

TOWN OF MILTON, VERMONT

AUDIT REPORT

JUNE 30, 2012

Sullivan, Powers & Co.

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Corporation

TOWN OF MILTON, VERMONT
AUDIT REPORT
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Sullivan, Powers & Co.
CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL CORPORATION

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Independent Auditor's Report

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

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, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Milton, Vermont's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Milton, Vermont, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 and the budgetary comparison information presented as Schedules 1 through 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.

Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the Town of Milton, Vermont's basic financial statements. The combining fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with "Government Auditing Standards", we have also issued our report dated January 24, 2013 on our consideration of the Town of Milton, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 conducted in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

January 24, 2013
Montpelier, Vermont
VT Lic. #92-000180

Sullivan, Powers & Company

TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Management's Discussion and Analysis

As management of the Town of Milton, Vermont, we offer readers of the Town's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the audited report.

Financial Highlights

The Town of Milton continues to operate with a positive General Fund fund balance and during FY2012 the Selectboard adopted a policy on fund balance so that it will be managed at an appropriate level and address for what purpose it may be used in the future. The Town also received \$465,000 in revenue from a refinance begun in FY2011 which make it appear as though the fund balance increased dramatically. However, when viewing the trend in fund balance from FY 2010, FY 2011 and FY 2012 one can see that the fund balance has only increased slightly over that time period.

A portion of the Town's assigned fund balance for Health Insurance Stabilization Fund increased by \$79,860. These funds represent the unused co-insurance funds budgeted for FY 2012. The Town will continue to assign unused funds to this balance to address and provide financial stability to the taxpayers to address health care reform at the State and Federal level; the effects of which are not known at this time.

At 2012 Town Meeting the voters approved the creation of a Road Restoration and Sidewalk Repair reserve to be funded with an initial ½ cent of tax levy. During fiscal year 2012 the Selectboard also approved a transfer of \$151,328 to this reserve for future use in finishing the Westford Road paving contract in FY 2013. The complete repaving of this road was rescheduled to allow for work to be completed on the Georgia Wind towers in order that our new repaving work would not be unduly worn or damaged during their construction period.

The Town collected impact fees during FY 2012 for use in accordance with its approved Capital Plan. The Town's impact fees are used to pay debt service costs for a 1998 school addition, its municipal building and fire station as well as for a portion of the costs associated with the construction of new sidewalks.

The Town had significant construction projects in progress during FY 2012, namely the Village Core Sewer Project and Kienle Road/Rugg Avenue/Route 7 Water Distribution System Improvements. The future indebtedness for these projects will be reflected in the Town's proprietary wastewater fund and water fund, respectively with the debt costs for the former project being repaid with tax increment financing revenues over a 20 year period.

TOWN OF MILTON, VERMONT
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The Town's Tax Incremental Financing District funds continue to receive sufficient revenue to continue paying debt service obligations in the future. Further, balances have been sufficient to enable inter fund borrowing to address capital needs in the highway department and rescue department. These funds will be paid back to the Tax Incremental Financing District over time with interest instead of being paid to a third party lender; in this case, the taxpayers and not lender receive the benefit of the borrowing.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction of the Town of Milton's basic financial statements. The Town of Milton's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund-financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Milton's finances in a manner similar to a private sector business. The Statement of Net Assets presents information on all of the Town of Milton's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Milton is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 vacation leave). Both of the government-wide financial statements distinguish functions of the Town of Milton that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Milton include general government, public safety, public works, health and social services, recreation and parks, conservation and development, cultural and public improvements. The business-type activities of the Town of Milton include the water and wastewater operations.

Fund Financial Statements

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

TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund 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. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of government funds is narrower than that of the government wide financial statements, it is useful to compare the information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Milton maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, the Tax Incremental Financing Fund and the Capital Reserve Fund which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of Milton adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with its budget.

Proprietary Funds

The Town of Milton maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business type activities in the government-wide financial statements. The Town of Milton uses Enterprise Funds to account for its Water fund and Sewer Fund.

TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Proprietary funds provide the same type of information as the government wide financial statements only in more detail. The Proprietary fund financial statements provide separate information for the Water fund and the Sewer fund, each of which is considered to be a major fund of the Town of Milton.

Fiduciary Funds

Fiduciary funds are used to 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 Town of Milton's own programs. The accounting used for Fiduciary funds is much like that used for Proprietary funds.

Notes to the Financial Statement

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This report also presents certain supplementary information to provide additional financial information not included in the basic financial statements. This supplementary information includes combining statements for various funds and budgetary comparison statement for funds other than the Town's General fund, which is presented with the basic financial statements. The supplementary information can be found immediately following the notes to the financial statements in the report. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The financial reports show, assets exceeded liabilities by \$33,981,097 at the close of the fiscal year ending June 30, 2012. By far, the largest portion of the Town of Milton's net assets reflects its investment in capital assets of \$30,960,783 (e.g., land buildings and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town of Milton uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town of Milton's investment in its 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.

TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Due to a number of restatements to June 30, 2011, management has chosen not to present comparative data as it would not be relevant. Comparative data will be provided in the future.

NET ASSETS

	Governmental Activities 6/30/2012	Business Type Activities 6/30/2012	Totals 6/30/2012
<u>ASSETS</u>			
Current and other assets	\$ 4,501,601	\$ 335,111	\$ 4,836,712
Capital assets	<u>13,247,987</u>	<u>25,883,676</u>	<u>39,131,663</u>
Total Assets	<u>17,749,588</u>	<u>26,218,787</u>	<u>43,968,375</u>
<u>LIABILITIES</u>			
Other Liabilities	661,103	1,348,754	2,009,857
Long-term Liabilities Out.	<u>2,474,113</u>	<u>5,503,308</u>	<u>7,977,421</u>
Total Liabilities	<u>3,135,216</u>	<u>6,852,062</u>	<u>9,987,278</u>
<u>NET ASSETS</u>			
Invested in capital assets			
Not of related debt	10,937,622	20,023,161	30,960,783
Restricted	1,990,523	0	1,990,523
Unrestricted	<u>1,686,227</u>	<u>(656,436)</u>	<u>1,029,791</u>
Total Net Assets	<u>\$14,614,372</u>	<u>\$19,366,725</u>	<u>\$ 33,981,097</u>

SUMMARY STATEMENT OF ACTIVITIES

	Governmental Activities June 30, 2012	Business-type Activities June 30, 2012	Governmental Activities Totals June 30, 2012
<u>Revenues</u>			
Program Revenues			
Charges for services	\$ 623,376	\$ 1,303,989	\$ 1,927,365
Operating grants and Contributions	434,562	0	434,562
Capital Grants and contributions	197,851	0	197,851
General Revenues			
Property taxes	4,900,492	0	4,900,492
Unrestricted investments earnings	13,481	715	14,196
Other revenues	<u>163,353</u>	<u>0</u>	<u>163,353</u>
Total Revenues	<u>6,333,115</u>	<u>1,304,704</u>	<u>7,637,819</u>

TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Expenses

Governmental activities			
General Government	\$ 1,310,295	\$ 0	\$ 1,310,295
Public Safety	2,103,748	0	2,103,748
Public Works	1,891,235	0	1,891,235
Culture and Recreation	349,135	0	349,135
Community Development	296,000	0	296,000
Interest on Long-term Debt	77,965	0	77,965
Business-type activities			
Water	0	805,215	805,215
Sewer	0	860,498	860,498
Total Expenses	<u>6,028,378</u>	<u>1,665,713</u>	<u>7,694,091</u>
Change in net assets before transfers	304,737	(361,009)	(56,272)
Transfers In/(Out)	<u>(274,418)</u>	<u>274,418</u>	<u>0</u>
Change in net assets	30,319	(86,591)	(56,272)
Net assets-Beginning of Year	<u>14,584,053</u>	<u>19,453,316</u>	<u>34,037,369</u>
Net assets-End of Year	<u>\$ 14,614,372</u>	<u>\$ 19,366,725</u>	<u>\$ 33,981,097</u>

SUMMARY OF CAPITAL ASSETS AND LONG TERM DEBT

Capital Assets

	Governmental Activities	Business Type Activities	Totals
	6/30/2012	6/30/2012	6/30/2012
Land	\$ 938,923	\$ 117,520	\$ 1,056,443
Construction in Progress	66,678	2,032,339	2,099,017
Land Improvements	55,942	0	55,942
Buildings & Improvements	3,469,552	0	3,469,552
Vehicles	890,034	0	890,034
Machinery & Equipment	236,443	0	236,443
Roads, Bridges, Sidewalks	7,590,415	0	7,590,415
Vehicles, Machinery, Equipment & Furniture	0	103,864	103,864
Distribution & Collection Systems	0	23,629,953	23,629,953
Capital Assets Net	<u>\$13,247,987</u>	<u>\$25,883,676</u>	<u>\$ 39,131,663</u>
Long Term Debt	<u>\$ 2,507,957</u>	<u>\$ 5,860,515</u>	<u>\$ 8,368,472</u>

TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Governmental Activities

Governmental activities increase the Town of Milton's total net assets by \$30,319 during the current fiscal year.

Fund Balances/Net Assets

GASB Statement #34 as amended by GASB 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 specific purposes for which amounts in those funds can be spent. For more information see Note IV.H of the Audit Report.

Governmental Funds

The focus of the Town of Milton's governmental funds is to provide information on near term inflows and balances of spendable resources. Such information is useful in assessing the Town of Milton's financing requirements. In particular, unreserved 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 the end of the current fiscal year, the Town of Milton's governmental funds reported a combined ending fund balance of \$3,750,957 this is an increase of \$656,169 in comparison to the prior year.

The General Fund budget for FY 2012 intended to deplete \$330,000 of fund balance, however, the General Fund actually had an actual increase of \$632,807 resulting in a favorable variance of \$962,807. The significant factors on the revenue side that caused this condition are that the Town received \$465,000 in proceeds from debt refinancing begun in the prior fiscal year. This was offset by a shortfall in tax revenues of \$13,628, a favorable variance of \$72,889 in police fees, a shortfall of \$59,696 in rescue fees, a shortfall of \$26,599 in recording fees, and a favorable variance of \$19,410 in planning and zoning fees resulting in a net favorable variance of \$432,571. On the expense side the significant factors that contributed to this condition are savings in regular salaries and health insurance (in part due to an early retirement incentive and staffing consolidations) that help save \$31,302 in the Town Manager's budget, \$15,313 in the Town Clerk/Treasurer's budget, and \$122,875 in the Highway budget. An additional \$80,869 was saved in the Administrative Services budget due the Town changing to a health insurance plan with a Health Reimbursement Account/Co-Insurance component. Additional savings were recognized in all department budgets from health insurance premium savings.

TOWN OF MILTON, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Outlook

FY 2013 spending is proposed at \$6,463,674. This is a proposed spending increase of \$309,059 or 4.8%, from the FY 2012 budget. A small increase in the grandlist was estimated for FY 2013 of 0.5%, to \$10,902,084.58. The resulting tax levy for FY 2013 is proposed to be \$4,640,415. This is an increase of 4.1% from the current tax levy of \$4,452,662. The significant budget factors that contributed to an increased budget for FY 2013 were \$47,500 in budgeting for health insurance, \$49,400 in capital expenses for replacing rolling stock, \$39,630 in debt service costs for replacing an ambulance, and \$31,834 projected increases in fuel costs. Grandlist growth was more robust than anticipated and the grandlist for FY 2013 totaled \$10,974,251 resulting in a lower tax rate than anticipated. Voters also approved the creation of a capital reserve funds for FY 2013 for road and sidewalk restoration (a ½ cent tax rate levy) and for fire and rescue capital (a ¾ cent tax rate levy). The additional grandlist growth resulted in a lower tax rate increase than expected with a 1.05 cent increase instead of a 1.54 cent increase specific to supporting General Fund operations.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager's Office at 43 Bombardier Road, Milton, VT 05468. This report is available online at www.milton.govoffice2.com.

TOWN OF MILTON, VERMONT
STATEMENT OF NET ASSETS
JUNE 30, 2012

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 3,592,453	\$ 53,790	\$ 3,646,243
Receivables (Net of Allowance for Uncollectibles)	660,688	453,601	1,114,289
Internal Balances	189,640	(189,640)	0
Prepaid Expenses	26,620	0	26,620
Inventory	32,200	17,360	49,560
Capital Assets			
Land	938,923	117,520	1,056,443
Construction in Progress	66,678	2,032,339	2,099,017
Other Capital Assets, (Net of Accumulated Depreciation)	<u>12,242,386</u>	<u>23,733,817</u>	<u>35,976,203</u>
Total Assets	<u>17,749,588</u>	<u>26,218,787</u>	<u>43,968,375</u>
 <u>LIABILITIES</u>			
Accounts Payable	118,770	932,182	1,050,952
Accrued Payroll and Benefits Payable	142,105	10,152	152,257
Due To Others	56,423	0	56,423
Deferred Revenue	77,146	37,095	114,241
Accrued Interest Payable	5,917	2,444	8,361
Noncurrent Liabilities:			
Due within One Year	260,742	366,881	627,623
Due in More than One Year	<u>2,474,113</u>	<u>5,503,308</u>	<u>7,977,421</u>
Total Liabilities	<u>3,135,216</u>	<u>6,852,062</u>	<u>9,987,278</u>
 <u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	10,937,622	20,023,161	30,960,783
Restricted	1,990,523	0	1,990,523
Unrestricted/(Deficit)	<u>1,686,227</u>	<u>(656,436)</u>	<u>1,029,791</u>
Total Net Assets	<u>\$ 14,614,372</u>	<u>\$ 19,366,725</u>	<u>\$ 33,981,097</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, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	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	\$ 1,310,295	\$ 392,726	\$ 51,224	\$ 4,850	\$ (861,495)	\$ 0	\$ (861,495)
Public Safety	2,103,748	169,634	150,234	4,036	(1,779,844)	0	(1,779,844)
Public Works	1,891,235	4,759	232,017	173,365	(1,481,094)	0	(1,481,094)
Culture and Recreation	349,135	56,257	1,087	15,600	(276,191)	0	(276,191)
Community Development	296,000	0	0	0	(296,000)	0	(296,000)
Interest on Long-term Debt	77,965	0	0	0	(77,965)	0	(77,965)
Total Governmental Activities	6,028,378	623,376	434,562	197,851	(4,772,589)	0	(4,772,589)
Business-Type Activities:							
Water	805,215	775,245	0	0	0	(29,970)	(29,970)
Sewer	860,498	528,744	0	0	0	(331,754)	(331,754)
Total Business-Type Activities	1,665,713	1,303,989	0	0	0	(361,724)	(361,724)
Total Primary Government	\$ 7,694,091	\$ 1,927,365	\$ 434,562	\$ 197,851	(4,772,589)	(361,724)	(5,134,313)
General Revenues:							
Property Taxes					4,824,261	0	4,824,261
Interest and Penalties on Delinquent Taxes					76,231	0	76,231
Unrestricted Investment Earnings					13,481	715	14,196
General State Grants					64,904	0	64,904
Impact Fees					98,389	0	98,389
Other Revenues					60	0	60
Transfers In/(Out)					(274,418)	274,418	0
Total General Revenues and Transfers In/(Out)					4,802,908	275,133	5,078,041
Change in Net Assets					30,319	(86,591)	(56,272)
Net Assets - July 1, 2011 - As Restated					14,584,053	19,453,316	34,037,369
Net Assets - June 30, 2012					\$ 14,614,372	\$ 19,366,725	\$ 33,981,097

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

TOWN OF MILTON, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Tax Incremental Financing Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 1,696,189	\$ 1,174,757	\$ 193,728	\$ 527,779	\$ 3,592,453
Receivables (Net of Allowance for Uncollectibles)	532,974	0	24,509	103,205	660,688
Due from Other Funds	0	75,233	336,851	429,986	842,070
Advances to Other Funds	0	248,568	0	0	248,568
Prepaid Expenses	26,620	0	0	0	26,620
Total Assets	\$ 2,255,783	\$ 1,498,558	\$ 555,088	\$ 1,060,970	\$ 5,370,399
LIABILITIES					
Liabilities:					
Accounts Payable	\$ 98,807	\$ 0	\$ 18,037	\$ 1,926	\$ 118,770
Accrued Payroll and Benefits Payable	142,105	0	0	0	142,105
Due to Other Funds	536,777	0	0	115,653	652,430
Advances from Other Funds	0	0	248,568	0	248,568
Deferred Revenue	341,440	0	46,200	13,506	401,146
Due to Others	20,110	0	0	36,313	56,423
Total Liabilities	1,139,239	0	312,805	167,398	1,619,442
Fund Balances:					
Nonspendable	26,620	248,568	0	4,500	279,688
Restricted	6,309	1,249,990	197,592	481,156	1,935,047
Committed	0	0	0	162,182	162,182
Assigned	520,696	0	44,691	245,734	811,121
Unassigned	562,919	0	0	0	562,919
Total Fund Balances	1,116,544	1,498,558	242,283	893,572	3,750,957
Total Liabilities and Fund Balances	\$ 2,255,783	\$ 1,498,558	\$ 555,088	\$ 1,060,970	

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.

13,247,987

Inventories are Reported in Governmental Activities Only.

32,200

Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.

324,000

Long-Term and Accrued Liabilities are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.

(2,740,772)

Net Assets of Governmental Activities

\$ 14,614,372

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, 2012

	General Fund	Tax Incremental Financing Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 4,366,735	\$ 489,126	\$ 0	\$ 0	\$ 4,855,861
Penalties and Interest	76,231	0	0	0	76,231
Intergovernmental Revenues	712,096	0	21,140	231,525	964,761
Charges for Services	530,829	0	0	148,936	679,765
Investment Income	9,286	2,141	1,123	931	13,481
Licenses and Permits	60,579	0	0	0	60,579
Other Revenue	5,680	0	7,354	1,984	15,018
Total Revenues	<u>5,761,436</u>	<u>491,267</u>	<u>29,617</u>	<u>383,376</u>	<u>6,665,696</u>
Expenditures:					
Current:					
General Government	1,507,263	17,447	3,369	7,234	1,535,313
Public Safety	1,896,228	0	0	6,001	1,902,229
Highways and Streets	1,194,044	0	5,986	0	1,200,030
Culture and Recreation	317,395	0	0	2,368	319,763
Capital Outlay:					
General Government	1,345	0	13,751	899	15,995
Public Safety	14,111	0	274,388	31,056	319,555
Highways and Streets	94,389	0	194,658	162,501	451,548
Culture and Recreation	6,470	0	221,085	0	227,555
Debt Service:					
Principal	156,073	0	0	0	156,073
Interest	72,048	0	0	0	72,048
Total Expenditures	<u>5,259,366</u>	<u>17,447</u>	<u>713,237</u>	<u>210,059</u>	<u>6,200,109</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>502,070</u>	<u>473,820</u>	<u>(683,620)</u>	<u>173,317</u>	<u>465,587</u>
Other Financing Sources/(Uses):					
Proceeds of Long-Term Debt	465,000	0	0	0	465,000
Transfers In	47,485	0	257,184	164,515	469,184
Transfers Out	(381,748)	(311,458)	(2,911)	(47,485)	(743,602)
Total Other Financing Sources/(Uses)	<u>130,737</u>	<u>(311,458)</u>	<u>254,273</u>	<u>117,030</u>	<u>190,582</u>
Net Change in Fund Balances	<u>632,807</u>	<u>162,362</u>	<u>(429,347)</u>	<u>290,347</u>	<u>656,169</u>
Fund Balances - July 1, 2011, As Restated	<u>483,737</u>	<u>1,336,196</u>	<u>671,630</u>	<u>603,225</u>	<u>3,094,788</u>
Fund Balances - June 30, 2012	<u>\$ 1,116,544</u>	<u>\$ 1,498,558</u>	<u>\$ 242,283</u>	<u>\$ 893,572</u>	<u>\$ 3,750,957</u>

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, 2012

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)	\$	656,169
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,014,653) is allocated over their estimated useful lives and reported as depreciation expense (\$1,028,886). This is the amount by which capital outlays exceeded depreciation in the current period.		(14,233)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, loss on disposals and donations) is to increase net assets.		19,450
The issuance of long-term debt (\$465,000) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$156,073) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(308,927)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount reflects the decrease of deferred revenue over last year.		(81,600)
Inventories are not reported in governmental funds, however recording inventory in the Governmental Activities increases net assets.		32,200
Notes receivable written off do not affect governmental funds, where it does reduce income in governmental activities.		(310,228)
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>37,488</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u><u>30,319</u></u>

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

TOWN OF MILTON, VERMONT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

<u>ASSETS</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Current Assets:			
Cash	\$ 0	\$ 53,790	\$ 53,790
Receivables (Net of Allowance for Uncollectible Accounts)	277,367	176,234	453,601
Due from Other Funds	0	223,311	223,311
Inventory	<u>2,075</u>	<u>15,285</u>	<u>17,360</u>
Total Current Assets	<u>279,442</u>	<u>468,620</u>	<u>748,062</u>
Noncurrent Assets:			
Capital Assets			
Land	39,400	78,120	117,520
Construction in Progress	419,524	1,612,815	2,032,339
Buildings, Distribution and Collection System and Improvements	7,337,910	20,152,463	27,490,373
Vehicles, Machinery and Equipment	112,788	215,085	327,873
Less Accumulated Depreciation	<u>(1,761,558)</u>	<u>(2,322,871)</u>	<u>(4,084,429)</u>
Total Noncurrent Assets	<u>6,148,064</u>	<u>19,735,612</u>	<u>25,883,676</u>
Total Assets	<u>\$ 6,427,506</u>	<u>\$ 20,204,232</u>	<u>\$ 26,631,738</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 216,269	\$ 715,913	\$ 932,182
Accrued Payroll	5,097	5,055	10,152
Due to Other Funds	412,951	0	412,951
Deferred Revenue	18,600	18,495	37,095
Accrued Interest Payable	2,444	0	2,444
Bonds Payable - Current Portion	<u>65,423</u>	<u>301,458</u>	<u>366,881</u>
Total Current Liabilities	<u>720,784</u>	<u>1,040,921</u>	<u>1,761,705</u>
Noncurrent Liabilities			
Compensated Absences Payable	4,837	4,837	9,674
Bonds Payable - Noncurrent Portion	<u>321,367</u>	<u>5,172,267</u>	<u>5,493,634</u>
Total Noncurrent Liabilities	<u>326,204</u>	<u>5,177,104</u>	<u>5,503,308</u>
Total Liabilities	<u>1,046,988</u>	<u>6,218,025</u>	<u>7,265,013</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt Unrestricted/(Deficit)	<u>5,761,274</u> <u>(380,756)</u>	<u>14,261,887</u> <u>(275,680)</u>	<u>20,023,161</u> <u>(656,436)</u>
Total Net Assets	<u>5,380,518</u>	<u>13,986,207</u>	<u>19,366,725</u>
Total Liabilities and Net Assets	<u>\$ 6,427,506</u>	<u>\$ 20,204,232</u>	<u>\$ 26,631,738</u>

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

TOWN OF MILTON, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 683,016	\$ 478,973	\$ 1,161,989
Hookup Fees	69,880	42,549	112,429
Penalties & Interest	12,609	6,355	18,964
Other Income	9,740	867	10,607
Total Operating Revenues	775,245	528,744	1,303,989
Operating Expenses:			
CWD Water Purchases	309,612	0	309,612
Salaries and Benefits	169,443	174,552	343,995
Administrative Fees	135,778	134,653	270,431
Utilities	16,857	98,065	114,922
Water Meters	11,043	7,362	18,405
Supplies	3,299	50,926	54,225
Printing and Advertising	2,874	38	2,912
Insurances	2,827	11,398	14,225
Technology	2,226	35,670	37,896
Machinery and Equipment	1,892	1,777	3,669
Telephone and Internet	1,269	3,325	4,594
Professional Development	1,259	852	2,111
Miscellaneous Expenses	1,251	6,974	8,225
Dues and Fees	1,096	1,531	2,627
Employee Uniforms	926	926	1,852
Repairs and Maintenance	684	30,392	31,076
Small Tools	333	279	612
Depreciation	98,823	219,701	318,524
Total Operating Expenses	761,492	778,421	1,539,913
Operating Income/(Loss)	13,753	(249,677)	(235,924)
Nonoperating Revenues (Expenses):			
Investment Income	647	68	715
Loss on Disposal of Equipment	(12,429)	(82,077)	(94,506)
Interest Expense	(31,294)	0	(31,294)
Total Nonoperating Revenues (Expenses)	(43,076)	(82,009)	(125,085)
Net Income/(Loss) Before Transfers In/(Out)	(29,323)	(331,686)	(361,009)
Transfers In	0	301,458	301,458
Transfers (Out)	(20,290)	(6,750)	(27,040)
Change in Net Assets	(49,613)	(36,978)	(86,591)
Net Assets - July 1, 2011 - As Restated	5,430,131	14,023,185	19,453,316
Net Assets - June 30, 2012	\$ 5,380,518	\$ 13,986,207	\$ 19,366,725

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, 2012

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 741,809	\$ 519,615	\$ 1,261,424
Payments to Suppliers	(494,856)	(378,400)	(873,256)
Payments for Wages and Benefits	(167,606)	(172,933)	(340,539)
Other Receipts	9,740	867	10,607
Net Cash Provided/(Used) by Operating Activities	<u>89,087</u>	<u>(30,851)</u>	<u>58,236</u>
Cash Flows From Noncapital Financing Activities:			
(Decrease)/Increase in Due to Other Funds	238,826	0	238,826
Decrease/(Increase) in Due from Other Funds	0	161,451	161,451
Transfers from Other Funds	0	301,458	301,458
Transfers to Other Funds	<u>(20,290)</u>	<u>(6,750)</u>	<u>(27,040)</u>
Net Cash Provided by Noncapital Financing Activities	<u>218,536</u>	<u>456,159</u>	<u>674,695</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(214,293)	(818,783)	(1,033,076)
Proceeds of Long-Term Debt	0	694,933	694,933
Principal Paid on:			
General Obligation Bonds	(62,394)	(301,458)	(363,852)
Interest Paid on:			
General Obligation Bonds	<u>(31,583)</u>	<u>0</u>	<u>(31,583)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(308,270)</u>	<u>(425,308)</u>	<u>(733,578)</u>
Cash Flows From Investing Activities:			
Receipt of Interest & Dividends	<u>647</u>	<u>68</u>	<u>715</u>
Net Cash Provided by Investing Activities	<u>647</u>	<u>68</u>	<u>715</u>
Net Increase in Cash	0	68	68
Cash - July 1, 2011	<u>0</u>	<u>53,722</u>	<u>53,722</u>
Cash - June 30, 2012	<u>\$ 0</u>	<u>\$ 53,790</u>	<u>\$ 53,790</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Operating Income/(Loss)	13,753	(249,677)	(235,924)
Depreciation	98,823	219,701	318,524
(Increase)/Decrease in Receivables	(23,298)	(8,262)	(31,560)
(Increase)/Decrease in Inventory	(2,075)	(15,285)	(17,360)
Increase/(Decrease) in Accounts Payable	445	21,053	21,498
Increase/(Decrease) in Accrued Payroll	1,229	1,011	2,240
Increase/(Decrease) in Deferred Revenue	(398)	0	(398)
Increase/(Decrease) in Compensated Absences	<u>608</u>	<u>608</u>	<u>1,216</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 89,087</u>	<u>\$ (30,851)</u>	<u>\$ 58,236</u>

Non-Cash/Supplemental Information:

\$189,631 of capital asset purchases for the Water Fund are included in accounts payable at June 30, 2012

\$662,446 of capital asset purchases for the Sewer fund are included in accounts payable at June 30, 2012

Capital assets with a cost of \$323,133 and accumulated depreciation of \$228,627 were disposed of during the year.

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

TOWN OF MILTON, VERMONT
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2012

	Private Purpose Trust Fund <hr style="border: 0.5px solid black;"/> Henry Beeman Trust Fund <hr style="border: 0.5px solid black;"/>
<u>ASSETS</u>	
Cash	\$ 490
Total Assets	<hr style="border: 0.5px solid black;"/> 490
<u>LIABILITIES</u>	
Total Liabilities	<hr style="border: 0.5px solid black;"/> 0
<u>NET ASSETS</u>	
Held in Trust for:	
Individuals and Organizations	<hr style="border: 0.5px solid black;"/> 490
Total Net Assets	\$ <hr style="border: 0.5px solid black;"/> <hr style="border: 1.5px solid black;"/> 490

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

TOWN OF MILTON, VERMONT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDING JUNE 30, 2012

	Private Purpose Trust Fund
	Henry Beeman Trust Fund
Revenues:	
Investment Income	\$ <u>0</u>
Total Revenues	<u>0</u>
Expenditures:	
Total Expenditures	<u>0</u>
Change in Net Assets	0
Net Assets - July 1, 2011	<u>490</u>
Net Assets - June 30, 2012	\$ <u><u>490</u></u>

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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.

The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town of Milton.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of 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 funds of the Town of Milton, Vermont. The 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 burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. 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, liabilities, 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.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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

Government-wide Statements: The statement of net assets 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 function or program. 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 governmental 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 general government, except those accounted for in another fund.

Tax Incremental Financing Fund – This fund accounts for taxes collected within the tax incremental financing district.

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

The Town reports on the following major enterprise funds:

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

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

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 on the following fund type:

Private Purpose Trust Fund – This fund is used to report a trust arrangement under which resources are to be used for the benefit of individuals. All investment earnings and, in some cases, the principal of the fund can be spent.

C. Measurement Focus

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

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets. Their reported fund balances (net current assets) 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 assets. 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.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty 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 and acquisitions under capital leases 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 assets 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.

The government-wide and proprietary fund financial statements follow Financial Accounting Standards Board (FASB) Statements and Interpretations and Accounting Principles Board (APB) Opinions; and Accounting Research Bulletins, issued on or before November 30, 1989; unless those pronouncements conflict with GASB pronouncements. As permitted under Statement of Governmental Accounting Standards No. 20, the Town has elected not to apply FASB Statements issued after November 30, 1989.

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 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.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

F. Assets, Liabilities 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.

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 either "due to/from other funds" (i.e., the current portion) or "Advances to/from Other Funds" (i.e., the noncurrent portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Cash balances deposited and invested by the Treasurer in a combined cash account are reported as "Due To/From Other Funds".

5. Inventories and Prepaid Expenses

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventories in the Governmental Activities consist of materials and inventories in the Proprietary Funds consists of chemicals and materials.

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

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

TOWN OF MILTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

6. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Infrastructure assets are reported starting with fiscal year June 30, 2004. The Town has elected to not report major general infrastructure assets retroactively. The Town has not capitalized any interest costs.

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

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

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

7. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation. 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 type financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

8. Long-term Liabilities

Long-term liabilities include bonds and notes payable and other obligations such as compensated absences. 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 assets and liabilities on their balance sheets.

9. Fund Equity

Fund Balances and Retained Earnings are 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 Assets in the Governmental and Proprietary Fund type financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a contract or other binding agreement.

Fund Balances of governmental fund type financial statements 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 operating expenses (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 another financing source, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

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

TOWN OF MILTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The General, Water and Sewer Fund budgets are 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.

B. Budgeted Deficit

The Town budgeted a current year's deficiency in the General Fund and Sewer Fund of \$330,000 and \$31,946, respectively, in order to utilize a portion of the previous year's surpluses. These are reflected as a budgeted deficiency of revenues over expenditures in Schedules 1 and 3.

C. Restatement/Reclassification of Net Assets/Fund Balances

The net assets for the Governmental Activities/Business-Type Activities and Enterprise Funds were restated/reclassified as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>		
		<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Net Assets – June 30, 2011, As Originally Reported	\$13,937,430	\$2,287,288	\$ 7,999,873	\$10,287,161
Correction of Errors:				
Understatement of Capital Assets	671,955	3,142,843	6,023,312	9,166,155
Net Overstatement of Deferred Revenue	4,046	0	0	0
Understatement of Due to Others	(48,486)	0	0	0
Reclassifications:				
Reclassification of West Milton Cemetery Fund and Village of Milton Fund to Governmental Funds From Private Purpose Trust Funds	<u>19,108</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Assets – June 30, 2011, As Restated	<u>\$14,584,053</u>	<u>\$5,430,131</u>	<u>\$14,023,185</u>	<u>\$19,453,316</u>

The corrections for the Governmental Activities were the result of the understatement of capital assets, incorrect deferral of certain revenue and understating due to others. The effect of these corrections on the Governmental Activities Statement of Net Assets is to increase assets by \$671,955, increase liabilities by \$44,440 and increase net assets by \$627,515. The effect on the 2011 Statement of Activities is not known.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

The corrections for the Business-Type Activities/Enterprise Funds were the result of understating capital assets by \$9,166,155. The effect of these corrections on the Statement of Net Assets was to increase assets and net assets by \$9,166,155. The effect on the 2011 Statement of Activities is not known.

The effect on the Water Fund Statement of Net Assets was to increase assets and net assets by \$3,142,843. The effect on the 2011 Statement of Revenues, Expenses and Changes in Fund Net Assets is not known.

The effect on the Wastewater Fund Statement of Net Assets was to increase assets and net assets by \$6,023,312. The effect on the 2011 Statement of Revenues, Expenses and Changes in Fund Net Assets is not known.

The fund balances in the following funds were restated/reclassified as follows:

	<u>General Fund</u>	<u>Other Major Funds</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balances – June 30, 2011, As Originally Reported	\$ 538,825	\$2,007,826	\$649,094	\$3,195,745
Correction of Errors:				
Overstatement of Other Deferred Revenue	6,309	0	0	6,309
Understatement of Ambulance Deferred Revenue	(71,000)	0	0	(71,000)
Understatement of Other Deferred Revenue	0	0	(16,491)	(16,491)
Overstatement of Accrued Expenses-Compensated Absences	9,603	0	0	9,603
Understatement of Due to Others	0	0	(48,486)	(48,486)
Reclassifications:				
Reclassification of Village of Milton Fund and West Milton Cemetery Fund to Other Governmental Funds from Private Purpose Trust Funds	<u>0</u>	<u>0</u>	<u>19,108</u>	<u>19,108</u>
Fund Balances - June 30, 2011 As Restated/Reclassified	<u>\$ 483,737</u>	<u>\$2,007,826</u>	<u>\$603,225</u>	<u>\$3,094,788</u>

The corrections were the result of recording the incorrect amount of deferred revenues and due to others and for accruing compensated absences liability in the General Fund (this is a long-term liability that does not get reported in the Governmental Funds).

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The effect of these corrections on the General Fund Balance Sheet was that liabilities were understated by \$55,088 and fund balance was overstated by \$55,088. The effect on the 2011 Statement of Revenue, Expenditures and Changes in Fund Balance is not known.

The effect of the corrections in the other Governmental Funds was that liabilities were understated by \$64,977 and the fund balance was overstated by \$64,977. The effect on the 2011 Statements of Revenue, Expenditures and Changes in Fund Balance is not known.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash

The Town's cash as of June 30, 2012 consisted of the following:

Cash:

Cash on Hand	\$	360
Cash with Financial Institutions		<u>3,646,373</u>
Total Cash		<u>\$3,646,733</u>

Custodial Credit Risk

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

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 267,226	\$ 266,814
Uninsured, Collateralized by U.S. Government Securities, Federal Agency Issued Mortgage Backed Securities and/or General Obligation Vermont Municipal Notes and Bonds Held by the Bank's Trust Department with a Security Interest Granted to the Town	<u>3,379,147</u>	<u>3,375,006</u>
Total Cash Deposits	<u>\$ 3,646,373</u>	<u>\$ 3,641,820</u>

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

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

B. Receivables

Receivables at June 30, 2012, as reported in the statement of net assets, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Delinquent Taxes	\$ 391,054	\$ 0	\$ 391,054
Penalties and Interest	37,668	8,713	46,381
Ambulance Receivables	118,701	0	118,701
Accounts Receivable	80,551	385,314	465,865
Unbilled Receivables	0	46,000	46,000
Due from Other Governments	127,714	16,974	144,688
Allowance for Doubtful Accounts	(95,000)	(3,400)	(98,400)
	<u>\$ 660,688</u>	<u>\$ 453,601</u>	<u>\$ 1,114,289</u>

C. Loans Receivable

Loans Receivable at June 30, 2012 consists of the following:

Loan Receivable, Meadow Lane Housing Associates, LP, 0% Interest, Due June 1, 2035, Secured by Real Estate	\$ <u>296,000</u>
Total	296,000
Less: Allowance for Doubtful Loans Receivable	(296,000)
Reported Value at June 30, 2012	\$ <u>0</u>

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

D. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 938,923	\$ 0	\$ 0	\$ 938,923
Construction in Progress	35,688	30,990	0	66,678
Total Capital Assets, Not Being Depreciated	<u>974,611</u>	<u>30,990</u>	<u>0</u>	<u>1,005,601</u>
Capital Assets, Being Depreciated:				
Land Improvements	130,597	0	0	130,597
Buildings and Building Improvements	3,940,421	219,373	0	4,159,794
Vehicles	3,197,579	413,952	116,831	3,494,700
Machinery and Equipment	1,487,398	65,243	47,517	1,505,124
Roads, Bridges and Sidewalks	9,863,690	304,545	0	10,168,235
Totals	<u>18,619,685</u>	<u>1,003,113</u>	<u>164,348</u>	<u>19,458,450</u>
Less Accumulated Depreciation for:				
Land Improvements	70,299	4,356	0	74,655
Buildings and Building Improvements	622,860	67,382	0	690,242
Vehicles	2,475,741	245,756	116,831	2,604,666
Machinery and Equipment	1,247,968	68,230	47,517	1,268,681
Roads, Bridges and Sidewalks	1,934,658	643,162	0	2,577,820
Totals	<u>6,351,526</u>	<u>1,028,886</u>	<u>164,348</u>	<u>7,216,064</u>
Total Capital Assets, Being Depreciated	<u>12,268,159</u>	<u>(25,773)</u>	<u>0</u>	<u>12,242,386</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,242,770</u>	<u>\$ 5,217</u>	<u>\$ 0</u>	<u>\$ 13,247,987</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 117,520	\$ 0	\$ 0	\$ 117,520
Construction in Progress	147,186	1,885,153	0	2,032,339
Total Capital Assets, Not Being Depreciated	<u>264,706</u>	<u>1,885,153</u>	<u>0</u>	<u>2,149,859</u>
Capital Assets, Being Depreciated:				
Vehicles, Machinery, Equipment and Furniture	526,079	0	198,206	327,873
Distribution and Collection Systems	27,615,300	0	124,927	27,490,373
Totals	<u>28,141,379</u>	<u>0</u>	<u>323,133</u>	<u>27,818,246</u>
Less Accumulated Depreciation for:				
Vehicles, Machinery, Equipment and Furniture	383,802	28,064	187,857	224,009
Distribution and Collection Systems	3,610,730	290,460	40,770	3,860,420
Totals	<u>3,994,532</u>	<u>318,524</u>	<u>228,627</u>	<u>4,084,429</u>
Total Capital Assets, Being Depreciated	<u>24,146,847</u>	<u>(318,524)</u>	<u>94,506</u>	<u>23,733,817</u>
Business-Type Activities Capital Assets, Net	<u>\$ 24,411,553</u>	<u>\$ 1,566,629</u>	<u>\$ 94,506</u>	<u>\$ 25,883,676</u>

TOWN OF MILTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
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Depreciation was charged as follows:

Governmental Activities:		Business - Type Activities:	
General Government	\$ 64,693	Water	\$ 98,823
Public Safety	186,779	Sewer	<u>219,701</u>
Highways and Streets	748,042		
Culture and Recreation	<u>29,372</u>		
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,028,886</u>	 Total Depreciation Expense - Business- Type Activities	 <u>\$ 318,524</u>

E. Interfund Balances and Activity

The composition of interfund balances at June 30, 2012 is as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 536,777
Tax Incremental Financing Fund	75,233	0
Capital Reserve Fund	336,851	0
Other Governmental Funds	429,986	115,653
Water Fund	0	412,951
Sewer Fund	<u>223,311</u>	<u>0</u>
 Total	 <u>\$ 1,065,381</u>	 <u>\$ 1,065,381</u>

The composition of Advances To/From Other Funds at June 30, 2012 is as follows:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Tax Incremental Financing Fund	\$ 248,568	\$ 0
Capital Reserve Fund	<u>0</u>	<u>248,568</u>
 Total	 <u>\$ 248,568</u>	 <u>\$ 248,568</u>

TOWN OF MILTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
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The Advances To/From Other Funds will be repaid as follows:

Advance to Capital Reserve Fund for an Ambulance Purchase, Interest at 1.65%, Annual Principal and Interest Payments of \$36,751, Due 2017	\$175,000
Advance to Capital Reserve Fund for a Municipal Truck Purchase, Initial Loan was \$111,213, Interest at 1.65%, Annual Principal and Interest Payments of \$37,991, Due 2014	<u>73,568</u>
Total Advances to/from Other Funds	<u>\$248,568</u>

Subsequent to year end, the Tax Incremental Financing Fund advanced the Water Fund \$580,000 at 1.65% for financing of a new water distribution system.

Interfund transfers during the year ended June 30, 2012 were as follows:

Transfer From	Transfer To	Amount	Purpose
	Road/Sidewalk Restoration		
General Fund	Reserve Fund	\$ 151,328	Establish Reserve
General Fund	Capital Reserve Fund	230,420	Annual Subsidy
Tax Incremental Financing Fund	Capital Reserve Fund	10,000	Fund Debt Service
Tax Incremental Financing Fund	Sewer Fund	301,458	Fund Debt Service
Capital Reserve Fund	Bike Path Fund	2,911	Fund Deficit
Impact Fee Fund	General Fund	30,000	Fund Debt Service
Restoration of Records Fund	General Fund	17,485	Fund Restoration Expenses
Water Fund	Capital Reserve Fund	10,014	Fund Local Match
Water Fund	Grant Fund	10,276	Fund Local Match
Sewer Fund	Capital Reserve Fund	<u>6,750</u>	Fund Local Match
Total		<u>\$ 770,642</u>	

F. Deferred Revenue

Deferred Revenue in the General Fund consists of \$303,000 of delinquent property taxes and penalty and interest on those taxes and \$21,000 of ambulance receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities, \$1,553 of fiscal year 2013 taxes collected in advance and \$15,887 of recreation fees collected in advance. The revenue will be recognized as delinquent taxes are collected and fiscal year 2013 taxes are billed and recreation programs conducted. Total Deferred Revenue in the General Fund is \$341,440.

Deferred Revenue in the Capital Reserve Fund consists of \$46,200 of monies advanced to the Town to assist in various projects. This money will be earned when the projects are completed.

TOWN OF MILTON, VERMONT
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Deferred Revenue in the Other Governmental Funds consists of \$13,506 of grant revenue received in advance. This money will be earned when the grant expenditures are incurred. Total Deferred Revenue in the Other Governmental Funds is \$13,506.

Deferred Revenue in the Proprietary Funds of \$37,095 (\$18,600 in the Water Fund and \$18,495 in the Sewer Fund) represents hook-on fees received in advance. This revenue will be earned as customers hook onto the system.

G. Long-term Liabilities

General Obligation Bonds - 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 general 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.

No-Interest Revolving Loans - 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 Vermont Special Environmental Revolving Loan Fund for sewer projects.

Compensated Absences - It is the policy of the Town of Milton to permit employees to accumulate earned but unused vacation benefits up to one hundred and sixty (160) hours unless more hours approved by the Town Manager. No liability is reported for unpaid accumulated sick leave because it is not a vested benefit. Compensated Absences are paid by the applicable fund where the employee is charged.

Landfill Post Closure Liability - State and Federal laws and regulations required the Town to close its landfill in 1991. These laws and regulations require the Town to perform certain maintenance and monitoring at the site through May 2013. The Town's estimated liability is \$6,300. 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.

Severance Payments - During 2011, the Town agreed to offer an early retirement incentive package to eligible employees. A total of 5 employees took advantage of the offer. The total amount of severance payments was \$174,448. Each employee will receive 36 monthly payments. The balances due are as follows:

2013	\$ 58,148
2014	<u>56,610</u>
	<u>\$114,758</u>

TOWN OF MILTON, VERMONT
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Changes in all long-term liabilities during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds Payable	\$ 2,199,030	\$ 465,000	\$ 156,073	\$ 2,507,957	\$ 196,294
Compensated Absences	84,797 *	21,043	0	105,840	0
Severance Payable	172,906	0	58,148	114,758	58,148
Landfill Post-Closure	<u>12,600</u>	<u>0</u>	<u>6,300</u>	<u>6,300</u>	<u>6,300</u>
 Total Business-type Activities Long-Term Liabilities	 <u>\$ 2,469,333</u>	 <u>\$ 486,043</u>	 <u>\$ 220,521</u>	 <u>\$ 2,734,855</u>	 <u>\$ 260,742</u>
Business-type Activities					
General Obligation Bonds Payable	\$ 5,529,434	\$ 694,933	\$ 363,852	\$ 5,860,515	\$ 366,881
Compensated Absences	<u>8,458</u>	<u>1,216</u>	<u>0</u>	<u>9,674</u>	<u>0</u>
 Total Business-type Activities Long-Term Liabilities	 <u>\$ 5,537,892</u>	 <u>\$ 696,149</u>	 <u>\$ 363,852</u>	 <u>\$ 5,870,189</u>	 <u>\$ 366,881</u>

* As Restated - See Note III.C.

Long-term liabilities outstanding as of June 30, 2012 were as follows:

Bonds and Notes Payable:

Governmental Activities:

	<u>Beginning Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2012</u>
Bond Payable – Vermont Municipal Bond Bank, Municipal Building, Landfill Closure and Fire Truck, \$60,000 Principal Due Annually 2007 through 2015, then \$40,000 Annually through 2016, 5.32% Interest, Payable Semi-Annually on June 1 and December 1, Due December 1, 2015	\$ 280,000	\$ 0	\$ 60,000	\$ 220,000

TOWN OF MILTON, VERMONT
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	<u>Beginning Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2012</u>
Bond Payable – State of Vermont Special Environmental Revolving Loan Fund, Storm Water Collection System on Main Street, Total Loan Amount Available was \$500,000 with a \$230,970 ARRA Subsidy, Term of Loan is Twenty (20) Years, Annual Payments of \$16,453, 0% Interest and a 2% Administrative Fee Commence June 1, 2012, Due June 1, 2031	\$ 269,030	\$ 0	\$ 11,073	\$ 257,957
Bond Payable – Vermont Municipal Bond Bank, Recovery Zone Economic Development Bond, Library Expenses and West Milton Road Construction, \$85,000 Principal Due Annually from 2011 Through 2020, then \$80,000 Annually through 2030, From Various Interest Rates Ranging from .777% to 3.564%, Payable Semi- Annually on June 1 and December 1, Due December 1, 2030	1,650,000	0	85,000	1,565,000
Bond Payable – Vermont Municipal Bond Bank, Fire Station, \$40,000 Principal Due Annually Beginning December 1, 2012 through 2023, Various Interest Rates Ranging from .804% to 3.844% Payable Semi-Annually on May 15 and November 15, Due December 1, 2012	<u>0</u>	<u>465,000</u>	<u>0</u>	<u>465,000</u>
Total Governmental Activities	<u>\$2,199,030</u>	<u>\$ 465,000</u>	<u>\$ 156,073</u>	<u>\$2,507,957</u>

TOWN OF MILTON, VERMONT
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	<u>Beginning Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2012</u>
<u>Business-Type Activities</u>				
Bond Payable – Vermont Municipal Bond Bank, Water Improvements, \$25,000 Due Annually on December 1 through 2012, 6.19% Interest Payable Semi-Annually on June 1 and December 1, Due December 1, 2012	\$ 50,000	\$ 0	\$ 25,000	\$ 25,000
Bond Payable – Vermont Municipal Bond Bank, Water Improvements, Annual Principal Payments Ranging From \$12,511 to \$64,503 on December 1 through 2018, 7.62%, Interest Payable Semi-Annually on June 1 and December 1, Due December 1, 2018	399,184	0	37,394	361,790
Bond Payable – State of Vermont Special Environmental Revolving Loan Fund for Sewer Upgrade, 0% Interest, Annual Payments of \$258,208 Beginning April 1, 2009 through April 1, 2028 Due April 1, 2028	4,647,750	0	258,208	4,389,542

TOWN OF MILTON, VERMONT
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	<u>Beginning Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2012</u>
Bond Payable – State of Vermont Special Environmental Revolving Loan Fund, Sewer Upgrade, 0% Interest, Annual Payments of \$43,250 Beginning October 1, 2001 through October 1, 2020	\$ 432,500	\$ 0	\$ 43,250	\$ 389,250
Bond Payable – State of Vermont Special Environmental Revolving Loan Fund, Village Core Sewer Improvements, 0% Interest and a 2% Administrative Fee, Authorized Borrowing up to \$3,250,000 However Bond Amount is \$3,092,000, and Eligible for a 15% (\$463,835) Grant Subsidy, \$160,758 Due Annually Beginning on September 1, 2014 through 2033	<u>0</u>	<u>694,933</u>	<u>0</u>	<u>694,933</u>
Total Business-Type Activities	<u>\$5,529,434</u>	<u>\$ 694,933</u>	<u>\$ 363,852</u>	<u>\$5,860,515</u>

Maturities of bonds payable are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 196,294	\$ 68,700	\$ 366,881	\$ 26,964
2014	196,520	63,608	453,341	75,498
2015	196,750	58,214	459,044	69,854
2016	176,985	53,082	465,077	63,885
2017	137,225	49,393	471,464	57,567
2018-2022	684,891	196,584	1,837,247	94,656
2023-2027	536,645	102,969	1,291,040	0
2028-2032	<u>382,647</u>	<u>25,861</u>	<u>516,421</u>	<u>0</u>
Total	<u>\$ 2,507,957</u>	<u>\$ 618,411</u>	<u>\$ 5,860,515</u>	<u>\$ 388,424</u>

H. Fund Balances/Net Assets

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

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

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

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

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The Town has established a policy to maintain a minimum unassigned fund balance of approximately 10% of the budget.

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

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

TOWN OF MILTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

Restricted Net Assets – Governmental Activities:

The restricted net assets of the Town as of June 30, 2012 consisted of the following:

Governmental Activities:

Restricted for Tax Incremental Financing Debt By Statute	\$1,498,558
Restricted for Impact Fees by Ordinance	316,574
Restricted for Restoration of Records by Ordinance	140,414
Restricted for Drug Forfeiture by Agreement	10,286
Restricted for Milton Public Library for Grant Agreement	11,227
Restricted for West Milton Cemetery by Donations	7,155
Restricted for Milton Village Fire Department Equipment by Donations	5,783
Restricted for Riley Fund Expenses by Donation	<u>526</u>
Total Restricted Net Assets	<u>\$1,990,523</u>

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

Major Funds:

General Fund:

Nonspendable General Fund Prepaid Expenses	\$ 26,620
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Tax Incremental Financing Fund:

Nonspendable Advances to Other Funds	248,568
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Other Governmental Funds:

West Milton Cemetery Fund – Non-Spendable Portion (Estimated)	<u>4,500</u>
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Total Nonspendable Fund Balances	<u>\$ 279,688</u>
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The fund balances in the following funds are restricted as follows:

Major Funds:

General Fund:

Restricted for Milton Village Fire Department Equipment by Donations	5,783
Restricted for Riley Fund Expenses by Donation	<u>526</u>
Total General Fund	<u>6,309</u>

TOWN OF MILTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

Tax Incremental Financing Fund:

Restricted for Tax Incremental Financing Debt by Statute	<u>\$1,249,990</u>
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Capital Reserve Fund:

Restricted for Debt Service Reserve by Debt Proceeds	<u>197,592</u>
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Non-Major Funds:

Restricted Impact Fees by Ordinance	316,574
Restricted for Restoration of Records by Ordinance	140,414
Restricted for Drug Forfeiture Expenses by Agreement	10,286
Restricted for Milton Public Library by Grant Agreement	11,227
Restricted for West Milton Cemetery by Donations	<u>2,655</u>

Total Non-Major Funds	<u>481,156</u>
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Total Restricted Fund Balances	<u>\$1,935,047</u>
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The fund balances of the following funds are committed as follows:

Non-Major Funds:

Committed for Village of Milton Expenses by Voters	\$ 10,854
Committed for Road/Sidewalk Restoration Expenses by Voters	<u>151,328</u>

Total Committed Fund Balances	<u>\$ 162,182</u>
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The fund balances of the following funds are assigned as follows:

Major Funds:

General Fund:

Assigned to Reduce Taxes Raised in Fiscal Year 2013	\$347,500
Assigned for Future Health Insurance Costs	101,721
Assigned for Emergency Medical Services	<u>71,475</u>

Total General Fund	<u>520,696</u>
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TOWN OF MILTON, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

Total payroll for the year was \$2,662,526 while covered payroll was \$2,297,260. Pension expense for the year ending June 30, 2012, 2011, and 2010 was \$148,638, \$157,174, and \$142,761, respectively.

Additional information regarding the State of Vermont Municipal Employees' Retirement Plan is available upon request from the State of Vermont.

The Town also offers its employees two (2) deferred compensation plans through the International City/County Management's Association's "ICMA" Retirement Corporation and Allmerica Financial in accordance with Internal Revenue Code Section 457. The plans permit 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. The Town contributed \$4,740 for the Town Manager and \$750 for one other employee during the year ended June 30, 2012.

B. PROPERTY TAXES

Property taxes are levied by August 15 and are due in equal payments on September 15, February 15 and May 15. All unpaid taxes become delinquent on May 16. Interest is assessed at 1% per month and an 8% penalty is assessed when the taxes become delinquent. The Town bills and collects its own property taxes as well as education taxes for the State. Town property tax revenues are recognized when levied. For the year ended June 30, 2012, the tax rate is as follows:

	<u>Homestead</u>	Non- <u>Residential</u>
Municipal	\$.4105	\$.4105
Local Agreement	.0025	.0025
Education	<u>1.1079</u>	<u>1.3226</u>
Total	<u>\$1.5209</u>	<u>\$ 1.7356</u>

C. RISK MANAGEMENT

The Town of Milton is expose 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 of Milton 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 of Milton. 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.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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 \$5,610 in unemployment claims during fiscal year 2012.

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 2011, these two TIF Districts were allowed to be treated as a single District, the North/South TIF District by the legislature. In April, 2008, the Town created another TIF District, the Milton Town Core TIF District which VEPC approved in 2008. In April 2011, VEPC approved the TIF District Financing Plan and the District was activated at 2011 Town Meeting.

TIF Districts will 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 only by the TIF District revenues. 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 Champlain Water District (CWD). The Town could be subject to a portion of these entities debt if these entities experience financial problems.

The Vermont Office of the State Auditor audited the first two of the Town's TIF Districts under a legislative directive and released its report in January, 2012. This was the State's first audit of the Vermont TIF Districts and it went back to their inception. These two TIF Districts, the Catamount and the Husky, were allowed to be treated as a single District, the North/South TIF Districts, by the legislature in 2011. The Town was the one of four municipalities that the State audited. As with the other municipalities, the Auditor found instances of alleged statutory noncompliance which could affect the operation of the Districts in future years. The Auditor also asserted that the Town has underpaid the State Education Fund \$3.4 million since inception. The Town disagrees with substantially all of the Auditor's findings and does not believe it will have to repay the State Education Fund. No claim for repayment, recoupment or offset has been asserted by the State. If the State were to require repayment, the Town possesses sound and meritorious defenses against any such claims, and would vigorously assert the same in any recovery action.

TOWN OF MILTON, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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. SUBSEQUENT EVENTS

Subsequent to year end, the Town secured a Bond Payable from the State of Vermont Special Environmental Revolving Loan Fund to fund a preliminary engineering study regarding the Town's sewer system. The Town borrowed \$6,400 at 0% interest with \$1,280 due annually beginning March 1, 2017 through 2021.

G. COMMITMENTS

The Town has several commitments for construction projects that have been approved by the voters.

H. AUTHORIZED DEBT

At the March 2012 Town Meeting, the voters approved bonding for the following projects/purchases:

Tower Truck	\$450,000
Route 7/Railroad Street/Middle Road Intersection	\$800,000
Village Core Sewer Project Completion	\$395,000
Water Distribution System Improvement	\$580,000

The only amounts borrowed subsequent to year end is the \$580,000 for the water distribution system improvements. This was borrowed as an interfund loan from the Tax Incremental Financing Fund.

The \$395,000 for the Village Core Sewer Project completion will be borrowed through an amendment to the \$3,092,500 bond from the State of Vermont Special Environmental Revolving Loan fund.

I. CONCENTRATION OF EXPENSES

The Town purchased all of their water from Champlain Water district "CWD" for the year ended June 30, 2012. The Town purchased \$309,612 of water from CWD.

TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenue:				
Property Taxes:				
Taxes	\$ 4,383,609	\$ 4,383,609	\$ 4,366,735	\$ (16,874)
Railroad Taxes	1,315	1,315	1,505	190
State Land Taxes	16,399	16,399	16,399	0
Use Value Hold Harmless	41,600	41,600	44,064	2,464
Penalty on Late HS-122	500	500	0	(500)
School Tax Collection Fee	22,500	22,500	23,592	1,092
Total Property Taxes	4,465,923	4,465,923	4,452,295	(13,628)
FEMA Aid:				
FEMA Contract	0	0	11,233	11,233
Total FEMA Aid	0	0	11,233	11,233
Interest/Penalty Delinquent Tax:				
Interest on Delinquent Tax	35,000	35,000	26,362	(8,638)
Penalties on Delinquent Taxes	53,000	53,000	49,869	(3,131)
Total Interest/Penalty Delinquent Tax	88,000	88,000	76,231	(11,769)
Miscellaneous Revenue:				
State Land PILOT	3,200	3,200	2,936	(264)
VLCT Health and Trust Wellness	9,300	9,300	0	(9,300)
VLCT PACIF Leadership	2,700	2,700	2,681	(19)
Total Miscellaneous Revenue	15,200	15,200	5,617	(9,583)
License Revenue:				
Fish and Wildlife License Fees	600	600	898	298
Motor Vehicle Renewal	3,500	3,500	2,466	(1,034)
Dog Licenses	4,500	4,500	3,804	(696)
Total License Revenue	8,600	8,600	7,168	(1,432)
Reimbursement Revenue:				
School's Share Finance	138,826	138,826	134,372	(4,454)
Water/Sewer Administration Reimbursement	270,431	270,431	270,431	0
School Share Elections	1,500	1,500	2,076	576
Total Reimbursement Revenue	410,757	410,757	406,879	(3,878)
Library Fees:				
Library Fees	35	35	1,066	1,031
Library Donation	2,369	2,369	0	(2,369)
Total Library Fees	2,404	2,404	1,066	(1,338)

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenue/(Cont'd):				
Recording Fees:				
Recording Fees	\$ 125,000	\$ 125,000	\$ 109,916	\$ (15,084)
Passport Revenue	6,000	6,000	0	(6,000)
Operating Transfer In - Restoration of Records	18,000	18,000	17,485	(515)
Transfer In - Other	5,000	5,000	0	(5,000)
Total Recording Fees	<u>154,000</u>	<u>154,000</u>	<u>127,401</u>	<u>(26,599)</u>
Listers Fees:				
Listers Fees	100	100	210	110
Appraisal Fees	1,076	1,076	0	(1,076)
Lister's Education	600	600	427	(173)
Total Listers Fees	<u>1,776</u>	<u>1,776</u>	<u>637</u>	<u>(1,139)</u>
Interest:				
Interest on Investments	20,000	20,000	9,273	(10,727)
Total Interest	<u>20,000</u>	<u>20,000</u>	<u>9,273</u>	<u>(10,727)</u>
Miscellaneous Income:				
Other Financing Sources	2,500	2,500	63	(2,437)
Total Miscellaneous Income	<u>2,500</u>	<u>2,500</u>	<u>63</u>	<u>(2,437)</u>
Operating Transfer In:				
Operating Transfer In - Impact Fee Fund	30,000	30,000	30,000	0
Total Operating Transfer In	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Proceeds of Long-Term Debt	0	0	465,000	465,000
Police Fees:				
Police Fines and Costs	47,500	47,500	27,170	(20,330)
Police Fees	2,600	2,600	2,865	265
Police Contracts	20,000	20,000	77,464	57,464
Hallistic Vests Grant	0	0	937	937
CDIP Grant	0	0	3,099	3,099
Police Donations	200	200	0	(200)
COPS Grant	0	0	31,654	31,654
Total Police Fees	<u>70,300</u>	<u>70,300</u>	<u>143,189</u>	<u>72,889</u>

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenue/(Cont'd):				
Rescue Fees:				
Fire Department Fees	\$ 5,000	\$ 5,000	\$ 1,270	\$ (3,730)
Fire Department Insurance - Reimbursement	1,929	1,929	0	(1,929)
Rescue Fees	240,000	240,000	184,460	(55,540)
Rescue Donations	3,000	3,000	4,503	1,503
Total Rescue Fees	<u>249,929</u>	<u>249,929</u>	<u>190,233</u>	<u>(59,696)</u>
Animal Control Fees:				
Pound Fees	6,000	6,000	3,869	(2,131)
Total Animal Control Fees	<u>6,000</u>	<u>6,000</u>	<u>3,869</u>	<u>(2,131)</u>
Interest on Rescue Donations:	<u>7</u>	<u>7</u>	<u>13</u>	<u>6</u>
Intergovernmental:				
State Aid to Highways	225,000	225,000	232,017	7,017
Total Intergovernmental	<u>225,000</u>	<u>225,000</u>	<u>232,017</u>	<u>7,017</u>
Public Works Fees:				
Public Works Fees	2,500	2,500	3,075	575
Engineer Fees	1,000	1,000	0	(1,000)
Total Public Works Fees	<u>3,500</u>	<u>3,500</u>	<u>3,075</u>	<u>(425)</u>
Concession Vendor Fees:	<u>0</u>	<u>0</u>	<u>200</u>	<u>200</u>
Recreation:				
Recreation Fees	37,654	37,654	38,207	553
Great Escape Sales	8,900	8,900	12,318	3,418
Recreation Field Use	3,000	3,000	3,240	240
After School	0	0	500	500
Summer Travelers	3,500	3,500	0	(3,500)
Total Recreation	<u>53,054</u>	<u>53,054</u>	<u>54,265</u>	<u>1,211</u>
Library:				
Insurance Reimbursement	400	400	409	9
Resource Sharing Grant	0	0	378	378
Total Library	<u>400</u>	<u>400</u>	<u>787</u>	<u>387</u>

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenue/(Cont'd):				
Planning Zoning Fees:				
Building Permit Fees	\$ 20,000	\$ 20,000	\$ 40,179	\$ 20,179
Planning Fees	14,000	14,000	13,231	(769)
Total Planning Zoning Fees	34,000	34,000	53,410	19,410
Total Revenues	5,841,350	5,841,350	6,273,921	432,571
Expenditures:				
General Government:				
Selectboard:				
Regular Salaries	8,550	8,550	6,975	1,575
Part-Time Salaries	1,500	0	0	0
Social Security	769	769	534	235
Other Professional Services	25,000	24,390	24,390	0
Advertising	2,500	3,025	3,018	7
Printing and Binding	2,000	1,250	1,250	0
Citizen Recognition	500	0	0	0
Office Supplies	300	4	4	0
Other Supplies	230	230	0	230
Dues and Fees	11,285	11,285	11,285	0
Tax Abatements	5,000	9,583	11,658	(2,075)
Professional Development	500	48	48	0
Total Selectboard	58,134	59,134	59,162	(28)
Election:				
Part Time Salaries	2,600	2,600	2,237	363
Social Security	199	199	169	30
Technical	2,450	2,450	939	1,511
Advertising	100	100	0	100
Printing and Binding	1,500	1,350	625	725
Postage	500	500	86	414
Office Supplies	100	250	200	50
General Supplies	150	150	114	36
Professional Development	100	100	0	100
Total Election	7,699	7,699	4,370	3,329

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Insurance Risk Management:				
Worker's Compensation	\$ 80,000	\$ 80,000	\$ 78,767	\$ 1,233
General Liability Insurance	43,900	43,600	41,990	1,610
Vehicle Insurance	15,600	15,900	16,118	(218)
Property Insurance	21,600	21,600	21,026	574
Employment Practices	7,010	7,010	6,933	77
Public Officials Liability	10,600	10,600	10,262	338
Long Term Disability	11,362	11,362	8,921	2,441
Short Term Disability	7,400	7,400	5,798	1,602
Vision Service Plan	9,525	9,525	7,477	2,048
Total Insurance Risk Management	206,997	206,997	197,292	9,705
Legal:				
General Government	17,500	48,971	44,806	4,165
Planning	2,500	2,500	2,566	(66)
Health	5,500	1,499	1,499	0
Appeals	5,500	30	30	0
Total Legal	31,000	53,000	48,901	4,099
Property, Taxes and Assessments:				
County Taxes	38,500	38,500	36,362	2,138
Town of Westford	3,200	3,200	3,045	155
CCTA Assessment	47,342	47,342	47,342	0
Total Property, Taxes and Assessments	89,042	89,042	86,749	2,293
Town Manager:				
Regular Salaries	179,243	179,243	145,429	33,814
Retirement Buyout	0	0	11,913	(11,913)
Travel Allowance	4,800	4,800	4,800	0
Group Health Insurance	45,962	40,208	36,540	3,668
Group Dental Insurance	3,245	3,245	2,265	980
Group Life Insurance and AD&D	1,097	1,098	782	316
Social Security	14,079	14,079	12,219	1,860
Retirement	14,387	14,387	13,644	743
Other Professional Service	2,000	925	784	141
Communications - Telephone	840	840	977	(137)
Communication - Other	890	890	519	371
Travel	1,750	1,838	1,436	402

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Town Manager/(Cont'd):				
Postage	\$ 850	\$ 1,300	\$ 1,148	\$ 152
Employee Recognition	110	110	0	110
Office Supplies	800	925	889	36
Technology	500	500	387	113
Machinery and Equipment	300	300	0	300
Dues and Fees	950	950	839	111
Professional Development	1,000	1,412	1,177	235
	<u>272,803</u>	<u>267,050</u>	<u>235,748</u>	<u>31,302</u>
Total Town Manager				
Town Clerk/Treasurer:				
Regular Salaries	150,649	154,078	131,396	22,682
Retirement Buyout	0	0	12,706	(12,706)
Part Time Salaries	27,790	28,011	27,695	316
Group Health Insurance	40,036	34,284	31,712	2,572
Group Dental Insurance	2,504	2,504	2,129	375
Group Life Insurance & AD&D	924	945	767	178
Social Security	13,650	13,929	12,718	1,211
Retirement Contribution	7,532	7,705	6,550	1,155
Technical/ACS	18,000	18,000	21,073	(3,073)
Shredding	200	200	124	76
Photo Copier Maintenance	1,200	1,233	1,233	0
Communications - Telephone	850	1,125	1,175	(50)
Advertising	100	100	0	100
Printing and Binding	200	200	14	186
Travel	250	250	245	5
Postage	2,500	2,500	1,628	872
Office Supplies	2,500	2,017	2,045	(28)
General Supplies	100	100	15	85
Technology	0	176	176	0
Books and Periodicals	75	75	0	75
Machinery and Equipment	900	900	745	155
Dues and Fees	280	280	145	135
Professional Development	1,455	1,455	463	992
	<u>271,695</u>	<u>270,067</u>	<u>254,754</u>	<u>15,313</u>
Total Town Clerk/Treasurer				

TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Finance Office:				
Regular Salaries	\$ 144,454	\$ 145,430	\$ 145,756	\$ (326)
Insurance Buyout	2,400	2,800	2,800	0
Group Health Insurance	36,916	33,080	25,612	7,468
Group Dental Insurance	3,945	3,945	3,136	809
Group Life Insurance and AD&D	891	912	886	26
Social Security	11,234	11,309	11,102	207
Retirement Contribution	7,387	7,448	7,473	(25)
Technical	300	300	148	152
Communications-Telephone	720	772	815	(43)
Printing and Binding	3,200	3,200	2,723	477
Travel	50	50	0	50
Postage	9,000	8,536	7,560	976
Office Supplies	1,700	1,700	1,943	(243)
General Supplies	400	400	267	133
Machinery and Equipment	900	900	570	330
Professional Development	455	455	230	225
Total Finance Office	223,952	221,237	211,021	10,216
Listers:				
Regular Salaries	360	360	0	360
Part Time Salaries	31,990	32,246	32,571	(325)
Social Security	2,475	2,495	2,492	3
Official/Administrative	25,831	25,831	16,797	9,034
Technical	3,000	2,675	2,612	63
Communications-Telephone	700	700	815	(115)
Travel	220	220	178	42
Postage	700	700	52	648
Office Supplies	450	650	464	186
Technology	0	75	75	0
Books and Periodicals	60	60	0	60
Machinery and Equipment	400	650	499	151
Dues and Fees	15	15	0	15
Professional Development	300	100	100	0
Total Listers	66,501	66,777	56,655	10,122
Contingency:				
Contingency	54,290	6,744	0	6,744
Total Contingency	54,290	6,744	0	6,744

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Administrative Services:				
Health Insurance - Choice	\$ 1,405	\$ 4,735	\$ 4,716	\$ 19
HRA Contribution	47,450	110,624	30,763	79,861
Wellness Program	0	75	75	0
Health and Safety Vaccination	0	575	354	221
Other Professional	1,000	675	650	25
Technical	0	100	100	0
Shredding	325	0	0	0
Vehicle/Equipment Maintenance	2,000	1,050	891	159
Photo Copier Maintenance	2,000	2,000	1,769	231
Advertising	1,680	1,680	1,597	83
Postage Machine Rental	1,174	944	960	(16)
Postage Machine Maintenance	506	736	736	0
Office Supplies	3,200	3,700	3,464	236
Dues and Fees	50	50	0	50
Total Administrative Services	60,790	126,944	46,075	80,869
Information Technology:				
Technical	27,490	27,490	26,188	1,302
Communications - Other	10,776	10,776	10,688	88
Technology	750	750	0	750
Machinery and Equipment	1,610	1,610	1,389	221
Professional Development	285	285	0	285
Total Information Technology	40,911	40,911	38,265	2,646
Total General Government	1,383,814	1,415,602	1,238,992	176,610
Public Safety:				
Police Department:				
Regular Salaries	850,012	829,137	801,507	27,630
Shift Differential	10,000	10,750	10,333	417
Instructor Salaries	3,700	450	378	72
Temporary Salaries	17,000	23,000	20,978	2,022
Overtime	70,000	70,000	67,024	2,976
Contract Salaries	20,000	20,000	48,798	(28,798)
Insurance Buyout	2,400	3,650	3,600	50
Travel Allowance	900	900	900	0
Physical Fitness	2,275	2,275	1,100	1,175
Group Health Insurance	197,970	173,960	149,064	24,896
Group Dental Insurance	14,032	15,032	14,138	894
Group Life Insurance and AD&D	5,238	5,238	4,766	472

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Police Department/(Cont'd):				
Social Security	\$ 77,738	\$ 77,738	\$ 71,251	\$ 6,487
Retirement Contribution	81,184	81,184	78,755	2,429
Other Professional	3,965	5,765	4,374	1,391
Technical	95,355	89,075	88,899	176
Vehicle Maintenance	14,025	18,525	19,947	(1,422)
Photo Copier Maintenance	1,300	1,625	1,455	170
Rental of Equipment and Vehicle	400	400	0	400
Communications - Telephone	5,365	6,365	6,487	(122)
Communications - Other	8,280	7,280	4,319	2,961
Advertising	120	120	0	120
Printing and Binding	750	750	720	30
Chittenden County Special Investigations	45,000	8,500	8,057	443
Travel	5,575	1,975	1,949	26
Postage	650	650	439	211
Office Supplies	3,100	3,100	2,149	951
General Supplies	7,300	6,900	4,729	2,171
Technology	400	400	176	224
Gasoline	28,750	46,250	50,455	(4,205)
Books and Periodicals	800	300	0	300
Uniforms	13,600	13,600	11,300	2,300
Machinery and Equipment	1,500	2,780	2,780	0
Furniture and Fixtures	500	500	0	500
Dues and Fees	520	520	510	10
Professional Development	6,500	6,499	4,404	2,095
Youth Program	1,000	1,001	1,000	1
Ballistic Vests Grant	1,300	1,300	1,280	20
Firearms	650	650	619	31
	<u>1,599,154</u>	<u>1,538,144</u>	<u>1,488,640</u>	<u>49,504</u>
Total Police Department				

TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Fire Department:				
Regular Salaries	\$ 14,646	\$ 14,763	\$ 14,537	\$ 226
Temporary Salaries	83,142	83,142	72,606	10,536
Group Health Insurance	5,912	5,315	4,655	660
Group Dental Insurance	489	489	472	17
Group Life Insurance and AD&D	90	91	88	3
Social Security	7,481	7,490	6,616	874
Retirement Contribution	732	738	701	37
Other Professional	6,150	6,150	2,250	3,900
Technical	38,849	38,849	38,849	0
Vehicle/Equipment Maintenance	22,800	22,800	19,605	3,195
Photo Copier Maintenance	750	750	231	519
Communications Telephone	600	1,200	1,082	118
Communications - Other	1,050	1,050	834	216
Advertising	100	100	0	100
Printing and Binding	150	150	0	150
Travel	350	350	0	350
Postage	125	125	46	79
Office Supplies	1,000	1,000	373	627
General Supplies	5,300	5,300	2,409	2,891
Technology	1,000	1,000	821	179
Diesel Fuel	4,250	6,250	6,110	140
Books and Periodicals	200	200	80	120
Uniforms	1,650	1,650	0	1,650
Machinery/Equipment	37,875	37,275	35,015	2,260
Furniture and Fixtures	250	250	0	250
Dues and Fees	1,625	1,625	820	805
Professional Development	3,000	1,000	90	910
Fire Prevention	3,500	3,500	3,323	177
Total Fire Department	<u>243,066</u>	<u>242,602</u>	<u>211,613</u>	<u>30,989</u>

TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Rescue:				
Regular Salaries	\$ 32,430	\$ 32,689	\$ 32,189	\$ 500
Temporary Salaries	82,982	82,982	57,682	25,300
Group Health Insurance	13,158	11,837	10,313	1,524
Group Dental Insurance	1,087	1,087	1,051	36
Group Life Insurance and AD&D	200	201	196	5
Social Security	8,829	8,849	6,701	2,148
Retirement Contributions	1,622	1,635	1,636	(1)
Other Professional	2,400	2,400	490	1,910
Technical	40,599	40,599	39,799	800
Contracted Services	13,750	13,750	9,723	4,027
Vehicle/Equipment Maintenance	7,450	7,450	6,463	987
Photo Copier Maintenance	420	420	0	420
Communications - Telephone	800	800	918	(118)
Communications - Other	1,950	1,950	1,313	637
Advertising	250	250	186	64
Printing and Binding	250	250	0	250
Travel	350	350	0	350
Postage	125	125	56	69
Office Supplies	500	500	64	436
General Supplies	14,400	14,400	13,614	786
Technology	750	750	176	574
Diesel Fuel	7,500	7,500	7,260	240
Books and Periodicals	175	175	34	141
Uniforms	1,100	1,100	612	488
Machinery/Equipment	11,900	4,376	4,307	69
Furniture and Fixtures	250	385	382	3
Dues and Fees	725	725	220	505
Professional Development	11,000	7,365	2,185	5,180
Donation Expense	3,000	4,000	3,389	611
Total Rescue	<u>259,952</u>	<u>248,900</u>	<u>200,959</u>	<u>47,941</u>

TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Animal Control:				
Part Time Salaries	\$ 2,700	\$ 2,700	\$ 1,270	\$ 1,430
Social Security	207	207	97	110
Professional Services	700	1,090	1,000	90
Other Professional	900	200	0	200
Care & Keep Dogs and Cats	4,220	5,954	5,954	0
Dog Damage	300	126	60	66
Advertising	80	80	34	46
Printing and Binding	400	10	0	10
Travel	550	550	492	58
General Supplies	780	220	220	0
Professional Development	300	0	0	0
Total Animal Control	<u>11,137</u>	<u>11,137</u>	<u>9,127</u>	<u>2,010</u>
Total Public Safety	<u>2,113,309</u>	<u>2,040,783</u>	<u>1,910,339</u>	<u>130,444</u>
Public Works:				
Public Works Director:				
Regular Salaries	84,628	85,305	79,874	5,431
Group Health Insurance	7,631	4,754	11,709	(6,955)
Group Dental Insurance	835	835	1,568	(733)
Group Life Insurance and AD&D	201	203	424	(221)
Social Security	6,474	6,526	6,000	526
Retirement	7,296	7,330	4,001	3,329
Land Fill Closure	6,500	6,815	6,815	0
Contracted Services	6,800	6,800	6,800	0
Engineering Services	8,000	8,000	4,649	3,351
Communications - Telephone	300	354	326	28
Communications - Other	650	650	515	135
Advertising	400	400	320	80
Travel	200	396	297	99
Postage	300	300	202	98
Office Supplies	500	500	486	14
General Supplies	500	500	236	264
Technology	0	176	176	0
Gasoline	800	550	401	149
Books and Periodicals	300	300	0	300
Machinery and Equipment	250	74	0	74
Dues and Fees	7,000	6,685	6,467	218
Professional Development	1,000	1,000	55	945
Total Public Works Director	<u>140,565</u>	<u>138,453</u>	<u>131,321</u>	<u>7,132</u>

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Highways:				
Regular Salaries	\$ 318,670	\$ 319,942	\$ 227,949	\$ 91,993
Retirement Buyout	0	0	22,255	(22,255)
Overtime Salaries	22,000	22,000	17,410	4,590
Insurance Buyout	2,400	2,400	0	2,400
Group Health Insurance	88,531	77,026	70,936	6,090
Group Dental Insurance	6,657	6,656	6,193	463
Group Life Insurance and AD&D	1,963	1,971	1,338	633
Social Security	26,245	26,343	19,758	6,585
Retirement	17,320	17,385	12,481	4,904
Other Employee Benefits	1,280	1,280	1,032	248
Contracted Services	40,000	7,160	6,102	1,058
Erosion Control	2,500	3,840	3,163	677
Repairs Maintenance	1,500	1,500	605	895
Vehicle Maintenance	59,000	87,287	80,457	6,830
Storm Water Maintenance	1,500	100	100	0
Rental of Equipment/Vehicle	2,000	2,000	1,328	672
Paving	257,000	248,751	95,736	153,015
Operating Transfers Out - Road/Sidewalk				
Restoration Reserve	0	0	151,328	(151,328)
Asphalt	7,500	10,007	9,723	284
Communications - Telephone	2,000	2,000	1,862	138
Communications - Other	500	500	465	35
Advertising	250	250	137	113
Winter Salt	109,730	116,142	116,142	0
Winter Sand	21,000	15,073	15,073	0
Chloride	14,000	14,000	12,989	1,011
Plant Mix/Gravel	54,000	54,000	53,810	190
Postage	100	107	107	0
Office Supplies	450	349	262	87
General Supplies	8,800	7,263	6,904	359
Plow Supplies	10,000	10,000	3,835	6,165
Technology	0	1,222	0	1,222
Culverts	12,000	10,778	10,030	748
Traffic Signs	3,000	3,101	2,901	200
Diesel Fuel	45,000	53,695	57,127	(3,432)
Gasoline	2,000	2,000	1,208	792
Employee Uniforms	3,400	3,400	3,047	353
Guardrails	1,500	1,500	0	1,500
Machinery and Equipment	4,500	8,499	3,999	4,500
Dues and Fees	150	150	140	10
Professional Development	2,000	705	485	220
Small Tools	1,000	1,000	90	910
Total Highways	<u>1,151,446</u>	<u>1,141,382</u>	<u>1,018,507</u>	<u>122,875</u>

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Building and Grounds:				
Regular Salaries	\$ 85,001	\$ 85,700	\$ 88,727	\$ (3,027)
Part Time Employees	12,622	12,213	4,020	8,193
Overtime	1,500	1,500	1,713	(213)
Insurance Buyout	2,400	2,400	2,800	(400)
Group Health Insurance	22,885	19,050	24,721	(5,671)
Group Dental Insurance	2,629	2,629	2,966	(337)
Group Life Insurance and AD&D	524	543	515	28
Social Security	7,767	7,828	7,328	500
Retirement Contributions	4,463	4,498	4,750	(252)
Unemployment Compensation	0	510	510	0
Other Employee Benefits	448	463	410	53
Other Professional Service	2,500	1,266	1,131	135
Technical Cemeteries	800	800	436	364
Contracted Services	1,800	1,800	1,170	630
Water/Sewer	2,000	2,000	2,299	(299)
Disposal & Refuse	4,000	4,000	4,197	(197)
Repair and Maintenance Facilities	23,350	24,569	23,293	1,276
Repair and Maintenance Equipment	3,200	3,200	3,098	102
Rental of Land and Building	2	2	0	2
Rental of Equipment and Vehicle	500	400	126	274
Building Mat Rentals	1,600	1,600	1,264	336
Communications - Telephone	800	600	289	311
Communications - Other	625	825	891	(66)
Advertising	200	50	25	25
Travel	250	0	0	0
Postage	75	75	1	74
General Supplies	4,000	5,440	4,363	1,077
Playing Surface Supplies	4,400	2,960	2,814	146
Equipment Playing Surface	300	144	0	144
Building Structure Fence	200	200	175	25
Technology	1,250	1,906	176	1,730
Natural Gas	25,000	20,000	15,607	4,393
Electricity	35,000	43,000	46,826	(3,826)
Electricity - Street Light	30,000	30,000	32,174	(2,174)
Propane	6,000	2,200	1,615	585
Heating Oil	1,000	1,800	1,725	75
Gasoline	3,500	4,300	4,676	(376)
Diesel Fuel	1,000	1,000	0	1,000
Employee Uniforms	1,750	1,750	1,883	(133)
Machinery & Equipment	650	650	353	297
Dues and Fees	900	600	490	110
Professional Development	800	300	215	85
Small Tools	300	300	161	139
Total Buildings and Grounds	297,991	295,071	289,933	5,138
Total Public Works	1,590,002	1,574,906	1,439,761	135,145

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

TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Health Education Welfare:				
Health Officer:				
Regular Salaries	\$ 8,158	\$ 7,542	\$ 6,049	\$ 1,493
Part Time Salaries	1,330	1,956	1,317	639
Social Security	726	727	378	349
Employee Retirement	408	408	302	106
Technical	100	160	130	30
Postage	75	75	5	70
Office Supplies	100	40	0	40
Professional Development	180	180	0	180
	<u>11,077</u>	<u>11,088</u>	<u>8,181</u>	<u>2,907</u>
Appropriations:				
Women Helping Women	500	500	500	0
Howard Center for Human Services	200	200	200	0
Visiting Nurse Appropriations	500	500	500	0
Green up Vermont	300	300	193	107
Milton Facility Community Center	4,375	4,375	4,375	0
Arrowhead Senior Citizens	7,000	7,000	7,000	0
Champlain Valley Agency	5,000	5,000	5,000	0
Association for the Blind	250	250	250	0
Women's Rape Crisis Center	350	350	0	350
Milton Artist Guild	500	500	500	0
Milton Grange	500	500	500	0
	<u>19,475</u>	<u>19,475</u>	<u>19,018</u>	<u>457</u>
Total Appropriations	<u>19,475</u>	<u>19,475</u>	<u>19,018</u>	<u>457</u>
Total Health Education Welfare	<u>30,552</u>	<u>30,563</u>	<u>27,199</u>	<u>3,364</u>
Culture and Recreation:				
Library:				
Regular Salaries	91,008	89,683	82,712	6,971
Part Time Salaries	22,993	22,993	24,102	(1,109)
Part Time Salaries - Bookmobile	3,333	3,333	3,282	51
Group Health Insurance	30,612	22,817	22,817	0
Group Dental Insurance	2,411	2,411	2,060	351
Group Life Insurance and AD&D	561	561	463	98
Social Security	8,976	8,976	8,162	814
Employee Retirement	4,550	4,550	4,024	526
Unemployment Compensation	0	5,525	5,100	425
Official/Administrative	11,564	11,283	11,293	(10)
Other Professional Services	275	275	49	226
Professional Programs	2,800	1,470	1,470	0
Communications - Telephone	220	220	163	57
Communications - Other	240	240	240	0
Advertising	350	315	234	81

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Library/(Cont'd):				
Printing and Binding	\$ 275	\$ 275	\$ 255	\$ 20
Travel	1,000	754	754	0
Postage	2,600	2,000	1,997	3
Office Supplies	6,000	7,567	7,285	282
General Supplies	800	800	782	18
Books - Adults	8,074	8,074	8,017	57
Audios	6,006	6,006	6,061	(55)
CD Roms	450	450	442	8
Books - Childrens	7,112	7,112	7,056	56
Books - Juvenile	6,473	6,473	6,355	118
Books - Large - Print	4,100	2,400	2,380	20
Periodicals	1,300	1,300	1,276	24
Books - Reference	1,222	0	0	0
Videos	4,815	4,815	4,872	(57)
Machinery and Equipment	3,000	6,512	6,512	0
Furniture and Fixtures	500	1,000	978	22
Dues and Fees	230	546	545	1
Professional Development	1,265	544	544	0
Total Library	235,115	231,280	222,282	8,998
Recreation:				
Regular Salaries	30,836	31,213	30,862	351
Temporary Employees	10,000	10,575	8,313	2,262
Social Security	3,124	3,143	2,997	146
Rental of Equipment	2,500	2,500	2,120	380
Communications - Telephone	300	300	164	136
Advertising	400	400	252	148
Printing and Binding	4,900	4,900	4,745	155
Travel	300	300	188	112
Postage	300	300	129	171
Office Supplies	400	400	183	217
General Supplies	500	500	269	231
Technology	1,464	1,764	1,644	120
Uniforms	100	100	57	43
Machinery and Equipment	1,200	900	409	491
Dues and Fees	650	520	520	0
Professional Development	500	225	225	0
LL Baseball and Softball	500	500	500	0
Youth Soccer	500	500	500	0
Downhill Ski Club	300	300	300	0
Swimming	1,000	700	700	0
Youth Basketball	500	500	500	0
Music in Park	1,000	1,000	939	61

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Recreation: (Cont'd)				
Olde Fashion Fourth	\$ 3,000	\$ 3,000	\$ 3,000	\$ 0
Summer Travelers	1,700	30	30	0
Milton Youth Lacrosse	550	550	550	0
Town Events	1,200	1,200	791	409
Revenue Programs	31,000	26,670	27,117	(447)
Scholarships FR Revenue Program	2,000	2,000	177	1,823
Great Escape Program	7,500	13,500	12,852	648
Town Band	550	550	550	0
	<u>108,774</u>	<u>109,040</u>	<u>101,583</u>	<u>7,457</u>
Total Recreation				
	<u>343,889</u>	<u>340,320</u>	<u>323,865</u>	<u>16,455</u>
Total Culture and Recreation				
Economic:				
Planning:				
Regular Salaries	182,190	183,511	155,447	28,064
Retirement Buyout	0	0	11,392	(11,392)
Health Reimbursement (HRA)	1,200	1,200	0	1,200
Group Health Insurance	46,317	42,482	25,337	17,145
Group Dental Insurance	2,942	2,942	1,766	1,176
Group Life Insurance and AD&D	1,131	1,150	853	297
Social Security	14,029	14,262	12,626	1,636
Retirement Contribution	9,281	9,435	7,842	1,593
Other Professional	0	850	850	0
Communications - Telephone	850	850	978	(128)
Advertising	3,000	3,000	2,052	948
Printing and Binding	750	560	345	215
Travel	250	250	69	181
Postage	2,000	2,000	1,642	358
Office Supplies	750	625	431	194
Technology	0	434	434	0
Gasoline	700	700	289	411
Books and Periodicals	500	356	209	147
Machinery/Equipment	0	900	800	100
Conservation Commission	600	600	458	142
Dues and Fees	7,281	7,281	7,053	228
Professional Development	1,200	1,200	516	684
	<u>274,971</u>	<u>274,588</u>	<u>231,389</u>	<u>43,199</u>
Total Planning				

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Economic Development Comm:				
Advertising	\$ 50	\$ 50	\$ 0	\$ 50
Printing and Binding	500	155	0	155
Travel	370	370	0	370
Postage	75	75	5	70
Office Supplies	120	115	0	115
Books and Periodicals	100	100	0	100
Dues and Fees	10,260	10,610	10,610	0
Professional Development	1,000	1,000	413	587
Total Economic Development Comm	<u>12,475</u>	<u>12,475</u>	<u>11,028</u>	<u>1,447</u>
Total Economic	<u>287,446</u>	<u>287,063</u>	<u>242,417</u>	<u>44,646</u>
Debt Service:				
Municipal Building	60,000	60,000	60,000	0
Library Expansion - Principal	85,000	85,000	85,000	0
Main Street Stormwater - Principal	0	0	11,072	(11,072)
Fire Station	38,750	38,750	0	38,750
Highway Mid-Size Truck	37,645	37,645	37,645	0
Municipal Building	14,625	14,625	14,625	0
Library Expansion - Interest	42,197	42,197	42,196	1
Main Street Stormwater - Interest	0	0	5,381	(5,381)
Fire Station	7,626	7,626	9,847	(2,221)
Highway Truck - Interest	3,495	3,495	0	3,495
Total Debt Service	<u>289,338</u>	<u>289,338</u>	<u>265,766</u>	<u>23,572</u>
Capital Improvements:	<u>133,000</u>	<u>192,775</u>	<u>192,775</u>	<u>0</u>
Total Expenditures	<u>6,171,350</u>	<u>6,171,350</u>	<u>5,641,114</u>	<u>530,236</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>\$ (330,000)</u>	<u>\$ (330,000)</u>	632,807	<u>\$ 962,807</u>
Fund Balance - July 1, 2011, As Restated			<u>483,737</u>	
Fund Balance - June 30, 2012			<u>\$ 1,116,544</u>	

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenue:				
Water Rents	\$ 680,605	\$ 680,605	\$ 679,146	\$ (1,459)
Penalties and Interest	10,623	10,623	11,964	1,341
Highland Avenue Homeowners	0	0	3,869	3,869
Hook - Ups	89,000	89,000	69,880	(19,120)
Interest Earnings	0	0	647	647
Other Financing Sources	1,500	1,500	6,657	5,157
Water Hauler Receipts	2,488	2,488	2,329	(159)
Maintenance - Agreement Receipts	500	500	1,400	900
Operating Transfers In	85,000	85,000	0	(85,000)
Bombardier Road Loop TIF	131,000	0	0	0
Bond Proceeds - Other Revenue - Capital	359,700	359,700	0	(359,700)
Total Revenue	<u>1,360,416</u>	<u>1,229,416</u>	<u>775,892</u>	<u>(453,524)</u>
Expenses:				
Regular Salaries	110,537	110,537	115,234	(4,697)
Overtime Salaries	3,536	3,536	3,250	286
Insurance Buyout	0	0	1,700	(1,700)
Group Health Insurance	35,860	33,934	21,448	12,486
HRA Contribution	0	4,526	4,127	399
Group Dental Insurance	2,802	2,802	2,707	95
Group LTD/STD/Vision Insurance	0	1,437	1,439	(2)
Group Life Insurance	682	682	678	4
Social Security	8,727	8,727	8,972	(245)
Retirement Contribution	5,742	5,742	6,147	(405)
Workers Compensation	4,075	4,075	3,408	667
Other Employee Benefits	913	913	332	581
Official/Administrative	135,778	135,778	135,778	0
Technical Services	2,125	2,125	2,105	20
Water/Sewer	179	179	451	(272)
Water Purchase CMD	286,189	286,189	309,612	(23,423)

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Expenses/(Cont'd):				
Disposal and Refuse	\$ 360	\$ 360	\$ 384	\$ (24)
Repair and Maintenance Facility	1,500	1,500	215	1,285
Vehicle Repair and Maintenance	850	850	334	516
Equipment Repair and Maintenance	3,000	3,000	135	2,865
Rental of Equipment and Vehicle	300	300	0	300
Construction Services	10,000	540	312	228
Operating Transfer Out - Local				
Match Funding	0	20,289	20,289	0
Insurance Deductible	1,000	1,000	0	1,000
General Liability Insurance	1,050	1,050	941	109
Vehicle Insurance	625	625	602	23
Property Insurance	1,330	1,330	1,284	46
Communications - Telephone	550	650	665	(15)
Communications - Other	550	550	604	(54)
Advertising	275	275	78	197
Printing and Binding	2,700	2,796	2,796	0
Travel	250	250	84	166
Postage	500	500	19	481
Office Supplies	433	433	373	60
General Supplies	9,759	9,063	2,927	6,136
Water Meters	13,176	13,176	11,043	2,133
Technology	1,650	1,650	122	1,528
Natural Gas	4,250	4,250	3,143	1,107
Electricity	9,000	11,000	10,894	106
Bottled Gas	100	100	0	100
Gasoline	2,340	2,840	2,820	20
Books and Periodicals	200	200	0	200
Employee Uniforms	1,352	1,352	927	425

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenses/(Cont'd):				
Machinery and Equipment	\$ 2,900	\$ 2,900	\$ 1,892	\$ 1,008
Dues and Fees	1,145	1,145	1,096	49
Professionals Development	1,800	1,800	1,259	541
Small Tools	650	650	333	317
Plant Line and Construction	37,394	37,394	37,394	0
Pump and Flanders	25,000	25,000	25,000	0
Plant and Line Construction Interest	29,122	29,122	28,857	265
Pump and Flanders Interest	2,460	2,460	2,437	23
Capital Projects	575,700	444,700	403,924	40,776
Land and ROW Purchase	<u>20,000</u>	<u>3,134</u>	<u>0</u>	<u>3,134</u>
 Total Expenses	 <u>1,360,416</u>	 <u>1,229,416</u>	 <u>1,180,571</u>	 <u>48,845</u>
 Net Income/(Loss)	 <u>\$ 0</u>	 <u>\$ 0</u>	 (404,679)	 <u>\$ (404,679)</u>
Adjustments to Reconcile to GAAP Basis Statements:				
Principal Payments on Debt			62,394	
Purchase of Capital Assets			403,924	
Depreciation			(98,823)	
Loss on Disposal of Equipment			<u>(12,429)</u>	
 Change in Net Assets - Exhibit G			 <u>\$ (49,613)</u>	

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenue:				
Rents	\$ 456,584	\$ 456,584	\$ 429,600	\$ (26,984)
Penalties on Rents	4,900	4,900	6,287	1,387
Hookups	67,710	67,710	42,549	(25,161)
Interest Earnings	0	0	68	68
Miscellaneous Income	1,500	1,500	735	(765)
Septage Receipts	45,000	45,000	49,373	4,373
Maintenance Agreement Receivable	200	200	200	0
Transfer in TIF Fund	301,458	301,458	301,458	0
Village Core Sewer Expansion	3,100,000	0	0	0
WW Collection System Rehab Study	50,000	0	0	0
Total Revenue	<u>4,027,352</u>	<u>877,352</u>	<u>830,270</u>	<u>(47,082)</u>
Expenses:				
Regular Salaries	110,537	110,537	115,234	(4,697)
Overtime Salaries	9,000	9,000	7,256	1,744
Insurance Buyout	0	0	1,700	(1,700)
Group Health Insurance	35,860	33,935	21,448	12,487
HRA Contribution	0	4,526	4,127	399
Group Dental Insurance	2,802	2,802	2,707	95
Group Lts/Std/Vision Insurance	0	1,437	1,440	(3)
Group Life Insurance and AD&D	682	682	678	4
Social Security	9,145	9,145	9,245	(100)
Retirement	6,015	6,015	6,136	(121)
Worker's Compensation	4,410	4,410	4,249	161
Other Employee Benefits	913	913	332	581
Official/Administrative	134,653	134,653	134,653	0
Technical Services	46,325	47,950	35,549	12,401
Water/Sewer	2,492	2,492	2,402	90
Disposal and Refuse	4,320	4,320	4,134	186

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Expenses/(Cont'd):				
Repair and Maintenance Facility	\$ 1,500	\$ 18,038	\$ 16,648	\$ 1,390
Vehicle Repair and Maintenance	850	850	334	516
Equipment Repair and Maintenance	2,000	14,365	13,410	955
Rental of Land and Buildings	100	100	0	100
Rental of Equipment and Vehicle	300	300	0	300
Construction Services	10,000	463	0	463
Operating Transfers Out -				
Local Match Funding	0	6,750	6,750	0
General Liability Insurance	2,540	2,540	2,460	80
Vehicle Insurance	625	625	602	23
Property Insurance	8,650	8,650	8,336	314
Communications - Telephone	2,500	2,500	2,721	(221)
Communications - Other	550	550	604	(54)
Advertising	350	350	38	312
Printing and Binding	500	300	0	300
Travel	250	250	84	166
Postage and Mailing	325	525	354	171
Office Supplies	433	433	373	60
General Supplies	82,962	60,567	50,553	10,014
Water Meter Purchases	8,784	8,784	7,362	1,422
Technology	1,750	1,750	121	1,629
Natural Gas	14,700	14,200	11,371	2,829
Electricity	79,885	79,885	82,930	(3,045)
Bottled Gas	75	75	0	75
Diesel Fuel	2,100	2,100	943	1,157
Gasoline	2,340	2,840	2,820	20
Books and Periodicals	200	200	0	200
Employee Uniforms	1,352	1,352	927	425
Machinery and Equipment	1,725	1,771	1,777	(6)
Dues and Fees	890	1,506	1,531	(25)
Professional Development	1,800	1,800	852	948
Small Tools	650	604	279	325

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TOWN OF MILTON, VERMONT
STATEMENT OF REVENUE AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenses/(Cont'd):				
WWTF SRF Bond	\$ 43,250	\$ 43,250	\$ 43,250	\$ 0
WWTF Upgrade Plant	258,208	258,208	258,208	0
Capital Projects	<u>3,160,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	<u>4,059,298</u>	<u>909,298</u>	<u>866,928</u>	<u>42,370</u>
Net Income/(Loss)	<u>\$ (31,946)</u>	<u>\$ (31,946)</u>	(36,658)	<u>\$ (4,712)</u>
Adjustments to Reconcile to GAAP Basis Statements:				
Principal Payments on Debt			301,458	
Depreciation			(219,701)	
Loss on Disposal of Capital Assets			<u>(82,077)</u>	
Change in Net Assets - Exhibit G			<u>\$ (36,978)</u>	

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				Capital Project Fund	Permanent Fund	
Milton Public Library Fund	Bike Path Fund	Grant Fund	Village of Milton Fund	Road/Sidewalk Restoration Reserve Fund	West Milton Cemetery Fund	Total
\$ 11,227	\$ 0	\$ 0	\$ 12,140	\$ 0	\$ 5,471	\$ 527,779
0	0	103,205	0	0	0	103,205
0	0	0	640	151,328	1,684	429,986
<u>\$ 11,227</u>	<u>\$ 0</u>	<u>\$ 103,205</u>	<u>\$ 12,780</u>	<u>\$ 151,328</u>	<u>\$ 7,155</u>	<u>\$ 1,060,970</u>
\$ 0	\$ 0	\$ 0	\$ 1,926	\$ 0	\$ 0	\$ 1,926
0	0	89,699	0	0	0	115,653
0	0	13,506	0	0	0	13,506
0	0	0	0	0	0	36,313
0	0	103,205	1,926	0	0	167,398
0	0	0	0	0	4,500	4,500
11,227	0	0	0	0	2,655	481,156
0	0	0	10,854	151,328	0	162,182
0	0	0	0	0	0	245,734
<u>11,227</u>	<u>0</u>	<u>0</u>	<u>10,854</u>	<u>151,328</u>	<u>7,155</u>	<u>893,572</u>
<u>\$ 11,227</u>	<u>\$ 0</u>	<u>\$ 103,205</u>	<u>\$ 12,780</u>	<u>\$ 151,328</u>	<u>\$ 7,155</u>	<u>\$ 1,060,970</u>

Milton Public Library Fund	Bike Path Fund	Grant Fund	Village of Milton Fund	Capital Project Fund Road/Sidewalk Restoration Reserve Fund	Permanent Fund West Milton Cemetery Fund	Total
\$ 926	\$ 0	\$ 184,070	\$ 0	\$ 0	\$ 0	\$ 231,525
0	0	0	0	0	0	148,936
9	0	0	18	0	2	931
300	0	0	0	0	1,684	1,984
<u>1,235</u>	<u>0</u>	<u>184,070</u>	<u>18</u>	<u>0</u>	<u>1,686</u>	<u>383,376</u>
0	0	384	2,803	0	0	7,234
0	0	405	0	0	0	6,001
2,368	0	0	0	0	0	2,368
0	0	0	0	0	0	899
0	0	31,056	0	0	0	31,056
0	0	162,501	0	0	0	162,501
<u>2,368</u>	<u>0</u>	<u>194,346</u>	<u>2,803</u>	<u>0</u>	<u>0</u>	<u>210,059</u>
<u>(1,133)</u>	<u>0</u>	<u>(10,276)</u>	<u>(2,785)</u>	<u>0</u>	<u>1,686</u>	<u>173,317</u>
0	2,911	10,276	0	151,328	0	164,515
0	0	0	0	0	0	(47,485)
0	2,911	10,276	0	151,328	0	117,030
(1,133)	2,911	0	(2,785)	151,328	1,686	290,347
<u>12,360</u>	<u>(2,911)</u>	<u>0</u>	<u>13,639</u>	<u>0</u>	<u>5,469</u>	<u>603,225</u>
<u>\$ 11,227</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,854</u>	<u>\$ 151,328</u>	<u>\$ 7,155</u>	<u>\$ 893,572</u>

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Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
“Government Auditing Standards”

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Milton, Vermont as of and for the year ended June 30, 2012, which collectively comprise the Town of Milton, Vermont’s basic financial statements and have issued our report thereon dated January 24, 2013. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as described in the accompanying Schedule of Findings and Deficiencies in Internal Control, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town of Milton, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 12-1 and 12-2 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Deficiencies in Internal Control as Items 12-3 and 12-4 to be significant deficiencies.

Compliance and Other Matters

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

We also noted certain other matters that we reported to the management of Town of Milton, Vermont in a separate letter dated January 24, 2013.

The Town of Milton, Vermont's responses to the findings identified in our audit are included with the accompanying Schedule of Findings and Deficiencies in Internal Control. We did not audit the Town of Milton, Vermont's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, Selectboard, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

January 24, 2013
Montpelier, Vermont
VT Lic. #92-000180

Sullivan, Powers & Company

TOWN OF MILTON, VERMONT
SCHEDULE OF FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2012

Deficiencies in Internal Control:

Material Weaknesses:

12-1 Reconciliation of Balance Sheet Accounts

Criteria:

Internal controls should be in place to provide for the reconciliation of all balance sheet accounts to supporting documentation on a monthly basis in order to detect and correct errors in account balances.

Condition:

A number of balance sheet accounts such as ambulance and grants receivable, accounts payable, compensated absences, notes and loans payable, deferred revenue, accrued interest payable and certain liabilities were not reconciled to the actual balances at year end which resulted in various adjustments to revenue and expenses.

Cause:

Unknown.

Effect:

The Town's account balances were incorrect.

Recommendation:

We recommend that all balance sheet accounts be reconciled to supporting documentation at least monthly in order to detect and correct errors.

Management's Response:

Prior, former auditor entered completed reconciliations in consultation with staff at year end. Management has and will continue to reconcile both accounts receivable and accounts payable on a monthly basis. In addition, interest will be accrued in the period in which it was earned.

12-2 Review of Useful Lives of Property, Plant and Equipment/Salvage Value

Criteria:

Internal controls should be in place to ensure that reasonable useful lives and salvage values, when appropriate, have been assigned to property, plant and equipment.

TOWN OF MILTON, VERMONT
SCHEDULE OF FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2012

Condition:

The Town has not reviewed the useful lives of its property, plant and equipment in some time. During this year, several assets were disposed of where there was still considerable basis on the books because the original useful life was too high or, in some cases, there were assets with no basis left that still had considerable useful lives because the original useful lives were too low. In addition, no salvage values were assigned. Material adjustments were proposed to correct the depreciation amounts.

Cause:

Unknown.

Effect:

Material adjustments were recorded to correct the useful lives of certain property, plant and equipment. Also, the Town has some assets depreciated to zero, whereas, they still had a useful life and a residual value. Salvage values are important as they prevent the Town from depreciating the assets below its sale/trade value.

Recommendation:

We recommend that the Town perform a physical inventory of all of their capital assets as well as evaluate the useful lives of the capital assets on a regular basis. We also recommend that the Town assign salvage values to the capital assets so that the assets are not depreciated below their residual trade in or sale value.

Management's Response:

Management will forward to department heads the list of assets with a copy of the instructions explaining how they should be reviewed. Useful life and salvage value will be updated as plans and replacement schedules are adjusted on an annual basis.

Significant Deficiencies:

12-3 Controls Over Impact Fee Revenue

Criteria:

Internal controls should be in place that provides reasonable assurance that all impact fee revenue is properly calculated and recorded by category.

Condition:

Internal controls over recording impact fee revenue was inadequately designed. The Town did not document the impact fee calculation and there was no review for the calculation which resulted in errors in the calculation and an improper breakdown by category.

TOWN OF MILTON, VERMONT
SCHEDULE OF FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2012

Cause:

Unknown.

Effect:

An adjustment was required to correct the impact fee breakdown by category.

Recommendation:

We recommend that the Town implement procedures to ensure the impact fee calculations and breakdown by category is fully supported and recorded properly.

Management's Response:

Management will see that impact fee revenue is booked according to category for which it is to be collected according to the capital plan.

12-4 Controls Over Journal Entries

Criteria:

Internal controls should be in place that requires appropriate officials to authorize all adjustments to the books of original entry and to ensure proper recording of journal entries.

Condition:

Internal controls over recording of journal entries are inadequately designed. The Town does not consistently document and/or approve journal entries.

Cause:

Unknown.

Effect:

This one deficiency in internal control structure could allow other working control policies to be circumvented.

TOWN OF MILTON, VERMONT
SCHEDULE OF FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2012

Recommendation:

We recommend that the Town implement procedures to ensure that all journal entries are properly supported with documentation as to how and where the amount was derived and that all journal entries be reviewed prior to processing by an appropriate official so as not to circumvent the original approval process.

Management's Response:

As of the end of January, 2013, the Town of Milton will implement the policy that the Town Clerk/Treasurer will run a journal entry report for the prior month to check for journal entries that are outside of normal. This would be to uncover journal entry errors to accounts that are not typically posting accounts such as the due to/due from accounts.