

Audited Financial Statements  
and Other Financial Information

**Town of Killington, Vermont**

June 30, 2021



*Proven Expertise & Integrity*

TOWN OF KILLINGTON, VERMONT

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JUNE 30, 2021

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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, 2021 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

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

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.

### Unmodified Opinion

In our opinion, 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, 2021 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 4 through 11 and 54 through 58 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 April 12, 2022, 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  
April 12, 2022

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**(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, 2021. 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, Route 4 Sewer Fund and the Green Mountain National Golf Course 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 five 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, the Sherburne Village Cemetery Fund and the Public Safety Building 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 three proprietary funds, the Alpine Drive Sewer Fund, the Route 4 Sewer Fund and the Green Mountain National Golf Course 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 and a Schedule of Contributions - Pension.

### **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 increased by \$697,556 from \$9,208,382 to a balance of \$9,905,938. For business-type activities, the Town's total net position increased by \$154,193 from \$1,041,563 to a balance of \$1,195,756 .

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 \$1,837,265 at the end of the fiscal year. For the business-type activities, unrestricted net position increased to a balance of \$158,651.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020 (Restated)</u>
<b>Assets:</b>				
Current Assets	\$ 2,822,342	\$ 3,932,393	\$ 538,741	\$ 592,799
Noncurrent Assets - Capital Assets	15,661,060	13,222,205	2,425,105	2,665,379
Noncurrent Assets - Other Assets	-	1,053,100	-	-
Total Assets	<u>18,483,402</u>	<u>18,207,698</u>	<u>2,963,846</u>	<u>3,258,178</u>
<b>Deferred Outflows of Resources:</b>				
Deferred Outflows Related to Pensions	185,362	114,963	13,952	8,653
Total Deferred Outflows of Resources	<u>185,362</u>	<u>114,963</u>	<u>13,952</u>	<u>8,653</u>
<b>Liabilities:</b>				
Current Liabilities	866,187	874,469	411,995	862,544
Long-term Debt Outstanding	7,731,430	8,099,001	1,367,036	1,360,054
Total Liabilities	<u>8,597,617</u>	<u>8,973,470</u>	<u>1,779,031</u>	<u>2,222,598</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid Taxes	125,205	105,333	-	-
Deferred Inflows Related to Pensions	40,004	35,476	3,011	2,670
Total Deferred Inflows of Resources	<u>165,209</u>	<u>140,809</u>	<u>3,011</u>	<u>2,670</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	7,582,007	4,633,609	1,037,105	1,005,379
Restricted: Special Revenue Funds	2,439	2,353	-	-
Capital Projects Funds	424,852	1,538,215	-	-
Permanent Funds	59,375	55,280	-	-
Unrestricted	<u>1,837,265</u>	<u>2,978,925</u>	<u>158,651</u>	<u>36,184</u>
Total Net Position	<u>\$ 9,905,938</u>	<u>\$ 9,208,382</u>	<u>\$ 1,195,756</u>	<u>\$ 1,041,563</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>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Revenues</b>				
<i>Program Revenues:</i>				
Charges for services	\$ 265,197	\$ 220,444	\$ 1,267,831	\$ 1,539,345
Operating grants and contributions	192,314	231,085	-	273,288
<i>General Revenues:</i>				
Taxes	13,550,209	14,507,883	-	-
Grants and contributions not restricted to specific programs	719,627	638,666	-	-
Miscellaneous	725,476	303,753	9,437	21,507
<b>Total Revenues</b>	<b>15,452,823</b>	<b>15,901,831</b>	<b>1,277,268</b>	<b>1,834,140</b>
<b>Expenses</b>				
General government	1,203,145	823,666	-	-
Public safety	151,401	484,031	-	-
Highways	2,274,668	1,098,443	-	-
Health and sanitation	82,942	68,396	-	-
Culture and recreation	454,705	471,875	-	-
Social services	12,505	20,345	-	-
Education	9,777,523	10,783,566	-	-
County tax	67,999	63,027	-	-
Interest on long-term debt	61,088	136,409	58,140	124,255
Sewer	-	-	68,148	45,706
Golf course	-	-	975,497	1,282,413
Depreciation	-	-	312,943	560,054
Unclassified	377,638	350,550	-	-
<b>Total Expenses</b>	<b>14,463,614</b>	<b>14,300,308</b>	<b>1,414,728</b>	<b>2,012,428</b>
Transfers	(291,653)	(398,419)	291,653	398,419
<b>Change in Net Position</b>	<b>697,556</b>	<b>1,203,103</b>	<b>154,193</b>	<b>220,131</b>
Net Position - July 1, Restated	9,208,382	8,005,279	1,041,563	821,432
Net Position - June 30	<u>\$ 9,905,938</u>	<u>\$ 9,208,382</u>	<u>\$ 1,195,756</u>	<u>\$ 1,041,563</u>

### **Revenues and Expenses**

Revenues for the Town of Killington's governmental activities decreased by 2.82% while total expenses increased by 1.14%. The decrease in revenues was primarily due to taxes and the increase in expenses was primarily due to highways.

Revenues for the business-type activities decreased by 24.17% while total expenses decreased by 29.70%.

## 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,**

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 109,633	\$106,579	\$ 3,054
Committed	75,000	75,000	-
Unassigned	691,020	782,016	(90,996)
Total General Fund	<u>\$ 875,653</u>	<u>\$ 963,595</u>	<u>\$ (87,942)</u>
FEMA Irene Storm:			
Unassigned	\$ (51,753)	\$ -	\$ (51,753)
Total FEMA Irene Storm	<u>\$ (51,753)</u>	<u>\$ -</u>	<u>\$ (51,753)</u>
Sherburne Village Cemetery Fund:			
Restricted	\$ 59,375	\$ 55,280	\$ 4,095
Total Sherburne Village Cemetery Fund	<u>\$ 59,375</u>	<u>\$ 55,280</u>	<u>\$ 4,095</u>
Public Safety Building Fund:			
Restricted	\$ -	\$ 1,162,198	\$ (1,162,198)
Total Public Safety Building Fund	<u>\$ -</u>	<u>\$ 1,162,198</u>	<u>\$ (1,162,198)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 2,439	\$ 2,353	\$ 86
Capital Projects Funds:			
Restricted	424,852	376,017	48,835
Committed	965,561	848,978	116,583
Assigned	34,422	61,460	(27,038)
Unassigned	(3,889)	(2,356)	(1,533)
Total Nonmajor Funds	<u>\$ 1,423,385</u>	<u>\$ 1,286,452</u>	<u>\$ 136,933</u>

The changes to total fund balances in each of the major funds and total nonmajor funds occurred due to the regular activity of operations. The Public Safety Building Fund decreased as a result of capital outlay.

*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 a decrease in the net position for the fiscal year of \$18,487 versus last year of \$4,290. The Route 4 Sewer Fund had an increase in net position this fiscal year of \$159,763 versus last year of \$168,588. The Green Mountain National Golf Course Fund also had an increase in net position this fiscal year of \$12,917 versus a loss last year of \$44,460.

### **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 \$358,253. All revenue categories were receipted in excess of budgeted amounts.

The general fund actual expenditures were over budget by \$326,195. All expenditure categories were within or over budgeted amounts with the exception of public safety, culture and recreation and social services.

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

#### **Capital Assets**

As of June 30, 2021, the net book value of capital assets recorded by the Town increased by \$2,198,581 from the prior year. The increase is the result of capital additions of \$3,191,832 less current year depreciation of \$993,251.

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

	<b>2021</b>	<b>2020 (Restated)</b>
	<u>2021</u>	<u>(Restated)</u>
Land	\$ 527,221	\$ 527,221
Construction in progress	27,054	3,546,113
Buildings, building improvements and land improvements	8,407,118	2,365,971
Machinery, equipment and vehicles	3,078,657	3,144,656
Infrastructure	6,046,115	6,303,623
Total	<u>\$ 18,086,165</u>	<u>\$ 15,887,584</u>

## **Debt**

At June 30, 2021, the Town had \$9,467,053 in bonds and notes from direct borrowings outstanding versus \$10,248,596 last year, a decrease of 19.17%. Refer to Note 7 of the Notes to the Financial Statements for detailed information.

### **Currently Known Facts, Decisions or Conditions**

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

### **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 three months. However, the Town continues to maintain significant reserves for future operations, capital and program needs. The current period's general fund decrease was due to revenues received more than budget less actual expenditures coming in over budget, the net of which was less than 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, 2021

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,041,814	\$ 212,729	\$ 2,254,543
Investments	46,864	-	46,864
Accounts receivable (net of allowance for uncollectibles):			
Taxes	358,896	-	358,896
Due from golf course	350,267	-	350,267
Other	59,675	299,460	359,135
Prepaid items	109,633	20,000	129,633
Inventory	-	6,552	6,552
Internal balances	(144,807)	144,807	-
Total current assets	<u>2,822,342</u>	<u>683,548</u>	<u>3,505,890</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	536,121	-	536,121
Depreciable assets, net of accumulated depreciation	15,124,939	2,425,105	17,550,044
Total noncurrent assets	<u>15,661,060</u>	<u>2,425,105</u>	<u>18,086,165</u>
TOTAL ASSETS	<u>18,483,402</u>	<u>3,108,653</u>	<u>21,592,055</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	185,362	13,952	199,314
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>185,362</u>	<u>13,952</u>	<u>199,314</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 18,668,764</u>	<u>\$ 3,122,605</u>	<u>\$ 21,791,369</u>



STATEMENT A (CONTINUED)

TOWN OF KILLINGTON, VERMONT

STATEMENT OF NET POSITION  
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 38,822	\$ 38,935	\$ 77,757
Accrued expenses	26,767	362,867	389,634
Expense note	-	100,000	100,000
Current portion of long-term obligations	800,598	55,000	855,598
Total current liabilities	<u>866,187</u>	<u>556,802</u>	<u>1,422,989</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	6,413,754	150,000	6,563,754
Notes from direct borrowings payable	864,701	1,183,000	2,047,701
Net pension liability	452,975	34,036	487,011
Total noncurrent liabilities	<u>7,731,430</u>	<u>1,367,036</u>	<u>9,098,466</u>
<b>TOTAL LIABILITIES</b>	<u>8,597,617</u>	<u>1,923,838</u>	<u>10,521,455</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	125,205	-	125,205
Deferred inflows related to pensions	40,004	3,011	43,015
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>165,209</u>	<u>3,011</u>	<u>168,220</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,582,007	1,037,105	8,619,112
Restricted	486,666	-	486,666
Unrestricted	1,837,265	158,651	1,995,916
<b>TOTAL NET POSITION</b>	<u>9,905,938</u>	<u>1,195,756</u>	<u>11,101,694</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 18,668,764</u>	<u>\$ 3,122,605</u>	<u>\$ 21,791,369</u>

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

## TOWN OF KILLINGTON, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 1,203,145	\$ 108,981	\$ -	\$ -	\$ (1,094,164)	\$ -	\$ (1,094,164)
Public safety	151,401	4,114	6,558	-	(140,729)	-	(140,729)
Highways	2,274,668	-	110,678	-	(2,163,990)	-	(2,163,990)
Health and sanitation	82,942	39,428	-	-	(43,514)	-	(43,514)
Culture and recreation	454,705	112,674	-	-	(342,031)	-	(342,031)
Social services	12,505	-	-	-	(12,505)	-	(12,505)
Education	9,777,523	-	-	-	(9,777,523)	-	(9,777,523)
County tax	67,999	-	-	-	(67,999)	-	(67,999)
Interest on long-term debt	61,088	-	-	-	(61,088)	-	(61,088)
Unclassified	377,638	-	75,078	-	(302,560)	-	(302,560)
Total governmental activities	<u>14,463,614</u>	<u>265,197</u>	<u>192,314</u>	<u>-</u>	<u>(14,006,103)</u>	<u>-</u>	<u>(14,006,103)</u>
Business-type activities:							
Alpine Drive Sewer Fund	29,903	11,416	-	-	-	(18,487)	(18,487)
Rt. 4 Sewer Fund	97,878	257,641	-	-	-	159,763	159,763
Golf course	1,286,947	998,774	-	-	-	(288,173)	(288,173)
Total business-type activities	<u>1,414,728</u>	<u>1,267,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(146,897)</u>	<u>(146,897)</u>
Total government	<u>\$ 15,878,342</u>	<u>\$ 1,533,028</u>	<u>\$ 192,314</u>	<u>\$ -</u>	<u>(14,006,103)</u>	<u>(146,897)</u>	<u>(14,153,000)</u>

STATEMENT B (CONTINUED)

TOWN OF KILLINGTON, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(14,006,103)	(146,897)	(14,153,000)
General revenues:			
Taxes, levied for general purposes	13,550,209	-	13,550,209
Grants and contributions not restricted to specific programs	719,627	-	719,627
Miscellaneous	725,476	9,437	734,913
Total general revenues	14,995,312	9,437	15,004,749
Transfers	(291,653)	291,653	-
Change in net position	697,556	154,193	851,749
NET POSITION - JULY 1, RESTATED	9,208,382	1,041,563	10,249,945
NET POSITION - JUNE 30	\$ 9,905,938	\$ 1,195,756	\$ 11,101,694

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

## TOWN OF KILLINGTON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General Fund	FEMA Irene Storm	Sherburne Village Cemetery Fund	Public Safety Building	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,029,303	\$ -	\$ 12,511	\$ -	\$ -	\$ 2,041,814
Investments	-	-	46,864	-	-	46,864
Accounts receivable (net of allowance for uncollectibles):						
Taxes	358,896	-	-	-	-	358,896
Due from golf course	350,267	-	-	-	-	350,267
Other	59,675	-	-	-	-	59,675
Prepaid items	109,633	-	-	-	-	109,633
Due from other funds	77,607	-	-	-	1,427,274	1,504,881
<b>TOTAL ASSETS</b>	<b>\$ 2,985,381</b>	<b>\$ -</b>	<b>\$ 59,375</b>	<b>\$ -</b>	<b>\$ 1,427,274</b>	<b>\$ 4,472,030</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 38,822	\$ -	\$ -	\$ -	\$ -	\$ 38,822
Accrued expenses	26,767	-	-	-	-	26,767
Due to other funds	1,594,046	51,753	-	-	3,889	1,649,688
<b>TOTAL LIABILITIES</b>	<b>1,659,635</b>	<b>51,753</b>	<b>-</b>	<b>-</b>	<b>3,889</b>	<b>1,715,277</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Prepaid taxes	125,205	-	-	-	-	125,205
Deferred tax revenues	324,888	-	-	-	-	324,888
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>450,093</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450,093</b>
<b>FUND BALANCES</b>						
Nonspendable	109,633	-	-	-	-	109,633
Restricted	-	-	59,375	-	427,291	486,666
Committed	75,000	-	-	-	965,561	1,040,561
Assigned	-	-	-	-	34,422	34,422
Unassigned	691,020	(51,753)	-	-	(3,889)	635,378
<b>TOTAL FUND BALANCES</b>	<b>875,653</b>	<b>(51,753)</b>	<b>59,375</b>	<b>-</b>	<b>1,423,385</b>	<b>2,306,660</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,985,381</b>	<b>\$ -</b>	<b>\$ 59,375</b>	<b>\$ -</b>	<b>\$ 1,427,274</b>	<b>\$ 4,472,030</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, 2021

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,306,660
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	15,661,060
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	324,888
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	185,362
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(6,868,280)
Notes from direct borrowings payable	(1,210,773)
Net pension liability	(452,975)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(40,004)</u>
Net position of governmental activities	<u>\$ 9,905,938</u>

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

## TOWN OF KILLINGTON, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	FEMA Irene Storm	Sherburne Village Cemetery Fund	Public Safety Building	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 13,533,634	\$ -	\$ -	\$ -	\$ -	\$ 13,533,634
Intergovernmental	836,863	-	-	-	75,078	911,941
Charges for services	265,197	-	-	-	-	265,197
Miscellaneous revenues	163,406	-	2,163	516,142	43,765	725,476
<b>TOTAL REVENUES</b>	<b>14,799,100</b>	<b>-</b>	<b>2,163</b>	<b>516,142</b>	<b>118,843</b>	<b>15,436,248</b>
<b>EXPENDITURES</b>						
Current:						
General government	1,149,693	-	-	-	-	1,149,693
Public safety	295,014	-	-	-	-	295,014
Highways	924,446	-	-	-	-	924,446
Health and sanitation	82,942	-	-	-	-	82,942
Culture and recreation	376,586	-	-	-	-	376,586
Social services	12,505	-	-	-	-	12,505
Education	9,772,203	-	-	-	-	9,772,203
County tax	67,999	-	-	-	-	67,999
Unclassified	1,121	51,753	2,068	-	310,145	365,087
Debt service:						
Principal	409,316	-	-	-	-	409,316
Interest	59,692	-	-	-	1,396	61,088
Capital outlay	-	-	-	1,904,791	883,790	2,788,581
<b>TOTAL EXPENDITURES</b>	<b>13,151,517</b>	<b>51,753</b>	<b>2,068</b>	<b>1,904,791</b>	<b>1,195,331</b>	<b>16,305,460</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,647,583</b>	<b>(51,753)</b>	<b>95</b>	<b>(1,388,649)</b>	<b>(1,076,488)</b>	<b>(869,212)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	4,000	226,451	1,430,921	1,661,372
Transfers (out)	(1,735,525)	-	-	-	(217,500)	(1,953,025)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,735,525)</b>	<b>-</b>	<b>4,000</b>	<b>226,451</b>	<b>1,213,421</b>	<b>(291,653)</b>
<b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>	<b>(87,942)</b>	<b>(51,753)</b>	<b>4,095</b>	<b>(1,162,198)</b>	<b>136,933</b>	<b>(1,160,865)</b>
<b>FUND BALANCES (DEFICITS) - JULY 1,</b>	<b>963,595</b>	<b>-</b>	<b>55,280</b>	<b>1,162,198</b>	<b>1,286,452</b>	<b>3,467,525</b>
<b>FUND BALANCES (DEFICITS) - JUNE 30</b>	<b>\$ 875,653</b>	<b>\$ (51,753)</b>	<b>\$ 59,375</b>	<b>\$ -</b>	<b>\$ 1,423,385</b>	<b>\$ 2,306,660</b>

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, 2021

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (1,160,865)</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	3,119,163
Depreciation expense	<u>(680,308)</u>
	<u>2,438,855</u>
Unspent bond proceeds 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>(1,053,100)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported	
Taxes and liens receivable	<u>16,575</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>70,399</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>590,360</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(80,817)</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>(4,528)</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>(119,323)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 697,556</u>

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

## TOWN OF KILLINGTON, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2021

	Enterprise Funds			
	Alpine Drive Sewer Fund	Route 4 Sewer Fund	Golf Course Fund	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 212,729	\$ 212,729
Accounts receivable (net of allowance for uncollectibles)	4,000	295,460	-	299,460
Prepaid items	-	-	20,000	20,000
Inventory	-	-	6,552	6,552
Due from other funds	28,652	138,120	-	166,772
Total current assets	<u>32,652</u>	<u>433,580</u>	<u>239,281</u>	<u>705,513</u>
Noncurrent assets:				
Capital assets:				
Construction in progress	-	-	18,154	18,154
Depreciated assets	-	1,747,073	6,557,624	8,304,697
Less: accumulated depreciation	-	(694,533)	(5,203,213)	(5,897,746)
Total noncurrent assets	<u>-</u>	<u>1,052,540</u>	<u>1,372,565</u>	<u>2,425,105</u>
<b>TOTAL ASSETS</b>	<u>32,652</u>	<u>1,486,120</u>	<u>1,611,846</u>	<u>3,130,618</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension	-	-	13,952	13,952
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>13,952</u>	<u>13,952</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 32,652</u>	<u>\$ 1,486,120</u>	<u>\$ 1,625,798</u>	<u>\$ 3,144,570</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ 38,935	\$ 38,935
Due to other funds	-	-	21,965	21,965
Due to Town	-	-	350,267	350,267
Accrued liabilities	-	-	12,600	12,600
Current expense note	-	-	100,000	100,000
Current portion of long-term obligations	-	-	55,000	55,000
Total current liabilities	<u>-</u>	<u>-</u>	<u>578,767</u>	<u>578,767</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations:				
Bonds payable	-	-	150,000	150,000
Note from direct borrowings payable	-	-	1,183,000	1,183,000
Net pension liability	-	-	34,036	34,036
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>1,367,036</u>	<u>1,367,036</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>1,945,803</u>	<u>1,945,803</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	-	-	3,011	3,011
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>3,011</u>	<u>3,011</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	1,052,540	(15,435)	1,037,105
Unrestricted	32,652	433,580	(307,581)	158,651
<b>TOTAL NET POSITION</b>	<u>32,652</u>	<u>1,486,120</u>	<u>(323,016)</u>	<u>1,195,756</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 32,652</u>	<u>\$ 1,486,120</u>	<u>\$ 1,625,798</u>	<u>\$ 3,144,570</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, 2021

	Enterprise Funds			Total
	Alpine Drive Sewer Fund	Route 4 Sewer Fund	Golf Course Fund	
OPERATING REVENUES				
Charges for services	\$ 11,416	\$ 257,641	\$ 998,774	\$ 1,267,831
Other	-	-	9,437	9,437
TOTAL OPERATING REVENUES	<u>11,416</u>	<u>257,641</u>	<u>1,008,211</u>	<u>1,277,268</u>
OPERATING EXPENSES				
Sewer	29,903	38,245	-	68,148
Golf course	-	-	975,497	975,497
Depreciation	-	59,633	253,310	312,943
TOTAL OPERATING EXPENSES	<u>29,903</u>	<u>97,878</u>	<u>1,228,807</u>	<u>1,356,588</u>
OPERATING INCOME (LOSS)	<u>(18,487)</u>	<u>159,763</u>	<u>(220,596)</u>	<u>(79,320)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest expense	-	-	(58,140)	(58,140)
Transfers in	-	-	331,140	331,140
Transfers (out)	-	-	(39,487)	(39,487)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>-</u>	<u>-</u>	<u>233,513</u>	<u>233,513</u>
CHANGE IN NET POSITION	(18,487)	159,763	12,917	154,193
NET POSITION - JULY 1	<u>51,139</u>	<u>1,326,357</u>	<u>(335,933)</u>	<u>1,041,563</u>
NET POSITION - JUNE 30	<u>\$ 32,652</u>	<u>\$ 1,486,120</u>	<u>\$ (323,016)</u>	<u>\$ 1,195,756</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, 2021

	Enterprise Funds			
	Alpine Drive Sewer Fund	Route 4 Sewer Fund	Golf Course Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 8,766	\$ 151,306	\$ 1,027,996	\$ 1,188,068
Internal activity - receipts (payments) from/to other funds	21,137	(94,421)	(1,740)	(75,024)
Payments to suppliers	(29,903)	(38,245)	(806,373)	(874,521)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>-</u>	<u>18,640</u>	<u>219,883</u>	<u>238,523</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Transfer from Town	-	-	331,140	331,140
Transfers to other funds	-	-	(39,487)	(39,487)
Proceeds from current expense note	-	-	1,033,000	1,033,000
Interest paid on long-term debt	-	-	(58,140)	(58,140)
Capital asset additions	-	(18,640)	(54,029)	(72,669)
Principal payments on long-term debt	-	-	(1,455,000)	(1,455,000)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>(18,640)</u>	<u>(242,516)</u>	<u>(261,156)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	-	-	(22,633)	(22,633)
<b>CASH AND CASH EQUIVALENTS - JANUARY 1/JULY 1</b>	<u>-</u>	<u>-</u>	<u>235,363</u>	<u>235,363</u>
<b>CASH AND CASH EQUIVALENTS - JUNE 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,730</u>	<u>\$ 212,730</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (18,487)	\$ 159,763	\$ (220,596)	\$ (79,320)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	-	59,633	253,310	312,943
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	(2,650)	(106,335)	19,785	(89,200)
(Increase) decrease in prepaid items	-	-	108,105	108,105
(Increase) decrease in inventory	-	-	16,698	16,698
(Increase) decrease in due from other funds	21,137	(94,421)	-	(73,284)
(Increase) decrease in deferred outflows related to pension	-	-	(13,952)	(13,952)
Increase (decrease) in accounts payable	-	-	38,935	38,935
Increase (decrease) in due to Town	-	-	(1,740)	(1,740)
Increase (decrease) in accrued liabilities	-	-	5,540	5,540
Increase (decrease) in due to other funds	-	-	-	-
Increase (decrease) in deferred inflows related to pension	-	-	341	341
Increase (decrease) in net pension liability	-	-	13,457	13,457
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ -</u>	<u>\$ 18,640</u>	<u>\$ 219,883</u>	<u>\$ 238,523</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>				
Cash paid during the year for:				
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,140</u>	<u>\$ 58,140</u>

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

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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.

**COVID-19 Outbreak**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Vermont, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Vermont issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Vermont to those necessary to obtain or provide essential services or activities. See Executive Order 01-20 and its addendums. The state of emergency expired on June 15, 2021.

*Impact on Finances*

The Town does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act, American Rescue Plan Act ("ARPA") funding and applicable Federal and /or State programs.

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Expected Federal/State Support*

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

*Conclusion*

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

**Implementation of New Accounting Standards**

During the year ended June 30, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Statement No 93 "Replacement of Interbank Offered Rates (paragraphs 4-11a)." The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency and comparability of reported information. 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, Route 4 Sewer Fund and the Golf Course 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

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

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

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

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

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

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

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

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major funds:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The FEMA Irene Storm Fund is used to account for proceeds from FEMA storm grant intergovernmental revenue related to capital expenditures from the storm damage.
- c. The Sherburne Village Cemetery Fund is used to account for assets held by the Town pursuant to a trust agreement for the cemetery. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.
- d. The Public Safety Building Fund is used to account for financial resources to be used for construction of the new public safety building. Primary revenue sources are bond proceeds.

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:

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

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

2. Modified Accrual

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



TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Budget**

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

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

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

**Deposits and Investments**

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

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence 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.

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$709,402 for the year ended June 30, 2021.

**Interfund Receivables and Payables**

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

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Inventories**

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Inventory of the Golf Course Fund consists of supplies and food.

**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. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported 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.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist 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

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

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

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

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

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Assigned fund balances are not used in the general fund.

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

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) Plan and additions to/deductions from the VMERS Plan's fiduciary net position have been determined on the same basis as they are reported by the VMERS Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Outflows and Inflows of Resources**

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

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the conclusion of a 10-day grace period, interest accrues on August 25, November 25 and February 25, at 1% per month for the first three months and 1½% per month for each month thereafter. An 8% Collector's Commission is added to the entire unpaid principal tax balance after February 25.

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

**Program Revenues**

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

**Operating/Nonoperating Proprietary Fund Revenues**

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

**Use of Estimates**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

**Deposits:**

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

At June 30, 2021, the Town's cash balance of \$2,254,543 was comprised of deposits amounting to \$2,487,187. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these deposits, \$258,441 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$2,228,746 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.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 2,478,746
Savings accounts	8,441
	<u>\$ 2,487,187</u>

**Investments:**

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

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. Certificates of deposit held with local financial institutions for \$46,864 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2021, the Town's investments of \$46,864 were comprised of certificates of deposit. This entire amount was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk - Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various certificates of deposit.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 77,607	\$ 1,594,046
FEMA Irene Storm	-	51,753
Nonmajor Special Revenue Funds	2,439	-
Nonmajor Capital Projects Funds	1,424,835	3,889
Alpine Drive Sewer Fund	28,652	-
Route 4 Sewer Fund	138,120	-
Golf Course Fund	-	21,965
	<u>\$ 1,671,653</u>	<u>\$ 1,671,653</u>

The result of amounts owed between funds is considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2021 consisted of the following:

	Transfers From	Transfers To
General Fund	\$ -	\$ 1,735,525
Shelburne Village Cemetery Fund	4,000	-
Public Safety Building	226,451	-
Nonmajor Special Revenue Funds	2,500	-
Nonmajor Capital Projects Funds	1,428,421	217,500
Golf Course Fund	331,140	39,487
	<u>\$ 1,992,512</u>	<u>\$ 1,992,512</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.



TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance, 7/1/20 (Restated)	Additions	Disposals	Balance, 6/30/21
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 527,221	\$ -	\$ -	\$ 527,221
Construction in progress	3,546,113	-	(3,537,213)	8,900
	<u>4,073,334</u>	<u>-</u>	<u>(3,537,213)</u>	<u>536,121</u>
Depreciated assets:				
Land improvements	322,444	-	-	322,444
Buildings and improvements	1,532,090	6,338,509	-	7,870,599
Vehicles	2,849,154	204,800	-	3,053,954
Machinery and equipment	689,429	9,572	-	699,001
Infrastructure	7,362,963	103,495	-	7,466,458
	<u>12,756,080</u>	<u>6,656,376</u>	<u>-</u>	<u>19,412,456</u>
Less: accumulated depreciation	<u>(3,607,209)</u>	<u>(680,308)</u>	<u>-</u>	<u>(4,287,517)</u>
	<u>9,148,871</u>	<u>5,976,068</u>	<u>-</u>	<u>15,124,939</u>
Net governmental capital assets	<u>\$ 13,222,205</u>	<u>\$ 5,976,068</u>	<u>\$ (3,537,213)</u>	<u>\$ 15,661,060</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Construction in progress	\$ -	\$ 18,154	\$ -	\$ 18,154
	<u>-</u>	<u>18,154</u>	<u>-</u>	<u>18,154</u>
Depreciated assets:				
Land improvements	\$ 5,945,100	\$ -	\$ -	\$ 5,945,100
Buildings and improvements	12,642	-	-	12,642
Machinery and equipment	2,264,361	54,515	-	2,318,876
Vehicles	28,079	-	-	28,079
	<u>8,250,182</u>	<u>54,515</u>	<u>-</u>	<u>8,304,697</u>
Less: accumulated depreciation	<u>(5,584,803)</u>	<u>(312,943)</u>	<u>-</u>	<u>(5,897,746)</u>
	<u>2,665,379</u>	<u>(258,428)</u>	<u>-</u>	<u>2,406,951</u>
Net business-type capital assets	<u>\$ 2,665,379</u>	<u>\$ (240,274)</u>	<u>\$ -</u>	<u>\$ 2,425,105</u>
Current year depreciation:				
<u>Governmental activities</u>				
Public safety				\$ 106,152
Highway				478,166
Library				43,793
Recreation				34,326
Education				5,320
Town-wide				12,551
Total governmental activities depreciation expense				<u>\$ 680,308</u>
<u>Business-type activities</u>				
Route 4 Sewer				\$ 59,633
Golf Course				253,310
Total business-type activities depreciation expense				<u>\$ 312,943</u>

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 6 - SHORT-TERM DEBT

On June 24, 2020, the Town issued a current expense note through Peoples United Bank in anticipation of golf revenues to meet its operating obligations during the fiscal year. The note allowed principal draw of \$250,000 at 2.50% interest. The note was paid in full on December 1, 2020. Interest expense for the note was \$5,417 for the year ended June 30, 2021.

On April 1, 2021, the Town issued a line of credit through Mascoma Bank . The line of credit was for \$250,000 at 2.80% interest. On May 12, 2021 the Town had a drawdown of \$100,000.

Short-term debt activity for the year ended June 30, 2021, was as follows:

	Balance, 7/1/20	Additions	Repayments	Balance, 6/30/21
<u>Business-type activities:</u>				
Current Expense Note	\$ 250,000	\$ -	\$ (250,000)	\$ -
Line of credit	-	100,000	-	100,000
	<u>\$ 250,000</u>	<u>\$ 100,000</u>	<u>\$ (250,000)</u>	<u>\$ 100,000</u>

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
<u>Governmental activities:</u>					
Bonds payable	\$ 7,063,640	\$ -	\$ (195,360)	\$ 6,868,280	\$ 454,526
Notes from direct borrowings payable	1,524,956	80,817	(395,000)	1,210,773	346,072
Totals	<u>\$ 8,588,596</u>	<u>\$ 80,817</u>	<u>\$ (590,360)</u>	<u>\$ 8,079,053</u>	<u>\$ 800,598</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 1,660,000	\$ -	\$ (1,455,000)	\$ 205,000	\$ 55,000
Note from direct borrowings payable	-	1,183,000	-	1,183,000	-
Totals	<u>\$ 1,660,000</u>	<u>\$ 1,183,000</u>	<u>\$ (1,455,000)</u>	<u>\$ 1,388,000</u>	<u>\$ 55,000</u>

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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.	\$ 90,000
\$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.	420,000
\$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.	583,280
\$5,775,000, 2020 General Obligation Bonds due in annual principal payments of \$259,166, through November of 2050. No interest is charged on this bond.	<u>5,775,000</u>
Total governmental activities bonds payable	<u><u>\$ 6,868,280</u></u>

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

\$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.	\$ 36,220
\$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.	59,840
\$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.	140,000
\$131,475, Note payable due in annual principal payments of \$26,279, through October of 2022. Interest is charged at a fixed rate of 2.490% per annum.	54,538
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.	390,975
\$588,000, 2020 Note payable due in four annual principal payments of \$58,800, through April of 2024 and a final principal payment of \$352,800 due in April of 2025. Interest is charged at a fixed rate of 3.25% per annum.	<u>529,200</u>
Total governmental activities notes from direct borrowings payable	<u><u>\$ 1,210,773</u></u>

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 7 - LONG-TERM DEBT (CONTINUED)

**Business-type activities bonds payable:**

\$5,000,000, 1995 General Obligation Bonds due in annual principal payments varying from \$20,000 to \$320,000, through December of 2025. Interest is charged at a fixed rate ranging from 3.55% to 5.95% per annum.	\$ 100,000
\$545,000, 2003 General Obligation Bonds due in annual principal payments varying from \$35,000 to \$40,000, through December of 2023. Interest is charged at a fixed rate ranging from 2.83% to 4.69% per annum.	<u>105,000</u>
Total business-type activities bonds payable	<u><u>\$ 205,000</u></u>

**Business-type activities note from direct borrowings payable:**

\$1,183,000, Note payable due in annual principal payments \$147,875, through August of 2028 and a final payment of \$151,838 in August of 2029. Interest is charged at a fixed rate of 2.300% per annum.	<u><u>\$ 1,183,000</u></u>
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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		Total Debt Service
	Principal	Interest	Principal	Interest	
2022	\$ 454,526	\$ 156,868	\$ 346,072	\$ 34,158	\$ 991,624
2023	454,526	146,736	353,101	25,334	979,697
2024	454,526	139,677	158,800	22,377	775,380
2025	284,526	132,745	352,800	11,466	781,537
2026	284,526	129,345	-	-	413,871
2027-2031	1,422,630	584,157	-	-	2,006,787
2032-2036	922,630	457,215	-	-	1,379,845
2037-2041	922,630	330,982	-	-	1,253,612
2042-2046	871,910	200,528	-	-	1,072,438
2047-2051	795,850	69,100	-	-	864,950
	<u>\$ 6,868,280</u>	<u>\$ 2,347,353</u>	<u>\$ 1,210,773</u>	<u>\$ 93,335</u>	<u>\$ 10,519,741</u>

Business-type activities:

	Bonds Payable		Notes from Direct Borrowings Payable		Total Debt Service
	Principal	Interest	Principal	Interest	
2022	\$ 55,000	\$ 4,060	\$ -	\$ -	\$ 59,060
2023	55,000	2,452	147,875	27,209	232,536
2024	55,000	821	147,875	23,808	227,504
2025	20,000	-	147,875	20,407	188,282
2026	20,000	-	147,875	17,006	184,881
2027-2031	-	-	591,500	37,383	628,883
	<u>\$ 205,000</u>	<u>\$ 7,333</u>	<u>\$ 1,183,000</u>	<u>\$ 125,813</u>	<u>\$ 1,521,146</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, 2021 was \$58,140.

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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.

NOTE 8 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
<u>Governmental activities:</u>					
Net pension liability	\$ 333,652	\$ 163,360	\$ (44,037)	\$ 452,975	\$ -
<u>Business-type activities:</u>					
Net pension liability	\$ 25,054	\$ 12,287	\$ (3,305)	\$ 34,036	\$ -

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

NOTE 9 - 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:	
2022	\$ 3,664
Total minimum lease payments	<u>\$ 3,664</u>

NOTE 10 - NONSPENDABLE FUND BALANCE

At June 30, 2021, the Town had the following restricted fund balance:

General fund:	
Prepaid items	<u>\$ 109,633</u>

TOWN OF KILLINGTON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021

NOTE 11 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2021, the Town had the following restricted net position and fund balances:

Sherburne Village Cemetery Fund	\$ 59,375
Nonmajor Special Revenue Funds (Schedule E)	2,439
Nonmajor Capital Projects Funds (Schedule G)	424,852
	\$ 486,666

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2021, the Town had the following committed fund balances:

General fund:	
Use of fund balance FY 2022 budget	\$ 75,000
Nonmajor Capital Projects Funds (Schedule G)	965,561
	\$ 1,040,561

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2021, the Town had the following assigned fund balances:

Nonmajor Capital Projects Funds (Schedule G)	\$ 34,422
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NOTE 14 - 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.

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 14 - RISK MANAGEMENT (CONTINUED)

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

To provide unemployment insurance coverage, VERB has established a self-funded fully insured program. Contributions fund unemployment claims and are based on payroll expense and the claim experience from the best four years out of the last five. Other benefits available include dental insurance, vision plans, flexible spending accounts, life insurance, disability insurance and long-term care insurance. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VERB is unable to meet its required obligations, the Program will be terminated with each 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 15 - 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.

TOWN OF KILLINGTON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021

NOTE 16 - DEFICIT FUND BALANCES

At June 30, 2021, the Town had the following deficit fund balances:

FEMA Irene Storm	\$	51,753
Water study		3,889
		55,642
	\$	55,642

NOTE 17 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

**Plan Description**

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-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 persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2019 (the most recent data available), the retirement system consisted of 14,755 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, 2021

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 Annual Comprehensive Financial Report. The Annual Report may be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

**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 and 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
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

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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>
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, 2020 are as follows:

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Employee Contributions	3.000% of gross salary	5.375% of gross salary	10.500% of gross salary	11.850% of gross salary
Employer Contributions	4.500% of gross salary	6.000% of gross salary	7.750% of gross salary	10.350% 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, 2021 totaled \$38,669. The Town contributed \$43,164 for the year ended June 30, 2021. The Town's total payroll for the year ended June 30, 2021 for all employees covered under this plan was \$719,398.

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Pension Liabilities**

At June 30, 2021, the Town reported a liability of \$487,011 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2020 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, 2020, the Town's proportion was 0.19251% for VMERS, which was a decrease of 0.014162% from its proportion measured as of June 30, 2019 for VMERS.

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

For the year ended June 30, 2021, the Town recognized pension expense of \$53,452 for the VMERS plan. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,861	\$ 1,443
Changes of assumptions	65,293	-
Net difference between projected and actual earnings on pension plan investments	46,578	-
Changes in proportion and differences between contributions and proportionate share of contributions	418	41,572
Contributions subsequent to the measurement date	43,164	-
Total	<u>\$ 199,314</u>	<u>\$ 43,015</u>

\$43,164 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF KILLINGTON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

		VMERS Plan
Plan year ended June 30:		
2021	\$	30,971
2022		32,383
2023		26,203
2024		23,578
2025		-
Thereafter		-

**Significant Actuarial Assumptions and Methods**

The total pension liability for the June 30, 2020 measurement date was determined by rolling forward the total pension liability as of June 30, 2019 to June 30, 2020. The total pension liability was calculated using the following actuarial assumptions:

Investment Rate of Return: 7.00%, net of pension plan investment expense, including inflation.

Inflation: 2.30%

Salary Increases: Varying, service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.

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 projection using Scale SSA-2017 as follows:

Pre-retirement - Groups A, B and C, 98% of RP-2006 tables, blended with a 60% Blue Collar Employee and 40% Healthy Employee and Group D with 100% of RP-2006 Blue Collar Employee

Healthy Retiree - Groups A, B and C, 98% of RP-2006 tables, blended 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 100% of accumulated contributions. Inactive who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*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 1.10% per annum for Group A members and 1.20% 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, 2020 and January 1, 2021 COLAs are 0.80% and 0.40%, respectively, for all groups.

*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, 2020 are summarized in the following table:

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	29.00%	7.07%
US Equity - Large Cap	4.00%	6.19%
US Equity - Small/Mid Cap	3.00%	6.93%
Non-US Equity - Large Cap	5.00%	7.01%
Non-US Equity - Small Cap	2.00%	7.66%
Emerging Markets Debt	4.00%	3.66%
Core Bonds	20.00%	0.39%
Private and Alternative Credit	10.00%	6.03%
US TIPS	3.00%	-0.20%
Core Real Estate	5.00%	4.06%
Non-Core Real Estate	3.00%	6.43%
Private Equity	10.00%	11.27%
Infrastructure/Farmland	2.00%	5.44%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% for the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

**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 7.00% 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

TOWN OF KILLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 17 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
Town's proportionate share of the net pension liability	\$ 744,053	\$ 487,011	\$ 275,519

**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 Annual Comprehensive Financial Report. The Annual Report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](http://AnnualComprehensiveFinancialReport|DepartmentofFinanceandManagement.vermont.gov).

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 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

TOWN OF KILLINGTON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 18 - DEFINED CONTRIBUTION PLAN (CONTINUED)

compensation and the Town is required to contribute 5.125% of earnable compensation for the plan year. For the year ended June 30, 2021, employee contributions totaled \$6,400 and the Town made employer contributions of \$6,560. As of June 30, 2021, there were three 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, 2021, payments to this vendor totaled \$1,430.

NOTE 20 - RESTATEMENTS

The beginning net position for the business-type activities was restated at July 1, 2020 to correct the capital assets and the current assets in the golf course fund. The net position was increased by \$200,187 from a deficit balance of \$536,120 to a deficit balance of \$335,933.



## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental 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, 2021

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 963,595	\$ 963,595	\$ 963,595	\$ -
Resources (Inflows):				
Property taxes	13,469,480	13,469,480	13,533,634	64,154
Intergovernmental	674,665	674,665	836,863	162,198
Charges for services	202,702	202,702	265,197	62,495
Miscellaneous revenues	94,000	94,000	163,406	69,406
Amounts Available for Appropriation	<u>15,404,442</u>	<u>15,404,442</u>	<u>15,762,695</u>	<u>358,253</u>
Charges to Appropriations (Outflows):				
General government	1,117,667	1,117,667	1,149,693	(32,026)
Public safety	333,767	333,767	295,014	38,753
Highways	875,757	875,757	924,446	(48,689)
Health and sanitation	62,858	62,858	82,942	(20,084)
Culture and recreation	414,275	414,275	376,586	37,689
Social services	16,005	16,005	12,505	3,500
Education	9,772,203	9,772,203	9,772,203	-
County tax	62,000	62,000	67,999	(5,999)
Debt service:				
Principal	366,974	366,974	409,316	(42,342)
Interest	30,267	30,267	59,692	(29,425)
Unclassified	-	-	1,121	(1,121)
Transfers to other funds	1,509,074	1,509,074	1,735,525	(226,451)
Total Charges to Appropriations	<u>14,560,847</u>	<u>14,560,847</u>	<u>14,887,042</u>	<u>(326,195)</u>
Budgetary Fund Balance, June 30	<u>\$ 843,595</u>	<u>\$ 843,595</u>	<u>\$ 875,653</u>	<u>\$ 32,058</u>
Utilization of Unassigned Fund Balance	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ (120,000)</u>

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

## TOWN OF KILLINGTON, VERMONT

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

	2021	2020	2019	2018	2017	2016	2015	2014
<u>VMERS:</u>								
Proportion of the net pension liability	0.19%	0.21%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Proportionate share of the net pension liability	\$ 487,011	\$ 358,706	\$ 351,430	\$ 305,296	\$ 320,079	\$ 199,153	\$ 23,005	\$ 89,333
Covered payroll	\$ 693,904	\$ 706,225	\$ 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 payroll	70.18%	50.79%	52.14%	40.80%	46.57%	29.64%	3.67%	16.68%
Plan fiduciary net position as a percentage of the total pension liability	74.52%	80.35%	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\*

	2021	2020	2019	2018	2017	2016	2015	2014
<u>VMERS:</u>								
Contractually required contribution	\$ 43,164	\$ 39,899	\$ 39,725	\$ 37,067	\$ 41,152	\$ 37,800	\$ 36,109	\$ 32,515
Contributions in relation to the contractually required contribution	<u>(43,164)</u>	<u>(39,899)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 719,398	\$ 693,904	\$ 706,225	\$ 673,950	\$ 748,213	\$ 687,272	\$ 671,793	\$ 626,367
Contributions as a percentage of covered payroll	6.00%	5.75%	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.

## TOWN OF KILLINGTON, VERMONT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2021

#### **Changes of Assumptions**

##### VMERS Pension Plan:

- The investment return assumption was lowered from 7.50% to 7.00%.
- The inflation assumption was lowered from 2.50% to 2.30%.
- The COLA assumption was lowered from 1.15% to 1.10% for Group A members and from 1.30% to 1.20% for Groups B, C and D members.
- The mortality assumptions were updated as follows with generational projection using scale MP-2019:
  - Pre- Retirement - Groups A/B/C - 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, Group D - PubG-2010 General Employee above-median
  - Healthy Post Retirement - Retirees - Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree
  - Healthy Post-Retirement - Beneficiaries - Groups A/B/C - 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor. Group D - Pub-2010 Contingent Survivor.
  - Disabled Retirees - All Groups - PubNS-2010 Non-Safety Disabled Retiree Mortality Table.
- The salary scale assumption was revised for varying service-based rates from 0-10 years of service, then a single rate of 2.20% for all subsequent years, plus revised inflation of 2.30%.
- The active retirement rates were updated as follows:
  - Group A - Decreased the rates throughout all ages.
  - Group B - For females, slightly decreased the rates at younger ages and then increase the rates at later ages. For males, slightly decreased the rates at most ages.
  - Group C - Simplified the assumption to a unisex table that more accurately aligns with the actual experience for both males and females.

TOWN OF KILLINGTON, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2021

- Group D - For members with less than 20 years of service, increased the rates for ages 55-59.
- The inactive retirement assumption was updated to add a rate of 10% from early retirement age for each year until normal retirement age, then 100% at normal retirement age.
- The liability load of accumulated contributions for Inactive Members was removed. Liabilities for Inactive Members are now based on 100% of the accumulated contributions. Inactive Members who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.
- The termination rates were simplified for females to one set of slightly reduced rates for all females.

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 Governmental 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, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 13,469,510	\$ 13,469,480	\$ 13,533,634	\$ 64,154
Intergovernmental revenues:				
Federal and state payments	180,000	180,000	299,758	119,758
State aid - highways	84,000	84,000	110,678	26,678
Covid reimbursements	-	-	68,879	68,879
Local option taxes	410,665	410,665	350,990	(59,675)
Other	-	-	6,558	6,558
Charges for services:				
Clerk revenue	58,300	58,300	96,611	38,311
Zoning revenue	10,000	10,000	12,370	2,370
Police revenue	27,300	27,300	4,114	(23,186)
Recreation revenue	86,102	86,102	112,674	26,572
Solid waste revenue	21,000	21,000	39,428	18,428
Other income:				
Interest and penalties	75,000	75,000	35,418	(39,582)
Interest income	15,000	15,000	9,228	(5,772)
Other income	4,000	4,000	118,760	114,760
TOTAL REVENUES	<u>\$ 14,440,877</u>	<u>\$ 14,440,847</u>	<u>\$ 14,799,100</u>	<u>\$ 358,253</u>

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



## TOWN OF KILLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>					
General government:					
Legislating	\$ 9,600	\$ -	\$ 9,600	\$ 8,718	\$ 882
Managing municipality	119,490	-	119,490	120,318	(828)
Town meeting and elections	6,000	-	6,000	4,797	1,203
Town/school treasurer	17,146	-	17,146	13,019	4,127
Bookkeeping and secretarial	54,203	-	54,203	49,885	4,318
Auditing	12,200	-	12,200	6,266	5,934
Listing	34,922	-	34,922	28,505	6,417
Tax collecting	11,800	-	11,800	10,816	984
Town clerk	67,807	-	67,807	67,259	548
Board of Civil Authority	5,000	-	5,000	1,300	3,700
Insurance	112,000	-	112,000	113,955	(1,955)
Planning comm. and Board of Adj.	6,700	-	6,700	16,856	(10,156)
Town planner and zoning	67,600	-	67,600	104,185	(36,585)
Town buildings	38,300	-	38,300	63,665	(25,365)
Office equipment	9,000	-	9,000	210	8,790
Carpentry shop	37,280	-	37,280	33,173	4,107
Employee benefits	508,619	-	508,619	506,766	1,853
	<u>1,117,667</u>	<u>-</u>	<u>1,117,667</u>	<u>1,149,693</u>	<u>(32,026)</u>
Public safety:					
Police	141,169	-	141,169	109,238	31,931
Fire department	183,554	-	183,554	177,985	5,569
Traffic control devices	5,400	-	5,400	4,147	1,253
Fire warden	400	-	400	400	-
Ambulance service	3,244	-	3,244	3,244	-
	<u>333,767</u>	<u>-</u>	<u>333,767</u>	<u>295,014</u>	<u>38,753</u>

TOWN OF KILLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Highways:					
Summer roads	146,729	-	146,729	150,134	(3,405)
Winter roads	356,270	-	356,270	344,738	11,532
Walkway, welcome signs, roadway	40,800	-	40,800	55,071	(14,271)
Town garage	33,200	-	33,200	36,735	(3,535)
Facility maintenance	84,258	-	84,258	97,015	(12,757)
Street lights	17,500	-	17,500	16,447	1,053
Street signage capital	5,000	-	5,000	8,211	(3,211)
Emergency generator	5,000	-	5,000	5,000	-
Vehicle repairs and maintenance	44,000	-	44,000	69,216	(25,216)
Vehicle repair supplies	10,000	-	10,000	2,158	7,842
Vehicles	133,000	-	133,000	139,721	(6,721)
	<u>875,757</u>	<u>-</u>	<u>875,757</u>	<u>924,446</u>	<u>(48,689)</u>
Health and sanitation:					
Solid waste	62,858	-	62,858	82,942	(20,084)
	<u>62,858</u>	<u>-</u>	<u>62,858</u>	<u>82,942</u>	<u>(20,084)</u>
Culture and recreation:					
Library	222,295	-	222,295	189,808	32,487
Recreation	191,980	-	191,980	186,778	5,202
	<u>414,275</u>	<u>-</u>	<u>414,275</u>	<u>376,586</u>	<u>37,689</u>
Social services	16,005	-	16,005	12,505	3,500
Education	9,772,203	-	9,772,203	9,772,203	-
County tax	62,000	-	62,000	67,999	(5,999)

TOWN OF KILLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt service:					
Principal	366,974	-	366,974	409,316	(42,342)
Interest	30,267	-	30,267	59,692	(29,425)
	<u>397,241</u>	<u>-</u>	<u>397,241</u>	<u>469,008</u>	<u>(71,767)</u>
Unclassified:					
Strategic investments	-	-	-	1,121	(1,121)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,121</u>	<u>(1,121)</u>
Transfers to other funds:					
Town office capital fund	20,000	-	20,000	20,000	-
Town garage capital	15,000	-	15,000	15,000	-
Public safety capital	18,200	-	18,200	18,200	-
Fire department capital	250,000	-	250,000	250,000	-
Recreation capital fund	15,000	-	15,000	15,000	-
Library capital fund	42,889	-	42,889	42,889	-
Gravel resurfacing	36,500	-	36,500	36,500	-
Bituminous resurfacing capital fund	398,955	-	398,955	398,955	-
Guard rail	36,882	-	36,882	36,882	-
Bridges/culverts	170,000	-	170,000	170,000	-
Equipment replacement capital fund	262,000	-	262,000	262,000	-
Street lights	18,750	-	18,750	18,750	-
Cemeteries	4,000	-	4,000	4,000	-
Recreation pool fund	75,000	-	75,000	75,000	-
Trail improvement	15,000	-	15,000	15,000	-
Public safety building	-	-	-	226,451	(226,451)
Killington road walkway	14,758	-	14,758	14,758	-
Wellness	2,500	-	2,500	2,500	-
Golf course debt	113,640	-	113,640	113,640	-
	<u>1,509,074</u>	<u>-</u>	<u>1,509,074</u>	<u>1,735,525</u>	<u>(226,451)</u>
Total Departmental Operations	<u>\$ 14,560,847</u>	<u>\$ -</u>	<u>\$ 14,560,847</u>	<u>\$ 14,887,042</u>	<u>\$ (326,195)</u>

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

## TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Due from other funds	\$ 2,439	\$ 1,424,835	\$ 1,427,274
<b>TOTAL ASSETS</b>	<u>\$ 2,439</u>	<u>\$ 1,424,835</u>	<u>\$ 1,427,274</u>
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ 3,889	\$ 3,889
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>3,889</u>	<u>3,889</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	2,439	424,852	427,291
Committed	-	965,561	965,561
Assigned	-	34,422	34,422
Unassigned	-	(3,889)	(3,889)
<b>TOTAL FUND BALANCES</b>	<u>2,439</u>	<u>1,420,946</u>	<u>1,423,385</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,439</u>	<u>\$ 1,424,835</u>	<u>\$ 1,427,274</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, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Intergovernmental	\$ -	\$ 75,078	\$ 75,078
Other	1,025	42,740	43,765
TOTAL REVENUES	<u>1,025</u>	<u>117,818</u>	<u>118,843</u>
EXPENDITURES			
Capital outlay	-	883,790	883,790
Debt service:			
Interest	-	1,396	1,396
Program expenses	3,439	306,706	310,145
TOTAL EXPENDITURES	<u>3,439</u>	<u>1,191,892</u>	<u>1,195,331</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,414)</u>	<u>(1,074,074)</u>	<u>(1,076,488)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,500	1,428,421	1,430,921
Transfers (out)	-	(217,500)	(217,500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,500</u>	<u>1,210,921</u>	<u>1,213,421</u>
NET CHANGE IN FUND BALANCES	86	136,847	136,933
FUND BALANCES - JULY 1	<u>2,353</u>	<u>1,284,099</u>	<u>1,286,452</u>
FUND BALANCES - JUNE 30	<u>\$ 2,439</u>	<u>\$ 1,420,946</u>	<u>\$ 1,423,385</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, 2021

	Perry Film Restoration	Wellness	Total
<b>ASSETS</b>			
Due from other funds	\$ 206	\$ 2,233	\$ 2,439
<b>TOTAL ASSETS</b>	<b>\$ 206</b>	<b>\$ 2,233</b>	<b>\$ 2,439</b>
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	206	2,233	2,439
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>206</b>	<b>2,233</b>	<b>2,439</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 206</b>	<b>\$ 2,233</b>	<b>\$ 2,439</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 SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Perry Film Restoration	Wellness	Total
REVENUES			
Other income	\$ -	\$ 1,025	\$ 1,025
TOTAL REVENUES	<u>-</u>	<u>1,025</u>	<u>1,025</u>
EXPENDITURES			
Program expenses	-	3,439	3,439
TOTAL EXPENDITURES	<u>-</u>	<u>3,439</u>	<u>3,439</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(2,414)</u>	<u>(2,414)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	2,500	2,500
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>2,500</u>	<u>2,500</u>
NET CHANGE IN FUND BALANCES	-	86	86
FUND BALANCES - JULY 1	<u>206</u>	<u>\$ 2,147</u>	<u>2,353</u>
FUND BALANCES - JUNE 30	<u>\$ 206</u>	<u>\$ 2,233</u>	<u>\$ 2,439</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, 2021

	Recreation Donations	Record Restoration	State Reappraisal Grants	Gravel Resurfacing	Bituminous Resurfacing	Street Signage	Municipal Planning Grant
<b>ASSETS</b>							
Due from other funds	\$ 19,289	\$ 64,924	\$ 309,467	\$ 22,035	\$ 191,619	\$ 5,000	\$ 3,862
<b>TOTAL ASSETS</b>	<b>\$ 19,289</b>	<b>\$ 64,924</b>	<b>\$ 309,467</b>	<b>\$ 22,035</b>	<b>\$ 191,619</b>	<b>\$ 5,000</b>	<b>\$ 3,862</b>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	309,467	-	-	-	3,862
Committed	-	64,924	-	22,035	191,619	5,000	-
Assigned	19,289	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>19,289</b>	<b>64,924</b>	<b>309,467</b>	<b>22,035</b>	<b>191,619</b>	<b>5,000</b>	<b>3,862</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 19,289</b>	<b>\$ 64,924</b>	<b>\$ 309,467</b>	<b>\$ 22,035</b>	<b>\$ 191,619</b>	<b>\$ 5,000</b>	<b>\$ 3,862</b>

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2021

	Killington Road Walkway	Equipment Replacement	Water Study	Winter Swim	SVFD Capital Account	Golf Balloon Payment	Town Office Capital Fund
<b>ASSETS</b>							
Due from other funds	\$ 59,777	\$ 8,760	\$ -	\$ 140	\$ 31,996	\$ -	\$ 10,081
<b>TOTAL ASSETS</b>	<u>\$ 59,777</u>	<u>\$ 8,760</u>	<u>\$ -</u>	<u>\$ 140</u>	<u>\$ 31,996</u>	<u>\$ -</u>	<u>\$ 10,081</u>
<b>LIABILITIES</b>							
Due to other funds	\$ -	\$ -	\$ 3,889	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>3,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	59,777	8,760	-	-	31,997	-	10,081
Assigned	-	-	-	140	-	-	-
Unassigned	-	-	(3,889)	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>59,777</u>	<u>8,760</u>	<u>(3,889)</u>	<u>140</u>	<u>31,997</u>	<u>-</u>	<u>10,081</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 59,777</u>	<u>\$ 8,760</u>	<u>\$ -</u>	<u>\$ 140</u>	<u>\$ 31,997</u>	<u>\$ -</u>	<u>\$ 10,081</u>

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2021

	Library Capital Fund	Recreation Capital Improvement	Bridge Capital Fund	Traffic Control Devices	Planning Technical Services	Police Department Capital	Johnson Recreation Center	Golf Capital
<b>ASSETS</b>								
Due from other funds	\$ 31,550	\$ 78,515	\$ 174,922	\$ 59,059	\$ 4,715	\$ 55,793	\$ 226,545	\$ 21,965
<b>TOTAL ASSETS</b>	<u>\$ 31,550</u>	<u>\$ 78,515</u>	<u>\$ 174,922</u>	<u>\$ 59,059</u>	<u>\$ 4,715</u>	<u>\$ 55,793</u>	<u>\$ 226,545</u>	<u>\$ 21,965</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	59,059	4,715	-	-	21,965
Committed	31,550	78,515	174,922	-	-	55,792	226,545	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>31,550</u>	<u>78,515</u>	<u>174,922</u>	<u>59,059</u>	<u>4,715</u>	<u>55,792</u>	<u>226,545</u>	<u>21,965</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>								
	<u>\$ 31,550</u>	<u>\$ 78,515</u>	<u>\$ 174,922</u>	<u>\$ 59,059</u>	<u>\$ 4,715</u>	<u>\$ 55,792</u>	<u>\$ 226,545</u>	<u>\$ 21,965</u>

TOWN OF KILLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2021

	Guard Rail	Zoning Deposits	Swim Team Donations	Garage Capital	Library Leggett Donation Fund	Total
<b>ASSETS</b>						
Due from other funds	\$ 8,981	\$ 96	\$ 6,012	\$ 4,044	\$ 25,688	\$ 1,424,835
<b>TOTAL ASSETS</b>	<b>\$ 8,981</b>	<b>\$ 96</b>	<b>\$ 6,012</b>	<b>\$ 4,044</b>	<b>\$ 25,688</b>	<b>\$ 1,424,835</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	-	\$ -	\$ 3,889
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,889</b>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	96	-	-	25,688	424,852
Committed	-	-	-	4,044	-	965,561
Assigned	8,981	-	6,012	-	-	34,422
Unassigned	-	-	-	-	-	(3,889)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>8,981</b>	<b>96</b>	<b>6,012</b>	<b>4,044</b>	<b>25,688</b>	<b>1,420,946</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
	<b>\$ 8,981</b>	<b>\$ 96</b>	<b>\$ 6,012</b>	<b>\$ 4,044</b>	<b>\$ 25,688</b>	<b>\$ 1,424,835</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, 2021

	Recreation Donations	Record Restoration	State Reappraisal Grants	Gravel Resurfacing	Bituminous Resurfacing	Street Signage	Municipal Planning Grant
REVENUES							
Intergovernmental	\$ 46,321	\$ -	\$ 28,357	\$ -	\$ -	\$ -	\$ -
Other income	3,022	28,162	-	-	531	-	-
TOTAL REVENUES	<u>49,343</u>	<u>28,162</u>	<u>28,357</u>	<u>-</u>	<u>531</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Capital outlay	-	-	-	31,143	346,727	-	-
Debt service:							
Interest	-	-	-	-	-	-	-
Program expenses	53,363	6,644	-	-	-	-	-
TOTAL EXPENDITURES	<u>53,363</u>	<u>6,644</u>	<u>-</u>	<u>31,143</u>	<u>346,727</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,020)</u>	<u>21,518</u>	<u>28,357</u>	<u>(31,143)</u>	<u>(346,196)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	36,500	398,955	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,500</u>	<u>398,955</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(4,020)</u>	<u>21,518</u>	<u>28,357</u>	<u>5,357</u>	<u>52,759</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>23,309</u>	<u>43,406</u>	<u>281,110</u>	<u>16,678</u>	<u>138,860</u>	<u>5,000</u>	<u>3,862</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 19,289</u>	<u>\$ 64,924</u>	<u>\$ 309,467</u>	<u>\$ 22,035</u>	<u>\$ 191,619</u>	<u>\$ 5,000</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, 2021

	Killington Road Walkway	Equipment Replacement	Water Study	Winter Swim	SVFD Capital Account	Golf Balloon Payment	Town Office Capital Fund
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-	-
EXPENDITURES							
Capital outlay	-	352,601	-	-	-	-	11,528
Debt service:							
Interest	-	1,396	-	-	-	-	-
Program expenses	-	-	3,889	-	233,958	-	-
TOTAL EXPENDITURES	-	353,997	3,889	-	233,958	-	11,528
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(353,997)	(3,889)	-	(233,958)	-	(11,528)
OTHER FINANCING SOURCES (USES)							
Transfers in	14,758	262,000	-	-	250,000	-	20,000
Transfers (out)	-	-	-	-	-	(217,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	14,758	262,000	-	-	250,000	(217,500)	20,000
NET CHANGE IN FUND BALANCES (DEFICITS)	14,758	(91,997)	(3,889)	-	16,042	(217,500)	8,472
FUND BALANCES (DEFICITS) - JULY 1	45,019	100,757	-	140	15,955	217,500	1,609
FUND BALANCES (DEFICITS) - JUNE 30	\$ 59,777	\$ 8,760	\$ (3,889)	\$ 140	\$ 31,997	\$ -	\$ 10,081

TOWN OF KILLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2021

	Library Capital Fund	Recreation Capital Improvement	Bridge Capital Fund	Traffic Control Devices	Planning Technical Services	Police Department Capital	Johnson Recreation Center	Golf Capital
REVENUES								
Intergovernmental	\$ -	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-	500	-	-
TOTAL REVENUES	-	400	-	-	-	500	-	-
EXPENDITURES								
Capital outlay	25,580	7,336	943	-	-	-	-	39,487
Debt service:								
Interest	-	-	-	-	-	-	-	-
Program expenses	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	25,580	7,336	943	-	-	-	-	39,487
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(25,580)	(6,936)	(943)	-	-	500	-	(39,487)
OTHER FINANCING SOURCES (USES)								
Transfers in	42,889	30,000	170,000	18,750	-	18,200	75,000	39,487
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	42,889	30,000	170,000	18,750	-	18,200	75,000	39,487
NET CHANGE IN FUND BALANCES (DEFICITS)	17,309	23,064	169,057	18,750	-	18,700	75,000	-
FUND BALANCES (DEFICITS) - JULY 1	14,241	55,451	5,865	40,309	4,715	37,092	151,545	21,965
FUND BALANCES (DEFICITS) - JUNE 30	\$ 31,550	\$ 78,515	\$ 174,922	\$ 59,059	\$ 4,715	\$ 55,792	\$ 226,545	\$ 21,965



TOWN OF KILLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Guard Rail	Zoning Deposits	Swim Team Donations	Garage Capital	Library Leggett Donation Fund	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,078
Other income	-	-	598	-	9,927	42,740
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>598</u>	<u>-</u>	<u>9,927</u>	<u>117,818</u>
EXPENDITURES						
Capital outlay	59,845	-	-	8,600	-	883,790
Debt service:						
Interest	-	-	-	-	-	1,396
Program expenses	-	-	653	-	8,199	306,706
TOTAL EXPENDITURES	<u>59,845</u>	<u>-</u>	<u>653</u>	<u>8,600</u>	<u>8,199</u>	<u>1,191,892</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(59,845)</u>	<u>-</u>	<u>(55)</u>	<u>(8,600)</u>	<u>1,728</u>	<u>(1,074,074)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	36,882	-	-	15,000	-	1,428,421
Transfers (out)	-	-	-	-	-	(217,500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>36,882</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>1,210,921</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(22,963)	-	(55)	6,400	1,728	136,847
FUND BALANCES (DEFICITS) - JULY 1	<u>31,944</u>	<u>96</u>	<u>6,067</u>	<u>(2,356)</u>	<u>23,960</u>	<u>1,284,099</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 8,981</u>	<u>\$ 96</u>	<u>\$ 6,012</u>	<u>\$ 4,044</u>	<u>\$ 25,688</u>	<u>\$ 1,420,946</u>

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

## General Capital Assets

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

## TOWN OF KILLINGTON, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2021

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Public safety	\$ 527,221	\$ 6,358,504	\$ 2,120,329	\$ -	\$ 9,006,054
Highways	-	621,460	1,459,589	7,429,734	9,510,783
Library	-	865,140	10,988	-	876,128
Recreation	-	312,899	39,789	8,768	361,456
Education	-	-	53,200	-	53,200
Town-wide	8,900	35,040	69,060	27,956	140,956
Sewer fund	-	-	1,747,073	-	1,747,073
Golf course	18,154	5,957,742	599,882	-	6,575,778
Total General Capital Assets	554,275	14,150,785	6,099,910	7,466,458	28,271,428
Less: Accumulated Depreciation	-	(5,743,667)	(3,021,253)	(1,420,343)	(10,185,263)
Net General Capital Assets	<u>\$ 554,275</u>	<u>\$ 8,407,118</u>	<u>\$ 3,078,657</u>	<u>\$ 6,046,115</u>	<u>\$ 18,086,165</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, 2021

	General Capital Assets 7/1/20 (Restated)	Additions	Deletions	General Capital Assets 6/30/21
Public safety	\$ 6,101,263	\$ 6,338,509	\$ (3,433,718)	\$ 9,006,054
Highways	9,305,983	308,295	(103,495)	9,510,783
Library	876,128	-	-	876,128
Recreation	361,456	-	-	361,456
Education	53,200	-	-	53,200
Town-wide	131,384	9,572	-	140,956
Sewer fund	1,728,433	18,640	-	1,747,073
Golf course	6,521,749	54,029	-	6,575,778
Total General Capital Assets	25,079,596	6,729,045	(3,537,213)	28,271,428
Less: Accumulated Depreciation	(9,192,012)	(993,251)	-	(10,185,263)
Net General Capital Assets	<u>\$ 15,887,584</u>	<u>\$ 5,735,794</u>	<u>\$ (3,537,213)</u>	<u>\$ 18,086,165</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, 2021 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 April 12, 2022.

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.

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

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*. We noted certain other matters that we reported to management of the Town of Killington, Vermont in a separate letter dated April 12, 2022.

#### 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  
April 12, 2022