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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, 2020, 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, 2020, 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.

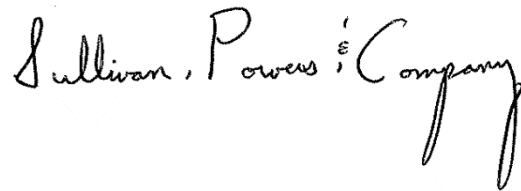
Other Information

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

Other Reporting Required by “Government Auditing Standards”

In accordance with “Government Auditing Standards”, we have also issued our report dated December 23, 2020 on our consideration of the Town of Milton, Vermont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Auditing Standards” in considering the Town of Milton, Vermont’s internal control over financial reporting and compliance.

December 23, 2020
Montpelier, Vermont
VT Lic. #92-000180

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

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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, 2020. 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 \$40,304,695 (net position). Of this amount, \$2,221,785 (unrestricted net position) may be used to meet the Town's ongoing obligations. The balance of net position is made up of \$34,389,618 invested in capital assets net of related debt and \$3,693,292 restricted for specific purposes.
- The Town's total net position increased by \$682,104 (1.7%). Of this amount, net position of the governmental activities increased by \$317,587 (2.0%), and net position attributable to business-type activities increased by \$364,517 (1.5%).
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,646,074. This is a decrease of \$1,821,419 from the prior year's combined ending fund balance of \$10,467,493. This decrease is in restricted fund balances, most of which are in the TIF funds.
- 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 \$1,747,028, or approximately 23.6% of total general fund expenditures.
- The Town's total outstanding long-term debt increased by \$1,107,860 during the current fiscal year. Additions to long-term debt totaled \$2,044,765 offset by principal payments of \$936,905. The additions included bond anticipation notes for highway equipment, a fire truck, bridge construction and road reconstruction as well as the loan for the Lake Rd waterline project as approved by voters.

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, 2020**

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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

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

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

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

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

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

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

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

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

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Assets:						
Cash and Investments	\$ 10,272,771	\$ 11,709,633	\$ -	\$ -	\$ 10,272,771	\$ 11,709,633
Receivables, Net	951,159	746,759	653,122	692,594	1,604,281	1,439,353
Other Assets	(932,086)	(499,390)	1,159,483	652,261	227,397	152,871
Capital Assets	17,347,493	14,021,251	26,032,493	25,852,860	43,379,986	39,874,111
Total Assets	27,639,337	25,978,253	27,845,098	27,197,715	55,484,435	53,175,968
Deferred Outflows of Resources	603,557	671,247	31,242	34,589	634,799	705,836
Liabilities:						
Other Liabilities	1,174,680	1,052,074	213,470	160,298	1,388,150	1,212,372
Noncurrent Liabilities	11,060,709	9,918,462	3,257,999	3,032,248	14,318,708	12,950,710
Total Liabilities	12,235,389	10,970,536	3,471,469	3,192,546	15,706,858	14,163,082
Deferred Inflows of Resources	102,425	91,471	5,256	4,660	107,681	96,131
Net Position:						
Net Investment in Capital Assets	11,511,098	11,561,418	22,878,520	22,907,992	34,389,618	34,469,410
Restricted	3,693,292	2,710,622	0	0	3,693,292	2,710,622
Unrestricted/(Deficit)	700,690	1,315,453	1,521,095	1,127,106	2,221,785	2,442,559
Total Net Position	\$ 15,905,080	\$ 15,587,493	\$ 24,399,615	\$ 24,035,098	\$ 40,304,695	\$ 39,622,591

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 \$40,304,695. The Town's total net position is split between governmental activities net position of \$15,905,080 and business-type activities net position of \$24,399,615.

The largest portion of the Town's total net position \$34,389,618 (85.3%) 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 \$3,693,292 (9.2%) of restricted net position. Restricted net position represents assets whose use is subject to external restrictions. The remaining balance of \$2,221,785 (5.5%) 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, 2020**

Governmental Activities

Summary of the Statement of Activities

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 819,456	\$ 811,114	\$ 1,995,487	\$ 1,888,233	\$ 2,814,943	\$ 2,699,347
Operating Grants & Contributions	545,192	471,919	0	0	545,192	471,919
Capital Grants & Contributions	839,696	263,569	159,739	14,165	999,435	277,734
General Revenues:						
Property Taxes	6,793,468	7,303,919	0	0	6,793,468	7,303,919
Other	371,390	465,435	5,528	16,351	376,918	481,786
Total Revenues	<u>9,369,202</u>	<u>9,315,956</u>	<u>2,160,754</u>	<u>1,918,749</u>	<u>11,529,956</u>	<u>11,234,705</u>
Expenses:						
General Government	1,772,318	1,740,306	0	0	1,772,318	1,740,306
Public Safety	3,149,021	2,901,184	0	0	3,149,021	2,901,184
Highways and Streets	3,043,530	2,679,498	0	0	3,043,530	2,679,498
Culture and Recreation	634,965	541,476	0	0	634,965	541,476
Community Development	0	0	0	0	0	0
Interest on Long-Term Debt	263,535	265,227	0	0	263,535	265,227
Water	0	0	959,379	920,913	959,379	920,913
Wastewater	0	0	1,025,104	969,858	1,025,104	969,858
Total Expenses	<u>8,863,369</u>	<u>8,127,691</u>	<u>1,984,483</u>	<u>1,890,771</u>	<u>10,847,852</u>	<u>10,018,462</u>
Increase (Decrease) in Net Position						
Before Transfers	505,833	1,188,265	176,271	27,978	682,104	1,216,243
Transfers	(188,246)	(3,158,421)	188,246	3,158,421	0	0
Increase (Decrease) in Net Position	317,587	(1,970,156)	364,517	3,186,399	682,104	1,216,243
Beginning Net Position	15,587,493	17,557,649	24,035,098	20,848,699	39,622,591	38,406,348
Ending Net Position	<u>\$ 15,905,080</u>	<u>\$ 15,587,493</u>	<u>\$ 24,399,615</u>	<u>\$ 24,035,098</u>	<u>\$ 40,304,695</u>	<u>\$ 39,622,591</u>

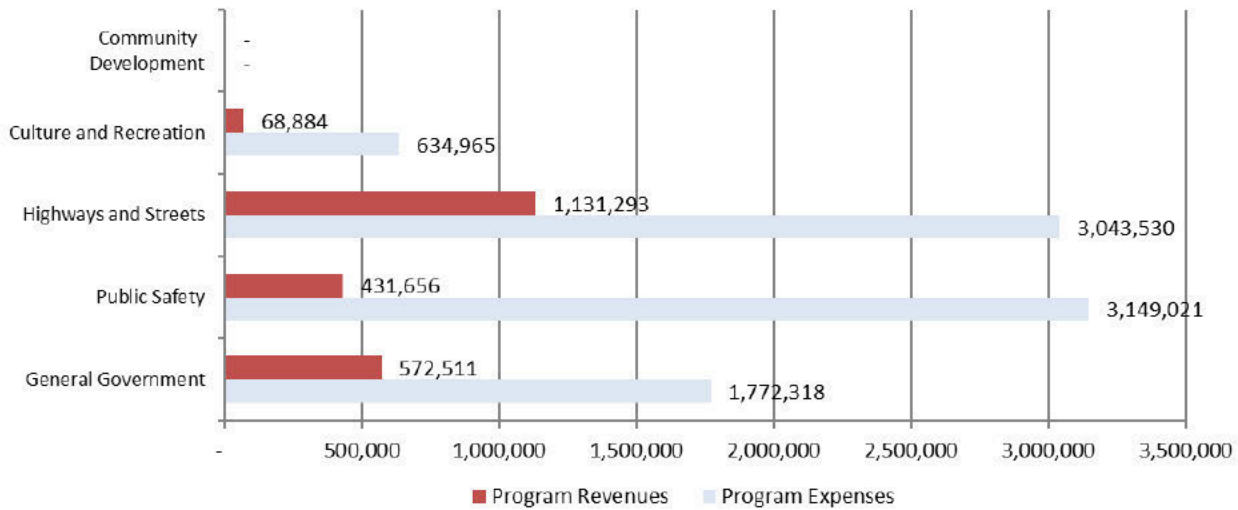
Governmental activities increased the Town's net position by \$317,587 for the year ended June 30, 2020. Key elements of the change are as follows.

- Total governmental activities' revenues increased by 0.6% (\$53,246) from 2019 to 2020. This was driven by an increase in charges for services and grants (both operating and capital).
- Property tax revenues decreased 7.0% or \$510,451 from the previous year as a result of a decrease in the grand list (property value decrease related primarily to the hydro-electric dams).
- Total governmental activities' expenses increased by 9.1% (\$735,678) from 2019 to 2020. Public safety expenses end the year at 35.5% (\$3,149,021) of total governmental activities' expenses. Public safety remains the largest category of expenses from year to year, followed closely by highways and streets at 34.3% (\$3,043,530) of total governmental activities' expenses for the year.
- General Government expenses increased 1.8% or \$32,012 from the previous year. This was a result of insurance benefit increases and other slight increases to other general operating expenses.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

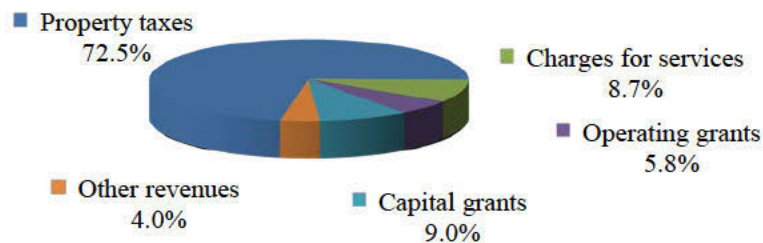
The following graph entitled Expense and Program Revenues – Governmental Activities, gives the reader an idea of how each major program is funded. The revenues included in this graph are program specific revenues including user fees, operating grants, and capital grants. General revenues such as property 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.

Expenses and Program Revenues - Governmental Activities



The vast majority of revenue for governmental activities comes from property taxes; 72.5% of total revenue or \$6,793,468. The second largest category of revenue is charges for services coming in at 8.7% or \$819,456 of total revenue. The following graph shows the distribution of governmental activities revenues by source for the year ended June 30, 2020.

Revenues by Source - Governmental Activities



**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Business-type Activities

Business-type activities increased the Town's net position by \$346,517 during the current fiscal year. Key elements of this increase are as follows.

- Charges for services increased by \$107,254 or 5.7% from \$1,888,233 to \$1,995,487. 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 connection fees (\$133,240) make up the majority of the increase, followed by an increase in penalties (\$17,583).
- Total expenses of \$1,920,882 reflect an increase of \$93,509 (5.1%) as compared to the prior year. The driving factors contributing to the increase are as follows.
 - Repairs and maintenance increased \$64,673 or 203.6% from the previous year. Several large maintenance projects that were deferred from previous years were completed.
 - Salaries and benefits increased \$34,923 or 8.9% from the previous year. A vacancy in 2019 was filled in 2020.
 - The Town purchases water from the Champlain Water District. The cost of purchased water increased by \$32,392 or 9.0% from the previous year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

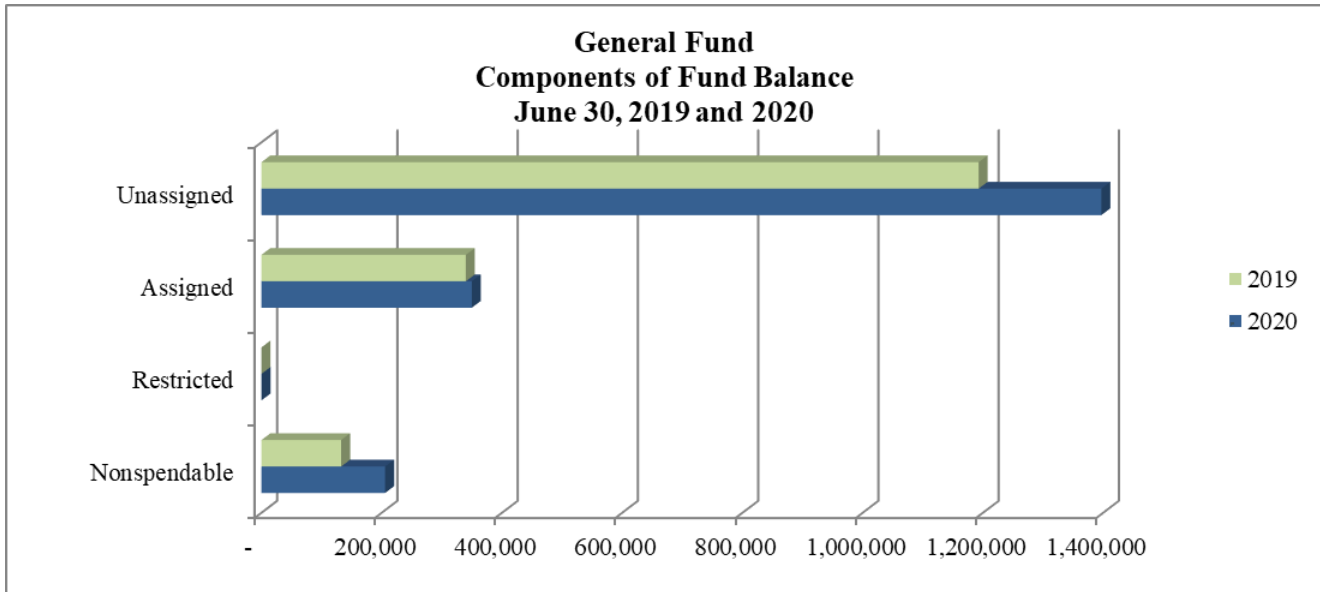
As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Information presented and discussed in this section is specific to the fund financial statements.

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.

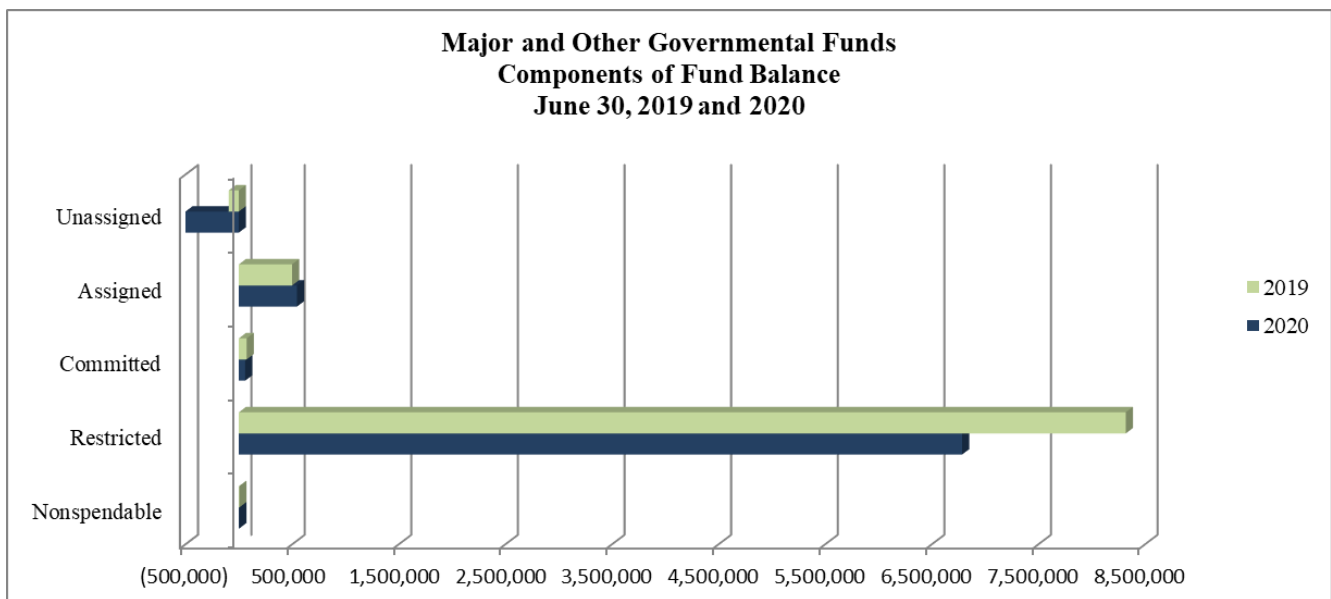
At June 30, 2020, the Town's governmental funds reported combined fund balances of \$8,646,074, a decrease of \$1,821,419 in comparison with the prior year. 8.1% of this amount (\$695,713) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is not in spendable form (\$210,295), restricted for particular purposes (\$6,784,653), committed for particular purposes (\$60,204), or assigned by the Town for particular purposes (\$895,209). The components of each category of fund balance are detailed in Footnote IV.J. Fund Balances.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**



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 \$1,953,189, an increase of \$287,469 from the previous year. Of this amount, \$205,795 is in non-spendable form (prepaid expenses and inventories). Of the remaining amount, \$350,000 is assigned for purposes detailed in Footnote IV.J. and \$1,397,028 is unassigned.

As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total general fund expenditures. Total fund balance represents approximately 26.4% 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 23.6% of total general fund expenditures.



In the governmental funds other than the general fund the most noteworthy change to fund balance is a decrease in restricted fund balance of \$1,534,920. The Town's TIF district reports a decrease in restricted fund balance of \$1,353,143 for TIF construction project expenses.

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

General Fund Budgetary Highlights

The Town's budget for the year ended June 30, 2020 passed on the first vote in March of 2019 and there were no amendments made during the year. The voter approved budget included a \$340,000 reduction in fund balance (a budgeted deficit). Actual results on the year were a surplus of \$287,469. Expenditures came in under budget by \$284,961 as a result of budgeted debt payments that were not paid as the existing lines of credit were extended and no payments were due. Revenues were over budget by \$342,508. The most significant contributing factors are a paving grant from the State of VT for \$175,000 that was not anticipated, and recording fees in the Clerk's office were over budget by \$58,380 due to a change in the fee structure as well as an increased volume of recording.

Proprietary Funds

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

Total net position in the water fund is \$5,866,610, an increase of \$373,566 or 6.4% from the previous year. The water fund has \$5,269,655 of net position invested in capital assets net of related debt. This leaves a small unrestricted balance in the fund of \$596,955. In the sewer fund, total net position is \$18,533,005, a decrease of \$9,049 or 0.0% from the previous year. Similar to the water fund, the vast majority of net position in the sewer fund is invested in capital assets net of related debt (\$17,608,865), leaving a small unrestricted balance of \$924,140. 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, 2020 were \$64,628,314 (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 \$4,740,868 from June 30, 2019 to June 30, 2020, or 7.9%. Combined accumulated depreciation at the end of the year is \$21,248,328. The increase in combined investment in new capital assets of \$4,740,868 resulted in a total combined investment in capital assets which exceeded the accumulated depreciation of \$21,248,328 causing a net increase in capital assets net of accumulated depreciation.

Summary of Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Capital Assets:						
Land	\$ 1,786,590	\$ 1,324,859	\$ 117,520	\$ 117,520	\$ 1,904,110	\$ 1,442,379
Construction in Progress	2,132,848	1,319,407	56,870	112,262	2,189,718	1,431,669
Land Improvements	316,254	348,090	0	0	316,254	348,090
Buildings and Improvements	4,602,179	4,619,572	0	0	4,602,179	4,619,572
Vehicles, Machinery and Equipment	6,626,559	6,463,283	522,187	522,187	7,148,746	6,985,470
Infrastructure	16,272,620	13,465,373	32,194,687	31,594,893	48,467,307	45,060,266
	<u>31,737,050</u>	<u>27,540,584</u>	<u>32,891,264</u>	<u>32,346,862</u>	<u>64,628,314</u>	<u>59,887,446</u>
Less: Accumulated Depreciation	<u>(14,389,557)</u>	<u>(13,519,333)</u>	<u>(6,858,771)</u>	<u>(6,494,002)</u>	<u>(21,248,328)</u>	<u>(20,013,335)</u>
Total Assets, Net	<u>\$ 17,347,493</u>	<u>\$ 14,021,251</u>	<u>\$ 26,032,493</u>	<u>\$ 25,852,860</u>	<u>\$ 43,379,986</u>	<u>\$ 39,874,111</u>

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Major capital asset activity for the year ended June 30, 2020 included the following:

- Paving projects totaling \$1,027,845 were completed during the year contributing to the increase in governmental activities infrastructure.
- Major construction projects to include two bridges on East Rd, Lake Rd waterline, Lake Rd culvert, Bartlett Rd reconstruction, and Bear Trap bridge repair.
- Vehicle and equipment purchases during the year included one fire truck and one highway truck.
- Other capital purchases include police repeater, server, power load system for ambulance, and municipal building renovations.
- Land was purchased with TIF funds as part of the 'Hourglass' project.

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

Long-Term Debt

The Town began the year with \$11,214,701 in long-term debt outstanding. As of June 30, 2020, this amount had increased by \$1,107,860 or 9.9% to end the current year with \$12,322,561 in long-term debt outstanding.

Summary of Long Term Debt

	June 30, 2019	Additions	Deletions	June 30, 2020
Governmental Activities	\$ 8,269,833	\$ 1,514,755	\$ 616,000	\$ 9,168,588
Business-type Activities	2,944,868	530,010	320,905	3,153,973
Total Government	\$ 11,214,701	\$ 2,044,765	\$ 936,905	\$ 12,322,561

Factors contributing to the change include the following:

- Principal payments totaling \$616,000 were made on governmental activities debt and principal payments totaling \$320,905 were made on business-type activities debt.
- New debt in the amount of \$1,514,755 was incurred for the highway equipment/fire truck/bridge improvements, and paving as approved by voters.

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

**TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's FY21 approved expenditure budget of \$8,364,763 was an increase of \$385,700 from the FY20 budget. Due to decreases in other revenues, the amount to be raised by property taxes increased by \$516,621. As a result of an increase in the grand list the Town decreased the municipal tax rate slightly from \$0.5393 to \$0.5385.

The FY21 budget includes a \$350,000 reduction in fund balance (a budgeted deficit), up from \$340,000 in the prior year. The fund balance assigned for paving was entirely spent in FY20. The FY21 paving budget is \$235,000.

The budgeted capital transfer was increased by \$69,252 for a total of \$299,350.

REQUESTS FOR INFORMATION

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

TOWN OF MILTON, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 10,272,771	\$ 0	\$ 10,272,771
Receivables (Net of Allowance for Uncollectibles)	951,159	653,122	1,604,281
Internal Balances	(1,137,881)	1,137,881	0
Prepaid Expenses	131,408	13,198	144,606
Inventory	74,387	8,404	82,791
Capital Assets:			
Land	1,786,590	117,520	1,904,110
Construction in Progress	2,132,848	56,870	2,189,718
Other Capital Assets, (Net of Accumulated Depreciation)	13,428,055	25,858,103	39,286,158
Total Assets	<u>27,639,337</u>	<u>27,845,098</u>	<u>55,484,435</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>603,557</u>	<u>31,242</u>	<u>634,799</u>
Total Deferred Outflows of Resources	<u>603,557</u>	<u>31,242</u>	<u>634,799</u>
<u>LIABILITIES</u>			
Accounts Payable	803,914	109,136	913,050
Accrued Payroll and Benefits Payable	136,249	8,866	145,115
Unearned Revenue	16,169	56,994	73,163
Due to Others	121,144	0	121,144
Accrued Interest Payable	97,204	38,474	135,678
Noncurrent Liabilities:			
Due within One Year	626,000	175,787	801,787
Due in More than One Year	10,434,709	3,082,212	13,516,921
Total Liabilities	<u>12,235,389</u>	<u>3,471,469</u>	<u>15,706,858</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	837	0	837
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>101,588</u>	<u>5,256</u>	<u>106,844</u>
Total Deferred Inflows of Resources	<u>102,425</u>	<u>5,256</u>	<u>107,681</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	11,511,098	22,878,520	34,389,618
Restricted for:			
Town Core TIF	3,218,728	0	3,218,728
Impact Fee Eligible Expenses	180,833	0	180,833
Other Purposes	293,731	0	293,731
Unrestricted	700,690	1,521,095	2,221,785
Total Net Position	<u>\$ 15,905,080</u>	<u>\$ 24,399,615</u>	<u>\$ 40,304,695</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, 2020

	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	\$ 1,772,318	\$ 461,664	\$ 87,007	\$ 23,840	\$ (1,199,807)	\$ 0	\$ (1,199,807)
Public Safety	3,149,021	278,524	153,132	0	(2,717,365)	0	(2,717,365)
Highways and Streets	3,021,342	13,575	290,137	815,856	(1,901,774)	0	(1,901,774)
Culture and Recreation	634,965	53,968	14,916	0	(566,081)	0	(566,081)
Cemetery	22,188	11,725	0	0	(10,463)	0	(10,463)
Interest on Long-term Debt	263,535	0	0	0	(263,535)	0	(263,535)
Total Governmental Activities	8,863,369	819,456	545,192	839,696	(6,659,025)	0	(6,659,025)
Business-type Activities:							
Water	959,379	1,169,983	0	153,569	0	364,173	364,173
Sewer	1,025,104	825,504	0	6,170	0	(193,430)	(193,430)
Total Business-type Activities	1,984,483	1,995,487	0	159,739	0	170,743	170,743
Total Primary Government	\$ 10,847,852	\$ 2,814,943	\$ 545,192	\$ 999,435	(6,659,025)	170,743	(6,488,282)
General Revenues:							
Property Taxes					6,793,468	0	6,793,468
Penalties and Interest on Delinquent Taxes					67,753	0	67,753
General State Grants					87,186	0	87,186
Impact Fees					56,626	0	56,626
Unrestricted Investment Earnings					127,011	5,528	132,539
Insurance Proceeds					27,969	0	27,969
Other Revenues					4,845	0	4,845
Transfers:					(188,246)	188,246	0
Total General Revenues and Transfers					6,976,612	193,774	7,170,386
Change in Net Position					317,587	364,517	682,104
Net Position - July 1, 2019					15,587,493	24,035,098	39,622,591
Net Position - June 30, 2020					\$ 15,905,080	\$ 24,399,615	\$ 40,304,695

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

TOWN OF MILTON, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Husky/Catamount TIF Fund	Town Core TIF Fund	Capital Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 3,634,628	\$ 0	\$ 6,586,298	\$ 0	\$ 51,845	\$ 10,272,771
Receivables (Net of Allowance for Uncollectibles)	609,989	0	284,154	35,321	21,695	951,159
Due from Other Funds	0	0	0	0	973,200	973,200
Prepaid Items	131,408	0	0	0	0	131,408
Inventory	74,387	0	0	0	0	74,387
Total Assets	<u>\$ 4,450,412</u>	<u>\$ 0</u>	<u>\$ 6,870,452</u>	<u>\$ 35,321</u>	<u>\$ 1,046,740</u>	<u>\$ 12,402,925</u>
LIABILITIES						
Accounts Payable	\$ 410,965	\$ 0	\$ 314,741	\$ 66,462	\$ 11,746	\$ 803,914
Accrued Payroll and Benefits Payable	136,249	0	0	0	0	136,249
Due to Other Funds	1,417,563	0	4,790	661,642	27,086	2,111,081
Unearned Revenue	12,133	0	0	0	4,036	16,169
Due to Others	121,144	0	0	0	0	121,144
Total Liabilities	<u>2,098,054</u>	<u>0</u>	<u>319,531</u>	<u>728,104</u>	<u>42,868</u>	<u>3,188,557</u>
DEFERRED INFLOWS OF RESOURCES						
Prepaid Property Taxes	837	0	0	0	0	837
Unavailable Property Taxes, Penalties and Interest	234,000	0	0	0	0	234,000
Unavailable Ambulance Fees	117,598	0	0	0	0	117,598
Unavailable Grants	46,734	0	161,945	1,588	5,592	215,859
Total Deferred Inflows of Resources	<u>399,169</u>	<u>0</u>	<u>161,945</u>	<u>1,588</u>	<u>5,592</u>	<u>568,294</u>
FUND BALANCES						
Nonspendable	205,795	0	0	0	4,500	210,295
Restricted	366	0	6,388,976	0	395,311	6,784,653
Committed	0	0	0	0	60,204	60,204
Assigned	350,000	0	0	0	545,209	895,209
Unassigned/(Deficit)	1,397,028	0	0	(694,371)	(6,944)	695,713
Total Fund Balances/(Deficit)	<u>1,953,189</u>	<u>0</u>	<u>6,388,976</u>	<u>(694,371)</u>	<u>998,280</u>	<u>8,646,074</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,450,412</u>	<u>\$ 0</u>	<u>\$ 6,870,452</u>	<u>\$ 35,321</u>	<u>\$ 1,046,740</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						17,347,493
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds						567,457
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						(11,157,913)
Deferred Outflows and Inflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, Therefore, are not Reported in the Funds						501,969
Net Position of Governmental Activities						<u>\$ 15,905,080</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, 2020

	General Fund	Husky/Catamount TIF Fund	Town Core TIF Fund	Capital Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 5,997,582	\$ 0	\$ 721,181	\$ 0	\$ 85,205	\$ 6,803,968
Penalties and Interest on Delinquent Taxes	67,753	0	0	0	0	67,753
Intergovernmental	603,015	0	352,657	213,658	141,752	1,311,082
Charges for Services	891,722	0	0	0	11,725	903,447
Permits, Licenses and Fees	216,498	0	0	0	99,881	316,379
Fines and Forfeits	26,466	0	0	0	0	26,466
Investment Income	20,105	237	98,998	519	7,152	127,011
Donations	9,334	0	0	23,840	951	34,125
Other	4,845	0	0	0	0	4,845
Total Revenues	7,837,320	237	1,172,836	238,017	346,666	9,595,076
Expenditures:						
General Government	1,766,463	22,531	8,218	0	2,384	1,799,596
Public Safety	2,651,790	0	0	6,777	59,966	2,718,533
Highways and Streets	1,695,112	0	0	92,211	4,461	1,791,784
Culture and Recreation	486,290	0	0	21,925	8,571	516,786
Cemetery	22,188	0	0	0	0	22,188
Capital Outlay:						
General Government	89,669	0	0	12,939	0	102,608
Public Safety	14,127	0	0	140,613	11,593	166,333
Highways and Streets	410,000	0	1,738,861	2,515,831	8,592	4,673,284
Debt Service:						
Principal	196,000	0	420,000	0	0	616,000
Interest	58,449	0	182,795	0	0	241,244
Total Expenditures	7,390,088	22,531	2,349,874	2,790,296	95,567	12,648,356
Excess/(Deficiency) of Revenues Over Expenditures	447,232	(22,294)	(1,177,038)	(2,552,279)	251,099	(3,053,280)
Other Financing Sources/(Uses):						
Insurance Proceeds	0	0	0	27,969	0	27,969
Issuance of Long-term Debt	0	0	0	1,514,755	0	1,514,755
Proceeds from Sale of Vehicles	0	0	0	8,470	0	8,470
Payment to State Education Fund	0	(131,087)	0	0	0	(131,087)
Transfers In	144,250	17,000	29,141	379,468	0	569,859
Transfers Out	(304,013)	(43,696)	(205,246)	0	(205,150)	(758,105)
Total Other Financing Sources/(Uses)	(159,763)	(157,783)	(176,105)	1,930,662	(205,150)	1,231,861
Net Change in Fund Balances	287,469	(180,077)	(1,353,143)	(621,617)	45,949	(1,821,419)
Fund Balances/(Deficit) - July 1, 2019	1,665,720	180,077	7,742,119	(72,754)	952,331	10,467,493
Fund Balances/(Deficit) - June 30, 2020	\$ 1,953,189	\$ 0	\$ 6,388,976	\$ (694,371)	\$ 998,280	\$ 8,646,074

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, 2020

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)	\$	(1,821,419)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$4,942,225) is allocated over their estimated useful lives and reported as depreciation expense (\$1,473,547). This is the amount by which capital outlays exceeded depreciation in the current period.		3,468,678
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to reduce net position.		(142,436)
The issuance of long-term debt (\$1,514,755) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$616,000) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		(898,755)
Governmental funds report employer pension contributions as expenditures (\$195,889). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$515,877) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(319,988)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		56,157
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>(24,650)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>317,587</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, 2020

<u>ASSETS</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Current Assets:			
Receivables (Net of Allowance for Uncollectibles)	\$ 386,030	\$ 267,092	\$ 653,122
Due from Other Funds	367,236	770,645	1,137,881
Prepaid Expenses	6,599	6,599	13,198
Inventory	3,163	5,241	8,404
Total Current Assets	763,028	1,049,577	1,812,605
Noncurrent Assets:			
Land	39,400	78,120	117,520
Construction in Progress	36,200	20,670	56,870
Vehicles, Machinery and Equipment	180,255	341,932	522,187
Buildings, Distribution and Collection Systems	8,442,027	23,752,660	32,194,687
Less: Accumulated Depreciation	(2,566,116)	(4,292,655)	(6,858,771)
Total Noncurrent Assets	6,131,766	19,900,727	26,032,493
Total Assets	6,894,794	20,950,304	27,845,098
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	15,621	15,621	31,242
Total Deferred Outflows of Resources	15,621	15,621	31,242
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	87,695	21,441	109,136
Accrued Payroll and Benefits Payable	4,274	4,592	8,866
Unearned Revenue	33,124	23,870	56,994
Accrued Interest Payable	1,960	36,514	38,474
General Obligation Bonds Payable - Current Portion	33,497	142,290	175,787
Total Current Liabilities	160,550	228,707	389,257
Noncurrent Liabilities:			
Compensated Absences Payable	7,674	7,674	15,348
Net Pension Liability	44,339	44,339	88,678
General Obligation Bonds Payable - Noncurrent Portion	828,614	2,149,572	2,978,186
Total Noncurrent Liabilities	880,627	2,201,585	3,082,212
Total Liabilities	1,041,177	2,430,292	3,471,469
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Participation in VMERS	2,628	2,628	5,256
Total Deferred Outflows of Resources	2,628	2,628	5,256
<u>NET POSITION</u>			
Net Investment in Capital Assets	5,269,655	17,608,865	22,878,520
Unrestricted	596,955	924,140	1,521,095
Total Net Position	\$ 5,866,610	\$ 18,533,005	\$ 24,399,615

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, 2020

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,054,148	\$ 720,814	\$ 1,774,962
Penalties	23,019	15,745	38,764
Hookup Fees	88,610	88,845	177,455
Other Income	4,206	100	4,306
Total Operating Revenues	1,169,983	825,504	1,995,487
Operating Expenses:			
CWD Water Purchases	392,987	0	392,987
Salaries and Benefits	210,208	217,751	427,959
Administrative Fees	155,000	155,000	310,000
Utilities	14,725	102,380	117,105
Water Meters	15,599	10,980	26,579
Supplies	12,237	56,153	68,390
Printing and Advertising	1,430	302	1,732
Insurances	6,440	11,267	17,707
Technology	142	54	196
Vehicles, Machinery and Equipment	0	364	364
Telephone and Internet	2,754	5,054	7,808
Professional Development	36	631	667
Miscellaneous Expenses	1,714	404	2,118
Dues and Fees	749	3,240	3,989
Employee Uniforms	1,920	1,426	3,346
Repairs and Maintenance	8,196	88,240	96,436
Depreciation	105,636	259,133	364,769
Rentals	233	673	906
Professional Services	9,588	13,635	23,223
Technical Services	4,605	49,996	54,601
Total Operating Expenses	944,199	976,683	1,920,882
Operating Income/(Loss)	225,784	(151,179)	74,605
Non-Operating Revenues/(Expenses):			
Investment Income	306	5,222	5,528
Interest Expense	(15,180)	(48,421)	(63,601)
Total Non-Operating Revenues/(Expenses)	(14,874)	(43,199)	(58,073)
Net Income/(Loss) Before Capital Contributions and Transfers	210,910	(194,378)	16,532
Capital Contributions and Transfers:			
Capital Contributions	153,569	6,170	159,739
Transfers In	9,087	179,159	188,246
Total Capital Contributions and Transfers	162,656	185,329	347,985
Change in Net Position	373,566	(9,049)	364,517
Net Position - July 1, 2019	5,493,044	18,542,054	24,035,098
Net Position - June 30, 2020	<u>\$ 5,866,610</u>	<u>\$ 18,533,005</u>	<u>\$ 24,399,615</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, 2020

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,213,052	\$ 878,901	\$ 2,091,953
Payments for Goods and Services	(458,563)	(362,116)	(820,679)
Payments for Interfund Services	(155,000)	(155,000)	(310,000)
Payments for Wages and Benefits	(202,086)	(209,545)	(411,631)
Net Cash Provided by Operating Activities	<u>397,403</u>	<u>152,240</u>	<u>549,643</u>
Cash Flows From Noncapital Financing Activities:			
(Increase)/Decrease in Due from Other Funds	<u>(359,546)</u>	<u>(146,254)</u>	<u>(505,800)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(359,546)</u>	<u>(146,254)</u>	<u>(505,800)</u>
Cash Flows From Capital and Related Financing Activities:			
Proceeds from Long-term Debt	517,670	12,340	530,010
Acquisition and Construction of Capital Assets	(528,073)	(14,787)	(542,860)
Transfers Received from Other Funds	9,087	179,159	188,246
Principal Paid on General Obligation Bonds Payable	(21,667)	(139,499)	(161,166)
Interest Paid on General Obligation Bonds Payable	(15,180)	(48,421)	(63,601)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(38,163)</u>	<u>(11,208)</u>	<u>(49,371)</u>
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	<u>306</u>	<u>5,222</u>	<u>5,528</u>
Net Cash Provided by Investing Activities	<u>306</u>	<u>5,222</u>	<u>5,528</u>
Net Increase in Cash	0	0	0
Cash - July 1, 2019	<u>0</u>	<u>0</u>	<u>0</u>
Cash - June 30, 2020	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	225,784	(151,179)	74,605
Depreciation and Amortization	105,636	259,133	364,769
(Increase)/Decrease in Receivables	9,945	29,527	39,472
(Increase)/Decrease in Prepaid Expenses	(6,599)	(6,599)	(13,198)
(Increase)/Decrease in Inventory	1,479	10,297	11,776
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	1,673	1,674	3,347
Increase/(Decrease) in Accounts Payable	19,884	(21,043)	(1,159)
Increase/(Decrease) in Accrued Payroll and Benefits Payable	(2,144)	(2,061)	(4,205)
Increase/(Decrease) in Unearned Revenue	33,124	23,870	56,994
Increase/(Decrease) in Compensated Absences Payable	1,921	1,921	3,842
Increase/(Decrease) in Net Pension Liability	6,402	6,402	12,804
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>298</u>	<u>298</u>	<u>596</u>
Net Cash Provided by Operating Activities	<u>\$ 397,403</u>	<u>\$ 152,240</u>	<u>\$ 549,643</u>

There was \$1,542 of capital acquisitions in the Water Fund included in accounts payable at June 30, 2020.

The Water Fund recognized a forgiveness of debt from the State of Vermont in the amounts of \$153,569.

The Sewer Fund recognized a forgiveness of debt from the State of Vermont in the amounts of \$6,170.

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

TOWN OF MILTON, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2020

	<u>Agency Fund</u> <u>Developer Escrow Fund</u>
<u>ASSETS</u>	
Cash	\$ 35,521
Investments	<u>26,995</u>
Total Assets	<u>62,516</u>
<u>LIABILITIES</u>	
Due to Others	<u>62,516</u>
Total Liabilities	<u>62,516</u>
<u>NET POSITION</u>	
Total Net Position	\$ <u><u>0</u></u>

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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, 2020

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, 2020

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

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

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

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

E. Use of Estimates

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

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

1. Cash

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

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

2. Investments

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

3. Receivables

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

4. Internal Balances

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

5. Inventories and Prepaid Expenses/Items

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

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

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

6. Pensions

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

TOWN OF MILTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

7. Deferred Outflows/Inflows of Resources

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

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

8. Capital Assets

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

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

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

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

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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

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

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

B. Budgeted Deficit

The Town budgeted a current year's deficiency of revenues over expenditures in the General Fund in the amount of \$340,000 in order to utilize a portion of the previous year's surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of June 30, 2020 consisted of the following:

Cash:		
Deposits with Financial Institutions		\$10,302,902
Cash on Hand		<u>5,390</u>
Total Cash		10,308,292
Investments:		
Certificates of Deposit		<u>26,995</u>
Total Cash and Investments		<u>\$10,335,287</u>

The Town has six (6) certificates of deposit at various banks ranging from \$903 to \$10,000 with interest rates ranging from 0.25% to 2.10%. All of the certificates of deposit mature by fiscal year 2023.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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	\$ 541,948	\$ 541,948
Uninsured, Collateralized by U.S. Government Agencies Securities Held by the Pledging Financial Institution's Agent	3,534,519	3,838,897
Insured by Letter of Credit Issued by Federal Home Loan Bank	6,253,430	6,253,105
Total	\$10,329,897	\$10,633,950

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	\$10,302,902
Investments – Certificates of Deposit	26,995
Total	\$10,329,897

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, 2020

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, 2020, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Delinquent Taxes Receivable	\$ 335,299	\$ 0	\$ 335,299
Penalties and Interest Receivable	30,359	0	30,359
Ambulance Receivable	249,739	0	249,739
Grants Receivable	387,773	0	387,773
Accounts Receivable	11,781	0	11,781
Due from Other Entities	43,750	0	43,750
Billed Services	0	126,403	126,403
Unbilled Services	0	530,119	530,119
Allowance for Doubtful Accounts - Taxes	(15,000)	0	(15,000)
Allowance for Doubtful Accounts - Ambulance	(92,542)	0	(92,542)
Allowance for Doubtful Accounts - Water/Sewer	0	(3,400)	(3,400)
	<u>951,159</u>	<u>653,122</u>	<u>1,604,281</u>
Total	\$ <u>951,159</u>	\$ <u>653,122</u>	\$ <u>1,604,281</u>

C. Loans Receivable

Loans Receivable as of June 30, 2020 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, 2020	<u>\$ 0</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

D. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,324,859	\$ 461,731	\$ 0	\$ 1,786,590
Construction in Progress	<u>1,319,407</u>	<u>1,677,963</u>	<u>864,522</u>	<u>2,132,848</u>
Total Capital Assets, Not Being Depreciated	<u>2,644,266</u>	<u>2,139,694</u>	<u>864,522</u>	<u>3,919,438</u>
Capital Assets, Being Depreciated:				
Land Improvements	348,090	0	31,836	316,254
Buildings and Building Improvements	4,619,572	89,669	107,062	4,602,179
Vehicles	4,641,172	676,271	356,566	4,960,877
Machinery and Equipment	1,822,111	84,111	240,540	1,665,682
Roads, Bridges and Sidewalks	<u>13,465,373</u>	<u>2,817,002</u>	<u>9,755</u>	<u>16,272,620</u>
Totals	<u>24,896,318</u>	<u>3,667,053</u>	<u>745,759</u>	<u>27,817,612</u>
Less Accumulated Depreciation for:				
Land Improvements	110,629	8,646	13,577	105,698
Buildings and Building Improvements	1,181,100	81,350	53,596	1,208,854
Vehicles	2,569,108	334,074	289,919	2,613,263
Machinery and Equipment	1,549,517	78,448	240,540	1,387,425
Roads, Bridges and Sidewalks	<u>8,108,979</u>	<u>971,029</u>	<u>5,691</u>	<u>9,074,317</u>
Totals	<u>13,519,333</u>	<u>1,473,547</u>	<u>603,323</u>	<u>14,389,557</u>
Total Capital Assets, Being Depreciated	<u>11,376,985</u>	<u>2,193,506</u>	<u>142,436</u>	<u>13,428,055</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,021,251</u>	<u>\$ 4,333,200</u>	<u>\$ 1,006,958</u>	<u>\$ 17,347,493</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 117,520	\$ 0	\$ 0	\$ 117,520
Construction in Progress	<u>112,262</u>	<u>26,954</u>	<u>82,346</u>	<u>56,870</u>
Total Capital Assets, Not Being Depreciated	<u>229,782</u>	<u>26,954</u>	<u>82,346</u>	<u>174,390</u>
Capital Assets, Being Depreciated:				
Vehicles, Machinery and Equipment	522,187	0	0	522,187
Buildings, Distribution and Collection Systems	<u>31,594,893</u>	<u>599,794</u>	<u>0</u>	<u>32,194,687</u>
Totals	<u>32,117,080</u>	<u>599,794</u>	<u>0</u>	<u>32,716,874</u>
Less Accumulated Depreciation for:				
Vehicles, Machinery and Equipment	342,115	32,804	0	374,919
Buildings, Distribution and Collection Systems	<u>6,151,887</u>	<u>331,965</u>	<u>0</u>	<u>6,483,852</u>
Totals	<u>6,494,002</u>	<u>364,769</u>	<u>0</u>	<u>6,858,771</u>
Total Capital Assets, Being Depreciated	<u>25,623,078</u>	<u>235,025</u>	<u>0</u>	<u>25,858,103</u>
Business-type Activities Capital Assets, Net	<u>\$ 25,852,860</u>	<u>\$ 261,979</u>	<u>\$ 82,346</u>	<u>\$ 26,032,493</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 80,311	Water	\$ 105,636
Public Safety	197,335	Sewer	<u>259,133</u>
Highways and Streets	1,167,112		
Culture and Recreation	<u>28,789</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 1,473,547</u>	Total Depreciation Expense - Business-type Activities	<u>\$ 364,769</u>

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2020 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 1,417,563
Town Core TIF Fund	0	4,790
Capital Reserve Fund	0	661,642
Non-Major Governmental Funds	973,200	27,086
Water Fund	367,236	0
Sewer Fund	<u>770,645</u>	<u>0</u>
Total	<u>\$ 2,111,081</u>	<u>\$ 2,111,081</u>

Interfund transfers during the year ended June 30, 2020 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Reserve Fund	\$ 244,257	Annual Subsidy
General Fund	Capital Reserve Fund	57,756	Additional Funding for Police Cruisers
General Fund	Capital Reserve Fund	2,000	Additional Funding for Bridge Repairs
Husky/Catamount TIF Fund	General Fund	43,696	Close Fund
Town Core TIF Fund	Husky/Catamount TIF Fund	17,000	In Accordance with Resolution in Act 80
Town Core TIF Fund	Water Fund	9,087	Fund Debt Service
Town Core TIF Fund	Sewer Fund	179,159	Fund Debt Service
Impact Fees Fund	General Fund	22,000	Fund Debt Service
Impact Fees Fund	Town Core TIF Fund	29,141	Fund Capital Expenditures
Impact Fees Fund	Capital Reserve Fund	42,600	Fund Capital Expenditures
Restoration of Records Fund	General Fund	18,339	Fund Restoration Expenses
Restoration of Records Fund	Capital Reserve Fund	939	Fund Capital Expenditures
Recreation Capital Reserve Fund	Capital Reserve Fund	920	Fund Capital Expenditures
Fire/EMS Capital Reserve Fund	General Fund	55,980	Fund Debt Service
Fire/EMS Capital Reserve Fund	Capital Reserve Fund	30,996	Fund Capital Expenditures
Bombardier Property Purchase Fund	General Fund	<u>4,235</u>	Fund Bombardier Property Debt Service
Total		<u>\$ 758,105</u>	

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

F. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$222,026 from the difference between the expected and actual experience, \$116,722 from the difference between the projected and actual investment earnings, \$57,217 from changes in assumptions and \$11,703 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 \$195,889 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$603,557.

Deferred outflows of resources in the business-type activities consists of \$11,490 from the difference between the expected and actual experience, \$6,040 from the difference between the projected and actual investment earnings, \$2,960 from changes in assumptions and \$606 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 \$10,146 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the business-type activities is \$31,242.

Deferred outflows of resources in the Water Fund consists of \$5,745 from the difference between the expected and actual experience, \$3,020 from the difference between the projected and actual investment earnings, \$1,480 from changes in assumptions and \$303 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$5,073 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Water Fund is \$15,621.

Deferred outflows of resources in the Sewer Fund consists of \$5,745 from the difference between the expected and actual experience, \$3,020 from the difference between the projected and actual investment earnings, \$1,480 from changes in assumptions and \$303 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$5,073 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Sewer Fund is \$15,621.

G. Unearned Revenue

Unearned revenue in the governmental activities consists of \$12,133 of recreation fees and \$4,036 of grant revenue received in advance. Total unearned revenue in the governmental activities is \$16,169.

Unearned revenue in the business-type activities consists of \$56,994 of user fees received in advance.

Unearned revenue in the General Fund consists of \$12,133 of recreation fees received in advance.

Unearned revenue in the Non-Major Governmental Funds consists of \$4,036 of grant revenue received in advance.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Unearned revenue in the Water Fund consists of \$33,124 of user fees received in advance.

Unearned revenue in the Sewer Fund consists of \$23,870 of user fees received in advance.

H. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$14,813 from the difference between the expected and actual experience and \$86,775 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 \$837 of prepaid property taxes. Total deferred inflows of resources in the governmental activities is \$102,425.

Deferred inflows of resources in the business-type activities consists of \$766 from the difference between the expected and actual experience and \$4,490 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows in the business-type activities is \$5,256.

Deferred inflows of resources in the General Fund consists of \$234,000 of delinquent property taxes, penalties and interest on those taxes, \$117,598 of ambulance fees and \$46,734 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$837 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$399,169.

Deferred inflows of resources in the Town Core TIF Fund consists of \$161,945 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 Capital Reserve Fund consists of \$1,588 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$5,592 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 \$383 from the difference between the expected and actual experience and \$2,245 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the Water Fund is \$2,628.

Deferred inflows of resources in the Sewer Fund consists of \$383 from the difference between the expected and actual experience and \$2,245 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the Sewer Fund is \$2,628.

TOWN OF MILTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

I. Long-term Liabilities

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

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

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

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

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

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

Long-term liabilities outstanding as of June 30, 2020 were as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
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	\$ 970,000	\$ 0	\$ 85,000	\$ 885,000

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Fire Station, Principal Payments Ranging from \$25,000 to \$40,000 Payable on December 1 Annually, Interest Ranging from 0.804% to 3.844% Payable on June 1 and December 1, Due December, 2023	\$ 185,000	\$ 0	\$ 40,000	\$ 145,000
Bond Payable, Vermont Municipal Bond Bank, Tower Truck, Principal Payments of \$45,000 Payable on December 1 Annually, Interest Ranging from 0.804% to 3.634% Payable on June 1 and December 1, Due December, 2023	225,000	0	45,000	180,000
Bond Payable, Vermont Municipal Bond Bank, Bombardier Property Purchase, Principal Payments of \$26,000 Payable on November 1 Annually, Interest Ranging from 1.78% to 3.49% Payable on May 1 and November 1, Due November, 2032	364,000	0	26,000	338,000
Bond Payable, TD Bank, TIF Improvements, Principal Payments of \$420,000 Payable on March 1 Annually with a Final Payment of \$350,000 Payable on March 1, 2033, Interest at 3.15% Payable on March 1 and September 1, Due March, 2033	5,810,000	0	420,000	5,390,000
Bond Anticipation Note, Union Bank, Fire Truck/Equipment, Authorized to \$1,190,000, Interest at 1.7%, Due May, 2020 at Which Time the Town Extended the Maturity Date to December, 2020.	625,488	523,012	0	1,148,500
Bond Anticipation Note, Union Bank, Bridge Improvements, Authorized to \$1,695,000, Interest at 1.7%, Due May, 2020 at Which Time the Town Extended the Maturity Date to December, 2020.	<u>90,345</u>	<u>991,743</u>	<u>0</u>	<u>1,082,088</u>
Total Governmental Activities	<u>\$8,269,833</u>	<u>\$1,514,755</u>	<u>\$616,000</u>	<u>\$9,168,588</u>

TOWN OF MILTON, VERMONT
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Business-type Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Water Line Improvements, Principal Payments of \$15,667 Payable on December 1 Annually, Interest Ranging from 0.804% to 4.954% Payable on June 1 and December 1, Due December, 2043	\$ 391,667	\$ 0	\$ 15,667	\$ 376,000
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	90,000	0	6,000	84,000
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Upgrade, Authorized to \$37,400, Principal Payments of \$7,480 Payable on March 1 Annually Beginning March, 2024, 0% Interest, Due March, 2028	24,230	592	0	24,822
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Upgrade, Authorized to \$804,000 but Eligible for \$241,200 Subsidy, Principal, Interest and Administrative Fee Payments of \$28,714 Payable on April 1 Annually, 1% Interest, 2% Administrative Fee, Due April, 2049. The Town Has Recognized \$153,569 of the Subsidy.	8,600	503,298	153,569	358,329
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Upgrade, Authorized to \$18,050, Principal Payments of \$3,610 Payable on February 1 Annually Beginning February, 2024, 0% Interest, Due February, 2028	5,180	7,840	0	13,020

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Water Upgrade, Authorized to \$13,900, Principal Payments of \$2,780 Payable on February 1 Annually Beginning February, 2025, 0% Interest, Due February, 2029	\$ 0	\$ 5,940	\$ 0	\$ 5,940
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	2,302,059	0	133,116	2,168,943
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	118,967	0	6,383	112,584
Bond Payable, State of Vermont Special Environmental Revolving Fund, Sewer Upgrade, Authorized to \$27,050 but Eligible for \$13,525 Subsidy, Principal Payments of \$2,705 Payable on February 1 Annually Beginning February, 2024, 0% Interest, Due February, 2028. The Town Has Recognized \$10,335 of the Subsidy.	<u>4,165</u>	<u>12,340</u>	<u>6,170</u>	<u>10,335</u>
Total Business-type Activities	<u>\$2,944,868</u>	<u>\$530,010</u>	<u>\$320,905</u>	<u>\$3,153,973</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds Payable	\$ 7,554,000	\$ 0	\$ 616,000	\$ 6,938,000	\$ 616,000
Notes Payable	715,833	1,514,755	0	2,230,588	0
Compensated Absences Payable	142,060	6,359	0	148,419	0
Landfill Post-Closure	34,000	0	4,000	30,000	10,000
Net Pension Liability	<u>1,472,569</u>	<u>241,133</u>	<u>0</u>	<u>1,713,702</u>	<u>0</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 9,918,462</u>	<u>\$ 1,762,247</u>	<u>\$ 620,000</u>	<u>\$ 11,060,709</u>	<u>\$ 626,000</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
General Obligation Bonds Payable	\$ 2,944,868	\$ 530,010	\$ 320,905	\$ 3,153,973	\$ 175,787
Compensated Absences Payable	11,506	3,842	0	15,348	0
Net Pension Liability	75,874	12,804	0	88,678	0
Total Business-type Activities					
Long-term Liabilities	<u>\$ 3,032,248</u>	<u>\$ 546,656</u>	<u>\$ 320,905</u>	<u>\$ 3,257,999</u>	<u>\$ 175,787</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 three (3) years. The Town's estimated liability is \$30,000. 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
2021	\$ 616,000	\$ 222,399	\$ 175,787	\$ 76,686
2022	611,000	203,973	178,988	72,279
2023	611,000	185,288	182,256	67,748
2024	596,000	163,038	191,909	66,756
2025	526,000	141,927	205,576	65,938
2026-2030	2,630,000	458,914	1,029,925	262,769
2031-2035	1,348,000	78,221	910,226	142,163
2036-2040	0	0	176,179	70,820
2041-2044	0	0	103,127	19,376
Unknown Maturities - Bond Anticipation Notes	<u>2,230,588</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 9,168,588</u>	<u>\$ 1,453,760</u>	<u>\$ 3,153,973</u>	<u>\$ 844,535</u>

J. Fund Balances

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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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 \$695,713 which is 8.3% of the 2021 expenditures budget. The Town is in violation of this policy, however, intends to be in compliance through the issuance of long-term debt.

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

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

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

Major Funds

General Fund:

Nonspendable Prepaid Items	\$131,408
Nonspendable Inventories	<u>74,387</u>
Total General Fund	<u>205,795</u>

Non-Major Funds

Permanent Fund:

Nonspendable West Milton Cemetery Fund Principal	<u>4,500</u>
Total Nonspendable Fund Balances	<u>\$210,295</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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

Major Funds

General Fund:

Restricted for July 4 th Celebration Expenses by Donations (Source of Revenue is Donations)	\$ <u>366</u>
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Town Core TIF Fund:

Restricted for Town Core TIF Fund Debt/Expenditures by Statute (Source of Revenue is Property Taxes)	3,056,783
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Restricted for Town Core TIF Fund Expenditures by Unspent Bond Proceeds (Source of Revenue is Bond Proceeds)	<u>3,332,193</u>
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Total Town Core TIF Fund	<u>6,388,976</u>
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Non-Major Funds

Special Revenue Funds:

Restricted Impact Fees Fund Expenses by Impact Fees (Source of Revenue is Impact Fees)	180,833
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Restricted for Restoration of Records Fund Expenses by Statute (Source of Revenue is Restoration Fees)	113,898
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Restricted for Drug Forfeiture Expenses by Agreement (Source of Revenue is Grant Revenue)	31,664
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Restricted for Milton Public Library Expenses by Donations (Source of Revenue is Donations)	<u>6,831</u>
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Total Special Revenue Funds	<u>333,226</u>
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Capital Projects Funds:

Restricted for Road/Sidewalk Restoration Expenditures by Statute (Source of Revenue is Highway Property Taxes)	<u>8,581</u>
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Permanent Fund:

Restricted for West Milton Cemetery Expenses by Trust Agreements and Sale of Lots	<u>53,504</u>
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Total Non-Major Funds	<u>395,311</u>
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Total Restricted Fund Balances	<u>\$6,784,653</u>
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TOWN OF MILTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

The fund balances in the following fund is committed as follows:

Non-Major Funds

Capital Projects Funds:	
Committed for Fire/EMS Capital Expenditures by Voters	\$ <u>60,204</u>
Total Committed Fund Balances	\$ <u>60,204</u>

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

Major Funds

General Fund:	
Assigned to Reduce Property Taxes in Fiscal Year 2021	\$ <u>350,000</u>

Non-Major Funds

Special Revenue Funds:	
Assigned for Reappraisal Expenses	\$ <u>545,209</u>
Total Assigned Fund Balances	\$ <u>895,209</u>

The unassigned deficit of \$694,371 in the Capital Reserve Fund will be funded with the collection of grant revenues and proceeds from long-term debt.

The unassigned deficit of \$6,944 in the Grant Fund will be funded with the collection of grant revenues and a transfer from the General Fund.

K. Restricted Net Position

The restricted net position of the Town as of June 30, 2020 consisted of the following:

Governmental Activities:	
Inventories Restricted for Highway Use by Statute	\$ 74,387
Restricted for July 4 th Celebration expenses by Donations	366
Restricted for Town Core TIF Fund by Statute	3,218,728
Restricted for Impact Fees Fund Expenses by Impact Fees	180,833
Restricted for Restoration of Records Expenses by Statute	113,898
Restricted for Drug Forfeiture Expenses by Agreement	31,664
Restricted for Milton Public Library Expenses by Donations	6,831
Restricted for Road/Sidewalk Restoration Expenditures by Statute	8,581
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>53,504</u>
Total Governmental Activities	\$ <u>3,693,292</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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. As of June 30, 2019, the measurement date selected by the State of Vermont, the retirement system consisted of 379 participating employers.

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

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

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

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

As of June 30, 2019, the measurement date selected by the State of Vermont, VMERS was funded at 80.35% and had a plan fiduciary net position of \$709,465,831 and a total pension liability of \$882,957,638 resulting in a net position liability of \$173,491,807. As of June 30, 2020, the Town's proportionate share of this was 1.0389% resulting in a net pension liability of \$1,802,380. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 1.0389% was a decrease of 0.0618 from its proportion measured as of the prior year.

For the year ended June 30, 2020, the Town recognized pension expense of \$542,771.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

As of June 30, 2020, 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	\$ 233,516	\$ 15,579
Net difference between projected and actual investment earnings on pension assets	122,762	0
Changes in assumptions	60,177	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,309	91,265
Town's required employer contributions made subsequent to the measurement date	206,035	0
	\$ 634,799	\$ 106,844

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$206,035 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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>	
2021	\$139,975
2022	65,177
2023	68,891
2024	<u>47,877</u>
Total	<u>\$321,920</u>

Summary of System Provisions

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

Creditable Service – Service as a member plus purchased service.

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Service Retirement Allowance:

Eligibility – Group A – The earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. 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 A – 1.4% of AFC times service. Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC. Group D – 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC.

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

Early Retirement Allowance:

Eligibility – Age 55 with five (5) years of service for Groups A and 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 Groups A and 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 minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit:

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Amount – For Groups A, 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 children's benefit.

Optional Benefit and Death after Retirement – For Groups A, 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 or 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 2% for Group A and 3% for Groups B, C and D.

Member Contributions – Group A – 2.75%. Group B – 5.125%. Group C – 10.25%. Group D – 11.60%.

Employer Contributions – Group A – 4.25%. Group B – 5.75%. Group C – 7.50%. Group D – 10.10%.

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

Significant Actuarial Assumptions and Methods

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

Salary increases: 5% per year.

Mortality:

Death in Active Service: Groups A, B and C – 98% of RP-2006 Mortality Table, blended 60% Blue Collar Employee and 40% Healthy Employee with generational projection using scale SSA-2017. Group D – 100% of RP-2006 Blue Collar Mortality Table with generational projection using scale SSA-2017.

Healthy Post-Retirement: Groups A, B and C – 98% of RP-2006 Mortality Table, blended 60% Blue Collar Annuitant and 40% Healthy Annuitant with generational projection using scale SSA-2017. Group D – 100% of RP-2006 Blue Collar Annuitant Table with generational projections using scale SSA-2017.

Disabled Post-Retirement: All Groups – RP-2006 Disabled Mortality Table with generational projection using scale SSA-2017.

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Cost-of-Living Adjustments: 1.15% for Group A members and 1.30% for Groups B, C and D members. The January 1, 2019 and January 1, 2020 COLAs are 1.30% and 0.80%, respectively, for all groups.

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

Assets: The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an “actuarial value of assets” that differs from market value to gradually reflect year-to-year changes in the market value of assets in determine the contribution requirements.

Inflation: 2.50%

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	29%	6.90%
US Equity – Large Cap	4%	5.94%
US Equity – Small/Mid Cap	3%	6.72%
Non-US Equity – Large Cap	5%	6.81%
Non-US Equity – Small Cap	2%	7.31%
Emerging Markets Debt	4%	4.26%
Core Bond	14%	1.79%
Non-Core Bonds	6%	3.22%
Short Quality Credit	5%	1.81%
Private Credit	5%	6.00%
US TIPS	3%	1.45%
Core Real Estate	5%	4.26%
Non-Core Real Estate	3%	5.76%
Private Equity	10%	10.81%
Infrastructure/Farmland	2%	4.89%

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$2,955,632	\$1,802,380	\$847,701

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 \$617,378. Pension expense for the years ended June 30, 2020, 2019 and 2018 was \$31,641, \$30,806 and \$23,482, respectively.

Deferred Compensation Plan

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

B. Property Taxes

The Town is responsible for assessing and collecting its own property taxes, as well as education property taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are collected three (3) times per year. During the tax year ended June 30, 2020, taxes became due and payable on September 15, 2019, February 15, 2020 and May 15, 2020. 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 2020 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.5339	.5339
Local Agreement	.0046	.0046
Education	<u>1.4622</u>	<u>1.6625</u>
Total	<u>2.0007</u>	<u>2.2010</u>

C. Risk Management

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

The Town has elected to pay actual unemployment claims instead of enrolling in an unemployment insurance program. No liabilities have been accrued as the Town is not able to make an estimate as to any future costs. The Town paid \$5,480 in unemployment claims during fiscal year 2020.

D. Tax Increment Financing Districts

The Town established two Tax Increment Financing (TIF) Districts on March 30, 1998, the Husky TIF District and the Catamount TIF District which were approved by the Vermont Economic Progress Council (VEPC) on November 19, 1998. In 2012, these two TIF Districts were allowed to be treated as a single District, the North/South TIF District (A/K/A Husky/Catamount) by the legislature. 2019 was the final year that TIF increment could be retained on this TIF District. The State Auditors Office conducted a final audit and issued a final audit report on February 19, 2020 certifying that the Town retained the correct amount of tax increment and used it for authorized purposes. After all audit costs were paid, the District was left with a \$174,783.03 balance. As required, the Town distributed \$131,087.27 to the State Education Fund and \$43,695.76 to the Town General Fund. The State's final audit report can be viewed on their website.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

In April, 2008, the Town created another TIF District, the Milton Town Core TIF District which VEPC approved in 2008. In April 2012, VEPC approved the TIF District Financing Plan and the District was activated at 2013 Town Meeting.

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

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

E. Contingent Liabilities

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

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

F. Concentration of Expenses

The Town purchased all of their water from Champlain Water district "CWD" for the year ended June 30, 2020. The Town purchased \$392,987 of water from CWD.

TOWN OF MILTON, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 5,979,963	\$ 5,997,582	\$ 17,619
Interest on Delinquent Taxes	35,000	22,959	(12,041)
Penalties on Delinquent Taxes	55,000	44,794	(10,206)
Railroad Taxes	3,850	4,062	212
State Land Taxes	15,300	12,538	(2,762)
Current Use Taxes	54,000	64,838	10,838
State Land PILOT	5,300	5,748	448
Penalty on Late HS-122	5,000	8,721	3,721
School Tax Collection Fee	28,000	32,741	4,741
Interest on Investments	4,500	20,105	15,605
Miscellaneous	10,000	4,845	(5,155)
Administrative Contribution - Water and Sewer	310,000	310,000	0
Clerk and Treasurer	102,075	169,226	67,151
Finance	160,000	175,000	15,000
Listers	0	100	100
Library	3,000	2,592	(408)
Recreation	75,000	59,095	(15,905)
Planning and Zoning	42,000	43,907	1,907
Public Works	242,800	442,737	199,937
Buildings and Grounds	7,800	7,153	(647)
Police	123,765	101,450	(22,315)
Animal Control	5,000	1,469	(3,531)
Fire	375	1,552	1,177
Rescue	270,500	322,445	51,945
Transfers In	100,834	125,911	25,077
	<u>7,639,062</u>	<u>7,981,570</u>	<u>342,508</u>
Expenditures:			
Administrative Services	127,584	127,145	439
Selectboard	71,085	67,726	3,359
Insurance/Risk Management	152,000	167,446	(15,446)
Legal	60,500	38,577	21,923
County and Regional Functions	128,260	133,086	(4,826)
Information Technology	75,325	75,260	65
Contingency	30,000	0	30,000
Debt Service, Principal and Interest	537,255	254,449	282,806
Manager	246,968	250,945	(3,977)
Clerk and Treasurer	338,939	340,472	(1,533)
Elections	10,483	6,275	4,208
Finance	387,533	377,539	9,994
Listers	80,640	67,415	13,225

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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures/(Cont'd):			
Library	\$ 284,682	\$ 276,709	\$ 7,973
Recreation	240,438	209,581	30,857
Planning and Zoning	336,192	204,246	131,946
Public Works Administration	228,137	224,377	3,760
Highways	1,373,431	1,485,398	(111,967)
Buildings and Grounds	384,663	419,525	(34,862)
Public Safety Administration	75,079	72,088	2,991
Police	1,944,358	1,876,443	67,915
Animal Control	9,591	5,856	3,735
Fire	224,353	208,429	15,924
Rescue	401,468	560,857	(159,389)
Transfer to Capital	230,098	244,257	(14,159)
Total Expenditures	<u>7,979,062</u>	<u>7,694,101</u>	<u>284,961</u>
Excess/(Deficiency) of Revenues Over Expenditures	\$ <u>(340,000)</u>	287,469	\$ <u>627,469</u>
Fund Balance - July 1, 2019		<u>1,665,720</u>	
Fund Balance - June 30, 2020		<u>\$ 1,953,189</u>	

TOWN OF MILTON, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2020

	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	1.0389%	1.1007%	1.1926%	1.1443%	1.2687%	1.2374%
Town's Proportionate Share of the Net Pension Liability	\$ 1,802,380	\$ 1,548,443	\$ 1,444,939	\$ 1,472,657	\$ 978,129	\$ 112,929
Town's Covered Employee Payroll	\$ 2,600,909	\$ 2,555,809	\$ 2,539,238	\$ 2,594,175	\$ 2,326,953	\$ 2,359,680
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	69.2981%	60.5852%	56.9044%	56.7678%	42.0348%	4.7858%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: None.

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

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF MILTON, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 206,035	\$ 199,606	\$ 192,798	\$ 194,767	\$ 173,914	\$ 177,348
Contributions in Relation to the Actuarially Determined Contributions	<u>206,035</u>	<u>199,606</u>	<u>192,798</u>	<u>194,767</u>	<u>173,914</u>	<u>177,348</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 2,600,909	\$ 2,555,809	\$ 2,539,238	\$ 2,594,175	\$ 2,326,953	\$ 2,359,680
Contributions as a Percentage of Town's Covered Employee Payroll	7.922%	7.810%	7.593%	7.508%	7.474%	7.516%

Notes to Schedule

Valuation Date: June 30, 2019

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

TOWN OF MILTON, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Fund West Milton Cemetery Fund	Total
<u>ASSETS</u>				
Cash	\$ 46,125	\$ 0	\$ 5,720	\$ 51,845
Receivables	21,695	0	0	21,695
Due from Other Funds	<u>840,538</u>	<u>80,378</u>	<u>52,284</u>	<u>973,200</u>
Total Assets	<u>\$ 908,358</u>	<u>\$ 80,378</u>	<u>\$ 58,004</u>	<u>\$ 1,046,740</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 153	\$ 11,593	\$ 0	\$ 11,746
Due to Other Funds	27,086	0	0	27,086
Unearned Revenue	<u>4,036</u>	<u>0</u>	<u>0</u>	<u>4,036</u>
Total Liabilities	<u>31,275</u>	<u>11,593</u>	<u>0</u>	<u>42,868</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Grants	<u>5,592</u>	<u>0</u>	<u>0</u>	<u>5,592</u>
Total Deferred Inflows of Resources	<u>5,592</u>	<u>0</u>	<u>0</u>	<u>5,592</u>
<u>FUND BALANCES</u>				
Nonspendable	0	0	4,500	4,500
Restricted	333,226	8,581	53,504	395,311
Committed	0	60,204	0	60,204
Assigned	545,209	0	0	545,209
Unassigned/(Deficit)	<u>(6,944)</u>	<u>0</u>	<u>0</u>	<u>(6,944)</u>
Total Fund Balances	<u>871,491</u>	<u>68,785</u>	<u>58,004</u>	<u>998,280</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 908,358</u>	<u>\$ 80,378</u>	<u>\$ 58,004</u>	<u>\$ 1,046,740</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, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Fund West Milton Cemetery Fund	Total
Revenues:				
Property Taxes	\$ 0	\$ 85,205	\$ 0	\$ 85,205
Intergovernmental	141,752	0	0	141,752
Charges for Services	0	0	11,725	11,725
Permits, Licenses and Fees	99,881	0	0	99,881
Investment Income	6,141	677	334	7,152
Donations	951	0	0	951
	<u>248,725</u>	<u>85,882</u>	<u>12,059</u>	<u>346,666</u>
Total Revenues				
Expenditures:				
General Government	2,384	0	0	2,384
Public Safety	59,966	0	0	59,966
Highways and Streets	4,461	0	0	4,461
Culture and Recreation	8,571	0	0	8,571
Capital Outlay:				
Public Safety	0	11,593	0	11,593
Highways and Streets	8,592	0	0	8,592
	<u>83,974</u>	<u>11,593</u>	<u>0</u>	<u>95,567</u>
Total Expenditures				
Excess of Revenues Over Expenditures	<u>164,751</u>	<u>74,289</u>	<u>12,059</u>	<u>251,099</u>
Other Financing Sources/(Uses):				
Transfers Out	<u>(113,019)</u>	<u>(92,131)</u>	<u>0</u>	<u>(205,150)</u>
Total Other Financing Sources/(Uses)	<u>(113,019)</u>	<u>(92,131)</u>	<u>0</u>	<u>(205,150)</u>
Net Change in Fund Balances	51,732	(17,842)	12,059	45,949
Fund Balances - July 1, 2019	<u>819,759</u>	<u>86,627</u>	<u>45,945</u>	<u>952,331</u>
Fund Balances - June 30, 2020	<u>\$ 871,491</u>	<u>\$ 68,785</u>	<u>\$ 58,004</u>	<u>\$ 998,280</u>

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TOWN OF MILTON, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	Impact Fees Fund	Reappraisal Fund	Restoration of Records Fund	Drug Forfeiture Fund	Milton Public Library Fund	Grant Fund	Total
ASSETS							
Cash	\$ 0	\$ 0	\$ 0	\$ 39,502	\$ 6,623	\$ 0	\$ 46,125
Receivables	0	0	0	0	0	21,695	21,695
Due from Other Funds	<u>180,833</u>	<u>545,209</u>	<u>113,898</u>	<u>0</u>	<u>598</u>	<u>0</u>	<u>840,538</u>
Total Assets	<u>\$ 180,833</u>	<u>\$ 545,209</u>	<u>\$ 113,898</u>	<u>\$ 39,502</u>	<u>\$ 7,221</u>	<u>\$ 21,695</u>	<u>\$ 908,358</u>
LIABILITIES							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 153	\$ 153
Due to Other Funds	0	0	0	7,838	0	19,248	27,086
Unearned Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>390</u>	<u>3,646</u>	<u>4,036</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,838</u>	<u>390</u>	<u>23,047</u>	<u>31,275</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Grants	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,592</u>	<u>5,592</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,592</u>	<u>5,592</u>
FUND BALANCES							
Restricted	180,833	0	113,898	31,664	6,831	0	333,226
Assigned	0	545,209	0	0	0	0	545,209
Unassigned/(Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,944)</u>	<u>(6,944)</u>
Total Fund Balances/(Deficit)	<u>180,833</u>	<u>545,209</u>	<u>113,898</u>	<u>31,664</u>	<u>6,831</u>	<u>(6,944)</u>	<u>871,491</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 180,833</u>	<u>\$ 545,209</u>	<u>\$ 113,898</u>	<u>\$ 39,502</u>	<u>\$ 7,221</u>	<u>\$ 21,695</u>	<u>\$ 908,358</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, 2020

	Impact Fees Fund	Reappraisal Fund	Restoration of Records Fund	Drug Forfeiture Fund	Milton Public Library Fund	Grant Fund	Total
Revenues:							
Intergovernmental	\$ 0	\$ 42,227	\$ 0	\$ 15,942	\$ 0	\$ 83,583	\$ 141,752
Permits, Licenses and Fees	56,626	0	43,255	0	0	0	99,881
Investment Income	1,602	3,715	784	30	10	0	6,141
Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>951</u>	<u>0</u>	<u>951</u>
Total Revenues	<u>58,228</u>	<u>45,942</u>	<u>44,039</u>	<u>15,972</u>	<u>961</u>	<u>83,583</u>	<u>248,725</u>
Expenditures:							
General Government	0	0	2,384	0	0	0	2,384
Public Safety	0	0	0	11,090	0	48,876	59,966
Highways and Streets	0	0	0	0	0	4,461	4,461
Culture and Recreation	0	0	0	0	2,325	6,246	8,571
Capital Outlay:							
Highways and Streets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,592</u>	<u>8,592</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>2,384</u>	<u>11,090</u>	<u>2,325</u>	<u>68,175</u>	<u>83,974</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>58,228</u>	<u>45,942</u>	<u>41,655</u>	<u>4,882</u>	<u>(1,364)</u>	<u>15,408</u>	<u>164,751</u>
Other Financing Sources/(Uses):							
Transfers Out	<u>(93,741)</u>	<u>0</u>	<u>(19,278)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(113,019)</u>
Total Other Financing Sources/(Uses)	<u>(93,741)</u>	<u>0</u>	<u>(19,278)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(113,019)</u>
Net Change in Fund Balances	(35,513)	45,942	22,377	4,882	(1,364)	15,408	51,732
Fund Balances/(Deficit) - July 1, 2019	<u>216,346</u>	<u>499,267</u>	<u>91,521</u>	<u>26,782</u>	<u>8,195</u>	<u>(22,352)</u>	<u>819,759</u>
Fund Balances/(Deficit) - June 30, 2020	<u>\$ 180,833</u>	<u>\$ 545,209</u>	<u>\$ 113,898</u>	<u>\$ 31,664</u>	<u>\$ 6,831</u>	<u>\$ (6,944)</u>	<u>\$ 871,491</u>

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TOWN OF MILTON, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2020

	Road/Sidewalk Restoration Reserve Fund	Recreation Capital Reserve Fund	Fire/EMS Capital Reserve Fund	Bombardier Property Purchase Fund	Total
<u>ASSETS</u>					
Due from Other Funds	\$ <u>8,581</u>	\$ <u>0</u>	\$ <u>71,797</u>	\$ <u>0</u>	\$ <u>80,378</u>
Total Assets	\$ <u><u>8,581</u></u>	\$ <u><u>0</u></u>	\$ <u><u>71,797</u></u>	\$ <u><u>0</u></u>	\$ <u><u>80,378</u></u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ <u>0</u>	\$ <u>0</u>	\$ <u>11,593</u>	\$ <u>0</u>	\$ <u>11,593</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>11,593</u>	<u>0</u>	<u>11,593</u>
Fund Balances:					
Restricted	8,581	0	0	0	8,581
Committed	<u>0</u>	<u>0</u>	<u>60,204</u>	<u>0</u>	<u>60,204</u>
Total Fund Balances	<u>8,581</u>	<u>0</u>	<u>60,204</u>	<u>0</u>	<u>68,785</u>
Total Liabilities and Fund Balances	\$ <u><u>8,581</u></u>	\$ <u><u>0</u></u>	\$ <u><u>71,797</u></u>	\$ <u><u>0</u></u>	\$ <u><u>80,378</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, 2020

	Road/Sidewalk Restoration Reserve Fund	Recreation Capital Reserve Fund	Fire/EMS Capital Reserve Fund	Bombardier Property Purchase Fund	Total
Revenues:					
Property Taxes	\$ 0	\$ 0	\$ 85,205	\$ 0	\$ 85,205
Investment Income	<u>63</u>	<u>7</u>	<u>576</u>	<u>31</u>	<u>677</u>
Total Revenues	<u>63</u>	<u>7</u>	<u>85,781</u>	<u>31</u>	<u>85,882</u>
Expenditures:					
Capital Outlay:					
Public Safety	<u>0</u>	<u>0</u>	<u>11,593</u>	<u>0</u>	<u>11,593</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>11,593</u>	<u>0</u>	<u>11,593</u>
Excess of Revenues Over Expenditures	<u>63</u>	<u>7</u>	<u>74,188</u>	<u>31</u>	<u>74,289</u>
Other Financing Sources/(Uses):					
Transfers Out	<u>0</u>	<u>(920)</u>	<u>(86,976)</u>	<u>(4,235)</u>	<u>(92,131)</u>
Total Other Financing Sources/(Uses)	<u>0</u>	<u>(920)</u>	<u>(86,976)</u>	<u>(4,235)</u>	<u>(92,131)</u>
Net Change in Fund Balances	63	(913)	(12,788)	(4,204)	(17,842)
Fund Balances - July 1, 2019	<u>8,518</u>	<u>913</u>	<u>72,992</u>	<u>4,204</u>	<u>86,627</u>
Fund Balances - June 30, 2020	<u>\$ 8,581</u>	<u>\$ 0</u>	<u>\$ 60,204</u>	<u>\$ 0</u>	<u>\$ 68,785</u>

TOWN OF MILTON, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Water Rents	\$ 978,229	\$ 1,039,229	\$ 61,000
Penalties	15,000	23,019	8,019
Hookup Fees	15,000	88,610	73,610
Water Hauler Receipts	10,000	14,919	4,919
Maintenance Agreement Receipts	1,600	0	(1,600)
Interest Earnings	0	306	306
Grant Income	0	153,569	153,569
Other Income	1,500	4,206	2,706
Transfer In - TIF Fund	9,087	9,087	0
Total Revenues	1,030,416	1,332,945	302,529
Expenses:			
Regular Salaries	156,235	138,150	18,085
Overtime Salaries	6,500	8,027	(1,527)
Insurance Buyout	7,000	7,816	(816)
Group Health Insurance	26,317	14,211	12,106
Group Dental Insurance	1,292	1,190	102
Group LTD/STD/Vision Insurance	398	320	78
Group Life Insurance	1,659	1,367	292
Social Security	13,073	11,609	1,464
Retirement Contribution	9,358	16,923	(7,565)
Workers Compensation	9,500	10,595	(1,095)
Other Employee Benefits	1,150	0	1,150
Official/Administrative	155,000	155,000	0
Other Professional	3,000	0	3,000
Technical Services	2,300	4,605	(2,305)
Consulting Services	10,000	0	10,000
Laundry Services	150	198	(48)
Water/Sewer	200	207	(7)
Water Purchase - CWD	399,353	392,987	6,366
Disposal and Refuse	428	443	(15)
Repair and Maintenance Facility	12,150	4,122	8,028
Vehicle Repair and Maintenance	1,530	1,192	338
Equipment Repair and Maintenance	8,060	2,882	5,178
Rental of Equipment and Vehicle	459	233	226
Construction Services	15,200	9,588	5,612
General Liability Insurance	4,000	6,440	(2,440)
Communications - Telephone	755	764	(9)
Communications - Other	1,430	1,990	(560)
Advertising	300	0	300
Printing and Binding	2,652	1,430	1,222
Travel	275	0	275
Postage	3,650	2,465	1,185
Office Supplies	258	759	(501)
General Supplies	12,694	9,013	3,681
Water Meters	15,000	15,599	(599)
Technology	750	142	608

TOWN OF MILTON, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenses/(Cont'd):			
Natural Gas	\$ 4,080	\$ 1,183	\$ 2,897
Electricity	14,464	10,436	4,028
Bottled Gas	75	0	75
Diesel Fuel	1,000	375	625
Gasoline	2,000	2,081	(81)
Employee Uniforms	2,667	1,920	747
Capital Projects	75,000	529,615	(454,615)
Machinery and Equipment	2,000	0	2,000
Dues and Fees	850	749	101
Professional Development	1,750	36	1,714
Small Tools	800	1,516	(716)
Bombardier Water Line Improvements Debt	6,000	6,000	0
Water Line Improvements Debt	15,667	15,667	0
Interest	15,180	15,180	0
Total Expenses	1,023,609	1,405,025	(381,416)
Net Income/(Loss)	\$ 6,807	(72,080)	\$ (78,887)
Adjustments to Reconcile to GAAP Basis Statements:			
Capital Outlay		529,615	
Depreciation		(105,636)	
Principal Payments on Long-term Debt		21,667	
Change in Net Position - Exhibit G		\$ 373,566	

TOWN OF MILTON, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Sewer Rents	\$ 698,295	\$ 717,222	\$ 18,927
Penalties	8,000	15,745	7,745
Hookup Fees	20,000	88,845	68,845
Septage Receipts	70,000	3,592	(66,408)
Maintenance Agreement Receipts	350	0	(350)
Interest Earnings	0	5,222	5,222
Grant Income	0	6,170	6,170
Other Income	100	100	0
Transfer In - TIF Fund	179,159	179,159	0
Total Revenues	975,904	1,016,055	40,151
Expenses:			
Regular Salaries	156,235	138,240	17,995
Overtime Salaries	11,500	15,027	(3,527)
Insurance Buyout	7,000	7,824	(824)
Group Health Insurance	26,317	14,211	12,106
Group Dental Insurance	1,292	1,190	102
LTD/STD Group Vision Insurance	398	320	78
Group Life Insurance and AD&D	1,659	1,367	292
Social Security	13,455	12,044	1,411
Retirement	9,646	16,933	(7,287)
Worker's Compensation	9,500	10,595	(1,095)
Other Employee Benefits	1,150	0	1,150
Official/Administrative	155,000	155,000	0
Technical Services	64,200	49,996	14,204
Consulting Services	10,000	10,550	(550)
Laundry Services	150	172	(22)
Water/Sewer	8,160	3,266	4,894
Disposal and Refuse	6,120	6,934	(814)
Repair and Maintenance Facility	16,000	33,834	(17,834)
Vehicle Repair and Maintenance	1,530	2,777	(1,247)
Equipment Repair and Maintenance	30,000	51,629	(21,629)
Rental of Land and Buildings	100	100	0
Rental of Equipment and Vehicle	510	573	(63)
Construction Services	8,000	3,085	4,915
General Liability Insurance	32,000	11,267	20,733
Communications - Telephone	3,355	3,045	310
Communications - Other	1,430	2,009	(579)
Advertising	300	302	(2)
Printing and Binding	100	0	100
Travel	275	0	275
Postage and Mailing	4,070	2,447	1,623
Office Supplies	258	18	240
General Supplies	10,000	20,565	(10,565)
Chemical Supplies	41,000	33,123	7,877
Water Meter Purchases	15,000	10,980	4,020
Technology	750	54	696

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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, 2020

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenses/(Cont'd):			
Natural Gas	\$ 14,357	\$ 8,493	\$ 5,864
Electricity	90,000	81,545	8,455
Bottled Gas	75	0	75
Diesel Fuel	1,000	62	938
Gasoline	2,000	2,080	(80)
Books and Periodicals	400	0	400
Employee Uniforms	2,667	1,426	1,241
Capital Projects	40,000	14,787	25,213
Machinery and Equipment	2,000	364	1,636
Dues and Fees	4,200	3,240	960
Professional Development	1,750	631	1,119
Small Tools	800	232	568
2013-1 Sewer Principal	6,383	6,383	0
Village Core Sewer Improvements Bond	133,118	133,116	2
Interest	48,421	48,421	0
Total Expenses	993,631	920,257	73,374
Net Income/(Loss)	\$ (17,727)	95,798	\$ 113,525
Adjustments to Reconcile to GAAP Basis Statements:			
Capital Outlay		14,787	
Depreciation		(259,133)	
Principal Payments on Long-term Debt		139,499	
Change in Net Position - Exhibit G		\$ (9,049)	