

Basic Financial Statements, Report of
Independent Certified Public Accountants
and Supplemental Schedules

TOWN OF KILLINGLY, CONNECTICUT

June 30, 2012

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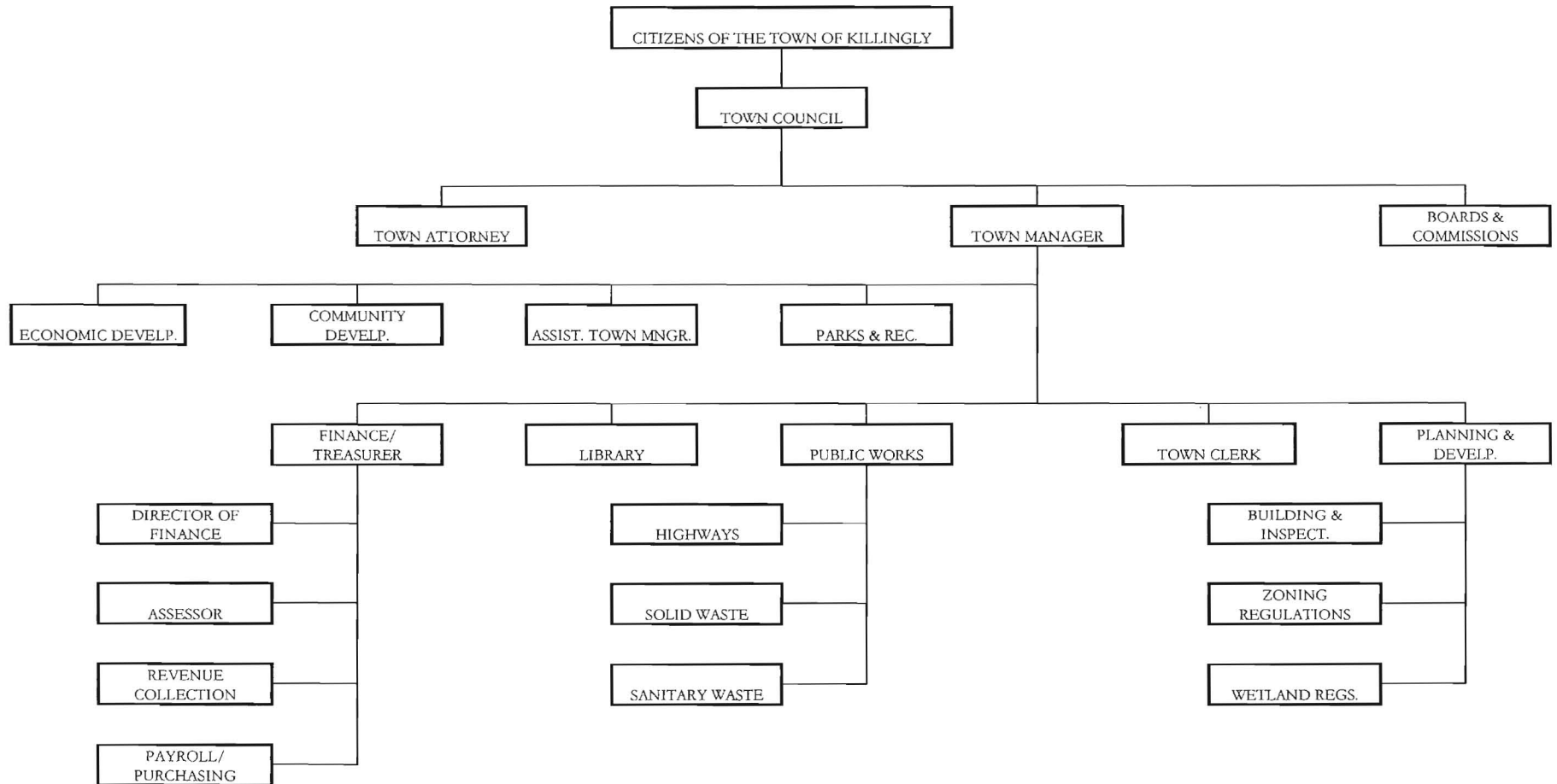
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TOWN OF KILLINGLY, CONNECTICUT
ORGANIZATIONAL CHART
JUNE 30, 2012



**TOWN OF KILLINGLY, CONNECTICUT
LIST OF PRINCIPAL TOWN OFFICIALS
JUNE 30, 2012**

TOWN COUNCIL

Denise Alemian, Chairman
Jonathan Cesolini, Vice-Chair
Richard Levola
Joyce Ricci
Ed Grandelski
John G. Sarantopoulos
Brian Gosper
John Hallbergh, Jr.
Harold Reeves

John G. Sarantopoulos, Board of Education Liason

TOWN DEPARTMENTS

Bruce E. Benway, Town Manager
Mary T. Calorio, Director of Finance/Treasurer
Melissa Bonin, Assessor
Joseph A. Pajak, Building Official
Mary Bromm, Community Development Administrator
Elsie Bisset, Economic Development Coordinator
Bruce J. Chimento, P.E., Director of Public Works/Town Engineer
Thomas Dooley, Parks and Recreation Director
Linda Walden, Director of Planning & Development
David Sabourin, Highway Superintendent
Patricia Monahan, Revenue Collector
William M. Silver, Superintendent of Schools
Elizabeth Wilson, Town Clerk
Ray Allen, Fire Marshal
Peter Ciparelli, Library Director



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Report of Independent Certified Public Accountants

To the Town Council of the
Town of Killingly, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Killingly, Connecticut (the "Town"), as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Killingly, Connecticut, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and Sewer Operating Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2013 on our consideration of the Town'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 effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the schedules of funding progress on page 59 be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying introductory section, combining and individual fund statements and schedules, and other information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the 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 established by the American Institute of Certified Public Accountants. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and other information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Grant Thornton LLP

Glastonbury, Connecticut
January 30, 2013

TOWN OF KILLINGLY, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The management of the Town of Killingly, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2012.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$116,355,514 (net assets). Of this amount, \$17,963,381 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets decreased by \$486,136 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,608,120, a decrease of \$2,815,875 in comparison with the prior year. The primary cause of this fund balance decrease is due to a decrease in intergovernmental revenues relating to the Capital Improvements Fund and a decrease in bond proceeds from the prior year.
- At the close of the current fiscal year, unassigned fund balance for the budgeted General Fund was \$5,852,732 or 10.9% of total budgeted General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.3 months of General Fund operating expenditures.
- The Town's total long-term bonded debt increased by \$810,000 or 3.3% during the current fiscal year due to the issuance of new bonds offset by current year principal repayments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include activities such as: general government, public works, public safety, recreation and leisure, community development and human services, and education. The Town has no business-type activities.

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements (Continued)

The government-wide financial statements can be found on pages 14 and 15 of this report.

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the 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 Town'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.

The Town maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Improvements Fund, and the Sewer Operating Fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16 - 22 of this report.

Proprietary Funds

The Town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for certain of its risk management activities. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 23 - 25 of this report.

**TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 26 and 27 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 - 58 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information, combining and individual fund statements and schedules and other information that can be found on pages 59, 60 - 93, and 94 - 100, respectively, of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

Over time, net assets may serve as one measure of a government's financial position. Total net assets of the Town totaled \$116,355,514 and \$116,841,650 as of June 30, 2012 and 2011, respectively, and are summarized as follows:

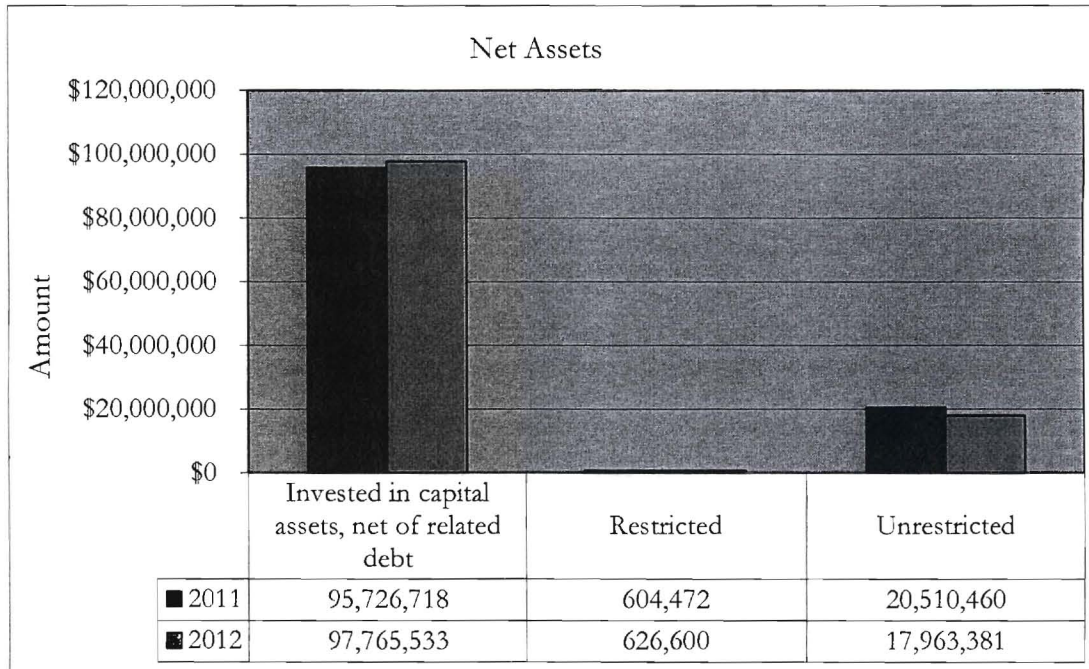
**Town of Killingly, Connecticut
Net Assets
June 30, 2012 and 2011**

	Total	
	2012	2011
Current and other assets	\$ 26,390,946	\$ 27,824,551
Capital assets	134,616,664	132,433,153
Total assets	161,007,610	160,257,704
Other liabilities	13,483,973	13,275,237
Long-term liabilities	31,168,123	30,140,817
Total liabilities	44,652,096	43,416,054
Net assets:		
Invested in capital assets, net of related debt	97,765,533	95,726,718
Restricted	626,600	604,472
Unrestricted	17,963,381	20,510,460
Total net assets	\$ 116,355,514	\$ 116,841,650

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Assets (Continued)



84% of the Town's net assets reflect its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

A small portion of the Town's net assets reflect resources that are subject to external restrictions on how they may be used.

The remainder of the Town's net assets are considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Overall, net assets decreased by \$486,136 in comparison to the prior year.

**TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets

Changes in net assets for the years ended June 30, 2012 and 2011 are as follows:

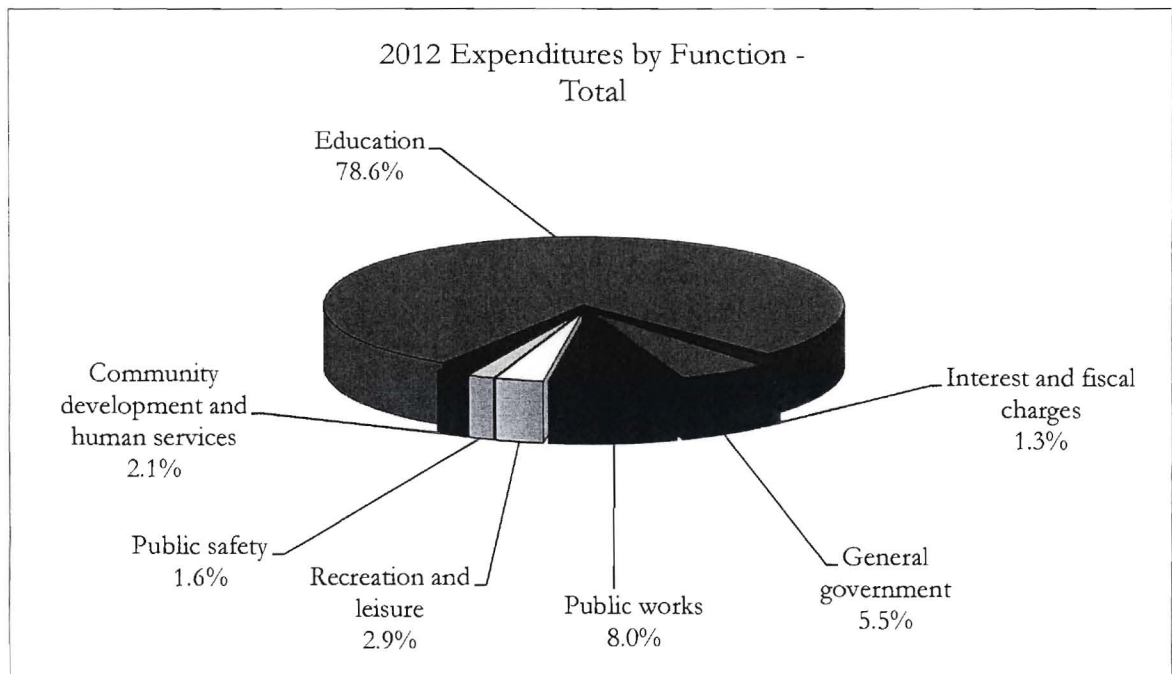
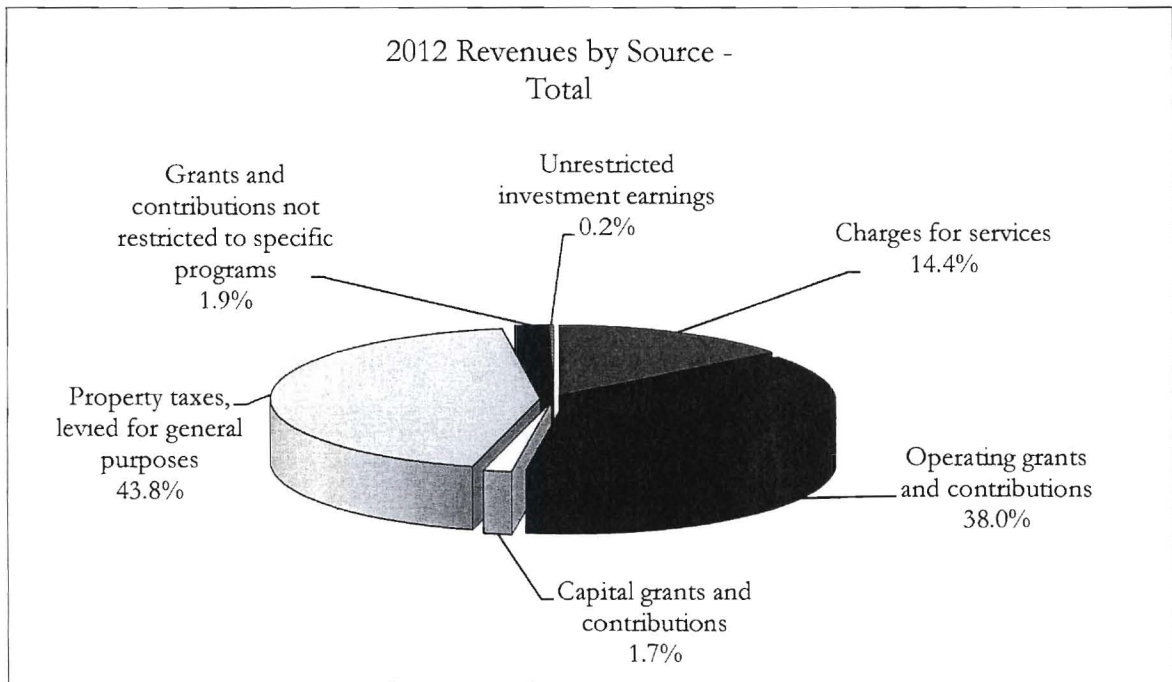
**Town of Killingly, Connecticut
Changes in Net Assets
For The Years Ended June 30, 2012 and 2011**

	Total	
	2012	2011
Revenues		
Program revenues:		
Charges for services	\$ 9,313,118	\$ 8,681,850
Operating grants and contributions	24,602,333	22,737,176
Capital grants and contributions	1,089,494	2,725,162
General revenues:		
Property taxes, levied for general purposes	28,367,953	28,043,355
Grants and contributions not restricted to specific programs	1,258,030	1,053,240
Unrestricted investment earnings	175,314	75,781
Total revenues	<u>64,806,242</u>	<u>63,316,564</u>
Expenses		
General government	3,619,835	2,573,800
Public works	5,203,896	5,275,524
Recreation and leisure	1,926,344	2,016,637
Public safety	1,055,882	875,611
Community development and human services	1,342,336	1,088,021
Education	51,275,566	50,528,114
Interest and fiscal charges	868,519	976,042
Total expenses	<u>65,292,378</u>	<u>63,333,749</u>
Change in net assets	(486,136)	(17,185)
Net assets, beginning	<u>116,841,650</u>	<u>116,858,835</u>
Net assets, ending	<u><u>\$116,355,514</u></u>	<u><u>\$116,841,650</u></u>

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Assets (Continued)



**TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Assets (Continued)

Governmental activities decreased the Town's net assets by \$486,136. Key elements of this decrease are as follows:

- The Town's new high school was completed during 2011, and consequently, capital grants and contributions decreased by \$1,635,668 during 2012 primarily due to the reduction of school construction progress payments from the State of Connecticut.
- Overall increase in expenditures of approximately 3% compared to the prior year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,608,120, a decrease of \$2,815,875 in comparison with the prior year. The primary cause of this fund balance decrease is due to a decrease in intergovernmental funding for the Capital Improvements fund as projects relating to the sewer line replacements have not been permanently financed.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the budgeted General Fund was \$5,852,732. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 10.9% of total budgeted General Fund expenditures. Expressed another way, unassigned fund balance for the budgeted General Fund was sufficient to cover 1.3 months of General Fund operating expenditures.

The fund balance of the Town's General Fund decreased by \$1,418,985 during the current fiscal year, which was primarily due to increases in educational expenses and transfers to other funds.

Capital Improvements Fund

The fund balance of the Capital Improvements Fund decreased by \$1,987,927 during the current fiscal year. This decrease was related to costs for planned projects, primarily related to the sewer line replacement project and the new high school. The Town issued bond anticipation notes which will later be funded with the issuance of bonds and long term financing with the USDA.

**TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)

Governmental Funds (Continued)

Sewer Operating Fund

The fund balance of the Sewer Operating Fund increased by \$80,304 during the current fiscal year. This increase was due primarily to \$1,336,564 of excess revenues over expenditures attributable to increases in sewer use charges related to the continued commercial growth in the Town. The increased revenues were offset by transfers made to other funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget for 2012 planned on the utilization of fund balance of \$1,485,000. However, the actual net change in fund balance of the General Fund on a budgetary basis was a decrease of \$957,811. Expenditures were \$632,111 less than budgeted and revenues were \$73,204 lower than expected due primarily to decrease in property tax collections. Additional appropriations during 2012 totaled \$685,000 and primarily related to additional funding for Education of \$500,000 for special education costs and a transfer to the Capital Improvements Fund of \$95,000.

SEWER OPERATING FUND BUDGETARY HIGHLIGHTS

The Town adopts an annual budget for its Sewer Operating Fund. During the year ended June 30, 2012 there were no additional appropriations made to the budget. The budget for 2012 planned on an increase of fund balance of \$640. However, the actual net change in fund balance of the Sewer Operating Fund on a budgetary basis was an increase of \$63,394. Expenditures were \$40,953 less than budgeted and total budgetary revenues were \$21,801 more than expected due primarily to an increase in sewer use fees.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2012 and 2011 totaled \$134,616,664 and \$132,433,153, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress. The total increase in the Town's investment in capital assets for the current fiscal year was \$2,183,511 or 1.6%. This increase consisted primarily of capital asset additions of \$6,807,256 offset by current year depreciation expense of \$4,623,745. Major capital asset events during the current fiscal year included the transfer of \$2,747,720 from construction in progress to depreciable capital assets for the completion of the Broad Street sewer main replacement project and for various other projects including bridges, road and sewer infrastructure and public works equipment.

**TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

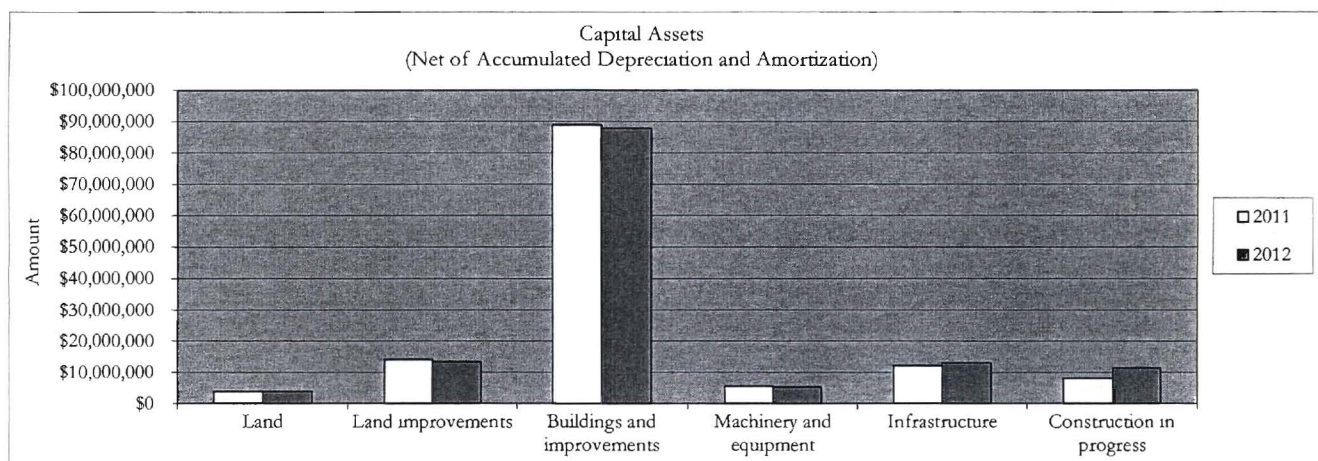
CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

The following table is a two year comparison of the Town's investment in capital assets:

**Town of Killingly, Connecticut
Capital Assets, Net
June 30, 2012 and 2011**

	Total	
	2012	2011
Land	\$ 3,842,092	\$ 3,842,092
Land improvements	13,422,534	14,136,416
Buildings and improvements	87,722,822	88,824,929
Machinery and equipment	5,213,603	5,532,485
Infrastructure	13,016,729	12,094,443
Construction in progress	11,398,884	8,002,788
Totals	<u>\$ 134,616,664</u>	<u>\$ 132,433,153</u>



Additional information on the Town's capital assets can be found in Note 4 on page 42 of this report.

**TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

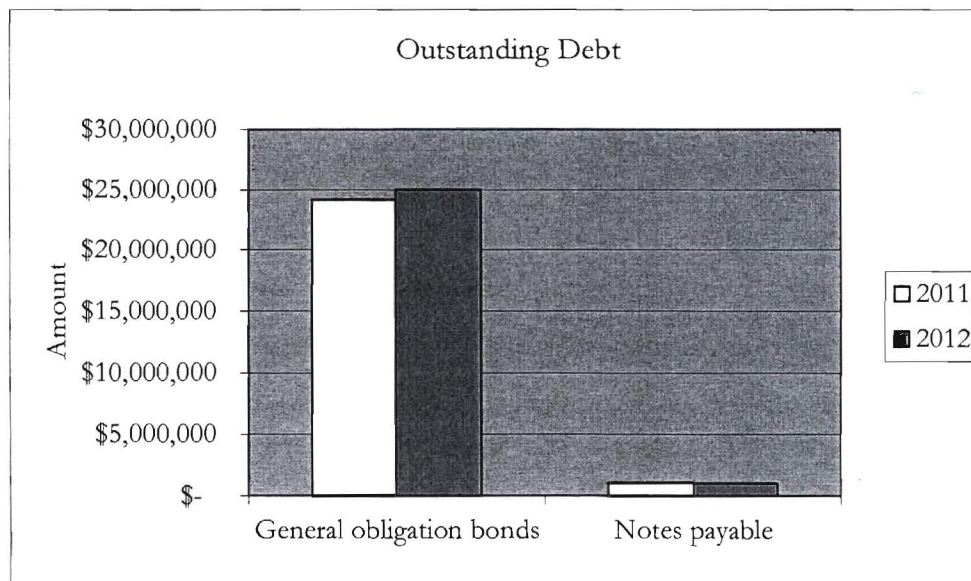
At the end of the current fiscal year, the Town had total bonded debt and notes payable outstanding of \$25,992,675. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total bonded debt increased by \$810,000 or 3.3% during the current fiscal year due to the issuance of new bonds net of payments made to escrow agents offset by current year principal repayments. The Town maintains an A1 rating from Moody's Investor Service for general obligation debt.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$197,312,479, which is significantly in excess of the Town's outstanding general obligation debt.

The following table is a two year comparison of long-term bonded debt:

**Town of Killingly, Connecticut
Long-term Debt
June 30, 2012 and 2011**

	Total	
	2012	2011
General obligation bonds	\$ 24,990,000	\$ 24,180,000
Notes payable	1,002,675	1,037,250
Totals	<u>\$ 25,992,675</u>	<u>\$ 25,217,250</u>



Additional information on the Town's long-term debt can be found in Note 9 on pages 44 - 47 of this report.

**TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The unemployment rate for the Town is currently 9.6%, which is a decrease from a rate of 11.0% in the prior year, as compared to the state's average unemployment rate of 8.1% and the national unemployment rate of 8.2%.
- Inflationary trends in the region are comparable to national indices.
- During the current fiscal year, unassigned fund balance of the budgeted General Fund decreased to \$5,852,732.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
 - For purposes of calculating property tax revenues for fiscal year 2013, the Assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.
 - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Land Use Department, the Town Clerk and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2013.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, Town of Killingly, P.O. Box 6000, 172 Main Street, Danielson, Connecticut 06239.

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 15,583,533
Investments	3,466,793
Receivables:	
Property taxes, net of allowance for uncollectibles of \$56,000	1,043,128
Interest, net of allowance for uncollectibles of \$15,000	296,258
Assessments and user charges receivable	806,051
Grants and contracts receivable	4,124,964
Other	127,190
Other assets	141,210
Restricted assets:	
Permanently restricted cash and cash equivalents	31,349
Permanently restricted investments	88,281
Deferred charges	682,189
Capital assets:	
Non-depreciable	15,240,976
Depreciable, net	119,375,688
Total assets	<u>161,007,610</u>
LIABILITIES	
Accounts payable	1,887,648
Accrued liabilities:	
Salaries and benefits payable	168,644
Accrued interest	109,459
Other accrued liabilities	37,607
Due to others	10,425
Unearned revenue	620,508
Note payable	9,900,000
Claims payable	749,682
Noncurrent liabilities:	
Due within one year	2,304,981
Due in more than one year	28,863,142
Total liabilities	<u>44,652,096</u>
NET ASSETS	
Invested in capital assets, net of related debt	97,765,533
Restricted for:	
Endowments:	
Expendable	506,970
Nonexpendable	119,630
Unrestricted	17,963,381
Total net assets	<u>\$ 116,355,514</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental activities:					
General government	\$ 3,619,835	\$ 1,092,072	\$ 186,096	\$ 181,166	\$ (2,160,501)
Public works	5,203,896	3,870,175	57,464	511,379	(764,878)
Recreation and leisure	1,926,344	195,559	42,168	33,135	(1,655,482)
Public safety	1,055,882	22,671	68,769	-	(964,442)
Community development and human services	1,342,336	32,899	849,962	-	(459,475)
Education	51,275,566	4,099,742	23,397,874	363,814	(23,414,136)
Interest and fiscal charges	868,519	-	-	-	(868,519)
Total governmental activities	<u>65,292,378</u>	<u>9,313,118</u>	<u>24,602,333</u>	<u>1,089,494</u>	<u>(30,287,433)</u>
	<u>\$ 65,292,378</u>	<u>\$ 9,313,118</u>	<u>\$ 24,602,333</u>	<u>\$ 1,089,494</u>	<u>(30,287,433)</u>
General revenues:					
Property taxes, levied for general purposes					28,367,953
Grants and contributions not restricted to specific programs					1,258,030
Unrestricted investment earnings					175,314
Total general revenues					<u>29,801,297</u>
Change in net assets					(486,136)
Net assets - beginning					116,841,650
Net assets - ending					<u>\$ 116,355,514</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KILLINGLY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Capital Improvements Fund	Sewer Operating Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 11,167,526	\$ -	\$ 1,434,366	\$ 2,483,418	\$ 15,085,310
Investments	3,105,160	-	-	449,914	3,555,074
Receivables:					
Property taxes, net	1,043,128	-	-	-	1,043,128
Assessments and user charges	-	-	806,051	-	806,051
Grants and contracts	515,543	3,511,970	-	97,451	4,124,964
Other	97,520	-	16,881	4,893	119,294
Due from other funds	2,353,174	-	640,117	5,094,306	8,087,597
Inventories	-	-	-	17,054	17,054
Other assets	124,156	-	-	-	124,156
Total assets	<u>\$ 18,406,207</u>	<u>\$ 3,511,970</u>	<u>\$ 2,897,415</u>	<u>\$ 8,147,036</u>	<u>\$ 32,962,628</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
Liabilities:					
Accounts payable	\$ 1,179,880	\$ 644,194	\$ 12,839	\$ 50,735	\$ 1,887,648
Accrued liabilities:					
Salaries and benefits payable	168,644	-	-	-	168,644
Other accrued liabilities	37,607	-	-	-	37,607
Due to other funds	6,658,652	1,127,405	-	1,568,505	9,354,562
Due to others	10,425	-	-	-	10,425
Unearned/deferred revenue	876,190	-	498,924	620,508	1,995,622
Note payable	-	9,900,000	-	-	9,900,000
Total liabilities	<u>8,931,398</u>	<u>11,671,599</u>	<u>511,763</u>	<u>2,239,748</u>	<u>23,354,508</u>
Fund Balances (Deficits):					
Nonspendable:					
Inventories	-	-	-	17,054	17,054
Permanent funds principal	-	-	-	119,630	119,630
Restricted for:					
Grant proceeds	-	-	-	85,065	85,065
Special reserves - external	-	-	-	506,970	506,970
Committed to:					
General government	308,175	-	-	-	308,175
Public safety	5,436	-	-	37,250	42,686
Community development and human services	60,167	-	-	99,543	159,710
Recreation and leisure	-	-	-	10,969	10,969
Education	-	-	-	417,602	417,602
Capital and nonrecurring	-	-	-	4,850,306	4,850,306
Sewer operations	-	-	2,385,652	-	2,385,652
Assigned to:					
General government	51,104	-	-	-	51,104
Education	193,914	-	-	-	193,914
Compensated absences	125,891	-	-	-	125,891
Other post-employment benefits	338,580	-	-	-	338,580
Cell towers	137,770	-	-	-	137,770
Sewer extension	38,793	-	-	-	38,793
Landfill closure	119	-	-	-	119
Subsequent year budget	800,000	-	-	-	800,000
Unassigned	7,414,860	(8,159,629)	-	(237,101)	(981,870)
Total fund balances (deficits)	<u>9,474,809</u>	<u>(8,159,629)</u>	<u>2,385,652</u>	<u>5,907,288</u>	<u>9,608,120</u>
Total liabilities and fund balances (deficits)	<u>\$ 18,406,207</u>	<u>\$ 3,511,970</u>	<u>\$ 2,897,415</u>	<u>\$ 8,147,036</u>	<u>\$ 32,962,628</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KILLINGLY, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total fund balances for governmental funds		\$ 9,608,120
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:		
Construction in progress	\$ 11,398,884	
Land	3,842,092	
Land improvements	16,942,231	
Buildings and improvements	116,665,472	
Machinery and equipment	17,076,125	
Infrastructure	56,147,659	
Less: accumulated depreciation and amortization	(87,455,799)	
Total capital assets, net		134,616,664
Some of the Town's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the governmental funds.		
Property taxes	876,190	
Sewer use and assessments	498,924	
		1,375,114
Interest receivable net of related allowance for uncollectible accounts on property taxes, sewer use and sewer assessments are not susceptible to accrual and, therefore, are not reported in the governmental funds.		296,258
Bond issuance costs are recorded as expenditures in the governmental funds. However, these costs are deferred and amortized over the life of the related debt in the statement of net assets.		682,189
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Those liabilities consist of:		
Long-term debt:		
Bonds and notes payable	(25,992,675)	
Unamortized amounts	(530,435)	
Obligations under capital lease	(428,021)	
Accrued interest payable	(109,459)	
Other long-term liabilities:		
Compensated absences	(1,061,481)	
Early retirement incentive	(153,011)	
Accrued landfill postclosure costs	(400,000)	
Net OPEB obligation	(2,602,500)	
Total long-term liabilities		(31,277,582)
An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.		1,054,751
Net assets of governmental activities		<u>\$ 116,355,514</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Capital Improvements Fund	Sewer Operating Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 28,019,655	\$ -	\$ -	\$ -	\$ 28,019,655
Intergovernmental	21,912,766	986,794	-	3,803,238	26,702,798
Licenses, permits and fees	265,054	-	-	-	265,054
Charges for services	2,093,765	-	3,436,877	1,314,035	6,844,677
Investment earnings	280,783	-	201	28,126	309,110
Miscellaneous	359,781	-	437,711	169,251	966,743
Total revenues	<u>52,931,804</u>	<u>986,794</u>	<u>3,874,789</u>	<u>5,314,650</u>	<u>63,108,037</u>
EXPENDITURES					
Current:					
General government	1,971,044	-	-	355,095	2,326,139
Public works	1,996,779	-	2,538,225	-	4,535,004
Recreation and leisure	1,594,468	-	-	23,126	1,617,594
Public safety	944,946	-	-	68,769	1,013,715
Community development and human services	484,008	-	-	812,088	1,296,096
Education	41,301,709	-	-	4,022,720	45,324,429
Miscellaneous	2,169,645	-	-	-	2,169,645
Debt service:					
Principal payments	1,624,575	-	-	-	1,624,575
Interest and fiscal charges	1,123,772	-	-	-	1,123,772
Capital lease payments	449,177	-	-	-	449,177
Capital outlays	-	6,151,521	-	814,970	6,966,491
Total expenditures	<u>53,660,123</u>	<u>6,151,521</u>	<u>2,538,225</u>	<u>6,096,768</u>	<u>68,446,637</u>
Excess (deficiency) of revenues over expenditures	(728,319)	(5,164,727)	1,336,564	(782,118)	(5,338,600)
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of bonds	-	2,400,000	-	-	2,400,000
Premium from issuance of bonds	-	15,195	-	-	15,195
Premium from bond anticipation note	48,389	59,141	-	-	107,530
Transfers in	500,815	702,464	-	1,350,323	2,553,602
Transfers out	(1,239,870)	-	(1,256,260)	(57,472)	(2,553,602)
Total other financing sources (uses)	<u>(690,666)</u>	<u>3,176,800</u>	<u>(1,256,260)</u>	<u>1,292,851</u>	<u>2,522,725</u>
Net changes in fund balances	(1,418,985)	(1,987,927)	80,304	510,733	(2,815,875)
Fund balances (deficit) - beginning	<u>10,893,794</u>	<u>(6,171,702)</u>	<u>2,305,348</u>	<u>5,396,555</u>	<u>12,423,995</u>
Fund balances (deficit) - ending	<u>\$ 9,474,809</u>	<u>\$ (8,159,629)</u>	<u>\$ 2,385,652</u>	<u>\$ 5,907,288</u>	<u>\$ 9,608,120</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KILLINGLY, CONNECTICUTRECONCILIATION 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, 2012

Net change in fund balances for governmental funds	\$ (2,815,875)
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Total change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. The amount by which capital outlays exceeded depreciation and amortization in the current period is as follows:

Expenditures for capital assets	\$ 6,807,256	
Depreciation and amortization expense	<u>(4,623,745)</u>	
Net adjustment		2,183,511

Intergovernmental revenue on school construction grants is not susceptible to accrual and, therefore, is only reported as revenue in the governmental funds when the cash is received by the Town. In the government-wide financial statements, the cash received reduces the grant receivable recognized in the government-wide statement of net assets.

(25,363)

Interest on property taxes receivable, sewer use and sewer assessments are not susceptible to accrual and therefore are only reported as revenue in the funds when the cash is received by the Town. The change in interest receivable during the year decreased revenues recognized in the funds.

62,335

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net assets. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Debt issued or incurred:		
Bonds issued	(2,400,000)	
Premium on bonds issued	(15,195)	
Bond issuance costs	56,944	
Principal repayments:		
Bonds and notes payable	1,624,575	
Obligations under capital lease	<u>449,177</u>	
Net adjustment		(284,499)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Compensated absences	(24,960)	
Accrued interest	(5,968)	
Early retirement incentive	131,950	
Net OPEB obligation	(909,600)	
Amortization of bond premiums	97,701	
Amortization of bond issuance costs	(77,601)	
Amortization of deferred amount on refunding	(954)	
Landfill closure and postclosure costs	<u>20,000</u>	
		(769,432)

The accompanying notes are an integral part of these financial statements.

TOWN OF KILLINGLY, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES *(Concluded)*
FOR THE YEAR ENDED JUNE 30, 2012

Certain revenues reported in the statement of activities do not provide current financial resources and, therefore, are reported as unearned revenues in the governmental funds. This amount represents the change in unearned revenue.	\$ 138,979
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of a certain internal services fund is reported with governmental activities.	<u>1,024,208</u>
Change in net assets of governmental activities	<u>\$ (486,136)</u>

TOWN OF KILLINGLY, CONNECTICUTSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
REVENUES				
Property taxes	\$ 28,214,943	\$ 28,280,860	\$ 28,019,655	\$ (261,205)
Intergovernmental	17,325,558	17,325,558	17,270,433	(55,125)
Licenses, permits and fees	158,600	158,600	265,054	106,454
Charges for services	2,199,703	2,199,703	2,093,204	(106,499)
Use of money and property	168,460	168,460	280,782	112,322
Miscellaneous	195,714	195,714	326,563	130,849
Total revenues	48,262,978	48,328,895	48,255,691	(73,204)
EXPENDITURES				
Current:				
General government	1,843,224	1,879,291	1,801,144	(78,147)
Public works	2,129,953	2,113,322	1,954,303	(159,019)
Recreation and leisure	1,606,810	1,625,528	1,600,349	(25,179)
Public safety	796,516	944,442	943,116	(1,326)
Community development and human serv	490,687	492,011	476,997	(15,014)
Education	36,470,959	37,036,876	36,752,668	(284,208)
Miscellaneous	2,291,720	2,194,316	2,154,645	(39,671)
Debt service:				
Principal payments	1,624,575	1,624,575	1,624,575	-
Interest and fiscal charges	1,044,590	1,044,590	1,020,043	(24,547)
Lease payments	70,000	70,000	70,000	-
Debt issuance costs	5,000	5,000	-	(5,000)
Total expenditures	48,374,034	49,029,951	48,397,840	(632,111)
Excess (deficiency) of revenues over expenditures	(111,056)	(701,056)	(142,149)	558,907
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	800,000	1,485,000	-	(1,485,000)
Transfers in	497,528	497,528	500,810	3,282
Transfers out	(1,186,472)	(1,281,472)	(1,316,472)	35,000
Total other financing uses	111,056	701,056	(815,662)	(1,446,718)
Net change in fund balance	\$ -	\$ -	(957,811)	\$ (887,811)
Fund balance - beginning			8,251,696	
Fund balance - ending			\$ 7,293,885	

The accompanying notes are an integral part of these financial statements.

TOWN OF KILLINGLY, CONNECTICUTSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER OPERATING FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Sewer use - current	\$ 3,165,212	\$ 3,165,212	\$ 3,298,717	\$ 133,505
Use charge interest	50,000	50,000	48,844	(1,156)
Investment earnings	40,000	40,000	201	(39,799)
Miscellaneous	452,000	452,000	381,251	(70,749)
Total revenues	<u>3,707,212</u>	<u>3,707,212</u>	<u>3,729,013</u>	<u>21,801</u>
EXPENDITURES				
Contractual services	2,965,622	2,965,622	2,925,137	(40,485)
Materials and supplies	500	500	32	(468)
Total expenditures	<u>2,966,122</u>	<u>2,966,122</u>	<u>2,925,169</u>	<u>(40,953)</u>
Excess of revenues over expenditures	741,090	741,090	803,844	62,754
OTHER FINANCING USES				
Transfers out:				
Capital Projects Fund	(500,000)	(500,000)	(500,000)	-
Capital and Nonrecurring Fund	(240,450)	(240,450)	(240,450)	-
Total other financing uses	<u>(740,450)</u>	<u>(740,450)</u>	<u>(740,450)</u>	<u>-</u>
Net change in fund balance	<u>\$ 640</u>	<u>\$ 640</u>	63,394	<u>\$ 62,754</u>
Fund balance - beginning			<u>2,021,634</u>	
Fund balance - ending			<u>\$ 2,085,028</u>	

The accompanying notes are an integral part of these financial statements.

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012

	<u>Governmental</u> <u>Activities</u> <u>Internal</u> <u>Service Fund-</u> <u>Health</u> <u>Insurance Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 529,572
Accounts receivable	7,896
Due from other funds	1,266,965
Total assets	<u>1,804,433</u>
LIABILITIES	
Current liabilities:	
Claims payable	<u>749,682</u>
Total liabilities	<u>749,682</u>
NET ASSETS	
Unrestricted	1,054,751
Total net assets	<u>\$ 1,054,751</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities
	Internal Service Fund- Health Insurance Fund
OPERATING REVENUES	
Charges for service	\$ 8,768,965
Total operating revenues	<u>8,768,965</u>
OPERATING EXPENSES	
Claims incurred	6,878,261
Administrative and other	866,496
Total operating expenses	<u>7,744,757</u>
Change in net assets	1,024,208
Net assets - beginning	<u>30,543</u>
Net assets - ending	<u><u>\$ 1,054,751</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities
	Internal Service Fund- Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from charges for services	\$ 7,755,029
Payments for claims incurred	(6,660,541)
Payments for administrative costs	(866,496)
Net cash provided by operating activities	<u>227,992</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	<u>301,580</u>
Net cash provided by investing activities	<u>301,580</u>
Net change in cash and cash equivalents	529,572
Cash and cash equivalents - beginning	<u>-</u>
Cash and cash equivalents - ending	<u><u>\$ 529,572</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,024,208
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in assets:	
Accounts receivable	(7,896)
Due from other funds	(1,006,040)
Increase (decrease) in liabilities:	
Claims payable	<u>217,720</u>
Net cash provided by operating activities	<u><u>\$ 227,992</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Pension Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 63,862	\$ 540,137
Investments:			
Pooled separate accounts	4,086,354	-	-
Fixed income	461,915	-	-
Equity mutual funds	-	134,119	-
U.S. Treasury notes	-	103,120	-
Corporate bonds	-	97,368	-
Common stocks	-	204,140	-
Contributions receivable	107,475	-	-
Due from others	-	10,425	-
Total assets	<u>4,655,744</u>	<u>613,034</u>	<u>\$ 540,137</u>
LIABILITIES			
Due to student groups	-	-	141,636
Due to others	-	-	398,501
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 540,137</u>
NET ASSETS			
Held in trust for pension benefits and other purposes <i>(see schedule of funding progress on page 59)</i>	<u>\$ 4,655,744</u>	<u>\$ 613,034</u>	

The accompanying notes are an integral part of these financial statements.

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Pension Trust Fund	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	\$ 107,475	\$ -
Plan member	71,406	-
Other	-	30,600
Total contributions	178,881	30,600
Investment earnings:		
Interest and dividends	103,350	-
Net increase (decrease) in the fair value of investments	(25,818)	233
Total investment income	77,532	233
Less: investment expense	(13,177)	-
Net investment income	64,355	233
Total additions	243,236	30,833
DEDUCTIONS		
Benefit payments	338,122	-
Administrative expenses	39,568	-
Awards	-	29,186
Total deductions	377,690	29,186
Change in net assets	(134,454)	1,647
Net assets - beginning	4,790,198	611,387
Net assets - ending	\$ 4,655,744	\$ 613,034

The accompanying notes are an integral part of these financial statements.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Killingly, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

The Town of Killingly, Connecticut was incorporated in 1708 and covers an area of 50 square miles. The Town operates under a Council - Manager form of government as prescribed by its charter, which was adopted November 4, 1969 and most recently revised November 30, 2009. The Town provides the following services as authorized by its charter: general government, public works, recreation and leisure, public safety, community development, human services and education.

The legislative power of the Town is vested with the Town Council. The Town Council may enact, amend or repeal ordinances and resolutions. The Fiscal Subcommittee is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The basic financial statements of the reporting entity include only the funds of the Town (the primary government) as no component units exist based on operational or financial relationships with the Town.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

The Town reports the following major governmental funds:

General Fund – This fund is the Town’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Improvements Fund – This fund is used to account for the revenues and expenditures related to major capital asset construction and/or purchase.

Sewer Operating Fund – This fund is used to account for the revenues and expenditures related to the sanitary sewer and water improvements deemed to benefit property owners.

The Town reports the following proprietary and fiduciary fund types:

Internal Service Fund (Proprietary) – This fund type is used to account for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes an internal service fund to account for risk management activities.

Pension Trust Fund – This fund type is used to account for resources held in trust for the members and beneficiaries of the Public Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees. This plan is discussed more fully in Note 12.

Private Purpose Trust Funds – This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Town utilizes private purpose trust funds to account for activities of various scholarship endowments.

Agency Funds – These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of the student activities funds and the performance bonds fund. The student activities funds accounts for monies generated by student activities in the Town’s school system. The performance bonds fund accounts for monies received to ensure that driveways and lawns are installed to correct specifications for new home construction.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when the cash is received.

The proprietary, pension and private purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Internal Service Fund is charges to customers for sales and services. Operating expenses of the Internal Service Fund include costs of sales and services, administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities and Fund Equity

Cash Equivalents

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.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Investments

Investments for the Town are reported at fair value (generally based on quoted market prices) except as described below.

The Town invests in the State Treasurer's Short-Term Investment Fund (STIF), which is an investment pool managed by the State Treasurer's Office, and the Cooperative Liquid Asset Security Systems Fund (CLASS), which is an investment pool managed by Cutwater Asset Management. STIF and CLASS operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, STIF and CLASS qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. STIF and CLASS are subject to regulatory oversight even though they are not registered by the SEC.

Donor-restricted Endowments

The Town allocates investment income on endowment investments in accordance with donor restrictions and Connecticut law. The State of Connecticut adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective October 1, 2007. UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net assets or unrestricted net assets, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

The Town has received endowments for the improvement and betterment of Killingly Public Schools, park and recreation activities, and library books. The amounts are reflected as net assets restricted for endowments and perpetual care. Investment income from the endowments is transferred annually to special revenue funds where disbursements are approved by the Town Council. Remaining investment income available for appropriation totaled \$1 as of June 30, 2012 and is held as temporarily restricted cash in the accompanying statement of net assets.

Inventories

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Property Taxes

All trade, property tax, sewer use and sewer assessment receivables are shown net of an allowance for uncollectible accounts. Allowance percentages range from 2% to 25% of outstanding receivable balances at June 30, 2012, and are calculated based upon historical collections.

Property taxes are assessed as of October 1. Taxes are billed in the following July and are due in two installments, January 1 and July 1. Personal property if over \$100 is billed in July and due in four installments, July 1, October 1, January 1 and April 1. Motor vehicle taxes are billed in July and are due in one installment, July 1. A supplemental motor vehicle tax is billed in one installment on January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of the market value.

Upon completion of projects, sewer assessments are levied and assessed to the users each June. Usage charges are billed semi-annually in July and January for flat rate fees and metered fees. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$100,000 for infrastructure and more than \$5,000 for equipment and improvements, and an estimated useful life in excess of one year. Such assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20-100
Land improvements	10-50
Infrastructure:	
Roads	50-100
Sidewalks	25-50
Sewer lines	50-100
Water lines	50-100
Machinery and equipment	3-25

Capital assets acquired under a capital lease are amortized over the life of the lease term.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Unearned/Deferred Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not available during the current period.

Compensated Absences

All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

All Town employees are granted vacation and/or sick time based upon contractual provisions. At year end, unused vacation and sick time may be carried forward to subsequent years. In the event of termination, employees are reimbursed for all accumulated vacation days and a percentage of accumulated sick days up to the maximum limits allowed by their applicable contract.

All full time Board of Education employees (except teachers who are granted sick time only) are granted vacation and sick time based upon contractual provisions and may be carried over to subsequent years. In the event of termination employees are reimbursed for accumulated vacation and sick time as allowed by the applicable contract.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Net Assets/Fund Balance

The government-wide statement of net assets presents the Town's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt – This category consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net assets – This category consists of net assets whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – This category consists of net assets which do not meet the definition of the two preceding categories.

The Town's governmental funds report the following fund balance categories:

Nonspendable – Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

Committed – Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Council (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

Assigned – Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by Connecticut General Statutes and include the Fiscal Subcommittee and the Town Manager.

Unassigned – Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

The Town does not have a formal policy over the use of fund balance. In practice, the Town will use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures, or expenses, to the funds that initially paid for them.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 - BUDGETARY INFORMATION AND DEFICIT FUND EQUITY

Budgetary Information

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund and Sewer Operating Fund financial statements.

- Each department, office, board or commission of the Town (including the Board of Education) shall submit to the Town Manager a detailed estimate of expenditures and anticipated revenues for the ensuing fiscal year by March 15.
- On or before April 1, the Town Manager submits a balanced budget and budget message to the Town Council based upon requests submitted by the various Town departments.
- By April 15, the Town Council submits the proposed operating budget to one or more public hearings, at which taxpayer comments are obtained. The budget includes proposed expenditures and the means of financing them. The Town Council recommends the budget, as revised, for adoption at the annual Town meeting on the second Monday in May.
- The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is at the functional level within a department as prescribed by Town Charter. Management is not authorized to make budgetary transfers. The Town Council, in accordance with the provisions of the Charter and Connecticut General Statutes, is authorized to transfer unexpended balances from one appropriation to another. Additional appropriations up to one percent of the immediately prior year's operating budget, excluding public school education, or \$128,504 may be approved by the Town Council. Those in excess of this amount must be approved at a Town Meeting. Additional appropriations of \$685,000 were authorized from fund balance for the General Fund during the year. There were no additional appropriations for the Sewer Operating Fund.
- The Department of Education is not a separate legal entity, but a separate function of the Town. Its Board is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Town Council approval and, if necessary, approval at a public hearing or referendum.
- Formal budgetary integration is employed as a management control device during the year. Formal budgetary integration is not employed in Capital Projects or Special Revenue Funds (with the exception of the Sewer Operating Fund) because budgetary control is alternatively achieved by constraints imposed by the project authorization or grant awards related to these funds.
- The budget is prepared on the modified accrual basis of accounting. "On behalf" payments made by the State of Connecticut into the State Teacher's Retirement System (*see Note 12*) are not recorded for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year. Generally, all unexpended appropriations lapse at year-end, except those for the Capital Projects Funds and certain Special Revenue Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 2 - BUDGETARY INFORMATION AND DEFICIT FUND EQUITY (Continued)

Budgetary Information (Continued)

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2012:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Uses - Transfers, Net</u>	<u>Net Change In Fund Balance</u>	<u>Fund Balance</u>
Budgetary basis	\$ 48,255,691	\$ 48,397,840	\$ (815,662)	\$ (957,811)	\$ 7,293,885
"On-behalf" payments - State Teachers Retirement Fund (see Note 12)	3,264,483	3,264,483	-	-	-
Encumbrances outstanding:					
June 30, 2011	-	625,852	-	(625,852)	-
June 30, 2012	-	(245,018)	-	245,018	245,018
Intergovernmental grants netted against expenditures	1,377,850	1,377,850	-	-	-
Budgetary perspective differences - funds combined for GAAP financial reporting purposes	33,780	134,125	20,005	(80,340)	1,935,906
Transfer to internal service fund netted with expenditures	-	56,602	56,602	-	-
Premium on bond anticipation note netted with expenditures	-	48,389	48,389	-	-
GAAP basis	<u>\$ 52,931,804</u>	<u>\$ 53,660,123</u>	<u>\$ (690,666)</u>	<u>\$ (1,418,985)</u>	<u>\$ 9,474,809</u>

Deficit Fund Balances

The following funds have deficit balances as of June 30, 2012, which does not constitute a violation of statutory provisions:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Capital Improvements Fund	\$ 8,159,629
School Cafeteria Fund	198,057
Solid Waste Fund	21,990

The deficits are expected to be eliminated by future revenues, appropriations, and issuance of permanent financing.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

A reconciliation of the Town's cash deposits as of June 30, 2012 is as follows:

Government-wide statement of net assets:

Unrestricted:

Cash equivalents	\$	6,755,571
Cash deposits		8,827,962

Permanently restricted:

Cash equivalents		31,349
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Statement of fiduciary net assets:

Private purpose trust funds:

Cash equivalents		20,404
Cash deposits		43,458

Agency funds:

Cash equivalents		81,404
Cash deposits		458,733

Add: certificates of deposit classified as investments

3,555,074

Less: investments classified as cash equivalents

(6,736,055)

\$ 13,037,900

Investments in CLASS and STIF totaling \$6,736,055 are included in cash and cash equivalents in the accompanying statements of net assets. For purposes of disclosure, such amounts are considered investments and are included in the disclosure of investments. Furthermore, investments totaling \$3,555,074 in certain certificates of deposits are included in investments in the accompanying statement of net assets, but are considered cash deposits for purposes of disclosure.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)**Cash Deposits – Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2012 the carrying value of the Town's cash deposits totaled \$11,823,071. As of June 30, 2012, \$129,934 of the Town's bank balance of \$10,270,739 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 116,941
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	12,993
	<u>\$ 129,934</u>

All of the Town's deposits are in qualified public institutions as defined by state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

Investments

A reconciliation of the Town's investments as of June 30, 2012 is as follows:

Government-wide statement of net assets:	
Unrestricted investments	\$ 3,466,793
Permanently restricted investments	88,281
Statement of fiduciary net assets:	
Investments - Pension trust funds	4,548,269
Investments - Private purpose trust funds	538,747
Less: certificates of deposit classified as investments	(3,555,074)
Add: investments classified as cash equivalents	6,736,055
	<u>\$ 11,823,071</u>

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)**Investments (Continued)**

As of June 30, 2012, the Town's investments consisted of the following:

Investment type	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1 to 5	6 to 10
Debt Securities:				
Cooperative Liquid Asset Security System (CLAS)	\$ 4,592,841	\$ 4,592,841	\$ -	\$ -
Short-Term Investment Fund (STIF)	2,143,214	2,143,214	-	-
U.S. Treasury notes	103,120	103,120	-	-
Corporate bonds and notes	97,368	20,579	51,085	25,704
	6,936,543	\$ 6,859,754	\$ 51,085	\$ 25,704
Other investments:				
Pooled separate accounts	4,086,354			
Fixed income	461,915			
Equity mutual funds	204,140			
Common stock	134,119			
Total	\$ 11,823,071			

Because the STIF and CLASS funds had weighted average maturities of less than 90 days, they are presented as investments with maturities of less than one year.

Interest Rate Risk

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 increasing interest rates.

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in (1) obligations of the United States, including its instrumentalities and agencies; (2) in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; (3) in shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations; (4) or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The Pension Trust Funds may also invest in certain real estate mortgages, certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)**Investments (Continued)****Credit Risk (Continued)**

The Town's investments in debt securities were rated as follows at June 30, 2012:

Debt Securities	Fair Value	Standard & Poor's			Unrated
		AAA	A	BBB	
Cooperative Liquid Asset					
Security System (CLASS)	\$ 4,592,841	\$ 4,592,841	\$ -	\$ -	\$ -
Short-Term Investment Fund (STIF)	2,143,214	2,143,214			
Corporate bonds and notes	97,368	-	46,444	25,220	25,704
	<u>\$ 6,833,423</u>	<u>\$ 6,736,055</u>	<u>\$ 46,444</u>	<u>\$ 25,220</u>	<u>\$ 25,704</u>

No credit risk disclosures are required under GASB Statement No. 40 relating to the Town's investments in U.S. Treasury notes.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial credit risk at June 30, 2012, as they are held by a trustee in the Town's name.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 8,002,788	\$ 6,143,816	\$ (2,747,720)	\$ 11,398,884
Land	3,842,092	-	-	3,842,092
Total capital assets, not being depreciated	<u>11,844,880</u>	<u>6,143,816</u>	<u>(2,747,720)</u>	<u>15,240,976</u>
Capital assets, being depreciated:				
Land improvements	16,825,955	116,276	-	16,942,231
Buildings and improvements	115,793,601	871,871	-	116,665,472
Machinery and equipment	16,367,631	788,894	(80,400)	17,076,125
Infrastructure	54,513,540	1,634,119	-	56,147,659
Total capital assets, being depreciated	<u>203,500,727</u>	<u>3,411,160</u>	<u>(80,400)</u>	<u>206,831,487</u>
Less accumulated depreciation:				
Land improvements	2,689,539	830,158	-	3,519,697
Buildings and improvements	26,968,672	1,973,978	-	28,942,650
Machinery and equipment	10,835,146	1,107,776	(80,400)	11,862,522
Infrastructure	42,419,097	711,833	-	43,130,930
Total accumulated depreciation	<u>82,912,454</u>	<u>4,623,745</u>	<u>(80,400)</u>	<u>87,455,799</u>
Total capital assets, being depreciated, net	<u>120,588,273</u>	<u>(1,212,585)</u>	<u>-</u>	<u>119,375,688</u>
Governmental activities capital assets, net	<u>\$ 132,433,153</u>	<u>\$ 4,931,231</u>	<u>\$ (2,747,720)</u>	<u>\$ 134,616,664</u>

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 744,907
Public works	458,217
Recreation and leisure	212,387
Public Safety	3,852
Education	3,204,382
Total depreciation and amortization expense - governmental activities	<u>\$ 4,623,745</u>

NOTE 5 - CAPITAL PROJECTS

The Town has total project authorizations totaling approximately \$127 million as of June 30, 2012 and the remaining balance of those authorizations totaled approximately \$13.6 million as of June 30, 2012.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2012 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Capital Improvements Fund	\$ 785,090
	Nonmajor Governmental Funds	1,568,084
		<u>\$ 2,353,174</u>
Sewer Operating Fund	General Fund	\$ 640,117
Nonmajor Governmental Funds	General Fund	\$ 4,751,570
	Capital Improvements Fund	342,315
	Other Nonmajor Governmental Funds	421
		<u>\$ 5,094,306</u>
Proprietary Funds		
Health Insurance Fund	General Fund	\$ 1,266,965
Total due from/to other funds		<u><u>\$ 9,354,562</u></u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 7 - INTERFUND TRANSFERS

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Sewer Operating Fund	\$ 500,810
	Nonmajor Governmental Funds	5
		<u>\$ 500,815</u>
Capital Improvements Fund	General Fund	\$ 130,000
	Sewer Operating Fund	515,000
	Nonmajor Governmental Funds	57,464
		<u>\$ 702,464</u>
Nonmajor Governmental Funds	General Fund	\$ 1,109,870
	Sewer Operating Fund	240,450
		<u>\$ 1,350,320</u>
Total transfers		<u><u>\$ 2,553,599</u></u>

The above transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 8 - SHORT-TERM LIABILITY

The following is a summary of changes in short-term liabilities for the year ended June 30, 2012:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Bonds and notes payable issued				
in May 2011, original amount \$10,000,000	\$ 10,000,000	\$ -	\$ (10,000,000)	\$ -
Bonds and notes payable issued				
in May 2012, original amount \$9,900,000	-	9,900,000	-	9,900,000
	<u>\$ 10,000,000</u>	<u>\$ 9,900,000</u>	<u>\$ (10,000,000)</u>	<u>\$ 9,900,000</u>

The purpose of the bond anticipation notes are to provide interim financing for various school construction and sewer projects until future reimbursements were received from the State of Connecticut and general obligation bonds are issued.

NOTE 9 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2012:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 24,180,000	\$ 2,400,000	\$ (1,590,000)	\$ 24,990,000	\$ 1,650,000
Unamortized amounts:					
Premium	641,633	15,195	(97,701)	559,127	-
Deferred amount on refunding	(29,646)	-	954	(28,692)	-
Other liabilities:					
Note payable	1,037,250	-	(34,575)	1,002,675	34,575
Capital leases	877,198	-	(449,177)	428,021	235,099
Landfill postclosure care costs	420,000	-	(20,000)	400,000	20,000
Early incentive retirement incentives	284,961	-	(131,950)	153,011	153,011
Compensated absences	1,036,521	50,608	(25,648)	1,061,481	212,296
Net OPEB obligation	1,692,900	909,600	-	2,602,500	-
	<u>\$ 30,140,817</u>	<u>\$ 3,375,403</u>	<u>\$ (2,348,097)</u>	<u>\$ 31,168,123</u>	<u>\$ 2,304,981</u>

Long-term liabilities typically have been liquidated in the General Fund.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

General Obligation Bonds and Note Payable

A summary of general obligation bonds and note payable outstanding at June 30, 2012 is as follows:

Bond Issue	Original Amount	Final Maturity Dates	Interest Rates	Amount Outstanding
Governmental Activities				
Bonds Payable				
2007 School bonds	\$ 2,415,000	2027	4.25% - 5.00%	\$ 1,805,149
2007 Road/Bridges bonds	3,000,000	2027	4.25% - 5.00%	2,244,851
2007 School refunding bonds	685,000	2024	4.25% - 5.00%	316,890
2007 Sewer refunding bonds	3,835,000	2024	4.25% - 5.00%	1,774,120
2007 General purpose refunding bonds	1,565,000	2024	4.25% - 5.00%	723,990
2008 School bonds	5,000,000	2028	4.0% - 4.5%	4,000,000
2009 School bonds	3,000,000	2029	2.5% - 4.125%	2,550,000
2010 School bonds	6,500,000	2030	2.25% - 4.0%	5,850,000
2011 School bonds	3,500,000	2031	2.5% - 4.375%	3,325,000
2012 School bonds	2,400,000	2032	2.5% - 3.25%	2,400,000
				<u>\$ 24,990,000</u>
Note Payable				
2001 Sewer FHA loan	1,383,000	2041	4.50%	<u>\$ 1,002,675</u>

Annual debt service requirements to maturity on general obligation bonds and note payable are as follows as of June 30, 2012:

Year ending June 30:	Governmental Activities					
	General Obligation Bonds		Note Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 1,650,000	\$ 978,554	\$ 34,575	\$ 45,120	\$ 1,684,575	\$ 1,023,674
2014	1,625,000	915,392	34,575	43,565	1,659,575	958,957
2015	1,535,000	855,704	34,575	42,009	1,569,575	897,713
2016	1,535,000	799,980	34,575	40,453	1,569,575	840,433
2017	1,530,000	738,566	34,575	38,897	1,564,575	777,463
2018- 2022	7,610,000	2,794,164	172,875	171,146	7,782,875	2,965,310
2023- 2027	6,680,000	1,336,610	172,875	132,250	6,852,875	1,468,860
2028- 2032	2,825,000	216,332	172,875	93,353	2,997,875	309,685
2033- 2037	-	-	172,875	54,455	172,875	54,455
2038- 2042	-	-	138,300	15,560	138,300	15,560
	<u>\$ 24,990,000</u>	<u>\$ 8,635,302</u>	<u>\$ 1,002,675</u>	<u>\$ 676,808</u>	<u>\$ 25,992,675</u>	<u>\$ 9,312,110</u>

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)**Legal Debt Limit**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$197,312,479 as of June 30, 2012. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2012.

The amount of authorized, unissued bonds at June 30, 2012 totaled \$4,241,000 and \$5,518,666 for sewers and schools, respectively.

School Bond Reimbursement

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of reimbursement for the year ended June 30, 2012 was \$25,363. No additional reimbursements are expected to be received.

Capital Leases

A summary of assets acquired through capital leases is as follows as of June 30, 2011:

	Governmental Activites
Buildings	\$ 739,988
Machinery and equipment	2,311,253
	<hr/>
Less: accumulated amortization	2,734,245
	<hr/>
	\$ 316,996
	<hr/>

Amortization expense relative to leased property under capital leases totaled \$449,177 for the year ended June 30, 2012 and is included in depreciation and amortization expense disclosed in Note 4.

The Town is obligated under a capital lease to make annual payments for Board of Education technology equipment. Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 are as follows:

	Governmental Activites
Year ending June 30:	
2013	\$ 260,866
2014	144,451
2015	57,861
Total minimum lease payments	463,178
Less: amount representing interest	35,157
Present value of minimum lease payments	428,021
Less: current portion	235,099
	<hr/>
	\$ 192,922
	<hr/>

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)**Landfill Closure and Post-Closure Care Costs**

State and Federal laws and regulations require landfill closures to meet certain standards. The Town landfill is closed. Estimated monitoring costs of \$20,000 per year for the next 20 years totals \$400,000 at June 30, 2012. These amounts are based on estimates, which are subject to change due to inflation, technology or changes in applicable laws and regulations.

Board of Education Early Retirement Incentive

The Board of Education provides severance payments for nineteen retired employees under an early retirement incentive plan effective July 1, 2004. To qualify for benefits the employee must have achieved age 54 with 15 years of service as of June 30, 2004. An eligible participant shall be entitled to participate in the program until he/she reaches age 65. Benefit amounts were frozen as of June 30, 2005. The Board of Education funds these payments on a pay-as-you-go basis, from the Board of Education appropriation line item. The cost of these benefits was \$177,433 for the year ended June 30, 2012. The following is a summary of annual payments owed and the present value as of June 30, 2012:

	Governmental Activites
Year ending June 30:	
2013	\$ 177,433
Less: discount to present value	24,422
	<u>\$ 153,011</u>

The discount to present value was calculated using a rate of 5.3%.

NOTE 10 - UNEARNED/DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. The components of deferred revenue and unearned revenue are as follows as of June 30, 2012:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 876,190	\$ -
Sewer assessments not yet due	498,924	-
Solid waste fees	-	30,600
Grants drawdown prior to meeting all eligibility requirements	-	589,908
	<u>\$ 1,375,114</u>	<u>\$ 620,508</u>

NOTE 11 - ASSIGNED FUND BALANCE

The Town assigned fund balance of the General Fund of \$800,000 for use in the 2013 budget, \$125,891 for compensated absences for use in future retirement pay-outs, \$338,580 to earmark for future OPEB costs, \$137,770 to preserve cell tower investment property, and \$38,912 for sewer extension and landfill projects. In addition, the amount assigned for General Governmental and Education represent encumbrances outstanding as of June 30, 2012.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 12 - PENSION PLANS

Defined Benefit Plan

Plan Description

All Town employees (except certified members of the Board of Education) participate in the Public Employer Retirement Systems (PERS), a single employer defined benefit pension plan established and administered by the Town Council to provide pension, disability and death benefits to plan members and their beneficiaries. The Town Charter provides the authority to establish and amend benefit provisions, subject to collective bargaining agreements. The Plan does not issue stand-alone financial statements and is part of the Town's financial reporting entity. As such, the Plan is accounted for in the fiduciary fund financial statements as a Pension Trust Fund.

Summary of Significant Accounting Policies

The Plan is accounted for using the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned and expenses (benefits, administration and refunds) are recognized when due and payable in accordance with the terms of the Plan. Liabilities are recorded when due and payable in accordance with the terms of the Plan.

Investments are recorded at fair value. Short-term investments are reported at cost, which approximates fair value. Fair value of other securities is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Town, with the assistance of a valuation service. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Administrative costs of the Plan are funded by the Plan.

Plan Membership

Membership of the Plan consisted of the following as of the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefit	66
Terminated plan members entitled to but not yet receiving benefits	25
Employees who revoked payroll deduction and are entitled to future benefits	9
Active plan members:	
Vested	45
Nonvested	21
Total	166

NOTE 12 - PENSION PLANS (Continued)

Defined Benefit Plan (Continued)

Contributions and Funding Policy

The Town's contributions are actuarially determined on an annual basis using the Entry Age Normal method. Contributions are recognized when due pursuant to the terms of the Plan. Administrative costs are financed from investment earnings.

Employee contributions to the Plan are based upon a percentage of earnings as follows:

Public works employees	4.5%
Assistant superintendents	4.5%
All other employees	3.0%

Benefit Provisions

Under the Plan, all employees hired before age sixty-five and having twelve months of service are eligible. Employees are 100 percent vested only after ten years of service. The retirement benefit is calculated at 1% of average basic earnings during the highest consecutive five years of the last ten years of service multiplied by up to thirty years of service. For public works employees, the retirement benefits are 1% of final earnings multiplied by service years prior to April 1, 1987, plus 1.5% of final earnings multiplied by service years after April 1, 1987, up to a maximum of thirty years.

Concentrations

The following investments represent five percent or more of the Plan's net assets:

Pooled separate accounts:

Fidelity Advisor Equity Growth Fund	\$	378,759
Prudential Large Cap Value Fund		386,694
Dryden S&P 500 Index Fund		681,102
Prudential International Blended Capital Fund		631,900
Prudential Core Plus Bond Fund		456,418
Prudential Private Placement Fund		805,514
Cohen and Steers Realty Income Fund		253,911
Guaranteed Deposit		461,915
Total	\$	<u>4,056,213</u>

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 12 - PENSION PLANS (Continued)**Defined Benefit Plan (Continued)****Schedule of Funded Status**

The funded status of the plan as of the most recent actuarial date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age Normal Method (B)	(Overfunded) Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2011	\$ 4,568,864	\$ 4,964,771	\$ 395,907	92.0%	\$ 1,997,041	19.8%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Annual Pension Cost and Net Pension Obligation

Annual required contribution	\$ 107,475
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	107,475
Contributions made	107,475
Increase in net pension asset	-
Net pension asset, beginning of the year	-
Net pension asset, end of the year	\$ -

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2007	\$ 71,529	\$ 71,529	100%
2008	58,738	58,738	100%
2009	14,654	14,654	100%
2010	41,026	41,026	100%
2011	65,655	65,655	100%
2012	107,475	107,475	100%

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 12 - PENSION PLANS (Continued)**Defined Benefit Plan (Continued)****Three-Year Trend Information**

Plan Year Ended June 30,	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension (Asset)
2010	\$ 41,026	\$ 41,026	100%	\$ -
2011	65,655	65,655	100%	-
2012	107,475	107,475	100%	-

Additional Information and Actuarial Assumptions

Valuation date:	July 1, 2011
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Dollar Amount
Remaining amortization period:	20 years, open
Asset valuation method:	5-year Smoothed Market value
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases	4.0%

* Includes inflation at 3.0%

Plan Financial Statements**TOWN OF KILLINGLY, CONNECTICUT****STATEMENT OF PLAN NET ASSETS**

JUNE 30, 2012

	Pension Trust Fund
ASSETS	
Investments:	
Pooled separate accounts	\$ 4,086,354
Fixed income	461,915
Contributions receivable	107,475
Total assets	<u>4,655,744</u>
NET ASSETS	
Held in trust for pension benefits and other purposes <i>(see schedule of funding progress on page 59)</i>	<u>\$ 4,655,744</u>

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 12 - PENSION PLANS (Continued)**Defined Benefit Plan (Continued)****Plan Financial Statements (Continued)****TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 107,475
Employee	71,406
Total contributions	<u>178,881</u>
Investment earnings:	
Interest and dividends	103,350
Net decrease in the fair value of investments	<u>(25,818)</u>
Total investment earnings	77,532
Less: investment expense	<u>(13,177)</u>
Net investment income	<u>64,355</u>
Total additions	<u>243,236</u>
DEDUCTIONS	
Benefit payments	338,122
Administrative expenses	<u>39,568</u>
Total deductions	<u>377,690</u>
 Change in net assets	 (134,454)
 Net assets - beginning	 <u>4,790,198</u>
 Net assets - ending	 <u>\$ 4,655,744</u>

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 12 - PENSION PLANS (Continued)

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual Town basis. For the year ended June 30, 2012, Town teachers contributed \$1,152,264 to the plan and covered payroll for the year was \$15,893,297.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on behalf" payments of \$3,264,483 made by the State of Connecticut into the plan as intergovernmental revenues and education expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of governmental funds.

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Town of Killingly provides healthcare insurance benefits for eligible retirees and their spouses through a Blue Cross Blue Shield Medicare supplemental policy. The Town also provides a life insurance policy for eligible retirees through the Town's group life insurance policy, which covers both active and retired members.

Funding Policy

Contribution requirements of the plan members and the Town are established by and may be amended through negotiations between the Town and the union. Currently, Town employees who are department heads or supervisors who retire at age 65 with 25 years of service with the Town are eligible for the health insurance and life insurance benefits. Public works employees who retire at age 65 with 25 years of service with the Town are eligible for the life insurance benefit. The Town pays the premium cost for those who chose to participate. The Town finances the plan on a pay-as-you-go basis.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Town's annual OPEB cost and net OPEB obligation are primarily attributed to an implicit rate subsidy, whereby retirees are considered to be receiving a benefit from the Town for access to insurance rates offered to the Town's active employees. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

Annual required contribution	\$	810,700
Interest on net OPEB obligation		76,200
Adjustment to annual required contribution		(99,500)
Annual OPEB cost		787,400
Contributions made		(122,200)
Increase in net OPEB obligation		909,600
Net OPEB obligation, beginning of the year		1,692,900
Net OPEB obligation, end of the year	\$	2,602,500

Three-year Trend Information

Plan Year Ended June 30,	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
2010	\$ 781,900	\$ 183,400	23%	\$ 1,160,000
2011	783,900	251,000	32%	1,692,900
2012	787,400	122,200	16%	2,602,500

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011 (the date of the most recent actuarial valuation) was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Cost Method (B)	(Overfunded) Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2011	\$ -	\$ 9,244,200	\$ 9,244,200	0.0%	\$ 16,613,000	55.6%

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Funded Status and Funding Progress (Continued)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date:	July 1, 2011
Actuarial cost method:	Entry Age Actuarial Cost Method
Amortization method:	Level Percentage of Payroll
Remaining amortization period:	30 years
Asset valuation method:	Market Value
Actuarial assumptions:	
Investment rate of return	4.5%
Healthcare cost trend rate	10.0% initial 5.0% final

NOTE 14 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except health coverage. During 2012, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years.

The Health Insurance Fund, an internal service fund, was established to account for and finance employee medical benefits claims for eligible employees of both the Town and the Board of Education. The Town retains the risk of loss under the plan.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 14 - RISK MANAGEMENT (Continued)

A third party processes the claims filed under the self-insured health plan, for which the General Fund is charged an administrative fee. The General Fund also pays for a stop-loss policy for individual claims exceeding \$125,000 for the plan.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2012. Claims liabilities are recorded if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

A summary of claims activity for the years ended June 30, 2011 through June 30, 2012 is as follows:

Year Ended June 30,	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2011	\$ 570,671	\$ 7,254,456	\$ 7,293,165	\$ 531,962
2012	531,962	6,878,261	6,660,541	749,682

The Town is a member of the Connecticut Interlocal Risk Management Agency ("CIRMA"), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a of Connecticut General Statutes, for workers' compensation coverage.

NOTE 15 - COMMITMENTS AND CONTINGENCIES**Grants and Contracts**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Litigation

The Town is currently a defendant in a number of lawsuits. It is the opinion of Town officials and legal counsel that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially affect its financial position.

Encumbrances

As of June 30, 2012, the Town has recorded \$245,018 in encumbrances. Such encumbrances have been included in assigned fund balance.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 16 - RECENTLY ISSUED ACCOUNTING STANDARDS

The GASB has issued several new accounting standards that will become effective in future years. Management is currently evaluating the effect implementation of these standards, as applicable, will have on its financial statements. A summary of recently issued accounting standards that will become effective in future years is as follows:

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014 and early adoption is permitted.

The GASB has issued Statement No. 67, *Financial Reporting for Pension Plans - An amendment of GASB Statement No. 25*, which replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. The provisions in GASB 67 are effective for financial statements for periods beginning after June 15, 2013 and early adoption is permitted.

The GASB has issued Statement No. 66, *Technical Corrections - 2012*, which amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for 1) operating lease payments that vary from a straight-line basis, 2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and 3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The provisions in GASB 66 are effective for periods beginning after December 15, 2012 and early adoption is permitted.

The GASB has issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, GASB 65 recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The provisions of GASB 65 are effective for periods beginning after December 15, 2012 and early adoption is permitted.

TOWN OF KILLINGLY, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE 16 - RECENTLY ISSUED ACCOUNTING STANDARDS (Continued)

The GASB has issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). GASB 63 requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. GASB 63 also amends certain provisions of GASB Statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. The provisions of GASB 63 are effective for financial statements for periods beginning after December 15, 2011 and early adoption is permitted.

In December 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Statement No. 62 incorporates into the GASB authoritative literature certain accounting and financial reporting guidance that is included in FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The adoption of this standard has no retroactive or current impact on the Town's financial statements. The provisions of GASB 62 are effective for financial statements for periods beginning after December 15, 2011 and early adoption is permitted.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULES OF FUNDING PROGRESS (UNAUDITED)
JUNE 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age Normal (B) *	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
Defined Benefit Pension Plan						
July 1, 2006	\$ 4,618,037	\$ 4,207,000	\$ (411,037)	109.8%	\$ 1,808,417	-22.7%
July 1, 2007	5,172,703	4,405,610	(767,093)	117.4%	1,732,580	-44.3%
July 1, 2008	5,211,352	4,688,676	(522,676)	111.1%	1,794,187	-29.1%
July 1, 2009	4,910,437	4,690,019	(220,418)	104.7%	1,942,659	-11.3%
July 1, 2010	4,668,019	4,836,755	168,736	96.5%	1,864,225	9.1%
July 1, 2011	4,568,864	4,964,771	395,907	92.0%	1,997,041	19.8%

* The Accrued Actuarial Liability has been presented using the Entry Age Normal method for the July 1, 2011 actuarial valuation. Prior to July 1, 2011, the Accrued Actuarial Liability was calculated using the Frozen Initial Liability method.

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age Normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
Other Post-Employment Benefit Plan						
July 1, 2007	\$ -	\$ 9,174,300	\$ 9,174,300	0.0%	\$ 17,236,600	53.2%
July 1, 2009	-	9,531,900	9,531,900	0.0%	17,914,800	53.2%
July 1, 2011	-	9,244,200	9,244,200	0.0%	16,613,000	55.6%

GENERAL FUND

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS (Continued)
 JUNE 30, 2012

	General Fund	Water Utility	Revaluation	Insurance Reserve	Community Employment Incentive	Water Mitigation
ASSETS						
Cash and cash equivalents	\$ 10,898,898	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	3,059,074	-	-	-	-	-
Receivables:						
Property taxes, net	1,043,128	-	-	-	-	-
Grants and contracts	515,543	-	-	-	-	-
Other	97,520	-	-	-	-	-
Due from other funds	2,353,174	1,167,432	53,998	239,334	7,687	75,040
Other assets	124,156	-	-	-	-	-
Total assets	<u>\$ 18,091,493</u>	<u>\$ 1,167,432</u>	<u>\$ 53,998</u>	<u>\$ 239,334</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,179,880	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities:						
Salaries and benefits payable	168,644	-	-	-	-	-
Other accrued liabilities	37,607	-	-	-	-	-
Due to other funds	8,279,844	-	-	-	-	-
Due to others	10,425	-	-	-	-	-
Unearned/deferred revenue	876,190	-	-	-	-	-
Total liabilities	<u>10,552,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Committed to:						
General government	-	-	53,998	239,334	-	-
Public safety	-	-	-	-	-	-
Community development and human services	-	-	-	-	-	-
Assigned to:						
General government	51,104	-	-	-	-	-
Education	193,914	-	-	-	-	-
Compensated absences	125,891	-	-	-	-	-
Other post-employment benefits	338,580	-	-	-	-	-
Cell towers	137,770	-	-	-	-	-
Sewer extension	38,793	-	-	-	-	-
Landfill closure	119	-	-	-	-	-
Subsequent year budget	800,000	-	-	-	-	-
Unassigned	5,852,732	1,167,432	-	-	7,687	75,040
Total fund balances	<u>7,538,903</u>	<u>1,167,432</u>	<u>53,998</u>	<u>239,334</u>	<u>7,687</u>	<u>75,040</u>
Total liabilities and fund balances	<u>\$ 18,091,493</u>	<u>\$ 1,167,432</u>	<u>\$ 53,998</u>	<u>\$ 239,334</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS (Continued)
 JUNE 30, 2012

	Planning and Conservation	Demo and Relocation	Terecentennial	Civil War Monument	Biddy Basketball	Public Safety
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 924	\$ 177	\$ 1,396
Investments	-	-	-	2,673	513	4,040
Receivables:						
Property taxes, net	-	-	-	-	-	-
Grants and contracts	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	50,872	14,843	2,000	-	-	-
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 50,872</u>	<u>\$ 14,843</u>	<u>\$ 2,000</u>	<u>\$ 3,597</u>	<u>\$ 690</u>	<u>\$ 5,436</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities:						
Salaries and benefits payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Committed to:						
General government	-	14,843	-	-	-	-
Public safety	-	-	-	-	-	5,436
Community development and human services	-	-	-	-	-	-
Assigned to:						
General government	-	-	-	-	-	-
Education	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Other post-employment benefits	-	-	-	-	-	-
Cell towers	-	-	-	-	-	-
Sewer extension	-	-	-	-	-	-
Landfill closure	-	-	-	-	-	-
Subsequent year budget	-	-	-	-	-	-
Unassigned	50,872	-	2,000	3,597	690	-
Total fund balances	<u>50,872</u>	<u>14,843</u>	<u>2,000</u>	<u>3,597</u>	<u>690</u>	<u>5,436</u>
Total liabilities and fund balances	<u>\$ 50,872</u>	<u>\$ 14,843</u>	<u>\$ 2,000</u>	<u>\$ 3,597</u>	<u>\$ 690</u>	<u>\$ 5,436</u>

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS (Concluded)
JUNE 30, 2012

	Economic Development	Fuel System	Kelp	Earl Chandler	Eliminations	Combined General Fund
ASSETS						
Cash and cash equivalents	\$ 252,602	\$ 12,890	\$ 542	\$ 97	\$ -	\$ 11,167,526
Investments	-	37,291	1,569	-	-	3,105,160
Receivables:						
Property taxes, net	-	-	-	-	-	1,043,128
Grants and contracts	-	-	-	-	-	515,543
Other	-	-	-	-	-	97,520
Due from other funds	-	9,986	-	-	(1,621,192)	2,353,174
Other assets	-	-	-	-	-	124,156
Total assets	<u>\$ 252,602</u>	<u>\$ 60,167</u>	<u>\$ 2,111</u>	<u>\$ 97</u>	<u>\$ (1,621,192)</u>	<u>\$ 18,406,207</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,179,880
Accrued liabilities:						
Salaries and benefits payable	-	-	-	-	-	168,644
Other accrued liabilities	-	-	-	-	-	37,607
Due to other funds	-	-	-	-	(1,621,192)	6,658,652
Due to other funds	-	-	-	-	-	10,425
Unearned/deferred revenue	-	-	-	-	-	876,190
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,621,192)</u>	<u>8,931,398</u>
Fund Balances:						
Committed to:						
General government	-	-	-	-	-	308,175
Public safety	-	-	-	-	-	5,436
Community development and human services	-	60,167	-	-	-	60,167
Assigned to:						
General government	-	-	-	-	-	51,104
Education	-	-	-	-	-	193,914
Compensated absences	-	-	-	-	-	125,891
Other post-employment benefits	-	-	-	-	-	338,580
Cell towers	-	-	-	-	-	137,770
Sewer extension	-	-	-	-	-	38,793
Landfill closure	-	-	-	-	-	119
Subsequent year budget	-	-	-	-	-	800,000
Unassigned	<u>252,602</u>	<u>-</u>	<u>2,111</u>	<u>97</u>	<u>-</u>	<u>7,414,860</u>
Total fund balances	<u>252,602</u>	<u>60,167</u>	<u>2,111</u>	<u>97</u>	<u>-</u>	<u>9,474,809</u>
Total liabilities and fund balances	<u>\$ 252,602</u>	<u>\$ 60,167</u>	<u>\$ 2,111</u>	<u>\$ 97</u>	<u>\$ (1,621,192)</u>	<u>\$ 18,406,207</u>

TOWN OF KILLINGLY, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND ACCOUNTS (Continued)

JUNE 30, 2012

	General Fund	Water Utility	Revaluation	Insurance Reserve	Community Employment Incentive	Water Mitigation
REVENUES						
Property taxes	\$ 28,019,655	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	21,912,766	-	-	-	-	-
Licenses, permits and fees	265,054	-	-	-	-	-
Charges for services	2,093,204	-	-	-	-	-
Investment earnings	280,782	-	-	-	-	-
Miscellaneous	326,563	-	-	26,270	-	-
Total revenues	<u>52,898,024</u>	<u>-</u>	<u>-</u>	<u>26,270</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	1,846,210	-	-	74,046	-	-
Public works	1,996,029	-	-	-	-	-
Recreation and leisure	1,594,468	-	-	-	-	-
Public safety	943,416	-	-	-	-	-
Community development and human services	476,997	-	-	-	-	-
Education	41,301,709	-	-	-	-	-
Miscellaneous	2,169,645	-	-	-	-	-
Debt service:						
Principal payments	1,624,575	-	-	-	-	-
Interest and fiscal charges	1,123,772	-	-	-	-	-
Capital lease payments	449,177	-	-	-	-	-
Total expenditures	<u>53,525,998</u>	<u>-</u>	<u>-</u>	<u>74,046</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(627,974)	-	-	(47,776)	-	-
OTHER FINANCING SOURCES						
Premium from bond anticipation note	48,389	-	-	-	-	-
Transfers in	500,810	-	20,000	-	-	-
Transfers out	(1,259,870)	-	-	-	-	-
Total other financing sources	<u>(710,671)</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(1,338,645)	-	20,000	(47,776)	-	-
Fund balances (deficits) - beginning	8,877,548	1,167,432	33,998	287,110	7,687	75,040
Fund balances (deficits) - ending	<u>\$ 7,538,903</u>	<u>\$ 1,167,432</u>	<u>\$ 53,998</u>	<u>\$ 239,334</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>

TOWN OF KILLINGLY, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND ACCOUNTS (Continued)

JUNE 30, 2012

	Planning and Conservation	Demo and Relocation	Terecentennial	Civil War Monument	Biddy Basketball	Public Safety
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	1
Miscellaneous	-	2,000	-	-	-	-
Total revenues	-	2,000	-	-	-	1
EXPENDITURES						
Current:						
General government	-	50,788	-	-	-	-
Public works	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-
Public safety	-	-	-	-	-	1,530
Community development and human services	-	-	-	5	-	-
Education	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Debt service:						
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital lease payments	-	-	-	-	-	-
Total expenditures	-	50,788	-	5	-	1,530
Excess (deficiency) of revenues over expenditures	-	(48,788)	-	(5)	-	(1,529)
OTHER FINANCING SOURCES						
Premium from bond anticipation note	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Net changes in fund balances	-	(48,788)	-	(5)	-	(1,529)
Fund balances (deficits) - beginning	50,872	63,631	2,000	3,602	690	6,965
Fund balances (deficits) - ending	\$ 50,872	\$ 14,843	\$ 2,000	\$ 3,597	\$ 690	\$ 5,436

TOWN OF KILLINGLY, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND ACCOUNTS (Concluded)

JUNE 30, 2012

	Economic Development	Fuel System	Kelp	Earl Chandler	Eliminations	Combined General Fund
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,019,655
Intergovernmental	-	-	-	-	-	21,912,766
Licenses, permits and fees	-	-	-	-	-	265,054
Charges for services	561	-	-	-	-	2,093,765
Investment earnings	-	-	-	-	-	280,783
Miscellaneous	-	4,948	-	-	-	359,781
Total revenues	<u>561</u>	<u>4,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,931,804</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	1,971,044
Public works	-	750	-	-	-	1,996,779
Recreation and leisure	-	-	-	-	-	1,594,468
Public safety	-	-	-	-	-	944,946
Community development and human services	7,006	-	-	-	-	484,008
Education	-	-	-	-	-	41,301,709
Miscellaneous	-	-	-	-	-	2,169,645
Debt service:						
Principal payments	-	-	-	-	-	1,624,575
Interest and fiscal charges	-	-	-	-	-	1,123,772
Capital lease payments	-	-	-	-	-	449,177
Total expenditures	<u>7,006</u>	<u>750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,660,123</u>
Excess (deficiency) of revenues over expenditures	(6,445)	4,198	-	-	-	(728,319)
OTHER FINANCING SOURCES						
Premium from bond anticipation note	-	-	-	-	-	48,389
Transfers in	-	-	-	5	(20,000)	500,815
Transfers out	-	-	-	-	20,000	(1,239,870)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>(690,666)</u>
Net changes in fund balances	(6,445)	4,198	-	5	-	(1,418,985)
Fund balances (deficits) - beginning	<u>259,047</u>	<u>55,969</u>	<u>2,111</u>	<u>92</u>	<u>-</u>	<u>10,893,794</u>
Fund balances (deficits) - ending	<u>\$ 252,602</u>	<u>\$ 60,167</u>	<u>\$ 2,111</u>	<u>\$ 97</u>	<u>\$ -</u>	<u>\$ 9,474,809</u>

TOWN OF KILLINGLY, CONNECTICUT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PROPERTY TAXES				
Current taxes	\$ 27,182,433	\$ 27,248,350	\$ 27,137,130	\$ (111,220)
Prior years' taxes	635,000	635,000	535,916	(99,084)
Supplemental motor vehicle	163,261	163,261	158,150	(5,111)
Tax interest	300,000	300,000	240,968	(59,032)
Lien fees	11,000	11,000	11,092	92
Airplane tax	2,860	2,860	2,770	(90)
Phone access - SNETCO	70,984	70,984	84,224	13,240
Remediation financing	(150,595)	(150,595)	(150,595)	-
Total property taxes	28,214,943	28,280,860	28,019,655	(261,205)
INTERGOVERNMENTAL REVENUES				
State-owned property	254,219	254,219	254,323	104
Elderly tax relief - frozen	1,246	1,246	1,246	-
Elderly tax relief	164,425	164,425	142,214	(22,211)
Property tax relief	240,411	240,411	235,447	(4,964)
Disability exception	3,621	3,621	3,459	(162)
Property tax abatement	73,752	73,752	51,214	(22,538)
Boat tax (P.A. 81-423)	1,300	1,300	-	(1,300)
Veterans' exemption	9,546	9,546	8,974	(572)
Manufacturing equipment	567,638	567,638	560,853	(6,785)
School building grants	26,822	26,822	729	(26,093)
General assistance	240	240	300	60
Connecticard	8,000	8,000	8,143	143
Library grant	2,000	2,000	1,253	(747)
Adult education	112,664	112,664	111,921	(743)
Mashantucket Pequot fund	142,338	142,338	167,861	25,523
Education equalization grant	15,245,633	15,245,633	15,225,671	(19,962)
School transportation	213,181	213,181	255,934	42,753
Vocational agriculture	162,600	162,600	167,793	5,193
Nonpublic school - health services	29,221	29,221	31,338	2,117
Transportation - nonpublic	16,701	16,701	17,556	855
Medicare reimbursement	50,000	50,000	24,204	(25,796)
Total intergovernmental revenues	17,325,558	17,325,558	17,270,433	(55,125)
LICENSES, PERMITS AND FEES				
Building permit fees	100,000	100,000	223,319	123,319
Planning and zoning permits	40,000	40,000	24,110	(15,890)
Other permits	1,200	1,200	4,875	3,675
Library fines and fees	15,000	15,000	12,126	(2,874)
Animal control fines and fees	2,400	2,400	624	(1,776)
Total licenses, permits and fees	158,600	158,600	265,054	106,454

(Continued)

TOWN OF KILLINGLY, CONNECTICUT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND *(Concluded)*
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CHARGES FOR SERVICES				
Town clerk receipts	\$ 145,000	\$ 145,000	\$ 133,490	\$ (11,510)
Conveyance tax	100,000	100,000	62,531	(37,469)
Engineering	46,500	46,500	49,122	2,622
Elderly housing services	17,859	17,859	17,859	-
Recreation department	130,000	130,000	129,838	(162)
Tuition	1,760,344	1,760,344	1,700,364	(59,980)
Total charges for services	2,199,703	2,199,703	2,093,204	(106,499)
USE OF MONEY AND PROPERTY				
Investment income	65,000	65,000	146,986	81,986
Sewer plant lease	33,169	33,169	33,168	(1)
Communications tower lease	70,291	70,291	100,628	30,337
Total use of money and property	168,460	168,460	280,782	112,322
MISCELLANEOUS				
School capital contributions	108,868	108,868	152,259	43,391
Miscellaneous	86,846	86,846	174,304	87,458
Total miscellaneous	195,714	195,714	326,563	130,849
Total revenues	48,262,978	48,328,895	48,255,691	(73,204)
OTHER FINANCING SOURCES				
Appropriation of fund balance	800,000	1,485,000	-	(1,485,000)
Transfers in:				
Sewer Operating Fund	497,423	497,423	500,809	3,386
Louisa E. Day	80	80	1	(79)
Thomas J. Evans	25	25	-	(25)
Total other financing sources	1,297,528	1,982,528	500,810	(1,481,718)
Total revenues and other financing sources	\$ 49,560,506	\$ 50,311,423	\$ 48,756,501	\$ (1,554,922)
				<i>(Concluded)</i>

TOWN OF KILLINGLY, CONNECTICUT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -

BUDGETARY BASIS - GENERAL FUND (Continued)

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
GENERAL GOVERNMENT				
Town Council:				
Personal services	\$ 6,750	\$ 6,750	\$ 6,625	\$ (125)
Contractual services	37,350	37,350	30,951	(6,399)
Material and supplies	1,700	1,700	1,700	-
Total town council	45,800	45,800	39,276	(6,524)
Town Manager:				
Personal services	186,725	195,404	195,402	(2)
Contractual services	31,250	27,040	14,298	(12,742)
Material and supplies	3,000	3,000	2,726	(274)
Total town manager	220,975	225,444	212,426	(13,018)
Legal Services:				
Contractual services	101,240	101,240	96,736	(4,504)
Total legal services	101,240	101,240	96,736	(4,504)
Town Clerk:				
Personnel services	127,320	130,267	129,720	(547)
Contractual services	34,600	34,600	24,955	(9,645)
Material and supplies	2,400	2,400	2,256	(144)
Total town clerk	164,320	167,267	156,931	(10,336)
Finance:				
Personal services	176,612	179,276	177,736	(1,540)
Contractual services	67,650	67,650	65,993	(1,657)
Material and supplies	1,800	1,800	1,739	(61)
Total finance	246,062	248,726	245,468	(3,258)
Assessor:				
Personal services	143,799	146,135	145,436	(699)
Contractual services	14,897	14,897	12,114	(2,783)
Materials and supplies	1,970	1,970	1,653	(317)
Total revenue collection	160,666	163,002	159,203	(3,799)
Revenue Collection:				
Personal services	169,560	173,142	173,040	(102)
Contractual services	36,379	36,639	36,635	(4)
Material and supplies	2,150	2,150	2,079	(71)
Total revenue collection	208,089	211,931	211,754	(177)
(Continued)				

(Continued)

TOWN OF KILLINGLY, CONNECTICUT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -

BUDGETARY BASIS - GENERAL FUND (Continued)

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
GENERAL GOVERNMENT (Continued)				
Registration and Elections:				
Personal services	\$ 58,980	\$ 58,980	\$ 37,590	\$ (21,390)
Contractual services	25,780	25,780	17,048	(8,732)
Material and supplies	1,430	1,430	634	(796)
Total registration and elections	86,190	86,190	55,272	(30,918)
Town Boards and Commissions:				
Contractual services	80,946	80,946	80,447	(499)
Total town boards and commissions	80,946	80,946	80,447	(499)
Planning and Development:				
Personal services	182,121	184,647	184,644	(3)
Contractual services	10,750	10,600	8,125	(2,475)
Material and supplies	2,950	2,950	2,315	(635)
Total planning and development	195,821	198,197	195,084	(3,113)
Data Processing:				
Contractual services	103,950	103,950	103,066	(884)
Material and supplies	1,500	1,500	400	(1,100)
Total data processing	105,450	105,450	103,466	(1,984)
Town Hall:				
Personal services	35,280	36,194	36,194	-
Contractual services	67,200	82,220	82,214	(6)
Material and supplies	6,200	5,060	5,053	(7)
Total town hall	108,680	123,474	123,461	(13)
Economic Development				
Personal services	105,260	107,669	107,669	-
Contractual services	12,725	12,935	12,931	(4)
Material and supplies	1,000	1,020	1,020	-
Total economic development	118,985	121,624	121,620	(4)
Total general government	1,843,224	1,879,291	1,801,144	(78,147)
PUBLIC WORKS				
Supervision:				
Personal services	193,642	193,642	193,025	(617)
Contractual services	10,730	10,730	8,702	(2,028)
Material and supplies	2,050	2,050	1,351	(699)
Total supervision	206,422	206,422	203,078	(3,344)
(Continued)				

(Continued)

TOWN OF KILLINGLY, CONNECTICUT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -

BUDGETARY BASIS - GENERAL FUND (Continued)

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
PUBLIC WORKS (Continued)				
Engineering:				
Personal services	\$ 282,371	\$ 285,260	\$ 284,430	\$ (830)
Contractual services	9,400	9,020	8,149	(871)
Material and supplies	4,200	4,580	4,580	-
Total engineering	295,971	298,860	297,159	(1,701)
Central Garage:				
Personal services	142,440	139,940	139,932	(8)
Contractual services	83,350	93,320	93,310	(10)
Material and supplies	237,000	289,250	289,244	(6)
Total central garage	462,790	522,510	522,486	(24)
Highways:				
Personal services	743,070	743,070	724,942	(18,128)
Contractual services	55,700	55,700	47,107	(8,593)
Material and supplies	108,000	108,000	82,556	(25,444)
Total highways	906,770	906,770	854,605	(52,165)
Winter Maintenance:				
Personal services	95,000	95,000	41,463	(53,537)
Contractual services	7,000	7,000	2,064	(4,936)
Material and supplies	156,000	76,760	33,448	(43,312)
Total winter maintenance	258,000	178,760	76,975	(101,785)
Total public works	2,129,953	2,113,322	1,954,303	(159,019)
RECREATION AND LEISURE				
Recreation:				
Personal services	370,092	378,387	378,382	(5)
Contractual services	89,000	76,720	67,251	(9,469)
Material and supplies	29,000	36,025	36,021	(4)
Total recreation	488,092	491,132	481,654	(9,478)
Park Development and Maintenance:				
Personal services	169,325	163,795	158,551	(5,244)
Contractual services	62,450	54,520	54,513	(7)
Material and supplies	43,800	43,800	43,598	(202)
Capital outlay	-	-	-	-
Total park development and maintenance	275,575	262,115	256,662	(5,453)
Public Library:				
Personal services	415,724	423,166	414,538	(8,628)
Contractual services	249,434	251,584	251,583	(1)
Material and supplies	14,000	14,000	13,898	(102)
Total public library	679,158	688,750	680,019	(8,731)
				(Continued)

TOWN OF KILLINGLY, CONNECTICUT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -

BUDGETARY BASIS - GENERAL FUND *(Continued)*

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
RECREATION AND LEISURE <i>(Continued)</i>				
Special Communities Activities:				
Contractual services	\$ 17,625	\$ 22,625	\$ 21,579	\$ (1,046)
Total special communities activities	17,625	22,625	21,579	(1,046)
Community Center:				
Personal services	28,085	27,121	27,112	(9)
Contractual services	92,750	110,810	110,798	(12)
Material and supplies	11,700	9,150	9,129	(21)
Total community center	132,535	147,081	147,039	(42)
Other Town Buildings:				
Contractual services	13,325	13,325	13,292	(33)
Material and supplies	500	500	104	(396)
Total other town buildings	13,825	13,825	13,396	(429)
Total recreation and leisure	1,606,810	1,625,528	1,600,349	(25,179)
PUBLIC SAFETY				
Building Inspector:				
Personal services	161,480	165,827	165,824	(3)
Contractual services	10,150	7,255	6,260	(995)
Material and supplies	5,800	6,495	6,491	(4)
Total building inspector	177,430	179,577	178,575	(1,002)
Animal Control:				
Contractual services	53,484	53,484	53,484	-
Material and supplies	500	500	189	(311)
Total animal control	53,984	53,984	53,673	(311)
Law Enforcement:				
Personal services	29,245	29,909	29,899	(10)
Contractual services	534,207	679,257	679,256	(1)
Material and supplies	1,650	1,715	1,713	(2)
Total law enforcement	565,102	710,881	710,868	(13)
Total public safety	796,516	944,442	943,116	(1,326)
COMMUNITY DEVELOPMENT AND HUMAN SERVICES				
Community Development:				
Personal services	58,164	60,248	60,243	(5)
Contractual services	6,750	5,990	1,444	(4,546)
Material and supplies	400	400	236	(164)
Total community development	65,314	66,638	61,923	(4,715)

(Continued)

TOWN OF KILLINGLY, CONNECTICUT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -

BUDGETARY BASIS - GENERAL FUND (Concluded)

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
COMMUNITY DEVELOPMENT AND HUMAN SERVICES (Continued)				
Human Services Subsidies:				
Contractual services	\$ 425,373	\$ 425,373	\$ 415,074	\$ (10,299)
Total human service subsidies	425,373	425,373	415,074	(10,299)
Total community development and human services	490,687	492,011	476,997	(15,014)
BOARD OF EDUCATION	36,470,959	37,036,876	36,752,668	(284,208)
MISCELLANEOUS				
Employee benefits - contractual services	1,499,220	1,504,026	1,503,817	(209)
Insurance - contractual services	535,000	559,000	557,328	(1,672)
Contingencies	257,500	131,290	93,500	(37,790)
Total miscellaneous	2,291,720	2,194,316	2,154,645	(39,671)
DEBT SERVICE				
Principal payments	1,624,575	1,624,575	1,624,575	-
Interest and fiscal charges	1,044,590	1,044,590	1,020,043	(24,547)
Lease payments	70,000	70,000	70,000	-
Debt issuance costs	5,000	5,000	-	(5,000)
Total debt service	2,744,165	2,744,165	2,714,618	(29,547)
Total expenditures	48,374,034	49,029,951	48,397,840	(632,111)
OTHER FINANCING USES				
Transfers out:				
Capital reserve fund	45,000	45,000	45,000	-
Capital nonrecurring fund	395,240	395,240	395,240	-
Capital projects fund	-	95,000	130,000	35,000
Insurance reserve fund	15,000	15,000	15,000	-
Solid waste fund	197,500	197,500	197,500	-
Revaluation fund	61,602	61,602	61,602	-
Education capital nonrecurring fund	472,130	472,130	472,130	-
Total other financing uses	1,186,472	1,281,472	1,316,472	35,000
Total expenditures and other financing uses	\$ 49,560,506	\$ 50,311,423	\$ 49,714,312	\$ (597,111)

(Concluded)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2012

Grand List Year	Uncollected Taxes July 1, 2011	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2012
			Additions	Deletions			Taxes	Interest	Liens	
2010	\$ -	\$ 28,023,164	\$ 34,556	\$ 52,106	\$ 440	28,005,174	\$ 27,398,276	\$ 96,032	\$ 3,505	\$ 606,898
2009	623,731	-	21,734	7,522	3,329	634,614	381,010	70,857	5,444	253,604
2008	205,918	-	9,536	2,059	6,440	206,955	94,872	33,765	1,223	112,083
2007	107,145	-	700	875	7,654	99,316	42,774	19,837	708	56,542
2006	59,412	-	1,235	371	22,719	37,557	9,228	6,866	200	28,329
2005	40,484	-	1,705	485	21,807	19,897	441	1,973	-	19,456
2004	19,957	-	1,552	-	10,024	11,485	1,978	2,430	6	9,507
2003	9,340	-	1,191	-	4,762	5,769	1,960	2,534	-	3,809
2002	4,804	-	803	-	1,979	3,628	1,233	1,644	-	2,395
2001	1,580	-	347	-	200	1,727	383	685	-	1,344
2000	1,539	-	173	-	107	1,605	266	539	6	1,339
1999	1,605	-	570	-	-	2,175	688	1,189	-	1,487
1998	973	-	348	-	-	1,321	348	791	-	973
1997	737	-	368	-	-	1,105	368	871	-	737
1996	1,176	-	368	-	551	993	368	953	-	625
	<u>\$ 1,078,401</u>	<u>\$ 28,023,164</u>	<u>\$ 75,186</u>	<u>\$ 63,418</u>	<u>\$ 80,012</u>	<u>\$ 29,033,321</u>	<u>\$ 27,934,193</u>	<u>\$ 240,966</u>	<u>\$ 11,092</u>	<u>\$ 1,099,128</u>

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2012

Total cash collections for the year ended

June 30, 2012:

Taxes	\$ 27,934,193
Interest and lien fees	252,058
Total	<u>28,186,251</u>

Reimbursement for revenue loss:

Tax relief for elderly freeze (CGS 12-129d)	1,246
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Base

\$ 28,187,497

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 63,421,868	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	126,843,737	-	-	-
3-3/4 times base	-	-	105,703,114	-	-
3-1/4 times base	-	-	-	91,609,365	-
3 times base	-	-	-	-	84,562,491
Total debt limitation	<u>63,421,868</u>	<u>126,843,737</u>	<u>105,703,114</u>	<u>91,609,365</u>	<u>84,562,491</u>
Indebtedness:					
Bonds and notes payable	2,968,840	20,247,039	2,776,796	-	-
Authorized, unissued bonds	-	5,518,666	4,241,000	-	-
Bond anticipation note payable	-	-	9,900,000	-	-
Total indebtedness	<u>2,968,840</u>	<u>25,765,705</u>	<u>16,917,796</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 60,453,028</u>	<u>\$ 101,078,032</u>	<u>\$ 88,785,318</u>	<u>\$ 91,609,365</u>	<u>\$ 84,562,491</u>
Total capacity of borrowing (7 times base)	\$ 197,312,479				
Total present indebtedness	<u>45,652,341</u>				
Margin for additional borrowing	<u>\$ 151,660,138</u>				

See accompanying Report of Independent Certified Public Accountants

CAPITAL IMPROVEMENTS FUND

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2012
	Balance June 30, 2011	Current Year Appropriations	Balance June 30, 2012	Balance June 30, 2011	Expenditures	Balance June 30, 2012	
Owen Bell Phase II	\$ 688,615	\$ -	\$ 688,615	\$ 688,065	\$ -	\$ 688,065	\$ 550
Guide Rail Replacement	347,500	20,000	367,500	341,478	25,000	366,478	1,022
Sidewalks	360,034	-	360,034	331,397	453	331,850	28,184
Alexanders Lake Sewer	2,205,000	-	2,205,000	2,173,447	-	2,173,447	31,553
Spot Drainage	215,500	-	215,500	163,351	-	163,351	52,149
Putnam Road/Five Mile	1,125,000	-	1,125,000	1,034,488	-	1,034,488	90,512
Landfill Closure	2,800,000	-	2,800,000	2,548,502	180,143	2,728,645	71,355
Killingly Industrial Park	20,848	-	20,848	15,543	-	15,543	5,305
Industrial Park Expansion	182,500	-	182,500	172,812	-	172,812	9,688
Cook Hill Road	680,000	-	680,000	676,182	-	676,182	3,818
KIS Athletic/Recreation Fields	190,000	-	190,000	181,472	-	181,472	8,528
WPCA Odor Control	4,380,553	-	4,380,553	4,097,727	-	4,097,727	282,826
Quinebaug River Bike	1,888,925	-	1,888,925	1,719,127	3	1,719,130	169,795
Geographic Info System	550,000	-	550,000	538,135	-	538,135	11,865
DPW Bay Expansion	246,000	-	246,000	41,327	-	41,327	204,673
Mechanic Street	117,000	-	117,000	92,701	-	92,701	24,299
Vo-Ag Classroom Remodeling and Equipment	1,000,000	-	1,000,000	997,331	-	997,331	2,669
KMS Modular Units	600,000	-	600,000	583,032	-	583,032	16,968
Bugbee Building	101,000	-	101,000	100,349	-	100,349	651
Anchor Glass Prop MDP	354,700	-	354,700	66,782	-	66,782	287,918
Town Prop/Nonpay Taxes	31,600	-	31,600	30,066	-	30,066	1,534
KIS Fire Protect System Replacement	1,100,000	-	1,100,000	843,144	-	843,144	256,856
WPCA - BNR Study A	237,711	-	237,711	199,211	-	199,211	38,500
WPCA - Collections System B	214,693	-	214,693	165,247	-	165,247	49,446
Goodyear Early Childhood Center	30,000	-	30,000	-	-	-	30,000
Mashentuck Road - Phase II	301,488	-	301,488	251,043	-	251,043	50,445
Water Street Redevelopment Project	153,987	-	153,987	151,376	2,611	153,987	-
Land Use Management System	45,000	-	45,000	39,890	-	39,890	5,110
Industrial Park Sign	20,000	-	20,000	13,400	-	13,400	6,600
WPCA - Sewer Relining/Replacement	520,000	-	520,000	497,143	22,857	520,000	-
High School/Vo-Ag	81,265,000	-	81,265,000	79,864,604	320,185	80,184,789	1,080,211
KHS Asbestos Abatement	237,445	-	237,445	237,362	-	237,362	83
Armory Roof	33,000	-	33,000	28,676	-	28,676	4,324
Pratt/Ledge Roads	170,000	10,000	180,000	10,884	-	10,884	169,116
Lake Road Phase II	176,000	-	176,000	148,716	-	148,716	27,284
Fuel Oil Tank Removal/Replacement	25,000	-	25,000	11,004	-	11,004	13,996
KCC Theatre Lighting	29,043	-	29,043	24,867	-	24,867	4,176
Slater Hill Road Bridge	450,177	109,559	559,736	590,673	27,932	618,605	(58,869)
Breakneck Hill Road	889,268	336,657	1,225,925	787,685	436,769	1,224,454	1,471
Library - Engineering and Design HVAC	25,000	-	25,000	24,415	585	25,000	-
Mechanic Street - Engineering and Design	85,000	(84,571)	429	429	-	429	-
North Street - Engineering and Design	75,000	(75,000)	-	-	-	-	-
Voting Machines	17	-	17	17	-	17	-

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS - CAPITAL IMPROVEMENT FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2012
	Balance June 30, 2011	Current Year Appropriations	Balance June 30, 2012	Balance June 30, 2011	Expenditures	Balance June 30, 2012	
Street Tree Replacement	\$ 10,000	\$ -	\$ 10,000	\$ 3,379	\$ 348	\$ 3,727	\$ 6,273
Parks and Open Spaces	5,000	-	5,000	-	-	-	5,000
Davis Park Improvements	10,000	-	10,000	6,476	-	6,476	3,524
Salt Storage Facilities	50,000	-	50,000	192	-	192	49,808
River Road Bridge Rehabilitation	300,000	(105,159)	194,841	107,560	74,988	182,548	12,293
Rock Avenue Bridge	774,600	(40,000)	734,600	217,661	-	217,661	516,939
Rock Avenue	150,000	-	150,000	19,506	6,700	26,206	123,794
Chestnut Hill Road Bridge	222,000	(141,486)	80,514	30,514	-	30,514	50,000
Chestnut Hill Bridge	1,008,000	-	1,008,000	1,008,000	-	1,008,000	-
Bugbee Bldg Ext Restoration	25,000	-	25,000	25,000	-	25,000	-
Splash Park, Skate Board Park	62,124	35,000	97,124	40,493	3,168	43,661	53,463
KCC Gym Floor	15,750	-	15,750	-	-	-	15,750
Library - Engineering and Design HVAC	150,000	33,135	183,135	173,320	1,281	174,601	8,534
Goodyear Roof (New Wing)	19,563	-	19,563	22,163	-	22,163	(2,600)
Garage Office Ventilation	4,867	-	4,867	4,867	-	4,867	-
Office Furn: Assessor & Revenue	10,000	-	10,000	10,000	-	10,000	-
Town Hall Roof Replacement	30,000	-	30,000	30,410	-	30,410	(410)
Town Hall (LOCIP)	362,599	-	362,599	362,599	-	362,599	-
WPCA Capital Projects-08	300,000	-	300,000	300,001	-	300,001	(1)
Sewer- Reline and Replace	400,000	-	400,000	15,246	-	15,246	384,754
Cat Hollow Park Dev	15,000	-	15,000	-	-	-	15,000
Franklin St. Wall/Sidewalks	5,000	-	5,000	1,172	-	1,172	3,828
Franklin St.	42,500	-	42,500	22,483	-	22,483	20,017
Town Hall Boiler	175,000	-	175,000	153,583	7,541	161,124	13,876
WPCA Capital Projects- 09	105,000	-	105,000	105,000	-	105,000	-
Road Renewal	131,344	-	131,344	131,344	-	131,344	-
Bugbee Bldg - Roof/Gutters	50,000	-	50,000	44,875	-	44,875	5,125
Rock Avenue Bridge	3,870,000	-	3,870,000	1,934,695	279,142	2,213,837	1,656,163
Slater Hill Road Bridge	284,266	-	284,266	225,397	-	225,397	58,869
Fire Alarm System Replacement	25,983	-	25,983	22,753	-	22,753	3,230
Public Library Roof	85,000	17,650	102,650	84,234	18,755	102,989	(339)
WPCA Capital Project	200,000	-	200,000	139,906	34,659	174,565	25,435
Lake Road/Louisa Viens Improvement	80,000	50,000	130,000	1,221	-	1,221	128,779
TA Road Renewal	100,500	-	100,500	34,845	54,683	89,528	10,972
HVAC System Renovation Phase II	113,050	471	113,521	88,053	16,632	104,685	8,836
Sanitary Sewer Line Replacement	7,741,000	-	7,741,000	1,280,523	3,003,809	4,284,332	3,456,668
Chiller - Old High School	7,000	-	7,000	4,675	-	4,675	2,325
Lake Road ARRA	558,900	-	558,900	235,415	122,366	357,781	201,119
Road Renewal 2011	110,000	-	110,000	-	2,781	2,781	107,219
WPCA Capital Projects 2010-2011	250,000	-	250,000	29,535	156,404	185,939	64,061
Town Hall Building Improvement	133,000	-	133,000	8,500	75,347	83,847	49,153
David Avenue Extension	-	95,000	95,000	-	850	850	94,150
Footbridge Rehab	-	250,000	250,000	1,979	239,027	241,006	8,994

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS - CAPITAL IMPROVEMENT FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2012

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2012
	Balance June 30, 2011	Current Year Appropriations	Balance June 30, 2012	Balance June 30, 2011	Expenditures	Balance June 30, 2012	
Killingly Community Center Boiler	\$ -	\$ 60,000	\$ 60,000	\$ 6,000	\$ 59,072	\$ 65,072	\$ (5,072)
Sewer Replacement 10-11	100,000	-	100,000	-	-	-	100,000
Town Hall Security Cameras	-	30,000	30,000	-	29,985	29,985	15
Library Security Cameras	-	35,000	35,000	-	34,962	34,962	38
Highway Garage Truck Wash/Bay	-	50,000	50,000	-	-	-	50,000
Bugbee Bldg Interior Renovations	-	50,000	50,000	-	-	-	50,000
River Road Bridges	-	3,150,000	3,150,000	-	862,400	862,400	2,287,600
WPCA Capital Projects 2011-2012	-	500,000	500,000	-	36,461	36,461	463,539
Road Renewal TA 2012	-	110,000	110,000	-	-	-	110,000
Town Hall Front Steps	-	35,000	35,000	-	5,786	5,786	29,214
Library ADA Compliance Door	-	10,000	10,000	-	7,836	7,836	2,164
Highway Garage Roof	-	40,000	40,000	-	-	-	40,000
Spot Drainage (TA)	-	20,000	20,000	-	-	-	20,000
Ext Door / Transom Systems KMS/KCS	-	300,350	300,350	-	-	-	300,350
	<u>\$ 122,259,650</u>	<u>\$ 4,901,606</u>	<u>\$ 127,161,256</u>	<u>\$ 107,416,675</u>	<u>\$ 6,151,521</u>	<u>\$ 113,568,196</u>	<u>\$ 13,593,060</u>

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF KILLINGLY, CONNECTICUT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)

JUNE 30, 2012

	Nonmajor Special Revenue Funds					
	School Cafeteria Fund	Educational Grants Fund	Community Development Block Grant Fund	Town Aid Road Fund	Workplace Substance Abuse Grant	Recreation Revolving Fund
ASSETS						
Cash and cash equivalents	\$ 292,014	\$ 710,302	\$ 248,428	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	91,558	5,893	-	-	-	-
Other	(534)	-	-	-	-	-
Due from other funds	-	421	-	342,315	5,167	6,784
Inventories	17,054	-	-	-	-	-
Total assets	<u>\$ 400,092</u>	<u>\$ 716,616</u>	<u>\$ 248,428</u>	<u>\$ 342,315</u>	<u>\$ 5,167</u>	<u>\$ 6,784</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Accounts payable	\$ -	\$ 34,095	\$ 4,162	\$ -	\$ -	\$ -
Accrued liabilities:						
Due to other funds	596,936	631,195	-	-	-	-
Unearned/deferred revenue	1,213	51,326	194,994	342,315	-	-
Total liabilities	<u>598,149</u>	<u>716,616</u>	<u>199,156</u>	<u>342,315</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):						
Nonspendable:						
Inventories	17,054	-	-	-	-	-
Permanent funds principal	-	-	-	-	-	-
Restricted for:						
Grant proceeds	-	-	49,272	-	5,167	-
Special reserves - external	-	-	-	-	-	-
Committed to:						
Public safety	-	-	-	-	-	-
Community development and human services	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	6,784
Education	-	-	-	-	-	-
Capital and nonrecurring	-	-	-	-	-	-
Assigned to:						
Unassigned	(215,111)	-	-	-	-	-
Total fund balances (deficits)	<u>(198,057)</u>	<u>-</u>	<u>49,272</u>	<u>-</u>	<u>5,167</u>	<u>6,784</u>
Total liabilities and fund balances (deficits)	<u>\$ 400,092</u>	<u>\$ 716,616</u>	<u>\$ 248,428</u>	<u>\$ 342,315</u>	<u>\$ 5,167</u>	<u>\$ 6,784</u>

TOWN OF KILLINGLY, CONNECTICUT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)

JUNE 30, 2012

	Nonmajor Special Revenue Funds					
	Public Investment Community Grant in Aid Fund	Miscellaneous Special Revenue	Law Enforcement	Historic Preservation Fund	Solid Waste Fund	Armory Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ 616,886	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	-	-	-	-	-	-
Other	-	-	-	-	2,500	-
Due from other funds	5,324	150,191	-	25,302	9,367	37,250
Inventories	-	-	-	-	-	-
Total assets	<u>\$ 5,324</u>	<u>\$ 767,077</u>	<u>\$ -</u>	<u>\$ 25,302</u>	<u>\$ 11,867</u>	<u>\$ 37,250</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Accounts payable	\$ -	\$ 9,101	\$ -	\$ -	\$ 3,197	\$ -
Accrued liabilities:						
Due to other funds	-	340,374	-	-	-	-
Unearned/deferred revenue	-	-	-	-	30,660	-
Total liabilities	<u>-</u>	<u>349,475</u>	<u>-</u>	<u>-</u>	<u>33,857</u>	<u>-</u>
Fund Balances (Deficits):						
Nonspendable:						
Inventories	-	-	-	-	-	-
Permanent funds principal	-	-	-	-	-	-
Restricted for:						
Grant proceeds	5,324	-	-	25,302	-	-
Special reserves - external	-	-	-	-	-	-
Committed to:						
Public safety	-	-	-	-	-	37,250
Community development and human services	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-
Education	-	417,602	-	-	-	-
Capital and nonrecurring	-	-	-	-	-	-
Assigned to:						
Unassigned	-	-	-	-	(21,990)	-
Total fund balances (deficits)	<u>5,324</u>	<u>417,602</u>	<u>-</u>	<u>25,302</u>	<u>(21,990)</u>	<u>37,250</u>
Total liabilities and fund balances (deficits)	<u>\$ 5,324</u>	<u>\$ 767,077</u>	<u>\$ -</u>	<u>\$ 25,302</u>	<u>\$ 11,867</u>	<u>\$ 37,250</u>

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2012

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects Funds		
	Library Operating	Community Outdoor Beautification	Total	Industrial Park	Capital Nonrecurring Fund	Capital Reserve Fund
ASSETS						
Cash and cash equivalents	\$ 4,185	\$ 3,753	\$ 1,875,568	\$ 433,037	\$ -	\$ -
Investments	-	21,085	21,085	-	-	-
Receivables:						
Grants and contracts	-	-	97,451	-	-	-
Other	-	-	1,966	-	-	2,927
Due from other funds	-	74,705	656,826	7,954	3,645,398	572,766
Inventories	-	-	17,054	-	-	-
Total assets	<u>\$ 4,185</u>	<u>\$ 99,543</u>	<u>\$ 2,669,950</u>	<u>\$ 440,991</u>	<u>\$ 3,645,398</u>	<u>\$ 575,693</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 50,555	\$ -	\$ -	\$ 180
Accrued liabilities:						
Due to other funds	-	-	1,568,505	-	-	-
Unearned/deferred revenue	-	-	620,508	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>2,239,568</u>	<u>-</u>	<u>-</u>	<u>180</u>
Fund Balances (Deficits):						
Nonspendable:						
Inventories	-	-	17,054	-	-	-
Permanent funds principal	-	-	-	-	-	-
Restricted for:						
Grant proceeds	-	-	85,065	-	-	-
Special reserves - external	-	-	-	-	-	-
Committed to:						
Public safety	-	-	37,250	-	-	-
Community development and human services	-	99,543	99,543	-	-	-
Recreation and leisure	4,185	-	10,969	-	-	-
Education	-	-	417,602	-	-	-
Capital and nonrecurring	-	-	-	440,991	3,645,398	575,513
Assigned to:						
Unassigned	-	-	(237,101)	-	-	-
Total fund balances (deficits)	<u>4,185</u>	<u>99,543</u>	<u>430,382</u>	<u>440,991</u>	<u>3,645,398</u>	<u>575,513</u>
Total liabilities and fund balances (deficits)	<u>\$ 4,185</u>	<u>\$ 99,543</u>	<u>\$ 2,669,950</u>	<u>\$ 440,991</u>	<u>\$ 3,645,398</u>	<u>\$ 575,693</u>

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Concluded)
 JUNE 30, 2012

	Nonmajor Capital Projects Funds					Permanent Trust Funds	Total Nonmajor Governmental Funds
	Open Space Acquisition Fund	State Line Road Improvement	Pettingill Hill Road Improvement	Benefit Assessment	Total		
ASSETS							
Cash and cash equivalents	\$ -	\$ 2,172	\$ 83	\$ 4,288	\$ 439,580	\$ 168,270	\$ 2,483,418
Investments	-	6,286	241	12,409	18,936	409,893	449,914
Receivables:							
Grants and contracts	-	-	-	-	-	-	97,451
Other	-	-	-	-	2,927	-	4,893
Due from other funds	162,925	-	-	-	4,389,043	48,437	5,094,306
Inventories	-	-	-	-	-	-	17,054
Total assets	<u>\$ 162,925</u>	<u>\$ 8,458</u>	<u>\$ 324</u>	<u>\$ 16,697</u>	<u>\$ 4,850,486</u>	<u>\$ 626,600</u>	<u>\$ 8,147,036</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 180	\$ -	\$ 50,735
Accrued liabilities:							
Due to other funds	-	-	-	-	-	-	1,568,505
Unearned/deferred revenue	-	-	-	-	-	-	620,508
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180</u>	<u>-</u>	<u>2,239,748</u>
Fund Balances (Deficits):							
Nonspendable:							
Inventories	-	-	-	-	-	-	17,054
Permanent funds principal	-	-	-	-	-	119,630	119,630
Restricted for:							
Grant proceeds	-	-	-	-	-	-	85,065
Special reserves - external	-	-	-	-	-	506,970	506,970
Committed to:							
Public safety	-	-	-	-	-	-	37,250
Community development and human services	-	-	-	-	-	-	99,543
Recreation and leisure	-	-	-	-	-	-	10,969
Education	-	-	-	-	-	-	417,602
Capital and nonrecurring	162,925	8,458	324	16,697	4,850,306	-	4,850,306
Assigned to:							
Unassigned	-	-	-	-	-	-	(237,101)
Total fund balances (deficits)	<u>162,925</u>	<u>8,458</u>	<u>324</u>	<u>16,697</u>	<u>4,850,306</u>	<u>626,600</u>	<u>5,907,288</u>
Total liabilities and fund balances (deficits)	<u>\$ 162,925</u>	<u>\$ 8,458</u>	<u>\$ 324</u>	<u>\$ 16,697</u>	<u>\$ 4,850,486</u>	<u>\$ 626,600</u>	<u>\$ 8,147,036</u>

TOWN OF KILLINGLY, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)

NONMAJOR GOVERNMENTAL FUNDS (Continued)

FOR THE YEAR ENDED JUNE 30, 2012

	Nonmajor Special Revenue Funds					
	School Cafeteria Fund	Educational Grants Fund	Community Development Block Grant Fund	Town Aid Road Fund	Workplace Substance Abuse Grant	Recreation Revolving Fund
REVENUES						
Intergovernmental	\$ 632,586	\$ 2,268,690	\$ 776,761	\$ 57,464	\$ -	\$ -
Charges for services	380,175	-	-	-	-	9,531
Investment earnings	278	-	-	-	-	-
Miscellaneous	68,686	-	23,201	-	-	-
Total revenues	<u>1,081,725</u>	<u>2,268,690</u>	<u>799,962</u>	<u>57,464</u>	<u>-</u>	<u>9,531</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	18,430
Public safety	-	-	-	-	-	-
Community development and human services	-	-	796,378	-	-	-
Education	1,089,276	2,268,690	-	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	<u>1,089,276</u>	<u>2,268,690</u>	<u>796,378</u>	<u>-</u>	<u>-</u>	<u>18,430</u>
Excess (deficiency) of revenues over expenditures	(7,551)	-	3,584	57,464	-	(8,899)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(57,464)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,464)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(7,551)	-	3,584	-	-	(8,899)
Fund balances (deficits) - beginning	<u>(190,506)</u>	<u>-</u>	<u>45,688</u>	<u>-</u>	<u>5,167</u>	<u>15,683</u>
Fund balances (deficits) - ending	<u>\$ (198,057)</u>	<u>\$ -</u>	<u>\$ 49,272</u>	<u>\$ -</u>	<u>\$ 5,167</u>	<u>\$ 6,784</u>

TOWN OF KILLINGLY, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)

NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

FOR THE YEAR ENDED JUNE 30, 2012

	Nonmajor Special Revenue Funds					
	Public Investment Community Grant in Aid Fund	Miscellaneous Special Revenue	Law Enforcement	Historic Preservation Fund	Solid Waste Fund	Armory Fund
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 64,237	\$ 3,500	\$ -	\$ -
Charges for services	-	664,397	-	-	158,130	12,000
Investment earnings	-	-	-	-	-	-
Miscellaneous	-	-	4,532	5,068	-	-
Total revenues	-	664,397	68,769	8,568	158,130	12,000
EXPENDITURES						
Current:						
General government	-	-	-	-	355,095	-
Recreation and leisure	-	-	-	3,500	-	-
Public safety	-	-	68,769	-	-	-
Community development and human services	-	-	-	-	-	-
Education	-	664,754	-	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	-	664,754	68,769	3,500	355,095	-
Excess (deficiency) of revenues over expenditures	-	(357)	-	5,068	(196,965)	12,000
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	197,500	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	197,500	-
Net changes in fund balances	-	(357)	-	5,068	535	12,000
Fund balances (deficits) - beginning	5,324	417,959	-	20,234	(22,525)	25,250
Fund balances (deficits) - ending	\$ 5,324	\$ 417,602	\$ -	\$ 25,302	\$ (21,990)	\$ 37,250

TOWN OF KILLINGLY, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)

NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

FOR THE YEAR ENDED JUNE 30, 2012

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects Funds		
	Library Operating	Community Outdoor Beautification	Total	Industrial Park	Capital Nonrecurring Fund	Capital Reserve Fund
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 3,803,238	\$ -	\$ -	\$ -
Charges for services	2,202	12,805	1,239,240	-	-	74,795
Investment earnings	-	4	282	62	-	-
Miscellaneous	-	50,000	151,487	-	-	-
Total revenues	2,202	62,809	5,194,247	62	-	74,795
EXPENDITURES						
Current:						
General government	-	-	355,095	-	-	-
Recreation and leisure	1,196	-	23,126	-	-	-
Public safety	-	-	68,769	-	-	-
Community development and human services	-	10,064	806,442	-	-	-
Education	-	-	4,022,720	-	-	-
Capital outlays	-	-	-	-	789,339	25,631
Total expenditures	1,196	10,064	5,276,152	-	789,339	25,631
Excess (deficiency) of revenues over expenditures	1,006	52,745	(81,905)	62	(789,339)	49,164
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	197,500	-	1,107,820	45,000
Transfers out	-	-	(57,464)	-	-	-
Total other financing sources (uses)	-	-	140,036	-	1,107,820	45,000
Net changes in fund balances	1,006	52,745	58,131	62	318,481	94,164
Fund balances (deficits) - beginning	3,179	46,798	372,251	440,929	3,326,917	481,349
Fund balances (deficits) - ending	\$ 4,185	\$ 99,543	\$ 430,382	\$ 440,991	\$ 3,645,398	\$ 575,513

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
FOR THE YEAR ENDED JUNE 30, 2012

	Nonmajor Capital Projects Funds						Total Nonmajor Governmental Funds
	Open Space Acquisition Fund	State Line Road Improvement	Pettingill Hill Road Improvement	Benefit Assessment	Total	Permanent Trust Funds	
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,803,238
Charges for services	-	-	-	-	74,795	-	1,314,035
Investment earnings	-	1	-	2	65	27,779	28,126
Miscellaneous	17,764	-	-	-	17,764	-	169,251
Total revenues	17,764	1	-	2	92,624	27,779	5,314,650
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	355,095
Recreation and leisure	-	-	-	-	-	-	23,126
Public safety	-	-	-	-	-	-	68,769
Community development and human services	-	-	-	-	-	5,646	812,088
Education	-	-	-	-	-	-	4,022,720
Capital outlays	-	-	-	-	814,970	-	814,970
Total expenditures	-	-	-	-	814,970	5,646	6,096,768
Excess (deficiency) of revenues over expenditures	17,764	1	-	2	(722,346)	22,133	(782,118)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	1,152,820	3	1,350,323
Transfers out	-	-	-	-	-	(8)	(57,472)
Total other financing sources (uses)	-	-	-	-	1,152,820	(5)	1,292,851
Net changes in fund balances	17,764	1	-	2	430,474	22,128	510,733
Fund balances (deficits) - beginning	145,161	8,457	324	16,695	4,419,832	604,472	5,396,555
Fund balances (deficits) - ending	\$ 162,925	\$ 8,458	\$ 324	\$ 16,697	\$ 4,850,306	\$ 626,600	\$ 5,907,288

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - KILLINGLY PUBLIC LIBRARY TRUST FUNDS
JUNE 30, 2012

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Due from Others</u>	<u>Restricted Special Reserves External</u>
Killingly Public Library Funds				
Mildred Sterns	\$ (10)	\$ (30)	\$ -	\$ (40)
Emily Danielson	1,078	3,120	-	4,198
Mary Dexter	257	742	-	999
Frederick A. Jacobs	504	1,459	-	1,963
Basset Hammond	794	2,297	-	3,091
Nathan Prince	83,107	240,441	48,437	371,985
Almond M. Paine	4,855	14,047	-	18,902
Ella Dorrance	2,825	8,174	-	10,999
Lena Tripp	6,388	18,485	-	24,873
Adolp Goldwater	1,076	3,112	-	4,188
Library Special	3,770	10,910	-	14,680
Total Killingly Public Library Funds	<u>\$ 104,644</u>	<u>\$ 302,757</u>	<u>\$ 48,437</u>	<u>\$ 455,838</u>

See accompanying Report of Independent Certified Public Accountants

TOWN OF KILLINGLY, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

KILLINGLY PUBLIC LIBRARY TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Fund Balance July 1, 2011</u>	<u>Investment Income</u>	<u>Community Development and Human Services</u>	<u>Transfers In</u>	<u>Fund Balance June 30, 2012</u>
Killingly Public Library Funds					
Mildred Sterns	\$ 332	\$ -	\$ (375)	\$ 3	\$ (40)
Emily Danielson	4,197	1	-	-	4,198
Mary Dexter	999	-	-	-	999
Frederick A. Jacobs	1,962	1	-	-	1,963
Basset Hammond	3,091	-	-	-	3,091
Nathan Prince	348,440	26,648	(3,103)	-	371,985
Almond M. Paine	17,807	1,095	-	-	18,902
Ella Dorrance	10,998	1	-	-	10,999
Lena Tripp	24,871	2	-	-	24,873
Adolp Goldwater	4,187	1	-	-	4,188
Library Special	14,679	1	-	-	14,680
Total Killingly Public Library Funds	<u>\$ 431,563</u>	<u>\$ 27,750</u>	<u>\$ (3,478)</u>	<u>\$ 3</u>	<u>\$ 455,838</u>

See accompanying Report of Independent Certified Public Accountants

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - PERMANENT TRUST FUNDS
JUNE 30, 2012

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Nonspendable Permanent Fund Principal</u>	<u>Restricted Special Reserves External</u>
Permanent Trust Funds				
Thomas J. Evans	\$ 771	\$ 2,229	\$ 3,000	\$ -
Ezra Mathewson	103	297	400	-
Shubael Hutchins Nonspendable	1,284	3,716	5,000	-
Louisa E. Day	2,195	6,350	8,545	-
Civil War Monument	52	150	202	-
Arthur Wilkes	128	372	500	-
Hutchins Burial Lot	51	149	200	-
Mildred Stearns	9,632	27,868	37,500	-
Paine Mitchell Matthews	411	1,189	1,600	-
Paine Cemetery - Town	12,843	37,157	50,000	-
Emily Danielson	257	743	1,000	-
Eunice Randell	257	743	1,000	-
Earl Chandler	837	-	837	-
Mary Dexter	128	372	500	-
Frederick A. Jacobs	128	372	500	-
Basset Hammond	1,116	3,230	4,346	-
Ella Dorrance	385	1,115	1,500	-
Adolp Goldwater	771	2,229	3,000	-
Shubael Hutchins Spendable	6,517	18,855	-	25,372
Almond Paine Cemtery	25,760	-	-	25,760
Total Permanent Trust Funds	<u>\$ 63,626</u>	<u>\$ 107,136</u>	<u>\$ 119,630</u>	<u>\$ 51,132</u>

See accompanying Report of Independent Certified Public Accountants

TOWN OF KILLINGLY, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

PERMANENT TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Fund Balance July 1, 2011</u>	<u>Investment Income</u>	<u>Community Development and Human Services</u>	<u>Transfers In</u>	<u>Fund Balance June 30, 2012</u>
Permanent Trust Funds					
Thomas J. Evans	\$ 3,000	\$ -	\$ -	\$ -	\$ 3,000
Ezra Mathewson	400	-	-	-	400
Shubael Hutchins Nonspendable	5,000	1	-	(1)	5,000
Louisa E. Day	8,545	-	-	-	8,545
Civil War Monument	202	-	-	-	202
Arthur Wilkes	500	-	-	-	500
Hutchins Burial Lot	200	-	-	-	200
Mildred Stearns	37,500	3	-	(3)	37,500
Paine Mitchell Matthews	1,600	-	-	-	1,600
Paine Cemetery - Town	50,000	-	-	-	50,000
Emily Danielson	1,000	-	-	-	1,000
Eunice Randell	1,000	-	-	-	1,000
Earl Chandler	842	-	-	(5)	837
Mary Dexter	500	-	-	-	500
Frederick A. Jacobs	500	-	-	-	500
Basset Hammond	4,346	-	-	-	4,346
Ella Dorrance	1,500	-	-	-	1,500
Adolp Goldwater	3,000	-	-	-	3,000
Shubael Hutchins Spendable	25,368	3	-	1	25,372
Almond Paine Cemtery	27,906	22	(2,168)	-	25,760
Total Permanent Trust Funds	<u>\$ 172,909</u>	<u>\$ 29</u>	<u>\$ (2,168)</u>	<u>\$ (8)</u>	<u>\$ 170,762</u>

See accompanying Report of Independent Certified Public Accountants

PRIVATE PURPOSE TRUST FUNDS

TOWN OF KILLINGLY, CONNECTICUT

COMBINING STATEMENT OF FIDUCIARY NET ASSETS - PRIVATE PURPOSE TRUST FUNDS

JUNE 30, 2012

	Cash and Cash Equivalents	Investments	Due from Others	Held in Trust for Endowment Purposes
Olivia Boulais	\$ 2,133	\$ -	\$ -	\$ 2,133
Robert D. Payne	594	-	-	594
Blanche Phoenix	111	-	-	111
Frances Upham Spaulding	135	-	-	135
Ruth E. Osgood	2	-	-	2
Goldwater Weisberg	851	-	-	851
Laura Pike Rowe	-	538,747	-	538,747
Adrian Herklots	503	-	-	503
Normington Memorial Savings	2,579	-	-	2,579
Normington Memorial CD	2,163	-	-	2,163
Jeffrey Lehman	15,121	-	-	15,121
Chris Wood	15,157	-	-	15,157
Ryan Doyle	5,824	-	-	5,824
John E. Bitgood Trust	-	-	10,425	10,425
John Lagarde Savings	201	-	-	201
John Lagarde CD	3,112	-	-	3,112
Helen Lupien Savings	968	-	-	968
Olive Boulais	2,908	-	-	2,908
Robert D. Payne	2,000	-	-	2,000
Frances Upham Spaulding	1,000	-	-	1,000
Ruth E. Osgood	7,500	-	-	7,500
Blanche Phoenix	1,000	-	-	1,000
Total Private Purpose Trust Funds	<u>\$ 63,862</u>	<u>\$ 538,747</u>	<u>\$ 10,425</u>	<u>\$ 613,034</u>

See accompanying Report of Independent Certified Public Accountants

TOWN OF KILLINGLY, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - PRIVATE PURPOSE TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

		Additions		Deductions		
	Fund Balance July 1, 2011	Contributions	Investment Income	Awards	Transfers In (Out)	Fund Balance June 30, 2012
Olivia Boulais	\$ 2,144	\$ -	\$ -	\$ (36)	\$ 25	\$ 2,133
Robert D. Payne	602	-	-	(34)	26	594
Blanche Phoenix	110	-	-	-	1	111
Frances Upham Spaulding	122	-	1	-	12	135
Ruth E. Osgood	7	-	-	(27)	22	2
Margaret Novack Scholarship	117	-	-	(117)	-	-
Goldwater Weisberg	850	-	1	-	-	851
Laura Pike Rowe	545,159	-	-	(6,412)	-	538,747
Norman Barrette	237	-	-	(237)	-	-
Adrian Herklots	202	1,800	1	(1,500)	-	503
Normington Memorial Savings	2,074	1,500	5	(1,000)	-	2,579
Normington Memorial CD	2,149	-	14	-	-	2,163
Jeffrey Lehman	12,584	10,000	37	(7,500)	-	15,121
Chris Wood	15,112	10,000	45	(10,000)	-	15,157
Ryan Doyle	4,789	2,000	35	(1,000)	-	5,824
John E. Bitgood Trust	5,125	5,300	-	-	-	10,425
John Lagarde Savings	201	-	-	-	-	201
John Lagarde CD	3,431	-	4	(323)	-	3,112
Helen Lupien Savings	1,964	-	4	(1,000)	-	968
Olive Boulais	2,908	-	25	-	(25)	2,908
Robert D. Payne	2,000	-	26	-	(26)	2,000
Frances Upham Spaulding	1,000	-	12	-	(12)	1,000
Ruth E. Osgood	7,500	-	22	-	(22)	7,500
Blanche Phoenix	1,000	-	1	-	(1)	1,000
Total Private Purpose Trust Funds	<u>\$ 611,387</u>	<u>\$ 30,600</u>	<u>\$ 233</u>	<u>\$ (29,186)</u>	<u>\$ -</u>	<u>\$ 613,034</u>

See accompanying Report of Independent Certified Public Accountants

AGENCY FUNDS

TOWN OF KILLINGLY, CONNECTICUT**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**

JUNE 30, 2012

	Student Activities	Performance Bonds	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 141,636	\$ 398,501	\$ 540,137
Total assets	<u>\$ 141,636</u>	<u>\$ 398,501</u>	<u>\$ 540,137</u>
LIABILITIES			
Due to student groups	\$ 141,636	\$ -	\$ 141,636
Due to others	-	398,501	398,501
Total liabilities	<u>\$ 141,636</u>	<u>\$ 398,501</u>	<u>\$ 540,137</u>

See accompanying Report of Independent Certified Public Accountants

TOWN OF KILLINGLY, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Balance, July 1, 2011	Additions	Deletions	Balance, June 30, 2012
Student Activities				
Assets				
Cash and cash equivalents				
Killingly high school	\$ 75,308	\$ 316,838	\$ 308,607	\$ 83,539
Killingly high school concession	3,586	-	-	3,586
Redmen booster club	1,895	1	-	1,896
Killingly junior high school	42,032	53,570	76,279	19,323
Killingly central school	22,082	19,820	21,125	20,777
Killingly memorial school	4,805	6,419	5,645	5,579
Goodyear early childhood center	1,940	3,087	2,940	2,087
BASP student activity account	4,215	6,438	5,804	4,849
Total assets	<u>\$ 155,863</u>	<u>\$ 406,173</u>	<u>\$ 420,400</u>	<u>\$ 141,636</u>
Liabilities				
Due to student groups	\$ 155,863	\$ 406,173	\$ 420,400	\$ 141,636
Total liabilities	<u>\$ 155,863</u>	<u>\$ 406,173</u>	<u>\$ 420,400</u>	<u>\$ 141,636</u>
Performance Bonds				
Assets				
Cash and cash equivalents	\$ 350,785	\$ 67,165	\$ 19,449	\$ 398,501
Total assets	<u>\$ 350,785</u>	<u>\$ 67,165</u>	<u>\$ 19,449</u>	<u>\$ 398,501</u>
Liabilities				
Due to others	\$ 350,785	\$ 67,165	\$ 19,449	\$ 398,501
Total liabilities	<u>\$ 350,785</u>	<u>\$ 67,165</u>	<u>\$ 19,449</u>	<u>\$ 398,501</u>
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 506,648	\$ 473,338	\$ 439,849	\$ 540,137
Total assets	<u>\$ 506,648</u>	<u>\$ 473,338</u>	<u>\$ 439,849</u>	<u>\$ 540,137</u>
Liabilities				
Due to student groups	\$ 155,863	\$ 406,173	\$ 420,400	\$ 141,636
Due to others	350,785	67,165	19,449	398,501
Total liabilities	<u>\$ 506,648</u>	<u>\$ 473,338</u>	<u>\$ 439,849</u>	<u>\$ 540,137</u>

OTHER INFORMATION (UNAUDITED)

Table 1

TOWN OF KILLINGLY, CONNECTICUT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
 (Accrual Basis of Accounting - Unaudited)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities									
Invested in capital assets, net of related debt	\$ 31,238,496	\$ 30,301,087	\$ 30,146,737	\$ 38,554,712	\$ 36,882,006	\$ 65,404,213	\$ 95,429,775	\$ 95,726,718	\$ 97,765,533
Restricted for:									
Endowments - expendable	997,987	1,030,662	1	1	1	1	1	484,838	506,970
Endowments - nonexpendable	126,200	134,042	119,634	119,634	119,634	119,634	119,634	119,634	119,630
Other purposes	466,073	301,531	405,413	2,620,509	4,150,204	-	-	-	-
Unrestricted	12,265,857	12,824,346	13,806,958	19,614,192	25,814,958	27,301,434	21,309,425	20,510,460	17,963,381
Total governmental activities net assets	<u>\$ 45,094,613</u>	<u>\$ 44,591,668</u>	<u>\$ 44,478,743</u>	<u>\$ 60,909,048</u>	<u>\$ 66,966,803</u>	<u>\$ 92,825,282</u>	<u>\$ 116,858,835</u>	<u>\$ 116,841,650</u>	<u>\$ 116,355,514</u>

Table 2

TOWN OF KILLINGLY, CONNECTICUT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting - Unaudited)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities:									
General government	\$ 3,539,352	\$ 3,120,704	\$ 3,031,014	\$ 5,278,440	\$ 5,562,314	\$ 5,482,757	\$ 5,158,527	\$ 2,573,800	\$ 3,619,835
Public works	4,147,649	7,181,018	7,605,508	5,035,684	5,156,595	5,647,186	5,341,129	5,275,524	5,203,896
Recreation and leisure	1,295,207	1,629,451	1,544,109	2,273,213	2,291,172	2,284,037	2,152,551	2,016,637	1,926,344
Public safety	481,652	667,207	622,082	949,689	917,219	916,807	924,916	875,611	1,055,882
Community development and human services	1,624,885	802,807	1,057,302	1,401,226	1,191,829	1,030,228	829,070	1,088,021	1,342,336
Education	31,859,962	32,222,678	34,262,782	39,437,266	50,179,308	44,247,785	45,322,415	50,528,114	51,275,566
Interest and fiscal charges	732,035	490,174	590,748	418,628	643,918	800,416	767,585	976,042	868,519
Total governmental activities expenses	<u>43,680,742</u>	<u>46,114,039</u>	<u>48,713,545</u>	<u>54,794,146</u>	<u>65,942,355</u>	<u>60,409,216</u>	<u>60,496,193</u>	<u>63,333,749</u>	<u>65,292,378</u>
Program Revenues									
Governmental activities:									
Charges for services:									
General government	616,574	824,719	870,657	1,073,297	1,201,587	971,507	869,058	1,065,652	1,092,072
Public works	2,710,408	2,939,236	3,240,286	3,399,531	3,674,040	4,360,811	3,627,236	3,565,532	3,870,175
Recreation and leisure	144,709	139,834.00	129,786	200,805	206,726	220,479	236,225	202,152	195,559
Public safety	5,141	3,542.00	1,470	16,158	9,488	15,401	25,081	49,074	22,671
Community development and human services	68,169	34,309	67,791	25,321	24,250	31,965	23,087	25,079	32,899
Education	2,605,185	2,638,517	2,715,354	4,036,993	3,447,855	3,217,596	3,668,551	3,774,361	4,099,742
Operating grants and contributions	19,024,105	17,052,170	18,086,069	21,818,608	31,772,832	23,142,921	23,429,911	22,737,176	24,602,333
Capital grants and contributions	539,309	1,027,973	624,834	506,610	4,341,981	27,031,903	24,719,465	2,725,162	1,089,494
Total governmental activities program revenues	<u>25,713,600</u>	<u>24,660,300</u>	<u>25,736,247</u>	<u>31,077,323</u>	<u>44,678,759</u>	<u>58,992,583</u>	<u>56,598,614</u>	<u>34,144,188</u>	<u>35,004,945</u>
Net (Expense)/Revenue									
Governmental activities	(17,967,142)	(21,453,739)	(22,977,298)	(23,716,823)	(21,263,596)	(1,416,633)	(3,897,579)	(29,189,561)	(30,287,433)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes	17,107,299	19,102,487	21,327,501	23,134,728	25,577,275	25,943,148	26,730,410	28,043,355	28,367,953
Unrestricted grants and contributions	1,400,691	1,314,737	1,305,515	1,482,823	1,089,233	1,081,066	1,012,177	1,053,240	1,258,030
Investment income	146,893	249,635	519,268	690,699	654,843	250,898	188,545	75,781	175,314
Miscellaneous	258,165	283,935	250,385	-	-	-	-	-	-
Total governmental activities	<u>18,913,048</u>	<u>20,950,794</u>	<u>23,402,669</u>	<u>25,308,250</u>	<u>27,321,351</u>	<u>27,275,112</u>	<u>27,931,132</u>	<u>29,172,376</u>	<u>29,801,297</u>
Change in Net Assets									
Governmental activities	<u>\$ 945,906</u>	<u>\$ (502,945)</u>	<u>\$ 425,371</u>	<u>\$ 1,591,427</u>	<u>\$ 6,057,755</u>	<u>\$ 25,858,479</u>	<u>\$ 24,033,553</u>	<u>\$ (17,185)</u>	<u>\$ (486,136)</u>

Table 3

TOWN OF KILLINGLY, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Residential Real Property (%)	Commercial & Industrial Property (%)	All Other Land (%)	Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List	Disability Farm, Veterans, and Elderly Relief	Manufacturing Exemption Sec. 12-81 (59) and (60)	Net Taxable Grand List at 70%
2003	32.72	22.17	2.40	34.90	7.81	\$ 974,626,727	\$ 5,937,417	\$ 368,185,938	\$ 600,503,372
2004	37.94	20.43	2.41	32.34	6.88	1,154,768,214	6,781,530	399,347,884	748,638,800
2005	38.12	20.07	2.45	32.59	6.77	1,178,214,233	6,611,724	404,484,172	767,118,337
2006	38.80	19.42	2.53	31.82	7.43	1,185,767,888	6,436,596	392,394,480	786,936,812
2007	39.58	19.37	2.58	30.38	8.09	1,195,484,358	6,035,070	367,076,970	822,372,318
2008	40.44	19.23	2.76	29.33	8.24	1,216,477,185	6,027,396	358,988,356	851,461,433
2009	48.64	19.57	3.62	22.13	6.04	1,665,623,346	6,541,680	402,077,649	1,257,004,017
2010	48.09	21.13	3.42	21.65	5.71	1,703,661,744	7,781,724	402,264,890	1,293,615,130
2011	48.01	21.17	3.43	21.77	5.63	1,720,057,294	7,582,720	409,828,215	1,302,646,359
2012	48.01	21.00	3.49	21.62	5.87	1,732,442,346	7,915,160	413,076,450	1,311,450,736

Notes: Taxes are levied on all taxable, assessed property on the October 1 grand list, prior to the beginning of the fiscal year. Real property taxes are payable in four installments on July 1, October 1, January 1 and July 1. Motor vehicle supplemental bills are payable on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after five years, at which time they cease to be carried as receivables. Delinquent real estate accounts are collectible for up to 15 years after the due date in accordance with State Statutes.

Table 4

TOWN OF KILLINGLY, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Tax Rate in Mills	Grand List of October 1,	Net Taxable Grand List	Total Adjusted Tax Levy (2)	Net Current Tax Collections	Percent of Levy Collected	Percent of Levy Uncollected
2012	19.2	2010	\$ 1,311,450,736	\$ 28,023,792	\$ 27,240,681	97.21%	2.79%
2011	19.1	2009	1,302,646,359	27,730,505	26,935,751	97.13%	2.87%
2010	18.2	2008	1,293,615,130	26,462,489	25,818,119	97.56%	2.44%
2009	17.8	2007	1,257,004,017	25,550,095	24,916,013	97.52%	2.48%
2008	25.8	2006	851,461,433	25,298,692	24,641,179	97.40%	2.60%
2007	25.8	2005	822,372,318	22,687,607	22,084,125	97.34%	2.66%
2006	25.0	2004	786,936,812	21,007,294	20,536,540	97.76%	2.24%
2005	23.5	2003	767,118,337	19,005,158	18,564,651	97.68%	2.32%
2004	21.4	2002	748,638,800	16,726,791	16,302,787	97.47%	2.53%
2003	22.9	2001	600,503,372	14,455,540	13,826,724	95.65%	4.35%

(1) Taxes are levied on all taxable, assessed property on the October 1 grand list, prior to the beginning of the fiscal year. Real property taxes are payable in four installments on July 1, October 1, January 1 and July 1. Motor vehicle supplemental bills are payable on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are lienied each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after five years, at which time they cease to be carried as receivables. Delinquent real estate accounts are collectible for up to 15 years after the due date in accordance with State Statutes.

(2) Tax levy is per \$1,000 of the assessed value of taxable property.

Table 5

TOWN OF KILLINGLY, CONNECTICUT
PRINCIPAL TAXPAYERS
JUNE 30, 2012
(Unaudited)

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessment (1)</u>	<u>Percent of Net Taxable Grand List</u>
Dayville Property Development	Commercial Development	\$ 35,359,310	2.70%
Connecticut Light & Power	Utility Distribution Co.	27,683,480	2.11%
Pjc-Rite Aide	Warehousing-Distribution	16,052,820	1.22%
Staples	Warehousing-Distribution	15,327,950	1.17%
Frito Lay	Manufacturer - Snack Foods	15,286,543	1.17%
United Natural Foods	Food Products	13,606,090	1.04%
Target Corporation	Retail Discount Store	11,190,400	0.85%
Killingly Plaza Realty Trust	Commercial Development	6,655,600	0.51%
Big Y Trust	Grocery Store	6,148,270	0.47%
Rogers Corporation	Printed Circuits/Plastics	5,335,020	0.41%
TOTAL		<u>\$ 152,645,483</u>	<u>11.64%</u>

(1) The net taxable grand list as of October 1, 2010 totaled \$1,311,450,736

Source: Assessor's Office, Town of Killingly

Table 6

TOWN OF KILLINGLY, CONNECTICUT
RATIO OF GROSS GENERAL BONDED DEBT TO ASSESSED VALUE
AND GROSS GENERAL BONDED DEBT PER CAPITA -
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended June 30,	Population (1)	Net Taxbale Grand List	Bonded Debt	Ratio of Bonded Debt to Assessed Value	Bonded Debt Per Capita
2012	17,330	\$ 1,311,450,736	\$ 27,092,675	2.1%	\$ 1,563
2011	17,370	1,302,646,359	25,424,700	2.0%	1,464
2010	17,291	1,293,615,130	23,541,825	1.8%	1,362
2009	17,826	1,257,004,017	19,046,400	1.5%	1,068
2008	17,635	851,461,433	18,415,975	2.2%	1,044
2007	17,769	822,372,318	15,600,550	1.9%	878
2006	17,386	786,936,812	12,213,895	1.6%	703
2005	17,386	767,118,337	14,172,665	1.8%	815
2004	17,264	748,638,800	16,126,435	2.2%	934
2003	16,940	600,503,372	17,860,205	3.0%	1,054

(1) State of Connecticut, Department of Public Health estimates.

Table 7

TOWN OF KILLINGLY, CONNECTICUT
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL BONDED DEBT PER CAPITA -
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Population (1)	Net Taxbale Grand List	Bonded Debt	Amount to be Provided by State (2)	Bonded Debt, Net	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2012	17,330	\$ 1,311,450,736	\$ 27,092,675	\$ -	\$ 27,092,675	2.1%	\$ 1,563
2011	17,370	1,302,646,359	25,424,700	112,654	25,312,046	1.9%	1,457
2010	17,291	1,293,615,130	23,541,825	427,769	23,114,056	1.8%	1,337
2009	17,826	1,257,004,017	19,046,400	535,448	18,510,952	1.5%	1,038
2008	17,635	851,461,433	18,415,975	1,399,983	17,015,992	2.0%	965
2007	17,769	822,372,318	15,600,550	2,305,171	13,295,379	1.6%	748
2006	17,386	786,936,812	12,213,895	3,236,817	8,977,078	1.1%	516
2005	17,386	767,118,337	14,172,665	4,191,141	9,981,524	1.3%	574
2004	17,264	748,638,800	16,126,435	5,097,000	11,029,435	1.5%	639
2003	16,940	600,503,372	17,860,205	5,836,000	12,024,205	2.0%	710

(1) State of Connecticut, Department of Public Health estimates.

(2) Amounts to be provided for debt service by the State of Connecticut