

**TOWN OF KILLINGLY, CONNECTICUT**

**BASIC FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2014**

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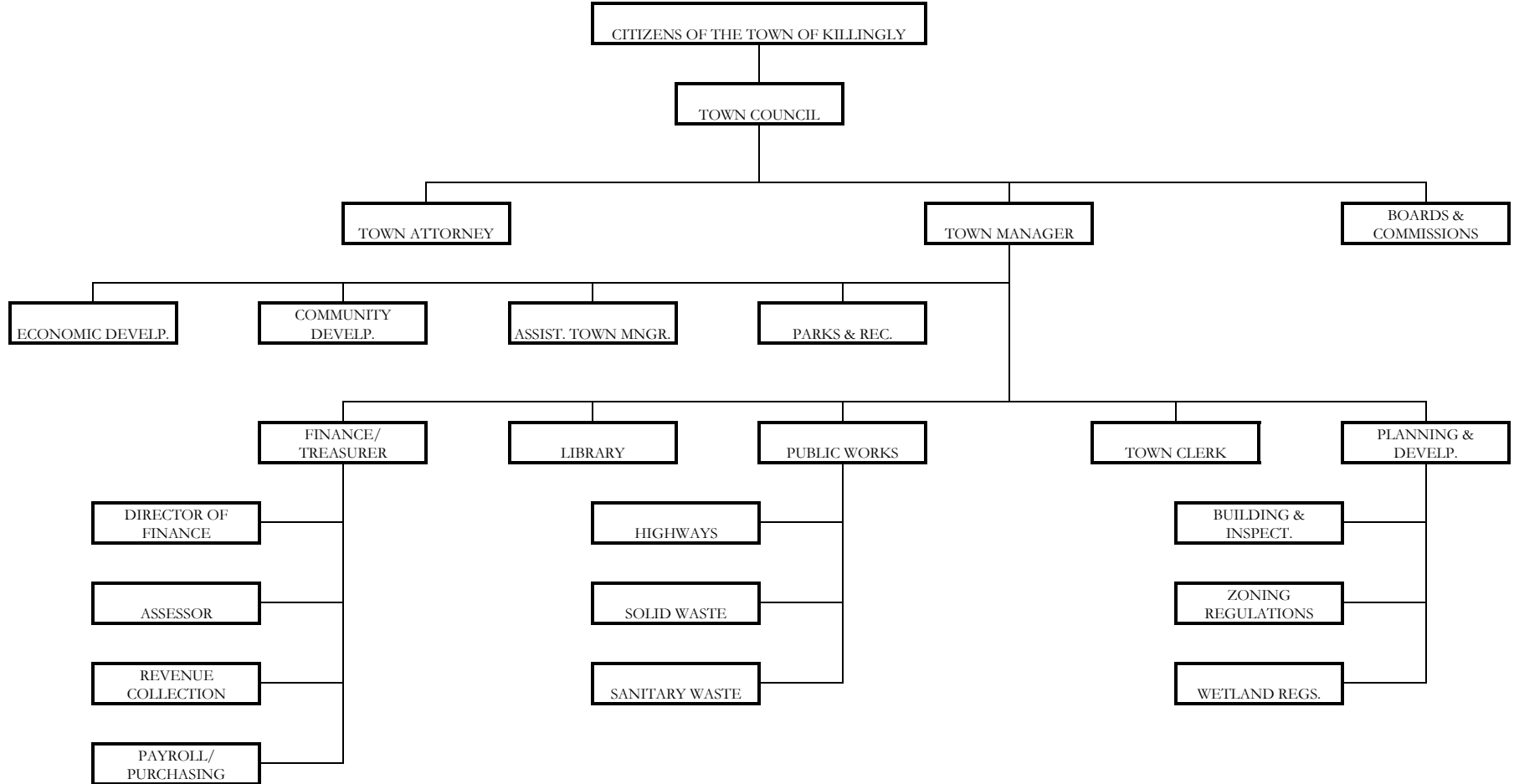
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## INTRODUCTORY SECTION

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TOWN OF KILLINGLY, CONNECTICUT  
ORGANIZATIONAL CHART  
JUNE 30, 2014



**TOWN OF KILLINGLY, CONNECTICUT**

**LIST OF PRINCIPAL TOWN OFFICIALS**

**JUNE 30, 2014**

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**TOWN COUNCIL**

John Hallbergh, Jr., Chairman

Jonathan Cesolini, Vice-Chair

Joyce Ricci

Ed Grandelski

Dennis Alemian

John G. Sarantopoulos

Brian Gosper

Tammy Wakefield

Lynn LaBerge

John G. Sarantopoulos, Board of Education Liason

**TOWN DEPARTMENTS**

Sean Hendricks, Town Manager

Mary T. Calorio, Director of Finance/Treasurer

Melissa Bonin, Assessor

Tracy Bragg, Building Official

Mary Bromm, Community Development Administrator

Elsie Bisset, Economic Development Director

David Capacchione, P.E., Director of Public Works/Town Engineer

Tracy Mason, Parks and Recreation Director

Linda Walden, Director of Planning & Development

Tony Shippee, Highway Superintendent

Patricia Monahan, Revenue Collector

Kevin C. Farr, Superintendent of Schools

Elizabeth Wilson, Town Clerk

Randy Burchard, Fire Marshal

Peter Ciparelli, Library Director

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## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

To the Town Council of the  
Town of Killingly, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Killingly, Connecticut (the "Town") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Killingly, Connecticut, as of June 30, 2014, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and the Sewer Operating Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, the schedules of changes in net pension liability and the schedules of contributions and investment returns on pages 59 through 60, and the schedules of funding progress on page 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

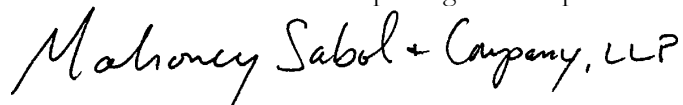
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and the other information are presented for purposes of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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2015, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut  
January 29, 2015

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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## **TOWN OF KILLINGLY, CONNECTICUT**

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

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The management of the Town of Killingly, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$117,828,907 (net position). Of this amount, \$13,713,426 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1,962,844 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$14,146,692, a decrease of \$1,669 in comparison with the prior year. The primary cause of this fund balance decrease is due to increases in capital outlays in the Capital Improvements Fund for planned projects, offset by favorable increases in the General Fund, Sewer Fund, Capital Nonrecurring Fund and remaining Nonmajor funds.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was \$7,095,250 or 12.34% of total budgeted General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.5 months of General Fund operating expenditures.
- The Town's total bonded debt decreased by \$1,908,165 or 6.0% during the current fiscal year due to current year principal repayments.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

##### **Government-wide Financial Statements**

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

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

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

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

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

### **Government-wide Financial Statements *(Continued)***

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

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### **Governmental Funds**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

#### **Proprietary Funds**

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

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

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

### Fund Financial Statements (Continued)

#### Fiduciary Funds

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

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

### Notes to the Financial Statements

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

### Other Information

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

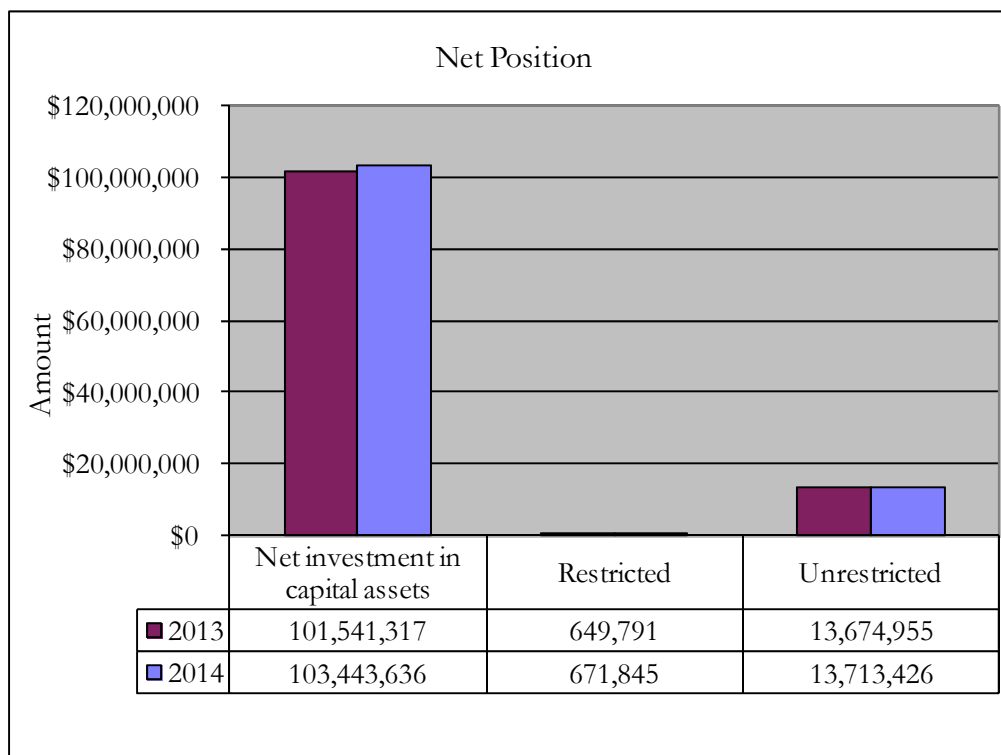
### Net Position

Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$117,828,907 and \$115,866,063 as of June 30, 2014 and 2013, respectively, and are summarized as follows:

	2014	2013
Current and other assets	\$ 22,404,818	\$ 21,662,204
Capital assets	136,987,154	136,232,048
Total assets	159,391,972	157,894,252
Other liabilities	5,003,430	4,698,498
Long-term liabilities	36,559,635	37,329,691
Total liabilities	41,563,065	42,028,189
Net position:		
Net investment in capital assets	103,443,636	101,541,317
Restricted	671,845	649,791
Unrestricted	13,713,426	13,674,955
Total net position	\$ 117,828,907	\$ 115,866,063

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

**Net Position (Continued)**



87.8% of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

Overall, net position increased by \$1,962,844 in comparison to the prior year.



**TOWN OF KILLINGLY, CONNECTICUT****MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)****GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)****Changes in Net Position**

Changes in net position for the years ended June 30, 2014 and 2013 are as follows:

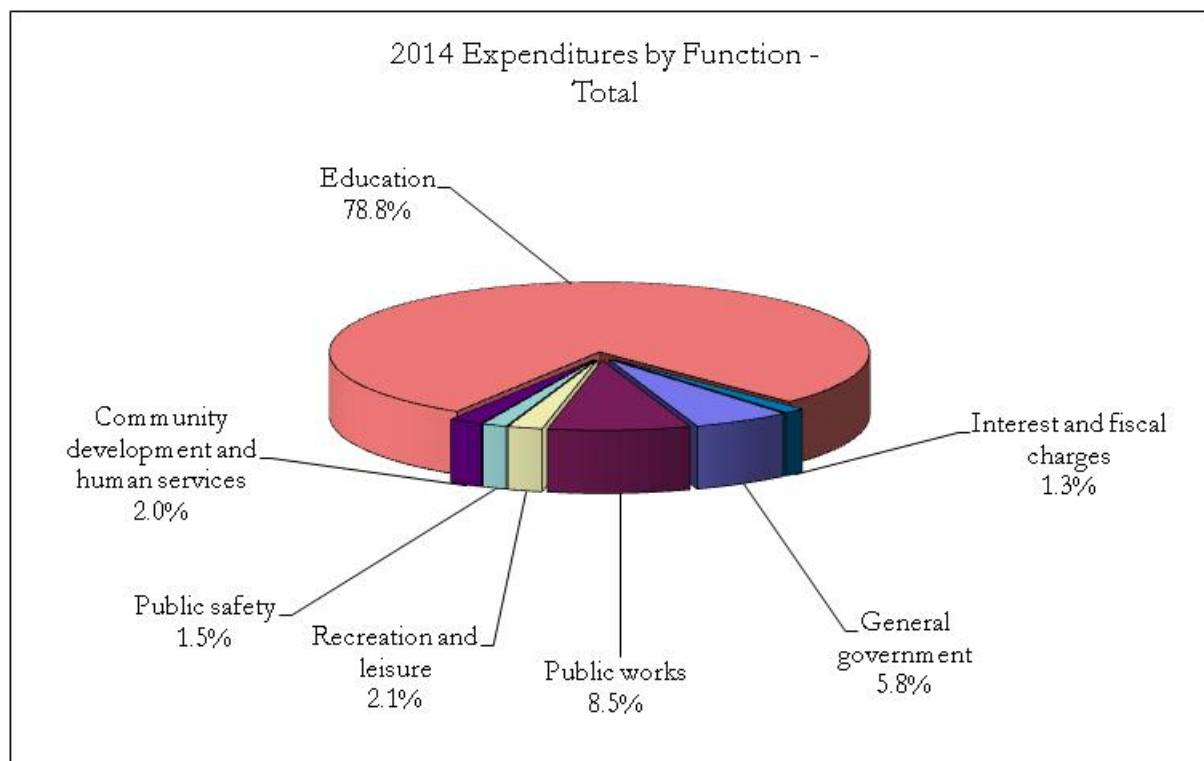
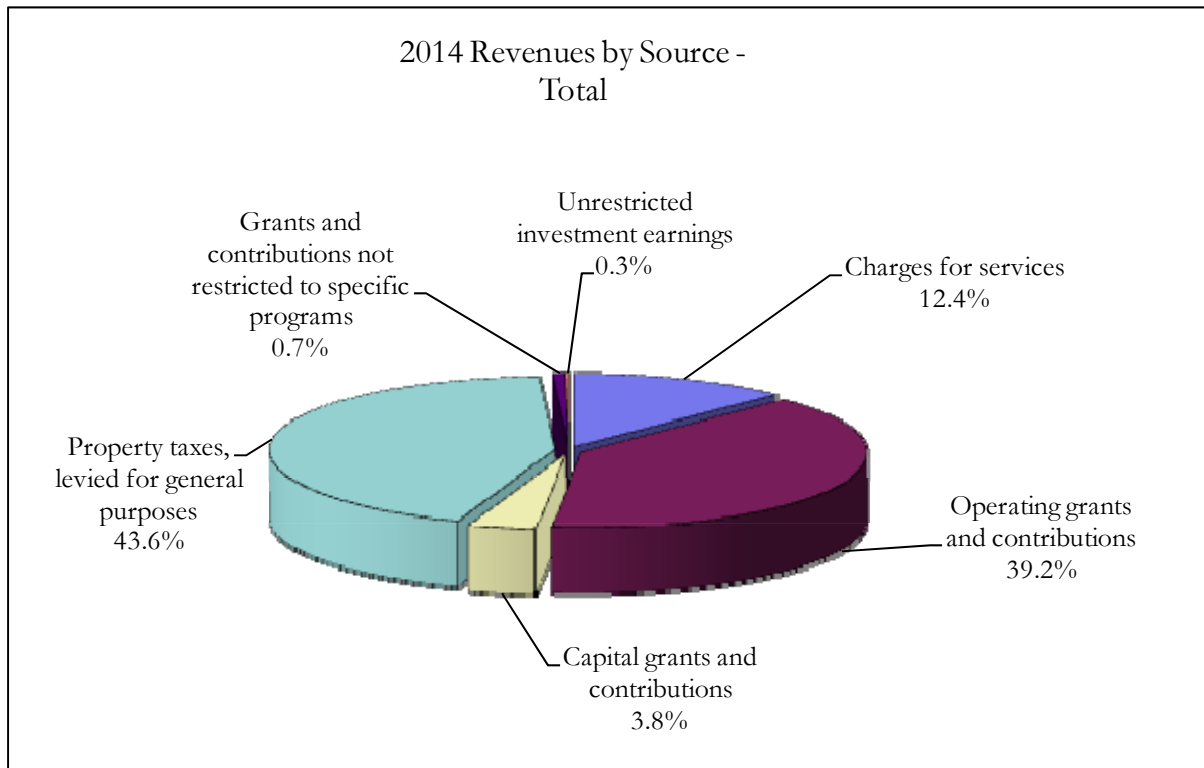
	2014	2013
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 8,788,484	\$ 9,210,071
Operating grants and contributions	27,649,324	24,076,446
Capital grants and contributions	2,690,253	2,810,977
General revenues:		
Property taxes, levied for general purposes	30,683,974	28,753,203
Grants and contributions not restricted to specific programs	506,500	1,254,281
Unrestricted investment earnings	133,176	184,722
Total revenues	70,451,711	66,289,700
<b>Expenses</b>		
General government	4,005,969	3,403,030
Public works	5,825,718	5,265,384
Recreation and leisure	1,426,575	1,979,551
Public safety	1,015,900	998,195
Community development and human services	1,382,091	943,972
Education	53,959,068	52,455,544
Interest and fiscal charges	873,546	1,051,283
Total expenses	68,488,867	66,096,959
Change in net position	1,962,844	192,741
Net position, beginning	115,866,063	115,673,322
Net position, ending	<u>\$ 117,828,907</u>	<u>\$ 115,866,063</u>

**TOWN OF KILLINGLY, CONNECTICUT**

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

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

**Change in Net Position (Continued)**



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

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

Governmental activities increased the Town's net position by \$1,962,844. Key elements of this increase are as follows:

- Increases in property tax revenues of \$1,930,771 or 6.71% as compared to the prior year.
- Increases in operating grants and contributions of \$3,572,878 related to community development block programs, State Teacher's Retirement on-behalf payments and other educational related grants.
- Overall revenues increased by 6.3% or \$4,062,011 while expenditures had a slight increase compared to the prior year of less than 4.0% or \$2,391,908.

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

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

**Governmental Funds**

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

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$14,146,692, a decrease of \$1,669 in comparison with the prior year. The primary cause of this fund balance decrease is due to increases in capital outlays in the Capital Improvements Fund for planned projects, offset by favorable increases of the General Fund, Sewer Operating Fund, Capital Nonrecurring Fund and remaining Nonmajor funds.

**General Fund**

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the budgeted General Fund was \$7,095,250. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 12.3% of total budgeted General Fund expenditures. Expressed another way, unassigned fund balance for the budgeted General Fund was sufficient to cover 1.5 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$333,955 during the current fiscal year, which was primarily due to increases in property tax collections, building permit and other related fee revenue offset by slight increases in the overall functional expense categories.

**Capital Improvements Fund**

The fund balance of the Capital Improvements Fund decreased by \$885,416 during the current fiscal year. This decrease was related to costs for planned projects, primarily related to the sewer line replacement project.

## **TOWN OF KILLINGLY, CONNECTICUT**

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

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

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

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

The fund balance of the Sewer Operating Fund decreased by \$31,978 during the current fiscal year. This decrease was due primarily to revenue shortfalls in sewer use charges.

###### ***Capital Nonrecurring Fund***

The fund balance of the Capital Nonrecurring Fund increased by \$474,718 during the current fiscal year. This increase was due primarily to an increase in the interfund amount due from the General Fund, offset by an increase in capital outlay expense related to the purchase of three new passenger buses.

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

The original budget for 2014 planned for the utilization of fund balance of \$100,000. The final budget for 2014 planned on the utilization of fund balance of \$1,148,216. The actual net change in fund balance of the General Fund on a budgetary basis was a decrease of \$11,081. Expenditures were \$495,749 less than budgeted and revenues were \$638,586 higher than expected due primarily to increases in property tax collections and permit and fee revenues. Additional appropriations during 2014 totaled \$1,048,216 and were primarily related to additional funding for special education costs.

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

The Town adopts an annual budget for its Sewer Operating Fund. During the year ended June 30, 2014 there were no additional appropriations made to the budget. The budget for 2014 planned on a use of fund balance of \$19,958. However, the actual net change in fund balance of the Sewer Operating Fund on a budgetary basis was a decrease of \$64,777. Expenditures were \$17,990 less than budgeted and total budgetary revenues were \$62,809 less than expected due primarily to shortfalls in septage hauling fees.

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

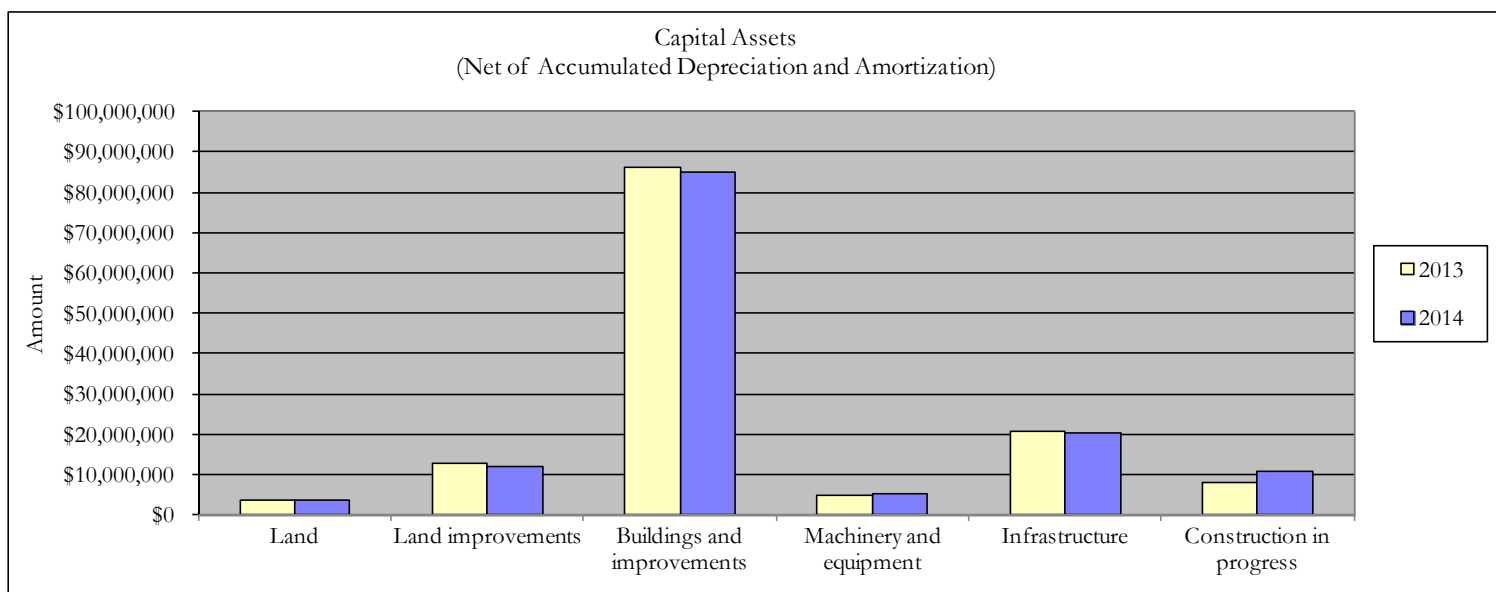
##### **Capital Assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2014 and 2013 totaled \$136,987,154 and \$136,232,048, 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 \$755,106 or 0.6%. This increase consisted of capital asset additions of \$5,813,029 offset by current year depreciation expense of \$5,052,582 and a loss on disposal of \$5,341. Major capital asset events during the current fiscal year included the increase of construction in progress of \$2,849,627 for sewer main replacement projects, \$1,309,986 for education equipment and \$1,653,416 for various other projects including bridges, roads and public works equipment.

**TOWN OF KILLINGLY, CONNECTICUT****MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)****CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)****Capital Assets (Continued)**

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

	2014	2013
Land	\$ 3,674,024	\$ 3,674,024
Land improvements	11,981,279	12,834,127
Buildings and improvements	84,947,614	86,152,626
Machinery and equipment	5,355,668	4,740,476
Infrastructure	20,123,272	20,775,125
Construction in progress	10,905,297	8,055,670
Totals	<u>\$ 136,987,154</u>	<u>\$ 136,232,048</u>



Additional information on the Town's capital assets can be found in Note 4 on page 43 of this report.

# TOWN OF KILLINGLY, CONNECTICUT

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

### CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

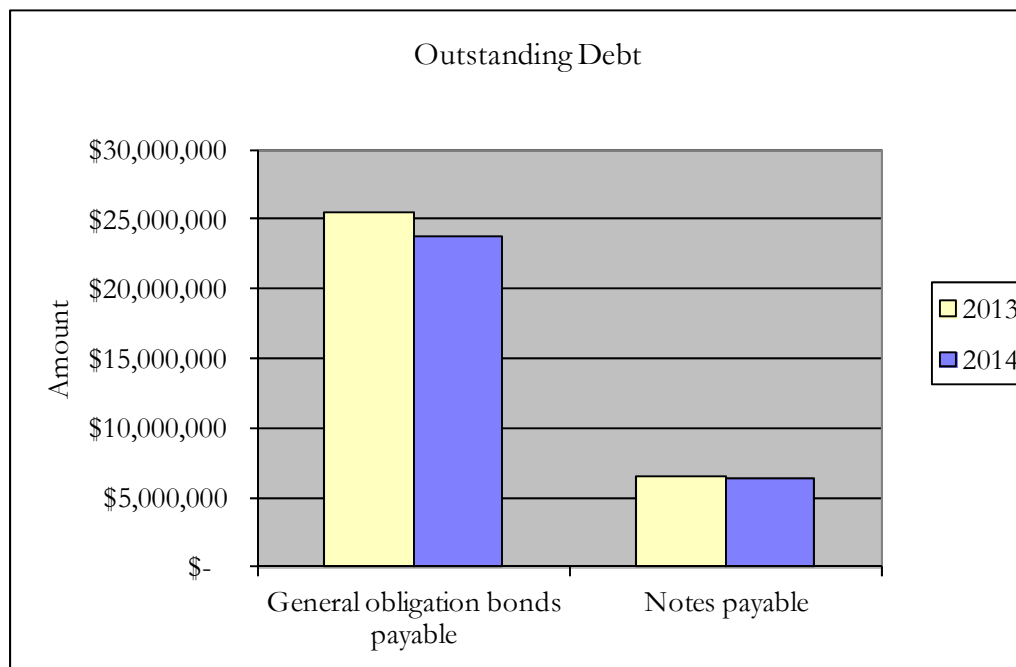
#### Long-term Debt

At the end of the current fiscal year, the Town had total bonded debt and notes payable outstanding of \$30,099,935. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total bonded debt decreased by \$1,908,165 or 6.0% during the current fiscal year due to current year principal repayments. The Town maintains an Aa3 rating from Moody's Investor Service for general obligation debt.

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

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

	2014	2013
General obligation bonds payable	\$ 23,710,000	\$ 25,440,000
Notes payable	6,389,935	6,568,100
Totals	<u>\$ 30,099,935</u>	<u>\$ 32,008,100</u>



Additional information on the Town's long-term debt can be found in Note 9 on pages 45 - 47 of this report.

## **TOWN OF KILLINGLY, CONNECTICUT**

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

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#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

- The unemployment rate for the Town is currently 7.7%, which is a decrease from a rate of 9.7% in the prior year, as compared to the state's average unemployment rate of 6.7% and the national unemployment rate of 6.1%.
- Inflationary trends in the region are comparable to national indices.
- During the current fiscal year, unassigned fund balance of the budgeted General Fund increased to \$5,462,021.
- 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 2015, 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 Planning and Development 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 2015.

#### **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, Killingly, Connecticut 06239.

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## BASIC FINANCIAL STATEMENTS

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**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 10,304,598
Investments	4,048,199
Receivables:	
Property taxes, net of allowance for uncollectibles of \$64,000	1,207,145
Interest, net of allowance for uncollectibles of \$17,000	313,761
Assessments and user charges receivable	707,535
Grants and contracts receivable	5,145,291
Other	403,505
Other assets	155,154
Restricted assets:	
Permanently restricted cash and cash equivalents	31,349
Permanently restricted investments	88,281
Capital assets:	
Non-depreciable	14,579,321
Depreciable, net	122,407,833
Total assets	<u>159,391,972</u>
<b>LIABILITIES</b>	
Accounts payable	1,048,017
Accrued liabilities:	
Salaries and benefits payable	183,233
Accrued interest	118,887
Other accrued liabilities	47,218
Unearned revenue	1,068,017
Note payable	2,000,000
Claims payable	538,058
Noncurrent liabilities:	
Due within one year	2,450,553
Due in more than one year	34,109,082
Total liabilities	<u>41,563,065</u>
<b>NET POSITION</b>	
Net investment in capital assets	103,443,636
Restricted for:	
Endowments:	
Expendable	552,215
Nonexpendable	119,630
Unrestricted	13,713,426
Total net position	<u>\$ 117,828,907</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
Governmental activities:					
General government	\$ 4,005,969	\$ 961,098	\$ 687,680	\$ 408,844	\$ (1,948,347)
Public works	5,825,718	3,311,533	567,351	2,194,139	247,305
Recreation and leisure	1,426,575	140,129	274,785	87,270	(924,391)
Public safety	1,015,900	1,710	70,288	-	(943,902)
Community development and human services	1,382,091	17,282	806,786	-	(558,023)
Education	53,959,068	4,356,732	25,242,434	-	(24,359,902)
Interest and fiscal charges	873,546	-	-	-	(873,546)
Total governmental activities	<u>\$ 68,488,867</u>	<u>\$ 8,788,484</u>	<u>\$ 27,649,324</u>	<u>\$ 2,690,253</u>	<u>(29,360,806)</u>
General revenues:					
Property taxes, levied for general purposes					30,683,974
Grants and contributions not restricted to specific programs					506,500
Unrestricted investment earnings					133,176
Total general revenues					<u>31,323,650</u>
Change in net position					1,962,844
Net position - beginning					115,866,063
Net position - ending					<u>\$ 117,828,907</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	General Fund	Capital Improvements Fund	Sewer Operating Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 6,760,646	\$ -	\$ 947,043	\$ -	\$ 2,628,027	\$ 10,335,716
Investments	3,147,518	-	498,911	-	490,051	4,136,480
Receivables:						
Property taxes, net	1,207,145	-	-	-	-	1,207,145
Assessments and user charges	-	-	707,535	-	-	707,535
Grants and contracts	18,578	5,015,425	-	-	111,288	5,145,291
Other	249,265	-	76,427	-	77,813	403,505
Due from other funds	8,026,945	-	565,638	5,002,065	1,714,088	15,308,736
Inventories	-	-	-	-	21,312	21,312
Other assets	133,842	-	-	-	-	133,842
Total assets	<u>\$ 19,543,939</u>	<u>\$ 5,015,425</u>	<u>\$ 2,795,554</u>	<u>\$ 5,002,065</u>	<u>\$ 5,042,579</u>	<u>\$ 37,399,562</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 634,379	\$ 95,977	\$ 920	\$ 152,411	\$ 164,330	\$ 1,048,017
Accrued liabilities:						
Salaries and benefits payable	183,233	-	-	-	-	183,233
Other accrued liabilities	47,218	-	-	-	-	47,218
Due to other funds	8,922,256	7,043,065	-	-	1,490,650	17,455,971
Unearned revenue	-	168,483	-	-	899,534	1,068,017
Note payable	-	2,000,000	-	-	-	2,000,000
Total liabilities	<u>9,787,086</u>	<u>9,307,525</u>	<u>920</u>	<u>152,411</u>	<u>2,554,514</u>	<u>21,802,456</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	995,181	-	-	-	-	995,181
Unavailable revenue - sewer assessments	-	-	455,233	-	-	455,233
Total deferred inflows of resources	<u>995,181</u>	<u>-</u>	<u>455,233</u>	<u>-</u>	<u>-</u>	<u>1,450,414</u>
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable:						
Inventories	-	-	-	-	21,312	21,312
Permanent funds principal	-	-	-	-	119,630	119,630
Restricted for:						
Grant proceeds	-	-	-	-	78,530	78,530
Special reserves - external	-	-	-	-	552,215	552,215
Committed to:						
General government	384,042	-	-	-	-	384,042
Public safety	3,246	-	-	-	62,387	65,633
Community development and human services	68,434	-	-	-	80,894	149,328
Recreation and leisure	-	-	-	-	44,146	44,146
Education	-	-	-	-	371,195	371,195
Capital and nonrecurring	-	-	-	4,849,654	1,428,316	6,277,970
Sewer operations	-	-	2,339,401	-	-	2,339,401
Assigned to:						
General government	97,807	-	-	-	-	97,807
Education	247,852	-	-	-	-	247,852
Compensated absences	118,911	-	-	-	-	118,911
Other post-employment benefits	544,740	-	-	-	-	544,740
Cell towers	162,478	-	-	-	-	162,478
Sewer extension	38,793	-	-	-	-	38,793
Landfill closure	119	-	-	-	-	119
Unassigned	7,095,250	(4,292,100)	-	-	(270,560)	2,532,590
Total fund balances (deficits)	<u>8,761,672</u>	<u>(4,292,100)</u>	<u>2,339,401</u>	<u>4,849,654</u>	<u>2,488,065</u>	<u>14,146,692</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 19,543,939</u>	<u>\$ 5,015,425</u>	<u>\$ 2,795,554</u>	<u>\$ 5,002,065</u>	<u>\$ 5,042,579</u>	<u>\$ 37,399,562</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

Total fund balances for governmental funds	\$	14,146,692	
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:			
Construction in progress	\$	10,905,297	
Land		3,674,024	
Land improvements		17,199,228	
Buildings and improvements		117,773,866	
Machinery and equipment		18,412,095	
Infrastructure		64,985,544	
Less: accumulated depreciation and amortization		(95,962,900)	
Total capital assets, net			136,987,154
Some of the Town's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.			
Property taxes		995,181	
Sewer use and assessments		455,233	
			1,450,414
Interest receivable net of related allowance for uncollectible accounts on property taxes, sewer use and sewer assessments are not susceptible to accrual and, therefore, are not reported in the governmental funds.			313,761
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Those liabilities consist of:			
Long-term debt:			
Bonds and notes payable		(30,099,935)	
Unamortized amounts		(425,152)	
Obligations under capital lease		(1,018,431)	
Accrued interest payable		(118,887)	
Other long-term liabilities:			
Compensated absences		(1,024,517)	
Accrued landfill postclosure costs		(360,000)	
Net OPEB obligation		(3,631,600)	
Total long-term liabilities			(36,678,522)
An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.			1,609,408
Net position of governmental activities	\$		<u>117,828,907</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Capital Improvements Fund	Sewer Operating Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 30,568,731	\$ -	\$ -	\$ -	\$ -	\$ 30,568,731
Intergovernmental	22,203,161	2,714,638	-	-	3,934,177	28,851,976
Licenses, permits and fees	380,608	-	-	-	-	380,608
Charges for services	3,096,103	-	3,230,945	-	1,330,876	7,657,924
Investment earnings	99,699	-	5,754	-	27,723	133,176
Miscellaneous	654,707	-	312,830	-	98,539	1,066,076
Total revenues	<u>57,003,009</u>	<u>2,714,638</u>	<u>3,549,529</u>	<u>-</u>	<u>5,391,315</u>	<u>68,658,491</u>
<b>EXPENDITURES</b>						
Current:						
General government	2,333,471	-	-	-	330,155	2,663,626
Public works	2,167,100	-	2,811,277	-	-	4,978,377
Recreation and leisure	1,376,330	-	-	-	64,420	1,440,750
Public safety	934,939	-	-	-	64,740	999,679
Community development and human services	507,135	-	-	-	827,492	1,334,627
Education	43,637,467	-	-	-	4,079,021	47,716,488
Miscellaneous	1,947,900	-	-	-	-	1,947,900
Debt service:						
Principal payments	1,764,575	-	-	-	-	1,764,575
Interest and fiscal charges	1,029,300	-	-	-	-	1,029,300
Capital lease payments	513,037	-	-	-	-	513,037
Debt issuance costs	8,860	-	-	-	-	8,860
Capital outlays	1,309,986	3,685,441	-	554,737	22,763	5,572,927
Total expenditures	<u>57,530,100</u>	<u>3,685,441</u>	<u>2,811,277</u>	<u>554,737</u>	<u>5,388,591</u>	<u>69,970,146</u>
Excess (deficiency) of revenues over expenditures	(527,091)	(970,803)	738,252	(554,737)	2,724	(1,311,655)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from capital leases	1,309,986	-	-	-	-	1,309,986
Transfers in	721,080	273,165	-	1,029,455	263,206	2,286,906
Transfers out	(1,170,020)	(187,778)	(770,230)	-	(158,878)	(2,286,906)
Total other financing sources (uses)	<u>861,046</u>	<u>85,387</u>	<u>(770,230)</u>	<u>1,029,455</u>	<u>104,328</u>	<u>1,309,986</u>
Net changes in fund balances	333,955	(885,416)	(31,978)	474,718	107,052	(1,669)
Fund balances (deficit) - beginning	<u>8,427,717</u>	<u>(3,406,684)</u>	<u>2,371,379</u>	<u>4,374,936</u>	<u>2,381,013</u>	<u>14,148,361</u>
Fund balances (deficit) - ending	<u>\$ 8,761,672</u>	<u>\$ (4,292,100)</u>	<u>\$ 2,339,401</u>	<u>\$ 4,849,654</u>	<u>\$ 2,488,065</u>	<u>\$ 14,146,692</u>

**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, 2014**

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Net change in fund balances for governmental funds	\$	(1,669)
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Total change in net position reported for governmental activities in the statement of activities is different because:

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

Expenditures for capital assets	\$	5,813,029	
Depreciation and amortization expense		(5,052,582)	
Net adjustment			760,447

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on a disposal of capital assets. (5,341)

Interest on property taxes receivable, sewer use and sewer assessments are not susceptible to accrual and therefore are only reported as revenue in the funds when the cash is received by the Town. The change in interest receivable during the year decreased revenues recognized in the funds. 5,536

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

Debt issued or incurred:			
Capital lease financing		(1,309,986)	
Principal repayments:			
Bonds and notes payable		1,908,165	
Obligations under capital lease		484,477	
Net adjustment			1,082,656

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

Compensated absences	12,643	
Accrued interest	(14,973)	
Net OPEB obligation	(409,800)	
Amortization of bond premiums	64,557	
Landfill closure and postclosure costs	20,000	
		(327,573)

**TOWN OF KILLINGLY, CONNECTICUT**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES *(Concluded)*  
FOR THE YEAR ENDED JUNE 30, 2014

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Certain revenues reported in the statement of activities do not provide current financial resources and, therefore, are reported as unearned revenues in the governmental funds. This amount represents the change in unearned revenue.	\$ 51,977
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of a certain internal services fund is reported with governmental activities.	<u>396,811</u>
Change in net position of governmental activities	<u><u>\$ 1,962,844</u></u>

**TOWN OF KILLINGLY, CONNECTICUT**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Property taxes	\$ 30,375,126	\$ 30,375,126	\$ 30,568,731	\$ 193,605
Intergovernmental	17,251,256	17,251,256	17,315,485	64,229
Licenses, permits and fees	166,500	166,500	380,608	214,108
Charges for services	2,780,753	2,857,853	2,982,152	124,299
Use of money and property	128,679	128,679	99,646	(29,033)
Miscellaneous	317,667	317,667	389,045	71,378
Total revenues	51,019,981	51,097,081	51,735,667	638,586
<b>EXPENDITURES</b>				
Current:				
General government	1,938,224	1,970,167	2,007,957	37,790
Public works	2,172,654	2,191,584	2,166,504	(25,080)
Recreation and leisure	1,460,619	1,471,049	1,376,330	(94,719)
Public safety	993,529	995,839	933,450	(62,389)
Community development and human services	493,774	503,544	498,047	(5,497)
Education	38,346,951	39,472,266	39,471,783	(483)
Miscellaneous	2,360,456	2,287,074	1,947,900	(339,174)
Debt service:				
Principal payments	1,764,575	1,764,575	1,764,575	-
Interest and fiscal charges	1,024,357	1,024,357	1,029,300	4,943
Debt issuance costs	20,000	20,000	8,860	(11,140)
Total expenditures	50,575,139	51,700,455	51,204,706	(495,749)
Excess (deficiency) of revenues over expenditures	444,842	(603,374)	530,961	1,134,335
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	100,000	1,148,216	-	(1,148,216)
Transfers in	718,280	718,280	721,080	2,800
Transfers out	(1,263,122)	(1,263,122)	(1,263,122)	-
Total other financing uses	(444,842)	603,374	(542,042)	(1,145,416)
Net change in fund balance	\$ -	\$ -	(11,081)	\$ (11,081)
Fund balance - beginning			6,338,143	
Fund balance - ending			\$ 6,327,062	

See accompanying Independent Auditor's Report.



**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, 2014

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Sewer use - current	\$ 3,084,309	\$ 3,084,309	\$ 3,104,142	\$ 19,833
Use charge interest	45,000	45,000	43,616	(1,384)
Investment earnings	5,500	5,500	5,754	254
Miscellaneous	387,000	387,000	305,488	(81,512)
Total revenues	<u>3,521,809</u>	<u>3,521,809</u>	<u>3,459,000</u>	<u>(62,809)</u>
<b>EXPENDITURES</b>				
Contractual services	3,304,517	3,304,517	3,286,692	(17,825)
Materials and supplies	250	250	85	(165)
Total expenditures	<u>3,304,767</u>	<u>3,304,767</u>	<u>3,286,777</u>	<u>(17,990)</u>
Excess of revenues over expenditures	217,042	217,042	172,223	(44,819)
<b>OTHER FINANCING USES</b>				
Transfers out:				
Capital Projects Fund	(120,000)	(120,000)	(120,000)	-
Capital and Nonrecurring Fund	(117,000)	(117,000)	(117,000)	-
Total other financing uses	<u>(237,000)</u>	<u>(237,000)</u>	<u>(237,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (19,958)</u>	<u>\$ (19,958)</u>	(64,777)	<u>\$ (44,819)</u>
Fund balance - beginning			<u>2,371,379</u>	
Fund balance - ending			<u>\$ 2,306,602</u>	

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2014**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund- Health Insurance Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 231
Due from other funds	2,147,235
Total assets	<u>2,147,466</u>
<b>LIABILITIES</b>	
Current liabilities:	
Claims payable	538,058
Total liabilities	<u>538,058</u>
<b>NET POSITION</b>	
Unrestricted	1,609,408
Total net position	<u><u>\$ 1,609,408</u></u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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	<b>Governmental</b> <b>Activities</b>
	<b>Internal</b> <b>Service Fund-</b> <b>Health</b> <b>Insurance Fund</b>
<b>OPERATING REVENUES</b>	
Charges for service	\$ 8,704,863
Total operating revenues	<u>8,704,863</u>
<b>OPERATING EXPENSES</b>	
Claims incurred	7,199,493
Administrative and other	1,108,559
Total operating expenses	<u>8,308,052</u>
Change in net position	396,811
Net position - beginning	<u>1,212,597</u>
Net position - ending	<u><u>\$ 1,609,408</u></u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Governmental Activities</b> <hr/> <b>Internal Service Fund- Health Insurance Fund</b> <hr/>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from charges for services	\$ 7,973,339
Payments for claims incurred	(7,197,100)
Payments for administrative costs	(1,108,559)
Net cash used in operating activities	<hr/> (332,320) <hr/>
 Net change in cash and cash equivalents	 (332,320)
 Cash and cash equivalents - beginning	 <hr/> 332,551 <hr/>
 Cash and cash equivalents - ending	 <hr/> <hr/> \$ 231 <hr/>
 Reconciliation of operating income to net cash used in operating activities:	
Operating income	\$ 396,811
Adjustments to reconcile operating income to net cash used in operating activities:	
(Increase) decrease in assets:	
Accounts receivable	12,276
Due from other funds	(743,800)
Increase (decrease) in liabilities:	
Claims payable	2,393
Net cash used in operating activities	<hr/> (332,320) <hr/>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2014**

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 62,910	\$ 434,871
Investments:			
Pooled separate accounts	5,242,917	-	-
Fixed income	517,765	-	-
Equity mutual funds	-	95,644	-
U.S. Treasury notes	-	51,251	-
Corporate bonds	-	219,744	-
Common stocks	-	241,195	-
Due from others	-	25,048	-
Total assets	<u>5,760,682</u>	<u>695,792</u>	<u>\$ 434,871</u>
<b>LIABILITIES</b>			
Due to student groups	-	-	151,398
Due to others	-	-	283,473
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 434,871</u>
<b>NET POSITION</b>			
Held in trust for pension benefits and other purposes	<u>\$ 5,760,682</u>	<u>\$ 695,792</u>	

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 157,123	\$ -
Plan member	73,359	-
Other	-	31,635
Total contributions	<u>230,482</u>	<u>31,635</u>
Investment earnings:		
Interest and dividends	16,552	-
Net increase (decrease) in the fair value of investments	<u>815,029</u>	<u>79,805</u>
Total investment income	<u>831,581</u>	<u>79,805</u>
Total additions	<u>1,062,063</u>	<u>111,440</u>
<b>DEDUCTIONS</b>		
Benefit payments	354,345	-
Administrative expenses	52,818	-
Awards	-	57,632
Total deductions	<u>407,163</u>	<u>57,632</u>
Change in net position	654,900	53,808
Net position - beginning	<u>5,105,782</u>	<u>641,984</u>
Net position - ending	<u>\$ 5,760,682</u>	<u>\$ 695,792</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
JUNE 30, 2014

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Financial Reporting Entity**

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

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

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

**Government-wide and Fund Financial Statements**

**Government-wide Financial Statements**

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

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

**Fund Financial Statements**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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

**Government-wide and Fund Financial Statements *(Continued)***

**Fund Financial Statements *(Continued)***

The Town reports the following major governmental funds:

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

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

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

***Capital Nonrecurring Fund*** – This fund is used to account for the financial revenues to be used for major capital asset construction and/or purchases funded substantially by grants and General Fund appropriations.

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.

***Pension Trust Fund*** – This fund type is used to account for resources held in trust for the members and beneficiaries of the Public Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees. This plan is discussed more fully in Note 10.

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

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

**Measurement Focus and Basis of Accounting**

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



**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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

**Measurement Focus and Basis of Accounting *(Continued)***

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

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

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

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

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

**Implementation of New Accounting Standards**

The Town has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25* effective July 1, 2013. GASB Statement No. 67 replaces the requirements of GASB No. 25 and No. 50 as they relate to pension plans administered through trusts. The objective of Statement No. 67 is to improve financial reporting of such pension plans and resulted in a change in required pension disclosure and required supplementary information.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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

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

**Cash Equivalents**

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

**Investments**

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

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

**Donor-restricted Endowments**

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

The Town has received endowments for the improvement and betterment of Killingly Public Schools, park and recreation activities, and for the purpose of library books. The amounts are reflected as restricted for endowments and perpetual care. Investment income from the endowments is transferred annually to special revenue funds where disbursements are approved by the Town Council.

**Inventories**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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

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

**Property Taxes**

All trade, property tax, sewer use and sewer assessment receivables are shown net of an allowance for uncollectible accounts. Allowance percentages range from 2% to 25% of outstanding receivable balances at June 30, 2014 and are calculated based upon historical collections.

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

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

**Capital Assets**

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

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

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

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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

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

**Unearned Revenue**

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned.

**Deferred Outflows/Inflows of Resources**

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

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

**Compensated Absences**

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

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

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

**Long-term Obligations**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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

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

**Long-term Obligations *(Continued)***

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

**Net Position and Fund Balance**

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

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

***Restricted net position*** - This component of net position consists of amounts restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

***Unrestricted net position*** - This component of net position consist of amounts which do not meet the definition of the two preceding categories.

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

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

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

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

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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

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

***Net Position Flow Assumption***

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

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

***Fund Balance Flow Assumption***

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

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

**Interfund Activities**

Interfund activities are reported as follows:

**Interfund Receivables and Payables**

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

**Interfund Services Provided and Used**

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

**Interfund Transfers**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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

**Interfund Activities *(Continued)***

**Interfund Reimbursements**

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

**Use of Estimates**

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

**Recently Issued Accounting Standards**

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

**NOTE 2 - BUDGETARY INFORMATION AND DEFICIT FUND EQUITY**

**Budgetary Information**

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

- Each department, office, board or commission of the Town (including the Board of Education) shall submit to the Town Manager a detailed estimate of expenditures and anticipated revenues for the ensuing fiscal year by March 15.
- On or before April 1, the Town Manager submits a balanced budget and budget message to the Town Council based upon requests submitted by the various Town departments.
- By April 15, the Town Council submits the proposed operating budget to one or more public hearings, at which taxpayer comments are obtained. The budget includes proposed expenditures and the means of financing them. The Town Council recommends the budget, as revised, for adoption at the annual Town meeting on the second Monday in May.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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

**Budgetary Information *(Continued)***

- 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 \$133,054 may be approved by the Town Council. Those in excess of this amount must be approved at a Town Meeting. Additional appropriations of \$1,048,216 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 10*) are not recorded for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year. Generally, all unexpended appropriations lapse at year-end, except those for the Capital Projects Funds and certain Special Revenue Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.



**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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

**Budgetary Information *(Continued)***

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2014:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Uses - Transfers, Net</u>	<u>Net Change In Fund Balance</u>	<u>Fund Balance</u>
Budgetary basis	\$ 51,735,667	\$ 51,204,706	\$ (542,042)	\$ (11,081)	\$ 6,327,062
"On-behalf" payments -					
State Teachers Retirement					
Fund <i>(see Note 10)</i>	3,826,690	3,826,690	-	-	-
Encumbrances outstanding:					
June 30, 2013	-	104,688	-	(104,688)	-
June 30, 2014	-	(345,659)	-	345,659	345,659
Intergovernmental grants netted					
against expenditures	1,060,986	1,060,986	-	-	-
Capital lease not recorded for					
budgetary purposes	-	1,309,986	1,309,986	-	-
Budgetary perspective differences -					
funds combined for GAAP financial					
reporting purposes	379,666	368,703	93,102	104,065	2,088,951
GAAP basis	<u>\$ 57,003,009</u>	<u>\$ 57,530,100</u>	<u>\$ 861,046</u>	<u>\$ 333,955</u>	<u>\$ 8,761,672</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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

**Deficit Fund Balances**

The following funds have deficit balances as of June 30, 2014, which do not constitute a violation of statutory provisions:

Fund	Deficit Fund Balance
Capital Improvements Fund	\$ 4,292,100
School Cafeteria Fund	233,550
Solid Waste Fund	15,698

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

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS**

A reconciliation of the Town's cash deposits as of June 30, 2014 is as follows:

Government-wide statement of net position:	
Unrestricted:	
Cash and cash equivalents	\$ 10,304,598
Permanently restricted:	
Cash equivalents	31,349
Statement of fiduciary net position:	
Private purpose trust funds:	
Cash and cash equivalents	62,910
Agency funds:	
Cash and cash equivalents	434,871
Less: investments classified as cash equivalents	<u>(4,606,934)</u>
	<u>\$ 6,226,794</u>

Investments in CLASS and STIF totaling \$4,602,006 are included in cash and cash equivalents in the accompanying statements of net position. For purposes of disclosure, such amounts are considered investments and are included in the disclosure of investments.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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

**Cash Deposits – Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2014 the carrying value of the Town's cash deposits totaled \$6,226,794. As of June 30, 2014, \$7,314,126 of the Town's bank balance of \$8,032,120 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,582,713
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>731,413</u>
	<u><u>\$ 7,314,126</u></u>

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

**Investments**

A reconciliation of the Town's investments as of June 30, 2014 is as follows:

Government-wide statement of net position:	
Unrestricted investments	\$ 4,048,199
Permanently restricted investments	88,281
Statement of fiduciary net position:	
Investments - Pension trust funds	5,760,682
Investments - Private purpose trust funds	607,834
Add: investments classified as cash equivalents	<u>4,606,934</u>
	<u><u>\$ 15,111,930</u></u>

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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

**Investments *(Continued)***

As of June 30, 2014, the Town's investments consisted of the following:

Investment type	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1 to 5
Debt Securities:			
Cooperative Liquid Asset Security System (CLASS)	\$ 2,439,617	\$ 2,439,617	\$ -
Short-Term Investment Fund (STIF)	2,162,389	2,162,389	-
Certificates of deposits	4,141,408	40,890	4,100,518
U.S. Treasury Notes	51,251	-	51,251
Corporate bonds and notes	219,744	25,655	194,089
	<u>9,014,409</u>	<u>\$ 4,668,551</u>	<u>\$ 4,345,858</u>
Other investments:			
Pooled separate accounts	5,242,917		
Fixed income	517,765		
Equity mutual funds	95,644		
Common stock	241,195		
Total	<u>\$ 15,111,930</u>		

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

**Interest Rate Risk**

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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

**Investments *(Continued)***

**Credit Risk *(Continued)***

The Town's investments in debt securities were rated as follows at June 30, 2014:

<b>Debt Securities</b>	<b>Fair Value</b>	<b>Standard &amp; Poor's</b>				
		<b>AAA</b>	<b>A</b>	<b>AA</b>	<b>BBB</b>	<b>Unrated</b>
Cooperative Liquid Asset						
Security System (CLASS)	\$ 2,439,617	\$ 2,439,617	\$ -	\$ -	\$ -	\$ -
Short-Term Investment Fund (STIF)	2,162,389	2,162,389	-	-	-	-
Certificates of Deposits	4,141,408	-	-	-	-	4,141,408
Corporate bonds and notes	219,744	-	122,148	71,934	25,662	-
	<u>\$ 8,963,158</u>	<u>\$ 4,602,006</u>	<u>\$ 122,148</u>	<u>\$ 71,934</u>	<u>\$ 25,662</u>	<u>\$ 4,141,408</u>

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial credit risk at June 30, 2014, as they are held by a trustee in the Town's name.

**Concentrations of Credit Risk**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS** *(Continued)*  
**JUNE 30, 2014**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 8,055,670	\$ 2,849,627	\$ -	\$ 10,905,297
Land	3,674,024	-	-	3,674,024
Total capital assets, not being depreciated	<u>11,729,694</u>	<u>2,849,627</u>	<u>-</u>	<u>14,579,321</u>
Capital assets, being depreciated:				
Land improvements	17,199,228	-	-	17,199,228
Buildings and improvements	117,079,029	735,337	(40,500)	117,773,866
Machinery and equipment	17,672,198	1,944,462	(1,204,565)	18,412,095
Infrastructure	64,701,941	283,603	-	64,985,544
Total capital assets, being depreciated	<u>216,652,396</u>	<u>2,963,402</u>	<u>(1,245,065)</u>	<u>218,370,733</u>
Less accumulated depreciation:				
Land improvements	4,365,101	852,848	-	5,217,949
Buildings and improvements	30,926,403	1,936,299	(36,450)	32,826,252
Machinery and equipment	12,931,722	1,327,979	(1,203,274)	13,056,427
Infrastructure	43,926,816	935,456	-	44,862,272
Total accumulated depreciation	<u>92,150,042</u>	<u>5,052,582</u>	<u>(1,239,724)</u>	<u>95,962,900</u>
Total capital assets, being depreciated, net	<u>124,502,354</u>	<u>(2,089,180)</u>	<u>(5,341)</u>	<u>122,407,833</u>
Governmental activities capital assets, net	<u>\$ 136,232,048</u>	<u>\$ 760,447</u>	<u>\$ (5,341)</u>	<u>\$ 136,987,154</u>

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

Governmental Activities:	
General government	\$ 856,659
Public works	537,227
Recreation and leisure	244,446
Public Safety	2,411
Education	3,411,839
Total depreciation and amortization expense - governmental activities	<u>\$ 5,052,582</u>

**NOTE 5 - CAPITAL PROJECTS**

The Town has total project authorizations totaling approximately \$126.5 million as of June 30, 2014 and the remaining balance of those authorizations totaled approximately \$8.1 million as of June 30, 2014.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Capital Improvements Fund	\$ 6,569,370
	Nonmajor Governmental Funds	1,457,575
		<u>8,026,945</u>
Sewer Operating Fund	General Fund	<u>565,638</u>
Capital Nonrecurring Fund	General Fund	<u>5,002,065</u>
Nonmajor Governmental Funds	General Fund	1,207,318
	Capital Improvements Fund	473,695
	Nonmajor Governmental Funds	33,075
		<u>1,714,088</u>
<b>Proprietary Funds</b>		
Health Insurance Fund	General Fund	<u>2,147,235</u>
Total due from / to other funds		<u><u>\$ 17,455,971</u></u>

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

**NOTE 7 - INTERFUND TRANSFERS**

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Capital Improvements Fund	\$ 187,778
	Sewer Operating Fund	533,230
	Nonmajor Governmental Funds	72
		<u>721,080</u>
Capital Improvements Fund	Sewer Operating Fund	120,000
	Nonmajor Governmental Funds	153,165
		<u>273,165</u>
Capital and Nonrecurring Fund	General Fund	906,814
	Sewer Operating Fund	117,000
	Nonmajor Governmental Funds	5,641
		<u>1,029,455</u>
Nonmajor Governmental Funds	General Fund	<u>263,206</u>
Total transfers		<u><u>\$ 2,286,906</u></u>

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

**NOTE 8 - SHORT-TERM LIABILITY**

The following is a summary of changes in short-term liabilities for the year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Bond anticipation notes				
in April 2014, original amount \$2,000,000	\$ 2,000,000	\$ 2,000,000	\$(2,000,000)	\$ 2,000,000

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

**NOTE 9 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 25,440,000	\$ -	\$(1,730,000)	\$ 23,710,000	\$ 1,640,000
Unamortized premium	489,709	-	(64,557)	425,152	-
	25,929,709	-	(1,794,557)	24,135,152	1,640,000
Other liabilities:					
Notes payable	6,568,100	-	(178,165)	6,389,935	178,165
Capital leases	192,922	1,309,986	(484,477)	1,018,431	407,484
Landfill postclosure care costs	380,000	-	(20,000)	360,000	20,000
Compensated absences	1,037,160	48,884	(61,527)	1,024,517	204,904
Net OPEB obligation	3,221,800	409,800	-	3,631,600	-
	<u>\$ 37,329,691</u>	<u>\$ 1,768,670</u>	<u>\$(2,538,726)</u>	<u>\$ 36,559,635</u>	<u>\$ 2,450,553</u>

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



**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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

**General Obligation Bonds and Note Payable**

A summary of general obligation bonds and note payable outstanding at June 30, 2014 is as follows:

<b>Bond Issue</b>	<b>Original Amount</b>	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Amount Outstanding</b>
<b>Governmental Activities</b>				
<b>Bonds Payable</b>				
2007 School bonds	\$ 2,415,000	2027	4.25% - 5.00%	\$ 1,562,149
2007 Road/Bridges bonds	3,000,000	2027	4.25% - 5.00%	1,947,851
2007 School refunding bonds	685,000	2024	4.25% - 5.00%	238,652
2007 Sewer refunding bonds	3,835,000	2024	4.25% - 5.00%	1,336,105
2007 General purpose refunding bonds	1,565,000	2024	4.25% - 5.00%	545,243
2008 School bonds	5,000,000	2028	4.0% - 4.5%	3,500,000
2009 School bonds	3,000,000	2029	2.5% - 4.125%	2,250,000
2010 School bonds	6,500,000	2030	2.25% - 4.0%	5,200,000
2011 School bonds	3,500,000	2031	2.5% - 4.375%	2,975,000
2012 School bonds	2,400,000	2032	2.0% - 3.0%	2,160,000
2013 School/Road Bridges	2,100,000	2033	2.0% - 3.0%	1,995,000
				<u>\$23,710,000</u>
<b>Notes Payable</b>				
2001 Sewer FHA loan	1,383,000	2041	4.50%	\$ 933,525
2013 Sewer USDA loan	5,600,000	2051	1.00%	5,456,410
				<u>\$ 6,389,935</u>

Annual debt service requirements to maturity on general obligation bonds and note payable are as follows as of June 30, 2014:

Year ending June 30:	<b>Governmental Activities</b>					
	<b>General Obligation Bonds</b>		<b>Note Payable</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2015	\$ 1,640,000	\$ 895,604	\$ 178,165	\$ 232,983	\$ 1,818,165	\$ 1,128,587
2016	1,640,000	837,780	178,165	226,402	1,818,165	1,064,182
2017	1,635,000	774,266	178,165	219,820	1,813,165	994,086
2018	1,635,000	713,504	178,165	213,238	1,813,165	926,742
2019	1,635,000	713,504	178,165	213,238	1,813,165	926,742
2020- 2024	8,295,000	2,628,261	890,825	967,469	9,185,825	3,595,730
2025- 2029	6,195,000	1,180,601	890,825	802,931	7,085,825	1,983,532
2030- 2034	1,035,000	153,132	890,825	638,394	1,925,825	791,526
2035- 2039	-	-	890,825	473,855	890,825	473,855
2040- 2044	-	-	787,100	310,873	787,100	310,873
2045- 2049	-	-	717,950	175,896	717,950	175,896
2050- 2054	-	-	430,760	50,255	430,760	50,255
	<u>\$ 23,710,000</u>	<u>\$ 7,896,652</u>	<u>\$ 6,389,935</u>	<u>\$ 4,525,354</u>	<u>\$ 30,099,935</u>	<u>\$ 12,422,006</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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

**Legal Debt Limit**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$214,639,355 as of June 30, 2014. 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, 2014.

The amount of authorized, unissued bonds at June 30, 2014 totaled \$85,000, \$7,090,800 and \$5,048,000 for general purposes, schools, and sewers, respectively.

**Capital Leases**

A summary of assets acquired through capital leases is as follows as of June 30, 2014:

	<b>Governmental Activites</b>
Buildings	\$ 739,988
Machinery and equipment	3,064,888
	<u>3,804,876</u>
Less: accumulated amortization	2,743,389
	<u><u>\$ 1,061,487</u></u>

Amortization expense relative to leased property under capital leases totaled \$405,183 for the year ended June 30, 2014 and is included in depreciation and amortization expense disclosed in Note 4.

The Town is obligated under capital leases to make annual payments. Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 are as follows:

Year ending June 30:	<b>Governmental Activites</b>
2015	\$ 440,536
2016	383,829
2017	220,587
2018	<u>56,087</u>
Total minimum lease payments	1,101,039
Less: amount representing interest	<u>82,608</u>
	<u><u>\$ 1,018,431</u></u>

**Landfill Closure and Post-Closure Care Costs**

State and Federal laws and regulations require landfill closures to meet certain standards. The Town landfill is closed. Estimated monitoring costs of \$20,000 per year for the next 18 years totals \$360,000 at June 30, 2014. These amounts are based on estimates, which are subject to change due to inflation, technology or changes in applicable laws and regulations.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE 10 – EMPLOYEE RETIREMENT PLANS**

**Defined Benefit Plan**

**Plan Description**

*Plan Administration* – The Town of Killingly administers a single employer defined benefit pension plan (the “Plan”). The Plan covers all full time employees who met the eligibility requirements of the Plan. Specifically, plan provisions state that this includes any employee who is employed on a regular work schedule, excluding teachers, councilmen, selectman, or elected or appointed officials.

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.

*Plan Membership* – Membership of the Plan consisted of the following at July 1, 2013, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	70
Terminated plan members entitled to but not yet receiving benefits	31
Active plan members	<u>60</u>
Total	<u><u>161</u></u>

*Benefits Provided* – The Plan provides for retirement benefits for all members.

Pension benefits for normal retirement under the Plan fall under three categories: Public Works Superintendent, Public Works Assistant Superintendent and All Others. For the Superintendent, the benefits are based on 1% of final earnings multiplied by the number of years of credited service prior to 4/1/1987 plus 1.5% of Final earnings times credited service after 4/1/1987, up to a maximum of 30 years. For the Assistant Superintendent, the date above changes to 4/1/1997. In relation to all others, benefits are based on 1% of final earnings multiplied by the number of years of credited service, up to a maximum of 30 years, computed to the nearest 1/12 of a year.

*Contributions* – The Plan’s funding policy provides that for Public Works Superintendent, plan participants are to contribute 4.50% of earnings, effective April 1, 1987. For Public Works Assistant Superintendents, plan participants are to contribute 4.50% of earnings, effective January 1, 1994. All others are required to contribute 3.00% of earnings.

For the year ended June 30, 2014, employer contributions to the Plan totaled \$157,123 and represented 7.27% of covered payroll.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE 10 – EMPLOYEE RETIREMENT PLANS *(Continued)***

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

**Summary of Significant Accounting Policies**

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

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

*Concentrations* - Investments in certain mutual funds exceeded 5.0% of the Plan's net position. However, mutual funds are not generally considered to be exposed to concentration risks, as such investments are considered diversified by nature.

*Rate of return* - For the year ended June 30, 2014 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 16.74%. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

**Net Pension Obligation and Net Pension Liability of the Town**

The Town has not yet implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, which is effective for fiscal years beginning after June 15, 2014. GASB Statement No. 68 will require the Town to record the net pension liability of its defined benefit pension plan in its government wide financial statements. The net pension liability has been disclosed below in accordance with the implementation of GASB Statement No. 67. The Town continues to apply the provisions of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, which requires employers to recognize a net pension asset or obligation in its government-wide financial statements based on the cumulative difference between the annual pension cost and the amounts contributed to the plan.

The following represents the Town's net pension obligation as of June 30, 2014 and the related change in the net pension obligation for the year ended June 30, 2014:

Annual required contribution	\$ 157,123
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	157,123
Contributions made	157,123
Change in net pension obligation	-
Net pension obligation, beginning of the year	-
Net pension obligation, end of the year	\$ -

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE 10 – EMPLOYEE RETIREMENT PLANS *(Continued)***

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

**Net Pension Obligation and Net Pension Liability of the Town *(Continued)***

The components of the net pension liability for the Town at June 30, 2014, were as follows:

Total pension liability	\$ 5,499,732
Plan fiduciary net position	<u>5,760,682</u>
Town's net pension asset	<u>(260,950)</u>
Plan fiduciary net position as a percentage of the total pension liability	104.74%

*Actuarial Assumptions* – The total pension liability for the Plan was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement::

Inflation	3.00%
Salary increases	4.00%
Investment rate of return	7.00%

Mortality rates were based on the RP-2000 Mortality Table Projected by Scale AA to Year of valuation with separate male and female tables.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap	32.00%	6.00%
Mid Cap	4.00%	6.50%
Small Cap	6.00%	6.75%
International Equity	15.00%	5.75%
Real Estate	5.00%	4.75%
Intermediate Term Fixed	26.00%	1.50%
Guaranteed Deposit	12.00%	2.00%

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE 10 – EMPLOYEE RETIREMENT PLANS *(Continued)***

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

**Net Pension Obligation and Net Pension Liability of the Town *(Continued)***

*Discount rate* - The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate* - The following presents the net pension liability of the Town, calculated using the discount rate of 7.0%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town Plan's net pension liability as of June 30, 2014	\$ 267,463	\$ (260,950)	\$ (720,153)

**Connecticut State Teachers' Retirement System**

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

Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual Town basis. For the year ended June 30, 2014, Town teachers contributed \$1,119,141 to the plan and covered payroll for the year was \$15,436,428.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on-behalf" payments of \$3,826,690 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.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

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

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

**Funding Policy**

Contribution requirements of the plan members and the Town are established by and may be amended through negotiations between the Town and the Board of Education and their respective unions. Currently, Town employees who are department heads or supervisors who retire at age 65 with 25 years of service with the Town are eligible for the health insurance and life insurance benefits. Public works employees who retire at age 65 with 25 years of service with the Town are eligible for the life insurance benefit. The Town pays the premium cost for those who chose to participate. Currently, Board of Education Employees who are age 50 with 25 years of service, age 55 with 20 years of service or age 60 with 10 years of service in the Killingly School System are eligible to receive benefits. Those who choose to participate must pay the 100% of the premium cost. The Town finances the plan on a pay-as-you-go basis.

**Annual OPEB Cost and Net OPEB Obligation**

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

Annual required contribution	\$ 760,600
Interest on net OPEB obligation	145,000
Adjustment to annual required contribution	(189,300)
Annual OPEB cost	<u>716,300</u>
Contributions made	<u>306,500</u>
Increase in net OPEB obligation	409,800
Net OPEB obligation, beginning of the year	<u>3,221,800</u>
Net OPEB obligation, end of the year	<u><u>\$ 3,631,600</u></u>

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Three Year Trend Information**

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed by the Town for such benefits, and the net OPEB obligation for fiscal year 2014 and two most prior years is as follows:

<b>Plan Year Ended June 30,</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
2012	\$ 787,400	\$ 122,200	16%	\$ 2,602,500
2013	715,900	96,600	13%	3,221,800
2014	716,300	306,500	43%	3,631,600

**Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2013 (the date of the most recent actuarial valuation) was as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age Cost Method (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>
July 1, 2011	\$ -	\$ 9,244,200	\$ 9,244,200	0.0%	\$16,613,000	55.6%
July 1, 2013	\$ -	\$ 10,074,300	\$ 10,074,300	0.0%	\$15,758,000	63.9%

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



**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Actuarial Methods and Assumptions**

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

Valuation date:	July 1, 2013
Actuarial cost method:	Entry Age Actuarial Cost Method
Amortization method:	Level Percentage of Payroll
Remaining amortization period:	30 years
Asset valuation method:	Market Value
Actuarial assumptions:	
Investment rate of return	4.5%
Healthcare cost trend rate	10.0% initial 5.0% final

**NOTE 12 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except health coverage. During 2014, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years.

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
JUNE 30, 2014

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**NOTE 12 - RISK MANAGEMENT *(Continued)***

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

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2014. Claims liabilities are recorded if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

A summary of claims activity for the last three years is as follows:

<b>Year</b>	<b>Claims Payable,</b>	<b>Claims and Changes</b>		<b>Claims Payable,</b>
<b>Ended June 30,</b>	<b>Beginning of Year</b>	<b>in Estimates</b>	<b>Claims Paid</b>	<b>End of Year</b>
2012	\$ 531,962	\$ 6,878,261	\$ 6,660,541	\$ 749,682
2013	749,682	7,447,401	7,661,418	535,665
2014	535,665	7,199,493	7,197,100	538,058

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

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

**Grants and Contracts**

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

**Litigation**

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

**Encumbrances**

As of June 30, 2014, the Town has recorded \$345,659 in encumbrances. Such encumbrances have been included in assigned fund balance of the General Fund.

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## REQUIRED SUPPLEMENTARY INFORMATION

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**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)**  
**TOWN GENERAL PENSION PLAN**  
**JUNE 30, 2014**

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	<u>2014</u>
<b>Total pension liability</b>	
Service cost	\$ 135,885
Interest	371,582
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds	<u>(354,345)</u>
Net change in total pension liability	153,122
Total pension liability - beginning	<u>5,346,610</u>
Total pension liability - ending	<u>5,499,732</u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	157,123
Contributions - members	73,359
Net investment income	831,581
Benefit payments, including refunds	(354,345)
Administrative expense	<u>(52,818)</u>
Net change in plan fiduciary net position	654,900
Plan fiduciary net position - beginning	<u>5,105,782</u>
Plan fiduciary net position - ending	<u>5,760,682</u>
 <b>Town's net pension asset</b>	 <u><u>\$ (260,950)</u></u>
 <b>Plan fiduciary net position as a percentage of total pension liability</b>	  104.74%
 <b>Covered employee payroll</b>	  \$ 2,160,000
 <b>Town's net pension asset as a percentage of covered employee payroll</b>	  -12.08%

**Notes to Schedule:**

**Benefit Changes** None noted.

**Assumption Change** None noted.

**Note:** The Town began to report the changes in net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS (UNAUDITED)**  
**TOWN GENERAL PENSION PLAN**  
**JUNE 30, 2014**

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	<u>2014</u>
Actuarially determined contribution	\$ 157,123
Contributions in relation to the actuarially determined contribution	<u>157,123</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Covered employee payroll	\$ 2,160,000
Contributions as a percentage of covered employee payroll	7.27%
Annual money-weighted rate of return, net of investment expense	16.74%

**Notes to Schedule:**

**Valuation date** July 1, 2013

*Actuarially determined contribution rates are calculated as of December 31, prior to the end of the fiscal year in which contributions are reported.*

**Methods and assumptions used to determine contribution rates:**

<b>Actuarial cost method</b>	Entry Age Normal Cost Method
<b>Amortization method</b>	Level Dollar Amount
<b>Remaining amortization period</b>	20 years, open
<b>Asset valuation method</b>	5-year Smoothed Market value
<b>Inflation</b>	3.00%
<b>Investment rate of return</b>	7.00%
<b>Salary increases</b>	4.00% compounded annually
<b>Retirement age</b>	Age 65
<b>Mortality</b>	RP-2000 Mortality Table Projected by Scale AA to Year of valuation with separate male and female tables

**Note:** The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULES OF FUNDING PROGRESS (UNAUDITED)**  
**JUNE 30, 2014**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age Normal (B) *</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>
<b>Defined Benefit Pension Plan</b>						
July 1, 2007	\$ 5,172,703	\$ 4,405,610	\$ (767,093)	117.4%	\$ 1,732,580	-44.3%
July 1, 2008	5,211,352	4,688,676	(522,676)	111.1%	1,794,187	-29.1%
July 1, 2009	4,910,437	4,690,019	(220,418)	104.7%	1,942,659	-11.3%
July 1, 2010	4,668,019	4,836,755	168,736	96.5%	1,864,225	9.1%
July 1, 2011	4,568,864	4,964,771	395,907	92.0%	1,997,041	19.8%
July 1, 2012	4,592,359	5,116,277	523,918	89.8%	2,011,526	26.0%
July 1, 2012	4,786,274	5,346,610	560,336	89.5%	2,268,575	24.7%

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age Normal (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>
<b>Other Post-Employment Benefit Plan</b>						
July 1, 2007	\$ -	\$ 9,174,300	\$ 9,174,300	0.0%	\$ 17,236,600	53.2%
July 1, 2009	-	9,531,900	9,531,900	0.0%	17,914,800	53.2%
July 1, 2011	-	9,244,200	9,244,200	0.0%	16,613,000	55.6%
July 1, 2013	-	10,074,300	10,074,300	0.0%	15,758,000	63.9%

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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**GENERAL FUND**

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**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS**  
**JUNE 30, 2014**

	General Fund	Water Utility	Revaluation	Insurance Reserve	Community Employment Incentive	Water Mitigation
<b>ASSETS</b>						
Cash and cash equivalents	\$ 6,419,953	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	3,102,477	-	-	-	-	-
Receivables:						
Property taxes, net	1,207,145	-	-	-	-	-
Grants and contracts	18,578	-	-	-	-	-
Other	249,265	-	-	-	-	-
Due from other funds	8,026,945	1,167,432	75,498	244,933	7,687	75,040
Other assets	133,842	-	-	-	-	-
Total assets	<u>\$ 19,158,205</u>	<u>\$ 1,167,432</u>	<u>\$ 75,498</u>	<u>\$ 244,933</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 629,842	\$ -	\$ 3,454	\$ 1,083	\$ -	\$ -
Accrued liabilities:						
Salaries and benefits payable	183,233	-	-	-	-	-
Other accrued liabilities	47,218	-	-	-	-	-
Due to other funds	10,630,010	-	-	-	-	-
Total liabilities	<u>11,490,303</u>	<u>-</u>	<u>3,454</u>	<u>1,083</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	995,181	-	-	-	-	-
	<u>995,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Committed to:						
General government	-	-	72,044	243,850	-	-
Public safety	-	-	-	-	-	-
Community development and human services	-	-	-	-	-	-
Assigned to:						
General government	97,807	-	-	-	-	-
Education	247,852	-	-	-	-	-
Compensated absences	118,911	-	-	-	-	-
Other post-employment benefits	544,740	-	-	-	-	-
Cell towers	162,478	-	-	-	-	-
Sewer extension	38,793	-	-	-	-	-
Landfill closure	119	-	-	-	-	-
Unassigned	5,462,021	1,167,432	-	-	7,687	75,040
Total fund balances	<u>6,672,721</u>	<u>1,167,432</u>	<u>72,044</u>	<u>243,850</u>	<u>7,687</u>	<u>75,040</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,158,205</u>	<u>\$ 1,167,432</u>	<u>\$ 75,498</u>	<u>\$ 244,933</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**  
COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS *(Continued)*  
JUNE 30, 2014

	Planning and Conservation	Demo and Relocation	Tercentennial	Civil War Monument	Public Safety
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 963	\$ 860
Investments	-	-	-	2,671	2,386
Receivables:					
Property taxes, net	-	-	-	-	-
Grants and contracts	-	-	-	-	-
Other	-	-	-	-	-
Due from other funds	50,872	68,148	2,000	-	-
Other assets	-	-	-	-	-
Total assets	<u>\$ 50,872</u>	<u>\$ 68,148</u>	<u>\$ 2,000</u>	<u>\$ 3,634</u>	<u>\$ 3,246</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities:					
Salaries and benefits payable	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Committed to:					
General government	-	68,148	-	-	-
Public safety	-	-	-	-	3,246
Community development and human services	-	-	-	-	-
Assigned to:					
General government	-	-	-	-	-
Education	-	-	-	-	-
Compensated absences	-	-	-	-	-
Other post-employment benefits	-	-	-	-	-
Cell towers	-	-	-	-	-
Sewer extension	-	-	-	-	-
Landfill closure	-	-	-	-	-
Unassigned	50,872	-	2,000	3,634	-
Total fund balances	<u>50,872</u>	<u>68,148</u>	<u>2,000</u>	<u>3,634</u>	<u>3,246</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 50,872</u>	<u>\$ 68,148</u>	<u>\$ 2,000</u>	<u>\$ 3,634</u>	<u>\$ 3,246</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**  
COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS *(Concluded)*  
JUNE 30, 2014

	<b>Economic Development</b>	<b>Fuel System</b>	<b>Kelp</b>	<b>Earl Chandler</b>	<b>Eliminations</b>	<b>Combined General Fund</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 324,352	\$ 13,858	\$ 559	\$ 101	\$ -	\$ 6,760,646
Investments	-	38,432	1,552	-	-	3,147,518
Receivables:						
Property taxes, net	-	-	-	-	-	1,207,145
Grants and contracts	-	-	-	-	-	18,578
Other	-	-	-	-	-	249,265
Due from other funds	-	16,144	-	-	(1,707,754)	8,026,945
Other assets	-	-	-	-	-	133,842
Total assets	<u>\$ 324,352</u>	<u>\$ 68,434</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ (1,707,754)</u>	<u>\$ 19,543,939</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 634,379
Accrued liabilities:						
Salaries and benefits payable	-	-	-	-	-	183,233
Other accrued liabilities	-	-	-	-	-	47,218
Due to other funds	-	-	-	-	(1,707,754)	8,922,256
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,707,754)</u>	<u>9,787,086</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>995,181</u>
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>995,181</u>
<b>FUND BALANCES</b>						
Committed to:						
General government	-	-	-	-	-	384,042
Public safety	-	-	-	-	-	3,246
Community development and human services	-	68,434	-	-	-	68,434
Assigned to:						
General government	-	-	-	-	-	97,807
Education	-	-	-	-	-	247,852
Compensated absences	-	-	-	-	-	118,911
Other post-employment benefits	-	-	-	-	-	544,740
Cell towers	-	-	-	-	-	162,478
Sewer extension	-	-	-	-	-	38,793
Landfill closure	-	-	-	-	-	119
Unassigned	324,352	-	2,111	101	-	7,095,250
Total fund balances	<u>324,352</u>	<u>68,434</u>	<u>2,111</u>	<u>101</u>	<u>-</u>	<u>8,761,672</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 324,352</u>	<u>\$ 68,434</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ (1,707,754)</u>	<u>\$ 19,543,939</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND ACCOUNTS**

JUNE 30, 2014

	General Fund	Water Utility	Revaluation	Insurance Reserve	Community Employment Incentive	Water Mitigation
<b>REVENUES</b>						
Property taxes	\$ 30,568,731	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	22,203,161	-	-	-	-	-
Licenses, permits and fees	380,608	-	-	-	-	-
Charges for services	2,982,152	-	-	-	-	-
Use of money and property	99,646	-	-	-	-	-
Miscellaneous	389,045	-	-	224,245	-	-
Total revenues	<u>56,623,343</u>	<u>-</u>	<u>-</u>	<u>224,245</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,975,941	-	60,056	251,299	-	-
Public works	2,166,504	-	-	-	-	-
Recreation and leisure	1,376,330	-	-	-	-	-
Public safety	933,450	-	-	-	-	-
Community development and human services	498,047	-	-	-	-	-
Education	43,637,467	-	-	-	-	-
Miscellaneous	1,947,900	-	-	-	-	-
Debt service:						
Principal payments	1,764,575	-	-	-	-	-
Interest and fiscal charges	1,029,300	-	-	-	-	-
Capital lease payments	513,037	-	-	-	-	-
Debt issuance costs	8,860	-	-	-	-	-
Capital outlays	1,309,986	-	-	-	-	-
Total expenditures	<u>57,161,397</u>	<u>-</u>	<u>60,056</u>	<u>251,299</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(538,054)	-	(60,056)	(27,054)	-	-
<b>OTHER FINANCING SOURCES</b>						
Proceeds from capital leases	1,309,986	-	-	-	-	-
Transfers in	721,080	-	58,102	20,000	-	-
Transfers out	(1,263,122)	-	-	-	-	-
Total other financing sources	<u>767,944</u>	<u>-</u>	<u>58,102</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	229,890	-	(1,954)	(7,054)	-	-
Fund balances - beginning	<u>6,442,831</u>	<u>1,167,432</u>	<u>73,998</u>	<u>250,904</u>	<u>7,687</u>	<u>75,040</u>
Fund balances - ending	<u>\$ 6,672,721</u>	<u>\$ 1,167,432</u>	<u>\$ 72,044</u>	<u>\$ 243,850</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**

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

JUNE 30, 2014

	Planning and Conservation	Demo and Relocation	Tercentennial	Civil War Monument	Public Safety
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	24	29
Miscellaneous	-	36,436	-	-	-
Total revenues	-	36,436	-	24	29
<b>EXPENDITURES</b>					
Current:					
General government	-	46,175	-	-	-
Public works	-	-	-	-	-
Recreation and leisure	-	-	-	-	-
Public safety	-	-	-	-	1,489
Community development and human services	-	-	-	-	-
Education	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Debt service:					
Principal payments	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital lease payments	-	-	-	-	-
Debt issuance costs	-	-	-	-	-
Capital outlays	-	-	-	-	-
Total expenditures	-	46,175	-	-	1,489
Excess (deficiency) of revenues over expenditures	-	(9,739)	-	24	(1,460)
<b>OTHER FINANCING SOURCES</b>					
Proceeds from capital leases	-	-	-	-	-
Transfers in	-	15,000	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources	-	15,000	-	-	-
Net changes in fund balances	-	5,261	-	24	(1,460)
Fund balances - beginning	50,872	62,887	2,000	3,610	4,706
Fund balances - ending	\$ 50,872	\$ 68,148	\$ 2,000	\$ 3,634	\$ 3,246

See accompanying Independent Auditor's Report.

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

JUNE 30, 2014

	Economic Development	Fuel System	Kelp	Earl Chandler	Eliminations	Combined General Fund
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,568,731
Intergovernmental	-	-	-	-	-	22,203,161
Licenses, permits and fees	-	-	-	-	-	380,608
Charges for services	113,951	-	-	-	-	3,096,103
Investment earnings	-	-	-	-	-	99,699
Miscellaneous	-	4,981	-	-	-	654,707
Total revenues	<u>113,951</u>	<u>4,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,003,009</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	2,333,471
Public works	-	596	-	-	-	2,167,100
Recreation and leisure	-	-	-	-	-	1,376,330
Public safety	-	-	-	-	-	934,939
Community development and human services	9,088	-	-	-	-	507,135
Education	-	-	-	-	-	43,637,467
Miscellaneous	-	-	-	-	-	1,947,900
Debt service:						
Principal payments	-	-	-	-	-	1,764,575
Interest and fiscal charges	-	-	-	-	-	1,029,300
Capital lease payments	-	-	-	-	-	513,037
Debt issuance costs	-	-	-	-	-	8,860
Capital outlays	-	-	-	-	-	1,309,986
Total expenditures	<u>9,088</u>	<u>596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,530,100</u>
Excess (deficiency) of revenues over expenditures	104,863	4,385	-	-	-	(527,091)
<b>OTHER FINANCING SOURCES</b>						
Proceeds from capital leases	-	-	-	-	-	1,309,986
Transfers in	-	-	-	-	(93,102)	721,080
Transfers out	-	-	-	-	93,102	(1,170,020)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>861,046</u>
Net changes in fund balances	104,863	4,385	-	-	-	333,955
Fund balances (deficits) - beginning	<u>219,489</u>	<u>64,049</u>	<u>2,111</u>	<u>101</u>	<u>-</u>	<u>8,427,717</u>
Fund balances (deficits) - ending	<u>\$ 324,352</u>	<u>\$ 68,434</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ -</u>	<u>\$ 8,761,672</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**

## SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL -

BUDGETARY BASIS - GENERAL FUND *(Continued)*

FOR THE YEAR ENDED JUNE 30, 2014

	<b>Budgeted Amounts</b>			<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
				<b>Over (Under)</b>
<b>PROPERTY TAXES</b>				
Current taxes	\$ 29,362,433	\$ 29,362,433	\$ 29,435,441	\$ 73,008
Prior years' taxes	612,103	612,103	676,415	64,312
Supplemental motor vehicle	182,311	182,311	208,544	26,233
Tax interest	285,000	285,000	312,376	27,376
Lien fees	11,000	11,000	11,419	419
Airplane tax	1,890	1,890	1,440	(450)
Phone access - SNETCO	70,984	70,984	73,691	2,707
Remediation financing	(150,595)	(150,595)	(150,595)	-
Total property taxes	<u>30,375,126</u>	<u>30,375,126</u>	<u>30,568,731</u>	<u>193,605</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
State-owned property	234,690	234,690	234,866	176
Elderly tax relief	167,350	167,350	157,536	(9,814)
Disability exception	4,190	4,190	3,927	(263)
Property tax abatement	122,490	122,490	100,992	(21,498)
Veterans' exemption	8,430	8,430	9,179	749
Connecticard	7,000	7,000	7,851	851
Library grant	1,223	1,223	1,227	4
Adult education	107,996	107,996	109,670	1,674
Mashantucket Pequot fund	151,114	151,114	150,886	(228)
Hold Harmless Grant	664,666	664,666	664,666	-
Education equalization grant	15,225,671	15,225,671	15,277,676	52,005
School transportation	244,972	244,972	243,023	(1,949)
Vocational agriculture	205,462	205,462	205,462	-
Nonpublic school - health services	33,903	33,903	34,248	345
Transportation - nonpublic	22,099	22,099	29,393	7,294
Medicare reimbursement	50,000	50,000	84,883	34,883
Total intergovernmental revenues	<u>17,251,256</u>	<u>17,251,256</u>	<u>17,315,485</u>	<u>64,229</u>
<b>LICENSES, PERMITS AND FEES</b>				
Building permit fees	130,000	130,000	316,539	186,539
Planning and zoning permits	20,000	20,000	38,668	18,668
Other permits	3,500	3,500	10,630	7,130
Library fines and fees	12,000	12,000	13,061	1,061
Animal control fines and fees	1,000	1,000	1,710	710
Total licenses, permits and fees	<u>166,500</u>	<u>166,500</u>	<u>380,608</u>	<u>214,108</u>

*(Continued)*



**TOWN OF KILLINGLY, CONNECTICUT**

## SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL -

BUDGETARY BASIS - GENERAL FUND *(Concluded)*

FOR THE YEAR ENDED JUNE 30, 2014

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>CHARGES FOR SERVICES</b>				
Town clerk receipts	\$ 145,000	\$ 145,000	\$ 149,646	\$ 4,646
Conveyance tax	90,000	90,000	90,110	110
Engineering	53,164	53,164	43,063	(10,101)
Elderly housing services	17,282	17,282	17,282	-
Recreation department	123,000	123,000	125,526	2,526
District Collections	42,994	42,994	39,365	(3,629)
Tuition	2,309,313	2,386,413	2,517,160	130,747
Total charges for services	2,780,753	2,857,853	2,982,152	124,299
<b>USE OF MONEY AND PROPERTY</b>				
Investment income	40,000	40,000	4,176	(35,824)
Sewer plant lease	36,568	36,568	36,568	-
Communications tower lease	52,111	52,111	58,902	6,791
Total use of money and property	128,679	128,679	99,646	(29,033)
<b>MISCELLANEOUS</b>				
School capital contributions	227,044	227,044	246,467	19,423
School Miscellaneous	25,082	25,082	25,082	-
Miscellaneous	65,541	65,541	117,496	51,955
Total miscellaneous	317,667	317,667	389,045	71,378
Total revenues	51,019,981	51,097,081	51,735,667	638,586
<b>OTHER FINANCING SOURCES</b>				
Appropriation of fund balance	100,000	1,148,216	-	(1,148,216)
Transfers in:				
Sewer Operating Fund	530,500	530,500	533,230	2,730
Capital Improvements Fund	187,778	187,778	187,778	-
Louisa E. Day	1	1	53	52
Thomas J. Evans	1	1	19	18
Total other financing sources	818,280	1,866,496	721,080	(1,145,416)
Total revenues and other financing sources	\$ 51,838,261	\$ 52,963,577	\$ 52,456,747	\$ (506,830)
				<i>(Concluded)</i>

See accompanying Independent Auditor's Report.

**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, 2014

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>GENERAL GOVERNMENT</b>				
Town Council:				
Personal services	\$ 6,750	6,750	\$ 6,750	\$ -
Contractual services	38,200	35,200	35,089	(111)
Material and supplies	1,750	1,750	1,745	(5)
Total town council	46,700	43,700	43,584	(116)
Town Manager:				
Personal services	200,122	209,949	304,122	94,173
Contractual services	42,000	41,080	38,855	(2,225)
Material and supplies	3,000	3,000	2,989	(11)
Total town manager	245,122	254,029	345,966	91,937
Legal Services:				
Contractual services	102,625	110,545	110,542	(3)
Total legal services	102,625	110,545	110,542	(3)
Town Clerk:				
Personnel services	135,131	136,511	135,967	(544)
Contractual services	30,350	30,350	28,338	(2,012)
Material and supplies	2,400	2,400	2,339	(61)
Total town clerk	167,881	169,261	166,644	(2,617)
Finance:				
Personal services	182,910	186,000	185,821	(179)
Contractual services	60,100	60,100	57,374	(2,726)
Material and supplies	1,800	1,800	1,747	(53)
Total finance	244,810	247,900	244,942	(2,958)
Assessor:				
Personal services	151,375	153,975	152,898	(1,077)
Contractual services	16,130	16,130	11,866	(4,264)
Materials and supplies	1,970	1,970	1,867	(103)
Capital Outlay	2,150	2,150	2,116	(34)
Total assessor	171,625	174,225	168,747	(5,478)
Revenue Collection:				
Personal services	180,135	184,275	183,736	(539)
Contractual services	41,401	41,401	40,849	(552)
Material and supplies	2,300	2,300	2,245	(55)
Total revenue collection	223,836	227,976	226,830	(1,146)

*(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, 2014

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
GENERAL GOVERNMENT (Continued)				
Registration and Elections:				
Personal services	\$ 65,182	\$ 65,182	\$ 47,556	\$ (17,626)
Contractual services	19,575	19,575	13,855	(5,720)
Material and supplies	1,000	1,000	511	(489)
Total registration and elections	85,757	85,757	61,922	(23,835)
Town Boards and Commissions:				
Contractual services	87,170	87,171	81,143	(6,028)
Total town boards and commissions	87,170	87,171	81,143	(6,028)
Planning and Development:				
Personal services	189,563	195,413	195,340	(73)
Contractual services	9,600	7,400	5,389	(2,011)
Material and supplies	2,750	2,750	2,371	(379)
Total planning and development	201,913	205,563	203,100	(2,463)
Data Processing:				
Contractual services	124,500	124,500	117,349	(7,151)
Total data processing	124,500	124,500	117,349	(7,151)
Town Hall:				
Personal services	22,975	22,975	22,969	(6)
Contractual services	81,600	83,200	83,136	(64)
Material and supplies	6,700	6,700	6,492	(208)
Total town hall	111,275	112,875	112,597	(278)
Economic Development:				
Personal services	111,110	112,765	112,730	(35)
Contractual services	12,400	12,400	10,779	(1,621)
Material and supplies	1,200	1,200	886	(314)
Capital Outlay	300	300	196	(104)
Total economic development	125,010	126,665	124,591	(2,074)
Total general government	1,938,224	1,970,167	2,007,957	37,790
PUBLIC WORKS				
Supervision:				
Personal services	202,715	203,645	196,722	(6,923)
Contractual services	7,600	7,600	7,556	(44)
Material and supplies	1,200	1,200	772	(428)
Total supervision	211,515	212,445	205,050	(7,395)
				(Continued)

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -  
 BUDGETARY BASIS - GENERAL FUND *(Continued)*  
 FOR THE YEAR ENDED JUNE 30, 2014

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>PUBLIC WORKS <i>(Continued)</i></b>				
Engineering:				
Personal services	\$ 307,856	\$ 307,856	\$ 312,131	\$ 4,275
Contractual services	10,600	10,600	6,143	(4,457)
Material and supplies	7,500	7,500	3,559	(3,941)
Total engineering	<u>325,956</u>	<u>325,956</u>	<u>321,833</u>	<u>(4,123)</u>
Central Garage:				
Personal services	145,950	149,250	148,847	(403)
Contractual services	90,700	98,900	98,875	(25)
Material and supplies	273,500	280,500	280,281	(219)
Total central garage	<u>510,150</u>	<u>528,650</u>	<u>528,003</u>	<u>(647)</u>
Highways:				
Personal services	723,033	715,333	708,468	(6,865)
Contractual services	42,300	42,300	40,313	(1,987)
Material and supplies	93,000	100,200	100,168	(32)
Capital Outlay	20,200	20,200	18,629	(1,571)
Total highways	<u>878,533</u>	<u>878,033</u>	<u>867,578</u>	<u>(10,455)</u>
Winter Maintenance:				
Personal services	100,000	100,000	99,252	(748)
Contractual services	5,000	5,000	3,728	(1,272)
Material and supplies	141,500	141,500	141,060	(440)
Total winter maintenance	<u>246,500</u>	<u>246,500</u>	<u>244,040</u>	<u>(2,460)</u>
Total public works	<u>2,172,654</u>	<u>2,191,584</u>	<u>2,166,504</u>	<u>(25,080)</u>
<b>RECREATION AND LEISURE</b>				
Recreation:				
Personal services	359,514	361,714	351,307	(10,407)
Contractual services	61,900	54,700	54,297	(403)
Material and supplies	27,000	27,000	19,170	(7,830)
Total recreation	<u>448,414</u>	<u>443,414</u>	<u>424,774</u>	<u>(18,640)</u>
Park Development and Maintenance:				
Personal services	175,556	175,556	162,492	(13,064)
Contractual services	67,700	67,700	52,528	(15,172)
Material and supplies	49,600	49,600	44,667	(4,933)
Total park development and maintenance	<u>292,856</u>	<u>292,856</u>	<u>259,687</u>	<u>(33,169)</u>
Public Library:				
Personal services	352,741	356,721	348,117	(8,604)
Contractual services	211,398	211,398	182,048	(29,350)
Material and supplies	14,000	14,000	9,703	(4,297)
Total public library	<u>578,139</u>	<u>582,119</u>	<u>539,868</u>	<u>(42,251)</u>
				<i>(Continued)</i>

See accompanying Independent Auditor's Report.

**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, 2014

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>RECREATION AND LEISURE <i>(Continued)</i></b>				
Special Communities Activities:				
Contractual services	\$ 7,125	7,125	\$ 7,125	\$ -
Total special communities activities	7,125	7,125	7,125	-
Community Center:				
Personal services	26,165	26,415	26,326	(89)
Contractual services	80,375	91,075	90,986	(89)
Material and supplies	12,000	8,500	8,075	(425)
Total community center	118,540	125,990	125,387	(603)
Other Town Buildings:				
Contractual services	14,795	19,525	19,473	(52)
Material and supplies	750	20	16	(4)
Total other town buildings	15,545	19,545	19,489	(56)
Total recreation and leisure	1,460,619	1,471,049	1,376,330	(94,719)
<b>PUBLIC SAFETY</b>				
Building Inspector:				
Personal services	168,835	171,145	171,138	(7)
Contractual services	8,450	8,450	6,768	(1,682)
Material and supplies	8,100	8,100	6,586	(1,514)
Total building inspector	185,385	187,695	184,492	(3,203)
Animal Control:				
Contractual services	51,990	51,990	51,990	-
Material and supplies	300	300	57	(243)
Total animal control	52,290	52,290	52,047	(243)
Law Enforcement:				
Personal services	31,365	31,365	30,749	(616)
Contractual services	720,489	720,489	663,976	(56,513)
Material and supplies	4,000	4,000	2,186	(1,814)
Total law enforcement	755,854	755,854	696,911	(58,943)
Total public safety	993,529	995,839	933,450	(62,389)
<b>COMMUNITY DEVELOPMENT AND HUMAN SERVICES</b>				
Community Development:				
Personal services	63,115	64,530	64,524	(6)
Contractual services	7,250	7,250	1,930	(5,320)
Material and supplies	400	400	230	(170)
Total community development	70,765	72,180	66,684	(5,496)

*(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, 2014

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
COMMUNITY DEVELOPMENT AND HUMAN SERVICES <i>(Continued)</i>				
Human Services Subsidies:				
Contractual services	\$ 423,009	\$ 431,364	\$ 431,363	\$ (1)
Total human service subsidies	423,009	431,364	431,363	(1)
Total community development and human services	493,774	503,544	498,047	(5,497)
BOARD OF EDUCATION	38,346,951	39,472,266	39,471,783	(483)
MISCELLANEOUS				
Employee benefits - contractual services	1,495,086	1,499,356	1,308,377	(190,979)
Insurance - contractual services	605,370	605,370	582,331	(23,039)
Contingencies	260,000	182,348	57,192	(125,156)
Total miscellaneous	2,360,456	2,287,074	1,947,900	(339,174)
DEBT SERVICE				
Principal payments	1,764,575	1,764,575	1,764,575	-
Interest and fiscal charges	1,024,357	1,024,357	1,029,300	4,943
Debt issuance costs	20,000	20,000	8,860	(11,140)
Total debt service	2,808,932	2,808,932	2,802,735	(6,197)
Total expenditures	50,575,139	51,700,455	51,204,706	(495,749)
OTHER FINANCING USES				
Transfers out:				
Capital reserve fund	50,000	50,000	50,000	-
Capital nonrecurring fund	434,337	434,337	434,337	-
Demolition & Relocation Reserve	15,000	15,000	15,000	-
Insurance reserve fund	20,000	20,000	20,000	-
Solid waste fund	213,206	213,206	213,206	-
Revaluation fund	58,102	58,102	58,102	-
Education capital nonrecurring fund	472,477	472,477	472,477	-
Total other financing uses	1,263,122	1,263,122	1,263,122	-
Total expenditures and other financing uses	\$ 51,838,261	\$ 52,963,577	\$ 52,467,828	\$ (495,749)
				(Concluded)

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**  
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
FOR THE YEAR ENDED JUNE 30, 2014

Grand List Year	Uncollected Taxes	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes
	July 1, 2013		Additions	Deletions			Taxes	Interest	Liens	June 30, 2014
2012	\$ -	\$ 30,482,555	\$ 42,977	\$ 82,951	\$ 46,679	\$ 30,395,902	\$ 29,663,595	\$ 116,400	\$ 2,172	\$ 732,307
2011	689,860	-	17,826	16,203	5,958	685,525	446,894	84,245	6,138	238,631
2010	256,899	-	22,803	12,774	6,860	260,068	110,345	36,311	1,478	149,723
2009	134,849	-	3,215	143	4,892	133,029	58,955	24,565	738	74,074
2008	63,460	-	1,518	109	3,716	61,153	27,899	17,687	402	33,254
2007	31,041	-	1,330	80	1,550	30,741	17,173	14,256	264	13,568
2006	20,056	-	791	39	761	20,047	5,931	4,381	126	14,116
2005	15,372	-	576	-	6,963	8,985	2,429	2,149	48	6,556
2004	7,476	-	1,904	25	1,234	8,121	2,881	3,769	48	5,240
2003	2,661	-	894	-	830	2,725	894	1,667	-	1,831
2002	1,923	-	1,144	-	892	2,175	1,144	2,120	-	1,031
2001	1,101	-	988	-	945	1,144	988	1,867	-	156
2000	1,289	-	411	-	1,035	665	411	868	6	254
1999	1,431	-	168	-	1,027	572	168	405	-	404
1998	973	-	265	-	972	266	265	683	-	1
1997	657	-	-	-	657	-	-	-	-	-
	<u>\$ 1,229,048</u>	<u>\$ 30,482,555</u>	<u>\$ 96,810</u>	<u>\$ 112,324</u>	<u>\$ 84,971</u>	<u>\$ 31,611,118</u>	<u>\$ 30,339,972</u>	<u>\$ 311,373</u>	<u>\$ 11,420</u>	<u>\$ 1,271,146</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Total cash collections for the year ended  
June 30, 2014:

Taxes	\$ 30,339,972
Interest and lien fees	322,793
Total	<u>30,662,765</u>

Reimbursement for revenue loss:

Tax relief for elderly freeze (CGS 12-129d)	-
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Base	<u><u>\$ 30,662,765</u></u>
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	<b>General Purposes</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
Debt limitation:					
2-1/4 times base	\$ 68,991,221	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	137,982,443	-	-	-
3-3/4 times base	-	-	114,985,369	-	-
3-1/4 times base	-	-	-	99,653,986	-
3 times base	-	-	-	-	91,988,295
Total debt limitation	<u>68,991,221</u>	<u>137,982,443</u>	<u>114,985,369</u>	<u>99,653,986</u>	<u>91,988,295</u>
Indebtedness:					
Bonds and notes payable	4,488,094	17,885,801	7,726,040	-	-
Authorized, unissued bonds	85,000	7,090,800	5,048,000	-	-
Bond anticipation note payable	-	2,000,000	-	-	-
Total indebtedness	<u>4,573,094</u>	<u>26,976,601</u>	<u>12,774,040</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 64,418,127</u></u>	<u><u>\$ 111,005,842</u></u>	<u><u>\$ 102,211,329</u></u>	<u><u>\$ 99,653,986</u></u>	<u><u>\$ 91,988,295</u></u>
Total capacity of borrowing (7 times base)	\$ 214,639,355				
Total present indebtedness	<u>44,323,735</u>				
Margin for additional borrowing	<u><u>\$ 170,315,620</u></u>				

See accompanying Independent Auditor's Report.



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**CAPITAL IMPROVEMENTS FUND**

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**TOWN OF KILLINGLY, CONNECTICUT**
**SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS - CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2014
	Balance June 30, 2013	Current Year Appropriations	Balance June 30, 2014	Balance June 30, 2013	Expenditures	Balance June 30, 2014	
Guide Rail Replacement	\$ 387,500	\$ -	\$ 387,500	\$ 366,478	\$ -	\$ 366,478	\$ 21,022
Sidewalks	360,034	-	360,034	334,227	10,166	344,393	15,641
Alexanders Lake Sewer	2,205,000	-	2,205,000	2,173,447	-	2,173,447	31,553
Spot Drainage	215,500	-	215,500	169,690	6,310	176,000	39,500
Putnam Road/Five Mile	1,125,000	-	1,125,000	1,034,488	-	1,034,488	90,512
Landfill Closure	3,000,000	-	3,000,000	2,792,107	-	2,792,107	207,893
Killingly Industrial Park	20,848	-	20,848	15,543	-	15,543	5,305
Industrial Park Expansion	182,500	(8,278)	174,222	174,222	-	174,222	-
Cook Hill Road	680,000	-	680,000	676,182	3,818	680,000	-
KIS Athletic/Recreation Fields	190,000	-	190,000	181,472	-	181,472	8,528
WPCA Odor Control	4,380,553	-	4,380,553	4,097,727	-	4,097,727	282,826
Quinebaug River Bike	1,888,925	-	1,888,925	1,740,439	87,270	1,827,709	61,216
Geographic Info System	550,000	-	550,000	542,927	7,073	550,000	-
DPW Bay Expansion	246,000	(204,673)	41,327	41,327	-	41,327	-
Mechanic Street	117,000	-	117,000	92,701	24,299	117,000	-
Vo-Ag Classroom Remodeling and Equipment	1,000,000	-	1,000,000	997,331	-	997,331	2,669
KMS Modular Units	600,000	-	600,000	583,032	16,968	600,000	-
Anchor Glass Prop MDP	354,700	-	354,700	66,782	88,853	155,635	199,065
Town Prop/Nonpay Taxes	31,600	-	31,600	30,066	1,534	31,600	-
KIS Fire Protect System Replacement	1,100,000	-	1,100,000	843,144	-	843,144	256,856
WPCA - BNR Study A	237,711	-	237,711	199,211	-	199,211	38,500
WPCA - Collections System B	214,693	-	214,693	165,247	-	165,247	49,446
Goodyear Early Childhood Center	30,000	-	30,000	-	30,000	30,000	-
Mashentuck Road - Phase II	301,488	-	301,488	251,043	-	251,043	50,445
Land Use Management System	45,000	-	45,000	39,890	5,110	45,000	-
Industrial Park Sign	20,000	-	20,000	15,768	-	15,768	4,232
High School/Vo-Ag	81,265,000	-	81,265,000	80,745,507	27,862	80,773,369	491,631
KHS Asbestos Abatement	237,445	-	237,445	237,362	-	237,362	83
Armory Roof	33,000	-	33,000	28,676	4,324	33,000	-
Pratt/Ledge Roads	190,097	29,000	219,097	10,884	-	10,884	208,213
Lake Road Phase II	176,000	-	176,000	148,716	-	148,716	27,284
Fuel Oil Tank Removal/Replacement	25,000	-	25,000	11,004	-	11,004	13,996
KCC Theatre Lighting	29,043	-	29,043	24,867	-	24,867	4,176
Breakneck Hill Road	1,239,550	331	1,239,881	1,239,543	-	1,239,543	338
Street Tree Replacement	10,000	-	10,000	3,727	338	4,065	5,935
Parks and Open Spaces	5,000	(5,000)	-	-	-	-	-
Davis Park Improvements	10,000	(3,524)	6,476	6,476	-	6,476	-

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**

SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS - CAPITAL IMPROVEMENT FUND *(Continued)*  
FOR THE YEAR ENDED JUNE 30, 2014

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2014
	Balance June 30, 2013	Current Year Appropriations	Balance June 30, 2014	Balance June 30, 2013	Expenditures	Balance June 30, 2014	
Salt Storage Facilities	\$ 50,000	\$ -	\$ 50,000	\$ 192	\$ -	\$ 192	\$ 49,808
River Road Bridge Rehabilitation	194,841	8,655	203,496	182,548	9,422	191,970	11,526
Rock Avenue Bridge	734,600	(466,939)	267,661	217,661	-	217,661	50,000
Rock Avenue	150,000	457,953	607,953	26,476	181,277	207,753	400,200
Chestnut Hill Road Bridge	66,889	-	66,889	32,250	-	32,250	34,639
KCC Gym Floor	15,750	-	15,750	-	-	-	15,750
Library - Engineering and Design HVAC	183,135	-	183,135	174,601	8,534	183,135	-
Goodyear Roof (New Wing)	19,563	-	19,563	22,163	(2,600)	19,563	-
Town Hall Roof Replacement	30,000	-	30,000	30,410	(410)	30,000	-
Sewer- Reline and Replace	400,000	-	400,000	15,246	209,771	225,017	174,983
Cat Hollow Park Dev	15,000	-	15,000	-	-	-	15,000
Franklin St. Wall/Sidewalks	5,000	-	5,000	1,282	3,718	5,000	-
Town Hall Boiler	175,000	(13,876)	161,124	161,124	-	161,124	-
Bugbee Bldg - Roof/Gutters	50,000	-	50,000	44,875	5,125	50,000	-
Rock Avenue Bridge	3,870,000	-	3,870,000	2,298,986	-	2,298,986	1,571,014
Fire Alarm System Replacement	25,983	-	25,983	22,753	3,230	25,983	-
Public Library Roof	103,000	489	103,489	103,489	-	103,489	-
Lake Road/Louisa Viens Improvement	180,000	-	180,000	101,883	-	101,883	78,117
HVAC System Renovation Phase II	113,521	(8,836)	104,685	104,685	-	104,685	-
Sanitary Sewer Line Replacement	10,373,000	-	10,373,000	6,722,303	2,193,639	8,915,942	1,457,058
Chiller - Old High School	7,000	176,621	183,621	4,675	-	4,675	178,946
Lake Road ARRA	558,900	-	558,900	427,870	-	427,870	131,030
WPCA Capital Projects 2010-2011	250,000	-	250,000	236,104	12,582	248,686	1,314
Town Hall Building Improvement	133,000	35,000	168,000	87,847	-	87,847	80,153
David Avenue Extension	95,000	-	95,000	37,238	18,102	55,340	39,660
Footbridge Rehab	250,000	-	250,000	249,538	-	249,538	462
Killingly Community Center Boiler	65,100	(28)	65,072	65,072	-	65,072	-
Town Hall Security Cameras	30,000	-	30,000	29,985	15	30,000	-
Library Security Cameras	35,000	-	35,000	34,962	38	35,000	-
Highway Garage Truck Wash/Bay	50,000	-	50,000	-	-	-	50,000
Bugbee Bldg Interior Renovations	50,000	-	50,000	856	5,008	5,864	44,136
River Road Bridges	3,150,000	-	3,150,000	2,656,740	93,260	2,750,000	400,000
Sewer Replacement 10-11	100,000	-	100,000	-	-	-	100,000
WPCA Capital Projects 2011-2012	500,000	29,343	529,343	220,947	140,554	361,501	167,842
Town Hall Front Steps	29,900	(24,114)	5,786	5,786	-	5,786	-

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**

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

FOR THE YEAR ENDED JUNE 30, 2014

	Project Appropriations			Project Expenditures			Remaining
	Balance	Current Year	Balance	Balance		Balance	Balance
	June 30, 2013	Appropriations	June 30, 2014	June 30, 2013	Expenditures	June 30, 2014	June 30, 2014
Library ADA Compliance Door	\$ 10,000	\$ (2,164)	\$ 7,836	\$ 7,836	\$ -	\$ 7,836	\$ -
Highway Garage Roof	140,000	-	140,000	239	97,980	98,219	41,781
Spot Drainage (TA)	20,000	-	20,000	-	-	-	20,000
Community Center Roof	200,000	156,983	356,983	223	310,494	310,717	46,266
WPCA - Capital Projects 12-13	150,000	-	150,000	-	-	-	150,000
Ext Door / Transom Systems KMS/KCS	300,000	(168,275)	131,725	254	131,471	131,725	-
Road Renewal TA 2013	143,920	-	143,920	155,771	(11,851)	143,920	-
School Administration Offices	60,000	-	60,000	29,884	2,410	32,294	27,706
Road Renewal TA 2014	-	239,300	239,300	-	146,854	146,854	92,446
Owen Bell Track & Court Renovations	-	13,545	13,545	-	370	370	13,175
Town Hall Generator	-	65,000	65,000	-	-	-	65,000
WPCA - Capital Projects 13-14	-	120,000	120,000	-	-	-	120,000
Relocate/Replace Garage Fuel Tanks	-	314,834	314,834	-	301	301	314,533
	<u>\$ 125,787,289</u>	<u>\$ 741,347</u>	<u>\$ 126,528,636</u>	<u>\$ 114,596,007</u>	<u>\$ 3,873,219</u>	<u>\$ 118,469,226</u>	<u>\$ 8,059,410</u>
							<i>(Concluded)</i>

See accompanying Independent Auditor's Report.

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**NONMAJOR GOVERNMENTAL FUNDS**

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**TOWN OF KILLINGLY, CONNECTICUT**  
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

	Nonmajor Special Revenue Funds					
	School Cafeteria Fund	Educational Grants Fund	Community Development Block Grant Fund	Town Aid Road Fund	Workplace Substance Abuse Grant	Recreation Revolving Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 306,747	\$ 795,514	\$ 227,837	\$ -	\$ -	\$ -
Investments	-	-	41,102	-	-	-
Receivables:						
Grants and contracts	65,328	30,076	-	-	-	-
Other	-	-	29,467	-	-	-
Due from other funds	-	-	-	473,695	5,167	18,585
Inventories	21,312	-	-	-	-	-
Total assets	<u>\$ 393,387</u>	<u>\$ 825,590</u>	<u>\$ 298,406</u>	<u>\$ 473,695</u>	<u>\$ 5,167</u>	<u>\$ 18,585</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 25,365	\$ 86,888	\$ 1,253	\$ -	\$ -	\$ -
Due to other funds	596,936	628,671	-	-	-	-
Unearned revenue	4,636	110,031	260,631	473,695	-	-
Total liabilities	<u>626,937</u>	<u>825,590</u>	<u>261,884</u>	<u>473,695</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable:						
Inventories	21,312	-	-	-	-	-
Permanent funds principal	-	-	-	-	-	-
Restricted for:						
Grant proceeds	-	-	36,522	-	5,167	-
Special reserves - external	-	-	-	-	-	-
Committed to:						
Public safety	-	-	-	-	-	-
Community development and human services	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	18,585
Education	-	-	-	-	-	-
Capital and nonrecurring	-	-	-	-	-	-
Unassigned	(254,862)	-	-	-	-	-
Total fund balances (deficits)	<u>(233,550)</u>	<u>-</u>	<u>36,522</u>	<u>-</u>	<u>5,167</u>	<u>18,585</u>
Total liabilities and fund balances (deficits)	<u>\$ 393,387</u>	<u>\$ 825,590</u>	<u>\$ 298,406</u>	<u>\$ 473,695</u>	<u>\$ 5,167</u>	<u>\$ 18,585</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**

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

JUNE 30, 2014

	Nonmajor Special Revenue Funds					
	Public Investment					
	Community	Miscellaneous	Law	Historic	Solid Waste	Armory
	Grant in Aid	Special	Enforcement	Preservation	Fund	Fund
	Fund	Revenue		Fund		
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 673,676	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	-	-	15,884	-	-	-
Other	-	-	-	-	30,306	-
Due from other funds	5,324	2,039	-	31,517	-	62,387
Inventories	-	-	-	-	-	-
Total assets	<u>\$ 5,324</u>	<u>\$ 675,715</u>	<u>\$ 15,884</u>	<u>\$ 31,517</u>	<u>\$ 30,306</u>	<u>\$ 62,387</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 46,344	\$ -	\$ -	\$ 4,480	\$ -
Due to other funds	-	233,875	15,884	-	15,284	-
Unearned revenue	-	24,301	-	-	26,240	-
Total liabilities	<u>-</u>	<u>304,520</u>	<u>15,884</u>	<u>-</u>	<u>46,004</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable:						
Inventories	-	-	-	-	-	-
Permanent funds principal	-	-	-	-	-	-
Restricted for:						
Grant proceeds	5,324	-	-	31,517	-	-
Special reserves - external	-	-	-	-	-	-
Committed to:						
Public safety	-	-	-	-	-	62,387
Community development and human services	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-
Education	-	371,195	-	-	-	-
Capital and nonrecurring	-	-	-	-	-	-
Unassigned	-	-	-	-	(15,698)	-
Total fund balances (deficits)	<u>5,324</u>	<u>371,195</u>	<u>-</u>	<u>31,517</u>	<u>(15,698)</u>	<u>62,387</u>
Total liabilities and						
fund balances (deficits)	<u>\$ 5,324</u>	<u>\$ 675,715</u>	<u>\$ 15,884</u>	<u>\$ 31,517</u>	<u>\$ 30,306</u>	<u>\$ 62,387</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**

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

JUNE 30, 2014

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects Funds	
	Library Operating	Community Outdoor Beautification	Total	Industrial Park	Capital Reserve Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 3,881	\$ 2,007,655	\$ 433,144	\$ -
Investments	-	10,765	51,867	-	-
Receivables:					
Grants and contracts	-	-	111,288	-	-
Other	-	-	59,773	-	18,040
Due from other funds	25,561	66,248	690,523	7,954	739,966
Inventories	-	-	21,312	-	-
Total assets	<u>\$ 25,561</u>	<u>\$ 80,894</u>	<u>\$ 2,942,418</u>	<u>\$ 441,098</u>	<u>\$ 758,006</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 164,330	\$ -	\$ -
Due to other funds	-	-	1,490,650	-	-
Unearned revenue	-	-	899,534	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>2,554,514</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable:					
Inventories	-	-	21,312	-	-
Permanent funds principal	-	-	-	-	-
Restricted for:					
Grant proceeds	-	-	78,530	-	-
Special reserves - external	-	-	-	-	-
Committed to:					
Public safety	-	-	62,387	-	-
Community development and human services	-	80,894	80,894	-	-
Recreation and leisure	25,561	-	44,146	-	-
Education	-	-	371,195	-	-
Capital and nonrecurring	-	-	-	441,098	758,006
Unassigned	-	-	(270,560)	-	-
Total fund balances (deficits)	<u>25,561</u>	<u>80,894</u>	<u>387,904</u>	<u>441,098</u>	<u>758,006</u>
Total liabilities and fund balances (deficits)	<u>\$ 25,561</u>	<u>\$ 80,894</u>	<u>\$ 2,942,418</u>	<u>\$ 441,098</u>	<u>\$ 758,006</u>

See accompanying Independent Auditor's Report.



**TOWN OF KILLINGLY, CONNECTICUT**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Concluded)

JUNE 30, 2014

	Nonmajor Capital Projects Funds						Total Nonmajor Governmental Funds
	Open Space Acquisition Fund	State Line Road Improvement	Pettingill Hill Road Improvement	Benefit Assessment	Total	Permanent Trust Funds	
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 2,263	\$ 87	\$ 4,468	\$ 439,962	\$ 180,410	\$ 2,628,027
Investments	-	6,275	240	12,388	18,903	419,281	490,051
Receivables:							
Grants and contracts	-	-	-	-	-	-	111,288
Other	-	-	-	-	18,040	-	77,813
Due from other funds	203,491	-	-	-	951,411	72,154	1,714,088
Inventories	-	-	-	-	-	-	21,312
Total assets	<u>\$ 203,491</u>	<u>\$ 8,538</u>	<u>\$ 327</u>	<u>\$ 16,856</u>	<u>\$ 1,428,316</u>	<u>\$ 671,845</u>	<u>\$ 5,042,579</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,330
Due to other funds	-	-	-	-	-	-	1,490,650
Unearned revenue	-	-	-	-	-	-	899,534
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,554,514</u>
<b>FUND BALANCES (DEFICITS)</b>							
Nonspendable:							
Inventories	-	-	-	-	-	-	21,312
Permanent funds principal	-	-	-	-	-	119,630	119,630
Restricted for:							
Grant proceeds	-	-	-	-	-	-	78,530
Special reserves - external	-	-	-	-	-	552,215	552,215
Committed to:							
Public safety	-	-	-	-	-	-	62,387
Community development and human services	-	-	-	-	-	-	80,894
Recreation and leisure	-	-	-	-	-	-	44,146
Education	-	-	-	-	-	-	371,195
Capital and nonrecurring	203,491	8,538	327	16,856	1,428,316	-	1,428,316
Unassigned	-	-	-	-	-	-	(270,560)
Total fund balances (deficits)	<u>203,491</u>	<u>8,538</u>	<u>327</u>	<u>16,856</u>	<u>1,428,316</u>	<u>671,845</u>	<u>2,488,065</u>
Total liabilities and fund balances (deficits)	<u>\$ 203,491</u>	<u>\$ 8,538</u>	<u>\$ 327</u>	<u>\$ 16,856</u>	<u>\$ 1,428,316</u>	<u>\$ 671,845</u>	<u>\$ 5,042,579</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Special Revenue Funds					
	School Cafeteria Fund	Educational Grants Fund	Community Development Block Grant Fund	Town Aid Road Fund	Workplace Substance Abuse Grant	Recreation Revolving Fund
<b>REVENUES</b>						
Intergovernmental	\$ 625,626	\$ 2,199,306	\$ 754,622	\$ 153,164	\$ -	\$ 2,928
Charges for services	364,221	-	-	-	-	22,844
Investment earnings	(711)	-	-	-	-	-
Miscellaneous	-	-	46,798	-	-	-
Total revenues	<u>989,136</u>	<u>2,199,306</u>	<u>801,420</u>	<u>153,164</u>	<u>-</u>	<u>25,772</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	27,125
Public safety	-	-	-	-	-	-
Community development and human services	-	-	794,104	-	-	-
Education	1,009,170	2,199,306	-	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	<u>1,009,170</u>	<u>2,199,306</u>	<u>794,104</u>	<u>-</u>	<u>-</u>	<u>27,125</u>
Excess (deficiency) of revenues over expenditures	(20,034)	-	7,316	153,164	-	(1,353)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(153,164)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(153,164)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(20,034)	-	7,316	-	-	(1,353)
Fund balances (deficits) - beginning	(213,516)	-	29,206	-	5,167	19,938
Fund balances (deficits) - ending	<u>\$ (233,550)</u>	<u>\$ -</u>	<u>\$ 36,522</u>	<u>\$ -</u>	<u>\$ 5,167</u>	<u>\$ 18,585</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Special Revenue Funds					
	Public Investment Community Grant in Aid Fund	Miscellaneous Special Revenue	Law Enforcement	Historic Preservation Fund	Solid Waste Fund	Armory Fund
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ 135,339	\$ 59,192	\$ 4,000	\$ -	\$ -
Charges for services	-	715,659	-	-	138,318	12,720
Investment earnings	-	-	-	-	-	-
Miscellaneous	-	-	5,548	5,366	-	-
Total revenues	-	850,998	64,740	9,366	138,318	12,720
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	330,155	-
Recreation and leisure	-	-	-	6,203	-	-
Public safety	-	-	64,740	-	-	-
Community development and human services	-	-	-	-	-	-
Education	-	870,545	-	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	-	870,545	64,740	6,203	330,155	-
Excess (deficiency) of revenues over expenditures	-	(19,547)	-	3,163	(191,837)	12,720
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	213,206	-
Transfers out	-	-	-	-	(5,641)	-
Total other financing sources (uses)	-	-	-	-	207,565	-
Net changes in fund balances	-	(19,547)	-	3,163	15,728	12,720
Fund balances (deficits) - beginning	5,324	390,742	-	28,354	(31,426)	49,667
Fund balances (deficits) - ending	<u>\$ 5,324</u>	<u>\$ 371,195</u>	<u>\$ -</u>	<u>\$ 31,517</u>	<u>\$ (15,698)</u>	<u>\$ 62,387</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

FOR THE YEAR ENDED JUNE 30, 2014

	<b>Nonmajor Special Revenue Funds</b>			<b>Nonmajor Capital Projects Funds</b>	
	<b>Library Operating</b>	<b>Community Outdoor Beautification</b>	<b>Total</b>	<b>Industrial Park</b>	<b>Capital Reserve Fund</b>
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ -	\$ 3,934,177	\$ -	\$ -
Charges for services	1,542	3,558	1,258,862	-	72,014
Investment earnings	-	-	(711)	35	-
Miscellaneous	35,000	-	92,712	-	-
Total revenues	<u>36,542</u>	<u>3,558</u>	<u>5,285,040</u>	<u>35</u>	<u>72,014</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	330,155	-	-
Recreation and leisure	31,092	-	64,420	-	-
Public safety	-	-	64,740	-	-
Community development and human services	-	27,276	821,380	-	-
Education	-	-	4,079,021	-	-
Capital outlays	-	-	-	-	22,763
Total expenditures	<u>31,092</u>	<u>27,276</u>	<u>5,359,716</u>	<u>-</u>	<u>22,763</u>
Excess (deficiency) of revenues over expenditures	5,450	(23,718)	(74,676)	35	49,251
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	213,206	-	50,000
Transfers out	-	-	(158,805)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>54,401</u>	<u>-</u>	<u>50,000</u>
Net changes in fund balances	5,450	(23,718)	(20,275)	35	99,251
Fund balances (deficits) - beginning	<u>20,111</u>	<u>104,612</u>	<u>408,179</u>	<u>441,063</u>	<u>658,755</u>
Fund balances (deficits) - ending	<u>\$ 25,561</u>	<u>\$ 80,894</u>	<u>\$ 387,904</u>	<u>\$ 441,098</u>	<u>\$ 758,006</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**

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

NONMAJOR GOVERNMENTAL FUNDS *(Concluded)*

FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Capital Projects Funds						Total Nonmajor Governmental Funds
	Open Space Acquisition Fund	State Line Road Improvement	Pettingill Hill Road Improvement	Benefit Assessment	Total	Permanent Trust Funds	
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,934,177
Charges for services	-	-	-	-	72,014	-	1,330,876
Investment earnings	-	53	2	105	195	28,239	27,723
Miscellaneous	5,827	-	-	-	5,827	-	98,539
Total revenues	5,827	53	2	105	78,036	28,239	5,391,315
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	330,155
Recreation and leisure	-	-	-	-	-	-	64,420
Public safety	-	-	-	-	-	-	64,740
Community development and human services	-	-	-	-	-	6,112	827,492
Education	-	-	-	-	-	-	4,079,021
Capital outlays	-	-	-	-	22,763	-	22,763
Total expenditures	-	-	-	-	22,763	6,112	5,388,591
Excess (deficiency) of revenues over expenditures	5,827	53	2	105	55,273	22,127	2,724
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	50,000	-	263,206
Transfers out	-	-	-	-	-	(73)	(158,878)
Total other financing sources (uses)	-	-	-	-	50,000	(73)	104,328
Net changes in fund balances	5,827	53	2	105	105,273	22,054	107,052
Fund balances (deficits) - beginning	197,664	8,485	325	16,751	1,323,043	649,791	2,381,013
Fund balances (deficits) - ending	\$ 203,491	\$ 8,538	\$ 327	\$ 16,856	\$ 1,428,316	\$ 671,845	\$ 2,488,065

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**

## COMBINING BALANCE SHEET - KILLINGLY PUBLIC LIBRARY TRUST FUNDS

JUNE 30, 2014

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	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Due from Other Funds</u>	<u>Restricted Special Reserves External</u>
<b>Killingly Public Library Funds</b>				
Mildred Sterns	\$ 85	\$ 234	\$ -	\$ 319
Emily Danielson	1,126	3,122	-	4,248
Mary Dexter	268	745	-	1,013
Frederick A. Jacobs	526	1,460	-	1,986
Basset Hammond	838	2,325	-	3,163
Nathan Prince	87,867	248,845	72,154	408,866
Almond M. Paine	5,938	16,468	-	22,406
Ella Dorrance	2,947	8,172	-	11,119
Lena Tripp	6,655	18,457	-	25,112
Adolp Goldwater	1,128	3,129	-	4,257
Library Special	3,928	10,893	-	14,821
Total Killingly Public Library Funds	<u>\$ 111,306</u>	<u>\$ 313,850</u>	<u>\$ 72,154</u>	<u>\$ 497,310</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**

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

## KILLINGLY PUBLIC LIBRARY TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	<b>Fund Balance July 1, 2013</b>	<b>Investment Income</b>	<b>Community Development and Human Services</b>	<b>Transfers In (Out), net</b>	<b>Fund Balance June 30, 2014</b>
<b>Killingly Public Library Funds</b>					
Mildred Sterns	\$ 85	\$ -	\$ -	\$ 234	\$ 319
Emily Danielson	4,215	33	-	-	4,248
Mary Dexter	1,004	6	-	3	1,013
Frederick A. Jacobs	1,971	12	-	3	1,986
Basset Hammond	3,116	20	-	27	3,163
Nathan Prince	391,264	21,958	(4,356)	-	408,866
Almond M. Paine	19,790	2,616	-	-	22,406
Ella Dorrance	11,041	69	-	9	11,119
Lena Tripp	24,956	156	-	-	25,112
Adolp Goldwater	4,212	26	-	19	4,257
Library Special	14,729	86	-	6	14,821
Total Killingly Public Library Funds	<u>\$ 476,383</u>	<u>\$ 24,982</u>	<u>\$ (4,356)</u>	<u>\$ 301</u>	<u>\$ 497,310</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**  
COMBINING BALANCE SHEET - PERMANENT TRUST FUNDS  
JUNE 30, 2014

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Nonspendable Permanent Fund Principal</u>	<u>Restricted Special Reserves External</u>
<b>Permanent Trust Funds</b>				
Thomas J. Evans	\$ 795	\$ 2,205	\$ 3,000	\$ -
Ezra Mathewson	106	294	400	-
Shubael Hutchins Nonspendable	1,325	3,675	5,000	-
Louisa E. Day	2,265	6,280	8,545	-
Civil War Monument	54	148	202	-
Arthur Wilkes	133	367	500	-
Hutchins Burial Lot	53	147	200	-
Mildred Stearns	9,938	27,562	37,500	-
Paine Mitchell Matthews	424	1,176	1,600	-
Paine Cemetery - Town	13,251	36,749	50,000	-
Emily Danielson	265	735	1,000	-
Eunice Randell	265	735	1,000	-
Earl Chandler	837	-	837	-
Mary Dexter	133	367	500	-
Frederick A. Jacobs	133	367	500	-
Basset Hammond	1,152	3,194	4,346	-
Ella Dorrance	398	1,102	1,500	-
Adolp Goldwater	795	2,205	3,000	-
Shubael Hutchins Spendable	6,539	18,123	-	24,662
Almond Paine Cemtery	30,243	-	-	30,243
Total Permanent Trust Funds	<u>\$ 69,104</u>	<u>\$ 105,431</u>	<u>\$ 119,630</u>	<u>\$ 54,905</u>

See accompanying Independent Auditor's Report.



**TOWN OF KILLINGLY, CONNECTICUT**

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

## PERMANENT TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	<b>Fund Balance July 1, 2013</b>	<b>Investment Income</b>	<b>Community Development and Human Services</b>	<b>Transfers In (Out), net</b>	<b>Fund Balance June 30, 2014</b>
<b>Permanent Trust Funds</b>					
Thomas J. Evans	\$ 3,000	\$ 19	\$ -	\$ (19)	\$ 3,000
Ezra Mathewson	400	-	-	-	400
Shubael Hutchins Nonspendable	5,000	31	-	(31)	5,000
Louisa E. Day	8,545	53	-	(53)	8,545
Civil War Monument	202	1	-	(1)	202
Arthur Wilkes	500	-	-	-	500
Hutchins Burial Lot	200	-	-	-	200
Mildred Stearns	37,500	234	-	(234)	37,500
Paine Mitchell Matthews	1,600	-	-	-	1,600
Paine Cemetery - Town	50,000	-	-	-	50,000
Emily Danielson	1,000	6	-	(6)	1,000
Eunice Randell	1,000	-	-	-	1,000
Earl Chandler	837	4	-	(4)	837
Mary Dexter	500	3	-	(3)	500
Frederick A. Jacobs	500	3	-	(3)	500
Basset Hammond	4,346	27	-	(27)	4,346
Ella Dorrance	1,500	9	-	(9)	1,500
Adolp Goldwater	3,000	19	-	(19)	3,000
Shubael Hutchins Spendable	24,474	153	-	35	24,662
Almond Paine Cemtery	29,304	2,695	(1,756)	-	30,243
Total Permanent Trust Funds	<u>\$ 173,408</u>	<u>\$ 3,257</u>	<u>\$ (1,756)</u>	<u>\$ (374)</u>	<u>\$ 174,535</u>

See accompanying Independent Auditor's Report.

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**PRIVATE PURPOSE TRUST FUNDS**

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

JUNE 30, 2014

	<b>Cash and Cash Equivalents</b>	<b>Investments</b>	<b>Due from Others</b>	<b>Held in Trust for Endowment Purposes</b>
Olivia Boulais	\$ 2,166	\$ -	\$ -	\$ 2,166
Robert D. Payne	634	-	-	634
Blanche Phoenix	98	-	-	98
Frances Upham Spaulding	150	-	-	150
Ruth E. Osgood	35	-	-	35
Goldwater Weisberg	852	-	-	852
Laura Pike Rowe	-	607,834	-	607,834
Adrian Herklots	503	-	-	503
Normington Memorial Savings	2,583	-	-	2,583
Normington Memorial CD	2,178	-	-	2,178
Jeffrey Lehman	15,170	-	-	15,170
Chris Wood	17,710	-	-	17,710
Ryan Doyle	3,831	-	-	3,831
John E. Bitgood Trust	-	-	25,048	25,048
John Lagarde Savings	1,302	-	-	1,302
John Lagarde CD	971	-	-	971
Helen Lupien Savings	319	-	-	319
Olive Boulais	2,908	-	-	2,908
Robert D. Payne	2,000	-	-	2,000
Frances Upham Spaulding	1,000	-	-	1,000
Ruth E. Osgood	7,500	-	-	7,500
Blanche Phoenix	1,000	-	-	1,000
Total Private Purpose Trust Funds	<u>\$ 62,910</u>	<u>\$ 607,834</u>	<u>\$ 25,048</u>	<u>\$ 695,792</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PRIVATE PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Fund Balance July 1, 2013	Additions		Deductions		Fund Balance June 30, 2014
		Contributions	Investment Income	Awards	Transfers In (Out)	
Olivia Boulais	\$ 2,153	\$ -	\$ -	\$ -	\$ 13	\$ 2,166
Robert D. Payne	621	-	-	-	13	634
Blanche Phoenix	111	-	-	(13)	-	98
Frances Upham Spaulding	144	-	-	-	6	150
Ruth E. Osgood	19	-	-	-	16	35
Goldwater Weisberg	851	-	1	-	-	852
Laura Pike Rowe	562,603	-	79,350	(34,119)	-	607,834
Adrian Herklots	503	1,500	-	(1,500)	-	503
Normington Memorial Savings	1,582	1,000	1	-	-	2,583
Normington Memorial CD	2,172	-	6	-	-	2,178
Jeffrey Lehman	15,146	10,000	24	(10,000)	-	15,170
Chris Wood	17,683	10,000	27	(10,000)	-	17,710
Ryan Doyle	4,829	-	2	(1,000)	-	3,831
John E. Bitgood Trust	17,213	7,835	-	-	-	25,048
John Lagarde Savings	2	1,300	-	-	-	1,302
John Lagarde CD	1,625	-	346	(1,000)	-	971
Helen Lupien Savings	319	-	-	-	-	319
Olive Boulais	2,908	-	13	-	(13)	2,908
Robert D. Payne	2,000	-	13	-	(13)	2,000
Frances Upham Spaulding	1,000	-	6	-	(6)	1,000
Ruth E. Osgood	7,500	-	16	-	(16)	7,500
Blanche Phoenix	1,000	-	-	-	-	1,000
Total Private Purpose Trust Funds	<u>\$ 641,984</u>	<u>\$ 31,635</u>	<u>\$ 79,805</u>	<u>\$ (57,632)</u>	<u>\$ -</u>	<u>\$ 695,792</u>

See accompanying Independent Auditor's Report.

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**AGENCY FUNDS**

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**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**JUNE 30, 2014**

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	<b>Student Activities</b>	<b>Performance Bonds</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 151,398	\$ 283,473	\$ 434,871
Total assets	<u>\$ 151,398</u>	<u>\$ 283,473</u>	<u>\$ 434,871</u>
<b>LIABILITIES</b>			
Due to student groups	\$ 151,398	\$ -	\$ 151,398
Due to others	-	283,473	283,473
Total liabilities	<u>\$ 151,398</u>	<u>\$ 283,473</u>	<u>\$ 434,871</u>

See accompanying Independent Auditor's Report.

**TOWN OF KILLINGLY, CONNECTICUT****COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Balance, July 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance, June 30, 2014</b>
<b>Student Activities</b>				
Assets				
Cash and cash equivalents				
Killingly high school	\$ 100,964	\$ 253,289	\$ 257,516	\$ 96,737
Redmen booster club	1,896	1	-	1,897
Killingly junior high school	43,887	78,108	96,667	25,328
Killingly central school	20,105	37,954	45,285	12,774
Killingly memorial school	5,222	7,148	4,179	8,191
Goodyear early childhood center	2,218	974	89	3,103
BASP student activity account	3,567	4,496	4,695	3,368
Total assets	<u>\$ 177,859</u>	<u>\$ 381,970</u>	<u>\$ 408,431</u>	<u>\$ 151,398</u>
Liabilities				
Due to student groups	\$ 177,859	\$ 381,970	\$ 408,431	\$ 151,398
Total liabilities	<u>\$ 177,859</u>	<u>\$ 381,970</u>	<u>\$ 408,431</u>	<u>\$ 151,398</u>
<b>Performance Bonds</b>				
Assets				
Cash and cash equivalents	\$ 288,061	\$ 19,612	\$ 24,200	\$ 283,473
Total assets	<u>\$ 288,061</u>	<u>\$ 19,612</u>	<u>\$ 24,200</u>	<u>\$ 283,473</u>
Liabilities				
Due to others	\$ 288,061	\$ 19,612	\$ 24,200	\$ 283,473
Total liabilities	<u>\$ 288,061</u>	<u>\$ 19,612</u>	<u>\$ 24,200</u>	<u>\$ 283,473</u>
<b>Total Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 465,920	\$ 401,582	\$ 432,631	\$ 434,871
Total assets	<u>\$ 465,920</u>	<u>\$ 401,582</u>	<u>\$ 432,631</u>	<u>\$ 434,871</u>
Liabilities				
Due to student groups	\$ 177,859	\$ 381,970	\$ 408,431	\$ 151,398
Due to others	288,061	19,612	24,200	283,473
Total liabilities	<u>\$ 465,920</u>	<u>\$ 401,582</u>	<u>\$ 432,631</u>	<u>\$ 434,871</u>

See accompanying Independent Auditor's Report.

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**OTHER INFORMATION (UNAUDITED)**

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Table 1

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of related debt	\$ 30,301,087	\$ 30,146,737	\$ 38,554,712	\$ 36,882,006	\$ 65,404,213	\$ 95,429,775	\$ 95,726,718	\$ 97,765,533	\$ 101,541,317	\$ 103,443,636
Restricted for:										
Endowments - expendable	1,030,662	1	1	1	1	1	484,838	506,970	530,161	552,215
Endowments - nonexpendable	134,042	119,634	119,634	119,634	119,634	119,634	119,634	119,630	119,630	119,630
Other purposes	301,531	405,413	2,620,509	4,150,204	-	-	-	-	-	-
Unrestricted	12,824,346	13,806,958	19,614,192	25,814,958	27,301,434	21,309,425	20,510,460	17,963,381	13,674,955	13,713,426
Total governmental activities net assets	<u>\$ 44,591,668</u>	<u>\$ 44,478,743</u>	<u>\$ 60,909,048</u>	<u>\$ 66,966,803</u>	<u>\$ 92,825,282</u>	<u>\$ 116,858,835</u>	<u>\$ 116,841,650</u>	<u>\$ 116,355,514</u>	<u>\$ 115,866,063</u>	<u>\$ 117,828,907</u>

Table 2

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

*(Accrual Basis of Accounting - Unaudited)*

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,120,704	\$ 3,031,014	\$ 5,278,440	\$ 5,562,314	\$ 5,482,757	\$ 5,158,527	\$ 2,573,800	\$ 3,619,835	\$ 3,403,030	\$ 4,005,969
Public works	7,181,018	7,605,508	5,035,684	5,156,595	5,647,186	5,341,129	5,275,524	5,203,896	5,265,384	5,825,718
Recreation and leisure	1,629,451	1,544,109	2,273,213	2,291,172	2,284,037	2,152,551	2,016,637	1,926,344	1,979,551	1,426,575
Public safety	667,207	622,082	949,689	917,219	916,807	924,916	875,611	1,055,882	998,195	1,015,900
Community development and human services	802,807	1,057,302	1,401,226	1,191,829	1,030,228	829,070	1,088,021	1,342,336	943,972	1,382,091
Education	32,222,678	34,262,782	39,437,266	50,179,308	44,247,785	45,322,415	50,528,114	51,275,566	52,455,544	53,959,068
Interest and fiscal charges	490,174	590,748	418,628	643,918	800,416	767,585	976,042	1,550,711	1,051,283	873,546
Total governmental activities expenses	46,114,039	48,713,545	54,794,146	65,942,355	60,409,216	60,496,193	63,333,749	65,974,570	66,096,959	68,488,867
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	824,719	870,657	1,073,297	1,201,587	971,507	869,058	1,065,652	1,092,072	616,933	961,098
Public works	2,939,236	3,240,286	3,399,531	3,674,040	4,360,811	3,627,236	3,565,532	3,870,175	3,668,673	3,311,533
Recreation and leisure	139,834.00	129,786	200,805	206,726	220,479	236,225	202,152	195,559	218,743	140,129
Public safety	3,542.00	1,470	16,158	9,488	15,401	25,081	49,074	22,671	24,550	1,710
Community development and human services	34,309	67,791	25,321	24,250	31,965	23,087	25,079	32,899	24,397	17,282
Education	2,638,517	2,715,354	4,036,993	3,447,855	3,217,596	3,668,551	3,774,361	4,099,742	4,656,775	4,356,732
Operating grants and contributions	17,052,170	18,086,069	21,818,608	31,772,832	23,142,921	23,429,911	22,737,176	24,602,333	24,076,446	27,649,324
Capital grants and contributions	1,027,973	624,834	506,610	4,341,981	27,031,903	24,719,465	2,725,162	1,089,494	2,810,977	2,690,253
Total governmental activities program revenues	24,660,300	25,736,247	31,077,323	44,678,759	58,992,583	56,598,614	34,144,188	35,004,945	36,097,494	39,128,061
<b>Net (Expense)/Revenue</b>										
Governmental activities	(21,453,739)	(22,977,298)	(23,716,823)	(21,263,596)	(1,416,633)	(3,897,579)	(29,189,561)	(30,969,625)	(29,999,465)	(29,360,806)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes	19,102,487	21,327,501	23,134,728	25,577,275	25,943,148	26,730,410	28,043,355	28,367,953	28,753,203	30,683,974
Unrestricted grants and contributions	1,314,737	1,305,515	1,482,823	1,089,233	1,081,066	1,012,177	1,053,240	1,258,030	1,254,281	506,500
Investment income	249,635	519,268	690,699	654,843	250,898	188,545	75,781	175,314	184,722	133,176
Miscellaneous	283,935	250,385	-	-	-	-	-	-	-	-
Total governmental activities	20,950,794	23,402,669	25,308,250	27,321,351	27,275,112	27,931,132	29,172,376	29,801,297	30,192,206	31,323,650
<b>Change in Net Assets</b>										
Governmental activities	\$ (502,945)	\$ 425,371	\$ 1,591,427	\$ 6,057,755	\$ 25,858,479	\$ 24,033,553	\$ (17,185)	\$ (1,168,328)	\$ 192,741	\$ 1,962,844

Table 3

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

<b>Fiscal Year Ended June 30,</b>	<b>Residential Real Property (%)</b>	<b>Commercial &amp; Industrial Property (%)</b>	<b>All Other Land (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicles (%)</b>	<b>Gross Taxable Grand List</b>	<b>Disability Farm, Veterans, and Elderly Relief</b>	<b>Manufacturing Exemption Sec. 12-81 (59) and (60)</b>	<b>Net Taxable Grand List at 70%</b>
2005	38.12	20.07	2.45	32.59	6.77	1,178,214,233	6,611,724	404,484,172	767,118,337
2006	38.80	19.42	2.53	31.82	7.43	1,185,767,888	6,436,596	392,394,480	786,936,812
2007	39.58	19.37	2.58	30.38	8.09	1,195,484,358	6,035,070	367,076,970	822,372,318
2008	40.44	19.23	2.76	29.33	8.24	1,216,477,185	6,027,396	358,988,356	851,461,433
2009	48.64	19.57	3.62	22.13	6.04	1,665,623,346	6,541,680	402,077,649	1,257,004,017
2010	48.09	21.13	3.42	21.65	5.71	1,703,661,744	7,781,724	402,264,890	1,293,615,130
2011	48.01	21.17	3.43	21.77	5.63	1,720,057,294	7,582,720	409,828,215	1,302,646,359
2012	48.01	21.00	3.49	21.62	5.87	1,732,442,346	7,915,160	413,076,450	1,311,450,736
2013	44.60	22.30	3.36	23.87	5.87	1,795,222,510	430,043,201	-	1,365,179,309
2014	45.51	22.74	3.44	22.45	5.87	1,765,102,163	428,814,673	-	1,336,287,490

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

Table 4

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

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>TAX RATE IN MILLS</u>	<u>GRAND LIST OF OCTOBER 1</u>	<u>NET TAXABLE GRAND LIST</u>	<u>TOTAL ADJUSTED TAX LEVY (2)</u>	<u>NET CURRENT TAX COLLECTIONS</u>	<u>PERCENT OF LEVY COLLECTED</u>	<u>PERCENT OF LEVY UNCOLLECTED</u>
2014	20.7	2012	\$ 1,336,287,490	\$ 30,395,902	\$ 29,663,595	97.59%	2.41%
2013	19.7	2011	1,365,179,309	28,764,633	27,961,980	97.21%	2.79%
2012	19.2	2010	1,311,450,736	28,023,792	27,240,681	97.21%	2.79%
2011	19.1	2009	1,302,646,359	27,730,505	26,935,751	97.13%	2.87%
2010	18.2	2008	1,293,615,130	26,462,489	25,818,119	97.56%	2.44%
2009	17.8	2007	1,257,004,017	25,550,095	24,916,013	97.52%	2.48%
2008	25.8	2006	851,461,433	25,298,692	24,641,179	97.40%	2.60%
2007	25.8	2005	822,372,318	22,687,607	22,084,125	97.34%	2.66%
2006	25.0	2004	786,936,812	21,007,294	20,536,540	97.76%	2.24%
2005	23.5	2003	767,118,337	19,005,158	18,564,651	97.68%	2.32%

(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 lien-ed 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, 2014**  
*(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.	\$ 40,558,680	3.04%
DAYVILLE PROPERTY DEVELOPMENT	COMMERCIAL DEVELOPMENT	35,359,310	2.65%
UNITED NATURAL FOODS	FOOD PRODUCTS	18,774,340	1.40%
STAPLES	WAREHOUSING-DISTRIBUTION	16,410,140	1.23%
PJC - RITE AID	WAREHOUSING-DISTRIBUTION	16,058,470	1.20%
FRITO LAY	MANUFACTURER - SNACK FOODS	14,513,560	1.09%
TARGET CORPORATION	RETAIL DISCOUNT STORE	10,774,270	0.81%
KILLINGLY PLAZA REALTY TRUST	COMMERCIAL DEVELOPMENT	6,584,760	0.49%
BIG Y TRUST	GROCERY STORE	6,031,930	0.45%
HEALTH & REHAB WESCOTT CARE	HEALTHCARE & REHABILITATION	5,397,940	0.40%
TOTAL		<u>\$ 129,904,720</u>	<u>9.72%</u>

(1) The net taxable grand list as of October 1, 2012 totaled \$1,336,287,490.



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)*

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>POPULATION(1)</u>	<u>NET TAXABLE GRAND LIST</u>	<u>BONDED DEBT</u>	<u>RATIO OF BONDED DEBT TO ASSESSED VALUE</u>	<u>BONDED DEBT PER CAPITA</u>
2014	17,223	\$ 1,336,287,490	\$ 30,099,935	2.3%	\$ 1,748
2013	17,358	1,365,179,309	32,008,100	2.3%	1,844
2012	17,330	1,311,450,736	27,092,675	2.1%	1,563
2011	17,370	1,302,646,359	25,424,700	2.0%	1,464
2010	17,291	1,293,615,130	23,541,825	1.8%	1,362
2009	17,826	1,257,004,017	19,046,400	1.5%	1,068
2008	17,635	851,461,433	18,415,975	2.2%	1,044
2007	17,769	822,372,318	15,600,550	1.9%	878
2006	17,386	786,936,812	12,213,895	1.6%	703
2005	17386	767,118,337	14,172,665	1.8%	815

(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>
2014	17,223	\$ 1,336,287,490	\$ 30,099,935	-	\$ 30,099,935	2.3%	\$ 1,748
2013	17,358	1,365,179,309	32,008,100	-	32,008,100	2.3%	1,844
2012	17,330	1,311,450,736	27,092,675	-	27,092,675	2.1%	1,563
2011	17,370	1,302,646,359	25,424,700	112,654	25,312,046	1.9%	1,457
2010	17,291	1,293,615,130	23,541,825	427,769	23,114,056	1.8%	1,337
2009	17,826	1,257,004,017	19,046,400	535,448	18,510,952	1.5%	1,038
2008	17,635	851,461,433	18,415,975	1,399,983	17,015,992	2.0%	965
2007	17,769	822,372,318	15,600,550	2,305,171	13,295,379	1.6%	748
2006	17,386	786,936,812	12,213,895	3,236,817	8,977,078	1.1%	516
2005	17,386	767,118,337	14,172,665	4,191,141	9,981,524	1.3%	574

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

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