

**TOWN OF MILTON, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2017**

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AUDIT REPORT  
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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, 2017, 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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.

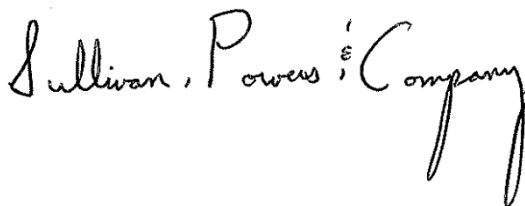
***Other Matters - Other Information***

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 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 December 15, 2017 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.

December 15, 2017  
Montpelier, Vermont  
VT Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized 'S' and 'C'.

**TOWN OF MILTON, VERMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

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, 2017. 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 \$37,406,868 (net position). Of this amount, \$3,428,680 (unrestricted net position) may be used to meet the Town's ongoing obligations. The balance of net position is made up of \$29,672,966 invested in capital assets net of related debt and \$4,305,222 restricted for specific purposes.
- The Town's total net position increased by \$880,075 (2.4%). Of this amount, net position of the governmental activities increased by \$507,294 (3.0%), and net position attributable to business-type activities increased by \$372,781 (1.9%).
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$7,395,300. This is an increase of \$933,885 from the prior year's combined ending fund balance of \$6,461,415. Almost half 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 in assigned fund balances for unspent paving funds 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 \$1,306,097, or approximately 17.4% of total general fund expenditures.
- The Town's total outstanding long-term debt decreased by \$692,002 during the current fiscal year. Additions to long-term debt totaled \$390,000 offset by principal payments of \$1,082,002.

**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, 2017**

**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, 2017**

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, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Summary Statement of Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	2017	2016	2017	2016	2017	2016
<b>Assets:</b>						
Cash and Investments	\$ 7,511,161	\$ 6,623,181	\$ -	\$ -	\$ 7,511,161	\$ 6,623,181
Receivables, Net	744,483	826,263	493,538	547,032	1,238,021	1,373,295
Other Assets	97,867	191,628	229,919	(40,930)	327,786	150,698
Capital Assets	12,313,363	12,583,055	26,292,384	26,638,189	38,605,747	39,221,244
<b>Total Assets</b>	<b>20,666,874</b>	<b>20,224,127</b>	<b>27,015,841</b>	<b>27,144,291</b>	<b>47,682,715</b>	<b>47,368,418</b>
Deferred Outflows of Resources	874,582	554,449	78,754	54,436	953,336	608,885
<b>Liabilities:</b>						
Other Liabilities	427,770	493,242	143,237	149,160	571,007	642,402
Noncurrent Liabilities	3,850,455	3,567,367	6,761,453	7,240,689	10,611,908	10,808,056
<b>Total Liabilities</b>	<b>4,278,225</b>	<b>4,060,609</b>	<b>6,904,690</b>	<b>7,389,849</b>	<b>11,182,915</b>	<b>11,450,458</b>
Deferred Inflows of Resources	38,022	52	8,246	0	46,268	52
<b>Net Position:</b>						
Net Investment in Capital Assets	10,008,253	10,095,711	19,664,713	19,500,741	29,672,966	29,596,452
Restricted	4,305,222	3,674,249	0	0	4,305,222	3,674,249
Unrestricted	2,911,734	2,947,955	516,946	308,137	3,428,680	3,256,092
<b>Total Net Position</b>	<b>\$ 17,225,209</b>	<b>\$ 16,717,915</b>	<b>\$ 20,181,659</b>	<b>\$ 19,808,878</b>	<b>\$ 37,406,868</b>	<b>\$ 36,526,793</b>

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 \$37,406,868. The Town's total net position is split between governmental activities net position of \$17,225,209 and business-type activities net position of \$20,181,659.

The largest portion of the Town's total net position \$29,672,966 (79.3%) 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 \$4,305,222 (11.5%) of restricted net position. Restricted net position represents assets whose use is subject to external restrictions. The remaining balance of \$3,428,680 (9.2%) is unrestricted net position, which may be used to meet the government's ongoing financial obligations. Included in unrestricted net position are amounts that management has assigned for particular purposes, such as capital reserve funds and reserves for expenditures in subsequent years.

**TOWN OF MILTON, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Summary of the Statement of Activities**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 775,453	\$ 806,663	\$ 1,764,237	\$ 1,737,327	\$ 2,539,690	\$ 2,543,990
Operating Grants & Contributions	1,196,053	646,631	0	0	1,196,053	646,631
Capital Grants & Contributions	350,715	26,110	0	0	350,715	26,110
General Revenues:						
Property Taxes	6,661,304	6,521,860	0	0	6,661,304	6,521,860
Other	413,520	438,031	832	639	414,352	438,670
Total Revenues	<u>9,397,045</u>	<u>8,439,295</u>	<u>1,765,069</u>	<u>1,737,966</u>	<u>11,162,114</u>	<u>10,177,261</u>
Expenses:						
General Government	1,491,598	1,347,258	0	0	1,491,598	1,347,258
Public Safety	2,642,335	2,428,215	0	0	2,642,335	2,428,215
Highways and Streets	2,615,058	2,190,177	0	0	2,615,058	2,190,177
Culture and Recreation	465,647	429,906	0	0	465,647	429,906
Community Development	1,113,338	544,689	0	0	1,113,338	544,689
Interest on Long-Term Debt	71,581	76,142	0	0	71,581	76,142
Water	0	0	905,357	984,538	905,357	984,538
Wastewater	0	0	977,125	1,010,001	977,125	1,010,001
Total Expenses	<u>8,399,557</u>	<u>7,016,387</u>	<u>1,882,482</u>	<u>1,994,539</u>	<u>10,282,039</u>	<u>9,010,926</u>
Increase (Decrease) in Net Position						
Before Transfers	997,488	1,422,908	(117,413)	(256,573)	880,075	1,166,335
Transfers	(490,194)	(490,300)	490,194	490,300	0	0
Increase (Decrease) in Net Position	<u>507,294</u>	<u>932,608</u>	<u>372,781</u>	<u>233,727</u>	<u>880,075</u>	<u>1,166,335</u>
Beginning Net Position	16,717,915	15,785,307	19,808,878	19,575,151	36,526,793	35,360,458
Ending Net Position	<u>\$ 17,225,209</u>	<u>\$ 16,717,915</u>	<u>\$ 20,181,659</u>	<u>\$ 19,808,878</u>	<u>\$ 37,406,868</u>	<u>\$ 36,526,793</u>

**Governmental Activities**

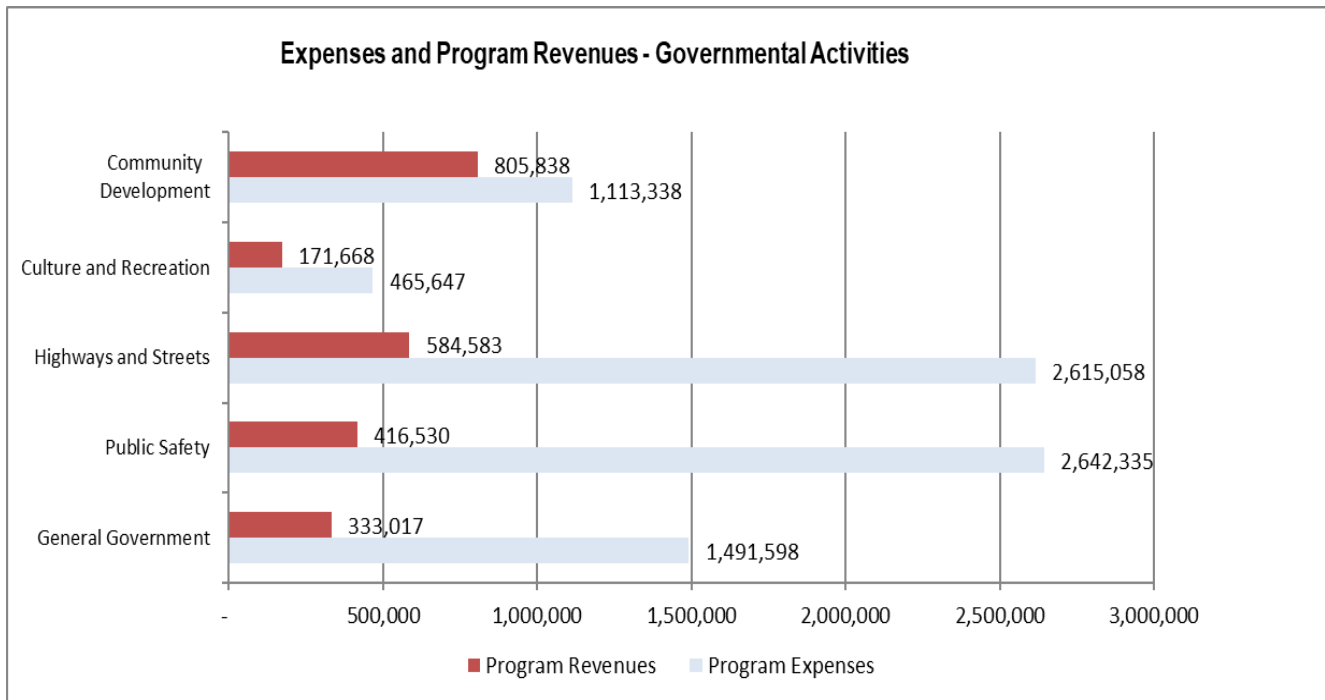
Governmental activities increased the Town's net position by \$507,294 for the year ended June 30, 2017. Key elements of the change are as follows.

- Total governmental activities' revenues increased by 11.3% (\$957,750) from 2016 to 2017. This was driven by an increase in operating and capital grants and contributions as well as a slight increase in property tax revenue.
- Property tax revenues increased 2.1% or \$139,944 from the previous year as a result of growth in the grand list, much of which occurred within the TIF districts. The tax rate remained unchanged from the prior year at \$0.5188 per \$10 of assessed value.
- Total governmental activities' expenses increased by 19.7% (\$1,383,170) from 2016 to 2017. Public safety expenses end the year at 31.5% (\$2,642,335) of total governmental activities' expenses. Public safety remains the largest category of expenses from year to year, followed closely by highways and streets at 31.1% (\$2,615,058) of total governmental activities' expenses for the year.

**TOWN OF MILTON, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

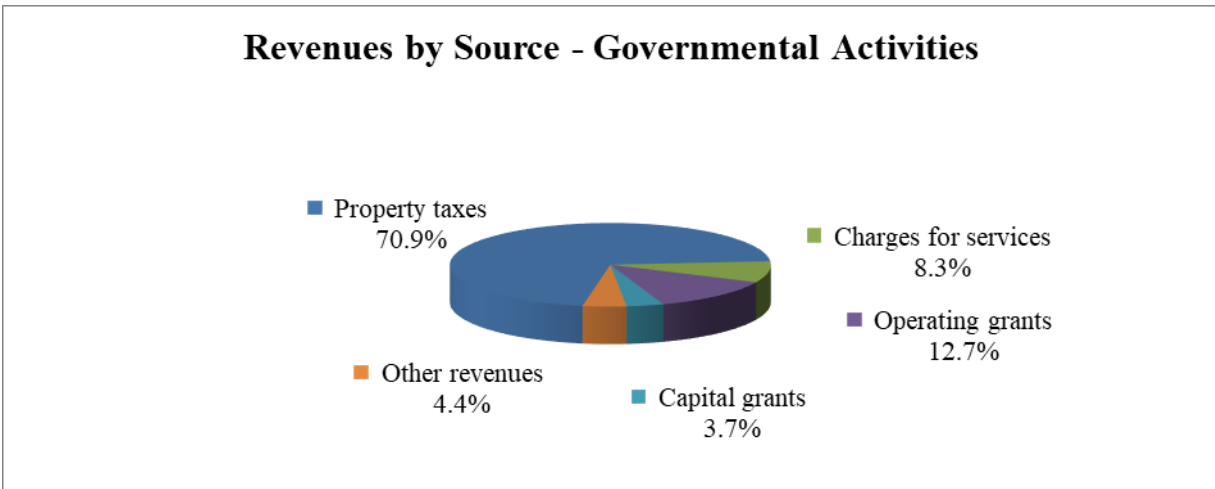
- Highways and streets expenses increased 19.4% or \$424,881 from the previous year. Driving the increase, the paving program was increased in FY17 as funds from prior years assigned balances were used for several paving projects.
- Community development expenses doubled from the previous year as a result of a pass-through grant. These expenses were offset 100% by revenues reported in the Operating Grants and Contributions revenue category.
- Interest on long-term debt remained stable, decreasing by \$4,561 as the Town's debt position has remained relatively unchanged.

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.



The vast majority of revenue for governmental activities comes from property taxes; 70.9% of total revenue or \$6,661,304. The second largest category of revenue is operating grants coming in at 12.7% or \$1,196,053 of total revenue. The following graph shows the distribution of governmental activities revenues by source for the year ended June 30, 2017.

**TOWN OF MILTON, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**



**Business-type Activities**

Business-type activities increased the Town's net position by \$372,781 during the current fiscal year. Key elements of this increase are as follows.

- Charges for services increased by \$26,910 or 1.5% from \$1,737,327 to \$1,764,237. 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 (\$15,762) and an increase in connection fees (\$20,327) make up the majority of the increase, offset by a reduction in penalties (\$9,118).
- Total expenses of \$1,882,482 reflect a decrease of \$112,057 (5.6%) as compared to the prior year. The driving factors contributing to the decrease are as follows.
  - The Town purchases water from the Champlain Water District. The cost of purchased water decreased by \$84,234 or 18.7% from the previous year. During FY17, a leak in the water system was identified and repaired resulting in less water being purchased from Champlain Water District.
  - Supplies increased \$13,760 (24.6%) from \$55,983 to \$69,743. Supplies in the Water Fund include water meter components and lines used for repairs and replacements. The increase in the Water Fund was \$11,889. Supplies in the Sewer Fund are primarily chemicals for the treatment plant and other items used in repairs and operations. The \$15,677 increase in the Sewer Fund was driven by an increase in chemical purchases.

**TOWN OF MILTON, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

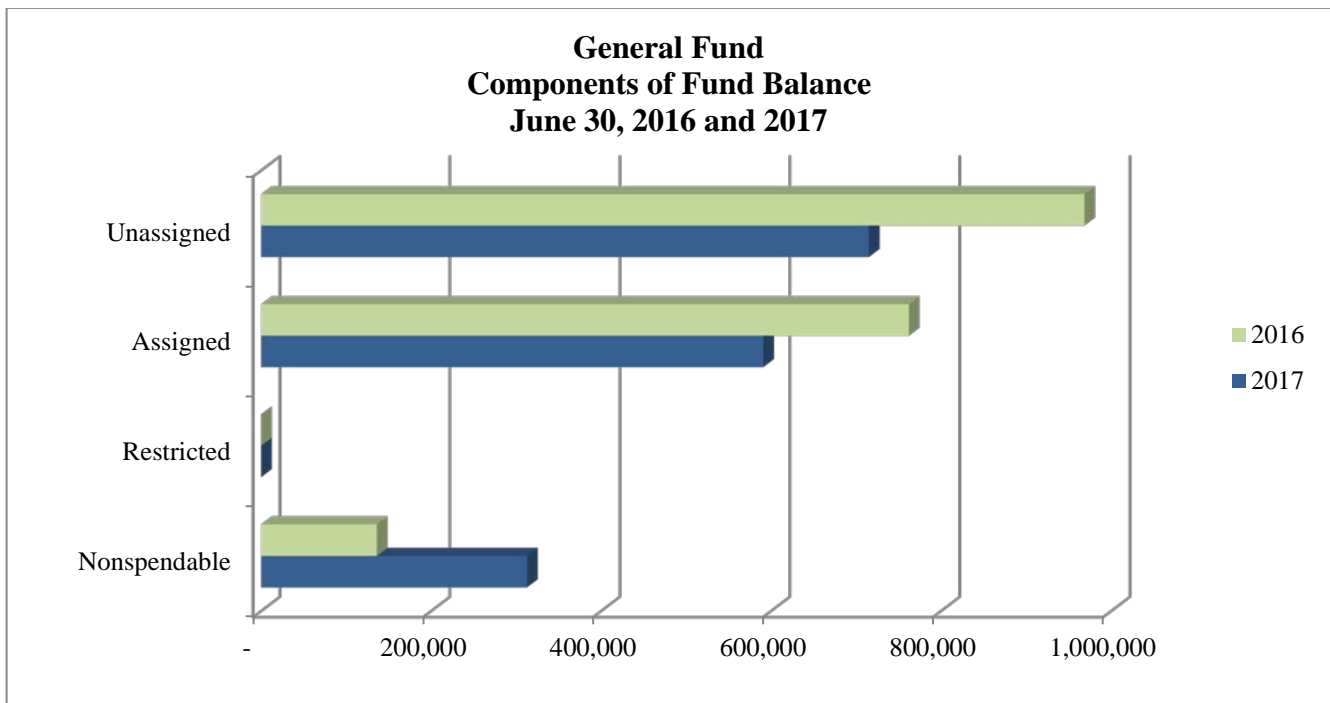
**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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.

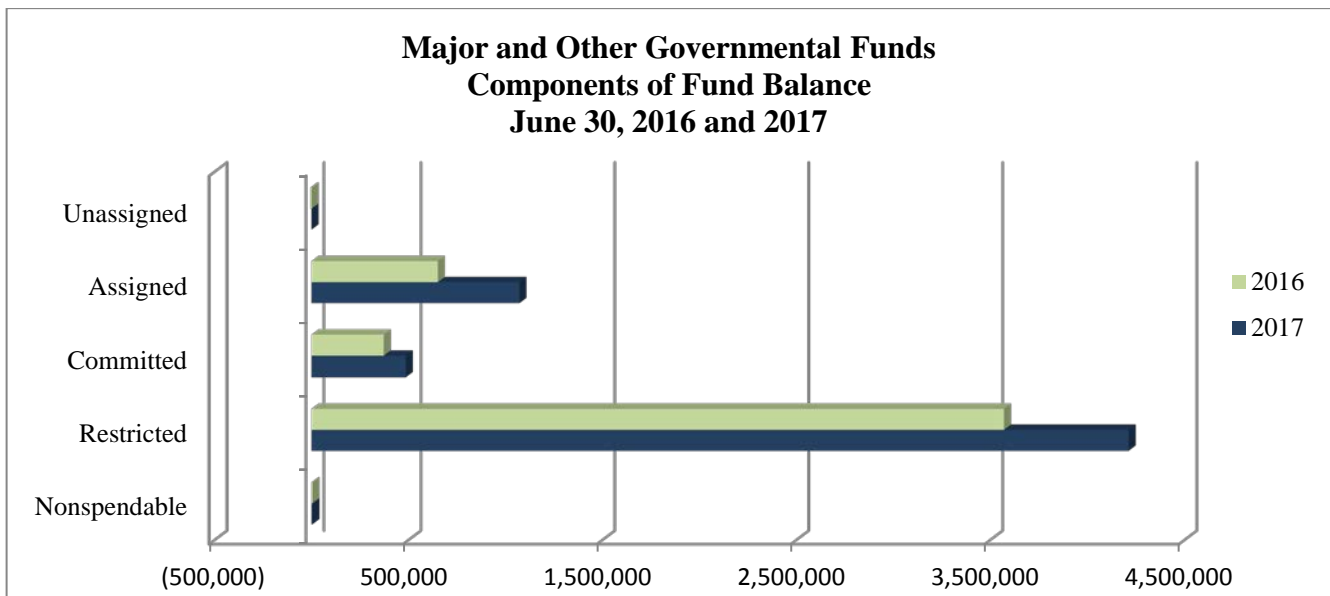
At June 30, 2017, the Town's governmental funds reported combined fund balances of \$7,395,300, an increase of \$933,885 in comparison with the prior year. 9.7% of this amount (\$715,75) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is not in spendable form (\$317,320), restricted for particular purposes (\$4,213,312), committed for particular purposes (\$486,420), or assigned by the Town for particular purposes (\$1,663,073). 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 \$1,618,917, a decrease of \$248,163 from the previous year. Of this amount, \$312,820 is in non-spendable form (prepaid expenses and inventories). Of the remaining amount, \$590,922 is assigned for purposes detailed in Footnote IV.J. and \$715,175 is unassigned.

**TOWN OF MILTON, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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 21.6% of total general fund expenditures, however, this amount includes nonspendable balances which would not be available to finance general fund expenditures if necessary. The remaining categories of fund balance (committed, assigned, and unassigned) are referred to as unrestricted fund balance and are resources that could be liquidated to support general fund expenditures if necessary. Unrestricted fund balance represents 17.4% 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 \$642,172. The Town's two TIF districts report an increase in restricted fund balance of \$581,696 (90.6% of the total increase). The Impact Fees Fund reported an increase in restricted fund balance of \$50,692.

**General Fund Budgetary Highlights**

The Town's budget for the year ended June 30, 2017 passed on the first vote in March of 2016 and there were no amendments made during the year. The voter approved budget included a \$300,000 reduction in fund balance (a budgeted deficit). Actual results on the year were a deficit of \$248,163. Expenditures came in over budget by \$67,359 as a result of increased professional services and overtime to cover vacancies. Revenues were over budget by \$119,196. The most significant contributing factor is rescue fees which were over budget by \$47,960 as a result of increased call volume leading to more billable services.

**Proprietary Funds**

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

**TOWN OF MILTON, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

Total net position in the water fund is \$5,047,898, an increase of \$120,049 or 2.4% from the previous year. The water fund has \$5,082,290 of net position invested in capital assets net of related debt. This leaves a deficit in the fund of \$34,392. In the sewer fund, total net position is \$15,133,761, an increase of \$252,732 or 1.7% 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 (\$14,582,423), leaving a small unrestricted balance of \$551,338. Other major factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's capital assets for governmental and business-type activities as of June 30, 2017 were \$56,399,267 (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 \$426,448 from June 30, 2016 to June 30, 2017, or 0.9%. Combined accumulated depreciation at the end of the year is \$17,793,520. The increase in accumulated depreciation of \$1,041,945 exceeded the combined investment in new capital assets of \$426,448 causing a net decrease in capital assets net of accumulated depreciation.

**Summary of Capital Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	2017	2016	2017	2016	2017	2016
Capital Assets:						
Land	\$ 1,324,859	\$ 1,324,859	\$ 117,520	\$ 117,520	\$ 1,442,379	\$ 1,442,379
Construction in Progress	195,160	198,620	0	0	195,160	198,620
Land Improvements	130,597	130,597	0	0	130,597	130,597
Buildings and Improvements	4,281,078	4,281,078	0	0	4,281,078	4,281,078
Vehicles, Machinery and Equipment	6,145,667	6,082,759	388,495	388,495	6,534,162	6,471,254
Infrastructure	12,220,998	11,853,998	31,594,893	31,594,893	43,815,891	43,448,891
	<u>24,298,359</u>	<u>23,871,911</u>	<u>32,100,908</u>	<u>32,100,908</u>	<u>56,399,267</u>	<u>55,972,819</u>
Less: Accumulated Depreciation	(11,984,996)	(11,288,856)	(5,808,524)	(5,462,719)	(17,793,520)	(16,751,575)
Total Assets, Net	<u>\$ 12,313,363</u>	<u>\$ 12,583,055</u>	<u>\$ 26,292,384</u>	<u>\$ 26,638,189</u>	<u>\$ 38,605,747</u>	<u>\$ 39,221,244</u>

Major capital asset activity for the year ended June 30, 2017 included the following:

- Paving projects totaling \$367,000 were during the year contributing to the increase in governmental activities infrastructure.
- Vehicle purchases during the year included two police cruisers.
- Other capital purchases include a ventilation system for ambulance bays at the rescue station.

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



**TOWN OF MILTON, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**Long-Term Debt**

The Town began the year with \$9,628,857 in long-term debt outstanding. As of June 30, 2017 this amount had decreased by \$692,002 or 7.2% to end the current year with \$8,936,855 in long-term debt outstanding.

**Summary of Long Term Debt**

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Governmental Activities	\$ 2,491,409	\$ 390,000	\$ 572,225	\$ 2,309,184
Business-type Activities	7,137,448	-	509,777	6,627,671
Total Government	<u>\$ 9,628,857</u>	<u>\$ 390,000</u>	<u>\$ 1,082,002</u>	<u>\$ 8,936,855</u>

Factors contributing to the change include the following:

- Principal payments totaling \$572,225 were made on governmental activities debt and principal payments totaling \$509,777 were made on business-type activities debt.

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 FY18 approved expenditure budget of \$7,838,290 was an increase of \$394,512 from the FY17 budget. This resulted in the Town raising the municipal tax rate slightly from \$0.5188 to \$0.5251 from FY17 to FY18.

The FY18 budget includes a \$340,000 reduction in fund balance (a budgeted deficit) as in prior years. Going in to FY18, fund balances assigned for paving projects as a result of unspent paving funds in the general fund equaled \$207,769. This amount combined with the FY18 paving budget of \$600,000, a transfer from the Road and Sidewalk Restoration Fund of \$200,000 and an anticipated grant of \$175,000 results in \$1,182,769 available for paving in FY18.

Budgeted personnel costs increased from \$4,103,228 in the FY17 budget to \$4,250,514 in the FY18 budget (\$147,286 or 3.6%). In order to offset personnel increases and maintain a stable tax rate, the operating budgets were reduced by around \$10,000 in total and budgeted capital transfer was reduced by \$29,231.

**REQUESTS FOR INFORMATION**

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

TOWN OF MILTON, VERMONT  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 7,511,161	\$ 0	\$ 7,511,161
Receivables (Net of Allowance for Uncollectibles)	744,483	493,538	1,238,021
Internal Balances	(214,953)	214,953	0
Prepaid Expenses	221,336	0	221,336
Inventory	91,484	14,966	106,450
Capital Assets:			
Land	1,324,859	117,520	1,442,379
Construction in Progress	195,160	0	195,160
Other Capital Assets, (Net of Accumulated Depreciation)	10,793,344	26,174,864	36,968,208
Total Assets	<u>20,666,874</u>	<u>27,015,841</u>	<u>47,682,715</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	874,582	78,754	953,336
Total Deferred Outflows of Resources	<u>874,582</u>	<u>78,754</u>	<u>953,336</u>
<u>LIABILITIES</u>			
Accounts Payable	268,621	90,012	358,633
Accrued Payroll and Benefits Payable	104,208	8,012	112,220
Unearned Revenue	28,122	0	28,122
Due to Others	21,727	0	21,727
Accrued Interest Payable	5,092	45,213	50,305
Noncurrent Liabilities:			
Due within One Year	192,469	516,879	709,348
Due in More than One Year	3,657,986	6,244,574	9,902,560
Total Liabilities	<u>4,278,225</u>	<u>6,904,690</u>	<u>11,182,915</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid/Overpayment of Utility Bills	0	4,823	4,823
Deferred Inflows of Resources Related to the Town's Participation in VMERS	38,022	3,423	41,445
Total Deferred Outflows of Resources	<u>38,022</u>	<u>8,246</u>	<u>46,268</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	10,008,253	19,664,713	29,672,966
Restricted for:			
Husky/Catamount TIF	2,283,826	0	2,283,826
Town Core TIF	1,261,387	0	1,261,387
Impact Fee Eligible Expenses	479,760	0	479,760
Other Purposes	280,249	0	280,249
Unrestricted	2,911,734	516,946	3,428,680
Total Net Position	<u>\$ 17,225,209</u>	<u>\$ 20,181,659</u>	<u>\$ 37,406,868</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, 2017

	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	\$ 1,491,598	\$ 290,477	\$ 42,540	\$ 0	\$ (1,158,581)	\$ 0	\$ (1,158,581)
Public Safety	2,642,335	305,708	101,292	9,530	(2,225,805)	0	(2,225,805)
Highways and Streets	2,594,795	2,740	240,658	341,185	(2,010,212)	0	(2,010,212)
Culture and Recreation	465,647	165,943	5,725	0	(293,979)	0	(293,979)
Community Development	1,113,338	0	805,838	0	(307,500)	0	(307,500)
Cemetery	20,263	10,585	0	0	(9,678)	0	(9,678)
Interest on Long-term Debt	71,581	0	0	0	(71,581)	0	(71,581)
<b>Total Governmental Activities</b>	<b>8,399,557</b>	<b>775,453</b>	<b>1,196,053</b>	<b>350,715</b>	<b>(6,077,336)</b>	<b>0</b>	<b>(6,077,336)</b>
Business-type Activities:							
Water	905,357	1,015,829	0	0	0	110,472	110,472
Sewer	977,125	748,408	0	0	0	(228,717)	(228,717)
<b>Total Business-type Activities</b>	<b>1,882,482</b>	<b>1,764,237</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(118,245)</b>	<b>(118,245)</b>
<b>Total Primary Government</b>	<b>\$ 10,282,039</b>	<b>\$ 2,539,690</b>	<b>\$ 1,196,053</b>	<b>\$ 350,715</b>	<b>(6,077,336)</b>	<b>(118,245)</b>	<b>(6,195,581)</b>
General Revenues:							
Property Taxes					6,661,304	0	6,661,304
Penalties and Interest on Delinquent Taxes					119,945	0	119,945
General State Grants					80,318	0	80,318
Impact Fees					167,859	0	167,859
Unrestricted Investment Earnings					18,408	832	19,240
Board of Health Settlement					23,595	0	23,595
Other Revenues					3,395	0	3,395
Transfers:					(490,194)	490,194	0
<b>Total General Revenues and Transfers</b>					<b>6,584,630</b>	<b>491,026</b>	<b>7,075,656</b>
Change in Net Position					507,294	372,781	880,075
Net Position - July 1, 2016					16,717,915	19,808,878	36,526,793
Net Position - June 30, 2017					<b>\$ 17,225,209</b>	<b>\$ 20,181,659</b>	<b>\$ 37,406,868</b>

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

TOWN OF MILTON, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund	Husky/Catamount TIF Fund	Town Core TIF Fund	Capital Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 3,915,845	\$ 2,285,972	\$ 1,263,533	\$ 0	\$ 45,811	\$ 7,511,161
Receivables (Net of Allowance for Uncollectibles)	693,558	0	0	46,288	4,637	744,483
Due from Other Funds	0	0	0	766,918	1,445,293	2,212,211
Advances to Other Funds	0	0	0	0	105,000	105,000
Prepaid Expenses	221,336	0	0	0	0	221,336
Inventory	91,484	0	0	0	0	91,484
Total Assets	<u>\$ 4,922,223</u>	<u>\$ 2,285,972</u>	<u>\$ 1,263,533</u>	<u>\$ 813,206</u>	<u>\$ 1,600,741</u>	<u>\$ 10,885,675</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 225,653	\$ 0	\$ 0	\$ 42,968	\$ 0	\$ 268,621
Accrued Payroll and Benefits Payable	104,208	0	0	0	0	104,208
Due to Other Funds	2,418,235	2,146	2,146	0	4,637	2,427,164
Advances from Other Funds	0	0	0	105,000	0	105,000
Unearned Revenue	17,122	0	0	0	11,000	28,122
Due to Others	21,727	0	0	0	0	21,727
Total Liabilities	<u>2,786,945</u>	<u>2,146</u>	<u>2,146</u>	<u>147,968</u>	<u>15,637</u>	<u>2,954,842</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Property Taxes, Penalties and Interest	443,500	0	0	0	0	443,500
Unavailable Ambulance Fees	51,000	0	0	0	0	51,000
Unavailable Grants	21,861	0	0	19,172	0	41,033
Total Deferred Inflows of Resources	<u>516,361</u>	<u>0</u>	<u>0</u>	<u>19,172</u>	<u>0</u>	<u>535,533</u>
<b>FUND BALANCES</b>						
Nonspendable	312,820	0	0	0	4,500	317,320
Restricted	0	2,283,826	1,261,387	0	668,099	4,213,312
Committed	0	0	0	0	486,420	486,420
Assigned	590,922	0	0	646,066	426,085	1,663,073
Unassigned	715,175	0	0	0	0	715,175
Total Fund Balances	<u>1,618,917</u>	<u>2,283,826</u>	<u>1,261,387</u>	<u>646,066</u>	<u>1,585,104</u>	<u>7,395,300</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,922,223</u>	<u>\$ 2,285,972</u>	<u>\$ 1,263,533</u>	<u>\$ 813,206</u>	<u>\$ 1,600,741</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.						12,313,363
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.						535,533
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.						(3,855,547)
Deferred Outflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, Therefore, are not Reported in the Funds.						<u>836,560</u>
Net Position of Governmental Activities						<u>\$ 17,225,209</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, 2017

	General Fund	Husky/Catamount TIF Fund	Town Core TIF Fund	Capital Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property Taxes	\$ 5,481,204	\$ 531,588	\$ 561,047	\$ 0	\$ 189,665	\$ 6,763,504
Penalties and Interest on Delinquent Taxes	119,945	0	0	0	0	119,945
Intergovernmental	385,712	0	0	350,505	873,902	1,610,119
Charges for Services	886,902	0	0	0	10,585	897,487
Permits, Licenses and Fees	174,744	0	0	0	198,792	373,536
Fines and Forfeits	23,289	0	0	0	0	23,289
Investment Income	4,888	4,400	2,219	1,307	5,594	18,408
Donations	9,403	0	0	24,634	915	34,952
Board of Health Settlement	23,595	0	0	0	0	23,595
Other	3,395	0	0	0	0	3,395
<b>Total Revenues</b>	<b>7,113,077</b>	<b>535,988</b>	<b>563,266</b>	<b>376,446</b>	<b>1,279,453</b>	<b>9,868,230</b>
<b>Expenditures:</b>						
General Government	1,594,127	5,034	5,289	0	93,114	1,697,564
Public Safety	2,371,928	0	0	0	15,832	2,387,760
Highways and Streets	1,401,643	0	0	1,471	0	1,403,114
Culture and Recreation	424,259	0	0	0	6,100	430,359
Community Development	296,807	0	0	0	805,838	1,102,645
Capital Outlay:						
Public Safety	0	0	0	98,234	26,359	124,593
Highways and Streets	678,409	0	0	357,007	0	1,035,416
Culture and Recreation	0	0	0	8,631	0	8,631
Debt Service:						
Principal	182,225	0	0	0	0	182,225
Interest	71,256	0	588	0	0	71,844
<b>Total Expenditures</b>	<b>7,020,654</b>	<b>5,034</b>	<b>5,877</b>	<b>465,343</b>	<b>947,243</b>	<b>8,444,151</b>
Excess/(Deficiency) of Revenues Over Expenditures	92,423	530,954	557,389	(88,897)	332,210	1,424,079
<b>Other Financing Sources/(Uses):</b>						
Transfers In	149,897	0	0	518,162	0	668,059
Transfers Out	(490,483)	(317,911)	(188,736)	(37,952)	(123,171)	(1,158,253)
<b>Total Other Financing Sources/(Uses)</b>	<b>(340,586)</b>	<b>(317,911)</b>	<b>(188,736)</b>	<b>480,210</b>	<b>(123,171)</b>	<b>(490,194)</b>
<b>Net Change in Fund Balances</b>	<b>(248,163)</b>	<b>213,043</b>	<b>368,653</b>	<b>391,313</b>	<b>209,039</b>	<b>933,885</b>
Fund Balances - July 1, 2016	1,867,080	2,070,783	892,734	254,753	1,376,065	6,461,415
Fund Balances - June 30, 2017	\$ 1,618,917	\$ 2,283,826	\$ 1,261,387	\$ 646,066	\$ 1,585,104	\$ 7,395,300

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, 2017

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)	\$	933,885
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,168,640) is allocated over their estimated useful lives and reported as depreciation expense (\$1,295,957). This is the amount by which depreciation exceeded capital outlays in the current period.		(127,317)
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position.		(142,375)
The issuance of long-term debt (\$0) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$182,225) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		182,225
Governmental funds report employer pension contributions as expenditures (\$178,671). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$356,892) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(178,221)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(156,185)
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>(4,718)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>507,294</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, 2017

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Receivables (Net of Allowance for Uncollectibles)	\$ 304,463	\$ 189,075	\$ 493,538
Due from Other Funds	0	462,331	462,331
Inventory	2,526	12,440	14,966
Total Current Assets	<u>306,989</u>	<u>663,846</u>	<u>970,835</u>
Noncurrent Assets:			
Land	39,400	78,120	117,520
Vehicles, Machinery and Equipment	131,636	256,859	388,495
Buildings, Distribution and Collection Systems	7,848,338	23,746,555	31,594,893
Less: Accumulated Depreciation	<u>(2,272,789)</u>	<u>(3,535,735)</u>	<u>(5,808,524)</u>
Total Noncurrent Assets	<u>5,746,585</u>	<u>20,545,799</u>	<u>26,292,384</u>
Total Assets	<u>6,053,574</u>	<u>21,209,645</u>	<u>27,263,219</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS			
	<u>35,560</u>	<u>43,194</u>	<u>78,754</u>
Total Deferred Outflows of Resources	<u>35,560</u>	<u>43,194</u>	<u>78,754</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	57,160	32,852	90,012
Accrued Payroll and Benefits Payable	3,633	4,379	8,012
Due to Other Funds	247,378	0	247,378
Accrued Interest Payable	2,634	42,579	45,213
General Obligation Bonds Payable - Current Portion	<u>81,337</u>	<u>435,542</u>	<u>516,879</u>
Total Current Liabilities	<u>392,142</u>	<u>515,352</u>	<u>907,494</u>
Noncurrent Liabilities:			
Compensated Absences Payable	4,837	7,304	12,141
Net Pension Liability	54,930	66,711	121,641
General Obligation Bonds Payable - Noncurrent Portion	<u>582,958</u>	<u>5,527,834</u>	<u>6,110,792</u>
Total Noncurrent Liabilities	<u>642,725</u>	<u>5,601,849</u>	<u>6,244,574</u>
Total Liabilities	<u>1,034,867</u>	<u>6,117,201</u>	<u>7,152,068</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid/Overpayment of Utility Bills			
	4,823	0	4,823
Deferred Inflows of Resources Related to the Town's Participation in VMERS			
	<u>1,546</u>	<u>1,877</u>	<u>3,423</u>
Total Deferred Outflows of Resources	<u>6,369</u>	<u>1,877</u>	<u>8,246</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets			
Unrestricted/(Deficit)	<u>5,082,290</u> <u>(34,392)</u>	<u>14,582,423</u> <u>551,338</u>	<u>19,664,713</u> <u>516,946</u>
Total Net Position	<u>\$ 5,047,898</u>	<u>\$ 15,133,761</u>	<u>\$ 20,181,659</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, 2017

	Water Fund	Sewer Fund	Total
<b>Operating Revenues:</b>			
Charges for Services	\$ 881,550	\$ 630,874	\$ 1,512,424
Penalties	9,427	5,145	14,572
Hookup Fees	123,750	112,314	236,064
Other Income	1,102	75	1,177
	<u>1,015,829</u>	<u>748,408</u>	<u>1,764,237</u>
<b>Total Operating Revenues</b>			
<b>Operating Expenses:</b>			
CWD Water Purchases	366,003	0	366,003
Salaries and Benefits	176,708	212,437	389,145
Administrative Fees	157,500	157,500	315,000
Utilities	17,060	123,547	140,607
Water Meters	9,118	9,118	18,236
Supplies	12,319	57,424	69,743
Printing and Advertising	3,691	313	4,004
Insurances	4,750	14,283	19,033
Technology	863	863	1,726
Machinery and Equipment	750	12,927	13,677
Telephone and Internet	1,666	4,268	5,934
Professional Development	977	931	1,908
Miscellaneous Expenses	982	1,824	2,806
Dues and Fees	773	3,353	4,126
Employee Uniforms	2,572	2,572	5,144
Repairs and Maintenance	2,742	14,268	17,010
Depreciation	96,969	248,836	345,805
Rentals	547	100	647
Construction Services	17,665	5,830	23,495
Technical Services	1,713	50,265	51,978
	<u>875,368</u>	<u>920,659</u>	<u>1,796,027</u>
<b>Total Operating Expenses</b>			
<b>Operating Income/(Loss)</b>	<u>140,461</u>	<u>(172,251)</u>	<u>(31,790)</u>
<b>Non-Operating Revenues/(Expenses):</b>			
Investment Income	0	832	832
Interest Expense	(29,989)	(56,466)	(86,455)
	<u>(29,989)</u>	<u>(55,634)</u>	<u>(85,623)</u>
<b>Total Non-Operating Revenues/(Expenses)</b>			
<b>Net Income/(Loss) Before Other Financing Sources</b>	<u>110,472</u>	<u>(227,885)</u>	<u>(117,413)</u>
<b>Other Financing Sources:</b>			
Transfers In	9,577	480,617	490,194
	<u>9,577</u>	<u>480,617</u>	<u>490,194</u>
<b>Total Other Financing Sources</b>			
<b>Change in Net Position</b>	120,049	252,732	372,781
<b>Net Position - July 1, 2016</b>	<u>4,927,849</u>	<u>14,881,029</u>	<u>19,808,878</u>
<b>Net Position - June 30, 2017</b>	<u>\$ 5,047,898</u>	<u>\$ 15,133,761</u>	<u>\$ 20,181,659</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, 2017

	Water Fund	Sewer Fund	Total
<b>Cash Flows From Operating Activities:</b>			
Receipts from Customers and Users	\$ 1,032,666	\$ 767,687	\$ 1,800,353
Payments for Goods and Services	(425,319)	(296,193)	(721,512)
Payments for Interfund Services	(157,500)	(157,500)	(315,000)
Payments for Wages and Benefits	(176,901)	(211,319)	(388,220)
<b>Net Cash Provided by Operating Activities</b>	<u>272,946</u>	<u>102,675</u>	<u>375,621</u>
<b>Cash Flows From Noncapital Financing Activities:</b>			
(Increase)/Decrease in Due from Other Funds	0	(30,746)	(30,746)
Increase/(Decrease) in Due to Other Funds	(175,669)	0	(175,669)
Increase/(Decrease) in Advances from Other Funds	0	(64,000)	(64,000)
Transfers Received from Other Funds	9,577	480,617	490,194
<b>Net Cash Provided/(Used) by Noncapital Financing Activities</b>	<u>(166,092)</u>	<u>385,871</u>	<u>219,779</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Principal Paid on General Obligation Bonds Payable	(76,865)	(432,912)	(509,777)
Interest Paid on General Obligation Bonds Payable	(29,989)	(56,466)	(86,455)
<b>Net Cash Provided/(Used) by Capital and Related Financing Activities</b>	<u>(106,854)</u>	<u>(489,378)</u>	<u>(596,232)</u>
<b>Cash Flows From Investing Activities:</b>			
Receipt of Interest and Dividends	0	832	832
<b>Net Cash Provided by Investing Activities</b>	<u>0</u>	<u>832</u>	<u>832</u>
<b>Net Increase in Cash</b>	0	0	0
Cash - July 1, 2016	0	0	0
Cash - June 30, 2017	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:</b>			
Operating Income/(Loss)	140,461	(172,251)	(31,790)
Depreciation and Amortization	96,969	248,836	345,805
(Increase)/Decrease in Accounts Receivable	34,215	19,279	53,494
(Increase)/Decrease in Inventory	1,993	(2,427)	(434)
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	(10,712)	(13,606)	(24,318)
Increase/(Decrease) in Accounts Payable	16,879	8,120	24,999
Increase/(Decrease) in Accrued Payroll and Benefits Payable	(3,964)	(4,757)	(8,721)
Increase/(Decrease) in Compensated Absences Payable	(2,085)	(1,570)	(3,655)
Increase/(Decrease) in Net Pension Liability	15,022	19,174	34,196
Increase/(Decrease) in Prepaid/Overpayment of Utility Bills	(17,378)	0	(17,378)
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	1,546	1,877	3,423
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 272,946</u>	<u>\$ 102,675</u>	<u>\$ 375,621</u>

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

TOWN OF MILTON, VERMONT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2017

	Agency Fund
	Developer Escrow Fund
<u>ASSETS</u>	
Cash	\$ 35,110
Investments	48,431
	83,541
Total Assets	83,541
<u>LIABILITIES</u>	
Due to Others	83,541
	83,541
Total Liabilities	83,541
<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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

**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, 2017

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, 2017

**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, 2017

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 \$300,000 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, 2017, expenditures in the General Fund exceeded appropriations by \$67,359. These over-expenditures were funded by excess revenues.

### IV. DETAILED NOTES ON ALL FUNDS

#### A. Cash and Investments

The Town's cash and investments as of June 30, 2017 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$7,545,291
Cash on Hand	<u>980</u>
Total Cash	7,546,271
Investments:	
Certificates of Deposit	<u>48,431</u>
Total Cash and Investments	<u>\$7,594,702</u>

TOWN OF MILTON, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**Custodial Credit Risk**

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

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 326,230	\$ 326,230
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	<u>7,267,492</u>	<u>7,641,496</u>
Total	<u>\$7,593,722</u>	<u>\$7,967,726</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	\$7,545,291
Investments – Certificates of Deposit	<u>48,431</u>
Total	<u>\$7,593,722</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.

TOWN OF MILTON, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**Concentration of Credit Risk**

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

**B. Receivables**

Receivables as of June 30, 2017, 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	\$ 541,447	\$ 0	\$ 541,447
Penalties and Interest Receivable	58,020	0	58,020
Ambulance Receivable	270,777	0	270,777
Grants Receivable	72,786	0	72,786
Accounts Receivable	16,453	0	16,453
Billed Services	0	435,938	435,938
Unbilled Services	0	61,000	61,000
Allowance for Doubtful Accounts - Taxes	(34,000)	0	(34,000)
Allowance for Doubtful Accounts - Ambulance	(181,000)	0	(181,000)
Allowance for Doubtful Accounts - Water/Sewer	<u>0</u>	<u>(3,400)</u>	<u>(3,400)</u>
 Total	 <u>\$ 744,483</u>	 <u>\$ 493,538</u>	 <u>\$ 1,238,021</u>

**C. Loans Receivable**

Loans Receivable as of June 30, 2017 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, 2017	<u>\$ 0</u>

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**D. Capital Assets**

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,324,859	\$ 0	\$ 0	\$ 1,324,859
Construction in Progress	198,620	365,638	369,098	195,160
Total Capital Assets, Not Being Depreciated	<u>1,523,479</u>	<u>365,638</u>	<u>369,098</u>	<u>1,520,019</u>
Capital Assets, Being Depreciated:				
Land Improvements	130,597	0	0	130,597
Buildings and Building Improvements	4,281,078	0	0	4,281,078
Vehicles	4,462,040	77,735	64,685	4,475,090
Machinery and Equipment	1,620,719	49,858	0	1,670,577
Roads, Bridges and Sidewalks	11,853,998	1,047,507	680,507	12,220,998
Totals	<u>22,348,432</u>	<u>1,175,100</u>	<u>745,192</u>	<u>22,778,340</u>
Less Accumulated Depreciation for:				
Land Improvements	92,067	4,355	0	96,422
Buildings and Building Improvements	965,782	71,425	0	1,037,207
Vehicles	2,762,601	246,011	61,685	2,946,927
Machinery and Equipment	1,415,119	55,787	0	1,470,906
Roads, Bridges and Sidewalks	6,053,287	918,379	538,132	6,433,534
Totals	<u>11,288,856</u>	<u>1,295,957</u>	<u>599,817</u>	<u>11,984,996</u>
Total Capital Assets, Being Depreciated	<u>11,059,576</u>	<u>(120,857)</u>	<u>145,375</u>	<u>10,793,344</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,583,055</u>	<u>\$ 244,781</u>	<u>\$ 514,473</u>	<u>\$ 12,313,363</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
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	0	0	388,495
Buildings, Distribution and Collection Systems	31,594,893	0	0	31,594,893
Totals	<u>31,983,388</u>	<u>0</u>	<u>0</u>	<u>31,983,388</u>
Less Accumulated Depreciation for:				
Vehicles, Machinery and Equipment	304,708	14,402	0	319,110
Buildings, Distribution and Collection Systems	5,158,011	331,403	0	5,489,414
Totals	<u>5,462,719</u>	<u>345,805</u>	<u>0</u>	<u>5,808,524</u>
Total Capital Assets, Being Depreciated	<u>26,520,669</u>	<u>(345,805)</u>	<u>0</u>	<u>26,174,864</u>
Business-type Activities Capital Assets, Net	<u>\$ 26,638,189</u>	<u>\$ (345,805)</u>	<u>\$ 0</u>	<u>\$ 26,292,384</u>

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Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 62,391	Water	\$ 96,969
Public Safety	177,807	Sewer	<u>248,836</u>
Highways and Streets	1,034,106		
Culture and Recreation	<u>21,653</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 1,295,957</u>	Total Depreciation Expense - Business-type Activities	<u>\$ 345,805</u>

**E. Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2017 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 2,418,235
Husky/Catamount TIF Fund	0	2,146
Town Core TIF Fund	0	2,146
Capital Reserve Fund	766,918	0
Non-Major Governmental Funds	1,445,293	4,637
Water Fund	0	247,378
Sewer Fund	<u>462,331</u>	<u>0</u>
Total	<u>\$ 2,674,542</u>	<u>\$ 2,674,542</u>

The composition of advances to/from other funds as of June 30, 2017 are as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Capital Reserve Fund	\$ 0	\$ 105,000
Non-Major Governmental Funds	<u>105,000</u>	<u>0</u>
Total	<u>\$ 105,000</u>	<u>\$ 105,000</u>

The advances to/from other funds will be repaid as follows:

Advance to the Capital Reserve Fund from the Impact Fees Fund for a Highway Truck Purchase, Interest at 2%, The Town intends to make the Final Payment on this Interfund Loan during fiscal year 2018	<u>\$105,000</u>
Total Advances from/to Other Funds	<u>\$105,000</u>

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Interfund transfers during the year ended June 30, 2017 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Reserve Fund	\$ 36,252	Fund Interfund Loan for Ambulance Purchase
General Fund	Capital Reserve Fund	100,000	Fund Interfund Loan for Truck Purchase
General Fund	Capital Reserve Fund	354,231	Annual Subsidy
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	9,577	Fund Debt Service
Town Core TIF Fund	Sewer Fund	179,159	Fund Debt Service
Capital Reserve Fund	General Fund	37,952	Fund Debt Service from Unspent Proceeds
Impact Fees Fund	General Fund	17,250	Fund Debt Service
Impact Fees Fund	Capital Reserve Fund	27,679	Fund Capital Expenditures
Restoration of Records Fund	General Fund	19,827	Fund Restoration Expenses
Fire/EMS Capital Reserve Fund	General Fund	<u>58,415</u>	Fund Debt Service
Total		<u>\$ 1,158,253</u>	

**F. Deferred Outflows of Resources**

Deferred outflows of resources in the governmental activities consists of \$27,754 from the difference between the expected and actual experience, \$216,968 from changes in assumptions, \$438,065 from the difference between the projected and actual investment earnings and \$13,124 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 \$178,671 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$874,582.

Deferred outflows of resources in the business-type activities consists of \$2,498 from the difference between the expected and actual experience, \$19,536 from changes in assumptions, \$39,442 from the difference between the projected and actual investment earnings and \$1,182 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 \$16,096 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the business-type activities is \$78,754.

Deferred outflows of resources in the Water Fund consists of \$1,128 from the difference between the expected and actual experience, \$8,822 from changes in assumptions, \$17,811 from the difference between the projected and actual investment earnings and \$534 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 \$7,265 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Water Fund is \$35,560.

Deferred outflows of resources in the Sewer Fund consists of \$1,370 from the difference between the expected and actual experience, \$10,714 from changes in assumptions, \$21,631 from the difference between the projected and actual investment earnings and \$648 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 \$8,831 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Sewer Fund is \$43,194.

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**G. Unearned Revenue**

Unearned revenue in the General Fund consists of \$17,122 of recreation fees received in advance.

Unearned revenue in the Non-Major Governmental Funds consists of \$11,000 of grant revenue received in advance.

**H. Deferred Inflows of Resources**

Deferred inflows of resources in the governmental activities consists of \$38,022 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS).

Deferred inflows of resources in the business-type activities consists of \$3,423 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). It also includes \$4,823 of prepaid/overpaid utility bills. Total deferred inflows in the business-type activities is \$8,246.

Deferred inflows of resources in the General Fund consists of \$443,500 of delinquent property taxes, penalties and interest on those taxes, \$51,000 of ambulance fees and \$21,861 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 \$516,361.

Deferred inflows of resources in the Capital Reserve Fund consists of \$19,172 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 \$1,546 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). It also includes \$4,823 of prepaid/overpaid utility bills. Total deferred inflows in the Water Fund is \$6,369.

Deferred inflows of resources in the Sewer Fund consists of \$1,877 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS).

**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.



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

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

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

Long-term liabilities outstanding as of June 30, 2017 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	\$ 211,409	\$ 0	\$ 12,225	\$ 199,184
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	1,225,000	0	85,000	1,140,000
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	305,000	0	40,000	265,000

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
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	\$ 360,000	\$ 0	\$ 45,000	\$ 315,000
Bond Anticipation Note, People's United Bank, Bombardier Property Purchase, Interest at 1.35%. This Note was Refinanced during the Year.	390,000	0	390,000	0
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	<u>0</u>	<u>390,000</u>	<u>0</u>	<u>390,000</u>
Total Governmental Activities	<u>\$2,491,409</u>	<u>\$390,000</u>	<u>\$572,225</u>	<u>\$2,309,184</u>

Business-type Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Water Improvements, Principal Payments Ranging from \$47,236 to \$64,503 Payable on December 1 Annually, Interest at 7.654% Payable on June 1 and December 1, Due December, 2018	\$ 179,371	\$ 0	\$ 55,199	\$ 124,172
Bond Payable, Vermont Municipal Bond Bank, Water Line Improvements, Principal Payments of \$15,666 Payable on December 1 Annually, Interest Ranging from 0.804% to 4.954% Payable on June 1 and December 1, Due December, 2043	438,667	0	15,666	423,001

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
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	\$ 108,000	\$ 0	\$ 6,000	\$ 102,000
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
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	216,250	0	43,250	173,000
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	3,356,709	0	258,208	3,098,501
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	2,685,956	0	125,440	2,560,516
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>137,373</u>	<u>0</u>	<u>6,014</u>	<u>131,359</u>
Total Business-type Activities	<u>\$7,137,448</u>	<u>\$ 0</u>	<u>\$509,777</u>	<u>\$6,627,671</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds Payable	\$ 2,101,409	\$ 390,000	\$ 182,225	\$ 2,309,184	\$ 182,469
Notes Payable	390,000	0	390,000	0	0
Compensated Absences Payable	127,274	13,981	0	141,255	0
Landfill Post-Closure	58,000	0	9,000	49,000	10,000
Net Pension Liability	890,684	460,332	0	1,351,016	0
Total Governmental Activities Long-term Liabilities	<u>\$ 3,567,367</u>	<u>\$ 864,313</u>	<u>\$ 581,225</u>	<u>\$ 3,850,455</u>	<u>\$ 192,469</u>
<b>Business-type Activities</b>					
General Obligation Bonds Payable	\$ 7,137,448	\$ 0	\$ 509,777	\$ 6,627,671	\$ 516,879
Compensated Absences Payable	15,796	0	3,655	12,141	0
Net Pension Liability	87,445	34,196	0	121,641	0
Total Business-type Activities Long-term Liabilities	<u>\$ 7,240,689</u>	<u>\$ 34,196</u>	<u>\$ 513,432</u>	<u>\$ 6,761,453</u>	<u>\$ 516,879</u>

State and Federal laws and regulations required the Town to close its landfill in 1991. These laws and regulations required the Town to perform certain maintenance and monitoring at the site through May, 2013. After further testing, the State of Vermont has mandated the Town continue to perform maintenance and monitoring. The Town has estimated that they will continue for another ten (10) years. The Town's estimated liability is \$49,000. 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
2018	\$ 182,469	\$ 68,162	\$ 516,879	\$ 77,985
2019	208,719	65,805	529,933	69,746
2020	208,973	60,997	468,166	63,600
2021	209,233	55,834	469,457	59,756
2022	204,497	50,374	425,011	55,750
2023-2027	756,644	150,610	2,169,778	242,302
2028-2032	512,649	41,184	1,475,337	149,624
2033-2037	26,000	454	463,448	48,493
2038-2042	0	0	78,330	17,430
2043-2044	0	0	31,332	1,552
Total	<u>\$ 2,309,184</u>	<u>\$ 493,420</u>	<u>\$ 6,627,671</u>	<u>\$ 786,238</u>

TOWN OF MILTON, VERMONT  
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**J. Fund Balances**

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

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

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

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

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town has established a policy to maintain a minimum unassigned fund balance of approximately ten percent (10%) of the budget. The unassigned fund balance is \$715,175 which is 9.6% of the 2017 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	\$221,336
Nonspendable Inventories	<u>91,484</u>
Total General Fund	<u>312,820</u>

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Non-Major Funds

Permanent Fund:	
Nonspendable West Milton Cemetery Fund Principal – Estimated	\$ <u>4,500</u>
Total Nonspendable Fund Balances	<u>\$317,320</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>\$2,283,826</u>
Town Core TIF Fund:	
Restricted for Town Core TIF Fund Debt/Expenditures by Statute (Source of Revenue is Property Taxes)	<u>1,261,387</u>

Non-Major Funds

Special Revenue Funds:	
Restricted Impact Fees Fund Expenses by Impact Fees (Source of Revenue is Impact Fees)	479,760
Restricted for Restoration of Records Fund Expenses by Statute (Source of Revenue is Restoration Fees)	112,944
Restricted for Drug Forfeiture Expenses by Agreement (Source of Revenue is Grant Revenue)	31,937
Restricted for Milton Public Library Expenses by Donations (Source of Revenue is Donations)	<u>9,634</u>
Total Special Revenue Funds	<u>634,275</u>
Capital Projects Funds:	
Restricted for Bombardier Property Purchase by Unspent Bond Proceeds (Source of Revenue is Bond Proceeds)	<u>4,074</u>
Permanent Funds:	
Restricted for West Milton Cemetery Expenses by Trust Agreements	<u>29,750</u>
Total Non-Major Funds	<u>668,099</u>
Total Restricted Fund Balances	<u>\$4,213,312</u>

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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	\$207,989
Committed for Recreation Capital Expenditures by Voters	187,804
Committed for Fire/EMS Capital Expenditures by Voters	<u>90,627</u>

Total Committed Fund Balances	<u>\$486,420</u>
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The fund balances in the following funds are assigned as follows:

Major Funds

General Fund:

Assigned to Reduce Property Taxes in Fiscal Year 2018	\$ 340,000
Assigned for Paving Projects	207,769
Assigned for Police Department Lobby Project	<u>43,153</u>

Total General Fund	<u>590,922</u>
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Capital Reserve Fund:

Assigned for Capital Expenditures	<u>646,066</u>
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Non-Major Funds

Special Revenue Funds:

Assigned for Reappraisal Expenses	<u>426,085</u>
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Total Assigned Fund Balances	<u>\$1,663,073</u>
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**K. Restricted and Designated Net Position**

The restricted net position of the Town as of June 30, 2017 consisted of the following:

Governmental Activities:

Inventories Restricted for Highway Use by Statute	\$ 91,484
Restricted for Husky/Catamount TIF Fund by Statute	2,283,826
Restricted for Town Core TIF Fund by Statute	1,261,387
Restricted for Impact Fees Fund Expenses by Impact Fees	479,760
Restricted for Restoration of Records Expenses by Statute	112,944
Restricted for Drug Forfeiture Expenses by Agreement	31,937
Restricted for Milton Public Library Expenses by Donations	9,634
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>29,750</u>

Total Governmental Activities	<u>\$4,305,222</u>
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The designated net position of the Town as of June 30, 2017 consisted of the following:

Sewer Fund:

Designated for Sewer Operations	<u>\$551,338</u>
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The unrestricted deficit of \$34,392 in the Water Fund will be funded by future rate increases and operational surpluses.

## **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, 2017, the retirement system consisted of 441 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.



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

As of June 30, 2016, the measurement date selected by the State of Vermont, VMERS was funded at 80.95% and had a plan fiduciary net position of \$547,015,114 and a total pension liability of \$675,711,281 resulting in a net position liability of \$128,696,167. As of June 30, 2017, the Town's proportionate share of this was 1.1443% resulting in a net pension liability of \$1,472,657. The net pension liability was measured as of June 30, 2016, 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. As of June 30, 2016, the Town's proportion of 1.1443% was a decrease of 0.1244 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of \$386,289.

As of June 30, 2017, 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	\$ 30,252	\$ 0
Changes in assumptions	236,504	0
Difference between projected and actual investment earnings on pension assets	477,507	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,306	41,445
Town's required employer contributions made subsequent to the measurement date	194,767	0
	\$ 953,336	\$ 41,445

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$194,767 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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>	
2018	\$185,958
2019	185,958
2020	262,821
2021	<u>82,387</u>
Total	<u>\$717,124</u>

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**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.

**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.

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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.

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**

The actuarial assumptions regarding the incidence of mortality, terminations, retirements and disabilities were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2014.

Interest Rate: 7.95% per annum.

Salary increases: 5% per year.

Deaths: Groups B and C – RP-2000 Tables for Employees and Healthy Annuitants projected 10 years from the valuation date with Scale BB with a 60% Blue collar and 40% White collar adjustment. Group D – RP-2000 Tables for Employees and Healthy Annuitants projected 10 years from the valuation date with Scale BB with a 100% Blue Collar adjustment. The post-retirement mortality assumption was chosen to recognize improved longevity experience after the valuation date.

Spouse's Age: Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments to Benefits of Terminated Vested and Retired Participants: Assumed to occur at the rate of 1.8% per annum for members of Groups B, C and D.

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Actuarial Cost Method: Projected benefit cost method. The unfunded accrued liability is amortized in installments increasing 5% per year.

Asset Valuation Method: Invested assets are reported at fair value.

Note – For funding purposes – 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 the market value of assets by more than 20%.

Inflation: The separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% per year.

Long-term Expected Rate of Return:

The long-term expected rate of return on investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	8.54%
Fixed Income	2.36%
Alternatives	8.35%
Multi-strategy	4.90%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the expected long-term real rates and the expected long-term inflation rate of 3.0%.

Discount Rate - The discount rate used to measure the total pension liability was 7.95%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

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Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.95 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.95%) or one percent higher (8.95%):

<u>1% Decrease (6.95%)</u>	<u>Discount Rate (7.95%)</u>	<u>1% Increase (8.95%)</u>
\$2,444,758	\$1,472,657	\$658,723

**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 \$391,197. Pension expense for the year ended June 30, 2017 was \$20,049.

**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. SHORT-TERM DEBT**

The Town had a note payable with People's United Bank. The terms and activity are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, People's United Bank, TIF Infrastructure Improvements, Interest at 1.15%, Due and Paid August, 2016	\$ <u>70,000</u>	\$ <u>    0</u>	\$ <u>70,000</u>	\$ <u>    0</u>
Total Short-term Debt	\$ <u>70,000</u>	\$ <u>    0</u>	\$ <u>70,000</u>	\$ <u>    0</u>

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**C. 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, 2017, taxes became due and payable on September 15, 2016, February 15, 2017 and May 15, 2017. 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 2017 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Town	.4976	.4976
Local Agreement	.0212	.0212
Education	<u>1.4013</u>	<u>1.4817</u>
 Total	 <u>1.9201</u>	 <u>2.0005</u>

**D. 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 \$0 in unemployment claims during fiscal year 2017.

**E. 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.

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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 \$3,271,501 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 Milton Town Core TIF District has a debt ceiling of \$6,845,000 that has been approved by the voters. This includes \$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. Additional approved projects include \$800,000 for Phase I improvements of Route 7/Railroad Street/Middle Road intersection; \$395,000 of additional Village Core Sewer Projects and \$2,400,000 to finance the Route 7 corridor improvements including sidewalks, streetscape and lighting. \$2,560,516 of outstanding debt is included in the Sewer Fund and \$102,000 in the Water Fund that will be paid with TIF District incremental taxes.

With a TIF District, the value of properties within the District are frozen at the time the District is created. All property taxes generated by the original base continue to go to the municipal General Fund and the State Education Fund. For 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.

#### **F. 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.

#### **G. CONCENTRATION OF EXPENSES**

The Town purchased all of their water from Champlain Water district "CWD" for the year ended June 30, 2017. The Town purchased \$366,003 of water from CWD.

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 5,446,251	\$ 5,481,204	\$ 34,953
Railroad Taxes	1,900	3,835	1,935
State Land Taxes	16,339	15,289	(1,050)
Use Value Hold Harmless	50,000	55,877	5,877
Penalty on Late HS-122	5,000	4,616	(384)
School Tax Collection Fee	27,000	27,811	811
Interest on Delinquent Taxes	35,000	52,973	17,973
Penalties on Delinquent Taxes	57,000	66,972	9,972
State Land Payment in Lieu of Taxes	3,000	5,317	2,317
Motor Vehicle Renewal	2,000	1,482	(518)
Dog Licenses	4,500	4,232	(268)
School's Share Finance	179,260	160,000	(19,260)
Water/Sewer Administration Reimbursement	315,000	315,000	0
School Share Elections	1,500	1,740	240
Library Fees	1,000	2,773	1,773
Recording Fees	75,000	71,488	(3,512)
Clerk's Fees	12,500	15,788	3,288
Operating Transfer In - Recording/ACS	22,000	19,827	(2,173)
Lister Fees	50	0	(50)
Lister's Education	430	369	(61)
Interest on Investments	3,000	4,888	1,888
Miscellaneous Income	5,000	3,247	(1,753)
Operating Transfer In	62,000	55,202	(6,798)
Operating Transfer In - Main Street	16,453	16,453	0
Restitution	0	148	148
Police Fines and Costs	20,000	23,289	3,289
Police Fees	2,600	3,045	445
Police Contracts	50,000	39,619	(10,381)
Police DUI & OP Grants	0	1,442	1,442
Police Safety Grants	0	4,503	4,503
Ballistic Vests Grant	0	2,360	2,360
Police Donations	0	20	20
Fire Department Fees	200	1,000	800
Rescue Fees	225,000	272,960	47,960
Rescue Donations	3,100	7,188	4,088
Pound Fees	6,000	1,795	(4,205)
State Aid to Highways	240,000	240,658	658
Public Works Fees	2,500	2,740	240
Concession Vendor Fees	100	0	(100)
Recreation Fees	56,000	59,266	3,266
Recreation Equipment Rental	0	1,315	1,315
Recreation Donations	0	2,195	2,195

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues/(Cont'd):			
Great Escape Sales	\$ 13,500	\$ 10,738	\$ (2,762)
Recreation Field Use	3,500	3,575	75
After School	1,000	1,000	0
Building Permit Fees	30,000	43,029	13,029
Planning Fees	12,000	16,634	4,634
Board of Health Settlement	0	23,595	23,595
Operating Transfer In - Fire/EMS Capital Reserve	59,095	58,415	(680)
School Share Resource Officer & SRO Grant	75,000	56,062	(18,938)
Operating Transfer In - Seized Assets for Canine Program	3,000	0	(3,000)
<b>Total Revenues</b>	<b>7,143,778</b>	<b>7,262,974</b>	<b>119,196</b>
Expenditures:			
General Government:			
Selectboard:			
Personnel Services - Salaries & Wages	10,025	10,823	(798)
Personnel Services - Employee Benefits	767	906	(139)
Purchased Professional & Technical Services	27,000	35,149	(8,149)
Other Purchased Services	4,516	2,540	1,976
Supplies	1,775	1,393	382
Other Operating Expenditures	15,702	18,123	(2,421)
<b>Total Selectboard</b>	<b>59,785</b>	<b>68,934</b>	<b>(9,149)</b>
Election:			
Personnel Services - Salaries & Wages	11,800	11,860	(60)
Personnel Services - Employee Benefits	903	845	58
Purchased Professional & Technical Services	4,100	2,369	1,731
Other Purchased Services	1,000	810	190
Supplies	1,500	932	568
Other Operating Expenditures	100	0	100
<b>Total Election</b>	<b>19,403</b>	<b>16,816</b>	<b>2,587</b>
Insurance/Risk Management:			
Personnel Services - Employee Benefits	115,166	119,958	(4,792)
Other Purchased Services	162,295	163,091	(796)
<b>Total Insurance/Risk Management</b>	<b>277,461</b>	<b>283,049</b>	<b>(5,588)</b>
Legal:	58,100	46,703	11,397
Property, Taxes and Assessments:	84,153	84,357	(204)

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Town Manager:			
Personnel Services - Salaries & Wages	\$ 191,700	\$ 170,022	\$ 21,678
Personnel Services - Employee Benefits	57,759	52,052	5,707
Purchased Professional & Technical Services	1,000	9,845	(8,845)
Other Purchased Services	4,305	3,948	357
Supplies	1,566	3,096	(1,530)
Property	300	972	(672)
Other Operating Expenditures	3,098	2,211	887
	<u>259,728</u>	<u>242,146</u>	<u>17,582</u>
Total Town Manager			
Town Clerk/Treasurer:			
Personnel Services - Salaries & Wages	203,380	202,548	832
Personnel Services - Employee Benefits	79,686	78,179	1,507
Purchased Professional & Technical Services	20,550	19,827	723
Purchased Property Services	1,000	610	390
Other Purchased Services	860	829	31
Supplies	5,450	4,168	1,282
Other Operating Expenditures	3,045	534	2,511
	<u>313,971</u>	<u>306,695</u>	<u>7,276</u>
Total Town Clerk/Treasurer			
Finance Office:			
Personnel Services - Salaries & Wages	185,626	236,992	(51,366)
Personnel Services - Employee Benefits	90,265	99,540	(9,275)
Purchased Professional & Technical Services	4,300	18,362	(14,062)
Other Purchased Services	3,500	4,343	(843)
Supplies	13,850	12,283	1,567
Property	1,000	0	1,000
Other Operating Expenditures	1,350	1,120	230
	<u>299,891</u>	<u>372,640</u>	<u>(72,749)</u>
Total Finance Office			
Assessor:			
Personnel Services - Salaries & Wages	36,507	24,082	12,425
Personnel Services - Employee Benefits	2,793	1,842	951
Purchased Professional & Technical Services	26,084	36,453	(10,369)
Other Purchased Services	600	530	70
Supplies	550	597	(47)
Property	1,150	1,324	(174)
Other Operating Expenditures	700	419	281
	<u>68,384</u>	<u>65,247</u>	<u>3,137</u>
Total Assessor			

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Contingency:			
Property	\$ 354,231	\$ 354,231	\$ 0
Other Operating Expenditures	<u>40,000</u>	<u>7,575</u>	<u>32,425</u>
Total Contingency	<u>394,231</u>	<u>361,806</u>	<u>32,425</u>
Administrative Services:			
Personnel Services - Employee Benefits	1,740	513	1,227
Purchased Professional & Technical Services	1,150	1,513	(363)
Purchased Property Services	7,980	7,069	911
Other Purchased Services	980	3,884	(2,904)
Supplies	<u>7,210</u>	<u>4,801</u>	<u>2,409</u>
Total Administrative Services	<u>19,060</u>	<u>17,780</u>	<u>1,280</u>
Information Technology:			
Purchased Professional & Technical Services	43,055	41,931	1,124
Other Purchased Services	4,280	3,826	454
Supplies	550	163	387
Property	1,900	0	1,900
Other Operating Expenditures	<u>300</u>	<u>0</u>	<u>300</u>
Total Information Technology	<u>50,085</u>	<u>45,920</u>	<u>4,165</u>
Total General Government	<u>1,904,252</u>	<u>1,912,093</u>	<u>(7,841)</u>
Public Safety:			
Police Department:			
Personnel Services - Salaries & Wages	1,212,680	1,149,104	63,576
Personnel Services - Employee Benefits	444,327	373,126	71,201
Purchased Professional & Technical Services	121,949	132,546	(10,597)
Purchased Property Services	20,890	14,143	6,747
Other Purchased Services	37,146	43,575	(6,429)
Supplies	63,910	71,391	(7,481)
Property	350	4,492	(4,142)
Other Operating Expenditures	<u>16,865</u>	<u>16,490</u>	<u>375</u>
Total Police Department	<u>1,918,117</u>	<u>1,804,867</u>	<u>113,250</u>

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	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Fire Department:</b>			
Personnel Services - Salaries & Wages	\$ 109,481	\$ 104,373	\$ 5,108
Personnel Services - Employee Benefits	21,807	17,570	4,237
Purchased Professional & Technical Services	61,250	62,065	(815)
Purchased Property Services	24,700	36,109	(11,409)
Other Purchased Services	2,000	1,342	658
Supplies	13,300	7,033	6,267
Property	33,250	42,125	(8,875)
Other Operating Expenditures	10,250	7,745	2,505
<b>Total Fire Department</b>	<b>276,038</b>	<b>278,362</b>	<b>(2,324)</b>
<b>Rescue:</b>			
Personnel Services - Salaries & Wages	131,713	118,128	13,585
Personnel Services - Employee Benefits	28,545	22,995	5,550
Purchased Professional & Technical Services	75,800	75,015	785
Purchased Property Services	8,375	9,679	(1,304)
Other Purchased Services	2,950	1,769	1,181
Supplies	31,965	23,001	8,964
Property	10,250	7,754	2,496
Other Operating Expenditures	15,500	22,932	(7,432)
<b>Total Rescue</b>	<b>305,098</b>	<b>281,273</b>	<b>23,825</b>
<b>Animal Control:</b>			
Personnel Services - Salaries & Wages	3,860	1,065	2,795
Personnel Services - Employee Benefits	295	81	214
Purchased Professional & Technical Services	2,045	2,045	0
Other Purchased Services	3,340	3,834	(494)
Supplies	380	401	(21)
Other Operating Expenditures	300	0	300
<b>Total Animal Control</b>	<b>10,220</b>	<b>7,426</b>	<b>2,794</b>
<b>Total Public Safety</b>	<b>2,509,473</b>	<b>2,371,928</b>	<b>137,545</b>
<b>Public Works:</b>			
<b>Public Works Director:</b>			
Personnel Services - Salaries & Wages	113,489	36,545	76,944
Personnel Services - Employee Benefits	31,451	24,474	6,977
Purchased Professional & Technical Services	19,400	69,939	(50,539)
Other Purchased Services	4,080	1,766	2,314
Supplies	3,320	2,688	632
Property	300	300	0
Other Operating Expenditures	12,997	16,042	(3,045)
<b>Total Public Works Director</b>	<b>185,037</b>	<b>151,754</b>	<b>33,283</b>

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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, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Highways:</b>			
Personnel Services - Salaries & Wages	\$ 377,257	\$ 387,016	\$ (9,759)
Personnel Services - Employee Benefits	122,607	123,901	(1,294)
Purchased Professional & Technical Services	20,550	24,539	(3,989)
Purchased Property Services	482,500	736,972	(254,472)
Other Purchased Services	1,460	1,205	255
Supplies	356,813	347,772	9,041
Property	4,500	927	3,573
Other Operating Expenditures	500	685	(185)
<b>Total Highways</b>	<b>1,366,187</b>	<b>1,623,017</b>	<b>(256,830)</b>
<b>Building and Grounds:</b>			
Personnel Services - Salaries & Wages	101,742	91,692	10,050
Personnel Services - Employee Benefits	38,288	23,229	15,059
Purchased Professional & Technical Services	11,850	20,263	(8,413)
Purchased Property Services	47,402	46,704	698
Supplies	139,025	121,103	17,922
Property	2,300	2,290	10
Other Operating Expenditures	300	0	300
<b>Total Buildings and Grounds</b>	<b>340,907</b>	<b>305,281</b>	<b>35,626</b>
<b>Total Public Works</b>	<b>1,892,131</b>	<b>2,080,052</b>	<b>(187,921)</b>
<b>Health Education Welfare:</b>			
Personnel Services - Salaries & Wages	8,182	8,182	0
Personnel Services - Employee Benefits	3,973	3,848	125
Purchased Professional & Technical Services	150	0	150
Supplies	100	38	62
Other Operating Expenditures	24,635	24,197	438
<b>Total Health Education Welfare</b>	<b>37,040</b>	<b>36,265</b>	<b>775</b>
<b>Culture and Recreation:</b>			
<b>Library:</b>			
Personnel Services - Salaries & Wages	148,476	145,756	2,720
Personnel Services - Employee Benefits	35,828	36,913	(1,085)
Purchased Professional & Technical Services	5,200	3,854	1,346
Other Purchased Services	2,840	2,667	173
Supplies	53,900	51,880	2,020
Property	1,450	402	1,048
Other Operating Expenditures	850	757	93
<b>Total Library</b>	<b>248,544</b>	<b>242,229</b>	<b>6,315</b>

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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, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Recreation:</b>			
Personnel Services - Salaries & Wages	\$ 65,095	\$ 64,856	\$ 239
Personnel Services - Employee Benefits	29,001	43,541	(14,540)
Purchased Property Services	4,100	2,850	1,250
Other Purchased Services	6,225	5,999	226
Supplies	2,833	2,327	506
Property	1,200	1,922	(722)
Other Operating Expenditures	61,000	60,535	465
Total Recreation	169,454	182,030	(12,576)
Total Culture and Recreation	417,998	424,259	(6,261)
<b>Economic Development:</b>			
<b>Planning:</b>			
Personnel Services - Salaries & Wages	204,229	203,092	1,137
Personnel Services - Employee Benefits	57,141	55,607	1,534
Purchased Professional & Technical Services	5,200	9,025	(3,825)
Other Purchased Services	4,050	3,220	830
Supplies	4,369	4,878	(509)
Property	1,150	1,079	71
Other Operating Expenditures	9,400	8,486	914
Total Planning	285,539	285,387	152
<b>Economic Development Committee:</b>			
Other Purchased Services	850	575	275
Supplies	25	0	25
Other Operating Expenditures	11,275	10,845	430
Total Economic Development Committee	12,150	11,420	730
Total Economic Development	297,689	296,807	882
<b>Debt Service:</b>	385,195	389,733	(4,538)
Total Expenditures	7,443,778	7,511,137	(67,359)
Excess/(Deficiency) of Revenues Over Expenditures	\$ (300,000)	(248,163)	\$ 51,837
Fund Balance - July 1, 2016		1,867,080	
Fund Balance - June 30, 2017		\$ 1,618,917	

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TOWN OF MILTON, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 VMERS DEFINED BENEFIT PLAN  
 JUNE 30, 2017

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

**Notes to Schedule**

Benefit Changes: None.

Changes in Assumptions: The actuarial assumptions regarding the incidence of mortality, terminations, retirements, and disabilities were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2014.

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

TOWN OF MILTON, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 VMERS DEFINED BENEFIT PLAN  
 FOR THE YEAR ENDED JUNE 30, 2017

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

**Notes to Schedule**

Valuation Date: June 30, 2016

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



TOWN OF MILTON, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Fund <u>West Milton Cemetery Fund</u>	Total
<u>ASSETS</u>				
Cash	\$ 40,094	\$ 0	\$ 5,717	\$ 45,811
Receivables	4,637	0	0	4,637
Due from Other Funds	915,266	501,494	28,533	1,445,293
Advances to Other Funds	<u>105,000</u>	<u>0</u>	<u>0</u>	<u>105,000</u>
Total Assets	<u>\$ 1,064,997</u>	<u>\$ 501,494</u>	<u>\$ 34,250</u>	<u>\$ 1,600,741</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to Other Funds	\$ 4,637	\$ 0	\$ 0	\$ 4,637
Unearned Revenue	<u>0</u>	<u>11,000</u>	<u>0</u>	<u>11,000</u>
Total Liabilities	<u>4,637</u>	<u>11,000</u>	<u>0</u>	<u>15,637</u>
Fund Balances:				
Nonspendable	0	0	4,500	4,500
Restricted	634,275	4,074	29,750	668,099
Committed	0	486,420	0	486,420
Assigned	<u>426,085</u>	<u>0</u>	<u>0</u>	<u>426,085</u>
Total Fund Balances	<u>1,060,360</u>	<u>490,494</u>	<u>34,250</u>	<u>1,585,104</u>
Total Liabilities and Fund Balances	<u>\$ 1,064,997</u>	<u>\$ 501,494</u>	<u>\$ 34,250</u>	<u>\$ 1,600,741</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, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Fund West Milton Cemetery Fund	Total
Revenues:				
Property Taxes	\$ 0	\$ 189,665	\$ 0	\$ 189,665
Intergovernmental	871,809	2,093	0	873,902
Charges for Services	0	0	10,585	10,585
Permits, Licenses and Fees	198,792	0	0	198,792
Investment Income	4,289	1,255	50	5,594
Donations	915	0	0	915
<b>Total Revenues</b>	<b><u>1,075,805</u></b>	<b><u>193,013</u></b>	<b><u>10,635</u></b>	<b><u>1,279,453</u></b>
Expenditures:				
General Government	93,114	0	0	93,114
Public Safety	15,832	0	0	15,832
Culture and Recreation	1,914	4,186	0	6,100
Community Development	805,838	0	0	805,838
Capital Outlay:				
Public Safety	9,530	16,829	0	26,359
<b>Total Expenditures</b>	<b><u>926,228</u></b>	<b><u>21,015</u></b>	<b><u>0</u></b>	<b><u>947,243</u></b>
Excess of Revenues Over Expenditures	<u>149,577</u>	<u>171,998</u>	<u>10,635</u>	<u>332,210</u>
Other Financing Sources/(Uses):				
Transfers Out	<u>(64,756)</u>	<u>(58,415)</u>	<u>0</u>	<u>(123,171)</u>
<b>Total Other Financing Sources/(Uses)</b>	<b><u>(64,756)</u></b>	<b><u>(58,415)</u></b>	<b><u>0</u></b>	<b><u>(123,171)</u></b>
Net Change in Fund Balances	84,821	113,583	10,635	209,039
Fund Balances - July 1, 2016	<u>975,539</u>	<u>376,911</u>	<u>23,615</u>	<u>1,376,065</u>
Fund Balances - June 30, 2017	<u>\$ 1,060,360</u>	<u>\$ 490,494</u>	<u>\$ 34,250</u>	<u>\$ 1,585,104</u>

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TOWN OF MILTON, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	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	\$ 30,660	\$ 9,434	\$ 0	\$ 40,094
Receivables	0	0	0	0	0	4,637	4,637
Due from Other Funds	374,760	426,085	112,944	1,277	200	0	915,266
Advances to Other Funds	<u>105,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>105,000</u>
Total Assets	<u>\$ 479,760</u>	<u>\$ 426,085</u>	<u>\$ 112,944</u>	<u>\$ 31,937</u>	<u>\$ 9,634</u>	<u>\$ 4,637</u>	<u>\$ 1,064,997</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Due to Other Funds	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,637</u>	<u>\$ 4,637</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,637</u>	<u>4,637</u>
Fund Balances:							
Restricted	479,760	0	112,944	31,937	9,634	0	634,275
Assigned	<u>0</u>	<u>426,085</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>426,085</u>
Total Fund Balances	<u>479,760</u>	<u>426,085</u>	<u>112,944</u>	<u>31,937</u>	<u>9,634</u>	<u>0</u>	<u>1,060,360</u>
Total Liabilities and Fund Balances	<u>\$ 479,760</u>	<u>\$ 426,085</u>	<u>\$ 112,944</u>	<u>\$ 31,937</u>	<u>\$ 9,634</u>	<u>\$ 4,637</u>	<u>\$ 1,064,997</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, 2017

	Impact Fees Fund	Reappraisal Fund	Restoration of Records Fund	Drug Forfeiture Fund	Milton Public Library Fund	Grant Fund	Total
<b>Revenues:</b>							
Intergovernmental	\$ 0	\$ 42,171	\$ 0	\$ 389	\$ 522	\$ 828,727	\$ 871,809
Permits, Licenses and Fees	167,859	0	30,933	0	0	0	198,792
Investment Income	3,048	927	269	37	8	0	4,289
Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>915</u>	<u>0</u>	<u>915</u>
<b>Total Revenues</b>	<u>170,907</u>	<u>43,098</u>	<u>31,202</u>	<u>426</u>	<u>1,445</u>	<u>828,727</u>	<u>1,075,805</u>
<b>Expenditures:</b>							
General Government	75,286	14,001	3,827	0	0	0	93,114
Public Safety	0	0	0	8,365	0	7,467	15,832
Culture and Recreation	0	0	0	0	1,914	0	1,914
Community Development	0	0	0	0	0	805,838	805,838
Capital Outlay:							
Public Safety	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,530</u>	<u>9,530</u>
<b>Total Expenditures</b>	<u>75,286</u>	<u>14,001</u>	<u>3,827</u>	<u>8,365</u>	<u>1,914</u>	<u>822,835</u>	<u>926,228</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>95,621</u>	<u>29,097</u>	<u>27,375</u>	<u>(7,939)</u>	<u>(469)</u>	<u>5,892</u>	<u>149,577</u>
<b>Other Financing Sources/(Uses):</b>							
Transfers Out	<u>(44,929)</u>	<u>0</u>	<u>(19,827)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(64,756)</u>
<b>Total Other Financing Sources/(Uses)</b>	<u>(44,929)</u>	<u>0</u>	<u>(19,827)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(64,756)</u>
Net Change in Fund Balances	50,692	29,097	7,548	(7,939)	(469)	5,892	84,821
Fund Balances/(Deficit) - July 1, 2016	<u>429,068</u>	<u>396,988</u>	<u>105,396</u>	<u>39,876</u>	<u>10,103</u>	<u>(5,892)</u>	<u>975,539</u>
Fund Balances - June 30, 2017	<u>\$ 479,760</u>	<u>\$ 426,085</u>	<u>\$ 112,944</u>	<u>\$ 31,937</u>	<u>\$ 9,634</u>	<u>\$ 0</u>	<u>\$ 1,060,360</u>

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TOWN OF MILTON, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2017

	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>207,989</u>	\$ <u>198,804</u>	\$ <u>90,627</u>	\$ <u>4,074</u>	\$ <u>501,494</u>
Total Assets	\$ <u><u>207,989</u></u>	\$ <u><u>198,804</u></u>	\$ <u><u>90,627</u></u>	\$ <u><u>4,074</u></u>	\$ <u><u>501,494</u></u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Unearned Revenue	\$ <u>0</u>	\$ <u>11,000</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>11,000</u>
Total Liabilities	<u>0</u>	<u>11,000</u>	<u>0</u>	<u>0</u>	<u>11,000</u>
Fund Balances:					
Restricted	0	0	0	4,074	4,074
Committed	<u>207,989</u>	<u>187,804</u>	<u>90,627</u>	<u>0</u>	<u>486,420</u>
Total Fund Balances	<u>207,989</u>	<u>187,804</u>	<u>90,627</u>	<u>4,074</u>	<u>490,494</u>
Total Liabilities and Fund Balances	\$ <u><u>207,989</u></u>	\$ <u><u>198,804</u></u>	\$ <u><u>90,627</u></u>	\$ <u><u>4,074</u></u>	\$ <u><u>501,494</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, 2017

	Road/Sidewalk Restoration Reserve Fund	Recreation Capital Reserve Fund	Fire/EMS Capital Reserve Fund	Bombardier Property Purchase Fund	Total
Revenues:					
Property Taxes	\$ 54,190	\$ 54,190	\$ 81,285	\$ 0	\$ 189,665
Intergovernmental	0	2,093	0	0	2,093
Investment Income	<u>470</u>	<u>443</u>	<u>333</u>	<u>9</u>	<u>1,255</u>
Total Revenues	<u>54,660</u>	<u>56,726</u>	<u>81,618</u>	<u>9</u>	<u>193,013</u>
Expenditures:					
Culture and Recreation	0	4,186	0	0	4,186
Capital Outlay:					
Public Safety	<u>0</u>	<u>0</u>	<u>16,829</u>	<u>0</u>	<u>16,829</u>
Total Expenditures	<u>0</u>	<u>4,186</u>	<u>16,829</u>	<u>0</u>	<u>21,015</u>
Excess of Revenues Over Expenditures	<u>54,660</u>	<u>52,540</u>	<u>64,789</u>	<u>9</u>	<u>171,998</u>
Other Financing Sources/(Uses):					
Transfers Out	<u>0</u>	<u>0</u>	<u>(58,415)</u>	<u>0</u>	<u>(58,415)</u>
Total Other Financing Sources/(Uses)	<u>0</u>	<u>0</u>	<u>(58,415)</u>	<u>0</u>	<u>(58,415)</u>
Net Change in Fund Balances	54,660	52,540	6,374	9	113,583
Fund Balances - July 1, 2016	<u>153,329</u>	<u>135,264</u>	<u>84,253</u>	<u>4,065</u>	<u>376,911</u>
Fund Balances - June 30, 2017	<u>\$ 207,989</u>	<u>\$ 187,804</u>	<u>\$ 90,627</u>	<u>\$ 4,074</u>	<u>\$ 490,494</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, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues:</b>			
Water Rents	\$ 793,743	\$ 868,153	\$ 74,410
Penalties	15,000	9,427	(5,573)
Hookup Fees	115,000	123,750	8,750
Water Hauler Receipts	10,000	13,397	3,397
Maintenance Agreement Receipts	1,800	0	(1,800)
Other Income	3,000	1,102	(1,898)
Transfer In - TIF Fund	0	9,577	9,577
<b>Total Revenues</b>	<b>938,543</b>	<b>1,025,406</b>	<b>86,863</b>
<b>Expenses:</b>			
Regular Salaries	122,817	120,262	2,555
Overtime Salaries	7,185	5,074	2,111
Insurance Buyout	6,750	10,125	(3,375)
Group Health Insurance	9,263	6,758	2,505
HRA Contribution	5,525	0	5,525
Group Dental Insurance	1,808	1,305	503
Group LTD/STD/Vision Insurance	1,190	1,210	(20)
Group Life Insurance	476	426	50
Social Security	10,461	10,455	6
Retirement Contribution	7,519	13,396	(5,877)
Workers Compensation	7,539	6,523	1,016
Other Employee Benefits	705	1,174	(469)
Official/Administrative	157,500	157,500	0
Technical Services	1,500	1,713	(213)
Water/Sewer	200	133	67
Water Purchase - CWD	427,528	366,003	61,525
Disposal and Refuse	420	388	32
Repair and Maintenance Facility	1,500	500	1,000
Vehicle Repair and Maintenance	1,500	1,405	95
Equipment Repair and Maintenance	3,000	837	2,163
Rental of Equipment and Vehicle	450	547	(97)
Construction Services	1,500	17,665	(16,165)
General Liability Insurance	2,007	2,032	(25)
Vehicle Insurance	1,567	1,553	14
Property Insurance	1,394	1,165	229
Communications - Telephone	450	405	45
Communications - Other	1,256	1,261	(5)
Advertising	300	447	(147)
Printing and Binding	2,600	3,244	(644)
Postage	50	410	(360)
Office Supplies	100	79	21
General Supplies	11,325	11,830	(505)
Water Meters	10,000	9,118	882
Technology	875	863	12
Natural Gas	4,560	2,201	2,359
Electricity	10,533	12,172	(1,639)

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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, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenses/(Cont'd):			
Bottled Gas	\$ 100	\$ 0	\$ 100
Diesel Fuel	338	593	(255)
Gasoline	2,625	1,573	1,052
Books and Periodicals	200	0	200
Employee Uniforms	1,482	2,572	(1,090)
Machinery and Equipment	1,000	750	250
Dues and Fees	825	773	52
Professionals Development	1,750	977	773
Small Tools	800	982	(182)
Water Improvements Debt	55,199	55,199	0
Bombardier Water Line Improvements Debt	6,000	6,000	0
Water Line Improvements Debt	15,666	15,666	0
Interest	29,205	29,989	(784)
Total Expenses	938,543	885,253	53,290
Net Income	\$ 0	140,153	\$ 140,153
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(96,969)	
Principal Payments on Long-term Debt		76,865	
Change in Net Position - Exhibit G		\$ 120,049	

See Disclaimer in Accompanying Independent Auditor's Report.



TOWN OF MILTON, VERMONT  
SCHEDULE OF REVENUES AND EXPENSES  
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL  
SEWER FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues:</b>			
Sewer Rents	\$ 527,279	\$ 554,424	\$ 27,145
Penalties	6,000	5,145	(855)
Hookup Fees	119,000	112,314	(6,686)
Septage Receipts	65,000	76,450	11,450
Maintenance Agreement Receipts	400	0	(400)
Interest Earnings	54	832	778
Other Income	1,500	75	(1,425)
Operating Transfer	180,000	179,159	(841)
Transfer In - TIF Fund	301,458	301,458	0
<b>Total Revenues</b>	<b>1,200,691</b>	<b>1,229,857</b>	<b>29,166</b>
<b>Expenses:</b>			
Regular Salaries	143,295	143,632	(337)
Overtime Salaries	10,518	10,908	(390)
Insurance Buyout	10,250	10,125	125
Group Health Insurance	9,263	7,458	1,805
HRA Contribution	5,525	0	5,525
Group Dental Insurance	2,570	1,305	1,265
LTD/STD Group Vision Insurance	1,359	1,211	148
Group Life Insurance and AD&D	550	426	124
Social Security	12,360	12,537	(177)
Retirement	8,872	16,515	(7,643)
Worker's Compensation	8,575	7,145	1,430
Other Employee Benefits	706	1,175	(469)
Official/Administrative	157,500	157,500	0
Other Professional	5,000	0	5,000
Technical Services	58,984	50,265	8,719
Water/Sewer	4,200	10,511	(6,311)
Disposal and Refuse	6,000	6,087	(87)
Repair and Maintenance Facility	10,000	2,422	7,578
Vehicle Repair and Maintenance	1,500	1,398	102
Equipment Repair and Maintenance	12,000	10,448	1,552
Rental of Land and Buildings	100	100	0
Rental of Equipment and Vehicle	500	0	500
Construction Services	20,000	5,830	14,170
General Liability Insurance	2,600	3,136	(536)
Vehicle Insurance	1,700	494	1,206
Property Insurance	12,600	10,653	1,947
Communications - Telephone	2,500	2,454	46
Communications - Other	1,540	1,814	(274)
Advertising	300	313	(13)
Printing and Binding	100	0	100
Travel	283	0	283
Postage and Mailing	400	527	(127)
Office Supplies	250	79	171
General Supplies	78,018	56,818	21,200

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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, 2017

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenses/(Cont'd):			
Water Meter Purchases	\$ 11,552	\$ 9,118	\$ 2,434
Technology	875	863	12
Natural Gas	14,075	10,570	3,505
Electricity	94,932	93,860	1,072
Bottled Gas	75	0	75
Diesel Fuel	1,875	946	929
Gasoline	2,340	1,573	767
Books and Periodicals	400	0	400
Employee Uniforms	1,430	2,572	(1,142)
Capital Projects	20,000	0	20,000
Machinery and Equipment	4,500	12,927	(8,427)
Furniture and Fixtures	300	0	300
Dues and Fees	2,160	3,353	(1,193)
Professional Development	1,750	931	819
Small Tools	1,800	1,824	(24)
Sewer Upgrade Bond - SRF	43,250	43,250	0
Sewer Upgrade Bond - RF1	258,208	258,208	0
2013-1 Sewer Principal	6,014	6,014	0
Village Core Sewer Improvements Bond	120,176	125,440	(5,264)
Interest	53,719	53,719	0
Village Pump Interfund Loan	32,000	64,000	(32,000)
Village Pump Interfund Loan Interest	3,577	2,747	830
Total Expenses	1,264,926	1,225,201	39,725
Net Income/(Loss)	\$ <u>(64,235)</u>	4,656	\$ <u>68,891</u>
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(248,836)	
Principal Payments on Long-term Debt		432,912	
Interfund Loan Repayments		64,000	
Change in Net Position - Exhibit G		\$ 252,732	

See Disclaimer in Accompanying Independent Auditor's Report.

# Sullivan, Powers & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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VT Lic. #92-000180

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Milton, Vermont, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Milton, Vermont's basic financial statements, and have issued our report thereon dated December 15, 2017.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

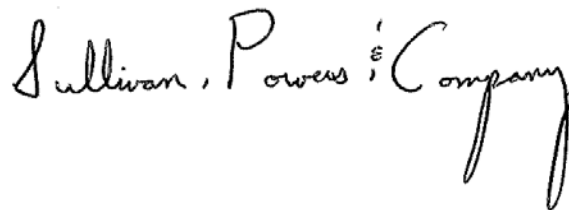
As part of obtaining reasonable assurance about whether the Town of Milton, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

However, we noted certain other matters that we reported to the management of the Town of Milton, Vermont in a separate letter dated December 15, 2017.

### ***Purpose of this Report***

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

December 15, 2017  
Montpelier, Vermont  
VT Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized 'S' and 'C'.