

**TOWN OF KILLINGLY,
CONNECTICUT**



**Basic
Financial Statements
For The Year Ended
June 30, 2008**

**TOWN OF KILLINGLY, CONNECTICUT
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

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BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

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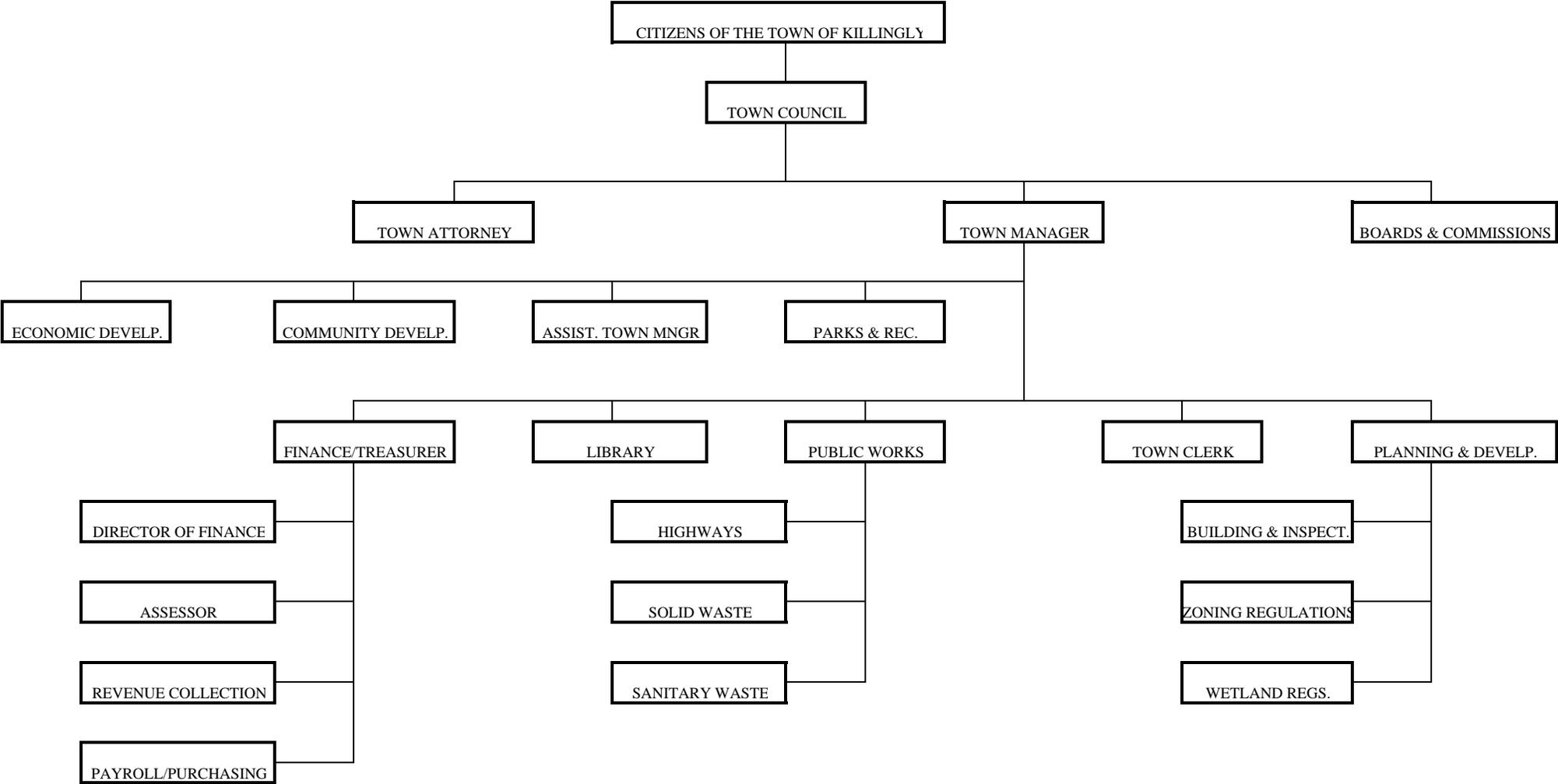
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INTRODUCTORY SECTION

**TOWN OF KILLINGLY, CONNECTICUT
ORGANIZATIONAL CHART
JUNE 30, 2008**



**TOWN OF KILLINGLY, CONNECTICUT
LIST OF PRINCIPAL TOWN OFFICIALS
JUNE 30, 2008**

TOWN COUNCIL

Robert B. Young, Chairman
Joyce Ricci, Vice-Chair
Bradford C. Gauthier
Jennifer Valys
Mark Johnston
John G. Sarantopoulos
John W. LaGarde
John Hallbergh, Jr.
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, 2008, 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, 2008, 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 18, 2008 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 and the schedule of funding progress presented on page 54 are not a required part of the basic financial statements but are 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.

CCR LLP

Glastonbury, Connecticut
December 18, 2008

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, 2008.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$66,966,803 (net assets). Of this amount, \$25,814,958 (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 \$6,057,755 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 \$24,173,188, an increase of \$6,479,616 in comparison with the prior year. The primary cause of this fund balance increase is in the General Fund and the Capital Improvements Fund. The increase in the General Fund is due to an increase in property tax revenues which contributed to a 7.4% increase in budgeted revenues offset by a 6.2% increase in expenditures. The increase in the Capital Improvements Fund is due to the issuance of bonds for the new high school project.
- At the close of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$7,347,681 or 12.9% of total General Fund expenditures.
- The Town's total long-term bonded debt increased by \$2,850,000 or 19.8% during the current fiscal year due to the issuance of bonds net of current year principal repayments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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 72 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 69 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 required supplementary information, combining and individual fund statements and schedules and other supplemental information that can be found on pages 54, 55 - 95, and 96-102, 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 \$66,966,803 and \$60,909,048 as of June 30, 2008 and 2007, respectively, and are summarized as follows:

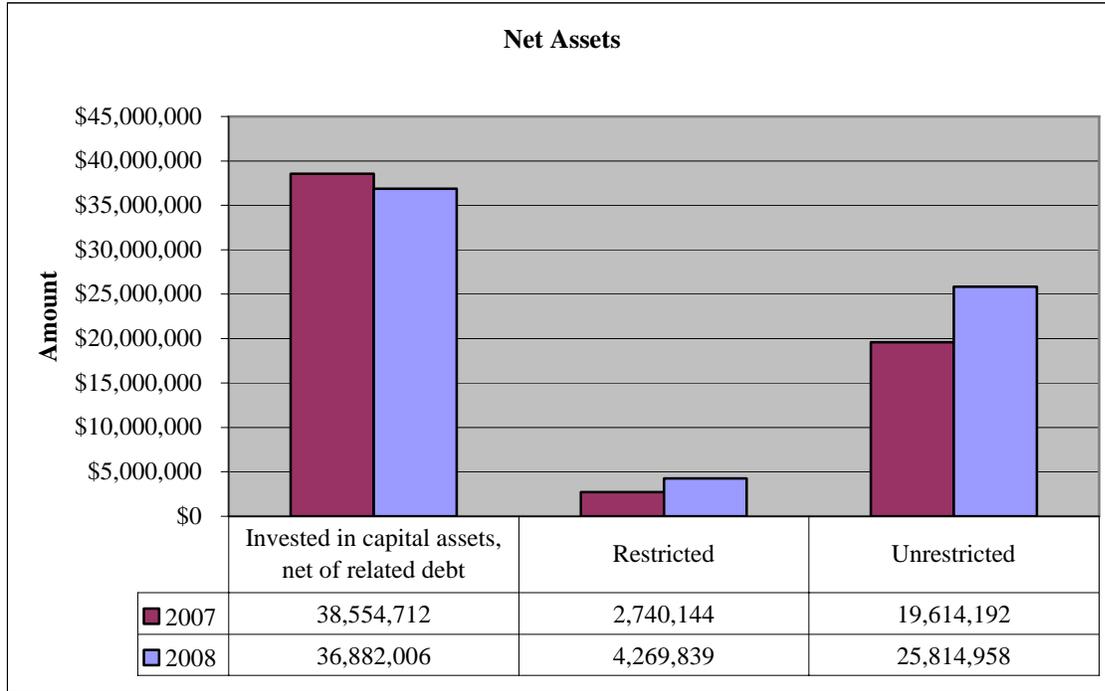
**Town of Killingly, Connecticut
Net Assets
June 30, 2008 and 2007**

	Total	
	2008	2007
Current and other assets	\$ 31,627,494	\$ 25,336,976
Capital assets	60,604,824	57,770,464
Total assets	92,232,318	83,107,440
Other liabilities	2,620,301	2,531,071
Long-term liabilities	22,645,214	19,667,321
Total liabilities	25,265,515	22,198,392
Net assets:		
Invested in capital assets, net of related debt	36,882,006	38,554,712
Restricted	4,269,839	2,740,144
Unrestricted	25,814,958	19,614,192
Total net assets	\$ 66,966,803	\$ 60,909,048

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Assets (Continued)



55.1% 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.

6.4% 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 \$6,057,755 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, 2008 and 2007 are as follows:

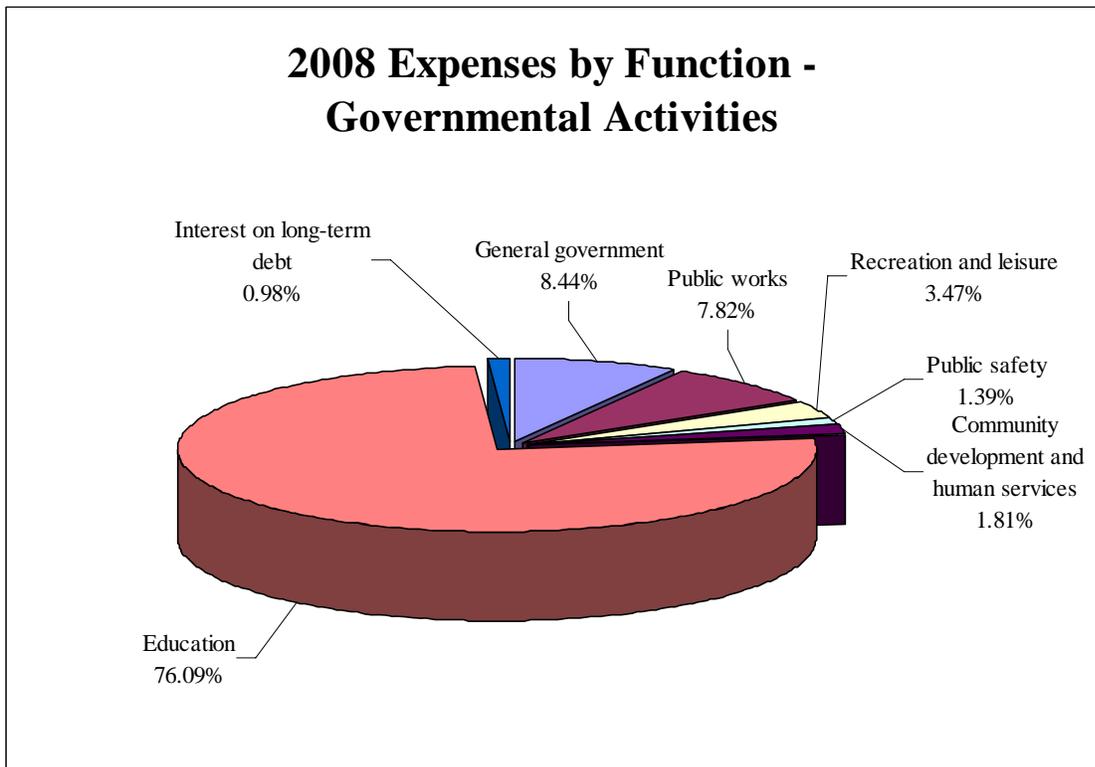
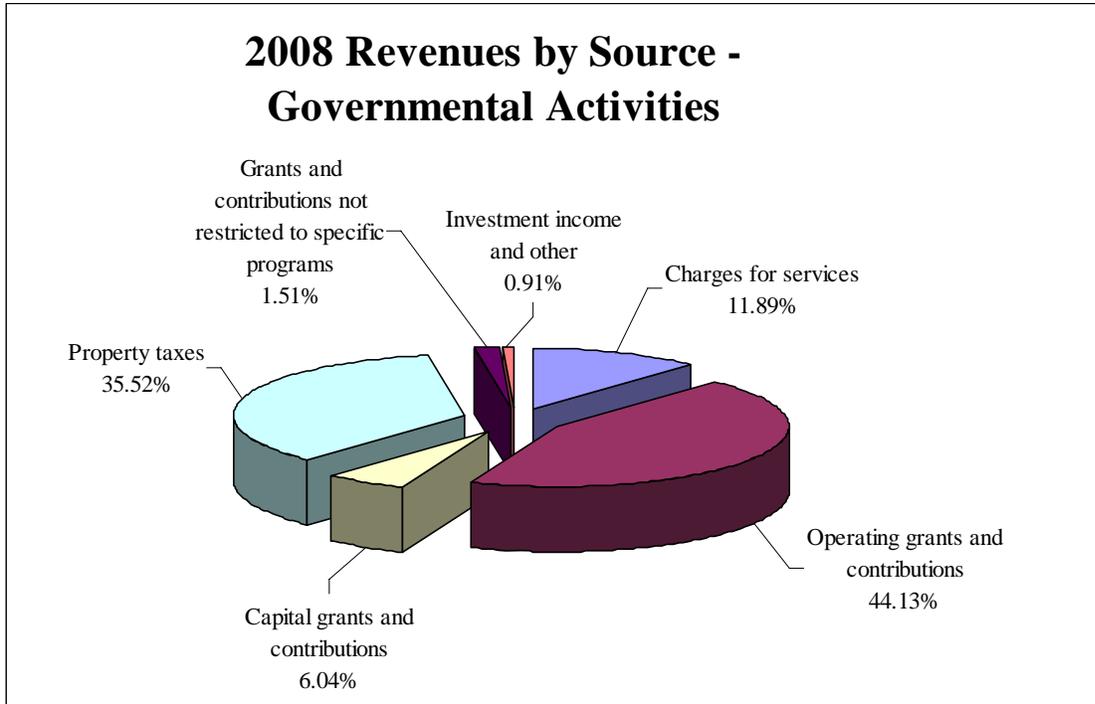
**Town of Killingly, Connecticut
Changes in Net Assets
For The Years Ended June 30, 2008 and 2007**

	Total	
	2008	2007
Revenues		
Program revenues:		
Charges for services	\$ 8,563,946	\$ 8,752,105
Operating grants and contributions	31,772,832	21,818,608
Capital grants and contributions	4,341,981	506,610
General revenues:		
Property taxes	25,577,275	23,134,728
Grants and contributions not restricted to specific programs	1,089,233	1,482,823
Investment income and other	654,843	690,699
Total revenues	72,000,110	56,385,573
Expenses		
General government	5,562,314	5,278,440
Public works	5,156,595	5,035,684
Recreation and leisure	2,291,172	2,273,213
Public safety	917,219	949,689
Community development and human services	1,191,829	1,401,226
Education	50,179,308	39,437,266
Interest on long-term debt	643,918	418,628
Total expenses	65,942,355	54,794,146
Change in net assets	6,057,755	1,591,427
Net assets, beginning	60,909,048	59,317,621
Net assets, ending	\$ 66,966,803	\$ 60,909,048

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 \$6,057,755. Key elements of this increase are as follows:

- Property tax revenues increased by \$2,442,547 or 10.6% and reflect a 3.5% increase in the total assessed value of taxable property in comparison to the prior fiscal year.
- Operating grants and contributions increased by \$9,954,224 or 45.6% 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. Since this on-behalf payment is recognized as revenue and expense, it has also caused an increase in education expense.
- Capital grants and contributions increased by \$3,633,781 due to the receipt of school progress payments related to the construction of the new high school.
- The net expenses (program expenses minus program revenues) from the statement of activities on page 15 decreased \$2,251,637 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 \$24,173,188, an increase of \$6,479,616 in comparison with the prior year. The primary cause of this fund balance increase is in the General Fund and the Capital Improvements Fund. The increase in the General Fund is due to an increase in property tax revenues which contributed to a 7.4% increase in budgeted revenues offset by a 6.2% increase in expenditures. The increases in the Capital Improvements Fund is due to the issuance of bonds for the new high school project.

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 \$7,347,681. 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 12.9% of total General Fund expenditures.

The fund balance of the Town's General Fund increased by \$1,456,020 during the current fiscal year, which was primarily due to over \$490,000 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 (conservative estimates of the Educational Equalization grant before state issued their final numbers); higher than anticipated permit fees, and interest income. Conservative spending by the Town and Board of Education and a mild winter resulted in savings in spending offsetting the supplemental appropriation of \$130,000 for educational programs.

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

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

Capital Improvements Fund

The fund balance of the Capital Improvements Fund increased by \$4,882,506 during the current fiscal year. This increase was due primarily to the issuance of bonds, new appropriations and transfers vs. the status of projects.

Sewer Operating Fund

The fund balance of the Sewer Operating Fund decreased by \$22,240 during the current fiscal year. This decrease was due primarily to \$115,532 of excess expenditures over revenues, including the planned transfers of sewer assessment fees to the Town's General Fund and \$700,000 to the Capital Improvement Fund for sewers, plant and equipment.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year ended June 30, 2008, an additional appropriation totaling \$130,000 was authorized for additional Board of Education expenditures associated with the purchase and installation of a school security system. The final budget for 2008 planned on the utilization of fund balance of \$1,018,000. However, the actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$1,304,806. Expenditures were \$949,512 less than budgeted and total budgetary revenues were \$1,352,232 better than expected due primarily to increases in property tax collections, intergovernmental revenues, and licenses, permits and fees.

SEWER OPERATING FUND BUDGETARY HIGHLIGHTS

The Town adopts an annual budget for its Sewer Operating Fund. During the year ended June 30, 2008 there were no additional appropriations made to the budget. The budget for 2008 planned on an increase of fund balance of \$57,674. However, the actual net change in fund balance of the Sewer Operating Fund on a budgetary basis was a decrease of \$57,858. Expenditures were \$73,984 more than budgeted and total budgetary revenues were \$41,548 lower than expected due primarily to decreases in investment earnings 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, 2008 and 2007 totaled \$60,604,824 and \$57,770,464, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress. The total increase in the Town's investment in capital assets for the current fiscal year was \$2,834,360 or 4.9%. This increase consisted of capital asset additions of \$6,699,969 offset by current year depreciation expense of \$3,863,523. Major capital asset events during the current fiscal year included \$3,515,000 for architectural/engineering fees, site testing and construction costs for the new high school and Vo-ag program; \$777,000 for Chestnut Hill Bridge; \$215,000 for various WPCA projects; \$201,590 for road infrastructure, \$184,000 for Public Works equipment; \$135,000 for the purchase of the Hygeia Reservoir; \$53,000 for the Bugbee Building; \$40,000 for Owen Bell Park and \$307,000 for various other projects.

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

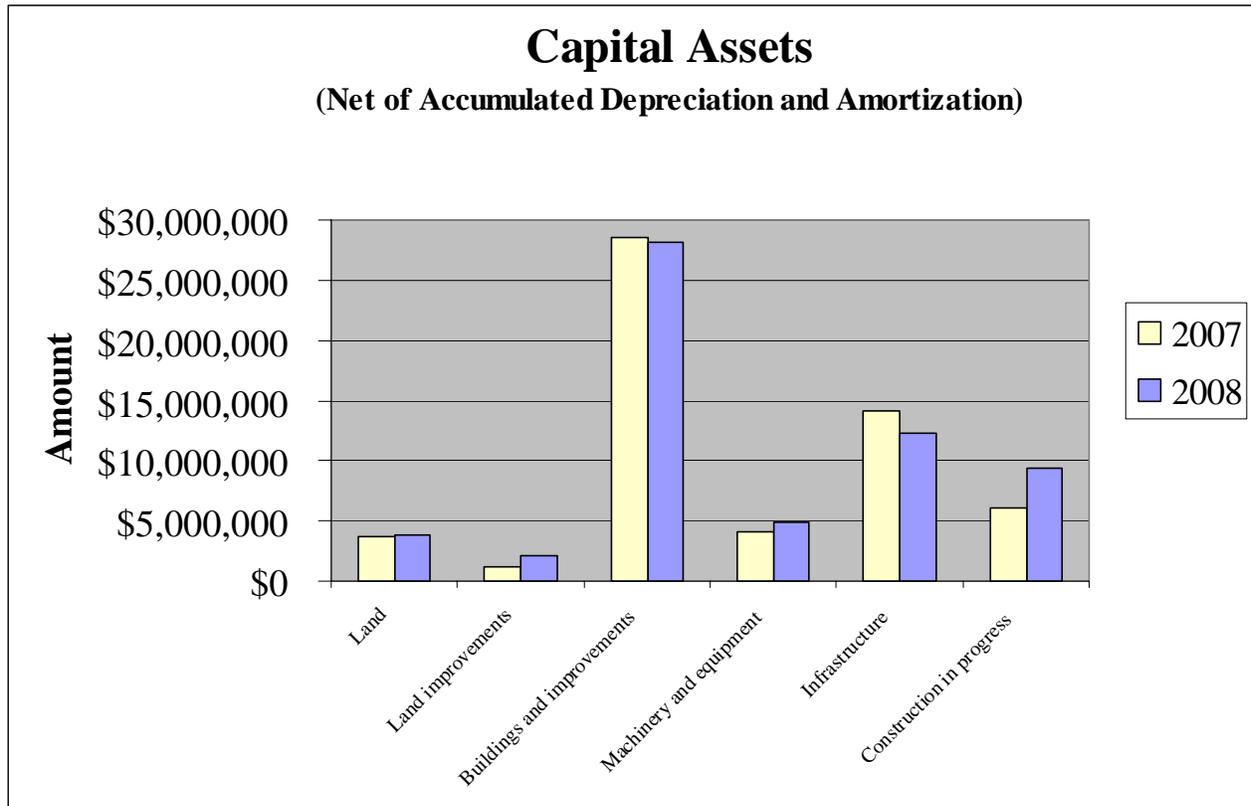
CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

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

**Town of Killingly, Connecticut
Capital Assets, Net
June 30, 2008 and 2007**

	Governmental Activities	
	2008	2007
Land	\$ 3,834,461	\$ 3,699,461
Land improvements	2,131,481	1,177,130
Buildings and improvements	28,108,938	28,517,868
Machinery and equipment	4,834,889	4,162,224
Infrastructure	12,341,340	14,168,440
Construction in progress	9,353,715	6,045,341
Totals	<u>\$ 60,604,824</u>	<u>\$ 57,770,464</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

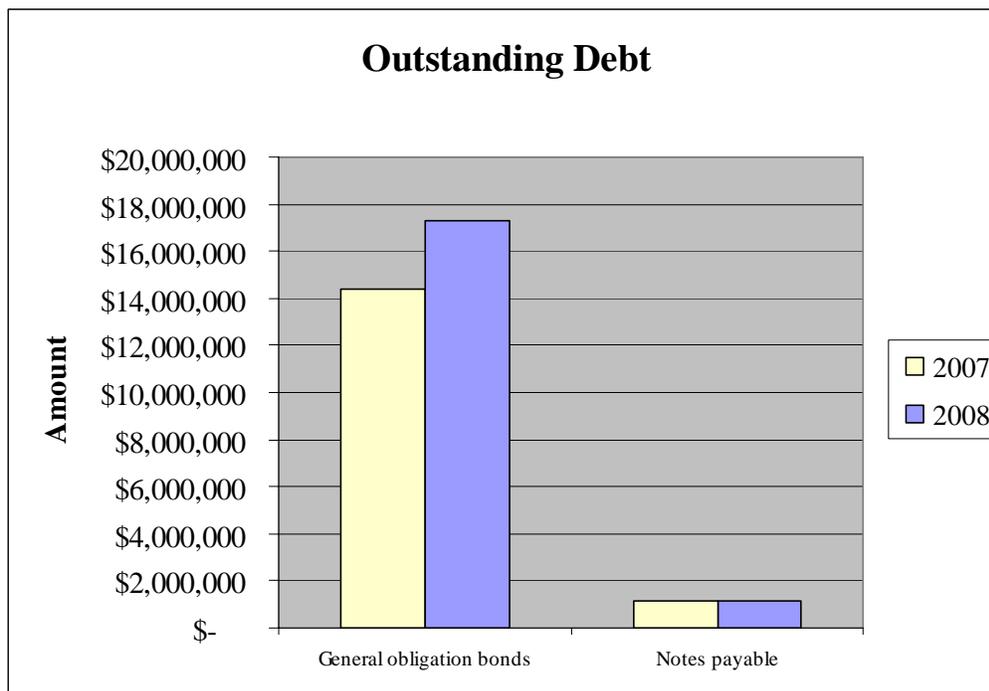
At the end of the current fiscal year, the Town had total bonded debt and notes payable outstanding of \$18,415,975. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total bonded debt increased by \$2,850,000 or 19.8% during the current fiscal year due 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 \$177,818,809, 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, 2008 and 2007**

	Governmental Activities	
	2008	2007
General obligation bonds	\$ 17,275,000	\$ 14,425,000
Notes payable	1,140,975	1,175,550
Totals	\$ 18,415,975	\$ 15,600,550



Additional information on the Town's long-term debt can be found in Note 8 on pages 42 - 45 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 7.8%, which is an increase from a rate of 6.1% in the prior year, as compared to the state's average unemployment rate of 6.0% and the national unemployment rate of 6.1%.
- Inflationary trends in the region are comparable to national indices of 4.2%.
- During the current fiscal year, unreserved fund balance of the General Fund increased to \$8,125,411. The Town has designated \$700,000 of this amount for spending in the 2009 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 2009, 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 2009.

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, 2008

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,229,052
Investments	23,444,639
Receivables:	
Property taxes, net of allowance for uncollectibles of \$204,418	817,674
Interest, net of allowance for uncollectibles of \$74,432	188,219
Assessments and user charges receivable	993,729
Grants and contracts receivable	1,532,020
Other	282,252
Other assets	129,287
Restricted assets:	
Temporarily restricted cash	1
Permanently restricted cash	841
Permanently restricted investments	118,793
Grants and contracts receivable, long-term portion	532,592
Deferred charges	358,395
Capital assets:	
Non-depreciable	13,188,176
Depreciable, net	47,416,648
Total assets	92,232,318
 LIABILITIES	
Accounts payable	1,383,278
Accrued liabilities:	
Salaries and benefits payable	84,473
Accrued interest	57,846
Other accrued liabilities	46,225
Unearned revenue	607,558
Claims payable	440,921
Noncurrent liabilities:	
Due within one year	3,056,172
Due in more than one year	19,589,042
Total liabilities	25,265,515
 NET ASSETS	
Invested in capital assets, net of related debt	36,882,006
Restricted for:	
Endowments:	
Expendable	1
Nonexpendable	119,634
Capital projects	4,150,204
Unrestricted	25,814,958
Total net assets	\$ 66,966,803

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

**TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets - Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 5,562,314	\$ 1,201,587	\$ 455,049	\$ 1,145,116	\$ (2,760,562)
Public works	5,156,595	3,674,040	56,060	-	(1,426,495)
Recreation and leisure	2,291,172	206,726	88,361	41,881	(1,954,204)
Public safety	917,219	9,488	51,072	-	(856,659)
Community development and human services	1,191,829	24,250	797,929	-	(369,650)
Education	50,179,308	3,447,855	30,324,361	3,154,984	(13,252,108)
Interest on long-term debt	643,918	-	-	-	(643,918)
Total governmental activities	<u>\$ 65,942,355</u>	<u>\$ 8,563,946</u>	<u>\$ 31,772,832</u>	<u>\$ 4,341,981</u>	<u>(21,263,596)</u>
General revenues:					
					25,577,275
					1,089,233
					654,843
					<u>27,321,351</u>
					6,057,755
					60,909,048
					<u>\$ 66,966,803</u>

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

TOWN OF KILLINGLY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Capital Improvements Fund	Sewer Operating Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,575,668	\$ -	\$ -	\$ 654,226	\$ 3,229,894
Investments	20,307,836	-	1,415,017	1,389,414	23,112,267
Receivables:					
Property taxes	1,022,092	-	-	-	1,022,092
Assessments and user charges	-	-	993,729	-	993,729
Grants and contracts	1,399,983	573,429	-	91,200	2,064,612
Other	214,106	-	43,228	23,991	281,325
Due from other funds	569,540	8,933,390	-	4,079,569	13,582,499
Inventories	-	-	-	44,381	44,381
Other assets	84,906	-	-	-	84,906
Total assets	<u>\$ 26,174,131</u>	<u>\$ 9,506,819</u>	<u>\$ 2,451,974</u>	<u>\$ 6,282,781</u>	<u>\$ 44,415,705</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 622,976	\$ 537,244	\$ 46,333	\$ 176,725	\$ 1,383,278
Accrued liabilities:					
Salaries and benefits payable	84,473	-	-	-	84,473
Other accrued liabilities	35,834	-	-	-	35,834
Due to other funds	14,238,686	178,308	178,608	390,932	14,986,534
Due to funding source	-	-	-	10,391	10,391
Unearned/deferred revenue	2,419,072	-	860,942	461,993	3,742,007
Total liabilities	<u>17,401,041</u>	<u>715,552</u>	<u>1,085,883</u>	<u>1,040,041</u>	<u>20,242,517</u>
Fund Balances:					
Reserved for:					
Encumbrances	647,679	-	1,700	-	649,379
Inventories	-	-	-	44,381	44,381
Endowments	-	-	-	119,635	119,635
Unreserved	7,347,681	8,791,267	1,286,832	-	17,425,780
Unreserved, designated for:					
Subsequent year's budget	700,000	-	-	-	700,000
Debt service	-	-	77,559	-	77,559
Cell towers	42,818	-	-	-	42,818
Sewer extension	34,912	-	-	-	34,912
Unreserved, reported in nonmajor:					
Special revenue funds	-	-	-	4,643,565	4,643,565
Capital project funds	-	-	-	435,159	435,159
Total fund balances	<u>8,773,090</u>	<u>8,791,267</u>	<u>1,366,091</u>	<u>5,242,740</u>	<u>24,173,188</u>
Total liabilities and fund balances	<u>\$ 26,174,131</u>	<u>\$ 9,506,819</u>	<u>\$ 2,451,974</u>	<u>\$ 6,282,781</u>	<u>\$ 44,415,705</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, 2008

Total fund balances for governmental funds \$ 24,173,188

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	\$	9,353,715	
Land		3,834,461	
Land improvements		3,627,280	
Buildings and improvements		51,500,653	
Machinery and equipment		13,030,263	
Infrastructure		50,493,032	
Less accumulated depreciation and amortization		<u>(71,234,580)</u>	
Total capital assets, net			60,604,824

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. 358,395

Accrued interest net of related allowance for uncollectible accounts on property taxes, sewer use and sewer assessments are not susceptible to accrual and therefore are not reported in the funds. (16,199)

School construction grants receivable from the State of Connecticut are not susceptible to accrual and are therefore not reported in the funds. 1,399,983

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		873,524	
Sewer use and assessments		<u>860,942</u>	
			1,734,466

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		(57,846)	
Long-term debt:			
Bonds and notes payable, net of unamortized amounts		(18,791,149)	
Obligations under capital lease		(1,139,860)	
Other long-term liabilities:			
Compensated absences		(1,134,694)	
Early retirement incentive		(889,511)	
Landfill closure and postclosure care costs		<u>(690,000)</u>	
Total long-term liabilities			(22,703,060)

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. 1,415,206

Net assets of governmental activities \$ 66,966,803

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, 2008**

	General Fund	Capital Improvements Fund	Sewer Operating Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 25,467,819	\$ -	\$ -	\$ -	\$ 25,467,819
Intergovernmental	30,624,872	4,085,223	6,776	2,966,743	37,683,614
Licenses, permits and fees	514,287	-	-	-	514,287
Charges for services	1,878,221	-	3,076,717	1,430,018	6,384,956
Investment earnings	567,538	-	50,527	71,177	689,242
Miscellaneous	119,676	-	449,138	244,746	813,560
Total revenues	<u>59,172,413</u>	<u>4,085,223</u>	<u>3,583,158</u>	<u>4,712,684</u>	<u>71,553,478</u>
EXPENDITURES					
Current:					
General government	1,914,108	-	-	721,712	2,635,820
Public works	1,780,607	-	2,372,192	-	4,152,799
Recreation and leisure	1,624,539	-	-	141,694	1,766,233
Public safety	816,880	-	-	3,365	820,245
Community development and human services	419,167	-	-	745,924	1,165,091
Education	45,755,940	-	-	3,394,171	49,150,111
Miscellaneous	1,498,811	-	-	-	1,498,811
Debt service:					
Debt issuance costs	60,875	58,217	-	-	119,092
Principal payments	2,184,575	-	-	-	2,184,575
Interest and fiscal charges	686,625	-	-	-	686,625
Lease payments	253,092	-	-	-	253,092
Capital outlays	-	5,168,255	-	983,682	6,151,937
Total expenditures	<u>56,995,219</u>	<u>5,226,472</u>	<u>2,372,192</u>	<u>5,990,548</u>	<u>70,584,431</u>
Excess (deficiency) of revenues over expenditures	2,177,194	(1,141,249)	1,210,966	(1,277,864)	969,047
OTHER FINANCING SOURCES (USES)					
Proceeds from bonds issued	5,000,000	-	-	-	5,000,000
Premium on bonds issued	86,356	-	-	-	86,356
Proceeds from capital lease	424,213	-	-	-	424,213
Transfers in	605,773	6,095,903	-	1,447,516	8,149,192
Transfers out	(6,837,516)	(72,148)	(1,233,206)	(6,322)	(8,149,192)
Total other financing sources (uses)	<u>(721,174)</u>	<u>6,023,755</u>	<u>(1,233,206)</u>	<u>1,441,194</u>	<u>5,510,569</u>
Net change in fund balances	1,456,020	4,882,506	(22,240)	163,330	6,479,616
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 8,773,090</u>	<u>\$ 8,791,267</u>	<u>\$ 1,366,091</u>	<u>\$ 5,242,740</u>	<u>\$ 24,173,188</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, 2008**

Net change in fund balances - total governmental funds \$ 6,479,616

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	\$ 6,498,379	
Depreciation and amortization expense	(3,863,523)	
Net adjustment		2,634,856

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. 201,590

The statement of activities reports losses arising from the disposal of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a disposal of capital assets. (2,086)

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 decreased revenues recognized in the funds. (46,594)

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. (905,188)

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, 2008

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	\$	(424,213)	
Bonds issued		(5,000,000)	
Premium on bonds issued		(86,356)	
Bond issuance costs		119,092	
Principal repayments:			
Bonds and notes payable		2,184,575	
Obligations under capital lease		253,092	
Net adjustment		\$ (2,953,810)	

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	(144,971)	
Accrued interest	7,814	
Early retirement incentive	175,087	
Landfill closure and postclosure care costs	30,000	
Amortization of bond premium	51,254	
Amortization of bond issuance costs	(58,454)	
Amortization of deferred charge on refunding	(16,361)	44,369

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. 240,907

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. 364,095

Change in net assets of governmental activities \$ 6,057,755

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, 2008

	<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>
REVENUES				
Property taxes	\$ 24,975,909	\$ 24,975,909	\$ 25,467,819	\$ 491,910
Intergovernmental	17,211,531	17,211,531	17,723,216	511,685
Licenses, permits and fees	320,200	320,200	514,287	194,087
Charges for services	1,931,788	1,931,788	1,878,221	(53,567)
Use of money and property	423,897	423,897	567,538	143,641
Miscellaneous	51,000	51,000	115,476	64,476
Total revenues	<u>44,914,325</u>	<u>44,914,325</u>	<u>46,266,557</u>	<u>1,352,232</u>
EXPENDITURES				
Current:				
General government	1,813,608	1,877,661	1,795,419	(82,242)
Public works	1,902,885	1,929,850	1,798,364	(131,486)
Recreation and leisure	1,698,949	1,739,920	1,633,836	(106,084)
Public safety	795,717	803,359	756,627	(46,732)
Community development and human services	433,808	435,810	419,167	(16,643)
Education	33,200,196	33,330,196	32,921,064	(409,132)
Miscellaneous	1,971,273	1,666,623	1,509,436	(157,187)
Debt service:				
Debt issuance costs	3,000	-	-	-
Principal payments	2,148,770	2,184,575	2,184,575	-
Interest and fiscal charges	662,122	667,007	667,001	(6)
Lease payments	70,000	70,000	70,000	-
Total expenditures	<u>44,700,328</u>	<u>44,705,001</u>	<u>43,755,489</u>	<u>(949,512)</u>
Excess of revenues over expenditures	213,997	209,324	2,511,068	2,301,744
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	888,000	1,018,000	-	(1,018,000)
Transfers in	584,711	584,711	605,773	21,062
Transfers out	(1,686,708)	(1,812,035)	(1,812,035)	-
Total other financing sources (uses)	<u>(213,997)</u>	<u>(209,324)</u>	<u>(1,206,262)</u>	<u>(996,938)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,304,806	<u>\$ 1,304,806</u>
Fund balance - beginning			<u>6,820,607</u>	
Fund balance - ending			<u>\$ 8,125,413</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, 2008**

	<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	\$ 2,817,393	\$ 2,817,393	\$ 2,935,784	\$ 118,391
Use charge interest	19,800	19,800	27,333	7,533
Investment earnings	75,000	75,000	50,527	(24,473)
Miscellaneous	598,913	598,913	455,914	(142,999)
Total revenues	<u>3,511,106</u>	<u>3,511,106</u>	<u>3,469,558</u>	<u>(41,548)</u>
EXPENDITURES				
Contractual services	2,292,594	2,292,594	2,366,578	73,984
Total expenditures	<u>2,292,594</u>	<u>2,292,594</u>	<u>2,366,578</u>	<u>73,984</u>
Excess of revenues over expenditures	1,218,512	1,218,512	1,102,980	(115,532)
OTHER FINANCING SOURCES (USES)				
Transfers out:				
General Fund	(460,838)	(460,838)	(460,838)	-
Capital Projects Fund	(700,000)	(700,000)	(700,000)	-
Total other financing sources (uses)	<u>(1,160,838)</u>	<u>(1,160,838)</u>	<u>(1,160,838)</u>	<u>-</u>
Net change in fund balances	<u>\$ 57,674</u>	<u>\$ 57,674</u>	(57,858)	<u>\$ (115,532)</u>
Fund balance - beginning			<u>1,345,800</u>	
Fund balance - ending			<u>\$ 1,287,942</u>	

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF NET ASSETS -
PROPRIETARY FUND
JUNE 30, 2008

	<u>Governmental Activities</u>
	<u>Internal Service Fund - Health Insurance Fund</u>
ASSETS	
Current assets:	
Investments	\$ 451,165
Accounts receivable	927
Due from other funds	1,404,035
Total assets	<u>1,856,127</u>
 LIABILITIES	
Current liabilities:	
Claims payable	440,921
Total liabilities	<u>440,921</u>
 NET ASSETS	
Unrestricted	1,415,206
Total net assets	<u>\$ 1,415,206</u>

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, 2008**

	<u>Governmental Activities</u>
	<u>Internal Service Fund - Health Insurance Fund</u>
OPERATING REVENUES	
Charges for services	\$ 6,164,470
Total operating revenues	<u>6,164,470</u>
OPERATING EXPENSES	
Claims incurred	5,245,731
Administrative and other	566,850
Total operating expenses	<u>5,812,581</u>
Operating income	351,889
NON-OPERATING REVENUE	
Interest and investment income	12,206
Total non-operating revenues	<u>12,206</u>
Change in net assets	364,095
Net assets - beginning	<u>1,051,111</u>
Net assets - ending	<u><u>\$ 1,415,206</u></u>

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

**TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	Governmental Activities
	Internal Service Fund - Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from charges for services	\$ 5,950,000
Payments for claims incurred	(5,297,444)
Payments for administrative costs	(574,906)
Net cash provided by operating activities	77,650
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	12,206
Purchases of investments, net	(89,856)
Net cash used in investing activities	(77,650)
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	\$ 351,889
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts payable	(7,129)
Increase in due from other funds	(214,470)
Increase in accounts receivable	(927)
Decrease in claims payable	(51,713)
Net cash provided by operating activities	\$ 77,650

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	Pension Trust Fund	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 21,355	\$ 490,017
Investments at fair value:			
Guaranteed investment contract	516,520	-	-
Equity mutual funds	4,215,472	45,782	-
U.S. treasury notes	-	128,609	-
Corporate debt securities	-	21,357	-
Fannie Mae securities	-	50,023	-
Money Market funds	-	48,909	-
Common stocks	-	249,281	-
Total assets	<u>4,731,992</u>	<u>565,316</u>	<u>\$ 490,017</u>
LIABILITIES			
Due to student groups	-	-	160,959
Due to others	-	-	329,058
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 490,017</u>
NET ASSETS			
Held in trust for pension benefits and other purposes	<u>\$ 4,731,992</u>	<u>\$ 565,316</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, 2008**

	Pension Trust Fund	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	\$ 58,738	\$ -
Plan members	57,784	-
Total contributions	116,522	-
Investment income (loss):		
Interest	167,037	-
Net decrease in the fair value of investments	(482,538)	(40,307)
Total investment income (loss)	(315,501)	(40,307)
Less: investment expense	(12,675)	-
Net investment income (loss)	(328,176)	(40,307)
Total additions	(211,654)	(40,307)
DEDUCTIONS		
Benefit payments	193,381	-
Administrative expenses	35,676	-
Awards	-	4,961
Total deductions	229,057	4,961
Change in net assets	(440,711)	(45,268)
Net assets - beginning	5,172,703	610,584
Net assets - ending	\$ 4,731,992	\$ 565,316

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008

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, 2008

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, 2008 consist of money market accounts and short-term certificates of deposit which totaled \$302,770.

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, 2008

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 Prudent Management of Institutional Funds Act (UPMIFA). 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, 2008 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, 2008, 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 four installments, July 1, October 1, January 1 and April 1. Personal property if over \$100 are billed in July are due in four installments, July 1, October 1, January 1 and April 1. Motor vehicle taxes are billed in July and are due in one installment, July 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of the market value.

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2008

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

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

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.

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

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

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

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2008

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

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

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.

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, 2008

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 \$101,600 may be approved by Town Council. Those in excess of this amount must be approved at Town Meeting. Additional appropriations of \$130,000 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, 2008

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, 2008:

	General Fund		
	Total Revenues and other Financing Sources	Total Expenditures and Other Financing Uses	Net Change in Fund Balance
Budgetary basis	\$ 46,872,330	\$ 45,567,524	\$ 1,304,806
"On-behalf" payments - State Teachers Retirement Fund (<i>see Note 11</i>)	11,776,054	11,776,054	-
Encumbrances outstanding:			
June 30, 2007	-	496,465	(496,465)
June 30, 2008	-	(647,679)	647,679
Capital leases not recorded for budgetary purposes	424,213	424,213	-
Intergovernmental grants netted against expenditures	1,129,802	1,129,802	-
Other financing sources (uses) not recognized for budgetary purposes:			
Proceeds from bonds issued	5,000,000	-	5,000,000
Premium on bonds issued	86,356	-	86,356
Debt issuance costs	-	60,875	(60,875)
Transfer of bond proceeds to Capital Improvement Fund	-	5,025,481	(5,025,481)
GAAP basis	<u>\$ 65,288,755</u>	<u>\$ 63,832,735</u>	<u>\$ 1,456,020</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2008

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

BUDGETARY INFORMATION (Continued)

	Sewer Operating Fund		
	Total Revenues	Total Expenditures and Other Financing Uses	Net Change in Fund Balance
Budgetary basis	\$ 3,469,558	\$ 3,527,416	\$ (57,858)
Encumbrances outstanding:			
June 30, 2007	-	7,314	(7,314)
June 30, 2008	-	(1,700)	1,700
Amounts related to sewer assessments not recorded for budgetary purposes	113,600	72,368	41,232
GAAP basis	<u>\$ 3,583,158</u>	<u>\$ 3,605,398</u>	<u>\$ (22,240)</u>

DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2008, none of which constitutes a violation of statutory provisions:

Fund	Deficit Fund Balance
School Cafeteria Fund	\$ 115,431
Solid Waste Fund	2,491

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, 2008

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

A reconciliation of the Town's cash and cash equivalents as of June 30, 2008 is as follows:

Government-wide statement of net assets:

Unrestricted:

Cash equivalents	\$ 16,797
Cash deposits	3,212,255
	3,229,052

Temporarily restricted:

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

Permanently restricted:

Cash equivalents	841
	3,229,894

Statement of fiduciary net assets:

Cash equivalents - Private Purpose Trust Funds	21,355
Cash equivalents - Agency Funds	264,618
Cash deposits - Agency Funds	225,399
	490,017
	\$ 3,741,266

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, 2008, \$2,475,206 of the Town's bank balance of \$2,900,711 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,227,685
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	247,521
	\$ 2,475,206

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, 2008

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

As of June 30, 2008, the Town's investments (including restricted investments) consisted of the following:

Government-wide statement of net assets:	
Unrestricted investments	\$ 23,444,639
Permanently restricted investments	118,793
	<u>23,563,432</u>
Statement of fiduciary net assets:	
Investments - Private Purpose	
Trust Funds	543,961
Investments - Pension Trust Fund	4,731,992
	<u>5,275,953</u>
	<u>\$ 28,839,385</u>

A reconciliation of the Town's investments as of June 30, 2008 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>
Debt Securities:			
Cooperative Liquid Assets Security System (CLASS)	\$ 17,255,181	\$ 17,255,181	\$ -
Short-term Investment Fund	6,144,030	6,144,030	-
U.S. Treasury Notes	128,609	-	128,609
Corporate debt securities	21,357	-	21,357
Fannie Mae securities	50,023	-	50,023
Guaranteed investment contract	516,520	516,520	-
Money market funds	213,130	213,130	-
	<u>24,328,850</u>	<u>\$ 24,128,861</u>	<u>\$ 199,989</u>
Other investments:			
Equity mutual funds	4,261,254		
Common stocks	249,281		
Total	<u>\$ 28,839,385</u>		

Because the investments in CLASS, STIF and money market funds have a weighted average maturity of less than 60, 22 and 30 days, respectively, they were presented as investments with maturities of less than one year.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2008

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, 2008:

Debt Securities	Fair Value	Standard & Poor's			Unrated
		AAA	AA	A	
Cooperative Liquid Asset Security System (CLASS)	\$ 17,255,181	\$ -	\$ 17,255,181	\$ -	\$ -
Short-term Investment Fund	6,144,030	6,144,030	-	-	-
Corporate debt securities	21,357	-	-	21,357	-
Fannie Mae securities	50,023	50,023	-	-	-
Guaranteed investment contract	516,520	-	516,520	-	-
Money market funds	213,130	-	-	-	213,130
	<u>\$ 24,200,241</u>	<u>\$ 6,194,053</u>	<u>17,771,701</u>	<u>\$ 21,357</u>	<u>\$ 213,130</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, 2008, 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, 2008

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 6,045,341	\$ 4,556,552	\$(1,248,178)	\$ 9,353,715
Land	3,699,461	135,000	-	3,834,461
Total capital assets, not being depreciated	<u>9,744,802</u>	<u>4,691,552</u>	<u>(1,248,178)</u>	<u>13,188,176</u>
Capital assets, being depreciated:				
Land improvements	2,545,647	1,081,633	-	3,627,280
Buildings and improvements	51,111,914	388,739	-	51,500,653
Machinery and equipment	11,727,071	1,427,592	(124,400)	13,030,263
Infrastructure	50,134,401	358,631	-	50,493,032
Total capital assets, being depreciated	<u>115,519,033</u>	<u>3,256,595</u>	<u>(124,400)</u>	<u>118,651,228</u>
Less accumulated depreciation and amortization for:				
Land improvements	1,368,517	127,282	-	1,495,799
Buildings and improvements	22,594,046	797,669	-	23,391,715
Machinery and equipment	7,564,847	752,841	(122,314)	8,195,374
Infrastructure	35,965,961	2,185,731	-	38,151,692
Total accumulated depreciation and amortization	<u>67,493,371</u>	<u>3,863,523</u>	<u>(122,314)</u>	<u>71,234,580</u>
Total capital assets, being depreciated, net	<u>48,025,662</u>	<u>(606,928)</u>	<u>(2,086)</u>	<u>47,416,648</u>
Governmental activities capital assets, net	<u>\$ 57,770,464</u>	<u>\$ 4,084,624</u>	<u>\$(1,250,264)</u>	<u>\$ 60,604,824</u>

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

General government	\$ 2,244,085
Public works	380,582
Recreation and leisure	84,599
Public safety	5,294
Education	1,148,963
Total depreciation and amortization expense - governmental activities	<u>\$ 3,863,523</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2008

NOTE 5 - CAPITAL PROJECTS

Following is a summary of project authorizations in the Capital Improvements Fund as of June 30, 2008:

<u>Description</u>	<u>Total Project Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance, June 30, 2008</u>
Road renewal and construction	\$ 6,681,951	\$ 54,473	\$ 4,352,063	\$ 2,329,888
Schools	89,438,365	3,522,082	13,548,843	75,889,522
Sewer projects	8,745,016	262,826	7,449,509	1,295,507
Bridges	3,078,777	857,439	1,187,460	1,891,317
Town buildings	2,345,585	236,071	1,881,601	463,984
Other	8,330,460	293,581	5,499,015	2,831,445
Total capital improvements	<u>\$ 118,620,154</u>	<u>\$ 5,226,472</u>	<u>\$ 33,918,491</u>	<u>\$ 84,701,663</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2008 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Sewer Operating Fund	\$ 178,608
	Other Governmental Funds	390,932
		<u>\$ 569,540</u>
Capital Improvements Fund	General Fund	<u>\$ 8,933,390</u>
Other Governmental Funds	General Fund	\$ 3,901,261
	Capital Improvements Fund	178,308
		<u>\$ 4,079,569</u>
Internal Service Fund		
Health Insurance Fund	General Fund	<u>\$ 1,404,035</u>
Total due from/to other funds		<u>\$ 14,986,534</u>

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2008

NOTE 7 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2008 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Sewer Operating Fund	\$ 533,206
	Capital Improvements Fund	72,148
	Other Governmental Funds	419
		<u>\$ 605,773</u>
Capital Improvements Fund	General Fund	\$ 5,392,856
	Sewer Operating Fund	700,000
	Other Governmental Funds	3,047
		<u>\$ 6,095,903</u>
Other Governmental Funds	General Fund	\$ 1,444,660
	Other Governmental Funds	2,856
		<u>\$ 1,447,516</u>
Total interfund transfers		<u>\$ 8,149,192</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.

NOTE 8 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2008:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable:					
General obligation bonds	\$ 14,425,000	\$ 5,000,000	\$ (2,150,000)	\$ 17,275,000	\$ 2,154,150
Unamortized amounts:					
Premium	402,719	86,356	(51,254)	437,821	-
Deferred amount on refunding	(79,008)	-	16,361	(62,647)	-
Other liabilities:					
Note payable	1,175,550	-	(34,575)	1,140,975	34,575
Capital leases	968,739	424,213	(253,092)	1,139,860	289,655
Landfill postclosure care costs	720,000	-	(30,000)	690,000	30,000
Early retirement incentive	1,064,598	-	(175,087)	889,511	202,433
Compensated absences	989,723	208,611	(63,640)	1,134,694	345,359
	<u>\$ 19,667,321</u>	<u>\$ 5,719,180</u>	<u>\$ (2,741,287)</u>	<u>\$ 22,645,214</u>	<u>\$ 3,056,172</u>

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2008

NOTE 8 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS AND NOTE PAYABLE

A summary of general obligation bonds and note payable outstanding at June 30, 2008 is as follows:

Description	Original Amount	Final Maturity Dates	Interest Rates	Amount Outstanding
Governmental Activities				
Bonds Payable				
2001 School refunding bonds	\$ 7,255,000	2010	3.00% - 5.00%	\$ 1,500,000
2007 School bonds	2,415,000	2027	4.25% - 5.0%	2,292,355
2007 Road/Bridges bonds	3,000,000	2027	4.25% - 5.0%	2,847,645
2007 School refunding bonds	685,000	2024	4.25% - 5.0%	634,342
2007 Sewer refunding bonds	3,835,000	2024	4.25% - 5.0%	3,551,393
2007 General purpose refunding bonds	1,565,000	2024	4.25% - 5.0%	1,449,265
2008 School bonds	5,000,000	2028	4.125%-4.50%	5,000,000
				<u>\$ 17,275,000</u>
Note Payable				
2001 Sewer FHA loan	\$ 1,383,000	2041	4.50%	<u>\$ 1,140,975</u>

Annual debt service requirements to maturity on general obligation bonds and the note payable are as follows as of June 30, 2008:

Year ending June 30:	Governmental Activities					
	General Obligation Bonds		Note Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 2,335,000	\$ 770,779	\$ 34,575	\$ 51,344	\$ 2,369,575	\$ 822,123
2010	1,820,000	678,885	34,575	49,788	1,854,575	728,673
2011	1,315,000	603,886	34,575	48,232	1,349,575	652,118
2012	940,000	547,685	34,575	46,676	974,575	594,361
2013	880,000	504,273	34,575	45,120	914,575	549,393
2014-2018	3,905,000	1,929,950	172,875	202,265	4,077,875	2,132,215
2019-2023	3,740,000	1,024,237	172,875	163,367	3,912,875	1,187,604
2024-2028	2,340,000	276,646	172,875	124,470	2,512,875	401,116
2029-2033	-	-	172,875	85,574	172,875	85,574
2034-2038	-	-	172,875	46,676	172,875	46,676
2039-2041	-	-	103,725	9,336	103,725	9,336
	<u>\$ 17,275,000</u>	<u>\$ 6,336,341</u>	<u>\$ 1,140,975</u>	<u>\$ 872,848</u>	<u>\$ 18,415,975</u>	<u>\$ 7,209,189</u>

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 \$177,818,809 as of June 30, 2008. 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, 2008.

The amount of authorized, unissued bonds at June 30, 2008 totaled \$332,516, \$290,000 and \$14,518,666 for general purposes, sewers and schools, respectively.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2008

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, 2008 was \$964,534. Additional reimbursements of principal and interest aggregating \$1,399,983 and \$55,992, 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
2009	\$ 867,391	\$ 36,389	\$ 903,780
2010	532,592	19,603	552,195
	<u>\$ 1,399,983</u>	<u>\$ 55,992</u>	<u>\$ 1,455,975</u>

CAPITAL LEASES

A summary of assets acquired through capital leases is as follows as of June 30, 2008:

	Governmental Activities
Building	\$ 1,216,599
Machinery and Equipment	739,988
	<u>1,956,587</u>
Less: accumulated amortization	908,947
	<u>\$ 1,047,640</u>

Amortization expense relative to leased property under capital leases totaled \$208,396 for the year ended June 30, 2008 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, 2008 are as follows:

	Governmental Activities
Year Ending June 30:	
2009	\$ 345,633
2010	345,633
2011	345,633
2012	220,412
2013	45,241
Total minimum lease payments	<u>1,302,552</u>
Less: amount representing interest	162,692
Present value of minimum lease payments	<u>\$ 1,139,860</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2008

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 \$690,000 at June 30, 2008. 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 \$253,301 for the year ended June 30, 2008. The following is a summary of annual payments owed and the present value as of June 30, 2008:

Year ending June 30:	Governmental Activities
2009	\$ 226,399
2010	212,880
2011	200,382
2012	188,171
2013	178,327
	<u>1,006,159</u>
Less: discount to present value	116,648
	<u><u>\$ 889,511</u></u>

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2008

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	\$ 873,524	\$ -
School construction grant receivable	1,399,983	-
Sewer assessments not yet due	771,297	-
Delinquent sewer use fees	89,645	-
Solid waste fees	-	29,160
Grant drawdowns prior to meeting all eligibility requirements	-	578,398
	<u>\$ 3,134,449</u>	<u>\$ 607,558</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 \$700,000 for use in the 2009 budget, \$42,818 to preserve cell tower investment property and \$34,912 for sewer extension projects. In addition, the Town has designated \$77,559 for debt service for sewer related projects.

NOTE 11 - PENSION PLANS

DEFINED BENEFIT PLAN

Plan Description

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

Summary of Significant Accounting Policies

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2008

NOTE 11 - PENSION PLANS (Continued)

DEFINED BENEFIT PLAN (Continued)

Summary of Significant Accounting Policies (Continued)

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

Administrative costs of the Plan are funded by the Plan.

Plan Membership

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

Retirees and beneficiaries receiving benefits	55
Terminated plan members entitled to but not yet receiving benefits	21
Employees who revoked payroll deduction and are entitled to future benefits	7
Active plan members:	
Vested	56
Nonvested	15
	154
	154

Contributions and Funding Policy

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2008

NOTE 11 - PENSION PLANS (Continued)

DEFINED BENEFIT PLAN (Continued)

Concentrations

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

Equity Mutual Funds:

Prudential International Blended Capital Fund	\$ 692,830
Prudential Core Plus Fund	603,300
Prudential Private Placement Fund	726,869
Guaranteed Investment Contract	516,520
	<u>\$ 2,539,519</u>

Schedule of Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - 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)
July 1, 2007	\$ 5,172,703	\$ 4,405,610	\$ (767,093)	117.4%	\$ 1,732,580	-44.3%

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

Annual Pension Cost and Net Pension Obligation

Annual required contribution	\$ 58,738
Interest on net pension asset	-
Adjustment to annual required contribution	-
Annual pension cost	<u>58,738</u>
Contributions made	<u>58,738</u>
Change in net pension asset	-
Net pension obligation, beginning of year	-
Net pension obligation, end of year	<u>\$ -</u>

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2008	\$ 58,738	\$ 58,738	100.0%

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2008

NOTE 11 - PENSION PLANS (Continued)

DEFINED BENEFIT PLAN (Continued)

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Asset
2006	\$ -	\$ -	0.0%	\$ -
2007	71,529	71,529	100%	-
2008	58,738	58,738	100%	-

There was no annual pension cost or actual contributions for the fiscal year ended June 30, 2006.

Additional Information and Actuarial Assumptions

Valuation date:	July 1, 2007
Actuarial cost method:	Frozen Initial Liability Entry Age Normal
Amortization method:	Level Dollar Amount
Remaining amortization period:	20 years, open
Asset valuation method:	5-Year Smoothed Market value
Actuarial assumptions:	
Investment rate of return*	7.50%
Projected salary increases	5.00%

* Includes inflation at 3.5%.

Plan Financial Statements

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF PLAN NET ASSETS
JUNE 30, 2008

	Pension Trust Fund
ASSETS	
Investments, at fair value:	
Guaranteed investment contract	\$ 516,520
Equity mutual funds	4,215,472
Total assets	4,731,992
NET ASSETS	
Held in trust for pension benefits (See schedule of funding progress on page 48)	4,731,992
Total net assets	\$ 4,731,992

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2008

NOTE 11 - PENSION PLANS (Continued)

DEFINED BENEFIT PLAN (Continued)

Plan Financial Statements (Continued)

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 58,738
Plan members	57,784
Total contributions	116,522
Investment income (loss):	
Interest	167,037
Net decrease in the fair value of investments	(482,538)
Total investment income (loss)	(315,501)
Less: investment expense	(12,675)
Net investment income (loss)	(328,176)
Total additions	(211,654)
DEDUCTIONS	
Benefit payments	193,381
Administrative expenses	35,676
Total deductions	229,057
NET DECREASE	(440,711)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of year	5,172,703
End of year	\$ 4,731,992

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2008

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, 2008, Town teachers contributed \$1,153,735 to the plan and covered payroll for the year was \$15,913,586.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on behalf" payments of \$11,776,054 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 2008, 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 \$100,000 for the plan.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2008. 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, 2008

NOTE 12 - RISK MANAGEMENT (Continued)

A summary of claims activity for the years ended June 30, 2007 through June 30, 2008 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2007	\$ 365,000	\$ 5,400,230	\$ 5,272,596	\$ 492,634
2008	492,634	5,194,018	5,245,731	440,921

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

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants and Contracts

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

Litigation

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

Operating Leases

The Board of Education leases space for its alternative learning education program 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 \$9,514.

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

Year Ending June 30:	
2009	\$ 120,342
2010	73,704
2011	65,157
2012	52,055
2013	13,311
	<u>\$ 324,569</u>

Rent expense in connection with the above leases for the year ended June 30, 2008 totaled \$126,584.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2008

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, 2008.

**Required
Supplementary
Information**

**TOWN OF KILLINGLY, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2008**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Accrued Liability (AAL) - Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	Percentage of Covered Payroll ((b-a)/c)
July 1,						
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%
2007	5,172,703	4,405,610	(767,093)	117.4%	1,732,580	-44.3%

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, 2008

	<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	\$ 23,909,478	\$ 23,909,478	\$ 24,298,794	\$ 389,316
Prior years' taxes	450,000	450,000	494,185	44,185
Supplemental motor vehicle	269,631	269,631	271,779	2,148
Tax interest	202,500	202,500	253,532	51,032
Lien fees	11,250	11,250	10,922	(328)
Airplane tax	3,050	3,050	3,355	305
Phone access - SNETCO	130,000	130,000	135,252	5,252
Total property taxation	<u>24,975,909</u>	<u>24,975,909</u>	<u>25,467,819</u>	<u>491,910</u>
INTERGOVERNMENTAL				
State-owned property	274,929	274,929	259,920	(15,009)
Elderly tax relief - frozen	2,870	2,870	2,870	-
Elderly tax relief	118,710	118,710	125,972	7,262
Disability exemption	1,810	1,810	3,145	1,335
Property tax abatement	47,290	47,290	33,163	(14,127)
Boat tax (P.A. 81-423)	1,720	1,720	1,721	1
Veterans' exemption	10,260	10,260	9,042	(1,218)
Manufacturing equipment	666,193	666,193	643,264	(22,929)
School building grants	961,536	961,536	963,491	1,955
General assistance	240	240	637	397
Connecticard	6,500	6,500	8,721	2,221
Library grant	2,000	2,000	2,229	229
Adult education	96,597	96,597	87,466	(9,131)
Mashantucket Pequot fund	257,730	257,730	275,779	18,049
Education equalization grant	14,166,096	14,166,096	14,639,273	473,177
School transportation	415,948	415,948	397,974	(17,974)
Vocational agriculture	83,749	83,749	158,579	74,830
Nonpublic school - health services	35,274	35,274	34,360	(914)
Transportation - nonpublic	12,079	12,079	11,845	(234)
Medicare reimbursement	50,000	50,000	63,765	13,765
Total intergovernmental revenues	<u>17,211,531</u>	<u>17,211,531</u>	<u>17,723,216</u>	<u>511,685</u>
LICENSES, PERMITS AND FEES				
Building permit fees	245,000	245,000	436,771	191,771
Planning and zoning permits	55,000	55,000	53,806	(1,194)
Other permits	1,200	1,200	2,090	890
Library fines and fees	18,000	18,000	18,086	86
Animal control fines and fees	1,000	1,000	3,534	2,534
Total licenses, permits and fees	<u>320,200</u>	<u>320,200</u>	<u>514,287</u>	<u>194,087</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, 2008

	<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	\$ 212,000	\$ 212,000	\$ 175,129	\$ (36,871)
Conveyance tax	210,000	210,000	196,271	(13,729)
Elderly housing services	16,800	16,800	16,800	-
Recreation department	179,000	179,000	123,351	(55,649)
Tuition	1,309,988	1,309,988	1,364,416	54,428
Data processing services	4,000	4,000	2,254	(1,746)
Total charges for services	<u>1,931,788</u>	<u>1,931,788</u>	<u>1,878,221</u>	<u>(53,567)</u>
USE OF MONEY AND PROPERTY				
Investment income	375,000	375,000	520,933	145,933
Sewer plant lease	27,397	27,397	25,105	(2,292)
Communications tower lease	21,500	21,500	21,500	-
Total use of money and property	<u>423,897</u>	<u>423,897</u>	<u>567,538</u>	<u>143,641</u>
MISCELLANEOUS				
School capital contributions	1,000	1,000	907	(93)
Miscellaneous	50,000	50,000	114,569	64,569
Total other revenues	<u>51,000</u>	<u>51,000</u>	<u>115,476</u>	<u>64,476</u>
Total revenues	<u>44,914,325</u>	<u>44,914,325</u>	<u>46,266,557</u>	<u>1,352,232</u>
OTHER FINANCING SOURCES				
Transfers in:				
Sewer Operating Fund	512,063	512,063	533,206	21,143
Capital Improvements Fund	72,148	72,148	72,148	-
Louisa E. Day	100	100	310	210
Thomas J. Evans	400	400	109	(291)
Total other financing sources	<u>584,711</u>	<u>584,711</u>	<u>605,773</u>	<u>21,062</u>
Total revenues and other other financing sources	<u>\$ 45,499,036</u>	<u>\$ 45,499,036</u>	<u>\$ 46,872,330</u>	<u>\$ 1,373,294</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, 2008

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
GENERAL GOVERNMENT				
Town Council:				
Personal services	\$ 6,750	\$ 6,750	\$ 6,750	\$ -
Contractual services	41,295	54,795	45,699	(9,096)
Materials and supplies	1,850	1,850	1,536	(314)
Total Town Council	<u>49,895</u>	<u>63,395</u>	<u>53,985</u>	<u>(9,410)</u>
Town Manager:				
Personal services	240,901	247,241	242,778	(4,463)
Contractual services	48,117	49,117	43,811	(5,306)
Materials and supplies	3,200	3,200	3,027	(173)
Capital outlay	2,000	2,000	1,670	(330)
Total Town Manager	<u>294,218</u>	<u>301,558</u>	<u>291,286</u>	<u>(10,272)</u>
Legal Services:				
Contractual services	90,485	90,485	90,251	(234)
Total Legal Services	<u>90,485</u>	<u>90,485</u>	<u>90,251</u>	<u>(234)</u>
Town Clerk:				
Personal services	106,359	112,480	111,493	(987)
Contractual services	54,815	54,815	34,662	(20,153)
Materials and supplies	2,500	2,500	2,476	(24)
Capital outlay	365	365	353	(12)
Total Town Clerk	<u>164,039</u>	<u>170,160</u>	<u>148,984</u>	<u>(21,176)</u>
Finance:				
Personal services	152,052	159,616	159,615	(1)
Contractual services	50,170	54,449	51,954	(2,495)
Materials and supplies	1,150	1,150	1,141	(9)
Capital outlay	435	605	605	-
Total Finance	<u>203,807</u>	<u>215,820</u>	<u>213,315</u>	<u>(2,505)</u>
Assessor:				
Personal services	130,757	133,496	131,679	(1,817)
Contractual services	20,015	20,015	17,983	(2,032)
Materials and supplies	1,970	1,970	1,672	(298)
Total Assessor	<u>152,742</u>	<u>155,481</u>	<u>151,334</u>	<u>(4,147)</u>
Revenue Collection:				
Personal services	141,994	150,787	149,809	(978)
Contractual services	43,737	43,737	36,176	(7,561)
Materials and supplies	2,000	2,000	1,718	(282)
Capital outlay	2,000	2,000	2,000	-
Total Revenue Collection	<u>189,731</u>	<u>198,524</u>	<u>189,703</u>	<u>(8,821)</u>
Registration and Elections:				
Personal services	12,340	12,711	12,710	(1)
Contractual services	47,855	47,484	45,848	(1,636)
Materials and supplies	700	700	145	(555)
Total Registration and Elections	<u>60,895</u>	<u>60,895</u>	<u>58,703</u>	<u>(2,192)</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, 2008

	<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	\$ 76,613	\$ 76,613	\$ 69,449	\$ (7,164)
Total Town Boards and Commissions	<u>76,613</u>	<u>76,613</u>	<u>69,449</u>	<u>(7,164)</u>
Planning and Development:				
Personal services	185,480	192,882	192,494	(388)
Contractual services	26,800	26,800	21,037	(5,763)
Materials and supplies	3,500	3,500	2,924	(576)
Capital outlay	2,850	2,850	1,707	(1,143)
Total Planning and Development	<u>218,630</u>	<u>226,032</u>	<u>218,162</u>	<u>(7,870)</u>
Data Processing:				
Contractual services	93,908	94,261	94,260	(1)
Materials and supplies	1,000	1,000	1,000	-
Capital outlay	3,500	3,147	2,123	(1,024)
Total Data Processing	<u>98,408</u>	<u>98,408</u>	<u>97,383</u>	<u>(1,025)</u>
Town Hall:				
Personal services	21,320	22,149	22,147	(2)
Contractual services	70,885	70,253	66,350	(3,903)
Materials and supplies	10,550	11,182	11,181	(1)
Capital outlay	2,000	2,000	1,935	(65)
Total Town Hall	<u>104,755</u>	<u>105,584</u>	<u>101,613</u>	<u>(3,971)</u>
Economic Development:				
Personal services	91,440	96,756	96,256	(500)
Contractual services	16,950	16,020	13,066	(2,954)
Materials and supplies	1,000	1,930	1,929	(1)
Total Economic Development	<u>109,390</u>	<u>114,706</u>	<u>111,251</u>	<u>(3,455)</u>
Total General Government	<u>1,813,608</u>	<u>1,877,661</u>	<u>1,795,419</u>	<u>(82,242)</u>
PUBLIC WORKS				
Supervision:				
Personal services	158,632	170,900	170,302	(598)
Contractual services	26,125	26,125	24,260	(1,865)
Materials and supplies	2,050	2,050	1,728	(322)
Total Supervision	<u>186,807</u>	<u>199,075</u>	<u>196,290</u>	<u>(2,785)</u>
Engineering:				
Personal services	191,482	199,861	196,889	(2,972)
Contractual services	21,100	21,100	8,272	(12,828)
Materials and supplies	3,750	3,750	3,526	(224)
Total Engineering	<u>216,332</u>	<u>224,711</u>	<u>208,687</u>	<u>(16,024)</u>
Central Garage:				
Personal services	131,980	131,980	131,721	(259)
Contractual services	78,350	77,352	77,352	-
Materials and supplies	200,000	221,966	221,964	(2)
Capital outlay	4,000	3,600	3,600	-
Total Central Garage	<u>414,330</u>	<u>434,898</u>	<u>434,637</u>	<u>(261)</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, 2008

	<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	\$ 687,331	\$ 673,081	\$ 637,302	\$ (35,779)
Contractual services	40,350	40,350	30,124	(10,226)
Materials and supplies	122,500	122,500	115,545	(6,955)
Capital outlay	8,400	8,400	5,510	(2,890)
Total Highways	<u>858,581</u>	<u>844,331</u>	<u>788,481</u>	<u>(55,850)</u>
Winter Maintenance:				
Personal services	83,835	83,835	78,107	(5,728)
Contractual services	4,000	4,295	4,291	(4)
Materials and supplies	139,000	138,705	87,871	(50,834)
Total Winter Maintenance	<u>226,835</u>	<u>226,835</u>	<u>170,269</u>	<u>(56,566)</u>
Total Public Works	<u>1,902,885</u>	<u>1,929,850</u>	<u>1,798,364</u>	<u>(131,486)</u>
RECREATION AND LEISURE				
Recreation:				
Personal services	323,192	331,171	320,166	(11,005)
Contractual services	145,933	145,933	141,647	(4,286)
Materials and supplies	39,800	39,800	38,803	(997)
Capital outlay	3,400	3,400	3,177	(223)
Total Recreation	<u>512,325</u>	<u>520,304</u>	<u>503,793</u>	<u>(16,511)</u>
Park Development and Maintenance:				
Personal services	164,648	178,898	177,892	(1,006)
Contractual services	70,835	70,835	64,395	(6,440)
Materials and supplies	55,600	55,600	49,076	(6,524)
Total Park Development and Maintenance	<u>291,083</u>	<u>305,333</u>	<u>291,363</u>	<u>(13,970)</u>
Public Library:				
Personal services	387,541	404,379	375,718	(28,661)
Contractual services	272,825	272,825	252,846	(19,979)
Materials and supplies	14,450	14,450	10,929	(3,521)
Total Public Library	<u>674,816</u>	<u>691,654</u>	<u>639,493</u>	<u>(52,161)</u>
Special Communities Activities:				
Contractual services	44,825	44,825	43,339	(1,486)
Total Special Communities Activities	<u>44,825</u>	<u>44,825</u>	<u>43,339</u>	<u>(1,486)</u>
Community Center:				
Personal services	31,190	33,094	31,232	(1,862)
Contractual services	109,000	109,000	96,333	(12,667)
Materials and supplies	17,500	17,500	15,086	(2,414)
Total Community Center	<u>157,690</u>	<u>159,594</u>	<u>142,651</u>	<u>(16,943)</u>
Bugbee Building:				
Contractual services	16,410	16,410	11,598	(4,812)
Materials and supplies	300	300	99	(201)
Total Bugbee Building	<u>16,710</u>	<u>16,710</u>	<u>11,697</u>	<u>(5,013)</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, 2008

	<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	\$ 1,500	\$ -
Total Armory	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Total Recreation and Leisure	<u>1,698,949</u>	<u>1,739,920</u>	<u>1,633,836</u>	<u>(106,084)</u>
PUBLIC SAFETY				
Building Inspector:				
Personal services	169,848	182,236	182,235	(1)
Contractual services	17,600	12,484	8,741	(3,743)
Materials and supplies	17,245	17,245	11,503	(5,742)
Capital outlay	1,500	1,500	178	(1,322)
Total Building Inspector	<u>206,193</u>	<u>213,465</u>	<u>202,657</u>	<u>(10,808)</u>
Animal Control:				
Contractual services	54,070	54,071	54,071	-
Materials and supplies	600	599	382	(217)
Total Animal Control	<u>54,670</u>	<u>54,670</u>	<u>54,453</u>	<u>(217)</u>
Law Enforcement:				
Personal services	6,530	6,932	6,931	(1)
Contractual services	525,924	525,924	490,572	(35,352)
Materials and supplies	2,400	2,368	2,014	(354)
Total Law Enforcement	<u>534,854</u>	<u>535,224</u>	<u>499,517</u>	<u>(35,707)</u>
Total Public Safety	<u>795,717</u>	<u>803,359</u>	<u>756,627</u>	<u>(46,732)</u>
COMMUNITY DEVELOPMENT AND HUMAN SERVICES				
Community Development:				
Personal services	52,800	54,802	54,796	(6)
Contractual services	7,150	7,150	3,382	(3,768)
Materials and supplies	300	300	221	(79)
Total Community Development	<u>60,250</u>	<u>62,252</u>	<u>58,399</u>	<u>(3,853)</u>
Human Service Subsidies:				
Contractual services	<u>373,558</u>	<u>373,558</u>	<u>360,768</u>	<u>(12,790)</u>
Total Human Service Subsidies	<u>373,558</u>	<u>373,558</u>	<u>360,768</u>	<u>(12,790)</u>
Total Community Development and Human Services	<u>433,808</u>	<u>435,810</u>	<u>419,167</u>	<u>(16,643)</u>
BOARD OF EDUCATION	<u>33,200,196</u>	<u>33,330,196</u>	<u>32,921,064</u>	<u>(409,132)</u>
MISCELLANEOUS				
Employee benefits - contractual services	972,777	978,226	941,243	(36,983)
Insurance - contractual services	687,496	687,496	567,292	(120,204)
Contingencies	311,000	901	901	-
Total Miscellaneous	<u>1,971,273</u>	<u>1,666,623</u>	<u>1,509,436</u>	<u>(157,187)</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
DEBT SERVICE				
Principal	\$ 2,148,770	\$ 2,184,575	\$ 2,184,575	\$ -
Interest	662,122	667,007	667,001	(6)
Lease payments	70,000	70,000	70,000	-
Debt issuance costs	3,000	-	-	-
Total Debt Service	<u>2,883,892</u>	<u>2,921,582</u>	<u>2,921,576</u>	<u>(6)</u>
Total Expenditures	<u>44,700,328</u>	<u>44,705,001</u>	<u>43,755,489</u>	<u>(949,512)</u>
OTHER FINANCING USES				
Transfers out:				
Capital Reserve Fund	90,000	90,000	90,000	-
Capital Improvement Fund	367,375	367,375	367,375	-
Capital Nonrecurring Fund	477,109	477,109	477,109	-
Demo and Relocation Fund	33,000	33,000	33,000	-
Open Space Fund	2,226	2,226	2,226	-
Solid Waste Fund	134,125	238,052	238,052	-
Conservation and Development Fund	10,000	10,000	10,000	-
Tercentennial Fund	-	21,400	21,400	-
Revaluation Fund	69,541	69,541	69,541	-
Education Capital Nonrecurring Fund	503,332	503,332	503,332	-
Total Other Financing Uses	<u>1,686,708</u>	<u>1,812,035</u>	<u>1,812,035</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 46,387,036</u>	<u>\$ 46,517,036</u>	<u>\$ 45,567,524</u>	<u>\$ (949,512)</u>
				<i>(Concluded)</i>

**TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2008**

Grand List Year	Balance Uncollected June 30, 2007	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections				Balance Uncollected June 30, 2008
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2006	-	\$ 22,201,136	\$ 3,241,194	\$ 142,813	\$ 825	\$ 25,298,692	\$ 24,641,179	\$ 132,842	\$ 3,104	\$ 24,777,125	\$ 657,513
2005	603,482	-	7,303	8,194	15,077	587,514	393,240	70,325	6,299	469,864	194,274
2004	183,955	-	587	1,122	26,587	156,833	66,495	24,991	913	92,399	90,338
2003	79,801	-	741	1,656	19,774	59,112	16,820	9,336	324	26,480	42,292
2002	37,739	-	1,705	364	10,691	28,389	9,186	6,637	138	15,961	19,203
2001	11,908	-	1,915	66	5,029	8,728	3,092	2,873	72	6,037	5,636
2000	6,670	-	1,097	155	2,175	5,437	1,766	1,522	30	3,318	3,671
1999	4,543	-	903	-	1,052	4,394	1,066	1,278	36	2,380	3,328
1998	2,256	-	490	39	663	2,044	451	543	-	994	1,593
1997	1,357	-	428	-	171	1,614	689	1,155	-	1,844	925
1996 and prior	4,937	-	1,564	1,074	729	4,698	1,379	2,030	6	3,415	3,319
	<u>\$ 936,648</u>	<u>\$ 22,201,136</u>	<u>\$ 3,257,927</u>	<u>\$ 155,483</u>	<u>\$ 82,773</u>	<u>\$ 26,157,455</u>	<u>\$ 25,135,363</u>	<u>\$ 253,532</u>	<u>\$ 10,922</u>	<u>\$ 25,399,817</u>	<u>\$ 1,022,092</u>

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2008

Total cash collections for the year ended
June 30, 2008:

Taxes	\$ 25,135,363
Interest and lien fees	264,454
Total	<u>25,399,817</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	2,870
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Base	<u>\$ 25,402,687</u>
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	<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	\$ 57,156,046	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	114,312,092	-	-	-
3-3/4 times base	-	-	95,260,076	-	-
3-1/4 times base	-	-	-	82,558,733	-
3 times base	-	-	-	-	76,208,061
Total debt limitation	<u>57,156,046</u>	<u>114,312,092</u>	<u>95,260,076</u>	<u>82,558,733</u>	<u>76,208,061</u>
Indebtedness:					
Bonds and notes payable	4,296,910	9,426,698	4,692,367	-	-
Authorized, unissued bonds	332,516	14,518,666	290,000	-	-
	<u>4,629,426</u>	<u>23,945,364</u>	<u>4,982,367</u>	<u>-</u>	<u>-</u>
Less: amounts to be provided by the state	-	1,399,983	-	-	-
Total indebtedness	<u>4,629,426</u>	<u>22,545,381</u>	<u>4,982,367</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 52,526,620</u>	<u>\$ 91,766,711</u>	<u>\$ 90,277,709</u>	<u>\$ 82,558,733</u>	<u>\$ 76,208,061</u>
Total capacity of borrowing (7 times base)	\$ 177,818,809				
Total present indebtedness	<u>32,157,174</u>				
Margin for additional borrowing	<u>\$ 145,661,635</u>				

*Capital
Improvements
Fund*

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS
CAPITAL IMPROVEMENT FUND
JUNE 30, 2008

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2008
	Balance	Current Year	Balance	Balance	Expenditures	Balance	
	July 1, 2007	Appropriations	June 30, 2008	July 1, 2007		June 30, 2008	
Owen Bell Phase II	\$ 728,677	\$ (40,062)	\$ 688,615	\$ 647,298	\$ 40,317	\$ 687,615	\$ 1,000
East Franklin Street	15,000	-	15,000	-	-	-	15,000
Road Renewal	1,731,385	-	1,731,385	1,731,385	-	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	259,792	-	259,792	58,712
Guide Rail Replacement	347,500	-	347,500	316,111	-	316,111	31,389
Sidewalks	350,034	-	350,034	265,771	-	265,771	84,263
Alexanders Lake Sewer	2,205,000	-	2,205,000	2,173,447	-	2,173,447	31,553
High School Roof Replacement	932,170	-	932,170	696,670	-	696,670	235,500
Spot Drainage	155,500	10,000	165,500	129,036	27,973	157,009	8,491
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
Landfill Closure	2,800,000	-	2,800,000	2,484,040	-	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	6,981	15,543	5,305
Shepard Hill Bridge	135,000	-	135,000	-	-	-	135,000
Industrial Park Expansion	182,500	-	182,500	170,862	1,950	172,812	9,688
Cook Hill Road	680,000	-	680,000	556,000	-	556,000	124,000
KIS Athletic/Recreation Fields	190,000	-	190,000	181,472	-	181,472	8,528
Community Center Building	479,368	2,000	481,368	477,608	-	477,608	3,760
KIS Roof Ventilation	2,000,000	-	2,000,000	1,688,983	-	1,688,983	311,017
Davis Park	70,000	-	70,000	59,747	-	59,747	10,253
WPCA Odor Control	4,380,000	553	4,380,553	4,082,527	15,200	4,097,727	282,826
Quinebaug River Bike	1,888,925	-	1,888,925	323,700	41,881	365,581	1,523,344
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	24,326	2,885	27,211	172,789
Downtown Parking	20,000	-	20,000	80	(150)	(70)	20,070
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

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS
CAPITAL IMPROVEMENT FUND (Continued)
JUNE 30, 2008

	Balance		Current Year		Balance		Balance		Balance	Remaining
	July 1, 2007		Appropriations		June 30, 2008		July 1, 2007	Expenditures	June 30, 2008	Balance
										June 30, 2008
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	53,064	99,357	1,643
Rock Avenue Bridge	150,000		-		150,000		150,000		150,000	-
Chestnut Hill Bridge	150,000		-		150,000		125,177	24,823	150,000	-
Anchor Glass Prop MDP	354,700		-		354,700		66,782		66,782	287,918
Town Prop/Nonpay Taxes	31,600		-		31,600		24,391	5,675	30,066	1,534
KIS Fire Protect System Replacement	1,100,000		-		1,100,000		843,144		843,144	256,856
WPCA - BNR Study A	237,711		-		237,711		199,211		199,211	38,500
WPCA - Collections System B	214,693		-		214,693		165,247		165,247	49,446
Burgess Street	9,799		-		9,799		4,102		4,102	5,697
Town Hall ADA Entrance	140,110		-		140,110		148,144		148,144	(8,034)
Quinebaug River Trail Phase IV	50,000		-		50,000		-		-	50,000
Goodyear Early Childhood Center	30,000		(30,000)		-		-		-	-
Mashentuck Road - Phase II	301,488		-		301,488		244,623	6,358	250,981	50,507
Water Street Redevelopment Project	153,987		-		153,987		100,998	8,164	109,162	44,825
Voice Annunciation Fire Alarms	55,007		-		55,007		55,007		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
Maryland Street Reconstruction and Drainage	100,000		-		100,000		-		-	100,000
KIS Insulated Window Replacement	37,000		-		37,000		-	283	283	36,717
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		15,000		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	32,290	107,558	212,442
High School/Vo-Ag	81,265,000		-		81,265,000		2,762,068	3,515,463	6,277,531	74,987,469
KHS Asbestos Abatement	237,445		-		237,445		237,362		237,362	83
Armory Roof	33,000		-		33,000		16,580	1,866	18,446	14,554
Pratt/Ledge Roads	100,000		-		100,000		10,884		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		11,004		11,004	13,996
OB Tennis Court and Truck Repairs	46,000		-		46,000		41,012		41,012	4,988

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS
CAPITAL IMPROVEMENT FUND (Concluded)
JUNE 30, 2008

	Balance July 1, 2007	Current Year Appropriations	Balance June 30, 2008	Balance July 1, 2007	Expenditures	Balance June 30, 2008	Remaining Balance June 30, 2008
Property Options	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
KHS Driveway/Parking Lot Paving	60,000	-	60,000	60,000	-	60,000	-
KCC Theatre Lighting	29,043	-	29,043	24,867	-	24,867	4,176
Town Hall Renovations	17,500	-	17,500	5,500	6,107	11,607	5,893
Slater Hill Road Bridge	470,000	(19,823)	450,177	38,674	44,775	83,449	366,728
Breakneck Hill Road	865,000	285,268	1,150,268	8,338	-	8,338	1,141,930
Library - Engingeering and Design HVAC	25,000	-	25,000	5,328	642	5,970	19,030
Mechanic Street - Engineering and Design	110,000	(25,000)	85,000	-	-	-	85,000
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	10,000	1,250	2,129	3,379	6,621
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	4,066	97,775	2,225
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	135,000	-
110 Cottage Street Purchase	27,500	-	27,500	27,500	-	27,500	-
Salt Storage Facilities	129,400	(79,400)	50,000	-	192	192	49,808
River Road Bridge Rehabilitation	300,000	-	300,000	-	-	-	300,000
Rock Avenue Bridge	413,600	-	413,600	16,170	10,144	26,314	387,286
Rock Avenue	300,000	(50,000)	250,000	-	-	-	250,000
Chestnut Hill Road Bridge	337,600	(115,600)	222,000	-	-	-	222,000
Chestnut Hill Bridge	1,008,000	-	1,008,000	-	777,697	777,697	230,303
Landfill	-	-	-	2,400	-	2,400	(2,400)
Goodyear Roof (New Wing)	-	30,000	30,000	-	229	229	29,771
KCC Gym Floor	-	15,750	15,750	-	-	-	15,750
Library - Engingeering and Design HVAC	-	60,000	60,000	-	17,953	17,953	42,047
Town Hall (LOCIP)	-	200,000	200,000	-	12,748	12,748	187,252
Splash Park, Skate Board Park	-	62,124	62,124	-	249	249	61,875
WPCA Capital Projects-08	-	300,000	300,000	-	215,336	215,336	84,664
Bugbee Bldg Ext Restoration	-	25,000	25,000	-	-	-	25,000
Ford Escape Hybrid	-	25,000	25,000	-	26,979	26,979	(1,979)
Road Renewal TAR	-	100,500	100,500	-	3,047	3,047	97,453
Aerial Bucket Unit	-	45,000	45,000	-	44,927	44,927	73
Three Wheel Mechanical Sweeper	-	140,000	140,000	-	139,229	139,229	771
Sewer- Reline and Replace	-	400,000	400,000	-	-	-	400,000
	<u>\$ 117,273,844</u>	<u>\$ 1,346,310</u>	<u>\$ 118,620,154</u>	<u>\$ 28,692,019</u>	<u>\$ 5,226,472</u>	<u>\$ 33,918,491</u>	<u>\$ 84,701,663</u>

(Concluded)

*Nonmajor
Governmental
Funds*

**TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

	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	Insurance Reserve Fund
ASSETS								
Cash and cash equivalents	\$ 157,318	\$ -	\$ 33,401	\$ 220,966	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	56,071	-	-	-	-
Receivables:								
Grants and contracts	70,316	-	19,876	-	-	-	-	-
Other	21,027	-	-	2,964	-	-	-	-
Due from other funds	-	1,790,262	-	-	1,167,432	88,100	178,308	203,908
Inventories	44,381	-	-	-	-	-	-	-
Total assets	<u>\$ 293,042</u>	<u>\$ 1,790,262</u>	<u>\$ 53,277</u>	<u>\$ 280,001</u>	<u>\$ 1,167,432</u>	<u>\$ 88,100</u>	<u>\$ 178,308</u>	<u>\$ 203,908</u>
LIABILITIES AND FUND BALANCES (DEFICIT)								
Liabilities:								
Accounts payable	\$ 17,541	\$ 52,842	\$ 14,955	\$ -	\$ -	\$ 6,500	\$ -	\$ 3,208
Due to other funds	390,932	-	-	-	-	-	-	-
Due to funding source	-	-	10,391	-	-	-	-	-
Unearned/deferred revenue	-	-	27,931	216,594	-	-	178,308	-
Total liabilities	<u>408,473</u>	<u>52,842</u>	<u>53,277</u>	<u>216,594</u>	<u>-</u>	<u>6,500</u>	<u>178,308</u>	<u>3,208</u>
Fund Balances (Deficit):								
Reserved for:								
Inventories	44,381	-	-	-	-	-	-	-
Endowments - Non-Expendable	-	-	-	-	-	-	-	-
Endowments - Expendable	-	-	-	-	-	-	-	-
Unreserved	(159,812)	1,737,420	-	63,407	1,167,432	81,600	-	200,700
Total fund balances (deficit)	<u>(115,431)</u>	<u>1,737,420</u>	<u>-</u>	<u>63,407</u>	<u>1,167,432</u>	<u>81,600</u>	<u>-</u>	<u>200,700</u>
Total liabilities and fund balances (deficit)	<u>\$ 293,042</u>	<u>\$ 1,790,262</u>	<u>\$ 53,277</u>	<u>\$ 280,001</u>	<u>\$ 1,167,432</u>	<u>\$ 88,100</u>	<u>\$ 178,308</u>	<u>\$ 203,908</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2008

	Nonmajor Special Revenue Funds						
	Workplace Substance Abuse Grants	Community Employment Incentive	Water Mitigation Fund	Recreation Revolving	Homeland Security	Marion Allard Fund	Public Investment Community Grant In Aid
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	5,167	7,687	75,040	8,915	-	-	5,324
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 5,167</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>	<u>\$ 8,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,324</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Due to funding source	-	-	-	-	-	-	-
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	5,167	7,687	75,040	8,915	-	-	5,324
Total fund balances (deficit)	<u>5,167</u>	<u>7,687</u>	<u>75,040</u>	<u>8,915</u>	<u>-</u>	<u>-</u>	<u>5,324</u>
Total liabilities and fund balances (deficit)	<u>\$ 5,167</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>	<u>\$ 8,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,324</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2008

	Nonmajor Special Revenue Funds							
	John Gonzales Fund	Open Space Acquisition Fund	BOE Miscellaneous Special Revenue	Planning And Conservation Funds	Capital Reserve Fund	Historic Preservation Fund	Demo and Relocation Fund	Solid Waste Fund
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 219,474	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	-	-	1,008	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	-	23,016	-	50,872	351,561	11,004	5,408	70,393
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 23,016</u>	<u>\$ 220,482</u>	<u>\$ 50,872</u>	<u>\$ 351,561</u>	<u>\$ 11,004</u>	<u>\$ 5,408</u>	<u>\$ 70,393</u>
LIABILITIES AND FUND BALANCES (DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 31,776	\$ -	\$ 14,971	\$ -	\$ -	\$ 33,724
Due to other funds	-	-	-	-	-	-	-	-
Due to funding source	-	-	-	-	-	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-	-	39,160
Total liabilities	<u>-</u>	<u>-</u>	<u>31,776</u>	<u>-</u>	<u>14,971</u>	<u>-</u>	<u>-</u>	<u>72,884</u>
Fund Balances (Deficit):								
Reserved for:								
Inventories	-	-	-	-	-	-	-	-
Endowments - Non-Expendable	-	-	-	-	-	-	-	-
Endowments - Expendable	-	-	-	-	-	-	-	-
Unreserved	-	23,016	188,706	50,872	336,590	11,004	5,408	(2,491)
Total fund balances (deficit)	<u>-</u>	<u>23,016</u>	<u>188,706</u>	<u>50,872</u>	<u>336,590</u>	<u>11,004</u>	<u>5,408</u>	<u>(2,491)</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 23,016</u>	<u>\$ 220,482</u>	<u>\$ 50,872</u>	<u>\$ 351,561</u>	<u>\$ 11,004</u>	<u>\$ 5,408</u>	<u>\$ 70,393</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2008

	Nonmajor Special Revenue Funds							
	Tercentennial Fund	Shubael Hutchins Fund	Civil War Monument Fund	Killingly Public Library				
				Mildred Stearns	Emily Danielson	Mary Dexter	Frederick A. Jacobs	Basset Hammond
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	27,944	3,553	4,257	4,130	980	1,931	2,995
Receivables:								
Grants and contracts	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	2,711	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ 2,711</u>	<u>\$ 27,944</u>	<u>\$ 3,553</u>	<u>\$ 4,257</u>	<u>\$ 4,130</u>	<u>\$ 980</u>	<u>\$ 1,931</u>	<u>\$ 2,995</u>
LIABILITIES AND FUND BALANCES (DEFICIT)								
Liabilities:								
Accounts payable	\$ 1,208	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Due to funding source	-	-	-	-	-	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>1,208</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	1,503	27,944	3,553	4,257	4,130	980	1,931	2,995
Total fund balances (deficit)	<u>1,503</u>	<u>27,944</u>	<u>3,553</u>	<u>4,257</u>	<u>4,130</u>	<u>980</u>	<u>1,931</u>	<u>2,995</u>
Total liabilities and fund balances (deficit)	<u>\$ 2,711</u>	<u>\$ 27,944</u>	<u>\$ 3,553</u>	<u>\$ 4,257</u>	<u>\$ 4,130</u>	<u>\$ 980</u>	<u>\$ 1,931</u>	<u>\$ 2,995</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2008

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,494	\$ -
Investments	319,340	15,466	10,836	24,551	4,095	-	14,490
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 319,340</u>	<u>\$ 15,466</u>	<u>\$ 10,836</u>	<u>\$ 24,551</u>	<u>\$ 4,095</u>	<u>\$ 2,494</u>	<u>\$ 14,490</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Due to funding source	-	-	-	-	-	-	-
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	319,340	15,466	10,836	24,551	4,095	2,494	14,490
Total fund balances (deficit)	<u>319,340</u>	<u>15,466</u>	<u>10,836</u>	<u>24,551</u>	<u>4,095</u>	<u>2,494</u>	<u>14,490</u>
Total liabilities and fund balances (deficit)	<u>\$ 319,340</u>	<u>\$ 15,466</u>	<u>\$ 10,836</u>	<u>\$ 24,551</u>	<u>\$ 4,095</u>	<u>\$ 2,494</u>	<u>\$ 14,490</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2008

	Nonmajor Special Revenue Funds							
	Biddy Basketball Fund	State Line Road Improvement	Pettingill Hill Road Improvement	Benefit Assessment	Public Safety	Economic Development	Fuel System	Community Outdoor Beautification
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	681	8,348	320	16,480	12,362	231,143	50,827	31,254
Receivables:								
Grants and contracts	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	26,507	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ 681</u>	<u>\$ 8,348</u>	<u>\$ 320</u>	<u>\$ 16,480</u>	<u>\$ 12,362</u>	<u>\$ 257,650</u>	<u>\$ 50,827</u>	<u>\$ 31,254</u>
LIABILITIES AND FUND BALANCES (DEFICIT)								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Due to funding source	-	-	-	-	-	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-	-	-
Total liabilities	<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	-	-	-	-	-	-	-	-
Endowments - Expendable	-	-	-	-	-	-	-	-
Unreserved	681	8,348	320	16,480	12,362	257,650	50,827	31,254
Total fund balances (deficit)	<u>681</u>	<u>8,348</u>	<u>320</u>	<u>16,480</u>	<u>12,362</u>	<u>257,650</u>	<u>50,827</u>	<u>31,254</u>
Total liabilities and fund balances (deficit)	<u>\$ 681</u>	<u>\$ 8,348</u>	<u>\$ 320</u>	<u>\$ 16,480</u>	<u>\$ 12,362</u>	<u>\$ 257,650</u>	<u>\$ 50,827</u>	<u>\$ 31,254</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2008

	Nonmajor Special Revenue Funds				Capital	Permanent Funds			
	Almond				Projects				
	Kelp	Earl Chandler	Paine Cemetery	Sub-total	Industrial Park	Thomas J. Evans	Ezra Mathewson	Shubael Hutchins	
ASSETS									
Cash and cash equivalents	\$ -	\$ 55	\$ 18,927	\$ 652,635	\$ 749	\$ -	\$ -	\$ -	
Investments	2,111	-	-	844,165	426,456	3,000	400	5,000	
Receivables:									
Grants and contracts	-	-	-	91,200	-	-	-	-	
Other	-	-	-	23,991	-	-	-	-	
Due from other funds	-	-	-	4,071,615	7,954	-	-	-	
Inventories	-	-	-	44,381	-	-	-	-	
Total assets	<u>\$ 2,111</u>	<u>\$ 55</u>	<u>\$ 18,927</u>	<u>\$ 5,727,987</u>	<u>\$ 435,159</u>	<u>\$ 3,000</u>	<u>\$ 400</u>	<u>\$ 5,000</u>	
LIABILITIES AND FUND BALANCES (DEFICIT)									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ 176,725	\$ -	\$ -	\$ -	\$ -	
Due to other funds	-	-	-	390,932	-	-	-	-	
Due to funding source	-	-	-	10,391	-	-	-	-	
Unearned/deferred revenue	-	-	-	461,993	-	-	-	-	
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,040,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Fund Balances (Deficit):									
Reserved for:									
Inventories	-	-	-	44,381	-	-	-	-	
Endowments - Non-Expendable	-	-	-	-	-	3,000	400	5,000	
Endowments - Expendable	-	-	-	-	-	-	-	-	
Unreserved	2,111	55	18,927	4,643,565	435,159	-	-	-	
Total fund balances (deficit)	<u>2,111</u>	<u>55</u>	<u>18,927</u>	<u>4,687,946</u>	<u>435,159</u>	<u>3,000</u>	<u>400</u>	<u>5,000</u>	
Total liabilities and fund balances (deficit)	<u>\$ 2,111</u>	<u>\$ 55</u>	<u>\$ 18,927</u>	<u>\$ 5,727,987</u>	<u>\$ 435,159</u>	<u>\$ 3,000</u>	<u>\$ 400</u>	<u>\$ 5,000</u>	

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2008

	Permanent Funds							
	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	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>\$ 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	-	-	-	-	-	-	-	-
Due to funding source	-	-	-	-	-	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-	-	-
Total liabilities	<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	8,544	202	500	200	37,500	1,600	50,000	1,000
Endowments - Expendable	1	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-
Total fund balances (deficit)	<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>\$ 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, 2008

	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	\$ 654,226
Investments	1,000	-	500	500	4,346	1,500	3,000	118,793	1,389,414
Receivables:									
Grants and contracts	-	-	-	-	-	-	-	-	91,200
Other	-	-	-	-	-	-	-	-	23,991
Due from other funds	-	-	-	-	-	-	-	-	4,079,569
Inventories	-	-	-	-	-	-	-	-	44,381
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>\$ 6,282,781</u>
LIABILITIES AND FUND BALANCES (DEFICIT)									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176,725
Due to other funds	-	-	-	-	-	-	-	-	390,932
Due to funding source	-	-	-	-	-	-	-	-	10,391
Unearned/deferred revenue	-	-	-	-	-	-	-	-	461,993
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,040,041</u>
Fund Balances (Deficit):									
Reserved for:									
Inventories	-	-	-	-	-	-	-	-	44,381
Endowments - Non-Expendable	1,000	842	500	500	4,346	1,500	3,000	119,634	119,634
Endowments - Expendable	-	-	-	-	-	-	-	1	1
Unreserved	-	-	-	-	-	-	-	-	5,078,724
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>5,242,740</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>\$ 6,282,781</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, 2008

	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	Insurance Reserve Fund
REVENUES								
Intergovernmental	\$ 493,561	\$ -	\$ 1,729,869	\$ 682,010	\$ -	\$ -	\$ 3,047	\$ -
Charges for services	468,468	-	-	-	-	-	-	-
Investment income (loss)	1,208	-	-	2,751	-	-	-	-
Miscellaneous	99,245	-	-	14,803	-	-	-	39,873
Total revenues	<u>1,062,482</u>	<u>-</u>	<u>1,729,869</u>	<u>699,564</u>	<u>-</u>	<u>-</u>	<u>3,047</u>	<u>39,873</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	136,076	-	152,931
Recreation and leisure	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Community development and human services	-	-	-	725,179	-	-	-	-
Education	1,067,210	-	1,729,869	-	-	-	-	-
Capital outlays	-	832,936	-	-	-	-	-	-
Total expenditures	<u>1,067,210</u>	<u>832,936</u>	<u>1,729,869</u>	<u>725,179</u>	<u>-</u>	<u>136,076</u>	<u>-</u>	<u>152,931</u>
Excess (deficiency) of revenues over expenditures	(4,728)	(832,936)	-	(25,615)	-	(136,076)	3,047	(113,058)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	980,841	-	-	-	69,541	-	-
Transfers out	-	-	-	-	-	-	(3,047)	-
Total other financing sources (uses)	<u>-</u>	<u>980,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,541</u>	<u>(3,047)</u>	<u>-</u>
Net change in fund balances	(4,728)	147,905	-	(25,615)	-	(66,535)	-	(113,058)
Fund balances (deficit) - beginning	<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>	<u>313,758</u>
Fund balances (deficit) - ending	<u>\$ (115,431)</u>	<u>\$ 1,737,420</u>	<u>\$ -</u>	<u>\$ 63,407</u>	<u>\$ 1,167,432</u>	<u>\$ 81,600</u>	<u>\$ -</u>	<u>\$ 200,700</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, 2008

	Nonmajor Special Revenue Funds						
	Workplace Substance Abuse Grants	Community Employment Incentive	Water Mitigation Fund	Recreation Rev	Homeland Security	Marion Allard Fund	Public Investment Community Grant In Aid
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 2,006	\$ -	\$ -
Charges for services	-	-	-	35,256	-	-	-
Investment income (loss)	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,256</u>	<u>2,006</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Recreation and leisure	-	-	-	32,526	-	-	-
Public safety	-	-	-	-	2,006	-	-
Community development and human services	-	-	-	-	-	10	-
Education	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,526</u>	<u>2,006</u>	<u>10</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-	2,730	-	(10)	-
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	-	-	-	2,730	-	(10)	-
Fund balances (deficit) - beginning	<u>5,167</u>	<u>7,687</u>	<u>75,040</u>	<u>6,185</u>	<u>-</u>	<u>10</u>	<u>5,324</u>
Fund balances (deficit) - ending	<u>\$ 5,167</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>	<u>\$ 8,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,324</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, 2008

	Nonmajor Special Revenue Funds							
	John Gonzales Fund	Open Space Acquisition Fund	BOE Miscellaneous Special Revenue	Planning And Conservation Funds	Capital Reserve Fund	Historic Preservation Funds	Demo & Relocation Fund	Solid Waste Fund
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 39,250	\$ 7,000	\$ -	\$ -
Charges for services	-	-	640,692	-	79,394	-	-	198,937
Investment income (loss)	-	-	-	-	-	-	-	-
Miscellaneous	-	2,250	-	-	-	8,314	-	-
Total revenues	-	2,250	640,692	-	118,644	15,314	-	198,937
EXPENDITURES								
Current:								
General government	-	-	-	4,015	-	9,405	27,592	391,693
Recreation and leisure	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Community development and human services	489	-	-	-	-	-	-	-
Education	-	-	597,092	-	-	-	-	-
Capital outlays	-	-	-	-	150,746	-	-	-
Total expenditures	489	-	597,092	4,015	150,746	9,405	27,592	391,693
Excess (deficiency) of revenues over expenditures	(489)	2,250	43,600	(4,015)	(32,102)	5,909	(27,592)	(192,756)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	2,226	-	10,000	90,000	-	33,000	238,052
Transfers out	-	-	-	-	-	-	-	(400)
Total other financing sources (uses)	-	2,226	-	10,000	90,000	-	33,000	237,652
Net change in fund balances	(489)	4,476	43,600	5,985	57,898	5,909	5,408	44,896
Fund balances (deficit) - beginning	489	18,540	145,106	44,887	278,692	5,095	-	(47,387)
Fund balances (deficit) - ending	\$ -	\$ 23,016	\$ 188,706	\$ 50,872	\$ 336,590	\$ 11,004	\$ 5,408	\$ (2,491)

(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, 2008

	Nonmajor Special Revenue Funds							
	Tercentennial Fund	Shubael Hutchins Fund	Civil War Monument Fund	Killingly Public Library				
				Mildred Stearns	Emily Danielson	Mary Dexter	Frederick A. Jacobs	Basset Hammond
REVENUES								
Intergovernmental	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Investment income (loss)	-	971	124	119	143	34	67	99
Miscellaneous	76,611	-	-	-	-	-	-	-
Total revenues	<u>86,611</u>	<u>971</u>	<u>124</u>	<u>119</u>	<u>143</u>	<u>34</u>	<u>67</u>	<u>99</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Recreation and leisure	106,508	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Community development and human services	-	-	-	1,000	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	<u>106,508</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(19,897)	971	124	(881)	143	34	67	99
OTHER FINANCING SOURCES (USES)								
Transfers in	21,400	181	7	1,856	36	18	18	157
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>21,400</u>	<u>181</u>	<u>7</u>	<u>1,856</u>	<u>36</u>	<u>18</u>	<u>18</u>	<u>157</u>
Net change in fund balances	1,503	1,152	131	975	179	52	85	256
Fund balances (deficit) - beginning	-	26,792	3,422	3,282	3,951	928	1,846	2,739
Fund balances (deficit) - ending	<u>\$ 1,503</u>	<u>\$ 27,944</u>	<u>\$ 3,553</u>	<u>\$ 4,257</u>	<u>\$ 4,130</u>	<u>\$ 980</u>	<u>\$ 1,931</u>	<u>\$ 2,995</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, 2008

	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	-	-	-	-	-	1,546	-
Investment income (loss)	30,169	1,503	377	859	139	-	507
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>30,169</u>	<u>1,503</u>	<u>377</u>	<u>859</u>	<u>139</u>	<u>1,546</u>	<u>507</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	2,660	-
Public safety	-	-	-	-	-	-	-
Community development and human services	3,435	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	<u>3,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,660</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	26,734	1,503	377	859	139	(1,114)	507
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	54	-	109	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>54</u>	<u>-</u>	<u>109</u>	<u>-</u>	<u>-</u>
Net change in fund balances	26,734	1,503	431	859	248	(1,114)	507
Fund balances (deficit) - beginning	<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>
Fund balances (deficit) - ending	<u>\$ 319,340</u>	<u>\$ 15,466</u>	<u>\$ 10,836</u>	<u>\$ 24,551</u>	<u>\$ 4,095</u>	<u>\$ 2,494</u>	<u>\$ 14,490</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, 2008

	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	-	-	-	-	-	1,725	-	-
Investment income (loss)	24	292	11	576	480	9,002	2,041	1,081
Miscellaneous	-	-	-	-	-	-	3,306	344
Total revenues	<u>24</u>	<u>292</u>	<u>11</u>	<u>576</u>	<u>480</u>	<u>10,727</u>	<u>5,347</u>	<u>1,425</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	1,359	-	-	-
Community development and human services	-	-	-	-	-	1,931	10,844	-
Education	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,359</u>	<u>1,931</u>	<u>10,844</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	24	292	11	576	(879)	8,796	(5,497)	1,425
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>	<u>-</u>
Net change in fund balances	24	292	11	576	(879)	8,796	(5,497)	1,425
Fund balances (deficit) - beginning	<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>	<u>29,829</u>
Fund balances (deficit) - ending	<u>\$ 681</u>	<u>\$ 8,348</u>	<u>\$ 320</u>	<u>\$ 16,480</u>	<u>\$ 12,362</u>	<u>\$ 257,650</u>	<u>\$ 50,827</u>	<u>\$ 31,254</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, 2008

	Nonmajor Special Revenue Funds				Capital	Permanent Funds		
	Kelp	Earl Chandler	Almond	Sub-total	Projects	Thomas J. Evans	Ezra Mathewson	Shubael Hutchins
			Paine Cemetery		Industrial Park			
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ 2,966,743	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	4,000	1,430,018	-	-	-	-
Investment income (loss)	-	-	497	53,074	15,228	109	-	181
Miscellaneous	-	-	-	244,746	-	-	-	-
Total revenues	-	-	4,497	4,694,581	15,228	109	-	181
EXPENDITURES								
Current:								
General government	-	-	-	721,712	-	-	-	-
Recreation and leisure	-	-	-	141,694	-	-	-	-
Public safety	-	-	-	3,365	-	-	-	-
Community development and human services	-	-	3,036	745,924	-	-	-	-
Education	-	-	-	3,394,171	-	-	-	-
Capital outlays	-	-	-	983,682	-	-	-	-
Total expenditures	-	-	3,036	5,990,548	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	1,461	(1,295,967)	15,228	109	-	181
OTHER FINANCING SOURCES (USES)								
Transfers in	-	20	-	1,447,516	-	-	-	-
Transfers out	-	-	-	(3,447)	-	(109)	-	(181)
Total other financing sources (uses)	-	20	-	1,444,069	-	(109)	-	(181)
Net change in fund balances	-	20	1,461	148,102	15,228	-	-	-
Fund balances (deficit) - beginning	2,111	35	17,466	4,539,844	419,931	3,000	400	5,000
Fund balances (deficit) - ending	\$ 2,111	\$ 55	\$ 18,927	\$ 4,687,946	\$ 435,159	\$ 3,000	\$ 400	\$ 5,000

(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, 2008

	Permanent Funds							
	Louisa E. Day	Civil War Monument	Arthur Wilkes	Hutchins Burial Lot	Mildred Stearns	Paine Mitchell Matthews	Paine Cemetery - Town	Emily Danielson
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Investment income (loss)	310	7	-	-	1,856	-	-	36
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>310</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>1,856</u>	<u>-</u>	<u>-</u>	<u>36</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>
Excess (deficiency) of revenues over expenditures	310	7	-	-	1,856	-	-	36
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(310)	(7)	-	-	(1,856)	-	-	(36)
Total other financing sources (uses)	<u>(310)</u>	<u>(7)</u>	<u>-</u>	<u>-</u>	<u>(1,856)</u>	<u>-</u>	<u>-</u>	<u>(36)</u>
Net change in fund balances	-	-	-	-	-	-	-	-
Fund balances (deficit) - beginning	<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>\$ 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, 2008

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,966,743
Charges for services	-	-	-	-	-	-	-	-	1,430,018
Investment income (loss)	-	20	18	18	157	54	109	2,694	71,177
Miscellaneous	-	-	-	-	-	-	-	-	244,746
Total revenues	<u>-</u>	<u>20</u>	<u>18</u>	<u>18</u>	<u>157</u>	<u>54</u>	<u>109</u>	<u>2,694</u>	<u>4,712,684</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	721,712
Recreation and leisure	-	-	-	-	-	-	-	-	141,694
Public safety	-	-	-	-	-	-	-	-	3,365
Community development and human services	-	-	-	-	-	-	-	-	745,924
Education	-	-	-	-	-	-	-	-	3,394,171
Capital outlays	-	-	-	-	-	-	-	-	983,682
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,990,548</u>
Excess (deficiency) of revenues over expenditures	-	20	18	18	157	54	109	2,694	(1,277,864)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	1,447,516
Transfers out	-	(20)	(18)	(18)	(157)	(54)	(109)	(2,694)	(6,322)
Total other financing sources (uses)	<u>-</u>	<u>(20)</u>	<u>(18)</u>	<u>(18)</u>	<u>(157)</u>	<u>(54)</u>	<u>(109)</u>	<u>(2,694)</u>	<u>1,441,194</u>
Net change in fund balances	-	-	-	-	-	-	-	-	163,330
Fund balances (deficit) - beginning	<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>
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>\$ 5,242,740</u>

(Concluded)

*Fiduciary
Funds*

**TOWN OF KILLINGLY, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2008**

	Private Purpose Trust Funds				
	Olive Boulais	Robert D. Payne	Blanche Phoenix	Frances Upham Spaulding	Ruth E. Osgood
ASSETS					
Cash and cash equivalents	\$ 2,308	\$ 633	\$ 104	\$ 71	\$ 50
Investments	-	-	-	-	-
Total assets	\$ 2,308	\$ 633	\$ 104	\$ 71	\$ 50
 NET ASSETS					
Held in trust for endowment purposes	\$ 2,308	\$ 633	\$ 104	\$ 71	\$ 50

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS (Continued)
JUNE 30, 2008

	Private Purpose Trust Funds					
	Michael Pappas Scholarship	Margaret Novack Scholarship	Goldwater Weisberg	Laura Pike Rowe	Norman Barrette	Class of 2001
ASSETS						
Cash and cash equivalents	\$ 1,034	\$ 457	\$ 863	\$ -	\$ 950	\$ 281
Investments	-	-	-	543,961	-	-
Total assets	<u>\$ 1,034</u>	<u>\$ 457</u>	<u>\$ 863</u>	<u>\$ 543,961</u>	<u>\$ 950</u>	<u>\$ 281</u>
 NET ASSETS						
Held in trust for endowment purposes	<u>\$ 1,034</u>	<u>\$ 457</u>	<u>\$ 863</u>	<u>\$ 543,961</u>	<u>\$ 950</u>	<u>\$ 281</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS (Concluded)
JUNE 30, 2008

Private Purpose Trust Funds							
Class of 2005	Adrian Herklots	Olive Boulais	Robert D. Payne	Frances Upham Spaulding	Ruth E. Osgood	Blanche Phoenix	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ 196	\$ 2,908	\$ 2,000	\$ 1,000	\$ 7,500	\$ 21,355
Investments	-	-	-	-	-	-	543,961
Total assets	<u>\$ -</u>	<u>\$ 196</u>	<u>\$ 2,908</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 7,500</u>	<u>\$ 565,316</u>
NET ASSETS							
Held in trust for endowment purposes	<u>\$ -</u>	<u>\$ 196</u>	<u>\$ 2,908</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 7,500</u>	<u>\$ 565,316</u>

(Concluded)

**TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Private Purpose Trust Funds</u>				
	<u>Olive Boulais</u>	<u>Robert D. Payne</u>	<u>Blanche Phoenix</u>	<u>Frances Upham Spaulding</u>	<u>Ruth E. Osgood</u>
ADDITIONS					
Investment income (loss)	\$ 105	\$ -	\$ -	\$ 25	\$ 12
Total additions	<u>105</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>12</u>
DEDUCTIONS					
Awards	100	75	200	51	200
Total deductions	<u>100</u>	<u>75</u>	<u>200</u>	<u>51</u>	<u>200</u>
Change in net assets before transfers	5	(75)	(200)	(26)	(188)
TRANSFERS					
Transfers in	122	90	40	-	148
Transfers out	-	-	-	-	-
Total transfers	<u>122</u>	<u>90</u>	<u>40</u>	<u>-</u>	<u>148</u>
Change in net assets	127	15	(160)	(26)	(40)
NET ASSETS HELD IN TRUST FOR ENDOWMENT PURPOSES					
Beginning of year	<u>2,181</u>	<u>618</u>	<u>264</u>	<u>97</u>	<u>90</u>
End of year	<u>\$ 2,308</u>	<u>\$ 633</u>	<u>\$ 104</u>	<u>\$ 71</u>	<u>\$ 50</u>

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2008

	Private Purpose Trust Funds					
	Michael Pappas Scholarship	Margaret Novack Scholarship	Goldwater Weisberg	Laura Pike Rowe	Normal Barrette	Class of 2001
ADDITIONS						
Investment income (loss)	\$ 18	\$ 2	\$ 25	\$ (43,049)	\$ 509	\$ 11
Total additions	<u>18</u>	<u>2</u>	<u>25</u>	<u>(43,049)</u>	<u>509</u>	<u>11</u>
DEDUCTIONS						
Awards	250	180	36	-	500	1,000
Total deductions	<u>250</u>	<u>180</u>	<u>36</u>	<u>-</u>	<u>500</u>	<u>1,000</u>
Change in net assets before transfers	(232)	(178)	(11)	(43,049)	9	(989)
TRANSFERS						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(232)	(178)	(11)	(43,049)	9	(989)
NET ASSETS HELD IN TRUST FOR ENDOWMENT PURPOSES						
Beginning of year	<u>1,266</u>	<u>635</u>	<u>874</u>	<u>587,010</u>	<u>941</u>	<u>1,270</u>
End of year	<u>\$ 1,034</u>	<u>\$ 457</u>	<u>\$ 863</u>	<u>\$ 543,961</u>	<u>\$ 950</u>	<u>\$ 281</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, 2008

	Private Purpose Trust Funds							Total
	Class of 2005	Adrian Herklots	Olive Boulais	Robert D. Payne	Frances Upham Spaulding	Ruth E. Osgood	Blanche Phoenix	
ADDITIONS								
Investment income (loss)	\$ 15	\$ 1,620	\$ 122	\$ 90	\$ -	\$ 148	\$ 40	\$ (40,307)
Total additions	<u>15</u>	<u>1,620</u>	<u>122</u>	<u>90</u>	<u>-</u>	<u>148</u>	<u>40</u>	<u>(40,307)</u>
DEDUCTIONS								
Awards	845	1,524	-	-	-	-	-	4,961
Total deductions	<u>845</u>	<u>1,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,961</u>
Change in net assets before transfers	(830)	96	122	90	-	148	40	(45,268)
TRANSFERS								
Transfers in	-	-	-	-	-	-	-	400
Transfers out	-	-	(122)	(90)	-	(148)	(40)	(400)
Total transfers	<u>-</u>	<u>-</u>	<u>(122)</u>	<u>(90)</u>	<u>-</u>	<u>(148)</u>	<u>(40)</u>	<u>-</u>
Change in net assets	(830)	96	-	-	-	-	-	(45,268)
NET ASSETS HELD IN TRUST FOR ENDOWMENT PURPOSES								
Beginning 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>
End of year	<u>\$ -</u>	<u>\$ 196</u>	<u>\$ 2,908</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 7,500</u>	<u>\$ 1,000</u>	<u>\$ 565,316</u>

(Concluded)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2008

	<u>Student Activities</u>	<u>Performance Bonds</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 160,959	\$ 329,058	\$ 490,017
Total assets	<u>\$ 160,959</u>	<u>\$ 329,058</u>	<u>\$ 490,017</u>
LIABILITIES			
Due to student groups	\$ 160,959	\$ -	\$ 160,959
Due to others	-	329,058	329,058
Total liabilities	<u>\$ 160,959</u>	<u>\$ 329,058</u>	<u>\$ 490,017</u>

**TOWN OF KILLINGLY, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Balance, July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2008</u>
Student Activities				
Assets				
Cash and cash equivalents:				
Killingly high school	\$ 134,093	\$ 313,657	\$ 322,708	\$ 125,042
Killingly high school concession	3,000	3,562	3,562	3,000
Redmen booster club	1,873	10	-	1,883
Killingly junior high school	29,656	96,226	99,618	26,264
Killingly central school	208	21,724	20,949	983
Killingly memorial school	2,865	5,901	6,775	1,991
Goodyear early childhood center	1,265	3,348	3,603	1,010
BASP student activity account	199	2,950	2,363	786
Total assets	<u>\$ 173,159</u>	<u>\$ 447,378</u>	<u>\$ 459,578</u>	<u>\$ 160,959</u>
Liabilities				
Due to student groups	\$ 173,159	\$ 447,378	\$ 459,578	\$ 160,959
Total liabilities	<u>\$ 173,159</u>	<u>\$ 447,378</u>	<u>\$ 459,578</u>	<u>\$ 160,959</u>
Performance Bonds				
Assets				
Cash and cash equivalents	\$ 278,969	\$ 142,969	\$ 92,880	\$ 329,058
Total assets	<u>\$ 278,969</u>	<u>\$ 142,969</u>	<u>\$ 92,880</u>	<u>\$ 329,058</u>
Liabilities				
Due to others	\$ 278,969	\$ 142,969	\$ 92,880	\$ 329,058
Total liabilities	<u>\$ 278,969</u>	<u>\$ 142,969</u>	<u>\$ 92,880</u>	<u>\$ 329,058</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 452,128	\$ 590,347	\$ 552,458	\$ 490,017
Total assets	<u>\$ 452,128</u>	<u>\$ 590,347</u>	<u>\$ 552,458</u>	<u>\$ 490,017</u>
Liabilities				
Due to student groups	\$ 173,159	\$ 447,378	\$ 459,578	\$ 160,959
Due to others	278,969	142,969	92,880	329,058
Total liabilities	<u>\$ 452,128</u>	<u>\$ 590,347</u>	<u>\$ 552,458</u>	<u>\$ 490,017</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, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Governmental funds capital assets:		
Land	\$ 3,834,461	\$ 3,699,461
Land improvements	3,627,280	2,545,647
Buildings and improvements	51,500,653	51,111,914
Machinery and equipment	13,030,263	11,727,071
Infrastructure	50,493,032	50,134,401
Construction in progress	9,353,715	6,045,341
Total governmental funds capital assets	<u>\$ 131,839,404</u>	<u>\$ 125,263,835</u>

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF GOVERNMENTAL FUND CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
JUNE 30, 2008

	<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	\$ 1,719,948	\$ 495,540	\$ 49,973,150	\$ 1,996,664	\$ 56,387,084
Public works	16,000	371,912	10,780,131	6,450,640	519,882	2,322,524	20,461,089
Recreation and leisure	315,773	1,430,396	3,196,481	198,017	-	37,562	5,178,229
Public safety	-	36,700	32,000	168,861	-	-	237,561
Education	1,310,306	1,778,872	35,772,093	5,717,205	-	4,996,965	49,575,441
Total	<u>\$ 3,834,461</u>	<u>\$ 3,627,280</u>	<u>\$ 51,500,653</u>	<u>\$ 13,030,263</u>	<u>\$ 50,493,032</u>	<u>\$ 9,353,715</u>	<u>\$ 131,839,404</u>

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF CHANGES IN GOVERNMENTAL FUND CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
General government	\$ 55,119,405	\$ 1,267,679	\$ -	\$ 56,387,084
Public works	19,668,147	917,342	124,400	20,461,089
Recreation and leisure	4,960,139	218,090	-	5,178,229
Public safety	237,561	-	-	237,561
Education	45,278,583	4,296,858	-	49,575,441
Total	<u>\$ 125,263,835</u>	<u>\$ 6,699,969</u>	<u>\$ 124,400</u>	<u>\$ 131,839,404</u>

**OTHER
SUPPLEMENTAL
INFORMATION
SECTION**

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
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	\$ 36,882,006
Restricted for:						
Endowments - expendable	958,576	997,987	1,030,662	1	1	1
Endowments - nonexpendable	126,200	126,200	134,042	119,634	119,634	119,634
Other purposes	479,633	466,073	301,531	405,413	2,620,509	4,150,204
Unrestricted	13,541,849	12,265,857	12,824,346	13,806,958	19,614,192	25,814,958
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>	<u>\$ 66,966,803</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 SIX FISCAL YEARS

(Accrual Basis of Accounting - Unaudited)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General government	\$ 3,061,257	\$ 3,539,352	\$ 3,120,704	\$ 3,031,014	\$ 5,278,440	\$ 5,562,314
Public works	4,449,682	4,147,649	7,181,018	7,605,508	5,035,684	5,156,595
Recreation and leisure	1,219,147	1,295,207	1,629,451	1,544,109	2,273,213	2,291,172
Public safety	460,918	481,652	667,207	622,082	949,689	917,219
Community development and human services	1,065,492	1,624,885	802,807	1,057,302	1,401,226	1,191,829
Education	30,773,071	31,859,962	32,222,678	34,262,782	39,437,266	50,179,308
Interest expense	695,270	732,035	490,174	590,748	418,628	643,918
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>	<u>65,942,355</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	430,692	616,574	824,719	870,657	1,073,297	1,201,587
Public works	3,478,367	2,710,408	2,939,236	3,240,286	3,399,531	3,674,040
Recreation and leisure	131,098	144,709	139,834.00	129,786	200,805	206,726
Public safety	4,511	5,141	3,542.00	1,470	16,158	9,488
Community development and human services	62,100	68,169	34,309	67,791	25,321	24,250
Education	2,560,451	2,605,185	2,638,517	2,715,354	4,036,993	3,447,855
Operating grants and contributions	18,550,377	19,024,105	17,052,170	18,086,069	21,818,608	31,772,832
Capital grants and contributions	1,913,344	539,309	1,027,973	624,834	506,610	4,341,981
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>	<u>44,678,759</u>
Net (Expense)/Revenue						
Governmental activities	(14,593,897)	(17,967,142)	(21,453,739)	(22,977,298)	(23,716,823)	(21,263,596)
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	25,577,275
Unrestricted grants and contributions	1,797,069	1,400,691	1,314,737	1,305,515	1,482,823	1,089,233
Investment income	252,797	146,893	249,635	519,268	690,699	654,843
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>	<u>27,321,351</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>	<u>\$ 6,057,755</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%
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
2008	40.44	19.23	2.76	29.33	8.24	1,216,477,185	6,027,396	358,988,356	851,461,433

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

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
2008	25.8	2006	\$ 851,461,433	\$ 25,298,692	\$ 24,641,179	97.40%	2.60%
2007	25.8	2005	822,372,318	22,687,607	22,084,125	97.34%	2.66%
2006	25.0	2004	786,936,812	21,007,294	20,536,540	97.76%	2.24%
2005	23.5	2003	767,118,337	19,005,158	18,564,651	97.68%	2.32%
2004	21.4	2002	748,638,800	16,726,791	16,302,787	97.47%	2.53%
2003	22.9	2001	600,503,372	14,455,540	13,826,724	95.65%	4.35%
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%

(1) Taxes are levied on all taxable, assessed property on the October 1 grand list, prior to the beginning of the fiscal year. Real property taxes are payable in four installments on July 1, October 1, January 1 and July 1. Motor vehicle supplemental bills are payable on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are 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, 2008
(Unaudited)**

<u>TAXPAYER</u>	<u>NATURE OF BUSINESS</u>	<u>ASSESSMENT (1)</u>	<u>PERCENT OF NET TAXABLE GRAND LIST</u>
CONNECTICUT LIGHT & POWER	UTILITY DISTRIBUTION CO.	27,224,270	3.20%
UNITED NATURAL FOODS	FOOD PRODUCTS	18,653,553	2.19%
PJC-RITE AIDE	WAREHOUSING-DISTRIBUTION	17,307,801	2.03%
FRITO LAY	MANUFACTURER - SNACK FOODS	17,073,842	2.01%
STAPLES	WAREHOUSING-DISTRIBUTION	14,089,780	1.65%
DAYVILLE PROPERTY DEVELOPMENT	COMMERCIAL DEVELOPMENT	11,660,810	1.37%
ROGERS CORPORATION	PRINTED CIRCUITS/PLASTICS	7,315,268	0.86%
KILLINGLY PLAZA REALTY TRUST	COMMERCIAL DEVELOPMENT	6,655,600	0.78%
BENTLEY REALTY-COLTS PLASTICS	COMMERCIAL DEVELOPMENT	5,758,326	0.68%
HEALTH & REHAB-WESTCOTT CARE	HEALTH SERVICES	5,516,601	0.65%
TOTAL		\$ 131,255,851	15.42%

(1) The net taxable grand list as of October 1, 2006 totaled \$851,461,433

Source: Assessor's Office, Town of Killingly

Table 6

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

FISCAL YEAR ENDED JUNE 30	POPULATION(1)	NET TAXABLE GRAND LIST	BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	BONDED DEBT PER CAPITA
2008	17,635	\$ 851,461,433	\$ 18,415,975	2.2%	\$ 1,044
2007	17,769	822,372,318	15,600,550	1.9%	878
2006	17,386	786,936,812	12,213,895	1.6%	703
2005	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

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

Table 7

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

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>POPULATION(1)</u>	<u>NET TAXABLE GRAND LIST</u>	<u>BONDED DEBT</u>	<u>AMOUNT TO BE PROVIDED BY STATE (2)</u>	<u>BONDED DEBT, NET</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</u>	<u>NET BONDED DEBT PER CAPITA</u>
2007	17,635	\$ 851,461,433	\$ 18,415,975	\$ 1,399,983	\$ 17,015,992	2.0%	\$ 965
2007	17,769	822,372,318	15,600,550	2,305,171	13,295,379	1.6%	748
2006	17,386	786,936,812	12,213,895	3,236,817	8,977,078	1.1%	516
2005	17,386	767,118,337	14,172,665	4,191,141	9,981,524	1.3%	574
2004	17,264	748,638,800	16,126,435	5,097,000	11,029,435	1.5%	639
2003	16,940	600,503,372	17,860,205	5,836,000	12,024,205	2.0%	710
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

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

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