

TOWN OF KILLINGLY, CONNECTICUT



Basic Financial Statements

For The Year Ended
June 30, 2007

**TOWN OF KILLINGLY, CONNECTICUT
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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**TOWN OF KILLINGLY, CONNECTICUT
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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INTRODUCTORY SECTION



December 18, 2007

Town Council
Town of Killingly
Danielson, Connecticut 06239

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby submit the audited financial statements of the Town of Killingly, Connecticut, for the fiscal year ended June 30, 2007.

This report consists of management's representations concerning the finances of the Town of Killingly. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Killingly has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town of Killingly's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefit, the Town of Killingly's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Killingly's financial statements have been audited by Carlin, Charron & Rosen, LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Killingly for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering unqualified opinions of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Killingly for the fiscal year ended June 30, 2007. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Killingly was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies and a similar State Single Audit. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Town of Killingly's separately issued Federal and State Single Audit Reports.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Killingly's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Killingly is a suburb consisting of 50 square miles and located in northeastern Connecticut. Killingly was settled in the mid-1600s and incorporated in 1708. The Town of Killingly is comprised of the Borough of Danielson and seven villages. The town is within easy access to Hartford, CT; Auburn/Worcester, MA; and Providence, RI via Route 6 and interstate 395. We are a quiet and relaxed country town with a population of 17,386 residents.

The Town of Killingly has adopted a home rule council-manager government. The Town Council is the legislative/policy-making body with ordinances and the annual budget requiring ratification by a Town meeting vote. The nine (9) members of the Town Council are elected on a partisan basis by districts for two year concurrent terms. The Town Council appoints a Town Manager for an indefinite term that is the Town's chief executive officer, serves at the pleasure of the Town Council and is chosen solely on the basis of qualifications, education and experience.

Killingly Public Schools offer vibrant, comprehensive programs to approximately 2,700 pre-kindergarten through grade 12 students in five separate schools facilities. A nine (9) member Board of Education is elected by the community for four year terms with four (4) members elected at one election and five (5) members elected at the alternate election two years later. The Board of Education appoints a Superintendent of Schools. The duties of the Board of Education and the Superintendent of Schools are prescribed by the General Statutes of Connecticut.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the Town of Killingly operates.

Local Economy. Killingly grew and developed as a collection of mill villages that relied on waterpower from the many streams and rivers to produce quality textiles. The Town's development has been rejuvenated in the modern era with the development of the Killingly Industrial Park located adjacent to Exit 94 off Interstate 395. The Killingly Industrial Park provides employment for 3,200 workers in 2.1 million square feet of industrial space.

Killingly's largest taxpayer and employer, Frito-Lay, Inc., is one of several large manufacturing and distribution companies located in our town, employing over 700. The town also includes many great choices for retail shopping. In 2007, the values of building permits went down by \$5,036,748 from 2006. The Town received a surge of permits in 2006 that was higher than 2005 by \$7,910,376.

Long-term Financial Planning. Prepared as part of the annual budget process, a five year plan of capital improvement projects attempts to identify and provide a responsible funding/execution plan for public betterments to ensure a stable community infrastructure. In the spring of 2008, the Town of Killingly will begin construction on a new High School/Vo-Ag with a budget of \$81,265,000.

General Fund Balance. The general fund's unreserved and undesignated fund balance of \$5,861,176 represents an increase of 11.4% in 2007. The current undesignated fund balance provides the Town with the equivalence of approximately 48 working days of expenditures. This significantly reduces the likelihood of the Town entering the short-term debt market to pay for current operating expenditures or interim financing on future bond issues.

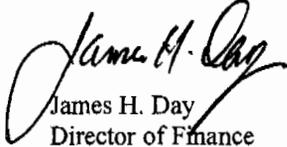
Cash Management. Cash temporarily idle during the year was invested in demand deposits, Equity Mutual Funds and Pooled Fixed Income. The Town is limited by existing State of Connecticut Statutes as to the investment instruments it can purchase. Therefore, the unofficial Town investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio within the State's Guidelines. The average annualized yield for the fiscal year ending June 30, 2007 is 5.00%.

Pension Trust Fund Operations. The Town of Killingly offers a single employer defined benefit pension plan. Each year an independent actuary calculates the amount of the annual contribution, using the Frozen Initial Liability Entry Age method, that the Town of Killingly must make to the pension plan to ensure that the plan will be able to fully meet their obligations to retired employees on a timely basis. Administrative costs are financed from investment earnings. Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments in any organization that represents 5% or more of net assets available for benefits. The annual required contribution and the actual contribution made for the year ended June 30, 2007, was \$71,529. Additional information on the Town of Killingly's pension plan can be found in Note 11.

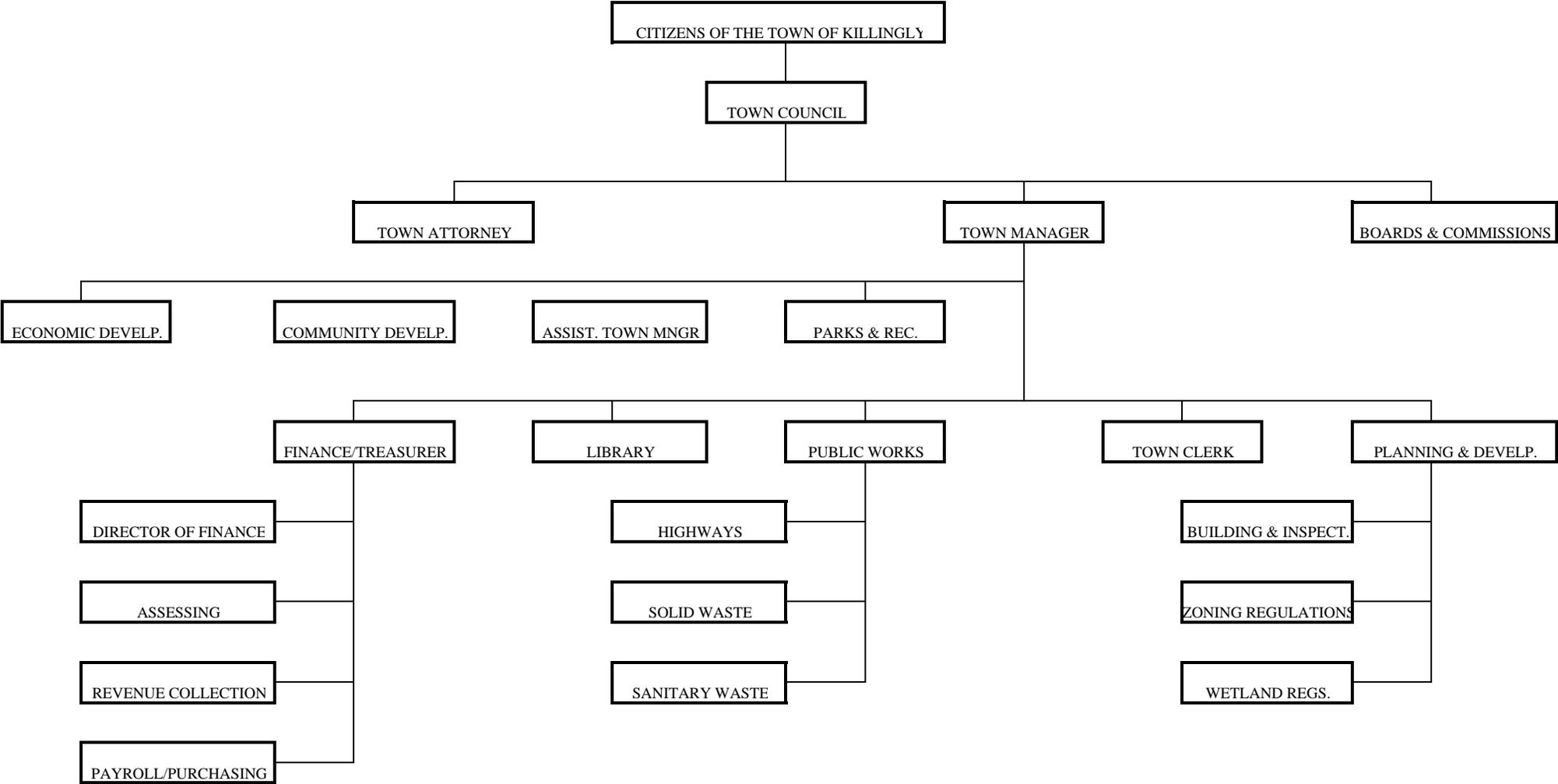
Risk Management. The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. Insurance coverage is purchased from the Connecticut Interlocal Risk Management Agency (CIRMA), a risk sharing pool created by a Special Act of the Connecticut General Assembly. Employee health insurance is self-funded by the Town up to a stop loss of \$75,000. The stop loss for next year will be increased to \$100,000. The projected paid claims are calculated by the Town's Health Insurance Consultant and Anthem Blue Cross/Blue Shield. The potential claims and administrative fees paid are appropriated in the annual budget. The health care increase is approximately 3% for the 2007-2008 fiscal year.

The Finance Department continuously strives to enhance the quality and ensure the integrity of the financial information provided to elected officials and staff, as well as to the citizens of the Town of Killingly. The Finance Department will continue to pursue its goals: to provide the highest degree of public credibility and confidence in its operations; working to foster and maintain a local government environment which demonstrates fiscal accountability, efficiency, integrity, and stability; and of course, the overall strive towards excellence.

Respectfully submitted,


James H. Day
Director of Finance

**TOWN OF KILLINGLY, CONNECTICUT
ORGANIZATIONAL CHART
JUNE 30, 2007**



**TOWN OF KILLINGLY, CONNECTICUT
LIST OF PRINCIPAL TOWN OFFICIALS
JUNE 30, 2007**

TOWN COUNCIL

Janice Thurlow, Chairman
Joyce Ricci
Bradford C. Gauthier
David A. Bettencourt
Mark Johnston
Peter Kissa
John W. LaGarde
Robert Loiselle
Harold Reeves

Dr. Lavius Robinson, Board of Education Liaison

TOWN DEPARTMENTS

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

FINANCIAL SECTION

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Town Council of the
Town of Killingly, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Killingly, Connecticut (the "Town"), as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Killingly, Connecticut as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and Sewer Operating Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2007 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis presented on pages 3 through 13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 statements and schedules, and other supplemental information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and other supplemental information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cartier, Charnock & Rosen, LLP

Glastonbury, Connecticut
December 26, 2007

Management's Discussion and Analysis

TOWN OF KILLINGLY, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2007.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$60,909,048 (net assets). Of this amount, \$19,614,192 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$1,591,427 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 \$17,693,572, an increase of \$6,058,552 in comparison with the prior year. The primary cause of this fund balance increase is in the General Fund and the Capital Improvements fund due to the issuance of bonds for the new high school and reconstruction projects for roads and bridges.
- At the close of the current fiscal year, unreserved fund balance for the General Fund was \$5,861,176 or 13.2% of total General Fund expenditures.
- The Town's total long-term bonded debt increased by \$3,386,655 or 27.7% during the current fiscal year due to the issuance of refunding bonds and new bonds net of payments made to escrow agents and current year principal repayments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

Government-wide Financial Statements (*Continued*)

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

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 fund balance sheet and the governmental fund 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 71 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Sewer Operating Fund and the Capital Improvements Fund, all of which are considered to be major funds. Data from the other 68 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 its risk management activities. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

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

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

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 - 53 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains combining and individual fund statements and schedules and supplemental information that can be found on pages 54 - 94, and 95-102, respectively, of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

Over time, net assets may serve as one measure of a government's financial position. Total net assets of the Town totaled \$60,909,048 and \$59,317,621 as of June 30, 2007 and 2006, respectively and are summarized as follows:

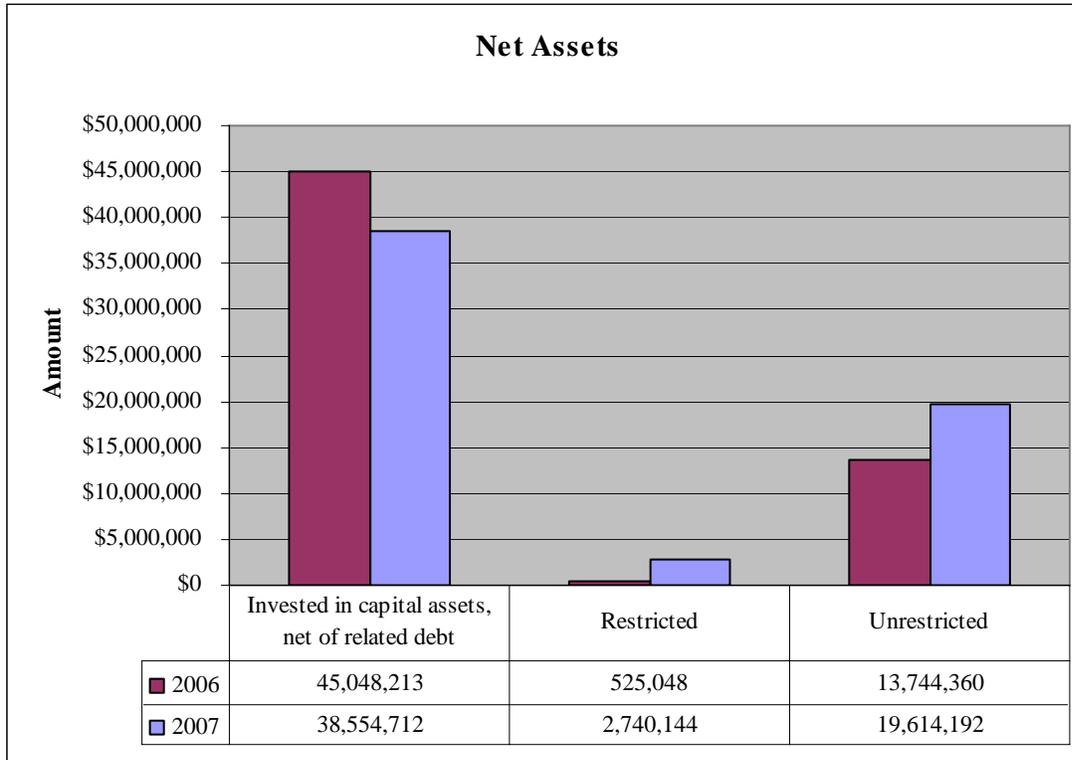
**Town of Killingly, Connecticut
Net Assets
June 30, 2007 and 2006**

	Total	
	2007	2006
		(as restated)
Current and other assets	\$ 25,336,976	\$ 19,316,090
Capital assets	57,770,464	58,157,259
Total assets	83,107,440	77,473,349
Other liabilities	2,531,071	2,171,687
Long-term liabilities	19,667,321	15,984,041
Total liabilities	22,198,392	18,155,728
Net assets:		
Invested in capital assets, net of related debt	38,554,712	45,048,213
Restricted	2,740,144	525,048
Unrestricted	19,614,192	13,744,360
Total net assets	\$ 60,909,048	\$ 59,317,621

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Assets (Continued)



63.3% of the Town's net assets reflect its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

4.5% of the Town's net assets reflect resources that are subject to external restrictions on how they may be used.

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

Overall, net assets increased by \$1,591,427 in comparison to the prior year.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets

Changes in net assets for the years ended June 30, 2007 and 2006 are as follows:

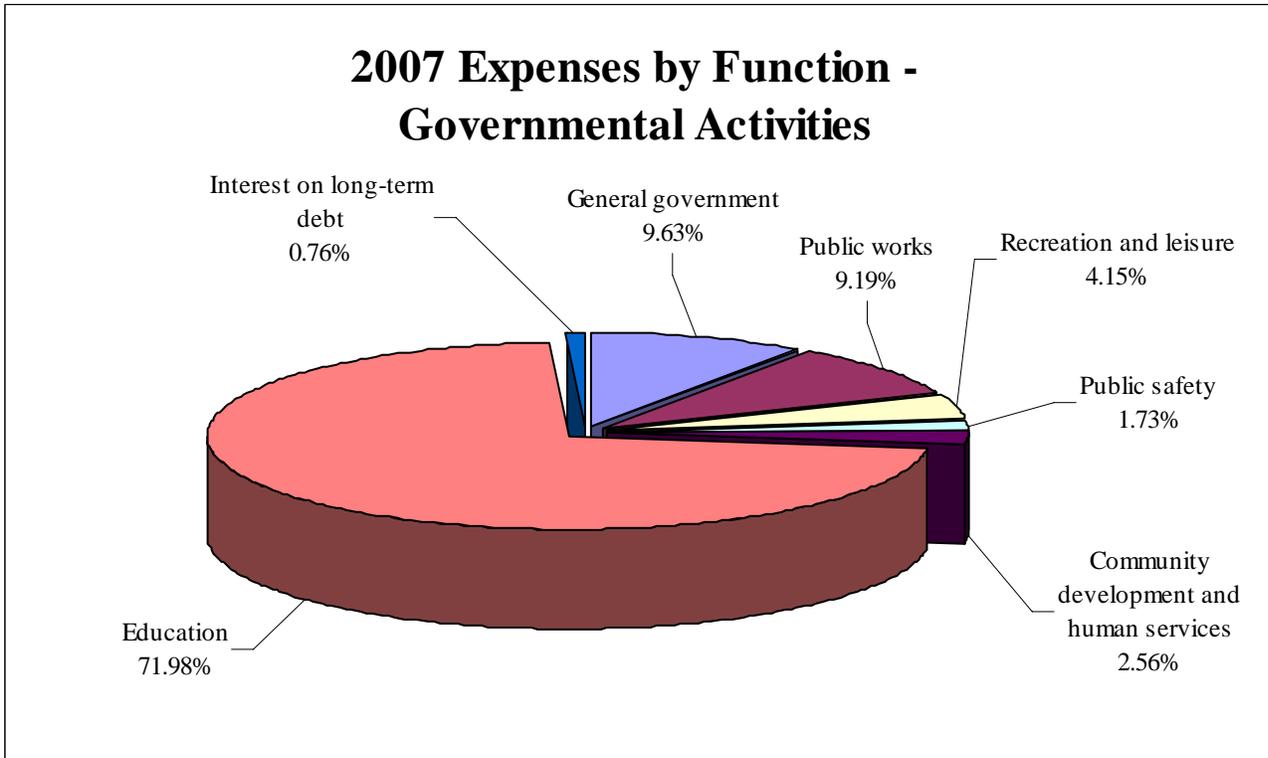
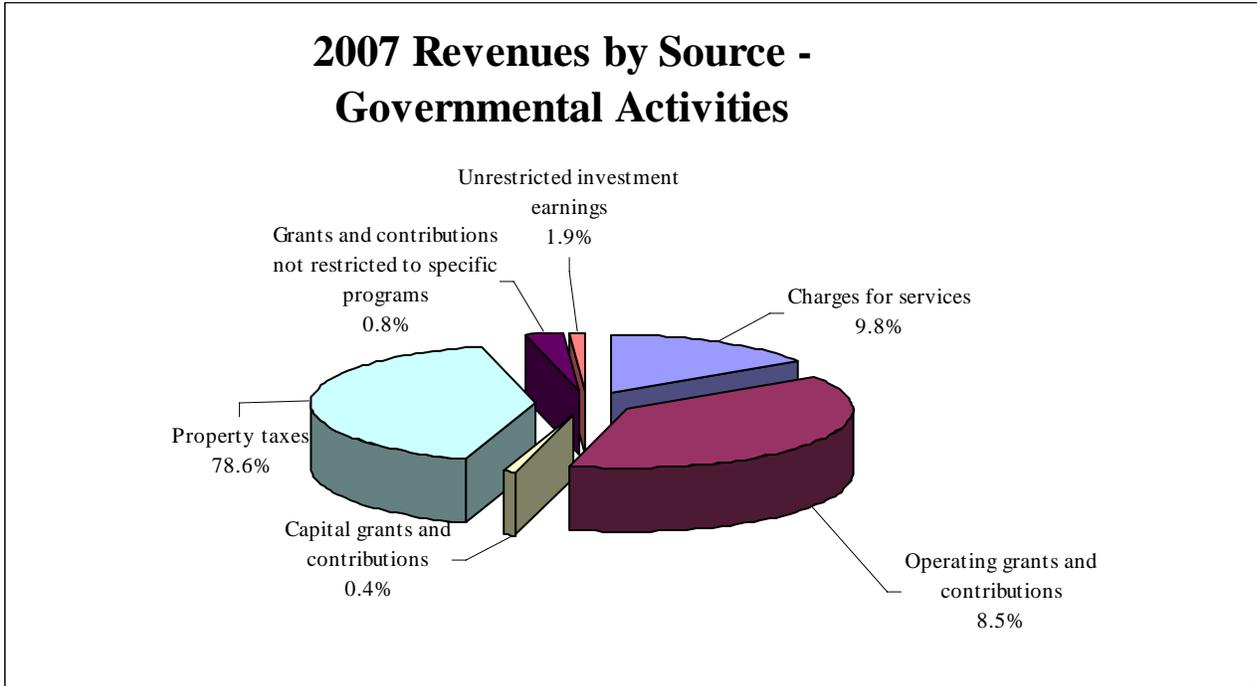
**Town of Killingly, Connecticut
Changes in Net Assets
For The Years Ended June 30, 2007 and 2006**

	Total	
	2007	2006
Revenues		
Program revenues:		
Charges for services	\$ 8,752,105	\$ 7,025,344
Operating grants and contributions	21,818,608	18,086,069
Capital grants and contributions	506,610	624,834
General revenues:		
Property taxes	23,134,728	21,327,501
Grants and contributions not restricted to specific programs	1,482,823	1,305,515
Investment income and other	690,699	769,653
Total revenues	<u>56,385,573</u>	<u>49,138,916</u>
Expenses		
General government	5,278,440	3,031,014
Public works	5,035,684	7,605,508
Recreation and leisure	2,273,213	1,544,109
Public safety	949,689	622,082
Community development and human services	1,401,226	1,057,302
Education	39,437,266	34,262,782
Interest on long-term debt	418,628	590,748
Total expenses	<u>54,794,146</u>	<u>48,713,545</u>
Change in net assets	1,591,427	425,371
Net assets, beginning, as originally reported	44,478,743	44,053,372
Adjustment - (See Note 15)	14,838,878	-
Net assets, beginning, as adjusted	59,317,621	44,053,372
Net assets, ending	<u>\$ 60,909,048</u>	<u>\$ 44,478,743</u>

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Assets (Continued)



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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (*Continued*)

Change in Net Assets (*Continued*)

Governmental activities increased the Town's net assets by \$1,591,427. Key elements of this increase are as follows:

- Property tax revenues increased by \$1,807,227 or 8.5% and reflect a 3.2% increase in the Town's tax rate and a 4.5% increase in the total assessed value of taxable property in comparison to the prior fiscal year.
- Operating grants and contributions increased by \$3,732,539 or 20.6% primarily due to an increase in the State of Connecticut contribution rate for the defined benefit plan administered by the Connecticut State Teachers' Retirement Board.
- Investment income increased by increased by \$180,064 due to the rise in interest rates and a strong effort to transfer tax revenues to the investment account on a more timely basis.
- The net expenses (program expenses minus program revenues) from the Statement of Activities on page 15 increased \$719,994 over last year for the Town's 7 largest programs.

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, unreserved 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 \$17,693,572, an increase of \$6,058,552 in comparison with the prior year. The primary cause of this fund balance is in the General Fund and Capital Improvements fund due to the issuance of bonds for the new high school and reconstruction projects for roads and bridges.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,861,176. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 13.2% of total General Fund expenditures.

The fund balance of the Town's General Fund increased by \$1,263,693 during the current fiscal year, which was primarily due to over \$400,000 in additional tax revenues, over the budgeted amount. Such additional tax revenues were collected as a result of the efforts of the Revenue Collection Office and conservative estimates of tax revenues collected; higher intergovernmental revenues; higher than anticipated permit fees; over \$300,000 in higher investment revenue due to higher interest rates and more

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

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

timely transfers to the investment account. Conservative spending by the town government and board of education and a mild winter resulting in savings in spending offsetting the supplemental appropriation of \$135,000 for two capital projects.

Capital Improvements Fund

The fund balance of the Capital Improvements Fund increased by \$3,875,017 during the current fiscal year. This increase was due primarily to expenditures incurred for the issuance of bonds, new appropriations and transfers vs. the status of projects.

Sewer Operating Fund

The fund balance of the Sewer Operating Fund increased by \$87,063 during the current fiscal year. This increase was due primarily to the \$1,222,053 of excess revenue over operating expenditures minus the transfer of sewer assessment fees to the Town's General Fund and \$580,000 to the Capital Improvement Fund for sewers, plant and equipment.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year ended June 30, 2007, an additional appropriation totaling \$135,000 was authorized for additional transfers to the Capital Improvements Fund for a project appropriation in connection with a project for the purchase of land related to the Hygeia Reservoir. The budget for 2007 planned on the utilization of fund balance of \$535,000. However, the actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$1,089,769. Expenditures were slightly less than budgeted and total budgetary revenues were \$1,151,594 better than expected due primarily to increases in property tax collections, charges for services, and investment income.

SEWER OPERATING FUND BUDGETARY HIGHLIGHTS

The Town adopts an annual budget for its Sewer Operating Fund. During the year ended June 30, 2007 there were no additional appropriations made to the budget. The budget for 2007 planned on an increase of fund balance of \$1,311. However, the actual net change in fund balance of the Sewer Operating Fund on a budgetary basis was an increase of \$51,060. Expenditures were slightly less than budgeted and total budgetary revenues were \$42,395 better than expected due primarily to increases in charges for services and other project income.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2007 and 2006 totaled \$57,770,464 and \$58,157,259, 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 decrease in the Town's investment in capital assets for the current fiscal year was \$367,264 or 0.1%. This decrease consisted of capital asset additions of \$3,407,597, offset by current year depreciation expense of \$3,794,392. Major capital asset events during the current fiscal year included the following:

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

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

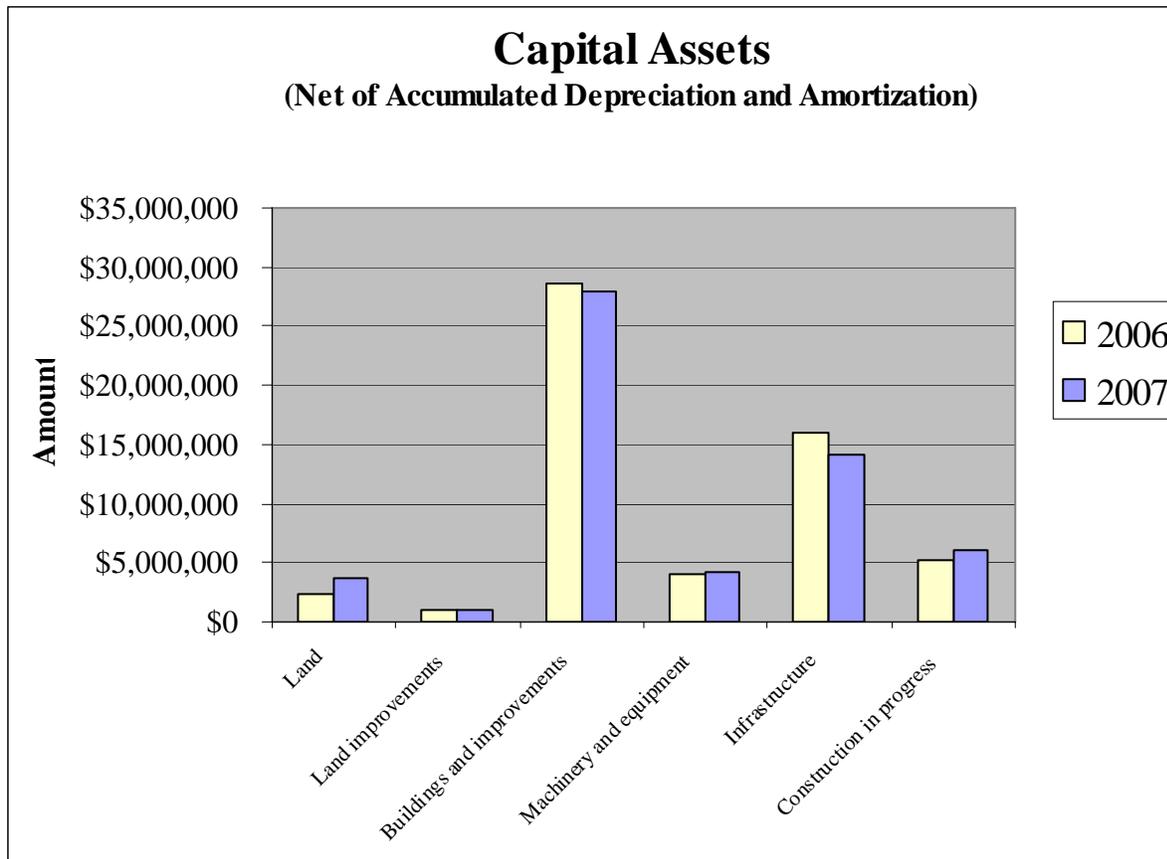
Capital Assets (Continued)

- Outlays included \$1,832,000 to purchase land, architectural/engineering fees, and site testing for the new high school and Vo-ag program; \$211,000 for Town Hall/ADA renovations, \$83,000 for Owen Bell Park; \$60,000 KHS parking lot; \$268,000 for road renewal and \$490,000 for other projects

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

**Town of Killingly, Connecticut
Capital Assets, Net
June 30, 2007 and 2006**

	Governmental Activities	
	2007	2006 (as restated)
Land	\$ 3,699,461	\$ 2,416,976
Land improvements	1,177,130	1,241,413
Buildings and improvements	28,517,868	29,254,330
Machinery and equipment	4,162,224	4,042,508
Infrastructure	14,168,440	16,032,859
Construction in progress	6,045,341	5,169,173
Totals	<u>\$57,770,464</u>	<u>\$58,157,259</u>



Additional information on the Town's capital assets can be found in Note 4 on pages 40 and 41 of this report.

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

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

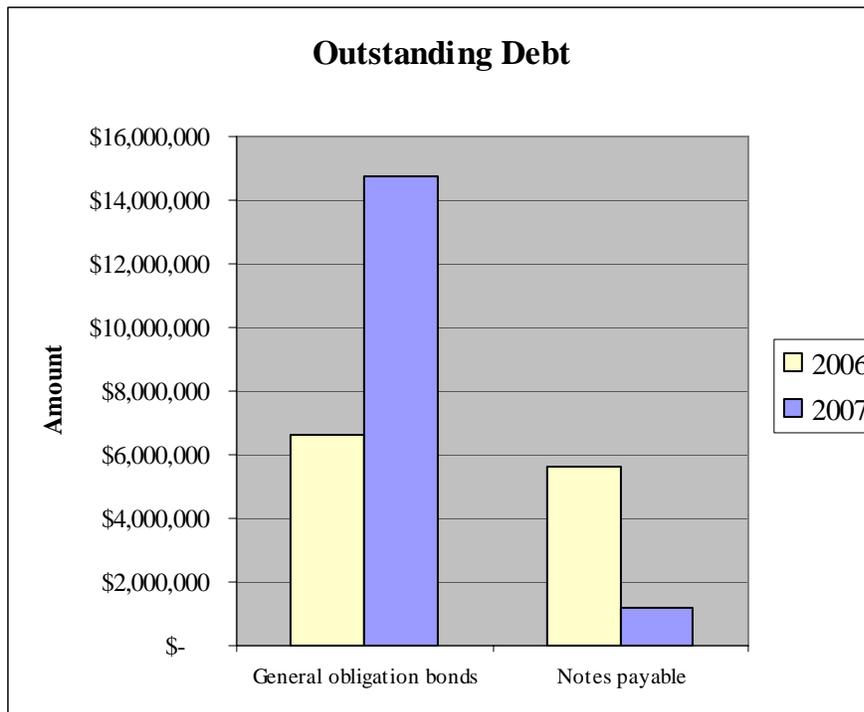
At the end of the current fiscal year, the Town had total bonded debt and notes payable outstanding of \$15,600,550. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total bonded debt increased by \$3,386,655 or 27.7% during the current fiscal year due to the issuance of refunding bonds and new bonds net of payments made to escrow agents and current year principal repayments. The Town maintains an Aaa 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 \$159,234,166, which is significantly in excess of the Town's outstanding general obligation debt.

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

**Town of Killingly, Connecticut
Long-term Debt
June 30, 2007 and 2006**

	Governmental Activities	
	2007	2006
		(as restated)
General obligation bonds	\$ 14,748,711	\$ 6,613,670
Notes payable	1,175,550	5,600,225
Totals	\$ 15,924,261	\$ 12,213,895



Additional information on the Town's long-term debt can be found in Note 8 on pages 43 - 46 of this report.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The unemployment rate for the Town is currently 6.1%, which is a decrease from a rate of 6.4% in the prior year, as compared to the state's average unemployment rate of 4.9% and the national unemployment rate of 4.7%.
- Inflationary trends in the region are comparable to national indices of 2.7%.
- During the current fiscal year, unreserved fund balance of the General Fund increased to \$6,820,605. The Town has designated \$888,000 of this amount for spending in the 2008 fiscal year, to offset the need to raise taxes.
- 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 2008, 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 2008.

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.

Basic Financial Statements

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,284,387
Investments	12,688,891
Receivables:	
Property taxes, net of allowance for uncollectibles of \$187,329	749,319
Interest, net of allowance for uncollectibles of \$54,431	217,724
Assessments and user charges receivable	1,089,179
Grants and contracts receivable	1,257,016
Other	136,114
Other assets	96,971
Restricted assets:	
Temporarily restricted cash	1
Permanently restricted cash	841
Permanently restricted investments	118,793
Grants and contracts receivable, long-term portion	1,399,983
Deferred charges	297,757
Capital assets:	
Non-depreciable	9,744,802
Depreciable, net	48,025,662
Total assets	83,107,440
 LIABILITIES	
Accounts payable	1,438,782
Accrued liabilities:	
Salaries and benefits payable	62,099
Accrued interest	65,660
Other accrued liabilities	156,939
Unearned revenue	314,957
Claims payable	492,634
Noncurrent liabilities:	
Due within one year	2,938,862
Due in more than one year	16,728,459
Total liabilities	22,198,392
 NET ASSETS	
Invested in capital assets, net of related debt	38,554,712
Restricted for:	
Endowments:	
Expendable	1
Nonexpendable	119,634
Capital projects	2,620,509
Unrestricted	19,614,192
Total net assets	\$ 60,909,048

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

**TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 5,278,440	\$ 1,073,297	\$ 462,107	\$ 430,607	\$ (3,312,429)
Public works	5,035,684	3,399,531	415,392	-	(1,220,761)
Recreation and leisure	2,273,213	200,805	27,664	43,159	(2,001,585)
Public safety	949,689	16,158	36,489	-	(897,042)
Community development and human services	1,401,226	25,321	1,252,897	-	(123,008)
Education	39,437,266	4,036,993	19,624,059	32,844	(15,743,370)
Interest on long-term debt	418,628	-	-	-	(418,628)
Total governmental activities	<u>\$ 54,794,146</u>	<u>\$ 8,752,105</u>	<u>\$ 21,818,608</u>	<u>\$ 506,610</u>	<u>(23,716,823)</u>
General revenues:					
					23,134,728
					1,482,823
					690,699
					<u>25,308,250</u>
					1,591,427
					44,478,743
					<u>14,838,878</u>
					<u>59,317,621</u>
					<u>\$ 60,909,048</u>

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

TOWN OF KILLINGLY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General Fund	Capital Improvements Fund	Sewer Operating Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,686,529	\$ -	\$ -	\$ 598,700	\$ 7,285,229
Investments	9,714,262	-	1,364,491	1,367,622	12,446,375
Receivables:					
Property taxes	936,648	-	-	-	936,648
Assessments and user charges	-	-	1,089,179	-	1,089,179
Grants and contracts	2,305,171	276,043	-	75,785	2,656,999
Other	114,438	-	-	21,676	136,114
Due from other funds	594,648	3,947,646	-	3,854,955	8,397,249
Inventories	-	-	-	39,909	39,909
Other assets	57,062	-	-	-	57,062
Total assets	<u>\$ 20,408,758</u>	<u>\$ 4,223,689</u>	<u>\$ 2,453,670</u>	<u>\$ 5,958,647</u>	<u>\$ 33,044,764</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 857,839	\$ 314,928	\$ 3,570	\$ 255,316	\$ 1,431,653
Accrued liabilities:					
Salaries and benefits payable	62,099	-	-	-	62,099
Other accrued liabilities	156,939	-	-	-	156,939
Due to other funds	8,992,166	-	285,684	308,964	9,586,814
Unearned/deferred revenue	3,022,645	-	776,085	314,957	4,113,687
Total liabilities	<u>13,091,688</u>	<u>314,928</u>	<u>1,065,339</u>	<u>879,237</u>	<u>15,351,192</u>
Fund Balances:					
Reserved for:					
Encumbrances	496,465	-	7,314	-	503,779
Inventory	-	-	-	39,909	39,909
Endowments	-	-	-	119,635	119,635
Unreserved	5,861,176	3,908,761	1,295,176	-	11,065,113
Unreserved, designated for:					
Subsequent year's budget	888,000	-	-	-	888,000
Debt service	-	-	85,841	-	85,841
Cell towers	38,292	-	-	-	38,292
Sewer extension	33,137	-	-	-	33,137
Unreserved, reported in nonmajor:					
Special revenue funds	-	-	-	4,499,935	4,499,935
Capital project funds	-	-	-	419,931	419,931
Total fund balances	<u>7,317,070</u>	<u>3,908,761</u>	<u>1,388,331</u>	<u>5,079,410</u>	<u>17,693,572</u>
Total liabilities and fund balances	<u>\$ 20,408,758</u>	<u>\$ 4,223,689</u>	<u>\$ 2,453,670</u>	<u>\$ 5,958,647</u>	<u>\$ 33,044,764</u>

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

TOWN OF KILLINGLY, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Total fund balances for governmental funds \$ 17,693,572

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Construction in progress	\$	6,045,341	
Land		3,699,461	
Land improvements		2,545,647	
Buildings and improvements		51,111,914	
Machinery and equipment		11,727,071	
Infrastructure		50,134,401	
Less accumulated depreciation and amortization		<u>(67,493,371)</u>	
Total capital assets, net			57,770,464

Bond issuance costs are recorded as expenditures in the governmental funds. However, these costs are deferred and amortized over the life of the related debt in the statement of net assets. 297,757

Accrued interest on property taxes, sewer use and sewer assessments are not susceptible to accrual and therefore are not reported in the funds. 217,724

School construction grants receivable from the State of Connecticut are not susceptible to accrual and are therefore not reported in the funds. 2,305,171

Some of the Town's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds:

Property taxes		530,145	
Sewer use and assessments		<u>776,085</u>	
			1,306,230

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 fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets.

Accrued interest payable		(65,660)	
Long-term debt:			
Bonds and notes payable		(15,924,261)	
Obligations under capital lease		(968,739)	
Other long-term liabilities:			
Compensated absences		(989,723)	
Early retirement incentive		(1,064,598)	
Landfill closure and postclosure care costs		<u>(720,000)</u>	
Total long-term liabilities			(19,732,981)

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 governmental activities in the statement of net assets. 1,051,111

Net assets of governmental activities \$ 60,909,048

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, 2007**

	General Fund	Capital Improvements Fund	Sewer Operating Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 22,938,282	\$ -	\$ -	\$ -	\$ 22,938,282
Intergovernmental	19,913,330	721,330	1,725	3,554,032	24,190,417
Licenses, permits and fees	405,662	-	-	-	405,662
Charges for services	2,076,736	-	2,897,867	1,357,712	6,332,315
Investment earnings	581,165	-	64,984	78,883	725,032
Miscellaneous	60,428	-	487,825	583,985	1,132,238
Total revenues	<u>45,975,603</u>	<u>721,330</u>	<u>3,452,401</u>	<u>5,574,612</u>	<u>55,723,946</u>
EXPENDITURES					
Current:					
General government	1,649,279	-	-	627,814	2,277,093
Public works	1,720,773	-	2,230,348	-	3,951,121
Recreation and leisure	1,521,503	-	-	22,117	1,543,620
Public safety	777,843	-	-	24,349	802,192
Community development and human services	417,614	-	-	943,377	1,360,991
Education	34,059,233	-	-	3,688,799	37,748,032
Miscellaneous	1,557,714	-	-	-	1,557,714
Debt service:					
Debt issuance costs	297,757	-	-	-	297,757
Principal payments	1,928,770	-	-	-	1,928,770
Interest and fiscal charges	505,167	-	-	-	505,167
Lease payments	70,000	-	-	-	70,000
Capital outlays	-	2,944,359	-	553,749	3,498,108
Total expenditures	<u>44,505,653</u>	<u>2,944,359</u>	<u>2,230,348</u>	<u>5,860,205</u>	<u>55,540,565</u>
Excess (deficiency) of revenues over expenditures	1,469,950	(2,223,029)	1,222,053	(285,593)	183,381
OTHER FINANCING SOURCES (USES)					
Proceeds from bonds issued	11,500,000	-	-	-	11,500,000
Premium on bonds issued	402,719	-	-	-	402,719
Payment made to refunded bonds escrow agent	(6,263,583)	-	-	-	(6,263,583)
Proceeds from capital lease	236,035	-	-	-	236,035
Transfers in	652,115	6,197,099	-	1,411,734	8,260,948
Transfers out	(6,733,543)	(99,053)	(1,134,990)	(293,362)	(8,260,948)
Total other financing sources (uses)	<u>(206,257)</u>	<u>6,098,046</u>	<u>(1,134,990)</u>	<u>1,118,372</u>	<u>5,875,171</u>
Net change in fund balances	1,263,693	3,875,017	87,063	832,779	6,058,552
Fund balances - beginning, as originally reported	6,053,377	33,744	1,301,268	4,309,229	11,697,618
Adjustment (Note 15)	-	-	-	(62,598)	(62,598)
Fund balances - beginning, as adjusted	<u>6,053,377</u>	<u>33,744</u>	<u>1,301,268</u>	<u>4,246,631</u>	<u>11,635,020</u>
Fund balances - ending	<u>\$ 7,317,070</u>	<u>\$ 3,908,761</u>	<u>\$ 1,388,331</u>	<u>\$ 5,079,410</u>	<u>\$ 17,693,572</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, 2007**

Net change in fund balances - total governmental funds \$ 6,058,552

Total change in net assets reported for governmental activities in the statement of activities is different because:

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

Expenditures for capital assets	3,246,463	
Depreciation and amortization expense	(3,794,392)	
Net adjustment		(547,929)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 161,134

Interest on property taxes receivable, sewer user 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, net of allowance increased revenues recognized in the funds. 72,049

Intergovernmental revenue on school construction grants is not susceptible to accrual and therefore is only reported as revenue in the funds when the cash is received by the Town. In the government-wide financial statements, the cash received reduces the grant receivable recognized in the government-wide statement of net assets. (1,129,215)

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 (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

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. Neither transaction, however, has any effect on net assets. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:			
Capital lease financing	\$	(236,035)	
Bonds issued		(5,415,000)	
Refunding bonds issued		(6,085,000)	
Premium on bonds issued		(402,719)	
Bond issuance costs		297,757	
Principal repayments:			
Bonds and notes payable		1,928,770	
Payments to refunded bond escrow agent		6,263,583	
Obligations under capital lease		162,447	
Net adjustment		(3,486,197)	\$ (3,486,197)

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. In the statement of activities, however, 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	(106,759)	
Accrued interest	86,539	
Early retirement incentive	177,433	
Landfill closure and postclosure care costs	30,000	
		187,213

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred revenues in governmental funds. This amount represents the change in deferred revenue. 55,559

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 service fund is reported with governmental activities. 220,261

Change in net assets of governmental activities \$ 1,591,427

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 - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 22,523,874	\$ 22,523,874	\$ 22,938,282	\$ 414,408
Intergovernmental	16,754,258	16,754,258	16,969,140	214,882
Licenses, permits and fees	268,600	268,600	405,662	137,062
Charges for services	1,986,007	1,986,007	2,076,736	90,729
Use of money and property	272,695	272,695	581,165	308,470
Miscellaneous	70,755	70,755	56,798	(13,957)
Total revenues	<u>41,876,189</u>	<u>41,876,189</u>	<u>43,027,783</u>	<u>1,151,594</u>
EXPENDITURES				
Current:				
General government	1,724,993	1,811,431	1,749,198	(62,233)
Public works	1,728,495	1,784,632	1,719,470	(65,162)
Recreation and leisure	1,529,427	1,566,149	1,511,503	(54,646)
Public safety	726,615	731,738	699,567	(32,171)
Community development and human services	426,740	428,635	417,614	(11,021)
Education	31,258,557	31,258,557	31,038,962	(219,595)
Miscellaneous	1,913,603	1,699,788	1,557,714	(142,074)
Debt service:				
Debt issuance costs	3,000	3,000	3,000	-
Principal payments	1,928,770	1,928,770	1,928,770	-
Interest and fiscal charges	505,170	505,170	505,167	(3)
Lease payments	70,000	70,000	70,000	-
Total expenditures	<u>41,815,370</u>	<u>41,787,870</u>	<u>41,200,965</u>	<u>(586,905)</u>
Excess of revenues over expenditures	60,819	88,319	1,826,818	1,738,499
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	400,000	535,000	-	(535,000)
Transfers in	765,845	765,845	652,115	(113,730)
Transfers out	(1,226,664)	(1,389,164)	(1,389,164)	-
Total other financing sources (uses)	<u>(60,819)</u>	<u>(88,319)</u>	<u>(737,049)</u>	<u>(648,730)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,089,769	<u>\$ 1,089,769</u>
Fund balance - beginning			<u>5,730,838</u>	
Fund balance - ending			<u>\$ 6,820,607</u>	

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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sewer use - current	\$ 2,730,139	\$ 2,730,139	\$ 2,738,620	\$ 8,481
Use charge interest	31,000	31,000	24,556	(6,444)
Investment earnings	50,000	50,000	64,984	14,984
Miscellaneous	462,452	462,452	487,826	25,374
Total revenues	<u>3,273,591</u>	<u>3,273,591</u>	<u>3,315,986</u>	<u>42,395</u>
EXPENDITURES				
Contractual services	2,238,488	2,238,488	2,231,134	(7,354)
Total expenditures	<u>2,238,488</u>	<u>2,238,488</u>	<u>2,231,134</u>	<u>(7,354)</u>
Excess of revenues over expenditures	1,035,103	1,035,103	1,084,852	49,749
OTHER FINANCING SOURCES (USES)				
Transfers out:				
General Fund	(451,292)	(451,292)	(451,292)	-
Insurance Reserve Fund	(2,500)	(2,500)	(2,500)	-
Capital Projects Fund	(300,000)	(300,000)	(300,000)	-
Capital Nonrecurring Fund	(280,000)	(280,000)	(280,000)	-
Total other financing sources (uses)	<u>(1,033,792)</u>	<u>(1,033,792)</u>	<u>(1,033,792)</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,311</u>	<u>\$ 1,311</u>	51,060	<u>\$ 49,749</u>
Fund balance - beginning			<u>1,294,740</u>	
Fund balance - ending			<u>\$ 1,345,800</u>	

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF NET ASSETS -
PROPRIETARY FUND
JUNE 30, 2007

	Governmental Activities <hr/> Internal Service Fund - Health Insurance Fund <hr/>
ASSETS	
Current assets:	
Investments	\$ 361,309
Due from other funds	1,189,565
Total assets	<hr/> 1,550,874 <hr/>
LIABILITIES	
Current liabilities:	
Accounts payable	7,129
Claims payable	492,634
Total liabilities	<hr/> 499,763 <hr/>
NET ASSETS	
Unrestricted	1,051,111
Total net assets	<hr/> \$ 1,051,111 <hr/> <hr/>

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

**TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2007**

	Governmental Activities
	Internal Service Fund - Health Insurance Fund
OPERATING REVENUES	
Charges for services	\$ 6,140,240
Total operating revenues	6,140,240
OPERATING EXPENSES	
Claims incurred	5,272,596
Administrative and other	658,459
Total operating expenses	5,931,055
Operating income	209,185
NON-OPERATING REVENUE	
Interest and investment income	11,076
Total non-operating revenues	11,076
Change in net assets	220,261
Net assets - beginning	830,850
Net assets - ending	\$ 1,051,111

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, 2007**

	Governmental Activities
	Internal Service Fund - Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from charges for services	\$ 5,804,760
Payments for claims incurred	(5,145,053)
Payments for administrative costs	(651,330)
Net cash provided by operating activities	8,377
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	11,076
Purchases of investments, net	(19,453)
Net cash used in investing activities	(8,377)
Net increase in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 209,185
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	7,129
Increase in due from other funds	(390,330)
Decrease in accounts receivable	54,759
Increase in claims payable	127,634
Net cash provided by operating activities	\$ 8,377

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	<u>Pension Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 23,574	\$ 452,128
Investments at fair value:			
Guaranteed investment contract	479,985	-	-
Equity mutual funds	4,692,718	-	-
U.S. treasury notes	-	98,748	-
Corporate debt securities	-	28,263	-
Fannie Mae securities	-	112,249	-
Money Market funds	-	62,937	-
Common stocks	-	284,813	-
Total assets	<u>5,172,703</u>	<u>610,584</u>	<u>\$ 452,128</u>
LIABILITIES			
Due to student groups	-	-	173,159
Due to others	-	-	278,969
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 452,128</u>
NET ASSETS			
Held in trust for pension benefits and other purposes	<u>\$ 5,172,703</u>	<u>\$ 610,584</u>	

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

**TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007**

	Pension Trust Fund	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	\$ 71,529	\$ -
Plan members	19,282	-
Private donations	-	2,151
Total contributions	90,811	2,151
Investment earnings:		
Interest	153,852	68,289
Net increase in the fair value of investments	530,452	-
Total investment earnings	684,304	68,289
Less: investment expense	11,406	-
Net investment earnings	672,898	68,289
Total additions	763,709	70,440
DEDUCTIONS		
Benefit payments	173,677	-
Administrative expenses	35,366	-
Awards	-	9,704
Total deductions	209,043	9,704
Change in net assets	554,666	60,736
Net assets - beginning	4,618,037	549,848
Net assets - ending	\$ 5,172,703	\$ 610,584

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

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, 1995. The Town provides the following services as authorized by its charter: general government, public works, recreation, public safety, community development, health and human services and education.

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2007

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (*Continued*)

Government-wide Financial Statements (*Continued*)

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 funds.

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 purchases.

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.

In addition, 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 as permitted by GASB Statement No. 10.

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 11.

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 a private purpose trust fund 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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2007

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide, Proprietary and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements (except for Agency Funds) are prepared using the economic resources measurement focus and the accrual basis of accounting. Agency Funds have no measurement focus. 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund consists of charges for services. Operating expenses of the Town's internal service fund consist of claims incurred and administrative expenses. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

ASSETS, LIABILITIES AND FUND EQUITY

Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less when purchased. Cash equivalents as of June 30, 2007 consist of money market accounts and short-term certificates of deposit which totaled \$278,259.

Investments

In accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Town presents all investments at fair value.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2007

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

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

Donor-restricted Endowments / Restricted Assets

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Management of Institutional Funds Act (UMIFA). Under UMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net assets or unrestricted net assets, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

The Town has received endowments for the improvement and betterment of Killingly Public Schools, park and recreation activities, and library books. The amounts are reflected as net assets restricted for endowments and perpetual care. Investment income from the endowments is transferred annually to special revenue funds where disbursements are approved by the Town Council. Remaining investment income available for appropriation totaled \$1 as of June 30, 2007 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.

Property Taxes and Other Receivables

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, 2007, 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, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 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 annually in July for flat rate fees and September for 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 assets 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, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Capital Assets (Continued)

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:

<u>Assets</u>	<u>Years</u>
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

Unearned/Deferred Revenue

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

Compensated Absences

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

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

All full time Board of Education employees (except teachers) 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, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2007

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

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

Long-term Obligations (*Continued*)

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

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Designations of fund equity are discussed more fully in Note 10.

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".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reservation in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Interfund Services Provided and Used

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

Interfund Transfers

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

Interfund Reimbursements

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2007

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

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 BALANCES

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 \$108,000 may be approved by Town Council. Those in excess of this amount must be approved at Town Meeting. Additional appropriations of \$135,000 were authorized from fund balance for the General Fund during the year. There were no additional appropriations for the Sewer Operating Fund.
- The Department of Education is not a separate legal entity, but a separate function of the Town. Its Board is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Town Council approval and, if necessary, approval at a public hearing or referendum.
- Formal budgetary integration is employed as a management control device during the year. Formal budgetary integration is not employed in Capital Projects or Special Revenue Funds (with the exception of the Sewer Operating Fund) because budgetary control is alternatively achieved by constraints imposed by the project authorization or grant awards related to these funds.
- The budget is prepared on the modified accrual basis of accounting. "On behalf" payments made by the State of Connecticut into the State Teacher's Retirement System (*see Note 11*) are not recorded for budgetary purposes.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

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

BUDGETARY INFORMATION (Continued)

- 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 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 and Sewer Operating Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2007:

	General Fund		
	Total Revenues and other Financing Sources	Total Expenditures and Other Financing Uses	Net Change in Fund Balance
Budgetary basis	\$ 43,679,898	\$ 42,590,129	\$ 1,089,769
"On-behalf" payments - State Teachers Retirement Fund (see Note 11)	1,916,368	1,916,368	-
Encumbrances outstanding:			
June 30, 2006	-	322,541	(322,541)
June 30, 2007	-	(496,465)	496,465
Capital leases not recorded for budgetary purposes	236,035	236,035	-
Intergovernmental grants netted against expenditures	1,031,452	1,031,452	-
Other financing sources (uses) not recognized for budgetary purposes:			
Proceeds from refunding bonds issued	11,500,000	-	11,500,000
Premium on bonds issued	402,719	-	402,719
Payment to refunded bonds escrow agent	-	6,263,583	(6,263,583)
Debt issuance costs	-	294,757	(294,757)
Transfer of bond proceeds to Capital Improvement Fund	-	5,344,379	(5,344,379)
GAAP basis	<u>\$ 58,766,472</u>	<u>\$ 57,502,779</u>	<u>\$ 1,263,693</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

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

BUDGETARY INFORMATION (Continued)

	Sewer Operating Fund		
	Total	Total Expenditures	Net Change
	Revenues	and Other	in
	Financing Uses	Financing Uses	Fund Balance
Budgetary basis	\$ 3,315,986	\$ 3,264,926	\$ 51,060
Encumbrances outstanding:			
June 30, 2006	-	6,528	(6,528)
June 30, 2007	-	(7,314)	7,314
Amounts related to sewer assessments not recorded for budgetary purposes	136,415	101,198	35,217
GAAP basis	\$ 3,452,401	\$ 3,365,338	\$ 87,063

DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2007, none of which constitutes a violation of statutory provisions:

Fund	Deficit Fund Balance
School Cafeteria Fund	\$ 110,703
Solid Waste Fund	47,387

The cumulative deficits in these funds were created by expenditures in excess of revenues. The deficits are expected to be eliminated by future revenues or appropriations.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

A reconciliation of the Town's cash and cash equivalents as of June 30, 2007 is as follows:

Government-wide statement of net assets:

Unrestricted:

Cash equivalents	\$ 25,303
Cash deposits	7,259,084
	7,284,387

Temporarily restricted:

Cash equivalents	1
------------------	---

Permanently restricted:

Cash equivalents	841
	7,285,229

Statement of fiduciary net assets:

Cash equivalents - Private Purpose Trust Funds	23,574
Cash equivalents - Agency Funds	228,540
Cash deposits - Agency Funds	223,588
	452,128
	\$ 7,760,931

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, 2007, \$1,219,913 of the Town's bank balance of \$1,582,417 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,097,922
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	121,991
	\$ 1,219,913

All of the Town's deposits were in qualified public institutions as defined by Connecticut 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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

As of June 30, 2007, the Town's investments (including restricted investments) consisted of the following:

Government-wide statement of net assets:

Unrestricted investments	\$ 12,688,891
Permanently restricted investments	118,793
	<u>12,807,684</u>

Statement of fiduciary net assets:

Investments - Private Purpose	
Trust Funds	587,010
Investments -Proprietary Fund	361,309
Investments - Agency Funds	5,172,703
	<u>6,121,022</u>
	<u>\$ 18,928,706</u>

A reconciliation of the Town's investments as of June 30, 2007 is as follows:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>
Debt Securities:				
Cooperative Liquid Assets Security System (CLASS)	\$ 13,023,427	\$ 13,023,427	\$ -	\$ -
U.S. Treasury Notes	98,748	-	98,748	-
Corporate debt securities	28,263	-	-	28,263
Fannie Mae securities	112,249	24,914	87,335	-
Guaranteed investment contract	479,985	479,985	-	-
Money market funds	208,503	208,503	-	-
	<u>13,951,175</u>	<u>\$ 13,736,829</u>	<u>\$ 186,083</u>	<u>\$ 28,263</u>
Other investments:				
Equity mutual funds	4,692,718			
Common stocks	284,813			
Total	<u>\$ 18,928,706</u>			

Because the investments in CLASS and money market funds have a weighted average maturity of less than 50 and 30 days, they were presented as investments with maturities of less than one year.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Interest Rate Risk

The Town does not have a formal investment policy that limits Town 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 obligations of the United States, including its instrumentalities and agencies; 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; 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, in 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.

The Town's investments in debt securities, whose ratings are required to be disclosed in accordance with GASB No. 40, were rated by Standard and Poor's as follows at June 30, 2007:

Debt Securities	Fair Value	Standard & Poor's		Unrated
		AAA	A	
Cooperative Liquid Asset Security System (CLASS)	\$ 13,023,427	\$ 13,023,427	\$ -	\$ -
Corporate debt securities	28,263	-	28,263	-
Fannie Mae securities	112,249	112,249	-	-
Guaranteed investment contract	479,985	479,985	-	-
Money market funds	208,503	-	-	208,503
	<u>\$ 13,852,427</u>	<u>\$ 13,615,661</u>	<u>\$ 28,263</u>	<u>\$ 208,503</u>

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial credit risk at June 30, 2007, 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. The Town's investments consist solely of investments in a pooled fixed income fund and equity mutual funds and are therefore not exposed to concentrations of credit risk, as these investments are considered to be diversified by nature.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 consisted of the following:

	<u>Beginning Balance, As Restated (See Note 15)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 5,169,173	\$ 1,026,278	\$ (150,110)	\$ 6,045,341
Land	2,416,976	1,282,485	-	3,699,461
Total capital assets, not being depreciated	<u>7,586,149</u>	<u>2,308,763</u>	<u>(150,110)</u>	<u>9,744,802</u>
Capital assets, being depreciated:				
Land improvements	2,485,647	60,000	-	2,545,647
Buildings and improvements	51,051,907	60,007	-	51,111,914
Machinery and equipment	10,909,541	817,530	-	11,727,071
Infrastructure	49,822,994	311,407	-	50,134,401
Total capital assets, being depreciated	<u>114,270,089</u>	<u>1,248,944</u>	<u>-</u>	<u>115,519,033</u>
Less accumulated depreciation and amortization for:				
Land improvements	1,244,234	124,283	-	1,368,517
Buildings and improvements	21,797,577	796,469	-	22,594,046
Machinery and equipment	6,867,033	697,814	-	7,564,847
Infrastructure	33,790,135	2,175,826	-	35,965,961
Total accumulated depreciation and amortization	<u>63,698,979</u>	<u>3,794,392</u>	<u>-</u>	<u>67,493,371</u>
Total capital assets, being depreciated, net	<u>50,571,110</u>	<u>(2,545,448)</u>	<u>-</u>	<u>48,025,662</u>
Governmental activities capital assets, net	<u>\$ 58,157,259</u>	<u>\$ (236,685)</u>	<u>\$ (150,110)</u>	<u>\$ 57,770,464</u>

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

Governmental Activities:	
General government	\$ 2,216,455
Public works	404,491
Recreation and leisure	81,507
Public safety	13,432
Education	1,078,507
Total depreciation and amortization expense - governmental activities	<u>\$ 3,794,392</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 5 - CAPITAL PROJECTS

Following is a summary of significant project authorizations in the Capital Improvement Fund as of June 30, 2007:

<u>Description</u>	<u>Total Project Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance, June 30, 2007</u>
Road renewal and construction	\$ 6,306,183	\$ 303,155	\$ 4,357,591	\$ 1,948,592
Schools	89,422,615	1,892,283	10,026,761	79,395,854
Sewer projects	8,044,463	77,715	7,186,129	858,334
Bridges	3,264,200	95,643	330,021	2,934,179
Town buildings	2,137,985	263,662	1,643,530	494,455
Other	8,098,398	311,901	5,205,434	2,892,964
Total capital improvements	<u>\$ 117,273,844</u>	<u>\$ 2,944,359</u>	<u>\$ 28,749,466</u>	<u>\$ 88,524,378</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2007 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Sewer Operating Fund	\$ 285,684
	Other Governmental Funds	308,964
		<u>\$ 594,648</u>
Capital Improvements Fund	General Fund	<u>\$ 3,947,646</u>
Other Governmental Funds	General Fund	<u>\$ 3,854,955</u>
Internal Service Fund		
Health Insurance Fund	General Fund	<u>\$ 1,189,565</u>
Total due from/to other funds		<u>\$ 9,586,814</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES (Continued)

All interfund 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

Interfund transfers for the year ended June 30, 2007 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Sewer Operating Fund	\$ 552,490
	Capital Improvements Fund	99,053
	Other Governmental Funds	572
		<u>\$ 652,115</u>
Capital Improvements Fund	General Fund	\$ 5,607,879
	Sewer Operating Fund	300,000
	Other Governmental Funds	289,220
		<u>\$ 6,197,099</u>
Other Governmental Funds	General Fund	\$ 1,125,664
	Sewer Operating Fund	282,500
	Other Governmental Funds	3,570
		<u>\$ 1,411,734</u>

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, 2007

NOTE 8 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2007:

	Beginning Balance, As Restated (See Note 15)	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable:					
General obligation bonds	\$ 6,613,670	\$ 11,500,000	\$ (3,688,670)	\$ 14,425,000	\$ 2,150,000
Unamortized amounts:					
Premium	-	402,719	-	402,719	-
Deferred amount on refunding	-	(79,008)	-	(79,008)	-
Other liabilities:					
Sewer FHA Loan	5,600,225	-	(4,424,675)	1,175,550	34,575
Capital leases	895,151	236,035	(162,447)	968,739	201,495
Landfill closure/postclosure care costs	750,000	-	(30,000)	720,000	30,000
Early retirement incentive	1,242,031	-	(177,433)	1,064,598	177,433
Compensated absences	882,964	142,391	(35,632)	989,723	345,359
	<u>\$ 15,984,041</u>	<u>\$ 12,202,137</u>	<u>\$ (8,518,857)</u>	<u>\$ 19,667,321</u>	<u>\$ 2,938,862</u>

All long - term liabilities above typically have been liquidated by the General Fund.

GENERAL OBLIGATION BONDS AND NOTE PAYABLE

A summary of general obligation bonds and note payable outstanding at June 30, 2007 is as follows:

Description	Original Amount	Final Maturity Dates	Interest Rates	Amount Outstanding
Governmental Activities				
Bonds Payable				
1995 School bonds	\$ 2,420,000	2008	3.95% - 5.4%	\$ 180,080
2001 School refunding bonds	7,255,000	2010	3.00% - 5.00%	2,555,000
1995 Landfill closure bonds	2,800,000	2008	3.95% - 5.40%	189,920
2007 School bonds	2,415,000	2027	4.25% - 5.0%	2,415,000
2007 Road/Bridges bonds	3,000,000	2027	4.25% - 5.0%	3,000,000
2007 School refunding bonds	685,000	2024	4.25% - 5.0%	685,000
2007 Sewer refunding bonds	3,835,000	2024	4.25% - 5.0%	3,835,000
2007 General purpose refunding bonds	1,565,000	2024	4.25% - 5.0%	1,565,000
				<u>\$ 14,425,000</u>
Notes Payable				
2001 Sewer FHA loan	\$ 1,383,000	2041	4.50%	\$ 1,175,550

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 8 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS AND NOTE PAYABLE (Continued)

Annual debt service requirements to maturity on general obligation bonds and the note payable are as follows as of June 30, 2007:

Year ending June 30:	Governmental Activities					
	General Obligation Bonds		Note Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 2,150,000	\$ 614,101	\$ 34,575	\$ 52,900	\$ 2,184,575	\$ 667,001
2009	2,085,000	558,904	34,575	51,344	2,119,575	610,248
2010	1,570,000	478,260	34,575	49,788	1,604,575	528,048
2011	1,065,000	414,198	34,575	48,232	1,099,575	462,430
2012	690,000	368,935	34,575	46,676	724,575	415,611
2013-2017	2,775,000	1,392,350	172,875	210,044	2,947,875	1,602,394
2018-2022	2,510,000	741,300	172,875	171,146	2,682,875	912,446
2023-2027	1,580,000	195,517	172,875	132,250	1,752,875	327,767
2027-2032	-	-	172,875	93,353	172,875	93,353
2033-2037	-	-	172,875	54,455	172,875	54,455
2038-2041	-	-	138,300	15,560	138,300	15,560
	<u>\$ 14,425,000</u>	<u>\$ 4,763,565</u>	<u>\$ 1,175,550</u>	<u>\$ 925,748</u>	<u>\$ 15,600,550</u>	<u>\$ 5,689,313</u>

During the year ended June 30, 2007, the Town issued \$6,085,000 of general obligation bonds with an average interest rate of 4.307% to advance refund \$6,184,575 of general obligation bonds with an average interest rate of 4.825%. The Town advance refunded these bonds to reduce its total debt service payments over the next 17 years by approximately \$45,398 and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of approximately \$112,497. The reacquisition price exceeded the carrying amount of the old debt by \$79,008. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

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 \$159,234,166 as of June 30, 2007. 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, 2007.

The amount of authorized, unissued bonds at June 30, 2007 totaled \$332,516, \$290,000 and \$19,518,666 for general purposes, sewers and schools, respectively.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 8 - LONG-TERM LIABILITIES (Continued)

SCHOOL BOND REIMBURSEMENTS

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of reimbursement for the year ended June 30, 2007 was \$1,010,779. Additional reimbursements of principal and interest aggregating \$2,305,171 and \$115,338, respectively, are expected to be received through the applicable bonds' maturity dates. The Town has recorded a receivable relating to the principal portion of these payments in the accompanying statement of net assets. The following is a summary of amounts to be provided by the State of Connecticut for the retirement of school bonds:

Year ending			
June 30:	Principal	Interest	Total
2008	\$ 905,188	\$ 59,346	\$ 964,534
2009	867,391	36,389	903,780
2010	532,592	19,603	552,195
	<u>\$ 2,305,171</u>	<u>\$ 115,338</u>	<u>\$ 2,420,509</u>

CAPITAL LEASES

A summary of assets acquired through capital leases is as follows as of June 30, 2007:

	Governmental Activities
Building	\$ 739,988
Machinery and Equipment	792,386
	<u>\$ 1,532,374</u>
Less: accumulated amortization	700,551
	<u>\$ 831,823</u>

Amortization expense relative to leased property under capital leases totaled \$164,006 for the year ended June 30, 2007 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 the Library facility and Board of Education technology equipment. Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007 are as follows:

	Governmental Activities
Year Ending June 30:	
2008	\$ 248,796
2009	248,796
2010	248,796
2011	248,796
2012	123,577
Total minimum lease payments	<u>1,118,761</u>
Less: amount representing interest	150,022
Present value of minimum lease payments	<u>\$ 968,739</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 8 - LONG-TERM LIABILITIES (Continued)

LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and Federal laws and regulations require landfill closures to meet certain standards. The Town landfill is closed. Monitoring costs for 30 years at \$30,000 per year are estimated at \$900,000, with a remaining amount of \$720,000 at June 30, 2007. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations.

BOE EARLY RETIREMENT INCENTIVE

In connection with three earlier retirement incentive programs in 1997, 1999, and 2004 offered by the Board of Education, participants are eligible for benefits until age 65. Currently, there are 11 remaining retirees who are eligible and receiving benefits under this plan. In addition, 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 \$319,035 for the year ended June 30, 2007. The following is a summary of annual payments owed and the present value as of June 30, 2007:

Year ending June 30:	Governmental Activities
2008	\$ 267,434
2009	232,727
2010	210,612
2011	197,271
2012	188,577
2013	178,362
	<u>1,274,983</u>
Less: discount to present value	210,385
	<u><u>\$ 1,064,598</u></u>

The discount to present value was calculated using a rate of 6.5%.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 9 - UNEARNED/DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 717,474	\$ -
School construction grant receivable	2,305,171	-
Sewer assessments not yet due	747,662	-
Delinquent sewer use fees	28,423	-
Solid waste fees	-	45,790
Grant drawdowns prior to meeting all eligibility requirements	-	269,167
	<u>\$ 3,798,730</u>	<u>\$ 314,957</u>

NOTE 10 - DESIGNATIONS OF FUND BALANCE

Designations of unreserved fund balance reported in the governmental funds balance sheet represent the Town's self-imposed limitations on the use of otherwise available expendable financial resources of governmental funds. The Town designated unreserved fund balance of the General Fund of \$959,429 for use in the 2008 budget and to preserve Town investment property. In addition, the Town has designated \$233,759 for debt service for sewer related projects.

NOTE 11 - PENSION PLANS

DEFINED BENEFIT PLAN

Plan Description

Summary of Significant Accounting Policies

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.

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. 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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 11 - PENSION PLANS (Continued)

DEFINED BENEFIT PLAN (Continued)

Plan Membership

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

Retirees and beneficiaries receiving benefits	53
Terminated plan members entitled to but not yet receiving benefits	17
Employees who revoked payroll deduction and are entitled to future benefits	7
Active plan members:	
Vested	58
Nonvested	16
	<u>151</u>

Contributions

The Town's contributions are actuarially determined on an annual basis using the Frozen Initial Liability Entry Age. 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%
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

There are no individual investments representing 5% of more of Plan net assets.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 11 - PENSION PLANS (Continued)

DEFINED BENEFIT PLAN (Continued)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (B)	(Overfunded) Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1,						
2001	\$ 3,996,708	\$ 3,273,235	\$ (723,473)	122.1%	\$ 2,055,362	-35.2%
2002	4,037,901	3,115,588	(922,313)	129.6%	2,078,986	-44.4%
2003	4,005,633	3,368,511	(637,122)	118.9%	2,066,958	-30.8%
2004	3,977,803	3,534,089	(443,714)	112.6%	1,844,887	-24.1%
2005	4,006,583	3,851,927	(154,656)	104.0%	1,772,903	-8.7%
2006	4,618,037	4,207,000	(411,037)	109.8%	1,808,417	-22.7%

Schedule of Employer Contributions

There were no annual actuarially required contributions or actual contributions for the fiscal years ended June 30, 2003 through June 30, 2006. The annual actuarial required contribution and the actual contribution made for the year ended June 30, 2007 totaled \$71,529.

Annual Pension Cost and Net Pension Obligation

Annual required contribution	\$ 71,529
Interest on net pension asset	-
Adjustment to annual required contribution	-
Annual pension cost	<u>71,529</u>
Contributions made	<u>71,529</u>
Change in net pension asset	-
Net pension obligation, beginning of year	-
Net pension obligation, end of year	<u><u>\$ -</u></u>

Additional Information and Actuarial Assumptions

Valuation date:	July 1, 2006
Actuarial cost method:	Frozen Initial Liability Entry Age Normal
Amortization method:	Level Dollar Amount
Remaining amortization period:	20 years, open
Asset valuation method:	4-Year Smoothed Market value
Actuarial assumptions:	
Investment rate of return*	7.50%
Projected salary increases	5.00%

* Includes inflation at 3.5%.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 11 - PENSION PLANS (Continued)

DEFINED BENEFIT PLAN (Continued)

Plan Financial Statements

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF PLAN NET ASSETS
JUNE 30, 2007

	Pension Trust Fund
ASSETS	
Investments, at fair value:	
Guaranteed investment contract	\$ 479,985
Equity mutual funds	4,692,718
Total assets	5,172,703
NET ASSETS	
Held in trust for pension benefits (See schedule of funding progress on page 48)	5,172,703
Total net assets	\$ 5,172,703

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 71,529
Plan members	19,282
Total contributions	90,811
Investment earnings:	
Interest	153,852
Net increase in the fair value of investments	530,452
Total investment earnings	684,304
Less: investment expense	11,406
Net investment earnings	672,898
Total additions	763,709
DEDUCTIONS	
Benefit payments	173,677
Administrative expenses	35,366
Total deductions	209,043
NET INCREASE	554,666
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of year	4,618,037
End of year	\$ 5,172,703

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2007

NOTE 11 - PENSION PLANS (*Continued*)

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, 2007, Town teachers contributed \$1,106,184 to the plan and covered payroll for the year was \$15,257,709.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on behalf" payments of \$1,916,368 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 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 2007, 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.

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 \$75,000 for the plan.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2007. Claims liabilities are recorded in accordance with GASB Statements No. 10 and 30, which require that a liability for claims be reported 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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 12 - RISK MANAGEMENT (Continued)

A summary of claims activity for the years ended June 30, 2007 and 2006 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2006	\$ 383,141	\$ 4,663,845	\$ 4,681,986	\$ 365,000
2007	365,000	5,400,230	5,272,596	492,634

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

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.

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

Operating Leases

The Board of Education leases space for its bus garage which expires on June 30, 2009. In addition, the Board of Education has entered into several operating leases for office equipment over the next five years. The combined monthly rental payments for these leases totals approximately \$13,760.

Aggregate minimum lease payments of the above leases is as follows:

Year Ending June 30:	
2008	\$ 120,569
2009	99,896
2010	55,825
2011	47,279
2012	34,260
	\$ 357,829

Rent expense in connection with the above leases for the year ended June 30, 2007 totaled \$112,816.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 14 - PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

The Town has not completed the process of implementing GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Town is therefore unable to disclose the impact that adopting this statement will have on its financial position and results of operations when such statement is adopted. GASB Statement No. 45 is effective for fiscal periods beginning after December 15, 2007.

NOTE 15 - ADJUSTMENTS

The fund balance of several nonmajor governmental funds as of June 30, 2006 was adjusted to correct the overstatement of revenues for the year ended June 30, 2006. Fund balance was adjusted as follows:

June 30, 2006, as previously reported	\$4,309,229
Adjustment for overstatement of revenues	(62,598)
June 30, 2006, as adjusted	\$4,246,631

In addition, the Town recorded a net adjustment in the amount of \$14,901,476 related to capital assets and a capital lease that were not recorded as of June 30, 2006.

The effect of these adjustments on the government-wide statement of net assets is as follows:

Net assets as of June 30, 2006, as previously reported	\$ 44,478,743
Adjustment to record construction in progress and other capital assets, net	15,457,827
Adjustment to record capital lease	(556,351)
Adjustment for overstatement of revenues	(62,598)
Total adjustments	14,838,878
Net assets as of June 30, 2006, as adjusted	\$ 59,317,621

The effect of the above adjustments on the change in net assets for the year ended June 30, 2006 is not readily determinable.

Combining and Individual Fund Statements and Schedules

General Fund

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over (Under)</u>
PROPERTY TAXES				
Current taxes	\$ 21,402,056	\$ 21,402,056	\$ 21,937,512	\$ 535,456
Prior years' taxes	500,000	500,000	341,158	(158,842)
Supplemental motor vehicle	275,000	275,000	290,986	15,986
Tax interest	151,000	151,000	222,033	71,033
Lien fees	11,500	11,500	9,905	(1,595)
Airplane tax	3,150	3,150	3,045	(105)
Phone access - SNETCO	181,168	181,168	133,643	(47,525)
Total property taxation	<u>22,523,874</u>	<u>22,523,874</u>	<u>22,938,282</u>	<u>414,408</u>
INTERGOVERNMENTAL				
State-owned property	263,546	263,546	264,354	808
Elderly tax relief - frozen	6,625	6,625	6,625	-
Elderly tax relief	121,163	121,163	126,288	5,125
Property tax relief	199,832	199,832	199,832	-
Disability exemption	1,837	1,837	2,864	1,027
Property tax abatement	32,891	32,891	39,016	6,125
Boat tax (P.A. 81-423)	1,721	1,721	1,721	-
Veterans' exemption	10,442	10,442	9,874	(568)
Manufacturing equipment	535,923	535,923	665,407	129,484
School building grants	1,013,877	1,013,877	1,012,693	(1,184)
General assistance	240	240	1,103	863
Connecticard	7,000	7,000	8,630	1,630
Library grant	2,000	2,000	2,147	147
Adult education	81,487	81,487	90,214	8,727
Mashantucket Pequot fund	255,611	255,611	247,817	(7,794)
Education equalization grant	13,670,489	13,670,489	13,659,447	(11,042)
School transportation	366,441	366,441	444,166	77,725
Vocational agriculture	79,285	79,285	80,108	823
Nonpublic school - health services	34,262	34,262	35,274	1,012
Transportation - nonpublic	19,586	19,586	12,852	(6,734)
Special education placement	-	-	5,754	5,754
Medicare reimbursement	50,000	50,000	52,954	2,954
Total intergovernmental revenues	<u>16,754,258</u>	<u>16,754,258</u>	<u>16,969,140</u>	<u>214,882</u>
LICENSES, PERMITS AND FEES				
Building permit fees	210,000	210,000	273,790	63,790
Planning and zoning permits	40,000	40,000	109,995	69,995
Other permits	600	600	1,380	780
Library fines and fees	18,000	18,000	18,482	482
Animal control fines and fees	-	-	2,015	2,015
Total licenses, permits and fees	<u>268,600</u>	<u>268,600</u>	<u>405,662</u>	<u>137,062</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
CHARGES FOR SERVICES				
Town clerk receipts	\$ 210,000	\$ 210,000	\$ 380,627	\$ 170,627
Conveyance tax	262,500	262,500	-	(262,500)
Elderly housing services	13,600	13,600	13,600	-
Recreation department	145,300	145,300	111,934	(33,366)
Tuition	1,350,967	1,350,967	1,535,013	184,046
Data processing services	3,640	3,640	2,004	(1,636)
Miscellaneous fines and fees	-	-	33,558	33,558
Total charges for services	<u>1,986,007</u>	<u>1,986,007</u>	<u>2,076,736</u>	<u>90,729</u>
USE OF MONEY AND PROPERTY				
Investment income	225,000	225,000	535,756	310,756
Sewer plant lease	26,195	26,195	23,909	(2,286)
Communications tower lease	21,500	21,500	21,500	-
Total use of money and property	<u>272,695</u>	<u>272,695</u>	<u>581,165</u>	<u>308,470</u>
MISCELLANEOUS				
School capital contributions	5,755	5,755	1,035	(4,720)
Miscellaneous	65,000	65,000	55,763	(9,237)
Total other revenues	<u>70,755</u>	<u>70,755</u>	<u>56,798</u>	<u>(13,957)</u>
Total revenues	<u>41,876,189</u>	<u>41,876,189</u>	<u>43,027,783</u>	<u>1,151,594</u>
OTHER FINANCING SOURCES				
Transfers in:				
Sewer Operating Fund	666,292	666,292	552,490	(113,802)
Capital Improvements Fund	99,053	99,053	99,053	-
Louisa E. Day	100	100	423	323
Thomas J. Evans	400	400	149	(251)
Total other financing sources	<u>765,845</u>	<u>765,845</u>	<u>652,115</u>	<u>(113,730)</u>
Total revenues and other other financing sources	<u>\$ 42,642,034</u>	<u>\$ 42,642,034</u>	<u>\$ 43,679,898</u>	<u>\$ 1,037,864</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT				
Town Council:				
Personal services	\$ 6,750	\$ 8,282	\$ 6,750	\$ (1,532)
Contractual services	41,240	41,240	42,772	1,532
Materials and supplies	1,850	1,090	1,089	(1)
Total Town Council	<u>49,840</u>	<u>50,612</u>	<u>50,611</u>	<u>(1)</u>
Town Manager:				
Personal services	233,370	256,237	256,237	-
Contractual services	46,885	39,087	31,823	(7,264)
Materials and supplies	2,000	2,000	1,837	(163)
Capital outlay	300	300	258	(42)
Total Town Manager	<u>282,555</u>	<u>297,624</u>	<u>290,155</u>	<u>(7,469)</u>
Legal Services:				
Contractual services	77,150	84,101	84,100	(1)
Total Legal Services	<u>77,150</u>	<u>84,101</u>	<u>84,100</u>	<u>(1)</u>
Town Clerk:				
Personal services	100,716	103,716	100,166	(3,550)
Contractual services	56,300	56,300	43,010	(13,290)
Materials and supplies	2,000	2,000	1,970	(30)
Capital outlay	500	500	434	(66)
Total Town Clerk	<u>159,516</u>	<u>162,516</u>	<u>145,580</u>	<u>(16,936)</u>
Finance:				
Personal services	139,225	149,961	149,961	-
Contractual services	42,845	40,597	40,596	(1)
Materials and supplies	1,150	1,081	1,080	(1)
Capital outlay	600	600	600	-
Total Finance	<u>183,820</u>	<u>192,239</u>	<u>192,237</u>	<u>(2)</u>
Assessor:				
Personal services	136,450	140,396	133,701	(6,695)
Contractual services	15,095	15,095	13,050	(2,045)
Materials and supplies	1,970	1,970	1,686	(284)
Total Assessor	<u>153,515</u>	<u>157,461</u>	<u>148,437</u>	<u>(9,024)</u>
Revenue Collection:				
Personal services	138,820	140,841	140,696	(145)
Contractual services	39,260	39,260	33,877	(5,383)
Materials and supplies	1,600	1,600	1,583	(17)
Capital outlay	1,000	1,000	1,000	-
Total Revenue Collection	<u>180,680</u>	<u>182,701</u>	<u>177,156</u>	<u>(5,545)</u>
Registration and Elections:				
Personal services	12,340	12,711	12,710	(1)
Contractual services	44,835	44,835	44,361	(474)
Materials and supplies	700	700	700	-
Capital outlay	-	-	-	-
Total Registration and Elections	<u>57,875</u>	<u>58,246</u>	<u>57,771</u>	<u>(475)</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT (Continued)				
Town Boards and Commissions:				
Contractual services	\$ 65,049	\$ 65,331	\$ 65,330	\$ (1)
Total Town Boards and Commissions	<u>65,049</u>	<u>65,331</u>	<u>65,330</u>	<u>(1)</u>
Planning and Development:				
Personal services	181,870	187,643	185,552	(2,091)
Contractual services	26,400	26,400	22,310	(4,090)
Materials and supplies	3,800	3,800	3,103	(697)
Capital outlay	-	-	-	-
Total Planning and Development	<u>212,070</u>	<u>217,843</u>	<u>210,965</u>	<u>(6,878)</u>
Data Processing:				
Contractual services	95,752	95,752	92,306	(3,446)
Materials and supplies	2,000	2,000	1,785	(215)
Capital outlay	3,500	3,500	3,500	-
Total Data Processing	<u>101,252</u>	<u>101,252</u>	<u>97,591</u>	<u>(3,661)</u>
Town Hall:				
Personal services	20,900	20,900	20,631	(269)
Contractual services	65,741	103,741	93,763	(9,978)
Materials and supplies	10,050	10,050	9,758	(292)
Total Town Hall	<u>96,691</u>	<u>134,691</u>	<u>124,152</u>	<u>(10,539)</u>
Economic Development:				
Personal services	89,130	91,036	91,036	-
Contractual services	14,850	14,778	13,109	(1,669)
Materials and supplies	1,000	1,000	968	(32)
Total Economic Development	<u>104,980</u>	<u>106,814</u>	<u>105,113</u>	<u>(1,701)</u>
Total General Government	<u>1,724,993</u>	<u>1,811,431</u>	<u>1,749,198</u>	<u>(62,233)</u>
PUBLIC WORKS				
Supervision:				
Personal services	154,685	155,934	152,881	(3,053)
Contractual services	22,650	23,150	20,368	(2,782)
Materials and supplies	1,350	1,350	1,233	(117)
Total Supervision	<u>178,685</u>	<u>180,434</u>	<u>174,482</u>	<u>(5,952)</u>
Engineering:				
Personal services	175,825	181,519	181,519	-
Contractual services	20,300	19,908	13,041	(6,867)
Materials and supplies	2,500	2,859	2,859	-
Total Engineering	<u>198,625</u>	<u>204,286</u>	<u>197,419</u>	<u>(6,867)</u>
Central Garage:				
Personal services	115,060	129,097	129,097	-
Contractual services	78,625	62,407	62,407	-
Materials and supplies	185,750	209,690	209,690	-
Total Central Garage	<u>379,435</u>	<u>401,194</u>	<u>401,194</u>	<u>-</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC WORKS (Continued)				
Highways:				
Personal services	\$ 615,100	\$ 635,768	\$ 632,868	\$ (2,900)
Contractual services	39,250	38,726	32,029	(6,697)
Materials and supplies	73,400	74,224	74,224	-
Capital outlay	25,000	25,000	24,545	(455)
Total Highways	<u>752,750</u>	<u>773,718</u>	<u>763,666</u>	<u>(10,052)</u>
Winter Maintenance:				
Personal services	75,000	81,000	46,294	(34,706)
Contractual services	5,000	5,000	2,312	(2,688)
Materials and supplies	139,000	139,000	134,103	(4,897)
Total Winter Maintenance	<u>219,000</u>	<u>225,000</u>	<u>182,709</u>	<u>(42,291)</u>
Total Public Works	<u>1,728,495</u>	<u>1,784,632</u>	<u>1,719,470</u>	<u>(65,162)</u>
RECREATION AND LEISURE				
Recreation:				
Personal services	285,960	303,235	303,234	(1)
Contractual services	144,010	132,621	129,661	(2,960)
Materials and supplies	37,750	44,300	42,907	(1,393)
Capital outlay	4,500	4,500	4,475	(25)
Total Recreation	<u>472,220</u>	<u>484,656</u>	<u>480,277</u>	<u>(4,379)</u>
Park Development and Maintenance:				
Personal services	136,920	152,004	152,004	-
Contractual services	63,951	53,329	52,539	(790)
Materials and supplies	47,150	47,150	40,898	(6,252)
Capital outlay	8,000	8,000	6,200	(1,800)
Total Park Development and Maintenance	<u>256,021</u>	<u>260,483</u>	<u>251,641</u>	<u>(8,842)</u>
Public Library:				
Personal services	361,587	376,386	354,912	(21,474)
Contractual services	252,511	252,511	241,183	(11,328)
Materials and supplies	13,925	13,925	9,722	(4,203)
Total Public Library	<u>628,023</u>	<u>642,822</u>	<u>605,817</u>	<u>(37,005)</u>
Special Communities Activities:				
Contractual services	20,125	20,309	20,309	-
Total Special Communities Activities	<u>20,125</u>	<u>20,309</u>	<u>20,309</u>	<u>-</u>
Community Center:				
Personal services	31,890	31,890	28,897	(2,993)
Contractual services	95,963	101,448	101,448	-
Materials and supplies	9,000	7,408	7,408	-
Total Community Center	<u>136,853</u>	<u>140,746</u>	<u>137,753</u>	<u>(2,993)</u>
Bugbee Building:				
Contractual services	14,385	15,622	15,622	-
Materials and supplies	300	11	11	-
Total Bugbee Building	<u>14,685</u>	<u>15,633</u>	<u>15,633</u>	<u>-</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
RECREATION AND LEISURE (Continued)				
Armory:				
Contractual services	\$ 1,500	\$ 1,500	\$ 73	\$ (1,427)
Total Armory	<u>1,500</u>	<u>1,500</u>	<u>73</u>	<u>(1,427)</u>
Total Recreation and Leisure	<u>1,529,427</u>	<u>1,566,149</u>	<u>1,511,503</u>	<u>(54,646)</u>
PUBLIC SAFETY				
Building Inspector:				
Personal services	163,020	167,716	160,073	(7,643)
Contractual services	19,300	19,160	13,963	(5,197)
Materials and supplies	9,725	9,865	9,865	-
Capital outlay	<u>1,320</u>	<u>1,320</u>	<u>1,216</u>	<u>(104)</u>
Total Building Inspector	<u>193,365</u>	<u>198,061</u>	<u>185,117</u>	<u>(12,944)</u>
Animal Control:				
Contractual services	52,320	52,331	52,331	-
Materials and supplies	-	416	415	(1)
Total Animal Control	<u>52,320</u>	<u>52,747</u>	<u>52,746</u>	<u>(1)</u>
Law Enforcement:				
Personal services	6,410	6,410	6,402	(8)
Contractual services	472,120	472,120	454,862	(17,258)
Materials and supplies	2,400	2,400	440	(1,960)
Total Law Enforcement	<u>480,930</u>	<u>480,930</u>	<u>461,704</u>	<u>(19,226)</u>
Total Public Safety	<u>726,615</u>	<u>731,738</u>	<u>699,567</u>	<u>(32,171)</u>
COMMUNITY DEVELOPMENT AND HUMAN SERVICES				
Community Development:				
Personal services	50,710	52,605	52,595	(10)
Contractual services	12,000	12,000	2,609	(9,391)
Materials and supplies	300	300	268	(32)
Total Community Development	<u>63,010</u>	<u>64,905</u>	<u>55,472</u>	<u>(9,433)</u>
Human Service Subsidies:				
Contractual services	<u>363,730</u>	<u>363,730</u>	<u>362,142</u>	<u>(1,588)</u>
Total Human Service Subsidies	<u>363,730</u>	<u>363,730</u>	<u>362,142</u>	<u>(1,588)</u>
Total Community Development and Human Services	<u>426,740</u>	<u>428,635</u>	<u>417,614</u>	<u>(11,021)</u>
BOARD OF EDUCATION	<u>31,258,557</u>	<u>31,258,557</u>	<u>31,038,962</u>	<u>(219,595)</u>
MISCELLANEOUS				
Employee benefits - contractual services	953,273	944,173	919,753	(24,420)
Insurance - contractual services	649,330	649,330	636,256	(13,074)
Contingencies	<u>311,000</u>	<u>106,285</u>	<u>1,705</u>	<u>(104,580)</u>
Total Miscellaneous	<u>1,913,603</u>	<u>1,699,788</u>	<u>1,557,714</u>	<u>(142,074)</u>

(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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
DEBT SERVICE				
Principal	\$ 1,928,770	\$ 1,928,770	\$ 1,928,770	\$ -
Interest	505,170	505,170	505,167	(3)
Lease payments	70,000	70,000	70,000	-
Debt issuance costs	3,000	3,000	3,000	-
Total Debt Service	<u>2,506,940</u>	<u>2,506,940</u>	<u>2,506,937</u>	<u>(3)</u>
Total Expenditures	<u>41,815,370</u>	<u>41,787,870</u>	<u>41,200,965</u>	<u>(586,905)</u>
OTHER FINANCING USES				
Transfers out:				
Capital Reserve Fund	90,000	90,000	90,000	-
Capital Improvement Fund	101,000	263,500	263,500	-
Capital Nonrecurring Fund	296,123	296,123	296,123	-
Insurance Reserve Fund	25,000	25,000	25,000	-
Solid Waste Fund	147,734	147,734	147,734	-
Conservation and Development Fund	10,000	10,000	10,000	-
Revaluation Fund	175,827	175,827	175,827	-
Education Capital Nonrecurring Fund	380,980	380,980	380,980	-
Total Other Financing Uses	<u>1,226,664</u>	<u>1,389,164</u>	<u>1,389,164</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 43,042,034</u>	<u>\$ 43,177,034</u>	<u>\$ 42,590,129</u>	<u>\$ (586,905)</u>
				<i>(Concluded)</i>

**TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2007**

Grand List Year	Balance Uncollected June 30, 2006	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections				Balance Uncollected June 30, 2007
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2005	\$ -	\$ 21,304,323	\$ 1,449,081	\$ 64,526	\$ 1,271	\$ 22,687,607	\$ 22,084,125	\$ 121,247	\$ 3,321	\$ 22,208,693	\$ 603,482
2004	470,754	-	23,480	9,204	2,447	482,583	298,628	52,220	4,577	355,425	183,955
2003	127,342	-	22,280	1,612	2,149	145,861	66,060	15,350	993	82,403	79,801
2002	58,511	-	19,421	1,381	567	75,984	38,245	10,430	360	49,035	37,739
2001	16,710	-	1,929	-	684	17,955	6,047	3,694	156	9,897	11,908
2000	10,020	-	1,865	85	379	11,421	4,751	4,279	168	9,198	6,670
1999	6,689	-	1,994	63	89	8,531	3,988	3,887	60	7,935	4,543
1998	3,756	-	1,566	244	-	5,078	2,822	3,441	54	6,317	2,256
1997	2,920	-	1,340	131	635	3,494	2,137	2,148	48	4,333	1,357
1996	1,380	-	495	-	620	1,255	528	722	30	1,280	727
1995 and prior	8,747	-	2,558	204	4,027	7,074	2,864	4,615	138	7,617	4,210
	<u>\$ 706,829</u>	<u>\$ 21,304,323</u>	<u>\$ 1,526,009</u>	<u>\$ 77,450</u>	<u>\$ 12,868</u>	<u>\$ 23,446,843</u>	<u>\$ 22,510,195</u>	<u>\$ 222,033</u>	<u>\$ 9,905</u>	<u>\$ 22,742,133</u>	<u>\$ 936,648</u>

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2007

Total cash collections for the year ended
June 30, 2007:

Taxes	\$ 22,510,195
Interest and lien fees	231,938
Total	<u>22,742,133</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	5,605
--------------------------------------	-------

Base \$ 22,747,738

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 51,182,411	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	102,364,821	-	-	-
3-3/4 times base	-	-	85,304,018	-	-
3-1/4 times base	-	-	-	73,930,149	-
3 times base	-	-	-	-	68,243,214
Total debt limitation	<u>51,182,411</u>	<u>102,364,821</u>	<u>85,304,018</u>	<u>73,930,149</u>	<u>68,243,214</u>
Indebtedness:					
Bonds and notes payable	4,754,920	5,835,080	5,010,550	-	-
Authorized, unissued bonds	332,516	19,518,666	290,000	-	-
	<u>5,087,436</u>	<u>25,353,746</u>	<u>5,300,550</u>	<u>-</u>	<u>-</u>
Less: amounts to be provided by the state	-	2,305,171	-	-	-
Total indebtedness	<u>5,087,436</u>	<u>23,048,575</u>	<u>5,300,550</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 46,094,975</u>	<u>\$ 79,316,246</u>	<u>\$ 80,003,468</u>	<u>\$ 73,930,149</u>	<u>\$ 68,243,214</u>
Total capacity of borrowing (7 times base)	\$ 159,234,166				
Total present indebtedness	<u>33,436,561</u>				
Margin for additional borrowing	<u>\$ 125,797,605</u>				

*Capital
Improvements
Fund*

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS
CAPITAL IMPROVEMENT FUND
JUNE 30, 2007

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2007
	Balance	Current Year	Balance	Balance	Expenditures	Balance	
	July 1, 2006	Appropriations	June 30, 2007	July 1, 2006		June 30, 2007	
Owen Bell Phase II	\$ 728,677	\$ -	\$ 728,677	\$ 564,172	\$ 83,126	\$ 647,298	\$ 81,379
East Franklin Street	15,000	-	15,000	-	-	-	15,000
Road Renewal	1,731,385	-	1,731,385	1,654,084	77,301	1,731,385	-
Roof Replacement	692,500	-	692,500	648,278	-	648,278	44,222
High School Code Update	1,680,000	-	1,680,000	1,672,008	-	1,672,008	7,992
Dayville Water Main	552,059	-	552,059	490,982	-	490,982	61,077
David Avenue	75,126	-	75,126	5,126	-	5,126	70,000
Fuel Storage	318,504	-	318,504	243,504	16,288	259,792	58,712
Guide Rail Replacement	347,500	-	347,500	316,111	-	316,111	31,389
Sidewalks	350,034	-	350,034	265,247	524	265,771	84,263
Alexanders Lake Sewer	2,205,000	-	2,205,000	2,171,000	2,447	2,173,447	31,553
High School Roof Replacement	932,170	-	932,170	696,670	-	696,670	235,500
Spot Drainage	155,500	-	155,500	114,787	14,249	129,036	26,464
Cooley Drive	12,000	-	12,000	8,254	-	8,254	3,746
Ross Road	65,726	-	65,726	64,727	-	64,727	999
Putnam Road/Five Mile	1,125,000	-	1,125,000	1,034,488	-	1,034,488	90,512
RR/Lake Road Crossing	60,000	-	60,000	60,000	-	60,000	-
Landfill Closure	2,800,000	-	2,800,000	2,475,050	8,990	2,484,040	315,960
Bailey Hill Road	49,000	-	49,000	15,802	-	15,802	33,198
Cranberry Bog Road	86,159	-	86,159	73,213	-	73,213	12,946
DPW Garage Water	38,680	-	38,680	38,177	-	38,177	503
Killingly Industrial Park	20,848	-	20,848	8,562	-	8,562	12,286
Shepard Hill Bridge	135,000	-	135,000	-	-	-	135,000
Industrial Park Expansion	182,500	-	182,500	165,312	5,550	170,862	11,638
Cook Hill Road	680,000	-	680,000	534,505	21,495	556,000	124,000
KIS Athletic/Recreation Fields	190,000	-	190,000	181,472	-	181,472	8,528
Community Center Building	479,368	-	479,368	475,608	-	475,608	3,760
KIS Roof Ventilation	2,000,000	-	2,000,000	1,688,983	-	1,688,983	311,017

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS
CAPITAL IMPROVEMENT FUND (Continued)
JUNE 30, 2007

	Balance	Current Year	Balance	Balance	Expenditures	Balance	Remaining
	July 1, 2006	Appropriations	June 30, 2007	July 1, 2006		June 30, 2007	Balance
	July 1, 2006		June 30, 2007	July 1, 2006		June 30, 2007	June 30, 2007
Davis Park	\$ 70,000	\$ -	\$ 70,000	\$ 59,029	\$ 718	\$ 59,747	\$ 10,253
WPCA Odor Control	4,380,000	-	4,380,000	4,081,974	-	4,081,974	298,026
Quinebaug River Bike	1,888,925	-	1,888,925	280,541	43,159	323,700	1,565,225
Geographic Info System	550,000	-	550,000	516,985	-	516,985	33,015
DPW Bay Expansion	246,000	-	246,000	41,327	-	41,327	204,673
North Street Sidewalks	200,000	-	200,000	7,770	16,556	24,326	175,674
Downtown Parking	20,000	-	20,000	80	-	80	19,920
Town Hall Pedestrian Access	5,000	-	5,000	-	5,000	5,000	-
KIS Seal Parking Lots	26,000	-	26,000	3,263	-	3,263	22,737
Mechanic Street	117,000	-	117,000	92,242	-	92,242	24,758
Vo-Ag Classroom Remodeling and Equipment	1,000,000	-	1,000,000	997,331	-	997,331	2,669
School Space Needs	250,000	-	250,000	240,670	-	240,670	9,330
KMS Modular Units	600,000	-	600,000	583,032	-	583,032	16,968
Bugbee Building	101,000	-	101,000	46,293	-	46,293	54,707
Rock Avenue Bridge	150,000	-	150,000	119,970	30,030	150,000	-
Chestnut Hill Bridge	150,000	-	150,000	114,231	10,946	125,177	24,823
Anchor Glass Prop MDP	354,700	-	354,700	66,782	-	66,782	287,918
Town Prop/Nonpay Taxes	31,600	-	31,600	23,513	878	24,391	7,209
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
Burgess Street	9,799	-	9,799	4,102	-	4,102	5,697
Town Hall ADA Entrance	135,000	5,110	140,110	26,847	121,297	148,144	(8,034)
Quinebaug River Trail Phase IV	50,000	-	50,000	-	-	-	50,000
Goodyear Early Childhood Center	30,000	-	30,000	-	-	-	30,000
Mashentuck Road - Phase II	301,488	-	301,488	243,483	1,140	244,623	56,865
Water Street Redevelopment Project	153,987	-	153,987	58,035	42,963	100,998	52,989
Voice Annunciation Fire Alarms	55,007	-	55,007	29,421	25,586	55,007	-
Land Use Management System	45,000	-	45,000	9,859	-	9,859	35,141
Chinmey Repairs - Community Center	75,000	-	75,000	69,574	-	69,574	5,426

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS
CAPITAL IMPROVEMENT FUND (Concluded)
JUNE 30, 2007

	Balance July 1, 2006	Current Year Appropriations	Balance June 30, 2007	Balance July 1, 2006	Expenditures	Balance June 30, 2007	Remaining Balance June 30, 2007
Maryland Street Reconstruction and Drainage	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
KIS Insulated Window Replacement	37,000	-	37,000	-	-	-	37,000
KIS Door Replacements	15,000	-	15,000	-	-	-	15,000
Air Quality Improvements - Town Hall	50,000	-	50,000	-	50,000	50,000	-
Floor Covering - Town Hall	15,000	-	15,000	2,427	12,573	15,000	-
Industrial Park Sign	20,000	-	20,000	13,400	-	13,400	6,600
WPCA - Sewer Relining/Replacement	320,000	-	320,000	-	75,268	75,268	244,732
High School/Vo-Ag	81,265,000	-	81,265,000	929,824	1,832,244	2,762,068	78,502,932
KHS Asbestos Abatement	237,445	-	237,445	237,362	-	237,362	83
Armory Roof	33,000	-	33,000	16,580	-	16,580	16,420
Pratt/Ledge Roads	50,000	50,000	100,000	8,031	2,853	10,884	89,116
Lake Road Phase II	176,000	-	176,000	-	-	-	176,000
Town Clerk Permanent Record Storage	10,000	-	10,000	-	10,000	10,000	-
Fuel Oil Tank Removal/Replacement	25,000	-	25,000	3,636	7,368	11,004	13,996
OB Tennis Court and Truck Repairs	46,000	-	46,000	205	40,807	41,012	4,988
Property Options	5,000	-	5,000	-	-	-	5,000
KHS Driveway/Parking Lot Paving	60,000	-	60,000	719	59,281	60,000	-
KCC Theatre Lighting	13,238	15,805	29,043	-	24,867	24,867	4,176
Town Hall Renovations	-	17,500	17,500	-	5,500	5,500	12,000
Slater Hill Road Bridge	-	470,000	470,000	177	38,497	38,674	431,326
Breakneck Hill Road	-	865,000	865,000	268	8,070	8,338	856,662
Library - Engineering and Design HVAC	-	25,000	25,000	-	5,328	5,328	19,672
Mechanic Street - Engineering and Design	-	110,000	110,000	-	-	-	110,000
North Street - Engineering and Design	-	75,000	75,000	-	-	-	75,000
Voting Machines	-	26,000	26,000	-	17	17	25,983
Street Tree Replacement	-	5,000	5,000	-	1,250	1,250	3,750
Parks and Open Spaces	-	5,000	5,000	-	-	-	5,000
Davis Park Improvements	-	10,000	10,000	-	6,476	6,476	3,524
Sidewalks	-	10,000	10,000	-	243	243	9,757
Road Renewal -- LoCIP	-	100,000	100,000	-	93,709	93,709	6,291
Road Renewal - TAR	-	100,000	100,000	-	97,337	97,337	2,663
Killingly Central School	-	-	-	-	758	758	(758)
Hygeia Reservoir	-	135,000	135,000	-	-	-	135,000
110 Cottage Street Purchase	-	27,500	27,500	-	27,500	27,500	-
Salt Storage Facilities	-	129,400	129,400	-	-	-	129,400
River Road Bridge Rehab	-	300,000	300,000	-	-	-	300,000
Rock Avenue Bridge	-	413,600	413,600	-	16,170	16,170	397,430
Rock Avenue	-	300,000	300,000	-	-	-	300,000
Chestnut Hill Road Bridge	-	337,600	337,600	-	-	-	337,600
Chestnut Hill Bridge	-	1,008,000	1,008,000	-	-	-	1,008,000
Landfill	-	-	-	2,400	-	2,400	(2,400)
	<u>\$ 112,733,329</u>	<u>\$ 4,540,515</u>	<u>\$ 117,273,844</u>	<u>\$ 25,805,107</u>	<u>\$ 2,944,359</u>	<u>\$ 28,749,466</u>	<u>\$ 88,524,378</u>

(Concluded)

*Nonmajor
Governmental
Funds*

**TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	Nonmajor Special Revenue Funds						
	School Cafeteria Fund	Capital Nonrecurring Fund	Educational Grants Fund	Community Development Block Grant	Water Utility Fund	Revaluation Fund	Town Aid Road Fund
ASSETS							
Cash and cash equivalents	\$ 90,275	\$ -	\$ 113,196	\$ 189,340	\$ -	\$ -	\$ -
Investments	-	-	-	81,689	-	-	-
Receivables:							
Grants and contracts	61,529	-	11,256	-	-	-	-
Other	18,712	-	-	2,964	-	-	-
Due from other funds	-	1,683,665	-	-	1,167,432	148,135	-
Inventories	39,909	-	-	-	-	-	-
Total assets	<u>\$ 210,425</u>	<u>\$ 1,683,665</u>	<u>\$ 124,452</u>	<u>\$ 273,993</u>	<u>\$ 1,167,432</u>	<u>\$ 148,135</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	\$ 13,761	\$ 94,150	\$ 40,256	\$ -	\$ -	\$ -	\$ -
Due to other funds	307,367	-	-	-	-	-	-
Unearned/deferred revenue	-	-	84,196	184,971	-	-	-
Total liabilities	<u>321,128</u>	<u>94,150</u>	<u>124,452</u>	<u>184,971</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):							
Reserved for:							
Inventories	39,909	-	-	-	-	-	-
Endowments - Non-Expendable	-	-	-	-	-	-	-
Endowments - Expendable	-	-	-	-	-	-	-
Unreserved	(150,612)	1,589,515	-	89,022	1,167,432	148,135	-
Total fund balances (deficit)	<u>(110,703)</u>	<u>1,589,515</u>	<u>-</u>	<u>89,022</u>	<u>1,167,432</u>	<u>148,135</u>	<u>-</u>
Total liabilities and fund balances (deficit)	<u>\$ 210,425</u>	<u>\$ 1,683,665</u>	<u>\$ 124,452</u>	<u>\$ 273,993</u>	<u>\$ 1,167,432</u>	<u>\$ 148,135</u>	<u>\$ -</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2007

	Nonmajor Special Revenue Funds							
	Insurance Reserve Fund	Workplace Substance Abuse Grants	Community Employment Incentive	Water Mitigation Fund	Recreation Fund	Recreation Rev	Homeland Security	Marion Allard Fund
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	342,158	5,167	7,687	75,040	-	6,185	-	10
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ 342,158</u>	<u>\$ 5,167</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>	<u>\$ -</u>	<u>\$ 6,185</u>	<u>\$ -</u>	<u>\$ 10</u>
LIABILITIES AND FUND BALANCES (DEFICIT)								
Liabilities:								
Accounts payable	\$ 28,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>28,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):								
Reserved for:								
Inventories	-	-	-	-	-	-	-	-
Endowments - Non-Expendable	-	-	-	-	-	-	-	-
Endowments - Expendable	-	-	-	-	-	-	-	-
Unreserved	313,758	5,167	7,687	75,040	-	6,185	-	10
Total fund balances (deficit)	<u>313,758</u>	<u>5,167</u>	<u>7,687</u>	<u>75,040</u>	<u>-</u>	<u>6,185</u>	<u>-</u>	<u>10</u>
Total liabilities and fund balances (deficit)	<u>\$ 342,158</u>	<u>\$ 5,167</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>	<u>\$ -</u>	<u>\$ 6,185</u>	<u>\$ -</u>	<u>\$ 10</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2007

	Nonmajor Special Revenue Funds							
	Public Investment Community Grant In Aid	John Gonzales Fund	Open Space Acquisition Fund	BOE Miscellaneous Special Revenue	Planning And Conservation Funds	Capital Reserve Fund	Historic Preservation Funds	Solid Waste Fund
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 183,189	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	-	-	-	3,000	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	5,324	489	18,540	-	50,000	278,692	5,095	32,553
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ 5,324</u>	<u>\$ 489</u>	<u>\$ 18,540</u>	<u>\$ 186,189</u>	<u>\$ 50,000</u>	<u>\$ 278,692</u>	<u>\$ 5,095</u>	<u>\$ 32,553</u>
LIABILITIES AND FUND BALANCES (DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ 41,083	\$ 5,113	\$ -	\$ -	\$ 32,553
Due to other funds	-	-	-	-	-	-	-	1,597
Unearned/deferred revenue	-	-	-	-	-	-	-	45,790
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,083</u>	<u>5,113</u>	<u>-</u>	<u>-</u>	<u>79,940</u>
Fund Balances (Deficit):								
Reserved for:								
Inventories	-	-	-	-	-	-	-	-
Endowments - Non-Expendable	-	-	-	-	-	-	-	-
Endowments - Expendable	-	-	-	-	-	-	-	-
Unreserved	5,324	489	18,540	145,106	44,887	278,692	5,095	(47,387)
Total fund balances (deficit)	<u>5,324</u>	<u>489</u>	<u>18,540</u>	<u>145,106</u>	<u>44,887</u>	<u>278,692</u>	<u>5,095</u>	<u>(47,387)</u>
Total liabilities and fund balances (deficit)	<u>\$ 5,324</u>	<u>\$ 489</u>	<u>\$ 18,540</u>	<u>\$ 186,189</u>	<u>\$ 50,000</u>	<u>\$ 278,692</u>	<u>\$ 5,095</u>	<u>\$ 32,553</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2007

	Nonmajor Special Revenue Funds						
	Shubael Hutchins Fund	Civil War Monument Fund	Killingly Public Library				Basset Hammond
			Mildred Stearns	Emily Danielson	Mary Dexter	Frederick A. Jacobs	
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	26,792	3,422	3,282	3,951	928	1,846	2,739
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 26,792</u>	<u>\$ 3,422</u>	<u>\$ 3,282</u>	<u>\$ 3,951</u>	<u>\$ 928</u>	<u>\$ 1,846</u>	<u>\$ 2,739</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):							
Reserved for:							
Inventories	-	-	-	-	-	-	-
Endowments - Non-Expendable	-	-	-	-	-	-	-
Endowments - Expendable	-	-	-	-	-	-	-
Unreserved	26,792	3,422	3,282	3,951	928	1,846	2,739
Total fund balances (deficit)	<u>26,792</u>	<u>3,422</u>	<u>3,282</u>	<u>3,951</u>	<u>928</u>	<u>1,846</u>	<u>2,739</u>
Total liabilities and fund balances (deficit)	<u>\$ 26,792</u>	<u>\$ 3,422</u>	<u>\$ 3,282</u>	<u>\$ 3,951</u>	<u>\$ 928</u>	<u>\$ 1,846</u>	<u>\$ 2,739</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2007

	Nonmajor Special Revenue Funds						
	Killingly Public Library						
	Nathan Prince	Almond M. Paine	Ella Dorrance	Lena Tripp	Adolph Goldwater	Library Operating	Library Special
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,608	\$ -
Investments	292,606	13,963	10,405	23,692	3,847	-	13,983
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 292,606</u>	<u>\$ 13,963</u>	<u>\$ 10,405</u>	<u>\$ 23,692</u>	<u>\$ 3,847</u>	<u>\$ 3,608</u>	<u>\$ 13,983</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):							
Reserved for:							
Inventories	-	-	-	-	-	-	-
Endowments - Non-Expendable	-	-	-	-	-	-	-
Endowments - Expendable	-	-	-	-	-	-	-
Unreserved	292,606	13,963	10,405	23,692	3,847	3,608	13,983
Total fund balances (deficit)	<u>292,606</u>	<u>13,963</u>	<u>10,405</u>	<u>23,692</u>	<u>3,847</u>	<u>3,608</u>	<u>13,983</u>
Total liabilities and fund balances (deficit)	<u>\$ 292,606</u>	<u>\$ 13,963</u>	<u>\$ 10,405</u>	<u>\$ 23,692</u>	<u>\$ 3,847</u>	<u>\$ 3,608</u>	<u>\$ 13,983</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2007

	Nonmajor Special Revenue Funds						
	Biddy Basketball Fund	State Line Road Improvement	Pettingill Hill Road Improvement	Benefit Assessment	Public Safety	Economic Development	Fuel System
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	657	8,056	309	15,904	13,241	243,108	41,241
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	5,746	15,083
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 657</u>	<u>\$ 8,056</u>	<u>\$ 309</u>	<u>\$ 15,904</u>	<u>\$ 13,241</u>	<u>\$ 248,854</u>	<u>\$ 56,324</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):							
Reserved for:							
Inventories	-	-	-	-	-	-	-
Endowments - Non-Expendable	-	-	-	-	-	-	-
Endowments - Expendable	-	-	-	-	-	-	-
Unreserved	657	8,056	309	15,904	13,241	248,854	56,324
Total fund balances (deficit)	<u>657</u>	<u>8,056</u>	<u>309</u>	<u>15,904</u>	<u>13,241</u>	<u>248,854</u>	<u>56,324</u>
Total liabilities and fund balances (deficit)	<u>\$ 657</u>	<u>\$ 8,056</u>	<u>\$ 309</u>	<u>\$ 15,904</u>	<u>\$ 13,241</u>	<u>\$ 248,854</u>	<u>\$ 56,324</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2007

	Nonmajor Special Revenue Funds					Capital Projects	Permanent Funds	
	Community Outdoor Beautification	Kelp	Earl Chandler	Almond Paine Cemetery	Sub-total	Industrial Park	Thomas J. Evans	Ezra Mathewson
	ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 35	\$ 17,466	\$ 597,109	\$ 749	\$ -	\$ -
Investments	29,829	2,111	-	-	837,601	411,228	3,000	400
Receivables:								
Grants and contracts	-	-	-	-	75,785	-	-	-
Other	-	-	-	-	21,676	-	-	-
Due from other funds	-	-	-	-	3,847,001	7,954	-	-
Inventories	-	-	-	-	39,909	-	-	-
Total assets	<u>\$ 29,829</u>	<u>\$ 2,111</u>	<u>\$ 35</u>	<u>\$ 17,466</u>	<u>\$ 5,419,081</u>	<u>\$ 419,931</u>	<u>\$ 3,000</u>	<u>\$ 400</u>
LIABILITIES AND FUND BALANCES (DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 255,316	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	308,964	-	-	-
Unearned/deferred revenue	-	-	-	-	314,957	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>879,237</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):								
Reserved for:								
Inventories	-	-	-	-	39,909	-	-	-
Endowments - Non-Expendable	-	-	-	-	-	-	3,000	400
Endowments - Expendable	-	-	-	-	-	-	-	-
Unreserved	29,829	2,111	35	17,466	4,499,935	419,931	-	-
Total fund balances (deficit)	<u>29,829</u>	<u>2,111</u>	<u>35</u>	<u>17,466</u>	<u>4,539,844</u>	<u>419,931</u>	<u>3,000</u>	<u>400</u>
Total liabilities and fund balances (deficit)	<u>\$ 29,829</u>	<u>\$ 2,111</u>	<u>\$ 35</u>	<u>\$ 17,466</u>	<u>\$ 5,419,081</u>	<u>\$ 419,931</u>	<u>\$ 3,000</u>	<u>\$ 400</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2007

	Permanent Funds								
	Shubael Hutchins	Louisa E. Day	Civil War Monument	Arthur Wilkes	Hutchins Burial Lot	Mildred Stearns	Paine Mitchell Matthews	Paine Cemetery - Town	Emily Danielson
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	5,000	8,545	202	500	200	37,500	1,600	50,000	1,000
Receivables:									
Grants and contracts	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 5,000</u>	<u>\$ 8,545</u>	<u>\$ 202</u>	<u>\$ 500</u>	<u>\$ 200</u>	<u>\$ 37,500</u>	<u>\$ 1,600</u>	<u>\$ 50,000</u>	<u>\$ 1,000</u>
LIABILITIES AND FUND BALANCES (DEFICIT)									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):									
Reserved for:									
Inventories	-	-	-	-	-	-	-	-	-
Endowments - Non-Expendable	5,000	8,544	202	500	200	37,500	1,600	50,000	1,000
Endowments - Expendable	-	1	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-
Total fund balances (deficit)	<u>5,000</u>	<u>8,545</u>	<u>202</u>	<u>500</u>	<u>200</u>	<u>37,500</u>	<u>1,600</u>	<u>50,000</u>	<u>1,000</u>
Total liabilities and fund balances (deficit)	<u>\$ 5,000</u>	<u>\$ 8,545</u>	<u>\$ 202</u>	<u>\$ 500</u>	<u>\$ 200</u>	<u>\$ 37,500</u>	<u>\$ 1,600</u>	<u>\$ 50,000</u>	<u>\$ 1,000</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
JUNE 30, 2007

	Permanent Funds							Sub-total	Total Nonmajor Governmental Funds
	Eunice Randell	Earl Chandler	Mary Dexter	Frederick A. Jacobs	Basset- Hammond	Ella Dorrance	Adolph Goldwater		
ASSETS									
Cash and cash equivalents	\$ -	\$ 842	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 842	\$ 598,700
Investments	1,000	-	500	500	4,346	1,500	3,000	118,793	1,367,622
Receivables:									
Grants and contracts	-	-	-	-	-	-	-	-	75,785
Other	-	-	-	-	-	-	-	-	21,676
Due from other funds	-	-	-	-	-	-	-	-	3,854,955
Inventories	-	-	-	-	-	-	-	-	39,909
Total assets	<u>\$ 1,000</u>	<u>\$ 842</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 4,346</u>	<u>\$ 1,500</u>	<u>\$ 3,000</u>	<u>\$ 119,635</u>	<u>\$ 5,958,647</u>
LIABILITIES AND FUND BALANCES (DEFICIT)									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255,316
Due to other funds	-	-	-	-	-	-	-	-	308,964
Unearned/deferred revenue	-	-	-	-	-	-	-	-	314,957
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>879,237</u>
Fund Balances (Deficit):									
Reserved for:									
Inventories	-	-	-	-	-	-	-	-	39,909
Endowments - Non-Expendable	1,000	842	500	500	4,346	1,500	3,000	119,634	119,634
Endowments - Expendable	-	-	-	-	-	-	-	1	1
Unreserved	-	-	-	-	-	-	-	-	4,919,866
Total fund balances (deficit)	<u>1,000</u>	<u>842</u>	<u>500</u>	<u>500</u>	<u>4,346</u>	<u>1,500</u>	<u>3,000</u>	<u>119,635</u>	<u>5,079,410</u>
Total liabilities and fund balances (deficit)	<u>\$ 1,000</u>	<u>\$ 842</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 4,346</u>	<u>\$ 1,500</u>	<u>\$ 3,000</u>	<u>\$ 119,635</u>	<u>\$ 5,958,647</u>

(Concluded)

**TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Nonmajor Special Revenue Funds						
	School Cafeteria Fund	Capital Nonrecurring Fund	Educational Grants Fund	Community Development Block Grant	Water Utility Fund	Revaluation Fund	Town Aid Road Fund
REVENUES							
Intergovernmental	\$ 449,354	\$ -	\$ 1,984,907	\$ 859,405	\$ -	\$ -	\$ 229,017
Charges for services	487,385	-	-	-	-	-	-
Investment earnings	1,343	-	-	6,573	-	-	-
Miscellaneous	88,407	-	-	70,500	-	-	-
Total revenues	<u>1,026,489</u>	<u>-</u>	<u>1,984,907</u>	<u>936,478</u>	<u>-</u>	<u>-</u>	<u>229,017</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	168,524	-
Recreation and leisure	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Community development and human services	-	-	-	922,763	-	-	-
Education	1,066,817	-	1,984,907	-	-	-	-
Capital outlays	-	515,606	-	-	-	-	-
Total expenditures	<u>1,066,817</u>	<u>515,606</u>	<u>1,984,907</u>	<u>922,763</u>	<u>-</u>	<u>168,524</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(40,328)	(515,606)	-	13,715	-	(168,524)	229,017
OTHER FINANCING SOURCES (USES)							
Transfers in	-	957,503	-	-	-	175,827	-
Transfers out	-	-	-	-	-	-	(273,414)
Total other financing sources (uses)	<u>-</u>	<u>957,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,827</u>	<u>(273,414)</u>
Net change in fund balances	(40,328)	441,897	-	13,715	-	7,303	(44,397)
Fund balances (deficit) - beginning, as originally reported	(70,375)	1,147,618	-	75,307	1,167,432	140,832	44,397
Adjustments (<i>Note 15</i>)	-	-	-	-	-	-	-
Fund balances (deficit) - beginning, as adjusted	<u>(70,375)</u>	<u>1,147,618</u>	<u>-</u>	<u>75,307</u>	<u>1,167,432</u>	<u>140,832</u>	<u>44,397</u>
Fund balances (deficit) - ending	<u>\$ (110,703)</u>	<u>\$ 1,589,515</u>	<u>\$ -</u>	<u>\$ 89,022</u>	<u>\$ 1,167,432</u>	<u>\$ 148,135</u>	<u>\$ -</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

	Nonmajor Special Revenue Funds							Marion Allard Fund
	Insurance Reserve Fund	Workplace Substance Abuse Grants	Community Employment Incentive	Water Mitigation Fund	Recreation Fund	Recreation Rev	Homeland Security	
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,349	\$ -
Charges for services	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	137,921	-	-	-	-	16,887	-	-
Total revenues	<u>137,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,887</u>	<u>24,349</u>	<u>-</u>
EXPENDITURES								
Current:								
General government	60,787	-	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	19,712	-	-
Public safety	-	-	-	-	-	-	24,349	-
Community development and human services	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	<u>60,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,712</u>	<u>24,349</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	77,134	-	-	-	-	(2,825)	-	-
OTHER FINANCING SOURCES (USES)								
Transfers in	27,500	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>27,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	104,634	-	-	-	-	(2,825)	-	-
Fund balances (deficit) - beginning, as originally reported	209,124	5,167	7,687	75,040	28,914	9,010	-	10
Adjustments (Note 15)	-	-	-	-	(28,914)	-	-	-
Fund balances (deficit) - beginning, as adjusted	<u>209,124</u>	<u>5,167</u>	<u>7,687</u>	<u>75,040</u>	<u>-</u>	<u>9,010</u>	<u>-</u>	<u>10</u>
Fund balances (deficit) - ending	<u>\$ 313,758</u>	<u>\$ 5,167</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>	<u>\$ -</u>	<u>\$ 6,185</u>	<u>\$ -</u>	<u>\$ 10</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

	Nonmajor Special Revenue Funds							
	Public Investment Community Grant In Aid	John Gonzales Fund	Open Space Acquisition Fund	BOE Miscellaneous Special Revenue	Planning And Conservation Funds	Capital Reserve Fund	Historic Preservation Funds	
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,000	\$ -
Charges for services	-	-	-	655,424	-	-	-	205,171
Investment earnings	-	-	-	-	-	-	-	-
Miscellaneous	-	-	3,382	-	-	24,752	9,358	-
Total revenues	<u>-</u>	<u>-</u>	<u>3,382</u>	<u>655,424</u>	<u>-</u>	<u>24,752</u>	<u>16,358</u>	<u>205,171</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	5,113	-	16,775	376,615
Recreation and leisure	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Community development and human services	-	-	-	-	-	-	-	-
Education	-	-	-	637,075	-	-	-	-
Capital outlays	-	-	-	-	-	38,143	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>637,075</u>	<u>5,113</u>	<u>38,143</u>	<u>16,775</u>	<u>376,615</u>
Excess (deficiency) of revenues over expenditures	-	-	3,382	18,349	(5,113)	(13,391)	(417)	(171,444)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	10,000	90,000	-	147,734
Transfers out	-	-	-	-	-	-	-	(400)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>90,000</u>	<u>-</u>	<u>147,334</u>
Net change in fund balances	-	-	3,382	18,349	4,887	76,609	(417)	(24,110)
Fund balances (deficit) - beginning, as originally reported	5,324	489	15,158	126,757	40,000	202,083	5,512	(23,277)
Adjustments (Note 15)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) - beginning, as adjusted	<u>5,324</u>	<u>489</u>	<u>15,158</u>	<u>126,757</u>	<u>40,000</u>	<u>202,083</u>	<u>5,512</u>	<u>(23,277)</u>
Fund balances (deficit) - ending	<u>\$ 5,324</u>	<u>\$ 489</u>	<u>\$ 18,540</u>	<u>\$ 145,106</u>	<u>\$ 44,887</u>	<u>\$ 278,692</u>	<u>\$ 5,095</u>	<u>\$ (47,387)</u>

(Continued)

**TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2007**

	Nonmajor Special Revenue Funds						
	Shubael Hutchins Fund	Civil War Monument Fund	Killingly Public Library				Basset Hammond
			Mildred Stearns	Emily Danielson	Mary Dexter	Frederick A. Jacobs	
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Investment earnings	1,370	161	162	184	66	86	120
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>1,370</u>	<u>161</u>	<u>162</u>	<u>184</u>	<u>66</u>	<u>86</u>	<u>120</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Community development and human services	2,500	-	2,500	-	500	-	-
Education	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(1,130)	161	(2,338)	184	(434)	86	120
OTHER FINANCING SOURCES (USES)							
Transfers in	248	10	2,355	50	25	25	215
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>248</u>	<u>10</u>	<u>2,355</u>	<u>50</u>	<u>25</u>	<u>25</u>	<u>215</u>
Net change in fund balances	(882)	171	17	234	(409)	111	335
Fund balances (deficit) - beginning, as originally reported	27,674	3,251	3,265	3,717	1,337	1,735	2,404
Adjustments (Note 15)	-	-	-	-	-	-	-
Fund balances (deficit) - beginning, as adjusted	<u>27,674</u>	<u>3,251</u>	<u>3,265</u>	<u>3,717</u>	<u>1,337</u>	<u>1,735</u>	<u>2,404</u>
Fund balances (deficit) - ending	<u>\$ 26,792</u>	<u>\$ 3,422</u>	<u>\$ 3,282</u>	<u>\$ 3,951</u>	<u>\$ 928</u>	<u>\$ 1,846</u>	<u>\$ 2,739</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

	Nonmajor Special Revenue Funds						
	Killingly Public Library						
	Nathan Prince	Almond M. Paine	Ella Dorrance	Lena Tripp	Adolph Goldwater	Library Operating	Library Special
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	2,244	-
Investment earnings	31,310	1,255	543	1,118	175	-	660
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>31,310</u>	<u>1,255</u>	<u>543</u>	<u>1,118</u>	<u>175</u>	<u>2,244</u>	<u>660</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	2,405	-
Public safety	-	-	-	-	-	-	-
Community development and human services	3,114	-	1,178	-	-	-	-
Education	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	<u>3,114</u>	<u>-</u>	<u>1,178</u>	<u>-</u>	<u>-</u>	<u>2,405</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	28,196	1,255	(635)	1,118	175	(161)	660
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	74	-	149	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>74</u>	<u>-</u>	<u>149</u>	<u>-</u>	<u>-</u>
Net change in fund balances	28,196	1,255	(561)	1,118	324	(161)	660
Fund balances (deficit) - beginning, as originally reported	264,410	12,708	10,966	22,574	3,523	3,769	13,323
Adjustments (Note 15)	-	-	-	-	-	-	-
Fund balances (deficit) - beginning, as adjusted	<u>264,410</u>	<u>12,708</u>	<u>10,966</u>	<u>22,574</u>	<u>3,523</u>	<u>3,769</u>	<u>13,323</u>
Fund balances (deficit) - ending	<u>\$ 292,606</u>	<u>\$ 13,963</u>	<u>\$ 10,405</u>	<u>\$ 23,692</u>	<u>\$ 3,847</u>	<u>\$ 3,608</u>	<u>\$ 13,983</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

	Nonmajor Special Revenue Funds						
	Biddy Basketball Fund	State Line Road Improvement	Pettingill Hill Road Improvement	Benefit Assessment	Public Safety	Economic Development	Fuel System
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	1,050	-
Investment earnings	31	380	15	751	636	4,209	2,461
Miscellaneous	-	-	-	-	-	201,600	5,730
Total revenues	<u>31</u>	<u>380</u>	<u>15</u>	<u>751</u>	<u>636</u>	<u>206,859</u>	<u>8,191</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Community development and human services	-	-	-	-	231	7,826	1,528
Education	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231</u>	<u>7,826</u>	<u>1,528</u>
Excess (deficiency) of revenues over expenditures	31	380	15	751	405	199,033	6,663
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	31	380	15	751	405	199,033	6,663
Fund balances (deficit) - beginning, as originally reported	626	7,676	294	15,153	12,836	94,710	38,456
Adjustments (Note 15)	-	-	-	-	-	(44,889)	11,205
Fund balances (deficit) - beginning, as adjusted	<u>626</u>	<u>7,676</u>	<u>294</u>	<u>15,153</u>	<u>12,836</u>	<u>49,821</u>	<u>49,661</u>
Fund balances (deficit) - ending	<u>\$ 657</u>	<u>\$ 8,056</u>	<u>\$ 309</u>	<u>\$ 15,904</u>	<u>\$ 13,241</u>	<u>\$ 248,854</u>	<u>\$ 56,324</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

	Nonmajor Special Revenue Funds				Sub-total	Capital Projects	Permanent Funds	
	Community Outdoor Beautification	Kelp	Earl Chandler	Almond Paine Cemetery		Industrial Park	Thomas J. Evans	Ezra Mathewson
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 3,554,032	\$ -	\$ -	\$ -
Charges for services	-	-	-	6,438	1,357,712	-	-	-
Investment earnings	1,931	-	16	-	55,556	19,585	149	-
Miscellaneous	25,448	-	-	-	583,985	-	-	-
Total revenues	<u>27,379</u>	<u>-</u>	<u>16</u>	<u>6,438</u>	<u>5,551,285</u>	<u>19,585</u>	<u>149</u>	<u>-</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	627,814	-	-	-
Recreation and leisure	-	-	-	-	22,117	-	-	-
Public safety	-	-	-	-	24,349	-	-	-
Community development and human services	-	-	-	1,237	943,377	-	-	-
Education	-	-	-	-	3,688,799	-	-	-
Capital outlays	-	-	-	-	553,749	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,237</u>	<u>5,860,205</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	27,379	-	16	5,201	(308,920)	19,585	149	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	19	-	1,411,734	-	-	-
Transfers out	(15,806)	-	-	-	(289,620)	-	(149)	-
Total other financing sources (uses)	<u>(15,806)</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>1,122,114</u>	<u>-</u>	<u>(149)</u>	<u>-</u>
Net change in fund balances	11,573	-	35	5,201	813,194	19,585	-	-
Fund balances (deficit) - beginning, as originally reported	18,256	2,111	-	12,265	3,789,248	400,346	3,000	400
Adjustments (<i>Note 15</i>)	-	-	-	-	(62,598)	-	-	-
Fund balances (deficit) - beginning, as adjusted	<u>18,256</u>	<u>2,111</u>	<u>-</u>	<u>12,265</u>	<u>3,726,650</u>	<u>400,346</u>	<u>3,000</u>	<u>400</u>
Fund balances (deficit) - ending	<u>\$ 29,829</u>	<u>\$ 2,111</u>	<u>\$ 35</u>	<u>\$ 17,466</u>	<u>\$ 4,539,844</u>	<u>\$ 419,931</u>	<u>\$ 3,000</u>	<u>\$ 400</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

	Permanent Funds								
	Shubael Hutchins	Louisa E. Day	Civil War Monument	Arthur Wilkes	Hutchins Burial Lot	Mildred Stearns	Paine Mitchell Mathews	Paine Cemetery - Town	Emily Danielson
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-	-
Investment earnings	248	423	10	-	-	2,355	-	-	50
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>248</u>	<u>423</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>2,355</u>	<u>-</u>	<u>-</u>	<u>50</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Community development and human services	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	248	423	10	-	-	2,355	-	-	50
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(248)	(423)	(10)	-	-	(2,355)	-	-	(50)
Total other financing sources (uses)	<u>(248)</u>	<u>(423)</u>	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>(2,355)</u>	<u>-</u>	<u>-</u>	<u>(50)</u>
Net change in fund balances	-	-	-	-	-	-	-	-	-
Fund balances (deficit) - beginning, as originally reported	5,000	8,545	202	500	200	37,500	1,600	50,000	1,000
Adjustments (<i>Note 15</i>)	-	-	-	-	-	-	-	-	-
Fund balances (deficit) - beginning, as adjusted	<u>5,000</u>	<u>8,545</u>	<u>202</u>	<u>500</u>	<u>200</u>	<u>37,500</u>	<u>1,600</u>	<u>50,000</u>	<u>1,000</u>
Fund balances (deficit) - ending	<u>\$ 5,000</u>	<u>\$ 8,545</u>	<u>\$ 202</u>	<u>\$ 500</u>	<u>\$ 200</u>	<u>\$ 37,500</u>	<u>\$ 1,600</u>	<u>\$ 50,000</u>	<u>\$ 1,000</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
FOR THE YEAR ENDED JUNE 30, 2007

	Permanent Funds							Sub-total	Total Nonmajor Governmental Funds
	Eunice Randell	Earl Chandler	Mary Dexter	Frederick A. Jacobs	Basset- Hammond	Ella Dorrance	Adolph Goldwater		
REVENUES									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,554,032
Charges for services	-	-	-	-	-	-	-	-	1,357,712
Investment earnings	-	19	25	25	215	74	149	3,742	78,883
Miscellaneous	-	-	-	-	-	-	-	-	583,985
Total revenues	<u>-</u>	<u>19</u>	<u>25</u>	<u>25</u>	<u>215</u>	<u>74</u>	<u>149</u>	<u>3,742</u>	<u>5,574,612</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	627,814
Recreation and leisure	-	-	-	-	-	-	-	-	22,117
Public safety	-	-	-	-	-	-	-	-	24,349
Community development and human services	-	-	-	-	-	-	-	-	943,377
Education	-	-	-	-	-	-	-	-	3,688,799
Capital outlays	-	-	-	-	-	-	-	-	553,749
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,860,205</u>
Excess (deficiency) of revenues over expenditures	-	19	25	25	215	74	149	3,742	(285,593)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	1,411,734
Transfers out	-	(19)	(25)	(25)	(215)	(74)	(149)	(3,742)	(293,362)
Total other financing sources (uses)	<u>-</u>	<u>(19)</u>	<u>(25)</u>	<u>(25)</u>	<u>(215)</u>	<u>(74)</u>	<u>(149)</u>	<u>(3,742)</u>	<u>1,118,372</u>
Net change in fund balances	-	-	-	-	-	-	-	-	832,779
Fund balances (deficit) - beginning, as originally reported	1,000	842	500	500	4,346	1,500	3,000	119,635	4,309,229
Adjustments (Note 15)	-	-	-	-	-	-	-	-	(62,598)
Fund balances (deficit) - beginning, as adjusted	<u>1,000</u>	<u>842</u>	<u>500</u>	<u>500</u>	<u>4,346</u>	<u>1,500</u>	<u>3,000</u>	<u>119,635</u>	<u>4,246,631</u>
Fund balances (deficit) - ending	<u>\$ 1,000</u>	<u>\$ 842</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 4,346</u>	<u>\$ 1,500</u>	<u>\$ 3,000</u>	<u>\$ 119,635</u>	<u>\$ 5,079,410</u>

(Concluded)

*Fiduciary
Funds*

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2007

	Private Purpose Trust Funds						
	Olive Boulais	Robert D. Payne	Blanche Phoenix	George Harrison	Frances Upham Spaulding	Ruth E. Osgood	Susan Beckish Memorial
ASSETS							
Cash and cash equivalents	\$ 2,181	\$ 618	\$ 264	\$ -	\$ 97	\$ 90	\$ -
Investments	-	-	-	-	-	-	-
Total assets	<u>\$ 2,181</u>	<u>\$ 618</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ 97</u>	<u>\$ 90</u>	<u>\$ -</u>
NET ASSETS							
Held in trust for endowment purposes	<u>\$ 2,181</u>	<u>\$ 618</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ 97</u>	<u>\$ 90</u>	<u>\$ -</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS (*Continued*)
JUNE 30, 2007

	Private Purpose Trust Funds						
	Michael Pappas Scholarship	Margaret Novack Scholarship	Florance Norton	Goldwater Weisberg	Laura Pike Rowe	Norman Barrette	Class of 2001
ASSETS							
Cash and cash equivalents	\$ 1,266	\$ 635	\$ -	\$ 874	\$ -	\$ 941	\$ 1,270
Investments	-	-	-	-	587,010	-	-
Total assets	<u>\$ 1,266</u>	<u>\$ 635</u>	<u>\$ -</u>	<u>\$ 874</u>	<u>\$ 587,010</u>	<u>\$ 941</u>	<u>\$ 1,270</u>
 NET ASSETS							
Held in trust for endowment purposes	<u>\$ 1,266</u>	<u>\$ 635</u>	<u>\$ -</u>	<u>\$ 874</u>	<u>\$ 587,010</u>	<u>\$ 941</u>	<u>\$ 1,270</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS (Concluded)
JUNE 30, 2007

Private Purpose Trust Funds								
Class of 2005	Adrian Herhlats	Olive Boulais	Robert D. Payne	Frances Upham Spaulding	Ruth E. Osgood	Blanche Phoenix	Total	
ASSETS								
Cash and cash equivalents	\$ 830	\$ 100	\$ 2,908	\$ 2,000	\$ 1,000	\$ 7,500	\$ 1,000	\$ 23,574
Investments	-	-	-	-	-	-	-	587,010
Total assets	<u>\$ 830</u>	<u>\$ 100</u>	<u>\$ 2,908</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 7,500</u>	<u>\$ 1,000</u>	<u>\$ 610,584</u>
NET ASSETS								
Held in trust for endowment purposes	<u>\$ 830</u>	<u>\$ 100</u>	<u>\$ 2,908</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 7,500</u>	<u>\$ 1,000</u>	<u>\$ 610,584</u>

(Concluded)

**TOWN OF KILLINGLY, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007**

	Private Purpose Trust Funds						
	Olive Boulais	Robert D. Payne	Blanche Phoenix	George Harrison	Frances Upham Spaulding	Ruth E. Osgood	Susan Beckish Memorial
ADDITIONS							
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	9	8	-	-	124	-	-
Total additions	<u>9</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>124</u>	<u>-</u>	<u>-</u>
DEDUCTIONS							
Awards	100	75	101	-	-	100	20
Total deductions	<u>100</u>	<u>75</u>	<u>101</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>20</u>
Change in net assets before transfers	(91)	(67)	(101)	-	124	(100)	(20)
TRANSFERS							
Transfers in	99	66	36	-	-	137	-
Transfers out	-	-	-	-	-	-	-
Total transfers	<u>99</u>	<u>66</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>137</u>	<u>-</u>
Change in net assets	8	(1)	(65)	-	124	37	(20)
NET ASSETS HELD IN TRUST FOR ENDOWMENT PURPOSES							
Beginning of year	<u>2,173</u>	<u>619</u>	<u>329</u>	<u>-</u>	<u>(27)</u>	<u>53</u>	<u>20</u>
End of year	<u>\$ 2,181</u>	<u>\$ 618</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ 97</u>	<u>\$ 90</u>	<u>\$ -</u>

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

	Private Purpose Trust Funds						
	Michael Pappas Scholarship	Margaret Novack Scholarship	Florance Norton	Goldwater Weisberg	Laura Pike Rowe	Normal Barrette	Class of 2001
ADDITIONS							
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	22	3	-	42	67,051	633	30
Total additions	<u>22</u>	<u>3</u>	<u>-</u>	<u>42</u>	<u>67,051</u>	<u>633</u>	<u>30</u>
DEDUCTIONS							
Awards	300	200	12	36	4,000	-	3,510
Total deductions	<u>300</u>	<u>200</u>	<u>12</u>	<u>36</u>	<u>4,000</u>	<u>-</u>	<u>3,510</u>
Change in net assets before transfers	(278)	(197)	(12)	6	63,051	633	(3,480)
TRANSFERS							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(278)	(197)	(12)	6	63,051	633	(3,480)
NET ASSETS HELD IN TRUST FOR ENDOWMENT PURPOSES							
Beginning of year	<u>1,544</u>	<u>832</u>	<u>12</u>	<u>868</u>	<u>523,959</u>	<u>308</u>	<u>4,750</u>
End of year	<u>\$ 1,266</u>	<u>\$ 635</u>	<u>\$ -</u>	<u>\$ 874</u>	<u>\$ 587,010</u>	<u>\$ 941</u>	<u>\$ 1,270</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS (Concluded)
FOR THE YEAR ENDED JUNE 30, 2007

	Private Purpose Trust Funds							Total
	Class of 2005	Adrian Herhlats	Olive Boulais	Robert D. Payne	Frances Upham Spaulding	Ruth E. Osgood	Blanche Phoenix	
ADDITIONS								
Contributions	\$ 1,551	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,151
Investment earnings	29	-	99	66	-	137	36	68,289
Total additions	<u>1,580</u>	<u>600</u>	<u>99</u>	<u>66</u>	<u>-</u>	<u>137</u>	<u>36</u>	<u>70,440</u>
DEDUCTIONS								
Awards	750	500	-	-	-	-	-	9,704
Total deductions	<u>750</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,704</u>
Change in net assets before transfers	830	100	99	66	-	137	36	60,736
TRANSFERS								
Transfers in	-	-	-	-	-	-	-	338
Transfers out	-	-	(99)	(66)	-	(137)	(36)	(338)
Total transfers	<u>-</u>	<u>-</u>	<u>(99)</u>	<u>(66)</u>	<u>-</u>	<u>(137)</u>	<u>(36)</u>	<u>-</u>
Change in net assets	830	100	-	-	-	-	-	60,736
NET ASSETS HELD IN TRUST FOR ENDOWMENT PURPOSES								
Beginning of year	<u>-</u>	<u>-</u>	<u>2,908</u>	<u>2,000</u>	<u>1,000</u>	<u>7,500</u>	<u>1,000</u>	<u>549,848</u>
End of year	<u>\$ 830</u>	<u>\$ 100</u>	<u>\$ 2,908</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 7,500</u>	<u>\$ 1,000</u>	<u>\$ 610,584</u>

(Concluded)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2007

	<u>Student Activities</u>	<u>Performance Bonds</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 173,159	\$ 278,969	\$ 452,128
Total assets	<u>\$ 173,159</u>	<u>\$ 278,969</u>	<u>\$ 452,128</u>
LIABILITIES			
Due to student groups	\$ 173,159	\$ -	\$ 173,159
Due to others	-	278,969	278,969
Total liabilities	<u>\$ 173,159</u>	<u>\$ 278,969</u>	<u>\$ 452,128</u>

**TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Balance, July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2007</u>
Student Activities				
Assets				
Cash and cash equivalents:				
Killingly high school	\$ 105,319	\$ 220,339	\$ 191,565	\$ 134,093
Killingly high school concession	3,000	3,190	3,190	3,000
Redmen booster club	1,873	7	7	1,873
Killingly junior high school	26,716	95,353	92,413	29,656
Killingly central school	710	14,817	15,319	208
Killingly memorial school	1,672	5,142	3,949	2,865
Goodyear early childhood center	844	458	37	1,265
BASP student activity account	-	1,845	1,646	199
Total assets	<u>\$ 140,134</u>	<u>\$ 341,151</u>	<u>\$ 308,126</u>	<u>\$ 173,159</u>
Liabilities				
Due to student groups	\$ 140,134	\$ 341,151	\$ 308,126	\$ 173,159
Total liabilities	<u>\$ 140,134</u>	<u>\$ 341,151</u>	<u>\$ 308,126</u>	<u>\$ 173,159</u>
Performance Bonds				
Assets				
Cash and cash equivalents	\$ 481,215	\$ 54,198	\$ 256,444	\$ 278,969
Total assets	<u>\$ 481,215</u>	<u>\$ 54,198</u>	<u>\$ 256,444</u>	<u>\$ 278,969</u>
Liabilities				
Due to others	\$ 481,215	\$ 54,198	\$ 256,444	\$ 278,969
Total liabilities	<u>\$ 481,215</u>	<u>\$ 54,198</u>	<u>\$ 256,444</u>	<u>\$ 278,969</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 621,349	\$ 395,349	\$ 564,570	\$ 452,128
Total assets	<u>\$ 621,349</u>	<u>\$ 395,349</u>	<u>\$ 564,570</u>	<u>\$ 452,128</u>
Liabilities				
Due to student groups	\$ 140,134	\$ 341,151	\$ 308,126	\$ 173,159
Due to others	481,215	54,198	256,444	278,969
Total liabilities	<u>\$ 621,349</u>	<u>\$ 395,349</u>	<u>\$ 564,570</u>	<u>\$ 452,128</u>

*Capital Assets
Used in the
Operation of
Governmental
Funds*

**TOWN OF KILLINGLY, CONNECTICUT
 COMPARATIVE SCHEDULE OF GOVERNMENTAL FUND
 CAPITAL ASSETS BY SOURCE
 JUNE 30, 2007 AND 2006**

	2007	2006 (As Restated)
Governmental funds capital assets:		
Land	\$ 3,699,461	\$ 2,416,976
Land improvements	2,545,647	2,485,647
Buildings and improvements	51,111,914	51,051,907
Machinery and equipment	11,727,071	10,909,541
Infrastructure	50,134,401	49,822,994
Construction in progress	6,045,341	5,169,173
Total governmental funds capital assets	\$ 125,263,835	\$ 121,856,238

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF GOVERNMENTAL FUND CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
JUNE 30, 2007

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
General government	\$ 2,192,382	\$ 9,400	\$ 1,499,885	\$ 446,077	\$ 49,614,519	\$ 1,357,142	\$ 55,119,405
Public works	16,000	343,475	10,611,455	6,003,888	519,882	2,173,447	19,668,147
Recreation and leisure	180,773	377,200	3,196,481	198,016	-	1,007,669	4,960,139
Public safety	-	36,700	32,000	168,861	-	-	237,561
Education	1,310,306	1,778,872	35,772,093	4,910,229	-	1,507,083	45,278,583
Total	<u>\$ 3,699,461</u>	<u>\$ 2,545,647</u>	<u>\$ 51,111,914</u>	<u>\$ 11,727,071</u>	<u>\$ 50,134,401</u>	<u>\$ 6,045,341</u>	<u>\$ 125,263,835</u>

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF CHANGES IN GOVERNMENTAL FUND CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2007

	Balance July 1, 2006 (As Restated)	Additions	Deletions	Balance June 30, 2007
General government	\$ 54,467,276	\$ 801,520	\$ 149,391	\$ 55,119,405
Public works	19,470,433	197,714	-	19,668,147
Recreation and leisure	4,744,446	215,693	-	4,960,139
Public safety	237,561	-	-	237,561
Education	42,936,522	2,342,780	719	45,278,583
Total	<u>\$ 121,856,238</u>	<u>\$ 3,557,707</u>	<u>\$ 150,110</u>	<u>\$ 125,263,835</u>

**OTHER
SUPPLEMENTAL
INFORMATION
SECTION**

Table 1

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 30,002,324	\$ 31,238,496	\$ 30,301,087	\$ 30,146,737	\$ 38,554,712
Restricted for:					
Endowments - expendable	958,576	997,987	1,030,662	1	1
Endowments - nonexpendable	126,200	126,200	134,042	119,634	119,634
Other purposes	479,633	466,073	301,531	405,413	2,620,509
Unrestricted	13,541,849	12,265,857	12,824,346	13,806,958	19,614,192
Total governmental activities net assets	<u>\$ 45,108,582</u>	<u>\$ 45,094,613</u>	<u>\$ 44,591,668</u>	<u>\$ 44,478,743</u>	<u>\$ 60,909,048</u>

Note: The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

Table 2

TOWN OF KILLINGLY, CONNECTICUT
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS

(Accrual Basis of Accounting - Unaudited)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 3,061,257	\$ 3,539,352	\$ 3,120,704	\$ 3,031,014	\$ 5,278,440
Public works	4,449,682	4,147,649	7,181,018	7,605,508	5,035,684
Recreation and leisure	1,219,147	1,295,207	1,629,451	1,544,109	2,273,213
Public safety	460,918	481,652	667,207	622,082	949,689
Community development and human services	1,065,492	1,624,885	802,807	1,057,302	1,401,226
Education	30,773,071	31,859,962	32,222,678	34,262,782	39,437,266
Interest expense	695,270	732,035	490,174	590,748	418,628
Total governmental activities expenses	<u>41,724,837</u>	<u>43,680,742</u>	<u>46,114,039</u>	<u>48,713,545</u>	<u>54,794,146</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	430,692	616,574	824,719	870,657	1,073,297
Public works	3,478,367	2,710,408	2,939,236	3,240,286	3,399,531
Recreation and leisure	131,098	144,709	139,834.00	129,786	200,805
Public safety	4,511	5,141	3,542.00	1,470	16,158
Community development and human services	62,100	68,169	34,309	67,791	25,321
Education	2,560,451	2,605,185	2,638,517	2,715,354	4,036,993
Operating grants and contributions	18,550,377	19,024,105	17,052,170	18,086,069	21,818,608
Capital grants and contributions	1,913,344	539,309	1,027,973	624,834	506,610
Total governmental activities program revenues	<u>27,130,940</u>	<u>25,713,600</u>	<u>24,660,300</u>	<u>25,736,247</u>	<u>31,077,323</u>
Net (Expense)/Revenue					
Governmental activities	(14,593,897)	(17,967,142)	(21,453,739)	(22,977,298)	(23,716,823)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes	14,680,641	17,107,299	19,102,487	21,327,501	23,134,728
Unrestricted grants and contributions	1,797,069	1,400,691	1,314,737	1,305,515	1,482,823
Investment income	252,797	146,893	249,635	519,268	690,699
Miscellaneous	228,088	258,165	283,935	250,385	-
Total governmental activities	<u>16,958,595</u>	<u>18,913,048</u>	<u>20,950,794</u>	<u>23,402,669</u>	<u>25,308,250</u>
Change in Net Assets					
Governmental activities	<u>\$ 2,364,698</u>	<u>\$ 945,906</u>	<u>\$ (502,945)</u>	<u>\$ 425,371</u>	<u>\$ 1,591,427</u>

Note: The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003

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

(Unaudited)

Fiscal Year Ended June 30,	Residential Real Property (%)	Commercial & Industrial Property (%)	All Other Land (%)	Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List	Disability Farm, Veterans, and Elderly Relief	Manufacturing Exemption Sec. 12-81 (59) and (60)	Net Taxable Grand List at 70%
1998	51.31	21.44	2.79	14.12	10.33	\$ 577,173,678	\$ 4,157,764	\$ 28,584,768	\$ 544,431,146
1999	51.89	22.63	2.63	12.34	10.50	576,178,701	4,088,380	31,048,546	541,041,775
2000	51.65	19.82	4.15	13.97	10.41	590,399,068	4,104,140	35,087,916	551,207,012
2001	50.86	19.47	3.79	14.83	11.04	617,837,121	4,127,460	48,669,632	565,040,029
2002	41.53	22.54	3.28	23.06	9.59	754,660,839	5,728,722	145,270,312	603,661,805
2003	32.72	22.17	2.40	34.90	7.81	974,626,727	5,937,417	368,185,938	600,503,372
2004	37.94	20.43	2.41	32.34	6.88	1,154,768,214	6,781,530	399,347,884	748,638,800
2005	38.12	20.07	2.45	32.59	6.77	1,178,214,233	6,611,724	404,484,172	767,118,337
2006	38.80	19.42	2.53	31.82	7.43	1,185,767,888	6,436,596	392,394,480	786,936,812
2007	39.58	19.37	2.58	30.38	8.09	1,195,484,358	6,035,070	367,076,970	822,372,318

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

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

FISCAL YEAR ENDED JUNE 30	TAX RATE IN MILLS	GRAND LIST OF OCTOBER 1	NET TAXABLE GRAND LIST	TOTAL ADJUSTED TAX LEVY (2)	NET CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	PERCENT OF LEVY UNCOLLECTED
2007	25.8	2005	\$ 822,372,318	\$ 22,687,607	\$ 22,084,125	97.34%	2.66%
2006	25.0	2004	786,936,812	21,007,294	20,536,540	97.76%	2.24%
2005	23.5	2003	767,118,337	19,005,158	18,564,651	97.68%	2.32%
2004	21.4	2002	748,638,800	16,726,791	16,302,787	97.47%	2.53%
2003	22.9	2001	600,503,372	14,455,540	13,826,724	95.65%	4.35%
2002	21.0	2000	603,661,805	12,890,054	12,419,567	96.35%	3.65%
2001	20.5	1999	565,040,029	11,681,825	11,171,329	95.63%	4.37%
2000	20.5	1998	551,207,012	11,384,398	10,891,454	95.67%	4.33%
1999	20.5	1997	541,041,775	11,137,326	10,531,455	94.56%	5.44%
1998	20.0	1996	544,431,146	10,926,032	10,267,192	93.97%	6.03%

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

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

Table 5

**TOWN OF KILLINGLY, CONNECTICUT
PRINCIPAL TAXPAYERS
JUNE 30, 2007
(Unaudited)**

<u>TAXPAYER</u>	<u>NATURE OF BUSINESS</u>	<u>ASSESSMENT (1)</u>	<u>PERCENT OF NET TAXABLE GRAND LIST</u>
FRITO LAY	MANUFACTURER SNACK FOODS	\$ 21,385,468	2.60%
STAPLES	WAREHOUSING-DISTRIBUTION	12,133,176	1.48%
CCF-BROOKS MAXI DRUG	WAREHOUSING-DISTRIBUTION	11,289,260	1.37%
UNITED NATURAL FOODS	FOOD PRODUCTS	7,639,430	0.93%
ROGERS CORPORATION	PRINTED CIRCUITS/PLASTICS	7,559,370	0.92%
KILLINGLY PLAZA REALTY	SHOPPING CENTER	5,718,790	0.70%
HEALTH AND REHAB-WESTCOTT CARE	HEALTH SERVICES	5,159,690	0.63%
ANCHOR GLASS CONTAINER CORPORATION	CLOSED	4,931,790	0.60%
SPIROL INTERNATIONAL	INDUSTRIAL FASTENERS	4,716,252	0.57%
PLASTIC COLOR AND COMPUND	PLASTIC MANUFACTURER	4,386,654	0.53%
TOTAL		\$ 84,919,880	10.33%

(1) The net taxable grand list as of October 1, 2006 totaled \$822,372,318

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**

FISCAL YEAR ENDED JUNE 30	POPULATION(1)	NET TAXABLE GRAND LIST	BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	BONDED DEBT PER CAPITA
2007	17,386	\$ 822,372,318	\$ 15,600,550	1.9%	\$ 897
2006	17,679	786,936,812	12,213,895	1.6%	691
2005	17386	767,118,337	14,172,665	1.8%	815
2004	17,264	748,638,800	16,126,435	2.2%	934
2003	16,940	600,503,372	17,860,205	3.0%	1,054
2002	16,740	603,661,805	15,304,475	2.5%	914
2001	16,357	565,040,029	17,263,745	3.1%	1,055
2000	16,488	551,207,012	17,630,440	3.2%	1,069
1999	14,904	541,041,775	19,380,135	3.6%	1,300
1998	16,057	544,431,146	21,129,830	3.9%	1,316

(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**

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
2007	17,386	\$ 822,372,318	\$ 15,600,550	\$ 2,305,171	\$ 13,295,379	1.6%	\$ 765
2006	17,679	786,936,812	12,213,895	3,236,817	8,977,078	1.1%	508
2005	17,386	767,118,337	14,172,665	4,191,141	9,981,524	1.3%	574
2004	17,264	748,638,800	16,126,435	5,097,000	11,029,435	1.5%	639
2003	16,940	600,503,372	17,860,205	5,836,000	12,024,205	2.0%	710
2002	16,740	603,661,805	15,304,475	7,373,000	7,931,475	1.3%	474
2001	16,357	565,040,029	17,263,745	7,771,000	9,492,745	1.7%	580
2000	16,488	551,207,012	17,630,440	8,726,830	8,903,610	1.6%	540
1999	14,904	541,041,775	19,380,135	9,661,441	9,718,694	1.8%	652
1998	16,057	544,431,146	21,129,830	9,983,030	11,146,800	2.0%	694

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

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

Table 8

**TOWN OF KILLINGLY, CONNECTICUT
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2007**

Total cash collections for the year ended
June 30, 2007:

Taxes	\$ 22,510,195
Interest and lien fees	231,938
Total	<u>22,742,133</u>

Reimbursement for revenue loss:

Tax relief for elderly freeze(CGS 12-129d)	5,605
--	-------

Base \$ 22,747,738

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 51,182,411	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	102,364,821	-	-	-
3-3/4 times base	-	-	85,304,018	-	-
3-1/4 times base	-	-	-	73,930,149	-
3 times base	-	-	-	-	68,243,214
Total debt limitation	<u>51,182,411</u>	<u>102,364,821</u>	<u>85,304,018</u>	<u>73,930,149</u>	<u>68,243,214</u>
Indebtedness:					
Bonds payable	4,754,920	5,835,080	5,010,550	-	-
Authorized, unissued bonds	332,516	19,518,666	290,000	-	-
	<u>5,087,436</u>	<u>25,353,746</u>	<u>5,300,550</u>	-	-
Less: amounts to be provided by the state	-	2,305,171	-	-	-
Total indebtedness	<u>5,087,436</u>	<u>23,048,575</u>	<u>5,300,550</u>	-	-
Debt limitation in excess of outstanding and authorized debt	<u>\$ 46,094,975</u>	<u>\$ 79,316,246</u>	<u>\$ 80,003,468</u>	<u>\$ 73,930,149</u>	<u>\$ 68,243,214</u>
Total capacity of borrowing (7 times base)	\$ 159,234,166				
Total present indebtedness	<u>33,436,561</u>				
Margin for additional borrowing	<u>\$ 125,797,605</u>				