

Audited Financial Statements  
and Other Financial Information

**Town of Killington, Vermont**

June 30, 2019



*Proven Expertise & Integrity*

TOWN OF KILLINGTON, VERMONT

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JUNE 30, 2019

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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, 2019, 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

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, 2019, 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, 2019, 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 53 through 55 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 November 15, 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  
November 15, 2019

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**(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, 2019. 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 - Pension 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 \$7,961,573 . For business-type activities, the Town's total net position was \$1,204,618 .

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 - decreased for the governmental activities to a balance of \$960,780 at the end of the fiscal year. For the business-type activities, unrestricted net position increased to a balance of \$246,451 .

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Assets:</b>				
Current Assets	\$ 2,462,925	\$ 2,811,222	\$ 199,383	\$ 140,080
Noncurrent Assets	9,469,595	7,772,189	1,153,167	1,212,800
Total Assets	<u>11,932,520</u>	<u>10,583,411</u>	<u>1,352,550</u>	<u>1,352,880</u>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to Pensions	151,613	159,359	-	-
Total Deferred Outflows of Resources	<u>151,613</u>	<u>159,359</u>	<u>-</u>	<u>-</u>
<b>Liabilities:</b>				
Current Liabilities	1,255,555	1,463,090	147,932	93,569
Noncurrent Liabilities	2,763,278	1,740,385	-	195,000
Total Liabilities	<u>4,018,833</u>	<u>3,203,475</u>	<u>147,932</u>	<u>288,569</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid Taxes	95,706	274,720	-	-
Deferred Inflows Related to Pensions	8,021	9,692	-	-
Total Deferred Inflows of Resources	<u>103,727</u>	<u>284,412</u>	<u>-</u>	<u>-</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	6,638,244	5,897,661	958,167	832,800
Restricted: Special Revenue Funds	206	206	-	-
Capital Projects Funds	306,727	273,922	-	-
Permanent Funds	55,616	55,663	-	-
Unrestricted	960,780	1,027,431	246,451	231,511
Total Net Position	<u>\$ 7,961,573</u>	<u>\$ 7,254,883</u>	<u>\$ 1,204,618</u>	<u>\$ 1,064,311</u>

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 184,594	\$ 261,627	\$ 253,674	\$ 224,791
Operating grants and contributions	118,341	206,244	-	-
<i>General Revenues:</i>				
Taxes	14,075,363	13,502,818	-	-
Grants and contributions not restricted to specific programs	768,238	1,188,059	-	-
Miscellaneous	372,747	227,831	-	-
<b>Total Revenues</b>	<b>15,519,283</b>	<b>15,386,579</b>	<b>253,674</b>	<b>224,791</b>
<b>Expenses</b>				
General government	1,117,931	1,035,889	-	-
Public safety	470,096	433,373	-	-
Highways	1,215,793	1,038,288	-	-
Health and sanitation	62,940	62,360	-	-
Culture and recreation	477,132	418,934	-	-
Social services	11,030	12,861	-	-
Education	10,783,566	10,750,139	-	-
County tax	-	93,032	-	-
Interest on long-term debt	32,419	20,312	10,025	4,155
Sewer	-	-	43,709	27,578
Depreciation	-	-	59,633	59,633
Unclassified	641,686	601,591	-	-
<b>Total Expenses</b>	<b>14,812,593</b>	<b>14,466,779</b>	<b>113,367</b>	<b>91,366</b>
<b>Change in Net Position</b>	<b>706,690</b>	<b>919,800</b>	<b>140,307</b>	<b>133,425</b>
<b>Net Position - July 1</b>	<b>7,254,883</b>	<b>6,335,083</b>	<b>1,064,311</b>	<b>930,886</b>
<b>Net Position - June 30</b>	<b>\$ 7,961,573</b>	<b>\$ 7,254,883</b>	<b>\$ 1,204,618</b>	<b>\$ 1,064,311</b>

### **Revenues and Expenses**

Revenues for the Town of Killington's governmental activities increased by 0.862%, while total expenses increased by 2.390%. The increase in revenues was primarily due to taxes and the increase in expenses was primarily due to highways.

Revenues for the business-type activities increased by 12.85% while total expenses increased by 24.08%.

## 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,**

	<b>2019</b>	<b>2018</b>
General Fund:		
Nonspendable	\$ 24,783	\$ 77,763
Committed	120,291	245,457
Unassigned	550,902	196,218
Total General Fund	\$ 695,976	\$ 519,438
FEMA Irene Storm Fund:		
Unassigned	\$ (300,691)	\$ (297,429)
Total FEMA Irene Storm Fund	\$ (300,691)	\$ (297,429)
Sherburne Village Cemetery Fund:		
Restricted	\$ 55,616	\$ 55,663
Total Sherburne Village Cemetery Fund	\$ 55,616	\$ 55,663
Public Safety Building Fund:		
Unassigned	\$ (59,409)	\$ -
Total Public Safety Building Fund	\$ (59,409)	\$ -
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 206	\$ 206
Capital Projects Funds:		
Restricted	306,727	273,922
Committed	638,110	757,095
Assigned	16,878	39,526
Unassigned	(71,121)	(86,920)
Total Nonmajor Funds	\$ 890,800	\$ 983,829

The general fund total fund balance increased by \$176,538 from the prior fiscal year primarily due to revenues exceeding expenditures and net transfers to other funds. The FEMA Irene Storm Fund decreased by \$3,262 from the prior fiscal year due to expenditures. The Sherburne Village Cemetery Fund decreased by \$47 from the prior fiscal year primarily due to transfers from other funds offset by expenditures. The Public Safety Building Fund decreased by \$59,409 from the prior fiscal year due to expenditures exceeding loan proceeds and transfers from other funds. The nonmajor funds total fund balance decreased by \$93,029 from the prior fiscal year primarily due to expenditures exceeding revenues and net transfers from other funds.

*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 \$2,106 versus last year of \$4,590. The Route 4 Sewer Fund also had an increase in net position this fiscal year of \$138,201 versus last year of \$128,835.

### **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 \$247,276 . All revenue categories were receipted in excess of budgeted amounts.

The general fund actual expenditures were under budget by \$174,719 . All expenditure categories were within or under budgeted amounts with the exception of highways, health and sanitation, culture and recreation and debt service.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

As of June 30, 2019, the net book value of capital assets recorded by the Town increased by \$1,637,773 from the prior year. The increase is the result of capital additions of \$2,319,171, less net disposals of \$5,872 and current year depreciation of \$675,526.

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

	<b>2019</b>	<b>2018</b>
Land	\$ 527,221	\$ 527,221
Construction in progress	3,337,699	2,298,752
Buildings, building improvements and land improvements	1,067,223	1,124,968
Machinery, equipment and vehicles	3,110,094	2,465,136
Infrastructure	2,580,525	2,568,912
<b>Total</b>	<b>\$ 10,622,762</b>	<b>\$ 8,984,989</b>

**Debt**

At June 30, 2019, the Town had \$3.03 million in bonds and notes from direct borrowings outstanding versus \$2.25 million last year, an increase of 34.23%. 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 general fund increase was due to revenues received more than budget along with actual expenditures coming in under budget, both of which exceeded the 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, 2019

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,872,855	\$ -	\$ 1,872,855
Investments	51,638	-	51,638
Accounts receivable (net of allowance for uncollectibles):			
Taxes	269,794	-	269,794
Due from golf course	286,535	-	286,535
Other	4,388	199,383	203,771
Prepaid items	24,783	-	24,783
Internal balances	(47,068)	47,068	-
Total current assets	<u>2,462,925</u>	<u>246,451</u>	<u>2,709,376</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	3,864,920	-	3,864,920
Depreciable assets, net of accumulated depreciation	5,604,675	1,153,167	6,757,842
Total noncurrent assets	<u>9,469,595</u>	<u>1,153,167</u>	<u>10,622,762</u>
<b>TOTAL ASSETS</b>	<u>11,932,520</u>	<u>1,399,618</u>	<u>13,332,138</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	151,613	-	151,613
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>151,613</u>	<u>-</u>	<u>151,613</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 12,084,133</u>	<u>\$ 1,399,618</u>	<u>\$ 13,483,751</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 76,422	\$ -	\$ 76,422
Accrued expenses	9,630	-	9,630
Short term borrowing	750,000	-	750,000
Current portion of long-term obligations	419,503	195,000	614,503
Total current liabilities	<u>1,255,555</u>	<u>195,000</u>	<u>1,450,555</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	1,288,640	-	1,288,640
Notes from direct borrowings payable	1,123,208	-	1,123,208
Net pension liability	351,430	-	351,430
Total noncurrent liabilities	<u>2,763,278</u>	<u>-</u>	<u>2,763,278</u>
<b>TOTAL LIABILITIES</b>	<u>4,018,833</u>	<u>195,000</u>	<u>4,213,833</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	95,706	-	95,706
Deferred inflows related to pensions	8,021	-	8,021
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>103,727</u>	<u>-</u>	<u>103,727</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,638,244	958,167	7,596,411
Restricted	362,549	-	362,549
Unrestricted	960,780	246,451	1,207,231
<b>TOTAL NET POSITION</b>	<u>7,961,573</u>	<u>1,204,618</u>	<u>9,166,191</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 12,084,133</u>	<u>\$ 1,399,618</u>	<u>\$ 13,483,751</u>

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

## TOWN OF KILLINGTON, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,117,931	\$ 61,796	\$ -	\$ -	\$ (1,056,135)	\$ -	\$ (1,056,135)
Public safety	470,096	29,754	-	-	(440,342)	-	(440,342)
Highways	1,215,793	-	63,245	-	(1,152,548)	-	(1,152,548)
Health and sanitation	62,940	20,248	-	-	(42,692)	-	(42,692)
Culture and recreation	477,132	72,796	-	-	(404,336)	-	(404,336)
Social services	11,030	-	-	-	(11,030)	-	(11,030)
Education	10,783,566	-	-	-	(10,783,566)	-	(10,783,566)
Interest on long-term debt	32,419	-	-	-	(32,419)	-	(32,419)
Unclassified	641,686	-	55,096	-	(586,590)	-	(586,590)
Total governmental activities	<u>14,812,593</u>	<u>184,594</u>	<u>118,341</u>	<u>-</u>	<u>(14,509,658)</u>	<u>-</u>	<u>(14,509,658)</u>
Business-type activities:							
Alpine Drive Sewer Fund	3,594	5,700	-	-	-	2,106	2,106
Rt. 4 Sewer Fund	109,773	247,974	-	-	-	138,201	138,201
Total business-type activities	<u>113,367</u>	<u>253,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,307</u>	<u>140,307</u>
Total government	<u>\$ 14,925,960</u>	<u>\$ 438,268</u>	<u>\$ 118,341</u>	<u>\$ -</u>	<u>(14,509,658)</u>	<u>140,307</u>	<u>(14,369,351)</u>

STATEMENT B (CONTINUED)

TOWN OF KILLINGTON, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(14,509,658)	140,307	(14,369,351)
General revenues:			
Taxes, levied for general purposes	14,075,363	-	14,075,363
Grants and contributions not restricted to specific programs	768,238	-	768,238
Miscellaneous	372,747	-	372,747
Total general revenues	15,216,348	-	15,216,348
Change in net position	706,690	140,307	846,997
NET POSITION - JULY 1	7,254,883	1,064,311	8,319,194
NET POSITION - JUNE 30	\$ 7,961,573	\$ 1,204,618	\$ 9,166,191

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

## TOWN OF KILLINGTON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	FEMA Irene Storm Fund	Sherburne Village Cemetery Fund	Public Safety Building Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,868,877	\$ -	\$ 3,978	\$ -	\$ -	\$ 1,872,855
Investments	-	-	51,638	-	-	51,638
Accounts receivable (net of allowance for uncollectibles):						
Taxes	269,794	-	-	-	-	269,794
Due from golf course	286,535	-	-	-	-	286,535
Other	4,388	-	-	-	-	4,388
Prepaid items	24,783	-	-	-	-	24,783
Due from other funds	371,812	-	-	90,591	961,921	1,424,324
<b>TOTAL ASSETS</b>	<b>\$ 2,826,189</b>	<b>\$ -</b>	<b>\$ 55,616</b>	<b>\$ 90,591</b>	<b>\$ 961,921</b>	<b>\$ 3,934,317</b>
<b>LIABILITIES</b>						
Due to other funds	\$ 1,099,580	\$ 300,691	\$ -	\$ -	\$ 71,121	\$ 1,471,392
Accounts payable	76,422	-	-	-	-	76,422
Accrued expenses	9,630	-	-	-	-	9,630
Short term borrowing	600,000	-	-	150,000	-	750,000
<b>TOTAL LIABILITIES</b>	<b>1,785,632</b>	<b>300,691</b>	<b>-</b>	<b>150,000</b>	<b>71,121</b>	<b>2,307,444</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Prepaid taxes	95,706	-	-	-	-	95,706
Deferred tax revenues	248,875	-	-	-	-	248,875
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>344,581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>344,581</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable - prepaid items	24,783	-	-	-	-	24,783
Restricted	-	-	55,616	-	306,933	362,549
Committed	120,291	-	-	-	638,110	758,401
Assigned	-	-	-	-	16,878	16,878
Unassigned	550,902	(300,691)	-	(59,409)	(71,121)	119,681
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>695,976</b>	<b>(300,691)</b>	<b>55,616</b>	<b>(59,409)</b>	<b>890,800</b>	<b>1,282,292</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 2,826,189</b>	<b>\$ -</b>	<b>\$ 55,616</b>	<b>\$ 90,591</b>	<b>\$ 961,921</b>	<b>\$ 3,934,317</b>

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

## TOWN OF KILLINGTON, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019

	Total Governmental Funds
	Total Governmental Funds
Total Fund Balances	\$ 1,282,292
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	9,469,595
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	248,875
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	151,613
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,487,593)
Notes from direct borrowings payable	(1,343,758)
Net pension liability	(351,430)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(8,021)
Net position of governmental activities	\$ 7,961,573

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, 2019

	General Fund	FEMA Irene Storm	Sherburne Village Cemetery Fund	Public Safety Building	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 14,077,838	\$ -	\$ -	\$ -	\$ -	\$ 14,077,838
Intergovernmental	831,483	-	-	-	55,096	886,579
Charges for services	184,594	-	-	-	-	184,594
Miscellaneous revenues	162,693	-	208	-	209,846	372,747
<b>TOTAL REVENUES</b>	<b>15,256,608</b>	<b>-</b>	<b>208</b>	<b>-</b>	<b>264,942</b>	<b>15,521,758</b>
EXPENDITURES						
Current:						
General government	1,065,722	-	-	-	-	1,065,722
Public safety	299,056	-	-	-	-	299,056
Highways	875,596	-	-	-	-	875,596
Health and sanitation	62,940	-	-	-	-	62,940
Culture and recreation	405,468	-	-	-	-	405,468
Social services	11,030	-	-	-	-	11,030
Education	10,778,246	-	-	-	-	10,778,246
Unclassified	383,216	3,262	4,255	-	632,844	1,023,577
Debt service:						
Principal	218,889	-	-	-	-	218,889
Interest	32,419	-	-	-	-	32,419
Capital outlay	-	-	-	733,409	628,615	1,362,024
<b>TOTAL EXPENDITURES</b>	<b>14,132,582</b>	<b>3,262</b>	<b>4,255</b>	<b>733,409</b>	<b>1,261,459</b>	<b>16,134,967</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,124,026	(3,262)	(4,047)	(733,409)	(996,517)	(613,209)
OTHER FINANCING SOURCES (USES)						
Debt proceeds	-	-	-	634,000	-	634,000
Transfers in	98	-	4,000	40,000	943,586	987,684
Transfers (out)	(947,586)	-	-	-	(40,098)	(987,684)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(947,488)</b>	<b>-</b>	<b>4,000</b>	<b>674,000</b>	<b>903,488</b>	<b>634,000</b>
NET CHANGE IN FUND BALANCES (DEFICITS)	176,538	(3,262)	(47)	(59,409)	(93,029)	20,791
FUND BALANCES (DEFICITS) - JULY 1	519,438	(297,429)	55,663	-	983,829	1,261,501
FUND BALANCES (DEFICITS) - JUNE 30	\$ 695,976	\$ (300,691)	\$ 55,616	\$ (59,409)	\$ 890,800	\$ 1,282,292

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, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 20,791</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	2,319,171
Capital asset disposals	(5,872)
Depreciation expense	<u>(615,893)</u>
	<u>1,697,406</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported	
Taxes and liens receivable	<u>(2,475)</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>(7,746)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>618,012</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	
	<u>(1,574,835)</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>1,671</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>(46,134)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 706,690</u></u>

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

## TOWN OF KILLINGTON, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2019

	Enterprise Funds		
	Alpine Drive Sewer Fund	Route 4 Sewer Fund	Total
<b>ASSETS</b>			
Current assets:			
Accounts receivable (net of allowance for uncollectibles)	\$ 649	\$ 198,734	\$ 199,383
Due from other funds	46,200	868	47,068
Total current assets	<u>46,849</u>	<u>199,602</u>	<u>246,451</u>
Noncurrent assets:			
Capital assets:			
Equipment	-	1,728,433	1,728,433
Less: accumulated depreciation	-	(575,266)	(575,266)
Total noncurrent assets	<u>-</u>	<u>1,153,167</u>	<u>1,153,167</u>
<b>TOTAL ASSETS</b>	<u>\$ 46,849</u>	<u>\$ 1,352,769</u>	<u>\$ 1,399,618</u>
<b>LIABILITIES</b>			
Current liabilities:			
Current portion of long-term obligations	\$ -	\$ 195,000	\$ 195,000
Total current liabilities	<u>-</u>	<u>195,000</u>	<u>195,000</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>195,000</u>	<u>195,000</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	958,167	958,167
Unrestricted	46,849	199,602	246,451
<b>TOTAL NET POSITION</b>	<u>46,849</u>	<u>1,157,769</u>	<u>1,204,618</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 46,849</u>	<u>\$ 1,352,769</u>	<u>\$ 1,399,618</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, 2019

	Enterprise Funds		
	Alpine Drive Sewer Fund	Route 4 Sewer Fund	Total
OPERATING REVENUES			
Charges for services	\$ 5,700	\$ 247,974	\$ 253,674
TOTAL OPERATING REVENUES	<u>5,700</u>	<u>247,974</u>	<u>253,674</u>
OPERATING EXPENSES			
Sewer	3,594	40,115	43,709
Depreciation	-	59,633	59,633
TOTAL OPERATING EXPENSES	<u>3,594</u>	<u>99,748</u>	<u>103,342</u>
OPERATING INCOME (LOSS)	<u>2,106</u>	<u>148,226</u>	<u>150,332</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	-	(10,025)	(10,025)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>-</u>	<u>(10,025)</u>	<u>(10,025)</u>
CHANGE IN NET POSITION	2,106	138,201	140,307
NET POSITION - JULY 1	<u>44,743</u>	<u>1,019,568</u>	<u>1,064,311</u>
NET POSITION - JUNE 30	<u>\$ 46,849</u>	<u>\$ 1,157,769</u>	<u>\$ 1,204,618</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, 2019

## Enterprise Funds

	Alpine Drive Sewer Fund	Route 4 Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 6,450	\$ 187,921	\$ 194,371
Internal activity - receipts (payments) from/to other funds	(2,856)	47,219	44,363
Payments to suppliers	(3,594)	(40,115)	(43,709)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>-</u>	<u>195,025</u>	<u>195,025</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest paid on long-term debt	-	(10,025)	(10,025)
Principal payments on long-term debt	-	(185,000)	(185,000)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(195,025)</u>	<u>(195,025)</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)	\$ 2,106	\$ 148,226	\$ 150,332
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	750	(60,053)	(59,303)
(Increase) decrease in due from other funds	(2,856)	47,219	44,363
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ 195,025</u>	<u>\$ 195,025</u>

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

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations". This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefore. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. 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; 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

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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:

Major funds:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The FEMA Irene Storm Fund is used to account for proceeds from FEMA storm grant intergovernmental revenue related to capital expenditures from the storm damage.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- c. The Sherburne Village Cemetery Fund is used to account for assets held by the Town pursuant to a trust agreement for the cemetery. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.
- d. The Public Safety Building Fund is used to account for financial resources to be used for construction of the new public safety building.

Nonmajor funds:

- e. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- f. 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:

- 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

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**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.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**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 \$490,306 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2019.

**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".

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

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 obligations 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.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All long-term obligations to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term obligations consist primarily of bonds payable, notes from direct borrowings payable and net pension liability.

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

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balance**

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

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

**Pensions**

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

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**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.

TOWN OF KILLINGTON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

**Deposits:**

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

At June 30, 2019, the Town’s cash balance of \$1,872,855 was comprised of deposits amounting to \$1,976,973 . Of these deposits, \$103,978 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$1,872,995 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.

Account Type	Bank Balance
Checking accounts	\$ 100,654
Repurchase agreements	1,872,995
Savings accounts	3,324
	\$ 1,976,973

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

**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, 2019, the Town's investments of \$51,638 were comprised of certificates of deposit. Of this amount, \$51,638 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk.

Investment Type	Fair			
	Value	N/A	< 1 Year	1 - 5 Years
Certificates of deposit	\$ 51,638	\$ -	\$ 51,638	\$ -

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, 2019 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 371,812	\$ 1,099,580
FEMA Irene Storm	-	300,691
Public safety building	90,591	-
Nonmajor Capital Projects Funds	961,715	71,121
Nonmajor Special Revenue Funds	206	-
Alpine Drive Sewer Fund	46,200	-
Route 4 Sewer Fund	868	-
	<u>\$ 1,471,392</u>	<u>\$ 1,471,392</u>

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Disposals	Balance, 6/30/19
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 527,221	\$ -	\$ -	\$ 527,221
Construction in progress	2,298,752	1,038,947	-	3,337,699
	<u>2,825,973</u>	<u>1,038,947</u>	<u>-</u>	<u>3,864,920</u>
Depreciated assets:				
Buildings and building improvements	1,736,847	34,048	-	1,770,895
Vehicles	1,874,082	1,008,315	(41,107)	2,841,290
Machinery and equipment	629,928	-	-	629,928
Infrastructure	3,197,527	237,861	-	3,435,388
	<u>7,438,384</u>	<u>1,280,224</u>	<u>(41,107)</u>	<u>8,677,501</u>
Less: accumulated depreciation	<u>(2,492,168)</u>	<u>(615,893)</u>	<u>35,235</u>	<u>(3,072,826)</u>
	<u>4,946,216</u>	<u>664,331</u>	<u>(5,872)</u>	<u>5,604,675</u>
Net governmental capital assets	<u>\$ 7,772,189</u>	<u>\$ 1,703,278</u>	<u>\$ (5,872)</u>	<u>\$ 9,469,595</u>
<u>Business-type activities</u>				
Depreciated assets:				
Machinery and 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>(515,633)</u>	<u>(59,633)</u>	<u>-</u>	<u>(575,266)</u>
	<u>1,212,800</u>	<u>(59,633)</u>	<u>-</u>	<u>1,153,167</u>
Net business-type capital assets	<u>\$ 1,212,800</u>	<u>\$ (59,633)</u>	<u>\$ -</u>	<u>\$ 1,153,167</u>
Current year depreciation:				
<u>Governmental activities</u>				
Public safety				\$ 171,040
Highway				356,193
Library				43,793
Recreation				27,871
Education				5,320
Town-wide				11,676
Total governmental activities depreciation expense				<u>\$ 615,893</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, 2019

NOTE 5 - SHORT-TERM OBLIGATIONS

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 was paid in full on August 15, 2018 with \$5,653 of interest.

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 was paid in full on August 15, 2018 with \$5,250 of interest.

On June 10, 2019, 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 \$600,000 at 2.95% interest. The note was outstanding as of June 30, 2019.

On April 5, 2019, the Town issued a bond anticipation note through Peoples United Bank in anticipation of a bond. The note was for \$150,000 at 2.95% interest. The note was outstanding as of June 30, 2019.

Short-term debt activity for the year ended June 30, 2019, was as follows:

	Balance, 7/1/18	Additions	Repayments	Balance, 6/30/19
Current Expense Note	\$ 1,000,000	\$ -	\$ (1,000,000)	\$ -
Bond Anticipation Note	525,000	-	(525,000)	-
Current Expense Note	-	600,000	-	600,000
Bond Anticipation Note	-	150,000	-	150,000
	<u>\$ 1,525,000</u>	<u>\$ 750,000</u>	<u>\$ (1,525,000)</u>	<u>\$ 750,000</u>

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2019:

	Balance, 7/1/2018	Additions	Deletions	Balance, 6/30/2019	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 1,072,482	\$ 634,000	\$ (218,889)	\$ 1,487,593	\$ 198,953
Notes from direct borrowings payable	802,046	940,835	(399,123)	1,343,758	220,550
Totals	<u>\$ 1,874,528</u>	<u>\$ 1,574,835</u>	<u>\$ (618,012)</u>	<u>\$ 2,831,351</u>	<u>\$ 419,503</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 380,000	\$ -	\$ (185,000)	\$ 195,000	\$ 195,000
Totals	<u>\$ 380,000</u>	<u>\$ -</u>	<u>\$ (185,000)</u>	<u>\$ 195,000</u>	<u>\$ 195,000</u>

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

**Governmental activities bonds payable:**

\$360,000, 2011 Series 6 Garage Refunding Bond, due in annual principal payments \$30,000, through December 2023. Interest is charged at a fixed interest rate ranging from 3.57% to 4.69% per annum. Savings allocations range from \$384 to \$15,016 per annum.	\$ 150,000
\$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.	3,593
\$1,400,000, 2014 Bonds due in annual principal payments of \$140,000, through November of 2024. Interest is charged at a fixed rate of 2.60% per annum.	700,000
\$634,000, 2018 General Obligation Bonds due in annual principal payments of \$25,360, through November of 2024. Interest is charged at a fixed rate ranging from 1.70% to 4.17% per annum.	<u>634,000</u>
Total governmental activities bonds payable	<u>\$ 1,487,593</u>

TOWN OF KILLINGTON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019

NOTE 6 - LONG-TERM DEBT (CONTINUED)

**Governmental activities notes from direct borrowings payable:**

\$190,830, 2015 Note payable due in annual principal payments of \$38,166, through August of 2020. Interest is charged at a fixed rate of 2.25% per annum.	\$ 76,332
\$90,550, 2017 Note payable due in annual principal payments of \$18,110, through December of 2022. Interest is charged at a fixed rate of 2.60% per annum.	72,440
\$149,600, 2017 Note payable due in annual principal payments of \$29,920, through September of 2022. Interest is charged at a fixed rate of 2.65% per annum.	119,680
\$200,000, 2017 Note payable due in annual principal payments of \$20,000, through September of 2027. Interest is charged at a fixed rate of 3.00% per annum.	180,000
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 principal and interest payments are \$96,119.	93,625
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 principal and interest payments are \$15,996.	31,059
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 principal and interest payments are \$8,644.	8,360
The Town leases a fire truck under a non-cancelable lease agreement. The term of the lease is for a five-year period expiring in January of 2023. Annual principal and interest payments are \$203,194.	<u>762,262</u>
Total governmental activities notes from direct borrowings payable	<u><u>\$ 1,343,758</u></u>

**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 fixed rate ranging from 4.875% to 5.415% per annum.	<u>\$ 195,000</u>
Total business-type activities bonds payable	<u><u>\$ 195,000</u></u>

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

Governmental activities:

	Bonds Payable		Notes from Direct Borrowings Payable	
	Principal	Interest	Principal	Interest
2020	\$ 198,953	\$ 44,447	\$ 406,802	\$ 35,520
2021	195,360	39,031	309,921	24,917
2022	195,360	33,552	260,993	16,959
2023	195,360	26,089	266,042	10,046
2024	195,360	21,725	100,000	9,000
2025-2029	126,800	80,477	-	-
2030-2034	126,800	59,891	-	-
2035-2039	126,800	35,643	-	-
2040-2044	126,800	11,602	-	-
	<u>\$ 1,487,593</u>	<u>\$ 352,457</u>	<u>\$ 1,343,758</u>	<u>\$ 96,442</u>

Business-type activities:

	Bonds Payable	
	Principal	Interest
2020	\$ 195,000	\$ 5,280
	<u>\$ 195,000</u>	<u>\$ 5,280</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, 2019 was \$10,025.

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, 2019

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2019:

	Balance, 7/1/2018	Additions	Deletions	Balance, 6/30/2019	Current Portion
<u>Governmental activities:</u>					
Net pension liability	\$ 305,296	\$ 93,605	\$ (47,471)	\$ 351,430	\$ -

Please see Note 17 for detailed information on each of the other long-term obligations.

NOTE 8 - OPERATING LEASES

The Town has entered into a lease agreement for copiers. The term of the lease is for 60 months expiring in July of 2022. Monthly payments are \$305.

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

Year Ending June 30:	
2020	\$ 3,664
2021	3,664
2022	3,664
Total minimum lease payments	\$ 10,992

NOTE 9 - NONSPENDABLE FUND BALANCE

At June 30, 2019, the Town had the following restricted fund balance:

General fund:	
Prepaid items	\$ 24,783

NOTE 10 - RESTRICTED FUND BALANCES

At June 30, 2019, the Town had the following restricted fund balances:

Sherburne Village Cemetery Fund	\$ 55,616
Nonmajor Special Revenue Funds (Schedule E)	206
Nonmajor Capital Projects Funds (Schedule G)	306,727
	\$ 362,549

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2019, the Town had the following committed fund balances:

General fund:

Use of fund balance FY 2020 budget	\$ 120,291
Nonmajor Capital Projects Funds (Schedule G)	<u>638,110</u>
	<u>\$ 758,401</u>

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2019, the Town had the following assigned fund balances:

Nonmajor Capital Projects Funds (Schedule G)	<u>\$ 16,878</u>
----------------------------------------------	------------------

NOTE 13 - 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.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - RISK MANAGEMENT (CONTINUED)

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 member assessed their proportionate share of the deficit.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 14 - 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 15 - DEFICIT FUND BALANCES

At June 30, 2019, the Town had the following deficit fund balances:

Bridge Capital Fund	\$	32,973
Gravel Resurfacing		12,426
Bituminous Resurfacing		2,779
Library Capital Fund		2,845
Guard Rail Capital Fund		20,098
FEMA Irene Storm		300,691
		<u>300,691</u>
	\$	<u>371,812</u>

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 15 - DEFICIT FUND BALANCES (CONTINUED)

At June 30, 2019 the Town was still waiting for a decision from FEMA representatives regarding reimbursement for expenses related to tropical storm Irene.

NOTE 16 - LETTER OF CREDIT

At June 30, 2019, 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, 2019, authorizes one draw only up to the amount of \$300,000. There were no draws for the year ended June 30, 2019.

NOTE 17 - 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. For the year ended June 30, 2017 (the most recent data available), the retirement system consisted of 13,262 participating members.

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.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

**Benefits Provided**

The pension plan is divided into four membership groups:

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

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

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Normal service retirement eligibility	Age 65 with 5 years of service, or age 55 with 35 years of service	Age 62 with 5 years of service, or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
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

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 as of July 1, 2018 are as follows:

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Employee Contributions	2.625% of gross salary	5.0% of gross salary	10.125% of gross salary	11.475% of gross salary
Employer Contributions	4.125% of gross salary	5.625% of gross salary	7.375% of gross salary	9.975% 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, 2019 totaled \$35,311. The Town contributed \$39,725 for the year ended June 30, 2019. The Town's total payroll for the year ended June 30, 2019 for all employees covered under this plan was \$706,225.

**Pension Liabilities**

At June 30, 2019, the Town reported a liability of \$351,430 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2018, 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, 2018, the Town's proportion was 0.24981512% for VMERS, which was a decrease of 0.002172% from its proportion measured as of June 30, 2017 for VMERS.

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

For the year ended June 30, 2019, the Town recognized pension expense of \$37,639 for the VMERS plan. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,525	\$ 5,619
Changes of assumptions	38,916	-
Net difference between projected and actual earnings on pension plan investments	40,729	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,718	2,402
Contributions subsequent to the measurement date	39,725	-
<b>Total</b>	<b>\$ 151,613</b>	<b>\$ 8,021</b>

\$39,725 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VMERS Plan
Plan year ended June 30:	
2019	\$ 65,442
2020	24,147
2021	6,160
2022	8,116
2023	-
Thereafter	-

**Significant Actuarial Assumptions and Methods**

The total pension liability for the June 30, 2018 measurement date was determined by rolling forward the total pension liability as of June 30, 2017 to June 30, 2018. The total pension liability was calculated using the following actuarial assumptions:

*Investment Rate of Return:* 7.50%, net of pension plan investment expense, including inflation.

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Inflation:* 2.50%

*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-2006 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 RP-2006 Disabled Mortality Table

*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:* Assumed to occur on January 1 following one year of retirement 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 at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2019 COLA is 1.30% for all groups.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*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.

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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	18.00%	6.10%
Non-US Equity	16.00%	7.45%
Global Equity	9.00%	6.74%
Fixed Income	26.00%	2.25%
Real Estate	8.00%	5.11%
Private Markets	15.00%	7.60%
Hedge Funds	8.00%	3.86%

**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

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

**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	\$ 595,243	\$ 351,430	\$ 153,142

**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](http://finance.vermont.gov/reports_and_publications/cafr)

NOTE 18 - 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

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 18 - DEFINED CONTRIBUTION PLAN (CONTINUED)

offered by the employer, each eligible employee was required to make an election to participate. Employees participating in one of the municipal defined benefit plans who elected to participate in the defined contribution plan had the July 1, 2001, actuarial value of their accrued defined benefit plan transferred to the defined contribution plan. Employers that did not offer the defined contribution plan to their employees as of December 31, 1999, have an opportunity to do so no later than December 31 of any subsequent year with the transfer effective July 1 of the following year.

**Funding Policy**

Plan provisions and contribution requirements are established and may be amended by the VMERS Board of Trustees. Under the defined contribution pension 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, 2019, employee contributions totaled \$14,229, and the Town made employer contributions of \$14,586. As of June 30, 2019, there were four 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 19 - 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, 2019, payments to this vendor totaled \$6,070.

NOTE 20 - SUBSEQUENT EVENTS

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, 2019, 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 - Pension
- 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, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 519,438	\$ 519,438	\$ 519,438	\$ -
Resources (Inflows):				
Property taxes	14,025,130	14,025,130	14,077,838	52,708
Intergovernmental	728,950	728,950	831,483	102,533
Charges for services	167,550	167,550	184,594	17,044
Miscellaneous revenues	87,800	87,800	162,693	74,893
Transfers from other funds	-	-	98	98
Amounts Available for Appropriation	<u>15,528,868</u>	<u>15,528,868</u>	<u>15,776,144</u>	<u>247,276</u>
Charges to Appropriations (Outflows):				
General government	1,142,125	1,142,125	1,065,722	76,403
Public safety	340,215	340,215	299,056	41,159
Highways	859,664	859,664	875,596	(15,932)
Health and sanitation	59,290	59,290	62,940	(3,650)
Culture and recreation	380,401	380,401	405,468	(25,067)
Social services	12,480	12,480	11,030	1,450
Education	10,778,246	10,778,246	10,778,246	-
County tax	62,000	62,000	-	62,000
Debt service:				
Principal	218,948	218,948	218,889	59
Interest	32,000	32,000	32,419	(419)
Unclassified	421,932	421,932	383,216	38,716
Transfers to other funds	947,586	947,586	947,586	-
Total Charges to Appropriations	<u>15,254,887</u>	<u>15,254,887</u>	<u>15,080,168</u>	<u>174,719</u>
Budgetary Fund Balance, June 30	<u>\$ 273,981</u>	<u>\$ 273,981</u>	<u>\$ 695,976</u>	<u>\$ 421,995</u>
Utilization of Unassigned Fund Balance	<u>\$ 245,457</u>	<u>\$ 245,457</u>	<u>\$ -</u>	<u>\$ (245,457)</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\*

	2019	2018	2017	2016	2015	2014
<u>VMERS:</u>						
Proportion of the net pension liability	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Proportionate share of the net pension liability	\$ 351,430	\$ 305,296	\$ 320,079	\$ 199,153	\$ 23,005	\$ 89,333
Covered-employee payroll	\$ 673,950	\$ 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	52.14%	40.80%	46.57%	29.64%	3.67%	16.68%
Plan fiduciary net position as a percentage of the total pension liability	82.60%	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 - PENSION  
 LAST 10 FISCAL YEARS\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>VMERS:</u>						
Contractually required contribution	\$ 39,725	\$ 37,067	\$ 41,152	\$ 37,800	\$ 36,109	\$ 32,515
Contributions in relation to the contractually required contribution	<u>(39,725)</u>	<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	\$ 706,225	\$ 673,950	\$ 748,213	\$ 687,272	\$ 671,793	\$ 626,367
Contributions as a percentage of covered-employee payroll	5.62%	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.

## 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, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 14,025,130	\$ 14,025,130	\$ 14,077,838	\$ 52,708
Intergovernmental revenues:				
Federal and state payments	160,000	160,000	216,201	56,201
State aid - highways	84,300	84,300	63,245	(21,055)
Local option taxes	384,650	384,650	552,037	167,387
Other	100,000	100,000	-	(100,000)
Charges for services:				
Fees and fines	13,400	13,400	13,047	(353)
Clerk revenue	45,000	45,000	37,110	(7,890)
Zoning revenue	8,000	8,000	11,639	3,639
Police revenue	13,000	13,000	29,754	16,754
Recreation revenue	64,150	64,150	72,796	8,646
Solid waste revenue	24,000	24,000	20,248	(3,752)
Other income:				
Interest and penalties	75,000	75,000	84,621	9,621
Interest income	8,800	8,800	31,816	23,016
Other income	4,000	4,000	46,256	42,256
Transfers from other funds	-	-	98	98
<b>TOTAL REVENUES</b>	<b>\$ 15,009,430</b>	<b>\$ 15,009,430</b>	<b>\$ 15,256,706</b>	<b>\$ 247,276</b>

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, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>					
General government:					
Legislating	\$ 7,900	\$ -	\$ 7,900	\$ 11,009	\$ (3,109)
Managing municipality	138,754	-	138,754	148,282	(9,528)
Town meeting and elections	6,000	-	6,000	5,122	878
Town/school treasurer	16,300	-	16,300	15,329	971
Bookkeeping and secretarial	47,350	-	47,350	45,962	1,388
Auditing	14,000	-	14,000	15,163	(1,163)
Listing	25,736	-	25,736	30,139	(4,403)
Tax collecting	14,300	-	14,300	5,123	9,177
Town clerk	65,310	-	65,310	59,634	5,676
Board of Civil Authority	5,000	-	5,000	1,450	3,550
Insurance	122,726	-	122,726	108,874	13,852
Planning Comm. and Board of Adj.	8,850	-	8,850	9,316	(466)
Town planner and zoning	67,314	-	67,314	57,001	10,313
Town buildings	37,700	-	37,700	39,307	(1,607)
Office equipment	12,500	-	12,500	7,569	4,931
Carpentry shop	400	-	400	484	(84)
Employee benefits	551,985	-	551,985	505,958	46,027
	<u>1,142,125</u>	<u>-</u>	<u>1,142,125</u>	<u>1,065,722</u>	<u>76,403</u>
Public safety:					
Police	133,365	-	133,365	124,599	8,766
Fire department	199,200	-	199,200	168,484	30,716
Traffic control devices	4,000	-	4,000	2,329	1,671
Fire warden	400	-	400	400	-
Ambulance service	3,250	-	3,250	3,244	6
	<u>340,215</u>	<u>-</u>	<u>340,215</u>	<u>299,056</u>	<u>41,159</u>

TOWN OF KILLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Highways:					
Summer roads	156,264	-	156,264	107,999	48,265
Winter roads	368,160	-	368,160	404,462	(36,302)
Walkway, welcome signs, roadway	36,000	-	36,000	38,418	(2,418)
Town garage	31,100	-	31,100	39,502	(8,402)
Facility maintenance	84,640	-	84,640	66,225	18,415
Steet lights	17,500	-	17,500	13,772	3,728
Street signage capital	-	-	-	3,665	(3,665)
Public safety building	-	-	-	190	(190)
Vehicle repairs and maintenance	161,000	-	161,000	195,013	(34,013)
Vehicles	5,000	-	5,000	6,350	(1,350)
	<u>859,664</u>	<u>-</u>	<u>859,664</u>	<u>875,596</u>	<u>(15,932)</u>
Health and sanitation:					
Solid waste	59,290	-	59,290	62,940	(3,650)
	<u>59,290</u>	<u>-</u>	<u>59,290</u>	<u>62,940</u>	<u>(3,650)</u>
Culture and recreation:					
Library	214,121	-	214,121	213,127	994
Recreation	166,280	-	166,280	192,341	(26,061)
	<u>380,401</u>	<u>-</u>	<u>380,401</u>	<u>405,468</u>	<u>(25,067)</u>
Social services	<u>12,480</u>	<u>-</u>	<u>12,480</u>	<u>11,030</u>	<u>1,450</u>
Education	<u>10,778,246</u>	<u>-</u>	<u>10,778,246</u>	<u>10,778,246</u>	<u>-</u>
County tax	<u>62,000</u>	<u>-</u>	<u>62,000</u>	<u>-</u>	<u>62,000</u>

TOWN OF KILLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
<b>Debt service:</b>					
Principal	218,948	-	218,948	218,889	59
Interest	32,000	-	32,000	32,419	(419)
	<u>250,948</u>	<u>-</u>	<u>250,948</u>	<u>251,308</u>	<u>(360)</u>
<b>Unclassified:</b>					
Strategic investments	4,500	-	4,500	4,500	-
TAN interest	1,800	-	1,800	5,653	(3,853)
Golf course debt	403,532	-	403,532	362,750	40,782
Marketing	12,100	-	12,100	248	11,852
AJGA	-	-	-	6,360	(6,360)
Reimbursable expense	-	-	-	3,705	(3,705)
	<u>421,932</u>	<u>-</u>	<u>421,932</u>	<u>383,216</u>	<u>38,716</u>
<b>Transfers to other funds:</b>					
Town office capital fund	5,000	-	5,000	5,000	-
Public safety capital	18,200	-	18,200	18,200	-
Fire department capital	180,000	-	180,000	180,000	-
Recreation pool capital fund	75,000	-	75,000	75,000	-
Library capital fund	41,500	-	41,500	41,500	-
Gravel resurfacing	50,000	-	50,000	50,000	-
Bituminous resurfacing capital fund	213,000	-	213,000	213,000	-
Guard rail	15,000	-	15,000	15,000	-
Bridges/culverts	150,000	-	150,000	150,000	-
Equipment replacement capital fund	179,886	-	179,886	179,886	-
Street signage	5,000	-	5,000	5,000	-
Traffic control devices	5,000	-	5,000	5,000	-
Town garage	5,000	-	5,000	5,000	-
Cemeteries	4,000	-	4,000	4,000	-
Wellness	1,000	-	1,000	1,000	-
	<u>947,586</u>	<u>-</u>	<u>947,586</u>	<u>947,586</u>	<u>-</u>
<b>Total Departmental Operations</b>	<b>\$ 15,254,887</b>	<b>\$ -</b>	<b>\$ 15,254,887</b>	<b>\$ 15,080,168</b>	<b>\$ 174,719</b>

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

## TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Due from other funds	\$ 206	\$ 961,715	\$ 961,921
<b>TOTAL ASSETS</b>	<u>\$ 206</u>	<u>\$ 961,715</u>	<u>\$ 961,921</u>
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ 71,121	\$ 71,121
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>71,121</u>	<u>71,121</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	206	306,727	306,933
Committed	-	638,110	638,110
Assigned	-	16,878	16,878
Unassigned	-	(71,121)	(71,121)
<b>TOTAL FUND BALANCES</b>	<u>206</u>	<u>890,594</u>	<u>890,800</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 206</u>	<u>\$ 961,715</u>	<u>\$ 961,921</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, 2019

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ -	\$ 55,096	\$ 55,096
Other	-	209,846	209,846
TOTAL REVENUES	<u>-</u>	<u>264,942</u>	<u>264,942</u>
EXPENDITURES			
Capital outlay	-	628,615	628,615
Program expenses	-	632,844	632,844
TOTAL EXPENDITURES	<u>-</u>	<u>1,261,459</u>	<u>1,261,459</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(996,517)</u>	<u>(996,517)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	943,586	943,586
Transfers (out)	-	(40,098)	(40,098)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>903,488</u>	<u>903,488</u>
NET CHANGE IN FUND BALANCES	-	(93,029)	(93,029)
FUND BALANCES - JULY 1	<u>206</u>	<u>983,623</u>	<u>983,829</u>
FUND BALANCES - JUNE 30	<u>\$ 206</u>	<u>\$ 890,594</u>	<u>\$ 890,800</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, 2019

	Perry Film Restoration	Total
ASSETS		
Due from other funds	\$ 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, 2019

	Perry Film Restoration	Total
REVENUES		
Other income	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>
EXPENDITURES		
Program expenses	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-
FUND BALANCES - JULY 1	<u>206</u>	<u>206</u>
FUND BALANCES - JUNE 30	<u>\$ 206</u>	<u>\$ 206</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, 2019

	Recreation Donations	Record Restoration	State Reappraisal Grants	Street Signage	Gravel Resurfacing	Bituminous Resurfacing
<b>ASSETS</b>						
Due from other funds	\$ 2,493	\$ 36,350	\$ 252,734	\$ 5,000	\$ -	\$ -
<b>TOTAL ASSETS</b>	<b>\$ 2,493</b>	<b>\$ 36,350</b>	<b>\$ 252,734</b>	<b>\$ 5,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 12,426	\$ 2,779
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,426</b>	<b>2,779</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	252,734	-	-	-
Committed	-	36,350	-	5,000	-	-
Assigned	2,493	-	-	-	-	-
Unassigned	-	-	-	-	(12,426)	(2,779)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>2,493</b>	<b>36,350</b>	<b>252,734</b>	<b>5,000</b>	<b>(12,426)</b>	<b>(2,779)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 2,493</b>	<b>\$ 36,350</b>	<b>\$ 252,734</b>	<b>\$ 5,000</b>	<b>\$ -</b>	<b>\$ -</b>

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2019

	Killington Road Walkway	Equipment Replacement	Water Study	Winter Swim	SVFD Capital Account	Golf Balloon Payment	Johnson Recreation Center
<b>ASSETS</b>							
Due from other funds	\$ 22,742	\$ 36,569	\$ 3,595	\$ 140	\$ 135,269	\$ 217,500	\$ 75,000
<b>TOTAL ASSETS</b>	<u>\$ 22,742</u>	<u>\$ 36,569</u>	<u>\$ 3,595</u>	<u>\$ 140</u>	<u>\$ 135,269</u>	<u>\$ 217,500</u>	<u>\$ 75,000</u>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	22,742	36,569	-	-	135,269	217,500	75,000
Assigned	-	-	3,595	140	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>22,742</u>	<u>36,569</u>	<u>3,595</u>	<u>140</u>	<u>135,269</u>	<u>217,500</u>	<u>75,000</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 22,742</u>	<u>\$ 36,569</u>	<u>\$ 3,595</u>	<u>\$ 140</u>	<u>\$ 135,269</u>	<u>\$ 217,500</u>	<u>\$ 75,000</u>

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2019

	Library Capital Fund	Recreation Capital Improvement	Bridge Capital Fund	Traffic Control Devices	Planning Technical Services	Police Department Capital	Teen Center
<b>ASSETS</b>							
Due from other funds	\$ -	\$ 61,983	\$ -	\$ 21,559	\$ 4,715	\$ 27,535	\$ -
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 61,983</u>	<u>\$ -</u>	<u>\$ 21,559</u>	<u>\$ 4,715</u>	<u>\$ 27,535</u>	<u>\$ -</u>
<b>LIABILITIES</b>							
Due to other funds	\$ 2,845	\$ -	\$ 32,973	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>2,845</u>	<u>-</u>	<u>32,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	21,559	4,715	-	-
Committed	-	61,983	-	-	-	27,535	-
Assigned	-	-	-	-	-	-	-
Unassigned	(2,845)	-	(32,973)	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>(2,845)</u>	<u>61,983</u>	<u>(32,973)</u>	<u>21,559</u>	<u>4,715</u>	<u>27,535</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ -</u>	<u>\$ 61,983</u>	<u>\$ -</u>	<u>\$ 21,559</u>	<u>\$ 4,715</u>	<u>\$ 27,535</u>	<u>\$ -</u>

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2019

	Health Insurance Reserve	Wellness	Guard Rail	Zoning Deposits	Swim Team Donations	Garage Capital	Library Leggett Donation Fund	Total
<b>ASSETS</b>								
Due from other funds	\$ -	\$ 2,791	\$ -	\$ 196	\$ 6,610	\$ 4,040	\$ 20,870	\$ 961,715
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 2,791</b>	<b>\$ -</b>	<b>\$ 196</b>	<b>\$ 6,610</b>	<b>\$ 4,040</b>	<b>\$ 20,870</b>	<b>\$ 961,715</b>
<b>LIABILITIES</b>								
Due to other funds	\$ -	\$ -	\$ 20,098	\$ -	\$ -	\$ -	\$ -	\$ 71,121
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>20,098</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,121</b>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	2,791	-	196	-	-	20,870	306,727
Committed	-	-	-	-	-	-	-	638,110
Assigned	-	-	-	-	6,610	4,040	-	16,878
Unassigned	-	-	(20,098)	-	-	-	-	(71,121)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>-</b>	<b>2,791</b>	<b>(20,098)</b>	<b>196</b>	<b>6,610</b>	<b>4,040</b>	<b>20,870</b>	<b>890,594</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ -</b>	<b>\$ 2,791</b>	<b>\$ -</b>	<b>\$ 196</b>	<b>\$ 6,610</b>	<b>\$ 4,040</b>	<b>\$ 20,870</b>	<b>\$ 961,715</b>

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, 2019

	Recreation Donations	Record Restoration	State Reappraisal Grants	Street Signage	Gravel Resurfacing	Bituminous Resurfacing	Municipal Planning Grant
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 28,405	\$ -	\$ -	\$ -	\$ -
Other income	1,190	8,898	-	-	-	-	-
TOTAL REVENUES	<u>1,190</u>	<u>8,898</u>	<u>28,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Capital outlay	-	-	-	-	57,969	184,050	-
Program expenses	2,618	10,536	-	-	-	-	-
TOTAL EXPENDITURES	<u>2,618</u>	<u>10,536</u>	<u>-</u>	<u>-</u>	<u>57,969</u>	<u>184,050</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,428)</u>	<u>(1,638)</u>	<u>28,405</u>	<u>-</u>	<u>(57,969)</u>	<u>(184,050)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	5,000	50,000	213,000	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>50,000</u>	<u>213,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(1,428)	(1,638)	28,405	5,000	(7,969)	28,950	-
FUND BALANCES (DEFICITS) - JULY 1	<u>3,921</u>	<u>37,988</u>	<u>224,329</u>	<u>-</u>	<u>(4,457)</u>	<u>(31,729)</u>	<u>3,862</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 2,493</u>	<u>\$ 36,350</u>	<u>\$ 252,734</u>	<u>\$ 5,000</u>	<u>\$ (12,426)</u>	<u>\$ (2,779)</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, 2019

	Killington Road Walkway	Equipment Replacement	Water Study	Winter Swim	SVFD Capital Account	Golf Balloon Payment	Johnson Recreation Center	Town Office Capital Fund
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 26,691	\$ -	\$ -	\$ -
Other income	-	-	4,500	-	-	-	-	-
TOTAL REVENUES	-	-	4,500	-	26,691	-	-	-
EXPENDITURES								
Capital outlay	-	-	-	-	-	-	-	-
Program expenses	3,600	224,671	3,888	-	299,314	-	-	987
TOTAL EXPENDITURES	3,600	224,671	3,888	-	299,314	-	-	987
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,600)	(224,671)	612	-	(272,623)	-	-	(987)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	179,886	-	-	180,000	-	75,000	5,000
Transfers (out)	-	-	-	-	(40,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	179,886	-	-	140,000	-	75,000	5,000
NET CHANGE IN FUND BALANCES (DEFICITS)	(3,600)	(44,785)	612	-	(132,623)	-	75,000	4,013
FUND BALANCES (DEFICITS) - JULY 1	26,342	81,354	2,983	140	267,892	217,500	-	16,149
FUND BALANCES (DEFICITS) - JUNE 30	\$ 22,742	\$ 36,569	\$ 3,595	\$ 140	\$ 135,269	\$ 217,500	\$ 75,000	\$ 20,162

TOWN OF KILLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Library Capital Fund	Recreation Capital Improvement	Bridge Capital Fund	Traffic Control Devices	Planning Technical Services	Police Department Capital	Teen Center
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	175,146	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>175,146</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
EXPENDITURES							
Capital outlay	-	-	326,035	-	-	-	-
Program expenses	25,695	29,810	-	-	-	8,644	5,269
<b>TOTAL EXPENDITURES</b>	<b>25,695</b>	<b>29,810</b>	<b>326,035</b>	<b>-</b>	<b>-</b>	<b>8,644</b>	<b>5,269</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(25,695)</u>	<u>(29,810)</u>	<u>(150,889)</u>	<u>-</u>	<u>-</u>	<u>(8,644)</u>	<u>(5,269)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	41,500	-	150,000	5,000	-	18,200	-
Transfers (out)	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>41,500</b>	<b>-</b>	<b>150,000</b>	<b>5,000</b>	<b>-</b>	<b>18,200</b>	<b>-</b>
NET CHANGE IN FUND BALANCES (DEFICITS)	15,805	(29,810)	(889)	5,000	-	9,556	(5,269)
FUND BALANCES (DEFICITS) - JULY 1	<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>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (2,845)</u>	<u>\$ 61,983</u>	<u>\$ (32,973)</u>	<u>\$ 21,559</u>	<u>\$ 4,715</u>	<u>\$ 27,535</u>	<u>\$ -</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, 2019

	Health Insurance Reserve	Wellness	Guard Rail	Zoning Deposits	Swim Team Donations	Garage Capital	Library Leggett Donation Fund	Total
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,096
Other income	-	140	-	50	6,040	-	13,882	209,846
TOTAL REVENUES	-	140	-	50	6,040	-	13,882	264,942
EXPENDITURES								
Capital outlay	-	-	60,561	-	-	-	-	628,615
Program expenses	-	1,172	-	444	6,449	960	8,787	632,844
TOTAL EXPENDITURES	-	1,172	60,561	444	6,449	960	8,787	1,261,459
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,032)	(60,561)	(394)	(409)	(960)	5,095	(996,517)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	1,000	15,000	-	-	5,000	-	943,586
Transfers (out)	(98)	-	-	-	-	-	-	(40,098)
TOTAL OTHER FINANCING SOURCES (USES)	(98)	1,000	15,000	-	-	5,000	-	903,488
NET CHANGE IN FUND BALANCES (DEFICITS)	(98)	(32)	(45,561)	(394)	(409)	4,040	5,095	(93,029)
FUND BALANCES (DEFICITS) - JULY 1	98	2,823	25,463	590	7,019	-	15,775	983,623
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ 2,791	\$ (20,098)	\$ 196	\$ 6,610	\$ 4,040	\$ 20,870	\$ 890,594

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, 2019

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Public safety	\$ 1,260,630	\$ 19,995	\$ 2,061,702	\$ -	\$ 3,342,327
Highways	2,604,290	621,460	1,254,789	3,407,432	7,887,971
Library	-	865,140	10,988	-	876,128
Recreation	-	229,260	39,789	-	269,049
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	3,864,920	1,770,895	5,199,651	3,435,388	14,270,854
Less: Accumulated Depreciation	-	(703,672)	(2,089,557)	(854,863)	(3,648,092)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net General Capital Assets	<u>\$ 3,864,920</u>	<u>\$ 1,067,223</u>	<u>\$ 3,110,094</u>	<u>\$ 2,580,525</u>	<u>\$ 10,622,762</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, 2019

	General Capital Assets 7/1/18	Additions	Deletions	General Capital Assets 6/30/19
Public safety	\$ 1,668,083	\$ 1,674,244	\$ -	\$ 3,342,327
Highways	7,318,199	610,879	(41,107)	7,887,971
Library	858,628	17,500	-	876,128
Recreation	252,501	16,548	-	269,049
Education	53,200	-	-	53,200
Town-wide	113,746	-	-	113,746
Sewer fund	1,728,433	-	-	1,728,433
	<hr/>	<hr/>	<hr/>	<hr/>
Total General Capital Assets	11,992,790	2,319,171	(41,107)	14,270,854
Less: Accumulated Depreciation	<u>(3,007,801)</u>	<u>(675,526)</u>	<u>35,235</u>	<u>(3,648,092)</u>
Net General Capital Assets	<u><u>\$ 8,984,989</u></u>	<u><u>\$ 1,643,645</u></u>	<u><u>\$ (5,872)</u></u>	<u><u>\$ 10,622,762</u></u>

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



*Proven Expertise & 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, 2019, 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 November 15, 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.

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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  
November 15, 2019