

**Vermont Telecommunications Authority**

2014

Annual Report  
Audit Report

**Vermont Telecommunications Authority**  
**100 State Street**  
**Suite 342**  
**Montpelier, VT 05620-3205**  
**[www.telecomVT.org](http://www.telecomVT.org)**

**February 2, 2015**



# Vermont Telecommunications Authority

## Board of Directors

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## Executive Director

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Christopher Campbell (Montpelier)



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## Introduction

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This document provides reports on the activities, plans, and financials of the Vermont Telecommunications Authority (VTA) for calendar year 2014. As required by 30 VSA § 8071, the Annual Report details the overall activities and accomplishments of the VTA during the previous year. This document is organized into sections, each one describing the information called for by each of the subsections of Section 8071.





## Annual Report

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A description of all Authority activities to develop or facilitate development of telecommunications infrastructure that furthers the objective of chapter 91 of Title 30

The current VTA efforts to develop or facilitate development of telecommunications infrastructure fall into five broad categories, each of which has seen significant activity in 2014. The VTA makes grants to retail service providers of broadband or cellular service. Eight of the VTA's previously-funded broadband grant projects were completed in 2014, and the VTA continued to oversee two previously funded broadband grant projects still in process at the end of 2014. The VTA provides direct payments to consumers in support of getting broadband services through cable line extensions. This has allowed the VTA to fund broadband expansion projects in two towns where the VTA did not receive an application for grant funding. The VTA directly develops and manages fiber optic infrastructure projects. Fiber optic infrastructure that reaches more deeply into communities is one of the key building blocks for support of both broadband and cellular service expansion. VTA completed two of its original dark fiber projects in 2014 and began work on a new wave of dark fiber construction projects. The VTA engages in wireless tower development and wireless site management, providing a key piece of infrastructure for cellular service and wireless broadband. The VTA has entered into a wireless equipment leasing agreement. This agreement assists a wireless company in acquiring new equipment which they deploy to expand service to Vermonters. Finally, the VTA has engaged in community outreach and facilitation efforts, working directly with local community groups to define their need for improved broadband service and seek solutions from service providers. The VTA has deployed combinations of these five types of tools in a variety of projects that have helped or will help unserved and underserved Vermonters.

The prime focus of VTA activities related to cellular service expansion has concentrated on a statewide map of cellular "Target Corridors" and "Drop Zones." These areas were defined based on a drive test conducted by the Vermont Center for Geographic Information in 2010, and repeated in 2013. Still in deployment is a project to expand rural roaming coverage with CoverageCo, described herein. Other cellular development activities are winding down in expectation of the VTA's dormancy in July 2015.

A summary of activities previously funded by the VTA and still in process is provided below with the approximate amount of the grant or project cost in parentheses, where applicable.

## Last-Mile Broadband Grants

### Projects Completed in 2014 included:

- The Topsham Communications Topsham-Bradford project, begun in 2012, was designed to provide fiber to the home to 138 locations in Groton, northeast Topsham and north Bradford. This project was completed in the third quarter of FY2014. (\$187,697)
- A Comcast cable line extension project iproviding access to cable broadband at 56 unserved locations in Braintree, Shaftsbury and Pownal. (\$247,256)
- A FairPoint Communications project awarded in November 2013 that expanded DSL to 44 unserved locations in Bennington, Brattleboro and Wilmington. (\$295,750)
- A Southern Vermont Cable project awarded in August 2013 that extended fiber to the home to seven unserved locations in Newfane and Putney. (\$135,804)
- A FairPoint Communications project, awarded in November 2013 expanded broadband service to 11 unserved locations and 5 underserved locations in Wilmington. (\$104,000)
- A Comcast cable line extension project in Chittenden, providing cable broadband to 13 unserved locations. (\$58,857)
- A Southern Vermont Cable project, awarded in November 2013, that extended fiber to the home to 16 unserved locations in Dummerston. (\$104,597)
- The EC Fiber Thetford and Norwich project that extended fiber-to-the-home to 17 locations is in construction. (\$167,569)

### Projects-in-Progress

- An EC Fiber project will bring service to two locations in Randolph. This project is waiting for make ready and pending delivery of higher strand-count VTA fiber as part of Central Green Mountains Connector, a VTA dark fiber project. The estimated completion date is June 30, 2015. (\$38,574)
- An EC Fiber project will bring service to two locations in Norwich. It is waiting for make ready. The estimated completion date is June 30, 2015. (\$8,000)

### Direct Payments to Consumer Broadband Programs

- The VTA has launched a Consumer Financial Assistance Program for cable line extensions to unserved locations for which the VTA has not received a proposal under its broadband grant program. This initiative leverages state cable regulations that require a cable company to extend lines to customers who request it through a cost-sharing program. Two unserved locations in Westminster were completed.

Twelve additional locations in Danville are in process with residents. The Danville locations are not expected to be complete before June of 2015. (\$27,916)

## Middle-Mile Broadband Grants

- The Vermont FiberConnect project is an 824-mile fiber-optic middle mile network in southern, central, and northeastern Vermont funded through the U.S. Department of Commerce National Telecommunications & Information Administration's Broadband Technology Opportunities Program [NTIA BTOP]. This project was completed on September 30, 2014, and now is in the close-out phase. 316 Community Anchor Institutions, including 43 public libraries, are able to use the network now. As the NTIA BTOP grant recipient, the VTA has contracted with two sub-recipients: Sovernet Fiber Corp. has developed the major portion of the network and will own and operate it, except for a segment in eastern Essex County which is operated by New Hampshire Optical Systems (NHOS). (\$36,152,681)

## Fiber Development Projects

### Completed Projects

- The Hardwick-Newport Fiber Project was authorized by the Vermont Legislature through Act 53 to create a 41-mile fiber optic route through six towns. (\$930,680)
- Orange County Fiber Connector, a 39-mile fiber optic line serving six towns is complete. Two service providers are leasing fiber strands and serving customers from it. Testing on the entire route was completed in the fourth quarter of FY2014. (\$972,000)

### Projects-in-Progress

- The Northeast Kingdom [NEK] Fiber Network is a cooperative effort involving the VTA and a number of utility and economic development organizations that have constructed, or are planning to construct, fiber facilities in the Northeast Kingdom, especially in Orleans and Essex Counties. The VTA has signed cooperative agreements with these organizations to establish common management, marketing, and terms for dark fiber access. Contracts include a management and marketing contract with Northern Enterprises, the developer and owner of the North-Link fiber optic facility, an approximately 55-mile fiber facility in Essex and Orleans counties. Upon completion, the network will provide high-bandwidth connections throughout various portions of the region. It will connect to other fiber networks within Vermont as well as interconnect from the region to neighboring networks in Quebec and New Hampshire that connect to Montreal and Boston.

Segments constructed by the VTA or with VTA funding include the Essex County portions of the Vermont Fiber Connect project (described above) and the following segments:

- The Barton Fiber Project, as directed by the FY 2010 Capital Bill, will provide 5.5 miles of fiber optic cable in the town of Barton. Pole make-ready work is complete and a work plan has been established with Orleans Electric, but the project is on hold pending revision of the grant agreement and contract negotiations. (\$297,991)
- Work continued on a grant-funded fiber optic project originally conceived of and secured by the bi-state Northern Community Investment Corporation. [NCIC] from the Northern Border Regional Commission (NBRC). This project contains two segments, five miles of fiber linking the NEK Fiber Network to Canada at Derby Line, and another extending the Network from Brighton to Norton. VEC is building new pole line and VTA is waiting for completion to attach our fiber to the poles. Pole make-ready on the Newport-to-Derby Line segment is in progress. An underground permit has been issued by the Agency of Transportation for cable to go under Route 91 at an overpass. Project is in construction. The estimated completion date is the end of the second quarter of 2015. (\$389,898)
- The Eden BBID project explores a potential extension off of Harwick-Newport line to Eden through Craftsbury. This project is now not expected to progress beyond the planning stage. (\$22,000)

The remainder of VTA's fiber projects in process were new projects authorized in 2014. All except the Wilmington BBID project are "dark" fiber projects. All of these projects are currently in a pre-construction stage, with work on engineering, pole applications, and pole make-ready occurring in 2014. Construction on all projects is expected in the winter or spring of 2015.

- The Central Green Mountains Fiber Project of approximately 41 miles in length will reach from Randolph to Royalton, to Bethel, Stockbridge, Rochester, and Hancock. It will serve multiple projects, but primarily will provide backhaul for the EDA Cellular Resiliency Project. (\$1,052,710)
- Reading Fiber Project is approximately seven-miles-long and located in Reading and West Windsor and also will provide backhaul for the EDA Cellular Resiliency Project. (\$113,686)
- The Putney Fiber Project is approximately 11 miles in length and will serve the Putney Business Broadband Improvement District (BBID) in Western Putney. (\$267,645)

- The Canaan BBID project will repair and do construction on approximately five miles of North-Link fiber there. (\$55,000)
- The OCFC West Fiber Project involves a 38-mile-long fiber route to serve businesses in the Braintree and Brookfield/North Randolph BBIDs. (\$835,208)
- The Pomfret/Sharon BBID Fiber Project involves a 14-mile-long fiber route to serve the business park in Sharon and along a route to South Pomfret. (\$346,637)
- The Wilmington NE BBID project is being built by Duncan Cable to extend their lines and upgrade capacity. The VTA is funding an amount to equal the Contribution in Aid of Construction for the approximately 18-mile-long cable line extension to serve 10 businesses. The funding will also enable Duncan Cable to do necessary upgrades to its head end equipment in order to provide business-class service. An intrinsic added benefit to this line extension is that it will provide Internet service options to other households along the fiber route. (\$137,003)

### Cellular Projects

- The VTA has funded a network of “small cell” wireless equipment. In 2011, the VTA selected Vanu CoverageCo [CoverageCo], based in Massachusetts and Virginia, to build and operate the project’s small-cell technology, which is primarily installed on utility poles. These cellular sites provide targeted coverage along previously unserved roadways, as well as adjoining areas. The total expansion will include at least 450 miles of coverage along many state highways plus some well-traveled town roads. Through VTA funding and its own private investment, CoverageCo has already deployed approximately 90 miles of cellular technology along highway corridors in Lamoille, Orange, and Windham Counties. With additional funding, this technology will provide cellular service along previously unserved road segments touching almost 60 towns, as far north as Canaan, and as far south as Readsboro. It will also provide single cellular sites in five town centers that currently do not have service.

CoverageCo, while not a retail cellular carrier, leases wireless spectrum owned by Sprint in order to provide coverage to customers of other carriers through standard roaming agreements. Sprint’s customers have been able to utilize CoverageCo’s cellular system from its inception in Vermont in 2013. Roaming agreements are also in place with T-Mobile, and most recently with Verizon Wireless, as well as the leading Canadian cellular carriers. CoverageCo continues to seek agreements with additional providers.

The initial project has been expanded with the help of a grant in the amount of \$1,601,800 from the U.S. Economic Development Administration (EDA), as well as state capital appropriations. This expansion includes areas within towns most

impacted by Tropical Storm Irene and other 2011 flooding. The EDA grant also provides for individual cellular communication sites in nine town or village centers that suffered significant damage. These “resilient communication sites” will have ongoing back-up power as well as back-up satellite Internet service. They are planned for Halifax, Hancock, Norton, Readsboro, Rochester, Roxbury, Stockbridge, Townshend and Whitingham. The VTA has selected Northern Reliability, Inc., based in Waitsfield, Vermont, to design and install the electric power back-up for the nine resilient communication sites. Contracts for both Northern Reliability and CoverageCo have been approved by the EDA. CoverageCo will be providing additional infrastructure through its own private investment. Radio Frequency (RF) design is in progress on several corridors and E911 testing has begun. Resiliency site equipment is now installed. Corridors in Windham, Lamoille and Orange Counties are in service. The original project is nearly complete. Network engineering for new sites is underway. Estimated completion date is the fourth quarter of FY2015. (\$5,415,687)

## Other Projects

- The VTA continued to support the Agency of Administration by processing applications from wireless service providers to license the use of state properties for wireless communications facilities.
- The Business Broadband Improvement District [BBID] initiative funded four approved Districts – Waterbury, Wilmington, Windsor, and Bennington – to establish or expand community Wi-Fi hotspots or zones. The Waterbury, Wilmington, and Bennington projects are complete. The Windsor site has been installed at the town library but may need to be moved because the anticipated agreement allowing the hotspot to use the library internet connection has fallen through. (\$61,000)
- Connect America Fund Rural Broadband Experiments Project Planning  
In this project the VTA assisted two Internet Service Providers (ISPs) in determining the feasibility of developing an application or applications to the Federal Communication Commission’s (FCC) Rural Experiments program, and to help in pulling together information for an application. (\$100,000)
- Additional Data Gathering through the State Broadband Data and Development Agreement

Additional monies became available through repurposing State Broadband Data and Development (SBDD) funding through the program grantee, the Vermont

Center for Geographic Information (VCGI). An amendment to the Subgrant Agreement between the VTA and VCGI supports two projects: a Fiber Optic Line Survey, and a Tower Site Data Development Project. (\$633,120)

- Fiber Optic Line Survey

Efficient and effective planning of future fiber projects relies on good baseline information. A visual survey of fiber optic infrastructure undertaken by the VTA added enormously to existing knowledge of fiber infrastructure in the state. VTA systematically surveyed fiber hanging on poles – or the lack of fiber thereon – beginning on main routes and, when appropriate, follow lines that traverse secondary roads. While funding is not adequate, nor intended, to create a comprehensive survey, it has improved the baseline level of information about fiber in the state. Approximately 1000 miles has been surveyed through this project.

- Tower Site Data Project

This project raised the baseline of a limited set of key data points about all or part of a total of approximately 1800 state-owned sites currently used or potentially useful for wireless communications facilities. A more comprehensive inventory of data was collected on a subset of these facilities that already have a higher level of importance within the group because of existing usage. The amount of funding is not adequate to create a comprehensive, detailed survey of all known state sites, but this project has significantly increased the accuracy and depth of data contained in the VTA-maintained database.

## Outreach Activities

Funded by a federal grant through the U.S. Department of Commerce, the VTA has provided assistance to the Vermont Broadband Mapping Initiative (BMI) on verifying broadband unserved locations.<sup>1</sup> Validating service information and the locations included in projects which have been funded but have not been completed was increasingly important as the VTA targeted the last remaining unserved addresses that did not yet have a funded solution. Verification included ongoing discussions with the Public Service Department to vet the multiple sources of unserved address information.

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<sup>1</sup> The VTA is a subrecipient to the Vermont Center for Geographic Information [VCGI] on a grant from the U.S. Department of Commerce's State Broadband Data and Development Program [SBDD]. VCGI is the lead entity of the Vermont Broadband Mapping Initiative, which also includes the Vermont Department of Public Service and the Center for Rural Studies at the University of Vermont.

## A current business plan for the authority, including an explanation of significant changes subsequent to the most recent previous report

The Vermont Telecommunications Authority was created in 2007 to expand broadband and cellular (mobile wireless) service to the unserved areas of Vermont. The current Vermont goal, as established by Act 53 of the 2011 legislative session, is to have statewide availability of both broadband and cellular telecommunication services throughout the state by the end of 2013. The VTA frequently tries to focus on projects that support multiple objectives (i.e., both broadband and cellular), so many of the VTA's projects are interrelated. The VTA is not a retail service provider, and works by helping to finance and develop the infrastructure needed by the retail providers of "last-mile" broadband and cellular services.

VTA projects have been funded by both state appropriations (largely capital appropriations) and Federal grants. Act 190 of the 2014 legislative session created a Division of Connectivity within the Agency of Administration as of July 1, 2015, and established this new organization as the successor to the VTA. Pursuant to this legislation, the VTA will become dormant at the end of the 2015 fiscal year. Because of this transition, VTA's activities have shifted to completing work in progress and preparing for the transition, and a business plan for the organization is no longer under development.



## Identification of the impact of activity on existing business providers

Through funds disbursed or awarded between 2011 and 2014, the VTA's activities have extended the ability of eight providers (Topsham Communications, Comcast, FairPoint Communications, Southern Vermont Cable, Sovernet, E.C. Fiber, Charter Cable, and Duncan Cable) to offer broadband service in Vermont by providing grant funds, as detailed in this report. All of these firms (or their affiliates) have existing business in the state which they will have the opportunity to expand through VTA assistance. Additional assistance in the form of discounted transport services for last-mile providers will be available through the Vermont FiberConnect project (owned and operated by Sovernet). In addition, these projects are bringing higher speed broadband services to their serving areas. And as the telecommunications industry continues its transition nationally from a focus on fixed landline telephone services to broadband and mobile services, there is evidence that incumbent telecommunications providers are making additional investments to retain customers by offering better and faster services. By helping to provide much needed capacity infrastructure for backhaul, some of the VTA grant funds will also further enable the development of cellular services to businesses and individuals.

The VTA's activities are lowering the costs of existing cellular providers to provide service in rural, low customer density areas of Vermont by providing opportunities to lower tower and backhaul expenses. The VTA has provided financial assistance for the build-out of rural roaming networks (as described in the section on VTA activities, above), which expands service, but provides an alternative to directly investing to expand their own cellular networks. This, in turn, provides an opportunity for multiple vendors – local broadband and telephone service providers as well as national cellular service providers – to become involved.

Finally, the VTA's dark fiber projects will interconnect with existing and planned fiber networks and provide multiple service providers the opportunity to expand their networks and services in rural communities at little to no capital cost, and with operating costs of a shared fiber facilities shared among the users.

Financial statement of the Authority, a summary of expenditures by the authority since inception and a forecast of expenditures

In Fiscal Year 2015, the VTA's budget objective is a "comprehensive break-even." Over its history, the lion's share of VTA's revenues and expenditures has been associated with projects spanning multiple fiscal years. Timing issues often complicated forecasts of expenditures within a fiscal year. With the statutorily-established transition for the organization on July 1, 2015, the VTA is working to expend any remaining project funds and its annual appropriation within the 2015 fiscal year to the extent possible.

**Forecast of VTA Expenditures for Remainder of FY 2015**

<b><u>Expenses</u></b>	
Salaries and Benefits	\$ 522,948
Contract Services	367,527
Facilities and Equipment	18,587
Site Rent, Lease, and Acquisition Payments	1,737
Board Expense	13,658
Office and Administrative	49,757
Hiring	29,098
Depreciation	30,007
Grants and Infrastructure Projects	5,802,131
BTOP	26,252
<b>Total Forecast Expenditures</b>	<b>\$ 6,861,702</b>

# Vermont Telecommunications Authority

## Balance Sheet

As of December 31, 2014

### Assets

#### Current Assets

VTA Checking	\$	12,775
VTCorp		-
Repurchase Account		4,960,723
BTOP Checking		589.93
<b>Total Cash</b>		<b>4,974,088</b>

EDA Revenue Receivable	\$	1,140,725.36
SBDD Accounts Receivable		35,391
BTOP Receivable		-
Sub Recipient A/R		114,662
Accounts Receivable-Other		49,864
Allowance for Doubtful Accounts		(13,639.60)
<b>Total Current Assets</b>		<b>6,311,760</b>

#### Property and Equipment

Furniture and Equipment		37,018
Fiber Assets		2,223,341
Deprec Allow Fiber Assets		(57,104)
Allowance for Depreciation		(33,793)
Tower / Equip Assets		235,480
Deprec Allow Tower / Equip		(45,806)
Communications Radios Assets		25,795
Deprec Allow Communctn Radios		(7,537.77)
<b>Total Property and Equipment</b>		<b>2,377,393</b>

#### Other Assets

Work In Progress		971,890
<b>Total Other Assets</b>		<b>971,890</b>

<b>Total Assets</b>		<b>\$9,661,044</b>
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Vermont Telecommunications Authority

Balance Sheet (continued)

As of December 31, 2014

**Liabilities & Net Assets**

<b>Current Liabilities</b>	
Accounts Payable	\$ 4,281
BTOP Payable to Sub Recipient	114,662
Interco Payable to VT Telecom Corp	-
BTOP Payable-DHHS	-
Accrued Expenses	15,807.87
<b>Total Liabilities</b>	<b>134,751</b>
<b>Net Assets</b>	
Net Capital Asset Investment	3,361,420
Temp. Restricted Net Assets	4,146,222
Unrestricted Net Assets & Net Income	2,018,651
<b>Total Net Assets</b>	<b>9,526,293</b>
<b>Total Liabilities and Net Assets</b>	<b>\$9,661,044</b>

Vermont Telecommunications Authority  
Statement of Revenues & Expenses  
July 1, 2014 – December 31, 2014

**Operating Revenues**

Vermont State Appropriations	\$2,399,906
Other Receipts	14,115
Investment Income	3,832
Other Types of Income	11,282
Infrastructure Revenue	11,141
Restricted Revenue	3,675,487
<b>Total Revenue</b>	<b>\$6,115,763</b>

**Operating Expenses**

Infrastructure	\$1,834,364
Awards & Grants	268,447
Project Operating Expenses	162,338
Contract Services	257,199
Facilities & Equipment	90,233
Operations	15,976
Other Expenses	2,272
Salaries	367,490
Benefits	403
Reconciliation Discrepancies	97,362
Site Acquisition & Permitting	(131)
Staff Travel & Meetings	1,843
Public Relations	8,005
Board Expenses	6,641
BTOP Expenses	2,451,878
<b>Total Operating Expenses</b>	<b>\$5,563,917</b>

<b>Operating Income (Loss)</b>	<b>\$551,846</b>
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**Other Expenses**

Capitalization of Project Costs	
<b>Net Income/(Loss)</b>	<b>\$551,846</b>

# Summary of VTA Revenues & Expenditures Since Inception

## Vermont Telecommunications Authority

### Summary of Revenues and Expenses Since Inception

REVENUES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	All Revenues & Expenses Since Inception as of 12/31/14
State General Appropriation	\$450,000	\$400,000	\$400,000	\$300,000	\$700,000	\$700,000	\$735,000	\$635,000	\$4,320,000
Operating Transfers	64,519	58,383	97,108	86,565	0	0	0	0	\$306,575
State Capital Appropriations	198,736	178,337	1,241,210	4,454,264	330,000	3,469,656	4,320,957	1,764,906	\$15,958,066
Special Project/Programs Appropriation *	0	0	250,000	2,890,000	0	0	0	0	\$3,100,000
BTOF Grant	0	0	0	1,405,803	12,231,076	21,006,565	11,661,742	2,464,293	\$48,769,479
State Broad Band Data & Development	0	0	0	65,157	86,505	97,565	146,556	70,574	\$466,357
State Broad Band Data & Development-Indirect	0	0	0	13,031	17,301	23,670	30,871	0	\$84,873
Prior Year Broadband Grants Recaptured	0	0	176,863	0	31,630	0	0	0	\$208,493
Dark Fiber License Revenue	0	0	0	0	0	0	27,227	11,141	\$38,368
Federal Infrastructure Project Revenues	4,055	7,070	7,232	28,722	18,265	8,786	169,262	1,140,620	\$1,309,882
Investment Income	0	539,580	501,025	1,189	17,048	29,004	8,541	3,832	\$86,503
Other **	0	0	0	0	0	0	33,648	25,397	\$1,146,891
<b>Total Revenues</b>	<b>\$717,310</b>	<b>\$1,183,370</b>	<b>\$2,673,438</b>	<b>\$9,204,731</b>	<b>\$13,431,825</b>	<b>\$25,335,246</b>	<b>\$17,133,804</b>	<b>\$6,115,763</b>	<b>\$75,795,487</b>
EXPENSES									
Salaries and Benefits	\$140,297	\$463,195	\$493,468	\$656,373	\$763,117	\$871,335	\$970,887	\$464,852	\$4,823,524
Contractual Services	93,631	452,329	356,120	350,256	284,980	282,633	138,257	256,297	\$2,214,503
Facilities and Equipment	18,738	99,282	38,618	33,067	35,200	33,580	35,543	17,413	\$251,441
Board Expense	17,535	16,236	8,111	7,947	13,697	16,995	16,650	6,642	\$103,813
Office and Administrative	32,515	36,346	30,987	53,271	61,208	39,659	56,581	26,122	\$336,689
Hiring	19,319	491	1,448	1,955	3,436	726	2,212	902	\$30,489
Depreciation	1,141	2,600	2,810	5,902	6,408	22,507	32,745	72,820	\$146,933
Broadband and Wireless Infrastructure	198,736	178,337	369,249	21,692	2,977,242	1,871,871	4,721,437	2,266,993	\$12,605,557
BTOF Grant	0	0	0	1,419,538	12,191,713	20,935,622	11,695,542	2,451,878	\$48,694,293
<b>Total Expenses</b>	<b>\$521,912</b>	<b>\$1,188,816</b>	<b>\$1,300,811</b>	<b>\$2,550,001</b>	<b>\$16,337,001</b>	<b>\$24,074,928</b>	<b>\$17,669,854</b>	<b>\$5,563,919</b>	<b>\$69,207,241</b>

#### BALANCE OF FUNDS

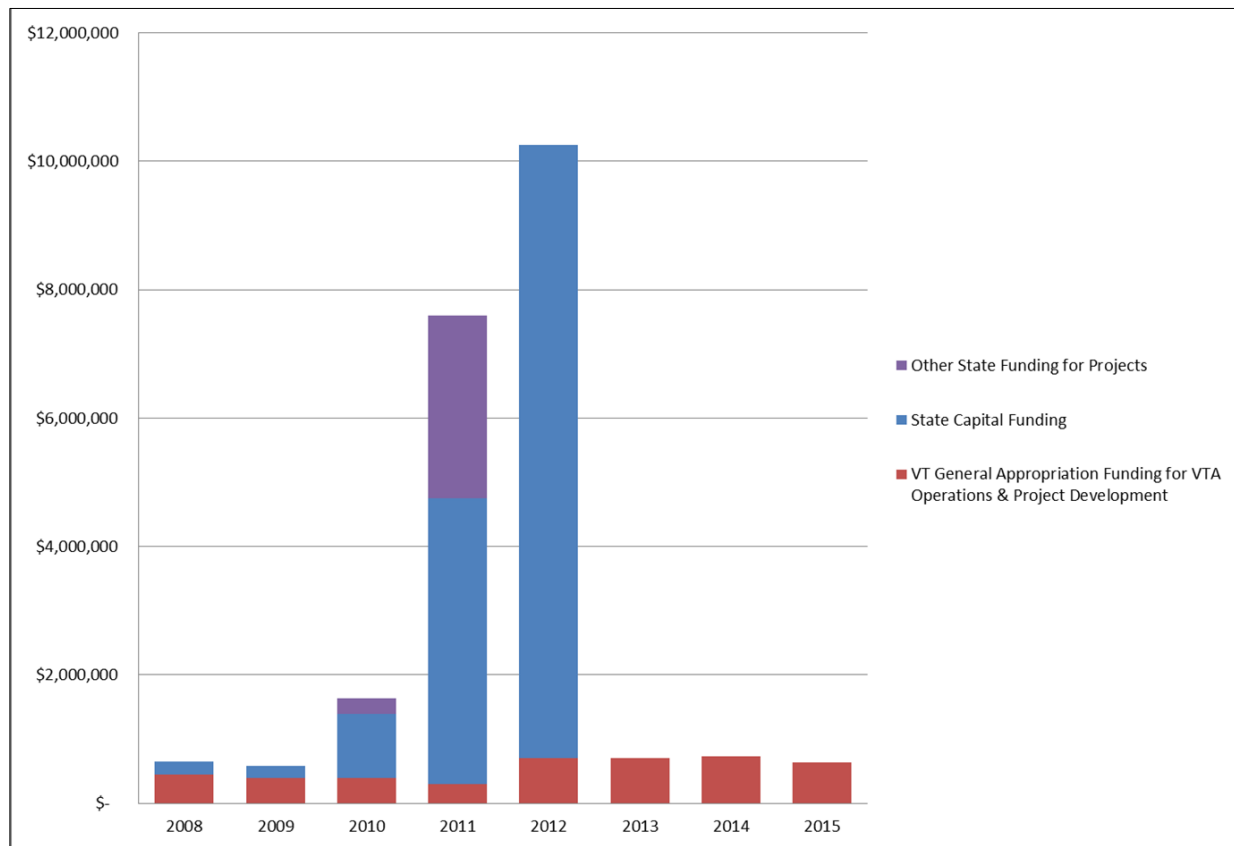
June 30, 2008	\$195,398
June 30, 2009	\$189,952
June 30, 2010	\$1,562,579
June 30, 2011	\$8,217,309
June 30, 2012	\$5,312,133
June 30, 2013	\$6,572,451
June 30, 2014	\$6,036,402
June 30, 2015	\$6,588,246

#### Footnotes:

\* Northlink and Backroads Broadband

\*\* Two \$500,000 payments received from FairPoint Communications on March 16, 2009, and April 30, 2010.

## State Funding to VTA Fiscal Years 2008 - 2015



## A summary of financial commitments made by the Authority

### Financial Commitments – Current Projects as of December 31, 2014

Project Status as of: 01/26/2014 Project Data as of: 12/31/2014		Dark Fiber Projects								
Project Name		Eden BBID	Northern Border Connectivity Project	Barton Fiber Project	Canaan BBID	OCFC West	Pomfret-Sharon BBID	Putney BBID	Central Green Mtn Fiber	Reading Fiber
Funds Allocated										
Vermont Capital Budget										
FY2010				297,363						
FY2011										
FY2012-2013			416,100	628					1,052,710	113,686
Vermont Capital Budget-Subtotal		\$ -	\$ 416,100	\$ 297,991	\$ -	\$ -	\$ -	\$ -	\$ 1,052,710	\$ 113,686
Vermont Special Appropriations										
North-link										
Backroads Broadband		22,000			55,000	835,208	346,637	267,645		
VT Special Appropriations-Subtotal		\$ 22,000	\$ -	\$ -	\$ 55,000	\$ 835,208	\$ 346,637	\$ 267,645	\$ -	\$ -
Project Capital Assessments										
Capital Assessments										
Project Capital Assessments-Subtotal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants Received										
BTOP Vermont Fiber Connect										
Gates/DOL Vermont Fiber Connect										
EDA Cellular Resiliency Grant										
Northern Borders Regional Commission			219,898							
State Broadband Data & Devel.										
Grants Received-Subtotal		\$ -	\$ 219,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants Awarded and Recaptured										
Total Funds Allocated		\$ 22,000	\$ 635,998	\$ 297,991	\$ 55,000	\$ 835,208	\$ 346,637	\$ 267,645	\$ 1,052,710	\$ 113,686
Total Funds Encumbered		\$ 22,000	\$ 635,998	\$ 297,363	\$ 55,000	\$ 835,208	\$ 346,637	\$ 267,645	\$ 1,052,710	\$ 113,686
Funds Expended										
From Vermont Capital Budget										
FY2010				250,949						
FY2011										
FY2012-2013			134,996						101,881	28,683
From Capital Budget-Subtotal		\$ -	\$ 134,996	\$ 250,949	\$ -	\$ -	\$ -	\$ -	\$ 101,881	\$ 28,683
From Vermont Special Appropriations										
North-link										
Backroads Broadband		464			12,077	74,442	85,265	11,320		
From VT Special Appropriations-Subtotal		\$ 464	\$ -	\$ -	\$ 12,077	\$ 74,442	\$ 85,265	\$ 11,320	\$ -	\$ -
From Project Capital Assessments										
Capital Assessments										
From Project Capital Assessments-Subtotal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From Grants Received										
BTOP Vermont Fiber Connect										
Gates/DOL Vermont Fiber Connect										
EDA Cellular Resiliency Grant										
Northern Borders Regional Commission			174,604							
State Broadband Data & Devel.										
From Grants Received-Subtotal		\$ -	\$ 174,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants Awarded and Recaptured										
Total Funds Expended		\$ 464	\$ 309,600	\$ 250,949	\$ 12,077	\$ 74,442	\$ 85,265	\$ 11,320	\$ 101,881	\$ 28,683
Funds Remaining by Source										
Remaining Vermont Capital Budget										
FY2010		-	-	46,414	-	-	-	-	-	-
FY2011		-	-	-	-	-	-	-	-	-
FY2012-2013		-	281,104	628	-	-	-	-	950,829	85,003
Remaining Vermont Capital Budget		\$ -	\$ 281,104	\$ 47,042	\$ -	\$ -	\$ -	\$ -	\$ 950,829	\$ 85,003
Remaining Vermont Special Appropriations										
North-link		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Backroads Broadband		21,536	-	-	42,923	760,766	261,372	256,325	-	-
Remaining VT Special Appropriations		\$ 21,536	\$ -	\$ -	\$ 42,923	\$ 760,766	\$ 261,372	\$ 256,325	\$ -	\$ -
Remaining Project Capital Assessments										
Capital Assessments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Remaining Project Capital Assessments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants Received										
BTOP Vermont Fiber Connect		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gates/DOL Vermont Fiber Connect		-	-	-	-	-	-	-	-	-
EDA Cellular Resiliency Grant		-	-	-	-	-	-	-	-	-
Northern Borders Regional Commission		-	45,294	-	-	-	-	-	-	-
State Broadband Data & Devel.		-	-	-	-	-	-	-	-	-
Remaining Grants Received		\$ -	\$ 45,294	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Remaining Grants Awarded & Recaptured		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funds Remaining		\$ 21,536	\$ 326,398	\$ 47,042	\$ 42,923	\$ 760,766	\$ 261,372	\$ 256,325	\$ 950,829	\$ 85,003



## Financial Commitments – Current Projects as of December 31, 2014 [Continued]

Project Status as of: 01/26/2014	Last-Mile Broadband Grants				Mid-mile BB Grants
Project Data as of: 12/31/2014	EC Fiber Barbara Lee Lane	EC Fiber Randolph	Consumer Financial Assistance Program	NE Wilmington Cable Line Extension	Vermont Fiber Connect
Project Name					
<b>Funds Allocated</b>					
<b>Vermont Capital Budget</b>					
FY2010					150,279
FY2011					2,209,000
FY2012-2013	8,000	19,500			
<b>Vermont Capital Budget-Subtotal</b>	<b>\$ 8,000</b>	<b>\$ 19,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,359,279</b>
<b>Vermont Special Appropriations</b>					
North-link					
Backroads Broadband			27,916	137,003	
<b>VT Special Appropriations-Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 27,916</b>	<b>\$ 137,003</b>	<b>\$ -</b>
<b>Project Capital Assessments</b>					
Capital Assessments					
<b>Project Capital Assessments-Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grants Received</b>					
BTOP Vermont Fiber Connect					\$ 33,393,402
Gates/DOL Vermont Fiber Connect					400,000
EDA Cellular Resiliency Grant					
Northern Borders Regional Commission					
State Broadband Data & Devel.					
<b>Grants Received-Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 33,793,402</b>
<b>Grants Awarded and Recaptured</b>		19,074			
<b>Total Funds Allocated</b>	<b>\$ 8,000</b>	<b>\$ 38,574</b>	<b>\$ 27,916</b>	<b>\$ 137,003</b>	<b>\$ 36,152,681</b>
<b>Total Funds Encumbered</b>	<b>\$ 8,000</b>	<b>\$ 38,574</b>	<b>\$ 3,570</b>	<b>\$ -</b>	<b>\$ 36,152,681</b>
<b>Funds Expended</b>					
<b>From Vermont Capital Budget</b>					
FY2010					150,279
FY2011					2,209,000
FY2012-2013					
<b>From Capital Budget-Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,359,279</b>
<b>From Vermont Special Appropriations</b>					
North-link					
Backroads Broadband			3,570		
<b>From VT Special Appropriations-Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,570</b>	<b>\$ -</b>	<b>\$ -</b>
<b>From Project Capital Assessments</b>					
Capital Assessments					
<b>From Project Capital Assessments-Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>From Grants Received</b>					
BTOP Vermont Fiber Connect					\$ 33,393,402
Gates/DOL Vermont Fiber Connect					400,000
EDA Cellular Resiliency Grant					
Northern Borders Regional Commission					
State Broadband Data & Devel.					
<b>From Grants Received-Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 33,793,402</b>
<b>Grants Awarded and Recaptured</b>					
<b>Total Funds Expended</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,570</b>	<b>\$ -</b>	<b>\$ 36,152,681</b>
<b>Funds Remaining by Source</b>					
<b>Remaining Vermont Capital Budget</b>					
FY2010	-	-	-	-	-
FY2011	-	-	-	-	-
FY2012-2013	8,000	19,500	-	-	-
<b>Remaining Vermont Capital Budget</b>	<b>\$ 8,000</b>	<b>\$ 19,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Remaining Vermont Special Appropriations</b>					
North-link	\$ -	\$ -	\$ -	\$ -	\$ -
Backroads Broadband	-	-	24,346	137,003	-
<b>Remaining VT Special Appropriations</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,346</b>	<b>\$ 137,003</b>	<b>\$ -</b>
<b>Remaining Project Capital Assessments</b>					
Capital Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Remaining Project Capital Assessments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grants Received</b>					
BTOP Vermont Fiber Connect	\$ -	\$ -	\$ -	\$ -	\$ -
Gates/DOL Vermont Fiber Connect	-	-	-	-	-
EDA Cellular Resiliency Grant	-	-	-	-	-
Northern Borders Regional Commission	-	-	-	-	-
State Broadband Data & Devel.	-	-	-	-	-
<b>Remaining Grants Received</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Remaining Grants Awarded &amp; Recaptured</b>	<b>\$ -</b>	<b>\$ 19,074</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Funds Remaining</b>	<b>\$ 8,000</b>	<b>\$ 38,574</b>	<b>\$ 24,346</b>	<b>\$ 137,003</b>	<b>\$ -</b>

## Financial Commitments – Current Projects as of December 31, 2014 [Continued]

Project Status as of: 01/26/2014 Project Data as of: 12/31/2014		Cellular Projects			Other Projects				Totals
Project Name		EDA Cellular Resiliency Grant Project	Cellular Backhaul Projects	CoverageCo Cellular Project	Grant Program and Public Comment Process Admin. and Oversight	BBID Wifi	Broadband Business Improvement Districts	Broadband Outreach and Coordination	
<b>Funds Allocated</b>									
<b>Vermont Capital Budget</b>									
FY2010									\$ 447,642
FY2011		400,450		500,000					3,109,450
FY2012-2013		1,162,101	95,000	1,751,336	118,772				4,796,690
Vermont Capital Budget-Subtotal	\$	1,562,551	\$ 95,000	\$ 2,251,336	\$ 118,772	\$ -	\$ -	\$ -	\$ 8,353,782
<b>Vermont Special Appropriations</b>									
North-link									\$ -
Backroads Broadband					107,713	61,000			1,860,122
VT Special Appropriations-Subtotal	\$	-	\$ -	\$ -	\$ 107,713	\$ 61,000	\$ -	\$ -	\$ 1,860,122
<b>Project Capital Assessments</b>									
Capital Assessments									-
Project Capital Assessments-Subtotal	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Grants Received</b>									
BTOP Vermont Fiber Connect									\$ 33,393,402
Gates/DOL Vermont Fiber Connect									400,000
EDA Cellular Resiliency Grant		1,601,800							1,601,800
Northern Borders Regional Commission									219,898
State Broadband Data & Devel.								633,120	633,120
Grants Received-Subtotal	\$	1,601,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 633,120	\$ 36,248,220
Grants Awarded and Recaptured									\$ 19,074
Total Funds Allocated	\$	3,164,351	\$ 95,000	\$ 2,251,336	\$ 226,485	\$ 61,000	\$ -	\$ 633,120	\$ 46,481,198
Total Funds Encumbered	\$	3,164,351	\$ -	\$ 1,602,073	\$ 219,273	\$ 31,000	\$ -	\$ 633,120	\$ 45,537,746
<b>Funds Expended</b>									
<b>From Vermont Capital Budget</b>									
FY2010									\$ 401,228
FY2011		278,182		500,000					2,987,182
FY2012-2013		51,500		602,073	111,560				1,030,693
From Capital Budget-Subtotal	\$	329,682	\$ -	\$ 1,102,073	\$ 111,560	\$ -	\$ -	\$ -	\$ 4,419,103
<b>From Vermont Special Appropriations</b>									
North-link									\$ -
Backroads Broadband					107,713	39,892			334,743
From VT Special Appropriations-Subtotal	\$	-	\$ -	\$ -	\$ 107,713	\$ 39,892	\$ -	\$ -	\$ 334,743
<b>From Project Capital Assessments</b>									
Capital Assessments									-
From Project Capital Assessments-Subtotal	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>From Grants Received</b>									
BTOP Vermont Fiber Connect									\$ 33,393,402
Gates/DOL Vermont Fiber Connect									400,000
EDA Cellular Resiliency Grant		1,140,725							1,140,725
Northern Borders Regional Commission									174,604
State Broadband Data & Devel.								592,522	592,522
From Grants Received-Subtotal	\$	1,140,725	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 592,522	\$ 35,701,253
Grants Awarded and Recaptured									\$ -
Total Funds Expended	\$	1,470,407	\$ -	\$ 1,102,073	\$ 219,273	\$ 39,892	\$ -	\$ 592,522	\$ 40,455,099
<b>Funds Remaining by Source</b>									
<b>Remaining Vermont Capital Budget</b>									
FY2010		-	-	-	-	-	-	-	\$ 46,414
FY2011		122,268	-	-	-	-	-	-	122,268
FY2012-2013		1,110,601	95,000	1,149,263	7,212	-	-	-	3,765,997
Remaining Vermont Capital Budget	\$	1,232,869	\$ 95,000	\$ 1,149,263	\$ 7,212	\$ -	\$ -	\$ -	\$ 3,934,679
<b>Remaining Vermont Special Appropriations</b>									
North-link	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Backroads Broadband		-	-	-	-	21,108	-	-	1,525,379
Remaining VT Special Appropriations	\$	-	\$ -	\$ -	\$ -	\$ 21,108	\$ -	\$ -	\$ 1,525,379
<b>Remaining Project Capital Assessments</b>									
Capital Assessments	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Remaining Project Capital Assessments	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Grants Received</b>									
BTOP Vermont Fiber Connect	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gates/DOL Vermont Fiber Connect		-	-	-	-	-	-	-	-
EDA Cellular Resiliency Grant		461,075	-	-	-	-	-	-	461,075
Northern Borders Regional Commission		-	-	-	-	-	-	-	45,294
State Broadband Data & Devel.		-	-	-	-	-	-	40,598	40,598
Remaining Grants Received	\$	461,075	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,598	\$ 546,967
Remaining Grants Awarded & Recaptured	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,074
Total Funds Remaining	\$	1,693,944	\$ 95,000	\$ 1,149,263	\$ 7,212	\$ 21,108	\$ -	\$ 40,598	\$ 6,026,099

## VTa Financial Commitments—Completed Projects as of December 31, 2014

[illegible]

# VT A Financial Commitments – Completed Projects as of December 31, 2014 [Continued]

Project Status as of: 01/26/2014													
Project Data as of: 12/31/2014													
Project Name	APCIS	Town of Canaan	Valley Net	Global Net	Powershift	Ripton Broadband Cooperative	Topsham Communications Bradford and Topsham Project	Comcast Cable Line Ext - Braintree, Shaftsbury, Pownal	Vtel Wireless Cellular Project	NEK Connector	Exede Satellite Internet	Southern VT Broadband Cooperative	Totals
<b>Funds Allocated</b>													
<b>Vermont Capital Budget</b>													
FY2008		\$ 50,000	\$ 24,789	\$ 50,000	\$ 20,000	\$ 25,000						\$ 30,000	\$ 199,789
FY2009	49,446												178,337
FY2010													543,568
FY2011													1,344,814
FY2012-2013							187,697	247,255	2,644,093	9,959	996		5,011,167
<b>Vermont Capital Budget-Subtotal</b>	<b>\$ 49,446</b>	<b>\$ 50,000</b>	<b>\$ 24,789</b>	<b>\$ 50,000</b>	<b>\$ 20,000</b>	<b>\$ 25,000</b>	<b>\$ 187,697</b>	<b>\$ 247,255</b>	<b>\$ 2,644,093</b>	<b>\$ 9,959</b>	<b>\$ 996</b>	<b>\$ 30,000</b>	<b>\$ 7,277,675</b>
<b>Vermont Special Appropriations</b>													
North-link													\$ 250,000
Backroads Broadband													779,275
<b>VT Special Appropriations-Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,029,275</b>
<b>Grants Received</b>													
BTOP Vermont Fiber Connect													\$ -
Gates/DOL Vermont Fiber Connect													-
EDA Cellular Resiliency Grant													-
Northern Borders Regional Commission													-
State Broadband Data & Development													-
<b>Grants Received-Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grants Awarded and Recaptured</b>	<b>\$ (49,446)</b>												<b>\$ 115,178</b>
<b>Total Funds Allocated</b>	<b>\$ -</b>	<b>\$ 50,000</b>	<b>\$ 24,789</b>	<b>\$ 50,000</b>	<b>\$ 20,000</b>	<b>\$ 25,000</b>	<b>\$ 187,697</b>	<b>\$ 247,255</b>	<b>\$ 2,644,093</b>	<b>\$ 9,959</b>	<b>\$ 996</b>	<b>\$ 30,000</b>	<b>\$ 8,422,128</b>
<b>Total Funds Encumbered</b>	<b>\$ 49,446</b>	<b>\$ 50,000</b>	<b>\$ 24,789</b>	<b>\$ 50,000</b>	<b>\$ 20,000</b>	<b>\$ 25,000</b>	<b>\$ 187,697</b>	<b>\$ 247,255</b>	<b>\$ 2,644,093</b>			<b>\$ 30,000</b>	<b>\$ 7,942,513</b>
<b>Funds Expended by Source</b>													
<b>Vermont Capital Budget</b>													
FY2008		\$ 50,000	\$ 24,789	\$ 50,000	\$ 20,000	\$ 25,000						\$ 30,000	\$ 199,789
FY2009	49,446												178,337
FY2010													543,568
FY2011													1,344,814
FY2012-2013							187,697	247,255	2,644,093	9,959	996		5,011,167
<b>Vermont Capital Budget-Subtotal</b>	<b>\$ 49,446</b>	<b>\$ 50,000</b>	<b>\$ 24,789</b>	<b>\$ 50,000</b>	<b>\$ 20,000</b>	<b>\$ 25,000</b>	<b>\$ 187,697</b>	<b>\$ 247,255</b>	<b>\$ 2,644,093</b>	<b>\$ 9,959</b>	<b>\$ 996</b>	<b>\$ 30,000</b>	<b>\$ 7,277,675</b>
<b>Vermont Special Appropriations</b>													
North-link													\$ 250,000
Backroads Broadband													779,275
<b>VT Special Appropriations-Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,029,275</b>
<b>Grants Received</b>													
BTOP Vermont Fiber Connect													\$ -
Gates/DOL Vermont Fiber Connect													-
EDA Cellular Resiliency Grant													-
Northern Borders Regional Commission													-
State Broadband Data & Development													-
<b>Grants Received-Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grants Awarded and Recaptured</b>	<b>\$ (49,446)</b>												<b>\$ 115,178</b>
<b>Total Funds Disbursed</b>	<b>\$ -</b>	<b>\$ 50,000</b>	<b>\$ 24,789</b>	<b>\$ 50,000</b>	<b>\$ 20,000</b>	<b>\$ 25,000</b>	<b>\$ 187,697</b>	<b>\$ 247,255</b>	<b>\$ 2,644,093</b>	<b>\$ 9,959</b>	<b>\$ 996</b>	<b>\$ 30,000</b>	<b>\$ 8,422,128</b>
<b>Total Unallocated Funds Remaining</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## VTA Financial Commitments – Summary as of December 31, 2014

Project Status as of: 01/26/2014		VTA Project Funds Summary						
Project Data as of: 12/31/2014								
		Funds by Source	Funds Allocated to Closed Projects	Funds Allocated to Current Projects	Funds Not Yet Allocated to Projects	Funds Received	Funds Received Not Yet Expended	Funds Available Not Yet Expended
<b>Funds by Source</b>								
<b>Vermont Capital Budget</b>								
	FY2008	\$ 198,736	\$ 199,789	\$ -	\$ (1,053)	\$ 198,789	\$ (1,000)	\$ (1,053)
	FY2009	178,337	178,337	-	-	178,337	-	-
	FY2010	991,210	543,568	447,642	-	991,210	46,414	46,414
	FY2011	4,454,264	1,344,814	3,109,450	-	4,454,264	122,268	122,268
	FY2012-2013	9,885,519	5,011,167	4,796,690	77,662	9,885,519	3,843,659	3,843,659
	<b>Vermont Capital Budget-Subtotal</b>	<b>\$ 15,708,066</b>	<b>\$ 7,277,675</b>	<b>\$ 8,353,782</b>	<b>\$ 76,609</b>	<b>\$ 15,708,119</b>	<b>\$ 4,011,341</b>	<b>\$ 4,011,288</b>
<b>Vermont Special Appropriations</b>								
	North-link	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ 250,000	\$ -	\$ -
	Backroads Broadband	2,850,000	779,275	1,860,122	210,603	2,850,000	1,735,982	1,735,982
	<b>VT Special Appropriations--Subtotal</b>	<b>\$ 3,100,000</b>	<b>\$ 1,029,275</b>	<b>\$ 1,860,122</b>	<b>\$ 210,603</b>	<b>\$ 3,100,000</b>	<b>\$ 1,735,982</b>	<b>\$ 1,735,982</b>
<b>Project Capital Assessments</b>								
	Capital Assessments	\$ 245,597		\$ -	\$ 245,597	\$ 26,230	\$ 26,230	\$ 245,597
	<b>Project Capital Assessments--Subtotal</b>	<b>\$ 245,597</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 245,597</b>	<b>\$ 26,230</b>	<b>\$ 26,230</b>	<b>\$ 245,597</b>
<b>Grants Received</b>								
	BTOP Vermont Fiber Connect	\$ 33,393,402	\$ -	\$ 33,393,402	\$ -	\$ 33,278,739	\$ (114,663)	\$ -
	Gates/DOL Vermont Fiber Connect	400,000	-	400,000	-	400,000	-	-
	EDA Cellular Resiliency Grant	1,601,800		1,601,800		-	(1,140,725)	461,075
	Northern Borders Regional Commission	219,898		219,898		141,923	(32,681)	45,294
	State Broadband Data & Development	633,120	-	633,120	-	557,131	(35,391)	40,598
	<b>Grants Received--Subtotal</b>	<b>\$ 36,248,220</b>	<b>\$ -</b>	<b>\$ 36,248,220</b>	<b>\$ -</b>	<b>\$ 34,377,793</b>	<b>\$ (1,323,460)</b>	<b>\$ 546,967</b>
	<b>Grants Awarded and Recaptured</b>	<b>\$ 159,074</b>	<b>\$ 115,178</b>	<b>\$ 19,074</b>	<b>\$ 24,822</b>	<b>\$ 159,074</b>	<b>\$ 43,896</b>	<b>\$ 43,896</b>
	<b>Total Funds</b>	<b>\$ 55,460,957</b>	<b>\$ 8,422,128</b>	<b>\$ 46,481,198</b>	<b>\$ 557,631</b>	<b>\$ 53,371,216</b>	<b>\$ 4,493,989</b>	<b>\$ 6,583,730</b>
	<b>Total Funds Encumbered</b>		<b>\$ 7,942,513</b>	<b>\$ 45,537,746</b>				
<b>Funds Expended</b>								
<b>From Vermont Capital Budget</b>								
	FY2008		\$ 199,789	\$ -				
	FY2009		178,337	-				
	FY2010		543,568	401,228				
	FY2011		1,344,814	2,987,182				
	FY2012-2013		5,011,167	1,030,693				
	<b>Capital Budget-Subtotal</b>		<b>\$ 7,277,675</b>	<b>\$ 4,419,103</b>				
<b>From Vermont Special Appropriations</b>								
	North-link		\$ 250,000	\$ -				
	Backroads Broadband		779,275	334,743				
	<b>Special Appropriations--Subtotal</b>		<b>\$ 1,029,275</b>	<b>\$ 334,743</b>				
<b>From Project Capital Assessments</b>								
	Capital Assessments			\$ -				
	<b>From Project Capital Assessments--Subtotal</b>		<b>\$ -</b>	<b>\$ -</b>				
<b>From Grants Received</b>								
	BTOP Vermont Fiber Connect		\$ -	\$ 33,393,402				
	Gates/DOL Vermont Fiber Connect		-	400,000				
	EDA Cellular Resiliency Grant			1,140,725				
	Northern Borders Regional Commission			174,604				
	State Broadband Data & Devel.		-	592,522				
	Grants Awarded and Recaptured		115,178	-				
	<b>Grants Received--Subtotal</b>		<b>\$ -</b>	<b>\$ 35,701,253</b>				
	<b>Total Funds Disbursed</b>		<b>\$ 8,422,128</b>	<b>\$ 40,455,099</b>				
	<b>Total Funds Remaining</b>		<b>\$ -</b>	<b>\$ 6,026,099</b>				



## 2014 Annual Report

A list and summary of all contracts and agreements entered into by the Authority and a list and summary of any rail right-of-way agreements entered into by the Authority including any waivers of charges for comparable value to the state granted under 19 V.S.A. §26a.

Contractor	Maximum Contracted Amount	Amount Spent	Description of Contract / Agreement
<b>Leases and Licenses</b>			
Town of Bethel	\$ -	\$ 1,200	Bethel Tower Land Lease (\$200/month)
<b>Office Administration</b>			
Capitol Plaza	\$ 32,277	\$ 40,346	Office Space 10/1/13-9/30/14 (Renewal in process)
Northeast Benefits (FJG Consulting Group)	N/A	570	Human Resources Consulting
FJG Healthcare Broker Agreement	1,680	966	2014 VT Health Connect Broker Agreement
Graham & Graham	155,000	147,146	Auditor
Batchelder Associates	85,000	28,630	Accounting Services
NFP Securities/FJG Financial	1,000	500	Employee Retirement Administrators
Signal Advertising	N/A	750	Website Hosting
Standard Life Insurance Co.	N/A	3,032	Employee Life Insurance
<b>Pole Licenses</b>			
FairPoint		\$ 7,052	Pole Licensing - Caanan
ValleyNet	150,000	133,652	Pole Licensing
ValleyNet		72,630	Pole Licensing - Central Greens
ValleyNet		21,453	Pole Licensing - OCFC West
ValleyNet		15,252	Pole Licensing - Reading
ValleyNet		32,817	Pole Licensing - Pomfret - Sharon
ValleyNet		5,009	Pole Licensing - VTA
Vermont Electric Coop		1,505	Pole Licensing - Caanan
<b>Projects &amp; Programs</b>			
American Tower Company	\$ 640,000	\$ -	Tower Deployment
B. Green Permitting and Consulting	36,250	22,275	Tower Consulting for SBDD Grant
B. Green Permitting and Consulting	30,000	-	Site Acquisition Services
Bennett & Bennett, PLLC	43,000	37,365	Legal Consulting Service
Corning Fiber	11,190,221	594,224	Provision of Fiber Optic Cable
Coaching Center of Vermont	33,500	-	Employee Career Coaching Services
Dinse, Knapp & McAndrew, PC	15,000	5,905	Legal Consulting Service
Eastern Technology Infrastructure, Inc.	100,000	65,101	Broadband Grant Proposal Development
Eustis Cable Enterprises	300,912	263,447	Fiber Infrastructure
Eustis Cable Enterprises	82,431	64,484	Fiber Infrastructure for NBRC Grant
Leslie Cadwell	75,000	5,000	Legal Services
Matrix Design Group	425,317	265,637	Fiber Infrastructure
Northern Reliability	14,500	14,500	Site Evaluation Services for EDA Grant
Northern Reliability	805,400	644,320	Installation of back-up power systems for EDA Grant
Up and Running Computer Services	32,618	31,610	BBID WI-FI Project Hardware
Vanu CoverageCo	500,000	444,000	Sale of wireless mobile network
Vanu CoverageCo	50,000	30,000	Preparation and administration of an EDA compliant RFP for construction and installation services
Vanu CoverageCo	1,850,000	570,075	Master Lease for EDA Grant (Resiliency Sites)
Vanu CoverageCo	1,659,685	767,155	Master Lease and Sale back No. 2 (Incentive Corridors)
Vanasse, Hagen, Brustlin, Inc	45,000	37,892	Environmental Assessment Consulting for EDA Grant
Vermont Council of Rural Development	20,000	8,134	BBID WI-FI Project Administration
Waveguide	50,000	-	Maintenance of Fiber

## II. Carrier Obligations to VTA

Contractor	Maximum Contracted Amount	Amount Received	Description of Contract / Agreement
New Cingular Wireless PCS, LLC, d/b/a AT&T Mobility	\$ -	\$ 7,638	Bethel Tower Rent
Vermont Agency of Transportation	13,600	-	Dark Fiber Leasing for Hardwick to Newport
FairPoint Communications	-	7,395	Dark Fiber Leasing for OCFC
FairPoint Communications	14,020	4,420	Fiber Interconnection Points
FairPoint Communications		8,270	Operating Costs for Fiber Licenses on OCFC
ValleyNet	-	-	Operating Costs for Fiber Licenses on OCFC
ValleyNet		2,210	Fiber Interconnection Points
Vanu CoverageCo	-	-	Leaseback of wireless mobile network
Vermont Electric Cooperative		6,473	Dark Fiber Leasing for Hardwick-Newport

## III. Fiber License Two-way Agreements

Licensee/Licensor	Maximum Contracted Amount	Amount	Description of Contract / Agreement
Northern Enterprises (Fiber)-Licensee	Pending Auditor Consultation	Pending Auditor Consultation	Initial Offer Dark Fiber License: VTA to NE
Northern Enterprises (Fiber)-Licensor	Pending Auditor Consultation	Pending Auditor Consultation	Initial Offer Dark Fiber License: NE to VTA
NHOS (Fiber) - Licensee	Pending Auditor Consultation	Pending Auditor Consultation	Initial Offer Dark Fiber License: VTA to NHOS
NHOS (Fiber) - Licensor	Pending Auditor Consultation	Pending Auditor Consultation	Initial Offer Dark Fiber License: NHOS to VTA
Vermont Electric Coop (Fiber) - Licensee	Pending Auditor Consultation	Pending Auditor Consultation	Initial Offer Dark Fiber License: VTA to VEC
Vermont Electric Coop (Fiber) - Licensor	Pending Auditor Consultation	Pending Auditor Consultation	Initial Offer Dark Fiber License: VEC to VTA
VEC Northern Enterprises VTA (Three way)	Pending Auditor Consultation	Pending Auditor Consultation	Swapping of rights to access fiber

## IV. VTA Land Leases & Lease Options

Company/Person	Land Option or Lease	Renewed	Leased
Town of Bethel	\$ 250	N/A	\$200/month (See Licenses & Leases)
Town of Rochester	N/A	N/A	Site Lease under EDA Award #01-79-14230
Town of Norton	N/A	N/A	Site Lease under EDA Award #01-79-14230
Town of Readsboro	N/A	N/A	Site Lease under EDA Award #01-79-14231
Town of Brighton	N/A	N/A	Site Lease under EDA Award #01-79-14232
Town of Halifax	N/A	N/A	Site Lease under EDA Award #01-79-14233
Town of Roxbury	N/A	N/A	Site Lease under EDA Award #01-79-14234
Town of Hancock	N/A	N/A	Site Lease under EDA Award #01-79-14235
Town of Whitingham	N/A	N/A	Site Lease under EDA Award #01-79-14236
Town of Topsham	N/A	N/A	Site Lease under EDA Award #01-79-14237
Town of Stockbridge	N/A	N/A	Site Lease under EDA Award #01-79-14238

## 2014 Annual Report

The Authority has an operating lease for a copier at \$189 per month for sixty (60) months effective August 28, 2012. The Authority has no rail right-of-way agreements or any waiver of charges for comparable value.



A summary of any and all instances in which service providers that have entered into contracts or binding commitments with the authority have materially defaulted, been unable to fulfill their commitments, or have requested or been granted relief from contractual or binding commitments.

- GAW, a recipient of a VTA broadband grant in 2013, has failed to meet its contractual obligation to deliver broadband service to 11 locations in Ira, Pittsford, and Chittenden. VTA has terminated the grant agreement and is seeking repayment of funds disbursed to date, \$18,018
- American Tower Company, a party to a development agreement with the VTA to develop up to 8 towers along the Route 9 corridor between Bennington and Brattleboro, was unable to lease and permit sites by the contracted deadline. The VTA has terminated the agreement and no funds were disbursed.

## Audit Report

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This Audit Report contains full financial statements and the Independent Auditor's Report.

**VERMONT TELECOMMUNICATIONS AUTHORITY**

(A Component Unit of the State of Vermont)

Financial Statements

June 30, 2014

(With Independent Auditors' Report Thereon)

**VERMONT TELECOMMUNICATIONS AUTHORITY**  
(A Component Unit of the State of Vermont)

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# **Graham & Graham, P.C.**

Certified Public Accountants

Business Advisors & Management Consultants

**The Solution Group**

## **Independent Auditors' Report**

To the Board of Directors of  
Vermont Telecommunications Authority  
Montpelier, Vermont

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Vermont Telecommunications Authority (the "Authority"), a component unit of the State of Vermont, as of and for the year ended June 30, 2014, and the related notes to financial statements, as shown on pages 10-18.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

# **Graham & Graham, P.C.**

Certified Public Accountants

Business Advisors & Management Consultants

**The Solution Group**

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 6 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards is presented in a separate report for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

# Graham & Graham, P.C.

Certified Public Accountants

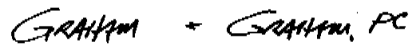
Business Advisors & Management Consultants

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## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2014, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Graham & Graham, P.C.



Springfield, Vermont

October 3, 2014

VT Registration #92-0000282

NH Registration #659

ME Registration #FMF 10001129

**VERMONT TELECOMMUNICATIONS AUTHORITY**  
(A Component Unit of the State of Vermont)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2014**

This discussion of the consolidated performance of the Vermont Telecommunications Authority (VTA) and the Vermont Telecommunications Corporation (VTC) provides an overview of the financial activities for the fiscal year ended June 30, 2014. Please read this discussion in conjunction with the financial statements.

This annual financial report consists of two parts: The Management's Discussion and Analysis (MD&A), and the independent auditor's report which includes the basic financial statements for the fiscal year that ended on June 30, 2014. The purpose of this section of the Vermont Telecommunications Authority's (the Authority) annual financial report (the MD&A) is to provide the reader with a summary of the significant events that occurred within the organization that may or may not have had an impact on the financial performance of the Authority as well as a summary of the Authority's financial performance. The following section provides a comprehensive look at the Authority's basic financial statements including the Authority's Statement of Net Assets (Balance Sheet); Statement of Revenues, Expenses and Changes in Net Assets (Income Statement); and Cash Flow Statement. Together, the MD&A and basic financial statements illustrate the Authority's overall financial status and/or performance and should be read in conjunction with one another.

The Vermont Telecommunications Authority was created by the Vermont Legislature in 2007; this action was memorialized in 30 VSA Chapter 91. The Authority is a component unit of the State of Vermont, with its operations classified as business-type activities and reported in a manner similar to commercial entities. The Authority completed its seventh year of operations on June 30, 2014.

### **Financial Highlights**

Gross revenues, including interest income, for fiscal years 2014 and 2013 totaled \$17,125,262 and \$19,054,559, respectively. Operating revenue for fiscal year 2014 (FY 2014) included Vermont state appropriations of \$735,000 for operations. Vermont FY 2014 appropriations for infrastructure investment and broadband grants totaled \$4,320,957. Federal funding for broadband grants totaled \$11,661,742. Other receipts included \$146,556 revenue and \$30,871 indirect revenue from the State Broadband Data and Development grant. The VTA earned \$24,869 in cell tower site rental income, \$27,227 in Dark Fiber License revenue, and \$8,541 in non-operating interest revenues in fiscal 2014.

Grant and infrastructure investment expenses for fiscal years 2014 and 2013 totaled \$15,211,043 and \$15,092,355 respectively. Other expenses (i.e. not grant or infrastructure) totaled \$1,128,714 in FY 2014 and \$1,153,447 in FY 2013, yielding FY 2014 and FY 2013 total expenses of \$16,339,756 and \$16,245,803 respectively. Fiscal year 2014 expenses included \$14,705,093 for the Vermont Fiber Connect project, funded in large part by a Federal Broadband Technologies Opportunities Program (BTOP) grant.

Federal BTOP grant award conditions require that the VTA must maintain in its official accounting records an accounting of the total match and Federal award of the VTA and sub-recipients. The BTOP grant sub-recipient Sovernet Fiber Corporation's Federal expenditures constituted \$8,050,379 of the FY 2014 total Vermont Fiber Connect project expenses. The VTA's Federal expenses for management oversight of the grant were \$56,201. In addition, Sovernet and the VTA contributed BTOP matching expenditures of \$3,360,163 and \$90,000 respectively to the project.



**VERMONT TELECOMMUNICATIONS AUTHORITY**  
(A Component Unit of the State of Vermont)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2014**

Through the Vermont Center for Geographic Information (VCGI), the VTA is a sub-recipient of a fully-funded Federal grant from the State Broadband Data and Development Program (SBDD) for broadband outreach and coordination. FY 2014 VTA SBDD program revenues and expenses each equaled \$146,556.

The VTA's FY 2014 Wireless Infrastructure Development and Broadband Infrastructure investments and expenditures (excluding BTOP narrated above) totaled \$5,143,041 of which \$576,544 was capitalized as an investment, yielding net Wireless Infrastructure expenses of \$4,566,497. Included in this category are consulting services for engineering, legal, site selection, permitting and acquisition.

The VTA's General and Operating expenses (exclusive of grants and infrastructure investment) for fiscal years 2014 and 2013 were \$596,561 and \$738,369 respectively, a decrease of \$141,808 and increase of \$187,810, respectively.

**Assets and Net Assets**

Total assets at June 30, 2014 were \$10,897,320 and consisted of \$5,729,027 in cash, grants receivable of \$1,736,401, net other receivable of \$9,789 and net capital assets of \$13,422,103 (of which \$3,396,600 is attributable to cell tower and fiber infrastructure project investment). Total assets at June 30, 2013 were \$10,457,168 and consisted of \$6,542,070 in cash and net capital assets of \$1,910,447.

Total net assets at June 30, 2014 were \$8,974,448 in three categories: \$3,422,103 invested in capital assets; \$5,020,040 restricted for infrastructure investment; \$532,305 unrestricted. Total net assets at June 30, 2013 were \$8,180,401: \$1,910,447 invested in capital assets; \$6,061,293 restricted for infrastructure investment; \$208,661 unrestricted. Total FY 2014 VTA net assets increased \$794,047 from the prior fiscal year.

**Liabilities**

Total VTA liabilities at June 30, 2014 were \$1,922,872, none of which were long-term. The largest single component of this total was a grant payable to BTOP project sub-recipient Sovernet Fiber Corporation of \$1,651,208 for which there is an equal and offsetting Federal grant receivable in VTA's current assets. Vendor and other accounts payable accounted for \$217,413, accrued payroll and other expenses for the remaining \$54,251 of current liabilities.

Total liabilities on June 30, 2013 of \$2,276,767, all of which were also current, were distributed similarly: \$1,930,825 grant payable to Sovernet (again offset by equal Federal grant receivable in current assets); vendor and other payables of \$208,082; \$137,710 in accrued payroll and related liabilities.

**VERMONT TELECOMMUNICATIONS AUTHORITY**  
(A Component Unit of the State of Vermont)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2014**

**Other Potentially Significant Factors**

Under Act 190, passed in the 2014 legislature, VTA will become dormant as of July 1, 2015, and its remaining functions will be transferred to a Division of Connectivity in the Agency of Administration. Assets and liabilities of VTA shall become the assets and liabilities of the Agency of Administration. Contractual obligations of VTA will transfer to the Agency. VTA employees will not automatically become employees of the Division. VTA is currently working to complete all projects prior to the deadline to the extent possible and prepare for an orderly and successful transition.

In many cases there is a lag between the fiscal year in which funds were appropriated and the year in which they will be expended. Because construction is typically the most costly (and last) project stage, most VTA project costs are by definition back-loaded. However, in Fiscal Year 2015, VTA will seek to the extent possible, to expend remaining funds available completing its committed projects and obligations.

Management is not aware of any operational or legal issues that would adversely impact the organization in a material manner.

**VERMONT TELECOMMUNICATIONS AUTHORITY**

(A Component Unit of the State of Vermont)

**STATEMENT OF NET ASSETS**

June 30, 2014 and 2013

**ASSETS**

Current Assets	2014	2013
Cash and cash equivalents	\$ 5,729,027	\$ 6,542,070
Grants receivable	1,736,401	1,953,694
Other receivable, net	9,789	5,447
Prepaid expenses	-	45,510
Total current assets	<u>7,475,217</u>	<u>8,546,721</u>
Noncurrent Assets		
Capital assets		
Furniture and equipment	272,498	270,640
Communication radios	25,795	25,795
Work in process	971,890	1,652,688
Fiber assets	<u>2,223,341</u>	<u>-</u>
	3,493,524	1,949,123
Less accumulated depreciation	<u>(71,421)</u>	<u>(38,676)</u>
Total capital assets, net of depreciation	<u>3,422,103</u>	<u>1,910,447</u>
TOTAL ASSETS	<u>\$ 10,897,320</u>	<u>\$ 10,457,168</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities		
Accounts payable	\$ 213,413	\$ 204,082
Grants payable and accrued expenses	1,651,208	1,930,975
Accrued payroll and related liabilities	54,251	137,710
Intercompany payable	<u>4,000</u>	<u>4,000</u>
Total current liabilities	<u>1,922,872</u>	<u>2,276,767</u>
NET ASSETS		
Invested in capital assets	3,422,103	1,910,447
Restricted	5,020,040	5,022,629
Unrestricted	<u>532,305</u>	<u>1,247,325</u>
Total net assets	<u>8,974,448</u>	<u>8,180,401</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,897,320</u>	<u>\$ 10,457,168</u>

See Independent Auditors' Report and Notes to Financial Statements.

**VERMONT TELECOMMUNICATIONS AUTHORITY**

(A Component Unit of the State of Vermont)

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS**

For The Years Ended June 30, 2014 and 2013

**OPERATING REVENUES**

	2014	2013
Broadband Technology Opportunities Program grant	\$ 11,661,742	\$ 14,705,093
Other broadband grants	346,689	147,467
State appropriations	5,055,957	4,169,656
Other income	60,874	23,557
Total operating revenues	<u>17,125,262</u>	<u>19,045,773</u>

**OPERATING EXPENSES**

Grant and Infrastructure Investment Expenses		
Salaries and benefits	133,428	124,921
Awards and grants	3,972,897	305,069
Wireless development expense, net (Note 10)	(222,763)	125,023
Broadband development	11,311,675	14,529,894
Office and administrative expenses	145	3,458
Site acquisition and permitting	15,661	3,990
Non-Grant and Non-Infrastructure Expenses		
Salaries and benefits	837,459	765,394
Project consulting	47,058	156,886
Office lease expense	34,301	38,791
Office and administrative expenses	57,877	43,516
Professional fees	81,420	89,668
Board expenses	16,450	16,661
Travel expenses	21,403	20,025
Depreciation	32,745	22,507
Total expenses	<u>16,339,756</u>	<u>16,245,803</u>
Operating income	<u>785,506</u>	<u>2,799,970</u>

**NON-OPERATING REVENUES**

Interest income	8,541	8,786
Total non-operating revenues	<u>8,541</u>	<u>8,786</u>

Change in net assets	794,047	2,808,756
Net assets, beginning of the year - as previously reported	8,180,401	5,355,624
Adjustment - Refer to Note 14	<u>-</u>	<u>16,021</u>
Net assets, beginning of year - as restated	<u>8,180,401</u>	<u>5,371,645</u>
Net assets, end of the year	<u>\$ 8,974,448</u>	<u>\$ 8,180,401</u>

See Independent Auditors' Report and Notes to Financial Statements.

**VERMONT TELECOMMUNICATIONS AUTHORITY**

(A Component Unit of the State of Vermont)

**STATEMENT OF CASH FLOWS**

For The Years Ended June 30, 2014 and 2013

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from governments	\$ 13,641,638	\$ 18,104,029
Cash received from others	337,430	-
Cash paid to suppliers for goods and services	(12,330,019)	(14,918,419)
Cash paid to employees for services	(926,233)	(867,315)
Net cash provided by operating activities	<u>722,816</u>	<u>2,318,295</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(1,544,401)	(1,668,969)
Net cash used in capital and related financing activities	<u>(1,544,401)</u>	<u>(1,668,969)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Income	8,542	8,786
Net cash provided by investing activities	<u>8,542</u>	<u>8,786</u>
Net increase (decrease) in cash and cash equivalents	(813,043)	658,112
Cash, beginning of year	<u>6,542,070</u>	<u>5,883,958</u>
Cash, end of year	<u><u>\$ 5,729,027</u></u>	<u><u>\$ 6,542,070</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 785,506	\$ 2,799,970
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	32,745	22,507
Allowance for doubtful accounts	-	13,640
Net increase (decrease) in grants receivable	217,293	(962,573)
Net decrease in other receivable	(4,342)	(2,014)
Net increase (decrease) in prepaid expenses	45,510	(39,426)
Net (increase) decrease in accounts payable	9,330	(295,096)
Net (increase) decrease in grants payable and accrued expenses	(279,767)	963,019
Net increase in accrued payroll and related liabilities	(83,459)	(181,732)
Total adjustments	<u>(62,690)</u>	<u>(481,675)</u>
Net cash provided by operating activities	<u><u>\$ 722,816</u></u>	<u><u>\$ 2,318,295</u></u>

See Independent Auditors' Report and Notes to Financial Statements.

# **VERMONT TELECOMMUNICATIONS AUTHORITY**

(A Component Unit of the State of Vermont)

## **NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2014

### **NOTE 1 – BASIS OF PRESENTATION**

#### The Reporting Entity

The Vermont Telecommunications Authority (the “Authority”) was established by the General Assembly of the State of Vermont in Act 79 in June 2007. Title 30, Chapter 91 of the Vermont Statutes establishes the Authority as a separate legal entity and grants the Authority the powers and duties to fulfill its mission. The Authority’s mission is:

- That all residences and business in all regions of the state have access to affordable broadband services;
- The ubiquitous availability of mobile telecommunication services including voice and high-speed data throughout the state;
- The investment in telecommunications infrastructure in the state which will support the best available and economically feasible service capabilities;
- That telecommunications and broadband infrastructure in all areas of the state is continuously upgraded to reflect the rapid evolution in the capabilities of available mobile telecommunications and broadband technologies, and in the capabilities of mobile telecommunications and broadband services needed by persons, businesses, and institutions in the state; and
- The most efficient use of both public and private resources through state policies by encouraging the development of open access telecommunications infrastructure that can be shared by multiple service providers.

In accordance with the requirements of Statement No. 14, *The Financial Reporting Entity*, of the Government Accounting Standards Board (“GASB”), the financial statements must present the Authority (the primary government) and its component units. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements. Additionally, the accompanying financial statements are incorporated into the financial statements of the State of Vermont.

The Authority is a component unit of the State of Vermont (the “State”). The Authority’s Board of Directors (the “Board”) is comprised of nine members who are appointed by the Senate, House of Representatives, the state treasurer, and the secretary of the administration and the governor.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Funding of Operation

A portion of the Authority’s funding is derived from appropriations from the State of Vermont. In accordance with Act 40 (H. 446) of 2011, the State of Vermont legislature-enacted budget passed by the General Assembly and signed by the Governor included funds of \$10,000,000 for FY 2012 through FY 2014 appropriated to the Authority for the purpose of developing infrastructure to meet the cellular and broadband needs of un-served and underserved Vermonters.

# VERMONT TELECOMMUNICATIONS AUTHORITY

(A Component Unit of the State of Vermont)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Authority was awarded an additional \$735,000, for information and innovation – communications and information technology, in accordance with Act. 50 (H.530) of the fiscal year 2014 “BIG BILL”. Once the State budget is established, the Board approves the allocation of the State appropriation to the Authority and the unrestricted and restricted allocations for the fiscal year.

In accordance with 32 V.S.A. and Section 32 of Act 50, the Capital Debt Affordability Advisory Committee of the State of Vermont has authorized the State of Vermont to establish a moral obligation authorizing it to issue negotiable notes and bonds not to exceed \$40,000,000 on behalf of the Authority, with the prior approval of the Governor and the State Treasurer.

#### Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

#### Accounting Pronouncement Updates

The Authority has completed the process of evaluating the impact of GASB Statement No. 67, *Financial Reporting for Pension Plans*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The objective of these statements is to improve financial reporting by state and local governments by establishing accounting and financial reporting standards related to pensions for governments whose employees are provided with pensions and for non-employer governments that have a legal obligation to contribute to such plans. GASB Statement No. 67 is effective for fiscal years beginning after June 15, 2013. GASB Statement No. 68 and GASB Statement 71 are effective for financial statements for periods beginning after June 15, 2014. Employees of the Authority do not participate in a defined benefit plan and have therefore determined that GASB Statement Numbers 67, 68 and 71 had no impact on its financial position, results of operations and cash flows and therefore are not applicable to its operation.

The Authority has completed the process of evaluating the impact of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this statement is to improve financial reporting by state and local governments by establishing accounting and financial reporting standards related to government combinations and disposals of government operations. GASB Statement No. 69 is effective for financial reporting periods beginning after December 15, 2013. The Authority has determined that GASB Statement No. 69 had no impact on its financial position, results of operations and cash flows and therefore is not applicable to its operation.

# VERMONT TELECOMMUNICATIONS AUTHORITY

(A Component Unit of the State of Vermont)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Authority has completed the process of evaluating the impact of GASB Statement No. 70, *Accounting and Financial Reporting for Non-Exchange Financial Guarantees*. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees. As used in this statement, a non-exchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third party obligation holder under specified conditions. GASB Statement No. 70 is effective for financial reporting periods beginning after June 15, 2013. The Authority has determined that GASB Statement No. 70 had no impact on its financial position, results of operations and cash flows and therefore is not applicable to its operation.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from these estimates.

#### Cash and Cash Equivalents

Cash and cash equivalents as reported in the financial statements include bank accounts and short-term investments with an original maturity date of three months or less such as money market accounts and repurchase agreements.

#### Capital Assets

Property and equipment are carried at historical cost and are depreciated on a straight-line basis over estimated useful lives. It is the Authority's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Expenditures for maintenance and repairs are charged to expense as incurred. Accumulated depreciation is reported as a reduction of fixed assets. Depreciation is computed using a straight-line method based upon estimated useful lives of 3 to 10 years.

#### Work in Progress

As of June 30, 2014 and 2013, major broadband and wireless expansion projects aggregating \$971,890 and \$1,652,688, respectively, were capitalized and included in capital assets in the accompanying statement of net assets pending completion of the projects at which point the assets will be placed in service. Capitalized costs as of June 30, 2014 and 2013 included fiber and wireless infrastructure as well as costs of professional service fees and salary and benefit costs of employees of the Authority providing support services to these projects. During fiscal year 2014, VTA entered into a series of Dark Fiber License agreements with Vermont Electric Cooperative Inc., New Hampshire Optical Systems Inc., ValleyNet, Inc., and Northern Enterprises Inc. in which the VTA acquired and sublicensed rights to dark fiber strands through 178-miles route in the Northeast Kingdom of Vermont. Each license right was granted for a term of 21 years, subject to the licensee's obligation to pay operating costs with regard to the fiber in use. As of June 30, 2014, \$2,223,341 in fiber assets were capitalized and placed into service under these licensing agreements.



# **VERMONT TELECOMMUNICATIONS AUTHORITY**

(A Component Unit of the State of Vermont)

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Authority entered into a Memorandum of Understanding (“MOU”) with other departments and agencies of the Vermont State government (collectively, the “Parties”) to establish, pursuant to the authority granted the Secretary of Administration under 30 V.S.A. § 8063(a), and to ensure inter-agency cooperation with VTA in furtherance of VTA’s statutory responsibility for marketing state telecommunication facilities and other state properties in order to encourage and expedite delivery of broadband and other telecommunication services to all Vermonters. The Parties to this MOU must act in compliance with a variety of State and federal laws and regulations including, but not limited to, the National Historic Preservation Act and one or more environmental and natural resource laws. The primary purpose of the MOU is to establish a process by which the State may efficiently license certain State buildings, structures and land to commercial communications providers (“Providers”) to facilitate the provision of telecommunications and broadband services in the State of Vermont in accordance with applicable State and federal law; to establish processes by which the Parties may make every reasonable effort to anticipate and work in advance to resolve issues and concerns related to the regulatory requirements and other legal responsibilities of State agencies; to establish terms and conditions for the license of certain State buildings, structures and land (“State Property”) to commercial telecommunications providers; to establish terms and conditions for the transfer to VTA of State towers and other support structures. See 30 V.S.A. § 8063(b); to assure a prompt response by VTA and Other Agencies to proposals to expand telecommunication and broadband services in Vermont; and to foster productive cooperation between and among all State agencies, as they carry out their respective regulatory obligations and other legal duties.

#### Compensated Absences

The Authority’s stated policy regarding employee time off is that employees may carry over a maximum of ten earned days off at the end of a calendar year. Employees in good standing who have been employed for at least 18 months shall be paid for one-half of all time accrued less any unused paid time off (“PTO”) accrued through the time of separation. Employees terminated for misconduct or who have been employed for less than 18 months forfeit all accrued time upon termination of employment. The accrued employee paid time off balance at June 30, 2014 and 2013 amounted to \$26,699 and \$19,490, respectively.

#### Operating and Non-Operating Revenues

Operating revenues and expenses result from providing services for the ongoing operations of Authority. Operating expenses include all expenses for the ongoing management and maintenance of the Authority and its broadband and wireless expansion projects. Non-operating revenues and expenses include all items that do not meet the definition of operating revenues and expenses.

**VERMONT TELECOMMUNICATIONS AUTHORITY**  
(A Component Unit of the State of Vermont)  
**NOTES TO FINANCIAL STATEMENTS**  
JUNE 30, 2014

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Net Assets

The Authority's net assets have been segregated into the following three components:

*Invested in capital assets* – consists of capital assets net of accumulated depreciation.

*Restricted net assets* – consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through which constitutional provisions or enabling legislation.

*Unrestricted net assets* – all other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

Income Taxes

The Vermont Telecommunications Authority is exempt from income taxes as an authority of the State of Vermont.

**NOTE 3 – CASH - CUSTODIAL CREDIT RISK – DEPOSITS**

Financial instruments that potentially subject the Authority to concentrations of credit risk consist primarily of cash deposits. As of June 30, 2014, \$5,713,051 of the Authority's total bank deposits with its primary Financial Institution was in excess of FDIC insured limits. However, the Authority's excess funds are invested automatically through a Treasury Repurchase Investment Account held with the Financial Institution. The cash temporarily held in the repurchase account is fully collateralized by AAA-rated United States government or agency securities.

Restricted cash represents cash and cash equivalents where the use is limited by legal requirements. These assets represent amounts required by Federal law or statute to be reserved to facilitate the deployment of broadband infrastructure in the State of Vermont. Cash presented in the statement of net assets includes restricted cash at June 30, 2014 of \$5,020,040.

**NOTE 4 – INTERCOMPANY PAYABLE**

The Authority has an intercompany payable due to the Corporation from a prior year donation received by VTC that is maintained by the Authority.

# VERMONT TELECOMMUNICATIONS AUTHORITY

(A Component Unit of the State of Vermont)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### NOTE 5 – CAPITAL ASSETS

Capital assets consist of the following:

	Balance, June 30, 2013	Additions	Retirements and Disposals	Balance, June 30, 2014
Capital assets not being depreciated:				
Construction work in progress	\$ 1,652,688	\$ (680,798)	\$ -	\$ 971,890
Total capital assets not being depreciated	1,652,688	(680,798)	-	971,890
Other capital assets:				
Computer equipment	31,782	1,858	-	33,640
Office equipment	1,573	-	-	1,573
SBDD grant computer equipment	1,805	-	-	1,805
Tower equipment	235,480	-	-	235,480
Communications radios	25,795	-	-	25,795
Fiber assets	-	2,223,341	-	2,223,341
Total capital assets being depreciated	296,435	2,225,199	-	2,521,634
Less accumulated depreciation:				
Computer equipment	20,711	6,392	-	27,103
Office equipment	1,596	384	-	2,179
SBDD grant computer equipment	1,403	601	-	1,805
Tower equipment	10,258	23,548	-	33,806
Communications radios	4,708	1,515	-	6,223
Fiber assets	-	305	-	305
Total accumulated depreciation	38,676	32,745	-	71,421
Capital assets being depreciated, net	257,759	2,192,454	-	2,450,213
Capital assets, net	\$ 1,910,447	\$ 1,511,656	\$ -	\$ 3,422,103

Depreciation expense was \$32,745 and \$22,507 for the years ended June 30, 2014 and 2013, respectively.

### NOTE 6 – OPERATING LEASES

The Authority leases its office under an operating lease negotiated on its behalf by the State of Vermont and a copier under non-cancellable operating leases. During the year ended June 30, 2014, lease payments for these agreements totaled \$34,301.

# VERMONT TELECOMMUNICATIONS AUTHORITY

(A Component Unit of the State of Vermont)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### NOTE 6 – OPERATING LEASES (continued)

At June 30, 2014, future lease payments are as follows:

Year ending June 30.

2015	\$ 12,737
2016	4,668
2017	4,668
2018	<u>2,967</u>
	<u>\$ 25,040</u>

During fiscal year 2014, The Authority renewed several options to lease land at various locations in Vermont, for the purposes of determining the feasibility of placing towers and related equipment on the option site and for the installation of towers and equipment upon determination that the sites are viable locations. As of June 30, 2014 the Authority has exercised one of these options and executed the lease agreement for a site located in Bethel, Vermont. The Authority leases tower space and related right-of-way access to a tenant under a non-cancelable operating lease with an initial term of 10 years and initial monthly rental income of \$1,200, with annual 3% increases to the monthly rental amount on each anniversary date of the lease agreement.

The following is a schedule by years of future minimum rentals under the leases at June 30, 2014:

Year ending June 30.

2015	\$ 15,276
2016	15,732
2017	16,200
2018	16,692
2019 and after	<u>5,948</u>
	<u>\$ 69,848</u>

### NOTE 7 – EMPLOYEE BENEFITS

The Authority established a Simple Employee Pension (“SEP”) IRA plan. All employees who meet the minimum eligibility requirements required by federal regulations are eligible to participate. The Authority’s Board of Directors has the authority for amending the Plan’s provisions and amending contribution requirements and determines the Authority’s contribution percentage to the SEP plan on an annual basis, not to exceed a maximum of seven percent. Contributions for the years ended June 30, 2014 and 2013 was \$58,339 and \$43,861, respectively, based on a seven percent contribution rate for fiscal years 2013 and 2014.

### NOTE 8 – RESTRICTED NET ASSETS

The Authority is the recipient of State appropriated funds that are subject to various external constraints upon their use, to be used to develop cellular and broadband infrastructure for the State of Vermont.

# VERMONT TELECOMMUNICATIONS AUTHORITY

(A Component Unit of the State of Vermont)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

### NOTE 8 – RESTRICTED NET ASSETS (continued)

Restricted net assets are comprised of the following:

Restricted – expendable:

State of Vermont capital funds	\$ 3,186,009
Back roads broadband development grant program	1,887,185
Other cellular and broadband projects	( 53,154)
	<u>\$ 5,020,040</u>

### NOTE 9 – UNRESTRICTED NET ASSETS

In June 2012 the Board of Directors of the Authority voted and approved the encumbrance of up to \$800,000 of expendable restricted net assets appropriated to the Authority in fiscal year 2012 by the State of Vermont.

### NOTE 10 – WIRELESS DEVELOPMENT EXPENSE

As more fully described in Note 2 Work in Progress, the Authority expended Federal grant award funds and Vermont appropriated funds to various contractors during the current and prior fiscal years for the purpose of developing wireless internet connectivity infrastructure assets. As a result of construction of infrastructure assets spanning across multiple reporting periods, the netting of current period wireless development costs expensed with the current period capitalized costs of assets placed in service during the year may result in a wireless development expense credit balance reflected at year end in the statement of revenues, expenses and changes in net assets.

For the year ended June 30, 2014, wireless development expense consisted of the following:

Wireless development costs expensed during fiscal year 2014	\$ 564,123
Cost of wireless infrastructure assets capitalized during fiscal year 2014	(786,886)
Wireless development expense, net	<u>\$ (222,763)</u>

### NOTE 11 – CONCENTRATIONS OF RISK

The Authority both receives and provides grants for the expansion of broadband and wireless network infrastructure and services in the State of Vermont. The Authority relies on receiving grants from both Federal agencies and the State and appropriations from the State to fulfill its operating mission. The current recessionary economic environment has had a negative influence on government budgets and expenditures in general. The Authority has not been negatively impacted by this to date, however there is always the risk that the State could reallocate future appropriations to balance its budget or that grantor agencies may not have funds available to grant in future periods.

### NOTE 12 – COMMITMENTS AND CONTINGENCIES

The Authority has been charged by the State with researching and reporting on non-performing broadband related grants awarded to other authorities and agencies prior to the Authority's creation. The Authority will be responsible for closing out the old grants and will be entitled to any unspent funds remaining when the grants are closed out, if any. The potential amount of unspent grant funds to be claimed from closed out grants is not known.

# **VERMONT TELECOMMUNICATIONS AUTHORITY**

(A Component Unit of the State of Vermont)

## **NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2014

### **NOTE 12 – COMMITMENTS AND CONTINGENCIES (continued)**

The Authority participates in a number of federally assisted grant programs. These programs are subject to independent financial and compliance audits by the grantors or their representatives. In the opinion of the Authority's management, liabilities resulting from expenditures that may be disallowed by the granting agencies, if any, has not been determined at this time but would not be material to the accompanying financial statements.

As of June 30, 2014, the Authority is committed under contractual obligations for the purchase of goods and services ordered but not yet received at fiscal year-end. Total purchase commitments amounted to \$1,044,303 as of June 30, 2014.

### **NOTE 13 – SUBSEQUENT EVENTS**

In July, 2014, the Authority approved the construction of the Central Green Mountain and Reading Fiber Projects, with a project budget of \$1,275,000. This project will provide 65.7 route miles of new or upgraded fiber in the towns of Hancock, Rochester, Stockbridge, Bethel, Royalton, Randolph, Reading, and West Windsor. The project will be funded using fiscal year 2012-13 State capital appropriations and is expected to be completed by June 2015.

In August, 2014, the Authority approved \$127,003 to contribute to the cost of a cable line extension project to extend service from Duncan Cable to the Northeast Wilmington Business Broadband Improvement District, and authorized an increase in its contribution up to \$137,003, in October, 2014. The contribution will be made using the Authority's Backroads Broadband appropriation, originally made in the 2010 legislative session. The project is expected to be complete by June 2015.

In September, 2014, the Authority authorized an increase of \$225,000 in the budget of its Northern Borders Connectivity project, funded in part by a Northern Border Regional Commission (NBRC) grant and State capital appropriations. The increase in the budget will be funded using fiscal year 2012-13 State capital appropriations. The Authority also sought an amendment to the NBRC grant extending the project completion date to March 31, 2015, and amending the fiber route to include a new segment from Brighton to Norton and to remove a segment from Troy to Jay.

Subsequent events were evaluated through the report date of October 3, 2014.

### **NOTE 14 – PRIOR PERIOD ADJUSTMENT**

Management of the Authority identified an overstatement of awards and grants expense of \$25,377 received back from a grantee due to an overpayment of infrastructure grant expenses made by the Authority that requires restatement of its audited financial statements for the year ended June 30, 2012. Management of the Authority also identified an account receivable due from a customer as of June 30, 2012 for management services totaling \$9,356 that was deemed to be uncollectible subsequent to the end of fiscal year 2012. As a result, the entire amount of the receivable was deemed to be uncollectible as of June 30, 2012.

The net effect on the change in net assets for the year ended June 30, 2012 as a result of the restatement amounted to \$16,021. The restatement decreased total assets as of June 30, 2012 by \$9,356, decreased total operating expenses by \$16,021 and increased net assets by \$16,021 as of June 30, 2012.