

2013 REPORT OF THE MILTON TRUSTEES

The Trustees' 2013 Report is dedicated in memory of Lisa Stewart's husband Forrest N. Krutter. The Trustees are deeply grateful for the significant amount of time that Mr. Krutter gave at the end of each year to assist the Trustees with their annual reporting requirements.

The Town, School District and Water District Capital Reserve Funds (CRFs) are invested at the People's United Bank in a two-year Certificate of Deposit maturing in October 2014. CRF Balances in excess of the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit are collateralized by the First Home Loan Bank (FHLB) of Boston.

The privately funded municipal Trust Funds (Private Trust Funds) are invested in a combination of fixed income and equity securities held at Citizens Investment Services (CIS). The balances including accrued earnings net of annual expenditures from 2009 to 2013 are as follows:

	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>
Lewis Nute Common School Fund:	\$111,905.93	\$122,031.17	\$131,164.43	\$135,450.92	\$138,996.51
Cemetery Perpetual Care Common Fund:	\$198,070.63	\$214,419.26	\$221,130.72	\$221,071.73	\$227,844.31
Carl Siemon Scholarship Fund:	\$178,807.98	\$192,140.00	\$199,780.92	\$200,367.96	\$202,902.77
Rodney Nason Scholarship Fund:	\$ 47,318.21	\$ 53,684.58	\$ 58,006.57	\$ 61,128.00	\$ 66,146.20
Daniel and Geneva Lockhart Fund:	\$ 79,816.31	\$ 86,749.84	\$ 92,030.23	\$ 94,427.81	\$ 98,808.26

In 2011 the Trustees implemented a similar investment program for the Nute High School Library Books Fund. The balance of that Fund rose from \$1,108.00 on December 31, 2011, to \$1,490.83 on December 31, 2012. The balance of the Fund at December 31 2013 was: \$1,619.50. The Trustees received from the Town in June 2012 \$3,112.25 representing the balance of the Corinn Walters Camp Scholarship Fund. The balance of that Fund at December 31 2013 was: \$3,317.27.

The Trustees received from the Town in December 2012 \$50,480.40 representing the cash balance of the Ira S. Knox Fund (also known as the Durgin Fund). In January 2013 the Selectmen issued payment to the Fund in the amount of \$7,870.00 as partial reimbursement for their 2012 expenditures from the Fund. In accordance with the Will of Alta M. Durgin, the registration of the Fund's 132 shares of Consolidated Edison, Inc. (ED) stock was changed to the "Town of Milton Ira S. Knox Fund". The Fund's position in ED is now held in street name at CIS. The Trustees are in the process of investing the assets of this Fund in accordance with the Trustees' Investment Policy. The balance of the Fund at December 31 2013 was: \$66,910.45.

The investment portfolio of the Cemetery Perpetual Care Common Fund at 12/31/2013 consisted of:

Alliance Bernstein Global High Income:	\$ 5,712.00
Bank Deposit Sweep Program:	46,871.38
BHP Billiton Limited ADR:	6,820.00
BP PLC ADR:	4,861.00
Brookfield Infrastructure Partners LP:	9,805.00
Energy Transfer Partners LP:	8,587.50
Exxon Mobil Corporation:	15,180.00
First Republic Bank San Francisco Preferred:	13,510.00
General Electric Capital Corporation Notes:	8,112.00
General Electric Corporation:	8,528.18
GlaxoSmithKline ADR:	8,008.50
Intel Corporation:	9,084.25
IShares China Large Cap ETF:	5,755.50
JPMorgan Chase Capital Preferred:	13,926.00
Kinder Morgan Energy Partners LP:	24,198.00
McDonalds Corporation:	19,406.00
PartnerRe Preferred:	8,088.00
Sector SPDR Trust Utilities:	11,391.00
Total Value at 12/31/2013:	<u>\$227,844.31</u>

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Private Trust Funds 2013¹

<u>Carl Siemon Scholarship Fund</u>		<u>Cemetery Perpetual Care Common Fund²</u>	
Beginning Balance January 2013:	\$200,367.96	Beginning Balance January 2013:	\$221,071.73
Deposit of additional principal:	0	Deposits of additional principal:	2,500.00
Return of Principal:	0	Return of Income:	632.45
Disbursements:	8,000.00	Disbursements:	7,233.72
Foreign Tax:	70.33	Foreign Tax:	70.33
Earnings received in 2013: ³	9,256.73	Earnings received in 2013:	9,856.22
2012 accrued interest received 2013:	544.52	2012 accrued interest received 2013:	636.92
Change in investment value: ⁴	1,892.93	Change in investment value:	1,724.88
Ending Balance December 2013:	<u>\$202,902.77⁵</u>	Ending Balance December 2013:	<u>\$227,844.31</u>

¹ Beginning in October 2011 National Financial Services (NFS) as Custodian for accounts held by Citizens Investment Services (CIS) began reporting ending balances both with and without accrued interest. Prior to October 2011 ending balances were reported with accrued interest. Beginning in January 2012, the Bank began reporting its January 1 beginning balances without accrued interest. Generally Accepted Accounting Principles require that the Trustees report both beginning and ending balances with accrued interest. The Beginning Balance for each Trust Fund includes 2012 accrued interest received in 2013. This is equal to the CIS Beginning Balance without accrued interest plus 2012 accrued interest received in 2013. The Beginning Balance January 2013 without accrued interest equals: (Beginning Balance January 2013) minus (2012 accrued interest received 2013). The Ending Balance December 2013 equals: (Beginning Balance December 31 2012) less (Disbursements) and (Foreign Tax) plus (Earnings Received in 2013) less (2012 accrued interest received 2013) plus (Change in investment value).

"Change in investment value" is net of commissions paid in 2013.

There was an error in the second paragraph of the first page of the Trustees' 2012 Report. Specifically with respect to Kinder Morgan Energy Partners LP, "quarterly required" (not "special") distributions were issued as scheduled.

² The Cemetery Perpetual Care Common Fund consists of perpetual care funds held in trust for burial lots in two private cemetery associations, the Milton Mills Cemetery Association (63.58%) and the Hayes Cemetery Association (5.26%). The remainder of the funds (31.16%) is held in trust for the perpetual care of burial lots located both in sponsored private cemeteries within the Town's borders and for certain lots of Milton's deceased residents buried in Lebanon, Maine (all of which are under the oversight of the Milton Cemetery Trustees). Information on each burial lot is provided in the Form MS-9 filed with the Attorney General and the Department of Revenue Administration.

Prior year earnings of the Cemetery Perpetual Care Fund are disbursed in the current year to the extent required by the Cemetery Trustees to support perpetual care services for lots with perpetual care earnings. "Return of Income" in 2013 to the Cemetery Perpetual Care Fund represents the amount of earnings received but not expended by the Milton Mills Cemetery Trustees at the close of their fiscal year ending April 30 2013. 2012 earnings of the Cemetery Perpetual Care Common Fund were disbursed in 2013 as follows: (i) to the Town of Milton per the Cemetery Trustees in the amount of \$2,230.02 for perpetual care services; (ii) to the Milton Mills Cemetery Association in the amount of \$4,629.58 for perpetual care services; and (iii) to the Hayes Cemetery Association in the amount of \$374.12 for perpetual care services. Deposits of additional principal (+\$2,500.00) plus return of income (+\$632.45) offset disbursements (\$7,233.72) resulting in net "Additions and Withdrawals" reported by CIS in the amount of (\$4,101.27).

³ Earnings received in 2013 include the dividend and interest income of each Trust Fund.

⁴ Change in investment value reported for each Fund is the sum of: (i) the realized capital gains on assets sold during 2013 less unrealized capital gains on those assets prior to 2013; and (ii) the increase or decrease, as applicable, in unrealized capital gains since December 31, 2012, on assets owned by the Fund as of December 31, 2013. Capital gains are reduced by brokerage commissions paid by Trustees on certain transactions.

⁵ Scholarship awards of the Carl Siemon Scholarship Fund in a calendar year are disbursed during the recipients' academic year, i.e., Fall 2013 – Spring 2014.

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Corinn Walters Camp Scholarship Fund⁶

Beginning Balance January 2013:	\$ 3,094.00
Deposit of additional principal:	0
Disbursements:	0
Foreign Tax:	0
Earnings received in 2013:	104.53
2012 accrued interest received 2013:	0
Change in investment value:	118.74
Ending Balance December 2013:	<u>\$ 3,317.27</u>

Daniel and Geneva Lockhart Fund⁷

Beginning Balance January 2013:	\$ 94,427.81
Deposit of additional principal:	0
Disbursements:	2,193.18
Foreign Tax:	42.21
Earnings received in 2013:	4,109.06
2012 accrued interest received 2013:	127.57
Change in investment value:	2,634.35
Ending Balance December 2013:	<u>\$ 98,808.26</u>

Ira S. Knox Fund ("Durgin Fund")⁸

Beginning Balance January 2013:	\$ 50,480.40
Return of Principal from Town:	7,870.00
Securities Transfer (ED stock):	7,533.24
ED Dividends (prior to transfer to CIS):	242.22
Disbursements:	0
Foreign Tax:	0
Earnings received in 2013:	1,704.32
2012 accrued interest received 2013:	0
Change in investment value:	(919.73)
Ending Balance December 2013:	<u>\$ 66,910.45</u>

Lewis Nute Common School Fund⁹

Beginning Balance January 2013:	\$135,450.92
Deposit of additional principal:	0
Disbursements:	4,325.19
Foreign Tax:	42.21
Earnings received in 2013:	5,941.57
2012 accrued interest received 2013:	254.24
Change in investment value:	2,225.66
Ending Balance December 2013:	<u>\$138,996.51</u>

Nute High School Library Books Fund

Beginning Balance January 2013:	\$ 1,490.83
Deposit of additional principal:	0
Disbursements:	0
Foreign Tax:	5.91
Earnings received in 2013:	45.00
2012 accrued interest received 2013:	0
Change in investment value:	89.58
Ending Balance December 2013:	<u>\$ 1,619.50</u>

Rodney Nason Scholarship Fund

Beginning Balance January 2013:	\$ 61,128.00
Deposit of additional principal:	1,000.00
Disbursements:	500.00
Foreign Tax:	28.14
Earnings received in 2013:	2,715.13
2012 accrued interest received 2013:	127.57
Change in investment value:	1,958.78
Ending Balance December 2013:	<u>\$ 66,146.20</u>

⁶ The Corinn Walters Camp Scholarship Fund was held by the Town Treasurer from inception to June 2012.

⁷ The ending balance does not include \$73.15 held in the Trustees' checking account for an accrued disbursement.

⁸ The Ira S. Knox Fund (also known as the "Durgin Fund") was held by the Town Treasurer from inception to December 2012. "ED" is the stock symbol for Consolidated Edison, Inc.

⁹ The principal of the Lewis Nute Common School Fund was \$50,000 per Provision IX of Lewis Nute's Will of June 1888.

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Capital Reserve Funds 2013¹⁰

Ambulance Vehicles & Equipment and/or Fire Department Vehicles 2005

Beginning Balance January 2013: \$ 12,695.33
Deposits: 10,000.00
Disbursements: 0
Interest: 57.29
Ending Balance December 2013: \$ 22,752.62

Applebee Road Landfill Cleanup 2008

Beginning Balance January 2013: \$ 2,084.56
Deposits: 0
Disbursements: 0
Interest: 9.41
Ending Balance December 2013: \$ 2,093.97

Capital Improvement Plan 2005-2011

Beginning Balance January 2013: \$ 4,712.74
Deposits: 0
Disbursements: 0
Interest: 21.27
Ending Balance December 2013: \$ 4,734.01

Fire Department Buildings 2004

Beginning Balance January 2013: \$ 11,413.82
Deposits: 0
Disbursements: 0
Interest: 51.51
Ending Balance December 2013: \$ 11,465.33

Fire Department Equipment/Apparatus 1997

Beginning Balance January 2013: \$ 34,529.28
Deposits: 15,000.00
Disbursements: 13,380.00
Interest: 105.18
Ending Balance December 2013: \$ 36,254.46

Fire Department Vehicle Repairs & Improvements 2006

Beginning Balance January 2013: \$ 41,376.24
Deposits: 10,000.00
Disbursements: 0
Interest: 186.74
Ending Balance December 2013: \$ 51,562.98

Herbert Downs Fire Station Planning & Engineering 2011

Beginning Balance January 2013: \$ 21,012.95
Deposits: 0
Disbursements: 19,089.65
Interest: 71.34
Ending Balance December 2013: \$ 1,994.64

Highway Special Equipment 1997

Beginning Balance January 2013: \$ 30,859.90
Deposits: 15,000.00
Disbursements: 12,116.00
Interest: 139.27
Ending Balance December 2013: \$ 33,883.17

¹⁰ The Trustees also held \$1.90 in the 1999 Revaluation Fund as of December 31, 2013. There were no deposits, disbursements or earnings with respect to this Fund in 2013.

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Highway Truck 1997¹¹

Beginning Balance January 2013:	\$ 18,962.31
Deposits:	15,000.00
Disbursements:	0
Interest:	85.57
Ending Balance December 2013:	<u>\$ 34,047.88</u>

Industrial Park 1993

Beginning Balance January 2013:	\$ 590.65
Deposits:	0
Disbursements:	0
Interest:	2.68
Ending Balance December 2013:	<u>\$ 593.33</u>

Milton Cemetery 2010

Beginning Balance January 2013:	\$ 15,090.80
Deposits:	5,000.00
Disbursements:	0
Interest:	68.11
Ending Balance December 2013:	<u>\$ 20,158.91</u>

Milton Free Public Library 2005

Beginning Balance January 2013:	\$ 15,710.93
Deposits:	5,000.00
Disbursements:	4,335.00
Interest:	62.68
Ending Balance December 2013:	<u>\$ 16,438.61</u>

Milton/Maine Bridges 2000

Beginning Balance January 2013:	\$ 30,982.78
Deposits:	10,000.00
Disbursements:	33.54
Interest:	139.69
Ending Balance December 2013:	<u>\$ 41,088.93</u>

Police Department Building 2006

Beginning Balance January 2013:	\$ 713.98
Deposits:	0
Disbursements:	0
Interest:	3.19
Ending Balance December 2013:	<u>\$ 717.17</u>

Recreation Department 2007

Beginning Balance January 2013:	\$ 35,524.65
Deposits:	5,000.00
Disbursements:	0
Interest:	160.33
Ending Balance December 2013:	<u>\$ 40,684.98</u>

Sewer System Improvement 1988

Beginning Balance January 2013:	\$ 63,308.09
Deposits:	0
Disbursements:	0
Interest:	285.72
Ending Balance December 2013:	<u>\$ 63,593.81</u>

School Building Maintenance & Repair 2005

Beginning Balance January 2013:	\$ 97,762.27
Deposits:	50,000.00
Disbursements:	60,684.00
Interest:	408.01
Ending Balance December 2013:	<u>\$ 87,486.28</u>

School Bus 1993

Beginning Balance January 2013:	\$ 10,852.95
Deposits:	0
Disbursements:	0
Interest:	48.97
Ending Balance December 2013:	<u>\$ 10,901.92</u>

¹¹ On December 5 2013 the Trustees approved a request for disbursement in the amount of \$26,431.00 from the Highway Truck CRF as reimbursement to the Town for the purchase of a 2014 Ford 350 Cab & Chassis conditioned on the Trustees' receipt of payment from the Town of the March 2013 Warrant Article 6 appropriation in the amount of \$15,000.00. On Friday, December 27 2013, the Trustees' Treasurer received a check from the Town as payment of the March 2013 Warrant Article appropriations including Warrant Article 6. On January 9 2014 the Trustees' Treasurer issued a check to the Town in the amount requested as reimbursement to the Town for its purchase of the Ford 350 Cab & Chassis.

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School District Education of Special Needs Children 2011

Beginning Balance January 2013:	\$ 50,267.90
Deposits:	0
Disbursements:	0
Interest:	226.85
Ending Balance December 2013:	<u>\$ 50,494.75</u>

School District Technology 2007

Beginning Balance January 2013:	\$ 1,949.90
Deposits:	25,000.00
Disbursements:	0
Interest:	8.82
Ending Balance December 2013:	<u>\$ 26,958.72</u>

School Update & Improve Security 2013

Beginning Balance January 2013:	\$ 0
Deposits:	0
Disbursements:	0
Interest:	0
Ending Balance December 2013:	<u>\$ 30,000.00</u>

Townhouse Repair/Restoration 2010

Beginning Balance January 2013:	\$ 1,509.08
Deposits:	500.00
Disbursements:	0
Interest:	6.83
Ending Balance December 2013:	<u>\$ 2,015.91</u>

Water District Building Maintenance 2009

Beginning Balance January 2013:	\$ 27,793.28
Deposits:	2,500.00
Disbursements:	0
Interest:	126.40
Ending Balance December 2013:	<u>\$ 30,419.68</u>

Water District Equipment 2012

Beginning Balance January 2013:	\$ 2,504.34
Deposits:	0
Disbursements:	2,215.00
Interest:	7.11
Ending Balance December 2013:	<u>\$ 296.45</u>

Water District Maintenance 2006

Beginning Balance January 2013:	\$ 65,310.20
Deposits:	10,000.00
Disbursements:	0
Interest:	298.67
Ending Balance December 2013:	<u>\$ 75,608.87</u>

Water District Vehicle Purchase 2008

Beginning Balance January 2013:	\$ 10,078.42
Deposits:	5,000.00
Disbursements:	0
Interest:	47.47
Ending Balance December 2013:	<u>\$ 15,125.89</u>