

Audited Financial Statements  
and Other Financial Information

Town of Killington, Vermont

June 30, 2016



*Proven Expertise and Integrity*

TOWN OF KILLINGTON, VERMONT

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JUNE 30, 2016

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## INDEPENDENT AUDITORS' REPORT

Selectboard  
Town of Killington  
Killington, Vermont

### Report on the Financial Statements

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 18 month period ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Killington, Vermont's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

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reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Basis for Adverse Opinion on the Golf Course Fund

Management has not included the Golf Course Fund in the Town of Killington, Vermont's financial statements. Accounting principles generally accepted in the United States of America require the Golf Course Fund to be presented as a major enterprise fund and financial information about the Golf Course Fund to be part of the business-type activities, thus increasing that activity's assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses, and changing its net position. The amount by which the departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses of the business-type activities and the omitted major fund has not been determined. The Golf Course is accounted for separately, using a calendar year end, and has a separate audit report issued December 31st each year. It should be noted that the Town has issued certain bonds on behalf of the Golf Course and this debt is reflected in the separate Golf Course financial statements.

#### Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on the Golf Course Fund" paragraph, the financial statements referred to above do not present fairly the financial position of the Golf Course Fund as of June 30, 2016, or the changes in financial position or cash flows thereof for the 18 months then ended in accordance with accounting principles generally accepted in the United States of America.

#### Unmodified Opinion

In our opinion, except for the significance of the matter described in the "Basis for Adverse Opinion on the Golf Course Fund" 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 June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the 18 months then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 5 through 12 and 53 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Killington, Vermont's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2017 on our consideration of the Town of Killington, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Killington, Vermont's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine

Vermont Registration No. 092.0000697

January 30, 2017

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**(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 18 months ended June 30, 2016. 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 pension information, 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 Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position 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 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 and Route 4 Sewer Fund.

### **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 funds balance sheet and the governmental funds 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 four columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, FEMA Irene Storm and the Sherburne 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 two proprietary funds, the Alpine Drive Sewer Fund and the Route 4 Sewer Fund. 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 Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions and Notes to Required Supplementary Information.

### **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 position, and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities was \$5,904,463. For business-type activities, the Town's total net position was \$800,921.

Unrestricted net position - the part of net position 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 to a balance of \$1,082,390 at the end of the fiscal year. For the business-type activities, unrestricted net position increased to a balance of \$219,921.

**Table 1**  
**Town of Killington, Vermont**  
**Net Position**  
**June 30, 2016**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
<b>Assets:</b>		
Current Assets	\$ 2,425,276	\$ 75,700
Capital Assets	6,527,422	1,311,000
Total Assets	8,952,698	1,386,700
<b>Deferred Outflows of Resources:</b>		
Deferred Outflows Related to Pensions	125,560	-
Total Deferred Outflows of Resources	125,560	-
<b>Liabilities:</b>		
Current Liabilities	1,364,333	25,779
Long-term Debt Outstanding	1,741,873	560,000
Total Liabilities	3,106,206	585,779
<b>Deferred Inflows of Resources:</b>		
Prepaid Taxes	67,589	-
Total Deferred Inflows of Resources	67,589	-
<b>Net Position:</b>		
Net Investment in Capital Assets	4,560,759	581,000
Restricted: Special Revenue Funds	708	-
Capital Projects Funds	205,051	-
Permanent Funds	55,555	-
Unrestricted	1,082,390	219,921
Total Net Position	\$ 5,904,463	\$ 800,921

**Table 2**  
**Town of Killington, Vermont**  
**Change in Net Position**  
**For the 18 Months Ended June 30, 2016**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 224,776	\$ 346,158
Operating grants and contributions	493,315	-
<i>General Revenues:</i>		
Taxes	18,993,667	-
Grants and contributions not restricted to specific programs	1,661,881	-
Miscellaneous	304,303	-
Total Revenues	<u>21,677,942</u>	<u>346,158</u>
<b>Expenses</b>		
General government	1,425,113	-
Public safety	646,372	-
Highways	1,576,437	-
Health and sanitation	92,383	-
Culture and recreation	553,181	-
Social services	14,499	-
Education	15,348,914	-
County tax	85,411	-
Interest on long-term debt	29,820	51,806
Capital outlay	240,614	-
Sewer	-	26,525
Depreciation	-	114,000
Unclassified	1,320,886	-
Total Expenses	<u>21,333,630</u>	<u>192,331</u>
Change in Net Position	344,312	153,827
Net Position - January 1 (Restated)	<u>5,560,151</u>	<u>647,094</u>
Net Position - June 30	<u>\$ 5,904,463</u>	<u>\$ 800,921</u>

**Revenues and Expenses**

Comparative revenues and expenses have not been presented for the current report as there is eighteen month's activity in the current fiscal period.

## 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, unassigned 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**

	<b>June 30, 2016</b>	<b>December 31, 2014 (Restated)</b>
General Fund:		
Unassigned	\$ 441,477	\$ 585,562
Total General Fund	\$ 441,477	\$ 585,562
FEMA Irene Storm:		
Unassigned	\$ (590,107)	\$ (815,491)
Total FEMA Irene Storm	\$ (590,107)	\$ (815,491)
Sherburne Village Cemetery Fund:		
Restricted	\$ 55,555	\$ 61,802
Total Sherburne Village Cemetery Fund	\$ 55,555	\$ 61,802
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 708	\$ 2,697
Capital Projects Funds:		
Restricted	205,051	389,446
Committed	998,944	766,295
Assigned	21,272	25,577
Unassigned	(28,917)	(42,144)
Total Nonmajor Funds	\$ 1,197,058	\$ 1,141,871

The general fund total fund balance decreased by \$144,085 from the prior fiscal year. The FEMA Irene Storm increased by \$225,384 from the prior fiscal year. The Sherburne Village Cemetery Fund decreased by \$6,247 from the prior fiscal year. The nonmajor fund balances increased by \$55,187 from the prior fiscal year.

*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 increase in the net position for the fiscal period of \$9,900 versus last year of \$3,253. The Route 4 Sewer Fund also had an increase in net position this fiscal period of \$143,927 versus last year of \$110,085.

## Budgetary Highlights

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

The general fund actual revenues were under budget by \$239,977. This was primarily the result of intergovernmental and miscellaneous revenues.

The general fund actual expenditures were under budget by \$339,442. All expenditure categories were under budget with the exception of county tax, health and sanitation, principal and interest on debt service and unclassified expenses.

### Capital Asset and Debt Administration

#### Capital Assets

As of June 30, 2016, the net book value of capital assets recorded by the Town decreased by \$59,966 from the prior year. The decrease is the result of capital additions of \$757,628 less current year depreciation of \$817,594.

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

	<b>June 30, 2016</b>	<b>December 31, 2014 (Restated)</b>
Construction in progress	\$ 2,268,753	\$ 2,268,753
Buildings, building improvements and land improvements	849,617	932,383
Machinery, equipment and vehicles	2,687,150	2,945,290
Infrastructure	2,032,902	1,751,962
Total	<u>\$ 7,838,422</u>	<u>\$ 7,898,388</u>

#### Debt

At June 30, 2016, the Town had \$2.70 million in bonds, notes and capital leases outstanding versus \$3.15 million last year, a decrease of 14.46%. Refer to Note 6 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 unassigned fund balance has fallen below a level sufficient to sustain government operations for a period of approximately two months. However, the Town continues to maintain significant reserves for future operations, capital and program needs. The current period's decrease was due to revenues received less than budgeted along with a budgeted use of fund balance.

### **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.

## TOWN OF KILLINGTON, VERMONT

STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,547,879	\$ -	\$ 1,547,879
Investments	49,931	-	49,931
Accounts receivable (net of allowance for uncollectibles):			
Taxes	395,554	-	395,554
Due from golf course	576,133	-	576,133
Other	-	75,700	75,700
Internal balances	(144,221)	144,221	-
Total current assets	<u>2,425,276</u>	<u>219,921</u>	<u>2,645,197</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	2,268,753	-	2,268,753
Depreciable assets, net of accumulated depreciation	4,258,669	1,311,000	5,569,669
Total noncurrent assets	<u>6,527,422</u>	<u>1,311,000</u>	<u>7,838,422</u>
<b>TOTAL ASSETS</b>	<u>8,952,698</u>	<u>1,530,921</u>	<u>10,483,619</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	125,560	-	125,560
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>125,560</u>	<u>-</u>	<u>125,560</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 9,078,258</u>	<u>\$ 1,530,921</u>	<u>\$ 10,609,179</u>
<b>LIABILITIES</b>			
Current liabilities:			
Due to other governments	\$ 2,139	\$ -	\$ 2,139
Accrued expenses	6,509	-	6,509
Escrow	31,742	-	31,742
Expense note	900,000	-	900,000
Current portion of long-term obligations	423,943	170,000	593,943
Total current liabilities	<u>1,364,333</u>	<u>170,000</u>	<u>1,534,333</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	1,291,360	560,000	1,851,360
Notes payable	174,956	-	174,956
Capital leases payable	93,922	-	93,922
Net pension liability	181,635	-	181,635
Total noncurrent liabilities	<u>1,741,873</u>	<u>560,000</u>	<u>2,301,873</u>
<b>TOTAL LIABILITIES</b>	<u>3,106,206</u>	<u>730,000</u>	<u>3,836,206</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	67,589	-	67,589
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>67,589</u>	<u>-</u>	<u>67,589</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,560,759	581,000	5,141,759
Restricted	261,314	-	261,314
Unrestricted	1,082,390	219,921	1,302,311
<b>TOTAL NET POSITION</b>	<u>5,904,463</u>	<u>800,921</u>	<u>6,705,384</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 9,078,258</u>	<u>\$ 1,530,921</u>	<u>\$ 10,609,179</u>

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

## TOWN OF KILLINGTON, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE 18 MONTHS ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,425,113	\$ 122,960	\$ -	\$ -	\$ (1,302,153)	\$ -	\$ (1,302,153)
Public safety	646,372	-	-	-	(646,372)	-	(646,372)
Highways	1,576,437	-	126,326	-	(1,450,111)	-	(1,450,111)
Health and sanitation	92,383	31,500	-	-	(60,883)	-	(60,883)
Culture and recreation	553,181	68,716	-	-	(484,465)	-	(484,465)
Social services	14,499	-	-	-	(14,499)	-	(14,499)
Education	15,348,914	-	-	-	(15,348,914)	-	(15,348,914)
County tax	85,411	-	-	-	(85,411)	-	(85,411)
Interest on long-term debt	29,820	-	-	-	(29,820)	-	(29,820)
Capital outlay	240,614	-	-	-	(240,614)	-	(240,614)
Unclassified	1,320,886	1,600	366,989	-	(952,297)	-	(952,297)
Total governmental activities	<u>21,333,630</u>	<u>224,776</u>	<u>493,315</u>	<u>-</u>	<u>(20,615,539)</u>	<u>-</u>	<u>(20,615,539)</u>
Business-type activities:							
Alpine Drive Sewer Fund	3,994	13,894	-	-	-	9,900	9,900
Rt. 4 Sewer Fund	188,337	332,264	-	-	-	143,927	143,927
Total business-type activities	<u>192,331</u>	<u>346,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,827</u>	<u>153,827</u>
Total government	<u>\$ 21,525,961</u>	<u>\$ 570,934</u>	<u>\$ 493,315</u>	<u>\$ -</u>	<u>(20,615,539)</u>	<u>153,827</u>	<u>(20,461,712)</u>

STATEMENT B (CONTINUED)

TOWN OF KILLINGTON, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE 18 MONTHS ENDED JUNE 30, 2016

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	<u>(20,615,539)</u>	<u>153,827</u>	<u>(20,461,712)</u>
General revenues:			
Taxes, levied for general purposes	18,993,667	-	18,993,667
Grants and contributions not restricted to specific programs	1,661,881	-	1,661,881
Miscellaneous	<u>304,303</u>	-	<u>304,303</u>
Total general revenues	<u>20,959,851</u>	<u>-</u>	<u>20,959,851</u>
Change in net position	344,312	153,827	498,139
NET POSITION - JANUARY 1 (RESTATED)	<u>5,560,151</u>	<u>647,094</u>	<u>6,207,245</u>
NET POSITION - JUNE 30	<u>\$ 5,904,463</u>	<u>\$ 800,921</u>	<u>\$ 6,705,384</u>

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

## TOWN OF KILLINGTON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	FEMA Irene Storm	Sherburne Village Cemetery Fund	All Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,134,017	\$ -	\$ 5,624	\$ 408,238	\$ 1,547,879
Investments	-	-	49,931	-	49,931
Accounts receivable (net of allowance for uncollectibles):					
Taxes	395,554	-	-	-	395,554
Due from golf course	576,133	-	-	-	576,133
Due from other funds	689,621	-	-	888,334	1,577,955
<b>TOTAL ASSETS</b>	<b>\$ 2,795,325</b>	<b>\$ -</b>	<b>\$ 55,555</b>	<b>\$ 1,296,572</b>	<b>\$ 4,147,452</b>
<b>LIABILITIES</b>					
Due to other funds	\$ 1,032,555	\$ 590,107	\$ -	\$ 99,514	\$ 1,722,176
Accrued expenses	6,509	-	-	-	6,509
Escrow	31,742	-	-	-	31,742
Expense note	900,000	-	-	-	900,000
Due to other governments	2,139	-	-	-	2,139
<b>TOTAL LIABILITIES</b>	<b>1,972,945</b>	<b>590,107</b>	<b>-</b>	<b>99,514</b>	<b>2,662,566</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Prepaid taxes	67,589	-	-	-	67,589
Deferred tax revenues	313,314	-	-	-	313,314
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>380,903</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>380,903</b>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	55,555	205,759	261,314
Committed	-	-	-	998,944	998,944
Assigned	-	-	-	21,272	21,272
Unassigned	441,477	(590,107)	-	(28,917)	(177,547)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>441,477</b>	<b>(590,107)</b>	<b>55,555</b>	<b>1,197,058</b>	<b>1,103,983</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 2,795,325</b>	<b>\$ -</b>	<b>\$ 55,555</b>	<b>\$ 1,296,572</b>	<b>\$ 4,147,452</b>

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 POSITION  
JUNE 30, 2016

	Total Governmental Funds
Total Fund Balances	\$ 1,103,983
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	6,527,422
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	313,314
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	125,560
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,510,260)
Notes payable	(259,954)
Capital leases payable	(196,449)
Net pension liability	(199,153)
	\$ 5,904,463
Net position of governmental activities	

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

## STATEMENT E

## TOWN OF KILLINGTON, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE 18 MONTHS ENDED JUNE 30, 2016

	General Fund	FEMA Irene Storm	Sherburne Village Cemetery Fund	All Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 19,111,904	\$ -	\$ -	\$ -	\$ 19,111,904
Intergovernmental	1,567,378	220,829	-	366,989	2,155,196
Charges for services	223,176	-	1,600	-	224,776
Miscellaneous revenues	234,844	18,255	927	50,277	304,303
<b>TOTAL REVENUES</b>	<b>21,137,302</b>	<b>239,084</b>	<b>2,527</b>	<b>417,266</b>	<b>21,796,179</b>
EXPENDITURES					
Current:					
General government	1,407,402	-	-	-	1,407,402
Public safety	441,086	-	-	-	441,086
Highways	1,163,753	-	-	-	1,163,753
Health and sanitation	92,383	-	-	-	92,383
Culture and recreation	489,603	-	-	-	489,603
Social services	14,499	-	-	-	14,499
Education	15,338,274	-	-	-	15,338,274
County tax	85,411	-	-	-	85,411
Unclassified	1,194,904	-	12,774	101,802	1,309,480
Debt service:					
Principal	78,492	-	-	-	78,492
Interest	29,820	-	-	-	29,820
Capital outlay	-	13,700	-	1,392,867	1,406,567
<b>TOTAL EXPENDITURES</b>	<b>20,335,627</b>	<b>13,700</b>	<b>12,774</b>	<b>1,494,669</b>	<b>21,856,770</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	801,675	225,384	(10,247)	(1,077,403)	(60,591)
OTHER FINANCING SOURCES (USES)					
Loan proceeds	-	-	-	190,830	190,830
Transfers in	-	-	4,000	941,881	945,881
Transfers (out)	(945,760)	-	-	(121)	(945,881)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(945,760)</b>	<b>-</b>	<b>4,000</b>	<b>1,132,590</b>	<b>190,830</b>
NET CHANGE IN FUND BALANCES (DEFICITS)	(144,085)	225,384	(6,247)	55,187	130,239
FUND BALANCES (DEFICITS) - JANUARY 1 (RESTATED)	585,562	(815,491)	61,802	1,141,871	973,744
FUND BALANCES (DEFICITS) - JUNE 30	\$ 441,477	\$(590,107)	\$ 55,555	\$ 1,197,058	\$ 1,103,983

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 18 MONTHS ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 130,239</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 allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	757,628
Depreciation expense	<u>(703,594)</u>
	<u>54,034</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported	
Taxes and liens receivable	<u>(118,237)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>87,498</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 Position	
	<u>527,289</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	
	<u>(231,302)</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	
	<u>70,939</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Net pension liability	<u>(176,148)</u>
	<u>(176,148)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 344,312</u></u>

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

## TOWN OF KILLINGTON, VERMONT

STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
JUNE 30, 2016

	Enterprise Funds		
	Alpine Drive Sewer Fund	Route 4 Sewer Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	1,500	74,200	75,700
Due from other funds	36,506	107,715	144,221
Total current assets	<u>38,006</u>	<u>181,915</u>	<u>219,921</u>
Noncurrent assets:			
Capital assets:			
Equipment	-	1,710,000	1,710,000
Less: accumulated depreciation	-	(399,000)	(399,000)
Total noncurrent assets	<u>-</u>	<u>1,311,000</u>	<u>1,311,000</u>
<b>TOTAL ASSETS</b>	<u>\$ 38,006</u>	<u>\$ 1,492,915</u>	<u>\$ 1,530,921</u>
<b>LIABILITIES</b>			
Current liabilities:			
Due to other funds	\$ -	\$ -	\$ -
Current portion of long-term obligations	-	170,000	170,000
Total current liabilities	<u>-</u>	<u>170,000</u>	<u>170,000</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations			
Bonds payable	-	560,000	560,000
Total noncurrent liabilities	<u>-</u>	<u>560,000</u>	<u>560,000</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>730,000</u>	<u>730,000</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	581,000	581,000
Unrestricted	38,006	181,915	219,921
<b>TOTAL NET POSITION</b>	<u>38,006</u>	<u>762,915</u>	<u>800,921</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 38,006</u>	<u>\$ 1,492,915</u>	<u>\$ 1,530,921</u>

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

## TOWN OF KILLINGTON, VERMONT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE 18 MONTHS ENDED JUNE 30, 2016

	Enterprise Funds		
	Alpine Drive Sewer Fund	Route 4 Sewer Fund	Total
OPERATING REVENUES			
Charges for services	\$ 13,894	\$ 332,264	\$ 346,158
TOTAL OPERATING REVENUES	<u>13,894</u>	<u>332,264</u>	<u>346,158</u>
OPERATING EXPENSES			
Sewer	3,994	22,531	26,525
Depreciation	-	114,000	114,000
TOTAL OPERATING EXPENSES	<u>3,994</u>	<u>136,531</u>	<u>140,525</u>
OPERATING INCOME (LOSS)	<u>9,900</u>	<u>195,733</u>	<u>205,633</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest expense	-	(51,806)	(51,806)
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>-</u>	<u>(51,806)</u>	<u>(51,806)</u>
CHANGE IN NET POSITION	9,900	143,927	153,827
NET POSITION - JANUARY 1 (RESTATED)	<u>28,106</u>	<u>618,988</u>	<u>647,094</u>
NET POSITION - JUNE 30	<u>\$ 38,006</u>	<u>\$ 762,915</u>	<u>\$ 800,921</u>

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

## TOWN OF KILLINGTON, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE 18 MONTHS ENDED JUNE 30, 2016

	Enterprise Funds		
	Alpine Drive Sewer Fund	Route 4 Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 12,844	\$ 312,817	\$ 325,661
Internal activity - receipts (payments) from/to other funds	(8,850)	(78,480)	(87,330)
Payments to suppliers	(3,994)	(22,531)	(26,525)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>-</u>	<u>211,806</u>	<u>211,806</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Interest paid on long-term debt	-	(51,806)	(51,806)
Principal payments on long-term debt	-	(160,000)	(160,000)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>(211,806)</u>	<u>(211,806)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	-	-	-
<b>CASH AND CASH EQUIVALENTS - JANUARY 1</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - JUNE 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 9,900	\$ 195,733	\$ 205,633
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	-	114,000	114,000
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(1,050)	(19,447)	(20,497)
(Increase) decrease in due from other funds	(8,850)	(78,480)	(87,330)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ -</u>	<u>\$ 211,806</u>	<u>\$ 211,806</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid during the year for:			
Interest	<u>\$ -</u>	<u>\$ 51,806</u>	<u>\$ 51,806</u>

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

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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 Selectboard-manager form of government and provides the following services: general government, public safety, highways, health and sanitation, culture and recreation, social services, education, and 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).

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 Statements No. 39 and No. 61.

**Implementation of New Accounting Standards**

During the year ended June 30, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 72, "*Fair Value Measurement and Application*". The objective of the Statement is to expand comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will improve fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 79, "*Certain External Investment Pools and Pool Participants*". This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

**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 and Route 4 Sewer Fund are categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column,

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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, public safety, 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 position 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, 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:

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major funds:

- 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.
- b. The FEMA Irene Storm Fund is used to account for proceeds from FEMA storm grant intergovernmental revenue related to capital expenditures from the storm damage.
- c. The Sherburne Village Cemetery Fund is used to account for assets held by the Town pursuant to a trust agreement for the cemetery. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

Nonmajor funds:

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- f. 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 position, 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:

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

**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.

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A Town meeting of the residents 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.
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. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. 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

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

**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 June 30, 2016.

**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.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

Buildings and improvements	10 - 50 years
Infrastructure	20 - 50 years
Machinery and equipment	3 - 25 years
Vehicles	3 - 25 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, notes payable, capital leases payable and net pension liability.

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 funds is the same in the fund statements as it is in the government-wide statements.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

**Nonspendable** – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

**Assigned** – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Selectboard.

**Unassigned** – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) Plan and additions to/deductions from the VMERS Plan's fiduciary net position have been determined on the same basis as they are reported by

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the VMERS Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has only one type of item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualifies for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied in July on the assessed value listed as of April 1, annually, for all real and personal property located in the Town. Taxes were due in four installments on August 15, November 15, February 15, and May 15. Interest accrues on August 25, November 25, February 25, and May 25, at 1% per month for the first three months and 1½% per month for each month thereafter. An 8% Collector's Commission is added to the entire unpaid principal tax balance after May 25.

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.

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided; operating or capital grants and contributions, including special assessments).

**Operating/Non-Operating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**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 - DEPOSITS 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.

**Deposits:**

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 June 30, 2016, the Town's cash balance of \$1,547,879 was comprised of deposits amounting to \$1,897,280. Of these deposits, \$356,331 was insured by federal depository insurance or an irrevocable standby letter of credit and consequently was not exposed to custodial credit risk. The remaining deposits of \$1,540,949 were collateralized with a pool of securities held by the financial institution not in the Town's name and therefore were exposed to custodial credit risk.

TOWN OF KILLINGTON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Account Type	Bank Balance
Checking accounts	\$ 101,514
Repurchase agreements	1,383,418
Money market accounts	407,530
Savings accounts	4,818
	\$ 1,897,280

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

At June 30, 2016, the Town's investments of \$49,931 were comprised of certificates of deposit. Of this amount, \$49,931 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk.

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Certificates of deposit	\$ 49,931	\$ -	\$ 49,931	\$ -

Credit risk – Statutes for the State of Vermont 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. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various certificates of deposit.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2016 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 689,621	\$ 1,032,555
FEMA Irene Storm	-	590,107
Nonmajor Capital Projects Funds	888,334	99,514
Alpine Drive Sewer Fund	36,506	-
Route 4 Sewer Fund	107,715	-
	\$ 1,722,176	\$ 1,722,176

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the 18 months ended June 30, 2016:

	Balance, 1/1/15 (Restated)	Additions	Disposals	Balance, 6/30/16
<u>Governmental activities</u>				
Non-depreciated assets:				
Construction in progress	\$ 2,268,753	\$ -	\$ -	\$ 2,268,753
	2,268,753	-	-	2,268,753
Depreciated assets:				
Buildings & building improvements	1,324,276	8,755	-	1,333,031
Vehicles	1,384,836	251,302	-	1,636,138
Machinery & equipment	581,483	-	-	581,483
Infrastructure	1,779,581	497,571	-	2,277,152
	5,070,176	757,628	-	5,827,804
Less: accumulated depreciation	(865,541)	(703,594)		(1,569,135)
	4,204,635	54,034	-	4,258,669
Net governmental capital assets	\$ 6,473,388	\$ 54,034	\$ -	\$ 6,527,422
<u>Business-type activities</u>				
Depreciated assets:				
Machinery & equipment	\$ 1,710,000	\$ -	\$ -	\$ 1,710,000
	1,710,000	-	-	1,710,000
Less: accumulated depreciation	(285,000)	(114,000)	-	(399,000)
	1,425,000	(114,000)	-	1,311,000
Net business-type capital assets	\$ 1,425,000	\$ (114,000)	\$ -	\$ 1,311,000

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation:

<u>Governmental activities</u>	
Public safety	\$ 205,286
Highway	412,684
Library	41,604
Recreation	21,974
Education	10,640
Town-wide	11,406
Total governmental activities depreciation expense	<u>\$ 703,594</u>
<u>Business-type activities</u>	
Route 4 Sewer	\$ 114,000
Total business-type activities depreciation expense	<u>\$ 114,000</u>

NOTE 5 - SHORT-TERM DEBT

On May 19, 2015, the Town issued a tax anticipation note in anticipation of tax revenues to meet its operating obligations during the fiscal year. The note, a line of credit, allowed principal draws up to \$1,700,000 at 1.15% interest with a maturity date of September 25, 2015. On September 2, 2015, the note was paid in full. Interest expense for the note was \$5,593.

On October 29, 2015, the Town issued a tax anticipation note in anticipation of tax revenues to meet its operating obligations during the fiscal year. The note, a line of credit, allowed principal draws up to \$700,000 at 1.15% interest with a maturity date of February 22, 2016. On February 22, 2016, the note was paid in full. Interest expense for the note was \$2,527.

On June 30, 2016, the Town issued an operating expense note in anticipation of tax revenues to meet its operating obligations during the fiscal year. The note was issued in the amount of \$900,000 at 1.40% interest with a maturity date of September 1, 2016.

Short-term debt activity for the 18 month period June 30, 2016, was as follows:

	Balance, 1/1/15	Additions	Repayments	Balance, 6/30/16
Tax anticipation note	\$ -	\$ 700,000	\$ (700,000)	\$ -
Tax anticipation note	-	1,700,000	(1,700,000)	-
Tax anticipation note	-	900,000	-	900,000
	<u>\$ -</u>	<u>\$ 3,300,000</u>	<u>\$ (2,400,000)</u>	<u>\$ 900,000</u>

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the 18 months ended June 30, 2016:

	Balance, 1/1/15 (Restated)	Additions	Deletions	Balance, 6/30/16	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 1,869,500	\$ -	\$ (359,240)	\$ 1,510,260	\$ 218,900
Notes payable	136,036	190,830	(66,912)	259,954	84,998
Capital leases payable	257,114	40,472	(101,137)	196,449	102,527
Net pension liability	23,005	176,148	-	199,153	17,518
Totals	<u>\$ 2,285,655</u>	<u>\$ 407,450</u>	<u>\$ (527,289)</u>	<u>\$ 2,165,816</u>	<u>\$ 423,943</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 890,000	\$ -	\$ (160,000)	\$ 730,000	\$ 170,000
Totals	<u>\$ 890,000</u>	<u>\$ -</u>	<u>\$ (160,000)</u>	<u>\$ 730,000</u>	<u>\$ 170,000</u>

The following is a summary of outstanding bonds and notes payable:

**Governmental activities bonds and notes payable:**

\$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.	\$ 135,000
\$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.	240,000
\$19,500, 2011 General Obligation Bonds due in annual principal payments of \$3,900, through May of 2021. Interest is charged at a rate of 0.00% per annum.	15,260
\$1,400,000, 2014 Bonds due in annual principal payments of \$140,000, through November of 2024. Interest is charged at a rate of 2.60% per annum.	1,120,000
\$100,430, 2012 Notes payable due in annual principal payments of \$25,108, through August of 2016. Interest is charged at a rate varying of 2.75% per annum.	25,108
\$190,830, 2015 Notes payable due in annual principal payments of \$38,166, through August of 2020. Interest is charged at a rate varying of 2.25% per annum.	190,830
\$108,694, 2014 Notes Payable due in annual payments of \$22,873, through March of 2018. Interest is charged at 2.61% per annum.	44,016
Total governmental activities bonds and notes payable	<u>\$ 1,770,214</u>

TOWN OF KILLINGTON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016

NOTE 6 - LONG-TERM DEBT (CONTINUED)

**Business-type activities bonds payable:**

\$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>\$ 730,000</u>
Total business-type activities bonds payable	<u><u>\$ 730,000</u></u>

The following is a summary of outstanding bonds and notes principal and interest requirements for the fiscal years ending June 30:

Governmental activities:

	Principal	Interest	Total Debt Service
2017	\$ 303,898	\$ 51,038	\$ 354,936
2018	279,358	41,717	321,075
2019	257,066	33,040	290,106
2020	211,726	26,079	237,805
2021	208,166	20,253	228,419
2022-2026	510,000	28,125	538,125
	<u>\$ 1,770,214</u>	<u>\$ 200,252</u>	<u>\$ 1,970,466</u>

Business-type activities:

	Principal	Interest	Total Debt Service
2017	\$ 170,000	\$ 11,913	\$ 181,913
2018	180,000	4,155	184,155
2019	185,000	10,025	195,025
2020	195,000	5,280	200,280
2021	-	-	-
	<u>\$ 730,000</u>	<u>\$ 31,373</u>	<u>\$ 761,373</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the 18 months ended June 30, 2016 was \$137,883.

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.

TOWN OF KILLINGTON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

The Town leases a brush truck under a non-cancelable lease agreement. The term of the lease is for a three year period expiring in November of 2016. Annual payments are \$73,990, with an initial first year payment of \$150,000.

The Town leases a wheel loader under a non-cancelable lease agreement. The term of the lease is for a seven year period expiring in March of 2020. Annual payments are \$15,996.

The Town leases a police cruiser under a non-cancelable lease agreement. The term of the lease is for a four year period expiring in August of 2017. Annual payments are, first payment \$9,310 with an initial first year payment of \$15,000.

The Town leases a police cruiser under a non-cancelable lease agreement. The term of the lease is for a four year period expiring in October of 2019. Annual payments are \$8,644.

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

Year Ending June 30:	
2017	\$ 107,940
2018	33,950
2019	24,640
2020	24,640
2021	<u>15,997</u>
Total minimum lease payment	207,167
Less amount representing interest	<u>(10,718)</u>
Present value of future minimum lease payments	<u><u>\$ 196,449</u></u>

NOTE 7 - OPERATING LEASES

The Town has entered into two lease agreements for copiers. The term of both leases is for 60 months expiring in June of 2017 and May of 2019. Monthly payments are \$789 and \$156, respectively.

The following is a summary of outstanding operating lease requirements for the fiscal years ending June 30:

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 7 - OPERATING LEASES (CONTINUED)

Year Ending June 30:		
2017	\$	9,767
2018		1,877
2019		1,565
Total minimum lease payments	\$	13,209

NOTE 8 - RESTRICTED FUND BALANCES

At June 30, 2016, the Town had the following restricted fund balances:

Nonmajor Special Revenue Funds (See Schedule E)	\$	708
Nonmajor Capital Projects Funds (See Schedule G)		205,051
Sherburne Village Cemetery Fund		55,555
	\$	261,314

NOTE 9 - COMMITTED FUND BALANCES

At June 30, 2016, the Town had the following committed fund balances:

Nonmajor Capital Projects Funds (See Schedule G)	\$	998,944
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NOTE 10 - ASSIGNED FUND BALANCES

At June 30, 2016, the Town had the following assigned fund balances:

Nonmajor Capital Projects Funds (See Schedule G)	\$	21,272
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NOTE 11 - 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 and amounts of settlements have not exceeded insurance coverage in the past three years. 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 two insurance trusts; the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multi-line insurance; the Vermont League of Cities and Towns Employment Resource Benefits Trust (VERB) for unemployment, life, disability and other ancillary coverage. PACIF and VERB are nonprofit corporations

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 11 - RISK MANAGEMENT (CONTINUED)

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.

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 unemployment insurance coverage, VERB has established a self-funded fully insured program. Contributions fund unemployment claims and are based on payroll expense and the claim experience from the best four years out of the last five. Other benefits available include dental insurance, vision plans, flexible spending accounts, life insurance, disability insurance, and long-term care insurance. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VERB 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 12 - 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.

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

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 12 - CONTINGENCIES (CONTINUED)

disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 13 - DEFICIT FUND BALANCES

At June 30, 2016, the Town had the following deficit fund balances:

Bridge Capital Fund	\$ 28,917
FEMA Irene Storm	590,107
	<u>\$ 619,024</u>

The FEMA Irene Storm deficit will be reduced by drawdowns of state and federal funding allocated to this project. Project completion is anticipated in the next fiscal year.

NOTE 14 - LETTER OF CREDIT

At June 30, 2016, the Town has an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD Bank, N.A. This letter of credit, which expires at the close of business on July 7, 2016, authorizes one draw only up to the amount of \$200,000. There were no draws for the 18 month period ended June 30, 2016.

NOTE 15 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

**Plan Description**

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975, and is governed by *Title 24, V.S.A. Chapter 125*. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. Employees of the Town other than Teachers are eligible to participate in the VMERS providing they work on a regular basis for not less than 30 hours a week and for not less than 1,040 hours for the school year.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR may be viewed on the State's Department of Finance & Management website at:

[http://finance.vermont.gov/reports\\_and\\_publications/cafr](http://finance.vermont.gov/reports_and_publications/cafr).

**Benefits Provided**

The pension plan is divided into four membership groups:

- Group A – general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B & C – general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D – sworn police officers, firefighters and emergency medical personnel

The Town participates in Group B. Benefits available to each group are based on average final compensation (AFC) and years of creditable service, and are summarized below:

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Normal service retirement eligibility	Age 65 with 5 years of service, or age 55 with 35 years of service	Age 62 with 5 years of service, or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula – normal service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 55 with 20 years of service
Early Retirement Eligibility	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

\*\* - A special early retirement factor of 3% per year only for municipal police officers who have attained age 60

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

**Contributions**

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund, and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group are as follows:

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Employee Contributions	2.5% of gross salary	4.75% of gross salary to 6/30/15; 4.875% of gross salary after 7/1/15	9.625% of gross salary to 12/31/14; 9.75% of gross salary to 6/30/15; 9.875% of gross salary after 7/1/15	11.125% of gross salary to 6/30/15; 11.35% of gross salary after 7/1/15
Employer Contributions	4% of gross salary	5.375% of gross salary to 6/30/15; 5.50% of gross salary after 7/1/15	6.875% of gross salary to 12/31/14; 7% of gross salary to 6/30/15; 7.125% of gross salary after 7/1/15	9.75% of gross salary to 6/30/15; 9.85% of gross salary after 7/1/15

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the Town reported a liability of \$199,153 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2015, the Town's proportion was 0.25832% for VMERS, which was a decrease of 0.00625% from its proportion measured as of June 30, 2014 for VMERS.

For the year ended June 30, 2016, the Town recognized total pension expense of \$17,711. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,295	\$ -
Changes of assumptions	39,662	-
Net difference between projected and actual earnings on pension plan investments	38,475	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,328	-
Contributions subsequent to the measurement date	37,800	-
Total	\$ 125,560	\$ -

\$37,800 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VMERS	
Year ended June 30:		
2017	\$	17,518
2018		17,518
2019		17,518
2020		35,205
2021		-
Thereafter		-

**Significant Actuarial Assumptions and Methods**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using the actuarial assumptions outlined below. These assumptions were selected on the basis of the experience study that was performed for the five year period ending June 30, 2010:

*Investment Rate of Return:* For the VMERS plan, a select-and-ultimate interest rate set is used, specified below. The interest rate is restarted every year:

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%
Year 7: 8.25%	Year 16: 8.75%
Year 8: 8.25%	Year 17 and later: 9.00%
Year 9: 8.50%	

Salary increases for the VMERS plan are 5.00% per year, including inflation.

Mortality rates for active participants in the VMERS plan were based on 50% of the probabilities in the 1995 Buck Mortality Tables for males and females, non-disabled retirees and terminated vested participants were based on the 1995 Buck Mortality Tables with no set-back for males and a one-year set-back for females, disabled retirees were based on the RP-2000 Disabled Life Tables, and the 1995 Buck Mortality Tables for males and females was applied to beneficiaries.

*Inflation:* the separately stated assumptions for investment return, salary increases and cost of living adjustments for the VMERS plan is consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

*Spouse's age* assumptions used in the June 30, 2015 valuation set a husband's age at three years greater than their wives.

*Cost-of-Living adjustments* to benefits of terminated vested and retired participants were assumed to occur at the rate of 1.5% per annum for Group A members and 1.8% per annum for members of Groups B, C and D of the VMERS plan.

A smoothing *asset valuation method* was used for funding purposes, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

The *long-term expected rate of return* on the VMERS plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity	31.50%	8.61%
Fixed income	33.00%	1.91%
Alternative	15.50%	6.93%
Multi-strategy	20.00%	4.88%
Total	100.00%	

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

**Discount Rate**

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

**Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.95%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

is 1 percentage point lower (6.95%) or 1 percentage point higher (8.95%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.95%	7.95%	8.95%
Town's proportionate share of the net pension liability	\$ 397,795	\$ 199,153	\$ 32,634

**Pension Plan Fiduciary Net Position**

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the Vermont Municipal Employees' Retirement System (VMERS) or its participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance & Management website at:

[http://finance.vermont.gov/reports\\_and\\_publications/cafr](http://finance.vermont.gov/reports_and_publications/cafr)

NOTE 16 - DEFINED CONTRIBUTION PLAN

**Plan Description**

The Vermont Municipal Employees' Defined Contribution Plan (24 V.S.A. 5070), a multiple employer defined contribution pension plan, was implemented by the Vermont Municipal Employees' Retirement System's (VMERS) Board of Trustees on July 1, 2000, and is reported as a pension trust fund. The defined contribution plan was offered by municipal employers to one or more groups of their eligible employees. Once offered by the employer, each eligible employee was required to make an election to participate. Employees participating in one of the municipal defined benefit plans who elected to participate in the defined contribution plan had the July 1, 2001, actuarial value of their accrued defined benefit plan transferred to the defined contribution plan. Employers that did not offer the defined contribution plan to their employees as of December 31, 1999, have an opportunity to do so no later than December 31 of any subsequent year with the transfer effective July 1 of the following year.

**Funding Policy**

Plan provisions and contribution requirements are established and may be amended by the VMERS Board of Trustees. Under the defined contribution pension

TOWN OF KILLINGTON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016

NOTE 16 - DEFINED CONTRIBUTION PLAN (CONTINUED)

plan, participating employees are required to contribute at the rate of 5.00% of earnable compensation and the Town is required to contribute 5.125% of earnable compensation for the plan year. For the eighteen months ended June 30, 2016, employee contributions totaled \$23,038, and the Town recognized pension expense of \$23,614. As of June 30, 2016, there were six participants in the plan.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in Town contributions and earnings on Town contributions after completion of 12 months of creditable service with the Town.

NOTE 17 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2016, the Town had the following overspent appropriations:

Health and Sanitation	\$	12,371
County Tax		4,482
Debt Service: Principal		3,492
Debt Service: Interest		1
Unclassified		18,563
	<u>\$</u>	<u>38,909</u>

NOTE 18 - RELATED PARTY

The Town's Chief of Police owns a business that provides cleaning services to the Town. During the fiscal year ended June 30, 2016, payments to this vendor totaled \$9,220.

NOTE 19 - RESTATEMENTS

The net position of the governmental activities has been restated at January 1, 2015 to account for the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 (Issued 06/12)*. As a result, the beginning balance was restated by (\$55,882).

The net position of the business-type activities has been restated at January 1, 2015 to account for the Town's reclassification of fiscal year ends. The golf course remains a December year end. As a result, the beginning balance was restated by \$811,963.

The fund balance of the capital projects funds and the net position of the governmental activities have been restated at January 1, 2015 to account for the

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 19 - RESTATEMENTS (CONTINUED)

transfer of a reserve account (golf capital) to the golf course operations, which is represented as of a December 31 fiscal year end and presented in a separate set of financial statements. As a result, the beginning balance was restated by (\$9,381).

The net restatement to the capital projects funds, governmental activities and business-type activities was (\$9,381), (\$65,263) and \$811,963, respectively.

NOTE 20 - SUBSEQUENT EVENTS

On July 6, 2016, the Town had an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD Bank, N.A. This letter of credit, which expires at the close of business on August 15, 2016, authorizes one draw only up to the amount of \$100,000.

## 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
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information

## TOWN OF KILLINGTON, VERMONT

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE 18 MONTHS ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, January 1	\$ 585,562	\$ 585,562	\$ 585,562	\$ -
Resources (Inflows):				
Property taxes	19,071,224	19,071,224	19,111,904	40,680
Intergovernmental	1,857,278	1,857,278	1,567,378	(289,900)
Charges for services	206,517	206,517	223,176	16,659
Miscellaneous revenues	242,260	242,260	234,844	(7,416)
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	<u>21,962,841</u>	<u>21,962,841</u>	<u>21,722,864</u>	<u>(239,977)</u>
Charges to Appropriations (Outflows):				
General government	1,502,299	1,502,299	1,407,402	94,897
Public safety	526,116	526,116	441,086	85,030
Highways	1,255,231	1,255,231	1,163,753	91,478
Health and sanitation	80,012	80,012	92,383	(12,371)
Culture and recreation	517,548	517,548	489,603	27,945
Social services	15,010	15,010	14,499	511
Education	15,338,274	15,338,274	15,338,274	-
County tax	80,929	80,929	85,411	(4,482)
Debt service:				
Principal	75,000	75,000	78,492	(3,492)
Interest	29,819	29,819	29,820	(1)
Unclassified	1,176,341	1,176,341	1,194,904	(18,563)
Transfers to other funds	1,024,250	1,024,250	945,760	78,490
Total Charges to Appropriations	<u>21,620,829</u>	<u>21,620,829</u>	<u>21,281,387</u>	<u>339,442</u>
Budgetary Fund Balance, June 30	<u>\$ 342,012</u>	<u>\$ 342,012</u>	<u>\$ 441,477</u>	<u>\$ 99,465</u>
Utilization of Unassigned Fund Balance	<u>\$ 243,550</u>	<u>\$ 243,550</u>	<u>\$ -</u>	<u>\$ (243,550)</u>

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

## TOWN OF KILLINGTON, VERMONT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST 10 FISCAL YEARS\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>VMERS:</u>			
Proportion of the net pension liability	0.26%	0.25%	0.25%
Proportionate share of the net pension liability	\$ 199,153	\$ 23,005	\$ 89,333
Covered-employee payroll	\$ 687,272	\$ 671,793	\$ 626,367
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	28.98%	3.42%	14.26%
Plan fiduciary net position as a percentage of the total pension liability	87.42%	98.32%	92.71%

\* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

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

## TOWN OF KILLINGTON, VERMONT

SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>VMERS:</u>			
Contractually required contribution	\$ 37,800	\$ 36,109	\$ 32,515
Contributions in relation to the contractually required contribution	<u>(37,800)</u>	<u>(36,109)</u>	<u>(32,515)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 687,272	\$ 671,793	\$ 626,367
Contributions as a percentage of covered- employee payroll	5.50%	5.38%	5.19%

\* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

TOWN OF KILLINGTON, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE 18 MONTHS ENDED JUNE 30, 2016

**Changes of Assumptions**

The discount rate used to measure the net pension liability was lowered from 8.15% to 7.95%, due to the adoption by the Board of Trustees of a 7.95% expected future rate of return on assets for funding purposes.

## 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 Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects 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 18 MONTHS ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 19,071,224	\$ 19,071,224	\$ 19,111,904	\$ 40,680
Intergovernmental revenues:				
Federal and state payments	145,500	145,500	166,441	20,941
State aid - highways	124,000	124,000	126,326	2,326
Local option taxes	1,350,000	1,350,000	1,262,181	(87,819)
Other	237,778	237,778	12,430	(225,348)
Charges for services:				
Fees and fines	34,850	34,850	35,969	1,119
Clerk revenue	76,667	76,667	78,766	2,099
Zoning revenue	8,600	8,600	8,225	(375)
Recreation revenue	42,700	42,700	66,186	23,486
Solid waste revenue	33,200	33,200	31,500	(1,700)
Library	-	-	2,530	2,530
EDT	10,500	10,500	-	(10,500)
Other income:				
Interest and penalties	215,000	215,000	205,996	(9,004)
Interest income	16,300	16,300	11,688	(4,612)
Other income	10,960	10,960	17,160	6,200
Transfers from other funds	-	-	-	-
TOTAL REVENUES	<u>\$ 21,377,279</u>	<u>\$ 21,377,279</u>	<u>\$ 21,137,302</u>	<u>\$ (239,977)</u>

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

TOWN OF KILLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE 18 MONTHS ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>					
General government:					
Legislating	\$ 18,288	\$ -	\$ 18,288	\$ 18,213	\$ 75
Managing municipality	157,099	-	157,099	149,925	7,174
Town meeting & elections	3,500	-	3,500	2,746	754
Town/school treasurer	17,275	-	17,275	17,810	(535)
Bookkeeping & secretarial	71,103	-	71,103	71,601	(498)
Auditing	23,777	-	23,777	23,090	687
Listing	48,497	-	48,497	39,114	9,383
Tax collecting	14,624	-	14,624	16,786	(2,162)
Town clerk	90,650	-	90,650	83,538	7,112
Board of Civil Authority	6,000	-	6,000	4,007	1,993
Legal services	10,150	-	10,150	1,326	8,824
Insurance	120,813	-	120,813	120,490	323
Planning comm. & Board of Adj.	22,687	-	22,687	7,620	15,067
Town planner & zoning	97,109	-	97,109	94,192	2,917
Town buildings	37,700	-	37,700	29,321	8,379
Office equipment	37,050	-	37,050	20,166	16,884
Reimbursable expense	-	-	-	5,307	(5,307)
Employee benefits	725,977	-	725,977	702,150	23,827
	<u>1,502,299</u>	<u>-</u>	<u>1,502,299</u>	<u>1,407,402</u>	<u>94,897</u>
Public safety:					
Constables	170,748	-	170,748	138,275	32,473
Fire department	319,580	-	319,580	279,258	40,322
Traffic control devices	10,100	-	10,100	2,921	7,179
Street lights	25,688	-	25,688	20,632	5,056
	<u>526,116</u>	<u>-</u>	<u>526,116</u>	<u>441,086</u>	<u>85,030</u>

TOWN OF KILLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE 18 MONTHS ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Highways:					
Summer roads	273,545	-	273,545	367,687	(94,142)
Winter roads	566,000	-	566,000	441,676	124,324
Walkway, welcome signs, roadway	59,250	-	59,250	53,160	6,090
Town garage	63,500	-	63,500	55,889	7,611
Street signage	7,500	-	7,500	6,692	808
Town garage capital	7,500	-	7,500	7,439	61
Vehicle repairs & maintenance	45,000	-	45,000	69,100	(24,100)
Vehicle repair supplies	20,000	-	20,000	34,422	(14,422)
Vehicles	212,936	-	212,936	127,688	85,248
	<u>1,255,231</u>	<u>-</u>	<u>1,255,231</u>	<u>1,163,753</u>	<u>91,478</u>
Health and sanitation:					
Solid waste	80,012	-	80,012	92,383	(12,371)
	<u>80,012</u>	<u>-</u>	<u>80,012</u>	<u>92,383</u>	<u>(12,371)</u>
Culture and recreation:					
Library	299,174	-	299,174	301,580	(2,406)
Recreation	208,055	-	208,055	187,582	20,473
Teen center	10,319	-	10,319	441	9,878
	<u>517,548</u>	<u>-</u>	<u>517,548</u>	<u>489,603</u>	<u>27,945</u>
Social services	<u>15,010</u>	<u>-</u>	<u>15,010</u>	<u>14,499</u>	<u>511</u>
Education	<u>15,338,274</u>	<u>-</u>	<u>15,338,274</u>	<u>15,338,274</u>	<u>-</u>
County tax	<u>80,929</u>	<u>-</u>	<u>80,929</u>	<u>85,411</u>	<u>(4,482)</u>

TOWN OF KILLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND  
FOR THE 18 MONTHS ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt service:					
Principal	75,000	-	75,000	78,492	(3,492)
Interest	29,819	-	29,819	29,820	(1)
	<u>104,819</u>	<u>-</u>	<u>104,819</u>	<u>108,312</u>	<u>(3,493)</u>
Unclassified:					
Economic Development & Tourism	459,084	-	459,084	375,408	83,676
TAN interest	12,500	-	12,500	12,281	219
Golf course debt	704,253	-	704,253	802,555	(98,302)
Trail development	-	-	-	1,360	(1,360)
SFD #1	504	-	504	3,300	(2,796)
	<u>1,176,341</u>	<u>-</u>	<u>1,176,341</u>	<u>1,194,904</u>	<u>(18,563)</u>
Transfers to other funds:					
Town office capital fund	15,000	-	15,000	15,000	-
Public safety capital	21,750	-	21,750	21,750	-
Fire department capital	237,500	-	237,500	159,010	78,490
Recreation capital fund	50,000	-	50,000	50,000	-
Trail development	20,000	-	20,000	20,000	-
Library capital fund	25,000	-	25,000	25,000	-
Gravel resurfacing	10,000	-	10,000	10,000	-
Bituminous resurfacing capital fund	230,000	-	230,000	230,000	-
Guard rail	25,000	-	25,000	25,000	-
Bridges/culverts	115,000	-	115,000	115,000	-
Equipment replacement capital fund	191,000	-	191,000	191,000	-
Killington road walkway	80,000	-	80,000	80,000	-
Cemeteries	4,000	-	4,000	4,000	-
	<u>1,024,250</u>	<u>-</u>	<u>1,024,250</u>	<u>945,760</u>	<u>78,490</u>
Total Expenditures	<u>\$ 21,620,829</u>	<u>\$ -</u>	<u>\$ 21,620,829</u>	<u>\$ 21,281,387</u>	<u>\$ 339,442</u>

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

## TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 708	\$ 407,530	\$ 408,238
Due from other funds	-	888,334	888,334
<b>TOTAL ASSETS</b>	<u>\$ 708</u>	<u>\$ 1,295,864</u>	<u>\$ 1,296,572</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	99,514	99,514
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>99,514</u>	<u>99,514</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	708	205,051	205,759
Committed	-	998,944	998,944
Assigned	-	21,272	21,272
Unassigned	-	(28,917)	(28,917)
<b>TOTAL FUND BALANCES</b>	<u>708</u>	<u>1,196,350</u>	<u>1,197,058</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 708</u>	<u>\$ 1,295,864</u>	<u>\$ 1,296,572</u>

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

## TOWN OF KILLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE 18 MONTHS ENDED JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Intergovernmental	\$ -	\$ 366,989	\$ 366,989
Other	-	50,277	50,277
TOTAL REVENUES	<u>-</u>	<u>417,266</u>	<u>417,266</u>
EXPENDITURES			
Capital outlay	-	1,392,867	1,392,867
Program expenses	1,989	99,813	101,802
TOTAL EXPENDITURES	<u>1,989</u>	<u>1,492,680</u>	<u>1,494,669</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,989)</u>	<u>(1,075,414)</u>	<u>(1,077,403)</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	190,830	190,830
Transfers in	-	941,881	941,881
Transfers (out)	-	(121)	(121)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,132,590</u>	<u>1,132,590</u>
NET CHANGE IN FUND BALANCES	(1,989)	57,176	55,187
FUND BALANCES - JANUARY 1	<u>2,697</u>	<u>1,139,174</u>	<u>1,141,871</u>
FUND BALANCES - JUNE 30	<u>\$ 708</u>	<u>\$ 1,196,350</u>	<u>\$ 1,197,058</u>

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

## Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

	Perry Film Restoration	Total
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$      708	\$      708
Due from other funds	-	-
<b>TOTAL ASSETS</b>	<u>\$      708</u>	<u>\$      708</u>
<b>LIABILITIES</b>		
Accounts payable	\$          -	\$          -
Due to other funds	-	-
<b>TOTAL LIABILITIES</b>	<u>          -</u>	<u>          -</u>
<b>FUND BALANCES</b>		
Nonspendable	-	-
Restricted	708	708
Committed	-	-
Assigned	-	-
Unassigned	-	-
<b>TOTAL FUND BALANCES</b>	<u>      708</u>	<u>      708</u>
<b>TOTAL LIABILITIES AND     FUND BALANCES</b>	<u>\$      708</u>	<u>\$      708</u>

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

TOWN OF KILLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE 18 MONTHS ENDED JUNE 30, 2016

	Perry Film Restoration	Total
REVENUES		
Other income	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>
EXPENDITURES		
Program expenses	1,989	1,989
TOTAL EXPENDITURES	<u>1,989</u>	<u>1,989</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,989)</u>	<u>(1,989)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,989)	(1,989)
FUND BALANCES - JANUARY 1	<u>2,697</u>	<u>2,697</u>
FUND BALANCES - JUNE 30	<u>\$ 708</u>	<u>\$ 708</u>

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

## Capital Projects 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 PROJECTS FUNDS  
JUNE 30, 2016

	Transfer Station Capital	Recreation Donations	Record Restoration	State Reappraisal Grants	Gravel Resurfacing	Bituminous Resurfacing	Municipal Planning Grant
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	1,757	40,070	167,470	2,563	29,852	7,114
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 1,757</b>	<b>\$ 40,070</b>	<b>\$ 167,470</b>	<b>\$ 2,563</b>	<b>\$ 29,852</b>	<b>\$ 7,114</b>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	167,470	-	-	7,114
Committed	-	-	40,070	-	2,563	29,852	-
Assigned	-	1,757	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>1,757</b>	<b>40,070</b>	<b>167,470</b>	<b>2,563</b>	<b>29,852</b>	<b>7,114</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 1,757</b>	<b>\$ 40,070</b>	<b>\$ 167,470</b>	<b>\$ 2,563</b>	<b>\$ 29,852</b>	<b>\$ 7,114</b>

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2016

	<u>Killington Road Walkway</u>	<u>Equipment Replacement</u>	<u>Water Study</u>	<u>Winter Swim</u>	<u>SVFD Capital Account</u>	<u>Golf Balloon Payment</u>	<u>Town Office Capital Fund</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 407,530	\$ -	\$ -
Due from other funds	161,660	84,371	6,261	190	-	217,500	13,445
<b>TOTAL ASSETS</b>	<u>\$ 161,660</u>	<u>\$ 84,371</u>	<u>\$ 6,261</u>	<u>\$ 190</u>	<u>\$ 407,530</u>	<u>\$ 217,500</u>	<u>\$ 13,445</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	70,597	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,597</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	161,660	84,371	-	-	336,933	217,500	13,445
Assigned	-	-	6,261	190	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>161,660</u>	<u>84,371</u>	<u>6,261</u>	<u>190</u>	<u>336,933</u>	<u>217,500</u>	<u>13,445</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 161,660</u>	<u>\$ 84,371</u>	<u>\$ 6,261</u>	<u>\$ 190</u>	<u>\$ 407,530</u>	<u>\$ 217,500</u>	<u>\$ 13,445</u>

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2016

	Library Capital Fund	Recreation Capital Improvement	Bridge Capital Fund	Traffic Control Devices	Planning Technical Services	Police Department Capital	Teen Center
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	17,518	81,542	-	12,864	4,715	13,392	5,269
<b>TOTAL ASSETS</b>	<u>\$ 17,518</u>	<u>\$ 81,542</u>	<u>\$ -</u>	<u>\$ 12,864</u>	<u>\$ 4,715</u>	<u>\$ 13,392</u>	<u>\$ 5,269</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	28,917	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>28,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	12,864	4,715	-	5,269
Committed	17,518	81,542	-	-	-	13,392	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(28,917)	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>17,518</u>	<u>81,542</u>	<u>(28,917)</u>	<u>12,864</u>	<u>4,715</u>	<u>13,392</u>	<u>5,269</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 17,518</u>	<u>\$ 81,542</u>	<u>\$ -</u>	<u>\$ 12,864</u>	<u>\$ 4,715</u>	<u>\$ 13,392</u>	<u>\$ 5,269</u>

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2016

	Health Insurance Reserve	Wellness	Guard Rail	Zoning Deposits	Swim Team Donations	Library Leggett Donation Fund	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 407,530
Due from other funds	98	3,774	1,463	1,363	11,601	2,482	888,334
<b>TOTAL ASSETS</b>	<u>\$ 98</u>	<u>\$ 3,774</u>	<u>\$ 1,463</u>	<u>\$ 1,363</u>	<u>\$ 11,601</u>	<u>\$ 2,482</u>	<u>\$ 1,295,864</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	99,514
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,514</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	3,774	-	1,363	-	2,482	205,051
Committed	98	-	-	-	-	-	998,944
Assigned	-	-	1,463	-	11,601	-	21,272
Unassigned	-	-	-	-	-	-	(28,917)
<b>TOTAL FUND BALANCES</b>	<u>98</u>	<u>3,774</u>	<u>1,463</u>	<u>1,363</u>	<u>11,601</u>	<u>2,482</u>	<u>1,196,350</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 98</u>	<u>\$ 3,774</u>	<u>\$ 1,463</u>	<u>\$ 1,363</u>	<u>\$ 11,601</u>	<u>\$ 2,482</u>	<u>\$ 1,295,864</u>

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

TOWN OF KILLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE 18 MONTHS ENDED JUNE 30, 2016

	Transfer Station Capital	Recreation Donations	Record Restoration	State Reappraisal Grants	Gravel Resurfacing	Bituminous Resurfacing	Municipal Planning Grant
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ 58,392	\$ -	\$ 297,403	\$ -
Other income	-	1,250	12,707	-	-	-	-
TOTAL REVENUES	-	1,250	12,707	58,392	-	297,403	-
EXPENDITURES							
Capital outlay	-	-	-	-	31,913	458,034	-
Program expenses	-	2,285	11,219	-	-	-	-
TOTAL EXPENDITURES	-	2,285	11,219	-	31,913	458,034	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,035)	1,488	58,392	(31,913)	(160,631)	-
OTHER FINANCING SOURCES (USES)							
Loan proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	10,000	230,000	-
Transfers (out)	(121)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(121)	-	-	-	10,000	230,000	-
NET CHANGE IN FUND BALANCES	(121)	(1,035)	1,488	58,392	(21,913)	69,369	-
FUND BALANCES - JANUARY 1 (RESTATED)	121	2,792	38,582	109,078	24,476	(39,517)	7,114
FUND BALANCES - JUNE 30	\$ -	\$ 1,757	\$ 40,070	\$ 167,470	\$ 2,563	\$ 29,852	\$ 7,114

TOWN OF KILLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE 18 MONTHS ENDED JUNE 30, 2016

	Killington Road Walkway	Equipment Replacement	Water Study	Winter Swim	SVFD Capital Account	Golf Balloon Payment	Town Office Capital Fund
REVENUES							
Intergovernmental	\$ 11,194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	20,500	-	-	601	-	-
TOTAL REVENUES	<u>11,194</u>	<u>20,500</u>	<u>-</u>	<u>-</u>	<u>601</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Capital outlay	-	351,498	-	-	82,152	-	12,943
Program expenses	30,814	-	-	3,690	-	-	-
TOTAL EXPENDITURES	<u>30,814</u>	<u>351,498</u>	<u>-</u>	<u>3,690</u>	<u>82,152</u>	<u>-</u>	<u>12,943</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,620)</u>	<u>(330,998)</u>	<u>-</u>	<u>(3,690)</u>	<u>(81,551)</u>	<u>-</u>	<u>(12,943)</u>
OTHER FINANCING SOURCES (USES)							
Loan proceeds	-	190,830	-	-	-	-	-
Transfers in	80,000	191,121	-	-	159,010	-	15,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>80,000</u>	<u>381,951</u>	<u>-</u>	<u>-</u>	<u>159,010</u>	<u>-</u>	<u>15,000</u>
NET CHANGE IN FUND BALANCES	60,380	50,953	-	(3,690)	77,459	-	2,057
FUND BALANCES - JANUARY 1 (RESTATED)	<u>101,280</u>	<u>33,418</u>	<u>6,261</u>	<u>3,880</u>	<u>259,474</u>	<u>217,500</u>	<u>11,388</u>
FUND BALANCES - JUNE 30	<u>\$ 161,660</u>	<u>\$ 84,371</u>	<u>\$ 6,261</u>	<u>\$ 190</u>	<u>\$ 336,933</u>	<u>\$ 217,500</u>	<u>\$ 13,445</u>

TOWN OF KILLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE 18 MONTHS ENDED JUNE 30, 2016

	Library Capital Fund	Recreation Capital Improvement	Bridge Capital Fund	Traffic Control Devices	Planning Technical Services	Police Department Capital	Teen Center
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	4,000	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>-</u>
EXPENDITURES							
Capital outlay	-	-	419,008	19,286	-	18,033	-
Program expenses	4,855	5,150	-	-	192	-	-
TOTAL EXPENDITURES	<u>4,855</u>	<u>5,150</u>	<u>419,008</u>	<u>19,286</u>	<u>192</u>	<u>18,033</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,855)</u>	<u>(5,150)</u>	<u>(419,008)</u>	<u>(19,286)</u>	<u>(192)</u>	<u>(14,033)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Loan proceeds	-	-	-	-	-	-	-
Transfers in	25,000	70,000	115,000	-	-	21,750	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>70,000</u>	<u>115,000</u>	<u>-</u>	<u>-</u>	<u>21,750</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	20,145	64,850	(304,008)	(19,286)	(192)	7,717	-
FUND BALANCES - JANUARY 1 (RESTATED)	<u>(2,627)</u>	<u>16,692</u>	<u>275,091</u>	<u>32,150</u>	<u>4,907</u>	<u>5,675</u>	<u>5,269</u>
FUND BALANCES - JUNE 30	<u>\$ 17,518</u>	<u>\$ 81,542</u>	<u>\$ (28,917)</u>	<u>\$ 12,864</u>	<u>\$ 4,715</u>	<u>\$ 13,392</u>	<u>\$ 5,269</u>

TOWN OF KILLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE 18 MONTHS ENDED JUNE 30, 2016

	Health Insurance Reserve	Wellness	Guard Rail	Zoning Deposits	Swim Team Donations	Library Leggett Donation Fund	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 366,989
Other income	-	-	-	444	7,003	3,772	50,277
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>444</u>	<u>7,003</u>	<u>3,772</u>	<u>417,266</u>
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	1,392,867
Program expenses	-	1,640	26,342	200	5,241	8,185	99,813
TOTAL EXPENDITURES	<u>-</u>	<u>1,640</u>	<u>26,342</u>	<u>200</u>	<u>5,241</u>	<u>8,185</u>	<u>1,492,680</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(1,640)</u>	<u>(26,342)</u>	<u>244</u>	<u>1,762</u>	<u>(4,413)</u>	<u>(1,075,414)</u>
OTHER FINANCING SOURCES (USES)							
Loan proceeds	-	-	-	-	-	-	190,830
Transfers in	-	-	25,000	-	-	-	941,881
Transfers (out)	-	-	-	-	-	-	(121)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,132,590</u>
NET CHANGE IN FUND BALANCES	-	(1,640)	(1,342)	244	1,762	(4,413)	57,176
FUND BALANCES - JANUARY 1 (RESTATED)	<u>98</u>	<u>5,414</u>	<u>2,805</u>	<u>1,119</u>	<u>9,839</u>	<u>6,895</u>	<u>1,139,174</u>
FUND BALANCES - JUNE 30	<u>\$ 98</u>	<u>\$ 3,774</u>	<u>\$ 1,463</u>	<u>\$ 1,363</u>	<u>\$ 11,601</u>	<u>\$ 2,482</u>	<u>\$ 1,196,350</u>

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

## 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 position.

## TOWN OF KILLINGTON, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2016

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Public safety	\$ -	\$ 9,995	\$ 1,120,867	\$ -	\$ 1,130,862
Highways	2,268,753	621,460	974,793	2,249,196	6,114,202
Library	-	574,681	-	-	574,681
Recreation	-	91,855	18,011	-	109,866
Education	-	-	53,200	-	53,200
Town-wide	-	35,040	50,750	27,956	113,746
Sewer fund	-	-	1,710,000	-	1,710,000
Total General Capital Assets	2,268,753	1,333,031	3,927,621	2,277,152	9,806,557
Less: Accumulated Depreciation	-	(483,414)	(1,240,471)	(244,250)	(1,968,135)
Net General Capital Assets	\$ 2,268,753	\$ 849,617	\$ 2,687,150	\$ 2,032,902	\$ 7,838,422

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

## TOWN OF KILLINGTON, VERMONT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE 18 MONTHS ENDED JUNE 30, 2016

	General Capital Assets 1/1/15 (Restated)	Additions	Deletions	General Capital Assets 6/30/16
Public safety	\$ 1,090,390	\$ 40,472	\$ -	\$ 1,130,862
Highways	5,453,757	660,445	-	6,114,202
Library	574,681	-	-	574,681
Recreation	109,866	-	-	109,866
Education	53,200	-	-	53,200
Town-wide	57,035	56,711	-	113,746
Sewer fund	1,710,000	-	-	1,710,000
Total General Capital Assets	9,048,929	757,628	-	9,806,557
Less: Accumulated Depreciation	<u>(1,150,541)</u>	<u>(817,594)</u>	<u>-</u>	<u>(1,968,135)</u>
Net General Capital Assets	<u>\$ 7,898,388</u>	<u>\$ (59,966)</u>	<u>\$ -</u>	<u>\$ 7,838,422</u>

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



*Proven Expertise and Integrity*

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Selectboard  
Town of Killington  
Killington, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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 June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Killington, Vermont's basic financial statements, and have issued our report thereon dated January, 30, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

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

### Purpose of this Report

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

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
January 30, 2017