

**TOWN OF KILLINGLY, CONNECTICUT**

**FEDERAL AND STATE  
SINGLE AUDITS**

**FOR THE YEAR ENDED JUNE 30, 2018**

**TOWN OF KILLINGLY, CONNECTICUT**  
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**FOR THE YEAR ENDED JUNE 30, 2018**

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## INTERNAL CONTROL AND COMPLIANCE REPORT

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Town Council  
Town of Killingly, Connecticut

We have audited, in accordance with the 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, the 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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 24, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mahoney Sabol & Company, LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants  
Glastonbury, Connecticut  
May 24, 2019

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**FEDERAL SINGLE AUDIT SECTION**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Town Council  
Town of Killingly, Connecticut

**Report on Compliance for Each Major Program**

We have audited the Town of Killingly, Connecticut's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2018. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Town of Killingly, Connecticut complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

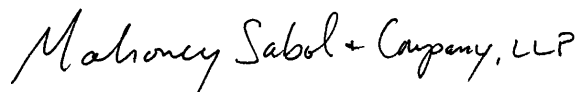
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated May 24, 2019 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Certified Public Accountants  
Glastonbury, Connecticut  
May 24, 2019



**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Grantor; Program Title	Grant Number	Federal CFDA Number	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>Child Nutrition Cluster:</b>			
<b>Passed through the State of Connecticut Department of Administrative Services:</b>			
USDA Commodities	-	10.555	\$ 69,335
<b>Passed through the State of Connecticut Department of Education:</b>			
National School Lunch Program	12060-SDE64370-20560	10.555	467,467
School Breakfast Program	12060-SDE64370-20508	10.553	120,444
Summer Food Service Program for Children	12060-SDE64370-20540	10.559	34,027
Summer Food Service Program for Children	12060-SDE64370-20548	10.559	2,888
<b>Total Child Nutrition Cluster</b>			<u>694,161</u>
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	12060-SDE64165-26130	10.580	<u>1,022</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>695,183</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>Special Education Cluster:</b>			
<b>Passed through the State of Connecticut Department of Education:</b>			
Special Education - Grants to States 16-18	12060-SDE64370-20977	84.027	270,551
Special Education - Grants to States 17-19	12060-SDE64370-20977	84.027	351,077
Special Education - Preschool Grants 16-18	12060-SDE64370-20983	84.173	21,978
Special Education - Preschool Grants 17-19	12060-SDE64370-20983	84.173	16,832
<b>Total Special Education Cluster</b>			<u>660,438</u>
<b>Passed through the State of Connecticut Department of Education:</b>			
Career and Technical Education - Basic Grants to States	12060-SDE64370-20742	84.048	30,844
Education for Homeless Children and Youth	12060-SDE64370-20770	84.196	20,000
Title I Grants to Local Educational Agencies 16-18	12060-SDE64370-20679	84.010	134,247
Title I Grants to Local Educational Agencies 17-19	12060-SDE64370-20679	84.010	377,748
			<u>511,995</u>
Improving Teacher Quality State Grants 17-19	12060-SDE64370-20858	84.367	55,938
Improving Teacher Quality State Grants 16-18	12060-SDE64370-20858	84.367	2,990
			<u>58,928</u>
English Language Acquisition State Grants	12060-SDE64370-20868	84.365	7,069
Student Support and Academic Enrichment Grants	12060-SDE64370-22854	84.424	195
<b>Passed through the State of Connecticut Office of Early Childhood:</b>			
Preschool Development Grant	12060-OEC64845-22705	84.419	509,460
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>1,798,929</u>
			(Continued)

*The accompanying notes are an integral part of this schedule.*

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<b>Grantor; Program Title</b>	<b>Grant Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<b>Passed through the State of Connecticut Department of Housing:</b>			
Community Development Block Grants	12060-DOH46920-20730	14.228	<u>\$ 954,983</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<b>Passed through the State of Connecticut Department of Transportation:</b>			
Alcohol Open Container Requirements	12062-DOT57513-22091	20.601	<u>34,055</u>
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<u><u>\$ 3,483,150</u></u>

*The accompanying notes are an integral part of this schedule.*

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - ACCOUNTING BASIS**

**BASIC FINANCIAL STATEMENTS**

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.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of federal awards.

**COST ALLOCATION PRINCIPLES**

The Town has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance. The Town has no federal awards for which an indirect cost rate is applicable.

**NOTE 2 - OTHER FEDERAL ASSISTANCE**

The United States Department of Agriculture provides commodities to the Town's schools. An amount of \$69,335 has been reflected in the expenditures column in the accompanying schedule of expenditures of federal awards, which represents the fair market value of such commodities received during the year ended June 30, 2018.

In addition, the Town has received federal assistance in the form of three loans in the original amount of \$1,383,000 issued in 2001, \$5,600,000 issued in 2013, and \$2,063,000 issued in 2014 from the United States Department of Agriculture, CFDA Number 10.766, which financed various sewer projects. A summary of loan activity is as follows:

Balance, June 30, 2017	Proceeds	Repayments	Balance, June 30, 2018
\$ 7,770,310	\$ -	\$ 231,063	\$ 7,539,247

No other federal assistance was received in the form of loans, loan guarantees or insurance.

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

<input type="radio"/> Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/>	No None reported
<input type="radio"/> Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/>	No None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes ☒ No

**FEDERAL FINANCIAL ASSISTANCE**

Internal control over major programs:

<input type="radio"/> Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/>	No None reported
<input type="radio"/> Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/>	No None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516? \_\_\_\_\_ Yes ☒ No

Identification of major programs:

CFDA Number	Name of Federal Program
14.228	Community Development Block Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ ☒ Yes \_\_\_\_\_ No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**SUMMARY SCHEDULE OF THE STATUS OF PRIOR YEAR AUDIT FINDINGS**

Finding 2017-001 Noncompliance - Major State Award Program is considered to have been resolved.

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**STATE SINGLE AUDIT SECTION**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES  
OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT**

To the Town Council  
Town of Killingly, Connecticut

**Report on Compliance for Each Major Program**

We have audited the Town of Killingly, Connecticut's (the "Town") compliance with the types of compliance requirements described in the State of Connecticut, Office of Policy and Management's *Compliance Supplement to the State Single Audit Act* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2018. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

***Opinion on Each Major State Program***

In our opinion, the Town of Killingly, Connecticut complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

***Other Matters***

In our opinion, the Town of Killingly, Connecticut complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

## **Report on Internal Control Over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated May 24, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. The schedule of expenditures of state financial assistance is the responsibility of management and was 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



Certified Public Accountants  
Glastonbury, Connecticut  
May 24, 2019

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core-CT Number	Expenditures
<b>NONEXEMPT PROGRAMS:</b>		
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct Programs:</b>		
Municipal Grants-In-Aid	12052-OPM20600-43587	\$ 706,717
Payment in Lieu of Taxes (PILOT) on State-owned Property	11000-OPM20600-17004	149,332
Local Capital Improvement Program	12050-OPM20600-40254	6,153
Property Tax Relief for Veterans	11000-OPM20600-17024	11,665
Property Tax Relief of Property of Totally Disabled Persons	11000-OPM20600-17011	4,162
Inter-Town Capital Equipment (ICE) Purchase Incentive Program	12052-OPM20600-43515	224,622
<b>Total Office of Policy and Management</b>		<u>1,102,651</u>
<b>DEPARTMENT OF EDUCATION</b>		
<b>Direct Programs:</b>		
Alliance District	11000-SDE64370-17041-82164	328,769
Vocational Agriculture	11000-SDE64370-17017	455,999
Family Resource Centers	11000-SDE64370-16110	100,000
Adult Education	11000-SDE64370-17030	107,887
Health Services	11000-SDE64370-17034	25,843
Healthy Foods Initiative	11000-SDE64370-16212	20,916
Primary Mental Health	11000-SDE64370-12198	20,000
Child Nutrition State Matching Grant	11000-SDE64370-16211	10,997
School Breakfast	11000-SDE64370-17046	11,576
<b>Total Department of Education</b>		<u>1,081,987</u>
<b>OFFICE OF EARLY CHILDHOOD</b>		
<b>Direct Programs:</b>		
School Readiness in Competitive Grant Municipalities	11000-OEC64845-16274-83013	368,550
Competitive School Readiness Quality Enhancement	11000-OEC64845-16158	3,881
Smart Start	12060-OEC64845-35586	75,000
<b>Total Office of Early Childhood</b>		<u>447,431</u>
<b>DEPARTMENT OF SOCIAL SERVICES</b>		
<b>Direct Programs:</b>		
Medicaid	11000-DSS60000-16020	59,721
<b>CONNECTICUT JUDICIAL BRANCH</b>		
<b>Direct Programs:</b>		
Court fees	34001-JUD95162-40001-089	12,772
<b>CONNECTICUT STATE LIBRARY</b>		
<b>Direct Programs:</b>		
Historic Documents Preservation Grants	12060-CSL66094-35150	4,000
Connecticard Payments	11000-CSL66051-17010	5,892
<b>Total Connecticut State Library</b>		<u>9,892</u>

(Continued)

*The accompanying note is an integral part of this schedule.*



**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core-CT Number	Expenditures
<b>NONEXEMPT PROGRAMS (Continued):</b>		
<b>DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION</b>		
<b>Direct Programs:</b>		
Clean Water Fund - Grants	21014-DEP43720-40001	\$ 792,120
Clean Water Fund - Loans	21015-DEP43720-42318	2,899,212
Clean Air Account Fund	11000-DEP43540-12490	20
<b>Total Department of Energy and Environmental Protection</b>		<u>3,691,352</u>
<b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT</b>		
<b>Direct Programs:</b>		
Brownfield Remediation and Development	12060-ECD46260-35533	462
Downtown Improvement Project	12052-ECD46000-43077	82,371
<b>Total Department of Economic and Community Development</b>		<u>82,833</u>
<b>DEPARTMENT OF ADMINISTRATIVE SERVICES</b>		
<b>Direct Programs:</b>		
Alliance District General Improvements	12052-DAS27635-43651	162,866
<b>DEPARTMENT OF TRANSPORTATION</b>		
<b>Direct Programs:</b>		
Local Transportation Capital Improvement Program (LOTICIP)	13033-DOT57197-43584	71,540
Town Aid Road Grants	12052-DOT57131-43455	25,866
<b>Total Department of Transportation</b>		<u>97,406</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>6,748,911</u>
<b>EXEMPT PROGRAMS:</b>		
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct Programs:</b>		
Municipal Stabilization Grant	11000-OPM20600-17104	174,037
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	139,384
<b>Total Office of Policy and Management</b>		<u>313,421</u>
<b>DEPARTMENT OF EDUCATION</b>		
<b>Direct Programs:</b>		
Education Cost Sharing	11000-SDE64370-17041-82010	15,267,576
Excess Cost Student Based and Equity	11000-SDE64370-17047	904,266
<b>Total Department of Education</b>		<u>16,171,842</u>
<b>DEPARTMENT OF ADMINISTRATIVE SERVICES</b>		
<b>Direct Programs:</b>		
School Construction Grants - Vocational Agriculture Equipment	13010-DAS27635-40901	94,580
School Construction Grants	13010-DAS27635-40901	1,196,338
<b>Total Department of Administrative Services</b>		<u>1,290,918</u>
<b>Total Exempt Programs</b>		<u>17,776,181</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u>\$ 24,525,092</u>

*The accompanying note is an integral part of this schedule.*

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2018

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The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Killingly, Connecticut (the "Town") under programs of the State of Connecticut for the fiscal year ended June 30, 2018. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs of the Town.

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

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management. The following is a summary of the more significant policies relating to the aforementioned grant programs.

**BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. In accordance with Section 4-236-22 of the regulations to the Connecticut State Single Audit Act, these financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

**NOTE 2 - LOAN PROGRAMS**

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the Schedule of Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2018:

Project	Issue Date	Interest Rate	Original Amount	Balance June 30, 2017	Issued	Capitalized Interest to Date	Retired	Balance June 30, 2018
524C	4/1/2016	2.0%	\$ 2,568,808	\$ 905,692	\$ 1,689,252	\$ 34,077	\$ -	\$ 2,629,021
688-D	4/1/2017	2.0%	1,627,910	-	1,209,959	-	-	1,209,959

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

<input type="radio"/> Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	_____ <input checked="" type="checkbox"/> None Reported
<input type="radio"/> Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/>	_____ <input checked="" type="checkbox"/>

Noncompliance material to financial statements noted? 
 \_\_\_\_\_ Yes ☒ No

**State Financial Assistance**

Internal control over major programs:

<input type="radio"/> Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	_____ <input checked="" type="checkbox"/> None Reported
<input type="radio"/> Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/>	_____ <input checked="" type="checkbox"/>

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? 
 \_\_\_\_\_ Yes ☒ No

The following schedule reflects the major programs included in the audit:

State Grantor/ Program	State Grant Program Core-CT Number	Expenditures
<b>Office of Early Childhood:</b>		
School Readiness in Competitive Grant Municipalities	11000-OEC64845-16274-83013	\$ 368,550
<b>Department of Energy and Environmental Protection:</b>		
Clean Water Fund - Grants	21014-DEP43720-40001	792,120
Clean Water Fund - Loans	21015-DEP43720-42318	2,899,212
<b>Office of Policy &amp; Management:</b>		
Inter-Town Capital Equipment (ICE) Purchase Incentive Program	12052-OPM20600-43515	224,622

Dollar threshold used to distinguish between Type A and Type B programs: \$200,000

**TOWN OF KILLINGLY, CONNECTICUT**  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS *(Continued)*  
FOR THE YEAR ENDED JUNE 30, 2018

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**SUMMARY SCHEDULE OF THE STATUS OF PRIOR YEAR AUDIT FINDINGS**

Finding 2017-001 Noncompliance - Major State Award Program is considered to have been resolved.