

Audited Financial Statements

Town of Killington, Vermont

December 31, 2010



Proven Expertise and Integrity

TOWN OF KILLINGTON, VERMONT

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DECEMBER 31, 2010

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INDEPENDENT AUDITORS' REPORT

May 13, 2011

Board of Selectmen
Town of Killington
Killington, Vermont

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Killington, Vermont, as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Killington'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. 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.

The basic financial statements referred to above do not include a complete capital assets inventory which is required to be in compliance with Governmental Accounting Standards Boards Statement No. 34. The effect on the financial statements cannot be determined.

In our opinion, except for the item mentioned in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Killington, Vermont as of December 31, 2010, 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.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 39 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 opinions on the financial statements that collectively comprise the Town of Killington, Vermont's financial statements as a whole. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RHR Smith & Company

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010**

(UNAUDITED)

The following management's discussion and analysis of the Town of Killington, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2010. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Killington's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government - Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short – term as well as long–term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government–wide financial statements include the following two statements:

The Statement of Net Assets – this statement presents *all* of the government's assets and liabilities with the difference being reported as net assets.

The Statement of Activities – this statement presents information that shows how the government's net assets changed during the period. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of Killington are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, highways, health and sanitation, culture and recreation, social services, education, and other unclassified.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and / or charges to external users for goods and / or services. These activities for the Town of Killington include the Alpine Drive Sewer Fund, Route 4 Sewer Fund and the Golf Course.

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 Killington, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Killington can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government – wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar 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. These

reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Killington presents five columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, the Economic Development and Tourism Fund, the SVFD Capital Account and the Shelburne Village Cemetery Fund. All other funds are shown as nonmajor and are combined in the "All Nonmajor Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Killington maintains three proprietary funds, the Alpine Drive Sewer Fund, the Route 4 Sewer Fund and the Golf Course. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows – Proprietary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a schedule of Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental activities. The Town's total net assets for governmental activities increased by \$66,090 from \$2,941,184 to \$3,007,274. This increase is the result of almost all expenditures being under budget. For the business-type activities the Town's total net assets decreased by \$196,430 from \$(1,035,269) to \$(1,231,699).

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for the governmental activities by \$162,685 to a balance of \$1,074,676 at the end of the fiscal year. For the business-type activities, the unrestricted net assets decreased by \$477,137 to a balance of \$(2,198,913).

Table 1
Town of Killington, Vermont
Net Assets
December 31,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Assets:				
Current and other assets	\$ 7,783,620	\$ 8,506,841	\$ 10,205	\$ 278,225
Capital Assets	1,861,477	1,001,333	5,128,581	5,406,054
Total Assets	<u>\$ 9,645,097</u>	<u>\$ 9,508,174</u>	<u>\$ 5,138,786</u>	<u>\$ 5,684,279</u>
Liabilities:				
Current Liabilities	\$ 5,423,511	\$ 5,816,990	\$ 2,999,529	\$ 2,558,180
Long-term Debt Outstanding	1,214,312	750,000	3,370,956	4,161,368
Total Liabilities	<u>\$ 6,637,823</u>	<u>\$ 6,566,990</u>	<u>\$ 6,370,485</u>	<u>\$ 6,719,548</u>
Net Assets:				
Invested in Capital Assets, Net of related Debt	\$ 405,774	\$ 176,333	\$ 967,214	\$ 686,507
Restricted: Special Revenue Funds	346,422	272,972	-	-
Capital Project Funds	1,121,790	1,523,073	-	-
Permanent Funds	58,612	56,815	-	-
Other Net Assets	1,074,676	911,991	(2,198,913)	(1,721,776)
Total Net Assets	<u>\$ 3,007,274</u>	<u>\$ 2,941,184</u>	<u>\$ (1,231,699)</u>	<u>\$ (1,035,269)</u>

Revenues and Expenses

Revenues and expenditures for the Town's governmental activities increased significantly due to recording the gross budget and not net. For the business-type activities revenues decreased by 1.87%, while total expenses decreased by 5.93%.

Table 2
Town of Killington, Vermont
Change in Net Assets
For the Years Ended December 31,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues				
Taxes	\$ 15,660,869	\$ 2,926,618	\$ -	\$ -
Intergovernmental	244,054	316,496	-	-
Charges for services	188,398	203,296	1,366,399	1,395,810
Miscellaneous	396,740	289,883	4,490	1,216
Total Revenues	<u>16,490,061</u>	<u>3,736,293</u>	<u>1,370,889</u>	<u>1,397,026</u>
Expenses				
General government	833,282	924,934	-	-
Public safety	335,448	303,296	-	-
Highways	557,544	669,092	-	-
Health and sanitation	44,449	48,037	-	-
Culture and recreation	333,443	323,858	-	-
Social services	11,980	-	-	-
Education	12,719,620	-	-	-
County tax	64,245	-	-	-
Debt service	36,715	37,149	254,760	257,425
Capital outlay	717,005	429,279	-	-
Sewer	-	-	74,547	74,763
Golf course	-	-	1,320,012	1,421,040
Unclassified	688,240	479,904	-	-
Total Expenses	<u>16,341,971</u>	<u>3,215,549</u>	<u>1,649,319</u>	<u>1,753,228</u>
Change in Net Assets	148,090	520,744	(278,430)	(356,202)
Transfers	(82,000)	(82,000)	82,000	82,000
Net Assets - January 1	<u>2,941,184</u>	<u>2,502,440</u>	<u>(1,035,269)</u>	<u>(761,067)</u>
Net Assets - December 31	<u>\$ 3,007,274</u>	<u>\$ 2,941,184</u>	<u>\$ (1,231,699)</u>	<u>\$ (1,035,269)</u>

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
Town of Killington, Vermont
Fund Balances - Governmental Funds
December 31,

	2010	2009
General Fund:		
Unreserved:		
Designated	\$ 47,421	\$ -
Undesignated	639,401	386,727
Total General Fund	\$ 686,822	\$ 386,727
 Economic Development and Tourism Fund		
Reserved:		
Designated	\$ 346,422	\$ 272,972
Total Economic Development and Tourism Fund	\$ 346,422	\$ 272,972
 SVFD Capital Fund		
Reserved:		
Designated	\$ 528,337	\$ 668,494
Total SVFD Capital Fund	\$ 528,337	\$ 668,494
 Shelburne Village Cemetery Fund		
Reserved:		
Designated	\$ 58,612	\$ 56,815
Total Shelburne Village Cemetery Fund	\$ 58,612	\$ 56,815
 Nonmajor Funds:		
Reserved:		
Capital Project Funds	\$ 593,453	\$ 854,579
Total Nonmajor Funds	\$ 593,453	\$ 854,579

The general fund total fund balance increased by \$300,095 over the prior fiscal year. The Economic Development and Tourism Fund increased by \$73,450. The SVFD Capital Fund decreased by \$140,157. The Shelburne Village Cemetery Fund increased by \$1,797. The non-major fund balances decreased by \$261,126 over the prior fiscal year. Most of the increase in the general fund came as a result of under-spent appropriations in most of the expenditure categories.

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

The Alpine Drive Sewer Fund had an excess for the year of \$5,796 versus an excess last year of \$1,746. The Route 4 Sewer Fund had an excess this year of \$33,361 versus a deficit last year of \$5,955. The Golf Course had a deficit this year of \$219,477. Last year, the Golf Course had a deficit of \$235,587.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund.

The general fund actual revenues were over budget by \$214,079. This was a result of most revenue categories being over budget.

The general fund actual expenditures were under the budget by \$106,734. Most of the expenditure accounts were underspent.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2010, the net book value of capital assets recorded by the Town increased by \$582,671 over the prior year. The increase is the result of capital additions of \$898,810 less current year depreciation of \$316,139.

**Table 4
Town of Killington, Vermont
Capital Assets (Net of Depreciation)
December 31,**

	2010	2009
Land	\$ -	\$ -
Land improvements	3,273,333	3,471,334
Buildings	962,667	1,001,333
Equipment	1,855,248	1,934,720
Vehicles	898,810	-
Infrastructure	-	-
Total	\$ 6,990,058	\$ 6,407,387

Debt

At December 31, 2010, the Town had \$5.62 million in bonds and capital leases outstanding versus \$5.54 million last year, an increase of 1.31%. Refer to Note 5 of the Notes to the Financial Statements for detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The Town's undesignated fund balance has increased significantly in the past few years, bringing it above the level of a sufficient fund balance to sustain operations while also maintaining significant reserves for future operations, capital and program needs. The current year's increase was due to underspent appropriations.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's Office at P.O. Box 429, Killington, Vermont 05751.

STATEMENT A

TOWN OF KILLINGTON, VERMONT

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 4,437,538	\$ 4,267	\$ 4,441,805
Investments	360,800	-	360,800
Accounts receivable (net of allowance for uncollectibles):			
Taxes	610,759	-	610,759
Other	155,804	5,938	161,742
Prepaid items	9,601	-	9,601
Internal balances	2,209,118	(2,209,118)	-
Total current assets	<u>7,783,620</u>	<u>(2,198,913)</u>	<u>5,584,707</u>
Noncurrent assets:			
Capital assets:			
Land, infrastructure, and other assets not being depreciated	-	-	-
Buildings and vehicles net of accumulated depreciation	1,861,477	5,128,581	6,990,058
Total noncurrent assets	<u>1,861,477</u>	<u>5,128,581</u>	<u>6,990,058</u>
TOTAL ASSETS	<u><u>\$ 9,645,097</u></u>	<u><u>\$ 2,929,668</u></u>	<u><u>\$ 12,574,765</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other governments	5,182,120	-	5,182,120
Current portion of long-term obligations	241,391	790,411	1,031,802
Total current liabilities	<u>5,423,511</u>	<u>790,411</u>	<u>6,213,922</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations:			
Bonds payable	675,000	3,235,000	3,910,000
Capital leases payable	539,312	135,956	675,268
Total noncurrent liabilities	<u>1,214,312</u>	<u>3,370,956</u>	<u>4,585,268</u>
TOTAL LIABILITIES	<u>6,637,823</u>	<u>4,161,367</u>	<u>10,799,190</u>
NET ASSETS			
Invested in capital assets, net of related debt	405,774	967,214	1,372,988
Restricted	1,526,824	-	1,526,824
Unrestricted	1,074,676	(2,198,913)	(1,124,237)
TOTAL NET ASSETS	<u>3,007,274</u>	<u>(1,231,699)</u>	<u>1,775,575</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 9,645,097</u></u>	<u><u>\$ 2,929,668</u></u>	<u><u>\$ 12,574,765</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KILLINGTON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities							
Current:							
General government	\$ 833,282	\$ 123,590	\$ -	\$ -	\$ (709,692)	\$ -	\$ (709,692)
Public safety	335,448	-	-	-	(335,448)	-	(335,448)
Highways	557,544	-	-	-	(557,544)	-	(557,544)
Health and sanitation	44,449	24,917	-	-	(19,532)	-	(19,532)
Culture and recreation	333,443	39,891	-	-	(293,552)	-	(293,552)
Social services	11,980	-	-	-	(11,980)	-	(11,980)
Education	12,719,620	-	-	-	(12,719,620)	-	(12,719,620)
County tax	64,245	-	-	-	(64,245)	-	(64,245)
Debt service:							
Interest on long-term debt	36,715	-	-	-	(36,715)	-	(36,715)
Capital outlay	717,005	-	-	-	(717,005)	-	(717,005)
Unclassified	688,240	-	29,533	-	(658,707)	-	(658,707)
Total governmental activities	<u>16,341,971</u>	<u>188,398</u>	<u>29,533</u>	<u>-</u>	<u>(16,124,040)</u>	<u>-</u>	<u>(16,124,040)</u>
Business-type activities:							
Alpine Drive Sewer Fund	3,383	9,179	-	-	-	5,796	5,796
Rt. 4 Sewer Fund	154,617	187,978	-	-	-	33,361	33,361
Golf Course	1,491,319	1,169,242	-	-	-	(322,077)	(322,077)
Total business-type activities	<u>1,649,319</u>	<u>1,366,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(282,920)</u>	<u>(282,920)</u>
Total government	<u>17,991,290</u>	<u>1,554,797</u>	<u>29,533</u>	<u>-</u>	<u>(16,124,040)</u>	<u>(282,920)</u>	<u>(16,406,960)</u>

STATEMENT B (CONTINUED)

TOWN OF KILLINGTON, VERMONT

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net assets:			
Net (expense) revenue	<u>(16,124,040)</u>	<u>(282,920)</u>	<u>(16,406,960)</u>
General revenue:			
Taxes			
Taxes, levied for general purposes	15,660,869	-	15,660,869
Grants and contributions not restricted to specific programs	214,521	-	214,521
Miscellaneous	<u>396,740</u>	<u>4,490</u>	<u>401,230</u>
Total general revenue	<u>16,272,130</u>	<u>4,490</u>	<u>16,276,620</u>
Change in net assets	148,090	(278,430)	(130,340)
Transfers	(82,000)	82,000	-
NET ASSETS - JANUARY 1, RESTATED	<u>2,941,184</u>	<u>(1,035,269)</u>	<u>1,905,915</u>
NET ASSETS - DECEMBER 31	<u><u>\$ 3,007,274</u></u>	<u><u>\$ (1,231,699)</u></u>	<u><u>\$ 1,775,575</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KILLINGTON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General Fund	Economic Development and Tourism Fund	SVFD Capital Fund	Shelburne Village Cemetery Fund	All Nonmajor Funds	Total
ASSETS						
Cash	\$ 4,211,389	\$ -	\$ 214,799	\$ 11,350	\$ -	\$ 4,437,538
Investments	-	-	313,538	47,262	-	360,800
Receivables (net of allowance for uncollectibles):						
Taxes	610,759	-	-	-	-	610,759
Other	-	155,804	-	-	-	155,804
Prepaid items	9,601	-	-	-	-	9,601
Due from other funds	1,425,047	190,618	-	-	593,453	2,209,118
TOTAL ASSETS	\$ 6,256,796	\$ 346,422	\$ 528,337	\$ 58,612	\$ 593,453	\$ 7,783,620
LIABILITIES AND FUND EQUITY						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	5,182,120	-	-	-	-	5,182,120
Deferred tax revenues	387,854	-	-	-	-	387,854
TOTAL LIABILITIES	5,569,974	-	-	-	-	5,569,974
Fund Equity						
Reserved, reported in:						
Special Revenue funds	-	346,422	-	-	-	346,422
Capital Project funds	-	-	528,337	-	593,453	1,121,790
Permanent funds	-	-	-	58,612	-	58,612
Unreserved, reported in:						
General Fund:						
Designated	47,421	-	-	-	-	47,421
Undesignated	639,401	-	-	-	-	639,401
TOTAL FUND EQUITY	686,822	346,422	528,337	58,612	593,453	2,213,646
TOTAL LIABILITIES AND FUND EQUITY	\$ 6,256,796	\$ 346,422	\$ 528,337	\$ 58,612	\$ 593,453	\$ 7,783,620

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KILLINGTON, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	<u>Total Governmental Funds</u>
Total Fund Equity	\$ 2,213,646
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	1,861,477
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	387,854
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(750,000)
Capital leases payable	<u>(705,703)</u>
Net assets of governmental activities	<u><u>\$ 3,007,274</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KILLINGTON, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Economic Development and Tourism Fund	SVFD Capital Fund	Shelburne Village Cemetery Fund	All Nonmajor Funds	Totals Governmental Funds
REVENUES						
Taxes	\$ 15,103,612	\$ 694,667	\$ -	\$ -	\$ -	\$ 15,798,279
Intergovernmental	214,521	-	-	-	29,533	244,054
Charges for services	188,398	-	-	-	-	188,398
Miscellaneous revenues	288,510	-	29,987	7,397	70,846	396,740
TOTAL REVENUES	<u>15,795,041</u>	<u>694,667</u>	<u>29,987</u>	<u>7,397</u>	<u>100,379</u>	<u>16,627,471</u>
EXPENDITURES						
Current:						
General government	833,282	-	-	-	-	833,282
Public safety	319,945	-	170,144	-	-	490,089
Highways	575,677	-	-	-	-	575,677
Health and sanitation	44,449	-	-	-	-	44,449
Culture and recreation	315,110	-	-	-	-	315,110
Social services	11,980	-	-	-	-	11,980
Education	12,719,620	-	-	-	-	12,719,620
County tax	64,245	-	-	-	-	64,245
Debt service:						
Principal	75,000	-	-	-	-	75,000
Interest	36,715	-	-	-	-	36,715
Capital outlay	334,334	-	-	-	382,671	717,005
Unclassified	61,423	621,217	-	5,600	-	688,240
TOTAL EXPENDITURES	<u>15,391,780</u>	<u>621,217</u>	<u>170,144</u>	<u>5,600</u>	<u>382,671</u>	<u>16,571,412</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>403,261</u>	<u>73,450</u>	<u>(140,157)</u>	<u>1,797</u>	<u>(282,292)</u>	<u>56,059</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	34,615	34,615
Transfers (out)	(103,166)	-	-	-	(13,449)	(116,615)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(103,166)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,166</u>	<u>(82,000)</u>
NET CHANGE IN FUND BALANCES	300,095	73,450	(140,157)	1,797	(261,126)	(25,941)
FUND BALANCES - JANUARY 1, RESTATED	<u>386,727</u>	<u>272,972</u>	<u>668,494</u>	<u>56,815</u>	<u>854,579</u>	<u>2,239,587</u>
FUND BALANCES - DECEMBER 31	<u>\$ 686,822</u>	<u>\$ 346,422</u>	<u>\$ 528,337</u>	<u>\$ 58,612</u>	<u>\$ 593,453</u>	<u>\$ 2,213,646</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KILLINGTON, 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 DECEMBER 31, 2010

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (25,941)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets:	
Capital asset purchases	898,810
Capital asset disposals	-
Depreciation expense	<u>(38,666)</u>
	<u>860,144</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(137,410)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	
	<u>268,107</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets	
	<u>(898,810)</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 66,090</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KILLINGTON, VERMONT

BALANCE SHEET – PROPRIETARY FUNDS
DECEMBER 31, 2010

	Enterprise Funds			Totals
	Alpine Drive Sewer Fund	Route 4 Sewer Fund	Golf Course	
ASSETS				
Current assets:				
Cash	\$ -	\$ -	\$ 4,267	\$ 4,267
Accounts receivable	-	5,938	-	5,938
Due from other funds	21,829	151,385	-	173,214
Total current assets	<u>21,829</u>	<u>157,323</u>	<u>4,267</u>	<u>183,419</u>
Noncurrent assets:				
Land improvements	-	-	5,940,000	5,940,000
Equipment	-	1,710,000	224,720	1,934,720
Total capital assets	-	1,710,000	6,164,720	7,874,720
Less: accumulated depreciation	-	(57,000)	(2,689,139)	(2,746,139)
Net capital assets	-	<u>1,653,000</u>	<u>3,475,581</u>	<u>5,128,581</u>
TOTAL ASSETS	<u>\$ 21,829</u>	<u>\$ 1,810,323</u>	<u>\$ 3,479,848</u>	<u>\$ 5,312,000</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	2,382,332	2,382,332
Current portion of long-term liabilities	-	135,000	655,411	790,411
Total current liabilities	-	<u>135,000</u>	<u>3,037,743</u>	<u>3,172,743</u>
Long-term liabilities:				
Bonds payable	-	1,330,000	1,905,000	3,235,000
Capital leases payable	-	-	135,956	135,956
Total long-term liabilities	-	<u>1,330,000</u>	<u>2,040,956</u>	<u>3,370,956</u>
Total liabilities	-	<u>1,465,000</u>	<u>5,078,699</u>	<u>6,543,699</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	188,000	779,214	967,214
Unrestricted	21,829	157,323	(2,378,065)	(2,198,913)
TOTAL NET ASSETS	<u>21,829</u>	<u>345,323</u>	<u>(1,598,851)</u>	<u>(1,231,699)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 21,829</u>	<u>\$ 1,810,323</u>	<u>\$ 3,479,848</u>	<u>\$ 5,312,000</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KILLINGTON, VERMONT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Enterprise Funds			Totals
	Alpine Drive Sewer Fund	Route 4 Sewer Fund	Golf Course	
OPERATING REVENUES				
Charges for services	\$ 9,179	\$ 187,978	\$ 1,133,242	\$ 1,330,399
Lease income	-	-	36,000	36,000
Other	-	-	4,490	4,490
TOTAL OPERATING REVENUES	<u>9,179</u>	<u>187,978</u>	<u>1,173,732</u>	<u>1,370,889</u>
OPERATING EXPENSES				
Sewer	3,383	14,164	-	17,547
Golf course	-	-	1,099,539	1,099,539
Depreciation	-	57,000	220,473	277,473
TOTAL OPERATING EXPENSES	<u>3,383</u>	<u>71,164</u>	<u>1,320,012</u>	<u>1,394,559</u>
OPERATING (LOSS)	<u>5,796</u>	<u>116,814</u>	<u>(146,280)</u>	<u>(23,670)</u>
NON-OPERATING INCOME (EXPENSE)				
Interest expense	-	(83,453)	(171,307)	(254,760)
Transfers in	-	-	82,000	82,000
Transfers out	-	-	-	-
NET NON-OPERATING INCOME (EXPENSE)	<u>-</u>	<u>(83,453)</u>	<u>(89,307)</u>	<u>(172,760)</u>
CHANGE IN NET ASSETS	5,796	33,361	(235,587)	(196,430)
NET ASSETS - JANUARY 1, RESTATED	<u>16,033</u>	<u>311,962</u>	<u>(1,363,264)</u>	<u>(1,035,269)</u>
NET ASSETS - DECEMBER 31	<u>\$ 21,829</u>	<u>\$ 345,323</u>	<u>\$ (1,598,851)</u>	<u>\$ (1,231,699)</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KILLINGTON, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Enterprise Funds			Totals
	Alpine Drive Sewer Fund	Route 4 Sewer Fund	Golf Course	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 9,179	\$ 182,040	\$ 1,173,732	\$ 1,364,951
Internal activity - receipts (payments) from/to other funds	(21,829)	(151,385)	2,382,332	2,209,118
Payments to suppliers	(3,383)	(14,164)	(1,099,539)	(1,117,086)
Net cash provided by operating activities	<u>(16,033)</u>	<u>16,491</u>	<u>2,456,525</u>	<u>2,456,983</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfer in from general fund	-	-	82,000	82,000
Interest paid on long-term debt	-	(83,453)	(171,307)	(254,760)
Principal payments on short-term debt	-	-	(2,000,000)	(2,000,000)
Principal payments on long-term debt	-	(125,000)	(433,181)	(558,181)
Net cash used by capital and related financing activities	<u>-</u>	<u>(208,453)</u>	<u>(2,522,488)</u>	<u>(2,730,941)</u>
NET CHANGE IN CASH	(16,033)	(191,962)	(65,963)	(273,958)
CASH - JANUARY 1	<u>16,033</u>	<u>191,962</u>	<u>70,230</u>	<u>278,225</u>
CASH - DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,267</u>	<u>\$ 4,267</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 5,796	\$ 116,814	\$ (146,280)	\$ (23,670)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	-	57,000	220,473	277,473
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	-	(5,938)	-	(5,938)
(Increase) decrease in due from other funds	(21,829)	(151,385)	-	(173,214)
Increase (decrease) in accounts payable	-	-	-	-
Increase (decrease) in due to other funds	-	-	2,382,332	2,382,332
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (16,033)</u>	<u>\$ 16,491</u>	<u>\$ 2,456,525</u>	<u>\$ 2,456,983</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid during the year for:				
Interest	<u>\$ -</u>	<u>\$ 83,453</u>	<u>\$ 171,307</u>	<u>\$ 254,760</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Killington was incorporated under the laws of the State of Vermont. The Town operates under the selectmen-manager form of government and provides the following services: general government, public safety, highways, health and sanitation, culture and recreation, social services, education, and other unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statement No. 39.

Government – Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's Alpine Drive Sewer Fund, Route 4 Sewer Fund and Golf Course are categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first utilizes restricted resources to finance qualifying activities.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, protection, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government – wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. Permanent Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

1. Accrual

Governmental activities in the government-wide financial statements and proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. In the second half of the year the Town prepares a budget for the fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. The Town does not adopt budgets for Special Revenue Funds.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet.

Interfund Receivables and Payables

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances". Interfund balances and transactions have been eliminated in the government-wide financial statements.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts for the accounts receivable is estimated to be \$0 as of December 31, 2010.

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town is currently working on completing its fixed asset inventory.

Estimated useful lives are as follows:

Buildings and improvements	10 - 70 years
Infrastructure	20 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	5 - 30 years

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable and capital leases payable.

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Reserves

The Town records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use, which is indicated by the title of each reserves listed in the balance sheet and statement of net assets. It is the Town's policy to first use restricted assets for restricted programs and only unrestricted assets after the restricted assets have been exhausted.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied June 29, 2010 on the assessed value listed as of April 1, 2010, for all real and personal property located in the Town. Taxes were due in two installments on August 1, 2010 and November 1, 2010. Interest on unpaid taxes commenced on August 11, 2010. Interest and penalties commenced on November 11, 2010, at 1% per month for the first three months and 1½% per month for each month thereafter.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating/Non-operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses / expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - CASH AND INVESTMENTS

The Town's investment policies, which follow state statutes, authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Town funds.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Town does not have a policy covering custodial credit risk.

At December 31, 2010, the Town's cash balance of \$4,441,805 was comprised of deposits amounting to \$5,756,470. Of these deposits, \$261,350 was insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$5,495,120 was collateralized with securities held by the financial institution but not in the Town's name and \$0 was in excess of federal depository insurance and collateralization, and therefore, not insured or collateralized.

TOWN OF KILLINGTON, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2010

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 4,795
Repurchase agreements	1,676,174
Savings accounts	10,822
Money market accounts	4,064,679
	<u>\$ 5,756,470</u>

At December 31, 2010, the Town's investments of \$360,800 were comprised of certificates of deposit. Of this amount, \$297,262 was insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$63,537 was collateralized with securities held by the financial institution but not in the Town's name and \$0 that was in excess of federal depository insurance and collateralization, and therefore, not insured or collateralized.

<u>Investment Type</u>	<u>Bank Balance</u>	<u>Current</u>	<u>1 Year</u>	<u>2-5 Years</u>
Certificates of deposit	<u>\$ 360,800</u>	<u>\$ 313,538</u>	<u>\$ -</u>	<u>\$ 47,262</u>

The Town has determined that it has complied with state and federal laws governing the investment of public funds.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2010 consisted of the following individual fund receivables and payables.

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General Fund	\$ 1,425,047	\$ -
Economic Development and Tourism Fund	190,618	-
Capital Project Funds	593,453	-
Alpine Drive Sewer Fund	21,829	-
Route 4 Sewer Fund	151,385	-
Golf Course	-	2,382,332
	<u>\$ 2,382,332</u>	<u>\$ 2,382,332</u>

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at December 31, 2010:

	Balance, 1/1/10	Additions	Disposals	Balance, 12/31/10
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
Depreciated assets:				
Buildings	1,160,000	-	-	1,160,000
Vehicles	-	898,810	-	898,810
Infrastructure	-	-	-	-
	1,160,000	898,810	-	2,058,810
Less: accumulated depreciation	(158,667)	(38,666)	-	(197,333)
	1,001,333	860,144	-	1,861,477
Net governmental capital assets	\$ 1,001,333	\$ 860,144	\$ -	\$ 1,861,477
<u>Business-type activities:</u>				
Non-depreciated assets:				
Land	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
Depreciated assets:				
Land improvements	5,940,000	-	-	5,940,000
Equipment	1,710,000	-	-	1,710,000
Vehicles	224,720	-	-	224,720
Infrastructure	-	-	-	-
	7,874,720	-	-	7,874,720
Less: accumulated depreciation	(2,468,666)	(277,473)	-	(2,746,139)
	5,406,054	(277,473)	-	5,128,581
Net business-type capital assets	\$ 5,406,054	\$ (277,473)	\$ -	\$ 5,128,581
Public safety				\$ -
Highway				20,333
Library				18,333
Route 4 Sewer				57,000
Golf Course				220,473
Total depreciation expense				\$ 316,139

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 5 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended December 31, 2010:

	Balance, 1/1/10	Additions	Deletions	Balance, 12/31/10	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 825,000	\$ -	\$ (75,000)	\$ 750,000	\$ 75,000
Capital leases payable	-	898,810	(193,107)	705,703	166,391
Totals	<u>\$ 825,000</u>	<u>\$ 898,810</u>	<u>\$ (268,107)</u>	<u>\$ 1,455,703</u>	<u>\$ 241,391</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 4,505,000	\$ -	\$ (520,000)	\$ 3,985,000	\$ 750,000
Capital leases payable	214,547	-	(38,180)	176,367	40,411
Totals	<u>\$ 4,719,547</u>	<u>\$ -</u>	<u>\$ (558,180)</u>	<u>\$ 4,161,367</u>	<u>\$ 790,411</u>

The following is a summary of outstanding bonds payable:

Governmental activities debt:

\$550,000, 2007 General Obligation Bonds due in annual principal payments of \$45,000 to \$50,000, through December of 2018. Interest is charged at a rate varying from 4.455% to 5.155% per annum.

\$ 360,000

\$610,000, 2003 General Obligation Bonds due in annual principal payments varying from \$30,000 to \$35,000, through December of 2023. Interest is charged at a rate varying from 1.19% to 4.69% per annum.

390,000

Total governmental activities debt

\$ 750,000

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 5 - LONG TERM DEBT (CONTINUED)

Business-type activities debt:

\$5,000,000, 1995 General Obligation Bonds due in annual principal payments of \$20,000 to \$320,000, through December of 2025. Interest is charged at a rate varying from 3.55% to 5.95% per annum.	\$ 1,800,000
\$395,000, 2007 General Obligation Bonds due in annual principal payments varying from \$30,000 to \$35,000, through December of 2018. Interest is charged at a rate varying from 4.455% to 5.155% per annum.	255,000
\$545,000, 2003 General Obligation Bonds due in annual principal payments varying from \$35,000 to \$40,000, through December of 2023. Interest is charged at a rate varying from 2.83% to 4.69% per annum.	465,000
\$1,710,000, 2009 General Obligation Bonds due in annual principal payments varying from \$120,000 to \$195,000, through December of 2019. Interest is charged at a rate varying from 4.875% to 5.415% per annum.	<u>1,465,000</u>
Total business-type activities debt	<u><u>\$ 3,985,000</u></u>

The following is a summary of outstanding bond principal and interest requirements for the next five fiscal years ending December 31:

Governmental activities:

	Principal	Interest	Total Debt Service
2011	\$ 75,000	\$ 33,634	\$ 108,634
2012	75,000	30,432	105,432
2013	75,000	27,155	102,155
2014	75,000	24,455	99,455
2015	75,000	21,041	96,041
2016-2020	285,000	48,963	333,963
2021-2025	90,000	(2,703)	87,297
2026-2030	-	(6,287)	(6,287)
	<u>\$ 750,000</u>	<u>\$ 176,690</u>	<u>\$ 926,690</u>

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 5 - LONG TERM DEBT (CONTINUED)

Business-type activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	\$ 530,000	\$ 214,272	\$ 744,272
2012	535,000	175,904	710,904
2013	535,000	118,631	653,631
2014	540,000	100,626	640,626
2015	545,000	82,758	627,758
2016-2020	1,095,000	151,146	1,246,146
2021-2025	205,000	19,662	224,662
2026-2030	-	(2,969)	(2,969)
	<u>\$ 3,985,000</u>	<u>\$ 860,030</u>	<u>\$ 4,845,030</u>

All bonds payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

The following is a summary of outstanding capital leases payable for governmental activities:

The Town leases fire trucks under a non-cancelable lease agreement. The term of the lease is for a five year period expiring in February of 2015. Annual payments are \$155,569.

The Town leases a grader under a non-cancelable lease agreement. The term of the lease is for a five year period expiring in May of 2015. Annual payments are \$38,466.

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 5 - LONG TERM DEBT (CONTINUED)

Future minimum payments by year, and in the aggregate under these leases are as follows:

Governmental activities:

Year Ending December 31:	
2011	\$ 194,035
2012	194,034
2013	194,035
2014	194,034
2015	1
2016-2020	-
Total minimum lease payment	<u>776,139</u>
Less amount representing interest	<u>(70,436)</u>
Present value of future minimum lease payments	<u>\$ 705,703</u>

The following is a summary of the outstanding capital lease payable for business-type activities:

The Town leases golf carts under a non-cancelable lease agreement. The term of the lease is for a five year period expiring in November of 2014. Annual payments are \$49,643.

Future minimum payments by year, and in the aggregate under this lease is as follows:

Business-type activities:

Year Ending December 31:	
2011	\$ 49,643
2012	49,643
2013	49,643
2014	49,643
2015	-
2016-2020	-
Total minimum lease payment	<u>198,572</u>
Less amount representing interest	<u>(22,205)</u>
Present value of future minimum lease payments	<u>\$ 176,367</u>

TOWN OF KILLINGTON, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2010

NOTE 6 - RESTRICTED NET ASSETS

The following net assets have been restricted at December 31, 2010 for the following purposes:

Restricted for special revenue funds	\$ 346,422
Restricted for capital project funds	1,121,790
Restricted for permanent funds	<u>58,612</u>
	<u><u>\$ 1,526,824</u></u>

NOTE 7 – GENERAL FUND DESIGNATED FUND EQUITY

At December 31, 2010, the general fund designated fund balance was made up of the following account balance carried forward into the subsequent year's budget:

Education	\$ 47,421
	<u><u>\$ 47,421</u></u>

NOTE 8 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

In addition, the Town is a member of the Vermont League of Cities and Towns (VLCT). The VLCT has set up three insurance trusts; the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multi-line insurance; the Vermont League of Cities and Towns Health Trust (VLCTHT) for health, life and disability coverage; and the Vermont League of Cities and Towns Unemployment Trust, Inc. (VLCTUT) for unemployment compensation. PACIF, VLCTHT and VLCTUT are nonprofit corporations formed to provide insurance and risk management programs for Vermont cities and towns and is owned by the participating members. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 8 – RISK MANAGEMENT (CONTINUED)

To provide insurance coverage, PACIF has established a self-funded insurance trust. It provides extensive coverage for losses to member municipalities for property damage, auto accidents, injured employees, public official liability and employment practices liability, members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each members assessed their proportionate share of the deficit.

To provide insurance coverage, VLCTHT has established a self-funded fully insured program in conjunction with CIGNA. A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. Benefits available include dental insurance, flexible spending accounts, life insurance, disability insurance, and long-term care insurance. Contributions in excess of claims requirements, reserve fund requirements, reinsurance and administrative costs are returned to participants. The pooling agreement does not permit the pool to make additional assessments to its members.

To provide unemployment coverage, VLCTUT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims, and provide excess reinsurance protection. Contributions are based on payroll expense and the previous two year unemployment compensation experience. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VLCTUT is unable to meet its required obligations, the Program will be terminated with each members assessed their proportionate share of the deficit.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset 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.

NOTE 9 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 9 – CONTINGENCIES (CONTINUED)

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 10 - RESTATEMENTS

The beginning net asset balances for the governmental and business-type activities have been restated as of January 1, 2010. Most of these restatements were due from changing the statements from modified cash basis to modified accrual and accrual basis, as is required by Governmental Accounting Standards Board Statement No. 34. These balances were restated to include fixed asset and long-term debt balances along with restatements made to the governmental and proprietary funds in the fund financial statements.

The beginning fund balance in the general fund has been restated as of January 1, 2010. This balance was restated by \$301,876 to include taxes receivable and deferred revenue. Other governmental funds were also restated to correct beginning cash balances.

The beginning fund balance in the Economic Development and Tourism Fund has been restated as of January 1, 2010 to include accounts receivable in the amount of \$142,348.

The proprietary funds have been restated as of January 1, 2010 to include fixed asset and long-term debt balances as well as to correct beginning cash balances.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual - General Fund

TOWN OF KILLINGTON, VERMONT

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, January 1, Restated	\$ 386,727	\$ 386,727	\$ 386,727	\$ -
Resources (Inflows):				
Property taxes	15,002,040	15,002,040	15,103,612	101,572
Intergovernmental	178,000	178,000	214,521	36,521
Charges for services	200,800	200,800	188,398	(12,402)
Miscellaneous revenues	200,122	200,122	288,510	88,388
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>15,967,689</u>	<u>15,967,689</u>	<u>16,181,768</u>	<u>214,079</u>
Charges to Appropriations (Outflows):				
Current:				
General government	805,755	805,755	833,282	(27,527)
Public safety	351,264	351,264	319,945	31,319
Highways	674,450	674,450	575,677	98,773
Health and sanitation	51,925	51,925	44,449	7,476
Culture and recreation	316,050	316,050	315,110	940
Social services	11,980	11,980	11,980	-
Education	12,767,041	12,767,041	12,719,620	47,421
County tax	74,000	74,000	64,245	9,755
Debt service:				
Principal	75,000	75,000	75,000	-
Interest	36,715	36,715	36,715	-
Capital outlay	334,334	334,334	334,334	-
Unclassified	-	-	61,423	(61,423)
Transfers to other funds	103,166	103,166	103,166	-
Total Charges to Appropriations	<u>15,601,680</u>	<u>15,601,680</u>	<u>15,494,946</u>	<u>106,734</u>
Budgetary Fund Balance, December 31	<u>\$ 366,009</u>	<u>\$ 366,009</u>	<u>\$ 686,822</u>	<u>\$ 320,813</u>
Utilization of Designated Fund Balance	\$ -	\$ -	\$ -	\$ -
Utilization of Undesignated Fund Balance	20,718	20,718	-	(20,718)
	<u>\$ 20,718</u>	<u>\$ 20,718</u>	<u>\$ -</u>	<u>\$ (20,718)</u>

See accompanying independent auditors' report.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues
- Schedule of Departmental Operations – General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet – Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF KILLINGTON, VERMONT

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND REVENUES
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Property taxes	\$ 15,002,040	\$ 15,103,612	\$ 101,572
Intergovernmental revenues			
Federal and State payments	105,000	130,116	25,116
State Aid - Highways	73,000	81,157	8,157
Planning grant	-	748	748
SVFD grant	-	2,500	2,500
Charges for services			
Fees and fines	76,750	64,461	(12,289)
Lister revenue	-	413	413
Clerk revenue	49,050	52,372	3,322
Zoning revenue	10,000	6,344	(3,656)
Recreation revenue	39,000	39,841	841
Solid waste revenue	26,000	24,917	(1,083)
Library revenue	-	50	50
Other income			
Killington agreement payment	73,000	71,043	(1,957)
Interest and penalties	125,000	146,520	21,520
Reimbursements	-	70,947	70,947
Lat HS 122 penalty	2,122	-	(2,122)
Transfers in	-	-	-
	<u>\$ 15,580,962</u>	<u>\$ 15,795,041</u>	<u>\$ 214,079</u>

See accompanying independent auditors' report.

TOWN OF KILLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	2009 Carry- forwards	Budget	Total Available	Actual	Balance	
					Lapsed	Carried
EXPENDITURES						
General government:						
Legislating	\$ -	\$ 6,900	\$ 6,900	\$ 7,923	\$ (1,023)	\$ -
Managing municipality	-	77,450	77,450	83,067	(5,617)	-
Town meeting & elections	-	4,000	4,000	4,037	(37)	-
Town/school treasurer	-	6,000	6,000	6,000	-	-
Bookkeeping & secretarial	-	41,300	41,300	38,186	3,114	-
Auditing	-	16,500	16,500	16,011	489	-
Listing	-	33,900	33,900	25,182	8,718	-
Tax collecting	-	3,800	3,800	6,174	(2,374)	-
Town clerk	-	42,500	42,500	46,149	(3,649)	-
Legal services	-	6,000	6,000	11,190	(5,190)	-
Insurance	-	50,000	50,000	47,161	2,839	-
Planning comm. & Board of Adj.	-	9,035	9,035	19,425	(10,390)	-
Town planner & zoning	-	59,960	59,960	58,710	1,250	-
Town buildings	-	15,700	15,700	15,929	(229)	-
Office equipment	-	18,500	18,500	26,493	(7,993)	-
Employee benefits	-	414,210	414,210	421,645	(7,435)	-
Total general government	-	805,755	805,755	833,282	(27,527)	-
Public safety:						
Constables	-	60,650	60,650	57,490	3,160	-
Fire department	-	248,034	248,034	234,013	14,021	-
Traffic control devices	-	14,500	14,500	3,496	11,004	-
Fire warden	-	200	200	200	-	-
Ambulance service	-	4,380	4,380	4,380	-	-
Street lights	-	23,500	23,500	20,366	3,134	-
Total public safety	-	351,264	351,264	319,945	31,319	-

TOWN OF KILLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	2009 Carry- forwards	Budget	Total Available	Actual	Balance	
					Lapsed	Carried
Highways:						
Summer roads	-	171,000	171,000	151,347	19,653	-
Winter roads	-	228,000	228,000	209,876	18,124	-
Bridge & large culvert	-	10,000	10,000	10,000	-	-
Walkway, welcome signs, roadway	-	44,000	44,000	35,917	8,083	-
Town garage	-	31,250	31,250	32,577	(1,327)	-
Vehicles	-	190,200	190,200	135,960	54,240	-
	-	674,450	674,450	575,677	98,773	-
Health and sanitation:						
Solid waste	-	51,925	51,925	44,449	7,476	-
	-	51,925	51,925	44,449	7,476	-
Culture and recreation:						
Library	-	174,800	174,800	173,407	1,393	-
Recreation	-	138,100	138,100	138,828	(728)	-
Teen center	-	3,150	3,150	2,875	275	-
	-	316,050	316,050	315,110	940	-

TOWN OF KILLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	2009 Carry- forwards	Budget	Total Available	Actual	Balance	
					Lapsed	Carried
Debt service:						
Principal	-	75,000	75,000	75,000	-	-
Interest	-	36,715	36,715	36,715	-	-
	-	111,715	111,715	111,715	-	-
Social services	-	11,980	11,980	11,980	-	-
Education	-	12,767,041	12,767,041	12,719,620	-	47,421
County tax	-	74,000	74,000	64,245	9,755	-
Capital outlay	-	334,334	334,334	334,334	-	-
Unclassified:						
Misc. expense for reimbursement	-	-	-	47,675	(47,675)	-
SFD #1	-	-	-	13,748	(13,748)	-
	-	-	-	61,423	(61,423)	-
Transfers out:						
Capital project funds	-	21,166	21,166	21,166	-	-
Golf course fund	-	82,000	82,000	82,000	-	-
	-	103,166	103,166	103,166	-	-
Total Expenditures	\$ -	\$ 15,601,680	\$ 15,601,680	\$ 15,494,946	\$ 59,313	\$ 47,421

See accompanying independent auditors' report.

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Capital Project Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash	\$ -	\$ -
Investments	-	-
Accounts receivable	-	-
Due from other funds	593,453	593,453
Total assets	<u>\$ 593,453</u>	<u>\$ 593,453</u>
LIABILITIES		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
Total liabilities	<u>-</u>	<u>-</u>
FUND EQUITY		
Fund balance:		
Reserved:		
Designated for subsequent years' expenditures	593,453	593,453
Total fund equity	<u>593,453</u>	<u>593,453</u>
Total liabilities and fund equity	<u>\$ 593,453</u>	<u>\$ 593,453</u>

See accompanying independent auditors' report.

TOWN OF KILLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES		
Intergovernmental	\$ 29,533	\$ 29,533
Other	70,846	70,846
TOTAL REVENUES	<u>100,379</u>	<u>100,379</u>
EXPENDITURES		
Current:		
General Government	-	-
Public Safety	-	-
Public Works	-	-
Health and Sanitation	-	-
Public Service	-	-
Education	-	-
Cemeteries	-	-
Unclassified	-	-
Capital outlay	382,671	382,671
TOTAL EXPENDITURES	<u>382,671</u>	<u>382,671</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(282,292)</u>	<u>(282,292)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	34,615	34,615
Transfers (Out)	(13,449)	(13,449)
TOTAL OTHER FINANCING SOURCES (USES)	<u>21,166</u>	<u>21,166</u>
NET CHANGE IN FUND BALANCE	(261,126)	(261,126)
FUND BALANCES - JANUARY 1	<u>854,579</u>	<u>854,579</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 593,453</u></u>	<u><u>\$ 593,453</u></u>

See accompanying independent auditors' report.

Capital Project Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2010

	<u>River Road Land, Legal & Permitting</u>	<u>Recreation Donations</u>	<u>Record Restoration</u>	<u>State Reappraisal Grants</u>	<u>Paving Grant</u>	<u>Municipal Planning Grant</u>
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	2,274	13,599	48,591	105,102	-	748
TOTAL ASSETS	<u>\$ 2,274</u>	<u>\$ 13,599</u>	<u>\$ 48,591</u>	<u>\$ 105,102</u>	<u>\$ -</u>	<u>\$ 748</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY						
Fund balance:						
Reserved:						
Designated for subsequent years' expenditures	2,274	13,599	48,591	105,102	-	748
TOTAL FUND EQUITY	<u>2,274</u>	<u>13,599</u>	<u>48,591</u>	<u>105,102</u>	<u>-</u>	<u>748</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 2,274</u>	<u>\$ 13,599</u>	<u>\$ 48,591</u>	<u>\$ 105,102</u>	<u>\$ -</u>	<u>\$ 748</u>

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2010

	<u>Killington Road Walkway</u>	<u>Equipment Replacement</u>	<u>Gravel Resurfacing</u>	<u>Bituminous Resurfacing</u>	<u>Winter Sand Pile Building</u>	<u>Town Office Capital Fund</u>
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	33,536	54,297	72,716	41,175	70,000	2,480
TOTAL ASSETS	<u>\$ 33,536</u>	<u>\$ 54,297</u>	<u>\$ 72,716</u>	<u>\$ 41,175</u>	<u>\$ 70,000</u>	<u>\$ 2,480</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY						
Fund balance:						
Reserved:						
Designated for subsequent years' expenditures	33,536	54,297	72,716	41,175	70,000	2,480
TOTAL FUND EQUITY	<u>33,536</u>	<u>54,297</u>	<u>72,716</u>	<u>41,175</u>	<u>70,000</u>	<u>2,480</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 33,536</u>	<u>\$ 54,297</u>	<u>\$ 72,716</u>	<u>\$ 41,175</u>	<u>\$ 70,000</u>	<u>\$ 2,480</u>

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2010

	Library Capital Fund	Recreation Capital Improvement	Bridge Capital Fund	Traffic Control Devices	Planning Technical Services	Teen Center
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	11,269	48,289	35,427	12,000	4,907	5,770
TOTAL ASSETS	<u>\$ 11,269</u>	<u>\$ 48,289</u>	<u>\$ 35,427</u>	<u>\$ 12,000</u>	<u>\$ 4,907</u>	<u>\$ 5,770</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY						
Fund balance:						
Reserved:						
Designated for subsequent years' expenditures	11,269	48,289	35,427	12,000	4,907	5,770
TOTAL FUND EQUITY	<u>11,269</u>	<u>48,289</u>	<u>35,427</u>	<u>12,000</u>	<u>4,907</u>	<u>5,770</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 11,269</u>	<u>\$ 48,289</u>	<u>\$ 35,427</u>	<u>\$ 12,000</u>	<u>\$ 4,907</u>	<u>\$ 5,770</u>

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2010

	Health Insurance Reserve	Wellness	Extra Tax Sale Receipts	Zoning Deposits	Swim Team Donations	Library Leggett Donation Fund	Totals
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	15,228	2,553	4,034	1,606	4,092	3,760	593,453
TOTAL ASSETS	<u>\$ 15,228</u>	<u>\$ 2,553</u>	<u>\$ 4,034</u>	<u>\$ 1,606</u>	<u>\$ 4,092</u>	<u>\$ 3,760</u>	<u>\$ 593,453</u>
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY							
Fund balance:							
Reserved:							
Designated for subsequent years' expenditures	15,228	2,553	4,034	1,606	4,092	3,760	593,453
TOTAL FUND EQUITY	<u>15,228</u>	<u>2,553</u>	<u>4,034</u>	<u>1,606</u>	<u>4,092</u>	<u>3,760</u>	<u>593,453</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 15,228</u>	<u>\$ 2,553</u>	<u>\$ 4,034</u>	<u>\$ 1,606</u>	<u>\$ 4,092</u>	<u>\$ 3,760</u>	<u>\$ 593,453</u>

See accompanying independent auditors' report.

TOWN OF KILLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	River Road Land, Legal & Permitting	Recreation Donations	Record Restoration	State Reappraisal Grants	Paving Grant	Municipal Planning Grant
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ 28,785	\$ -	\$ 748
Other	-	3,218	8,206	-	-	-
TOTAL REVENUES	<u>-</u>	<u>3,218</u>	<u>8,206</u>	<u>28,785</u>	<u>-</u>	<u>748</u>
EXPENDITURES						
Capital Outlay	-	12,828	4,863	82,475	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>12,828</u>	<u>4,863</u>	<u>82,475</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(9,610)</u>	<u>3,343</u>	<u>(53,690)</u>	<u>-</u>	<u>748</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	2,274	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	(13,449)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,449)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	2,274	(9,610)	3,343	(53,690)	(13,449)	748
FUND BALANCES - JANUARY 1	<u>-</u>	<u>23,209</u>	<u>45,248</u>	<u>158,792</u>	<u>13,449</u>	<u>-</u>
FUND BALANCES - DECEMBER 31	<u>\$ 2,274</u>	<u>\$ 13,599</u>	<u>\$ 48,591</u>	<u>\$ 105,102</u>	<u>\$ -</u>	<u>\$ 748</u>

TOWN OF KILLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Killington Road Walkway	Equipment Replacement	Gravel Resurfacing	Bituminous Resurfacing	Winter Sand Pile Building	Town Office Capital Fund
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	12,276
TOTAL REVENUES	-	-	-	-	-	12,276
EXPENDITURES						
Capital Outlay	-	175,283	-	5,706	-	24,562
TOTAL EXPENDITURES	-	175,283	-	5,706	-	24,562
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(175,283)	-	(5,706)	-	(12,286)
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	8,000	-	3,198	13,449	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	8,000	-	3,198	13,449	-	-
NET CHANGE IN FUND BALANCE	8,000	(175,283)	3,198	7,743	-	(12,286)
FUND BALANCES - JANUARY 1	25,536	229,580	69,518	33,432	70,000	14,766
FUND BALANCES - DECEMBER 31	\$ 33,536	\$ 54,297	\$ 72,716	\$ 41,175	\$ 70,000	\$ 2,480

TOWN OF KILLINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	Library Capital Fund	Recreation Capital Improvement	Bridge Capital Fund	Traffic Control Devices	Planning Technical Services	Teen Center
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	10,000	-	36	8,303
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>36</u>	<u>8,303</u>
EXPENDITURES						
Capital Outlay	1,597	-	-	-	485	4,530
TOTAL EXPENDITURES	<u>1,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>485</u>	<u>4,530</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,597)</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>(449)</u>	<u>3,773</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	5,000	2,694	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,000</u>	<u>2,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	3,403	2,694	10,000	-	(449)	3,773
FUND BALANCES - JANUARY 1	<u>7,866</u>	<u>45,595</u>	<u>25,427</u>	<u>12,000</u>	<u>5,356</u>	<u>1,997</u>
FUND BALANCES - DECEMBER 31	<u>\$ 11,269</u>	<u>\$ 48,289</u>	<u>\$ 35,427</u>	<u>\$ 12,000</u>	<u>\$ 4,907</u>	<u>\$ 5,770</u>

TOWN OF KILLINGTON, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	Health Insurance Reserve	Wellness	Extra Tax Sale Receipts	Zoning Deposits	Swim Team Donations	Library Leggett Donation Fund	Totals
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,533
Other	-	-	4,034	1,257	10,055	13,461	70,846
TOTAL REVENUES	-	-	4,034	1,257	10,055	13,461	100,379
EXPENDITURES							
Capital Outlay	-	4,127	49,408	1,143	5,963	9,701	382,671
TOTAL EXPENDITURES	-	4,127	49,408	1,143	5,963	9,701	382,671
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(4,127)	(45,374)	114	4,092	3,760	(282,292)
OTHER FINANCING SOURCES (USES)							
Operating Transfers In	-	-	-	-	-	-	34,615
Operating Transfers (Out)	-	-	-	-	-	-	(13,449)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	21,166
NET CHANGE IN FUND BALANCE	-	(4,127)	(45,374)	114	4,092	3,760	(261,126)
FUND BALANCES - JANUARY 1	15,228	6,680	49,408	1,492	-	-	854,579
FUND BALANCES - DECEMBER 31	\$ 15,228	\$ 2,553	\$ 4,034	\$ 1,606	\$ 4,092	\$ 3,760	\$ 593,453

See accompanying independent auditors' report.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets.

TOWN OF KILLINGTON, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
DECEMBER 31, 2010

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Public safety	\$ -	\$ -	\$ 721,210	\$ -	\$ 721,210
Highways	-	610,000	177,600	-	787,600
Library	-	550,000	-	-	550,000
Golf course	-	5,940,000	224,720	-	6,164,720
Sewer fund	-	-	1,710,000	-	1,710,000
Total General Capital Assets	-	7,100,000	2,833,530	-	9,933,530
Less: Accumulated Depreciation	-	(2,864,000)	(79,472)	-	(2,943,472)
Net General Capital Assets	\$ -	\$ 4,236,000	\$ 2,754,058	\$ -	\$ 6,990,058

See accompanying independent auditors' report.

TOWN OF KILLINGTON, VERMONT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Capital Assets 1/1/10	Additions	Deletions	General Capital Assets 12/31/10
Public safety	\$ -	\$ 721,210	\$ -	\$ 721,210
Highways	610,000	177,600	-	787,600
Library	550,000	-	-	550,000
Golf course	6,164,720	-	-	6,164,720
Sewer fund	1,710,000	-	-	1,710,000
Total General Capital Assets	9,034,720	898,810	-	9,933,530
Less: Accumulated Depreciation	(2,627,333)	(316,139)	-	(2,943,472)
Net General Capital Assets	<u>\$ 6,407,387</u>	<u>\$ 582,671</u>	<u>\$ -</u>	<u>\$ 6,990,058</u>

See accompanying independent auditors' report.