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Independent Auditor's Report

Selectboard
Town of Milton, Vermont
43 Bombardier Road
Milton, Vermont 05468-3205

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Milton, Vermont, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Milton, Vermont's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Milton, Vermont, as of June 30, 2019, 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

Correction of Error

As described in Note III.C. to the financial statements, a certain error resulting in an understatement of receivables was corrected by management during the current year. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 14, the budgetary comparison information on Schedule 1, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 2 and the Schedule of Contributions on Schedule 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Milton, Vermont's basic financial statements. The combining fund financial statements and the budgetary comparison schedules for the Water and Sewer Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated January 16, 2020 on our consideration of the Town of Milton, Vermont’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 the 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 Town of Milton, Vermont’s internal control over financial reporting and compliance.

January 16, 2020
Montpelier, Vermont
VT Lic. #92-000180

Sullivan, Powers & Company

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Management of the Town of Milton (the Town) offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. Please note that this section of the Basic Financial Statements is unaudited.

FINANCIAL HIGHLIGHTS

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$39,622,591 (net position). Of this amount, \$2,442,559 (unrestricted net position) may be used to meet the Town's ongoing obligations. The balance of net position is made up of \$34,469,410 invested in capital assets net of related debt and \$2,710,622 restricted for specific purposes.
- The Town's total net position increased by \$1,216,243 (3.2%). Of this amount, net position of the governmental activities decreased by \$1,970,156 (11.2%), and net position attributable to business-type activities increased by \$3,186,399 (15.3%).
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,467,493. This is a decrease of \$2,989,599 from the prior year's combined ending fund balance of \$13,457,092. Roughly 88% of this decrease is in restricted fund balances, most of which are in the TIF funds. The balance of the decrease is primarily a reduction of the assigned fund balance in the capital reserve fund.
- At the end of the current fiscal year, unrestricted fund balance (the sum of unassigned, assigned and committed fund balance) for the general fund was \$1,533,029, or approximately 21.1% of total general fund expenditures.
- The Town's total outstanding long-term debt decreased by \$3,252,806 during the current fiscal year. Additions to long-term debt totaled \$747,051 offset by principal payments of \$3,999,857. Of the total principal payments, \$3,034,545 was pre-payments of debt with North/South TIF funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements which are presented in three sections: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic financial statements, this report also contains other and required supplementary information such as budget to actual comparisons and combining financial statements.

It is important for the reader to understand that, although governmental accounting resembles private sector accounting, the two differ significantly. The government-wide financial statements will be the most familiar for readers versed in private sector financial reporting. Readers should know that the financial activities of the government unit are recorded in funds. A fund, generally, is a separate set of self-balancing books for each major activity. For example, the Town operates a sewer facility referred to as a business-type activity, which is supported by user fees and recorded in an enterprise fund separately from the general governmental activities which are accounted for primarily in the general fund and supported in large part by property tax revenues.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Government-Wide Financial Statements

The government-wide financial statements provide a general overview of the Town's operations presenting all data on a full accrual basis, similar to the way a private sector business would present its financial statements. There are two statements presented at the government-wide level: the Statement of Net Position and the Statement of Activities. Within each of these statements, governmental activities are presented separately from business-type activities. The governmental activities reflect the Town's basic services; including general government, public safety, highways and streets, culture and recreation, and community development. Property taxes finance the majority of these services supplemented by program fees, grant revenues, and other revenues. The business-type activities reflect private-sector-type operations for which user fees recover all or a significant portion of costs. The business-type activities of the Town include both water and sewer operations.

The Statement of Net Position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities reports how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave time).

Government-wide financial statements include not only the Town itself (referred to as the primary government), but also other legally separate entities for which the Town is financially accountable (referred to as component units). During the current year, the Town was not responsible for any entities that qualify as component units.

The government-wide financial statements can be found in Exhibits A and B of this report.

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. The funds of the Town are segregated into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund financial statements provide a detailed short-term view helping the reader determine the level of financial resources available to finance the Town's programs in the near future. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided reconciling the governmental fund financial statements to the government-wide statements explaining the relationship between the two.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

The Town maintains four major governmental funds; the General Fund, the Husky/Catamount TIF Fund (also referred to as the North/South TIF), the Town Core TIF Fund, and the Capital Reserve Fund. In addition to these, the Town maintains six special revenue funds, four capital project funds, and one permanent fund, none of which qualify as major funds. These funds are consolidated into the column labeled Non-Major Governmental Funds in the Fund Financial Statements. Combining financial statements containing more detailed information on these funds may be found in Schedules 4 through 9.

The basic governmental fund financial statements can be found in Exhibits C through E of this report. The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement is provided in Schedule 1 for the purpose of demonstrating compliance with the duly appropriated budget.

Proprietary funds are used to account for a government's business-type activities at the fund level. There are two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town maintains two enterprise funds: the Water Fund and the Sewer Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. At this time, the Town has no internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water Fund and the Sewer Fund separately.

The proprietary fund financial statements of the Town may be found in Exhibits F through H. Although not required, non-GAAP budgetary comparison statements and reconciliation to the financial statements is provided in Schedules 10 and 11.

Fiduciary funds, also known as trust and agency funds, account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the Town. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has one Agency Fund detailed in Exhibit I.

Notes to the Financial Statements provide additional information necessary to obtain a full understanding of the data provided in the government-wide and fund financial statements. The notes serve to explain, clarify, and expand upon the financial data presented in the financial statements, and provide some additional information. The notes can be found immediately following the basic financial statements.

In addition to the basic financial statements and accompanying notes, certain **Supplementary Information** is provided, including a budgetary comparison statement for the general fund, information on changes in the net pension liability, and employer contributions to pensions. The supplementary information can be found immediately following the notes to the financial statements in this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on the general fund budget and pension.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Assets:						
Cash and Investments	\$ 11,709,633	\$ 14,396,507	\$ -	\$ -	\$ 11,709,633	\$ 14,396,507
Receivables, Net	746,759	693,456	692,594	534,446	1,439,353	1,227,902
Other Assets	(499,390)	(385,638)	652,261	482,792	152,871	97,154
Capital Assets	14,021,251	12,921,894	25,852,860	26,034,336	39,874,111	38,956,230
Total Assets	25,978,253	27,626,219	27,197,715	27,051,574	53,175,968	54,677,793
Deferred Outflows of Resources	671,247	739,279	34,589	50,638	705,836	789,917
Liabilities:						
Other Liabilities	1,052,074	846,012	160,298	178,230	1,212,372	1,024,242
Noncurrent Liabilities	9,918,462	9,902,502	3,032,248	6,218,377	12,950,710	16,120,879
Total Liabilities	10,970,536	10,748,514	3,192,546	6,396,607	14,163,082	17,145,121
Deferred Inflows of Resources	91,471	59,335	4,660	4,064	96,131	63,399
Net Position:						
Net Investment in Capital Assets	11,561,418	10,799,323	22,907,992	19,923,544	34,469,410	30,722,867
Restricted	2,710,622	4,801,705	0	0	2,710,622	4,801,705
Unrestricted	1,315,453	1,956,621	1,127,106	777,997	2,442,559	2,734,618
Total Net Position	\$ 15,587,493	\$ 17,557,649	\$ 24,035,098	\$ 20,701,541	\$ 39,622,591	\$ 38,259,190

As noted earlier, net position serves as a useful indicator of a government's financial position over time. At the end of the most recent fiscal year, the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,622,591. The Town's total net position is split between governmental activities net position of \$15,587,493 and business-type activities net position of \$24,035,098.

The largest portion of the Town's total net position \$34,469,410 (87.0%) reflects its investment in capital assets (construction in progress, equipment, vehicles, land, buildings and infrastructure) net of any outstanding debt used to acquire or construct those assets. The Town uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The Town's total net position includes \$2,710,622 (6.8%) of restricted net position. Restricted net position represents assets whose use is subject to external restrictions. The remaining balance of \$2,442,559 (6.2%) is unrestricted net position, which may be used to meet the government's ongoing financial obligations. Included in unrestricted net position are amounts that management has assigned for particular purposes, such as capital reserve funds and reserves for expenditures in subsequent years.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Summary of the Statement of Activities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 811,114	\$ 785,980	\$ 1,888,233	\$ 1,794,372	\$ 2,699,347	\$ 2,580,352
Operating Grants & Contributions	471,919	626,336	10,000	0	481,919	626,336
Capital Grants & Contributions	263,569	336,255	4,165	0	267,734	336,255
General Revenues:						
Property Taxes	7,303,919	6,968,153	0	0	7,303,919	6,968,153
Other	465,435	358,788	16,351	994	481,786	359,782
Total Revenues	<u>9,315,956</u>	<u>9,075,512</u>	<u>1,918,749</u>	<u>1,795,366</u>	<u>11,234,705</u>	<u>10,870,878</u>
Expenses:						
General Government	1,740,306	1,842,970	0	0	1,740,306	1,842,970
Public Safety	2,901,184	2,802,578	0	0	2,901,184	2,802,578
Highways and Streets	2,679,498	2,778,442	0	0	2,679,498	2,778,442
Culture and Recreation	541,476	490,138	0	0	541,476	490,138
Community Development	0	204,769	0	0	0	204,769
Interest on Long-Term Debt	265,227	134,551	0	0	265,227	134,551
Water	0	0	920,913	941,679	920,913	941,679
Wastewater	0	0	969,858	1,023,429	969,858	1,023,429
Total Expenses	<u>8,127,691</u>	<u>8,253,448</u>	<u>1,890,771</u>	<u>1,965,108</u>	<u>10,018,462</u>	<u>10,218,556</u>
Increase (Decrease) in Net Position						
Before Transfers	1,188,265	822,064	27,978	(169,742)	1,216,243	652,322
Transfers	(3,158,421)	(489,624)	3,158,421	489,624	0	0
Increase (Decrease) in Net Position	<u>(1,970,156)</u>	<u>332,440</u>	<u>3,186,399</u>	<u>319,882</u>	<u>1,216,243</u>	<u>652,322</u>
Beginning Net Position	17,557,649	17,225,209	20,848,699	20,381,659	38,406,348	37,606,868
Ending Net Position	<u>\$ 15,587,493</u>	<u>\$ 17,557,649</u>	<u>\$ 24,035,098</u>	<u>\$ 20,701,541</u>	<u>\$ 39,622,591</u>	<u>\$ 38,259,190</u>

Governmental Activities

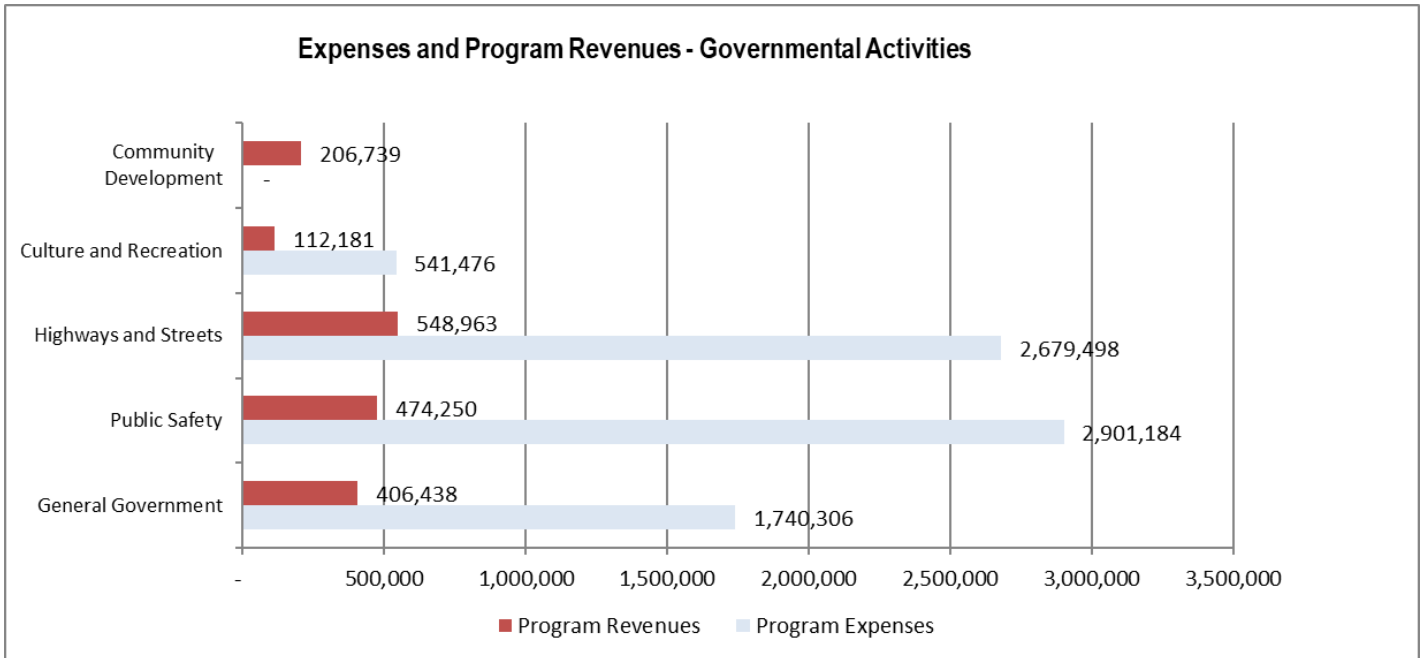
Governmental activities decreased the Town's net position by \$1,970,156 for the year ended June 30, 2019. Key elements of the change are as follows.

- Total governmental activities' revenues increased by 2.6% (\$240,444) from 2018 to 2019. This was driven by an increase in property tax revenue.
- Property tax revenues increased 4.8% or \$335,766 from the previous year as a result of a slight increase of 1.2% in the property tax rate to \$0.5392 per \$100 of assessed value from \$0.5251 in 2018.
- Total governmental activities' expenses decreased by 1.5% (\$125,757) from 2018 to 2019. Public safety expenses end the year at 35.7% (\$2,901,184) of total governmental activities' expenses. Public safety remains the largest category of expenses from year to year, followed closely by highways and streets at 33.0% (\$2,679,498) of total governmental activities' expenses for the year.
- General Government expenses decreased 5.6% or \$102,664 from the previous year. This was a result of several staff vacancies across multiple departments as well as some budgeted savings in insurance/risk management.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

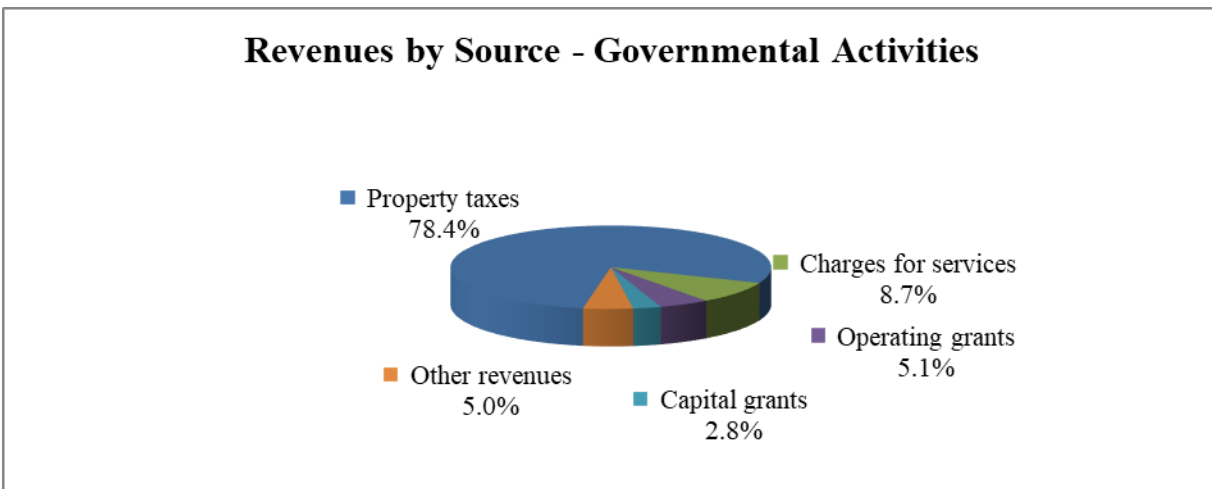
- Community development expenses decreased 100.0% or \$204,769 from the previous year as a result of a pass-through grant that ended in the prior year.
- Interest on long-term debt increased by 97.1% or \$130,676 as a result of the TIF bonds and new debt for equipment/fire truck/road reconstruction that were added in the prior and current years respectively.

The following graph entitled Expense and Program Revenues – Governmental Activities, gives the reader an idea of how each major program is funded. The revenues included in this graph are program specific revenues including user fees, operating grants, and capital grants. General revenues such as property tax revenues and interest earnings are excluded. The supporting data may be found on Exhibit B, the Statement of Activities. As noted previously, public safety is the largest category of expenses in the current year and historically, followed closely by highways and streets.



**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

The vast majority of revenue for governmental activities comes from property taxes; 78.4% of total revenue or \$7,303,919. The second largest category of revenue is charges for services coming in at 8.7% or \$811,114 of total revenue. The following graph shows the distribution of governmental activities revenues by source for the year ended June 30, 2019.



Business-type Activities

Business-type activities increased the Town's net position by \$3,186,399 during the current fiscal year. Key elements of this increase are as follows.

- Charges for services increased by \$93,861 or 5.2% from \$1,794,372 to \$1,888,233. On the government-wide financial statements charges for services in the business-type activities are made up of user fees, penalties and connection fees. Increases in user fees (\$71,592) make up the majority of the increase, followed by an increase in connection fees (\$27,057).
- Total expenses of \$1,890,771 reflect a decrease of \$74,337 (3.8%) as compared to the prior year. The driving factors contributing to the decrease are as follows.
 - The Town purchases water from the Champlain Water District. The cost of purchased water decreased by \$45,683 or 11.2% from the previous year.
 - Utilities decreased \$16,712 or 11.8% for a reduction in electricity due to increased efficiency and some downtime for routine maintenance.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

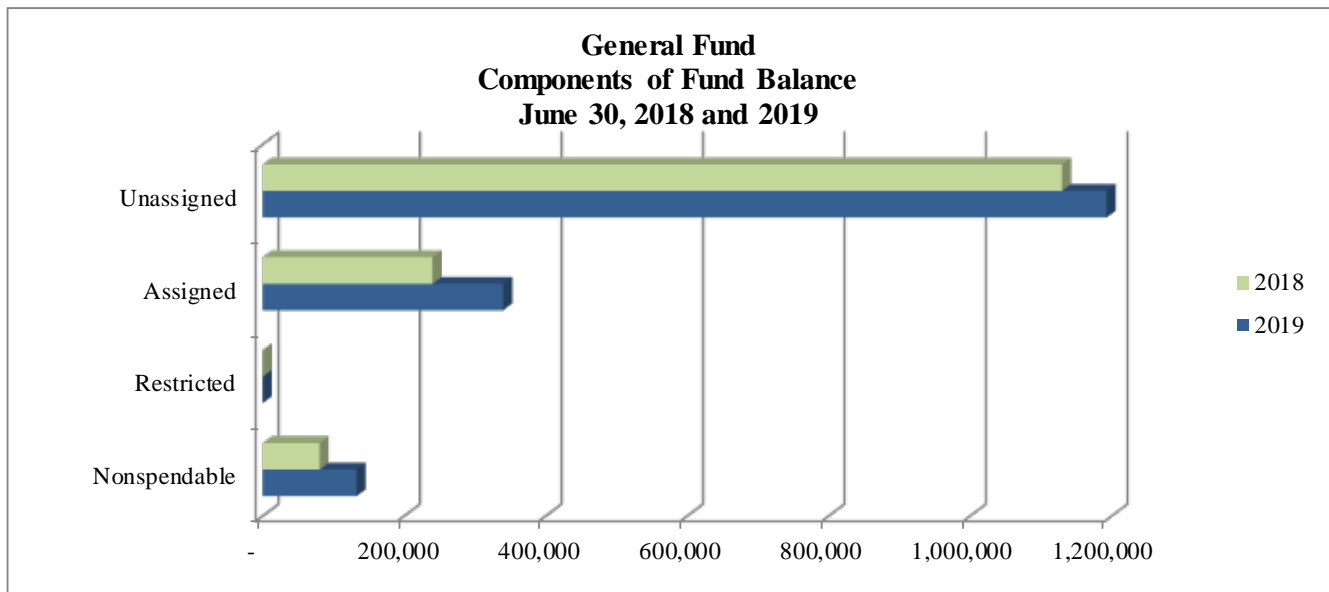
As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Information presented and discussed in this section is specific to the fund financial statements.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Governmental Funds

The focus of the Town's governmental funds is to provide information on current year revenue, expenditures, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

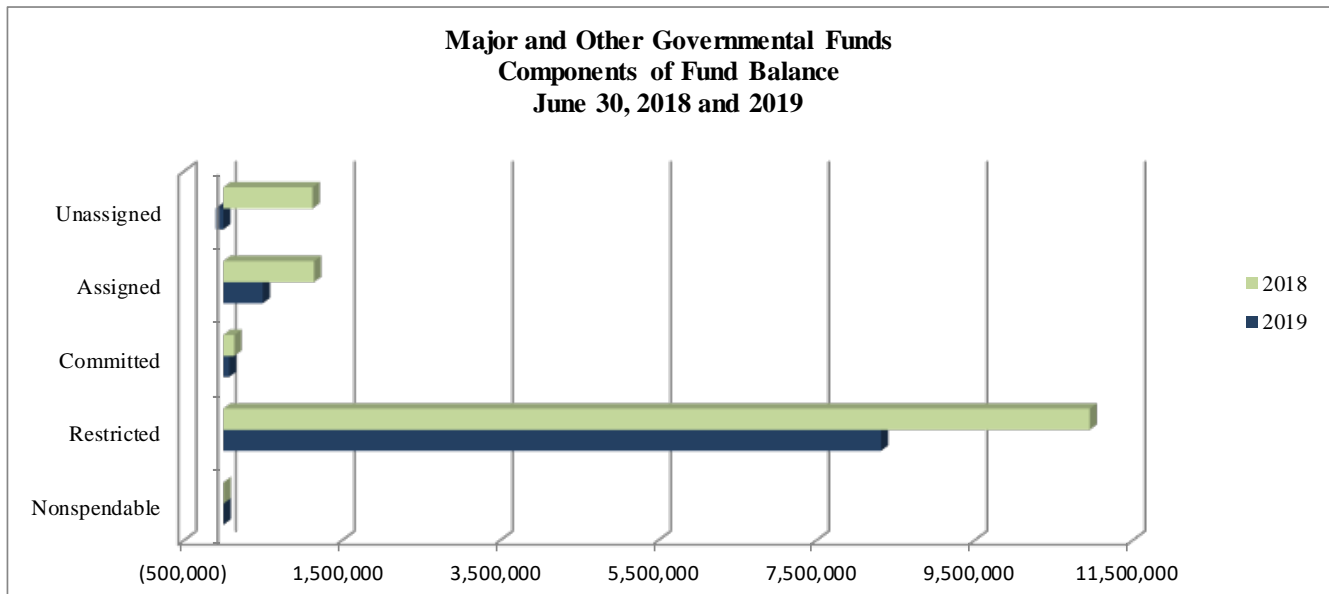
At June 30, 2019, the Town's governmental funds reported combined fund balances of \$10,467,493, a decrease of \$2,989,599 in comparison with the prior year. 10.5% of this amount (\$1,097,923) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is not in spendable form (\$137,191), restricted for particular purposes (\$8,319,207), committed for particular purposes (\$73,905), or assigned by the Town for particular purposes (\$839,267). The components of each category of fund balance are detailed in Footnote IV.J. Fund Balances.



The general fund is the chief operating fund of the Town. At the end of the year, total fund balance in the general fund was \$1,665,720, an increase of \$215,304 from the previous year. Of this amount, \$132,691 is in non-spendable form (prepaid expenses and inventories). Of the remaining amount, \$340,000 is assigned for purposes detailed in Footnote IV.J. and \$1,193,029 is unassigned.

As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total general fund expenditures. Total fund balance represents approximately 23.0% of total general fund expenditures, however, this amount includes nonspendable balances which would not be available to finance general fund expenditures if necessary. The remaining categories of fund balance (committed, assigned, and unassigned) are referred to as unrestricted fund balance and are resources that could be liquidated to support general fund expenditures if necessary. Unrestricted fund balance represents 21.1% of total general fund expenditures.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**



In the governmental funds other than the general fund the most noteworthy change to fund balance is a decrease in restricted fund balance of \$2,638,155. The Town's two TIF districts report a decrease in restricted fund balance of \$2,612,563 with \$2,393,908 from the North/South TIF fund primarily for the pre-payment of debt as this TIF District retired in April 2019.

General Fund Budgetary Highlights

The Town's budget for the year ended June 30, 2019 passed on the first vote in March of 2018 and there were no amendments made during the year. The voter approved budget included a \$240,000 reduction in fund balance (a budgeted deficit). Actual results on the year were a surplus of \$215,304. Expenditures came in under budget by \$185,700 as a result of salary savings for vacancies in several departments. Revenues were over budget by \$269,604. The most significant contributing factor is transfers in for debt which was over budget by \$170,261 as a result of TIF funds being used to pre-pay debt related to the North/South TIF District.

Proprietary Funds

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

Total net position in the water fund is \$5,493,044, an increase of \$204,439 or 3.9% from the previous year. The water fund has \$5,188,110 of net position invested in capital assets net of related debt. This leaves a small unrestricted balance in the fund of \$304,934. In the sewer fund, total net position is \$18,542,054, an increase of \$2,981,960 or 19.2% from the previous year. Similar to the water fund, the vast majority of net position in the sewer fund is invested in capital assets net of related debt (\$17,719,882), leaving a small unrestricted balance of \$822,172. Other major factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for governmental and business-type activities as of June 30, 2019 were \$59,887,446 (before depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The Town's combined investment in capital assets increased by \$1,813,293 from June 30, 2018 to June 30, 2019, or 3.1%. Combined accumulated depreciation at the end of the year is \$20,013,335. The increase in combined investment in new capital assets of \$1,813,293 resulted in a total combined investment in capital assets which exceeded the accumulated depreciation of \$20,013,335 causing a net increase in capital assets net of accumulated depreciation.

Summary of Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	2019	2018	2019	2018	2019	2018
Capital Assets:						
Land	\$ 1,324,859	\$ 1,324,859	\$ 117,520	\$ 117,520	\$ 1,442,379	\$ 1,442,379
Construction in Progress	1,319,407	503,408	112,262	0	1,431,669	503,408
Land Improvements	348,090	225,135	0	0	348,090	225,135
Buildings and Improvements	4,619,572	4,324,548	0	0	4,619,572	4,324,548
Vehicles, Machinery and Equipment	6,463,283	6,395,489	522,187	498,277	6,985,470	6,893,766
Infrastructure	13,465,373	13,090,024	31,594,893	31,594,893	45,060,266	44,684,917
	<u>27,540,584</u>	<u>25,863,463</u>	<u>32,346,862</u>	<u>32,210,690</u>	<u>59,887,446</u>	<u>58,074,153</u>
Less: Accumulated Depreciation	(13,519,333)	(12,941,569)	(6,494,002)	(6,176,354)	(20,013,335)	(19,117,923)
Total Assets, Net	<u>\$ 14,021,251</u>	<u>\$ 12,921,894</u>	<u>\$ 25,852,860</u>	<u>\$ 26,034,336</u>	<u>\$ 39,874,111</u>	<u>\$ 38,956,230</u>

Major capital asset activity for the year ended June 30, 2019 included the following:

- Paving projects totaling \$302,266 were completed during the year contributing to the increase in governmental activities infrastructure.
- Vehicle and equipment purchases during the year included one police cruiser, sidewalk plow, grader, loader, and two highway trucks.
- Other capital purchases include police evidence room upgrades, power stretchers for rescue, upgraded vault shelving, North Rd box culvert, several ditching improvement projects, completion of the field house, sludge holding tank and pump station rehabs, and DO probe replacement.

Additional information on the Town's capital assets can be found in Footnote IV.D Capital Assets.

Long-Term Debt

The Town began the year with \$14,467,507 in long-term debt outstanding. As of June 30, 2019, this amount had decreased by \$3,252,806 or 22.5% to end the current year with \$11,214,701 in long-term debt outstanding.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Summary of Long Term Debt

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>
Governmental Activities	\$ 8,356,715	\$ 715,833	\$ 802,715	\$ 8,269,833
Business-type Activities	6,110,792	31,218	3,197,142	2,944,868
Total Government	<u>\$ 14,467,507</u>	<u>\$ 747,051</u>	<u>\$ 3,999,857</u>	<u>\$ 11,214,701</u>

Factors contributing to the change include the following:

- Principal payments totaling \$802,715 were made on governmental activities debt and principal payments totaling \$3,197,142 were made on business-type activities debt.
- New debt in the amount of \$715,833 was incurred for the highway equipment/fire truck/bridge improvements as approved by voters.

Additional information about long-term debt can be found in Footnote IV.I. Long-term Liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's FY20 approved expenditure budget of \$7,979,059 was an increase of \$309,545 from the FY19 budget. Due to decreases in other revenues, the amount to be raised by property taxes increased by \$226,619 resulting in the Town raising the municipal tax rate slightly from \$0.5392 to \$0.5393.

The FY20 budget includes a \$340,000 reduction in fund balance (a budgeted deficit), up from \$240,000 in the prior year. The fund balance assigned for paving was entirely spent in FY19. The FY20 paving budget is \$235,000, with an additional \$1,000,000 through bonding as approved by voters resulting in increased debt service payments in future years.

The budgeted capital transfer was reduced by \$755 for a total of \$230,098.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's financial positions to all those with an interest in the government's finances. Questions concerning any of the information provided in this report of requests for additional financial information should be addressed to the Finance Director at 43 Bombardier Rd., Milton, VT 05468. The report is available online at www.miltonvt.gov.

TOWN OF MILTON, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 5,411,321	\$ 0	\$ 5,411,321
Investments	6,298,312	0	6,298,312
Receivables (Net of Allowance for Uncollectibles)	746,759	692,594	1,439,353
Internal Balances	(632,081)	632,081	0
Prepaid Expenses	59,505	0	59,505
Inventory	73,186	20,180	93,366
Capital Assets:			
Land	1,324,859	117,520	1,442,379
Construction in Progress	1,319,407	112,262	1,431,669
Other Capital Assets, (Net of Accumulated Depreciation)	<u>11,376,985</u>	<u>25,623,078</u>	<u>37,000,063</u>
Total Assets	<u>25,978,253</u>	<u>27,197,715</u>	<u>53,175,968</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>671,247</u>	<u>34,589</u>	<u>705,836</u>
Total Deferred Outflows of Resources	<u>671,247</u>	<u>34,589</u>	<u>705,836</u>
<u>LIABILITIES</u>			
Accounts Payable	768,249	108,753	877,002
Accrued Payroll and Benefits Payable	114,102	13,071	127,173
Unearned Revenue	22,220	0	22,220
Due to Others	72,590	0	72,590
Accrued Interest Payable	74,913	38,474	113,387
Noncurrent Liabilities:			
Due within One Year	624,500	161,168	785,668
Due in More than One Year	<u>9,293,962</u>	<u>2,871,080</u>	<u>12,165,042</u>
Total Liabilities	<u>10,970,536</u>	<u>3,192,546</u>	<u>14,163,082</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	1,048	0	1,048
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>90,423</u>	<u>4,660</u>	<u>95,083</u>
Total Deferred Outflows of Resources	<u>91,471</u>	<u>4,660</u>	<u>96,131</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	11,561,418	22,907,992	34,469,410
Restricted for:			
Husky/Catamount TIF	180,077	0	180,077
Town Core TIF	2,060,052	0	2,060,052
Impact Fee Eligible Expenses	216,346	0	216,346
Other Purposes	254,147	0	254,147
Unrestricted	<u>1,315,453</u>	<u>1,127,106</u>	<u>2,442,559</u>
Total Net Position	<u>\$ 15,587,493</u>	<u>\$ 24,035,098</u>	<u>\$ 39,622,591</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF MILTON, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 1,740,306	\$ 341,754	\$ 55,725	\$ 24,201	\$ (1,318,626)	\$ 0	\$ (1,318,626)
Public Safety	2,901,184	386,649	125,310	0	(2,389,225)	0	(2,389,225)
Highways and Streets	2,651,859	11,362	279,471	239,368	(2,121,658)	0	(2,121,658)
Culture and Recreation	541,476	64,749	11,413	0	(465,314)	0	(465,314)
Cemetery	27,639	6,600	0	0	(21,039)	0	(21,039)
Interest on Long-term Debt	265,227	0	0	0	(265,227)	0	(265,227)
Total Governmental Activities	8,127,691	811,114	471,919	263,569	(6,581,089)	0	(6,581,089)
Business-type Activities:							
Water	920,913	1,112,286	0	0	0	191,373	191,373
Sewer	969,858	775,947	10,000	4,165	0	(179,746)	(179,746)
Total Business-type Activities	1,890,771	1,888,233	10,000	4,165	0	11,627	11,627
Total Primary Government	\$ 10,018,462	\$ 2,699,347	\$ 481,919	\$ 267,734	(6,581,089)	11,627	(6,569,462)
General Revenues:							
Property Taxes					7,303,919	0	7,303,919
Penalties and Interest on Delinquent Taxes					87,107	0	87,107
General State Grants					81,667	0	81,667
Impact Fees					48,345	0	48,345
Unrestricted Investment Earnings					199,054	8,661	207,715
Gain on Sale of Vehicles					27,790	7,690	35,480
Other Revenues					21,472	0	21,472
Transfers:					(3,158,421)	3,158,421	0
Total General Revenues and Transfers					4,610,933	3,174,772	7,785,705
Change in Net Position					(1,970,156)	3,186,399	1,216,243
Net Position - July 1, 2018, As Restated					17,557,649	20,848,699	38,406,348
Net Position - June 30, 2019					\$ 15,587,493	\$ 24,035,098	\$ 39,622,591

The accompanying notes are an integral part of this financial statement.

TOWN OF MILTON, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Husky/Catamount TIF Fund	Town Core TIF Fund	Capital Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 3,702,362	\$ 198,822	\$ 1,461,808	\$ 0	\$ 48,329	\$ 5,411,321
Investments	0	0	6,298,312	0	0	6,298,312
Receivables (Net of Allowance for Uncollectibles)	631,854	0	8,202	77,117	29,586	746,759
Due from Other Funds	0	22	8,290	435,017	934,195	1,377,524
Prepaid Expenses	59,505	0	0	0	0	59,505
Inventory	73,186	0	0	0	0	73,186
Total Assets	<u>\$ 4,466,907</u>	<u>\$ 198,844</u>	<u>\$ 7,776,612</u>	<u>\$ 512,134</u>	<u>\$ 1,012,110</u>	<u>\$ 13,966,607</u>
LIABILITIES						
Accounts Payable	\$ 197,426	\$ 18,767	\$ 34,493	\$ 516,896	\$ 667	\$ 768,249
Accrued Payroll and Benefits Payable	114,102	0	0	0	0	114,102
Due to Other Funds	1,971,976	0	0	0	37,629	2,009,605
Unearned Revenue	21,737	0	0	0	483	22,220
Due to Others	72,590	0	0	0	0	72,590
Total Liabilities	<u>2,377,831</u>	<u>18,767</u>	<u>34,493</u>	<u>516,896</u>	<u>38,779</u>	<u>2,986,766</u>
DEFERRED INFLOWS OF RESOURCES						
Prepaid Property Taxes	1,048	0	0	0	0	1,048
Unavailable Property Taxes, Penalties and Interest	244,500	0	0	0	0	244,500
Unavailable Ambulance Fees	177,808	0	0	0	0	177,808
Unavailable Grants	0	0	0	67,992	21,000	88,992
Total Deferred Inflows of Resources	<u>423,356</u>	<u>0</u>	<u>0</u>	<u>67,992</u>	<u>21,000</u>	<u>512,348</u>
FUND BALANCES						
Nonspendable	132,691	0	0	0	4,500	137,191
Restricted	0	180,077	7,742,119	0	397,011	8,319,207
Committed	0	0	0	0	73,905	73,905
Assigned	340,000	0	0	0	499,267	839,267
Unassigned/(Deficit)	1,193,029	0	0	(72,754)	(22,352)	1,097,923
Total Fund Balances/(Deficit)	<u>1,665,720</u>	<u>180,077</u>	<u>7,742,119</u>	<u>(72,754)</u>	<u>952,331</u>	<u>10,467,493</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,466,907</u>	<u>\$ 198,844</u>	<u>\$ 7,776,612</u>	<u>\$ 512,134</u>	<u>\$ 1,012,110</u>	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:						
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.						14,021,251
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.						511,300
Long-term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.						(9,993,375)
Deferred Outflows and Inflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, Therefore, are not Reported in the Funds.						580,824
Net Position of Governmental Activities						<u>\$ 15,587,493</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF MILTON, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Husky/Catamount TIF Fund	Town Core TIF Fund	Capital Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 5,812,596	\$ 782,592	\$ 694,194	\$ 0	\$ 81,837	\$ 7,371,219
Penalties and Interest on Delinquent Taxes	87,107	0	0	0	0	87,107
Intergovernmental	436,100	0	37,017	163,978	121,922	759,017
Charges for Services	849,806	0	0	0	6,600	856,406
Permits, Licenses and Fees	126,668	0	0	0	76,792	203,460
Fines and Forfeits	30,674	0	0	0	0	30,674
Investment Income	40,654	4,690	133,251	6,187	14,272	199,054
Donations	8,208	0	0	24,201	1,058	33,467
Other	17,972	0	0	3,500	4,275	25,747
Total Revenues	7,409,785	787,282	864,462	197,866	306,756	9,566,151
Expenditures:						
General Government	1,873,337	24,434	7,699	0	21,152	1,926,622
Public Safety	2,573,978	0	0	0	44,339	2,618,317
Highways and Streets	1,504,356	0	0	18,915	0	1,523,271
Culture and Recreation	491,133	0	0	1,478	7,708	500,319
Cemetery	27,639	0	0	0	0	27,639
Capital Outlay:						
General Government	0	0	0	0	47,155	47,155
Public Safety	0	0	0	623,016	0	623,016
Highways and Streets	337,670	0	270,794	1,041,770	44,135	1,694,369
Culture and Recreation	0	0	0	86,851	0	86,851
Community Development	0	0	0	35,300	0	35,300
Debt Service:						
Principal	382,715	0	420,000	0	0	802,715
Interest	62,133	0	196,245	0	0	258,378
Total Expenditures	7,252,961	24,434	894,738	1,807,330	164,489	10,143,952
Excess/(Deficiency) of Revenues Over Expenditures	156,824	762,848	(30,276)	(1,609,464)	142,267	(577,801)
Other Financing Sources/(Uses):						
Proceeds from Long-term Debt	0	0	0	715,833	0	715,833
Proceeds from Sale of Vehicles	0	0	0	30,790	0	30,790
Transfers In	289,333	0	0	344,049	5,637	639,019
Transfers Out	(230,853)	(3,156,756)	(188,379)	(5,637)	(215,815)	(3,797,440)
Total Other Financing Sources/(Uses)	58,480	(3,156,756)	(188,379)	1,085,035	(210,178)	(2,411,798)
Net Change in Fund Balances	215,304	(2,393,908)	(218,655)	(524,429)	(67,911)	(2,989,599)
Fund Balances - July 1, 2018	1,450,416	2,573,985	7,960,774	451,675	1,020,242	13,457,092
Fund Balances/(Deficit) - June 30, 2019	\$ 1,665,720	\$ 180,077	\$ 7,742,119	\$ (72,754)	\$ 952,331	\$ 10,467,493

The accompanying notes are an integral part of this financial statement.

TOWN OF MILTON, VERMONT
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2019

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total government funds (Exhibit D)	\$	(2,989,599)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$2,486,691) is allocated over their estimated useful lives and reported as depreciation expense (\$1,384,334). This is the amount by which capital outlays exceeded depreciation in the current period.		1,102,357
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position.		(3,000)
The issuance of long-term debt (\$715,833) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$802,715) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		86,882
Governmental funds report employer pension contributions as expenditures (\$189,823). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$409,194) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(219,371)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		42,015
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>10,560</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>(1,970,156)</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF MILTON, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Receivables (Net of Allowance for Uncollectibles)	\$ 395,975	\$ 296,619	\$ 692,594
Due from Other Funds	7,690	624,391	632,081
Inventory	4,642	15,538	20,180
Total Current Assets	408,307	936,548	1,344,855
Noncurrent Assets:			
Land	39,400	78,120	117,520
Construction in Progress	100,274	11,988	112,262
Vehicles, Machinery and Equipment	180,255	341,932	522,187
Buildings, Distribution and Collection Systems	7,848,338	23,746,555	31,594,893
Less: Accumulated Depreciation	(2,460,480)	(4,033,522)	(6,494,002)
Total Noncurrent Assets	5,707,787	20,145,073	25,852,860
Total Assets	6,116,094	21,081,621	27,197,715
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS			
	17,294	17,295	34,589
Total Deferred Outflows of Resources	17,294	17,295	34,589
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	66,269	42,484	108,753
Accrued Payroll and Benefits Payable	6,418	6,653	13,071
Accrued Interest Payable	1,960	36,514	38,474
General Obligation Bonds Payable - Current Portion	21,667	139,501	161,168
Total Current Liabilities	96,314	225,152	321,466
Noncurrent Liabilities:			
Compensated Absences Payable	5,753	5,753	11,506
Net Pension Liability	37,937	37,937	75,874
General Obligation Bonds Payable - Noncurrent Portion	498,010	2,285,690	2,783,700
Total Noncurrent Liabilities	541,700	2,329,380	2,871,080
Total Liabilities	638,014	2,554,532	3,192,546
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Participation in VMERS			
	2,330	2,330	4,660
Total Deferred Outflows of Resources	2,330	2,330	4,660
<u>NET POSITION</u>			
Net Investment in Capital Assets	5,188,110	17,719,882	22,907,992
Unrestricted	304,934	822,172	1,127,106
Total Net Position	\$ 5,493,044	\$ 18,542,054	\$ 24,035,098

The accompanying notes are an integral part of this financial statement.

TOWN OF MILTON, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,071,500	\$ 744,065	\$ 1,815,565
Penalties	13,465	7,716	21,181
Hookup Fees	22,624	21,591	44,215
Other Income	4,697	2,575	7,272
	<u>1,112,286</u>	<u>775,947</u>	<u>1,888,233</u>
Total Operating Revenues			
Operating Expenses:			
CWD Water Purchases	360,595	0	360,595
Salaries and Benefits	195,150	197,886	393,036
Administrative Fees	160,000	160,000	320,000
Utilities	18,005	106,964	124,969
Water Meters	8,285	6,881	15,166
Supplies	8,564	83,602	92,166
Printing and Advertising	1,469	0	1,469
Insurances	8,804	27,589	36,393
Technology	565	1,530	2,095
Vehicles, Machinery and Equipment	21,896	779	22,675
Telephone and Internet	2,065	4,733	6,798
Professional Development	935	632	1,567
Miscellaneous Expenses	681	112	793
Dues and Fees	625	4,805	5,430
Employee Uniforms	572	519	1,091
Repairs and Maintenance	2,826	28,937	31,763
Depreciation	105,019	253,964	358,983
Rentals	21	272	293
Professional Services	5,900	1,023	6,923
Technical Services	629	44,539	45,168
	<u>902,606</u>	<u>924,767</u>	<u>1,827,373</u>
Total Operating Expenses			
Operating Income/(Loss)	<u>209,680</u>	<u>(148,820)</u>	<u>60,860</u>
Non-Operating Revenues/(Expenses):			
Investment Income	0	8,661	8,661
Grant Income	0	10,000	10,000
Gain on Sale of Vehicles	3,845	3,845	7,690
Interest Expense	(18,307)	(45,091)	(63,398)
	<u>(14,462)</u>	<u>(22,585)</u>	<u>(37,047)</u>
Total Non-Operating Revenues/(Expenses)			
Net Income/(Loss) Before Capital Contributions and Transfers	<u>195,218</u>	<u>(171,405)</u>	<u>23,813</u>
Capital Contributions and Transfers:			
Capital Contributions	0	4,165	4,165
Transfers In	9,221	3,149,200	3,158,421
	<u>9,221</u>	<u>3,153,365</u>	<u>3,162,586</u>
Total Capital Contributions and Transfers			
Change in Net Position	204,439	2,981,960	3,186,399
Net Position - July 1, 2018, As Restated	<u>5,288,605</u>	<u>15,560,094</u>	<u>20,848,699</u>
Net Position - June 30, 2019	<u>\$ 5,493,044</u>	<u>\$ 18,542,054</u>	<u>\$ 24,035,098</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF MILTON, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,107,488	\$ 769,755	\$ 1,877,243
Payments for Goods and Services	(457,446)	(320,011)	(777,457)
Payments for Interfund Services	(160,000)	(160,000)	(320,000)
Payments for Wages and Benefits	(191,179)	(199,326)	(390,505)
Net Cash Provided by Operating Activities	<u>298,863</u>	<u>90,418</u>	<u>389,281</u>
Cash Flows From Noncapital Financing Activities:			
Proceeds of Grant Income	0	10,000	10,000
(Increase)/Decrease in Due from Other Funds	(7,690)	(34,257)	(41,947)
Increase/(Decrease) in Due to Other Funds	(122,703)	0	(122,703)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(130,393)</u>	<u>(24,257)</u>	<u>(154,650)</u>
Cash Flows From Capital and Related Financing Activities:			
Proceeds from Long-term Debt	22,888	8,330	31,218
Proceeds from Sale of Vehicles	4,845	4,845	9,690
Acquisition and Construction of Capital Assets	(100,274)	(79,233)	(179,507)
Transfers Received from Other Funds	9,221	3,149,200	3,158,421
Principal Paid on General Obligation Bonds Payable	(86,169)	(3,106,808)	(3,192,977)
Interest Paid on General Obligation Bonds Payable	(18,981)	(51,156)	(70,137)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(168,470)</u>	<u>(74,822)</u>	<u>(243,292)</u>
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	0	8,661	8,661
Net Cash Provided by Investing Activities	<u>0</u>	<u>8,661</u>	<u>8,661</u>
Net Increase in Cash	0	0	0
Cash - July 1, 2018	0	0	0
Cash - June 30, 2019	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	209,680	(148,820)	60,860
Depreciation and Amortization	105,019	253,964	358,983
(Increase)/Decrease in Accounts Receivable	(4,798)	(6,192)	(10,990)
(Increase)/Decrease in Prepaid Expenses	94	94	188
(Increase)/Decrease in Inventory	(2,382)	(2,625)	(5,007)
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	5,377	10,672	16,049
Increase/(Decrease) in Accounts Payable	(12,721)	(4,563)	(17,284)
Increase/(Decrease) in Accrued Payroll and Benefits Payable	3,346	2,745	6,091
Increase/(Decrease) in Compensated Absences Payable	(1,729)	(1,729)	(3,458)
Increase/(Decrease) in Net Pension Liability	(3,533)	(13,214)	(16,747)
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	510	86	596
Net Cash Provided by Operating Activities	<u>\$ 298,863</u>	<u>\$ 90,418</u>	<u>\$ 389,281</u>

The Water Fund sold capital assets with a cost and accumulated depreciation of \$23,517 and \$22,517, respectively, for \$4,845.

The Sewer Fund sold capital assets with a cost and accumulated depreciation of \$19,818 and \$18,818, respectively, for \$4,845.

The Sewer Fund recognized a forgiveness of debt from the State of Vermont in the amounts of \$4,165.

The accompanying notes are an integral part of this financial statement.

TOWN OF MILTON, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

	Agency Fund
	Developer Escrow Fund
<u>ASSETS</u>	
Cash	\$ 36,147
Investments	26,851
Total Assets	62,998
<u>LIABILITIES</u>	
Due to Others	62,998
Total Liabilities	62,998
<u>NET POSITION</u>	
Total Net Position	\$ 0

The accompanying notes are an integral part of this financial statement.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

The Town of Milton, Vermont, (herein the "Town") operates under a Manager/Selectboard form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, health and social services, culture and recreation, community/economic development, public improvements, planning, zoning, water, sewer and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Town of Milton (the "Town") conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

This report includes all of the activity of the Town of Milton, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

B. Basis of Presentation

The accounts of the Town are organized and operated 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. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole and present a longer-term view of the Town's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town and present a shorter-term view of how operations were financed and what remains available for future spending.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and for each segment of the Town's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

General Fund – This is the Town's main operating fund. It accounts for all financial resources of the Town except those accounted for in another fund.

Husky/Catamount TIF Fund – This fund accounts for all revenues and expenditures related to capital projects and improvements within the Husky/Catamount tax increment financing (TIF) district.

Town Core TIF Fund – This fund accounts for all revenues and expenditures related to capital projects and improvements within the Town Core tax increment financing (TIF) district.

Capital Reserve Fund – This fund accounts for the general capital expenditures of the Town.

The Town reports on the following major enterprise funds:

Water Fund – This fund accounts for the operations of the Water Department.

Sewer Fund – This fund accounts for the operations of the Sewer Department.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Additionally, the Town reports the following fund type:

Agency Fund – This fund accounts for resources held by the Town in a purely custodial capacity for other governments, private organizations or individuals.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., total net position) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized 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. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, acquisitions under capital leases and sales of capital assets are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town’s policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Recognition of revenues on funds received in connection with loan programs are recognized when loans are awarded and expenses incurred in excess of current grants and program income. An offsetting deferred inflows of resources is recognized for all loans receivable. Loan repayment revenue is recognized as the loans are repaid.

E. 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 and disclosure of contingent assets 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.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

1. Cash

Cash balances of most Town funds are deposited with and invested by the Town Treasurer. The Town considers all short-term investments of ninety (90) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess withdrawals are shown as due to other funds. Interest income is allocated based on the due from/to other funds balances.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

2. Investments

The Town invests in investments as allowed by State Statute. Investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

3. Receivables

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

4. Internal Balances

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as “advances from/to other funds”. All other outstanding balances between funds are reported as “due from/to other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

5. Inventories and Prepaid Expenses

Inventory quantities are determined by a physical count and are valued at the lower of cost or market. Inventories in the governmental funds consist of materials and inventories in the proprietary funds consist of chemicals and materials.

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses.

Reported inventories and prepaid expenses of governmental funds in the fund financial statements are offset by a nonspendable fund balance as they are not in spendable form.

6. Pensions

For purposes of measuring the proportionate share of the net pension liability and the related deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Vermont Municipal Employees’ Retirement System (VMERS) plan and additions to/deductions from the VMERS’ fiduciary net position have been determined on the same basis as they are reported by VMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF MILTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

8. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated acquisition value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized. Infrastructure assets are reported starting with fiscal year June 30, 2004. The Town has elected to not report major general infrastructure assets retroactively.

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Land	\$ 1,000	Not Depreciated
Land Improvements	5,000	25-50 Years
Buildings and Building Improvements	5,000	40-75 Years
Vehicles	5,000	4-15 Years
Machinery and Equipment	1,000	8-20 Years
Roads, Bridges and Sidewalks	5,000	30-75 Years
Water and Sewer Distribution and and Collection Systems	5,000	30-100 Years

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are incurred.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

9. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused leave time. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements. The liability for unused compensated absences is not reported in the governmental fund financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

10. Long-term Liabilities

Long-term liabilities include bonds and notes payable and other obligations such as compensated absences and the Town's net pension liability. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current liabilities on their balance sheets.

11. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the government-wide and proprietary fund financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances of governmental funds are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

**II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
AND GOVERNMENT-WIDE STATEMENTS**

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, whereas government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as other financing sources, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Long-term debt transaction differences arise because governmental funds report proceeds from long-term debt as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities, respectively.

Pension-related differences arise because governmental funds report the current year's required employer contributions as current period expenditures, whereas government-wide statements report those transactions as deferred outflows of resources. In addition, the accrual for the Town's proportionate share of the net pension liability is recorded in the government-wide financial statements along with the related deferred inflows and outflows of resources.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The General Fund budget is approved at the annual Town Meeting in March. The Town allows the Selectboard to approve adjustments from one line item to another within each fund, however, increases in total appropriations are not allowed without voter approval. There were no budget changes during the year.

B. Budgeted Deficit

The Town budgeted a current year's deficiency of revenues over expenditures in the General Fund in the amount of \$240,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

C. Restatement of Net Position

The net position of the business-type activities and proprietary funds were restated as follows:

	Business-type Activities		
	Water Fund	Sewer Fund	Total
Net Position - July 1, 2018, As Originally Reported	\$ 5,224,307	\$ 15,477,234	\$ 20,701,541
Understatement of Receivables	64,298	82,860	147,158
Net Position - July 1, 2018, As Restated	\$ 5,288,605	\$ 15,560,094	\$ 20,848,699

The restatement of the business-type activities was the result of an understatement of receivables. The effect of this restatement on the business-type activities Statement of Net Position is to increase assets and net position by \$147,158. The effect on the 2018 Statement of Activities has not been determined.

The restatement of the Water Fund was the result of an understatement of receivables. The effect of this restatement on Water Fund Statement of Fund Net Position is to increase assets and net position by \$64,298. The effect on the 2018 Statement of Revenues, Expenses and Changes in Fund Net Position has not been determined.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

The restatement of the Sewer Fund was the result of an understatement of receivables. The effect of this restatement on Sewer Fund Statement of Fund Net Position is to increase assets and net position by \$82,860. The effect on the 2018 Statement of Revenues, Expenses and Changes in Fund Net Position has not been determined.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of June 30, 2019 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$ 5,444,878
Cash on Hand	<u>2,590</u>
Total Cash	5,447,468
Investments:	
Certificates of Deposit	<u>6,325,163</u>
Total Cash and Investments	<u>\$11,772,631</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit the exposure to custodial credit risk. The following table shows the custodial credit risk of the Town's cash and certificates of deposit.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 525,555	\$ 525,555
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	5,071,056	5,174,900
Insured by Letter of Credit Issued by Federal Home Loan Bank	<u>6,173,430</u>	<u>6,173,431</u>
Total	<u>\$11,770,041</u>	<u>\$11,873,886</u>

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$ 5,444,878
Investments – Certificates of Deposit	<u>6,325,163</u>
Total	<u>\$11,770,041</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit the exposure to interest rate risk. The Town’s certificates of deposit are not subject to interest rate risk disclosure.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town does not have any policy to limit the exposure to credit risk. The Town’s certificates of deposit are not subject to credit risk disclosure.

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town’s investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The Town’s certificates of deposit are not subject to concentration of credit risk disclosure.

B. Receivables

Receivables as of June 30, 2019, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Delinquent Taxes Receivable	\$ 401,979	\$ 0	\$ 401,979
Penalties and Interest Receivable	43,845	0	43,845
Ambulance Receivable	314,333	0	314,333
Grants Receivable	114,905	0	114,905
Accounts Receivable	10,276	0	10,276
Billed Services	0	652,859	652,859
Unbilled Services	0	43,135	43,135
Allowance for Doubtful Accounts - Taxes	(25,000)	0	(25,000)
Allowance for Doubtful Accounts - Ambulance	(113,579)	0	(113,579)
Allowance for Doubtful Accounts - Water/Sewer	<u>0</u>	<u>(3,400)</u>	<u>(3,400)</u>
Total	<u>\$ 746,759</u>	<u>\$ 692,594</u>	<u>\$ 1,439,353</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

C. Loans Receivable

Loans Receivable as of June 30, 2019 are as follows:

Loan Receivable, Meadow Lane Housing Associates, LP,
Interest at 0%, Deferred Until June 1, 2035 at which Time
all Principal is Due, Secured by Real Estate \$296,000

Loan Receivable, Elm Place Limited Partnership, Interest
at 0%, Deferred Until April 29, 2046 at which Time all
Principal is Due, Secured by Real Estate 555,843

Total 851,843

Less: Allowance for Doubtful Loans Receivable (851,843)

Reported Value as of June 30, 2019 \$ 0

D. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,324,859	\$ 0	\$ 0	\$ 1,324,859
Construction in Progress	<u>503,408</u>	<u>1,196,187</u>	<u>380,188</u>	<u>1,319,407</u>
Total Capital Assets, Not Being Depreciated	<u>1,828,267</u>	<u>1,196,187</u>	<u>380,188</u>	<u>2,644,266</u>
Capital Assets, Being Depreciated:				
Land Improvements	225,135	122,955	0	348,090
Buildings and Building Improvements	4,324,548	295,024	0	4,619,572
Vehicles	4,672,611	797,631	829,070	4,641,172
Machinery and Equipment	1,722,878	99,233	0	1,822,111
Roads, Bridges and Sidewalks	<u>13,090,024</u>	<u>375,349</u>	<u>0</u>	<u>13,465,373</u>
Totals	<u>24,035,196</u>	<u>1,690,192</u>	<u>829,070</u>	<u>24,896,318</u>
Less Accumulated Depreciation for:				
Land Improvements	103,927	6,702	0	110,629
Buildings and Building Improvements	1,102,058	79,042	0	1,181,100
Vehicles	3,065,519	310,159	806,570	2,569,108
Machinery and Equipment	1,477,373	72,144	0	1,549,517
Roads, Bridges and Sidewalks	<u>7,192,692</u>	<u>916,287</u>	<u>0</u>	<u>8,108,979</u>
Totals	<u>12,941,569</u>	<u>1,384,334</u>	<u>806,570</u>	<u>13,519,333</u>
Total Capital Assets, Being Depreciated	<u>11,093,627</u>	<u>305,858</u>	<u>22,500</u>	<u>11,376,985</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,921,894</u>	<u>\$ 1,502,045</u>	<u>\$ 402,688</u>	<u>\$ 14,021,251</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 117,520	\$ 0	\$ 0	\$ 117,520
Construction in Progress	0	112,262	0	112,262
Total Capital Assets, Not Being Depreciated	<u>117,520</u>	<u>112,262</u>	<u>0</u>	<u>229,782</u>
Capital Assets, Being Depreciated:				
Vehicles, Machinery and Equipment	498,277	67,245	43,335	522,187
Buildings, Distribution and Collection Systems	31,594,893	0	0	31,594,893
Totals	<u>32,093,170</u>	<u>67,245</u>	<u>43,335</u>	<u>32,117,080</u>
Less Accumulated Depreciation for:				
Vehicles, Machinery and Equipment	355,536	27,914	41,335	342,115
Buildings, Distribution and Collection Systems	5,820,818	331,069	0	6,151,887
Totals	<u>6,176,354</u>	<u>358,983</u>	<u>41,335</u>	<u>6,494,002</u>
Total Capital Assets, Being Depreciated	<u>25,916,816</u>	<u>(291,738)</u>	<u>2,000</u>	<u>25,623,078</u>
Business-type Activities Capital Assets, Net	<u>\$ 26,034,336</u>	<u>\$ (179,476)</u>	<u>\$ 2,000</u>	<u>\$ 25,852,860</u>

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 80,490	Water	\$ 105,019
Public Safety	185,239	Sewer	<u>253,964</u>
Highways and Streets	1,094,392		
Culture and Recreation	<u>24,213</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 1,384,334</u>	Total Depreciation Expense - Business-type Activities	<u>\$ 358,983</u>

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2019 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 1,971,976
Husky/Catamount TIF Fund	22	0
Town Core TIF Fund	8,290	0
Capital Reserve Fund	435,017	0
Non-Major Governmental Funds	934,195	37,629
Water Fund	7,690	0
Sewer Fund	<u>624,391</u>	<u>0</u>
Total	<u>\$ 2,009,605</u>	<u>\$ 2,009,605</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Interfund transfers during the year ended June 30, 2019 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Reserve Fund	\$ 230,853	Annual Subsidy
Husky/Catamount TIF Fund	General Fund	186,714	Fund Debt Service
Husky/Catamount TIF Fund	Sewer Fund	2,970,042	Fund Debt Service
Town Core TIF Fund	Water Fund	9,221	Fund Debt Service
Town Core TIF Fund	Sewer Fund	179,158	Fund Debt Service
Capital Reserve Fund	Grant Fund	5,637	Fund Local Match
Impact Fees Fund	General Fund	22,000	Fund Debt Service
Impact Fees Fund	Capital Reserve Fund	37,160	Fund Capital Expenditures
Restoration of Records Fund	General Fund	16,202	Fund Restoration Expenses
Recreation Capital Reserve Fund	Capital Reserve Fund	49,114	Fund Capital Expenditures
Fire/EMS Capital Reserve Fund	General Fund	64,417	Fund Debt Service
Fire/EMS Capital Reserve Fund	Capital Reserve Fund	<u>26,922</u>	Fund Capital Expenditures
Total		<u>\$ 3,797,440</u>	

F. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$127,909 from the difference between the expected and actual experience, \$170,665 from the difference between the projected and actual investment earnings, \$163,069 from changes in assumptions and \$19,781 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$189,823 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$671,247.

Deferred outflows of resources in the business-type activities consists of \$6,590 from the difference between the expected and actual experience, \$8,794 from the difference between the projected and actual investment earnings, \$8,402 from changes in assumptions and \$1,020 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$9,783 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the business-type activities is \$34,589.

Deferred outflows of resources in the Water Fund consists of \$3,295 from the difference between the expected and actual experience, \$4,397 from the difference between the projected and actual investment earnings, \$4,201 from changes in assumptions and \$510 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$4,891 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Water Fund is \$17,294.

Deferred outflows of resources in the Sewer Fund consists of \$3,295 from the difference between the expected and actual experience, \$4,397 from the difference between the projected and actual investment earnings, \$4,201 from changes in assumptions and \$510 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$4,892 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Sewer Fund is \$17,295.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

G. Unearned Revenue

Unearned revenue in the General Fund consists of \$21,737 of recreation fees received in advance.

Unearned revenue in the Non-Major Governmental Funds consists of \$483 of grant revenue received in advance.

H. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$23,546 from the difference between the expected and actual experience and \$66,877 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). It also includes \$1,048 of prepaid property taxes. Total deferred inflows of resources in the governmental activities is \$91,471.

Deferred inflows of resources in the business-type activities consists of \$1,214 from the difference between the expected and actual experience and \$3,446 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows in the business-type activities is \$4,660.

Deferred inflows of resources in the General Fund consists of \$244,500 of delinquent property taxes, penalties and interest on those taxes and \$177,808 of ambulance fees not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$1,048 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$423,356.

Deferred inflows of resources in the Capital Reserve Fund consists of \$67,992 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$21,000 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Water Fund consists of \$607 from the difference between the expected and actual experience and \$1,723 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the Water Fund is \$2,330.

Deferred inflows of resources in the Sewer Fund consists of \$607 from the difference between the expected and actual experience and \$1,723 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the Sewer Fund is \$2,330.

TOWN OF MILTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

I. Long-term Liabilities

The Town issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds have been issued for both governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds. Refunding bonds are issued for various terms based on the debt service of the debt refunded.

The Town has bond anticipation notes to finance various capital improvements and purchases through a local bank.

The State of Vermont offers a number of no-interest revolving loan programs to utilize for predetermined purposes. The Town has borrowed money from the State of Vermont Special Environmental Revolving Fund for water and sewer projects.

The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the Town's share of the net pension liability is recorded in the government-wide financial statements and proprietary fund financial statements.

It is the policy of the Town to permit employees to accumulate earned but unused benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements.

Long-term liabilities outstanding as of June 30, 2019 were as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Storm Water Collection System on Main Street, 0% Interest, 2% Administrative Fee, Due June, 2031. The Town Paid the Balance Off in the Current Year.	\$ 186,715	\$ 0	\$186,715	\$ 0
Bond Payable, Vermont Municipal Bond Bank, Recovery Zone Economic Development Bond, Library Expenses and West Milton Road Construction, Principal Payments Ranging from \$80,000 to \$85,000 Payable on December 1 Annually, Interest Ranging from 0.777% to 3.546% Payable June 1 and December 1, Due December, 2030	1,055,000	0	85,000	970,000

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Fire Station, Principal Payments Ranging from \$25,000 to \$40,000 Payable on December 1 Annually, Interest Ranging from 0.804% to 3.844% Payable on June 1 and December 1, Due December, 2023	\$ 225,000	\$ 0	\$ 40,000	\$ 185,000
Bond Payable, Vermont Municipal Bond Bank, Tower Truck, Principal Payments of \$45,000 Payable on December 1 Annually, Interest Ranging from 0.804% to 3.634% Payable on June 1 and December 1, Due December, 2023	270,000	0	45,000	225,000
Bond Payable, Vermont Municipal Bond Bank, Bombardier Property Purchase, Principal Payments of \$26,000 Payable on November 1 Annually, Interest Ranging from 1.78% to 3.49% Payable on May 1 and November 1, Due November, 2032	390,000	0	26,000	364,000
Bond Payable, TD Bank, TIF Improvements, Principal Payments of \$420,000 Payable on March 1 Annually with a Final Payment of \$350,000 Payable on March 1, 2033, Interest at 3.15% Payable on March 1 and September 1, Due March, 2033	6,230,000	0	420,000	5,810,000
Bond Anticipation Note, Union Bank, Fire Truck/Equipment, Authorized to \$1,190,000, Interest at 1.7%, Due November, 2019 at Which Time the Town Extended the Maturity Date to May, 2020.	0	625,488	0	625,488
Bond Anticipation Note, Union Bank, Bridge Improvements, Authorized to \$1,695,000, Interest at 1.7%, Due November, 2019 at Which Time the Town Extended the Maturity Date to May, 2020.	<u>0</u>	<u>90,345</u>	<u>0</u>	<u>90,345</u>
Total Governmental Activities	<u>\$8,356,715</u>	<u>\$715,833</u>	<u>\$802,715</u>	<u>\$8,269,833</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Business-type Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Water Improvements, Interest at 7.654% Payable on June 1 and December 1, Due and Paid December, 2018	\$ 64,502	\$ 0	\$ 64,502	\$ 0
Bond Payable, Vermont Municipal Bond Bank, Water Line Improvements, Principal Payments of \$15,667 Payable on December 1 Annually, Interest Ranging from 0.804% to 4.954% Payable on June 1 and December 1, Due December, 2043	407,334	0	15,667	391,667
Bond Payable, Vermont Municipal Bond Bank, Bombardier Water Line Improvements, Principal Payments of \$6,000 Payable on December 1 Annually, Interest Ranging from 0.804% to 4.644% Payable on June 1 and December 1, Due December, 2033	96,000	0	6,000	90,000
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Upgrade, Authorized to \$37,400, Principal Payments of \$7,480 Payable on March 1 Annually Beginning March, 2024, 0% Interest, Due March, 2028	15,122	9,108	0	24,230
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Upgrade, Principal Payments of \$1,720 Payable on January 1 Annually Beginning January, 2024, 0% Interest, Due January, 2028	0	8,600	0	8,600
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Upgrade, Authorized to \$18,050, Principal Payments of \$3,610 Payable on February 1 Annually Beginning February, 2024, 0% Interest, Due February, 2028	0	5,180	0	5,180

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer Upgrade, Principal Payments of \$43,250 Payable on October 1 Annually, 0% Interest, Due October, 2020. The Town Paid the Balance off in the Current Year	\$ 129,750	\$ 0	\$ 129,750	\$ 0
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer Upgrade, Principal Payments of \$258,208 Payable on February 1 Annually, 0% Interest, Due February, 2029. The Town Paid the Balance off in the Current Year	2,840,293	0	2,840,293	0
Bond Payable, State of Vermont Special Environmental Revolving Fund, Village Core Sewer Improvements, Principal and Administrative Fee Payments of \$179,159 Payable on October 1 Annually, 0% Interest, 2% Administrative Fee, Due October, 2033	2,432,567	0	130,508	2,302,059
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer System Rehabilitation, Principal and Administrative Fee Payments of \$8,762 Payable on September 1 Annually, 0% Interest, 2% Administrative Fee, Due September, 2034	125,224	0	6,257	118,967
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer Upgrade, Authorized to \$27,050, but Eligible for \$13,525 Subsidy, Principal Payments of \$2,705 Payable on February 1 Annually Beginning February, 2024, 0% Interest, Due February, 2028. The Town Recognized \$4,165 of the Subsidy during the Year.	<u>0</u>	<u>8,330</u>	<u>4,165</u>	<u>4,165</u>
Total Business-type Activities	<u>\$6,110,792</u>	<u>\$31,218</u>	<u>\$3,197,142</u>	<u>\$2,944,868</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Changes in long-term liabilities during the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds Payable	\$ 8,356,715	\$ 0	\$ 802,715	\$ 7,554,000	\$ 616,000
Notes Payable	0	715,833	0	715,833	0
Compensated Absences Payable	149,469	0	7,409	142,060	0
Landfill Post-Closure	44,000	0	10,000	34,000	8,500
Net Pension Liability	<u>1,352,318</u>	<u>120,251</u>	<u>0</u>	<u>1,472,569</u>	<u>0</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 9,902,502</u>	<u>\$ 836,084</u>	<u>\$ 820,124</u>	<u>\$ 9,918,462</u>	<u>\$ 624,500</u>
Business-type Activities					
General Obligation Bonds Payable	\$ 6,110,792	\$ 31,218	\$ 3,197,142	\$ 2,944,868	\$ 161,168
Compensated Absences Payable	14,964	0	3,458	11,506	0
Net Pension Liability	<u>92,621</u>	<u>0</u>	<u>16,747</u>	<u>75,874</u>	<u>0</u>
Total Business-type Activities Long-term Liabilities	<u>\$ 6,218,377</u>	<u>\$ 31,218</u>	<u>\$ 3,217,347</u>	<u>\$ 3,032,248</u>	<u>\$ 161,168</u>

State and Federal laws and regulations required the Town to close its landfill in 1991. These laws and regulations required the Town to perform certain maintenance and monitoring at the site through May, 2013. After further testing, the State of Vermont has mandated the Town continue to perform maintenance and monitoring. The Town has estimated that they will continue for another four (4) years. The Town's estimated liability is \$34,000. This amount is based on what it would cost to perform all post closure care now. Actual costs may vary due to changes in the cost of living, changes in technology, changes in regulations or variances between estimated and actual amounts.

Compensated absences and required contributions to the pension plans are paid by the applicable fund where the employee is charged.

The change in the net pension liability is allocated to the function where the employee is charged.

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 616,000	\$ 240,532	\$ 161,168	\$ 63,600
2021	616,000	222,399	163,957	59,756
2022	611,000	203,973	166,803	55,750
2023	611,000	185,288	169,706	51,584
2024	596,000	163,038	188,182	50,969
2025-2029	2,630,000	542,781	936,520	212,534
2030-2034	1,874,000	136,281	993,281	105,533
2035-2039	0	0	86,921	29,081
2040-2044	0	0	78,330	9,700
Unknown Maturities - Bond Anticipation Notes	<u>715,833</u>	<u>11,962</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 8,269,833</u>	<u>\$ 1,706,254</u>	<u>\$ 2,944,868</u>	<u>\$ 638,507</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

J. Fund Balances

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The Town does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town has established a policy to maintain a minimum unassigned fund balance of approximately ten percent (10%) of the budget. The unassigned fund balance is \$1,193,029 which is 15.0% of the 2020 expenditures budget.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

The purpose for each major special revenue fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

The fund balances in the following funds are nonspendable as follows:

Major Funds

General Fund:

Nonspendable Prepaid Expenses	\$ 59,505
Nonspendable Inventories	<u>73,186</u>
Total General Fund	<u>132,691</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Non-Major Funds

Permanent Fund:	
Nonspendable West Milton Cemetery Fund Principal	\$ <u>4,500</u>
Total Nonspendable Fund Balances	<u>\$137,191</u>

The fund balances in the following funds are restricted as follows:

Major Funds

Husky/Catamount TIF Fund:	
Restricted for Husky/Catamount TIF Fund Debt/Expenditures by Statute (Source of Revenue is Property Taxes)	\$ <u>180,077</u>
Town Core TIF Fund:	
Restricted for Town Core TIF Fund Debt/Expenditures by Statute (Source of Revenue is Property Taxes)	2,060,052
Restricted for Town Core TIF Fund Expenditures by Unspent Bond Proceeds (Source of Revenue is Bond Proceeds)	<u>5,682,067</u>
Total Town Core TIF Fund	<u>7,742,119</u>

Non-Major Funds

Special Revenue Funds:	
Restricted Impact Fees Fund Expenses by Impact Fees (Source of Revenue is Impact Fees)	216,346
Restricted for Restoration of Records Fund Expenses by Statute (Source of Revenue is Restoration Fees)	91,521
Restricted for Drug Forfeiture Expenses by Agreement (Source of Revenue is Grant Revenue)	26,782
Restricted for Milton Public Library Expenses by Donations (Source of Revenue is Donations)	<u>8,195</u>
Total Special Revenue Funds	<u>342,844</u>

Capital Projects Funds:	
Restricted for Road/Sidewalk Restoration Expenditures by Statute (Source of Revenue is Highway Property Taxes)	8,518
Restricted for Bombardier Property Purchase by Unspent Bond Proceeds (Source of Revenue is Bond Proceeds)	<u>4,204</u>
Total Capital Projects Funds	<u>12,722</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Permanent Fund:

Restricted for West Milton Cemetery Expenses by Trust Agreements and Sale of Lots	\$ <u>41,445</u>
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Total Non-Major Funds	<u>397,011</u>
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Total Restricted Fund Balances	<u>\$8,319,207</u>
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The fund balances in the following funds are committed as follows:

Non-Major Funds

Capital Projects Funds:

Committed for Recreation Capital Expenditures by Voters	\$ 913
Committed for Fire/EMS Capital Expenditures by Voters	<u>72,992</u>

Total Committed Fund Balances	<u>\$73,905</u>
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The fund balances in the following funds are assigned as follows:

Major Funds

General Fund:

Assigned to Reduce Property Taxes in Fiscal Year 2020	<u>\$340,000</u>
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Non-Major Funds

Special Revenue Funds:

Assigned for Reappraisal Expenses	<u>499,267</u>
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Total Assigned Fund Balances	<u>\$839,267</u>
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The unassigned deficit of \$72,754 in the Capital Reserve Fund will be funded with the collection of grant revenues and a transfer from the General Fund.

The unassigned deficit of \$22,352 in the Grant Fund will be funded with the collection of grant revenues and a transfer from the General Fund.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

K. Restricted and Designated Net Position

The restricted net position of the Town as of June 30, 2019 consisted of the following:

Governmental Activities:

Inventories Restricted for Highway Use by Statute	\$ 73,186
Restricted for Husky/Catamount TIF Fund by Statute	180,077
Restricted for Town Core TIF Fund by Statute	2,060,052
Restricted for Impact Fees Fund Expenses by Impact Fees	216,346
Restricted for Restoration of Records Expenses by Statute	91,521
Restricted for Drug Forfeiture Expenses by Agreement	26,782
Restricted for Milton Public Library Expenses by Donations	8,195
Restricted for Road/Sidewalk Restoration Expenditures by Statute	8,518
Restricted for West Milton Cemetery Expenses by Trust Agreements – Non-Expendable Portion	4,500
Restricted for West Milton Cemetery Expenses by Trust Agreements – Expendable Portion	<u>41,445</u>
 Total Governmental Activities	 <u>\$2,710,622</u>

The designated net position of the Town as of June 30, 2019 consisted of the following:

Business-type Activities:

Water Fund:

Designated for Water Operations	\$ 304,934
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Sewer Fund:

Designated for Sewer Operations	<u>822,172</u>
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Total Business-type Activities	<u>\$1,127,106</u>
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TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

V. OTHER INFORMATION

A. Pension Plan

Defined Benefit Plan

The Vermont Municipal Employees' Retirement System (VMERS)

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2019, the retirement system consisted of 402 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2018, the measurement date selected by the State of Vermont, VMERS was funded at 82.60% and had a plan fiduciary net position of \$667,848,905 and a total pension liability of \$808,524,797 resulting in a net position liability of \$140,675,892. As of June 30, 2019, the Town's proportionate share of this was 1.1007% resulting in a net pension liability of \$1,548,443. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 1.1007% was a decrease of 0.0919 from its proportion measured as of the prior year.

For the year ended June 30, 2019, the Town recognized pension expense of \$418,876.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

As of June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 134,499	\$ 24,760
Net difference between projected and actual investment earnings on pension assets	179,459	0
Changes in assumptions	171,471	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,801	70,323
Town's required employer contributions made subsequent to the measurement date	199,606	0
	\$ 705,836	\$ 95,083

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$199,606 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2020	\$271,181
2021	98,055
2022	18,804
2023	<u>23,107</u>
Total	<u>\$411,147</u>

Summary of System Provisions

Membership – Full time employees of participating municipalities. The Town elected coverage under Groups B, C and D provisions.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Groups B and C – Average annual compensation during highest three (3) consecutive years. Group D – Average annual compensation during highest two (2) consecutive years.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Service Retirement Allowance:

Eligibility – Group B – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service. Groups C and D – Age 55 with five (5) years of service.

Amount – Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC. Group D – 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC.

Maximum benefit is 60% of AFC for Group B and 50% of AFC for Groups C and D. The previous amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility – Age 55 with five (5) years of service for Group B. Age 50 with twenty (20) years of service for Group D.

Amount – Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group B members, and payable without reduction to Group D members.

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

Amount – Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments”.

Disability Retirement Allowance:

Eligibility – Five (5) years of service and disability as determined by Retirement Board.

Amount – Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three (3) minor children (or children up to age 23 if enrolled in full time studies) of a disabled Group D member.

Death Benefit:

Eligibility – Death after five (5) years of service.

Amount – For Groups B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus the children’s benefit.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Optional Benefit and Death after Retirement – For Groups B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance of 70% contingent annuitant option with no reduction.

Refund of Contribution – Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.

Post-Retirement Adjustments – Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 3% for Groups B, C and D.

Member Contributions – Group B – 5.0%. Group C – 10.125%. Group D – 11.475%.

Employer Contributions – Group B – 5.625%. Group C – 7.375%. Group D – 9.975%.

Retirement Stipend – \$25 per month payable at the option of the Board of Trustees.

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7.50%, net of pension plan investment expenses, including inflation.

Salary increases: 5% per year.

Mortality:

Death in Active Service: Groups B and C – 98% of RP-2006 blended 60% Blue Collar Employee, 40% Healthy Employee with generational improvement. Group D – RP-2014 Blue Collar Annuitant Table with generation projection using Scale SSA-2017.

Healthy Post-Retirement: Groups B and C – 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational improvement. Group D – RP-2014 Blue Collar Annuitant Table with generation projection using Scale SSA-2017.

Disabled Post-Retirement: Groups B, C and D – RP-2006 Disabled Mortality Table with generational improvement.

Spouse's Age: Females three years younger than males.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.30% per annum for Groups B, C and D members (beginning at normal retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups B and D who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2019 COLA is assumed to be 1.3% for all groups.

Actuarial Cost Method: Entry age actuarial cost method. Entry age is the age at date of employment or, if date is unknown, current age minus years of service. Normal cost and actuarial accrued liability are calculated on an individual basis and are allocated by salary, with normal cost determined using the plan of benefits applicable to each participant.

TOWN OF MILTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

Actuarial Value of Assets: A smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from market value of assets by more than 20%.

Inflation: 2.50%

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	18%	6.10%
Non-US Equity	16%	7.45%
Global Equity	9%	6.74%
Fixed Income	26%	2.25%
Real Estate	8%	5.11%
Private Markets	15%	7.60%
Hedge Funds	8%	3.86%

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$2,622,714	\$1,548,443	\$674,764

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Additional Information

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

Defined Contribution Plan

The Town participates in Group DC of VMERS, a defined contribution plan, which requires employees to contribute 5% of their gross salary while the Town contributes 5.125%.

The Town pays all costs accrued each year for the plan. The premise of Plan DC is to allow employees to have a choice in investing their retirement assets. Each employee will receive the value of their account upon retirement.

Total covered payroll for Group DC was \$601,084. Pension expense for the year ended June 30, 2019 was \$30,806.

Deferred Compensation Plan

The Town also offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The Town is the administrator of the plan. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Town has no liability for losses under this plan, but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee.

B. Property Taxes

The Town is responsible for assessing and collecting its own property taxes, as well as education property taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are collected three (3) times per year. During the tax year ended June 30, 2019, taxes became due and payable on September 15, 2018, February 15, 2019 and May 15, 2019. The Town assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale. The tax rates for 2019 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Town	.5348	.5348
Local Agreement	.0045	.0045
Education	<u>1.4332</u>	<u>1.6109</u>
Total	<u>1.9725</u>	<u>2.1502</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

C. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risk of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and rate setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

The Town has elected to pay actual unemployment claims instead of enrolling in an unemployment insurance program. No liabilities have been accrued as the Town is not able to make an estimate as to any future costs. The Town paid \$834 in unemployment claims during fiscal year 2019.

D. Tax Increment Financing Districts

The Town established two Tax Increment Financing (TIF) Districts on March 30, 1998, the Husky TIF District and the Catamount TIF District which were approved by the Vermont Economic Progress Council (VEPC) on November 19, 1998. In 2012, these two TIF Districts were allowed to be treated as a single District, the North/South TIF District (A/K/A Husky/Catamount) by the legislature. In April, 2008, the Town created another TIF District, the Milton Town Core TIF District which VEPC approved in 2008. In April 2012, VEPC approved the TIF District Financing Plan and the District was activated at 2013 Town Meeting.

TIF Districts allow the Town to undertake and pay for infrastructure improvements that will allow for increased economic and community development. The Town cannot begin any TIF projects unless a debt ceiling is in place. The Town may adjust its debt ceiling through debt related ballot items for TIF projects. Milton specific legislation allows Milton to approve debt ceilings incrementally. All TIF District debt will be secured by the TIF District revenues and the general obligation of the Town. The Town can no longer borrow on the North/South TIF District. The Town paid off \$2,970,043 of outstanding debt related to North/South TIF District that was included in the Sewer Fund with TIF District incremental taxes during the year. The Town can no longer borrow on the Town Core TIF District. The Town was required to incur all approved debt by March 31, 2018 which was completed. The Town previously incurred \$3,250,000 for Phases I and II of the Village Core Sewer Expansion System and to extend a waterline along Bombardier Road to Route 7. These projects were finished during fiscal years 2015 and 2016. The Town borrowed \$6,230,000 in 2018 to fund approved projects including \$2,800,000 for the Hourglass Intersection Improvement, \$2,500,000 for Streetscape Improvements along Route 7 and \$1,000,000 for the Southern Gateway Intersection. \$2,302,059 of outstanding debt is included in the Sewer Fund and \$90,000 in the Water Fund that will be paid with TIF District incremental taxes

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

With a TIF District, the value of properties within the District are frozen at the time the District is created. All property taxes generated by the original base continue to go to the municipal General Fund and the State Education Fund. For twenty (20) years, the municipal and education property taxes generated by any new development are shared with up to 75% going to finance TIF District infrastructure debt and 25% going to the municipal General Fund and State Education Fund.

E. Contingent Liabilities

The Town is a participating member in the Chittenden Solid Waste District (CSWD) and the Champlain Water District (CWD). The Town could be subject to a portion of these entities debt if these entities experience financial problems.

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

F. Concentration of Expenses

The Town purchased all of their water from Champlain Water district “CWD” for the year ended June 30, 2019. The Town purchased \$360,595 of water from CWD.

TOWN OF MILTON, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 5,753,341	\$ 5,812,596	\$ 59,255
Interest on Delinquent Taxes	35,000	35,214	214
Penalties on Delinquent Taxes	55,000	51,893	(3,107)
Railroad Taxes	3,840	4,062	222
State Land Taxes	15,300	13,455	(1,845)
Current Use Taxes	56,000	58,487	2,487
State Land PILOT	5,400	5,663	263
Penalty on Late HS-122	5,000	6,120	1,120
School Tax Collection Fee	27,000	29,614	2,614
Interest on Investments	3,500	40,654	37,154
Miscellaneous	20,000	20,742	742
Administrative Contribution - Water and Sewer	320,000	320,000	0
Clerk and Treasurer	112,800	93,016	(19,784)
Finance	160,000	160,000	0
Listers	400	355	(45)
Library	2,100	3,129	1,029
Recreation	79,120	66,555	(12,565)
Planning and Zoning	52,000	36,484	(15,516)
Public Works	250,300	283,811	33,511
Police	115,165	117,845	2,680
Animal Control	5,000	2,220	(2,780)
Fire	59,295	71,804	12,509
Rescue	255,500	256,685	1,185
Transfers In for Debt	38,453	208,714	170,261
	<u>7,429,514</u>	<u>7,699,118</u>	<u>269,604</u>
Total Revenues			
Expenditures:			
Administrative Services	112,385	119,498	(7,113)
Selectboard	64,475	59,953	4,522
Insurance/Risk Management	178,395	163,473	14,922
Legal	57,500	50,363	7,137
County and Regional Functions	133,518	125,703	7,815
Information Technology	69,565	68,283	1,282
Contingency	43,000	0	43,000
Debt Service, Principal and Interest	342,410	444,848	(102,438)
Manager	235,147	224,995	10,152
Clerk and Treasurer	321,026	314,501	6,525
Elections	19,912	14,940	4,972
Finance	389,409	359,367	30,042
Listers	74,609	79,121	(4,512)
Library	276,237	274,345	1,892

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF MILTON, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures/(Cont'd):			
Recreation	\$ 225,373	\$ 216,788	\$ 8,585
Planning and Zoning	356,710	293,140	63,570
Public Works Administration	228,287	203,755	24,532
Highways	1,344,940	1,338,488	6,452
Buildings and Grounds	381,980	327,422	54,558
Public Safety Administration	72,399	74,283	(1,884)
Police	1,920,025	1,874,364	45,661
Animal Control	9,591	8,566	1,025
Fire	233,204	220,667	12,537
Rescue	348,564	396,098	(47,534)
Transfer to Capital	230,853	230,853	0
	7,669,514	7,483,814	185,700
Excess/(Deficiency) of Revenues Over Expenditures	\$ <u>(240,000)</u>	215,304	\$ <u>455,304</u>
Fund Balance - July 1, 2018		1,450,416	
Fund Balance - June 30, 2019		\$ 1,665,720	

TOWN OF MILTON, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2019

	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	1.1007%	1.1926%	1.1443%	1.2687%	1.2374%
Town's Proportionate Share of the Net Pension Liability	\$ 1,548,443	\$ 1,444,939	\$ 1,472,657	\$ 978,129	\$ 112,929
Town's Covered Employee Payroll	\$ 2,555,809	\$ 2,539,238	\$ 2,594,175	\$ 2,326,953	\$ 2,359,680
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	60.5852%	56.9044%	56.7678%	42.0348%	4.7858%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: None.

Fiscal year 2015 was the first year of implementation, therefore, only five years are shown.

TOWN OF MILTON, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 199,606	\$ 192,798	\$ 194,767	\$ 173,914	\$ 177,348
Contributions in Relation to the Actuarially Determined Contributions	<u>199,606</u>	<u>192,798</u>	<u>194,767</u>	<u>173,914</u>	<u>177,348</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 2,555,809	\$ 2,539,238	\$ 2,594,175	\$ 2,326,953	\$ 2,359,680
Contributions as a Percentage of Town's Covered Employee Payroll	7.810%	7.593%	7.508%	7.474%	7.516%

Notes to Schedule

Valuation Date: June 30, 2018

Fiscal year 2015 was the first year of implementation, therefore, only five years are shown.

TOWN OF MILTON, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Fund West Milton Cemetery Fund	Total
<u>ASSETS</u>				
Cash	\$ 42,610	\$ 0	\$ 5,719	\$ 48,329
Receivables	29,586	0	0	29,586
Due from Other Funds	807,342	86,627	40,226	934,195
Total Assets	\$ 879,538	\$ 86,627	\$ 45,945	\$ 1,012,110
<u>LIABILITIES</u>				
Accounts Payable	\$ 667	\$ 0	\$ 0	\$ 667
Due to Other Funds	37,629	0	0	37,629
Unearned Revenue	483	0	0	483
Total Liabilities	38,779	0	0	38,779
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Grants	21,000	0	0	21,000
Total Deferred Inflows of Resources	21,000	0	0	21,000
<u>FUND BALANCES</u>				
Nonspendable	0	0	4,500	4,500
Restricted	342,844	12,722	41,445	397,011
Committed	0	73,905	0	73,905
Assigned	499,267	0	0	499,267
Unassigned/(Deficit)	(22,352)	0	0	(22,352)
Total Fund Balances	819,759	86,627	45,945	952,331
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 879,538	\$ 86,627	\$ 45,945	\$ 1,012,110

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TOWN OF MILTON, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Fund West Milton Cemetery Fund	Total
Revenues:				
Property Taxes	\$ 0	\$ 81,837	\$ 0	\$ 81,837
Intergovernmental	121,922	0	0	121,922
Charges for Services	0	0	6,600	6,600
Permits, Licenses and Fees	76,792	0	0	76,792
Investment Income	11,779	1,952	541	14,272
Donations	1,058	0	0	1,058
Other	4,275	0	0	4,275
Total Revenues	<u>215,826</u>	<u>83,789</u>	<u>7,141</u>	<u>306,756</u>
Expenditures:				
General Government	21,152	0	0	21,152
Public Safety	44,339	0	0	44,339
Culture and Recreation	7,708	0	0	7,708
Capital Outlay:				
General Government	47,155	0	0	47,155
Highways and Streets	44,135	0	0	44,135
Total Expenditures	<u>164,489</u>	<u>0</u>	<u>0</u>	<u>164,489</u>
Excess of Revenues Over Expenditures	<u>51,337</u>	<u>83,789</u>	<u>7,141</u>	<u>142,267</u>
Other Financing Sources/(Uses):				
Transfers In	5,637	0	0	5,637
Transfers Out	(75,362)	(140,453)	0	(215,815)
Total Other Financing Sources/(Uses)	<u>(69,725)</u>	<u>(140,453)</u>	<u>0</u>	<u>(210,178)</u>
Net Change in Fund Balances	(18,388)	(56,664)	7,141	(67,911)
Fund Balances - July 1, 2018	<u>838,147</u>	<u>143,291</u>	<u>38,804</u>	<u>1,020,242</u>
Fund Balances - June 30, 2019	<u>\$ 819,759</u>	<u>\$ 86,627</u>	<u>\$ 45,945</u>	<u>\$ 952,331</u>

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TOWN OF MILTON, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Impact Fees Fund	Reappraisal Fund	Restoration of Records Fund	Drug Forfeiture Fund	Milton Public Library Fund	Grant Fund	Total
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 34,620	\$ 7,990	\$ 0	\$ 42,610
Receivables	0	0	0	0	0	29,586	29,586
Due from Other Funds	<u>216,346</u>	<u>499,267</u>	<u>91,524</u>	<u>0</u>	<u>205</u>	<u>0</u>	<u>807,342</u>
Total Assets	<u>\$ 216,346</u>	<u>\$ 499,267</u>	<u>\$ 91,524</u>	<u>\$ 34,620</u>	<u>\$ 8,195</u>	<u>\$ 29,586</u>	<u>\$ 879,538</u>
<u>LIABILITIES</u>							
Accounts Payable	\$ 0	\$ 0	\$ 3	\$ 0	\$ 0	\$ 664	\$ 667
Due to Other Funds	0	0	0	7,838	0	29,791	37,629
Unearned Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>483</u>	<u>483</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>3</u>	<u>7,838</u>	<u>0</u>	<u>30,938</u>	<u>38,779</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable Grants	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>21,000</u>	<u>21,000</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>21,000</u>	<u>21,000</u>
<u>FUND BALANCES</u>							
Restricted	216,346	0	91,521	26,782	8,195	0	342,844
Assigned	0	499,267	0	0	0	0	499,267
Unassigned/(Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(22,352)</u>	<u>(22,352)</u>
Total Fund Balances/(Deficit)	<u>216,346</u>	<u>499,267</u>	<u>91,521</u>	<u>26,782</u>	<u>8,195</u>	<u>(22,352)</u>	<u>819,759</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 216,346</u>	<u>\$ 499,267</u>	<u>\$ 91,524</u>	<u>\$ 34,620</u>	<u>\$ 8,195</u>	<u>\$ 29,586</u>	<u>\$ 879,538</u>

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TOWN OF MILTON, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Impact Fees Fund	Reappraisal Fund	Restoration of Records Fund	Drug Forfeiture Fund	Milton Public Library Fund	Grant Fund	Total
Revenues:							
Intergovernmental	\$ 0	\$ 42,190	\$ 0	\$ 8,169	\$ 292	\$ 71,271	\$ 121,922
Permits, Licenses and Fees	48,345	0	28,447	0	0	0	76,792
Investment Income	3,262	6,680	1,798	27	12	0	11,779
Donations	0	0	0	0	1,058	0	1,058
Other	0	0	4,275	0	0	0	4,275
Total Revenues	<u>51,607</u>	<u>48,870</u>	<u>34,520</u>	<u>8,196</u>	<u>1,362</u>	<u>71,271</u>	<u>215,826</u>
Expenditures:							
General Government	3,011	4,947	910	0	0	12,284	21,152
Public Safety	0	0	0	7,978	0	36,361	44,339
Culture and Recreation	0	0	0	0	2,580	5,128	7,708
Capital Outlay:							
General Government	0	0	47,155	0	0	0	47,155
Highways and Streets	0	0	0	0	0	44,135	44,135
Total Expenditures	<u>3,011</u>	<u>4,947</u>	<u>48,065</u>	<u>7,978</u>	<u>2,580</u>	<u>97,908</u>	<u>164,489</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>48,596</u>	<u>43,923</u>	<u>(13,545)</u>	<u>218</u>	<u>(1,218)</u>	<u>(26,637)</u>	<u>51,337</u>
Other Financing Sources/(Uses):							
Transfers In	0	0	0	0	0	5,637	5,637
Transfers Out	(59,160)	0	(16,202)	0	0	0	(75,362)
Total Other Financing Sources/(Uses)	<u>(59,160)</u>	<u>0</u>	<u>(16,202)</u>	<u>0</u>	<u>0</u>	<u>5,637</u>	<u>(69,725)</u>
Net Change in Fund Balances	<u>(10,564)</u>	<u>43,923</u>	<u>(29,747)</u>	<u>218</u>	<u>(1,218)</u>	<u>(21,000)</u>	<u>(18,388)</u>
Fund Balances/(Deficit) - July 1, 2018	<u>226,910</u>	<u>455,344</u>	<u>121,268</u>	<u>26,564</u>	<u>9,413</u>	<u>(1,352)</u>	<u>838,147</u>
Fund Balances/(Deficit) - June 30, 2019	<u>\$ 216,346</u>	<u>\$ 499,267</u>	<u>\$ 91,521</u>	<u>\$ 26,782</u>	<u>\$ 8,195</u>	<u>\$ (22,352)</u>	<u>\$ 819,759</u>

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TOWN OF MILTON, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2019

	<u>Road/Sidewalk Restoration Reserve Fund</u>	<u>Recreation Capital Reserve Fund</u>	<u>Fire/EMS Capital Reserve Fund</u>	<u>Bombardier Property Purchase Fund</u>	<u>Total</u>
<u>ASSETS</u>					
Due from Other Funds	\$ <u>8,518</u>	\$ <u>913</u>	\$ <u>72,992</u>	\$ <u>4,204</u>	\$ <u>86,627</u>
Total Assets	\$ <u><u>8,518</u></u>	\$ <u><u>913</u></u>	\$ <u><u>72,992</u></u>	\$ <u><u>4,204</u></u>	\$ <u><u>86,627</u></u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances:					
Restricted	8,518	0	0	4,204	12,722
Committed	<u>0</u>	<u>913</u>	<u>72,992</u>	<u>0</u>	<u>73,905</u>
Total Fund Balances	<u>8,518</u>	<u>913</u>	<u>72,992</u>	<u>4,204</u>	<u>86,627</u>
Total Liabilities and Fund Balances	\$ <u><u>8,518</u></u>	\$ <u><u>913</u></u>	\$ <u><u>72,992</u></u>	\$ <u><u>4,204</u></u>	\$ <u><u>86,627</u></u>

TOWN OF MILTON, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Road/Sidewalk Restoration Reserve Fund	Recreation Capital Reserve Fund	Fire/EMS Capital Reserve Fund	Bombardier Property Purchase Fund	Total
Revenues:					
Property Taxes	\$ 0	\$ 0	\$ 81,837	\$ 0	\$ 81,837
Investment Income	<u>121</u>	<u>60</u>	<u>1,711</u>	<u>60</u>	<u>1,952</u>
Total Revenues	<u>121</u>	<u>60</u>	<u>83,548</u>	<u>60</u>	<u>83,789</u>
Expenditures:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	<u>121</u>	<u>60</u>	<u>83,548</u>	<u>60</u>	<u>83,789</u>
Other Financing Sources/(Uses):					
Transfers Out	<u>0</u>	<u>(49,114)</u>	<u>(91,339)</u>	<u>0</u>	<u>(140,453)</u>
Total Other Financing Sources/(Uses)	<u>0</u>	<u>(49,114)</u>	<u>(91,339)</u>	<u>0</u>	<u>(140,453)</u>
Net Change in Fund Balances	121	(49,054)	(7,791)	60	(56,664)
Fund Balances - July 1, 2018	<u>8,397</u>	<u>49,967</u>	<u>80,783</u>	<u>4,144</u>	<u>143,291</u>
Fund Balances - June 30, 2019	<u><u>\$ 8,518</u></u>	<u><u>\$ 913</u></u>	<u><u>\$ 72,992</u></u>	<u><u>\$ 4,204</u></u>	<u><u>\$ 86,627</u></u>

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TOWN OF MILTON, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Water Rents	\$ 1,040,725	\$ 1,051,458	\$ 10,733
Penalties	15,000	13,465	(1,535)
Hookup Fees	75,000	22,624	(52,376)
Water Hauler Receipts	10,000	16,442	6,442
Maintenance Agreement Receipts	1,800	3,600	1,800
Other Income	1,500	4,697	3,197
Transfer In - TIF Fund	9,279	9,221	(58)
Total Revenues	1,153,304	1,121,507	(31,797)
Expenses:			
Regular Salaries	153,362	138,390	14,972
Overtime Salaries	6,500	6,398	102
Insurance Buyout	6,500	6,583	(83)
Group Health Insurance	20,397	15,305	5,092
Group Dental Insurance	1,039	843	196
Group LTD/STD/Vision Insurance	356	1,171	(815)
Group Life Insurance	1,629	452	1,177
Social Security	12,828	11,467	1,361
Retirement Contribution	9,215	10,799	(1,584)
Workers Compensation	4,072	3,742	330
Other Employee Benefits	1,320	0	1,320
Official/Administrative	160,000	160,000	0
Other Professional	0	5,900	(5,900)
Technical Services	1,875	629	1,246
Laundry Services	150	235	(85)
Water/Sewer	200	303	(103)
Water Purchase - CWD	433,821	360,595	73,226
Disposal and Refuse	420	3,049	(2,629)
Repair and Maintenance Facility	6,500	1,539	4,961
Vehicle Repair and Maintenance	1,500	215	1,285
Equipment Repair and Maintenance	3,000	1,072	1,928
Rental of Equipment and Vehicle	450	21	429
Construction Services	10,000	0	10,000
General Liability Insurance	1,091	8,804	(7,713)
Communications - Telephone	560	625	(65)
Communications - Other	1,430	1,440	(10)
Advertising	300	61	239
Printing and Binding	2,600	1,408	1,192
Travel	275	0	275
Postage	50	134	(84)
Office Supplies	258	88	170
General Supplies	12,445	8,342	4,103
Water Meters	11,553	8,285	3,268
Technology	600	565	35
Natural Gas	4,000	2,547	1,453
Electricity	11,700	9,929	1,771
Bottled Gas	75	0	75

TOWN OF MILTON, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenses/(Cont'd):			
Diesel Fuel	\$ 960	\$ 0	\$ 960
Gasoline	1,872	2,177	(305)
Books and Periodicals	200	0	200
Employee Uniforms	2,615	572	2,043
Capital Projects	119,000	122,170	(3,170)
Machinery and Equipment	1,000	0	1,000
Dues and Fees	825	625	200
Professional Development	1,750	935	815
Small Tools	800	446	354
Water Improvements Debt	64,503	64,502	1
Bombardier Water Line Improvements Debt	6,000	6,000	0
Water Line Improvements Debt	16,667	15,667	1,000
Water System Upgrade Debt	5,540	0	5,540
Interest	18,589	18,307	282
Total Expenses	1,122,392	1,002,337	120,055
Net Income	\$ 30,912	119,170	\$ 88,258
Adjustments to Reconcile to GAAP Basis Statements:			
Purchase of Capital Assets		100,274	
Gain on Sale of Vehicle		3,845	
Depreciation		(105,019)	
Principal Payments on Long-term Debt		86,169	
Change in Net Position - Exhibit G		\$ 204,439	

TOWN OF MILTON, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Sewer Rents	\$ 698,700	\$ 741,746	\$ 43,046
Penalties	6,000	7,716	1,716
Hookup Fees	75,000	21,591	(53,409)
Septage Receipts	70,000	1,969	(68,031)
Maintenance Agreement Receipts	400	350	(50)
Interest Earnings	0	8,661	8,661
Grant Income	0	14,165	14,165
Other Income	1,500	2,575	1,075
Transfer In - TIF Fund	480,617	480,615	(2)
Total Revenues	1,332,217	1,279,388	(52,829)
Expenses:			
Regular Salaries	153,362	138,390	14,972
Overtime Salaries	10,000	13,484	(3,484)
Insurance Buyout	6,500	6,583	(83)
Group Health Insurance	20,397	15,305	5,092
Group Dental Insurance	1,039	843	196
LTD/STD Group Vision Insurance	356	1,171	(815)
Group Life Insurance and AD&D	1,629	452	1,177
Social Security	13,095	11,924	1,171
Retirement	9,412	5,992	3,420
Worker's Compensation	4,072	3,742	330
Other Employee Benefits	1,320	0	1,320
Official/Administrative	160,000	160,000	0
Other Professional	5,000	1,023	3,977
Technical Services	60,000	44,539	15,461
Laundry Services	150	96	54
Water/Sewer	8,000	3,659	4,341
Disposal and Refuse	6,000	4,649	1,351
Repair and Maintenance Facility	10,000	4,585	5,415
Vehicle Repair and Maintenance	1,500	1,350	150
Equipment Repair and Maintenance	12,000	23,002	(11,002)
Rental of Land and Buildings	100	100	0
Rental of Equipment and Vehicle	500	172	328
Construction Services	20,000	0	20,000
General Liability Insurance	16,010	27,589	(11,579)
Communications - Telephone	2,240	3,023	(783)
Communications - Other	1,432	1,710	(278)
Advertising	300	0	300
Printing and Binding	100	0	100
Travel	275	0	275
Postage and Mailing	470	75	395
Office Supplies	258	0	258
General Supplies	78,018	83,527	(5,509)
Water Meter Purchases	11,553	6,881	4,672
Technology	600	1,530	(930)
Natural Gas	14,075	9,289	4,786

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TOWN OF MILTON, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenses/(Cont'd):			
Electricity	\$ 85,000	\$ 87,190	\$ (2,190)
Bottled Gas	75	0	75
Diesel Fuel	2,870	0	2,870
Gasoline	1,872	2,177	(305)
Books and Periodicals	400	0	400
Employee Uniforms	2,615	519	2,096
Capital Projects	58,000	79,233	(21,233)
Machinery and Equipment	10,000	779	9,221
Dues and Fees	4,060	4,805	(745)
Professional Development	1,750	632	1,118
Small Tools	800	16	784
Sewer Upgrade Bond - SRF	43,250	43,250	0
Sewer Upgrade Bond - RF1	258,208	258,208	0
2013-1 Sewer Principal	6,257	6,257	0
Village Core Sewer Improvements Bond	130,508	130,508	0
Interest	51,156	45,091	6,065
Total Expenses	1,286,584	1,233,350	53,234
Net Income	\$ 45,633	46,038	\$ 405
Adjustments to Reconcile to GAAP Basis Statements:			
Additional Unbudgeted Transfer In-TIF Fund		2,668,585	
Purchase of Capital Assets		79,233	
Gain on Sale of Vehicle		3,845	
Depreciation		(253,964)	
Additional Unbudgeted Principal Payments to Pay Off TIF Debt		(2,668,585)	
Principal Payments on Long-term Debt		3,106,808	
Change in Net Position - Exhibit G		\$ 2,981,960	