

Southern Vermont Communications Union District

d/b/a Catamount Fiber

Annual Report

2 December 2020

2020: Our First Year

Southern Vermont Communications Union District (SoVT CUD) was voted into existence in March 2019 by 12 towns in Bennington County. In less than a year we have:

- Been awarded grants totaling \$170,000, plus \$12,000 awarded to Bennington County Regional Commission (BCRC) to support our efforts,
- Embarked on a utility pole survey to lay the groundwork for fiber optic network construction,
- Entered into a teaming agreement with Tilson, a network technology company, Green Mountain Power (GMP), and others to seek federal grants for rural broadband.

Starting from scratch and run by volunteers, we are proud of what we have accomplished.

Our first order of business upon formation was to elect officers. The SoVT CUD governing board is ably lead by:

- Chair, Tim Scoggins. Before retiring, Tim was an engineering-scientist and project manager for Applied Research Laboratories doing research in underwater acoustics for the Navy.
- Vice-chair, Sheila Kearns. Sheila is a retired State of Vermont Information Technology Manager whose experience includes the management of fiber deployment to Vermont public libraries.
- Treasurer, Bill Fisk. Bill is an attorney and certified public accountant whose work includes wealth transfer, and forming and governing business and non-profit organizations.
- Clerk, Bill Meyer. Bill is a Professor Emeritus of Biochemistry at the University of Vermont College of Medicine.

Our “executive committee” also include Jonathan Cooper, economic development specialist at BCRC.

In June 2020 we were awarded a \$60,000 Broadband Innovation Grant (BIG) from the state of Vermont to undertake a feasibility study of building a fiber optic network in Bennington County. Preliminary results from that study suggest we need to grow in size and merge or collaborate with the also newly formed Deerfield Valley CUD in Windham County. Such a collaboration has been in the minds of people in both counties from inception and we are currently moving apace to formalize that collaboration.

In September we were awarded a \$100,000 COVID relief grant to accelerate our network deployment plans. That was used to conduct a utility pole survey in our most under-served towns, Sandgate, Rupert, Peru, Dorset. A pole survey is a necessary first step toward network design and construction. Each pole we intend to hang fiber on must be evaluated in several measures, such as:

- Does the pole need replacement or reinforcement?
- Will other telecom lines need to be moved to accommodate ours?
- Is the pole in a favorable position to branch to a residence?

COVID relief money has allowed us to start early the design work for fiber optic network construction.

The Vermont Community Foundation (VCF) donated \$10,000 to SoVT CUD and the other CUDs for operating expenses. This money was sorely needed and greatly appreciated. Previously, SoVT CUD volunteers who had been giving so generously of their time were also giving their money for basic operating expenses like teleconferencing software and filing fees. In October we received notice that VCF intends to give us another \$20,000. Many thanks to VCF.

As the year ends, we look forward to building upon our relationship with Deerfield Valley CUD. Both sides agree that our prospects are improved by working together.

The FCC is granting \$16B this fall in its Rural Digital Opportunity Fund (RDOF). Many players appear to be bidding for grants in our area and the results will shape the landscape in which we work. We will be watching developments carefully through the fall and winter.

We continue to explore public/private partnerships as a vehicle to solving the rural broadband problem in our region.

All the representatives, alternates, and officers of SoVT CUD have given mightily to this effort and deserve respect and gratitude. They have made for an impressive first year.

SOUTHERN VERMONT COMMUNICATIONS UNION DISTRICT
d/b/a CATAMOUNT FIBER

STATEMENT OF NET POSITION
September 30, 2020 and Forecasted to December 31, 2020

ASSETS

	September 20, 2020	Forecasted December 31, 2020
CURRENT ASSETS:		
Cash	\$ 9,834	26,260
Amounts receivable		
Covid response grant	75,000	-
BIG grant	25,000	5,000
	<u>100,000</u>	<u>5,000</u>
Total current assets	<u>109,834</u>	<u>31,260</u>
TOTAL ASSETS	<u>109,834</u>	<u>31,260</u>

LIABILITIES AND NET FUND POSITION

Current liabilities	100,000	5,000
Accrued grant expenses	-	-
Total liabilities	<u>100,000</u>	<u>5,000</u>
FUND BALANCES:		
Unrestricted	<u>9,834</u>	<u>26,260</u>
Total net fund position	<u>9,834</u>	<u>26,260</u>
TOTAL LIABILITIES AND NET FUND POSITION	<u>\$ 109,834</u>	<u>31,260</u>

See notes to financial statements

SOUTHERN VERMONT COMMUNICATIONS UNION DISTRICT
d/b/a CATAMOUNT FIBER

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET FUND POSITION
From Inception (March 3, 2020) to September 30, 2020 with Forecasted Results from October 1 to December 31, 2020

	Revenues, Expenses, and Changes in Net Fund Position March 3, 2020 - September 30, 2020	Forecasted Revenues Expenses and Changes in Net Fund Position October 1 to December 31, 2020	Forecasted Revenues Expenses and Changes in Net Fund Position March 3, 2020 (Inception) to December 31, 2020
OPERATING REVENUES:			
VCF unrestricted grant	\$ 10,000	20,000	30,000
Covid relief grant	75,000	25,000	100,000
BIG grant	25,000	5,000	30,000
Covid hot spot grant	-	25,000	25,000
Contributions	50		50
Total operating revenues	110,050	75,000	185,050
OPERATING EXPENSES:			
Feasibility study	25,000	5,000	30,000
Pole survey	75,000	25,000	100,000
Covid hot spots		25,000	25,000
Insurance		375	375
Legal services		625	625
Consulting		1,250	1,250
Marketing website		625	625
Total operating expenses	100,000	57,875	157,875
NONOPERATING INCOME AND (EXPENSES):			
Interest income	6	46	52
Bank Check Set Up Charges	(126)		(126)
Other bank charges		(35)	(35)
Trade name registration fee	(50)		(50)
Zoom meeting fee	(16)	(210)	(226)
Zoom storage fee	(30)		(30)
Miscellaneous expenses		(500)	(500)
	(216)	(699)	(915)
INCREASE (DECREASE) IN FUND NET POSITION AND NET POSITION	\$ 9,834	16,426	26,260

See notes to financial statements.

SOUTHERN VERMONT COMMUNICATIONS UNION DISTRICT
d/b/a CATAMOUNT FIBER

BUDGET

Fiscal Year Ended December 31, 2021

Revenues		Notes
Staffing grant	40,000	
BIG grant	<u>30,000</u>	Anticipated additional funds
Total Revenues	<u>70,000</u>	

Expenses		Notes
Administrative staff	40,000	Anticipated grant
Joint feasibility study	30,000	Balance of BIG funds
Zoom.us (On line conferencing)	630	
Bank charges	65	
Insurance	1,125	Quote
Legal services	1,875	Estimate
Consulting	3,750	Estimate
Marketing, website	1,875	Estimate
Misc operating expenses	<u>1,500</u>	Estimate
Total expenses	<u>80,820</u>	

Other income and (expense)		
Interest income	<u>65</u>	Estimate
Total other income (expense)	<u>65</u>	

Revenue - Expenses (under)	(10,755)
Net position, beginning of year	<u>26,260</u>
Net position, end of year	<u><u>15,505</u></u>

SOUTHERN VERMONT COMMUNICATIONS UNION DISTRICT

d/b/a CATAMOUNT FIBER

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 and FORCASTED TO DECEMBER 31, 2020

The Southern Vermont Communications Union District (the “Union”) was formed under the Authority of Title 30 Chapter 82 of the Vermont Statutes Annotated at its organizational meeting on March 3, 2020. It is a unit of local government. Its purpose is to promote accessibility to high-speed internet connectivity (broadband) to the member towns that constitute the Union. The Union registered a trade name, Catamount Fiber, with the Vermont Secretary of State and uses that tradename in its communications with others.

Union consists of 13 Vermont towns that voted to join the Union at their 2020 Town Meetings or by subsequent vote by their selectboard and acceptance by the Union. The Union has an executive board of officers consisting of a board chair, vice chair, secretary, and treasurer. The officers are elected annually by the appointed representatives of the member towns.

The member towns of the Union are in alphabetical order:

Arlington	Bennington
Dorset	Landgrove
Londonderry	Manchester
Pownal	Peru
Rupert	Sandgate
Shaftsbury	Sunderland
Woodford	

The Union has no taxing authority nor can it rely on the taxing authority or borrowing facilities of its member towns.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Southern Vermont Communications Union District are generally accepted accounting policies (“GAAP”) as promulgated by the Governmental Accounting Standards Board for State and Local Governments. Any exceptions to the application of GAAP are noted in the following Notes to the Financial Statements.

A. The Financial Reporting Entity

These financial statements include all of the activity of the Union. The financial activities of the member towns of the Union are excluded because the Union cannot impose any

obligations on such towns.

B. Accounting Period

The Union is required by statute to report its financial activities and net position on a calendar-year basis. However, the Union is required to present annually, on or before October 21, to the legislative body of each district member for review and comment an annual report of its activities, together with a financial statement, a proposed district budget for the next fiscal year, and a forecast presenting anticipated year-end results.

C. Basis of Presentation

These financial accounts of the Union are organized on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses as appropriate.

The Union has a single fund at present. The Government Accounting Standards Board Statement No. 11 provides that the measurement focus for governmental fund operating statements should be the flow of financial resources measurement focus. The operating results expressed using this measurement focus show the extent to which financial resources obtained during a period are sufficient to cover claims incurred during that period against financial resources.

D. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

E. Basis of Accounting

The Union uses the modified accrual basis of accounting. Revenues are recorded when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Expenses are recorded at the time the liabilities are incurred regardless of when the related cash flow takes place.

F. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources and liabilities

at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. FORCASTED REVENUES, EXPENSES, AND CHANGES IN NET FUND ASSETS

The Union is required by Vermont law (30 V.S.A. §3075) to annually on or before October 21 present an annual report of its activities, together with a financial statement, a proposed district budget for the next fiscal year, and a forecast presenting anticipated year-end results.

The Union is required to hold a public hearing on the proposed budget by November 15. Annually, the Board shall adopt the budget and appropriate the sums it deems necessary.

The forecasted revenues, expenses, and changes in net fund assets for the period October 1, 2020 to December 31, 2020 and the forecasted fund net position as of December 31, 2020 reported in the accompanying financial statements are based on management's assessment of the most likely results of its operations and its net fund position. There will most likely be differences between management's forecast and actual results because events and circumstances do not occur as expected and those differences may be material.

H. Assets, Liabilities, and Net Fund Position

1. Cash

Cash balances of Union funds are deposited with and invested by the Union's Treasurer. The Union employs a single Municipal Money Market account with a local bank. The Union's funds on deposit with a local bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to statutory limits. All of the Union's cash deposits are fully insured.

2. Capital Assets

The Union does not own capital assets at the date of the financial statements.

3. Long-term Liabilities

The Union is not obligated under long-term liabilities as of the date of the financial statements.

4. Revenue

The Union's revenues consist principally of government grant programs which are commonly referred to as "reimbursement-type" or "expenditure-driven" grant programs. These programs provide that the Union cannot qualify for grant funds without first incurring allowable costs under the grant programs. The Grantor has no liability, and the Union has no receivable until the Union has met the Grantor's requirements by incurring costs in accordance with the Grantor's program.

5. Net Fund Position

Net Fund Position is based on the restrictions that have been placed on those balances. Fund balances are classified as non-spendable, restricted (by external parties or by law), committed by the Union for intended use, or unassigned. All existing Net Fund Position is unassigned as of September 30, 2020 and is forecasted to be unassigned as of December 31, 2020.

II. Grant Programs as of September 30, 2020

The Union was a grantee of two grant programs administered by the State of Vermont as of September 30, 2020:

Broadband Innovation Grant (BIG), Vermont Department of Public Service, \$60,000 to fund a feasibility study and conditional business plan.

Cares Grant, Vermont Department of Public Service, \$100,000 to fund initial infrastructure analysis.

Each of these grants is a reimbursement grant. Grant revenue is earned when the Union incurs an obligation for services which are eligible for reimbursement from the grantor.

The Union has initiated efforts on both projects and has recorded the estimated cost of such efforts has been recognized as an expense in the Union's financial statements for the year ended September 30, 2020. Similarly, the amount of grant reimbursement is recognized as revenue in the Union's financial statements.

The Union has forecasted that the above grants will be completed by December 31, 2020 and the related revenue recognized as of that date.