expected that approval will be received in early 2004 and the money expended at that time.

Electric Light Department

| | 2003 BUDGET | 2003 ACTUAL | 2004 BUDGET |
|----------|----------------|----------------|----------------|
| REVENUES | 2,701,808 | 3,035,040 | 2,972,563 |
| EXPENSES | (2,793,850) | (2,884,845) | (2,982,473) |

| | | | |
|----------|----------|---------|---------|
| VARIANCE | (92,042) | 150,194 | (9,910) |
|----------|----------|---------|---------|

Electric Light Department 2003 YTD Power Sources



Electric Light Department

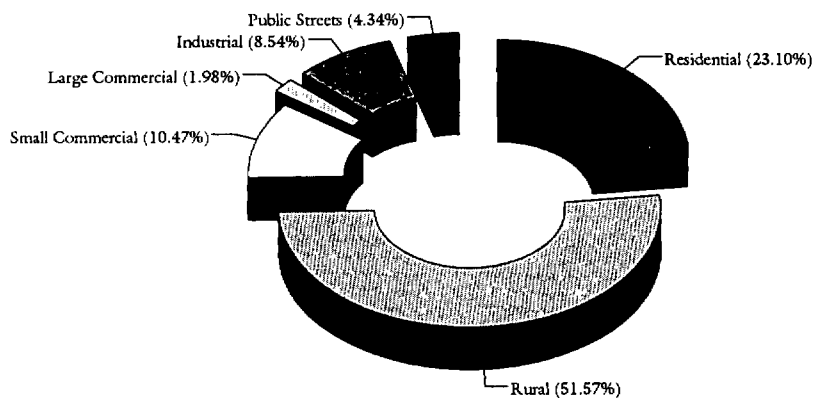
| ACCOUNT | | 2003 | 2003 | 2004 |
|---------|---------------------------------|----------|-----------|-----------|
| No. | Title | BUDGET | ACTUAL | BUDGET |
| | SALES | | | |
| 3.44000 | Residential | 647,231 | 516,841 | 522,010 |
| 3.44100 | Rural | 894,523 | 1,153,668 | 1,165,204 |
| 3.44200 | Small Commercial | 160,821 | 234,172 | 241,197 |
| | Large Commercial | 257,083 | 203,314 | 203,314 |
| | Industrial | 514,649 | 535,324 | 546,030 |
| 3.44400 | Public Streets | 41,703 | 44,332 | 44,332 |
| 3.44500 | Public Authorities | 153,598 | 190,979 | 196,709 |
| 3.44000 | Sales for Resale/Joint Ventures | 0 | 0 | 0 |
| | Legal Settlements | 0 | 96,988 | 0 |
| | OTHER | | | |
| | INTERFUND RECEIPTS | | | 19,597 |
| 3.41500 | Merchandizing/Contract | 30,000 | 41,832 | 30,000 |
| 3.41600 | Cost of Merchandise & Jobbing | (10,000) | (15,172) | (10,000) |
| 3.41900 | Interest Income | 5,000 | 14,075 | 11,970 |
| 3.45110 | Reconnection Fees | 1,200 | 2,125 | 1,200 |
| 3.42100 | Miscellaneous | 5,500 | 1,907 | 500 |
| 3.45100 | Miscellaneous Service Revenue | 500 | 1,008 | 500 |

| | | | |
|--------------|------------------|------------------|------------------|
| TOTAL | 2,701,808 | 3,021,393 | 2,972,563 |
|--------------|------------------|------------------|------------------|

| | | | |
|-----------------------|---|--------|---|
| Sewer Department Loan | 0 | 13,647 | 0 |
|-----------------------|---|--------|---|

| | | | |
|--------------|------------------|------------------|------------------|
| TOTAL | 2,701,808 | 3,035,040 | 2,972,563 |
|--------------|------------------|------------------|------------------|

Electric Light Department Revenue by Source



Electric Light Department

| ACCOUNT | | 2003 | 2003 | 2004 |
|---------|----------------------------------|---------|---------|---------|
| No. | Title | BUDGET | ACTUAL | BUDGET |
| 4.92000 | Employee Salaries | 312,611 | 286,969 | 348,094 |
| 4.92500 | Employee Benefits | 136,574 | 118,301 | 155,944 |
| | Utilities | | | |
| 4.93260 | Sewer | 300 | 470 | 475 |
| 4.93250 | Water | 238 | 272 | 300 |
| 4.93240 | Electricity | 3,900 | 3,843 | 3,600 |
| 4.93230 | Heating Oil | 4,000 | 7,893 | 8,700 |
| 4.93270 | Internet Access | 350 | 442 | 460 |
| 4.93220 | Telephone | 4,550 | 4,577 | 4,600 |
| 4.93210 | Alarms | 1,245 | 1,139 | 1,243 |
| 4.93501 | Rubbish Removal | 960 | 880 | 960 |
| | Insurance | | | |
| 4.92400 | Property | 33,700 | 33,687 | 34,698 |
| 4.92410 | Liability | 6,950 | 6,975 | 7,184 |
| | Vehicle Expense | | | |
| 4.53910 | Gasoline/Oil | 2,770 | 2,672 | 2,800 |
| 4.57100 | Repairs | 6,800 | 8,866 | 4,350 |
| 4.92115 | Mileage | 1,200 | 1,701 | 1,300 |
| | Equipment Expense | | | |
| 4.53900 | Fuel/oil | 1,000 | 1,023 | 1,000 |
| 4.92700 | Small tools | 1,500 | 2,661 | 1,500 |
| 4.92160 | Maintenance Agreements | 2,500 | 2,592 | 5,251 |
| | Facility Expense | | | |
| 4.57600 | Repairs/Maintenance | 10,100 | 9,950 | 14,800 |
| 4.93502 | Janitorial Supplies | 2,175 | 2,171 | 2,400 |
| | Training/Education | | | |
| 4.92370 | Conferences/Meetings | 1,250 | 1,938 | 2,200 |
| 4.57830 | Training | 3,000 | 803 | 3,500 |
| | Outside Services | | | |
| 4.92300 | Engineering | 7,500 | 8,296 | 3,000 |
| 4.92350 | Legal | 80,000 | 31,513 | 30,000 |
| 4.92330 | Accounting | 9,750 | 11,729 | 13,200 |
| 4.92340 | Data Processing | 1,500 | 667 | 1,500 |
| 4.92305 | Dept. of Pub. Serv. | 1,500 | 2,043 | 1,500 |
| | Professional Services-Vppsa | 0 | 0 | 0 |
| 4.93030 | Dues | 3,150 | 5,275 | 3,300 |
| 4.92140 | Communications | 1,175 | 1,442 | 1,935 |
| | Office Expense | | | |
| 4.92120 | Postage | 4,500 | 6,513 | 6,825 |
| 4.58810 | Shipping & Handling | 400 | 336 | 400 |
| 4.92100 | Supplies | 3,200 | 4,920 | 7,700 |
| 4.92101 | Bank Charges | 700 | 538 | 700 |
| 4.90300 | Supplies & Exp. - Customer Acct. | 1,700 | 1,520 | 1,700 |
| 4.92130 | Printing | 1,755 | 1,910 | 1,910 |
| 4.93020 | Public Notices & Advertising | 900 | 1,034 | 900 |
| 4.93000 | Miscellaneous | 100 | 191 | 2,074 |
| | Taxes | | | |
| 4.40800 | Taxes other than income | 8,700 | 11,491 | 51,410 |
| 4.40805 | In Lieu of Taxes | 5,000 | 5,000 | 5,000 |
| 4.40801 | Gross Revenue Tax | 13,045 | 13,237 | 14,594 |
| 4.40810 | Gross Fuel Tax | 13,045 | 18,227 | 14,594 |

Electric Light Department

| | | | | |
|---------|-----------------------------------|-----------|-----------|-----------|
| 4.40300 | Depreciation | 0 | 239,815 | 0 |
| 4.40710 | Amortization | 0 | 83,935 | 0 |
| | Equipment Replacements | 95,330 | 0 | 95,228 |
| | Principle Payments | 238,009 | 0 | 316,082 |
| | Interest Expense | | | |
| 4.42710 | Short Term | 5,000 | 4,835 | 4,500 |
| 4.42700 | Long Term | 126,235 | 106,959 | 112,984 |
| | Operating Expense-Elec | | | |
| 4.58200 | Station Supplies & Expense | 750 | 0 | 750 |
| 4.58700 | Meter Expenses | 500 | 0 | 500 |
| 4.58700 | Customer Install Expense | 0 | 0 | 0 |
| 4.58800 | Misc. Distribution Expense | 500 | 19 | 500 |
| 4.59402 | New Line Construction | 0 | 5 | 0 |
| 4.59401 | Maintenance of Lines | 10,000 | 24,365 | 10,000 |
| 4.59412 | Maintenance of Secondary Services | 500 | 0 | 500 |
| 4.59500 | Maintenance of Transformers | 1,000 | 3,009 | 3,000 |
| 4.59600 | Maintenance of Street Lights | 800 | 0 | 1,000 |
| 4.59700 | Meters Maintenance | 500 | 76 | 500 |
| 4.92662 | Safety Visits | 4,350 | 3,988 | 4,350 |
| | Hydro Power Generation | | | |
| 4.53600 | Water for Power | 18,000 | 13,039 | 14,000 |
| 4.53800 | Maintenance of Kendall | 2,500 | 1,574 | 2,500 |
| 4.53805 | Maintenance of Plant #1 | 2,500 | 631 | 2,500 |
| 4.53806 | Maintenance of Bridge | 750 | 494 | 750 |
| 4.53900 | Fuel for Hydro | 500 | 1,141 | 1,280 |
| 4.53905 | Miscellaneous Hydro | 500 | 4 | 500 |
| | Other Generation | | | |
| 4.54700 | Diesel Fuel | 200 | 296 | 300 |
| 4.55001 | Operating Supplies/Exp. | 50 | 39 | 50 |
| | Operating Supplies | 0 | | |
| 4.56000 | Operating Supervision Exp. | 50 | 0 | 50 |
| 4.55565 | Resource Settlement Credit | 0 | 0 | 0 |
| 4.55566 | Power Contracts | 1,580,033 | 1,901,278 | 1,822,828 |
| 4.55567 | Enosburg Hydro | 0 | (188,417) | (190,019) |
| 4.55567 | Enosburg Diesel | 0 | (1,591) | 240 |
| 4.90400 | Bad Debt | 10,000 | 36,179 | 10,000 |

| | | | |
|--------------|------------------|------------------|------------------|
| TOTAL | 2,793,850 | 2,857,379 | 2,982,473 |
| | 0 | | 0 |

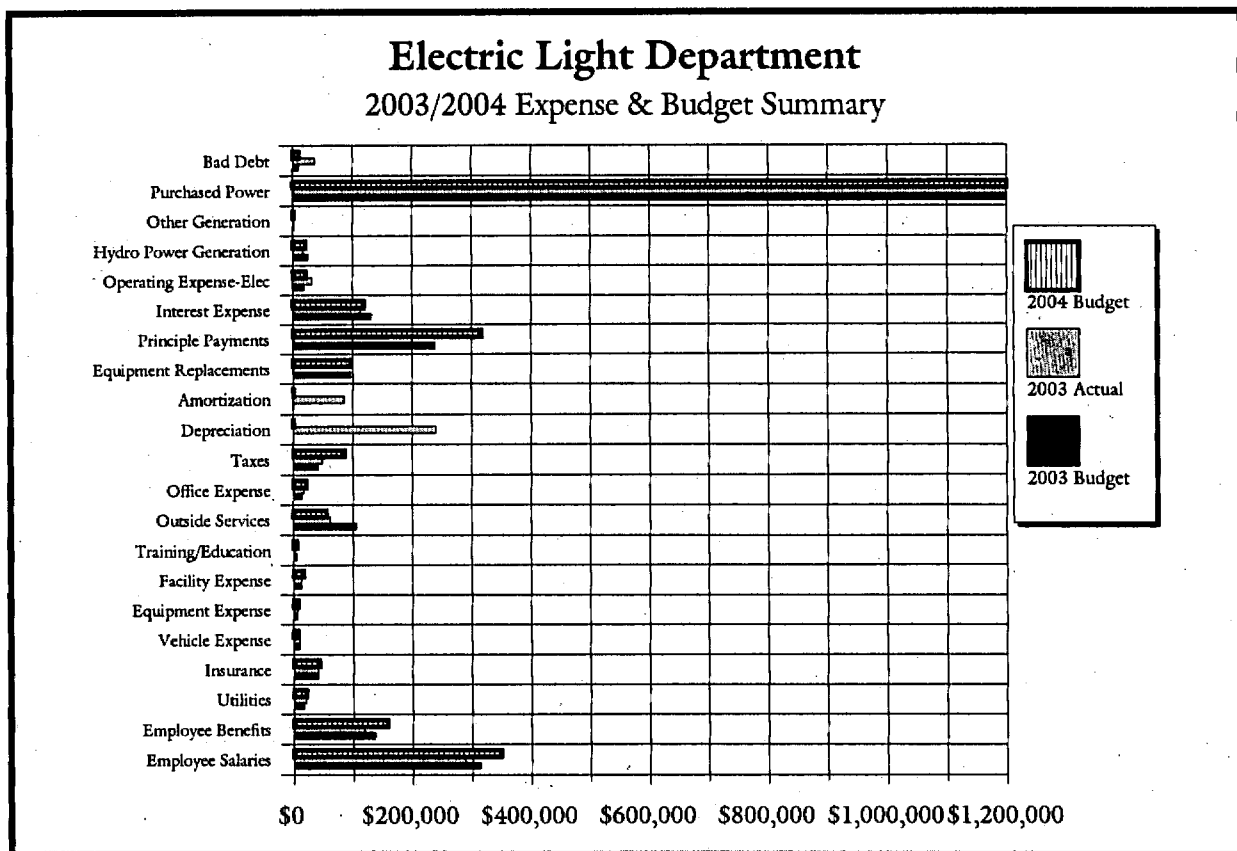
ACCRUAL TO CASH ADJUSTMENTS

| | | | |
|-------------------------------------|--|-----------|--|
| Depreciation/Amortization (Noncash) | | (323,751) | |
| Equipment Replacement Funds | | 0 | |
| Fixed Assets | | 117,377 | |
| Principal Payments | | 233,840 | |

| | | | |
|-------------------|----------|---------------|----------|
| SUB-TOTALS | 0 | 27,466 | 0 |
|-------------------|----------|---------------|----------|

| | | | |
|---------------|------------------|------------------|------------------|
| TOTALS | 2,793,850 | 2,884,845 | 2,982,473 |
|---------------|------------------|------------------|------------------|

Electric Light Department



Waste Water Department

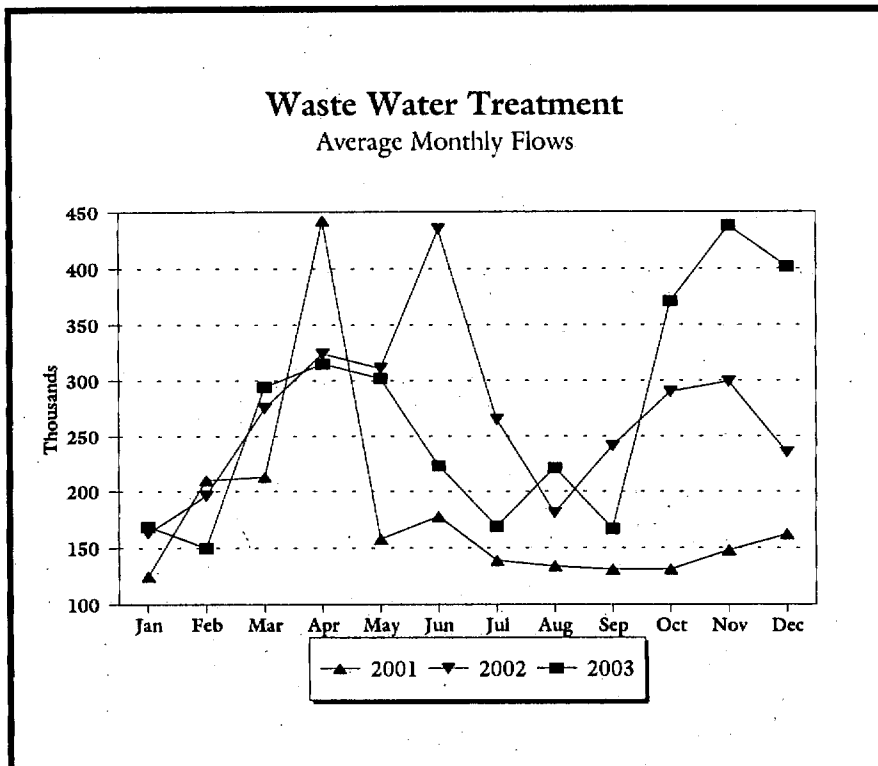
The Sewer Department is finishing the second phase of our phosphorus project. The biological portion of the project is almost complete, there is still some equipment to be installed and modifications to our headworks in the Spring of 2004. We installed new aeration domes in our sludge holding tank, this project was done in-house to replace the original aeration units that were nearly 26 years old. The new domes will prevent water from entering the air lines so we can temporarily shut the air down in the sludge tank allowing the sludge to settle so we can pump water from the top of the sludge tank back through the treatment process. This operation allows the sludge to thicken in the tank so there is a little less water being pumped and trucked off to Plattsburgh. The sewer department also received a \$1,000 check from Energy Efficiency based on energy efficiency modifications at the facility during 2003.

A portion of the sewer line on West Berkshire Road was replaced as were two man holds. The sewer line had collapsed so it was important to make a secure connection to a previous replaced section of line that had been constructed several years before. The Village still has areas of orangeburg pipe and we will identify the places in the community which may become problematic. The wastewater department still has equipment approaching twenty-seven years old and through a capital budget program these needs will be addressed. One of our concerns is the main aeration system, the air pattern is diminished in the past few years and we are looking into grant alternatives to replacing our original aeration system and blowers.

The Wastewater department debt has been analyzed and a debt reduction program has been reviewed by the Trustees to coincide with the rate increase that took effect in 2003. By fiscal year 2006 the sewer department will be on track to have all inter-department loans paid.

Waste Water Treatment

| TYPE | 2003 BUDGET | 2003 ACTUAL | 2004 BUDGET |
|--------------|----------------|----------------|----------------|
| REVENUES | 551,555 | 771,496 | 591,649 |
| EXPENSES | (553,817) | (742,880) | (590,049) |
| TOTAL | (2,262) | 28,616 | 1,600 |



Waste Water Treatment

| | TYPE | 2003 BUDGET | 2003 ACTUAL | 2004 BUDGET |
|------------------|------------------|----------------|----------------|----------------|
| | SALES | | | |
| 301.10 | Assessments | 511,385 | 529,725 | 579,725 |
| 301.20 | Sewer Connection | 1,830 | 0 | 2,184 |
| | | | | |
| | Replacement Fund | 5,900 | 0 | 6,300 |
| 302.10 | Grant Income | 30,000 | 22,263 | 1,000 |
| | Industrial Park | 0 | 211,063 | 0 |
| 302.15 | Testing | 740 | 615 | 740 |
| 304.20 | Interest-Delinq. | 200 | 496 | 200 |
| 304.10 | Interest Income | 1,500 | 1,854 | 1,500 |
| 302.25 | Miscellaneous | 0 | 5,480 | 0 |
| SUB-TOTAL | | 551,555 | 771,496 | 591,649 |
| 302.10 | Grant Income | 30,000 | 233,326 | 1,000 |
| TOTAL | | 521,555 | 538,170 | 590,649 |

Waste Water Treatment

| ACCOUNT | | 2003 | 2003 | 2004 |
|---------|----------------------------|---------|---------|---------|
| No. | Title | BUDGET | ACTUAL | BUDGET |
| 410.00 | Employee Salaries | 118,931 | 115,587 | 124,013 |
| 411.00 | Employee Benefits | 49,317 | 46,458 | 54,950 |
| | Utilities | | | |
| 430.20 | Sewer | 9,300 | 23,876 | 9,300 |
| 430.30 | Water | 3,711 | 4,231 | 4,260 |
| 430.10 | Electricity | 49,000 | 49,223 | 49,000 |
| 432.10 | Heating Oil | 2,200 | 2,594 | 2,700 |
| 431.10 | Telephone | 660 | 704 | 705 |
| 431.30 | Internet Access | 50 | 154 | 160 |
| 431.20 | Alarms | 1,200 | 1,139 | 1,296 |
| 433.10 | Rubbish Removal | 480 | 440 | 480 |
| | Insurance | | | |
| 420.30 | Property | 6,275 | 8,136 | 8,380 |
| 420.10 | Liability | 1,575 | 1,074 | 1,106 |
| | Vehicle Expense | | | |
| 472.20 | Gasoline/Oil | 500 | 636 | 700 |
| 470.30 | Repairs | 250 | 646 | 850 |
| 415.10 | Mileage | 860 | 1,095 | 950 |
| | Equipment Expense | | | |
| 470.20 | Repairs | 1,000 | 1,239 | 1,300 |
| 462.20 | Small tools | 500 | 100 | 500 |
| | Equipment Rental | 500 | 126 | 200 |
| | Facility Expense | | | |
| 445.10 | Repairs/Maintenance | 7,500 | 5,009 | 7,505 |
| 445.20 | Janitorial Supplies | 1,200 | 1,299 | 1,400 |
| 428.10 | Maintenance Contracts | 600 | 531 | 1,182 |
| | Training/Education | | | |
| 444.10 | Conferences/Meetings | 200 | 222 | 250 |
| 444.20 | Training | 500 | 83 | 550 |
| | Outside Services | | | |
| 451.20 | Engineering | 1,000 | 0 | 1,500 |
| 450.20 | Legal | 500 | 465 | 500 |
| 450.10 | Accounting | 1,400 | 1,676 | 1,870 |
| 443.10 | Data Processing | 500 | 71 | 500 |
| 444.30 | Memberships/Dues | 150 | 101 | 155 |
| 451.30 | Sewer Cleaning | 300 | 563 | 650 |
| 480.20 | Communications | 650 | 854 | 1,345 |
| | Replacement Fund | | | |
| 487.10 | Vehicles | 500 | 0 | 500 |
| 487.20 | Equipment | 7,770 | 0 | 7,770 |
| | Office Expense | | | |
| 442.10 | Postage & Printing | 2,250 | 2,582 | 2,675 |
| 440.10 | Supplies | 1,350 | 1,227 | 1,100 |
| 440.20 | Bank Charges | 25 | 140 | 170 |
| 442.20 | Shipping & Handling | 400 | 423 | 400 |
| 441.10 | Office Equipment Purchased | 0 | 0 | 5,982 |
| 441.20 | Public Notices | 50 | 16 | 50 |
| 480.10 | Miscellaneous | 100 | 34 | 382 |
| 452.20 | Testing/Certification | 1,000 | 524 | 1,000 |
| 480.40 | Phosphorous | 1,700 | 2,389 | 2,500 |
| 478.10 | Chlorine | 4,000 | 3,199 | 4,000 |

Waste Water Treatment

| | | | | |
|--------|---|---------|---------|---------|
| 479.10 | Treatment Supplies | 2,000 | 1,813 | 2,000 |
| 481.00 | Grant Expense | 30,000 | 0 | 1,000 |
| | Materials | | | |
| 461.30 | Infrastructure | 8,000 | 2,610 | 8,000 |
| 465.20 | Storm Drains | 6,000 | 4,559 | 7,000 |
| 485.10 | Sludge Management | 60,000 | 43,362 | 60,000 |
| 495.10 | Depreciation | 0 | 145,482 | 0 |
| | Equipment Replacements | 7,900 | 0 | 6,800 |
| | Principle Payments | 137,718 | 0 | 181,242 |
| | Interest & Principle Expense | | | |
| 490.10 | Short Term | 5,000 | 761 | 3,814 |
| 490.20 | Long Term | 17,245 | 15,589 | 15,406 |
| 498.10 | Bad Debt | 0 | 436 | 0 |

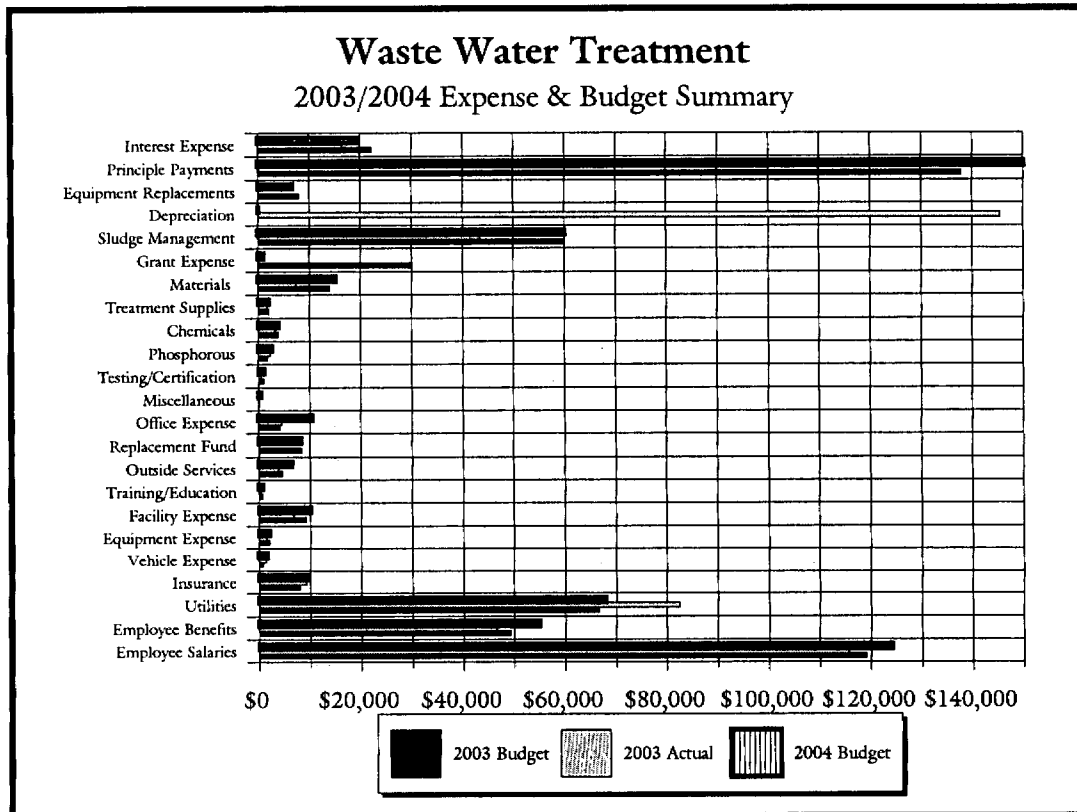
| | | | |
|-------------------|----------------|----------------|----------------|
| SUB-TOTALS | 553,817 | 493,476 | 590,049 |
|-------------------|----------------|----------------|----------------|

ACCRUAL TO CASH ADJUSTMENTS

| | | |
|-------------------------------|-----------|--|
| Depreciation (Noncash) | (145,482) | |
| Equipment Replacement Funds | 8,270 | |
| Fixed Assets | 41,915 | |
| Fixed Asset - Industrial Park | 211,063 | |
| Principal Payments | 88,519 | |
| Net Change Interdepartmental | 45,118 | |

| | | | |
|-------------------|----------|----------------|----------|
| SUB-TOTALS | 0 | 249,404 | 0 |
|-------------------|----------|----------------|----------|

| | | | |
|---------------|----------------|----------------|----------------|
| TOTALS | 553,817 | 742,880 | 590,049 |
|---------------|----------------|----------------|----------------|



General Fund/Highway Department

Our director of public works, Garry Atherton completed a bridge and culvert inventory program that is on file with the Agency of Transportation this year and we are now in a position to receive 90% grant funding for roads and culvert projects. This was somewhat a year of unexpected projects for our highway department, we were not in the cycle for receiving grant money however it never hurts to make application for a project. The highway department made an application for a project on Duffy Hill Road and the project was awarded. The project was originally scheduled for completion this year but we decided to improve the water line and deepen the line to prevent freezing which had consistently froze in the past. With the extra water line work and extended rain and cold weather towards the end of October the final paving for the Duffy Hill culvert project will take place in 2004.

During 2003 a section on Church Street and further up Duffy Hill Road received a base course resurface as well as East Street. The funding for these three projects were out of the General Fund pavement expense. During off years when State of Vermont Class II Highway Grant money is not available the Village performs local paving projects of this nature. The 2003 sidewalk appropriation voted at last year's annual meeting, was used to replace the upper end of the Elm Street sidewalk to the corner of Pleasant street. This project certainly enhanced a very bad section of sidewalk along route 105.

The Village also received a grant (100%) from the Northwest Regional Planning Commission to purchase a 85 kw portable generator. This generator can be used for the water, electric and highway departments, in the future we will try to obtain another grant as a stand alone generator for the wastewater treatment facility.

As a result of our community visit from the council on rural development a committee researching youth activities and public safety began investigating the use of a community justice. The Village, Town and School jointly applied for a grant to implement a restorative justice program. A grant of \$850 was awarded in November, there will be activity in 2004 to create a restorative justice program so the community can take action on local behavioral issues.

The month of December was a very active month for the Highway Department, three major snow storms were more than what our crew could handle. Contractors were hired to remove snow and within a weeks time we were snowed in again. The crew did an excellent job in keeping our streets and sidewalks plowed and safe, snow removal is important to all of us and the highway crew will continue to do their best to remove snow from our streets and sidewalks.

The Village billing and accounting software is just about twelve years old and is Dos based. We have had a very difficult time in making adjustments to the software to keep with changes in electric billing regulations. The technology company the maintained our Dos software could not program the software to comply with new regulations. Demand metering for certain electric classes is required by the Department of Public service and to just have a new billing system that would not integrate with our accounting system was not cost effective. In 2003 the Village shopped around and eventually located and bought a new billing and accounting program that will go into effect in February 2004.

General Fund

| ACCOUNT | | 2003 | 2003 | 2004 |
|---------|------------------------------|---------|---------|---------|
| No. | Title | BUDGET | ACTUAL | BUDGET |
| 410.10 | Employee Salaries | 107,144 | 109,973 | 114,185 |
| 411.10 | Employee Benefits | 61,941 | 55,686 | 63,527 |
| | Utilities | | | |
| 430.12 | Street Lighting | 41,934 | 44,820 | 45,000 |
| 431.30 | Internet Access | 50 | 154 | 160 |
| 431.10 | Telephone | 725 | 629 | 725 |
| 430.20 | Sewer | 370 | 426 | 470 |
| 430.30 | Water | 625 | 576 | 625 |
| 430.10 | Electricity | 4,075 | 3,060 | 3,400 |
| 432.10 | Heating Oil | 1,925 | 3,599 | 4,000 |
| 433.10 | Rubbish Removal | 480 | 440 | 480 |
| | Insurance | | | |
| 420.10 | Liability Ins. | 1,865 | 2,008 | 2,068 |
| 420.30 | Vehicle & Property Insurance | 4,680 | 6,005 | 6,185 |
| 420.20 | Bonds | 230 | 240 | 247 |
| | Equipment Expense | | | |
| 441.10 | Office Equipment Purchases | 500 | 0 | 2,967 |
| 428.10 | Maintenance Agreements | 286 | 306 | 582 |
| 470.10 | Equipment Expense - Highway | 300 | 441 | 400 |
| 470.15 | Equipment Repairs - General | 100 | 0 | 100 |
| 470.22 | 2002 International Dump | 500 | 678 | 1,638 |
| 470.23 | 2002 1 Ton Chevy | 500 | 68 | 500 |
| | S-10 | 0 | 0 | 1,000 |
| 415.10 | Mileage | 890 | 1,176 | 1,100 |
| 470.30 | Equipment Repairs - Backhoe | 500 | 0 | 500 |
| 470.31 | Equipment Repairs - Ford Tra | 500 | 320 | 500 |
| 470.32 | Equipment Repairs - Sweeper | 1,000 | 556 | 1,000 |
| 470.40 | Small Equipment Repairs | 250 | 1,114 | 450 |
| 471.10 | Equipment Purchases | 2,000 | 1,000 | 6,000 |
| 472.10 | Equipment Rental | 250 | 413 | 800 |
| 472.20 | Gas/Oil Expense | 1,500 | 1,749 | 1,600 |
| 472.30 | Diesel Fuel/Oil Expense | 1,300 | 3,255 | 2,000 |
| | Training/Education | | | |
| 444.10 | Conferences/Meetings - Gener | 150 | 424 | 425 |
| 444.20 | Training - General | 2,400 | 2,092 | 2,400 |
| | Facility Expense | | | |
| 445.10 | Repairs/Maintenance | 3,500 | 525 | 3,500 |
| 445.20 | Janitorial Supplies | 750 | 356 | 500 |
| 472.40 | Fire Station Tank Removal | 700 | 1,580 | 0 |
| | Outside Services | | | |
| 450.20 | Legal | 500 | 40 | 500 |
| 450.10 | Accounting | 1,400 | 1,676 | 1,870 |
| 443.10 | Data Processing | 100 | 71 | 100 |
| 444.30 | Memberships/Dues | 200 | 183 | 210 |
| | Engineering | 0 | 399 | 0 |
| 451.10 | Police Services | 62,400 | 62,372 | 67,558 |
| 480.20 | Communications | 1,100 | 903 | 975 |
| | Office Expense | | | |
| 442.10 | Postage | 700 | 917 | 1,050 |
| 442.15 | Printing | 250 | 410 | 400 |
| 440.10 | Supplies | 1,000 | 1,014 | 1,100 |
| 440.15 | Bank Charges | 100 | 183 | 180 |

General Fund

| | | | | |
|--------|---|--------|--------|--------|
| 442.20 | Shipping & Handling | 295 | 139 | 295 |
| 441.20 | Public Notices | 700 | 863 | 700 |
| | Road Surfaces | | | |
| 461.20 | Street Sweeping | 0 | 0 | 0 |
| 461.21 | Paving | 42,000 | 1,257 | 42,000 |
| 461.22 | Patching | 4,500 | 3,975 | 5,000 |
| 465.21 | Ditching | 1,000 | 1,133 | 1,000 |
| 467.10 | Sidewalk Repairs | 1,500 | 305 | 1,500 |
| 467.30 | Maintenance of Parks | 750 | 172 | 400 |
| 467.40 | Maintenance of ROW'S | 3,000 | 394 | 3,000 |
| 467.50 | Maintenance of Winter Streets | 0 | 1,536 | 0 |
| | Materials | | | |
| 461.23 | Salt/Winter Sand | 22,000 | 10,721 | 22,000 |
| 461.25 | Signs | 500 | 928 | 1,000 |
| 461.26 | Gravel | 2,000 | 1,245 | 1,500 |
| 461.27 | Chloride | 250 | 714 | 500 |
| 461.30 | Infrastructure | 0 | 1,546 | 0 |
| 462.20 | Tools | 1,000 | 377 | 1,000 |
| | Christmas Light Appropriation | 0 | 0 | 0 |
| | FCIDC | 1,000 | 1,000 | 0 |
| | Law Enforcement Appropriation | 15,826 | 4,386 | 11,440 |
| | Sidewalk Appropriation | 24,688 | 0 | 0 |
| | Patrotic Banners | 0 | 0 | 0 |
| 480.10 | Miscellaneous | 630 | 5,286 | 1,027 |
| 480.30 | Zoning/Planning | 0 | 726 | 1,000 |
| 480.35 | Board of Civil Authority | 200 | 0 | 200 |
| | Depreciation Expense | 0 | 35,911 | 0 |
| 487.20 | Equipment Replacement | 10,000 | 0 | 10,000 |
| | Principal & Interest Expense | | | |
| 490.10 | Short Term | 1,750 | 615 | 700 |
| 490.21 | Long Term | 23,159 | 2,670 | 23,061 |

| | | | |
|-------------------|---------|---------|---------|
| SUB-TOTALS | 468,418 | 387,730 | 470,300 |
|-------------------|---------|---------|---------|

ACCRUAL TO CASH ADJUSTMENTS

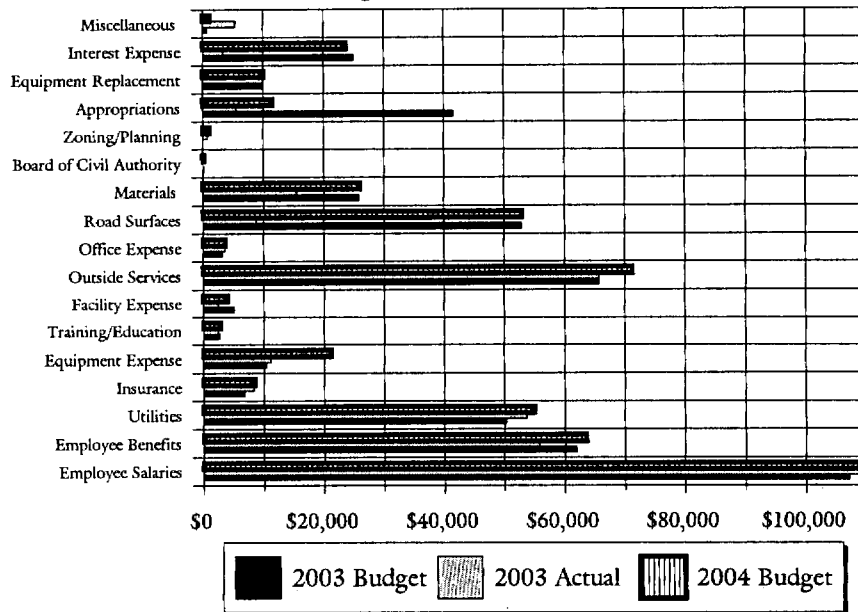
| | | |
|----------------------------|----------|--|
| Depreciation (Noncash) | (35,911) | |
| Equipment Replacement Fund | 10,000 | |
| Fixed Assets | 150,217 | |
| Principal Payments | 19,499 | |

| | | | |
|-------------------|---|---------|---|
| SUB-TOTALS | 0 | 143,806 | 0 |
|-------------------|---|---------|---|

| | | | |
|---------------|---------|---------|---------|
| TOTALS | 468,418 | 531,536 | 470,300 |
|---------------|---------|---------|---------|

General Fund

Village of Enosburg Falls, VT 2003/2004 Expense Summary & Budget



General Fund

| | 2003 BUDGET | 2003 ACTUAL | 2004 BUDGET |
|-------------------------------------|-------------------|-------------------|-------------------|
| PROPERTY TAXES | 336,826.00 | 366,220 | 356,447 |
| PAYMENT IN LIEU OF TAXES | 5,000.00 | 5,000 | 5,000 |
| DELINQUENT TAXES/INTEREST/FEEES | 500.00 | 2,246 | 500 |
| FINE MONEY | 800.00 | 6,944 | 1,864 |
| ORDINANCE FINES | 0.00 | 1,275 | 500 |
| PERMITS | 1,050.00 | 2,152 | 1,050 |
| STATE OF VERMONT HIGHWAY AID | 41,766.00 | 43,868 | 43,868 |
| INTERFUND RECEIPTS | 20,000.00 | 29,181 | 13,774 |
| OTHER REVENUE | 200.00 | 2,346 | 200 |
| RENTAL INCOME | 9,600.00 | 9,600 | 9,600 |
| INTEREST INCOME | 750.00 | 500 | 750 |
| STATE OF VERMONT - HIGHWAY GRANT | 0.00 | 62,578 | 0 |
| STATE OF VERMONT - PLANNING GRANT | 0.00 | 4,500 | 0 |
| LOAN/SAVINGS PROCEEDS | 0.00 | 0 | 0 |
| PLANNING/ZONING PERMITS | 1,500.00 | 8,136 | 2,000 |
| TOTAL | 417,992.00 | 544,546 | 435,553 |
| EXPENSES | | | |
| PRIOR YEAR (SURPLUS) DEFICIT | (21,737.00) | (21,737) | (34,747) |
| GENERAL FUND | 439,729.00 | 501,462 | 470,300 |
| ADDITIONAL LAW ENFORCEMENT | 0.00 | 4,386 | 0 |
| USE EXTRA STATE FINE \$ FROM 2003 | 0.00 | 0 | 0 |
| SIDEWALKS | 0.00 | 24,688 | 0 |
| FCIDC | 0.00 | 1,000 | 0 |
| CHRISTMAS LIGHTING | 0.00 | 0 | 0 |
| PATRIOTIC BANNERS | 0.00 | 0 | 0 |
| WINTER SNOW REMOVAL | 0.00 | 0 | 0 |
| TOTAL | 417,992.00 | 509,799 | 435,553 |
| AMOUNT TO BE RAISED BY TAXES | 336,826.00 | 331,473.11 | 356,447 |
| ACTUAL FUND BALANCE @ FYE | 0.00 | 34,747 | 0 |
| BUDGETED PROPERTY TAXES | 0.68 | | 0.72 |
| GRAND LIST | 493,768.00 | 494,892 | 496,892.00 |

TAX RATE **0.68**

\$0.72

| | Balance 12/31/02 | Balance 12/31/03 |
|--|---------------------|---------------------|
| General Fund | | |
| General Fund Operating Account | \$3,805.89 | \$12,546.83 |
| Highway Equipment | \$15,134.75 | \$25,264.16 |
| Jeanette Gallup | \$506.42 | \$503.46 |
| Planning/Zoning | \$2,846.47 | \$265.98 |
| Downtown Housing Study | \$559.55 | \$470.33 |
| Water Department Fund | | |
| Water Department Fund Operating Account | \$9,486.24 | \$13,950.78 |
| Water Savings | \$21,077.92 | \$2,797.40 |
| Electric Light Department Fund | | |
| Electric Light Department Fund Operating Account | \$49,619.76 | \$176,394.19 |
| Safety and Tools | \$10,815.66 | \$5,666.33 |
| Substation & Distribution Upgrade Bond Funds | \$461,197.63 | \$141,960.89 |
| Sewer Department Fund | | |
| Sewer Operating Account | \$4,442.08 | \$25,440.82 |
| Sewer Equipment Replacement | \$55,940.27 | \$50,255.08 |
| Sewer Vehicle Replacement | \$17,580.82 | \$18,361.64 |
| Industrial Park | | |
| Operating Account | \$84.19 | \$0.00 |

2003 PROPERTY TAX RECONCILIATION

| | |
|--|---------------------|
| 2003 Grand List | 500,111.00 |
| LESS: | |
| Contracts | (4,919.00) |
| Veteran's Exemption | (300.00) |
| Taxable Grand List | <u>494,892.00</u> |
| Taxable Grand List | 494,892.00 |
| x Tax Rate | <u>0.74</u> |
| Amount Billed | 366,220.08 |
| Taxes Received thru 9/26/03 | <u>(346,643.83)</u> |
| | 19,576.25 |
| Adjustments - Overpayments/NSF Check | <u>2,031.01</u> |
| Amount turned over to tax collector | <u>21,607.26</u> |
| Delinquent Taxes 1/1/03 | 7,277.74 |
| 2003 Delinquents turned over to collector | <u>21,607.26</u> |
| | 28,885.00 |
| Payments received from collector thru 12/31/03 | (13,445.82) |
| Delinquent Taxes Thru 12/31/03 | <u>15,439.18</u> |
| Pre 2003 Delinquents | 6.03 |
| 2003 Delinquents | <u>15,433.15</u> |
| | <u>15,439.18</u> |

Anticipated Fixed Asset Additions

| ITEM | COST | WATER | ELECTRIC | GEN FND | SEWER | |
|--------------------------------|----------------|---------------|---------------|--------------|---------------|----------------|
| VILLAGE OFFICES | | | | | | |
| Computer Upgrades | 5,000 | 500 | 3,500 | 500 | 500 | 5,000 |
| Accounting/Billing Software | 24,011 | 4,107 | 14,532 | 1,264 | 4,107 | 24,011 |
| Accounting/Billing Hardware | 2,622 | 262 | 1,835 | 262 | 262 | 2,622 |
| Desks/Workstations | 6,000 | 600 | 4,200 | 600 | 600 | 6,000 |
| Chairs | 1,800 | 180 | 1,260 | 180 | 180 | 1,800 |
| Office Carpet/Paint/Front Door | 3,700 | | 3,700 | | | 3,700 |
| Safe | 1,600 | 160 | 1,120 | 160 | 160 | 1,600 |
| Air Conditioning | 1,200 | 228 | 800 | | 172 | 1,200 |
| Heat | 0 | | 0 | | | 0 |
| | | | | | | |
| ELECTRIC DEPARTMENT | | | | | | |
| Overhead Doors/Downstairs | 3,000 | 0 | 3,000 | 0 | 0 | 3,000 |
| Line Construction/Maintenance | 30,000 | 0 | 30,000 | 0 | 0 | 30,000 |
| Transformers | 6,000 | 0 | 6,000 | 0 | 0 | 6,000 |
| Meters | 1,500 | 0 | 1,500 | 0 | 0 | 1,500 |
| Refurbish Raker | 7,980 | 0 | 7,980 | 0 | 0 | 7,980 |
| New Truck | 19,500 | 0 | 19,500 | 0 | 0 | 19,500 |
| | | | | | | |
| SEWER PLANT | | | | | | |
| Swale on Bismark St. | 500 | 0 | 0 | 0 | 500 | 500 |
| Lawn Tractor | 2,400 | 0 | 0 | 0 | 2,400 | 2,400 |
| Winsmith Gear Reducer | 1,700 | 0 | 0 | 0 | 1,700 | 1,700 |
| Gorman Rupp Seal Assembly | 2,200 | 0 | 0 | 0 | 2,200 | 2,200 |
| St. Albans Pump Station Fence | 0 | 0 | 0 | 0 | 0 | 0 |
| Aeration Tubing | 0 | 0 | 0 | 0 | 0 | 0 |
| One Blower | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | |
| WATER DEPARTMENT | | | | | | |
| West Berkshire Rd. | 1,000 | 1,000 | 0 | 0 | 0 | 1,000 |
| Archambault Street | 0 | 0 | 0 | 0 | 0 | 0 |
| Orchard St. Materials | 11,000 | 11,000 | 0 | 0 | 0 | 11,000 |
| Meters | 1,800 | 1,800 | | | | 1,800 |
| | | | | | | |
| HIGHWAY DEPARTMENT | | | | | | |
| Paint Machine/Paint/Stencils | 0 | 0 | 0 | 0 | 0 | 0 |
| Fence & Gate | 6,000 | 0 | 0 | 6,000 | 0 | 6,000 |
| | | | | | | |
| TOTAL | 140,513 | 19,838 | 98,928 | 8,967 | 12,782 | 140,513 |

Utility Billing Rates
February 1, 2004

| Electric | Residential | Small Commercial | Large Commercial | Industrial | Small Public Authority | Large Public Authority | Street Lighting |
|--|-------------|------------------|------------------|------------|------------------------|------------------------|----------------------|
| Customer Charge | \$7.66 | \$11.21 | \$37.22 | \$50.76 | \$11.21 | \$37.22 | 90 watt LPS \$10.08 |
| NYPA Block (1st 125Kw) | \$0.05593 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 100 watt HPS \$10.46 |
| Tailblock (All kWh over NYPA Block) | \$0.13520 | \$0.12211 | \$0.11561 | \$0.10989 | \$0.12211 | \$0.11561 | 175 watt MV \$16.50 |
| Demand Charge per kW | \$0.00 | \$0.00 | \$4.76 | \$5.86 | \$0.00 | \$4.76 | \$0.00 |
| Transformer Ownership Discount | \$0.00 | \$0.00 | \$0.00 | \$0.22 | \$0.00 | \$0.00 | \$0.00 |
| Primary Metering Discount | 0.00% | 0.00% | 2.50% | 2.50% | 0.00% | 2.50% | 0.00% |
| VT Energy Efficiency Charge - Non Demand per kWh | \$0.003180 | \$0.002811 | \$0.002811 | \$0.002811 | \$0.002811 | \$0.002811 | \$0.002811 |
| VT Energy Efficiency Charge - Demand per kWh | \$0.00 | \$0.00 | \$0.001672 | \$0.001672 | \$0.00 | \$0.001672 | \$0.00 |
| VT Energy Efficiency Charge - Demand per kW/Mo. | \$0.00 | \$0.00 | \$0.367952 | \$0.367952 | \$0.00 | \$0.367952 | \$0.00 |
| Sales Tax | 0.00% | 6.00% | 6.00% | 6.00% | 0.00% | 0.00% | 0.00% |

| Water | Residential | Commercial |
|--|-------------|------------|
| Bond per User Unit | \$8.33 | \$8.33 |
| 0 - 5,000 gallons | \$11.50 | \$11.50 |
| Charge for additional water over 5,000 gallons per 2,500 gallons | \$4.50 | \$0.00 |
| Charge for additional water over 5,000 gallons per 5,000 gallons up to 25,000 gallons | \$0.00 | \$11.50 |
| Charge for additional water over 25,000 gallons per 10,000 gallons up to 100,000 gallons | \$0.00 | \$6.50 |
| Charge for additional water over 100,000 gallons per 100,000 gallons up to 400,000 gallons | \$0.00 | \$11.50 |

| Sewer | Residential | Commercial |
|--------------------------|-------------|------------|
| Bond per User Unit | \$5.08 | \$5.08 |
| Fixed Cost per User Unit | \$23.72 | \$23.72 |
| Variable Cost per Gallon | \$0.0032 | \$0.0032 |



2003 VILLAGE REPORT

The Regional Commission is an organization formed by and serving the municipalities of Franklin and Grand Isle Counties. The Commission has been providing planning and development assistance to communities for over twenty-five years. All municipalities in the region are entitled to equal voting representation by two locally appointed members to the governing Board of Commissioners. **Enosburg Falls is currently represented on the Board of Commissioners by: Raymond Larose and Richard Roberge (Enosburg Falls), and on the Transportation Advisory Committee by: Raymond Larose.**

This year the Commission provided municipal assistance in the following areas:

- ❖ data collection and analysis
- ❖ municipal plan and bylaw review, development, update, and adoption
- ❖ geographic information services, including mapping
- ❖ grant applications, grant administration
- ❖ site plan and subdivision reviews and state permits, including Act 250 proceedings
- ❖ emergency response planning and disaster mitigation planning

The Commission assisted and supported the efforts of Enosburg Falls Village this year by completing work with the planning commission to update the zoning bylaws, beginning to work on updating the Village Plan (including maps), providing technical assistance on traffic circulation issues, participating in the community visit process sponsored by the VT Council on Rural Development, collecting utility infrastructure inventory data, providing technical assistance on potential Brownfields sites (municipally-owned) and finally, approving the municipal plan.

The Commission also sponsors regional planning programs, provides a forum for inter-municipal cooperation, and participates in state regulatory proceedings for projects that have impacts across municipal boundaries. Regional planning projects this year included:

- ◆ Mitigation planning for natural and man-made hazards in Franklin and Grand Isle Counties
- ◆ Development of a Regional Road Map for Franklin and Grand Isle Counties
- ◆ Lake Champlain Byways planning in Grand Isle and Franklin Counties
- ◆ Development of telecommunications bylaw language
- ◆ Assistance with the Missisquoi Bay Bridge replacement project
- ◆ Public involvement for recreation path planning in Grand Isle County
- ◆ Education forums and workshops for local officials
- ◆ Completion of a regional long-range transportation plan

This coming year, the Commission will complete an update of the region's transportation plan, continue work with a volunteer committee and the State to push for timely replacement of the Missisquoi Bay Bridge, complete a Regional Emergency Services Communication Plan and a Regional Hazard Mitigation Plan, and continue our efforts to provide increased services to our member municipalities.

The Commission has no regulatory or taxing authority; however each year we do request a per capita assessment from our members in support of local and regional planning activities and to help offset costs and provide local matching funds needed for other sources of state and federal funding. For the coming year the Board voted a municipal assessment rate of \$0.82 per capita, based on the 2000 US Census population. This represents a decrease in the assessment to offset population increases in the 2000 US Census figures.

Your continued support for local and regional planning is greatly appreciated. Remember, we are your resource-- please call on us for assistance with planning, zoning, transportation, recreation, mapping or data needs. For more information, please visit our office at 7 Lake Street in St. Albans, contact your municipal representatives, or give us a call at 1-800-564-5958.



NORTHWEST VERMONT RAIL TRAIL COUNCIL

c/o Northwest Regional Planning Commission • 7 Lake Street, Suite 201 • St. Albans, VT 05478
Phone: 802-524-5958 • Fax: 802-527-2948

APPOINTED MEMBERS

St. Albans City
Jim Smith

St. Albans Town
Dorothy & Roy Baker

Swanton
Carl Whitehouse

Fairfield
Jane Williams

Sheldon
John Gale

Enosburg Town
Richard Roberge

Enosburg Falls
Raymond Larose

Berkshire
Ferdinand Lauffer

Richford
Phyllis Tiffany

VAST
Dan Favreau

At Large
Richard Archambault
Marie Brouillette
Bill Brunelle
Kathleen Brunelle
Eleanor Dodd
Mike Loner
Cindy Rutkowski
David Stanley

Ex-Officio

VT Agency of
Transportation

Northwest Regional
Planning Commission

VT Dept. of Forests,
Parks, & Recreation

2003 TOWN REPORT

The Northwest Vermont Rail Trail Council was established in 1991 to advise the State of Vermont on management and use issues for the Missisquoi Valley Rail Trail. In addition to advising the State on trail issues, the Council also assists trail users, helps make trail improvements, and raises funds for small maintenance projects and amenities, like benches and picnic tables. The Council, which is a non-profit organization, is made up of nine appointed representatives from the communities along the trail, eight elected members-at-large who represent trail users, one representative from the Vermont Association of Snow Travelers (VAST), and three ex-officio members who act as advisors. Appointed Council members and members-at-large have equal voting representation. **Enosburg Falls is currently represented on the Council by Raymond Larose.**

This year, the Council completed the following projects:

- Installed benches, tables, and bicycle racks at 12 sites along the Trail
- Conducted a Trail user survey among 1,700 persons to determine user satisfaction with the trail and economic benefits to businesses
- Developed a Trail crossing policy to guide it in evaluating requests for new crossings
- Organized a Trail clean-up on Green Up Day
- Distributed 2,500 Rail Trail Guides to local residents and visitors to the trail

Other activities undertaken by the Council were:

- Hosting an annual public meeting in Richford
- Hosting a celebration of National Trails Day at The Abbey Restaurant
- Publishing two trail newsletters

Council's plans for the year 2004 include:

- Constructing parking areas in Green's Corner (Swanton), East Berkshire, and Richford
- Distributing copies of our free Rail Trail Guide to local businesses, municipalities, and Trail users
- Seek funding to plan for restrooms along the Trail.

Funding for the Council's activities is provided through the Council's Friend of the Trail program, the Northwest Regional Planning Commission, the Vermont Agency of Transportation, and project-specific grants. The Council invites local input on ways in which the Missisquoi Valley Rail Trail can better serve the community. For more information on the Council or its activities, please contact your municipal representative, or call the Council's coordinator, Cynthia Scott, at (802) 933-8851.

Village of Enosburg Falls 2003 New Ordinances

Tree Ordinance

The tree ordinance allows the Village to provide trees received from a grant to a property owner to be planted on the land of the property owner. If the land owner accepts a tree from grants obtained by the Village the tree must be planted outside the Village's public right-of-way and the owner of the land is responsible for the care, maintenance and removal of the tree should it be necessary due to disease or creating hazardous conditions. The land owner is also responsible for all cost associated to the care, maintenance and removal of the tree. This ordinance was adopted on April 8th, 2003.

Parking on School, East & Pleasant Streets

This ordinance amended our existing "No Parking Areas" for the purpose of public safety to include the following: On both sides of School Street from the intersection at Main Street 30 feet back from the intersection. On both sides of East Street from the intersection at Pleasant Street 30 feet back from the intersection. On Pleasant Street across the west end of East Street to the south end of Champlain Street. This ordinance was adopted on April 8th, 2003.

Curfews and No Alcoholic Beverages on Municipal Property

This general ordinance does not replace existing curfew or open alcoholic container laws, the new ordinance added additional public places where a curfew would be in effect and no alcoholic beverages on these properties: Lincoln park, Maple park, School play grounds and playing fields, Village office parking lot and sub-station area, Highway garage and cemeteries in the village. The curfew is between 10:00pm - 6:00am everyday of the week, the fine is \$100.00 and the parents can be issued a citation up to \$100.00 if they allow the minor to violate the curfew. If an individual is caught with an open alcoholic beverage on any of these properties the fine is \$500.00. This ordinance was adopted on May 13th, 2003

Scofflaw

This ordinance provides for the towing of vehicles the have accumulated tickets and late fees of \$60.00 in a 36 month period. A list of vehicle registration numbers are maintained and when the unpaid amount equals \$60.00 the vehicle registration is placed the scofflaw list. Any vehicle placed on this list can be towed within the Village when the vehicle is parked in a public place. This ordinance was adopted on November 25th, 2003.

VERMONT COUNCIL ON RURAL DEVELOPMENT
Enosburg Community Visit

Enosburg – Priority Challenges
Identified by Community Meeting—April 23, 2003

- ❖ **Village Revitalization Issue:** Many Enosburg residents want to work with the strengths of the downtown today and address needs for parking, attracting tourism, marketing the downtown as the regional hub, retaining and optimizing the presence of the cheese industry, dealing with traffic issues, especially truck traffic, finding further retail anchors, equalizing retail hours, and building momentum by strengthening the business association with new energy and leadership.
- ❖ **Town/Village Division Issue:** Enosburg Town and Village work in relative isolation from each other. Duplication and lack of coordination may result. Few can cite a positive reason for the division. A Town/Village Merger could have the potential to streamline communications, reduce some costs, and, perhaps more importantly, build an atmosphere that Enosburg is a community moving forward all together. A feasibility study could be instituted and funded, and a committee could be assembled to provide leadership depending on its results.
Electric Services: With rates as high as anywhere in Vermont, Enosburg needs to build a long-term plan for restructuring its electric services. Village ownership of the Electric Department is seen as a liability, one that interferes with any potential Town/Village merger.
- ❖ **Public Safety/Drug and Alcohol Issue:** There are widespread concerns about drug and alcohol issues, vandalism, and resident insecurities with youth ‘hanging out’ downtown. There are widespread fears that children are abusing drugs and alcohol at younger ages and that this issue is a factor behind truancy, drop-out rates, and crime in the community. These issues are magnified by the perceived lack of police presence. There is a feeling of powerlessness around this issue that could be answered by expanded police coverage and potentially the development of the restorative justice and pro-active work of a “Community Justice Center” in Enosburg. There are also concerns about traffic safety issues that could be dealt with concurrently.
- ❖ **Education Issue:**
Literacy: Residents are concerned about the lack of early educational opportunities, low reading scores in school, the high percentage of special needs children, high truancy and dropout rates in the High School, and challenging home environments. A community-wide literacy campaign could directly address the early reading deficits and mobilize educational resources in the community to build momentum toward improved academic performance at all levels.
Educational Engagement: Many Enosburg youth feel dis-empowered and are not actively engaged in driving their educations forward. Teachers are stressed by multiple demands and challenging youth. Many kids fall through the cracks, partly because they do not develop a vision of what they want to accomplish after they leave school. Others feel “bullied” or subject to negative peer pressure.
Community/School Partnership: Many residents and school personnel feel the need for a closer partnership. Many young people are stressed or angry and need volunteer mentors through the school’s program; others lack adult supporters and positive role models. Community/School Communications could be improved, and volunteers in the school could provide enrichments.

❖ **Economic Development Issue:**

Development of the Industrial Park: While much has been accomplished to establish the industrial park and attract and retain business in the community, many residents believe that a concerted effort must be maintained to create new jobs and help Enosburg move forward.

Cellular Services: The lack of cellular phone services in Enosburg may impede future development and currently leads to communications gaps for particular businesses and services. As one part of an economic development strategy, Enosburg residents could negotiate with a provider of cell service and facilitate tower placement within an existing structure, or on a site acceptable to the community.

Website: Residents believe that Enosburg needs to build a strong website to provide a central point for its own communications, to allow on-line government and information exchange, and to attract new business to the community.

Tourist Economy: While Enosburg in many ways represents something of the "ideal Vermont" that tourists come to the state to experience, the community has not thoroughly developed this part of its economy. There are few overnight accommodations. Signs for local attractions and activities like the rail trail or canoe access points on the river could make the community a more welcoming destination point for tourists. There is also a significant, undeveloped agro-tourism potential with the town's farms and dairy foods industry.

For Further Information:

VERMONT COUNCIL ON RURAL DEVELOPMENT

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Village of Enosburg Falls, Inc.

REGULATORY BASIS FINANCIAL STATEMENTS

December 31, 2003

Village of Enosburg Falls, Inc.
REGULATORY BASIS FINANCIAL STATEMENTS
December 31, 2003

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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, 2003, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Enosburg Falls, Inc. management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the Village, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the State of Vermont Public Service Board, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Also, as described in Note 1, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as of December 31, 2003.

In our opinion, because of the Village's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not 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, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village, as of December 31, 2003, and the results of its operations and cash flows for the year then ended, on the basis of accounting described in Note 1.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Kittel Branagan & Sargent

St. Albans, Vermont
January 15, 2004

Management Discussion Analysis

As management of the Village of Enosburg Falls, we are offering readers of the Village of Enosburg Falls' financial statements this narrative overview and analysis of the financial activities of the Village of Enosburg Falls for the fiscal year ended December 31, 2003.

Financial Highlights

- * The assets of the Village of Enosburg Falls exceeded its liabilities at the close of the most recent fiscal year by \$5,362,450 (net assets). Of this amount, \$924,400 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 assets increased by \$1,064,657. Of this amount, net assets attributable to governmental activities increased by \$127,569 and net assets attributable to business-type activities increased by 937,088.
- * As of the close of the fiscal year, the Village of Enosburg Falls' governmental funds reported an ending fund balance of \$114,362, a decrease of \$6,236 over the prior fiscal period. Of this total amount, \$114,259 is available for spending at the government's discretion (unreserved fund balance).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Enosburg Falls' basic financial statements. The Village of Enosburg Falls basic financial statements comprise 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 of Enosburg Falls' finances, in a manner similar to a private sector business.

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

The statement of activities presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets 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).

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 its costs through user fees and charges (business-type activities). The governmental activities of the Village of Enosburg Falls include public health and safety services, highways and streets maintenance, culture-recreation programs, 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, used 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 provides a 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 supplementary information.

Proprietary funds. The Village of Enosburg Falls maintains one type of proprietary funds. 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-wide Financial Analysis

Village of Enosburg Falls 2003 Assets & Liabilities

| | Governmental Fund | Business-Type Funds | Total |
|-----------------------------------|----------------------|------------------------|---------------------|
| CURRENT ASSETS | | | |
| Cash | \$ 39,050 | \$ 434,827 | \$ 473,877 |
| Accounts receivables | 78,701 | 541,955 | 620,656 |
| Other receivables | - | 150,523 | 150,523 |
| Due from other Funds | 29,068 | 149,503 | 178,571 |
| Prepaid Expenses | 103 | 4,100 | 4,203 |
| Inventory | - | 42,312 | 42,312 |
| TOTAL CURRENT ASSETS | \$ 146,922 | \$ 1,323,220 | \$ 1,470,142 |
| CURRENT LIABILITIES | | | |
| Accounts payable | \$ 22,930 | \$ 441,803 | \$ 464,733 |
| Current portion of long-term debt | 28,716 | 326,809 | 355,525 |
| Accrued liabilities | 8,010 | 62,022 | 70,032 |
| Customer deposits | - | 21,356 | 21,356 |
| Due from other funds | 1,620 | 176,951 | 178,571 |
| Unearned refinancing revenue | - | 3,658 | 3,658 |
| TOTAL CURRENT LIABILITIES | \$ 61,276 | \$ 1,032,599 | \$ 1,093,875 |

Village of Enosburg Falls, Inc.'s Net Assets and Liabilities

| | Governmental Fund | Business-Type Funds | Total |
|--|----------------------|------------------------|----------------------|
| ASSETS | | | |
| Current assets | \$ 146,922 | \$ 1,323,220 | \$ 1,470,142 |
| Capital assets | | | |
| Land | 5,000 | 57,158 | 62,158 |
| Buildings | 447,772 | - | 447,772 |
| Utility plant | - | 12,755,905 | 12,755,905 |
| Machinery & Equipment | 261,690 | 790,900 | 1,052,590 |
| Storm water collection system | - | 67,921 | 67,921 |
| Infrastructure | 147,964 | - | 147,964 |
| (Less) accumulated depreciation | (130,006) | (6,125,970) | (6,255,976) |
| Investment in Hydro Quebec | - | 21,803 | 21,803 |
| Deferred financing costs | - | 254,742 | 254,742 |
| TOTAL ASSETS | \$ 879,342 | \$ 9,145,679 | \$ 10,025,021 |
| LIABILITIES: | | | |
| Current liabilities | \$ 61,276 | \$ 1,032,599 | \$ 1,093,875 |
| Long-term liabilities | | | |
| Notes payable | 37,968 | 830,967 | 868,935 |
| General obligation bonds | - | 2,699,761 | 2,699,761 |
| TOTAL LIABILITIES | 99,244 | 4,563,327 | 4,662,571 |
| NET ASSETS | | | |
| Invested capital assets, net of related debt | 665,736 | 3,688,377 | 4,354,113 |
| Restricted for: | | | |
| Prepaid expenses | 103 | - | 103 |
| Citizens settlement | - | 83,834 | 83,834 |
| Unrestricted | 114,259 | 810,141 | 924,400 |
| NET ASSETS | 780,098 | 4,582,352 | 5,362,450 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 879,342 | \$ 9,145,679 | \$ 10,025,021 |

The largest portion of the Village of Enosburg Falls's net assets reflects its investment in land, buildings, equipment and infrastructure less any related debt outstanding. The Village of Enosburg Falls uses these capital assets to provide services to its citizens and ratepayers, therefore these assets are not available for future spending.

A portion of the net assets are restricted on how they may be used. The remaining balance of net assets are unrestricted and may be used to meet the ongoing obligations of the village.

Governmental activities. The governmental activities increased the Village of Enosburg Falls net assets by \$127,569 during the current fiscal year. The majority of the increase is a result of the additions of capital assets, net of depreciation and principal payments.

Business-type activities. Business-type activities increased the Village of Enosburg Falls's net assets by \$937,088 during the year. Main reasons for the increase are as follows:

- * Rate increases in the water and wastewater funds took effect in 2003 resulting in an increase in revenues over the prior fiscal year. The additional revenue was needed to finance ongoing operations of these funds.
- * Infrastructure projects in the enterprise funds were completed and put into services and the related grant income associated with those projects became revenue.
- * Income was received in the Electric fund for legal settlements. The funds had not been expended by the end of the fiscal year.

Village of Enosburg Falls 2003 Operating Revenues & Expenditures

| | <u>General Fund</u> | <u>Electric Fund</u> | <u>Water Fund</u> | <u>Wastewater Fund</u> | <u>Total</u> |
|----------------------|-------------------------|--------------------------|-----------------------|----------------------------|------------------|
| REVENUES: | | | | | |
| 2003 | \$ 515,365 | \$ 3,334,593 | \$ 226,708 | \$ 556,937 | \$ 4,633,603 |
| 2002 | <u>550,394</u> | <u>2,685,741</u> | <u>217,857</u> | <u>382,075</u> | <u>3,836,067</u> |
| % Change | (6.36) | 24.16 | 4.06 | 45.77 | 20.79 |
| EXPENDITURES: | | | | | |
| 2003 | \$ 521,601 | \$ 2,756,617 | \$ 218,408 | \$ 477,130 | \$ 3,973,756 |
| 2002 | <u>550,654</u> | <u>2,596,503</u> | <u>198,627</u> | <u>487,754</u> | <u>3,833,538</u> |
| % Change | (5.28) | 6.17 | 9.96 | (2.18) | 3.66 |

2003 Program Revenues & Expenditures

| | <u>General Fund</u> | <u>Electric Fund</u> | <u>Water Fund</u> | <u>Wastewater Fund</u> | <u>Total</u> |
|-------------------------------|--------------------------|--------------------------|----------------------------|----------------------------|--------------------------|
| REVENUES | | | | | |
| Taxes | \$ 371,220 | \$ - | \$ - | \$ - | \$ 371,220 |
| Customer fees | - | 3,334,593 | 226,708 | 556,937 | 4,118,238 |
| Intergovernmental | 119,165 | - | - | - | 119,165 |
| Interest | 1,104 | 15,924 | 429 | 1,854 | 19,311 |
| Other | <u>23,876</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>23,876</u> |
| TOTAL | <u>515,365</u> | <u>3,350,517</u> | <u>227,137</u> | <u>558,791</u> | <u>4,651,810</u> |
| EXPENDITURES | | | | | |
| General govt. | 65,780 | - | - | - | 65,780 |
| Public safety | 62,372 | - | - | - | 62,372 |
| Street lighting | 44,820 | - | - | - | 44,820 |
| Highway & streets | 165,351 | - | - | - | 165,351 |
| Other | 10,277 | - | - | - | 10,277 |
| Salaries/benefits | - | 179,528 | 86,473 | 163,142 | 429,143 |
| Purchased power | - | 1,711,268 | - | - | 1,711,268 |
| O,M&R | - | 256,737 | 28,912 | 77,615 | 363,264 |
| Admin. & General | - | 285,334 | 32,960 | 90,891 | 409,185 |
| Interest Expense | 3,285 | 111,795 | 44,467 | 16,350 | 175,897 |
| Depreciation/amort. | <u>35,911</u> | <u>323,750</u> | <u>70,063</u> | <u>145,482</u> | <u>575,206</u> |
| TOTAL | <u>387,796</u> | <u>2,868,412</u> | <u>262,875</u> | <u>493,480</u> | <u>4,012,563</u> |
| INCREASE IN NET ASSETS | \$ <u>127,569</u> | \$ <u>482,105</u> | \$ <u>(35,738)</u> | \$ <u>65,311</u> | \$ <u>639,247</u> |

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.

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

The general fund is the chief operating fund of the village. For the fiscal year 2003, unrestricted net assets decreased over the prior fiscal year. The Village General Fund current assets in FY 2002 were \$154,331, current assets were reduced by \$(7,409) during FY 2003. The reason for this reduction stems from in accounts receivables and prepaid expenses. The Village General Fund current liabilities in FY 2002 were \$33,733, current liabilities were reduced by \$(1,173) during FY 2003. The reason for this reduction stems from the due to other funds being reduced by \$(1,164).

- * The general fund revenues are derived by the general taxation on properties located in the village, State of Vermont highway aid, grants and other revenues such as interest, fines, and permit fees.
- * In fiscal year 2003 the Village received \$106,446 in State of Vermont Agency of Transportation highway aid and grants.
- * Other revenue consisted primarily of building rental from the electric department and permits and fines.

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

Electric Fund Overview

The electric department revenues are user based, driven by total usage and the rate per kilowatt.

- * In fiscal year 2003 the electric department increased its net assets by \$937,088. During the year they made plant additions of \$797,297, of which \$715,345 was derived from additions of a newly completed sub-station and replacing poles and power lines. The other major project of significant value took place during the summer was on the hydro dam. The Village had a contractor replace hydraulic lines that were leaking air at a cost of \$51,550. The fund replaced transportation assets at a value of \$17,719 and office equipment valued at \$12,683.
- * The electric department did see a major reduction in legal costs in 2003, this was due to several of our litigations being settled.
- * The electric department did receive a check for approximately \$83,000 this year as extraordinary income for a legal settlement with Citizen's Electric. The Village has provided the Public Service Board with a plan to reduce the Village's overall debt with this found money. The final approval on how this money is to be used will come from the Public Service Board.

Water Fund Overview

The Water department revenues are user based. The Village water rate was set to raise revenues to finance our debt expenses, operations and maintenance costs. In 2003 a rate increase went into effect and this increase in rates was a main factor in the revenue increases from fiscal year 2002.

- * The Duffy Hill Road water line project received \$2,520 in revenues from State grants for the project. In 2003, the water fund's portion of the industrial park grant was included in revenues.
- * In fiscal year 2003 the water department replaced approximately 520 feet of water line on the West Berkshire Road.
- * Labor costs increased over the prior year due to a considerable amount of time tending to frozen water lines during the winter, and the replacement of water meters.
- * In the late spring of 2003 we had our wells inspected and it was concluded they were fine, this line item expense was then shifted to perform the necessary infrastructure work on our water lines.

Sewer Fund Overview

The Sewer department revenues are also user based. The Village sewer rate was increase for both residential and commercial accounts in 2003. The rate increase was necessary to keep with the increasing cost of doing general business.

- * The Village did have \$4,300 in unexpected revenues in 2003, the State Park at Lake Carmi needed to have wastewater treated and we were the closest treatment facility in the area.
- * The sewer line item expense of \$24,000 was a major increase to the cost of that in 2002. The reason for this increase had to do with the wastewater rates being based on estimated water usage for syphon chambers and actual water used in the treatment process.
- * In fiscal year 2003 the sewer department replaced approximately 500 feet of sewer line and replaced two manholes on the West Berkshire Road.

General Fund Budgetary Highlights

Differences between budgeted amounts and actual amounts are briefly summarized as follows:

- * Intergovernmental revenues increased \$76,599 over the amount budgeted due to a grant for a bridge and culvert project being received during the year.
- * Other revenue increased \$11,526 due to unanticipated fine revenue.
- * Highway and street expenditures were over budget by \$96,384, mostly due to the grant for a bridge and culvert projected described above and a sidewalk project.
- * Appropriations were under-budget by \$46,128 for the sidewalk project mentioned above and an appropriation for extra police coverage that was not spent.

Capital Asset and Debt Administration

Capital assets. The Village of Enosburg Falls investment in capital assets as of December 31, 2003 amounted to \$4,354,113 (net of accumulated depreciation). This investment includes land, buildings, vehicles, equipment, roads, water, wastewater and electric infrastructure.

- * As mentioned above, the electric fund invested in a new substation, line replacement and hydro dam infrastructure during the year.
- * The water and wastewater funds replaced lines during the year.
- * The general fund invested in sidewalks and road replacement.

Additional information on the capital assets can be found in the notes to the basic financial statements.

Long-term debt. At the end of the fiscal year, there was total long-term debt outstanding of \$3,931,852. Of that amount, \$2,844,416 is general obligation and revenue bonds, the balance, notes payable.

The Village of Enosburg Falls' total debt decreased from 2002 by \$780,805.

Additional information on the Village of Enosburg Falls' long-term debt can be found in the notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

- * The rate of increase in the prices of health and dental insurance has increased faster than inflation trends. The village has a cap on the amount that they pay for employee's insurance and that cap will be met in 2004.
- * The budgets that have been set for 2004 do not anticipate rate increases in the water, wastewater or electric funds.
- * The general fund budget represents a small increase in the 2004 tax rate.

Requests for Information

This financial report is designed to provide a general overview of the Village of Enosburg Falls's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village Manager, Village of Enosburg Falls, 42 Village Drive, Enosburg Falls, VT 05450.

Respectfully Submitted,

VILLAGE OF ENOSBURG FALLS

Village of Enosburg Falls, Inc.
STATEMENT OF NET ASSETS - REGULATORY BASIS
December 31, 2003

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|--------------------------|
| <u>ASSETS</u> | | | |
| Cash | \$ 39,050 | \$ 434,827 | \$ 473,877 |
| Receivables - net, of \$57,500 allowance for doubtful accounts: | | | |
| -taxes | 15,439 | - | 15,439 |
| -accounts | - | 541,955 | 541,955 |
| -other | 63,262 | 150,523 | 213,785 |
| Due from other funds | 29,068 | 149,503 | 178,571 |
| Inventories | - | 42,312 | 42,312 |
| Prepaid Expenses | 103 | 4,100 | 4,203 |
| Property, plant and equipment | | | |
| Land | 5,000 | 57,158 | 62,158 |
| Building | 447,772 | - | 447,772 |
| Utility plant | - | 12,755,905 | 12,755,905 |
| Machinery and equipment | 261,690 | 790,900 | 1,052,590 |
| Storm water collection system | - | 67,921 | 67,921 |
| Infrastructure | 147,964 | - | 147,964 |
| Less-accumulated depreciation | (130,006) | (6,125,970) | (6,255,976) |
| Investment in Hydro Quebec | - | 21,803 | 21,803 |
| Deferred financing costs, net of accumulated amortization of \$15,486 | - | 254,742 | 254,742 |
| | <u>-</u> | <u>254,742</u> | <u>254,742</u> |
| TOTAL ASSETS | <u>\$ 879,342</u> | <u>\$ 9,145,679</u> | <u>\$ 10,025,021</u> |

| | Governmental Activities | Buisness-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| <u>LIABILITIES AND NET ASSETS</u> | | | |
| LIABILITIES | | | |
| Notes payable | \$ 66,684 | \$ 1,013,121 | \$ 1,079,805 |
| General obligation bonds | - | 2,844,416 | 2,844,416 |
| Accounts payable | 22,930 | 441,803 | 464,733 |
| Accrued liabilities | 8,010 | 62,022 | 70,032 |
| Due to other funds | 1,620 | 176,951 | 178,571 |
| Customer deposits | - | 21,356 | 21,356 |
| Unearned bond refinancing revenue | - | 3,658 | 3,658 |
| TOTAL LIABILITIES | <u>99,244</u> | <u>4,563,327</u> | <u>4,662,571</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 665,736 | 3,688,377 | 4,354,113 |
| Restricted for: | | | |
| Prepaid expenses | 103 | - | 103 |
| Citizens Settlement | - | 83,834 | 83,834 |
| Unrestricted | <u>114,259</u> | <u>810,141</u> | <u>924,400</u> |
| NET ASSETS | <u>780,098</u> | <u>4,582,352</u> | <u>5,362,450</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 879,342</u> | <u>\$ 9,145,679</u> | <u>\$ 10,025,021</u> |

See Accompanying Notes to Financial Statements.

Village of Enosburg Falls, Inc.
STATEMENT OF ACTIVITIES - REGULATORY BASIS
For the Year Ended December 31, 2003

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | |
|--|------------------|-------------------------|-------------------------------------|-----------------------------------|--|-----------------------------|--------------|
| | Expenses | Charges for Services | Operating Grants and Revenues | Capital Grants and Revenues | Governmental Activities | Business-Type Activities | Total |
| Governmental activities | | | | | | | |
| Current: | | | | | | | |
| General government | \$ 65,780 | \$ - | \$ 4,500 | \$ - | \$ (61,280) | \$ - | \$ (61,280) |
| Public safety | 62,372 | - | 8,219 | - | (54,153) | - | (54,153) |
| Street lighting | 44,820 | - | - | - | (44,820) | - | (44,820) |
| Parks and recreation | 4,891 | - | - | - | (4,891) | - | (4,891) |
| Highway and street | 165,351 | - | 43,868 | 62,578 | (58,905) | - | (58,905) |
| Appropriations | 5,386 | - | - | - | (5,386) | - | (5,386) |
| Debt Service: | | | | | | | |
| Interest | 3,285 | - | - | - | (3,285) | - | (3,285) |
| Depreciation | 35,911 | - | - | - | (35,911) | - | (35,911) |
| Total governmental activities | 387,796 | - | 56,587 | 62,578 | (268,631) | - | (268,631) |
| Business-type activities: | | | | | | | |
| Water | 262,875 | 226,708 | - | - | (36,167) | (36,167) | (36,167) |
| Wastewater | 493,480 | 556,937 | - | - | 63,457 | 63,457 | 63,457 |
| Electric | 2,868,412 | 3,007,318 | - | - | - | 138,906 | 138,906 |
| Total business-type activities | 3,624,767 | 3,790,963 | - | - | - | 166,196 | 166,196 |
| General Revenues: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 371,220 | - | 371,220 |
| Unrestricted investment earnings | | | | | 1,104 | 18,207 | 19,311 |
| Miscellaneous | | | | | 23,876 | - | 23,876 |
| Total general revenues and transfers | | | | | 396,200 | 18,207 | 414,407 |
| Income Before Other Revenues, Expenses, Gains, Losses, and Transfers | | | | | 127,569 | 184,403 | 311,972 |
| Capital Contributions | | | | | - | 752,685 | 752,685 |
| Change in Net Assets | | | | | 127,569 | 937,088 | 1,064,657 |
| Net assets, beginning | | | | | 652,529 | 3,645,264 | 4,297,793 |
| Net assets, ending | | | | | \$ 780,098 | \$ 4,582,352 | \$ 5,362,450 |

See Accompanying Notes to Financial Statements.

Village of Enosburg Falls, Inc.
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 GOVERNMENTAL FUNDS - REGULATORY BASIS
 For the Year Ended December 31, 2003

| | General Fund |
|--|-----------------------|
| REVENUES | |
| Taxes | \$ 371,220 |
| Intergovernmental revenues | 119,165 |
| Miscellaneous revenues | |
| Interest | 1,104 |
| Other | <u>23,876</u> |
| TOTAL REVENUES | <u>515,365</u> |
| EXPENDITURES | |
| Current: | |
| General government | 65,780 |
| Public safety | 62,372 |
| Street lighting | 44,820 |
| Parks and recreation | 4,891 |
| Highway and street | 315,568 |
| Appropriations | 5,386 |
| Debt Service: | |
| Interest | <u>22,784</u> |
| TOTAL EXPENDITURES | <u>521,601</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | (6,236) |
| FUND BALANCE AT BEGINNING OF YEAR | <u>120,598</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ 114,362</u> |

Village of Enosburg Falls, Inc.
BALANCE SHEET - GOVERNMENTAL FUNDS - REGULATORY BASIS
December 31, 2003

| | <u>General Fund</u> |
|--|-------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 39,050 |
| Receivables - net, of \$57,500 allowance for doubtful accounts: | |
| -taxes | 15,439 |
| -other | 63,262 |
| Due from other funds | 29,068 |
| Prepaid Expenses | <u>103</u> |
| TOTAL ASSETS | <u>\$ 146,922</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | |
| LIABILITIES | |
| Accounts payable | \$ 22,930 |
| Accrued liabilities | 8,010 |
| Due to other funds | <u>1,620</u> |
| TOTAL LIABILITIES | <u>32,560</u> |
| FUND BALANCES | |
| Reserved for: | |
| Prepaid expenses | 103 |
| Unreserved | <u>114,259</u> |
| TOTAL FUND BALANCE | <u>114,362</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 146,922</u> |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore not reported in the fund | \$ 732,420 |
| Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the fund | <u>(66,684)</u> |
| Net Assets of Governmental Activities | <u>\$ 780,098</u> |

See Accompanying Notes to Financial Statements.

Village of Enosburg Falls, Inc.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - REGULATORY BASIS
For the Year Ended December 31, 2003

| | |
|---|------------|
| Net change in fund balances - governmental funds | \$ (6,236) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |

| | |
|--|---------|
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period. | 114,306 |
|--|---------|

| | |
|--|---------------|
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. | <u>19,499</u> |
|--|---------------|

| | |
|---|-------------------|
| Change in Net Assets of Governmental Activities | <u>\$ 127,569</u> |
|---|-------------------|

See Accompanying Notes to Financial Statements.

Village of Enosburg Falls, Inc.
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - REGULATORY BASIS
December 31, 2003

| | <u>ASSETS</u> | | | |
|---|--------------------------|---------------------|---------------------|---------------------|
| | Business-Type Activities | | | Totals |
| | Water Fund | Wastewater Fund | Electric Fund | |
| CURRENT ASSETS | | | | |
| Cash | \$ 16,748 | \$ 94,058 | \$ 324,021 | \$ 434,827 |
| Accounts receivable | 33,876 | 75,265 | 432,814 | 541,955 |
| Other receivable | - | 3,372 | 147,151 | 150,523 |
| Due from other funds | 59,322 | - | 90,181 | 149,503 |
| Inventory | - | - | 42,312 | 42,312 |
| Prepaid expenses | 63 | 63 | 3,974 | 4,100 |
| TOTAL CURRENT ASSETS | <u>110,009</u> | <u>172,758</u> | <u>1,040,453</u> | <u>1,323,220</u> |
| PROPERTY, PLANT AND EQUIPMENT | | | | |
| Land | 9,821 | 20,547 | 26,790 | 57,158 |
| Utility plant | 1,937,907 | 4,642,498 | 6,175,500 | 12,755,905 |
| Equipment | 217,433 | 190,538 | 382,929 | 790,900 |
| Storm water collection system | - | 67,921 | - | 67,921 |
| | <u>2,165,161</u> | <u>4,921,504</u> | <u>6,585,219</u> | <u>13,671,884</u> |
| Less - accumulated depreciation | <u>(894,916)</u> | <u>(2,176,112)</u> | <u>(3,054,942)</u> | <u>(6,125,970)</u> |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | <u>1,270,245</u> | <u>2,745,392</u> | <u>3,530,277</u> | <u>7,545,914</u> |
| OTHER ASSETS | | | | |
| Investment in Hydro Quebec | - | - | 21,803 | 21,803 |
| Deferred financing cots, net | 1,626 | - | 253,116 | 254,742 |
| TOTAL OTHER ASSETS | <u>1,626</u> | <u>-</u> | <u>274,919</u> | <u>276,545</u> |
| TOTAL ASSETS | <u>\$ 1,381,880</u> | <u>\$ 2,918,150</u> | <u>\$ 4,845,649</u> | <u>\$ 9,145,679</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | \$ 5,448 | \$ 22,181 | \$ 414,174 | \$ 441,803 |
| Current portion of long-term debt | 16,085 | 90,118 | 220,606 | 326,809 |
| Accrued liabilities | 6,498 | 16,420 | 39,104 | 62,022 |
| Customer deposits | - | - | 21,356 | 21,356 |
| Due to other funds | 4,211 | 159,929 | 12,811 | 176,951 |
| Unearned bond refinancing revenue | - | - | 3,658 | 3,658 |
| TOTAL CURRENT LIABILITIES | <u>32,242</u> | <u>288,648</u> | <u>711,709</u> | <u>1,032,599</u> |
| LONG-TERM DEBT, net of current portion | <u>803,053</u> | <u>669,860</u> | <u>2,057,815</u> | <u>3,530,728</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 451,107 | 1,985,414 | 1,251,856 | 3,688,377 |
| Restricted | - | - | 83,834 | 83,834 |
| Unrestricted | 95,478 | (25,772) | 740,435 | 810,141 |
| TOTAL NET ASSETS | <u>546,585</u> | <u>1,959,642</u> | <u>2,076,125</u> | <u>4,582,352</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,381,880</u> | <u>\$ 2,918,150</u> | <u>\$ 4,845,649</u> | <u>\$ 9,145,679</u> |

See Accompanying Notes to Financial Statements.

Village of Enosburg Falls, Inc.
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 NET ASSETS - PROPRIETARY FUND TYPES - REGULATORY BASIS
 For the Year Ended December 31, 2003

| | Business-Type Activities | | | Totals (Memorandum Only) |
|---|--------------------------|--------------|--------------|--------------------------------|
| | Water | Wastewater | Electric | |
| OPERATING REVENUE | \$ 226,708 | \$ 556,937 | \$ 3,007,318 | \$ 3,790,963 |
| OPERATING EXPENSES | | | | |
| Purchased Power | - | - | 1,711,268 | 1,711,268 |
| Salaries and employee benefits | 86,473 | 163,142 | 179,528 | 429,143 |
| Repairs and maintenance | 3,103 | 6,832 | 163,256 | 173,191 |
| Materials, supplies and other operating expenses | 21,230 | 18,211 | 43,630 | 83,071 |
| Insurance | 4,579 | 9,210 | 49,851 | 63,640 |
| Outside services | 6,959 | 3,228 | 61,463 | 71,650 |
| Sludge management | - | 43,362 | - | 43,362 |
| Taxes | 2,460 | - | 69,860 | 72,320 |
| Depreciation and amortization | 70,063 | 145,482 | 323,750 | 539,295 |
| General and administrative expenses | 23,541 | 87,663 | 154,011 | 265,215 |
| TOTAL OPERATING EXPENSES | 218,408 | 477,130 | 2,756,617 | 3,452,155 |
| INCOME (LOSS) FROM OPERATIONS | 8,300 | 79,807 | 250,701 | 338,808 |
| NON-OPERATING REVENUE (EXPENSE) | | | | |
| Interest Income | 429 | 1,854 | 15,924 | 18,207 |
| Interest Expense | (44,467) | (16,350) | (111,795) | (172,612) |
| TOTAL NON-OPERATING REVENUE (EXPENSE) | (44,038) | (14,496) | (95,871) | (154,405) |
| INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS | (35,738) | 65,311 | 154,830 | 184,403 |
| CAPITAL CONTRIBUTIONS | 212,705 | 212,705 | 327,275 | 752,685 |
| INCREASE IN NET ASSETS | 176,967 | 278,016 | 482,105 | 937,088 |
| NET ASSETS BEGINNING OF YEAR | 369,618 | 1,681,626 | 1,594,020 | 3,645,264 |
| NET ASSETS AT END OF YEAR | \$ 546,585 | \$ 1,959,642 | \$ 2,076,125 | \$ 4,582,352 |

See Accompanying Notes to Financial Statements.

Village of Enosburg Falls, Inc.
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPES - REGULATORY BASIS
For the Year Ended December 31, 2003

| | Business-Type Activities | | | |
|---|--------------------------|-------------------|--------------------|---------------------|
| | Water | Wastewater | Electric | Totals |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 228,168 | \$ 562,749 | \$ 3,439,164 | \$ 4,230,081 |
| Payments to suppliers | (54,705) | (240,434) | (2,332,880) | (2,628,019) |
| Payments to employees | (86,473) | (163,142) | (179,528) | (429,143) |
| Other receipts (payments) | (44,038) | (14,496) | (95,871) | (154,405) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>42,952</u> | <u>144,677</u> | <u>830,885</u> | <u>1,018,514</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Proceeds from long-term debt | 10,013 | 226,368 | 314,009 | 550,390 |
| EDA Grant | 212,705 | 212,705 | - | 425,410 |
| Purchases of property, plant & equipment | (252,172) | (252,768) | (797,297) | (1,302,237) |
| Principal payments on debt | (27,314) | (314,887) | (547,849) | (890,050) |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(56,768)</u> | <u>(128,582)</u> | <u>(1,031,137)</u> | <u>(1,216,487)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Return of capital on investment | - | - | 2,639 | 2,639 |
| NET INCREASE (DECREASE) IN CASH | (13,816) | 16,095 | (197,613) | (195,334) |
| CASH - BEGINNING OF YEAR | <u>30,564</u> | <u>77,963</u> | <u>521,634</u> | <u>630,161</u> |
| CASH - END OF YEAR | <u>\$ 16,748</u> | <u>\$ 94,058</u> | <u>\$ 324,021</u> | <u>\$ 434,827</u> |
| Reconciliation of operating income (loss) to net cash Provided (used) by operating activities | | | | |
| Operating income (loss) | \$ (35,738) | \$ 65,311 | \$ 482,105 | \$ 511,678 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Depreciation and amortization | 70,063 | 145,482 | 323,750 | 539,295 |
| Change in net assets and liabilities: | | | | |
| Receivables, net | 1,460 | 5,812 | 102,006 | 109,278 |
| Inventories | - | - | 13,595 | 13,595 |
| Prepaid expenses | 1,188 | 1,925 | (148) | 2,965 |
| Due to/from other funds | 3,436 | 27,283 | (61,848) | (31,129) |
| Accounts and other payables | 1,845 | (93,919) | (21,383) | (113,457) |
| Customer Deposits | - | - | 2,565 | 2,565 |
| Accrued expenses | 698 | (7,217) | (9,757) | (16,276) |
| Net cash provided by operating activities | <u>\$ 42,952</u> | <u>\$ 144,677</u> | <u>\$ 830,885</u> | <u>\$ 1,018,514</u> |

See Accompanying Notes to Financial Statements.

Village of Enosburg Falls, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

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.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

- * For the first time the financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Village's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of the Village's activities.

- * A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements) as of December 31, 2003.

A. 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.

Village of Enosburg Falls, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

B. Village-wide and Fund Financial Statements

The village-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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.

C. 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.

Village of Enosburg Falls, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

During 2002, the State of Vermont Public Service Board ordered the Village Electric Department to create a regulatory asset for the purpose of covering revenue shortfalls the Electric Department experienced in years prior to 2002. The asset totals \$418,221 and is being amortized over a five year period. The Electric Department's beginning retained earnings has been increase to reflect this change. This practice does not conform to generally accepted accounting principles (GAAP). As such, the Village decided to present its 2003 financial statements as Regulatory Basis statements.

Village of Enosburg Falls, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. 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 2003, the tax rate per \$100 of assessed value was \$.68 with an additional \$.05 for sidewalk improvements and an additional \$.01 went to other miscellaneous programs. The tax assessment date was April 1, 2003. Property taxes were due October 4, 2003, and were considered delinquent after 4:00 p.m. on October 4, 2003.

E. Estimated unbilled revenues

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

F. 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.

G. Cash

At December 31, 2003, the carrying amount of the Village's cash deposits was \$473,877 and the bank balance was \$458,574. \$303,584 was covered by federal depository insurance and \$183,989 was collateralized.

H. 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 or materially extend asset lives are not capitalized.

Village of Enosburg Falls, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 | 30 - 50 |
| Water and Sewer System | 30 - 50 |
| Machinery and Equipment | 3 - 10 |

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, 2003.

I. Investment

The Village owns 549 shares of Class C preferred stock in the Vermont Electric Power Company. The investment, which represents a .4726% share of the total Class C stock, is accounted for at cost less annual return of capital payments received.

J. Fund equity

Net Assets - Net Assets are classified into the following categories:

Restricted - Indicates that portion of fund equity which the Village has designated for a specific purpose. At December 31, 2003, the Village had \$103 restricted for prepaid expenses in the General Fund. The Electric Fund had \$83,834 restricted net assets at December 31, 2003. This represents money received from a settlement with Citizens Utilities. This refund payment is presently pending before the Federal Energy Regulating Commission. No objection to this refund is anticipated, but until final regulatory approval is secured, there is a possibility that some or all of these funds may need to be returned to Citizens Utilities Company. The Vermont Public Service Board must approve the use of these funds prior to their expenditure.

Unrestricted - Indicates that portion of net assets, which is available for appropriation and expenditure in future periods.

Village of Enosburg Falls, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Interfund charges

The Village charges the Electric Fund 70% of the costs of the accounting personnel and Village managers' salaries and related fringe benefits. In addition, 20% of these costs are allocated equally between the Water and Sewer Funds. In addition, certain other costs relating to equipment and supplies are allocated among the funds.

L. Total column on combined statements

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

M. 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 INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual Fund Interfund Receivable and Payable balances are as follows at December 31, 2003:

| <u>Fund</u> | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|--------------------|----------------------------------|-------------------------------|
| General Fund | \$ 29,068 | \$ 1,620 |
| Water Utility Fund | 59,322 | 4,211 |
| Wastewater Fund | - | 159,929 |
| Electric Fund | <u>90,181</u> | <u>12,811</u> |
| TOTAL | \$ <u>178,571</u> | \$ <u>178,571</u> |

Included in the Electric Fund Interfund receivable and Sewer Fund Interfund payable is \$58,659, which represents a note for the Sewer Fund to the Electric Fund to cover past utility bills. Payments of \$2,085, including 2.45% interest, are due monthly. The note matures May 13, 2006.

Village of Enosburg Falls, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 3 DEBT

General obligation bonds Payable as of December 31, 2003:

Business-Type Activities

Electric Fund:

| | 12/31/02 Balance | Additions | Principal Repayments | 12/31/03 Total | Current |
|--|---------------------|-----------|-------------------------|-------------------|----------------|
| Various interest rates general obligation bond, payable to the Vermont Municipal Bond Bank, requiring annual principal repayments from \$30,000 to \$35,000, plus interest through 2032 | \$ 965,000 | \$ - | \$ 35,000 | \$ 930,000 | 35,000 |
| 3.609-6.559% general obligation bond, payable to the Vermont Municipal Bond Bank, requiring annual principal repayments ranging from \$50,000 to \$130,000, plus interest through 2012 | <u>990,000</u> | <u>-</u> | <u>70,000</u> | <u>920,000</u> | <u>75,000</u> |
| Total Electric Fund General Obligation Bonds | <u>1,955,000</u> | <u>-</u> | <u>105,000</u> | <u>1,850,000</u> | <u>110,000</u> |

Wastewater Fund:

| | | | | | |
|--|----------------|----------|---------------|----------------|---------------|
| 3.525 - 5.475% general obligation bond, payable to the Vermont Municipal Bond Bank with annual principal repayments from \$10,000 to \$15,000, plus interest through 2004 | 30,000 | - | 15,000 | 15,000 | 15,000 |
| 4.50% general obligation bonds, payable to the USDA, Rural Dev. requiring semi-annual payments of \$6,118 including principal and interest through 2025 | <u>174,040</u> | <u>-</u> | <u>4,624</u> | <u>169,416</u> | <u>4,655</u> |
| Total Sewer Fund General Obligation Bonds | <u>204,040</u> | <u>-</u> | <u>19,624</u> | <u>184,416</u> | <u>19,655</u> |

Village of Enosburg Falls, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 3 DEBT (continued)

Water Fund:

3.525% general obligation bond, payable to the Vermont Municipal Bond Bank with annual Principal repayments from \$15,000 to \$55,000 including interest through 2029

| | 12/31/02 Balance | Additions | Principal Repayments | 12/31/03 Total | Current |
|--------------------------------|---------------------|-------------|-------------------------|---------------------|-------------------|
| | <u>825,000</u> | <u>-</u> | <u>15,000</u> | <u>810,000</u> | <u>\$ 15,000</u> |
| TOTAL GENERAL OBLIGATION BONDS | <u>\$ 2,984,040</u> | <u>\$ -</u> | <u>\$ 139,624</u> | <u>\$ 2,844,416</u> | <u>\$ 144,655</u> |

Notes payable as of December 31, 2003:

Governmental-type Activities

General Fund:

6% note payable to USDA, Rural Development requiring annual payments of \$8,238 including interest through 2004, secured by equipment

| | | | | | | | |
|----|--------|----|---|----|-------|----|-------|
| \$ | 14,966 | \$ | - | \$ | 7,335 | \$ | 7,631 |
|----|--------|----|---|----|-------|----|-------|

4.87% note payable to Banknorth, N.A., due July 2006, monthly payments of \$941 including interest, secured by equipment

| | | | | | | | | | |
|--|--------|--|---|--|-------|--|--------|--|--------|
| | 37,163 | | - | | 9,279 | | 27,884 | | 10,507 |
|--|--------|--|---|--|-------|--|--------|--|--------|

Variable interest rate note payable to Lyndonville Savings Bank and Trust Company based on 80% of the prevailing prime rate as published in the Wall Street Journal (3.80% interest at December 31, 2003) \$989 due monthly, including interest, due June 2007

| | | | | | | | | | |
|--|---------------|--|----------|--|---------------|--|---------------|--|---------------|
| | <u>49,020</u> | | <u>-</u> | | <u>10,220</u> | | <u>38,800</u> | | <u>10,578</u> |
|--|---------------|--|----------|--|---------------|--|---------------|--|---------------|

Total General Fund Notes Payable

| | | | | | | | | | |
|--|----------------|--|----------|--|---------------|--|---------------|--|---------------|
| | <u>101,149</u> | | <u>-</u> | | <u>26,834</u> | | <u>74,315</u> | | <u>28,716</u> |
|--|----------------|--|----------|--|---------------|--|---------------|--|---------------|

Village of Enosburg Falls, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 3 DEBT (continued)

| | <u>12/31/02</u> <u>Balance</u> | <u>Additions</u> | <u>Principal</u> <u>Repayments</u> | <u>12/31/03</u> <u>Total</u> | <u>Current</u> |
|--|-----------------------------------|------------------|---------------------------------------|---------------------------------|----------------|
| Industrial Park | | | | | |
| 2.30%, \$672,000 unsecured line of credit from Banknorth, N.A., available for industrial park Infrastructure \$257,691, due May 2003 | <u>414,309</u> | <u>-</u> | <u>414,309</u> | <u>-</u> | <u>-</u> |
| Business-type Activities | | | | | |
| Electric Fund | | | | | |
| 4.03% unsecured note payable to Banknorth, N.A., due August 2007 | 84,892 | - | 16,914 | 67,978 | 17,000 |
| 4.26% unsecured note payable to Banknorth, N.A., due November 2003 | 13,720 | - | 13,720 | - | - |
| 3.64% unsecured line of credit from Banknorth, N.A., \$150,000 limit, \$19,060 available, due November 2006 | 130,940 | - | 31,697 | 99,243 | 32,855 |
| 4.69% unsecured note payable to Lyndonville Savings Bank & Trust Co., monthly payments of \$1,177 including interest, due March 2011 | 96,499 | 94,879 | 104,795 | 86,583 | 8,204 |
| 3.53% unsecured note payable to Lyndonville Savings Bank & Trust Co. for hydro improvements, due January 2008 | 169,523 | 166,060 | 202,848 | 132,735 | 33,212 |
| 3.95% unsecured note payable to Lyndonville Savings Bank and Trust Company, due May 2003 | 3,079 | - | 3,079 | - | - |

Village of Enosburg Falls, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 3 DEBT (continued)

| | <u>12/31/02</u> | <u>Additions</u> | <u>Principal</u> | <u>12/31/03</u> | <u>Current</u> |
|--|-----------------|------------------|-------------------|-----------------|----------------|
| | <u>Balance</u> | | <u>Repayments</u> | <u>Total</u> | |
| 3.25% unsecured note payable to Lyndonville Savings Bank and Trust Company, due May 2005 | 38,238 | 33,044 | 47,675 | 23,607 | 16,566 |
| 4.69% note payable to Lyndonville Savings Bank & Trust Co., monthly payments of \$497 including interest, secured by equipment, due March 2011 | <u>20,371</u> | <u>20,026</u> | <u>22,122</u> | <u>18,275</u> | <u>2,169</u> |
| Total Electric Fund Notes Payable | <u>557,262</u> | <u>314,009</u> | <u>442,850</u> | <u>428,421</u> | <u>110,606</u> |
| Water Fund | | | | | |
| 4.73% unsecured note payable to Banknorth, N.A., due March 2003 | 1,253 | - | 1,253 | - | - |
| 4.69% note payable to Lyndonville Savings Bank & Trust Co., monthly payments of \$497 including interest, secured by equipment, due March 2011 | <u>10,186</u> | <u>10,013</u> | <u>11,061</u> | <u>9,138</u> | <u>1,085</u> |
| Total Water Fund Notes Payable | <u>11,439</u> | <u>10,013</u> | <u>12,314</u> | <u>9,138</u> | <u>1,085</u> |
| Wastewater Fund | | | | | |
| 3.37% unsecured note payable to Lyndonville Savings Bank and Trust Company, due January 2003 | 166,060 | 166,400 | 194,695 | 137,765 | 31,928 |

Village of Enosburg Falls, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 3 DEBT (continued)

| | 12/31/02 Balance | Additions | Principal Repayments | 12/31/03 Total | Current |
|--|---------------------|------------|-------------------------|-------------------|------------|
| 5.09% unsecured capital improvement note from Banknorth, N.A., principal and interest payments of \$7,500 due annually, due July 2008 | 48,472 | 49,954 | 58,617 | 39,809 | 7,500 |
| 0% unsecured note payable to the State of Vermont, \$29,950 annual payments to be amortized over a 20 year period | 418,800 | - | 29,950 | 388,850 | 29,950 |
| 4.73% unsecured note payable to Banknorth, N.A., due March 2004 | 940 | - | 940 | - | - |
| 4.69% note payable to Lyndonville Savings Bank & Trust Co., monthly payments of \$497 including interest, secured by equipment, due March 2011 | 10,186 | 10,013 | 11,061 | 9,138 | 1,085 |
| Total Wastewater Notes Payable | 644,458 | 226,367 | 295,263 | 575,562 | 70,463 |
| TOTAL LONG-TERM NOTES PAYABLE | \$ 1,728,617 | \$ 550,389 | \$ 1,191,570 | \$ 1,087,436 | \$ 210,870 |

Village of Enosburg Falls, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 3 DEBT (continued)

The annual requirement to amortize all debts outstanding as of December 31, 2003 is as follows:

| | <u>General Obligation Bonds</u> | <u>Notes Payable</u> |
|------------|-------------------------------------|--------------------------|
| 2004 | \$ 144,655 | \$ 210,870 |
| 2005 | 127,367 | 199,871 |
| 2006 | 140,000 | 202,725 |
| 2007 | 145,320 | 128,140 |
| 2008 | 150,562 | 59,832 |
| Thereafter | <u>2,136,512</u> | <u>285,998</u> |
| | <u>\$ 2,844,416</u> | <u>\$ 1,087,436</u> |

NOTE 4 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, 2003 amounted to \$41,550.

NOTE 5 ELECTRIC POWER SOURCES AND COMMITMENTS

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, 2003 follows:

The Electric Department is a member of the Vermont Public Power Supply Authority (VPPSA) wherein the Electric Department pays its proportionate share of VPPSA's operating costs.

Village of Enosburg Falls, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 5 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

The Village Electric Department has entered into a Central Dispatch Agreement with VPPSA for the economic dispatch of its generating sources. When combined with other sources from other VPPSA members, the Electric Department benefits from savings that accrue as a result of the VPPSA combined dispatch. Under the Central Dispatch Agreement, the Electric Department authorized VPPSA to act as its billing agent with regard to its generating sources and transmission providers. The Central Dispatch Agreement shall be in effect until December 2007, with a 30 days notice of termination rights by either party.

The Electric Department also has agreements with VPPSA to purchase a portion of the power produced by the McNeil Woodburning Generating Facility. The Department is committed to purchase 5.698% of VPPSA's joint ownership share of the McNeil Facility's operating costs, up to a maximum of 541 Kilowatts of output (this number is net of Enosburg's resale of McNeil to Washington Electric Cooperative) and is obligated for a 5.76% share of VPPSA debt service costs related to McNeil. The bonds related to McNeil mature in 2015.

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

The Electric Department is required to purchase power from small power producers through the Vermont Electric Power Producers, Inc., in accordance with PSB Rule #4.100. The Electric Department also purchases system power from various other utilities under short-term agreements.

In July 2003, PGET declared bankruptcy and ceased deliveries under a contract in which it was selling capacity and energy to Enosburg. Enosburg, through VPPSA, has filed a proof of claim for damages it incurred as a result of the termination with the bankruptcy court. To date, the bankruptcy court has not taken any action regarding the claim. In 2002, Enosburg, through VPPSA, entered into two agreements to purchase capacity and energy from Mirant Americas Energy Marketing. Under the capacity agreement, Enosburg receives 900 kW of capacity every month for the period January 2003 to December 2005. Under the energy agreement, Enosburg receives 198 kW each hour from 8AM to 11PM, weekdays, during the months of January-March and October-December. The energy contract commenced in October 2003 and concludes in March 2007. In July 2003 Mirant filed for bankruptcy protection but has continued providing power under the contracts described above.

Village of Enosburg Falls, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 5 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

The percentage of energy (MWH) acquired from the above sources to serve load and reserve requirements for the year ended December 31, 2003 was as follows:

| | <u>MWH</u> | <u>Percent</u> |
|-------------------------|---------------|----------------|
| NEPOOL/CDA Transactions | 3,166 | 11.0% |
| McNeil | 2,509 | 8.7% |
| Hydro-Quebec | 10,828 | 37.4% |
| VEPPI | 1,256 | 4.4% |
| NYSEG | 1,942 | 6.7% |
| PGET | 3,552 | 12.3% |
| NYPA | 1,321 | 4.6% |
| Mirant | <u>307</u> | <u>1.1%</u> |
| Subtotal Purchase Power | 24,881 | 86.2% |
| Internal Generation | <u>3,984</u> | <u>13.8%</u> |
| Total Available Power | <u>28,865</u> | <u>100.0%</u> |

The cost of energy from all power vendor sources for the year ended December 31, 2003 was as follows:

| | |
|---------------------------------|------------------|
| Transmission: | |
| VELCO Transmission | \$ 15,123 |
| VELCO Highgate | 18,106 |
| Phase I Support Payments | 3,022 |
| Citizens Transmission | 121,532 |
| Congestion | 6,627 |
| NEPOOL Open Access Transmission | 52,653 |
| HQ Participation Support | <u>66</u> |
| Subtotal Transmission | <u>217,129</u> |
| TOTAL Supply Costs | |
| NEPOOL/CDA Transactions | 89,367 |
| McNeil | 361,703 |
| Hydro-Quebec | 778,126 |
| VEPPI | 151,410 |
| NYSEG | 81,236 |
| PGET | 100,869 |
| NYPA | 34,103 |
| Mirant | <u>15,062</u> |
| Subtotal Power Supply | <u>1,611,876</u> |

Village of Enosburg Falls, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 5 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

| | |
|---|-------------------------|
| VPPSA and Other | |
| Resource Settlement Credit | (1,210,452) |
| Load Settlement | 1,045,937 |
| Other Load and Market Charges | 2,476 |
| ISO Tariff for Trans Disp & Power Admin | 17,843 |
| Miscellaneous | 6,419 |
| Misc Resettlement | (2,064) |
| A&G / CDA Fee | <u>22,104</u> |
| Subtotal VPPSA and Other | (<u>117,737</u>) |
| TOTAL POWER SUPPLY & TRANSMISSION | \$ <u>1,711,268</u> |

NOTE 6 BUDGET EXCEPTIONS

General fund expenditures exceeded budgeted appropriations by \$53,183 for the year ended December 31, 2003. This was offset by actual revenues exceeding budget by \$88,685.

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2003, is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| <u>Governmental Activities</u> | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ <u>5,000</u> | \$ <u> </u> | \$ <u> </u> | \$ <u>5,000</u> |
| Capital assets, being depreciated | | | | |
| Building | 447,772 | - | - | 447,772 |
| Machinery & equipment | 259,436 | 2,254 | - | 261,690 |
| Infrastructure | <u> </u> | <u>147,964</u> | <u> </u> | <u>147,964</u> |
| Total Capital assets, being depreciated | <u>707,208</u> | <u>150,218</u> | <u> </u> | <u>857,426</u> |

Village of Enosburg Falls, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE 7 CAPITAL ASSETS (continued)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|-------------------|---------------------------|
| Accumulated depreciation for | | | | |
| Building | (40,112) | (11,006) | - | (51,118) |
| Machinery & equipment | (53,984) | (24,357) | - | (78,341) |
| Infrastructure | <u> -</u> | <u>(547)</u> | <u> -</u> | <u>(547)</u> |
| Total Accumulated depreciation | <u>(94,096)</u> | <u>(35,910)</u> | <u> -</u> | <u>(130,006)</u> |
| Governmental activities capital assets, net | \$ <u>618,112</u> | \$ <u>114,308</u> | \$ <u> -</u> | \$ <u>732,420</u> |
| <u>Business-type Activities</u> | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ <u>57,158</u> | \$ <u> -</u> | \$ <u> -</u> | \$ <u>57,158</u> |
| Construction in Progress | <u>238,005</u> | <u>600,159</u> | <u>838,164</u> | <u> -</u> |
| Total Capital assets, not being depreciated | <u>295,163</u> | <u>600,159</u> | <u>838,164</u> | <u>57,158</u> |
| Capital assets, being depreciated | | | | |
| Utility plant | 11,310,511 | 1,445,394 | - | 12,755,905 |
| Machinery & equipment | 713,834 | 77,066 | - | 790,900 |
| Storm water collection system | <u>45,133</u> | <u>22,788</u> | <u> -</u> | <u>67,921</u> |
| Total Capital assets, being depreciated | <u>12,069,478</u> | <u>1,545,248</u> | <u> -</u> | <u>13,614,726</u> |
| Accumulated depreciation for | | | | |
| Utility plant | (5,330,128) | (427,984) | - | (5,758,412) |
| Machinery & equipment | (334,318) | (25,412) | - | (359,730) |
| Storm water collection system | <u>(5,922)</u> | <u>(1,906)</u> | <u> -</u> | <u>(7,828)</u> |
| Total Accumulated depreciation | <u>(5,670,668)</u> | <u>(455,302)</u> | <u> -</u> | <u>(6,125,970)</u> |
| Business-type activities capital assets, net | \$ <u>6,693,973</u> | \$ <u>1,690,105</u> | \$ <u>838,164</u> | \$ <u>7,545,914</u> |

Village of Enosburg Falls, Inc.
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND -
REGULATORY BASIS
For the Year Ended December 31, 2003

| | General Fund | | |
|--|--------------------|-------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | |
| Taxes | \$ 370,514 | \$ 371,220 | \$ 706 |
| Intergovernmental revenues | 42,566 | 119,165 | 76,599 |
| Interest | 1,250 | 1,104 | (146) |
| Other | 12,350 | 23,876 | 11,526 |
| TOTAL REVENUES | <u>426,680</u> | <u>515,365</u> | <u>88,685</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 65,177 | 65,780 | (603) |
| Public safety | 62,400 | 62,372 | 28 |
| Street lighting | 41,934 | 44,820 | (2,886) |
| Parks and recreation | 3,300 | 4,891 | (1,591) |
| Highway and street | 219,184 | 315,568 | (96,384) |
| Appropriations | 51,514 | 5,386 | 46,128 |
| Debt Service: | | | |
| Interest | 24,909 | 22,784 | 2,125 |
| TOTAL EXPENDITURES | <u>468,418</u> | <u>521,601</u> | <u>(53,183)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ (41,738)</u> | <u>\$ (6,236)</u> | <u>\$ 35,502</u> |

*Village of Enosburg Falls
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*Please Bring This Report to the Annual Meeting
February 24, 2004
The Opera House at Enosburg Falls*