

Audited Financial Statements
and Other Financial Information

Town of Killington, Vermont

June 30, 2018



Proven Expertise and Integrity

TOWN OF KILLINGTON, VERMONT

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JUNE 30, 2018

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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 year ended June 30, 2018, 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 Town as of June 30, 2018, or the changes in financial position or cash flows thereof for the year 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 5 through 12 and 56 through 59 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 February 5, 2019 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
February 5, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

(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 year ended June 30, 2018. 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 "Other Governmental 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 and business-type activities. The Town's total net position for governmental activities was \$7,254,883. For business-type activities, the Town's total net position was \$1,064,311.

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 \$1,027,431 at the end of the fiscal year. For the business-type activities, unrestricted net position increased to a balance of \$231,511.

Table 1
Town of Killington, Vermont
Net Position
June 30, 2018

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Assets:				
Current Assets	\$ 2,811,222	\$ 2,402,626	\$ 140,080	\$ 98,047
Capital Assets	7,772,189	6,869,950	1,212,800	1,272,433
Total Assets	<u>10,583,411</u>	<u>9,272,576</u>	<u>1,352,880</u>	<u>1,370,480</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	159,359	205,290	-	-
Total Deferred Outflows of Resources	<u>159,359</u>	<u>205,290</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current Liabilities	1,463,090	1,186,092	93,569	59,594
Long-term Debt Outstanding	1,740,385	1,874,618	195,000	380,000
Total Liabilities	<u>3,203,475</u>	<u>3,060,710</u>	<u>288,569</u>	<u>439,594</u>
Deferred Inflows of Resources:				
Prepaid Taxes	274,720	78,872	-	-
Deferred Inflows Related to Pensions	9,692	3,201	-	-
Total Deferred Inflows of Resources	<u>284,412</u>	<u>82,073</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	5,897,661	5,036,054	832,800	712,433
Restricted: Special Revenue Funds	206	238	-	-
Capital Projects Funds	273,922	231,654	-	-
Permanent Funds	55,663	55,316	-	-
Unrestricted	1,027,431	1,011,821	231,511	218,453
Total Net Position	<u>\$ 7,254,883</u>	<u>\$ 6,335,083</u>	<u>\$ 1,064,311</u>	<u>\$ 930,886</u>

Table 2
Town of Killington, Vermont
Change in Net Position
For the Years Ended June 30,

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 261,627	\$ 155,101	\$ 224,791	\$ 221,892
Operating grants and contributions	206,244	593,877	-	-
<i>General Revenues:</i>				
Taxes	24,280,425	21,678,392	-	-
Grants and contributions not restricted to specific programs	1,188,059	1,144,475	-	-
Miscellaneous	227,831	122,191	-	-
Total Revenues	26,164,186	23,694,036	224,791	221,892
Expenses				
General government	1,035,889	1,062,096	-	-
Public safety	433,373	462,760	-	-
Highways	1,038,288	1,021,610	-	-
Health and sanitation	62,360	56,953	-	-
Culture and recreation	418,934	416,333	-	-
Social services	12,861	10,930	-	-
Education	21,527,746	19,022,440	-	-
County tax	93,032	61,732	-	-
Interest on long-term debt	20,312	14,432	4,155	11,913
Capital outlay	-	352,802	-	-
Sewer	-	-	27,578	23,014
Depreciation	-	-	59,633	57,000
Unclassified	601,591	781,328	-	-
Total Expenses	25,244,386	23,263,416	91,366	91,927
Change in Net Position	919,800	430,620	133,425	129,965
Net Position - July 1	6,335,083	5,904,463	930,886	800,921
Net Position - June 30	\$ 7,254,883	\$ 6,335,083	\$ 1,064,311	\$ 930,886

Revenues and Expenses

Revenues for the Town of Killington's governmental activities increased by 10.43%, while total expenses increased by 8.52%. The increase in revenues was primarily due to taxes and the increase in expenses was primarily due to education.

Revenues for the business-type activities increased by 1.31% while total expenses increased by 0.61%.

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
June 30,

	2018	2017
General Fund:		
Nonspendable	\$ 77,763	\$ 10,220
Committed	245,457	-
Unassigned	196,218	378,280
Total General Fund	\$ 519,438	\$ 388,500
FEMA Irene Storm:		
Unassigned	\$ (297,429)	\$ (291,398)
Total FEMA Irene Storm	\$ (297,429)	\$ (291,398)
Sherburne Village Cemetery Fund:		
Restricted	\$ 55,663	\$ 55,316
Total Sherburne Village Cemetery Fund	\$ 55,663	\$ 55,316
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 206	\$ 238
Capital Projects Funds:		
Restricted	273,922	231,654
Committed	757,095	733,349
Assigned	39,526	25,051
Unassigned	(86,920)	(72,177)
Total Nonmajor Funds	\$ 983,829	\$ 918,115

The general fund total fund balance increased by \$130,938 from the prior fiscal year primarily due to revenues exceeding expenditures. The FEMA Irene Storm decreased by \$6,031 from the prior fiscal year due to expenditures. The Sherburne Village Cemetery Fund increased by \$347 from the prior fiscal year primarily due to transfers from other funds offset by expenditures. The nonmajor funds total fund balance increased by \$65,714 from the prior fiscal year primarily due to loan proceeds.

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 year of \$4,590 versus last year of \$2,147. The Route 4 Sewer Fund also had an increase in net position this fiscal year of \$128,835 versus last year of \$127,818.

Budgetary Highlights

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

The general fund actual revenues were over budget by \$219,947. All revenue categories were receipted in excess of budgeted amounts.

The general fund actual expenditures were under budget by \$89,991. All expenditure categories were within or under budgeted amounts with the exception of health and sanitation, culture and recreation, social services and county tax.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the Town increased by \$842,606 from the prior year. The increase is the result of capital additions of \$1,475,677, less net disposals of \$86,949 and current year depreciation of \$546,122.

Table 4
Town of Killington, Vermont
Capital Assets (Net of Depreciation)
June 30,

	<u>2018</u>	<u>2017</u>
Land	\$ 527,221	\$ -
Construction in progress	2,298,752	2,268,753
Buildings, building improvements and land improvements	1,124,968	849,763
Machinery, equipment and vehicles	2,465,136	2,488,788
Infrastructure	2,568,912	2,535,079
Total	<u>\$ 8,984,989</u>	<u>\$ 8,142,383</u>

Debt

At June 30, 2018, the Town had \$2.26 million in bonds, notes and capital leases outstanding versus \$2.40 million last year, a decrease of 5.82%. 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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,950,032	\$ -	\$ 1,950,032
Investments	51,432	-	51,432
Accounts receivable (net of allowance for uncollectibles):			
Taxes	287,216	-	287,216
Due from golf course	536,210	-	536,210
Other	-	140,080	140,080
Prepaid items	77,763	-	77,763
Internal balances	(91,431)	91,431	-
Total current assets	<u>2,811,222</u>	<u>231,511</u>	<u>3,042,733</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	2,825,973	-	2,825,973
Depreciable assets, net of accumulated depreciation	4,946,216	1,212,800	6,159,016
Total noncurrent assets	<u>7,772,189</u>	<u>1,212,800</u>	<u>8,984,989</u>
TOTAL ASSETS	<u>10,583,411</u>	<u>1,444,311</u>	<u>12,027,722</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	159,359	-	159,359
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>159,359</u>	<u>-</u>	<u>159,359</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 10,742,770</u>	<u>\$ 1,444,311</u>	<u>\$ 12,187,081</u>
LIABILITIES			
Current liabilities:			
Accrued expenses	\$ 23,651	\$ -	\$ 23,651
Expense note	1,000,000	-	1,000,000
Current portion of long-term obligations	439,439	185,000	624,439
Total current liabilities	<u>1,463,090</u>	<u>185,000</u>	<u>1,648,090</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	853,593	195,000	1,048,593
Notes payable	448,452	-	448,452
Capital leases payable	133,044	-	133,044
Net pension liability	305,296	-	305,296
Total noncurrent liabilities	<u>1,740,385</u>	<u>195,000</u>	<u>1,935,385</u>
TOTAL LIABILITIES	<u>3,203,475</u>	<u>380,000</u>	<u>3,583,475</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	274,720	-	274,720
Deferred inflows related to pensions	9,692	-	9,692
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>284,412</u>	<u>-</u>	<u>284,412</u>
NET POSITION			
Net investment in capital assets	5,897,661	832,800	6,730,461
Restricted	329,791	-	329,791
Unrestricted	1,027,431	231,511	1,258,942
TOTAL NET POSITION	<u>7,254,883</u>	<u>1,064,311</u>	<u>8,319,194</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 10,742,770</u>	<u>\$ 1,444,311</u>	<u>\$ 12,187,081</u>

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

TOWN OF KILLINGTON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 1,035,889	\$ 147,844	\$ -	\$ -	\$ (888,045)	\$ -	\$ (888,045)
Public safety	433,373	34,844	-	-	(398,529)	-	(398,529)
Highways	1,038,288	-	84,330	-	(953,958)	-	(953,958)
Health and sanitation	62,360	15,726	-	-	(46,634)	-	(46,634)
Culture and recreation	418,934	63,213	-	-	(355,721)	-	(355,721)
Social services	12,861	-	-	-	(12,861)	-	(12,861)
Education	21,527,746	-	-	-	(21,527,746)	-	(21,527,746)
County tax	93,032	-	-	-	(93,032)	-	(93,032)
Interest on long-term debt	20,312	-	-	-	(20,312)	-	(20,312)
Unclassified	601,591	-	121,914	-	(479,677)	-	(479,677)
Total governmental activities	<u>25,244,386</u>	<u>261,627</u>	<u>206,244</u>	<u>-</u>	<u>(24,776,515)</u>	<u>-</u>	<u>(24,776,515)</u>
Business-type activities:							
Alpine Drive Sewer Fund	3,658	8,248	-	-	-	4,590	4,590
Rt. 4 Sewer Fund	87,708	216,543	-	-	-	128,835	128,835
Total business-type activities	<u>91,366</u>	<u>224,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,425</u>	<u>133,425</u>
Total government	<u>\$ 25,335,752</u>	<u>\$ 486,418</u>	<u>\$ 206,244</u>	<u>\$ -</u>	<u>(24,776,515)</u>	<u>133,425</u>	<u>(24,643,090)</u>

STATEMENT B (CONTINUED)

TOWN OF KILLINGTON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(24,776,515)	133,425	(24,643,090)
General revenues:			
Taxes, levied for general purposes	24,280,425	-	24,280,425
Grants and contributions not restricted to specific programs	1,188,059	-	1,188,059
Miscellaneous	227,831	-	227,831
Total general revenues	25,696,315	-	25,696,315
Change in net position	919,800	133,425	1,053,225
NET POSITION - JULY 1	6,335,083	930,886	7,265,969
NET POSITION - JUNE 30	\$ 7,254,883	\$ 1,064,311	\$ 8,319,194

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

TOWN OF KILLINGTON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	FEMA Irene Storm	Sherburne Village Cemetery Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,612,170	\$ -	\$ 4,231	\$ 333,631	\$ 1,950,032
Investments	-	-	51,432	-	51,432
Accounts receivable (net of allowance for uncollectibles):					
Taxes	287,216	-	-	-	287,216
Due from golf course	536,210	-	-	-	536,210
Prepaid items	77,763	-	-	-	77,763
Due from other funds	449,882	-	-	802,651	1,252,533
TOTAL ASSETS	\$ 2,963,241	\$ -	\$ 55,663	\$ 1,136,282	\$ 4,155,186
LIABILITIES					
Due to other funds	\$ 894,082	\$ 297,429	\$ -	\$ 152,453	\$ 1,343,964
Accrued expenses	23,651	-	-	-	23,651
Expense note	1,000,000	-	-	-	1,000,000
TOTAL LIABILITIES	1,917,733	297,429	-	152,453	2,367,615
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	274,720	-	-	-	274,720
Deferred tax revenues	251,350	-	-	-	251,350
TOTAL DEFERRED INFLOWS OF RESOURCES	526,070	-	-	-	526,070
FUND BALANCES (DEFICITS)					
Nonspendable - prepaid items	77,763	-	-	-	77,763
Restricted	-	-	55,663	274,128	329,791
Committed	245,457	-	-	757,095	1,002,552
Assigned	-	-	-	39,526	39,526
Unassigned	196,218	(297,429)	-	(86,920)	(188,131)
TOTAL FUND BALANCES (DEFICITS)	519,438	(297,429)	55,663	983,829	1,261,501
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 2,963,241	\$ -	\$ 55,663	\$ 1,136,282	\$ 4,155,186

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, 2018

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 1,261,501
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	7,772,189
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	251,350
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	159,359
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,072,482)
Notes payable	(554,648)
Capital leases payable	(247,398)
Net pension liability	(305,296)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(9,692)</u>
Net position of governmental activities	<u><u>\$ 7,254,883</u></u>

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

TOWN OF KILLINGTON, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	FEMA Irene Storm	Sherburne Village Cemetery Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 24,375,561	\$ -	\$ -	\$ -	\$ 24,375,561
Intergovernmental	1,272,389	-	-	121,914	1,394,303
Charges for services	261,627	-	-	-	261,627
Miscellaneous revenues	163,501	-	112	64,218	227,831
TOTAL REVENUES	26,073,078	-	112	186,132	26,259,322
EXPENDITURES					
Current:					
General government	998,250	-	-	-	998,250
Public safety	323,519	-	-	-	323,519
Highways	816,408	-	-	-	816,408
Health and sanitation	62,360	-	-	-	62,360
Culture and recreation	374,855	-	-	-	374,855
Social services	12,861	-	-	-	12,861
Education	21,522,426	-	-	-	21,522,426
County tax	93,032	-	-	-	93,032
Unclassified	793,695	6,031	3,765	177,182	980,673
Debt service:					
Principal	218,889	-	-	-	218,889
Interest	20,312	-	-	-	20,312
Capital outlay	-	-	-	1,084,919	1,084,919
TOTAL EXPENDITURES	25,236,607	6,031	3,765	1,262,101	26,508,504
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	836,471	(6,031)	(3,653)	(1,075,969)	(249,182)
OTHER FINANCING SOURCES (USES)					
Loan proceeds	-	-	-	440,150	440,150
Transfers in	-	-	4,000	701,533	705,533
Transfers (out)	(705,533)	-	-	-	(705,533)
TOTAL OTHER FINANCING SOURCES (USES)	(705,533)	-	4,000	1,141,683	440,150
NET CHANGE IN FUND BALANCES (DEFICITS)	130,938	(6,031)	347	65,714	190,968
FUND BALANCES (DEFICITS) - JULY 1	388,500	(291,398)	55,316	918,115	1,070,533
FUND BALANCES (DEFICITS) - JUNE 30	\$ 519,438	\$ (297,429)	\$ 55,663	\$ 983,829	\$ 1,261,501

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

TOWN OF KILLINGTON, VERMONT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 190,968</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	1,475,677
Capital asset disposals	(86,949)
Depreciation expense	<u>(486,489)</u>
	<u>902,239</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported	
Taxes and liens receivable	<u>(95,136)</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>(45,931)</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>399,518</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	
	<u>(440,150)</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>(6,491)</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>14,783</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 919,800</u></u>

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

TOWN OF KILLINGTON, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	Enterprise Funds		
	Alpine Drive Sewer Fund	Route 4 Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	1,399	138,681	140,080
Due from other funds	43,344	48,087	91,431
Total current assets	<u>44,743</u>	<u>186,768</u>	<u>231,511</u>
Noncurrent assets:			
Capital assets:			
Equipment	-	1,728,433	1,728,433
Less: accumulated depreciation	-	(515,633)	(515,633)
Total noncurrent assets	<u>-</u>	<u>1,212,800</u>	<u>1,212,800</u>
TOTAL ASSETS	<u>\$ 44,743</u>	<u>\$ 1,399,568</u>	<u>\$ 1,444,311</u>
LIABILITIES			
Current liabilities:			
Current portion of long-term obligations	\$ -	\$ 185,000	\$ 185,000
Total current liabilities	<u>-</u>	<u>185,000</u>	<u>185,000</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations			
Bonds payable	-	195,000	195,000
Total noncurrent liabilities	<u>-</u>	<u>195,000</u>	<u>195,000</u>
TOTAL LIABILITIES	<u>-</u>	<u>380,000</u>	<u>380,000</u>
NET POSITION			
Net investment in capital assets	-	832,800	832,800
Unrestricted	44,743	186,768	231,511
TOTAL NET POSITION	<u>44,743</u>	<u>1,019,568</u>	<u>1,064,311</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 44,743</u>	<u>\$ 1,399,568</u>	<u>\$ 1,444,311</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 YEAR ENDED JUNE 30, 2018

	Enterprise Funds		
	Alpine Drive Sewer Fund	Route 4 Sewer Fund	Total
OPERATING REVENUES			
Charges for services	\$ 8,248	\$ 216,543	\$ 224,791
TOTAL OPERATING REVENUES	<u>8,248</u>	<u>216,543</u>	<u>224,791</u>
OPERATING EXPENSES			
Sewer	3,658	23,920	27,578
Depreciation	-	59,633	59,633
TOTAL OPERATING EXPENSES	<u>3,658</u>	<u>83,553</u>	<u>87,211</u>
OPERATING INCOME (LOSS)	<u>4,590</u>	<u>132,990</u>	<u>137,580</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	-	(4,155)	(4,155)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>-</u>	<u>(4,155)</u>	<u>(4,155)</u>
CHANGE IN NET POSITION	4,590	128,835	133,425
NET POSITION - JULY 1	<u>40,153</u>	<u>890,733</u>	<u>930,886</u>
NET POSITION - JUNE 30	<u>\$ 44,743</u>	<u>\$ 1,019,568</u>	<u>\$ 1,064,311</u>

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

TOWN OF KILLINGTON, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds		
	Alpine Drive Sewer Fund	Route 4 Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 6,929	\$ 175,829	\$ 182,758
Internal activity - receipts (payments) from/to other funds	(3,271)	32,246	28,975
Payments to suppliers	(3,658)	(23,920)	(27,578)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>-</u>	<u>184,155</u>	<u>184,155</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest paid on long-term debt	-	(4,155)	(4,155)
Principal payments on long-term debt	-	(180,000)	(180,000)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(184,155)</u>	<u>(184,155)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-	-
CASH AND CASH EQUIVALENTS - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 4,590	\$ 132,990	\$ 137,580
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	-	59,633	59,633
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(1,319)	(40,714)	(42,033)
(Increase) decrease in due from other funds	(3,271)	32,246	28,975
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ 184,155</u>	<u>\$ 184,155</u>

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

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 85, "Omnibus 2017." The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 86, "Certain Debt Extinguishment Issues." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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, 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;

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.) excluding fiduciary activities. 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, 2018

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.
- a. 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.
- a. 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.

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. Nonoperating 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, 2018

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, 2018

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.

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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables include amounts due for recreation programs and ambulance receivables. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$676,290 for the year ended June 30, 2018. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2018.

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".

Prepaid Items

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

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.

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.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Estimated useful lives are as follows:

Buildings and improvements	10 - 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,

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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,

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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. Deferred tax revenues, which arises only under a modified accrual basis of accounting, 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.

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 three installments on August 15, November 15 and February 15. At the conclusion of a 10-day grace period, interest accrues on August 25, November 25 and February 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 February 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.

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/Nonoperating 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.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2018, the Town's cash balance of \$1,950,032 was comprised of deposits amounting to \$2,213,026. Of these deposits, \$354,231 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$1,775,164 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 and the remaining deposits of \$83,631 were collateralized by an irrevocable standby letter of credit in the Town's name and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 100,615
Repurchase agreements	1,775,164
Money market accounts	333,425
Savings accounts	3,823
	<u>\$ 2,213,026</u>

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, 2018, the Town's investments of \$51,432 were comprised of certificates of deposit. Of this amount, \$51,432 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk.

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>< 1 Year</u>	<u>1 - 5 Years</u>
Certificates of deposit	<u>\$ 51,432</u>	<u>\$ -</u>	<u>\$ 51,432</u>	<u>\$ -</u>

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables:

	<u>Receivables</u> <u>(Due from)</u>	<u>Payables</u> <u>(Due to)</u>
General Fund	\$ 449,882	\$ 894,082
FEMA Irene Storm	-	297,429
Nonmajor Capital Projects Funds	802,651	152,453
Alpine Drive Sewer Fund	43,344	-
Route 4 Sewer Fund	48,087	-
	<u>\$ 1,343,964</u>	<u>\$ 1,343,964</u>

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance, 7/1/17	Additions	Disposals	Balance, 6/30/18
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ -	\$ 527,221	\$ -	\$ 527,221
Construction in progress	2,268,753	29,999	-	2,298,752
	<u>2,268,753</u>	<u>557,220</u>	<u>-</u>	<u>2,825,973</u>
Depreciated assets:				
Buildings & building improvements	1,394,691	342,156	-	1,736,847
Vehicles	1,663,929	318,847	(108,694)	1,874,082
Machinery & equipment	609,940	19,988	-	629,928
Infrastructure	2,960,061	237,466	-	3,197,527
	<u>6,628,621</u>	<u>918,457</u>	<u>(108,694)</u>	<u>7,438,384</u>
Less: accumulated depreciation	<u>(2,027,424)</u>	<u>(486,489)</u>	<u>21,745</u>	<u>(2,492,168)</u>
	<u>4,601,197</u>	<u>431,968</u>	<u>(86,949)</u>	<u>4,946,216</u>
Net governmental capital assets	<u>\$ 6,869,950</u>	<u>\$ 989,188</u>	<u>\$ (86,949)</u>	<u>\$ 7,772,189</u>
<u>Business-type activities</u>				
Depreciated assets:				
Machinery & equipment	\$ 1,728,433	\$ -	\$ -	\$ 1,728,433
	<u>1,728,433</u>	<u>-</u>	<u>-</u>	<u>1,728,433</u>
Less: accumulated depreciation	<u>(456,000)</u>	<u>(59,633)</u>	<u>-</u>	<u>(515,633)</u>
	<u>1,272,433</u>	<u>(59,633)</u>	<u>-</u>	<u>1,212,800</u>
Net business-type capital assets	\$ 1,272,433	\$ (59,633)	\$ -	\$ 1,212,800
Current year depreciation:				
<u>Governmental activities</u>				
Public safety				\$ 109,854
Highway				315,560
Library				20,802
Recreation				23,277
Education				5,320
Town-wide				11,676
Total governmental activities depreciation expense				<u>\$ 486,489</u>
<u>Business-type activities</u>				
Route 4 Sewer				\$ 59,633
Total business-type activities depreciation expense				<u>\$ 59,633</u>

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - SHORT-TERM DEBT

On June 30, 2018, the Town issued a current expense note through Peoples United Bank in anticipation of revenues to meet its operating obligations during the fiscal year. The note allowed a principal draw of \$900,000 at 1.85% interest. The note was outstanding at the end of fiscal year 2017, but the note was paid in full on August 9, 2017.

On June 1, 2018, the Town issued a current expense note through Peoples United Bank in anticipation of revenues to meet its operating obligations during the fiscal year. The note allowed a principal draw of \$1,000,000 at 2.75% interest. The note is due to be paid in August of 2018 but was outstanding at the end of the fiscal year.

On June 1, 2018, the Town issued a bond anticipation note through Peoples United Bank in anticipation of a bond. The note was for \$525,000 at 2.00% interest. The note is due to be paid with bonds funds received in August of 2018 but was outstanding at the end of the fiscal year.

Short-term debt activity for the year ended June 30, 2018, was as follows:

	Balance, 7/1/17	Additions	Repayments	Balance, 6/30/18
Current Expense Note	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
Bond Anticipation Note	-	525,000	-	525,000
Current Expense Note	900,000	-	(900,000)	-
	<u>\$ 900,000</u>	<u>\$ 1,525,000</u>	<u>\$ (900,000)</u>	<u>\$ 1,525,000</u>

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2018:

	Balance, 7/1/2017	Additions	Deletions	Balance, 6/30/2018	Current Portion
Governmental activities:					
Bonds payable	\$ 1,291,371	\$ -	\$ (218,889)	\$ 1,072,482	\$ 218,889
Notes payable	174,955	440,150	(60,457)	554,648	106,196
Capital leases payable	367,570	-	(120,172)	247,398	114,354
Net pension liability	320,079	74,706	(89,489)	305,296	-
Totals	<u>\$ 2,153,975</u>	<u>\$ 514,856</u>	<u>\$ (489,007)</u>	<u>\$ 2,179,824</u>	<u>\$ 439,439</u>
Business-type activities:					
Bonds payable	\$ 560,000	-	\$ (180,000)	\$ 380,000	\$ 185,000
Totals	<u>\$ 560,000</u>	<u>\$ -</u>	<u>\$ (180,000)</u>	<u>\$ 380,000</u>	<u>\$ 185,000</u>

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

Governmental activities bonds and notes payable:

\$135,000, 2016 Series 2 Refunding Bond due in annual principal payments of \$45,000, through November 2018. Savings allocations range from \$374 to \$1,353 per annum.	\$ 45,000
\$360,000, 2011 Series 6 Garage Refunding Bond, due in annual principal payments \$30,000, through December 2023. Savings allocations range from \$384 to \$15,016 per annum.	180,000
\$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.	7,482
\$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.	840,000
\$190,830, 2015 Note 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.	114,498
\$90,550, 2017 Note payable due in annual principal payments of \$18,110, through December of 2022. Interest is charged at a rate varying of 2.60% per annum.	90,550
\$149,600, 2017 Note payable due in annual principal payments of \$29,920, through September of 2022. Interest is charged at a rate varying of 2.65% per annum.	149,600
\$200,000, 2017 Note payable due in annual principal payments of \$20,000, through September of 2027. Interest is charged at a rate varying of 3.00% per annum.	<u>200,000</u>
Total governmental activities bonds and notes payable	<u>\$ 1,627,130</u>

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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.

\$ 380,000

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

Governmental activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 325,085	\$ 43,881	\$ 368,966
2020	279,789	36,534	316,323
2021	276,196	28,845	305,041
2022	238,030	21,127	259,157
2023	238,030	12,318	250,348
2024-2028	270,000	12,640	282,640
	<u>\$ 1,627,130</u>	<u>\$ 155,345</u>	<u>\$ 1,782,475</u>

Business-type activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 185,000	\$ 10,025	\$ 195,025
2020	195,000	5,280	200,280
	<u>\$ 380,000</u>	<u>\$ 15,305</u>	<u>\$ 395,305</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for business-type activities for the year ended June 30, 2018 was \$4,155.

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, 2018

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

The Town leases a tanker truck 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 \$96,119.

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 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:	
2019	\$ 120,759
2020	120,760
2021	<u>15,997</u>
Total minimum lease payment	257,516
Less amount representing interest	<u>(10,118)</u>
Present value of future minimum lease payments	<u><u>\$ 247,398</u></u>

NOTE 7 - OPERATING LEASES

The Town has entered into a lease agreement for copiers. The term of the lease is for 60 months expiring in May of 2019. Monthly payments are \$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, 2018

NOTE 7 - OPERATING LEASES (CONTINUED)

Year Ending June 30:	
2019	\$ 1,565
Total minimum lease payments	<u>\$ 1,565</u>

NOTE 8 - NONSPENDABLE FUND BALANCE

At June 30, 2018, the Town had the following restricted fund balance:

General fund:	
Prepaid items	<u>\$ 77,763</u>

NOTE 9 - RESTRICTED FUND BALANCES

At June 30, 2018, the Town had the following restricted fund balances:

Sherburne Village Cemetery Fund	\$ 55,663
Nonmajor Special Revenue Funds (Schedule E)	206
Nonmajor Capital Projects Funds (Schedule G)	<u>273,922</u>
	<u>\$ 329,791</u>

NOTE 10 - COMMITTED FUND BALANCES

At June 30, 2018, the Town had the following committed fund balances:

General fund:	
Use of fund balance FY 2019 budget	\$ 245,457
Nonmajor Capital Projects Funds (Schedule G)	<u>757,095</u>
	<u>\$ 1,002,552</u>

NOTE 11 - ASSIGNED FUND BALANCES

At June 30, 2018, the Town had the following assigned fund balances:

Nonmajor Capital Projects Funds (Schedule G)	<u>\$ 39,526</u>
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TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - 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 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.

TOWN OF KILLINGTON, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 13 - 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 disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 14 - DEFICIT FUND BALANCES

At June 30, 2018, the Town had the following deficit fund balances:

Bridge Capital Fund	\$	32,084
Gravel Resurfacing		4,457
Bituminous Resurfacing		31,729
Library Capital Fund		18,650
FEMA Irene Storm		297,429
		297,429
	\$	384,349

At June 30, 2018 the Town was still waiting for a decision from FEMA representatives regarding reimbursement for expenses related to tropical storm Irene.

NOTE 15 - LETTER OF CREDIT

At June 30, 2018, 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 20, 2018, authorizes one draw only up to the amount of \$300,000. There were no draws for the year ended June 30, 2018.

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - 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 School 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.

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 Schools 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.

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

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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:

VMERS	Group A	Group B	Group C	Group D
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 50 with 20 years of service
Early Retirement Reduction	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

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 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:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	2.5% of gross salary	4.875% of gross salary	10.0% of gross salary	11.35% of gross salary
Employer Contributions	4.0% of gross salary	5.5% of gross salary	7.25% of gross salary	9.85% of gross salary

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2018 totaled \$32,855. The Town contributed \$37,067 for the year ended June 30, 2018. The Town's total payroll for the year ended June 30, 2018 for all employees covered under this plan was \$673,950.

Pension Liabilities

At June 30, 2018, the Town reported a liability of \$305,296 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2017, 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, 2017, the Town's proportion was 0.25198687% for VMERS, which was an increase of 0.003277% from its proportion measured as of June 30, 2016 for VMERS.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2018, the Town recognized pension expense of \$37,639 for the VMERS plan. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>VMERS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,441	\$ 7,558
Changes of assumptions	63,913	-
Net difference between projected and actual earnings on pension plan investments	50,849	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,089	2,134
Contributions subsequent to the measurement date	<u>37,067</u>	<u>-</u>
Total	<u>\$ 159,359</u>	<u>\$ 9,692</u>

\$37,067 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>VMERS Plan</u>
Plan year ended June 30:	
2018	\$ 40,585
2019	57,826
2020	16,166
2021	(1,977)
2022	-
Thereafter	-

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using the actuarial assumptions outlined below. These assumptions were selected on the basis of the experience study that was performed on July 27, 2015:

Investment Rate of Return: 7.50% per annum.

Inflation: The separately stated assumptions for investment return, salary increases and cost of living adjustments for both plans are consistent with an expected annual inflation rate of 2.50% per year.

Salary Increases: 5.00% per year.

Deaths After Retirement: Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based variations of RP-2014 Tables with generational improvement using Scale SSA-2017 as follows:

- Pre-retirement - Groups A, B, and C blended with a 60% Blue Collar Employee and 40% Healthy Employee, and Group D with a Blue Collar Annuitant Table
- Healthy Retiree - Groups A, B and C with a 60% Blue Collar Annuitant and 40% Healthy Annuitant, and Group D with a Blue Collar Annuitant Table
- Disabled Retiree - All Groups with a Disabled Mortality Table

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Separation from Service Before Retirement (Due to Withdrawal and Disability):
Representative values of the assumed annual rates of withdrawal and disability are as follows:

Withdrawal

Service	Male	Female	
	All Ages	Ages 25-34	Other Ages
0	22.5%	45.0%	30.0%
1	16.2%	33.0%	22.0%
2	13.5%	27.0%	18.0%
3	12.2%	22.5%	15.0%
4	10.8%	18.0%	12.0%
5	9.0%	15.0%	10.0%
6	8.1%	13.5%	9.0%
7	7.2%	12.0%	8.0%
8	7.2%	9.0%	6.0%
9	6.3%	9.0%	6.0%
10+	3.6%	7.5%	5.0%

Disability

Age	Male	Female
25	0.0100%	0.0050%
30	0.0130%	0.0065%
35	0.0170%	0.0085%
40	0.0300%	0.0150%
45	0.0500%	0.0250%
50	0.0900%	0.0450%
55	0.1800%	0.0900%
60	0.3150%	0.1575%
65	0.3150%	0.1575%

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retirement Rates:

Retirement Group A

Age	Male	Female	Age	Male	Female
55	3.0%	4.9%	63	21.0%	22.5%
56	7.5%	7.7%	64	21.0%	25.0%
57	5.0%	7.0%	65	56.0%	25.0%
58	5.0%	4.9%	66	15.0%	20.0%
59	7.2%	7.0%	67	20.0%	30.0%
60	7.2%	4.9%	68	20.0%	20.0%
61	12.0%	10.5%	69	20.0%	20.0%
62	28.0%	10.5%	70	100.0%	100.0%

Retirement Group B

Age	Male	Female	Age	Male	Female
55	4.9%	4.9%	63	24.0%	14.0%
56	4.9%	4.9%	64	18.0%	14.0%
57	4.9%	8.4%	65	48.0%	28.0%
58	4.9%	8.4%	66	30.0%	18.0%
59	4.9%	4.9%	67	30.0%	14.0%
60	4.9%	8.4%	68	30.0%	14.0%
61	14.0%	10.5%	69	30.0%	14.0%
62	36.0%	17.5%	70	100.0%	100.0%

Retirement Group C

Age	Male	Female	Age	Male	Female
55	30.0%	0.0%	63	10.0%	20.0%
56	10.0%	5.0%	64	20.0%	20.0%
57	5.0%	5.0%	65	35.0%	35.0%
58	20.0%	25.0%	66	35.0%	35.0%
59	20.0%	5.0%	67	35.0%	35.0%
60	10.0%	5.0%	68	35.0%	35.0%
61	10.0%	5.0%	69	35.0%	35.0%
62	40.0%	5.0%	70	100.0%	100.0%

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retirement Group D

Age	<20 Years of Service	20+ Years of Service	Age	<20 Years of Service	20+ Years of Service
50	0.0%	40.0%	58	10.0%	10.0%
51	0.0%	35.0%	59	10.0%	10.0%
52	0.0%	30.0%	60	15.0%	15.0%
53	0.0%	25.0%	61	10.0%	10.0%
54	0.0%	20.0%	62	25.0%	25.0%
55	15.0%	15.0%	63	25.0%	25.0%
56	10.0%	10.0%	64	25.0%	25.0%
57	10.0%	10.0%	65	100.0%	100.0%

Inactive Members: Valuation liability equals 200% of accumulated contributions.

Future Administrative Expenses: An expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

Unknown Data for Participants: The same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: 85% of male members and 50% of female members are assumed to be married.

Spouse's Age: Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments: Adjustments are assumed to occur on January 1 following one year of retirement. These occur at the rate of 1.15% per annum for Group A members and 1.30% per annum for Groups B, C and D members (beginning Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for Group A, B and D members who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit).

Actuarial Cost Method: The Entry Age Actuarial Cost Method is used. Entry age is the age at date of employment, or, if date is unknown, current age minus years of service. Normal Cost and Accrued Actuarial Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

A smoothing *asset valuation method* was used for funding purposes in the VMERS plan, 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 plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	16.00%	6.07%
Non-US Equity	16.00%	7.42%
Global Equity	9.00%	6.85%
Fixed Income	24.00%	2.41%
Real Estate	8.00%	4.62%
Private Markets	15.00%	7.80%
Hedge Funds	8.00%	3.95%
Risk Parity	4.00%	4.84%

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the VMERS plan. 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 which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 7.50% for the VMERS plan, 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 is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.50%	7.50%	8.50%
Town's proportionate share of the net pension liability	\$ 545,086	\$ 305,296	\$ 106,429

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 VMERS or their 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

NOTE 17 - 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.

TOWN OF KILLINGTON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 17 - DEFINED CONTRIBUTION PLAN (CONTINUED)

Funding Policy

Plan provisions and contribution requirements are established and may be amended by the VMERS Board of Trustees. Under the defined contribution pension 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 year ended June 30, 2018, employee contributions totaled \$18,263, and the Town recognized pension expense of \$18,720. As of June 30, 2018, 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 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, 2018, payments to this vendor totaled \$5,720.

NOTE 19 - SUBSEQUENT EVENTS

On July 1, 2018, the Town issued a general obligation bond with the Vermont Municipal Bond Bank in the amount of \$634,000. The bond will mature in November of 2043.

On July 2, 2018, 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 20, 2018, authorizes one draw only up to the amount of \$25,000.

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 YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 388,500	\$ 388,500	\$ 388,500	\$ -
Resources (Inflows):				
Property taxes	24,353,331	24,353,331	24,375,561	22,230
Intergovernmental	1,184,000	1,184,000	1,272,389	88,389
Charges for services	174,800	174,800	261,627	86,827
Miscellaneous revenues	141,000	141,000	163,501	22,501
Amounts Available for Appropriation	<u>26,241,631</u>	<u>26,241,631</u>	<u>26,461,578</u>	<u>219,947</u>
Charges to Appropriations (Outflows):				
General government	1,064,770	1,064,770	998,250	66,520
Public safety	347,660	347,660	323,519	24,141
Highways	867,200	867,200	816,408	50,792
Health and sanitation	57,900	57,900	62,360	(4,460)
Culture and recreation	344,800	344,800	374,855	(30,055)
Social services	12,230	12,230	12,861	(631)
Education	21,522,426	21,522,426	21,522,426	-
County tax	62,000	62,000	93,032	(31,032)
Debt service:				
Principal	218,889	218,889	218,889	-
Interest	26,503	26,503	20,312	6,191
Unclassified	801,870	801,870	793,695	8,175
Transfers to other funds	705,883	705,883	705,533	350
Total Charges to Appropriations	<u>26,032,131</u>	<u>26,032,131</u>	<u>25,942,140</u>	<u>89,991</u>
Budgetary Fund Balance, June 30	<u>\$ 209,500</u>	<u>\$ 209,500</u>	<u>\$ 519,438</u>	<u>\$ 309,938</u>
Utilization of Unassigned Fund Balance	<u>\$ 179,000</u>	<u>\$ 179,000</u>	<u>\$ -</u>	<u>\$ (179,000)</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*

	2018	2017	2016	2015	2014
<u>VMERS:</u>					
Proportion of the net pension liability	0.25%	0.25%	0.25%	0.25%	0.25%
Proportionate share of the net pension liability	\$ 305,296	\$ 320,079	\$ 199,153	\$ 23,005	\$ 89,333
Covered-employee payroll	\$ 748,213	\$ 687,272	\$ 671,793	\$ 626,367	\$ 535,509
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.80%	46.57%	29.64%	3.67%	16.68%
Plan fiduciary net position as a percentage of the total pension liability	83.64%	80.95%	87.42%	98.32%	98.32%

* 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>VMERS:</u>					
Contractually required contribution	\$ 37,067	\$ 41,152	\$ 37,800	\$ 36,109	\$ 32,515
Contributions in relation to the contractually required contribution	<u>(37,067)</u>	<u>(41,152)</u>	<u>(37,800)</u>	<u>(36,109)</u>	<u>(32,515)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered-employee payroll	\$ 673,950	\$ 748,213	\$ 687,272	\$ 671,793	\$ 626,367
Contributions as a percentage of covered-employee payroll	5.50%	5.50%	5.50%	5.38%	5.19%

* The amounts presented for each fiscal year are for those years for which information is available.

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

TOWN OF KILLINGTON, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

Changes of Assumptions

The actuarial assumptions regarding inflation, investment return, COLA increase and mortality were changed based on reviews of economic assumptions, rates of mortality and future expectations of experience for VMERS.

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 YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 24,353,331	\$ 24,353,331	\$ 24,375,561	\$ 22,230
Intergovernmental revenues:				
Federal and state payments	200,000	200,000	183,763	(16,237)
State aid - highways	84,000	84,000	84,330	330
Local option taxes	900,000	900,000	1,004,296	104,296
Charges for services:				
Fees and fines	20,000	20,000	95,137	75,137
Clerk revenue	52,500	52,500	45,839	(6,661)
Zoning revenue	5,400	5,400	6,868	1,468
Police revenue	12,000	12,000	34,844	22,844
Recreation revenue	59,900	59,900	63,213	3,313
Solid waste revenue	25,000	25,000	15,726	(9,274)
Other income:				
Interest and penalties	125,000	125,000	135,344	10,344
Interest income	12,000	12,000	10,404	(1,596)
Other income	4,000	4,000	17,753	13,753
TOTAL REVENUES	<u>\$ 25,853,131</u>	<u>\$ 25,853,131</u>	<u>\$ 26,073,078</u>	<u>\$ 219,947</u>

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

TOWN OF KILLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES					
General government:					
Legislating	\$ 8,700	\$ -	\$ 8,700	\$ 12,804	\$ (4,104)
Managing municipality	143,400	-	143,400	154,768	(11,368)
Town meeting & elections	3,000	-	3,000	3,555	(555)
Town/school treasurer	12,800	-	12,800	13,375	(575)
Bookkeeping & secretarial	44,150	-	44,150	47,905	(3,755)
Auditing	11,800	-	11,800	12,190	(390)
Listing	26,350	-	26,350	24,383	1,967
Tax collecting	11,700	-	11,700	8,393	3,307
Town clerk	63,300	-	63,300	58,439	4,861
Board of Civil Authority	5,000	-	5,000	2,520	2,480
Insurance	93,600	-	93,600	37,383	56,217
Planning comm. & Board of Adj.	10,400	-	10,400	4,693	5,707
Town planner & zoning	66,200	-	66,200	66,893	(693)
Town buildings	29,750	-	29,750	35,250	(5,500)
Office equipment	12,500	-	12,500	6,133	6,367
Carpentry shop	250	-	250	247	3
Wellness	1,000	-	1,000	1,000	-
Employee benefits	520,870	-	520,870	508,319	12,551
	<u>1,064,770</u>	<u>-</u>	<u>1,064,770</u>	<u>998,250</u>	<u>66,520</u>
Public safety:					
Police	122,750	-	122,750	124,517	(1,767)
Police Dept. capital	9,310	-	9,310	9,310	-
Fire department	207,950	-	207,950	183,746	24,204
Traffic control devices	4,000	-	4,000	2,302	1,698
Fire warden	400	-	400	400	-
Ambulance service	3,250	-	3,250	3,244	6
Street lights	-	-	-	-	-
	<u>347,660</u>	<u>-</u>	<u>347,660</u>	<u>323,519</u>	<u>24,141</u>

TOWN OF KILLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Highways:					
Summer roads	153,200	-	153,200	145,340	7,860
Winter roads	355,400	-	355,400	336,140	19,260
Walkway, welcome signs, roadway	40,000	-	40,000	37,049	2,951
Town garage	34,100	-	34,100	26,806	7,294
Facility maintenance	79,000	-	79,000	59,397	19,603
Street lights	15,500	-	15,500	26,222	(10,722)
Town garage capital	5,000	-	5,000	8,941	(3,941)
Street signage capital	5,000	-	5,000	5,903	(903)
Emergency generator	5,000	-	5,000	-	5,000
Vehicle repairs & maintenance	40,000	-	40,000	39,404	596
Vehicle repair supplies	8,000	-	8,000	7,268	732
Vehicles	127,000	-	127,000	123,938	3,062
	<u>867,200</u>	<u>-</u>	<u>867,200</u>	<u>816,408</u>	<u>50,792</u>
Health and sanitation:					
Solid waste	57,900	-	57,900	62,360	(4,460)
	<u>57,900</u>	<u>-</u>	<u>57,900</u>	<u>62,360</u>	<u>(4,460)</u>
Culture and recreation:					
Library	207,850	-	207,850	207,627	223
Recreation	136,950	-	136,950	167,228	(30,278)
	<u>344,800</u>	<u>-</u>	<u>344,800</u>	<u>374,855</u>	<u>(30,055)</u>
Social services	<u>12,230</u>	<u>-</u>	<u>12,230</u>	<u>12,861</u>	<u>(631)</u>
Education	<u>21,522,426</u>	<u>-</u>	<u>21,522,426</u>	<u>21,522,426</u>	<u>-</u>
County tax	<u>62,000</u>	<u>-</u>	<u>62,000</u>	<u>93,032</u>	<u>(31,032)</u>

TOWN OF KILLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt service:					
Principal	218,889	-	218,889	218,889	-
Interest	26,503	-	26,503	20,312	6,191
	<u>245,392</u>	<u>-</u>	<u>245,392</u>	<u>239,201</u>	<u>6,191</u>
Unclassified:					
Strategic investments	109,500	-	109,500	104,529	4,971
TAN interest	8,333	-	8,333	-	8,333
Golf course debt	417,937	-	417,937	454,491	(36,554)
M & E administration	35,650	-	35,650	33,370	2,280
Marketing	67,850	-	67,850	43,024	24,826
Special events	162,600	-	162,600	158,281	4,319
	<u>801,870</u>	<u>-</u>	<u>801,870</u>	<u>793,695</u>	<u>8,175</u>
Transfers to other funds:					
Town office capital fund	5,000	-	5,000	5,000	-
Public safety capital	8,890	-	8,890	8,890	-
Fire department capital	175,000	-	175,000	175,000	-
Recreation capital fund	5,000	-	5,000	5,000	-
Library capital fund	29,393	-	29,393	29,393	-
Gravel resurfacing	30,000	-	30,000	30,000	-
Bituminous resurfacing capital fund	175,000	-	175,000	175,000	-
Guard rail	15,000	-	15,000	15,000	-
Bridges/culverts	75,000	-	75,000	75,000	-
Equipment replacement capital fund	173,600	-	173,600	173,250	350
Street lights	5,000	-	5,000	5,000	-
Cemeteries	4,000	-	4,000	4,000	-
Killington road walkway	5,000	-	5,000	5,000	-
	<u>705,883</u>	<u>-</u>	<u>705,883</u>	<u>705,533</u>	<u>350</u>
Total Departmental Operations	<u>\$ 26,032,131</u>	<u>\$ -</u>	<u>\$ 26,032,131</u>	<u>\$ 25,942,140</u>	<u>\$ 89,991</u>

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

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 206	\$ 333,425	\$ 333,631
Due from other funds	-	802,651	802,651
TOTAL ASSETS	<u>\$ 206</u>	<u>\$ 1,136,076</u>	<u>\$ 1,136,282</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	152,453	152,453
TOTAL LIABILITIES	<u>-</u>	<u>152,453</u>	<u>152,453</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	206	273,922	274,128
Committed	-	757,095	757,095
Assigned	-	39,526	39,526
Unassigned	-	(86,920)	(86,920)
TOTAL FUND BALANCES	<u>206</u>	<u>983,623</u>	<u>983,829</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 206</u>	<u>\$ 1,136,076</u>	<u>\$ 1,136,282</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 YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ -	\$ 121,914	\$ 121,914
Other	-	64,218	64,218
TOTAL REVENUES	<u>-</u>	<u>186,132</u>	<u>186,132</u>
EXPENDITURES			
Capital outlay	-	1,084,919	1,084,919
Program expenses	32	177,150	177,182
TOTAL EXPENDITURES	<u>32</u>	<u>1,262,069</u>	<u>1,262,101</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(32)</u>	<u>(1,075,937)</u>	<u>(1,075,969)</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	440,150	440,150
Transfers in	-	701,533	701,533
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,141,683</u>	<u>1,141,683</u>
NET CHANGE IN FUND BALANCES	(32)	65,746	65,714
FUND BALANCES - JULY 1	<u>238</u>	<u>917,877</u>	<u>918,115</u>
FUND BALANCES - JUNE 30	<u>\$ 206</u>	<u>\$ 983,623</u>	<u>\$ 983,829</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, 2018

	Perry Film Restoration	Total
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 206	\$ 206
TOTAL ASSETS	<u>\$ 206</u>	<u>\$ 206</u>
LIABILITIES		
Accounts payable	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	206	206
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>206</u>	<u>206</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 206</u>	<u>\$ 206</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 YEAR ENDED JUNE 30, 2018

	Perry Film Restoration	Total
	<u> </u>	<u> </u>
REVENUES		
Other income	\$ -	\$ -
TOTAL REVENUES	<u> -</u>	<u> -</u>
EXPENDITURES		
Program expenses	<u> 32</u>	<u> 32</u>
TOTAL EXPENDITURES	<u> 32</u>	<u> 32</u>
NET CHANGE IN FUND BALANCES	(32)	(32)
FUND BALANCES - JULY 1	<u> 238</u>	<u> 238</u>
FUND BALANCES - JUNE 30	<u><u> \$ 206</u></u>	<u><u> \$ 206</u></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, 2018

	Recreation Donations	Record Restoration	State Reappraisal Grants	Gravel Resurfacing	Bituminous Resurfacing	Municipal Planning Grant
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	3,921	37,988	224,329	-	-	3,862
TOTAL ASSETS	\$ 3,921	\$ 37,988	\$ 224,329	\$ -	\$ -	\$ 3,862
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ 4,457	\$ 31,729	\$ -
TOTAL LIABILITIES	-	-	-	4,457	31,729	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	224,329	-	-	3,862
Committed	-	37,988	-	-	-	-
Assigned	3,921	-	-	-	-	-
Unassigned	-	-	-	(4,457)	(31,729)	-
TOTAL FUND BALANCES (DEFICITS)	3,921	37,988	224,329	(4,457)	(31,729)	3,862
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 3,921	\$ 37,988	\$ 224,329	\$ -	\$ -	\$ 3,862

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2018

	Killington Road Walkway	Equipment Replacement	Water Study	Winter Swim	SVFD Capital Account	Golf Balloon Payment	Town Office Capital Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 333,425	\$ -	\$ -
Due from other funds	26,342	81,354	2,983	140	-	217,500	16,149
TOTAL ASSETS	<u>\$ 26,342</u>	<u>\$ 81,354</u>	<u>\$ 2,983</u>	<u>\$ 140</u>	<u>\$ 333,425</u>	<u>\$ 217,500</u>	<u>\$ 16,149</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 65,533	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,533</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	26,342	81,354	-	-	267,892	217,500	16,149
Assigned	-	-	2,983	140	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>26,342</u>	<u>81,354</u>	<u>2,983</u>	<u>140</u>	<u>267,892</u>	<u>217,500</u>	<u>16,149</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 26,342</u>	<u>\$ 81,354</u>	<u>\$ 2,983</u>	<u>\$ 140</u>	<u>\$ 333,425</u>	<u>\$ 217,500</u>	<u>\$ 16,149</u>

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2018

	Library Capital Fund	Recreation Capital Improvement	Bridge Capital Fund	Traffic Control Devices	Planning Technical Services	Police Department Capital	Teen Center
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	91,793	-	16,559	4,715	17,979	5,269
TOTAL ASSETS	\$ -	\$ 91,793	\$ -	\$ 16,559	\$ 4,715	\$ 17,979	\$ 5,269
LIABILITIES							
Due to other funds	\$ 18,650	\$ -	\$ 32,084	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	18,650	-	32,084	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	16,559	4,715	-	5,269
Committed	-	91,793	-	-	-	17,979	-
Assigned	-	-	-	-	-	-	-
Unassigned	(18,650)	-	(32,084)	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	(18,650)	91,793	(32,084)	16,559	4,715	17,979	5,269
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 91,793	\$ -	\$ 16,559	\$ 4,715	\$ 17,979	\$ 5,269

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2018

	Health Insurance Reserve	Wellness	Guard Rail	Zoning Deposits	Swim Team Donations	Library Leggett Donation Fund	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 333,425
Due from other funds	98	2,823	25,463	590	7,019	15,775	802,651
TOTAL ASSETS	<u>\$ 98</u>	<u>\$ 2,823</u>	<u>\$ 25,463</u>	<u>\$ 590</u>	<u>\$ 7,019</u>	<u>\$ 15,775</u>	<u>\$ 1,136,076</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,453
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,453</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	2,823	-	590	-	15,775	273,922
Committed	98	-	-	-	-	-	757,095
Assigned	-	-	25,463	-	7,019	-	39,526
Unassigned	-	-	-	-	-	-	(86,920)
TOTAL FUND BALANCES (DEFICITS)	<u>98</u>	<u>2,823</u>	<u>25,463</u>	<u>590</u>	<u>7,019</u>	<u>15,775</u>	<u>983,623</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 98</u>	<u>\$ 2,823</u>	<u>\$ 25,463</u>	<u>\$ 590</u>	<u>\$ 7,019</u>	<u>\$ 15,775</u>	<u>\$ 1,136,076</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 YEAR ENDED JUNE 30, 2018

	Recreation Donations	Record Restoration	State Reappraisal Grants	Gravel Resurfacing	Bituminous Resurfacing	Municipal Planning Grant
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 28,444	\$ -	\$ -	\$ 14,290
Other income	1,807	7,884	-	-	-	-
TOTAL REVENUES	<u>1,807</u>	<u>7,884</u>	<u>28,444</u>	<u>-</u>	<u>-</u>	<u>14,290</u>
EXPENDITURES						
Capital outlay	-	-	-	43,034	234,478	-
Program expenses	-	9,428	-	-	-	16,033
TOTAL EXPENDITURES	<u>-</u>	<u>9,428</u>	<u>-</u>	<u>43,034</u>	<u>234,478</u>	<u>16,033</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,807</u>	<u>(1,544)</u>	<u>28,444</u>	<u>(43,034)</u>	<u>(234,478)</u>	<u>(1,743)</u>
OTHER FINANCING SOURCES (USES)						
Loan proceeds	-	-	-	-	-	-
Transfers in	-	-	-	30,000	175,000	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>175,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	1,807	(1,544)	28,444	(13,034)	(59,478)	(1,743)
FUND BALANCES (DEFICITS) - JULY 1	<u>2,114</u>	<u>39,532</u>	<u>195,885</u>	<u>8,577</u>	<u>27,749</u>	<u>5,605</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 3,921</u>	<u>\$ 37,988</u>	<u>\$ 224,329</u>	<u>\$ (4,457)</u>	<u>\$ (31,729)</u>	<u>\$ 3,862</u>

TOWN OF KILLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Killington Road Walkway	Equipment Replacement	Water Study	Winter Swim	SVFD Capital Account	Golf Balloon Payment	Town Office Capital Fund
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	14,868	750	4,500	-	7,371	-	-
TOTAL REVENUES	14,868	750	4,500	-	7,371	-	-
EXPENDITURES							
Capital outlay	-	406,748	-	-	-	-	-
Program expenses	-	-	3,889	-	125,915	-	2,671
TOTAL EXPENDITURES	-	406,748	3,889	-	125,915	-	2,671
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	14,868	(405,998)	611	-	(118,544)	-	(2,671)
OTHER FINANCING SOURCES (USES)							
Loan proceeds	-	240,150	-	-	-	-	-
Transfers in	5,000	173,250	-	-	175,000	-	5,000
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,000	413,400	-	-	175,000	-	5,000
NET CHANGE IN FUND BALANCES (DEFICITS)	19,868	7,402	611	-	56,456	-	2,329
FUND BALANCES (DEFICITS) - JULY 1	6,474	73,952	2,372	140	211,436	217,500	13,820
FUND BALANCES (DEFICITS) - JUNE 30	\$ 26,342	\$ 81,354	\$ 2,983	\$ 140	\$ 267,892	\$ 217,500	\$ 16,149

TOWN OF KILLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Library Capital Fund	Recreation Capital Improvement	Bridge Capital Fund	Traffic Control Devices	Planning Technical Services	Police Department Capital	Teen Center
REVENUES							
Intergovernmental	\$ -	\$ 79,180	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	200	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>79,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Capital outlay	267,043	90,066	34,907	-	-	8,643	-
Program expenses	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>267,043</u>	<u>90,066</u>	<u>34,907</u>	<u>-</u>	<u>-</u>	<u>8,643</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(267,043)</u>	<u>(10,686)</u>	<u>(34,907)</u>	<u>-</u>	<u>-</u>	<u>(8,643)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Loan proceeds	200,000	-	-	-	-	-	-
Transfers in	29,393	5,000	75,000	5,000	-	8,890	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>229,393</u>	<u>5,000</u>	<u>75,000</u>	<u>5,000</u>	<u>-</u>	<u>8,890</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(37,650)	(5,686)	40,093	5,000	-	247	-
FUND BALANCES (DEFICITS) - JULY 1	<u>19,000</u>	<u>97,479</u>	<u>(72,177)</u>	<u>11,559</u>	<u>4,715</u>	<u>17,732</u>	<u>5,269</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (18,650)</u>	<u>\$ 91,793</u>	<u>\$ (32,084)</u>	<u>\$ 16,559</u>	<u>\$ 4,715</u>	<u>\$ 17,979</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 YEAR ENDED JUNE 30, 2018

	Health Insurance Reserve	Wellness	Guard Rail	Zoning Deposits	Swim Team Donations	Library Leggett Donation Fund	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,914
Other income	-	1,000	-	-	3,612	22,226	64,218
TOTAL REVENUES	-	1,000	-	-	3,612	22,226	186,132
EXPENDITURES							
Capital outlay	-	-	-	-	-	-	1,084,919
Program expenses	-	791	-	50	6,555	11,818	177,150
TOTAL EXPENDITURES	-	791	-	50	6,555	11,818	1,262,069
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	209	-	(50)	(2,943)	10,408	(1,075,937)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	15,000	-	-	-	701,533
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	15,000	-	-	-	1,141,683
NET CHANGE IN FUND BALANCES (DEFICITS)	-	209	15,000	(50)	(2,943)	10,408	65,746
FUND BALANCES (DEFICITS) - JULY 1	98	2,614	10,463	640	9,962	5,367	917,877
FUND BALANCES (DEFICITS) - JUNE 30	\$ 98	\$ 2,823	\$ 25,463	\$ 590	\$ 7,019	\$ 15,775	\$ 983,623

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, 2018

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Public safety	\$ 527,221	\$ 19,995	\$ 1,120,867	\$ -	\$ 1,668,083
Highways	2,298,752	621,460	1,228,416	3,169,571	7,318,199
Library	-	847,640	10,988	-	858,628
Recreation	-	212,712	39,789	-	252,501
Education	-	-	53,200	-	53,200
Town-wide	-	35,040	50,750	27,956	113,746
Sewer fund	-	-	1,728,433	-	1,728,433
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total General Capital Assets	2,825,973	1,736,847	4,232,443	3,197,527	11,992,790
Less: Accumulated Depreciation	<hr/> -	<hr/> (611,879)	<hr/> (1,767,307)	<hr/> (628,615)	<hr/> (3,007,801)
Net General Capital Assets	<u>\$ 2,825,973</u>	<u>\$ 1,124,968</u>	<u>\$ 2,465,136</u>	<u>\$ 2,568,912</u>	<u>\$ 8,984,989</u>

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 YEAR ENDED JUNE 30, 2018

	General Capital Assets 7/1/17	Additions	Deletions	General Capital Assets 6/30/18
Public safety	\$ 1,140,862	\$ 527,221	\$ -	\$ 1,668,083
Highways	6,831,581	595,312	(108,694)	7,318,199
Library	574,681	283,947	-	858,628
Recreation	183,304	69,197	-	252,501
Education	53,200	-	-	53,200
Town-wide	113,746	-	-	113,746
Sewer fund	1,728,433	-	-	1,728,433
Total General Capital Assets	10,625,807	1,475,677	(108,694)	11,992,790
Less: Accumulated Depreciation	<u>(2,483,424)</u>	<u>(546,122)</u>	<u>21,745</u>	<u>(3,007,801)</u>
Net General Capital Assets	<u>\$ 8,142,383</u>	<u>\$ 929,555</u>	<u>\$ (86,949)</u>	<u>\$ 8,984,989</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, 2018, 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 February 5, 2019.

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
February 5, 2019