

**Basic Financial Statements,  
Independent Auditor's Report and  
Supplemental Schedules**

**Town of Killingly, Connecticut**

**June 30, 2013**

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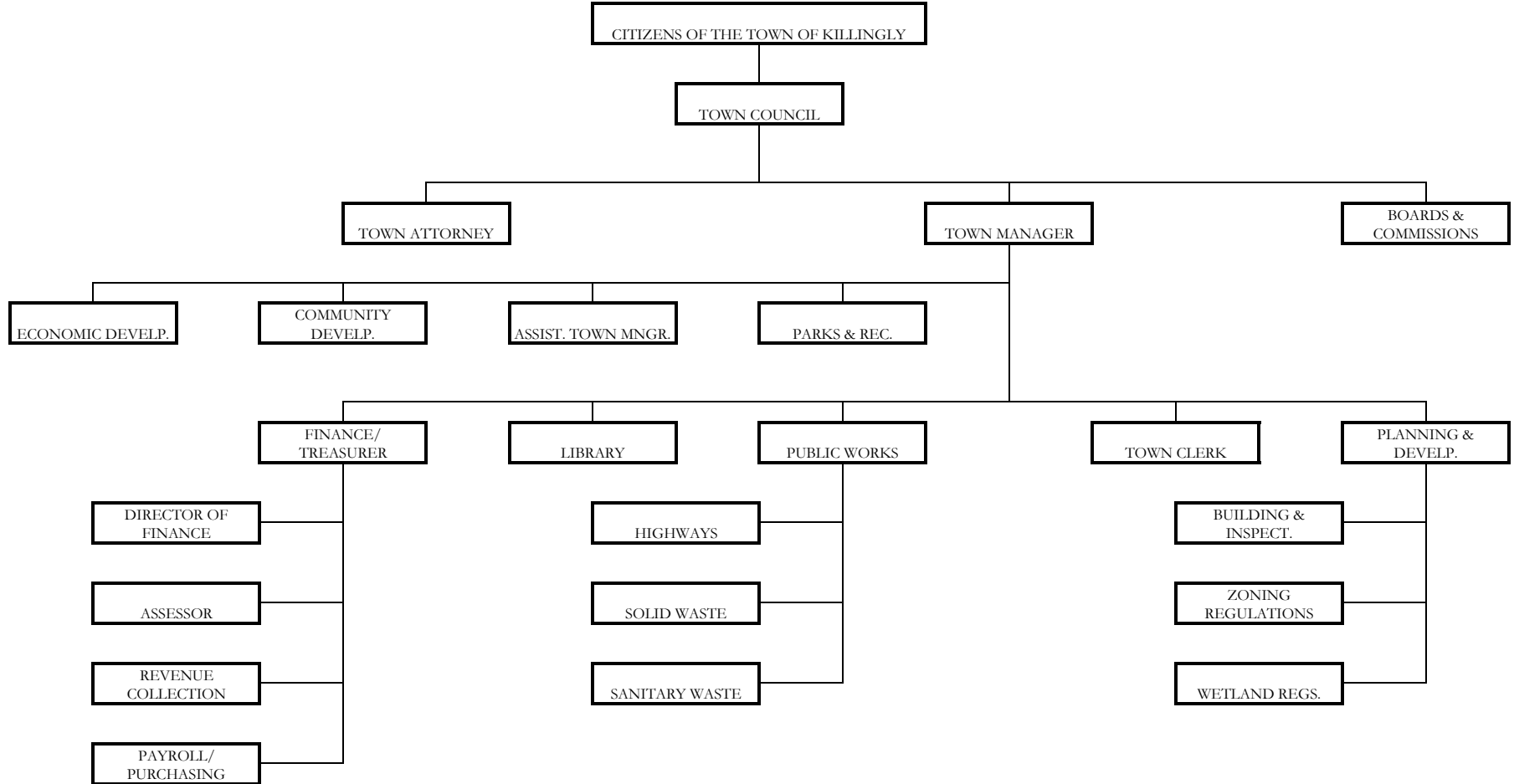
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**INTRODUCTORY SECTION**

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TOWN OF KILLINGLY, CONNECTICUT  
ORGANIZATIONAL CHART  
JUNE 30, 2013



**TOWN OF KILLINGLY, CONNECTICUT**

**LIST OF PRINCIPAL TOWN OFFICIALS**

JUNE 30, 2013

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**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  
Tracy Waggoner, Parks and Recreation Director  
Linda Walden, Director of Planning & Development  
David Sabourin, Highway Superintendent  
Patricia Monahan, Revenue Collector  
Kevin C. Farr, Superintendent of Schools  
Elizabeth Wilson, Town Clerk  
Ray Allen, Fire Marshal  
Peter Ciparelli, Library Director

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**FINANCIAL SECTION**

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**INDEPENDENT AUDITOR'S REPORT**

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## **Independent Auditor's Report**

To the Town Council of the  
Town of Killingly, Connecticut

### **Report on the Financial Statements**

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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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 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 from material misstatement.

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

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

#### *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, 2013, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, introductory section and the other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules on pages 60 through 93 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages i through ii and other supplementary information on pages 94 through 100 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Mahoney Sabol & Company, LLP*

Glastonbury, Connecticut  
January 30, 2014

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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## **TOWN OF KILLINGLY, CONNECTICUT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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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, 2013.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$115,866,063 (net position). Of this amount, \$13,674,955 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$192,741 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 \$14,148,361, an increase of \$4,540,244 in comparison with the prior year. The primary cause of this fund balance increase is due to proceeds received from bonds and noted payable relating to the Capital Improvements Fund.
- At the close of the current fiscal year, unassigned fund balance for the budgeted General Fund was \$6,962,390 or 12.7% of total budgeted General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.5 months of General Fund operating expenditures.
- The Town's total long-term bonded debt increased by \$6,015,425 or 23.1% during the current fiscal year due to the issuance of new bonds and notes payable 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 position presents information on all of the Town's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, recreation and leisure, public safety, community development and human services, and education. The Town has no business-type activities.

## **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.

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**OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)***

**Fund 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 through 100 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

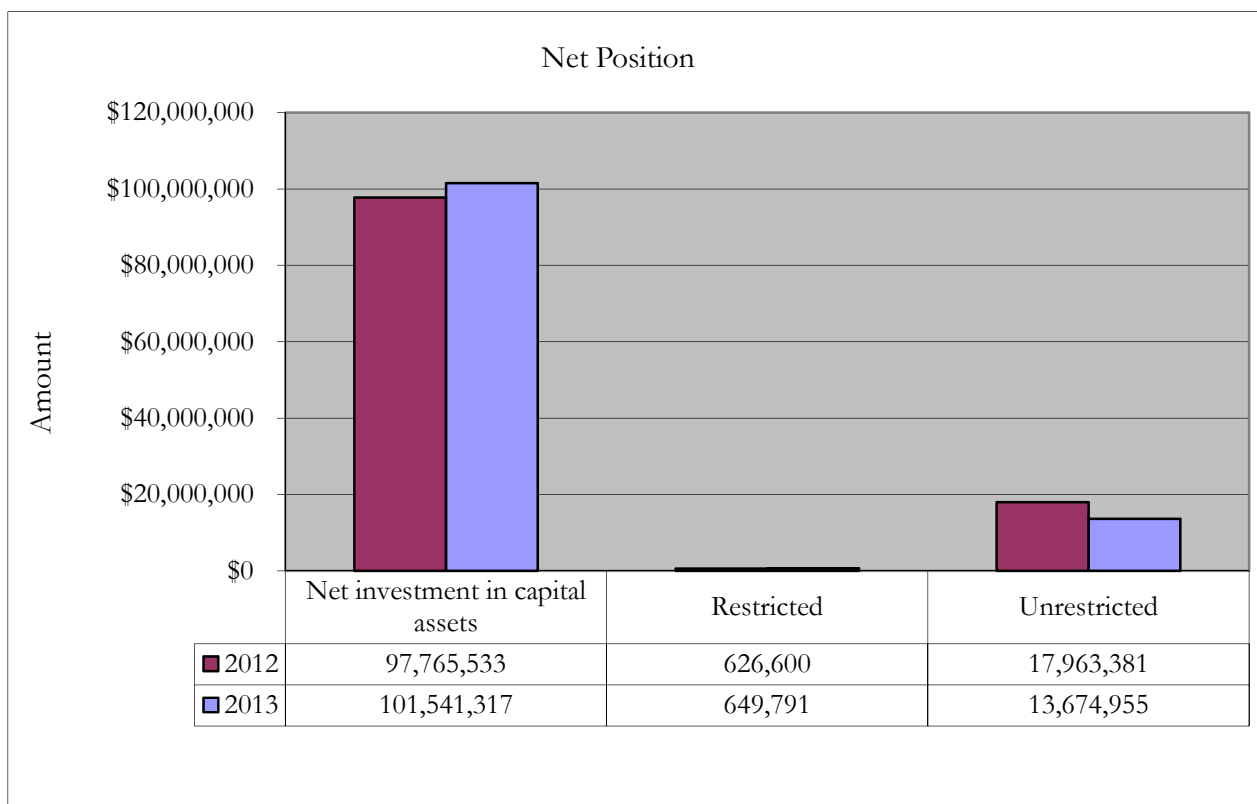
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$115,866,063 and \$116,355,514 as of June 30, 2013 and 2012, respectively, and are summarized as follows:

	Total	
	2013	2012 <i>(as restated)</i>
Current and other assets	\$ 21,662,204	\$ 26,390,946
Capital assets	136,232,048	134,616,664
Total assets	<u>157,894,252</u>	<u>161,007,610</u>
Other liabilities	4,698,498	13,483,973
Long-term liabilities	37,329,691	31,168,123
Total liabilities	<u>42,028,189</u>	<u>44,652,096</u>
Net position:		
Net investment in capital assets	101,541,317	97,765,533
Restricted	649,791	626,600
Unrestricted	13,674,955	17,281,189
Total net position	<u>\$ 115,866,063</u>	<u>\$ 115,673,322</u>

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Net Position (Continued)**



87.6% of the Town's net position reflects 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 position reflects resources that are subject to external restrictions on how they may be used.

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

Overall, net position increased by \$192,741 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 Position**

Changes in net position for the years ended June 30, 2013 and 2012 are as follows:

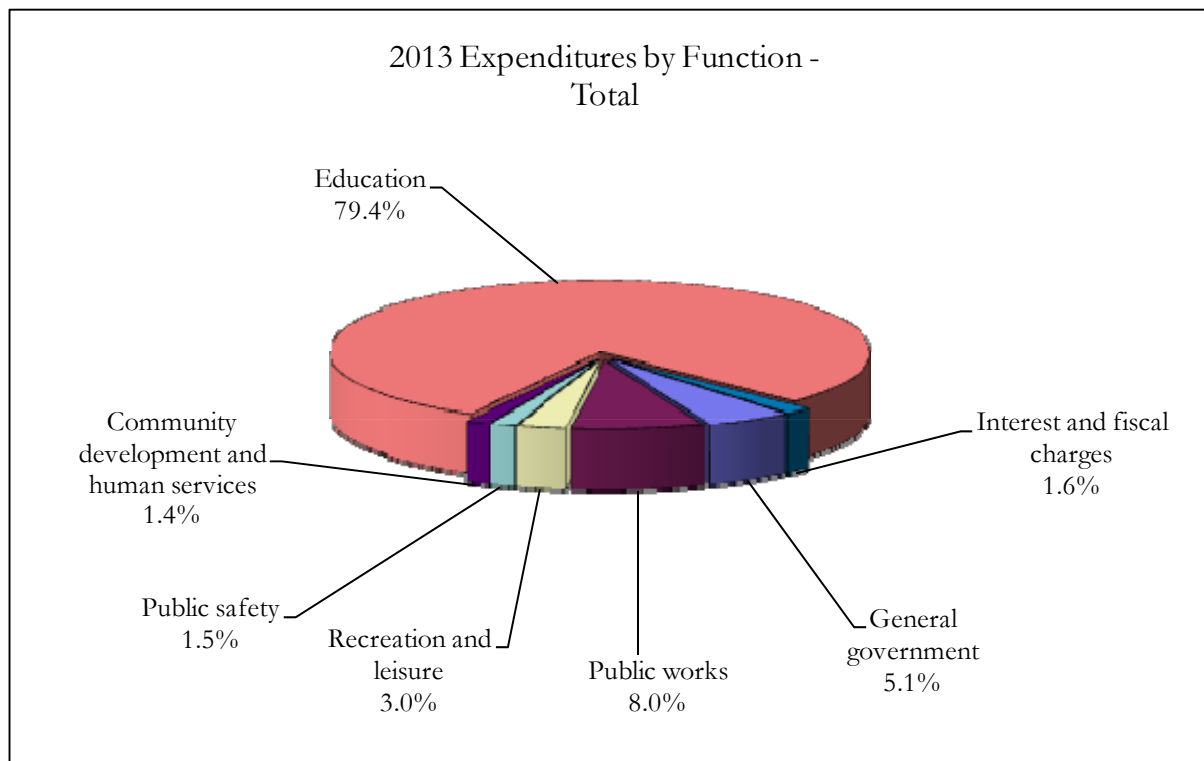
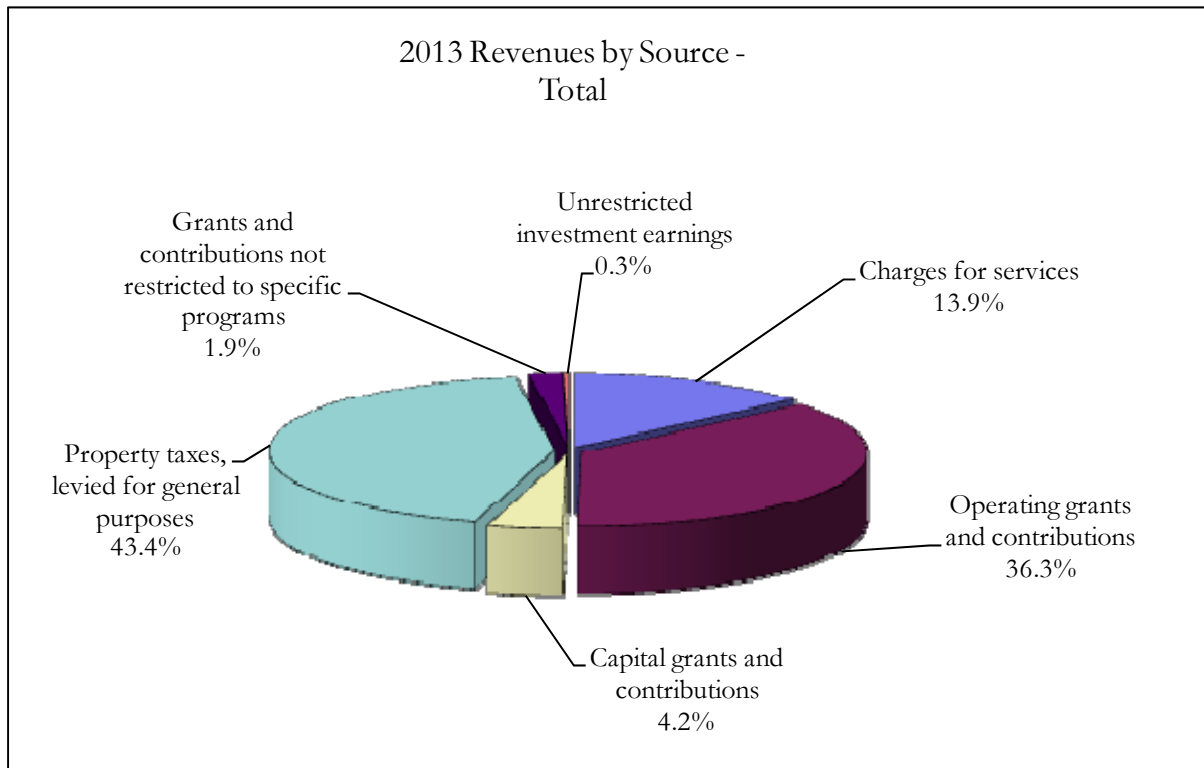
	Total	
	2013	2012 <i>(as restated)</i>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 9,210,071	\$ 9,313,118
Operating grants and contributions	24,076,446	24,602,333
Capital grants and contributions	2,810,977	1,089,494
General revenues:		
Property taxes, levied for general purposes	28,753,203	28,367,953
Grants and contributions not restricted to specific programs	1,254,281	1,258,030
Unrestricted investment earnings	184,722	175,314
Total revenues	<u>66,289,700</u>	<u>64,806,242</u>
<b>Expenses</b>		
General government	3,403,030	3,619,835
Public works	5,265,384	5,203,896
Recreation and leisure	1,979,551	1,926,344
Public safety	998,195	1,055,882
Community development and human services	943,972	1,342,336
Education	52,455,544	51,275,566
Interest and fiscal charges	1,051,283	1,550,711
Total expenses	<u>66,096,959</u>	<u>65,974,570</u>
Change in net position	192,741	(1,168,328)
Net position, beginning	<u>115,673,322</u>	<u>116,841,650</u>
Net position, ending	<u><u>\$ 115,866,063</u></u>	<u><u>\$ 115,673,322</u></u>

**TOWN OF KILLINGLY, CONNECTICUT**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*

**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

*Change in Net Position (Continued)*



**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

**Change in Net Position *(Continued)***

Governmental activities increased the Town's net position by \$192,741. Key elements of this increase are as follows:

- The Town's sewer replacement projects have continued during the year, and consequently, capital grants and contributions increased by \$1,721,483 during 2013 primarily due to receipt of USDA Wastewater grants.
- Overall revenues increased by 2.3% or \$1,483,458 while expenditures had a slight increase compared to the prior year of less than 1% or \$122,389.

**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 \$14,148,361, an increase of \$4,540,244 in comparison with the prior year. The primary cause of this fund balance increase is due to proceeds received from bonds and noted payable relating to the Capital Improvements Fund.

**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 \$6,962,390. 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 12.7% of total budgeted General Fund expenditures. Expressed another way, unassigned fund balance for the budgeted General Fund was sufficient to cover 1.5 months of General Fund operating expenditures.

The fund balance of the Town's General Fund decreased by \$1,047,092 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 increased by \$4,752,945 during the current fiscal year. This increase was related to costs for planned projects, primarily related to the sewer line replacement project and the new high school. The Town issued bonds and notes payable financed by the USDA to pay off bond anticipation notes for the Sewer Line replacement project.

## **TOWN OF KILLINGLY, CONNECTICUT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)***

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#### **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS *(Continued)***

##### **Governmental Funds *(Continued)***

###### ***Sewer Operating Fund***

The fund balance of the Sewer Operating Fund decreased by \$14,273 during the current fiscal year. This decrease was due primarily to revenue shortfalls in sewer use charges.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for 2013 planned for the utilization of fund balance of \$800,000. The final budget for 2013 planned on the utilization of fund balance of \$2,260,000. The actual net change in fund balance of the General Fund on a budgetary basis was a decrease of \$955,742. Expenditures were \$1,727,782 less than budgeted and revenues were \$424,508 lower than expected due primarily to shortfalls in property tax collections. Additional appropriations during 2013 totaled \$1,460,000 and were primarily related to additional funding for special education costs and a transfer to the Capital Improvements Fund of \$60,000.

#### **SEWER OPERATING FUND BUDGETARY HIGHLIGHTS**

The Town adopts an annual budget for its Sewer Operating Fund. During the year ended June 30, 2013 there were no additional appropriations made to the budget. The budget for 2013 planned on an increase of fund balance of \$197,163. However, the actual net change in fund balance of the Sewer Operating Fund on a budgetary basis was an increase of \$10,373. Expenditures were \$20,373 less than budgeted and total budgetary revenues were \$207,163 less than expected due primarily to shortfalls in sewer use fees.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

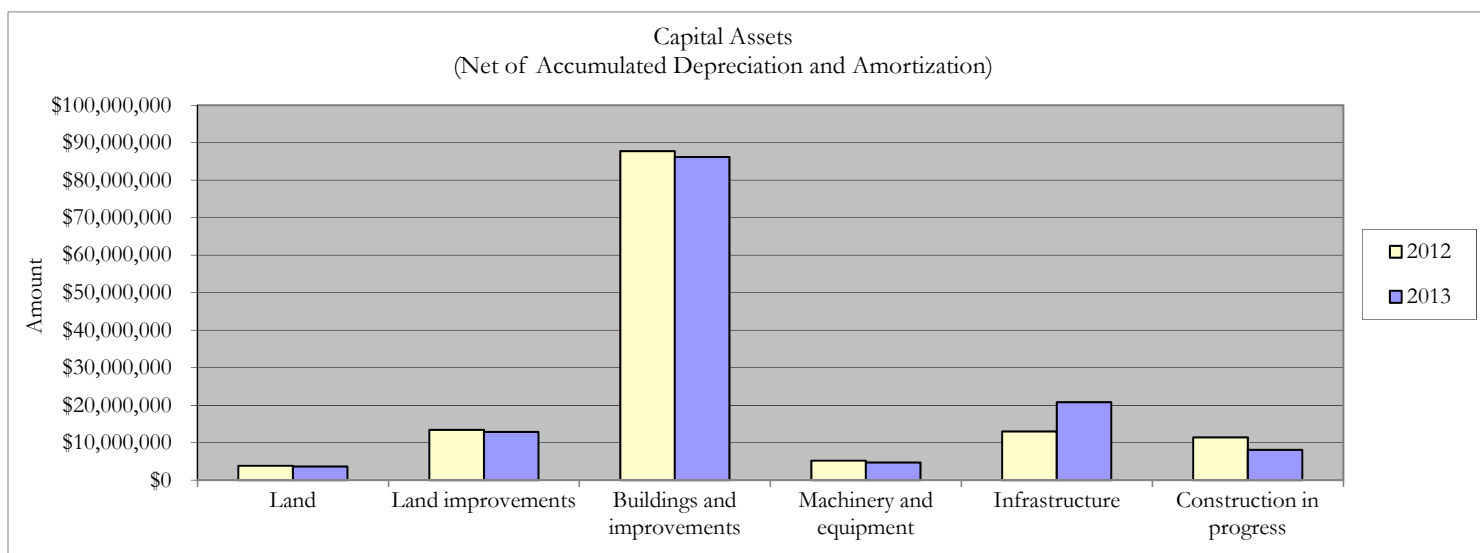
##### **Capital Assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2013 and 2012 totaled \$136,232,048 and \$134,616,664, 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 \$1,615,404 or 1.2%. This increase consisted of capital asset additions of \$6,531,245 offset by current year depreciation expense of \$4,694,243 and a loss on disposal of \$221,618. Major capital asset events during the current fiscal year included the transfer of \$3,687,371 from construction in progress to depreciable capital assets for the completion of portions sewer main replacement projects 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:

	Total	
	2013	2012
Land	\$ 3,674,024	\$ 3,842,092
Land improvements	12,834,127	13,422,534
Buildings and improvements	86,152,626	87,722,822
Machinery and equipment	4,740,476	5,213,603
Infrastructure	20,775,125	13,016,729
Construction in progress	8,055,670	11,398,884
Totals	<u>\$ 136,232,048</u>	<u>\$ 134,616,664</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)

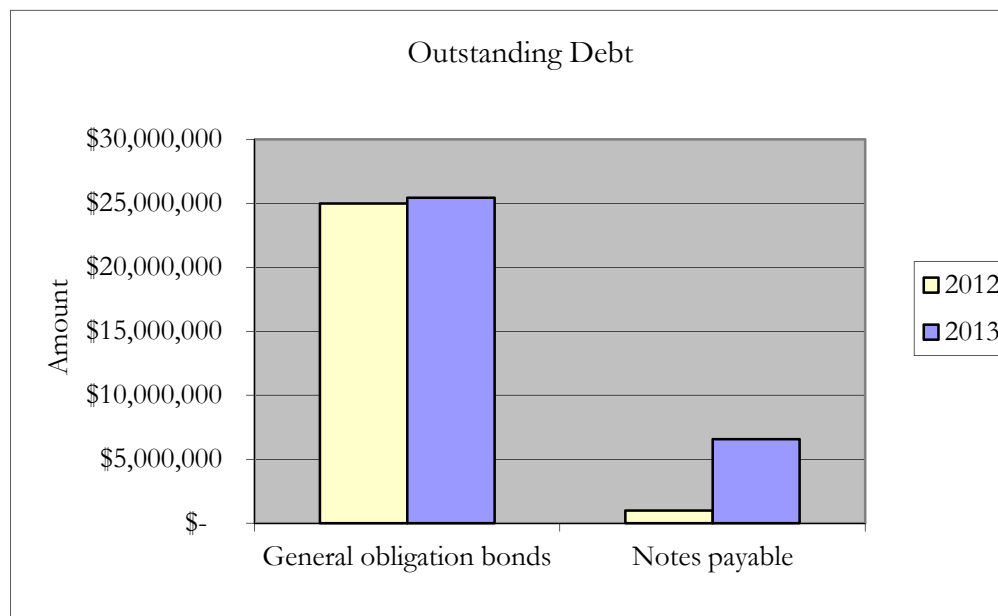
##### Long-term Debt

At the end of the current fiscal year, the Town had total bonded debt and notes payable outstanding of \$32,008,100. 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 \$6,015,425 or 23.1% during the current fiscal year due to the issuance of new bonds 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 significantly in excess of the Town's outstanding general obligation debt.

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

	Total	
	2013	2012
General obligation bonds payable	\$ 25,440,000	\$ 24,990,000
Notes payable	6,568,100	1,002,675
Totals	<u>\$ 32,008,100</u>	<u>\$ 25,992,675</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)***

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#### **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 9.7%, which is a decrease from a rate of 11.0% in the prior year, as compared to the state's average unemployment rate of 8.0% and the national unemployment rate of 7.6%.
- 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 \$5,434,048.
- 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 2014, 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 2014.

#### **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.

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## BASIC FINANCIAL STATEMENTS

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**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 10,584,003
Investments	3,543,820
Receivables:	
Property taxes, net of allowance for uncollectibles of \$62,000	1,167,048
Interest, net of allowance for uncollectibles of \$16,000	308,225
Assessments and user charges	629,738
Grants and contracts	4,620,967
Other	522,729
Other assets	166,044
Restricted assets:	
Permanently restricted cash and cash equivalents	31,349
Permanently restricted investments	88,281
Capital assets:	
Non-depreciable	11,729,694
Depreciable, net	124,502,354
Total assets	<u>157,894,252</u>
<b>LIABILITIES</b>	
Accounts payable	994,349
Accrued liabilities:	
Accrued interest	103,914
Other accrued liabilities	8,760
Due to others	17,213
Unearned revenue	1,038,597
Note payable	2,000,000
Claims payable	535,665
Noncurrent liabilities:	
Due within one year	2,353,059
Due in more than one year	34,976,632
Total liabilities	<u>42,028,189</u>
<b>NET POSITION</b>	
Net investment in capital assets	101,541,317
Restricted for:	
Endowments:	
Expendable	530,161
Nonexpendable	119,630
Unrestricted	13,674,955
Total net position	<u>\$ 115,866,063</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, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
Governmental activities:					
General government	\$ 3,403,030	\$ 616,933	\$ 401,628	\$ 12,211	\$ (2,372,258)
Public works	5,265,384	3,668,673	264,890	2,577,351	1,245,530
Recreation and leisure	1,979,551	218,743	76,696	21,309	(1,662,803)
Public safety	998,195	24,550	66,671	-	(906,974)
Community development and human services	943,972	24,397	306,629	-	(612,946)
Education	52,455,544	4,656,775	22,959,932	200,106	(24,638,731)
Interest and fiscal charges	1,051,283	-	-	-	(1,051,283)
Total governmental activities	<u>66,096,959</u>	<u>9,210,071</u>	<u>24,076,446</u>	<u>2,810,977</u>	<u>(29,999,465)</u>
	<u>\$ 66,096,959</u>	<u>\$ 9,210,071</u>	<u>\$ 24,076,446</u>	<u>\$ 2,810,977</u>	<u>(29,999,465)</u>
General revenues:					
Property taxes, levied for general purposes					28,753,203
Grants and contributions not restricted to specific programs					1,254,281
Unrestricted investment earnings					<u>184,722</u>
Total general revenues					<u>30,192,206</u>
Change in net position					192,741
Net position - beginning, as originally reported					116,355,511
Adjustment ( <i>See Note 14</i> )					<u>(682,189)</u>
Net position - beginning, as adjusted					<u>115,673,322</u>
Net position - ending					<u>\$ 115,866,063</u>

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	<b>General Fund</b>	<b>Capital Improvements Fund</b>	<b>Sewer Operating Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,357,452	\$ -	\$ 1,440,201	\$ 2,485,148	\$ 10,282,801
Investments	3,146,030	-	-	486,071	3,632,101
Receivables:					
Property taxes, net	1,167,048	-	-	-	1,167,048
Assessments and user charges	-	-	629,738	-	629,738
Grants and contracts	350,267	4,134,976	-	135,724	4,620,967
Other	298,336	32,125	117,611	62,381	510,453
Due from other funds	6,205,819	-	715,695	5,780,410	12,701,924
Inventories	-	-	-	27,832	27,832
Other assets	138,212	-	-	-	138,212
Total assets	<u>\$ 17,663,164</u>	<u>\$ 4,167,101</u>	<u>\$ 2,903,245</u>	<u>\$ 8,977,566</u>	<u>\$ 33,711,076</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 700,478	\$ 152,468	\$ 18,903	\$ 122,500	\$ 994,349
Accrued liabilities	8,760	-	-	-	8,760
Due to other funds	7,623,522	5,284,779	-	1,197,058	14,105,359
Due to others	17,213	-	-	-	17,213
Unearned revenue	-	136,538	-	902,059	1,038,597
Note payable	-	2,000,000	-	-	2,000,000
Total liabilities	<u>8,349,973</u>	<u>7,573,785</u>	<u>18,903</u>	<u>2,221,617</u>	<u>18,164,278</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	885,474	-	-	-	885,474
Unavailable revenue - sewer assessments	-	-	512,963	-	512,963
Total deferred inflows of resources	<u>885,474</u>	<u>-</u>	<u>512,963</u>	<u>-</u>	<u>1,398,437</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable:					
Inventories	-	-	-	27,832	27,832
Permanent funds principal	-	-	-	119,630	119,630
Restricted for:					
Grant programs	-	-	-	68,051	68,051
Special reserves - external	-	-	-	530,161	530,161
Committed to:					
General government	387,789	-	-	-	387,789
Public safety	4,706	-	-	49,667	54,373
Community development and human services	64,049	-	-	104,612	168,661
Recreation and leisure	-	-	-	40,049	40,049
Education	-	-	-	390,742	390,742
Capital and nonrecurring	-	-	-	5,697,979	5,697,979
Sewer operations	-	-	2,371,379	-	2,371,379
Assigned to:					
General government	65,791	-	-	-	65,791
Education	38,897	-	-	-	38,897
Compensated absences	131,216	-	-	-	131,216
Other post-employment benefits	483,270	-	-	-	483,270
Cell towers	150,697	-	-	-	150,697
Sewer extension	38,793	-	-	-	38,793
Landfill closure	119	-	-	-	119
Subsequent year budget	100,000	-	-	-	100,000
Unassigned	6,962,390	(3,406,684)	-	(272,774)	3,282,932
Total fund balances (deficits)	<u>8,427,717</u>	<u>(3,406,684)</u>	<u>2,371,379</u>	<u>6,755,949</u>	<u>14,148,361</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 17,663,164</u>	<u>\$ 4,167,101</u>	<u>\$ 2,903,245</u>	<u>\$ 8,977,566</u>	<u>\$ 33,711,076</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 POSITION**  
**JUNE 30, 2013**

Total fund balances for governmental funds	\$	14,148,361	
Total net position reported for governmental activities in the statement of net position 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	\$	8,055,670	
Land		3,674,024	
Land improvements		17,199,228	
Buildings and improvements		117,079,029	
Machinery and equipment		17,672,198	
Infrastructure		64,701,941	
Less: accumulated depreciation and amortization		(92,150,042)	
Total capital assets, net			136,232,048
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 inflows of resources in the governmental funds.			
Property taxes		885,474	
Sewer use and assessments		512,963	
			1,398,437
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.			
			308,225
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 position. Those liabilities consist of:			
Long-term debt:			
Bonds and notes payable		(32,008,100)	
Unamortized amounts		(489,709)	
Obligations under capital lease		(192,922)	
Accrued interest payable		(103,914)	
Other long-term liabilities:			
Compensated absences		(1,037,160)	
Accrued landfill postclosure costs		(380,000)	
Net OPEB obligation		(3,221,800)	
Total long-term liabilities			(37,433,605)
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 position.			
			1,212,597
Net position of governmental activities	\$		<u>115,866,063</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, 2013

	General Fund	Capital Improvements Fund	Sewer Operating Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 28,731,952	\$ -	\$ -	\$ -	\$ 28,731,952
Intergovernmental	22,056,094	2,526,131	-	2,999,105	27,581,330
Licenses, permits and fees	243,860	-	-	-	243,860
Charges for services	2,696,982	-	2,961,673	1,286,828	6,945,483
Investment income	151,285	-	5,834	27,603	184,722
Miscellaneous	447,264	-	410,433	113,110	970,807
Total revenues	<u>54,327,437</u>	<u>2,526,131</u>	<u>3,377,940</u>	<u>4,426,646</u>	<u>64,658,154</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,825,467	-	-	366,004	2,191,471
Public works	2,143,317	-	2,498,192	-	4,641,509
Recreation and leisure	1,613,366	-	-	39,483	1,652,849
Public safety	883,258	-	-	66,671	949,929
Community development and human services	523,653	-	-	383,717	907,370
Education	42,666,655	-	-	3,442,890	46,109,545
Miscellaneous	1,959,356	-	-	-	1,959,356
Debt service:					
Principal payments	1,684,575	-	-	-	1,684,575
Interest and fiscal charges	1,071,786	-	-	-	1,071,786
Capital lease payments	260,867	-	-	-	260,867
Capital outlays	-	5,947,779	-	440,874	6,388,653
Total expenditures	<u>54,632,300</u>	<u>5,947,779</u>	<u>2,498,192</u>	<u>4,739,639</u>	<u>67,817,910</u>
Excess (deficiency) of revenues over expenditures	(304,863)	(3,421,648)	879,748	(312,993)	(3,159,756)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of bonds payable	-	2,100,000	-	-	2,100,000
Proceeds from issuance of note payable	-	5,600,000	-	-	5,600,000
Transfers in	503,571	474,593	-	1,421,655	2,399,819
Transfers out	(1,245,800)	-	(894,021)	(259,998)	(2,399,819)
Total other financing sources (uses)	<u>(742,229)</u>	<u>8,174,593</u>	<u>(894,021)</u>	<u>1,161,657</u>	<u>7,700,000</u>
Net changes in fund balances	(1,047,092)	4,752,945	(14,273)	848,664	4,540,244
Fund balances (deficit) - beginning	9,474,809	(8,159,629)	2,385,652	5,907,285	9,608,117
Fund balances (deficit) - ending	<u>\$ 8,427,717</u>	<u>\$ (3,406,684)</u>	<u>\$ 2,371,379</u>	<u>\$ 6,755,949</u>	<u>\$ 14,148,361</u>

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  
FOR THE YEAR ENDED JUNE 30, 2013

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Net change in fund balances for governmental funds	\$	4,540,244
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Total change in net position 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	\$	6,531,245	
Depreciation and amortization expense		(4,694,243)	
Net adjustment			1,837,002

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on a disposal of capital assets.

	(221,618)
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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.

	11,967
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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 position. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Debt issued or incurred:			
Bonds and notes issued		(7,700,000)	
Principal repayments:			
Bonds and notes payable		1,684,575	
Obligations under capital lease		235,099	
Net adjustment			(5,780,326)

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	24,321	
Accrued interest	5,545	
Early retirement incentive	153,011	
Net OPEB obligation	(619,300)	
Amortization of bond premiums	69,418	
Amortization of deferred amount on refunding	(28,692)	
Landfill closure and postclosure costs	20,000	
		(375,697)

**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, 2013

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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.	\$ 23,323
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>157,846</u>
Change in net position of governmental activities	<u><u>\$ 192,741</u></u>

**TOWN OF KILLINGLY, CONNECTICUT**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Property taxes	\$ 29,246,370	\$ 29,246,370	\$ 28,731,952	\$ (514,418)
Intergovernmental	17,777,447	17,777,447	17,372,983	(404,464)
Licenses, permits and fees	196,400	196,400	243,860	47,460
Charges for services	2,362,360	2,362,360	2,694,265	331,905
Use of money and property	135,473	135,473	151,254	15,781
Miscellaneous	279,881	279,881	379,109	99,228
Total revenues	49,997,931	49,997,931	49,573,423	(424,508)
<b>EXPENDITURES</b>				
Current:				
General government	1,891,836	1,906,927	1,823,774	(83,153)
Public works	2,195,170	2,198,570	2,113,230	(85,340)
Recreation and leisure	1,653,275	1,664,795	1,602,484	(62,311)
Public safety	820,049	931,734	882,510	(49,224)
Community development and human service	490,340	493,735	487,823	(5,912)
Education	37,995,166	39,395,166	38,089,394	(1,305,772)
Miscellaneous	2,234,479	2,089,388	1,959,356	(130,032)
Debt service:				
Principal payments	1,684,575	1,684,575	1,684,575	-
Interest and fiscal charges	1,072,824	1,072,824	1,071,261	(1,563)
Debt issuance costs	5,000	5,000	525	(4,475)
Total expenditures	50,042,714	51,442,714	49,714,932	(1,727,782)
Excess (deficiency) of revenues over expenditures	(44,783)	(1,444,783)	(141,509)	1,303,274
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	800,000	2,260,000	-	(2,260,000)
Transfers in	502,587	502,587	503,571	984
Transfers out	(1,257,804)	(1,317,804)	(1,317,804)	-
Total other financing uses	44,783	1,444,783	(814,233)	(2,259,016)
Net change in fund balance	\$ -	\$ -	(955,742)	\$ (955,742)
Fund balance - beginning			7,293,885	
Fund balance - ending			\$ 6,338,143	

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



**TOWN OF KILLINGLY, CONNECTICUT**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER OPERATING FUND  
FOR THE YEAR ENDED JUNE 30, 2013

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Sewer use - current	\$ 3,075,735	\$ 3,075,735	\$ 2,916,246	\$ (159,489)
Use charge interest	45,000	45,000	32,104	(12,896)
Investment earnings	2,000	2,000	5,834	3,834
Miscellaneous	431,000	431,000	392,388	(38,612)
Total revenues	<u>3,553,735</u>	<u>3,553,735</u>	<u>3,346,572</u>	<u>(207,163)</u>
<b>EXPENDITURES</b>				
Contractual services	2,965,622	2,965,622	2,945,293	(20,329)
Materials and supplies	500	500	456	(44)
Total expenditures	<u>2,966,122</u>	<u>2,966,122</u>	<u>2,945,749</u>	<u>(20,373)</u>
Excess of revenues over expenditures	587,613	587,613	400,823	(186,790)
<b>OTHER FINANCING USES</b>				
Transfers out:				
Capital Projects Fund	(150,000)	(150,000)	(150,000)	-
Capital and Nonrecurring Fund	(240,450)	(240,450)	(240,450)	-
Total other financing uses	<u>(390,450)</u>	<u>(390,450)</u>	<u>(390,450)</u>	<u>-</u>
Net change in fund balance	<u>\$ 197,163</u>	<u>\$ 197,163</u>	10,373	<u>\$ (186,790)</u>
Fund balance - beginning			<u>2,085,028</u>	
Fund balance - ending			<u>\$ 2,095,401</u>	

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2013**

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	<b>Governmental</b> <b>Activities</b> <hr/> <b>Internal</b> <b>Service Fund-</b> <b>Health</b> <b>Insurance Fund</b> <hr/>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 332,551
Accounts receivable	12,276
Due from other funds	1,403,435
Total assets	<hr/> 1,748,262 <hr/>
<b>LIABILITIES</b>	
Current liabilities:	
Claims payable	535,665
Total liabilities	<hr/> 535,665 <hr/>
<b>NET POSITION</b>	
Unrestricted	1,212,597
Total net position	<hr/> \$ 1,212,597 <hr/>

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Governmental</b> <b>Activities</b> <hr/> <b>Internal</b> <b>Service Fund-</b> <b>Health</b> <b>Insurance Fund</b> <hr/>
<b>OPERATING REVENUES</b>	
Charges for service	\$ 8,598,770
Total operating revenues	<hr/> 8,598,770 <hr/>
<b>OPERATING EXPENSES</b>	
Claims incurred	7,447,401
Administrative and other	993,523
Total operating expenses	<hr/> 8,440,924 <hr/>
Change in net position	157,846
Net position - beginning	<hr/> 1,054,751 <hr/>
Net position - ending	<hr/> \$ 1,212,597 <hr/>

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, 2013**

	<b>Governmental Activities</b>
	<b>Internal Service Fund- Health Insurance Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from charges for services	\$ 8,457,920
Payments for claims incurred	(7,661,418)
Payments for administrative costs	(993,523)
Net cash used in operating activities	(197,021)
Net change in cash and cash equivalents	(197,021)
Cash and cash equivalents - beginning	529,572
Cash and cash equivalents - ending	\$ 332,551
Reconciliation of operating income to net cash used in operating activities:	
Operating income	\$ 157,846
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in assets:	
Accounts receivable	(4,380)
Due from other funds	(136,470)
Decrease in liabilities:	
Claims payable	(214,017)
Net cash used in operating activities	\$ (197,021)

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2013**

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 62,168	\$ 465,920
Investments:			
Pooled separate accounts	4,766,059	-	-
Fixed income	339,723	-	-
Equity mutual funds	-	101,202	-
U.S. Treasury notes	-	80,451	-
Corporate bonds	-	174,702	-
Common stocks	-	206,248	-
Due from others	-	17,213	-
Total assets	<u>5,105,782</u>	<u>641,984</u>	<u>\$ 465,920</u>
<b>LIABILITIES</b>			
Due to student groups	-	-	177,859
Due to others	-	-	288,061
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 465,920</u>
<b>NET POSITION</b>			
Held in trust for pension benefits and other purposes	<u>\$ 5,105,782</u>	<u>\$ 641,984</u>	

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 139,089	\$ -
Plan members	75,055	-
Other	-	32,688
Total contributions	214,144	32,688
Investment earnings:		
Interest and dividends	101,892	-
Net increase in the fair value of investments	498,157	47,299
Total investment income	600,049	47,299
Less: investment expense	(16,615)	-
Net investment income	583,434	47,299
Total additions	797,578	79,987
<b>DEDUCTIONS</b>		
Benefit payments	314,339	-
Administrative expenses	33,201	-
Awards	-	51,037
Total deductions	347,540	51,037
Change in net position	450,038	28,950
Net position - beginning	4,655,744	613,034
Net position - ending	\$ 5,105,782	\$ 641,984

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

## **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 position 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.

**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 10.

***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.



**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 and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/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 for the purpose of library books. The amounts are reflected as 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, 2013 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/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, 2013 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity *(Continued)***

**Unearned Revenue**

This liability represents resources that have been received but not yet earned.

**Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town does not have any items that qualify for reporting in this category.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town only has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and sewer assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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 position. Bond premiums and discounts 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 expensed when incurred.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity (Continued)**

**Long-term Obligations (Continued)**

In the fund financial statements, governmental funds recognize bond premiums and discounts 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.

**Net Position/Fund Balance**

The government-wide statement of net position presents the Town's assets and liabilities, with net position as the residual of these other elements. Net position is reported in three categories:

***Net investment in capital assets*** - This component of net position 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 position*** - This component of net position consists of amounts 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 position*** - This component of net position consist of amounts 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity *(Continued)***

**Net Position/Fund Balance *(Continued)***

***Net Position Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

***Fund Balance Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over the use of fund balance. In accordance with the applicable accounting guidance, when committed, assigned and unassigned resources are available for use, it is assumed that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

**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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Interfund Activities *(Continued)***

**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 \$130,895 may be approved by the Town Council. Those in excess of this amount must be approved at a Town Meeting. Additional appropriations of \$1,460,000 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.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2013

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

**Budgetary Information *(Continued)***

- 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 10*) 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.

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, 2013:

	<b>Total Revenues</b>	<b>Total Expenditures</b>	<b>Other Financing Uses - Transfers, Net</b>	<b>Net Change In Fund Balance</b>	<b>Fund Balance</b>
Budgetary basis	\$ 49,573,423	\$ 49,714,932	\$ (814,233)	\$ (955,742)	\$ 6,338,143
"On-behalf" payments - State Teachers Retirement Fund ( <i>see Note 10</i> )	3,324,454	3,324,454	-	-	-
Encumbrances outstanding:					
June 30, 2012	-	245,018	-	(245,018)	-
June 30, 2013	-	(104,688)	-	104,688	104,688
Intergovernmental grants netted against expenditures	1,358,657	1,358,657	-	-	-
Budgetary perspective differences - funds combined for GAAP financial reporting purposes	70,903	93,927	72,004	48,980	1,984,886
GAAP basis	<u>\$ 54,327,437</u>	<u>\$ 54,632,300</u>	<u>\$ (742,229)</u>	<u>\$ (1,047,092)</u>	<u>\$ 8,427,717</u>



**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2013

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

**Deficit Fund Balances**

The following funds have deficit balances as of June 30, 2013, which does not constitute a violation of statutory provisions:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Capital Improvements Fund	\$ 3,406,684
School Cafeteria Fund	241,348
Solid Waste Fund	31,426

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

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS**

A reconciliation of the Town's cash deposits as of June 30, 2013 is as follows:

Government-wide statement of net position:

Unrestricted:

Cash equivalents	\$ 7,048,619
Cash deposits	3,535,384

Permanently restricted:

Cash equivalents	31,349
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Statement of fiduciary net position:

Private purpose trust funds:

Cash equivalents	19,266
Cash deposits	42,902

Agency funds:

Cash equivalents	105,444
Cash deposits	360,476

Less: investments classified as cash equivalents	<u>(7,027,622)</u>
	<u>\$ 4,115,818</u>

Investments in CLASS and STIF totaling \$6,580,407 are included in cash and cash equivalents in the accompanying statements of net position. For purposes of disclosure, such amounts are considered investments and are included in the disclosure of investments.

**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, 2013 the carrying value of the Town's cash deposits totaled \$3,938,762. As of June 30, 2013, \$4,816,236 of the Town's bank balance of \$5,592,010 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,334,612
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	481,624
	<u>\$ 4,816,236</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, 2013 is as follows:

Government-wide statement of net position:	
Unrestricted investments	\$ 3,543,820
Permanently restricted investments	88,281
Statement of fiduciary net position:	
Investments - Pension trust funds	5,105,782
Investments - Private purpose trust funds	562,603
Add: investments classified as cash equivalents	7,027,622
	<u>\$ 16,328,108</u>

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

**Investments *(Continued)***

As of June 30, 2013, 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	
<b>Debt Securities:</b>					
Cooperative Liquid Asset Security System (CLASS)	\$ 4,922,031	\$ 4,922,031	\$ -	\$ -	
Short-Term Investment Fund (STIF)	1,658,376	1,658,376	-	-	
Certificates of deposits	4,079,315	4,079,315	-	-	
Corporate bonds and notes	255,154	101,031	128,419	25,704	
	10,914,876	<u>\$ 10,760,753</u>	<u>\$ 128,419</u>	<u>\$ 25,704</u>	
<b>Other investments:</b>					
Pooled separate accounts	4,766,059				
Fixed income	339,723				
Equity mutual funds	101,202				
Common stock	206,248				
<b>Total</b>	\$ 16,328,108				

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.

**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, 2013:

Debt Securities	Fair Value	Standard & Poor's			Unrated
		AAA	A	BBB	
Cooperative Liquid Asset					
Security System (CLASS)	\$ 4,922,031	\$ -	\$ -	\$ 4,922,031	\$ -
Short-Term Investment Fund (STIF)	1,658,376	1,658,376			
Corporate bonds and notes	255,154	-	204,230	25,220	25,704
	<u>\$ 6,835,561</u>	<u>\$ 1,658,376</u>	<u>\$ 204,230</u>	<u>\$ 4,947,251</u>	<u>\$ 25,704</u>

**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, 2013, 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 THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2013

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 11,398,884	\$ 344,157	\$ (3,687,371)	\$ 8,055,670
Land	3,842,092	53,550	(221,618)	3,674,024
Total capital assets, not being depreciated	<u>15,240,976</u>	<u>397,707</u>	<u>(3,908,989)</u>	<u>11,729,694</u>
Capital assets, being depreciated:				
Land improvements	16,942,231	256,997	-	17,199,228
Buildings and improvements	116,665,472	413,557	-	117,079,029
Machinery and equipment	17,076,125	596,073	-	17,672,198
Infrastructure	56,147,659	8,554,282	-	64,701,941
Total capital assets, being depreciated	<u>206,831,487</u>	<u>9,820,909</u>	<u>-</u>	<u>216,652,396</u>
Less accumulated depreciation:				
Land improvements	3,519,697	845,404	-	4,365,101
Buildings and improvements	28,942,650	1,983,753	-	30,926,403
Machinery and equipment	11,862,522	1,069,200	-	12,931,722
Infrastructure	43,130,930	795,886	-	43,926,816
Total accumulated depreciation	<u>87,455,799</u>	<u>4,694,243</u>	<u>-</u>	<u>92,150,042</u>
Total capital assets, being depreciated, net	<u>119,375,688</u>	<u>5,126,666</u>	<u>-</u>	<u>124,502,354</u>
Governmental activities capital assets, net	<u>\$ 134,616,664</u>	<u>\$ 5,524,373</u>	<u>\$ (3,908,989)</u>	<u>\$ 136,232,048</u>

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

Governmental Activities:	
General government	\$ 824,144
Public works	483,495
Recreation and leisure	225,215
Public Safety	2,411
Education	3,158,978
Total depreciation and amortization expense - governmental activities	<u>\$ 4,694,243</u>

**NOTE 5 - CAPITAL PROJECTS**

The Town has total project authorizations totaling approximately \$128 million as of June 30, 2013 and the remaining balance of those authorizations totaled approximately \$11.2 million as of June 30, 2013.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2013

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2013 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Capital Improvements Fund	\$ 5,020,799
	Nonmajor Governmental Funds	1,185,020
		<u>\$ 6,205,819</u>
Sewer Operating Fund	General Fund	<u>\$ 715,695</u>
Nonmajor Governmental Funds	General Fund	\$ 5,504,392
	Capital Improvements Fund	263,980
	Nonmajor Governmental Funds	12,038
		<u>\$ 5,780,410</u>
<b>Proprietary Funds</b>		
Health Insurance Fund	General Fund	<u>\$ 1,403,435</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>
<b>Governmental Funds</b>		
General Fund	Sewer Operating Fund	<u>\$ 503,571</u>
	Capital Improvements Fund	424,972
	Nonmajor Governmental Funds	49,621
		<u>474,593</u>
Nonmajor Governmental Funds	General Fund	820,828
	Sewer Operating Fund	390,450
	Nonmajor Governmental Funds	210,377
		<u>1,421,655</u>
Total transfers		<u>\$ 2,399,819</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 THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2013

**NOTE 8 - SHORT-TERM LIABILITY**

The following is a summary of changes in short-term liabilities for the year ended June 30, 2013:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Bond anticipation notes				
in May 2012, original amount \$9,900,000	\$ 9,900,000	\$ -	\$(9,900,000)	\$ -
Bond anticipation notes				
in May 2013, original amount \$2,000,000	-	2,000,000	-	2,000,000
	<u>\$ 9,900,000</u>	<u>\$ 2,000,000</u>	<u>\$(9,900,000)</u>	<u>\$ 2,000,000</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, 2013:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 24,990,000	\$ 2,100,000	\$(1,650,000)	\$ 25,440,000	\$ 1,730,000
Unamortized premium	559,127	-	(69,418)	489,709	-
	<u>25,549,127</u>	<u>2,100,000</u>	<u>(1,719,418)</u>	<u>25,929,709</u>	<u>1,730,000</u>
Other liabilities:					
Notes payable	1,002,675	5,600,000	(34,575)	6,568,100	178,165
Capital leases	428,021	-	(235,099)	192,922	137,878
Landfill postclosure care costs	400,000	-	(20,000)	380,000	20,000
Early incentive retirement incentives	153,011	-	(153,011)	-	-
Compensated absences	1,061,481	27,256	(51,577)	1,037,160	287,016
Net OPEB obligation	2,602,500	619,300	-	3,221,800	-
	<u>\$ 56,745,942</u>	<u>\$ 10,446,556</u>	<u>\$(3,933,098)</u>	<u>\$ 63,259,400</u>	<u>\$ 4,083,059</u>

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2013

**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, 2013 is as follows:

<u>Bond Issue</u>	<u>Original Amount</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
<b>Governmental Activities</b>				
<b>Bonds Payable</b>				
2007 School bonds	\$ 2,415,000	2027	4.25% - 5.00%	\$ 1,683,649
2007 Road/Bridges bonds	3,000,000	2027	4.25% - 5.00%	2,096,350
2007 School refunding bonds	685,000	2024	4.25% - 5.00%	276,364
2007 Sewer refunding bonds	3,835,000	2024	4.25% - 5.00%	1,547,235
2007 General purpose refunding bonds	1,565,000	2024	4.25% - 5.00%	631,402
2008 School bonds	5,000,000	2028	4.0% - 4.5%	3,750,000
2009 School bonds	3,000,000	2029	2.5% - 4.125%	2,400,000
2010 School bonds	6,500,000	2030	2.25% - 4.0%	5,525,000
2011 School bonds	3,500,000	2031	2.5% - 4.375%	3,150,000
2012 School bonds	2,400,000	2032	2.5% - 3.25%	2,280,000
2013 School/Road Bridges	2,100,000	2033	2.0% - 3.0%	2,100,000
				<u>\$25,440,000</u>
<b>Notes Payable</b>				
2001 Sewer FHA loan	1,383,000	2041	4.50%	\$ 968,100
2013 Sewer USDA loan	5,600,000	2051	1.00%	5,600,000
				<u>6,568,100</u>

Annual debt service requirements to maturity on general obligation bonds and note payable are as follows as of June 30, 2013:

Year ending June 30:	<b>Governmental Activities</b>					
	<b>General Obligation Bonds</b>		<b>Note Payable</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2014	\$ 1,730,000	\$ 957,392	\$ 178,165	\$ 239,565	\$ 1,908,165	\$ 1,196,957
2015	1,640,000	895,604	178,165	232,983	1,818,165	1,128,587
2016	1,640,000	837,780	178,165	226,402	1,818,165	1,064,182
2017	1,635,000	774,266	178,165	219,820	1,813,165	994,086
2018	1,635,000	713,504	178,165	213,238	1,813,165	926,742
2019- 2023	8,115,000	2,628,261	890,825	967,469	9,005,825	3,595,730
2024- 2028	6,715,000	1,180,601	890,825	802,931	7,605,825	1,983,532
2029- 2033	2,330,000	153,132	890,825	638,394	3,220,825	791,526
2034- 2038	-	-	890,825	473,855	890,825	473,855
2039- 2043	-	-	821,675	310,873	821,675	310,873
2044- 2048	-	-	717,950	175,896	717,950	175,896
2049- 2053	-	-	574,350	50,255	574,350	50,255
	<u>\$ 25,440,000</u>	<u>\$ 8,140,540</u>	<u>\$ 6,568,100</u>	<u>\$ 4,551,681</u>	<u>\$ 32,008,100</u>	<u>\$ 12,692,221</u>



**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 \$200,800,754 as of June 30, 2013. 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, 2013.

The amount of authorized, unissued bonds at June 30, 2013 totaled \$85,000, \$7,090,800 and \$5,048,000 for general purposes, schools, and sewers, respectively.

**Capital Leases**

A summary of assets acquired through capital leases is as follows as of June 30, 2013:

	<b>Governmental Activites</b>
Buildings	\$ 739,988
Machinery and equipment	1,754,902
	<hr/>
Less: accumulated amortization	2,338,205
	<hr/>
	<u>\$ 156,685</u>

Amortization expense relative to leased property under capital leases totaled \$160,311 for the year ended June 30, 2013 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, 2013 are as follows:

Year ending June 30:	<b>Governmental Activites</b>
2014	\$ 74,964
2015	67,013
2016	60,336
Total minimum lease payments	202,313
Less: amount representing interest	9,391
	<hr/>
	<u>\$ 192,922</u>

**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 19 years totals \$380,000 at June 30, 2013. These amounts are based on estimates, which are subject to change due to inflation, technology or changes in applicable laws and regulations.

**NOTE 9 - LONG-TERM OBLIGATIONS (Continued)**

**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 \$153,011 for the year ended June 30, 2013.

**NOTE 10 - 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 value 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 benefits	67
Terminated plan members entitled to but not yet receiving benefits	23
Employees who revoked payroll deduction and are entitled to future benefits	9
Active plan members	59
Total	<u>158</u>

**NOTE 10 - 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 position:

Pooled separate accounts:		
Fidelity Advisor Equity Growth Fund	\$	464,579
Prudential Large Cap Value Fund		492,255
Dryden S&P 500 Index Fund		845,744
Prudential International Blended Capital F		772,124
Prudential Core Plus Bond Fund		497,986
Prudential Private Placement Fund		871,488
Cohen and Steers Realty Income Fund		265,837
Guaranteed Deposit		339,723
Total	\$	<u>4,549,736</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2013

**NOTE 10 - 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)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2012	\$ 4,592,359	\$ 5,116,277	\$ 523,918	89.8%	\$ 2,011,526	26.0%

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	\$ 139,089
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	139,089
Contributions made	139,089
Change in net pension obligation	-
Net pension obligation, beginning of the year	-
Net pension obligation, 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%
2013	139,089	139,089	100%

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2013

**NOTE 10 - PENSION PLANS *(Continued)***

**Defined Benefit Plan *(Continued)***

**Three-Year Trend Information**

<b>Plan Year Ended June 30,</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2011	\$ 65,655	\$ 65,655	100%	-
2012	107,472	107,472	100%	-
2013	139,089	139,089	100%	-

**Additional Information and Actuarial Assumptions**

Valuation date:	July 1, 2012
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 POSITION  
JUNE 30, 2013

	<b>Pension Trust Fund</b>
<b>ASSETS</b>	
Investments:	
Pooled separate accounts	\$ 4,766,059
Fixed income	339,723
Total assets	<u>5,105,782</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	<u>\$ 5,105,782</u>

**NOTE 10 - PENSION PLANS *(Continued)***

**Defined Benefit Plan *(Continued)***

**Plan Financial Statements *(Continued)***

**TOWN OF KILLINGLY, CONNECTICUT**  
STATEMENT OF CHANGES IN PLAN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013

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	<b>Pension Trust Fund</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 139,089
Employee	75,055
Total contributions	<u>214,144</u>
Investment earnings:	
Interest and dividends	101,892
Net increase in the fair value of investments	<u>498,157</u>
Total investment earnings	600,049
Less: investment expense	<u>(16,615)</u>
Net investment income	<u>583,434</u>
Total additions	<u>797,578</u>
 <b>DEDUCTIONS</b>	
Benefit payments	314,339
Administrative expenses	<u>33,201</u>
Total deductions	<u>347,540</u>
 Change in net position	450,038
 Net position - beginning	<u>4,655,744</u>
Net position - ending	<u><u>\$ 5,105,782</u></u>

**NOTE 10 - 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, 2013, Town teachers contributed \$1,149,370 to the plan and covered payroll for the year was \$15,853,379.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on-behalf" payments of \$3,324,454 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 11 - 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.

The Town of Killingly Board of Education provides healthcare insurance benefits for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the Board of Education and the union representing Board of Education employees and are renegotiated each three-year bargaining period. The Plan does not issue a publically available financial report and is not included in the financial statements of another entity.

**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 Board of Education and their respective unions. 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. Currently, Board of Education Employees who are age 50 with 25 years of service, age 55 with 20 years of service or age 60 with 10 years of service in the Killingly School System are eligible to receive benefits. Those who choose to participate must pay the 100% of the premium cost. The Town finances the plan on a pay-as-you-go basis.

**NOTE 11 - 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	\$ 751,700
Interest on net OPEB obligation	117,100
Adjustment to annual required contribution	(152,900)
Annual OPEB cost	715,900
Contributions made	96,600
Increase in net OPEB obligation	619,300
Net OPEB obligation, beginning of the year	2,602,500
Net OPEB obligation, end of the year	<u>\$ 3,221,800</u>

**Three-year Trend Information**

<u>Plan Year Ended June 30,</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 783,900	\$ 251,000	32%	\$ 1,692,900
2012	787,400	122,200	16%	2,602,500
2013	715,900	96,600	13%	3,221,800

**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:

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



**NOTE 11 - 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 12 - 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 2013, 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.

**NOTE 12 - 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, 2013. 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 last three years is as follows:

<b>Year</b>	<b>Claims Payable,</b>	<b>Claims and Changes</b>		<b>Claims Payable,</b>
<b>Ended June 30,</b>	<b>Beginning of Year</b>	<b>in Estimates</b>	<b>Claims Paid</b>	<b>End of Year</b>
2011	\$ 570,671	\$ 7,254,456	\$ 7,293,165	\$ 531,962
2012	531,962	6,878,261	6,660,541	749,682
2013	749,682	7,447,401	7,661,418	535,665

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 13 - 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, 2013, the Town has recorded \$104,688 in encumbrances. Such encumbrances have been included in assigned fund balance of the General Fund.

**NOTE 14 - IMPLEMENTATION OF NEW PRONOUNCEMENTS**

The Town has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* effective July 1, 2012. GASB Statement No. 63 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 results in the reclassification of certain financial statement line items on the statement of net position and balance sheet. In addition to reclassifications to these new categories, GASB No. 65 has also resulted in a change to the accounting treatment for certain items, including debt issuance costs.

Net position as of July 1, 2012 has been adjusted as follows:

	<u>Governmental Activities</u>
Net position - beginning, as originally reported	\$ 116,355,511
Expense unamortized bond issuance costs	<u>(682,189)</u>
Net position - beginning, as adjusted	<u><u>\$ 115,673,322</u></u>

**NOTE 15 - 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. 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.

**NOTE 15 - RECENTLY ISSUED ACCOUNTING STANDARDS *(Continued)***

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. 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.

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## REQUIRED SUPPLEMENTARY INFORMATION

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**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULES OF FUNDING PROGRESS (UNAUDITED)**  
**JUNE 30, 2013**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age Normal (B) *</b>	<b>(Overfunded) Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>
<b>Defined Benefit Pension Plan</b>						
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%
July 1, 2012	4,592,359	5,116,277	523,918	89.8%	2,011,526	26.0%

\* 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.

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age Normal (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>
<b>Other Post-Employment Benefit Plan</b>						
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%

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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**GENERAL FUND**

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**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS**  
**JUNE 30, 2013**

	<b>General Fund</b>	<b>Water Utility</b>	<b>Revaluation</b>	<b>Insurance Reserve</b>	<b>Community Employment Incentive</b>	<b>Water Mitigation</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 6,120,771	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	3,100,403	-	-	-	-	-
Receivables:						
Property taxes, net	1,167,048	-	-	-	-	-
Grants and contracts	350,267	-	-	-	-	-
Other	298,336	-	-	-	-	-
Due from other funds	6,205,818	1,167,432	73,998	253,233	7,687	75,040
Other assets	138,212	-	-	-	-	-
Total assets	<u>\$ 17,380,855</u>	<u>\$ 1,167,432</u>	<u>\$ 73,998</u>	<u>\$ 253,233</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 698,149	\$ -	\$ -	\$ 2,329	\$ -	\$ -
Accrued liabilities	8,760	-	-	-	-	-
Due to other funds	9,328,428	-	-	-	-	-
Due to others	17,213	-	-	-	-	-
Total liabilities	<u>10,052,550</u>	<u>-</u>	<u>-</u>	<u>2,329</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	<u>885,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Committed to:						
General government	-	-	73,998	250,904	-	-
Public safety	-	-	-	-	-	-
Community development and human services	-	-	-	-	-	-
Assigned to:						
General government	65,791	-	-	-	-	-
Education	38,897	-	-	-	-	-
Compensated absences	131,216	-	-	-	-	-
Other post-employment benefits	483,270	-	-	-	-	-
Cell towers	150,697	-	-	-	-	-
Sewer extension	38,793	-	-	-	-	-
Landfill closure	119	-	-	-	-	-
Subsequent year budget	100,000	-	-	-	-	-
Unassigned	<u>5,434,048</u>	<u>1,167,432</u>	<u>-</u>	<u>-</u>	<u>7,687</u>	<u>75,040</u>
Total fund balances	<u>6,442,831</u>	<u>1,167,432</u>	<u>73,998</u>	<u>250,904</u>	<u>7,687</u>	<u>75,040</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,380,855</u>	<u>\$ 1,167,432</u>	<u>\$ 73,998</u>	<u>\$ 253,233</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>

See accompanying Independent Auditor's Report

**TOWN OF KILLINGLY, CONNECTICUT**

## COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS (Continued)

JUNE 30, 2013

	Planning and Conservation	Demo and Relocation	Terecentennial	Civil War Monument	Biddy Basketball	Public Safety
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 846	\$ -	\$ 1,102
Investments	-	-	-	2,764	-	3,604
Receivables:						
Property taxes, net	-	-	-	-	-	-
Grants and contracts	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	50,872	62,887	2,000	-	-	-
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 50,872</u>	<u>\$ 62,887</u>	<u>\$ 2,000</u>	<u>\$ 3,610</u>	<u>\$ -</u>	<u>\$ 4,706</u>
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to others	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Committed to:						
General government	-	62,887	-	-	-	-
Public safety	-	-	-	-	-	4,706
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	<u>50,872</u>	<u>-</u>	<u>2,000</u>	<u>3,610</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>50,872</u>	<u>62,887</u>	<u>2,000</u>	<u>3,610</u>	<u>-</u>	<u>4,706</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 50,872</u>	<u>\$ 62,887</u>	<u>\$ 2,000</u>	<u>\$ 3,610</u>	<u>\$ -</u>	<u>\$ 4,706</u>

See accompanying Independent Auditor's Report

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS (Concluded)**  
**JUNE 30, 2013**

	<b>Economic Development</b>	<b>Fuel System</b>	<b>Kelp</b>	<b>Earl Chandler</b>	<b>Eliminations</b>	<b>Combined General Fund</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 219,489	\$ 14,648	\$ 495	\$ 101	\$ -	\$ 6,357,452
Investments	-	37,643	1,616	-	-	3,146,030
Receivables:						
Property taxes, net	-	-	-	-	-	1,167,048
Grants and contracts	-	-	-	-	-	350,267
Other	-	-	-	-	-	298,336
Due from other funds	-	11,758	-	-	(1,704,906)	6,205,819
Other assets	-	-	-	-	-	138,212
Total assets	<u>\$ 219,489</u>	<u>\$ 64,049</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ (1,704,906)</u>	<u>\$ 17,663,164</u>
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700,478
Other accrued liabilities	-	-	-	-	-	8,760
Due to other funds	-	-	-	-	(1,704,906)	7,623,522
Due to others	-	-	-	-	-	17,213
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,704,906)</u>	<u>8,349,973</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>885,474</u>
<b>FUND BALANCES</b>						
Committed to:						
General government	-	-	-	-	-	387,789
Public safety	-	-	-	-	-	4,706
Community development and human services	-	64,049	-	-	-	64,049
Assigned to:						
General government	-	-	-	-	-	65,791
Education	-	-	-	-	-	38,897
Compensated absences	-	-	-	-	-	131,216
Other post-employment benefits	-	-	-	-	-	483,270
Cell towers	-	-	-	-	-	150,697
Sewer extension	-	-	-	-	-	38,793
Landfill closure	-	-	-	-	-	119
Subsequent year budget	-	-	-	-	-	100,000
Unassigned	<u>219,489</u>	<u>-</u>	<u>2,111</u>	<u>101</u>	<u>-</u>	<u>6,962,390</u>
Total fund balances	<u>219,489</u>	<u>64,049</u>	<u>2,111</u>	<u>101</u>	<u>-</u>	<u>8,427,717</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 219,489</u>	<u>\$ 64,049</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ (1,704,906)</u>	<u>\$ 17,663,164</u>

See accompanying Independent Auditor's Report

**TOWN OF KILLINGLY, CONNECTICUT**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND ACCOUNTS**
**FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Water Utility	Revaluation	Insurance Reserve	Community Employment Incentive	Water Mitigation
<b>REVENUES</b>						
Property taxes	\$ 28,731,952	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	22,056,094	-	-	-	-	-
Licenses, permits and fees	243,860	-	-	-	-	-
Charges for services	2,694,265	-	-	-	-	-
Investment income	151,254	-	-	-	-	-
Miscellaneous	379,109	-	-	63,255	-	-
Total revenues	<u>54,256,534</u>	<u>-</u>	<u>-</u>	<u>63,255</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,769,826	-	-	51,685	-	-
Public works	2,142,299	-	-	-	-	-
Recreation and leisure	1,612,676	-	-	-	-	-
Public safety	882,510	-	-	-	-	-
Community development and human services	487,823	-	-	-	-	-
Education	42,666,655	-	-	-	-	-
Miscellaneous	1,959,356	-	-	-	-	-
Debt service:						
Principal payments	1,684,575	-	-	-	-	-
Interest and fiscal charges	1,071,786	-	-	-	-	-
Capital lease payments	260,867	-	-	-	-	-
Total expenditures	<u>54,538,373</u>	<u>-</u>	<u>-</u>	<u>51,685</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(281,839)	-	-	11,570	-	-
<b>OTHER FINANCING SOURCES</b>						
Transfers in	503,571	-	20,000	-	-	-
Transfers out	(1,317,804)	-	-	-	-	-
Total other financing sources (uses)	<u>(814,233)</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(1,096,072)	-	20,000	11,570	-	-
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 6,442,831</u>	<u>\$ 1,167,432</u>	<u>\$ 73,998</u>	<u>\$ 250,904</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>

See accompanying Independent Auditor's Report

**TOWN OF KILLINGLY, CONNECTICUT**

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

FOR THE YEAR ENDED JUNE 30, 2013

	Planning and Conservation	Demo and Relocation	Terecentennial	Civil War Monument	Biddy Basketball	Public Safety
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	13	-	18
Miscellaneous	-	-	-	-	-	-
Total revenues	-	-	-	13	-	18
<b>EXPENDITURES</b>						
Current:						
General government	-	3,956	-	-	-	-
Public works	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	690	-
Public safety	-	-	-	-	-	748
Community development and human services	-	-	-	-	-	-
Education	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Debt service:						
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital lease payments	-	-	-	-	-	-
Total expenditures	-	3,956	-	-	690	748
Excess (deficiency) of revenues over expenditures	-	(3,956)	-	13	(690)	(730)
<b>OTHER FINANCING SOURCES</b>						
Transfers in	-	52,000	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	52,000	-	-	-	-
Net changes in fund balances	-	48,044	-	13	(690)	(730)
Fund balances - beginning	50,872	14,843	2,000	3,597	690	5,436
Fund balances - ending	\$ 50,872	\$ 62,887	\$ 2,000	\$ 3,610	\$ -	\$ 4,706

See accompanying Independent Auditor's Report

**TOWN OF KILLINGLY, CONNECTICUT**

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

FOR THE YEAR ENDED JUNE 30, 2013

	Economic Development	Fuel System	Kelp	Earl Chandler	Eliminations	Combined General Fund
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,731,952
Intergovernmental	-	-	-	-	-	22,056,094
Licenses, permits and fees	-	-	-	-	-	243,860
Charges for services	2,717	-	-	-	-	2,696,982
Investment income	-	-	-	-	-	151,285
Miscellaneous	-	4,900	-	-	-	447,264
Total revenues	<u>2,717</u>	<u>4,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,327,437</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	1,825,467
Public works	-	1,018	-	-	-	2,143,317
Recreation and leisure	-	-	-	-	-	1,613,366
Public safety	-	-	-	-	-	883,258
Community development and human services	35,830	-	-	-	-	523,653
Education	-	-	-	-	-	42,666,655
Miscellaneous	-	-	-	-	-	1,959,356
Debt service:						
Principal payments	-	-	-	-	-	1,684,575
Interest and fiscal charges	-	-	-	-	-	1,071,786
Capital lease payments	-	-	-	-	-	260,867
Total expenditures	<u>35,830</u>	<u>1,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,632,300</u>
Excess (deficiency) of revenues over expenditures	(33,113)	3,882	-	-	-	(304,863)
<b>OTHER FINANCING SOURCES</b>						
Transfers in	-	-	-	4	(72,004)	503,571
Transfers out	-	-	-	-	72,004	(1,245,800)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>(742,229)</u>
Net changes in fund balances	(33,113)	3,882	-	4	-	(1,047,092)
Fund balances - beginning	<u>252,602</u>	<u>60,167</u>	<u>2,111</u>	<u>97</u>	<u>-</u>	<u>9,474,809</u>
Fund balances - ending	<u>\$ 219,489</u>	<u>\$ 64,049</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ -</u>	<u>\$ 8,427,717</u>

See accompanying Independent Auditor's Report

**TOWN OF KILLINGLY, CONNECTICUT**

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL -  
 BUDGETARY BASIS - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2013

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>PROPERTY TAXES</b>				
Current taxes	\$ 28,192,265	\$ 28,192,265	\$ 27,895,011	\$ (297,254)
Prior years' taxes	650,000	650,000	478,205	(171,795)
Supplemental motor vehicle	169,856	169,856	185,031	15,175
Tax interest	300,000	300,000	235,643	(64,357)
Lien fees	11,000	11,000	9,758	(1,242)
Airplane tax	2,860	2,860	1,890	(970)
Phone access - SNETCO	70,984	70,984	77,009	6,025
Remediation financing	(150,595)	(150,595)	(150,595)	-
Total property taxes	<u>29,246,370</u>	<u>29,246,370</u>	<u>28,731,952</u>	<u>(514,418)</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
State-owned property	253,919	253,919	245,026	(8,893)
Elderly tax relief	147,825	147,825	151,035	3,210
Disability exception	3,442	3,442	3,651	209
Property tax abatement	118,000	118,000	120,491	2,491
Boat tax (P.A. 81-423)	1,300	1,300	-	(1,300)
Veterans' exemption	8,259	8,259	7,355	(904)
Municipal Revenue Sharing	808,049	808,049	726,543	(81,506)
General assistance	360	360	180	(180)
Connecticard	8,600	8,600	7,910	(690)
Library grant	1,253	1,253	1,223	(30)
Adult education	113,479	113,479	109,412	(4,067)
Mashantucket Pequot fund	168,210	168,210	156,759	(11,451)
Education equalization grant	15,638,288	15,638,288	15,267,223	(371,065)
School transportation	242,230	242,230	250,465	8,235
Vocational agriculture	167,793	167,793	205,462	37,669
Nonpublic school - health services	29,221	29,221	33,903	4,682
Transportation - nonpublic	17,219	17,219	22,782	5,563
Medicare reimbursement	50,000	50,000	63,563	13,563
Total intergovernmental revenues	<u>17,777,447</u>	<u>17,777,447</u>	<u>17,372,983</u>	<u>(404,464)</u>
<b>LICENSES, PERMITS AND FEES</b>				
Building permit fees	150,000	150,000	200,776	50,776
Planning and zoning permits	30,000	30,000	21,661	(8,339)
Other permits	2,000	2,000	6,875	4,875
Library fines and fees	12,000	12,000	13,908	1,908
Animal control fines and fees	2,400	2,400	640	(1,760)
Total licenses, permits and fees	<u>196,400</u>	<u>196,400</u>	<u>243,860</u>	<u>47,460</u>

*(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, 2013

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>CHARGES FOR SERVICES</b>				
Town clerk receipts	\$ 141,000	\$ 141,000	\$ 161,372	\$ 20,372
Conveyance tax	87,000	87,000	109,547	22,547
Engineering	49,122	49,122	55,406	6,284
Elderly housing services	19,764	19,764	19,764	-
Recreation department	120,000	120,000	125,469	5,469
Tuition	1,945,474	1,945,474	2,222,707	277,233
Total charges for services	<u>2,362,360</u>	<u>2,362,360</u>	<u>2,694,265</u>	<u>331,905</u>
<b>USE OF MONEY AND PROPERTY</b>				
Investment income	40,000	40,000	51,790	11,790
Sewer plant lease	34,824	34,824	34,827	3
Communications tower lease	60,649	60,649	64,637	3,988
Total use of money and property	<u>135,473</u>	<u>135,473</u>	<u>151,254</u>	<u>15,781</u>
<b>MISCELLANEOUS</b>				
School capital contributions	186,471	186,471	200,106	13,635
Miscellaneous	93,410	93,410	179,003	85,593
Total miscellaneous	<u>279,881</u>	<u>279,881</u>	<u>379,109</u>	<u>99,228</u>
Total revenues	<u>49,997,931</u>	<u>49,997,931</u>	<u>49,573,423</u>	<u>(424,508)</u>
<b>OTHER FINANCING SOURCES</b>				
Appropriation of fund balance	800,000	2,260,000	-	(2,260,000)
Transfers in:				
Sewer Operating Fund	502,557	502,557	503,532	975
Louisa E. Day	20	20	29	9
Thomas J. Evans	10	10	10	-
Total other financing sources	<u>1,302,587</u>	<u>2,762,587</u>	<u>503,571</u>	<u>(2,259,016)</u>
Total revenues and other financing sources	<u>\$ 51,300,518</u>	<u>\$ 52,760,518</u>	<u>\$ 50,076,994</u>	<u>\$ (2,683,524)</u>

*(Concluded)*

**TOWN OF KILLINGLY, CONNECTICUT**

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -  
 BUDGETARY BASIS - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2013

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>GENERAL GOVERNMENT</b>				
Town Council:				
Personal services	\$ 6,750	\$ 6,750	\$ 6,750	\$ -
Contractual services	40,000	41,725	35,684	(6,041)
Material and supplies	1,750	1,750	1,633	(117)
Total town council	<u>48,500</u>	<u>50,225</u>	<u>44,067</u>	<u>(6,158)</u>
Town Manager:				
Personal services	191,194	199,830	199,028	(802)
Contractual services	32,250	28,050	18,128	(9,922)
Material and supplies	3,000	3,000	2,925	(75)
Total town manager	<u>226,444</u>	<u>230,880</u>	<u>220,081</u>	<u>(10,799)</u>
Legal Services:				
Contractual services	101,964	101,964	81,443	(20,521)
Total legal services	<u>101,964</u>	<u>101,964</u>	<u>81,443</u>	<u>(20,521)</u>
Town Clerk:				
Personnel services	131,649	132,439	131,892	(547)
Contractual services	30,600	30,980	30,976	(4)
Material and supplies	2,400	2,400	2,264	(136)
Total town clerk	<u>164,649</u>	<u>165,819</u>	<u>165,132</u>	<u>(687)</u>
Finance:				
Personal services	179,276	180,826	180,825	(1)
Contractual services	65,940	66,490	66,486	(4)
Material and supplies	1,800	1,800	1,737	(63)
Total finance	<u>247,016</u>	<u>249,116</u>	<u>249,048</u>	<u>(68)</u>
Assessor:				
Personal services	147,848	149,468	149,464	(4)
Contractual services	16,092	15,917	13,585	(2,332)
Materials and supplies	1,970	1,970	1,172	(798)
Capital Outlay	3,000	3,000	2,685	(315)
Total assessor	<u>168,910</u>	<u>170,355</u>	<u>166,906</u>	<u>(3,449)</u>
Revenue Collection:				
Personal services	175,467	176,787	176,252	(535)
Contractual services	37,693	37,693	34,234	(3,459)
Material and supplies	2,150	2,150	1,821	(329)
Capital Outlay	450	450	385	(65)
Total revenue collection	<u>215,760</u>	<u>217,080</u>	<u>212,692</u>	<u>(4,388)</u>
				(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, 2013

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
GENERAL GOVERNMENT (Continued)				
Registration and Elections:				
Personal services	\$ 60,691	\$ 60,691	\$ 59,847	\$ (844)
Contractual services	19,638	19,483	15,164	(4,319)
Material and supplies	500	655	650	(5)
Total registration and elections	80,829	80,829	75,661	(5,168)
Town Boards and Commissions:				
Contractual services	92,429	92,429	79,975	(12,454)
Total town boards and commissions	92,429	92,429	79,975	(12,454)
Planning and Development:				
Personal services	186,580	188,100	188,097	(3)
Contractual services	10,800	10,765	5,669	(5,096)
Material and supplies	3,050	3,050	2,328	(722)
Total planning and development	200,430	201,915	196,094	(5,821)
Data Processing:				
Contractual services	113,500	113,500	103,946	(9,554)
Total data processing	113,500	113,500	103,946	(9,554)
Town Hall:				
Personal services	36,800	30,610	29,981	(629)
Contractual services	65,800	71,990	71,986	(4)
Material and supplies	6,700	6,700	5,722	(978)
Total town hall	109,300	109,300	107,689	(1,611)
Economic Development				
Personal services	108,355	109,765	109,757	(8)
Contractual services	12,550	12,550	10,114	(2,436)
Material and supplies	1,200	1,200	1,169	(31)
Total economic development	122,105	123,515	121,040	(2,475)
Total general government	1,891,836	1,906,927	1,823,774	(83,153)
PUBLIC WORKS				
Supervision:				
Personal services	194,505	196,005	188,865	(7,140)
Contractual services	10,800	10,800	8,222	(2,578)
Material and supplies	2,200	2,200	1,445	(755)
Total supervision	207,505	209,005	198,532	(10,473)
(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, 2013

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>PUBLIC WORKS <i>(Continued)</i></b>				
Engineering:				
Personal services	\$ 278,185	\$ 280,280	\$ 280,278	\$ (2)
Contractual services	10,700	10,505	8,090	(2,415)
Material and supplies	4,500	4,500	4,391	(109)
Total engineering	<u>293,385</u>	<u>295,285</u>	<u>292,759</u>	<u>(2,526)</u>
Central Garage:				
Personal services	145,050	145,050	136,497	(8,553)
Contractual services	90,850	125,850	123,578	(2,272)
Material and supplies	268,500	268,500	251,067	(17,433)
Total central garage	<u>504,400</u>	<u>539,400</u>	<u>511,142</u>	<u>(28,258)</u>
Highways:				
Personal services	760,330	759,540	745,514	(14,026)
Contractual services	46,700	47,490	47,480	(10)
Material and supplies	122,000	122,000	105,261	(16,739)
Total highways	<u>929,030</u>	<u>929,030</u>	<u>898,255</u>	<u>(30,775)</u>
Winter Maintenance:				
Personal services	97,850	97,850	90,218	(7,632)
Contractual services	7,000	7,000	3,496	(3,504)
Material and supplies	156,000	121,000	118,828	(2,172)
Total winter maintenance	<u>260,850</u>	<u>225,850</u>	<u>212,542</u>	<u>(13,308)</u>
Total public works	<u>2,195,170</u>	<u>2,198,570</u>	<u>2,113,230</u>	<u>(85,340)</u>
<b>RECREATION AND LEISURE</b>				
Recreation:				
Personal services	401,201	402,641	372,791	(29,850)
Contractual services	72,700	58,415	52,792	(5,623)
Material and supplies	31,000	31,000	24,311	(6,689)
Total recreation	<u>504,901</u>	<u>492,056</u>	<u>449,894</u>	<u>(42,162)</u>
Park Development and Maintenance:				
Personal services	175,556	175,556	167,162	(8,394)
Contractual services	68,000	68,000	60,064	(7,936)
Material and supplies	47,600	47,600	44,578	(3,022)
Capital outlay	21,095	21,095	20,921	(174)
Total park development and maintenance	<u>312,251</u>	<u>312,251</u>	<u>292,725</u>	<u>(19,526)</u>
Public Library:				
Personal services	419,363	435,833	435,833	-
Contractual services	235,134	240,749	240,495	(254)
Material and supplies	14,800	13,960	13,958	(2)
Total public library	<u>669,297</u>	<u>690,542</u>	<u>690,286</u>	<u>(256)</u>
				<i>(Continued)</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, 2013

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>RECREATION AND LEISURE <i>(Continued)</i></b>				
Special Communities Activities:				
Contractual services	\$ 25,125	\$ 25,125	\$ 24,798	\$ (327)
Total special communities activities	25,125	25,125	24,798	(327)
Community Center:				
Personal services	29,171	26,731	26,729	(2)
Contractual services	84,450	90,820	90,815	(5)
Material and supplies	13,700	10,550	10,523	(27)
Total community center	127,321	128,101	128,067	(34)
Other Town Buildings:				
Contractual services	13,380	16,515	16,513	(2)
Material and supplies	1,000	205	201	(4)
Total other town buildings	14,380	16,720	16,714	(6)
Total recreation and leisure	1,653,275	1,664,795	1,602,484	(62,311)
<b>PUBLIC SAFETY</b>				
Building Inspector:				
Personal services	166,536	168,756	168,752	(4)
Contractual services	10,100	9,685	5,059	(4,626)
Material and supplies	7,247	7,247	6,171	(1,076)
Total building inspector	183,883	185,688	179,982	(5,706)
Animal Control:				
Contractual services	52,233	52,233	52,233	-
Material and supplies	500	500	189	(311)
Total animal control	52,733	52,733	52,422	(311)
Law Enforcement:				
Personal services	30,480	30,480	29,626	(854)
Contractual services	549,003	661,483	619,139	(42,344)
Material and supplies	3,950	1,350	1,341	(9)
Total law enforcement	583,433	693,313	650,106	(43,207)
Total public safety	820,049	931,734	882,510	(49,224)
<b>COMMUNITY DEVELOPMENT AND HUMAN SERVICES</b>				
Community Development:				
Personal services	59,488	62,883	62,875	(8)
Contractual services	7,250	7,250	3,890	(3,360)
Material and supplies	400	400	333	(67)
Total community development	67,138	70,533	67,098	(3,435)

*(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, 2013

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
COMMUNITY DEVELOPMENT AND HUMAN SERVICES <i>(Continued)</i>				
Human Services Subsidies:				
Contractual services	\$ 423,202	\$ 423,202	\$ 420,725	\$ (2,477)
Total human service subsidies	423,202	423,202	420,725	(2,477)
Total community development and human services	490,340	493,735	487,823	(5,912)
BOARD OF EDUCATION	37,995,166	39,395,166	38,089,394	(1,305,772)
MISCELLANEOUS				
Employee benefits - contractual services	1,404,979	1,408,518	1,328,760	(79,758)
Insurance - contractual services	567,000	568,025	568,025	-
Contingencies	262,500	112,845	62,571	(50,274)
Total miscellaneous	2,234,479	2,089,388	1,959,356	(130,032)
DEBT SERVICE				
Principal payments	1,684,575	1,684,575	1,684,575	-
Interest and fiscal charges	1,072,824	1,072,824	1,071,261	(1,563)
Debt issuance costs	5,000	5,000	525	(4,475)
Total debt service	2,762,399	2,762,399	2,756,361	(6,038)
Total expenditures	50,042,714	51,442,714	49,714,932	(1,727,782)
OTHER FINANCING USES				
Transfers out:				
Capital reserve fund	50,000	50,000	50,000	-
Capital nonrecurring fund	424,972	424,972	424,972	-
Capital projects fund	25,000	85,000	85,000	-
Insurance reserve fund	15,000	15,000	15,000	-
Solid waste fund	210,100	210,100	210,100	-
Revaluation fund	61,602	61,602	61,602	-
Education capital nonrecurring fund	471,130	471,130	471,130	-
Total other financing uses	1,257,804	1,317,804	1,317,804	-
Total expenditures and other financing uses	\$ 51,300,518	\$ 52,760,518	\$ 51,032,736	\$ (1,727,782)
				<i>(Concluded)</i>

**TOWN OF KILLINGLY, CONNECTICUT**  
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
FOR THE YEAR ENDED JUNE 30, 2013

Grand List Year	Uncollected Taxes	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes
	July 1, 2012		Additions	Deletions			Taxes	Interest	Liens	June 30, 2013
2011	\$ -	\$ 28,764,633	\$ 35,525	\$ 105,294	\$ 43,024	28,651,840	\$ 27,961,980	\$ 100,689	\$ 2,392	\$ 689,860
2010	606,898	-	558	6,514	2,656	598,286	341,387	69,501	5,112	256,899
2009	253,604	-	609	713	28,496	225,004	90,155	33,091	1,438	134,849
2008	112,083	-	431	182	21,767	90,565	27,105	12,169	450	63,460
2007	56,543	-	728	113	15,666	41,492	10,451	7,432	258	31,041
2006	28,329	-	1,688	77	7,081	22,859	2,803	2,602	60	20,056
2005	19,456	-	982	-	2,941	17,497	2,125	1,959	48	15,372
2004	9,507	-	434	-	1,669	8,272	796	1,491	-	7,476
2003	3,809	-	1,033	-	1,107	3,735	1,074	1,785	-	2,661
2002	2,396	-	582	-	473	2,505	582	911	-	1,923
2001	1,344	-	626	-	78	1,892	791	1,724	-	1,101
2000	1,339	-	615	-	50	1,904	615	1,262	-	1,289
1999	1,488	-	208	-	57	1,639	208	208	-	1,431
1998	973	-	238	-	-	1,211	238	574	-	973
1997	737	-	30	-	-	767	110	246	-	657
1996	622	-	-	-	622	-	-	-	-	-
	<u>\$ 1,099,128</u>	<u>\$ 28,764,633</u>	<u>\$ 44,287</u>	<u>\$ 112,893</u>	<u>\$ 125,687</u>	<u>\$ 29,669,468</u>	<u>\$ 28,440,420</u>	<u>\$ 235,644</u>	<u>\$ 9,758</u>	<u>\$ 1,229,048</u>

See accompanying Independent Auditor's Report

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Total cash collections for the year ended  
June 30, 2013:

Taxes	\$ 28,440,420
Interest and lien fees	245,402
Total	<u>28,685,822</u>

Reimbursement for revenue loss:

Tax relief for elderly freeze (CGS 12-129d)	-
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Base \$ 28,685,822

	<b>General Purposes</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
Debt limitation:					
2-1/4 times base	\$ 64,543,100	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	129,086,199	-	-	-
3-3/4 times base	-	-	107,571,833	-	-
3-1/4 times base	-	-	-	93,228,922	-
3 times base	-	-	-	-	86,057,466
Total debt limitation	<u>64,543,100</u>	<u>129,086,199</u>	<u>107,571,833</u>	<u>93,228,922</u>	<u>86,057,466</u>
Indebtedness:					
Bonds and notes payable	6,039,300	17,854,050	8,114,750	-	-
Authorized, unissued bonds	85,000	7,090,800	5,048,000	-	-
Bond anticipation note payable	-	2,000,000	-	-	-
Total indebtedness	<u>6,124,300</u>	<u>26,944,850</u>	<u>13,162,750</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 58,418,800</u></u>	<u><u>\$ 102,141,349</u></u>	<u><u>\$ 94,409,083</u></u>	<u><u>\$ 93,228,922</u></u>	<u><u>\$ 86,057,466</u></u>
Total capacity of borrowing (7 times base)	\$ 200,800,754				
Total present indebtedness	<u>46,231,900</u>				
Margin for additional borrowing	<u><u>\$ 154,568,854</u></u>				

See accompanying Independent Auditor's Report



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**CAPITAL IMPROVEMENTS FUND**

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**TOWN OF KILLINGLY, CONNECTICUT**

**SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS - CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	Project Appropriations			Project Expenditures			Remaining
	Balance	Current Year	Balance	Balance		Balance	
	June 30, 2012	Appropriations	June 30, 2013	June 30, 2012	Expenditures	June 30, 2013	Balance June 30, 2013
Owen Bell Phase II	\$ 688,615	\$ -	\$ 688,615	\$ 688,065	\$ 550	\$ 688,615	\$ -
Guide Rail Replacement	367,500	20,000	387,500	366,478	-	366,478	21,022
Sidewalks	360,034	-	360,034	331,850	2,377	334,227	25,807
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	6,339	169,690	45,810
Putnam Road/Five Mile	1,125,000	-	1,125,000	1,034,488	-	1,034,488	90,512
Landfill Closure	2,800,000	200,000	3,000,000	2,728,645	63,462	2,792,107	207,893
Killingly Industrial Park	20,848	-	20,848	15,543	-	15,543	5,305
Industrial Park Expansion	182,500	-	182,500	172,812	1,410	174,222	8,278
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	1,719,130	21,309	1,740,439	148,486
Geographic Info System	550,000	-	550,000	538,135	4,792	542,927	7,073
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	651	101,000	-
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
Land Use Management System	45,000	-	45,000	39,890	-	39,890	5,110
Industrial Park Sign	20,000	-	20,000	13,400	2,368	15,768	4,232
High School/Vo-Ag	81,265,000	-	81,265,000	80,184,789	560,718	80,745,507	519,493
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	180,000	10,097	190,097	10,884	-	10,884	179,213
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	559,736	58,869	618,605	618,605	-	618,605	-
Breakneck Hill Road	1,225,925	13,625	1,239,550	1,224,454	15,089	1,239,543	7
Street Tree Replacement	10,000	-	10,000	3,727	-	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

(Continued)

**TOWN OF KILLINGLY, CONNECTICUT**

SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS - CAPITAL IMPROVEMENT FUND *(Continued)*  
FOR THE YEAR ENDED JUNE 30, 2013

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2013
	Balance June 30, 2012	Current Year Appropriations	Balance June 30, 2013	Balance June 30, 2012	Expenditures	Balance June 30, 2013	
Salt Storage Facilities	\$ 50,000	\$ -	\$ 50,000	\$ 192	\$ -	\$ 192	\$ 49,808
River Road Bridge Rehabilitation	194,841	-	194,841	182,548	-	182,548	12,293
Rock Avenue Bridge	734,600	-	734,600	217,661	-	217,661	516,939
Rock Avenue	150,000	-	150,000	26,206	270	26,476	123,524
Chestnut Hill Road Bridge	80,514	(13,625)	66,889	30,514	1,736	32,250	34,639
Splash Park, Skate Board Park	97,124	-	97,124	43,661	53,463	97,124	-
KCC Gym Floor	15,750	-	15,750	-	-	-	15,750
Library - Engineering and Design HVAC	183,135	-	183,135	174,601	-	174,601	8,534
Goodyear Roof (New Wing)	19,563	-	19,563	22,163	-	22,163	(2,600)
Town Hall Roof Replacement	30,000	-	30,000	30,410	-	30,410	(410)
Cat Hollow Park Dev	15,000	-	15,000	-	-	-	15,000
Franklin St. Wall/Sidewalks	5,000	-	5,000	1,172	110	1,282	3,718
Franklin St.	42,500	(20,017)	22,483	22,483	-	22,483	-
Town Hall Boiler	175,000	-	175,000	161,124	-	161,124	13,876
Bugbee Bldg - Roof/Gutters	50,000	-	50,000	44,875	-	44,875	5,125
Rock Avenue Bridge	3,870,000	-	3,870,000	2,213,837	85,149	2,298,986	1,571,014
Slater Hill Road Bridge	284,266	(58,869)	225,397	225,397	-	225,397	-
Sewer- Reline and Replace	400,000	-	400,000	15,246	-	15,246	384,754
Fire Alarm System Replacement	25,983	-	25,983	22,753	-	22,753	3,230
Public Library Roof	102,650	350	103,000	102,989	500	103,489	(489)
WPCA Capital Project	200,000	-	200,000	174,565	25,435	200,000	-
Lake Road/Louisa Viens Improvement	130,000	50,000	180,000	1,221	100,662	101,883	78,117
TA Road Renewal	100,500	-	100,500	89,528	10,972	100,500	-
HVAC System Renovation Phase II	113,521	-	113,521	104,685	-	104,685	8,836
Sanitary Sewer Line Replacement	7,741,000	2,632,000	10,373,000	4,284,332	2,437,971	6,722,303	3,650,697
Chiller - Old High School	7,000	-	7,000	4,675	-	4,675	2,325
Lake Road ARRA	558,900	-	558,900	357,781	70,089	427,870	131,030
Road Renewal 2011	110,000	-	110,000	2,781	107,219	110,000	-
WPCA Capital Projects 2010-2011	250,000	-	250,000	185,939	50,165	236,104	13,896
Town Hall Building Improvement	133,000	-	133,000	83,847	4,000	87,847	45,153
David Avenue Extension	95,000	-	95,000	850	36,388	37,238	57,762
Footbridge Rehab	250,000	-	250,000	241,006	8,532	249,538	462
Killingly Community Center Boiler	60,000	5,100	65,100	65,072	-	65,072	28
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	-	856	856	49,144
River Road Bridges	3,150,000	-	3,150,000	862,400	1,794,340	2,656,740	493,260
Sewer Replacement 10-11	100,000	-	100,000	-	-	-	100,000
WPCA Capital Projects 2011-2012	500,000	-	500,000	36,461	184,486	220,947	279,053
Road Renewal TA 2012	110,000	-	110,000	-	110,000	110,000	-
Town Hall Front Steps	35,000	(5,100)	29,900	5,786	-	5,786	24,114

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**

SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS - CAPITAL IMPROVEMENT FUND *(Concluded)*

FOR THE YEAR ENDED JUNE 30, 2013

	Project Appropriations			Project Expenditures			Remaining
	Balance	Current Year	Balance	Balance		Balance	Balance
	June 30, 2012	Appropriations	June 30, 2013	June 30, 2012	Expenditures	June 30, 2013	June 30, 2013
Library ADA Compliance Door	\$ 10,000	\$ -	\$ 10,000	\$ 7,836	\$ -	\$ 7,836	\$ 2,164
Highway Garage Roof	40,000	100,000	140,000	-	239	239	139,761
Spot Drainage (TA)	20,000	-	20,000	-	-	-	20,000
Community Center Roof	-	200,000	200,000	-	223	223	199,777
WPCA - Capital Projects 12-13	-	150,000	150,000	-	-	-	150,000
Ext Door / Transom Systems KMS/KCS	300,350	(350)	300,000	-	254	254	299,746
Road Renewal TA 2013	-	143,920	143,920	-	155,771	155,771	(11,851)
School Administration Offices	-	60,000	60,000	-	29,884	29,884	30,116
	<u>\$ 124,515,013</u>	<u>\$ 3,546,000</u>	<u>\$ 128,061,013</u>	<u>\$ 110,921,952</u>	<u>\$ 5,947,779</u>	<u>\$ 116,869,731</u>	<u>\$ 11,191,282</u>
							<i>(Concluded)</i>

See accompanying Independent Auditor's Report

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**NONMAJOR GOVERNMENTAL FUNDS**

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**TOWN OF KILLINGLY, CONNECTICUT**  
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

	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
<b>ASSETS</b>						
Cash and cash equivalents	\$ 316,848	\$ 861,223	\$ 160,786	\$ -	\$ -	\$ -
Investments	-	-	33,789	-	-	-
Receivables:						
Grants and contracts	105,551	30,173	-	-	-	-
Other	706	-	32,261	-	-	-
Due from other funds	-	-	-	263,980	5,167	19,938
Inventories	27,832	-	-	-	-	-
Total assets	<u>\$ 450,937</u>	<u>\$ 891,396</u>	<u>\$ 226,836</u>	<u>\$ 263,980</u>	<u>\$ 5,167</u>	<u>\$ 19,938</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 64,358	\$ 29,421	\$ 4,583	\$ -	\$ -	\$ -
Due to other funds	596,936	450,502	-	-	-	-
Unearned revenue	3,159	411,473	193,047	263,980	-	-
Total liabilities	<u>664,453</u>	<u>891,396</u>	<u>197,630</u>	<u>263,980</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable:						
Inventories	27,832	-	-	-	-	-
Permanent funds principal	-	-	-	-	-	-
Restricted for:						
Grant programs	-	-	29,206	-	5,167	-
Special reserves - external	-	-	-	-	-	-
Committed to:						
Public safety	-	-	-	-	-	-
Community development and human services	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	19,938
Education	-	-	-	-	-	-
Capital and nonrecurring	-	-	-	-	-	-
Unassigned	(241,348)	-	-	-	-	-
Total fund balances (deficits)	<u>(213,516)</u>	<u>-</u>	<u>29,206</u>	<u>-</u>	<u>5,167</u>	<u>19,938</u>
Total liabilities and fund balances (deficits)	<u>\$ 450,937</u>	<u>\$ 891,396</u>	<u>\$ 226,836</u>	<u>\$ 263,980</u>	<u>\$ 5,167</u>	<u>\$ 19,938</u>

See accompanying Independent Auditor's Report

**TOWN OF KILLINGLY, CONNECTICUT**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

JUNE 30, 2013

	Nonmajor Special Revenue Funds					
	Public Investment					
	Community	Miscellaneous	Law	Historic	Solid Waste	Armory
	Grant in Aid	Special	Enforcement	Preservation	Fund	Fund
	Fund	Revenue		Fund		
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 530,013	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	-	-	-	-	-	-
Other	-	-	-	-	18,334	-
Due from other funds	5,324	12,040	-	28,354	-	49,667
Inventories	-	-	-	-	-	-
Total assets	<u>\$ 5,324</u>	<u>\$ 542,053</u>	<u>\$ -</u>	<u>\$ 28,354</u>	<u>\$ 18,334</u>	<u>\$ 49,667</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 6,090	\$ -	\$ -	\$ 14,961	\$ -
Due to other funds	-	145,221	-	-	4,399	-
Unearned revenue	-	-	-	-	30,400	-
Total liabilities	<u>-</u>	<u>151,311</u>	<u>-</u>	<u>-</u>	<u>49,760</u>	<u>-</u>
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable:						
Inventories	-	-	-	-	-	-
Permanent funds principal	-	-	-	-	-	-
Restricted for:						
Grant proceeds	5,324	-	-	28,354	-	-
Special reserves - external	-	-	-	-	-	-
Committed to:						
Public safety	-	-	-	-	-	49,667
Community development and human services	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-
Education	-	390,742	-	-	-	-
Capital and nonrecurring	-	-	-	-	-	-
Unassigned	-	-	-	-	(31,426)	-
Total fund balances (deficits)	<u>5,324</u>	<u>390,742</u>	<u>-</u>	<u>28,354</u>	<u>(31,426)</u>	<u>49,667</u>
Total liabilities and						
fund balances (deficits)	<u>\$ 5,324</u>	<u>\$ 542,053</u>	<u>\$ -</u>	<u>\$ 28,354</u>	<u>\$ 18,334</u>	<u>\$ 49,667</u>

See accompanying Independent Auditor's Report

**TOWN OF KILLINGLY, CONNECTICUT**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

JUNE 30, 2013

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects Funds		
	Library Operating	Community Outdoor Beautification	Total	Industrial Park	Capital Nonrecurring Fund	Capital Reserve Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 3,437	\$ 1,872,307	\$ 433,109	\$ -	\$ -
Investments	-	11,214	45,003	-	-	-
Receivables:						
Grants and contracts	-	-	135,724	-	-	-
Other	-	-	51,301	-	-	11,080
Due from other funds	20,111	89,961	494,542	7,954	4,374,936	650,762
Inventories	-	-	27,832	-	-	-
Total assets	<u>\$ 20,111</u>	<u>\$ 104,612</u>	<u>\$ 2,626,709</u>	<u>\$ 441,063</u>	<u>\$ 4,374,936</u>	<u>\$ 661,842</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 119,413	\$ -	\$ -	\$ 3,087
Due to other funds	-	-	1,197,058	-	-	-
Unearned revenue	-	-	902,059	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>2,218,530</u>	<u>-</u>	<u>-</u>	<u>3,087</u>
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable:						
Inventories	-	-	27,832	-	-	-
Permanent funds principal	-	-	-	-	-	-
Restricted for:						
Grant proceeds	-	-	68,051	-	-	-
Special reserves - external	-	-	-	-	-	-
Committed to:						
Public safety	-	-	49,667	-	-	-
Community development and human services	-	104,612	104,612	-	-	-
Recreation and leisure	20,111	-	40,049	-	-	-
Education	-	-	390,742	-	-	-
Capital and nonrecurring	-	-	-	441,063	4,374,936	658,755
Unassigned	-	-	(272,774)	-	-	-
Total fund balances (deficits)	<u>20,111</u>	<u>104,612</u>	<u>408,179</u>	<u>441,063</u>	<u>4,374,936</u>	<u>658,755</u>
Total liabilities and fund balances (deficits)	<u>\$ 20,111</u>	<u>\$ 104,612</u>	<u>\$ 2,626,709</u>	<u>\$ 441,063</u>	<u>\$ 4,374,936</u>	<u>\$ 661,842</u>

See accompanying Independent Auditor's Report



**TOWN OF KILLINGLY, CONNECTICUT**

 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS *(Concluded)*

JUNE 30, 2013

	<b>Nonmajor Capital Projects Funds</b>						<b>Total Nonmajor Governmental Funds</b>
	<b>Open Space Acquisition Fund</b>	<b>State Line Road Improvement</b>	<b>Pettingill Hill Road Improvement</b>	<b>Benefit Assessment</b>	<b>Total</b>	<b>Permanent Trust Funds</b>	
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 2,199	\$ 84	\$ 4,342	\$ 439,734	\$ 173,107	\$ 2,485,148
Investments	-	6,286	241	12,409	18,936	422,132	486,071
Receivables:							
Grants and contracts	-	-	-	-	-	-	135,724
Other	-	-	-	-	11,080	-	62,381
Due from other funds	197,664	-	-	-	5,231,316	54,552	5,780,410
Inventories	-	-	-	-	-	-	27,832
Total assets	<u>\$ 197,664</u>	<u>\$ 8,485</u>	<u>\$ 325</u>	<u>\$ 16,751</u>	<u>\$ 5,701,066</u>	<u>\$ 649,791</u>	<u>\$ 8,977,566</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,087	\$ -	\$ 122,500
Due to other funds	-	-	-	-	-	-	1,197,058
Unearned revenue	-	-	-	-	-	-	902,059
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,087</u>	<u>-</u>	<u>2,221,617</u>
<b>FUND BALANCES (DEFICIT)</b>							
Nonspendable:							
Inventories	-	-	-	-	-	-	27,832
Permanent funds principal	-	-	-	-	-	119,630	119,630
Restricted for:							
Grant proceeds	-	-	-	-	-	-	68,051
Special reserves - external	-	-	-	-	-	530,161	530,161
Committed to:							
Public safety	-	-	-	-	-	-	49,667
Community development and human services	-	-	-	-	-	-	104,612
Recreation and leisure	-	-	-	-	-	-	40,049
Education	-	-	-	-	-	-	390,742
Capital and nonrecurring	197,664	8,485	325	16,751	5,697,979	-	5,697,979
Unassigned	-	-	-	-	-	-	(272,774)
Total fund balances (deficits)	<u>197,664</u>	<u>8,485</u>	<u>325</u>	<u>16,751</u>	<u>5,697,979</u>	<u>649,791</u>	<u>6,755,949</u>
Total liabilities and fund balances (deficits)	<u>\$ 197,664</u>	<u>\$ 8,485</u>	<u>\$ 325</u>	<u>\$ 16,751</u>	<u>\$ 5,701,066</u>	<u>\$ 649,791</u>	<u>\$ 8,977,566</u>

See accompanying Independent Auditor's Report

**TOWN OF KILLINGLY, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	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
<b>REVENUES</b>						
Intergovernmental	\$ 651,788	\$ 1,649,791	\$ 337,208	\$ 259,990	\$ -	\$ -
Charges for services	335,202	-	-	-	-	25,679
Investment income	230	-	3	-	-	-
Miscellaneous	69,399	-	22,193	-	-	-
Total revenues	<u>1,056,619</u>	<u>1,649,791</u>	<u>359,404</u>	<u>259,990</u>	<u>-</u>	<u>25,679</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	12,525
Public safety	-	-	-	-	-	-
Community development and human services	-	-	379,470	-	-	-
Education	1,072,078	1,649,791	-	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	<u>1,072,078</u>	<u>1,649,791</u>	<u>379,470</u>	<u>-</u>	<u>-</u>	<u>12,525</u>
Excess (deficiency) of revenues over expenditures	(15,459)	-	(20,066)	259,990	-	13,154
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(259,990)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(259,990)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(15,459)	-	(20,066)	-	-	13,154
Fund balances (deficits) - beginning	(198,057)	-	49,272	-	5,167	6,784
Fund balances (deficits) - ending	<u>\$ (213,516)</u>	<u>\$ -</u>	<u>\$ 29,206</u>	<u>\$ -</u>	<u>\$ 5,167</u>	<u>\$ 19,938</u>

See accompanying Independent Auditor's Report

**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, 2013

	Nonmajor Special Revenue Funds					
	Public Investment					
	Community	Miscellaneous	Law	Historic	Solid Waste	Armory
	Grant in Aid	Special	Enforcement	Preservation	Fund	Fund
	Fund	Revenue		Fund		
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ 61,328	\$ 4,000	\$ -	\$ -
Charges for services	-	694,161	-	-	146,468	12,417
Investment income	-	-	-	-	-	-
Miscellaneous	-	-	5,343	6,436	-	-
Total revenues	-	694,161	66,671	10,436	146,468	12,417
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	366,004	-
Recreation and leisure	-	-	-	7,384	-	-
Public safety	-	-	66,671	-	-	-
Community development and human services	-	-	-	-	-	-
Education	-	721,021	-	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	-	721,021	66,671	7,384	366,004	-
Excess (deficiency) of revenues over expenditures	-	(26,860)	-	3,052	(219,536)	12,417
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	210,100	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	210,100	-
Net changes in fund balances	-	(26,860)	-	3,052	(9,436)	12,417
Fund balances (deficits) - beginning	5,324	417,602	-	25,302	(21,990)	37,250
Fund balances (deficits) - ending	<u>\$ 5,324</u>	<u>\$ 390,742</u>	<u>\$ -</u>	<u>\$ 28,354</u>	<u>\$ (31,426)</u>	<u>\$ 49,667</u>

See accompanying Independent Auditor's Report

**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, 2013

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects Funds		
	Library Operating	Community Outdoor Beautification	Total	Industrial Park	Capital Nonrecurring Fund	Capital Reserve Fund
<b>REVENUES</b>						
Intergovernmental	\$ 35,000	\$ -	\$ 2,999,105	\$ -	\$ -	\$ -
Charges for services	500	5,299	1,219,726	-	-	67,102
Investment income	-	333	566	72	-	-
Miscellaneous	-	-	103,371	-	-	-
Total revenues	35,500	5,632	4,322,768	72	-	67,102
<b>EXPENDITURES</b>						
Current:						
General government	-	-	366,004	-	-	-
Recreation and leisure	19,574	-	39,483	-	-	-
Public safety	-	-	66,671	-	-	-
Community development and human services	-	563	380,033	-	-	-
Education	-	-	3,442,890	-	-	-
Capital outlays	-	-	-	-	407,014	33,860
Total expenditures	19,574	563	4,295,081	-	407,014	33,860
Excess (deficiency) of revenues over expenditures	15,926	5,069	27,687	72	(407,014)	33,242
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	210,100	-	1,136,552	50,000
Transfers out	-	-	(259,990)	-	-	-
Total other financing sources (uses)	-	-	(49,890)	-	1,136,552	50,000
Net changes in fund balances	15,926	5,069	(22,203)	72	729,538	83,242
Fund balances (deficits) - beginning	4,185	99,543	430,382	440,991	3,645,398	575,513
Fund balances (deficits) - ending	\$ 20,111	\$ 104,612	\$ 408,179	\$ 441,063	\$ 4,374,936	\$ 658,755

See accompanying Independent Auditor's Report

**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, 2013

	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	
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,999,105
Charges for services	-	-	-	-	67,102	-	1,286,828
Investment income	-	28	1	56	157	26,880	27,603
Miscellaneous	9,739	-	-	-	9,739	-	113,110
Total revenues	9,739	28	1	56	76,998	26,880	4,426,646
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	366,004
Recreation and leisure	-	-	-	-	-	-	39,483
Public safety	-	-	-	-	-	-	66,671
Community development and human services	-	-	-	-	-	3,684	383,717
Education	-	-	-	-	-	-	3,442,890
Capital outlays	-	-	-	-	440,874	-	440,874
Total expenditures	-	-	-	-	440,874	3,684	4,739,639
Excess (deficiency) of revenues over expenditures	9,739	28	1	56	(363,876)	23,196	(312,993)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	25,000	-	-	-	1,211,552	3	1,421,655
Transfers out	-	-	-	-	-	(8)	(259,998)
Total other financing sources (uses)	25,000	-	-	-	1,211,552	(5)	1,161,657
Net changes in fund balances	34,739	28	1	56	847,676	23,191	848,664
Fund balances (deficits) - beginning	162,925	8,457	324	16,695	4,850,303	626,600	5,907,285
Fund balances (deficits) - ending	\$ 197,664	\$ 8,485	\$ 325	\$ 16,751	\$ 5,697,979	\$ 649,791	\$ 6,755,949

See accompanying Independent Auditor's Report

**TOWN OF KILLINGLY, CONNECTICUT**  
COMBINING BALANCE SHEET - KILLINGLY PUBLIC LIBRARY TRUST FUNDS  
JUNE 30, 2013

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Due from Others</u>	<u>Restricted Special Reserves External</u>
<b>Killingly Public Library Funds</b>				
Mildred Sterns	\$ 20	\$ 65	\$ -	\$ 85
Emily Danielson	964	3,251	-	4,215
Mary Dexter	235	769	-	1,004
Frederick A. Jacobs	462	1,509	-	1,971
Basset Hammond	729	2,387	-	3,116
Nathan Prince	89,480	247,232	54,552	391,264
Almond M. Paine	4,636	15,154	-	19,790
Ella Dorrance	2,587	8,454	-	11,041
Lena Tripp	5,847	19,109	-	24,956
Adolp Goldwater	987	3,225	-	4,212
Library Special	3,451	11,278	-	14,729
Total Killingly Public Library Funds	<u>\$ 109,398</u>	<u>\$ 312,433</u>	<u>\$ 54,552</u>	<u>\$ 476,383</u>

See accompanying Independent Auditor's Report

**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, 2013

	<b>Fund Balance July 1, 2012</b>	<b>Investment Income</b>	<b>Community Development and Human Services Expense</b>	<b>Transfers In (Out)</b>	<b>Fund Balance June 30, 2013</b>
<b>Killingly Public Library Funds</b>					
Mildred Sterns	\$ (40)	\$ 125	\$ -	\$ -	\$ 85
Emily Danielson	4,198	17	-	-	4,215
Mary Dexter	999	5	-	-	1,004
Frederick A. Jacobs	1,963	8	-	-	1,971
Basset Hammond	3,091	25	-	-	3,116
Nathan Prince	371,985	20,412	(1,133)	-	391,264
Almond M. Paine	18,902	888	-	-	19,790
Ella Dorrance	10,999	42	-	-	11,041
Lena Tripp	24,873	83	-	-	24,956
Adolp Goldwater	4,188	24	-	-	4,212
Library Special	14,680	49	-	-	14,729
Total Killingly Public Library Funds	<u>\$ 455,838</u>	<u>\$ 21,678</u>	<u>\$ (1,133)</u>	<u>\$ -</u>	<u>\$ 476,383</u>

See accompanying Independent Auditor's Report

**TOWN OF KILLINGLY, CONNECTICUT**  
COMBINING BALANCE SHEET - PERMANENT TRUST FUNDS  
JUNE 30, 2013

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Nonspendable Permanent Fund Principal</u>	<u>Restricted Special Reserves External</u>
<b>Permanent Trust Funds</b>				
Thomas J. Evans	\$ 703	\$ 2,297	\$ 3,000	\$ -
Ezra Mathewson	94	306	400	-
Shubael Hutchins Nonspendable	1,172	3,828	5,000	-
Louisa E. Day	2,002	6,543	8,545	-
Civil War Monument	47	155	202	-
Arthur Wilkes	117	383	500	-
Hutchins Burial Lot	47	153	200	-
Mildred Stearns	8,787	28,713	37,500	-
Paine Mitchell Matthews	375	1,225	1,600	-
Paine Cemetery - Town	11,715	38,285	50,000	-
Emily Danielson	234	766	1,000	-
Eunice Randell	234	766	1,000	-
Earl Chandler	837	-	837	-
Mary Dexter	117	383	500	-
Frederick A. Jacobs	117	383	500	-
Basset Hammond	1,018	3,328	4,346	-
Ella Dorrance	351	1,149	1,500	-
Adolp Goldwater	703	2,297	3,000	-
Shubael Hutchins Spendable	5,735	18,739	-	24,474
Almond Paine Cemetery	29,304	-	-	29,304
Total Permanent Trust Funds	<u>\$ 63,709</u>	<u>\$ 109,699</u>	<u>\$ 119,630</u>	<u>\$ 53,778</u>

See accompanying Independent Auditor's Report



**TOWN OF KILLINGLY, CONNECTICUT**

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

## PERMANENT TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<b>Fund Balance July 1, 2012</b>	<b>Investment Income</b>	<b>Community Development and Human Services Expense</b>	<b>Transfers In (Out)</b>	<b>Fund Balance June 30, 2013</b>
<b>Permanent Trust Funds</b>					
Thomas J. Evans	\$ 3,000	\$ -	\$ -	\$ -	\$ 3,000
Ezra Mathewson	400	-	-	-	400
Shubael Hutchins Nonspendable	5,000	17	-	(17)	5,000
Louisa E. Day	8,545	-	-	-	8,545
Civil War Monument	202	1	-	(1)	202
Arthur Wilkes	500	-	-	-	500
Hutchins Burial Lot	200	-	-	-	200
Mildred Stearns	37,500	125	-	(125)	37,500
Paine Mitchell Matthews	1,600	-	-	-	1,600
Paine Cemetery - Town	50,000	-	-	-	50,000
Emily Danielson	1,000	3	-	(3)	1,000
Eunice Randell	1,000	-	-	-	1,000
Earl Chandler	837	4	-	(4)	837
Mary Dexter	500	2	-	(2)	500
Frederick A. Jacobs	500	2	-	(2)	500
Basset Hammond	4,346	15	-	(15)	4,346
Ella Dorrance	1,500	5	-	(5)	1,500
Adolp Goldwater	3,000	10	-	(10)	3,000
Shubael Hutchins Spendable	25,372	102	(1,000)	-	24,474
Almond Paine Cemtery	25,760	5,095	(1,551)	-	29,304
Total Permanent Trust Funds	<u>\$ 170,762</u>	<u>\$ 5,381</u>	<u>\$ (2,551)</u>	<u>\$ (184)</u>	<u>\$ 173,408</u>

See accompanying Independent Auditor's Report

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**PRIVATE PURPOSE TRUST FUNDS**

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**TOWN OF KILLINGLY, CONNECTICUT****COMBINING STATEMENT OF FIDUCIARY NET POSITION - PRIVATE PURPOSE TRUST FUNDS**

JUNE 30, 2013

	<b>Cash and Cash Equivalents</b>	<b>Investments</b>	<b>Due from Others</b>	<b>Held in Trust for Endowment Purposes</b>
Olivia Boulais	\$ 2,153	\$ -	\$ -	\$ 2,153
Robert D. Payne	621	-	-	621
Blanche Phoenix	111	-	-	111
Frances Upham Spaulding	144	-	-	144
Ruth E. Osgood	19	-	-	19
Goldwater Weisberg	851	-	-	851
Laura Pike Rowe	-	562,603	-	562,603
Adrian Herklots	503	-	-	503
Normington Memorial Savings	1,582	-	-	1,582
Normington Memorial CD	2,172	-	-	2,172
Jeffrey Lehman	15,146	-	-	15,146
Chris Wood	17,683	-	-	17,683
Ryan Doyle	4,829	-	-	4,829
John E. Bitgood Trust	-	-	17,213	17,213
John Lagarde Savings	2	-	-	2
John Lagarde CD	1,625	-	-	1,625
Helen Lupien Savings	319	-	-	319
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>\$ 62,168</u>	<u>\$ 562,603</u>	<u>\$ 17,213</u>	<u>\$ 641,984</u>

**TOWN OF KILLINGLY, CONNECTICUT**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PRIVATE PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

		<u>Additions</u>		<u>Deductions</u>		
	<u>Fund Balance July 1, 2012</u>	<u>Contributions</u>	<u>Investment Income</u>	<u>Awards</u>	<u>Transfers In (Out)</u>	<u>Fund Balance June 30, 2013</u>
Olivia Boulais	\$ 2,133	\$ -	\$ -	\$ -	\$ 20	\$ 2,153
Robert D. Payne	594	-	-	-	27	621
Blanche Phoenix	111	-	-	-	-	111
Frances Upham Spaulding	135	-	-	-	9	144
Ruth E. Osgood	2	-	-	-	17	19
Margaret Novack Scholarship	-	-	-	-	-	-
Goldwater Weisberg	851	-	-	-	-	851
Laura Pike Rowe	538,747	-	47,141	(23,285)	-	562,603
Norman Barrette	-	-	-	-	-	-
Adrian Herklots	503	1,500	-	(1,500)	-	503
Normington Memorial Savings	2,579	1,000	3	(2,000)	-	1,582
Normington Memorial CD	2,163	-	9	-	-	2,172
Jeffrey Lehman	15,121	10,000	25	(10,000)	-	15,146
Chris Wood	15,157	12,500	26	(10,000)	-	17,683
Ryan Doyle	5,824	-	5	(1,000)	-	4,829
John E. Bitgood Trust	10,425	6,788	-	-	-	17,213
John Lagarde Savings	201	800	1	(1,000)	-	2
John Lagarde CD	3,112	-	15	(1,502)	-	1,625
Helen Lupien Savings	968	100	1	(750)	-	319
Olive Boulais	2,908	-	20	-	(20)	2,908
Robert D. Payne	2,000	-	27	-	(27)	2,000
Frances Upham Spaulding	1,000	-	9	-	(9)	1,000
Ruth E. Osgood	7,500	-	17	-	(17)	7,500
Blanche Phoenix	1,000	-	-	-	-	1,000
Total Private Purpose Trust Funds	<u>\$ 613,034</u>	<u>\$ 32,688</u>	<u>\$ 47,299</u>	<u>\$ (51,037)</u>	<u>\$ -</u>	<u>\$ 641,984</u>

See accompanying Independent Auditor's Report

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**AGENCY FUNDS**

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**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**JUNE 30, 2013**

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	<b>Student Activities</b>	<b>Performance Bonds</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 177,859	\$ 288,061	\$ 465,920
Total assets	<u>\$ 177,859</u>	<u>\$ 288,061</u>	<u>\$ 465,920</u>
<b>LIABILITIES</b>			
Due to student groups	\$ 177,859	\$ -	\$ 177,859
Due to others	-	288,061	288,061
Total liabilities	<u>\$ 177,859</u>	<u>\$ 288,061</u>	<u>\$ 465,920</u>

**TOWN OF KILLINGLY, CONNECTICUT**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	<b>Balance, July 1, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance, June 30, 2013</b>
<b>Student Activities</b>				
Assets				
Cash and cash equivalents				
Killingly high school	\$ 83,539	\$ 228,670	\$ 211,245	\$ 100,964
Killingly high school concession	3,586	-	3,586	-
Redmen booster club	1,896	-	-	1,896
Killingly junior high school	19,323	101,126	76,562	43,887
Killingly central school	20,777	28,465	29,137	20,105
Killingly memorial school	5,579	4,189	4,546	5,222
Goodyear early childhood center	2,087	1,255	1,124	2,218
BASP student activity account	4,849	4,164	5,446	3,567
Total assets	<u>\$ 141,636</u>	<u>\$ 367,869</u>	<u>\$ 331,646</u>	<u>\$ 177,859</u>
Liabilities				
Due to student groups	\$ 141,636	\$ 367,869	\$ 331,646	\$ 177,859
Total liabilities	<u>\$ 141,636</u>	<u>\$ 367,869</u>	<u>\$ 331,646</u>	<u>\$ 177,859</u>
<b>Performance Bonds</b>				
Assets				
Cash and cash equivalents	\$ 398,501	\$ 4,352	\$ 114,792	\$ 288,061
Total assets	<u>\$ 398,501</u>	<u>\$ 4,352</u>	<u>\$ 114,792</u>	<u>\$ 288,061</u>
Liabilities				
Due to others	\$ 398,501	\$ 4,352	\$ 114,792	\$ 288,061
Total liabilities	<u>\$ 398,501</u>	<u>\$ 4,352</u>	<u>\$ 114,792</u>	<u>\$ 288,061</u>
<b>Total Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 540,137	\$ 372,221	\$ 446,438	\$ 465,920
Total assets	<u>\$ 540,137</u>	<u>\$ 372,221</u>	<u>\$ 446,438</u>	<u>\$ 465,920</u>
Liabilities				
Due to student groups	\$ 141,636	\$ 367,869	\$ 331,646	\$ 177,859
Due to others	398,501	4,352	114,792	288,061
Total liabilities	<u>\$ 540,137</u>	<u>\$ 372,221</u>	<u>\$ 446,438</u>	<u>\$ 465,920</u>

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**OTHER INFORMATION (UNAUDITED)**

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Table 1

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 95,726,718
Restricted for:										
Endowments - expendable	997,987	1,030,662	1	1	1	1	1	484,838	506,970	484,838
Endowments - nonexpendable	126,200	134,042	119,634	119,634	119,634	119,634	119,634	119,634	119,630	119,634
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	17,281,189	20,510,460
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>\$ 115,673,322</u>	<u>\$ 116,841,650</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	2013
<b>Expenses</b>										
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	\$ 3,403,030
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	5,265,384
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	1,979,551
Public safety	481,652	667,207	622,082	949,689	917,219	916,807	924,916	875,611	1,055,882	998,195
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	943,972
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	52,455,544
Interest and fiscal charges	732,035	490,174	590,748	418,628	643,918	800,416	767,585	976,042	1,550,711	1,051,283
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>65,974,570</u>	<u>66,096,959</u>
<b>Program Revenues</b>										
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	616,933
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	3,668,673
Recreation and leisure	144,709	139,834.00	129,786	200,805	206,726	220,479	236,225	202,152	195,559	218,743
Public safety	5,141	3,542.00	1,470	16,158	9,488	15,401	25,081	49,074	22,671	24,550
Community development and human services	68,169	34,309	67,791	25,321	24,250	31,965	23,087	25,079	32,899	24,397
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	4,656,775
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	24,076,446
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	2,810,977
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>	<u>36,097,494</u>
<b>Net (Expense)/Revenue</b>										
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)	(30,969,625)	(29,999,465)
<b>General Revenues and Other Changes in Net Assets</b>										
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	28,753,203
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	1,254,281
Investment income	146,893	249,635	519,268	690,699	654,843	250,898	188,545	75,781	175,314	184,722
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>	<u>30,192,206</u>
<b>Change in Net Assets</b>										
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>\$ (1,168,328)</u>	<u>\$ 192,741</u>

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

*(Unaudited)*

<b>Fiscal Year Ended June 30,</b>	<b>Residential Real Property (%)</b>	<b>Commercial &amp; Industrial Property (%)</b>	<b>All Other Land (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicles (%)</b>	<b>Gross Taxable Grand List</b>	<b>Disability Farm, Veterans, and Elderly Relief</b>	<b>Manufacturing Exemption Sec. 12-81 (59) and (60)</b>	<b>Net Taxable Grand List at 70%</b>
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
2013	44.60	22.30	3.36	23.87	5.87	1,795,222,510	430,043,201	-	1,365,179,309

**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 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.

Table 4

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

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>TAX RATE IN MILLS</u>	<u>GRAND LIST OF OCTOBER 1</u>	<u>NET TAXABLE GRAND LIST</u>	<u>TOTAL ADJUSTED TAX LEVY (2)</u>	<u>NET CURRENT TAX COLLECTIONS</u>	<u>PERCENT OF LEVY COLLECTED</u>	<u>PERCENT OF LEVY UNCOLLECTED</u>
2013	19.7	2011	\$ 1,365,179,309	\$ 28,764,633	\$ 27,961,980	97.21%	2.79%
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%

- (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, 2013**  
*(Unaudited)*

TAXPAYER	NATURE OF BUSINESS	ASSESSMENT (1)	PERCENT OF NET TAXABLE GRAND LIST
DAYVILLE PROPERTY DEVELOPMENT	COMMERCIAL DEVELOPMENT	\$ 35,359,310	2.59%
CONNECTICUT LIGHT & POWER	UTILITY DISTRIBUTION CO.	27,683,480	2.03%
PJC-RITE AIDE	WAREHOUSING-DISTRIBUTION	16,052,820	1.18%
STAPLES	WAREHOUSING-DISTRIBUTION	15,327,950	1.12%
FRITO LAY	MANUFACTURER - SNACK FOODS	15,286,543	1.12%
UNITED NATURAL FOODS	FOOD PRODUCTS	13,606,090	1.00%
TARGET CORPORATION	RETAIL DISCOUNT STORE	11,190,400	0.82%
KILLINGLY PLAZA REALTY TRUST	COMMERCIAL DEVELOPMENT	6,655,600	0.49%
BIG Y TRUST	GROCERY STORE	6,148,270	0.45%
ROGERS CORPORATION	PRINTED CIRCUITS/PLASTICS	5,335,020	0.39%
TOTAL		<u>\$ 152,645,483</u>	<u>11.18%</u>

(1) The net taxable grand list as of October 1, 2011 totaled \$1,365,179,309

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)*

<b>FISCAL YEAR ENDED JUNE 30</b>	<b>POPULATION(1)</b>	<b>NET TAXABLE GRAND LIST</b>	<b>BONDED DEBT</b>	<b>RATIO OF BONDED DEBT TO ASSESSED VALUE</b>	<b>BONDED DEBT PER CAPITA</b>
2013	17,358	\$ 1,365,179,309	\$ 32,008,100	2.3%	\$ 1,844
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

(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 TAXABLE 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
2013	17,358	\$ 1,365,179,309	\$ 32,008,100	\$ -	\$ 32,008,100	2.3%	\$ 1,844
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

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

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