

TOWN OF MILTON, VERMONT

AUDIT REPORT

JUNE 30, 2018

TOWN OF MILTON, VERMONT
 AUDIT REPORT
 TABLE OF CONTENTS
 JUNE 30, 2018

	<u>Page #</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-14
Basic Financial Statements:	
Statement of Net Position	Exhibit A 15
Statement of Activities	Exhibit B 16
Governmental Funds:	
Balance Sheet	Exhibit C 17
Statement of Revenues, Expenditures and Changes in Fund Balances	Exhibit D 18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Exhibit E 19
Proprietary Funds:	
Statement of Fund Net Position	Exhibit F 20
Statement of Revenues, Expenses and Changes in Fund Net Position	Exhibit G 21
Statement of Cash Flows	Exhibit H 22
Fiduciary Fund:	
Statement of Fiduciary Net Position	Exhibit I 23
Notes to the Financial Statements	24-53
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	Schedule 1 54-55

TOWN OF MILTON, VERMONT
 AUDIT REPORT
 TABLE OF CONTENTS
 JUNE 30, 2018

		<u>Page #</u>
Schedule of Proportionate Share of the Net Pension Liability - VMERS Defined Benefit Plan	Schedule 2	56
Schedule of Contributions - VMERS Defined Benefit Plan	Schedule 3	57
 Other Information:		
Combining Balance Sheet - Non-Major Governmental Funds	Schedule 4	58
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	Schedule 5	59
Combining Balance Sheet - Non-Major Special Revenue Funds	Schedule 6	60
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-Major Special Revenue Funds	Schedule 7	61
Combining Balance Sheet - Non-Major Capital Projects Funds	Schedule 8	62
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-Major Capital Projects Funds	Schedule 9	63
Schedule of Revenues and Expenses - Budget (Non GAAP Budgetary Basis) and Actual - Water Fund	Schedule 10	64-65
Schedule of Revenues and Expenses - Budget (Non GAAP Budgetary Basis) and Actual - Sewer Fund	Schedule 11	66-67
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"		68-69

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Milton, Vermont, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Milton, Vermont's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Milton, Vermont, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Correction of Error

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

Required Supplementary Information

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

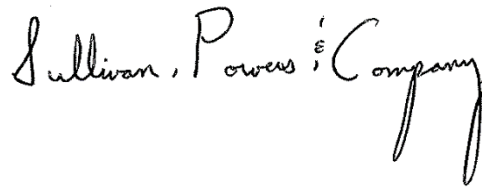
Other Information

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

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated January 15, 2019 on our consideration of the Town of Milton, Vermont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Auditing Standards” in considering the Town of Milton, Vermont’s internal control over financial reporting and compliance.

January 15, 2019
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in cursive script that reads "Sullivan, Powers & Company". The signature is written in black ink and is positioned to the right of the typed text.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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, 2018. Please note that this section of the Basic Financial Statements is unaudited.

FINANCIAL HIGHLIGHTS

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$38,259,190 (net position). Of this amount, \$2,734,618 (unrestricted net position) may be used to meet the Town's ongoing obligations. The balance of net position is made up of \$30,722,867 invested in capital assets net of related debt and \$4,801,705 restricted for specific purposes.
- The Town's total net position increased by \$652,322 (1.7%). Of this amount, net position of the governmental activities increased by \$332,440 (1.9%), and net position attributable to business-type activities increased by \$319,882 (1.6%).
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$13,457,092. This is an increase of \$6,061,792 from the prior year's combined ending fund balance of \$7,395,300. Roughly 89% of this increase is in restricted fund balances, most of which are in the TIF funds. The balance of the increase is split between an increase assigned fund balance for reducing property taxes in FY19 and unassigned fund balances.
- At the end of the current fiscal year, unrestricted fund balance (the sum of unassigned, assigned and committed fund balance) for the general fund was \$1,369,873, or approximately 18.2% of total general fund expenditures.
- The Town's total outstanding long-term debt increased by \$5,530,652 during the current fiscal year. Additions to long-term debt totaled \$6,230,000 offset by principal payments of \$699,348.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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

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

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

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

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

Fund Financial Statements

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

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

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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

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

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

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

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

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

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

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

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

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Assets:						
Cash and Investments	\$ 14,396,507	\$ 7,511,161	\$ -	\$ -	\$ 14,396,507	\$ 7,511,161
Receivables, Net	693,456	744,483	534,446	693,538	1,227,902	1,438,021
Other Assets	(385,638)	97,867	482,792	229,919	97,154	327,786
Capital Assets	12,921,894	12,313,363	26,034,336	26,292,384	38,956,230	38,605,747
Total Assets	27,626,219	20,666,874	27,051,574	27,215,841	54,677,793	47,882,715
Deferred Outflows of Resources	739,279	874,582	50,638	78,754	789,917	953,336
 Liabilities:						
Other Liabilities	846,012	427,770	178,230	143,237	1,024,242	571,007
Noncurrent Liabilities	9,902,502	3,850,455	6,218,377	6,761,453	16,120,879	10,611,908
Total Liabilities	10,748,514	4,278,225	6,396,607	6,904,690	17,145,121	11,182,915
Deferred Inflows of Resources	59,335	38,022	4,064	8,246	63,399	46,268
 Net Position:						
Net Investment in Capital Assets	10,799,323	10,008,253	19,923,544	19,664,713	30,722,867	29,672,966
Restricted	4,801,705	4,305,222	0	0	4,801,705	4,305,222
Unrestricted/(Deficit)	1,956,621	2,911,734	777,997	716,946	2,734,618	3,628,680
Total Net Position	\$ 17,557,649	\$ 17,225,209	\$ 20,701,541	\$ 20,381,659	\$ 38,259,190	\$ 37,606,868

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 \$38,259,190. The Town's total net position is split between governmental activities net position of \$17,557,649 and business-type activities net position of \$20,701,541.

The largest portion of the Town's total net position \$30,722,867 (80.3%) 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 \$4,801,705 (12.6%) of restricted net position. Restricted net position represents assets whose use is subject to external restrictions. The remaining balance of \$2,734,618 (7.1%) is unrestricted net position, which may be used to meet the government's ongoing financial obligations. Included in unrestricted net position are amounts that management has assigned for particular purposes, such as capital reserve funds and reserves for expenditures in subsequent years.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Summary of the Statement of Activities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 785,980	\$ 775,453	\$ 1,794,372	\$ 1,764,237	\$ 2,580,352	\$ 2,539,690
Operating Grants & Contributions	626,336	1,196,053	0	0	626,336	1,196,053
Capital Grants & Contributions	336,255	350,715	0	0	336,255	350,715
General Revenues:						
Property Taxes	6,968,153	6,661,304	0	0	6,968,153	6,661,304
Other	358,788	413,520	994	832	359,782	414,352
Total Revenues	<u>9,075,512</u>	<u>9,397,045</u>	<u>1,795,366</u>	<u>1,765,069</u>	<u>10,870,878</u>	<u>11,162,114</u>
Expenses:						
General Government	1,842,970	1,491,598	0	0	1,842,970	1,491,598
Public Safety	2,802,578	2,642,335	0	0	2,802,578	2,642,335
Highways and Streets	2,778,442	2,615,058	0	0	2,778,442	2,615,058
Culture and Recreation	490,138	465,647	0	0	490,138	465,647
Community Development	204,769	1,113,338	0	0	204,769	1,113,338
Interest on Long-Term Debt	134,551	71,581	0	0	134,551	71,581
Water	0	0	941,679	905,357	941,679	905,357
Sewer	0	0	1,023,429	977,125	1,023,429	977,125
Total Expenses	<u>8,253,448</u>	<u>8,399,557</u>	<u>1,965,108</u>	<u>1,882,482</u>	<u>10,218,556</u>	<u>10,282,039</u>
Increase (Decrease) in Net Position						
Before Transfers	822,064	997,488	(169,742)	(117,413)	652,322	880,075
Transfers	(489,624)	(490,194)	489,624	490,194	0	0
Increase in Net Position	<u>332,440</u>	<u>507,294</u>	<u>319,882</u>	<u>372,781</u>	<u>652,322</u>	<u>880,075</u>
Beginning Net Position	17,225,209	16,717,915	20,381,659	20,008,878	37,606,868	36,726,793
Ending Net Position	<u>\$ 17,557,649</u>	<u>\$ 17,225,209</u>	<u>\$ 20,701,541</u>	<u>\$ 20,381,659</u>	<u>\$ 38,259,190</u>	<u>\$ 37,606,868</u>

Governmental Activities

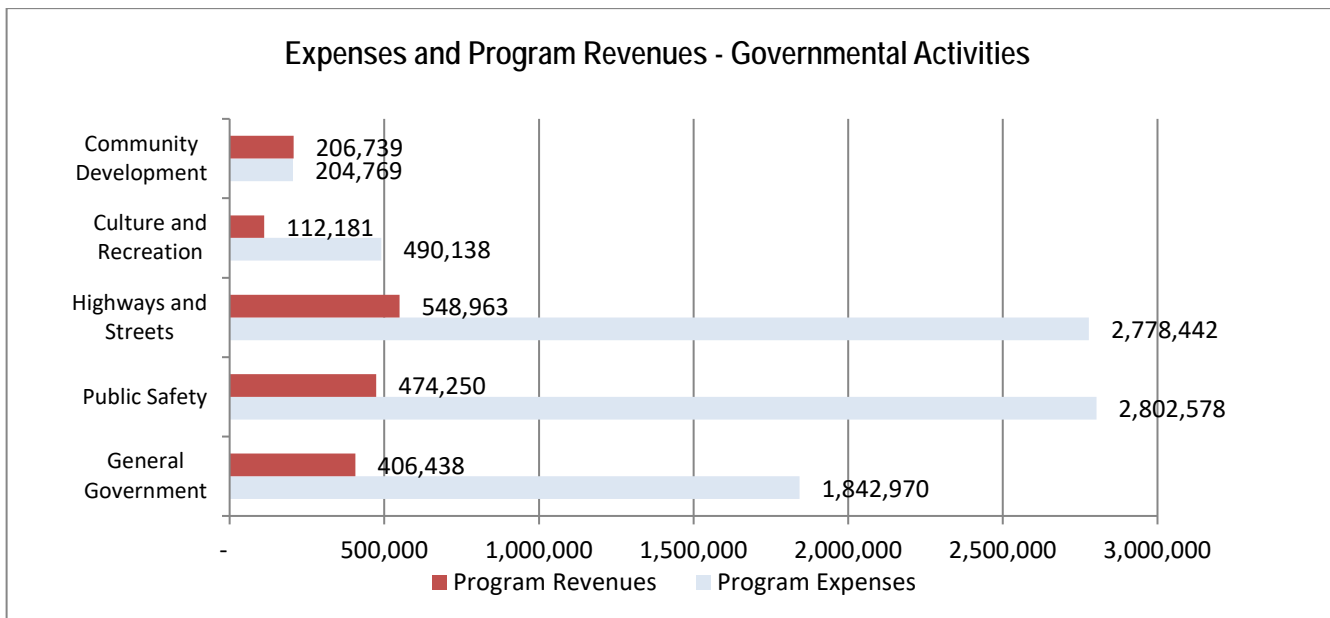
Governmental activities increased the Town's net position by \$332,440 for the year ended June 30, 2018. Key elements of the change are as follows.

- Total governmental activities' revenues decreased by 3.4% (\$321,533) from 2017 to 2018. This was driven by a decrease in operating and capital grants, and contributions.
- Property tax revenues increased 4.6% or \$306,849 from the previous year as a result of a slight increase of 1.2% in the property tax rate to \$0.5251 per \$100 of assessed value from \$0.5188 in 2017.
- Total governmental activities' expenses decreased by 1.7% (\$146,109) from 2017 to 2018. Public safety expenses end the year at 34.0% (\$2,802,578) of total governmental activities' expenses. Public safety remains the largest category of expenses from year to year, followed closely by highways and streets at 33.7% (\$2,778,442) of total governmental activities' expenses for the year.
- General Government expenses increased 23.6% or \$351,372 from the previous year. There are several factors driving this increase namely, Town government being fully staffed over the prior year, a complete re-design of the Town website and increased expenses for Town Core TIF projects which will continue over the next several years.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

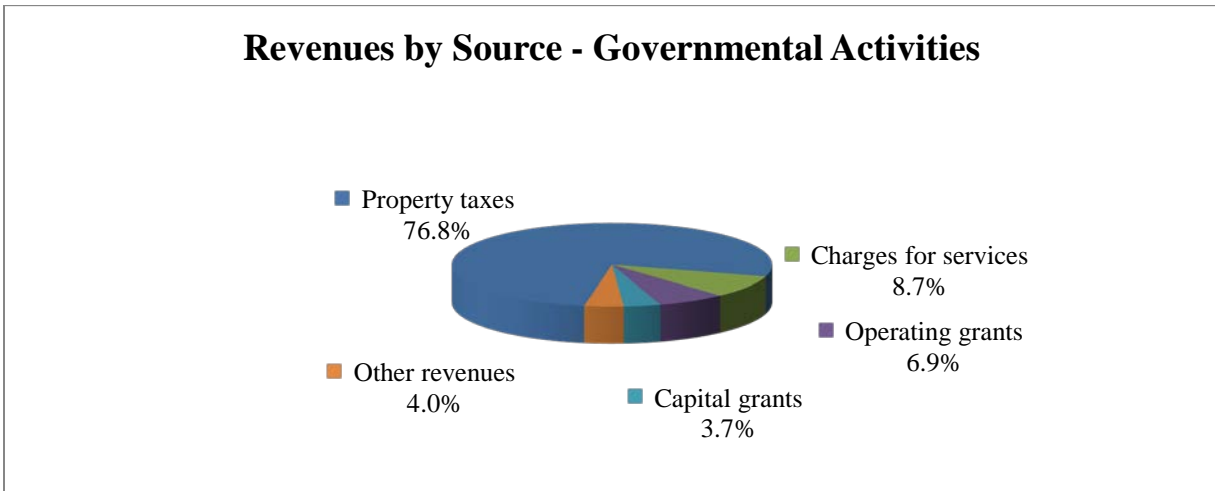
- Community development expenses decreased 81.6% or \$908,569 from the previous year as a result of a pass-through grant that ended in the prior year.
- Interest on long-term debt increased by 88.0% or \$62,970 as a result of the Bombardier Property and TIF bonds that were added in the prior and current years respectively.

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



**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

The vast majority of revenue for governmental activities comes from property taxes; 76.8% of total revenue or \$6,968,153. The second largest category of revenue is charges for services coming in at 8.7% or \$785,980 of total revenue. The following graph shows the distribution of governmental activities revenues by source for the year ended June 30, 2018.



Business-type Activities

Business-type activities increased the Town's net position by \$319,882 during the current fiscal year. Key elements of this increase are as follows.

- Charges for services increased by \$33,135 or 1.9% from \$1,764,237 to \$1,794,372. On the government-wide financial statements charges for services in the business-type activities are made up of user fees, penalties and connection fees. Increases in user fees (\$231,549) make up the majority of the increase, offset by a reduction in connection fees (\$218,906).
- Total expenses of \$1,965,108 reflect an increase of \$82,626 (4.4%) as compared to the prior year. The driving factors contributing to the increase are as follows.
 - The Town purchases water from the Champlain Water District. The cost of purchased water increased by \$40,275 or 11.0% from the previous year.
 - Repair & maintenance increased \$23,716 or 139.4% for repairs to wastewater equipment including centrifuge and level sensors.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

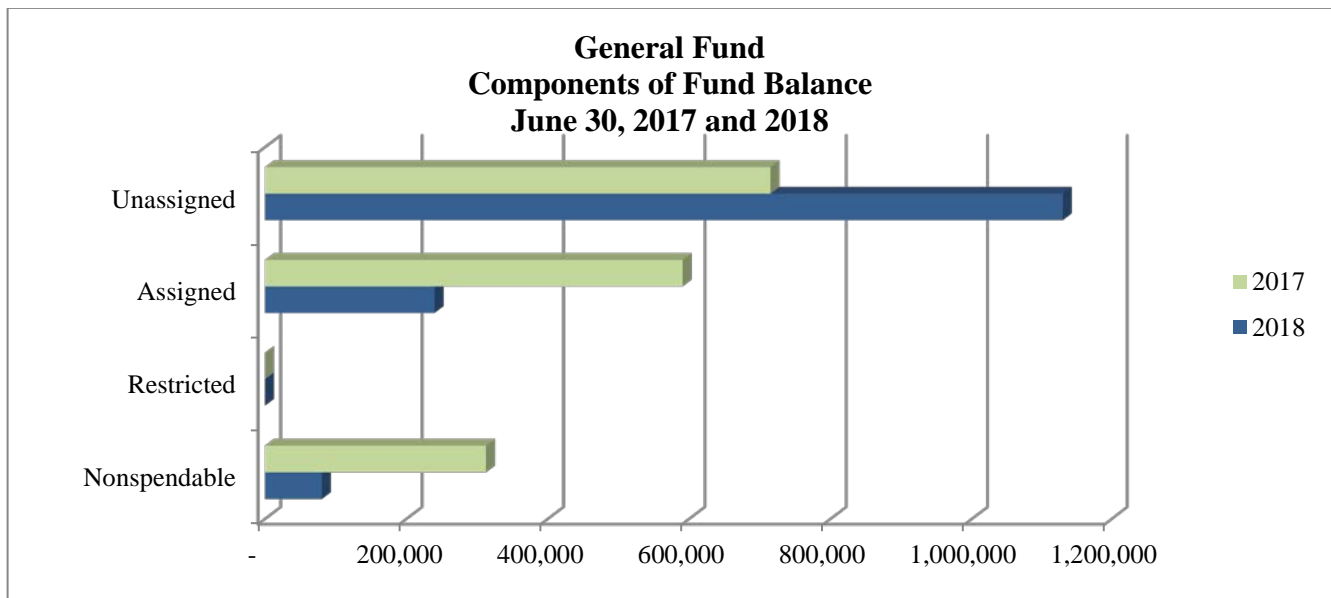
FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2018, the Town's governmental funds reported combined fund balances of \$13,457,092, an increase of \$6,061,792 in comparison with the prior year. 8.4% of this amount (\$1,128,521) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is not in spendable form (\$85,043), restricted for particular purposes (\$10,957,362), committed for particular purposes (\$139,147), or assigned by the Town for particular purposes (\$1,147,019). The components of each category of fund balance are detailed in Footnote IV.J. Fund Balances.

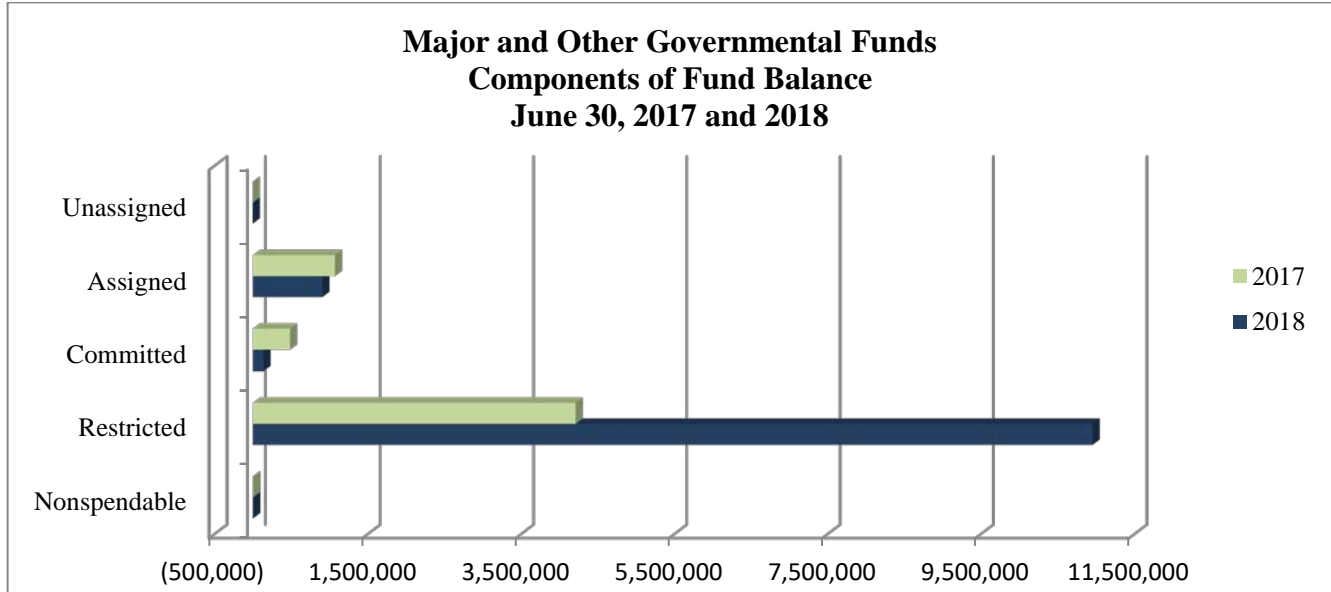


The general fund is the chief operating fund of the Town. At the end of the year, total fund balance in the general fund was \$1,450,416, a decrease of \$168,501 from the previous year. Of this amount, \$80,543 is in non-spendable form (prepaid expenses and inventories). Of the remaining amount, \$240,000 is assigned for purposes detailed in Footnote IV.J. and \$1,129,873 is unassigned.

As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total general fund expenditures. Total fund balance represents approximately 19.3% of total general fund expenditures, however, this amount includes nonspendable balances which would not be available to finance general fund expenditures if necessary. The remaining categories of fund balance (committed,

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

assigned, and unassigned) are referred to as unrestricted fund balance and are resources that could be liquidated to support general fund expenditures if necessary. Unrestricted fund balance represents 18.2% of total general fund expenditures.



In the governmental funds other than the general fund the most noteworthy change to fund balance is an increase in restricted fund balance of \$6,744,050. The Town's two TIF districts report an increase in restricted fund balance of \$6,989,546. The Impact Fees Fund reported a decrease in restricted fund balance of \$252,850.

General Fund Budgetary Highlights

The Town's budget for the year ended June 30, 2018 passed on the first vote in March of 2017 and there were no amendments made during the year. The voter approved budget included a \$340,000 reduction in fund balance (a budgeted deficit). Actual results on the year were a deficit of \$168,501. Expenditures came in over budget by \$135,459 as a result of paving projects that weren't anticipated, but were covered by grant fund revenue. Revenues were over budget by \$306,958. The most significant contributing factor is public works which were over budget by \$175,594 as a result of a State paving grant.

Proprietary Funds

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

Total net position in the water fund is \$5,224,307, an increase of \$91,339 or 1.7% from the previous year. The water fund has \$5,130,574 of net position invested in capital assets net of related debt. This leaves a small unrestricted balance in the fund of \$93,733. In the sewer fund, total net position is \$15,477,234, an increase of \$228,543 or 1.5% from the previous year. Similar to the water fund, the vast majority of net position in the sewer fund is invested in capital assets net of related debt (\$14,792,970), leaving a small unrestricted balance of \$684,264. Other major factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for governmental and business-type activities as of June 30, 2018 were \$58,074,153 (before depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The Town's combined investment in capital assets increased by \$1,674,886 from June 30, 2017 to June 30, 2018, or 3.0%. Combined accumulated depreciation at the end of the year is \$19,117,923. The increase in combined investment in new capital assets of \$1,674,886 resulted in a total combined investment in capital assets which exceeded the accumulated depreciation of \$19,117,923 causing a net increase in capital assets net of accumulated depreciation.

Summary of Capital Assets

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Capital Assets:						
Land	\$ 1,324,859	\$ 1,324,859	\$ 117,520	\$ 117,520	\$ 1,442,379	\$ 1,442,379
Construction in Progress	503,408	195,160	0	0	503,408	195,160
Land Improvements	225,135	130,597	0	0	225,135	130,597
Buildings and Improvements	4,324,548	4,281,078	0	0	4,324,548	4,281,078
Vehicles, Machinery and Equipment	6,395,489	6,145,667	498,277	388,495	6,893,766	6,534,162
Infrastructure	13,090,024	12,220,998	31,594,893	31,594,893	44,684,917	43,815,891
	25,863,463	24,298,359	32,210,690	32,100,908	58,074,153	56,399,267
Less: Accumulated Depreciation	(12,941,569)	(11,984,996)	(6,176,354)	(5,808,524)	(19,117,923)	(17,793,520)
Total Assets, Net	\$ 12,921,894	\$ 12,313,363	\$ 26,034,336	\$ 26,292,384	\$ 38,956,230	\$ 38,605,747

Major capital asset activity for the year ended June 30, 2018 included the following:

- Paving projects totaling \$1,098,625 were completed during the year contributing to the increase in governmental activities infrastructure.
- Vehicle and equipment purchases during the year included two police cruisers, three small vehicles, a roadside mower, skidsteer, and water plant generator.
- Other capital purchases include police evidence management software, defibrillators for rescue, Brandy Lane sidewalk construction and Quarry Lane culvert replacement.

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

Long-Term Debt

The Town began the year with \$8,936,855 in long-term debt outstanding. As of June 30, 2018 this amount had increased by \$5,530,652 or 61.8% to end the current year with \$14,467,507 in long-term debt outstanding.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Summary of Long Term Debt

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Governmental Activities	\$ 2,309,184	\$ 6,230,000	\$ 182,469	\$ 8,356,715
Business-type Activities	<u>6,627,671</u>	<u>-</u>	<u>516,879</u>	<u>6,110,792</u>
Total Government	<u>\$ 8,936,855</u>	<u>\$ 6,230,000</u>	<u>\$ 699,348</u>	<u>\$ 14,467,507</u>

Factors contributing to the change include the following:

- Principal payments totaling \$182,469 were made on governmental activities debt and principal payments totaling \$516,879 were made on business-type activities debt.
- New debt in the amount of \$6,230,000 was incurred for the Town Core TIF District projects as approved by voters.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's FY19 approved expenditure budget of \$7,669,514 was a decrease of \$168,776 from the FY18 budget. Due to decreases in other revenues, the amount to be raised by property taxes increased by \$131,559 resulting in the Town raising the municipal tax rate slightly from \$0.5251 to \$0.5392.

The FY19 budget includes a \$240,000 reduction in fund balance (a budgeted deficit), down from \$340,000 in prior years. The fund balance assigned for paving was entirely spent in FY18. The FY19 paving budget is \$300,000.

The budgeted capital transfer was reduced by \$94,147. Two bridge replacements on East Road, road restoration, a fire truck, loader, grader, excavator and sidewalk plow will be financed at a total cost of \$2,885,000 (\$1,695,000 for bridges and roads, and \$1,190,000 for vehicle/equipment) resulting in increased debt service payments in future 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.

TOWN OF MILTON, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 14,396,507	\$ 0	\$ 14,396,507
Receivables (Net of Allowance for Uncollectibles)	693,456	534,446	1,227,902
Internal Balances	(467,431)	467,431	0
Prepaid Expenses	7,806	188	7,994
Inventory	73,987	15,173	89,160
Capital Assets:			
Land	1,324,859	117,520	1,442,379
Construction in Progress	503,408	0	503,408
Other Capital Assets, (Net of Accumulated Depreciation)	11,093,627	25,916,816	37,010,443
Total Assets	<u>27,626,219</u>	<u>27,051,574</u>	<u>54,677,793</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>739,279</u>	<u>50,638</u>	<u>789,917</u>
Total Deferred Outflows of Resources	<u>739,279</u>	<u>50,638</u>	<u>789,917</u>
<u>LIABILITIES</u>			
Accounts Payable	583,507	126,037	709,544
Accrued Payroll and Benefits Payable	109,241	6,980	116,221
Unearned Revenue	29,856	0	29,856
Due to Others	55,344	0	55,344
Accrued Interest Payable	68,064	45,213	113,277
Noncurrent Liabilities:			
Due within One Year	636,719	529,932	1,166,651
Due in More than One Year	9,265,783	5,688,445	14,954,228
Total Liabilities	<u>10,748,514</u>	<u>6,396,607</u>	<u>17,145,121</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>59,335</u>	<u>4,064</u>	<u>63,399</u>
Total Deferred Outflows of Resources	<u>59,335</u>	<u>4,064</u>	<u>63,399</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	10,799,323	19,923,544	30,722,867
Restricted for:			
Husky/Catamount TIF	2,573,985	0	2,573,985
Town Core TIF	1,730,774	0	1,730,774
Impact Fee Eligible Expenses	226,910	0	226,910
Other Purposes	270,036	0	270,036
Unrestricted	1,956,621	777,997	2,734,618
Total Net Position	<u>\$ 17,557,649</u>	<u>\$ 20,701,541</u>	<u>\$ 38,259,190</u>

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

TOWN OF MILTON, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 1,842,970	\$ 344,844	\$ 61,594	\$ 0	\$ (1,436,532)	\$ 0	\$ (1,436,532)
Public Safety	2,802,578	368,589	105,661	0	(2,328,328)	0	(2,328,328)
Highways and Streets	2,754,738	2,645	240,449	301,394	(2,210,250)	0	(2,210,250)
Culture and Recreation	490,138	65,477	11,843	34,861	(377,957)	0	(377,957)
Community Development	204,769	0	206,739	0	1,970	0	1,970
Cemetery	23,704	4,425	50	0	(19,229)	0	(19,229)
Interest on Long-term Debt	134,551	0	0	0	(134,551)	0	(134,551)
Total Governmental Activities	8,253,448	785,980	626,336	336,255	(6,504,877)	0	(6,504,877)
Business-type Activities:							
Water	941,679	1,024,011	0	0	0	82,332	82,332
Sewer	1,023,429	770,361	0	0	0	(253,068)	(253,068)
Total Business-type Activities	1,965,108	1,794,372	0	0	0	(170,736)	(170,736)
Total Primary Government	\$ 10,218,556	\$ 2,580,352	\$ 626,336	\$ 336,255	(6,504,877)	(170,736)	(6,675,613)
General Revenues:							
Property Taxes					6,968,153	0	6,968,153
Penalties and Interest on Delinquent Taxes					87,791	0	87,791
General State Grants					82,459	0	82,459
Impact Fees					81,252	0	81,252
Unrestricted Investment Earnings					61,170	994	62,164
Insurance Proceeds					36,295	0	36,295
Other Revenues					9,821	0	9,821
Transfers:					(489,624)	489,624	0
Total General Revenues and Transfers					6,837,317	490,618	7,327,935
Change in Net Position					332,440	319,882	652,322
Net Position - July 1, 2017, As Restated					17,225,209	20,381,659	37,606,868
Net Position - June 30, 2018					\$ 17,557,649	\$ 20,701,541	\$ 38,259,190

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

TOWN OF MILTON, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Husky/Catamount TIF Fund	Town Core TIF Fund	Capital Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 4,528,969	\$ 2,288,385	\$ 7,533,506	\$ 0	\$ 45,647	\$ 14,396,507
Receivables (Net of Allowance for Uncollectibles)	579,726	0	0	87,555	26,175	693,456
Due from Other Funds	0	288,092	442,246	835,651	995,105	2,561,094
Prepaid Expenses	6,556	0	1,250	0	0	7,806
Inventory	73,987	0	0	0	0	73,987
 Total Assets	 <u>\$ 5,189,238</u>	 <u>\$ 2,576,477</u>	 <u>\$ 7,977,002</u>	 <u>\$ 923,206</u>	 <u>\$ 1,066,927</u>	 <u>\$ 17,732,850</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 118,654	\$ 2,492	\$ 16,228	\$ 411,428	\$ 34,705	\$ 583,507
Accrued Payroll and Benefits Payable	109,241	0	0	0	0	109,241
Due to Other Funds	3,024,172	0	0	0	4,353	3,028,525
Unearned Revenue	23,581	0	0	0	6,275	29,856
Due to Others	55,344	0	0	0	0	55,344
 Total Liabilities	 <u>3,330,992</u>	 <u>2,492</u>	 <u>16,228</u>	 <u>411,428</u>	 <u>45,333</u>	 <u>3,806,473</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable Property Taxes, Penalties and Interest	311,800	0	0	0	0	311,800
Unavailable Ambulance Fees	93,164	0	0	0	0	93,164
Unavailable Grants	2,866	0	0	60,103	1,352	64,321
 Total Deferred Inflows of Resources	 <u>407,830</u>	 <u>0</u>	 <u>0</u>	 <u>60,103</u>	 <u>1,352</u>	 <u>469,285</u>
<u>FUND BALANCES</u>						
Nonspendable	80,543	0	0	0	4,500	85,043
Restricted	0	2,573,985	7,960,774	0	422,603	10,957,362
Committed	0	0	0	0	139,147	139,147
Assigned	240,000	0	0	451,675	455,344	1,147,019
Unassigned/(Deficit)	1,129,873	0	0	0	(1,352)	1,128,521
 Total Fund Balances	 <u>1,450,416</u>	 <u>2,573,985</u>	 <u>7,960,774</u>	 <u>451,675</u>	 <u>1,020,242</u>	 <u>13,457,092</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 5,189,238</u>	 <u>\$ 2,576,477</u>	 <u>\$ 7,977,002</u>	 <u>\$ 923,206</u>	 <u>\$ 1,066,927</u>	 <u>\$ 17,557,649</u>
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:						
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.						12,921,894
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.						469,285
Long-term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.						(9,970,566)
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.						679,944
Net Position of Governmental Activities						<u>\$ 17,557,649</u>

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

TOWN OF MILTON, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Husky/Catamount TIF Fund	Town Core TIF Fund	Capital Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 5,750,407	\$ 610,682	\$ 656,632	\$ 0	\$ 82,132	\$ 7,099,853
Penalties and Interest on Delinquent Taxes	87,791	0	0	0	0	87,791
Intergovernmental	610,834	0	0	83,876	294,120	988,830
Charges for Services	912,919	0	0	0	4,425	917,344
Permits, Licenses and Fees	62,185	0	0	0	110,402	172,587
Fines and Forfeits	55,137	0	0	0	0	55,137
Investment Income	6,680	4,559	42,119	2,138	5,674	61,170
Donations	7,509	0	0	24,552	871	32,932
Other	9,821	0	0	0	0	9,821
Total Revenues	7,503,283	615,241	698,751	110,566	497,624	9,425,465
Expenditures:						
General Government	1,845,051	7,171	41,198	27,827	119,049	2,040,296
Public Safety	2,476,912	0	0	28,245	15,559	2,520,716
Highways and Streets	1,539,310	0	0	0	0	1,539,310
Culture and Recreation	444,251	0	0	0	9,231	453,482
Community Development	0	0	0	0	204,769	204,769
Capital Outlay:						
Public Safety	0	0	0	168,355	0	168,355
Highways and Streets	974,190	0	0	725,486	0	1,699,676
Culture and Recreation	0	0	0	237,692	22,000	259,692
Debt Service:						
Principal	182,469	0	0	0	0	182,469
Interest	71,579	0	0	0	0	71,579
Total Expenditures	7,533,762	7,171	41,198	1,187,605	370,608	9,140,344
Excess/(Deficiency) of Revenues Over Expenditures	(30,479)	608,070	657,553	(1,077,039)	127,016	285,121
Other Financing Sources/(Uses):						
Proceeds from Long-term Debt	0	0	6,230,000	0	0	6,230,000
Insurance Proceeds	0	0	0	36,295	0	36,295
Transfers In	301,965	0	0	846,353	5,715	1,154,033
Transfers Out	(439,987)	(317,911)	(188,166)	0	(697,593)	(1,643,657)
Total Other Financing Sources/(Uses)	(138,022)	(317,911)	6,041,834	882,648	(691,878)	5,776,671
Net Change in Fund Balances	(168,501)	290,159	6,699,387	(194,391)	(564,862)	6,061,792
Fund Balances - July 1, 2017	1,618,917	2,283,826	1,261,387	646,066	1,585,104	7,395,300
Fund Balances - June 30, 2018	\$ 1,450,416	\$ 2,573,985	\$ 7,960,774	\$ 451,675	\$ 1,020,242	\$ 13,457,092

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, 2018

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)	\$	6,061,792
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$2,127,723) is allocated over their estimated useful lives and reported as depreciation expense (\$1,365,568). This is the amount by which capital outlays exceeded depreciation in the current period.		762,155
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position.		(153,624)
The issuance of long-term debt (\$6,230,000) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$182,469) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		(6,047,531)
Governmental funds report employer pension contributions as expenditures (\$180,435). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$338,353) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(157,918)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(66,248)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(66,186)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>332,440</u></u>

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

TOWN OF MILTON, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Receivables (Net of Allowance for Uncollectibles)	\$ 326,879	\$ 207,567	\$ 534,446
Due from Other Funds	0	590,134	590,134
Prepaid Expenses	94	94	188
Inventory	2,260	12,913	15,173
Total Current Assets	<u>329,233</u>	<u>810,708</u>	<u>1,139,941</u>
Noncurrent Assets:			
Land	39,400	78,120	117,520
Vehicles, Machinery and Equipment	203,772	294,505	498,277
Buildings, Distribution and Collection Systems	7,848,338	23,746,555	31,594,893
Less: Accumulated Depreciation	<u>(2,377,978)</u>	<u>(3,798,376)</u>	<u>(6,176,354)</u>
Total Noncurrent Assets	<u>5,713,532</u>	<u>20,320,804</u>	<u>26,034,336</u>
Total Assets	<u>6,042,765</u>	<u>21,131,512</u>	<u>27,174,277</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS			
	<u>22,671</u>	<u>27,967</u>	<u>50,638</u>
Total Deferred Outflows of Resources	<u>22,671</u>	<u>27,967</u>	<u>50,638</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	78,990	47,047	126,037
Accrued Payroll and Benefits Payable	3,072	3,908	6,980
Due to Other Funds	122,703	0	122,703
Accrued Interest Payable	2,634	42,579	45,213
General Obligation Bonds Payable - Current Portion	<u>91,709</u>	<u>438,223</u>	<u>529,932</u>
Total Current Liabilities	<u>299,108</u>	<u>531,757</u>	<u>830,865</u>
Noncurrent Liabilities:			
Compensated Absences Payable	7,482	7,482	14,964
Net Pension Liability	41,470	51,151	92,621
General Obligation Bonds Payable - Noncurrent Portion	<u>491,249</u>	<u>5,089,611</u>	<u>5,580,860</u>
Total Noncurrent Liabilities	<u>540,201</u>	<u>5,148,244</u>	<u>5,688,445</u>
Total Liabilities	<u>839,309</u>	<u>5,680,001</u>	<u>6,519,310</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Participation in VMERS			
	<u>1,820</u>	<u>2,244</u>	<u>4,064</u>
Total Deferred Outflows of Resources	<u>1,820</u>	<u>2,244</u>	<u>4,064</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	5,130,574	14,792,970	19,923,544
Unrestricted	<u>93,733</u>	<u>684,264</u>	<u>777,997</u>
Total Net Position	<u>\$ 5,224,307</u>	<u>\$ 15,477,234</u>	<u>\$ 20,701,541</u>

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, 2018

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 992,518	\$ 751,455	\$ 1,743,973
Penalties	18,966	11,200	30,166
Hookup Fees	9,527	7,631	17,158
Other Income	3,000	75	3,075
	<u>1,024,011</u>	<u>770,361</u>	<u>1,794,372</u>
Total Operating Revenues			
Operating Expenses:			
CWD Water Purchases	406,278	0	406,278
Salaries and Benefits	184,814	216,912	401,726
Administrative Fees	160,000	160,000	320,000
Utilities	20,502	121,179	141,681
Water Meters	10,379	11,472	21,851
Supplies	11,896	69,100	80,996
Printing and Advertising	1,537	0	1,537
Insurances	4,664	24,906	29,570
Technology	203	0	203
Vehicles, Machinery and Equipment	2,944	4,807	7,751
Telephone and Internet	1,828	4,447	6,275
Professional Development	539	1,062	1,601
Miscellaneous Expenses	690	653	1,343
Dues and Fees	1,501	3,220	4,721
Employee Uniforms	1,690	1,789	3,479
Repairs and Maintenance	2,053	38,673	40,726
Depreciation	103,492	250,910	354,402
Rentals	1,870	100	1,970
Construction Services	1,500	3,665	5,165
Technical Services	437	56,697	57,134
	<u>918,817</u>	<u>969,592</u>	<u>1,888,409</u>
Total Operating Expenses			
Operating Income/(Loss)	<u>105,194</u>	<u>(199,231)</u>	<u>(94,037)</u>
Non-Operating Revenues/(Expenses):			
Investment Income	0	994	994
Interest Expense	(22,862)	(53,837)	(76,699)
	<u>(22,862)</u>	<u>(52,843)</u>	<u>(75,705)</u>
Total Non-Operating Revenues/(Expenses)			
Net Income/(Loss) Before Other Financing Sources	<u>82,332</u>	<u>(252,074)</u>	<u>(169,742)</u>
Other Financing Sources:			
Transfers In	9,007	480,617	489,624
	<u>9,007</u>	<u>480,617</u>	<u>489,624</u>
Total Other Financing Sources			
Change in Net Position	91,339	228,543	319,882
Net Position - July 1, 2017, As Restated	<u>5,132,968</u>	<u>15,248,691</u>	<u>20,381,659</u>
Net Position - June 30, 2018	<u>\$ 5,224,307</u>	<u>\$ 15,477,234</u>	<u>\$ 20,701,541</u>

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

TOWN OF MILTON, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,081,842	\$ 866,799	\$ 1,948,641
Payments for Goods and Services	(448,509)	(328,142)	(776,651)
Payments for Interfund Services	(160,000)	(160,000)	(320,000)
Payments for Wages and Benefits	(183,027)	(217,171)	(400,198)
Net Cash Provided by Operating Activities	<u>290,306</u>	<u>161,486</u>	<u>451,792</u>
Cash Flows From Noncapital Financing Activities:			
(Increase)/Decrease in Due from Other Funds	0	(127,803)	(127,803)
Increase/(Decrease) in Due to Other Funds	(124,675)	0	(124,675)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(124,675)</u>	<u>(127,803)</u>	<u>(252,478)</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(70,439)	(25,915)	(96,354)
Transfers Received from Other Funds	9,007	480,617	489,624
Principal Paid on General Obligation Bonds Payable	(81,337)	(435,542)	(516,879)
Interest Paid on General Obligation Bonds Payable	(22,862)	(53,837)	(76,699)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(165,631)</u>	<u>(34,677)</u>	<u>(200,308)</u>
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	0	994	994
Net Cash Provided by Investing Activities	<u>0</u>	<u>994</u>	<u>994</u>
Net Increase in Cash	0	0	0
Cash - July 1, 2017	0	0	0
Cash - June 30, 2018	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	105,194	(199,231)	(94,037)
Depreciation and Amortization	103,492	250,910	354,402
(Increase)/Decrease in Accounts Receivable	62,654	96,438	159,092
(Increase)/Decrease in Prepaid Expenses	(94)	(94)	(188)
(Increase)/Decrease in Inventory	266	(473)	(207)
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	12,889	15,227	28,116
Increase/(Decrease) in Accounts Payable	21,830	14,195	36,025
Increase/(Decrease) in Accrued Payroll and Benefits Payable	(561)	(471)	(1,032)
Increase/(Decrease) in Unearned Revenue	(4,823)	0	(4,823)
Increase/(Decrease) in Compensated Absences Payable	2,645	178	2,823
Increase/(Decrease) in Net Pension Liability	(13,460)	(15,560)	(29,020)
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	274	367	641
Net Cash Provided by Operating Activities	<u>\$ 290,306</u>	<u>\$ 161,486</u>	<u>\$ 451,792</u>

The Water Fund disposed of capital assets with a cost and accumulated depreciation of \$10,034.

The Water Fund and Sewer Fund traded a shared asset with a cost and accumulated depreciation of \$22,778 and \$-0-, respectively, with the Highway Department for an asset with a cost and accumulated depreciation of \$46,240 and \$23,462, respectively.

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

TOWN OF MILTON, VERMONT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2018

	Agency Fund <hr/> Developer Escrow Fund <hr/>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u>78,605</u>
Total Assets	<u>78,605</u>
<u>LIABILITIES</u>	
Due to Others	<u>78,605</u>
Total Liabilities	<u>78,605</u>
<u>NET POSITION</u>	
Total Net Position	\$ <u><u>0</u></u>

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

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

B. Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

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

The Town reports on the following major governmental funds:

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

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

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

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

The Town reports on the following major enterprise funds:

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

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

Additionally, the Town reports the following fund type:

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

C. Measurement Focus

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

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

D. Basis of Accounting

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

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

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

E. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

1. Cash

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

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

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.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

3. Receivables

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

4. Internal Balances

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

5. Inventories and Prepaid Expenses

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

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

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

6. Pensions

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

7. Deferred Outflows/Inflows of Resources

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

8. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. 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. The Town has not capitalized any interest costs.

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

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

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

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

9. Compensated Absences

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

10. Long-term Liabilities

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

11. Fund Equity

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

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

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

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

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

B. Budgeted Deficit

The Town budgeted a current year's deficiency of revenues over expenditures in the General Fund in the amount of \$340,000 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, 2018, expenditures in the General Fund exceeded appropriations by \$135,459. These over-expenditures were funded by excess revenues.

D. Restatement of Net Position

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

	Business-type Activities		
	Water Fund	Sewer Fund	Total
Net Position - July 1, 2017, As Originally Reported	\$ 5,047,898	\$ 15,133,761	\$ 20,181,659
Understatement of Receivables	85,070	114,930	200,000
Net Position - July 1, 2017, As Restated	\$ 5,132,968	\$ 15,248,691	\$ 20,381,659

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

The restatement of the business-type activities was the result of an understatement of receivables. The effect of this restatement on the business-type activities Statement of Net Position is to increase assets and net position by \$200,000. The effect on the 2017 Statement of Activities has not been determined.

The restatement of the Water Fund was the result of an understatement of receivables. The effect of this restatement on Water Fund Statement of Fund Net Position is to increase assets and net position by \$85,070. The effect on the 2017 Statement of Revenues, Expenses and Changes in Fund Net Position has not been determined.

The restatement of the Sewer Fund was the result of an understatement of receivables. The effect of this restatement on Sewer Fund Statement of Fund Net Position is to increase assets and net position by \$114,930. The effect on the 2017 Statement of Revenues, Expenses and Changes in Fund Net Position has not been determined.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents

The Town's cash and cash equivalents as of June 30, 2018 consisted of the following:

Cash and Cash Equivalents:	
Deposits with Financial Institutions	\$ 8,261,607
Certificates of Deposit	6,211,765
Cash on Hand	<u>1,740</u>
 Total Cash and Cash Equivalents	 <u>\$14,475,112</u>

Custodial Credit Risk

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 525,605	\$ 525,605
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	7,883,016	7,931,163
Insured by Letter of Credit Issued by Federal Home Loan Bank	<u>6,064,751</u>	<u>6,064,751</u>
Total	<u>\$14,473,372</u>	<u>\$14,521,519</u>

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	\$ 8,261,607	
Cash Equivalents – Certificates of Deposit		<u>6,211,765</u>
Total		<u>\$14,473,372</u>

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

B. Receivables

Receivables as of June 30, 2018, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Delinquent Taxes Receivable	\$ 407,699	\$ 0	\$ 407,699
Penalties and Interest Receivable	48,396	0	48,396
Ambulance Receivable	341,277	0	341,277
Grants Receivable	139,642	0	139,642
Accounts Receivable	1,873	0	1,873
Billed Services	8,671	519,606	528,277
Unbilled Services	0	18,240	18,240
Allowance for Doubtful Accounts - Taxes	(25,000)	0	(25,000)
Allowance for Doubtful Accounts - Ambulance	(229,102)	0	(229,102)
Allowance for Doubtful Accounts - Water/Sewer	<u>0</u>	<u>(3,400)</u>	<u>(3,400)</u>
 Total	 <u>\$ 693,456</u>	 <u>\$ 534,446</u>	 <u>\$ 1,227,902</u>

C. Loans Receivable

Loans Receivable as of June 30, 2018 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	<u>555,843</u>
Total	851,843
Less: Allowance for Doubtful Loans Receivable	<u>(851,843)</u>
Reported Value as of June 30, 2018	<u>\$ 0</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

D. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,324,859	\$ 0	\$ 0	\$ 1,324,859
Construction in Progress	195,160	891,462	583,214	503,408
Total Capital Assets, Not Being Depreciated	<u>1,520,019</u>	<u>891,462</u>	<u>583,214</u>	<u>1,828,267</u>
Capital Assets, Being Depreciated:				
Land Improvements	130,597	94,538	0	225,135
Buildings and Building Improvements	4,281,078	54,570	11,100	4,324,548
Vehicles	4,475,090	372,508	174,987	4,672,611
Machinery and Equipment	1,670,577	111,512	59,211	1,722,878
Roads, Bridges and Sidewalks	12,220,998	1,209,125	340,099	13,090,024
Totals	<u>22,778,340</u>	<u>1,842,253</u>	<u>585,397</u>	<u>24,035,196</u>
Less Accumulated Depreciation for:				
Land Improvements	96,422	7,505	0	103,927
Buildings and Building Improvements	1,037,207	73,481	8,630	1,102,058
Vehicles	2,946,927	270,802	152,210	3,065,519
Machinery and Equipment	1,470,906	65,678	59,211	1,477,373
Roads, Bridges and Sidewalks	6,433,534	948,102	188,944	7,192,692
Totals	<u>11,984,996</u>	<u>1,365,568</u>	<u>408,995</u>	<u>12,941,569</u>
Total Capital Assets, Being Depreciated	<u>10,793,344</u>	<u>476,685</u>	<u>176,402</u>	<u>11,093,627</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,313,363</u>	<u>\$ 1,368,147</u>	<u>\$ 759,616</u>	<u>\$ 12,921,894</u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 117,520	\$ 0	\$ 0	\$ 117,520
Total Capital Assets, Not Being Depreciated	<u>117,520</u>	<u>0</u>	<u>0</u>	<u>117,520</u>
Capital Assets, Being Depreciated:				
Vehicles, Machinery and Equipment	388,495	142,594	32,812	498,277
Buildings, Distribution and Collection Systems	31,594,893	0	0	31,594,893
Totals	<u>31,983,388</u>	<u>142,594</u>	<u>32,812</u>	<u>32,093,170</u>
Less Accumulated Depreciation for:				
Vehicles, Machinery and Equipment	319,110	46,460	10,034	355,536
Buildings, Distribution and Collection Systems	5,489,414	331,404	0	5,820,818
Totals	<u>5,808,524</u>	<u>377,864</u>	<u>10,034</u>	<u>6,176,354</u>
Total Capital Assets, Being Depreciated	<u>26,174,864</u>	<u>(235,270)</u>	<u>22,778</u>	<u>25,916,816</u>
Business-type Activities Capital Assets, Net	<u>\$ 26,292,384</u>	<u>\$ (235,270)</u>	<u>\$ 22,778</u>	<u>\$ 26,034,336</u>

The Water Fund and Sewer Fund traded a shared asset with a cost and accumulated depreciation of \$22,778 and \$-0-, respectively, with the Highway Department for an asset with a cost and accumulated depreciation of \$46,240 and \$23,462, respectively.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 63,967	Water	\$ 103,492
Public Safety	209,257	Sewer	<u>250,910</u>
Highways and Streets	1,067,480		
Culture and Recreation	<u>24,864</u>		
Total Depreciation Expense - Governmental Activities		Total Depreciation Expense - Business-type Activities	
	<u>\$ 1,365,568</u>		<u>\$ 354,402</u>

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2018 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 3,024,172
Husky/Catamount TIF Fund	288,092	0
Town Core TIF Fund	442,246	0
Capital Reserve Fund	835,651	0
Non-Major Governmental Funds	995,105	4,353
Water Fund	0	122,703
Sewer Fund	<u>590,134</u>	<u>0</u>
Total	<u>\$ 3,151,228</u>	<u>\$ 3,151,228</u>

Interfund transfers during the year ended June 30, 2018 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Reserve Fund	\$ 105,000	Fund Interfund Loan for Truck Purchase
General Fund	Capital Reserve Fund	325,000	Annual Subsidy
General Fund	Capital Reserve Fund	4,272	Additional Capital Expenditures Funding
General Fund	Grant Fund	5,715	Fund Local Match
Husky/Catamount TIF Fund	General Fund	16,453	Fund Debt Service
Husky/Catamount TIF Fund	Sewer Fund	301,458	Fund Debt Service
Town Core TIF Fund	Water Fund	9,007	Fund Debt Service
Town Core TIF Fund	Sewer Fund	179,159	Fund Debt Service
Impact Fees Fund	General Fund	12,000	Fund Debt Service
Impact Fees Fund	Capital Reserve Fund	249,705	Fund Capital Expenditures
Restoration of Records Fund	General Fund	16,311	Fund Restoration Expenses
Road/Sidewalk Restoration Reserve Fund	General Fund	200,000	Fund Capital Expenditures
Recreation Capital Reserve Fund	Capital Reserve Fund	127,276	Fund Capital Expenditures
Fire/EMS Capital Reserve Fund	General Fund	57,201	Fund Debt Service
Fire/EMS Capital Reserve Fund	Capital Reserve Fund	<u>35,100</u>	Fund Capital Expenditures
Total		<u>\$ 1,643,657</u>	

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

F. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$19,673 from the difference between the expected and actual experience, \$225,237 from the difference between the projected and actual investment earnings, \$283,105 from changes in assumptions and \$30,829 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 \$180,435 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$739,279.

Deferred outflows of resources in the business-type activities consists of \$1,347 from the difference between the expected and actual experience, \$15,426 from the difference between the projected and actual investment earnings, \$19,391 from changes in assumptions and \$2,111 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 \$12,363 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the business-type activities is \$50,638.

Deferred outflows of resources in the Water Fund consists of \$603 from the difference between the expected and actual experience, \$6,907 from the difference between the projected and actual investment earnings, \$8,682 from changes in assumptions and \$945 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 \$5,534 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Water Fund is \$22,671.

Deferred outflows of resources in the Sewer Fund consists of \$744 from the difference between the expected and actual experience, \$8,519 from the difference between the projected and actual investment earnings, \$10,709 from changes in assumptions and \$1,166 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 \$6,829 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Sewer Fund is \$27,967.

G. Unearned Revenue

Unearned revenue in the General Fund consists of \$23,581 of recreation fees received in advance.

Unearned revenue in the Non-Major Governmental Funds consists of \$6,275 of grant revenue received in advance.

H. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$33,477 from the difference between the expected and actual experience and \$25,858 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the governmental activities is \$59,335.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Deferred inflows of resources in the business-type activities consists of \$2,293 from the difference between the expected and actual experience and \$1,771 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows in the business-type activities is \$4,064.

Deferred inflows of resources in the General Fund consists of \$311,800 of delinquent property taxes, penalties and interest on those taxes, \$93,164 of ambulance fees and \$2,866 of grant revenue 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 \$407,830.

Deferred inflows of resources in the Capital Reserve Fund consists of \$60,103 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$1,352 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 \$1,027 from the difference between the expected and actual experience and \$793 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the Water Fund is \$1,820.

Deferred inflows of resources in the Sewer Fund consists of \$1,266 from the difference between the expected and actual experience and \$978 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the Sewer Fund is \$2,244.

I. Long-term Liabilities

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

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

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

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018 were as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Storm Water Collection System on Main Street, Principal and Administrative Fee Payments of \$16,453 Payable on June 1 Annually, 0% Interest, 2% Administrative Fee, Due June, 2031	\$ 199,184	\$ 0	\$ 12,469	\$ 186,715
Bond Payable, Vermont Municipal Bond Bank, Recovery Zone Economic Development Bond, Library Expenses and West Milton Road Construction, Principal Payments Ranging from \$80,000 to \$85,000 Payable on December 1 Annually, Interest Ranging from 0.777% to 3.546% Payable June 1 and December 1, Due December, 2030	1,140,000	0	85,000	1,055,000
Bond Payable, Vermont Municipal Bond Bank, Fire Station, Principal Payments Ranging from \$25,000 to \$40,000 Payable on December 1 Annually, Interest Ranging from 0.804% to 3.844% Payable on June 1 and December 1, Due December, 2023	265,000	0	40,000	225,000
Bond Payable, Vermont Municipal Bond Bank, Tower Truck, Principal Payments of \$45,000 Payable on December 1 Annually, Interest Ranging from 0.804% to 3.634% Payable on June 1 and December 1, Due December, 2023	315,000	0	45,000	270,000
Bond Payable, Vermont Municipal Bond Bank, Bombardier Property Purchase, Principal Payments of \$26,000 Payable on November 1 Annually Beginning November 1, 2018, Interest Ranging from 1.78% to 3.49% Payable on May 1 and November 1, Due November, 2032	390,000	0	0	390,000

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, TD Bank, TIF Improvements, Principal Payments of \$420,000 Plus Interest Payable on December 15 Annually Beginning December, 2018 with a Final Payment of \$350,000 Payable on December 15, 2032, Interest at 3%, Due December, 2032	\$ <u>0</u>	\$ <u>6,230,000</u>	\$ <u>0</u>	\$ <u>6,230,000</u>
Total Governmental Activities	\$ <u>2,309,184</u>	\$ <u>6,230,000</u>	\$ <u>182,469</u>	\$ <u>8,356,715</u>
Business-type Activities:				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bond Bank, Water Improvements, Principal Payments Ranging from \$59,670 to \$64,502 Payable on December 1 Annually, Interest at 7.654% Payable on June 1 and December 1, Due December, 2018	\$ 124,172	\$ 0	\$ 59,670	\$ 64,502
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	423,001	0	15,667	407,334
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	102,000	0	6,000	96,000
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Upgrade, Authorized to \$27,700, Principal Payments of \$5,540 Payable on March 1 Annually Beginning March, 2019, 0% Interest, Due March, 2023	15,122	0	0	15,122

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer Upgrade, Principal Payments of \$43,250 Payable on October 1 Annually, 0% Interest, Due October, 2020	\$ 173,000	\$ 0	\$ 43,250	\$ 129,750
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer Upgrade, Principal Payments of \$258,208 Payable on February 1 Annually, 0% Interest, Due February, 2029	3,098,501	0	258,208	2,840,293
Bond Payable, State of Vermont Special Environmental Revolving Fund, Village Core Sewer Improvements, Principal and Administrative Fee Payments of \$179,159 Payable on October 1 Annually, 0% Interest, 2% Administrative Fee, Due October, 2033	2,560,516	0	127,949	2,432,567
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer System Rehabilitation, Principal and Administrative Fee Payments of \$8,762 Payable on September 1 Annually, 0% Interest, 2% Administrative Fee, Due September, 2034	<u>131,359</u>	<u>0</u>	<u>6,135</u>	<u>125,224</u>
Total Business-type Activities	<u>\$6,627,671</u>	<u>\$ 0</u>	<u>\$516,879</u>	<u>\$6,110,792</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds Payable	\$ 2,309,184	\$ 6,230,000	\$ 182,469	\$ 8,356,715	\$ 628,719
Compensated Absences Payable	141,255	8,214	0	149,469	0
Landfill Post-Closure	49,000	0	5,000	44,000	8,000
Net Pension Liability	<u>1,351,016</u>	<u>1,302</u>	<u>0</u>	<u>1,352,318</u>	<u>0</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 3,850,455</u>	<u>\$ 6,239,516</u>	<u>\$ 187,469</u>	<u>\$ 9,902,502</u>	<u>\$ 636,719</u>
Business-type Activities					
General Obligation Bonds Payable	\$ 6,627,671	\$ 0	\$ 516,879	\$ 6,110,792	\$ 529,932
Compensated Absences Payable	12,141	2,823	0	14,964	0
Net Pension Liability	<u>121,641</u>	<u>0</u>	<u>29,020</u>	<u>92,621</u>	<u>0</u>
Total Business-type Activities					
Long-term Liabilities	<u>\$ 6,761,453</u>	<u>\$ 2,823</u>	<u>\$ 545,899</u>	<u>\$ 6,218,377</u>	<u>\$ 529,932</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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 ten (10) years. The Town's estimated liability is \$44,000. This amount is based on what it would cost to perform all post closure care now. Actual costs may vary due to changes in the cost of living, changes in technology, changes in regulations or variances between estimated and actual amounts.

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

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

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 628,719	\$ 262,050	\$ 529,932	\$ 69,746
2020	628,973	244,012	468,166	63,600
2021	629,233	225,619	469,457	59,756
2022	624,497	206,929	425,011	55,750
2023	624,767	187,974	427,914	51,584
2024-2028	2,773,077	635,834	2,185,187	229,208
2029-2033	2,447,449	213,152	1,234,138	127,787
2034-2038	0	0	276,990	36,861
2039-2043	0	0	78,330	13,573
2044	0	0	15,667	388
Total	\$ <u>8,356,715</u>	\$ <u>1,975,570</u>	\$ <u>6,110,792</u>	\$ <u>708,253</u>

J. Fund Balances

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

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

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

TOWN OF MILTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

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

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town has established a policy to maintain a minimum unassigned fund balance of approximately ten percent (10%) of the budget. The unassigned fund balance is \$1,129,873 which is 14.7% of the 2019 expenditures budget.

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

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

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

Major Funds

General Fund:

Nonspendable Prepaid Expenses	\$ 6,556
Nonspendable Inventories	<u>73,987</u>
Total General Fund	<u>80,543</u>

Non-Major Funds

Permanent Fund:

Nonspendable West Milton Cemetery Fund Principal – Estimated	<u>4,500</u>
Total Nonspendable Fund Balances	<u>\$85,043</u>

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

Major Funds

Husky/Catamount TIF Fund:

Restricted for Husky/Catamount TIF Fund Debt/Expenditures by Statute (Source of Revenue is Property Taxes)	<u>\$ 2,573,985</u>
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TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Town Core TIF Fund:

Restricted for Town Core TIF Fund Debt/Expenditures by Statute (Source of Revenue is Property Taxes)	\$ 1,691,174
Restricted for Town Core TIF Fund Expenditures by Unspent Bond Proceeds (Source of Revenue is Bond Proceeds) – Principal	6,230,000
Restricted for Town Core TIF Fund Expenditures by Unspent Bond Proceeds (Source of Revenue is Bond Proceeds) – Interest	<u>39,600</u>

Total Town Core TIF Fund 7,960,774

Non-Major Funds

Special Revenue Funds:

Restricted Impact Fees Fund Expenses by Impact Fees (Source of Revenue is Impact Fees)	226,910
Restricted for Restoration of Records Fund Expenses by Statute (Source of Revenue is Restoration Fees)	121,268
Restricted for Drug Forfeiture Expenses by Agreement (Source of Revenue is Grant Revenue)	26,564
Restricted for Milton Public Library Expenses by Donations (Source of Revenue is Donations)	<u>9,413</u>

Total Special Revenue Funds 384,155

Capital Projects Funds:

Restricted for Bombardier Property Purchase by Unspent Bond Proceeds (Source of Revenue is Bond Proceeds)	<u>4,144</u>
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Permanent Funds:

Restricted for West Milton Cemetery Expenses by Trust Agreements	<u>34,304</u>
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Total Non-Major Funds 422,603

Total Restricted Fund Balances \$10,957,362

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

Non-Major Funds

Capital Projects Funds:

Committed for Road/Sidewalk Restoration Expenditures by Voters	\$ 8,397
Committed for Recreation Capital Expenditures by Voters	49,967
Committed for Fire/EMS Capital Expenditures by Voters	<u>80,783</u>

Total Committed Fund Balances \$139,147

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

Major Funds

General Fund:	
Assigned to Reduce Property Taxes in Fiscal Year 2019	\$ <u>240,000</u>
Capital Reserve Fund:	
Assigned for Capital Expenditures	<u>451,675</u>

Non-Major Funds

Special Revenue Funds:	
Assigned for Reappraisal Expenses	<u>455,344</u>
Total Assigned Fund Balances	<u>\$1,147,019</u>

The unassigned deficit of \$1,352 in the Grant Fund will be funded with the collection of grant revenues.

K. Restricted and Designated Net Position

The restricted net position of the Town as of June 30, 2018 consisted of the following:

Governmental Activities:	
Inventories Restricted for Highway Use by Statute	\$ 73,987
Restricted for Husky/Catamount TIF Fund by Statute	2,573,985
Restricted for Town Core TIF Fund by Statute	1,730,774
Restricted for Impact Fees Fund Expenses by Impact Fees	226,910
Restricted for Restoration of Records Expenses by Statute	121,268
Restricted for Drug Forfeiture Expenses by Agreement	26,564
Restricted for Milton Public Library Expenses by Donations	9,413
Restricted for West Milton Cemetery Expenses by Trust Agreements – Non-Expendable Portion	4,500
Restricted for West Milton Cemetery Expenses by Trust Agreements – Expendable Portion	<u>34,304</u>
Total Governmental Activities	<u>\$4,801,705</u>

The designated net position of the Town as of June 30, 2018 consisted of the following:

Business-type Activities:	
Water Fund:	
Designated for Water Operations	\$ 93,733
Sewer Fund:	
Designated for Sewer Operations	<u>684,264</u>
Total Business-type Activities	<u>\$777,997</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

V. OTHER INFORMATION

A. PENSION PLAN

Defined Benefit Plan

The Vermont Municipal Employees' Retirement System (VMERS)

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2018, the retirement system consisted of 423 participating employers.

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

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

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

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

As of June 30, 2017, the measurement date selected by the State of Vermont, VMERS was funded at 83.64% and had a plan fiduciary net position of \$619,510,342 and a total pension liability of \$740,665,894 resulting in a net position liability of \$121,155,552. As of June 30, 2018, the Town's proportionate share of this was 1.1926% resulting in a net pension liability of \$1,444,939. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 1.1926% was an increase of 0.0483 from its proportion measured as of the prior year.

For the year ended June 30, 2018, the Town recognized pension expense of \$350,455.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

As of June 30, 2018, 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	\$ 21,020	\$ 35,770
Net difference between projected and actual investment earnings on pension assets	240,663	0
Changes in assumptions	302,496	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	32,940	27,629
Town's required employer contributions made subsequent to the measurement date	192,798	0
	\$ 789,917	\$ 63,399

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$192,798 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2019	\$188,969
2020	269,233
2021	80,693
2022	<u>(5,175)</u>
Total	<u>\$533,720</u>

Summary of System Provisions

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

Creditable Service – Service as a member plus purchased service.

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

Service Retirement Allowance:

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

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

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

Early Retirement Allowance:

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

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

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

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

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

Death Benefit:

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

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

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

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

Member Contributions – Group B – 4.875%. Group C – 10.00%. Group D – 11.35%.

Employer Contributions – Group B – 5.50%. Group C – 7.25%. Group D – 9.85%.

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

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7.50%, net of pension plan investment expenses, including inflation, a decrease from 7.95% in the prior year.

Salary increases: 5% per year.

Mortality – The mortality tables were updated for the current year from variations of RP-2000 with static projection to variations of RP-2014 with generational improvement:

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

Healthy Post-Retirement: Groups B and C – 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational projection using Scale SSA-2017. Group D – 100% of RP-2014 Healthy Annuitant with generational projection using Scale SSA-2017.

Disabled Post-Retirement: Groups B, C and D – RP-2014 Disabled Mortality Table with generational projection using Scale SSA-2017.

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

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.30% per annum for Groups B, C and D members, a decrease from 1.8% in the prior year (beginning at normal retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups B and D who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2018 COLA is assumed to be 0.75% for all groups.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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.

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

Inflation: 2.50%, a decrease from 3% in the prior year.

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	16%	6.07%
Non-US Equity	16%	7.42%
Global Equity	9%	6.85%
Real Estate	8%	4.62%
Private Markets	15%	7.80%
Hedge Funds	8%	3.95%
Risk Parity	4%	4.84%

Discount Rate – The discount rate used to measure the total pension liability was 7.50%, a decrease from 7.95% in the prior year. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

TOWN OF MILTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$2,579,844	\$1,444,939	\$503,719

Additional Information

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

Defined Contribution Plan

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

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

Total covered payroll for Group DC was \$458,187. Pension expense for the year ended June 30, 2018 was \$23,482.

Deferred Compensation Plan

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

B. PROPERTY TAXES

The Town is responsible for assessing and collecting its own property taxes, as well as education property taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are collected three (3) times per year. During the tax year ended June 30, 2018, taxes became due and payable on September 15, 2017, February 15, 2018 and May 15, 2018. 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 2018 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Town	.5209	.5209
Local Agreement	.0042	.0042
Education	<u>1.4447</u>	<u>1.5449</u>
Total	<u>1.9698</u>	<u>2.0700</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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 \$714 in unemployment claims during fiscal year 2018.

D. TAX INCREMENT FINANCING DISTRICTS

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

TIF Districts allow the Town to undertake and pay for infrastructure improvements that will allow for increased economic and community development. The Town cannot begin any TIF projects unless a debt ceiling is in place. The Town may adjust its debt ceiling through debt related ballot items for TIF projects. Milton specific legislation allows Milton to approve debt ceilings incrementally. All TIF District debt will be secured by the TIF District revenues and the general obligation of the Town. The Town can no longer borrow on the North/South TIF District. There is \$2,970,043 of outstanding debt related to North/South TIF District that is included in the Sewer Fund that will be paid with TIF District incremental taxes. The Town can no longer borrow on the Town Core TIF District. The Town was required to incur all approved debt by March 31, 2018 which was completed. The Town previously incurred \$3,250,000 for Phases I and II of the Village Core Sewer Expansion System and to extend a waterline along Bombardier Road to Route 7. These projects were finished during fiscal years 2015 and 2016. The Town borrowed \$6,230,000 in 2018 to fund approved projects including \$2,800,000 for the Hourglass Intersection Improvement, \$2,500,000 for Streetscape Improvements along Route 7 and \$1,000,000 for the Southern Gateway Intersection. \$2,432,567 of outstanding debt is included in the Sewer Fund and \$96,000 in the Water Fund that will be paid with TIF District incremental taxes

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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

E. CONTINGENT LIABILITIES

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

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

F. CONCENTRATION OF EXPENSES

The Town purchased all of their water from Champlain Water district “CWD” for the year ended June 30, 2018. The Town purchased \$406,278 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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 5,621,782	\$ 5,750,407	\$ 128,625
Interest on Delinquent Taxes	35,000	33,580	(1,420)
Penalties on Delinquent Taxes	55,000	54,211	(789)
Railroad Taxes	3,840	3,849	9
State Land Taxes	15,300	14,372	(928)
Current Use Taxes	56,000	58,897	2,897
State Land PILOT	5,400	5,341	(59)
Penalty on Late HS-122	7,000	5,740	(1,260)
School Tax Collection Fee	27,000	29,231	2,231
Interest on Investments	3,000	6,680	3,680
Miscellaneous	20,000	9,821	(10,179)
Administrative Contribution - Water and Sewer	320,000	320,000	0
Clerk and Treasurer	111,800	93,891	(17,909)
Finance	180,100	160,000	(20,100)
Listers	400	0	(400)
Library	2,400	3,130	730
Recreation	77,120	65,189	(11,931)
Planning and Zoning	42,000	43,372	1,372
Public Works	442,500	618,094	175,594
Police	129,400	191,009	61,609
Animal Control	6,000	3,457	(2,543)
Fire	59,295	57,232	(2,063)
Rescue	239,500	249,292	9,792
Transfers In for Debt	38,453	28,453	(10,000)
	<u>7,498,290</u>	<u>7,805,248</u>	<u>306,958</u>
Total Revenues			
Expenditures:			
Administrative Services	16,050	14,050	2,000
Selectboard	65,682	59,276	6,406
Insurance/Risk Management	287,900	204,498	83,402
Legal	56,000	62,257	(6,257)
County and Regional Functions	135,580	136,828	(1,248)
Information Technology	50,780	51,795	(1,015)
Contingency	30,000	0	30,000
Debt Service, Principal and Interest	384,029	359,048	24,981
Manager	257,418	313,900	(56,482)
Clerk and Treasurer	315,871	306,004	9,867
Elections	8,933	5,608	3,325
Finance	379,075	337,010	42,065
Listers	74,241	76,532	(2,291)
Library	259,015	254,500	4,515

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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, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures/(Cont'd):			
Recreation	\$ 192,135	\$ 189,751	\$ 2,384
Planning and Zoning	316,480	279,784	36,696
Public Works Administration	152,867	181,721	(28,854)
Highways	1,623,120	1,978,020	(354,900)
Buildings and Grounds	347,210	356,616	(9,406)
Health Officer	0	367	(367)
Public Safety Administration	0	43,089	(43,089)
Police	1,925,462	1,908,503	16,959
Animal Control	8,491	9,482	(991)
Fire	280,459	239,303	41,156
Rescue	346,492	280,807	65,685
Transfer to Capital	325,000	325,000	0
	7,838,290	7,973,749	(135,459)
Excess/(Deficiency) of Revenues Over Expenditures	\$ <u>(340,000)</u>	(168,501)	\$ <u>171,499</u>
Fund Balance - July 1, 2017		1,618,917	
Fund Balance - June 30, 2018		\$ 1,450,416	

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF MILTON, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2018

	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	1.1926%	1.1443%	1.2687%	1.2374%
Town's Proportionate Share of the Net Pension Liability	\$ 1,444,939	\$ 1,472,657	\$ 978,129	\$ 112,929
Town's Covered Employee Payroll	\$ 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	56.9044%	56.7678%	42.0348%	4.7858%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: The following changes were effective for the June 30, 2017 valuation date:

- Assumed inflation was lowered from 3.0% to 2.5%.
- The investment return assumption was lowered from 7.95% to 7.50%.
- Assumed COLA increases were lowered from 1.50% to 1.15% for Group A members and from 1.80% to 1.3% for Group B, C and D members.
- The mortality tables were updated from variations of RP-2000 with static projection to variations of RP-2014 with generational improvement.

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

TOWN OF MILTON, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2018

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

Notes to Schedule

Valuation Date: June 30, 2017

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

TOWN OF MILTON, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Fund West Milton Cemetery Fund	Total
<u>ASSETS</u>				
Cash	\$ 39,929	\$ 0	\$ 5,718	\$ 45,647
Receivables	26,175	0	0	26,175
Due from Other Funds	<u>818,728</u>	<u>143,291</u>	<u>33,086</u>	<u>995,105</u>
Total Assets	<u>\$ 884,832</u>	<u>\$ 143,291</u>	<u>\$ 38,804</u>	<u>\$ 1,066,927</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 34,705	\$ 0	\$ 0	\$ 34,705
Due to Other Funds	4,353	0	0	4,353
Unearned Revenue	<u>6,275</u>	<u>0</u>	<u>0</u>	<u>6,275</u>
Total Liabilities	<u>45,333</u>	<u>0</u>	<u>0</u>	<u>45,333</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Grants	<u>1,352</u>	<u>0</u>	<u>0</u>	<u>1,352</u>
Total Deferred Inflows of Resources	<u>1,352</u>	<u>0</u>	<u>0</u>	<u>1,352</u>
<u>FUND BALANCES</u>				
Nonspendable	0	0	4,500	4,500
Restricted	384,155	4,144	34,304	422,603
Committed	0	139,147	0	139,147
Assigned	455,344	0	0	455,344
Unassigned/(Deficit)	<u>(1,352)</u>	<u>0</u>	<u>0</u>	<u>(1,352)</u>
Total Fund Balances	<u>838,147</u>	<u>143,291</u>	<u>38,804</u>	<u>1,020,242</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 884,832</u>	<u>\$ 143,291</u>	<u>\$ 38,804</u>	<u>\$ 1,066,927</u>

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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, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Fund West Milton Cemetery Fund	Total
Revenues:				
Property Taxes	\$ 0	\$ 82,132	\$ 0	\$ 82,132
Intergovernmental	283,120	11,000	0	294,120
Charges for Services	0	0	4,425	4,425
Permits, Licenses and Fees	110,402	0	0	110,402
Investment Income	4,353	1,242	79	5,674
Donations	821	0	50	871
	<u>398,696</u>	<u>94,374</u>	<u>4,554</u>	<u>497,624</u>
Total Revenues				
Expenditures:				
General Government	119,049	0	0	119,049
Public Safety	15,559	0	0	15,559
Culture and Recreation	9,231	0	0	9,231
Community Development	204,769	0	0	204,769
Capital Outlay:				
Culture and Recreation	0	22,000	0	22,000
	<u>348,608</u>	<u>22,000</u>	<u>0</u>	<u>370,608</u>
Total Expenditures				
Excess of Revenues Over Expenditures	<u>50,088</u>	<u>72,374</u>	<u>4,554</u>	<u>127,016</u>
Other Financing Sources/(Uses):				
Transfers In	5,715	0		5,715
Transfers Out	(278,016)	(419,577)	0	(697,593)
	<u>(272,301)</u>	<u>(419,577)</u>	<u>0</u>	<u>(691,878)</u>
Total Other Financing Sources/(Uses)				
Net Change in Fund Balances	(222,213)	(347,203)	4,554	(564,862)
Fund Balances - July 1, 2017	<u>1,060,360</u>	<u>490,494</u>	<u>34,250</u>	<u>1,585,104</u>
Fund Balances - June 30, 2018	<u>\$ 838,147</u>	<u>\$ 143,291</u>	<u>\$ 38,804</u>	<u>\$ 1,020,242</u>

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TOWN OF MILTON, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Impact Fees Fund	Reappraisal Fund	Restoration of Records Fund	Drug Forfeiture Fund	Milton Public Library Fund	Grant Fund	Total
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 30,917	\$ 9,012	\$ 0	\$ 39,929
Receivables	0	0	23	0	0	26,152	26,175
Due from Other Funds	<u>226,910</u>	<u>469,344</u>	<u>121,245</u>	<u>0</u>	<u>521</u>	<u>708</u>	<u>818,728</u>
Total Assets	<u>\$ 226,910</u>	<u>\$ 469,344</u>	<u>\$ 121,268</u>	<u>\$ 30,917</u>	<u>\$ 9,533</u>	<u>\$ 26,860</u>	<u>\$ 884,832</u>
<u>LIABILITIES</u>							
Accounts Payable	\$ 0	\$ 14,000	\$ 0	\$ 0	\$ 120	\$ 20,585	\$ 34,705
Due to Other Funds	0	0	0	4,353	0	0	4,353
Unearned Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,275</u>	<u>6,275</u>
Total Liabilities	<u>0</u>	<u>14,000</u>	<u>0</u>	<u>4,353</u>	<u>120</u>	<u>26,860</u>	<u>45,333</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable Grants	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,352</u>	<u>1,352</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,352</u>	<u>1,352</u>
<u>FUND BALANCES</u>							
Restricted	226,910	0	121,268	26,564	9,413	0	384,155
Assigned	0	455,344	0	0	0	0	455,344
Unassigned/(Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,352)</u>	<u>(1,352)</u>
Total Fund Balances/(Deficit)	<u>226,910</u>	<u>455,344</u>	<u>121,268</u>	<u>26,564</u>	<u>9,413</u>	<u>(1,352)</u>	<u>838,147</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 226,910</u>	<u>\$ 469,344</u>	<u>\$ 121,268</u>	<u>\$ 30,917</u>	<u>\$ 9,533</u>	<u>\$ 26,860</u>	<u>\$ 884,832</u>

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TOWN OF MILTON, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Impact Fees Fund	Reappraisal Fund	Restoration of Records Fund	Drug Forfeiture Fund	Milton Public Library Fund	Grant Fund	Total
Revenues:							
Intergovernmental	\$ 0	\$ 42,161	\$ 0	\$ 1,470	\$ 1,225	\$ 238,264	\$ 283,120
Permits, Licenses and Fees	81,252	0	28,921	0	229	0	110,402
Investment Income	2,889	1,102	325	27	10	0	4,353
Donations	0	0	0	0	821	0	821
Total Revenues	84,141	43,263	29,246	1,497	2,285	238,264	398,696
Expenditures:							
General Government	75,286	14,004	4,611	0	0	25,148	119,049
Public Safety	0	0	0	6,870	0	8,689	15,559
Culture and Recreation	0	0	0	0	2,506	6,725	9,231
Community Development	0	0	0	0	0	204,769	204,769
Total Expenditures	75,286	14,004	4,611	6,870	2,506	245,331	348,608
Excess/(Deficiency) of Revenues Over Expenditures	8,855	29,259	24,635	(5,373)	(221)	(7,067)	50,088
Other Financing Sources/(Uses):							
Transfers In	0	0	0	0	0	5,715	5,715
Transfers Out	(261,705)	0	(16,311)	0	0	0	(278,016)
Total Other Financing Sources/(Uses)	(261,705)	0	(16,311)	0	0	5,715	(272,301)
Net Change in Fund Balances	(252,850)	29,259	8,324	(5,373)	(221)	(1,352)	(222,213)
Fund Balances - July 1, 2017	479,760	426,085	112,944	31,937	9,634	0	1,060,360
Fund Balances/(Deficit) - June 30, 2018	\$ 226,910	\$ 455,344	\$ 121,268	\$ 26,564	\$ 9,413	\$ (1,352)	\$ 838,147

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TOWN OF MILTON, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2018

	Road/Sidewalk Restoration Reserve Fund	Recreation Capital Reserve Fund	Fire/EMS Capital Reserve Fund	Bombardier Property Purchase Fund	Total
<u>ASSETS</u>					
Due from Other Funds	\$ <u>8,397</u>	\$ <u>49,967</u>	\$ <u>80,783</u>	\$ <u>4,144</u>	\$ <u>143,291</u>
Total Assets	\$ <u><u>8,397</u></u>	\$ <u><u>49,967</u></u>	\$ <u><u>80,783</u></u>	\$ <u><u>4,144</u></u>	\$ <u><u>143,291</u></u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances:					
Restricted	0	0	0	4,144	4,144
Committed	<u>8,397</u>	<u>49,967</u>	<u>80,783</u>	<u>0</u>	<u>139,147</u>
Total Fund Balances	<u>8,397</u>	<u>49,967</u>	<u>80,783</u>	<u>4,144</u>	<u>143,291</u>
Total Liabilities and Fund Balances	\$ <u><u>8,397</u></u>	\$ <u><u>49,967</u></u>	\$ <u><u>80,783</u></u>	\$ <u><u>4,144</u></u>	\$ <u><u>143,291</u></u>

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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, 2018

	Road/Sidewalk Restoration Reserve Fund	Recreation Capital Reserve Fund	Fire/EMS Capital Reserve Fund	Bombardier Property Purchase Fund	Total
Revenues:					
Property Taxes	\$ 0	\$ 0	\$ 82,132	\$ 0	\$ 82,132
Intergovernmental	0	11,000	0	0	11,000
Investment Income	<u>408</u>	<u>439</u>	<u>325</u>	<u>70</u>	<u>1,242</u>
Total Revenues	<u>408</u>	<u>11,439</u>	<u>82,457</u>	<u>70</u>	<u>94,374</u>
Expenditures:					
Capital Outlay:					
Culture and Recreation	<u>0</u>	<u>22,000</u>	<u>0</u>	<u>0</u>	<u>22,000</u>
Total Expenditures	<u>0</u>	<u>22,000</u>	<u>0</u>	<u>0</u>	<u>22,000</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>408</u>	<u>(10,561)</u>	<u>82,457</u>	<u>70</u>	<u>72,374</u>
Other Financing Sources/(Uses):					
Transfers Out	<u>(200,000)</u>	<u>(127,276)</u>	<u>(92,301)</u>	<u>0</u>	<u>(419,577)</u>
Total Other Financing Sources/(Uses)	<u>(200,000)</u>	<u>(127,276)</u>	<u>(92,301)</u>	<u>0</u>	<u>(419,577)</u>
Net Change in Fund Balances	(199,592)	(137,837)	(9,844)	70	(347,203)
Fund Balances - July 1, 2017	<u>207,989</u>	<u>187,804</u>	<u>90,627</u>	<u>4,074</u>	<u>490,494</u>
Fund Balances - June 30, 2018	<u>\$ 8,397</u>	<u>\$ 49,967</u>	<u>\$ 80,783</u>	<u>\$ 4,144</u>	<u>\$ 143,291</u>

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TOWN OF MILTON, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Water Rents	\$ 867,000	\$ 981,122	\$ 114,122
Penalties	15,000	18,966	3,966
Hookup Fees	75,000	9,527	(65,473)
Water Hauler Receipts	10,000	11,396	1,396
Maintenance Agreement Receipts	1,800	0	(1,800)
Interest Earnings	54	0	(54)
Other Income	1,500	3,000	1,500
Transfer In - TIF Fund	9,443	9,007	(436)
Total Revenues	979,797	1,033,018	53,221
Expenses:			
Regular Salaries	150,744	130,389	20,355
Overtime Salaries	7,535	7,040	495
Insurance Buyout	10,000	7,854	2,146
Group Health Insurance	11,545	11,249	296
Group Dental Insurance	2,513	930	1,583
Group LTD/STD/Vision Insurance	375	1,150	(775)
Group Life Insurance	1,393	409	984
Social Security	12,873	10,879	1,994
Retirement Contribution	9,255	7,353	1,902
Workers Compensation	7,550	7,561	(11)
Official/Administrative	160,000	160,000	0
Technical Services	1,875	437	1,438
Laundry Services	0	139	(139)
Water/Sewer	200	201	(1)
Water Purchase - CWD	429,613	406,278	23,335
Disposal and Refuse	420	418	2
Repair and Maintenance Facility	6,500	0	6,500
Vehicle Repair and Maintenance	1,500	975	525
Equipment Repair and Maintenance	3,000	1,078	1,922
Rental of Equipment and Vehicle	450	1,870	(1,420)
Construction Services	10,000	1,500	8,500
General Liability Insurance	5,500	4,664	836
Communications - Telephone	450	388	62
Communications - Other	1,430	1,440	(10)
Advertising	300	1,537	(1,237)
Printing and Binding	2,600	0	2,600
Travel	275	0	275
Postage	50	0	50
Office Supplies	258	669	(411)
General Supplies	12,445	11,227	1,218
Water Meters	11,553	10,379	1,174
Technology	600	203	397
Natural Gas	4,000	3,329	671
Electricity	11,700	14,180	(2,480)
Bottled Gas	75	0	75

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TOWN OF MILTON, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenses/(Cont'd):			
Diesel Fuel	\$ 960	\$ 316	\$ 644
Gasoline	1,872	2,058	(186)
Books and Periodicals	200	0	200
Employee Uniforms	2,615	1,690	925
Capital Projects	45,000	29,415	15,585
Machinery and Equipment	1,000	15,109	(14,109)
Vehicles	35,000	28,859	6,141
Dues and Fees	825	1,501	(676)
Professional Development	1,750	539	1,211
Small Tools	800	551	249
Water Improvements Debt	59,670	59,670	0
Bombardier Water Line Improvements Debt	6,000	6,000	0
Water Line Improvements Debt	15,667	15,667	0
Interest	24,148	22,862	1,286
Total Expenses	1,074,084	989,963	84,121
Net Income/(Loss)	\$ (94,287)	43,055	\$ 137,342
Adjustments to Reconcile to GAAP Basis Statements:			
Purchase of Vehicles and Equipment		70,439	
Depreciation		(103,492)	
Principal Payments on Long-term Debt		81,337	
Change in Net Position - Exhibit G		\$ 91,339	

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TOWN OF MILTON, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Sewer Rents	\$ 553,000	\$ 686,469	\$ 133,469
Penalties	6,000	11,200	5,200
Hookup Fees	75,000	7,631	(67,369)
Septage Receipts	65,000	64,986	(14)
Maintenance Agreement Receipts	400	0	(400)
Interest Earnings	54	994	940
Other Income	1,500	75	(1,425)
Operating Transfer	179,159	179,159	0
Transfer In - TIF Fund	301,458	301,458	0
Total Revenues	1,181,571	1,251,972	70,401
Expenses:			
Regular Salaries	150,744	151,108	(364)
Overtime Salaries	11,334	13,248	(1,914)
Insurance Buyout	10,000	7,854	2,146
Group Health Insurance	11,545	11,948	(403)
Group Dental Insurance	2,513	930	1,583
LTD/STD Group Vision Insurance	375	1,150	(775)
Group Life Insurance and AD&D	1,549	409	1,140
Social Security	13,164	13,102	62
Retirement	9,463	8,980	483
Worker's Compensation	8,600	8,183	417
Official/Administrative	160,000	160,000	0
Technical Services	60,000	56,697	3,303
Laundry Services	0	185	(185)
Water/Sewer	8,000	7,955	45
Disposal and Refuse	6,000	6,174	(174)
Repair and Maintenance Facility	10,000	3,424	6,576
Vehicle Repair and Maintenance	1,500	229	1,271
Equipment Repair and Maintenance	17,000	35,020	(18,020)
Rental of Land and Buildings	100	100	0
Rental of Equipment and Vehicle	500	0	500
Construction Services	20,000	3,665	16,335
General Liability Insurance	15,500	24,906	(9,406)
Communications - Telephone	2,520	2,870	(350)
Communications - Other	1,432	1,577	(145)
Advertising	300	0	300
Printing and Binding	100	0	100
Travel	275	0	275
Postage and Mailing	470	2	468
Office Supplies	258	471	(213)
General Supplies	78,018	68,627	9,391
Water Meter Purchases	11,553	11,472	81
Technology	600	0	600
Natural Gas	14,075	10,464	3,611
Electricity	94,932	93,871	1,061

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TOWN OF MILTON, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenses/(Cont'd):			
Bottled Gas	\$ 75	\$ 0	\$ 75
Diesel Fuel	2,870	657	2,213
Gasoline	1,872	2,058	(186)
Books and Periodicals	400	375	25
Employee Uniforms	2,615	1,789	826
Machinery and Equipment	10,000	1,863	8,137
Vehicles	35,000	28,859	6,141
Dues and Fees	4,060	3,220	840
Professional Development	1,750	1,062	688
Small Tools	800	93	707
Sewer Upgrade Bond - SRF	43,250	43,250	0
Sewer Upgrade Bond - RF1	258,208	258,208	0
2013-1 Sewer Principal	6,135	6,135	0
Village Core Sewer Improvements Bond	127,949	127,949	0
Interest	53,837	53,837	0
Village Pump Interfund Loan	32,000	0	32,000
	<u>1,303,241</u>	<u>1,233,976</u>	<u>69,265</u>
Total Expenses			
	<u>\$ (121,670)</u>	17,996	<u>\$ 139,666</u>
Net Income/(Loss)			
Adjustments to Reconcile to GAAP Basis Statements:			
Purchase of Vehicles		25,915	
Depreciation		(250,910)	
Principal Payments on Long-term Debt		<u>435,542</u>	
Change in Net Position - Exhibit G		<u>\$ 228,543</u>	

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