TOWN OF MILTON, VERMONT

AUDIT REPORT AND REPORTS ON COMPLIANCE AND INTERNAL CONTROL

JUNE 30, 2025

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Independent Auditor's Report

Selectboard
Town of Milton, Vermont
43 Bombardier Road
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Report on the Audit of the Financial Statements

Opinions

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, 2025, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Milton, Vermont, as of June 30, 2025, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Milton, Vermont and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note I.F. to the financial statements, in 2025, the Town adopted new accounting guidance, GASB Statement No. 101, "Compensated Absences". Our opinion is not modified with respect to this matter.

Members of The American Institute and Vermont Society of Certified Public Accountants

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Milton, Vermont's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and "Government Auditing Standards" will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and "Government Auditing Standards", we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 of Milton, Vermont's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Milton, Vermont's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15, 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 is the responsibility of management and, 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.

Supplemental 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 accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. "Code of Federal Regulations" Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards", is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 express no 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 December 30, 2025, 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 solely 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 effectiveness of the Town of Milton, Vermont's 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.

Sullivan, Powers & Co.

December 30, 2025
Montpelier, Vermont
VT Lic. #92-000180

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, 2025. Please note that this section (MD&A) 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 $52,828,713 (we own more than we owe). Of this amount, $5,024,794 (unrestricted) may be used to meet the Town's ongoing obligations. The balance of net position is made up of $40,448,458 is invested in capital assets net of related debt and $7,355,461 restricted for specific purposes.

- The Town's total net position increased by $2,523,132 (5.02%) of this amount, net position of the governmental activities increased by $2,443,816 (10.12%, and net position attributable to business-type activities increased by $79,316 (0.30%).

- 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 $2,599,144, or approximately 25.9% of total general fund expenditures.

- The Town's total outstanding long-term debt increased by $1,555,465 (11.88%). Details are found on page 14 of this report and in Note IV.J Pages 40-46.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A 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. 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.

The business of the town is divided into two different accounting types: Governmental vs Business-type activities:

- Governmental activities – Most of the basic services such as the General Fund (budget), Town Core TIF Fund, Capital Reserve Fund and grants such as ARPA Funds. Consider this town money raised by the general fund budget for the operations of the town.
- Business-type Activities – the Town operates the water distribution systems (water is purchased from Champlain Water District), and the sewer facility, these are referred to as a business-type activity. User fees pay for the water and sewer system expenses. They are recorded an enterprise fund which is separate from the general governmental activities. This is district money raised by other than taxes for very specific function (earmarks) within the district.

Government-Wide Financial Statements

The government-wide financial statements provide a general overview of the Town's operations, presenting all data on the full accrual basis, like 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 most 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 on 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.

The Town maintains four major governmental funds; the General Fund, the Town Core TIF Fund, the Capital Reserve Fund and ARPA funds. In addition to these, the Town maintains six special revenue funds, two 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, 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 Custodial Fund detailed in Exhibits I and J.

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 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 non-major governmental funds are presented immediately following the required supplementary information on the general fund budget and pension.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Town of Milton
Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Assets:						
Cash and Investments	$ 14,842,196	$ 14,159,507	$ -	$ -	$ 14,842,196	$ 14,159,507
Receivables, Net	1,023,052	1,019,561	559,181	568,049	1,582,233	1,587,610
Other Assets	(2,917,321)	(2,804,717)	3,093,431	2,965,061	176,110	160,344
Capital Assets	29,660,928	27,615,391	25,335,339	25,458,486	54,996,267	53,073,877
Total Assets	42,608,855	39,989,742	28,987,951	28,991,596	71,596,806	68,981,338
Deferred Outflows of Resources	801,669	1,035,268	46,145	46,633	847,814	1,081,901
Liabilities:						
Other Liabilities	1,168,853	2,895,276	152,874	209,720	1,321,727	3,104,996
Noncurrent Liabilities	15,501,800	13,962,750	2,629,212	2,663,555	18,131,012	16,626,305
Total Liabilities	16,670,653	16,858,026	2,782,086	2,873,275	19,452,739	19,731,301
Deferred Inflows of Resources	154,292	25,221	8,876	1,136	163,168	26,357
Net Position:						
Net Investment in Capital Assets	17,476,450	18,517,075	22,972,008	22,993,302	40,448,458	41,510,377
Restricted	7,355,461	4,329,197	-	-	7,355,461	4,329,197
Unrestricted	1,753,668	1,295,491	3,271,126	3,170,516	5,024,794	4,466,007
Total Net Position	26,585,579	24,141,763	26,243,134	26,163,818	52,828,713	50,305,581

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 $52,828,713. The Town's total net position is split between governmental activities net position of $26,585,579 and business-type activities net position of $26,243,134.

The largest portion of the Town's total net position $40,448,458 (76.57%) 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 $7,355,461 (13.92%) of restricted net position. Restricted net position represents assets whose use is subject to external restrictions. The remaining balance of $5,024,794 (9.51%) 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.

Summary of the Statement of Activities

	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	$ 1,314,287	$ 1,084,211	$ 2,469,683	$ 2,582,661	$ 3,783,970	$ 3,666,872
Operating Grants & Contributions	1,576,930	512,128	26,952	-	1,603,882	512,128
Capital Grants & Contributions	337,430	414,646	33,358	-	370,788	414,646
General Revenues:						
Property Taxes	9,577,516	9,311,057	-	-	9,577,516	9,311,057
Other	1,480,314	3,127,240	87,549	88,063	1,567,863	3,215,303
Total Revenues	14,286,477	14,449,282	2,617,542	2,670,724	16,904,019	17,120,006
Expenses:						
General Government	2,875,810	1,938,880	-	-	2,875,810	1,938,880
Public Safety	4,295,865	3,872,108	-	-	4,295,865	3,872,108
Highways and Streets (including Cemetery)	3,251,490	3,204,506	-	-	3,251,490	3,204,506
Culture and Recreation	743,612	704,256	-	-	743,612	704,256
Interest on Long-Term Debt	462,312	259,188	-	-	462,312	259,188
Water	-	-	1,361,511	1,309,936	1,361,511	1,309,936
Wastewater	-	-	1,390,287	1,108,008	1,390,287	1,108,008
Total Expenses	11,629,089	9,978,938	2,751,798	2,417,944	14,380,887	12,396,882
Increase (Decrease) in Net Position						
Before Transfers	2,657,388	4,470,344	(134,256)	252,780	2,523,132	4,723,124
Transfers	(213,572)	(188,533)	213,572	188,533	-	-
Increase (Decrease) in Net Position	2,443,816	4,281,811	79,316	441,313	2,523,132	4,723,124
Beginning Net Position	24,141,763	19,675,501	26,163,818	25,591,332	50,305,581	45,266,833
Ending Net Position	$ 26,585,579	$ 23,957,312	$ 26,243,134	$ 26,032,645	$ 52,828,713	$ 49,989,957

Governmental Activities

Governmental activities increased the Town's net position by $2,443,816 for the year ended June 30, 2025. Key elements of the change are as follows.

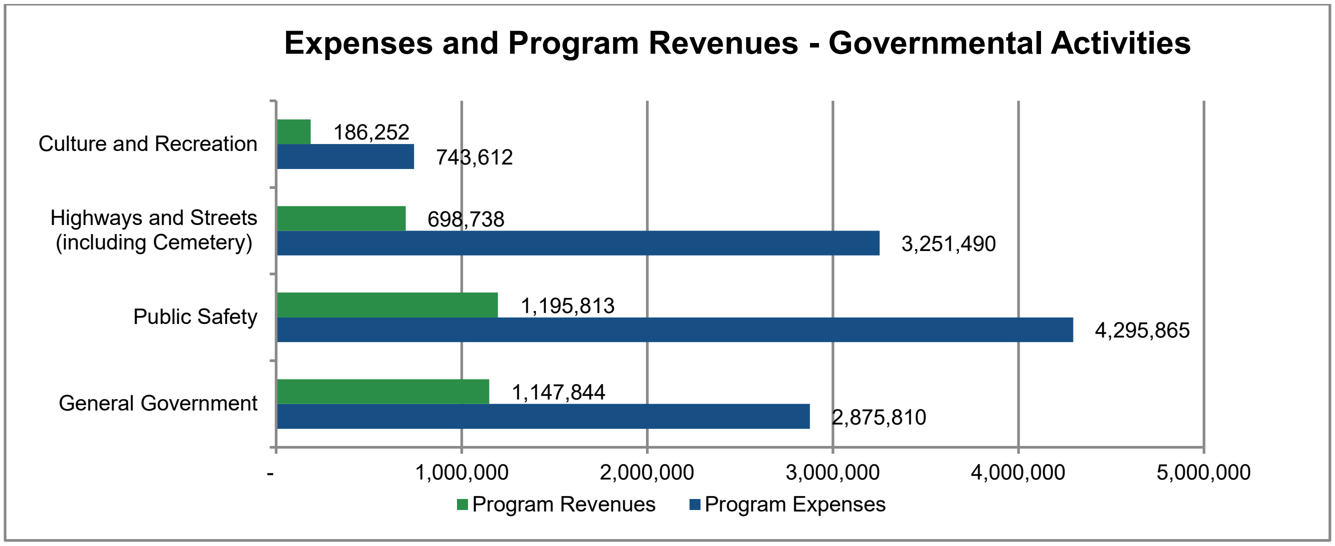
- Total governmental activities revenues decreased by -1.1% (-$162,805) from 2024 to 2025. The increase in the "Operating Grants and Contributions" category was more than offset by the decrease in the "Other" category were the largest contributions to the decrease in Total Revenue. The large grant was a "Pass Through" grant meaning the funds came to the town and were passed through to the Milton Mobile Home Cooperative for the installation of water and sewer infrastructure.

- The "Other" category includes the revenue from the ARPA federal allocation that was higher in FY2024 and decreased during FY2025 resulting in a decrease of $1,646,926, which is a decrease of 52.7%.

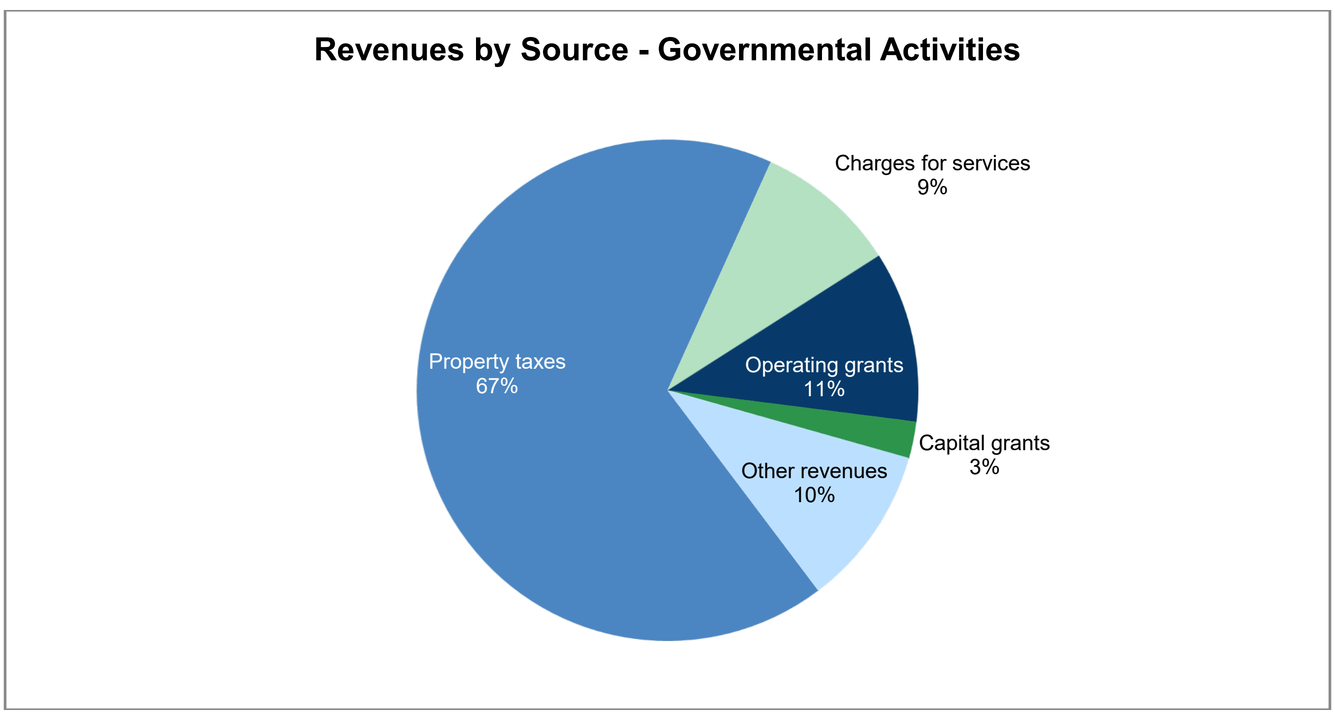
- Property tax revenues increased by 2.9% or $266,459 from the previous year because growth in the grand list, increase in tax rate. This includes penalty and interest on delinquent taxes.

- Governmental Activities' expenses increased by $1,650,151 (16.54%) from 2024 to 2025. The increases are across all departments to varying degrees the largest contributions to this increase are "General Government" $936,930 (48.2%), "Public Safety" $423,757 (10.9%) and "Interest on Long Term Debt" $203,124 (78.4%).

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 in Exhibit B, the Statement of Activities. Public Safety (Fire, Rescue & Police) is the largest category of expenses in the current year and historically, followed closely by Highways and Streets (including Cemetery).



The total revenue for governmental activities is $14,286,477. Of that total 67.04% comes from property taxes ($9,577,516). The second largest category of revenue is "Operating Grants" coming in at 11.0% of total revenue ($1,576,930). This is largely the result of a Conservation Grant and a Housing and Commercial Development Grant. The following graph shows the distribution of governmental activities revenues by source for the year ended June 30, 2025.



Business-type Activities

Business-type activities decreased the Town's net position by $134,256 during the current fiscal year. Key elements of this decrease are as follows.

- Charges for services decreased by $112,978 (4.4%) from $2,582,661 to $2,469,683. On the government-wide financial statements charges for services in the business-type activities are made up of user fees, penalties and connection fees.
- Total expenses of $2,751,798 reflect an increase of $333,854 (13.8%) from the prior year.
- After the normal transfer from the Governmental Activities funds, the Net Position of the Business Activities increased by $79,316.

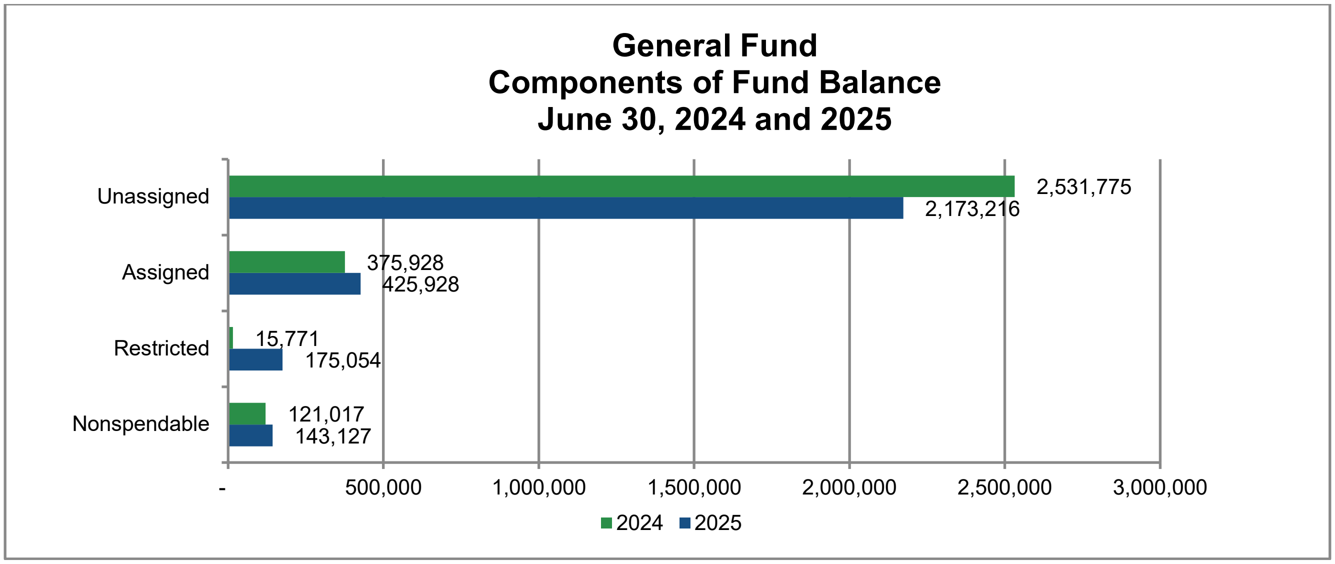
FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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.

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. 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.

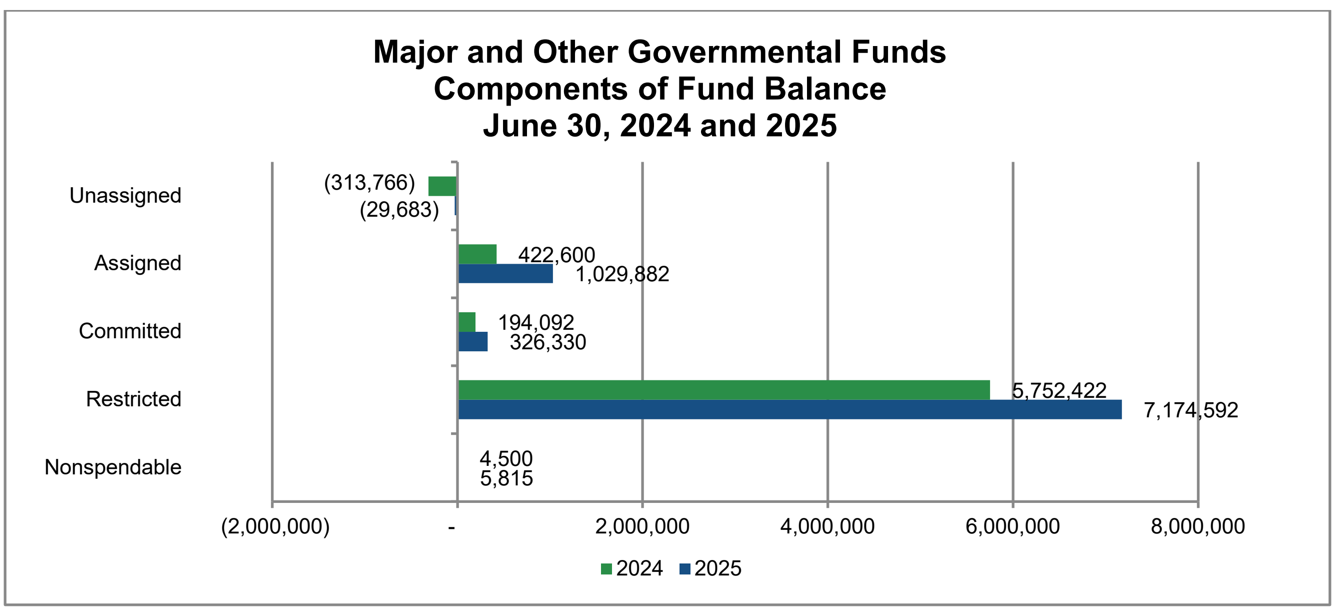
On June 30, 2025, the Town's governmental funds reported combined fund balances of $11,424,261 an increase of $2,319,922 (25.5%) from the prior year. "Unassigned" $2,143,533 (18.76%) of this amount is the amount of the fund balance available for spending at the government's discretion. The remainder of the fund balance is divided into four categories "non-spendable" $148,942 (1.3%) which are not in a spendable form such as pending refunds or credits, "restricted" $7,349,646 (64.33%) usable only for the purpose for which the money was raised "committed" $326,330 (2.86%) earmarked for a specific expense, "assigned" $1,455,810 (12.74%), set aside for particular purposes. The components of each category of fund balance are detailed in Footnote IV.K "Fund Balances" Pages 46-49 of this report.



The General Fund (GF) is the chief operating fund of the town. At the end of the year, total fund balance in the GF was $2,917,325, a decrease of $127,166 (-4.2%) from the previous year. Of this amount, $143,127 (4.91%) of the fund balance is in "Non-spendable" category, $175,054 (6.0%) is "Restricted", $425,928 (14.6%) is "Assigned" and $2,173,216 (74.9%) is "Unassigned". These terms and categories are more well defined in Footnote IV.K "Fund Balances" Pages 46-49 of this report.

The "Unassigned" category is down from $2,531,773 to $2,173,216, a reduction of $358,559 (-14.2%).

As a measure of GF's liquidity, it may be useful to compare Fund Balance to Expenditures. The GF Fund Balance, $2,917,325, is approximately 29.03% of GF expenditures; however, this amount includes non-spendable balances defined in the paragraph above, which would not be available to finance general fund expenditures. Comparing the unassigned or available fund balance to the expenditure gives slightly different picture. The GF "Unassigned" portion of the fund balance, $2,173,216 is approximately 21.6% of GF expenditures.



In the governmental funds other than the general fund the most noteworthy change to fund balance are increases in "restricted" and "assigned" fund balances of $1,422,170 and $607,282, respectively.

General Fund Budgetary Highlights

The Town's budget, $10,025,278 for the year ended June 30, 2025, passed on the first vote in March of 2024 and there were no amendments made during the year. The voter approved budget included a $350,000 reduction in fund balance (a budgeted deficit). What really happened; Expenditures came in over budget by $661,837, and Revenue came in even more over budget $884,671. What this means is that the reduction in the Fund Balance is $127,166 rather than the planned reduction of $350,000. This means that the planned reductions in the Fund Balance of $350,00 really ended up as a reduction of $127,166. See schedule 1, page 59-60.

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 $7,029,774, an increase of $33,090 (0.5%) from the previous year. The water fund has $5,482,392 of net position invested in capital assets net of related debt. This leaves an unrestricted balance in the fund of $1,547,382. In the sewer fund, total net position is $19,213,360, an increase of $46,226 (0.2%) from the previous year. Like the water fund, the vast majority of net position in the sewer fund is invested in capital assets net of related debt ($17,489,616), leaving an unrestricted balance of $1,723,744. Other major factors concerning the finances of these funds have already been addressed in the discussion of the Town's Business-Type activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for governmental and business-type activities as of June 30, 2025 were $74,662,082 (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 $3,047,354 (4.26%) from June 30, 2024, to June 30, 2025.

Combined accumulated depreciation at the end of the year is $19,665,815. Of this combined depreciation, $1,873,762 is attributed to Fiscal Year 2025. The increase in combined investment in new capital assets of $3,047,354 far exceeds the depreciation for FY 2025 resulting in a net increase in capital assets net of accumulated depreciation of $1,922,390.

Summary of Capital Assets						
	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Capital Assets:						
Land	$ 5,671,945	$ 5,671,945	$ 117,520	$ 117,520	$ 5,789,465	$ 5,789,465
Construction in Progress	673,305	5,406,935	134,376	104,419	807,681	5,511,354
Land Improvements	1,763,146	1,763,146	-	-	1,763,146	1,763,146
Buildings and Improvements	11,935,279	5,131,180	-	-	11,935,279	5,131,180
Vehicles, Machinery and Equipment	6,721,431	6,069,812	971,365	838,951	7,692,796	6,908,763
Infrastructure	14,114,155	14,078,912	32,559,560	32,431,908	46,673,715	46,510,820
	40,879,261	38,121,930	33,782,821	33,492,798	74,662,082	71,614,728
Less: Accumulated Depreciation	(11,218,333)	(10,506,539)	(8,447,482)	(8,034,312)	(19,665,815)	(18,540,851)
Total Assets, Net	$ 29,660,928	$ 27,615,391	$ 25,335,339	$ 25,458,486	$ 54,996,267	$ 53,073,877

Major community infrastructure and system improvement activity for the year ended June 30, 2025 included the following:

- The Don Turner, Jr. Public Works Facility was completed during the 2025 Fiscal Year. The over 27,000-square-foot building located on a 6.7-acre parcel of land adjacent to Bombardier Park West is the new home to Milton's Highway Department and Buildings & Grounds Department, bringing Town services and equipment to a more central location and closer to other municipal buildings.

- The Public Works Facility construction was paid for using a Bond Anticipation Note (BAN), Line of Credit from the Union Bank, In August 2025 (FY 2026) bonds in the amount of $5,500,000 were sold through the Vermont Municipal Bond Bank to repay the BAN.

- Phase two of the mountain bike and walking trails was completed. This involved walking and bike trails with "wayfinding signs" in the Bombardier Parks. This accomplishment was made using grants, volunteers and non-budget funds.

- Buildings, mobile homes and other structures were removed from the land purchased during the prior Fiscal Year for the future construction of the "Hour Glass" project which is expected to be completed as soon as the state is able likely in Fiscal Year 2026.

Additional information on the Town's capital assets can be found in Footnote. IV.E. Capital Assets pages 37 & 38.

Long-Term Debt

The Town began the year with $13,093,763 in long-term debt outstanding. As of June 30, 2025, this amount had increased by $1,555,465 (11.88%) to end the current year with $14,649,228 in long-term debt outstanding.

Summary of Long Term Debt				
	June 30, 2024	Additions	Deletions	June 30, 2025
Governmental Activities	$ 10,586,231.00	$ 2,908,026.00	$ 1,272,361.00	$ 12,221,896.00
Business-type Activities	$ 2,507,532.00	$ 172,369.00	$ 252,569.00	$ 2,427,332.00
Total Government	$ 13,093,763.00	$ 3,080,395.00	$ 1,524,930.00	$ 14,649,228.00

Factors contributing to the change include the following:

- Principal payments totaling $1,272,361 were made on governmental activities debt and principal payments totaling $252,569 were made on business-type activities debt.
- New debt for Governmental Activities in the amount of $2,208,026 was incurred in the form of draw down from the Line of Credit used as a Bond Anticipation Note for the Public Works Facility approved by the voters on Town Meeting Day 2022.
- In the Business-type activities we borrow $172,369 state Special Environmental Revolving Fund.
- Additional information about long-term debt can be found in Footnote J. Long-term Liabilities Pages 40-46.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The sad news from FY2025 is the passing of two of the pillars of our community and their wealth of knowledge of the history and traditions of the Town of Milton. Donald H. Turner Jr. passed on November 30, 2024, he had served as Town Manager and longtime State Representative. Don held a wealth of knowledge, history and experience that helped direct decisions made by the town. John P. Cushing passed on December 7, 2024. John served the town as the Town Clerk/Treasurer for 46 years. John also held knowledge of the "why" for decisions of the town for the past half century.

FY2025 included temporary changes in the Town Manager position and functions. For much of the year, the Town Manager function was accomplished by a "Co-Manager" arrangement. After the year, a permanent Town Manager was hired. This change, while significant, did not have a major disruption to the financial operation of the town.

The Town's FY26 approved expenditure budget of $11,047,534 was an increase of $1,022,256 from the FY25 budget. The resulting change in the tax rate for the Municipal taxes increased from $0.5023 to $0.5119.

The FY26 budget includes a $400,000 reduction in fund balance (a budgeted deficit), this is similar to the $350,000 used in previous years.

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 or 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.

Exhibit A

TOWN OF MILTON, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 14,824,934	$ 0	$ 14,824,934
Investments	17,262	0	17,262
Deposits held by Escrow Agent	10,668	0	10,668
Receivables (Net of Allowance for Uncollectibles)	1,023,052	559,181	1,582,233
Internal Balances	(3,072,431)	3,072,431	0
Prepaid Expenses	83,565	468	84,033
Inventory	60,877	20,532	81,409
Capital Assets:			
Land	5,671,945	117,520	5,789,465
Construction in Progress	673,305	134,376	807,681
Other Capital Assets, (Net of Accumulated Depreciation)	23,315,678	25,083,443	48,399,121
Total Assets	42,608,855	28,987,951	71,596,806
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	801,669	46,145	847,814
Total Deferred Outflows of Resources	801,669	46,145	847,814
LIABILITIES			
Accounts Payable	386,359	86,797	473,156
Accrued Payroll and Benefits Payable	253,119	17,316	270,435
Unearned Revenue	116,503	12,506	129,009
Due to Others	146,893	0	146,893
Accrued Interest Payable	265,979	36,255	302,234
Noncurrent Liabilities:			
Due within One Year	851,565	198,959	1,050,524
Due in More than One Year	14,650,235	2,430,253	17,080,488
Total Liabilities	16,670,653	2,782,086	19,452,739
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to the Town's Participation in VMERS	154,292	8,876	163,168
Total Deferred Inflows of Resources	154,292	8,876	163,168
NET POSITION			
Net Investment in Capital Assets	17,476,450	22,972,008	40,448,458
Restricted:			
Non-Expendable:			
Cemetery	4,500	0	4,500
Expendable:			
Town Core TIF	6,100,000	0	6,100,000
Impact Fee Eligible Expenses	595,633	0	595,633
Public Safety	339,996	0	339,996
Restoration of Records	191,439	0	191,439
Other Purposes	123,893	0	123,893
Unrestricted	1,753,668	3,271,126	5,024,794
Total Net Position	$ 26,585,579	$ 26,243,134	$ 52,828,713

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

Exhibit B

TOWN OF MILTON, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

		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	$ 2,875,810	$ 312,657	$ 835,187	$ 0	$ (1,727,966)	$ 0	$ (1,727,966)
Public Safety	4,295,865	860,776	335,037	0	(3,100,052)	0	(3,100,052)
Highways and Streets	3,211,290	6,920	356,905	321,430	(2,526,035)	0	(2,526,035)
Culture and Recreation	743,612	120,451	49,801	16,000	(557,360)	0	(557,360)
Cemetery	40,200	13,483	0	0	(26,717)	0	(26,717)
Interest on Long-term Debt	462,312	0	0	0	(462,312)	0	(462,312)
Total Governmental Activities	11,629,089	1,314,287	1,576,930	337,430	(8,400,442)	0	(8,400,442)
Business-type Activities:							
Water	1,361,511	1,268,919	26,616	33,358	0	(32,618)	(32,618)
Sewer	1,390,287	1,200,764	336	0	0	(189,187)	(189,187)
Total Business-type Activities	2,751,798	2,469,683	26,952	33,358	0	(221,805)	(221,805)
Total Primary Government	$ 14,380,887	$ 3,783,970	$ 1,603,882	$ 370,788	(8,400,442)	(221,805)	(8,622,247)
General Revenues:							
Property Taxes					9,577,516	0	9,577,516
Penalties and Interest on Delinquent Taxes					59,415	0	59,415
General State Grants					78,346	0	78,346
Impact Fees					100,977	0	100,977
ARPA Funds					475,332	0	475,332
Unrestricted Investment Earnings					436,685	87,549	524,234
Gain on Sale of Property					306,177	0	306,177
Gain on Sale of Vehicles					18,134	0	18,134
Other Revenues					5,248	0	5,248
Transfers:					(213,572)	213,572	0
Total General Revenues and Transfers					10,844,258	301,121	11,145,379
Change in Net Position					2,443,816	79,316	2,523,132
Net Position - July 1, 2024					24,141,763	26,163,818	50,305,581
Net Position - June 30, 2025					$ 26,585,579	$ 26,243,134	$ 52,828,713

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

TOWN OF MILTON, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Town Core TIF Fund	Capital Reserve Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	$ 9,636,590	$ 4,988,045	$ 0	$ 0	$ 200,299	$ 14,824,934
Investments	17,262	0	0	0	0	17,262
Deposits held by Escrow Agent	0	0	10,668	0	0	10,668
Receivables (Net of Allowance for Uncollectibles)	633,823	184,451	0	0	204,778	1,023,052
Due from Other Funds	0	927,504	696,972	0	1,594,527	3,219,003
Prepaid Items	82,250	0	0	0	1,315	83,565
Inventory	60,877	0	0	0	0	60,877
Total Assets	$ 10,430,802	$ 6,100,000	$ 707,640	$ 0	$ 2,000,919	$ 19,239,361
LIABILITIES						
Accounts Payable	$ 179,668	$ 0	$ 58,077	$ 0	$ 148,614	$ 386,359
Accrued Payroll and Benefits Payable	253,119	0	0	0	0	253,119
Due to Other Funds	6,286,684	0	0	0	4,750	6,291,434
Unearned Revenue	56,004	0	0	0	60,499	116,503
Due to Others	146,893	0	0	0	0	146,893
Accrued Interest Payable	173,000	0	0	0	0	173,000
Total Liabilities	7,095,368	0	58,077	0	213,863	7,367,308
DEFERRED INFLOWS OF RESOURCES						
Unavailable Property Taxes, Penalties and Interest	284,400	0	0	0	0	284,400
Unavailable Ambulance Fees	133,709	0	0	0	0	133,709
Unavailable Grants	0	0	0	0	29,683	29,683
Total Deferred Inflows of Resources	418,109	0	0	0	29,683	447,792
FUND BALANCES/(DEFICIT)						
Nonspendable	143,127	0	0	0	5,815	148,942
Restricted	175,054	6,100,000	0	0	1,074,592	7,349,646
Committed	0	0	0	0	326,330	326,330
Assigned	425,928	0	649,563	0	380,319	1,455,810
Unassigned/(Deficit)	2,173,216	0	0	0	(29,683)	2,143,533
Total Fund Balances/(Deficit)	2,917,325	6,100,000	649,563	0	1,757,373	11,424,261
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,430,802	$ 6,100,000	$ 707,640	$ 0	$ 2,000,919	

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.	29,660,928
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.	447,792
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.	(15,594,779)
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.	647,377
Net Position of Governmental Activities	$ 26,585,579

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, 2025

	General Fund	Town Core TIF Fund	Capital Reserve Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	$ 7,537,366	$ 1,837,583	$ 0	$ 0	$ 124,367	$ 9,499,316
Penalties and Interest on Delinquent Taxes	59,415	0	0	0	0	59,415
Intergovernmental	353,797	0	0	475,332	1,636,119	2,465,248
Charges for Services	1,464,453	0	0	0	13,483	1,477,936
Permits, Licenses and Fees	150,607	0	0	0	130,477	281,084
Fines and Forfeits	32,212	0	0	0	0	32,212
Investment Income/(Loss)	212,873	183,189	(6,862)	0	47,485	436,685
Donations	183,393	0	0	0	1,496	184,889
Other	5,248	0	0	0	0	5,248
Total Revenues	9,999,364	2,020,772	(6,862)	475,332	1,953,427	14,442,033
Expenditures:						
General Government	2,286,626	0	0	92,261	794,496	3,173,383
Public Safety	3,825,407	0	2,499	0	20,732	3,848,638
Highways and Streets	1,957,806	0	49,068	0	114,214	2,121,088
Culture and Recreation	673,305	0	4,482	0	23,937	701,724
Cemetery	40,200	0	0	0	0	40,200
Capital Outlay:						
Public Safety	13,296	0	992,312	0	46,060	1,051,668
Highways and Streets	52,589	87,677	1,995,999	0	320,334	2,456,599
Culture and Recreation	0	0	1,650	0	16,000	17,650
Debt Service:						
Principal	852,361	420,000	0	0	0	1,272,361
Interest	348,391	116,865	0	0	0	465,256
Total Expenditures	10,049,981	624,542	3,046,010	92,261	1,335,773	15,148,567
Excess/(Deficiency) of Revenues Over Expenditures	(50,617)	1,396,230	(3,052,872)	383,071	617,654	(706,534)
Other Financing Sources/(Uses):						
Issuance of Long-term Debt	0	0	2,908,026	0	0	2,908,026
Proceeds from Sale of Property	0	36,240	269,937	0	0	306,177
Proceeds from Sale of Vehicles	0	0	20,955	0	4,870	25,825
Transfers In	560,585	0	605,501	0	31,633	1,197,719
Transfers Out	(637,134)	(188,850)	0	(478,048)	(107,259)	(1,411,291)
Total Other Financing Sources/(Uses)	(76,549)	(152,610)	3,804,419	(478,048)	(70,756)	3,026,456
Net Change in Fund Balances	(127,166)	1,243,620	751,547	(94,977)	546,898	2,319,922
Fund Balances/(Deficit) - July 1, 2024	3,044,491	4,856,380	(101,984)	94,977	1,210,475	9,104,339
Fund Balances - June 30, 2025	$ 2,917,325	$ 6,100,000	$ 649,563	$ 0	$ 1,757,373	$ 11,424,261

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, 2025

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)	$	2,319,922
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets ($3,525,917) is allocated over their estimated useful lives and reported as depreciation expense ($1,460,592). This is the amount by which capital outlays exceeded depreciation in the current period.		2,065,325
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position.		(19,788)
The issuance of long-term debt ($2,908,026) (e.g., bonds, notes, financed purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt ($1,272,361) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		(1,635,665)
Governmental funds report employer pension contributions as expenditures ($338,722). However, in the statement of activities, the cost of pension benefits earned net of employee contributions ($522,696) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(183,974)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount is the net difference in the treatment of these items from the previous year.		(22,867)
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. This amount is the net difference in the treatment of these items from the previous year.		(79,137)
Change in net position of governmental activities (Exhibit B)	$	2,443,816

The General Fund charges the Water Fund and Sewer Fund for administrative expenses. These charges, totaling $457,000, have been eliminated from the Governmental Activities on the Statement of Activities.

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

Exhibit F

TOWN OF MILTON, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets:			
Receivables (Net of Allowance for Uncollectibles)	$ 324,802	$ 234,379	$ 559,181
Due from Other Funds	1,446,801	1,625,630	3,072,431
Prepaid Expenses	234	234	468
Inventory	8,074	12,458	20,532
Total Current Assets	1,779,911	1,872,701	3,652,612
Noncurrent Assets:			
Land	39,400	78,120	117,520
Construction in Progress	134,376	0	134,376
Vehicles, Machinery and Equipment	463,273	508,092	971,365
Buildings, Distribution and Collection Systems	8,694,266	23,865,294	32,559,560
Less: Accumulated Depreciation	(3,032,978)	(5,414,504)	(8,447,482)
Total Noncurrent Assets	6,298,337	19,037,002	25,335,339
Total Assets	8,078,248	20,909,703	28,987,951
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	23,072	23,073	46,145
Total Deferred Outflows of Resources	23,072	23,073	46,145
LIABILITIES			
Current Liabilities:			
Accounts Payable	53,932	32,865	86,797
Accrued Payroll and Benefits Payable	9,098	8,218	17,316
Unearned Revenue	12,506	0	12,506
Accrued Interest Payable	10,686	25,569	36,255
Compensated Absences Payable - Current Portion	1,500	1,500	3,000
General Obligation Bonds Payable - Current Portion	36,744	159,215	195,959
Total Current Liabilities	124,466	227,367	351,833
Noncurrent Liabilities:			
Compensated Absences Payable - Noncurrent Portion	14,033	14,033	28,066
Net Pension Liability	85,407	85,407	170,814
General Obligation Bonds Payable - Noncurrent Portion	843,202	1,388,171	2,231,373
Total Noncurrent Liabilities	942,642	1,487,611	2,430,253
Total Liabilities	1,067,108	1,714,978	2,782,086
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to the Town's Participation in VMERS	4,438	4,438	8,876
Total Deferred Inflows of Resources	4,438	4,438	8,876
NET POSITION			
Net Investment in Capital Assets	5,482,392	17,489,616	22,972,008
Unrestricted	1,547,382	1,723,744	3,271,126
Total Net Position	$ 7,029,774	$ 19,213,360	$ 26,243,134

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, 2025

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	$ 1,131,913	$ 963,420	$ 2,095,333
Penalties	22,364	12,416	34,780
Hookup Fees	102,130	222,746	324,876
Other Income	12,512	2,182	14,694
Total Operating Revenues	1,268,919	1,200,764	2,469,683
Operating Expenses:			
CWD Water Purchases	496,995	0	496,995
Salaries and Benefits	286,397	304,677	591,074
Administrative Fees	228,500	228,500	457,000
Utilities	18,663	142,176	160,839
Water Meters	58,161	88,760	146,921
Sludge Disposal	0	93,336	93,336
Supplies	12,968	92,955	105,923
Printing and Advertising	4,558	1,449	6,007
Insurances	6,829	6,829	13,658
Technology	6,107	1,458	7,565
Vehicles, Machinery and Equipment	3,894	19,021	22,915
Telephone and Internet	2,532	4,009	6,541
Professional Development	854	1,615	2,469
Miscellaneous Expenses	660	413	1,073
Dues and Fees	2,604	5,847	8,451
Employee Uniforms	4,626	4,626	9,252
Repairs and Maintenance	26,342	51,515	77,857
Depreciation	132,942	280,228	413,170
Rentals	392	22,583	22,975
Professional Services	4,565	290	4,855
Technical Services	0	6,099	6,099
Total Operating Expenses	1,298,589	1,356,386	2,654,975
Operating Income/(Loss)	(29,670)	(155,622)	(185,292)
Non-Operating Revenues/(Expenses):			
Debt Forgiveness	26,616	0	26,616
Service Line Inventory Expenses	(37,249)	0	(37,249)
FEMA Reimbursement	0	336	336
Investment Income	43,656	43,893	87,549
Interest Expense	(25,673)	(33,901)	(59,574)
Total Non-Operating Revenues/(Expenses)	7,350	10,328	17,678
Net Income/(Loss) Before Capital Contributions and Transfers	(22,320)	(145,294)	(167,614)
Capital Contributions and Transfers:			
Capital Contributions - Debt Forgiveness	33,358	0	33,358
Transfers In	22,052	191,520	213,572
Total Capital Contributions and Transfers	55,410	191,520	246,930
Change in Net Position	33,090	46,226	79,316
Net Position - July 1, 2024	6,996,684	19,167,134	26,163,818
Net Position - June 30, 2025	$ 7,029,774	$ 19,213,360	$ 26,243,134

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, 2025

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	$ 1,285,500	$ 1,200,693	$ 2,486,193
Payments for Goods and Services	(654,787)	(573,506)	(1,228,293)
Payments for Interfund Services	(228,500)	(228,500)	(457,000)
Payments for Wages and Benefits	(269,840)	(264,184)	(534,024)
Net Cash Provided by Operating Activities	132,373	134,503	266,876
Cash Flows From Noncapital Financing Activities:			
Issuance of Long-term Debt	53,233	0	53,233
Service Line Inventory Expenses	(44,092)	0	(44,092)
FEMA Reimbursement	0	336	336
(Increase)/Decrease in Due from Other Funds	(130,326)	(5,703)	(136,029)
Net Cash Provided/(Used) by Noncapital Financing Activities	(121,185)	(5,367)	(126,552)
Cash Flows From Capital and Related Financing Activities:			
Issuance of Long-term Debt	119,136	0	119,136
Acquisition and Construction of Capital Assets	(133,897)	(174,515)	(308,412)
Transfers Received from Other Funds	22,052	191,520	213,572
Principal Paid on Long-term Debt	(36,462)	(156,133)	(192,595)
Interest Paid on Long-term Debt	(25,673)	(33,901)	(59,574)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(54,844)	(173,029)	(227,873)
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	43,656	43,893	87,549
Net Cash Provided by Investing Activities	43,656	43,893	87,549
Net Increase in Cash	0	0	0
Cash - July 1, 2024	0	0	0
Cash - June 30, 2025	$ 0	$ 0	$ 0
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	(29,670)	(155,622)	(185,292)
Depreciation	132,942	280,228	413,170
(Increase)/Decrease in Receivables	8,939	(71)	8,868
(Increase)/Decrease in Prepaid Expenses	(234)	(234)	(468)
(Increase)/Decrease in Inventory	3,538	4,589	8,127
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	6,151	(5,663)	488
Increase/(Decrease) in Accounts Payable	(7,575)	(35,114)	(42,689)
Increase/(Decrease) in Accrued Payroll and Benefits Payable	1,914	1,519	3,433
Increase/(Decrease) in Unearned Revenue	7,642	0	7,642
Increase/(Decrease) in Compensated Absences Payable	8,413	8,413	16,826
Increase/(Decrease) in Net Pension Liability	(3,413)	32,444	29,031
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	3,726	4,014	7,740
Net Cash Provided by Operating Activities	$ 132,373	$ 134,503	$ 266,876

The Water Fund recognized a forgiveness of debt from the State of Vermont in the amounts of $59,974.

There was $18,389 of capital acquisitions in the Water Fund included in accounts payable at June 30, 2024.

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

TOWN OF MILTON, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2025

	Custodial Fund
	Education Tax Fund
ASSETS	
Assets:	$ 0
LIABILITIES	
Liabilities:	0
NET POSITION	
Net Position:	$ 0

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

TOWN OF MILTON, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Custodial Fund Education Tax Fund
ADDITIONS	
Education Taxes Collected for Other Governments	$ 17,676,328
Total Additions	17,676,328
DEDUCTIONS	
Education Taxes Distributed to Other Governments	17,676,328
Total Deductions	17,676,328
Change in Net Position	0
Net Position - July 1, 2024	0
Net Position - June 30, 2025	$ 0

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

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.

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.

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.

ARPA Fund – This fund accounts for the resources from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program used to support the Town's response to and recovery from the COVID-19 public health emergency.

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.

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:

Custodial Fund – This fund is used to report 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.

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 financed purchases 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. New Pronouncement – Compensated Absences

Effective June 30, 2025, the Town implemented GASB Statement No. 101, “Compensated Absences”. GASB Statement No. 101 is intended to improve consistency and enhance the accounting and financial reporting for compensated absences. It establishes a unified model for recognizing liabilities related to both unused and used-but-unpaid leave, based on updated recognition and measurement guidance. In addition, this statement provides clearer definitions and requirements for when and how compensated absences should be reported. The implementation of this Standard did not affect net position/fund balances as of July 1, 2024.

G. 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.

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/Items

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/items.

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

6. 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.

7. 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:

	Capitalization Threshold	Estimated Service Life
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.

8. 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.

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, financed purchases 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, proprietary and fiduciary 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.

Long-term debt transaction differences arise because governmental funds report the issuance of 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 $350,000 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. Excess of Expenditures Over Appropriations

For the year ended June 30, 2025, expenditures in the General Fund exceeded appropriations by $661,837. These over-expenditures were funded by excess revenues.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

The Town's cash, cash equivalents and investments as of June 30, 2025 consisted of the following:

Cash and Cash Equivalents:	
Deposits with Financial Institutions	$12,098,861
Certificate of Deposit	2,721,033
Cash on Hand	5,040
Total Cash and Cash Equivalents	14,824,934
Investments:	
Certificates of Deposit	17,262
Total Cash, Cash Equivalents and Investments	$14,842,196

The Town has five (5) certificates of deposit at various banks ranging from $910 to $2,721,033 with interest rates ranging from 0.05% to 3.98%. All of the certificates of deposit mature by fiscal year 2027.

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.

	Book Balance	Bank Balance
FDIC Insured	$ 531,234	$ 531,234
Insured by Letter of Credit Issued by Federal Home Loan Bank	14,305,922	14,602,435
Total	$14,837,156	$15,133,669

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

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	$12,098,861
Cash Equivalents – Certificate of Deposit	2,721,033
Investments – Certificates of Deposit	17,262
Total	$14,837,156

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. Deposits held by Escrow Agent

In 2021, the Town entered into a $1,669,864 lease agreement with Municipal Leasing Consultants, LLC for the financing of capital equipment and vehicles. Lease proceeds and the interest earned are held by an escrow agent until the acquisition of capital equipment and vehicles and reimbursement is requested. The amount held by the escrow agent to be drawn down as of June 30, 2025 is $10,668.

C. Receivables

Receivables as of June 30, 2025, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Delinquent Taxes Receivable	$ 377,300	$ 0	$ 377,300
Penalties and Interest Receivable	34,710	0	34,710
Ambulance Receivable	441,232	0	441,232
Grants Receivable	204,778	0	204,778
Accounts Receivable	43,582	0	43,582
Due from State of Vermont	184,451	0	184,451
Billed Services	0	18,376	18,376
Unbilled Services	0	544,205	544,205
Allowance for Doubtful Accounts - Taxes	(20,400)	0	(20,400)
Allowance for Doubtful Accounts - Ambulance	(242,601)	0	(242,601)
Allowance for Doubtful Accounts - Water/Sewer	0	(3,400)	(3,400)
Total	$ 1,023,052	$ 559,181	$ 1,582,233

D. Loans Receivable

Loans receivable as of June 30, 2025 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, 2025	$ 0

E. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 5,671,945	$ 0	$ 0	$ 5,671,945
Construction in Progress	5,406,935	2,077,940	6,811,570	673,305
Total Capital Assets, Not Being Depreciated	11,078,880	2,077,940	6,811,570	6,345,250
Capital Assets, Being Depreciated:				
Land Improvements	1,763,146	0	0	1,763,146
Buildings and Building Improvements	5,131,180	6,819,399	15,300	11,935,279
Vehicles	5,108,476	991,981	390,063	5,710,394
Machinery and Equipment	961,336	67,231	17,530	1,011,037
Roads, Bridges and Sidewalks	14,078,912	368,839	333,596	14,114,155
Totals	27,043,050	8,247,450	756,489	34,534,011
Less Accumulated Depreciation for:				
Land Improvements	173,464	40,524	0	213,988
Buildings and Building Improvements	1,559,494	153,612	15,300	1,697,806
Vehicles	2,822,862	431,462	382,372	2,871,952
Machinery and Equipment	612,336	52,025	17,530	646,831
Roads, Bridges and Sidewalks	5,338,383	782,969	333,596	5,787,756
Totals	10,506,539	1,460,592	748,798	11,218,333
Total Capital Assets, Being Depreciated	16,536,511	6,786,858	7,691	23,315,678
Governmental Activities Capital Assets, Net	$ 27,615,391	$ 8,864,798	$ 6,819,261	$ 29,660,928

During the year, the Town wrote-off $12,097 that was included in the governmental activities construction in process.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 117,520	$ 0	$ 0	$ 117,520
Construction in Progress	104,419	50,627	20,670	134,376
Total Capital Assets, Not Being Depreciated	221,939	50,627	20,670	251,896
Capital Assets, Being Depreciated:				
Vehicles, Machinery and Equipment	831,138	140,227	0	971,365
Buildings, Distribution and Collection Systems	32,439,721	119,839	0	32,559,560
Totals	33,270,859	260,066	0	33,530,925
Less Accumulated Depreciation for:				
Vehicles, Machinery and Equipment	217,961	70,718	0	288,679
Buildings, Distribution and Collection Systems	7,816,351	342,452	0	8,158,803
Totals	8,034,312	413,170	0	8,447,482
Total Capital Assets, Being Depreciated	25,236,547	(153,104)	0	25,083,443
Business-type Activities Capital Assets, Net	$ 25,458,486	$ (102,477)	$ 20,670	$ 25,335,339

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	$ 109,491	Water	$ 132,942
Public Safety	260,876	Sewer	280,228
Highways and Streets	1,065,463		
Culture and Recreation	24,762		
Total Depreciation Expense - Governmental Activities	$ 1,460,592	Total Depreciation Expense - Business-type Activities	$ 413,170

F. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2025 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	$ 0	$ 6,286,684
Town Core TIF Fund	927,504	0
Capital Reserve Fund	696,972	0
Non-Major Governmental Funds	1,594,527	4,750
Water Fund	1,446,801	0
Sewer Fund	1,625,630	0
Total	$ 6,291,434	$ 6,291,434

Interfund transfers during the year ended June 30, 2025 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Reserve Fund	$ 155,501	Fund Future Paving Projects
General Fund	Capital Reserve Fund	450,000	Appropriation
General Fund	Grant Fund	31,633	Fund Local Match
Town Core TIF Fund	Water Fund	9,691	Fund Debt Service
Town Core TIF Fund	Sewer Fund	179,159	Fund Debt Service
ARPA Fund	General Fund	4,400	Fund Planning and Zoning Expenses
ARPA Fund	General Fund	448,926	Revenue Replacement
ARPA Fund	Water Fund	12,361	Revenue Replacement
ARPA Fund	Sewer Fund	12,361	Revenue Replacement
Impact Fees Fund	General Fund	88,581	Fund Debt Service
Restoration of Records Fund	General Fund	13,678	Fund Restoration Expenses
Grant Fund	General Fund	5,000	Fund Grant Expenses
Total		$ 1,411,291	

G. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of $321,565 from the difference between the expected and actual experience, $73,240 from the net difference between the projected and actual investment earnings on pension plan investments, $16,002 from changes in assumptions and $52,140 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 $338,722 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is $801,669.

Deferred outflows of resources in the business-type activities consists of $18,500 from the difference between the expected and actual experience, $4,214 from the net difference between the projected and actual investment earnings on pension plan investments, $920 from changes in assumptions and $3,000 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 $19,511 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the business-type activities is $46,145.

Deferred outflows of resources in the Water Fund consists of $9,250 from the difference between the expected and actual experience, $2,107 from the net difference between the projected and actual investment earnings on pension plan investments, $460 from changes in assumptions and $1,500 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 $9,755 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Water Fund is $23,072.

Deferred outflows of resources in the Sewer Fund consists of $9,250 from the difference between the expected and actual experience, $2,107 from the net difference between the projected and actual investment earnings on pension plan investments, $460 from changes in assumptions and $1,500 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 $9,756 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Sewer Fund is $23,073.

H. Unearned Revenue

Unearned revenue in the governmental activities consists of $15,000 of space rental fees, $41,004 of recreation fees and $60,499 of grant revenue received in advance. Total unearned revenue in the governmental activities is $116,503.

Unearned revenue in the business-type activities and Water Fund consists of $12,506 of user fees received in advance.

Unearned revenue in the General Fund consists of $15,000 of space rental fees and $41,004 of recreation fees received in advance. Total unearned revenue in the General Fund is $56,004.

Unearned revenue in the Non-Major Governmental Funds consists of $60,499 of grant revenue received in advance.

I. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of $154,292 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).

Deferred inflows of resources in the business-type activities consists of $8,876 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).

Deferred inflows of resources in the General Fund consists of $284,400 of delinquent property taxes, penalties and interest on those taxes and $133,709 of ambulance fees not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total deferred inflows of resources in the General Fund is $418,109.

Deferred inflows of resources in the Non-Major Governmental Funds consists of $29,683 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 $4,438 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).

Deferred inflows of resources in the Sewer Fund consists of $4,438 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).

J. 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 State of Vermont offers a number of no-interest and low 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 Town has notes payable to finance various capital projects and capital purchases.

The Town enters into lease agreements as the lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as financed purchases for accounting purposes (even though they may include clauses that allow for cancellation of the lease in the event the Town does not appropriate funds in future years) and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date of the leases. Leases 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.

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, 2025 were as follows:

Governmental Activities:

	Beginning Balance	Additions	Deletions	Ending Balance
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 on June 1 and December 1, Due December, 2030	\$ 560,000	\$ 0	\$ 80,000	\$ 480,000
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	234,000	0	26,000	208,000

	Beginning Balance	Additions	Deletions	Ending Balance
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	$ 3,710,000	$ 0	$ 420,000	$ 3,290,000
Note Payable, Capital One Public Funding, LLC, Bridge Improvements, Principal Payments of $85,877 Plus Interest Payable on February 4 Annually, Interest at 2.89%, Due February, 2041	1,459,901	0	85,877	1,374,024
Note Payable, Capital One Public Funding, LLC, Paving, Principal Payments of $201,114 Plus Interest Payable on February 4 Annually, Interest at 1.89%, Due February, 2026. The Town Paid Off the Remaining Balance During the Year.	402,228	0	402,228	0
Bond Anticipation Note, Union Bank, Highway Garage, Authorized to $5,500,000, Interest at 6.50%, Due December, 2025. In August, 2025 this Note was Refinanced with the Vermont Municipal Bond Bank.	3,291,974	2,208,026	0	5,500,000
Financed Purchase, Capital One Public Funding, LLC, Fire Truck/Equipment, Principal and Interest Payments of $131,054 Payable on January 27 Annually, Interest at 2.29%, Due January, 2030	726,958	0	114,406	612,552
Financed Purchase, Capital One Public Funding, LLC, Miscellaneous Capital Equipment/Vehicles, Principal and Interest Payments of $88,699 Payable on January 27 Annually, Interest at 1.39%, Due and Paid January, 2025	87,483	0	87,483	0

	Beginning Balance	Additions	Deletions	Ending Balance
Financed Purchase, Municipal Leasing Consultants, LLC, Public Works Dump Truck and Buildings and Grounds Truck, Principal and Interest Payments of $58,288 Payable on November 10 Annually, Interest at 1.69%, Due and Paid November, 2025	$ 113,687	$ 0	$ 56,367	$ 57,320
Financed Purchase, Municipal Leasing Consultants, LLC, Fire Truck, Principal and Interest Payments of $67,622 Payable on July 18 Annually, Interest at 5.04%, Due July, 2039	0	700,000	0	700,000
Total Governmental Activities	$10,586,231	$2,908,026	$1,272,361	$12,221,896

Business-type Activities:

	Beginning Balance	Additions	Deletions	Ending Balance
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	$ 313,332	$ 0	$ 15,667	$ 297,665
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	60,000	0	6,000	54,000
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Upgrade, Principal Payments of $4,964 Payable on January 1 Annually, 0% Interest, Due January, 2028	19,855	0	4,964	14,891

	Beginning Balance	Additions	Deletions	Ending Balance
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Upgrade, Principal, Interest and Administrative Fee Payment of $18,202 Payable on September 1 Annually, 1% Interest, 2% Administrative Fee, Due September, 2049	$ 325,399	$ 0	$ 8,440	$ 316,959
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Upgrade, Authorized to $190,611 but Eligible for $53,371 Subsidy, Principal Payments of $27,448 Payable on April 1 Annually Beginning April, 2029, 0% Interest, Due April, 2033. The Town Recognized $33,358 of the Subsidy During the Year.	11,384	119,136	33,358	97,162
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Upgrade, Principal and Administrative Fee Payments of $2,422 Payable on September 1 Annually, 0% Interest, 2% Administrative Fee, Due September, 2051	51,550	0	1,391	50,159
Bond Payable, State of Vermont Special Environmental Revolving Fund, Service Line Inventory, Authorized to $298,000 but Eligible for $199,000 Subsidy, Principal Payments of $19,800 Payable on August 1 Annually Beginning August, 2028, 0% Interest, Due August, 2032. The Town Recognized $26,616 of the Subsidy During the Year.	22,493	53,233	26,616	49,110
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	1,609,310	0	146,972	1,462,338

	Beginning Balance	Additions	Deletions	Ending Balance
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer System Rehabilitation, Principal and Administrative Fee Payments of $8,761 Payable on September 1 Annually, 0% Interest, 2% Administrative Fee, Due September, 2034	$ 85,751	$ 0	$ 7,047	$ 78,704
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer Upgrade, Principal Payments of $2,114 Payable on February 1 Annually, 0% Interest, Due February, 2028	8,458	0	2,114	6,344
Total Business-type Activities	$2,507,532	$172,369	$252,569	$2,427,332

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	$ 4,504,000	$ 0	$ 526,000	$ 3,978,000	$ 526,000
Notes Payable	5,154,103	2,208,026	488,105	6,874,024	85,877
Financed Purchases	928,128	700,000	258,256	1,369,872	206,688
Compensated Absences Payable	219,679	88,081	0	307,760	30,000
Landfill Post-Closure	9,000	0	6,000	3,000	3,000
Net Pension Liability	3,147,840	0	178,696	2,969,144	0
Total Governmental Activities Long-term Liabilities	$ 13,962,750	$ 2,996,107	$ 1,457,057	$ 15,501,800	$ 851,565

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
General Obligation Bonds Payable	$ 2,507,532	$ 172,369	$ 252,569	$ 2,427,332	$ 195,959
Compensated Absences Payable	14,240	16,826	0	31,066	3,000
Net Pension Liability	141,783	29,031	0	170,814	0
Total Business-type Activities Long-term Liabilities	$ 2,663,555	$ 218,226	$ 252,569	$ 2,629,212	$ 198,959

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 year. The Town's estimated liability is $3,000. 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 additions/reductions to the compensated absences liabilities represents the net change in the liabilities from the previous year.

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	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2026	$ 818,565	$ 429,173	$ 195,959	$ 55,479
2027	948,898	448,337	199,389	51,123
2028	953,342	415,832	202,889	46,644
2029	957,945	383,148	246,637	42,025
2030	962,702	350,282	250,286	36,909
2031-2035	2,922,750	1,324,691	939,259	111,529
2036-2040	1,638,490	902,518	149,365	54,396
2041-2045	1,002,541	591,532	144,511	25,718
2046-2050	916,665	370,883	94,335	8,785
2051-2055	916,665	152,717	4,702	142
2056	183,333	4,363	0	0
Total	$ 12,221,896	$ 5,373,476	$ 2,427,332	$ 432,750

K. 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 $2,143,533 which is 21.4% of the 2025 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 Items	$ 82,250
Nonspendable Inventories	60,877
Total General Fund	143,127
Non-Major Funds	
Special Revenue Funds:	
Nonspendable Prepaid Items	1,315
Permanent Fund:	
Nonspendable West Milton Cemetery Fund Principal	4,500
Total Non-Major Funds	5,815
Total Nonspendable Fund Balances	$148,942

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

Major Funds	
General Fund:	
Restricted for July 4th Celebration Expenses by Donations (Source of Revenue is Donations)	$ 15,190
Restricted for Fire Department Expenses by Donations (Source of Revenue is Donations)	47,744
Restricted for Police Department Expenses by Donations (Source of Revenue is Donations)	64,536
Restricted for Rescue Department Expenses by Donations (Source of Revenue is Donations)	47,584
Total General Fund	175,054

Town Core TIF Fund:	
Restricted for Town Core TIF Fund Debt/Expenditures by Statute (Source of Revenue is Property Taxes and Unspent Bond Proceeds)	$6,100,000
Non-Major Funds	
Special Revenue Funds:	
Restricted Impact Fees Fund Expenses by Impact Fees (Source of Revenue is Impact Fees)	595,633
Restricted for Restoration of Records Fund Expenses by Statute (Source of Revenue is Restoration Fees)	190,124
Restricted for Drug Forfeiture Expenses by Agreement (Source of Revenue is Grant Revenue)	180,132
Restricted for Milton Public Library Expenses by Donations (Source of Revenue is Donations)	5,639
Total Special Revenue Funds	971,528
Permanent Fund:	
Restricted for West Milton Cemetery Expenses by Trust Agreements and Sale of Lots	103,064
Total Non-Major Funds	1,074,592
Total Restricted Fund Balances	$7,349,646

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

Non-Major Funds	
Capital Projects Funds:	
Committed for Road/Sidewalk Restoration Expenditures by the Voters	$ 9,545
Committed for Fire/EMS Capital Expenditures by the Voters	316,785
Total Committed Fund Balances	$326,330

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

Major Funds	
General Fund:	
Assigned to Reduce Property Taxes in Fiscal Year 2026	$ 400,000
Assigned for Emergency Management Expenditures	25,928
Total General Fund	425,928
Capital Reserve Fund:	
Assigned for Capital Expenditures	649,563
Non-Major Funds	
Special Revenue Funds:	
Assigned for Reappraisal Expenses	380,319
Total Assigned Fund Balances	$1,455,810

The unassigned deficit of $29,683 in the Grant Fund will be funded with the collection of grant revenues.

L. Restricted Net Position

The restricted net position of the Town as of June 30, 2025 consisted of the following:

Governmental Activites:	
Restricted for July 4th Celebration expenses by Donations	$ 15,190
Restricted for Fire Department Expenses by Donations	47,744
Restricted for Police Department Expenses by Donations	64,536
Restricted for Rescue Department Expenses by Donations	47,584
Restricted for Town Core TIF Fund by Statute	6,100,000
Restricted for Impact Fees Fund Expenses by Impact Fees	595,633
Restricted for Restoration of Records Expenses by Statute	191,439
Restricted for Drug Forfeiture Expenses by Agreement	180,132
Restricted for Milton Public Library Expenses by Donations	5,639
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	103,064
Total Governmental Activities	$7,355,461

V. OTHER INFORMATION

A. Pension Plans

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. As of June 30, 2024, the measurement date selected by the State of Vermont, the retirement system consisted of 362 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 Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2024, the measurement date selected by the State of Vermont, VMERS was funded at 75.22% and had a plan fiduciary net position of $1,008,504,817 and a total pension liability of $1,340,652,483 resulting in a net position liability of $332,147,666. The Town's proportionate share of this was 0.9454% resulting in a net pension liability of $3,139,958. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. 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 0.9454% was a decrease of 0.0817 from its proportion measured as of the prior year.

For the year ended June 30, 2025, the Town recognized pension expense of $579,467.

As of June 30, 2025, 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	$ 340,065	$ 0
Net difference between projected and actual investment earnings on pension plan investments	77,454	0
Changes in assumptions	16,922	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,140	163,168
Town's required employer contributions made subsequent to the measurement date	358,233	0
	$ 847,814	$ 163,168

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of $358,233 will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2026	$ 91,258
2027	317,681
2028	(31,723)
2029	(50,803)
Total	$326,413

Summary of Plan Provisions

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

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Group A – Average annual compensation during highest five (5) consecutive years. Groups B and C – Average annual compensation during highest three (3) consecutive years. Group D – Average annual compensation during highest two (2) consecutive years.

Normal Retirement Eligibility – Group A – Earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – 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.

Normal Retirement Amount – Group A – 1.4% of AFC times service. 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 Groups A and 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 Eligibility – Groups A and B – Age 55 with five (5) years of service. Group D – Age 50 with twenty (20) years of service.

Early Retirement Amount – Normal retirement allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Groups A and B members; payable without reduction to Group D members.

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

Disability Retirement Amount – All Groups – Immediate allowance based on AFC and service to date of disability. Children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

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

Death Benefit Amount – Groups A, B and C – Reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability allowance computed as of date of death. Group D – 70% of the unreduced accrued benefit, plus children's benefit.

Post-Retirement Adjustments – Group A – Allowances in pay status for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 2%. If receiving an Early Retirement benefit, no increases until after attaining Normal Retirement eligibility. If receiving a Disability Retirement benefit, no increases until after attaining age 62. Groups B, C and D – Allowances in payment for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 3%. If receiving an Early Retirement benefit, no increases until after attaining Normal Retirement eligibility. If receiving a Disability Retirement benefit, no increases until after attaining age 62 (age 55 for Group C).

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

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

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

Member Contribution Rates:

Effective	Group A	Group B	Group C	Group D
July 1, 2024	4.00%	6.375%	11.50%	12.85%
July 1, 2025	4.25%	6.625%	11.75%	13.10%
July 1, 2026	4.50%	6.875%	12.00%	13.35%
July 1, 2027	4.75%	7.125%	12.25%	13.60%
July 1, 2028	5.00%	7.375%	12.50%	13.85%
July 1, 2029	5.25%	7.625%	12.75%	14.10%

Employer Contribution Rates:

Effective	Group A	Group B	Group C	Group D
July 1, 2024	5.50%	7.00%	8.75%	11.35%
July 1, 2025	5.75%	7.25%	9.00%	11.60%
July 1, 2026	6.00%	7.50%	9.25%	11.85%
July 1, 2027	6.25%	7.75%	9.50%	12.10%
July 1, 2028	6.50%	8.00%	9.75%	12.35%
July 1, 2029	6.75%	8.25%	10.00%	12.60%

Significant Actuarial Assumptions and Methods

Inflation Rate – 2.30% per year.

Investment Rate of Return – 7.00%, net of pension plan investment expenses, including inflation.

Salary Increases – Ranging from 4.07% to 6.21% based on service.

Cost-of-Living Adjustments (COLA) – Assumed to occur on January 1 following one (1) year of retirement at the rate of 1.10% per annum for Group A members and 1.20% 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 A, 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, 2025 COLA is expected to be 1.90% for all groups. The January 1, 2024 COLA was 1.10% for all groups.

Mortality:

Pre-Retirement Participants – Groups A and B – 60% PubG-2010 General Employee Amount-Weighted Below Median and 40% of PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group C – PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group D – PubS-2010 Public Safety Employee Amount-Weighted Below Median, with generational projection using scale MP-2021.

Healthy Post-Retirement – Retirees – Groups A and B – PubG-2010 General Healthy Retiree Amount-Weighted Below Median Table with credibility adjustments of 90% and 87% for the Male and Female tables, respectively, with generational projection using scale MP-2021. Group C – PubG-2010 General Healthy Retiree Amount-Weighted Table, with generational projection using scale MP-2021. Group D – PubS-2010 Public Safety Retiree Amount-Weighted Below Median Table, with generational projection using scale MP-2021.

Healthy Post-Retirement – Beneficiaries – All Groups – Pub-2010 Contingent Survivor Amount-Weighted Below Median Table, with generational projection using scale MP-2021.

Disabled Post-Retirement – Groups A, B and C – PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table, with generational projection using scale MP-2021. Group D – PubS-2010 Safety Disabled Retiree Amount-Weighted Table, with generational projection using scale MP-2021.

Age of Spouse – Females three (3) years younger than males.

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.

Determination of Discount Rate and Investment Rates of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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 adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Agg Fixed Income	19%	1.70%
TIPS	2%	1.70%
Large/Mid Cap US Equity	4%	4.20%
Small Cap US Equity	3%	4.70%
Developed Large/Mid Cap International Equity	5%	5.95%
Global Equity	32%	5.25%
Core Real Estate	3%	3.45%
Non-Core Real Estate	4%	5.70%
Private Credit	11%	5.70%
Private Equity	11%	7.45%
Private Core Infrastructure	4%	4.95%
Agriculture/Farmland	2%	3.95%

Discount Rate – The long-term expected rate of return on pension plan investments is 7.00%. The high quality tax-exempt general obligation municipal bond rate (20-Bond GO Index) as of the closest date prior to the valuation date of June 30, 2024, is 3.93%, as published by The Bond Buyer.

The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. 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 as of June 30, 2024.

Discount Rate Sensitivity

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability as of June 30, 2024, calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$4,800,535	\$3,139,958	\$1,776,999

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 6%.

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 \$474,081. Pension expense for the years ended June 30, 2025, 2024 and 2023 was \$28,445, \$26,209 and \$23,941, respectively.

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 due and payable on May 15 and become delinquent on May 16. 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 2025 were as follows:

	Homestead	Non-Homestead
Town	.4992	.4992
Local Agreement	.0031	.0031
Education	1.3280	1.4467
Total	1.8303	1.9490

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 $2,604 in unemployment claims during fiscal year 2025.

D. Tax Increment Financing District

In April, 2008, the Town created 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 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. $1,462,338 of outstanding debt is included in the Sewer Fund and $54,000 in the Water Fund that will be paid with TIF District incremental taxes.

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 up to twenty (20) years, the municipal and education property taxes generated by any new development are shared with 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, 2025. The Town purchased $496,995 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, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	$ 7,689,925	$ 7,537,366	$ (152,559)
Interest on Delinquent Taxes	15,000	13,161	(1,839)
Penalties on Delinquent Taxes	55,000	46,254	(8,746)
Railroad Taxes	4,000	4,062	62
State Land Taxes	12,699	12,699	0
Current Use Taxes	56,000	52,969	(3,031)
Land Use Change Tax/Penalty	0	7,275	7,275
State Land PILOT	8,000	8,616	616
Penalty on Late HS-122	10,000	9,106	(894)
School Tax Collection Fee	35,000	39,861	4,861
Interest on Investments	200,000	212,873	12,873
Miscellaneous	1,000	5,248	4,248
Solar Lease Payments	25,000	10,870	(14,130)
Administrative Contribution - Water and Sewer	457,000	457,000	0
FEMA Grants	0	832	832
Clerk and Treasurer	121,032	142,784	21,752
Library	2,000	1,239	(761)
Recreation	66,900	139,681	72,781
Planning and Zoning	45,100	26,560	(18,540)
Public Works	267,609	281,506	13,897
Buildings and Grounds	30,500	60,379	29,879
Police	128,500	161,881	33,381
Animal Control	1,500	1,770	270
Fire	650	49,274	48,624
Rescue	427,900	729,776	301,876
Transfers In - Debt Service	14,963	88,581	73,618
Transfers In	0	458,326	458,326
Total Revenues	9,675,278	10,559,949	884,671
Expenditures:			
Selectboard	76,142	143,179	(67,037)
Elections	20,858	12,635	8,223
Insurance/Risk Management	229,560	262,758	(33,198)
Legal	65,500	40,932	24,568
County and Regional Functions	160,184	158,469	1,715
Town Manager's Office	332,043	339,372	(7,329)
Clerk and Treasurer's Office	263,738	286,487	(22,749)
Finance Office	401,736	382,547	19,189
Assessors Office	91,617	72,550	19,067
Contingency	30,000	0	30,000
Administrative Services	158,158	163,908	(5,750)

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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, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures/(Cont'd):			
Information Technology	$ 133,250	$ 124,623	$ 8,627
Police	2,602,867	2,619,210	(16,343)
Fire	271,539	271,936	(397)
Rescue	741,664	830,191	(88,527)
Animal Control	8,070	11,433	(3,363)
Public Safety Administration	105,986	105,933	53
Public Works Administration	314,093	183,363	130,730
Highways	2,006,413	1,840,824	165,589
Buildings and Grounds	487,084	508,041	(20,957)
Library	344,473	332,300	12,173
Recreation	278,246	341,005	(62,759)
Planning and Zoning	303,157	299,166	3,991
Debt Service, Principal and Interest	598,900	1,200,752	(601,852)
Transfer to Capital Reserve Fund	0	155,501	(155,501)
Total Expenditures	10,025,278	10,687,115	(661,837)
Excess/(Deficiency) of Revenues Over Expenditures	$ (350,000)	(127,166)	$ 222,834
Fund Balance - July 1, 2024		3,044,491	
Fund Balance - June 30, 2025		$ 2,917,325	

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TOWN OF MILTON, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
VMERS DEFINED BENEFIT PLAN
JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Plan Net Pension Liability	$ 332,147,666	$ 320,293,753	$ 303,371,956	$ 147,184,198	$ 252,974,064	$ 173,491,807	$ 140,675,892	$ 121,155,552	$ 128,696,167	$ 77,095,810
Town's Proportion of the Net Pension Liability	0.9454%	1.0271%	0.9760%	0.9802%	0.9941%	1.0389%	1.1007%	1.1926%	1.4430%	1.2687%
Town's Proportionate Share of the Net Pension Liability	$ 3,139,958	$ 3,289,623	$ 2,960,811	$ 1,442,699	$ 2,514,858	$ 1,802,380	$ 1,548,443	$ 1,444,939	$ 1,472,657	$ 978,129
Town's Covered Employee Payroll	$ 3,390,871	$ 3,276,258	$ 2,843,942	$ 2,646,749	$ 2,600,909	$ 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	92.6003%	100.4079%	104.1094%	54.5083%	96.6915%	70.5209%	60.9806%	55.6994%	63.2869%	41.4518%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.22%	74.01%	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: None.

Changes in Plan Provisions: At the May, 2024 Board meeting, the Board voted unanimously to authorize employer contribution rate increases of 0.25% each year for a period of four years, beginning July 1, 2026. Also in May, 2024, the Legislature passed H.883, which included an increase in the member rate of 0.25% for each group for four years, beginning July 1, 2026.

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TOWN OF MILTON, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
VMERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution (Actuarially Determined)	$ 358,233	$ 311,397	$ 292,749	$ 244,185	$ 217,902	$ 206,035	$ 199,606	$ 192,798	$ 194,767	$ 173,914
Contributions in Relation to the Actuarially Determined Contributions	358,233	311,397	292,749	244,185	217,902	206,035	199,606	192,798	194,767	173,914
Contribution Excess/(Deficiency)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Town's Covered Employee Payroll	$ 3,806,502	$ 3,390,871	$ 3,276,258	$ 2,843,942	$ 2,646,749	$ 2,600,909	$ 2,555,809	$ 2,539,238	$ 2,594,175	$ 2,326,953
Contributions as a Percentage of Town's Covered Employee Payroll	9.411%	9.183%	8.935%	8.586%	8.233%	7.922%	7.810%	7.593%	7.508%	7.474%

Notes to Schedule

Valuation Date: June 30, 2024

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TOWN OF MILTON, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Funds	Capital Projects Funds	Permanent Fund West Milton Cemetery Fund	Total
ASSETS				
Cash	$ 194,576	$ 0	$ 5,723	$ 200,299
Receivables	204,778	0	0	204,778
Due from Other Funds	1,166,356	326,330	101,841	1,594,527
Prepaid Items	1,315	0	0	1,315
Total Assets	$ 1,567,025	$ 326,330	$ 107,564	$ 2,000,919
LIABILITIES				
Accounts Payable	$ 148,614	$ 0	$ 0	$ 148,614
Due to Other Funds	4,750	0	0	4,750
Unearned Revenue	60,499	0	0	60,499
Total Liabilities	213,863	0	0	213,863
DEFERRED INFLOWS OF RESOURCES				
Unavailable Grants	29,683	0	0	29,683
Total Deferred Inflows of Resources	29,683	0	0	29,683
FUND BALANCES				
Nonspendable	1,315	0	4,500	5,815
Restricted	971,528	0	103,064	1,074,592
Committed	0	326,330	0	326,330
Assigned	380,319	0	0	380,319
Unassigned/(Deficit)	(29,683)	0	0	(29,683)
Total Fund Balances	1,323,479	326,330	107,564	1,757,373
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,567,025	$ 326,330	$ 107,564	$ 2,000,919

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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, 2025

	Special Revenue Funds	Capital Projects Funds	Permanent Fund West Milton Cemetery Fund	Total
Revenues:				
Property Taxes	$ 0	$ 124,367	$ 0	$ 124,367
Intergovernmental	1,636,119	0	0	1,636,119
Charges for Services	0	0	13,483	13,483
Permits, Licenses and Fees	130,477	0	0	130,477
Investment Income	36,825	7,871	2,789	47,485
Donations	1,496	0	0	1,496
Total Revenues	1,804,917	132,238	16,272	1,953,427
Expenditures:				
General Government	794,496	0	0	794,496
Public Safety	20,732	0	0	20,732
Highways and Streets	114,214	0	0	114,214
Culture and Recreation	23,937	0	0	23,937
Capital Outlay:				
Public Safety	46,060	0	0	46,060
Highways and Streets	320,334	0	0	320,334
Culture and Recreation	16,000	0	0	16,000
Total Expenditures	1,335,773	0	0	1,335,773
Excess of Revenues Over Expenditures	469,144	132,238	16,272	617,654
Other Financing Sources/(Uses):				
Proceeds from Sale of Vehicle	4,870	0	0	4,870
Transfers In	31,633	0	0	31,633
Transfers Out	(107,259)	0	0	(107,259)
Total Other Financing Sources/(Uses)	(70,756)	0	0	(70,756)
Net Change in Fund Balances	398,388	132,238	16,272	546,898
Fund Balances - July 1, 2024	925,091	194,092	91,292	1,210,475
Fund Balances - June 30, 2025	$ 1,323,479	$ 326,330	$ 107,564	$ 1,757,373

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Schedule 6

TOWN OF MILTON, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

	Impact Fees Fund	Reappraisal Fund	Restoration of Records Fund	Drug Forfeiture Fund	Milton Public Library Fund	Grant Fund	Total
ASSETS							
Cash	$ 0	$ 0	$ 0	$ 189,177	$ 5,399	$ 0	$ 194,576
Receivables	0	0	0	0	0	204,778	204,778
Due from Other Funds	595,633	380,319	190,164	0	240	0	1,166,356
Prepaid Items	0	0	1,315	0	0	0	1,315
Total Assets	$ 595,633	$ 380,319	$ 191,479	$ 189,177	$ 5,639	$ 204,778	$ 1,567,025
LIABILITIES							
Accounts Payable	$ 0	$ 0	$ 40	$ 9,045	$ 0	$ 139,529	$ 148,614
Due to Other Funds	0	0	0	0	0	4,750	4,750
Unearned Revenue	0	0	0	0	0	60,499	60,499
Total Liabilities	0	0	40	9,045	0	204,778	213,863
DEFERRED INFLOWS OF RESOURCES							
Unavailable Grants	0	0	0	0	0	29,683	29,683
Total Deferred Inflows of Resources	0	0	0	0	0	29,683	29,683
FUND BALANCES/(DEFICIT)							
Nonspendable	0	0	1,315	0	0	0	1,315
Restricted	595,633	0	190,124	180,132	5,639	0	971,528
Assigned	0	380,319	0	0	0	0	380,319
Unassigned/(Deficit)	0	0	0	0	0	(29,683)	(29,683)
Total Fund Balances/(Deficit)	595,633	380,319	191,439	180,132	5,639	(29,683)	1,323,479
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 595,633	$ 380,319	$ 191,479	$ 189,177	$ 5,639	$ 204,778	$ 1,567,025

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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, 2025

	Impact Fees Fund	Reappraisal Fund	Restoration of Records Fund	Drug Forfeiture Fund	Milton Public Library Fund	Grant Fund	Total
Revenues:							
Intergovernmental	$ 0	$ 42,113	$ 0	$ 151,349	$ 684	$ 1,441,973	$ 1,636,119
Permits, Licenses and Fees	100,977	0	29,500	0	0	0	130,477
Investment Income	18,942	10,583	5,770	1,472	58	0	36,825
Donations	0	0	0	0	1,496	0	1,496
Total Revenues	119,919	52,696	35,270	152,821	2,238	1,441,973	1,804,917
Expenditures:							
General Government	0	0	1,422	0	0	793,074	794,496
Public Safety	0	0	0	0	0	20,732	20,732
Highways and Streets	0	0	0	0	0	114,214	114,214
Culture and Recreation	0	0	0	0	1,784	22,153	23,937
Capital Outlay:							
Public Safety	0	0	0	46,060	0	0	46,060
Highways and Streets	0	0	0	0	0	320,334	320,334
Culture and Recreation	0	0	0	0	0	16,000	16,000
Total Expenditures	0	0	1,422	46,060	1,784	1,286,507	1,335,773
Excess of Revenues Over Expenditures	119,919	52,696	33,848	106,761	454	155,466	469,144
Other Financing Sources/(Uses):							
Proceeds from Sale of Vehicle	0	0	0	4,870	0	0	4,870
Transfer In	0	0	0	0	0	31,633	31,633
Transfers Out	(88,581)	0	(13,678)	0	0	(5,000)	(107,259)
Total Other Financing Sources/(Uses)	(88,581)	0	(13,678)	4,870	0	26,633	(70,756)
Net Change in Fund Balances	31,338	52,696	20,170	111,631	454	182,099	398,388
Fund Balances/(Deficit) - July 1, 2024	564,295	327,623	171,269	68,501	5,185	(211,782)	925,091
Fund Balances/(Deficit) - June 30, 2025	$ 595,633	$ 380,319	$ 191,439	$ 180,132	$ 5,639	$ (29,683)	$ 1,323,479

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TOWN OF MILTON, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2025

	Road/Sidewalk Restoration Reserve Fund	Fire/EMS Capital Reserve Fund	Total
ASSETS			
Due from Other Funds	$ 9,545	$ 316,785	$ 326,330
Total Assets	$ 9,545	$ 316,785	$ 326,330
LIABILITIES AND FUND BALANCES			
Liabilities:	$ 0	$ 0	$ 0
Fund Balances:			
Committed	9,545	316,785	326,330
Total Fund Balances	9,545	316,785	326,330
Total Liabilities and Fund Balances	$ 9,545	$ 316,785	$ 326,330

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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, 2025

	Road/Sidewalk Restoration Reserve Fund	Fire/EMS Capital Reserve Fund	Total
Revenues:			
Property Taxes	$ 0	$ 124,367	$ 124,367
Investment Income	287	7,584	7,871
Total Revenues	287	131,951	132,238
Expenditures:	0	0	0
Net Change in Fund Balances	287	131,951	132,238
Fund Balances - July 1, 2024	9,258	184,834	194,092
Fund Balances - June 30, 2025	$ 9,545	$ 316,785	$ 326,330

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF MILTON, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Water Rents	$ 1,259,460	$ 1,116,361	$ (143,099)
Penalties	16,000	22,364	6,364
Hookup Fees	157,500	102,130	(55,370)
Water Hauler Receipts	17,000	11,952	(5,048)
Maintenance Agreement Receipts	3,600	3,600	0
Interest Earnings	15,000	43,656	28,656
Other Income	1,500	12,512	11,012
Transfer In - Town Core TIF Fund	10,167	9,691	(476)
Transfer In - ARPA Fund	0	12,361	12,361
Transfer In - Capital Reserve	5,000	5,000	0
Total Revenues	1,485,227	1,339,627	(145,600)
Expenses:			
Regular Salaries	191,895	176,988	14,907
Overtime Salaries	6,500	6,124	376
Insurance Buyout	3,500	4,883	(1,383)
Group Health Insurance	53,903	44,957	8,946
Group Dental Insurance	3,170	2,736	434
Group Vision Insurance	767	639	128
Group Life Insurance and AD&D	2,415	2,097	318
Social Security	16,209	14,306	1,903
Childcare Contribution Tax	0	451	(451)
Retirement Contribution	13,700	12,390	1,310
Workers Compensation	6,000	5,949	51
Other Employee Benefits	1,225	0	1,225
Official/Administrative	228,500	228,500	0
Other Professional	1,500	290	1,210
Technical Services	5,000	0	5,000
Recording Fees	250	325	(75)
Consulting Services	10,000	0	10,000
Laundry Services	300	335	(35)
Water/Sewer	200	197	3
Water Purchase - CWD	490,270	496,995	(6,725)
Disposal and Refuse	750	583	167
Facility Repair and Maintenance	30,000	5,003	24,997
Vehicle Repair and Maintenance	2,000	1,397	603
Equipment Repair and Maintenance	3,500	1,956	1,544
Distribution Repairs and Maintenance	15,000	17,986	(2,986)
Rental of Equipment and Vehicle	1,500	392	1,108
Construction Services	10,000	4,275	5,725
Transfer Out - Capital Reserve	45,000	45,000	0
General Liability Insurance	7,857	6,829	1,028
Communications - Telephone	1,000	951	49
Communications - Other	2,000	1,581	419
Advertising	200	0	200
Printing and Binding	2,000	4,558	(2,558)
Travel	100	0	100

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF MILTON, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenses/(Cont'd):			
Postage	$ 3,000	$ 4,939	$ (1,939)
Office Supplies	600	370	230
General Supplies	13,000	6,281	6,719
Water Meters	50,000	58,161	(8,161)
Technology	18,200	6,107	12,093
Natural Gas	2,600	3,069	(469)
Electricity	10,500	11,703	(1,203)
Bottled Gas	75	0	75
Diesel Fuel	1,000	0	1,000
Gasoline	4,500	3,111	1,389
Books and Periodicals	200	0	200
Employee Uniforms	3,000	4,626	(1,626)
Capital Projects	135,000	147,236	(12,236)
Machinery and Equipment	7,000	8,662	(1,662)
Dues and Fees	1,000	2,604	(1,604)
Professional Development	2,000	854	1,146
Small Tools	5,000	753	4,247
Safety Supplies/Equipment	2,000	1,378	622
Bombardier Water Line Improvements Debt	15,667	15,667	0
Water Line Improvements Debt	6,000	6,000	0
Lake Road Water Line Improvements Debt	8,440	8,440	0
Railroad Street Debt	4,964	4,964	0
River Street Water Line Improvements Debt	1,391	1,391	0
Flanders Project Debt	3,610	0	3,610
River Street PSV Debt	2,780	0	2,780
Interest	25,677	25,673	4
Total Expenses	1,483,415	1,410,662	72,753
Net Income/(Loss)	$ 1,812	(71,035)	$ (72,847)
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(132,942)	
Principal Payments on Long-term Debt		36,462	
Debt Forgiveness		26,616	
Debt Forgiveness - Capital Contributions		33,358	
Capital Outlay		115,508	
Transfer In - Capital Reserve		45,000	
Transfer Out - Capital Reserve		(5,000)	
Change in Compensated Absences Payable		(8,413)	
Change in Net Pension Liability - GASB 68		(6,464)	
Change in Net Position - Exhibit G		$ 33,090	

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF MILTON, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Sewer Rents	$ 804,300	$ 829,133	$ 24,833
Penalties	10,000	12,416	2,416
Hookup Fees	140,000	222,746	82,746
Septage Receipts	150,000	134,287	(15,713)
Maintenance Agreement Receipts	350	0	(350)
Interest Earnings	15,000	43,893	28,893
FEMA Reimbursement	0	336	336
Other Income	200	2,182	1,982
Transfer In - Town Core TIF Fund	179,159	179,159	0
Transfer In - ARPA Fund	0	12,361	12,361
Transfer In - Capital Reserve	75,000	75,000	0
Total Revenues	1,374,009	1,511,513	137,504
Expenses:			
Regular Salaries	191,895	167,734	24,161
Overtime Salaries	13,500	9,777	3,723
Insurance Buyout	3,500	4,883	(1,383)
Group Health Insurance	53,903	44,957	8,946
Group Dental Insurance	3,170	2,739	431
Group Vision Insurance	767	639	128
Group Life Insurance and AD&D	2,415	2,097	318
Social Security	16,768	13,673	3,095
Childcare Contribution Tax	0	652	(652)
Retirement Contribution	14,190	12,369	1,821
Workers Compensation	6,000	5,949	51
Other Employee Benefits	1,225	0	1,225
Official/Administrative	228,500	228,500	0
Other Professional	5,000	290	4,710
Technical Services	20,000	6,099	13,901
Sludge Removal	70,000	93,336	(23,336)
Collection System Maintenance	20,000	20,369	(369)
Recording Fees	250	70	180
Consulting Services	10,000	0	10,000
Laundry Services	300	343	(43)
Water/Sewer	4,250	4,307	(57)
Disposal and Refuse	9,500	9,128	372
Facility Repair and Maintenance	25,000	24,510	490
Vehicle Repair and Maintenance	3,000	1,420	1,580
Equipment Repair and Maintenance	40,000	19,712	20,288
Rental of Land and Buildings	100	0	100
Rental of Equipment and Vehicle	500	22,583	(22,083)
Construction Services	10,000	0	10,000
General Liability Insurance	11,774	6,829	4,945
Communications - Telephone	3,600	2,428	1,172
Communications - Other	2,000	1,581	419
Advertising	300	0	300
Printing and Binding	2,000	1,449	551

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF MILTON, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenses/(Cont'd):			
Travel	$ 275	$ 0	$ 275
Postage	3,000	2,701	299
Office Supplies	250	166	84
General Supplies	25,000	30,069	(5,069)
Chemical Supplies	60,000	58,345	1,655
Water Meters	30,000	88,760	(58,760)
Technology	4,500	1,458	3,042
Natural Gas	10,000	8,785	1,215
Electricity	105,928	116,845	(10,917)
Diesel Fuel	1,000	0	1,000
Gasoline	3,000	3,111	(111)
Books and Periodicals	200	0	200
Employee Uniforms	4,500	4,626	(126)
Capital Projects	130,000	160,019	(30,019)
Machinery and Equipment	4,000	16,384	(12,384)
Furniture and Fixtures	1,500	1,114	386
Dues and Fees	5,000	5,847	(847)
Professional Development	2,000	1,615	385
Small Tools	1,000	1,523	(523)
Safety Supplies/Equipment	4,000	1,674	2,326
2013-1 Sewer Principal	146,673	146,972	(299)
Village Core Sewer Improvements Bond	7,047	7,047	0
Flanders Project Debt	2,215	2,114	101
Interest	33,901	33,901	0
Total Expenses	1,358,396	1,401,499	(43,103)
Net Income	$ 15,613	110,014	$ 94,401
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(280,228)	
Principal Payments on Long-term Debt		156,133	
Capital Outlay		174,515	
Transfer Out - Capital Reserve		(75,000)	
Change in Compensated Absences Payable		(8,413)	
Change in Net Pension Liability - GASB 68		(30,795)	
Change in Net Position - Exhibit G		$ 46,226	

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF MILTON, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Grant Title Federal Grantor/ Pass-Through Grantor Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Expenditures
U.S. Department of Transportation				
Passed through State of Vermont Agency of Transportation				
Highway Safety Cluster				
State and Community Highway Safety	20.600	08100-GR1819	$ 0	$ 4,236
State and Community Highway Safety	20.600	08100-GR1924	0	3,201
Passed through Chittenden County Sheriff's Office				
State and Community Highway Safety	20.600	GR1910	0	121
State and Community Highway Safety	20.600	GR1794	0	3,856
Total State and Community Highway Safety			0	11,414
National Priority Safety Program	20.616	GR1907	0	1,818
Total National Safety Program			0	1,818
Total Highway Safety Cluster			0	13,232
Total U.S. Department of Transportation			0	13,232
U.S. Department of Homeland Security				
Passed through State of Vermont Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	02140-84720-093	0	1,168
Total U.S. Department of Homeland Security			0	1,168
U.S. Department of Housing and Urban Development				
Passed through State of Vermont Department of Commerce and Community Development-DHCD				
Community Development Block Grants	14.228	07110-IG-2018-Milton-25	793,074	793,074
Total U.S. Department of Housing and Urban Development			793,074	793,074
Institute of Museum and Library Services				
Passed through State of Vermont Department of Libraries				
Grants to States	45.310	01130-2024-COURIER-071	0	684
Total Institute of Museum and Library Services			0	684
U.S. Department of the Treasury				
Direct:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	0	475,332
Passed through State of Vermont Department of Environmental Conservation				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	06140-ARPA-CWF-MS4-06	0	205,819
Total U.S. Department of the Treasury			0	681,151

See Accompanying Independent Auditor's Report.

TOWN OF MILTON, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Grant Title Federal Grantor/ Pass-Through Grantor Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Expenditures
U.S. Environmental Protection Agency				
Passed through State of Vermont Department of Environmental Conservation				
Drinking Water State Revolving Fund	66.468	06140-RF3-505	$ 0	$ 37,249
Drinking Water State Revolving Fund	66.468	06140-RF3-542-1.0	0	44,885
Total U.S. Environmental Protection Agency			0	82,134
Total Federal Awards			$ 793,074	$ 1,571,443

Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the Federal award activity of the Town of Milton, Vermont under programs of the federal government for the year ended June, 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a select portion of operation of the Town of Milton, Vermont it is not intended to and does not present the financial position, changes in net position, or cash flow of the Town of Milton, Vermont.

Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting and was prepared using significant accounting policies outlined in Note 1 to the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The Town of Milton, Vermont has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

See Accompanying Independent Auditor's Report.

Sullivan, Powers & Co., P.C.

Certified Public Accountants

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VT Lic. #92-000180

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Milton, Vermont, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Milton, Vermont's basic financial statements, and have issued our report thereon dated December 30, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Milton, Vermont's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Milton, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Milton, Vermont's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Milton, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sullivan, Powers & Co.

December 30, 2025
Montpelier, Vermont
VT Lic. #92-000180

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Milton, Vermont's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) "Compliance Supplement" that could have a direct and material effect on each of the Town of Milton, Vermont's major federal programs for the year ended June 30, 2025. The Town of Milton, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town of Milton, Vermont complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. "Code of Federal Regulations" Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Milton, Vermont and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Milton, Vermont's compliance with the compliance requirements referred to previously.

Members of The American Institute and Vermont Society of Certified Public Accountants

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to previously and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town of Milton, Vermont's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to previously occurred, whether due to fraud or error, and express an opinion on the Town of Milton, Vermont's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, "Government Auditing Standards", and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to previously is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Town of Milton, Vermont's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, "Government Auditing Standards", and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Milton, Vermont's compliance with the compliance requirements referred to previously and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Milton, Vermont's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Milton, Vermont's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined previously. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sullivan, Powers & Co.

December 30, 2025
Montpelier, Vermont
VT Lic. #92-000180

Financial Statement Findings:

Deficiencies in Internal Control:

Material Weaknesses:

None noted.

Significant Deficiencies:

2024-001 Administration of TIF District

Criteria:

Internal controls should be in place to ensure that the administration of its TIF District complies with statutory and TIF Rule requirements.

Condition:

The Town omitted parcels from the TIF parcel listing which resulted in the omission of the current value of those properties from the calculation of municipal and education tax increments. In addition, exemptions for certain parcels were handled incorrectly which resulted in an overpayment to the State Education Fund. Furthermore, the Town used tax increment to pay for related costs that had not been approved by the voters.

Cause:

Unknown.

Effect:

This resulted in an understatement of the General Fund's due to other funds, an understatement of the Town Core TIF Fund's due from other funds and an understatement of due from the State of Vermont.

Recommendation:

We recommend that the Town implement controls to ensure that the administration of its TIF District complies with statutory and TIF Rule requirements.

Corrective Action Taken:

Corrective action was taken.

2024-002 Retainage on Construction Contracts

Criteria:

Internal controls should be in place to ensure that expenditures are recorded in the proper fiscal year. Expenditures should be recorded based on the timing of services provided or when goods are received.

Condition:

The Town did not have controls in place to ensure all retainage payable was recorded in the proper fiscal year. The Town did not record the retainage payable for work completed on the new public works facility during the fiscal year.

Cause:

Unknown.

Effect:

This resulted in an understatement of capital assets, accounts payable and expenditures.

Recommendation:

We recommend that the Town implement controls that provide for a review of contractor's invoices for unpaid retainage to ensure that the Town's capital assets and accounts payable account balances are accurately reported.

Corrective Action Taken:

Corrective action was taken.

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:
Unmodified.

Internal Control over Financial Reporting:
Material Weaknesses identified:
None noted.
Significant Deficiencies identified not considered to be material weaknesses:
None noted.

Noncompliance material to financial statements:
None noted.

Federal Awards

Internal Control over Major Programs:
Material Weaknesses identified:
None noted.
Significant Deficiencies identified not considered to be material weaknesses:
None noted.

Type of auditor's report issued on compliance for major programs:
Unmodified.

There are no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).

Major Programs:

CFDA #	Program	Federal Agency
14.228	Community Development Block Grant (CDBG)	U.S. Department of Housing and Urban Development (HUD)

The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

The auditee did not qualify as a low risk auditee.