

TOWN OF KILLINGLY, CONNECTICUT

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2019**

TOWN OF KILLINGLY, CONNECTICUT
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AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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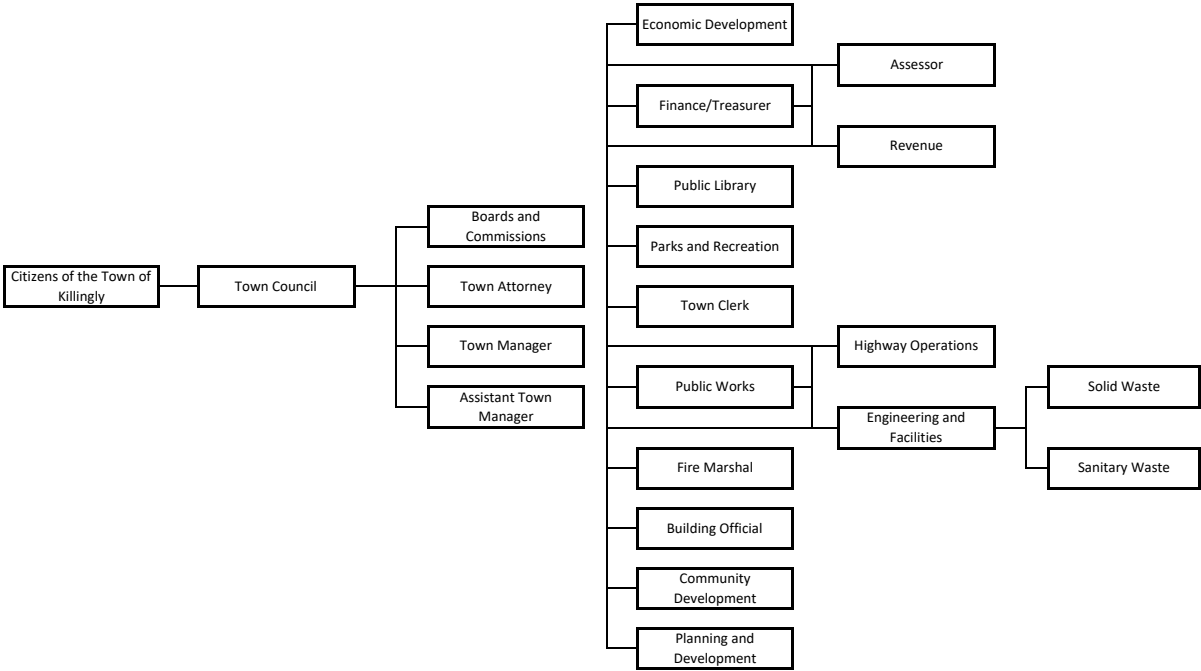
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INTRODUCTORY SECTION

**TOWN OF KILLINGLY, CONNECTICUT
ORGANIZATIONAL CHART**



TOWN OF KILLINGLY, CONNECTICUT
LIST OF PRINCIPAL TOWN OFFICIALS
AS OF FEBRUARY 28, 2020

TOWN COUNCIL

Jason Anderson, Chairman
Kevin Kerttula, Vice-Chairman
Coleen Brakenwagen
Edward Grandelski
Lynn LaBerge
Mark LaPrade
Patti Larrow George
Ernest Lee
Tammy Wakefield
Chastity Walsh
Raymond Wood II

TOWN DEPARTMENTS

Mary Calorio, Town Manager
Jennifer Hawkins, Director of Finance/Treasurer
Paul Hopkins, Assessor/Assistant Town Manager
Tracy Bragg, Building Official
Mary Bromm, Community Development Administrator
Elsie Bisset, Economic Development Director
David Capacchione, P.E., Director of Engineering and Facilities
Tracy Mason, Parks and Recreation Director
Ann-Marie Aubrey, Director of Planning & Development
Mathew Dube, Director of Highway Operations
Patricia Monahan, Revenue Collector
Steven Rioux, Superintendent of Schools
Elizabeth Wilson, Town Clerk
Randy Burchard, Fire Marshal
Claudette Stockwell, Library Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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, 2019, 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the information on pages 70 through 82 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 statements and schedules, and 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 statements and schedules on pages 83 through 117 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 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 118 through 126 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 February 28, 2020, 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.



Certified Public Accountants
Glastonbury, Connecticut
February 28, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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, 2019.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$121,046,073 (net position). Of this amount, \$16,683,479 (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 \$705,200 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 \$20,781,936, a decrease of \$2,442,775 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,365,580. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents 17.6% of the Town's General Fund final budgetary expenditure appropriation for fiscal year 2019. Expressed another way, unassigned fund balance for the budgeted General Fund was sufficient to cover approximately 2.1 months of General Fund budgetary expenditures. The fund balance of the Town's General Fund increased by \$584,100 during the current fiscal year.
- The Town's capital assets decreased by \$846,314 or 0.6% during the current year, primarily due to net additions of approximately \$5.6 million offset by depreciation and amortization of approximately \$6.5 million.
- The Town's total debt decreased by \$846,368 or 2.6% during the current fiscal year.

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.

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

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, deferred outflows and inflows of resources 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.

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.

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 outflows and inflows 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.

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

Governmental Funds (Continued)

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 through 20 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 21 through 23 of this report.

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 24 and 25 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 26 through 69 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 70 through 126 of this report.

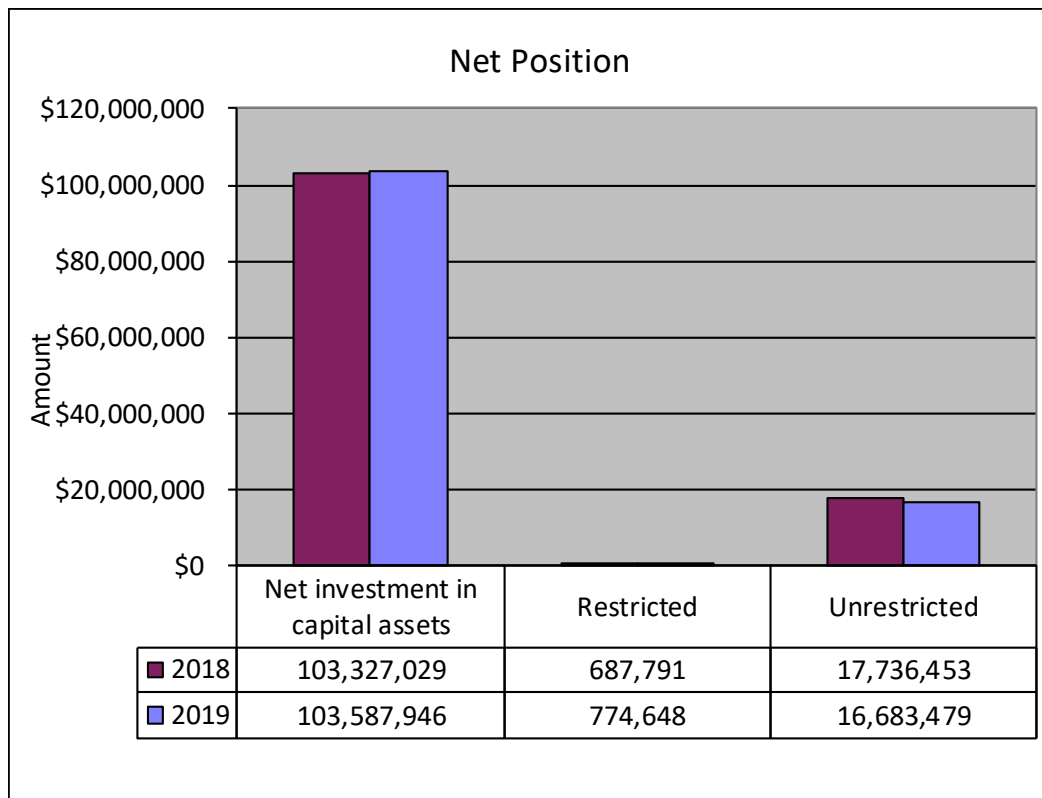
TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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 \$121,046,073 as of June 30, 2019 and \$121,751,273 as of June 30, 2018 and is summarized as follows.

	<u>2019</u>	<u>2018</u>	<u>\$ Variance</u>	<u>% Variance</u>
Current and other assets	\$ 30,948,507	\$ 32,782,930	\$ (1,834,423)	-5.6%
Capital assets	136,508,188	137,354,502	(846,314)	-0.6%
Total assets	<u>167,456,695</u>	<u>170,137,432</u>	<u>(2,680,737)</u>	-1.6%
Deferred outflows of resources	1,890,464	1,464,850	425,614	29.1%
Other liabilities	7,218,128	6,153,051	1,065,077	17.3%
Long-term liabilities	40,529,494	42,995,354	(2,465,860)	-5.7%
Total liabilities	<u>47,747,622</u>	<u>49,148,405</u>	<u>(1,400,783)</u>	-2.9%
Deferred inflows of resources	553,464	702,604	(149,140)	-21.2%
Net position:				
Net investment in capital assets	103,587,946	103,327,029	260,917	0.3%
Restricted	774,648	687,791	86,857	12.6%
Unrestricted	16,683,479	17,736,453	(1,052,974)	-5.9%
Total net position	<u>\$ 121,046,073</u>	<u>\$ 121,751,273</u>	<u>\$ (705,200)</u>	-0.6%



TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*

85.6% of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

Overall, net position decreased by \$705,200 in comparison to the prior year.

Changes in Net Position

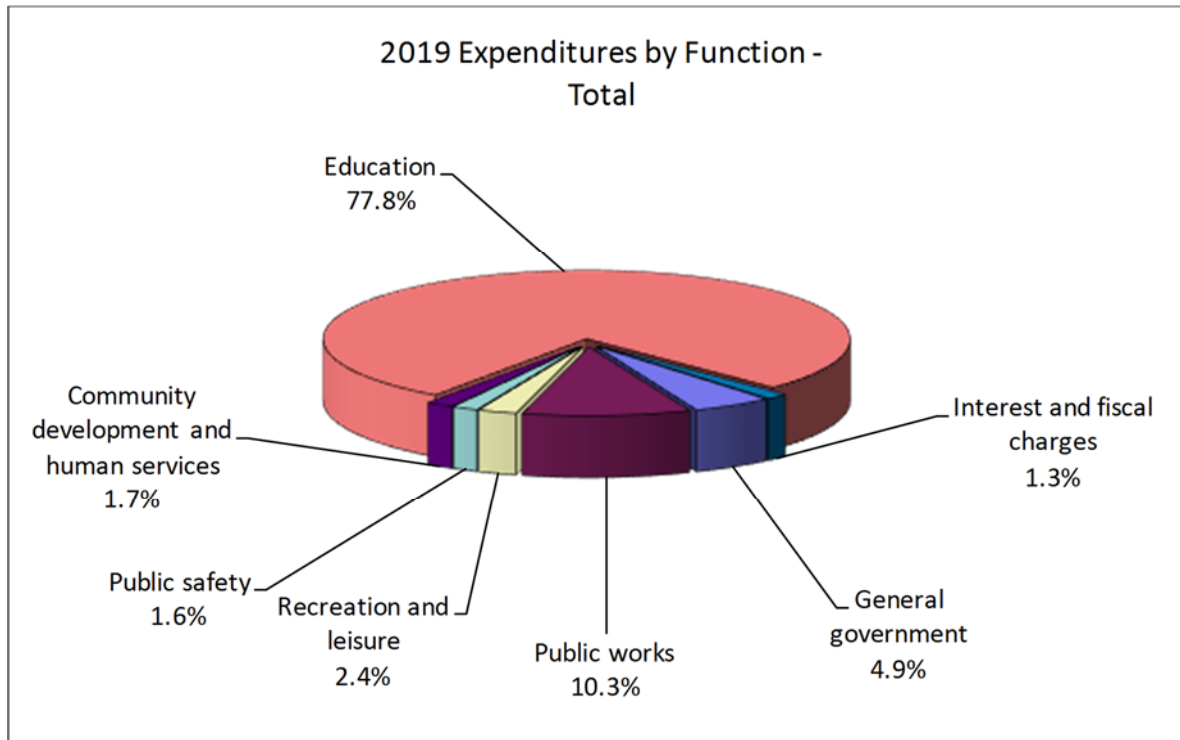
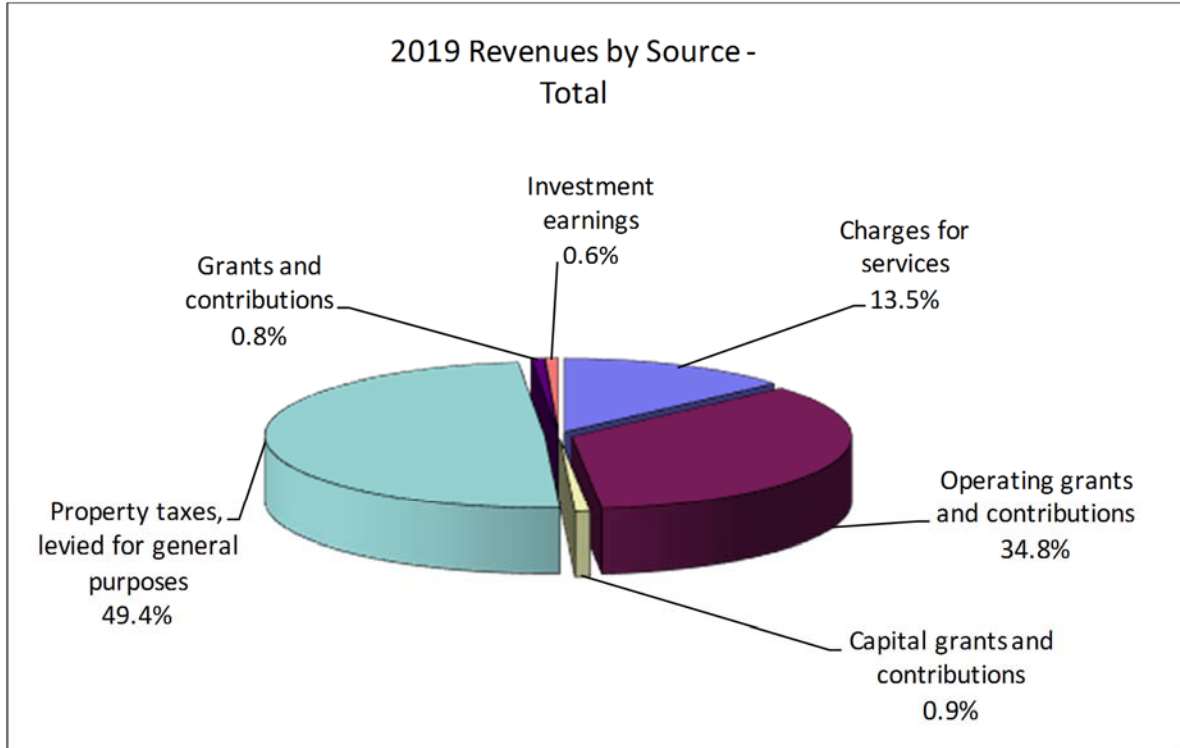
Changes in net position for the years ended June 30, 2019 and 2018 are as follows.

	<u>2019</u>	<u>2018</u>	<u>\$ Variance</u>	<u>% Variance</u>
Revenues				
Program revenues:				
Charges for services	\$ 9,563,709	\$ 8,659,332	\$ 904,377	10.4%
Operating grants and contributions	24,732,635	29,383,271	(4,650,636)	-15.8%
Capital grants and contributions	608,981	2,853,903	(2,244,922)	-78.7%
General revenues:				
Property taxes, levied for general purposes	35,065,215	34,655,792	409,423	1.2%
Grants and contributions	535,010	488,538	46,472	9.5%
Investment earnings	537,467	295,537	241,930	81.9%
Total revenues	<u>71,043,017</u>	<u>76,336,373</u>	<u>(5,293,356)</u>	-6.9%
Expenses				
General government	3,515,089	3,439,137	75,952	2.2%
Public works	7,376,605	7,108,844	267,761	3.8%
Recreation and leisure	1,710,857	1,634,809	76,048	4.7%
Public safety	1,130,827	1,234,382	(103,555)	-8.4%
Community development and human services	1,216,262	1,717,757	(501,495)	-29.2%
Education	55,818,177	59,009,409	(3,191,232)	-5.4%
Interest and fiscal charges	980,400	1,037,512	(57,112)	-5.5%
Total expenses	<u>71,748,217</u>	<u>75,181,850</u>	<u>(3,433,633)</u>	-4.6%
Change in net position	<u>\$ (705,200)</u>	<u>\$ 1,154,523</u>	<u>\$ (1,859,723)</u>	-161.1%

TOWN OF KILLINGLY, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Position (Continued)



TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*

Governmental activities decreased the Town's net position by \$705,200.

Revenues decreased by 6.9% or \$5,293,356 and expenses decreased by \$3,433,633 or 4.6% over the amounts reported in the prior year. Decreases in operating grants and education expenses were impacted by a reduction in the amount of pension and OPEB expense recognized by the State of Connecticut in connection with the Town's participation in the Connecticut State Teachers' Retirement System. Decrease in capital grants related to a reduction in revenues recognized in connection with school construction and sewer projects based on the timing of expenses incurred for those projects.

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 outflows, inflows, 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 \$20,781,936, a decrease of \$2,442,775 in comparison with the prior year. This represents a temporary decrease driven by capital outlays being funded through working capital and short-term financing, which are expected to be financed on a long-term basis upon completion of the associated projects.

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 General Fund was \$10,365,580. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents 17.6% of the Town's General Fund final budgetary expenditure appropriation for fiscal year 2019. Expressed another way, unassigned fund balance for the budgeted General Fund was sufficient to cover approximately 2.1 months of General Fund budgetary expenditures.

The fund balance of the Town's General Fund increased by \$584,100 during the current fiscal year.

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Governmental Funds *(Continued)*

Capital Improvements Fund

The fund balance of the Capital Improvements Fund decreased by \$3,399,227 during the current fiscal year. This change was due to an increase in planned project expenditures for which permanent financing has not yet been obtained.

Sewer Operating Fund

The fund balance of the Sewer Operating Fund decreased by \$152,055 during the current fiscal year.

Capital Nonrecurring Fund

The fund balance of the Capital Nonrecurring Fund increased by \$80,473 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's original budget planned for the utilization of fund balance in the amount of \$600,000. The Town's final budget included additional appropriations in the amount of \$293,622, resulting in a planned use of fund balance in the amount of \$893,622.

The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$1,136,401, which included a planned transfer in of \$630,000 from the Town's Rate Stabilization Fund. Overall, revenues and other financing sources exceeded budgetary estimates by \$536,027 primarily due to favorable variances on interest income, education cost sharing funds received, fees from building permits and unbudgeted receipts. Overall, expenditures and transfers out were \$1,493,996 less than budgeted. Budgetary surpluses were recognized across all departments.

SEWER OPERATING FUND BUDGETARY HIGHLIGHTS

The Town adopts an annual budget for its Sewer Operating Fund. During the year ended June 30, 2019 there were no additional appropriations made to the budget. The budget for 2019 planned for the use of fund balance in the amount of \$233,512. The actual net change in fund balance of the Sewer Operating Fund on a budgetary basis was a decrease of \$152,055.

TOWN OF KILLINGLY, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

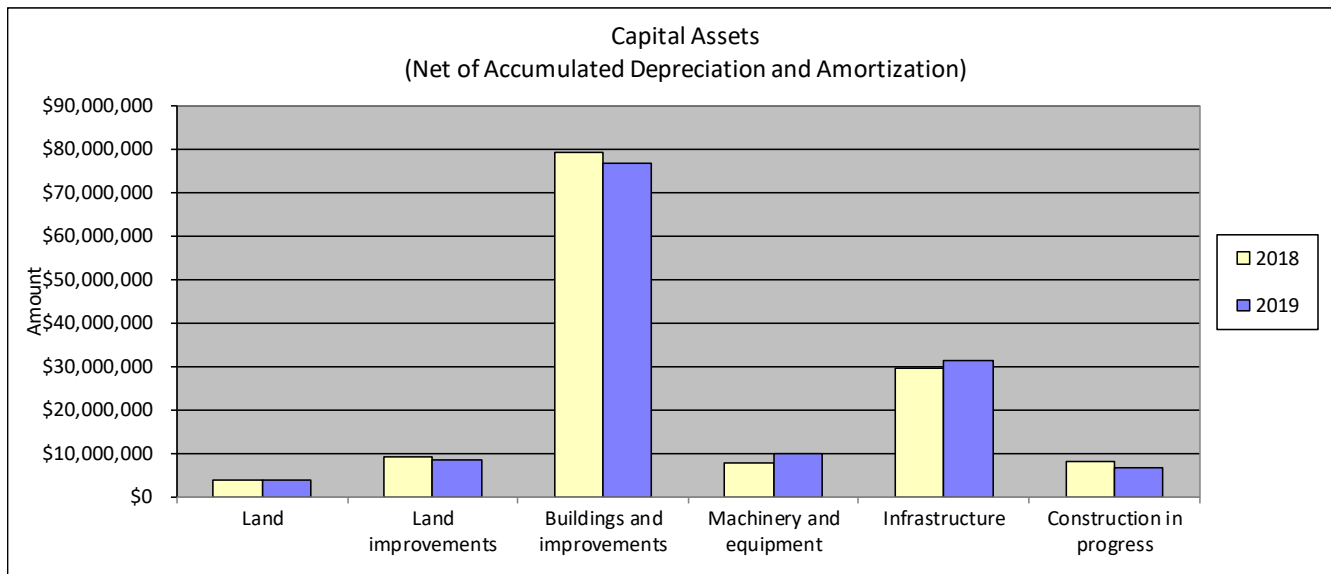
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2019 and 2018 totaled \$136,508,188 and \$137,354,502, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress. The total decrease in the Town's investment in capital assets for the current fiscal year was \$846,314 or 0.6%. This decrease consisted of net capital asset additions of approximately \$5.6 million offset by current year depreciation and amortization expense of approximately \$6.5 million.

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

	2019	2018	\$ Variance	% Variance
Land	\$ 3,821,224	\$ 3,674,024	\$ 147,200	4.0%
Land improvements	8,521,947	9,314,775	(792,828)	-8.5%
Buildings and improvements	76,495,251	79,157,597	(2,662,346)	-3.4%
Machinery and equipment	9,736,656	7,912,591	1,824,065	23.1%
Infrastructure	31,224,897	29,352,636	1,872,261	6.4%
Construction in progress	6,708,213	7,942,879	(1,234,666)	-15.5%
Totals	<u>\$ 136,508,188</u>	<u>\$ 137,354,502</u>	<u>\$ (846,314)</u>	-0.6%



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

TOWN OF KILLINGLY, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Debt

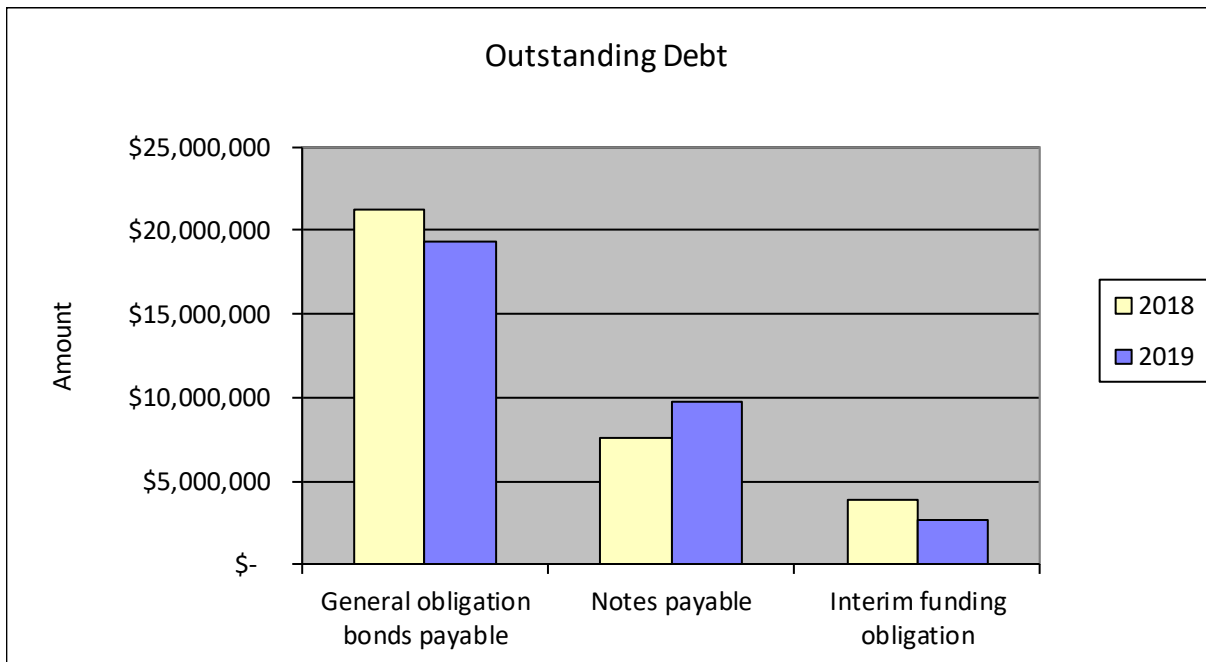
At the end of the current fiscal year, the Town had total bonded debt, notes and interim funding obligation payables in the amount of \$31,761,859. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt decreased by \$846,368 or 2.6% during the current fiscal year.

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 debt:

	<u>2019</u>	<u>2018</u>	<u>\$ Variance</u>	<u>% Variance</u>
General obligation bonds payable	\$ 19,330,000	\$ 21,230,000	\$ (1,900,000)	-8.9%
Notes payable	9,748,494	7,539,247	2,209,247	29.3%
Interim funding obligation	2,683,365	3,838,980	(1,155,615)	-30.1%
Totals	<u>\$ 31,761,859</u>	<u>\$ 32,608,227</u>	<u>\$ (846,368)</u>	-2.6%

Additional information on the Town's debt can be found in Notes 7 and 8 of this report.



TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- Inflationary trends in the region are comparable to national indices.
- 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 2020, 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.
 - The Town has designated \$300,000 of fund balance for use in the 2020 budget.

All of these factors were considered in preparing the Town's budget for fiscal year 2020.

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, 172 Main Street, Killingly, Connecticut 06239.

BASIC FINANCIAL STATEMENTS

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 21,610,713
Investments	5,136,762
Receivables:	
Property taxes and interest, net	1,494,266
Assessments, user charges and interest, net	566,012
Grants and contracts	786,225
Other	788,856
Other assets	74,472
Net pension asset	346,229
Restricted assets:	
Permanently restricted cash and cash equivalents	32,678
Permanently restricted investments	112,294
Capital assets:	
Non-depreciable	10,529,437
Depreciable, net	125,978,751
Total assets	167,456,695
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	889,429
Deferred charge on pension expense	243,530
Deferred charge on OPEB expense	757,505
Total deferred outflows of resources	1,890,464
 LIABILITIES	
Accounts payable	2,311,707
Accrued liabilities:	
Accrued interest	124,678
Other	99,168
Interim funding obligations	2,683,365
Unearned revenue	1,228,057
Claims payable	771,153
Noncurrent liabilities:	
Due within one year	3,041,773
Due in more than one year	37,487,721
Total liabilities	47,747,622
 DEFERRED INFLOWS OF RESOURCES	
Deferred charge on pension expense	190,493
Deferred charge on OPEB expense	362,971
Total deferred inflows of resources	553,464
 NET POSITION	
Net investment in capital assets	103,587,946
Restricted for:	
Endowments:	
Expendable	445,376
Nonexpendable	119,649
Grant programs	209,623
Unrestricted	16,683,479
Total net position	\$ 121,046,073

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets - Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government					
Governmental activities:					
General government	\$ 3,515,089	\$ 1,256,292	\$ 4,500	\$ 147,774	\$ (2,106,523)
Public works	7,376,605	4,086,994	1,028,794	461,207	(1,799,610)
Recreation and leisure	1,710,857	237,277	27,400	-	(1,446,180)
Public safety	1,130,827	5,785	52,912	-	(1,072,130)
Community development and human services	1,216,262	32,208	615,498	-	(568,556)
Education	55,818,177	3,945,153	23,003,531	-	(28,869,493)
Interest and fiscal charges	980,400	-	-	-	(980,400)
Total governmental activities	<u>\$ 71,748,217</u>	<u>\$ 9,563,709</u>	<u>\$ 24,732,635</u>	<u>\$ 608,981</u>	<u>(36,842,892)</u>
General revenues:					
					35,065,215
					535,010
					537,467
					<u>36,137,692</u>
					(705,200)
					<u>121,751,273</u>
					<u>\$ 121,046,073</u>

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

TOWN OF KILLINGLY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Sewer Operating Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 18,651,747	\$ -	\$ 180,730	\$ -	\$ 2,710,090	\$ 21,542,567
Investments	3,388,464	-	1,340,688	-	519,904	5,249,056
Receivables:						
Property taxes, net	1,494,266	-	-	-	-	1,494,266
Assessments and user charges, net	-	-	566,012	-	-	566,012
Grants and contracts	26,123	533,539	-	-	226,563	786,225
Other	436,412	-	274,807	-	32,143	743,362
Due from other funds	2,899,499	-	1,032,350	4,997,987	1,606,312	10,536,148
Inventories	-	-	-	-	30,287	30,287
Other assets	44,185	-	-	-	-	44,185
Total assets	<u>\$ 26,940,696</u>	<u>\$ 533,539</u>	<u>\$ 3,394,587</u>	<u>\$ 4,997,987</u>	<u>\$ 5,125,299</u>	<u>\$ 40,992,108</u>
LIABILITIES						
Accounts payable	\$ 1,008,223	\$ 958,560	\$ 1,645	\$ 197,751	\$ 99,427	\$ 2,265,606
Accrued liabilities	99,168	-	-	-	-	99,168
Interim funding obligation	-	2,683,365	-	-	-	2,683,365
Due to other funds	9,402,350	2,251,790	-	-	647,709	12,301,849
Unearned revenue	-	1,066,532	-	-	161,525	1,228,057
Total liabilities	<u>10,509,741</u>	<u>6,960,247</u>	<u>1,645</u>	<u>197,751</u>	<u>908,661</u>	<u>18,578,045</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	1,369,920	-	-	-	-	1,369,920
Unavailable revenue - sewer assessments	-	-	262,207	-	-	262,207
Total deferred inflows of resources	<u>1,369,920</u>	<u>-</u>	<u>262,207</u>	<u>-</u>	<u>-</u>	<u>1,632,127</u>
FUND BALANCES						
Nonspendable	44,185	-	-	-	149,936	194,121
Restricted	-	-	-	-	654,999	654,999
Committed	624,354	-	3,130,735	4,800,236	3,411,703	11,967,028
Assigned	4,026,916	1,355,712	-	-	-	5,382,628
Unassigned	10,365,580	(7,782,420)	-	-	-	2,583,160
Total fund balances	<u>15,061,035</u>	<u>(6,426,708)</u>	<u>3,130,735</u>	<u>4,800,236</u>	<u>4,216,638</u>	<u>20,781,936</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 26,940,696</u>	<u>\$ 533,539</u>	<u>\$ 3,394,587</u>	<u>\$ 4,997,987</u>	<u>\$ 5,125,299</u>	<u>\$ 40,992,108</u>

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

TOWN OF KILLINGLY, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

Total fund balances for governmental funds		\$ 20,781,936
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	\$ 6,708,213	
Land	3,821,224	
Land improvements	15,827,601	
Buildings and improvements	119,936,184	
Machinery and equipment	24,624,981	
Infrastructure	81,125,031	
Less: accumulated depreciation and amortization	<u>(115,535,046)</u>	
Total capital assets, net		136,508,188
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	1,369,920	
Sewer use and assessments	<u>262,207</u>	
		1,632,127
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 payable	(19,330,000)	
Notes payable	(9,748,494)	
Unamortized premium	(1,017,991)	
Obligations under capital lease	(1,029,821)	
Loan payable	(646,420)	
Accrued interest payable	(124,678)	
Deferred charge on refunding	889,429	
Other long-term liabilities:		
Compensated absences	(1,003,357)	
Landfill post-closure care costs	(260,000)	
Net OPEB liability	<u>(7,493,411)</u>	
Total long-term liabilities		(39,764,743)
Deferred outflows and inflows of resources resulting from changes in the components of the net pension asset and net OPEB liability are amortized as a component of pension and OPEB expense in the statement of net position:		
Pension		53,037
OPEB		394,534
Net pension assets are not recognized in the governmental funds. The net pension asset results from the difference between a pension plan's fiduciary net position and the portion of the present value of projected benefit payments to be provided through the pension plan.		
		346,229
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.		
		<u>1,094,765</u>
Net position of governmental activities		<u>\$ 121,046,073</u>

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Sewer Operating Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property taxes	\$ 35,215,244	\$ -	\$ -	\$ -	\$ -	\$ 35,215,244
Intergovernmental	23,058,302	1,459,094	-	-	4,022,066	28,539,462
Licenses, permits and fees	373,255	-	-	-	-	373,255
Charges for services	3,216,274	-	4,063,242	-	1,413,034	8,692,550
Investment income	496,713	-	26,667	-	14,573	537,953
Other	457,677	38,498	8,741	-	146,606	651,522
Total revenues	<u>62,817,465</u>	<u>1,497,592</u>	<u>4,098,650</u>	<u>-</u>	<u>5,596,279</u>	<u>74,009,986</u>
EXPENDITURES						
Current:						
General government	2,061,540	-	-	-	386,346	2,447,886
Public works	2,600,429	-	2,742,494	-	-	5,342,923
Recreation and leisure	1,313,522	-	-	-	51,248	1,364,770
Public safety	1,077,219	-	-	-	-	1,077,219
Community development and human services	574,525	-	-	-	48,176	622,701
Education	48,398,331	-	-	-	4,605,559	53,003,890
Other	2,179,226	-	-	-	-	2,179,226
Debt service:						
Principal payments	2,914,777	-	-	-	-	2,914,777
Interest and fiscal charges	1,021,960	-	-	-	-	1,021,960
Capital outlays	29,098	5,518,379	-	578,135	351,797	6,477,409
Total expenditures	<u>62,170,627</u>	<u>5,518,379</u>	<u>2,742,494</u>	<u>578,135</u>	<u>5,443,126</u>	<u>76,452,761</u>
Excess (deficiency) of revenues over expenditures	646,838	(4,020,787)	1,356,156	(578,135)	153,153	(2,442,775)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,259,640	671,560	-	658,608	340,062	2,929,870
Transfers out	(1,322,378)	(50,000)	(1,508,211)	-	(49,281)	(2,929,870)
Total other financing sources (uses)	<u>(62,738)</u>	<u>621,560</u>	<u>(1,508,211)</u>	<u>658,608</u>	<u>290,781</u>	<u>-</u>
Net changes in fund balances	584,100	(3,399,227)	(152,055)	80,473	443,934	(2,442,775)
Fund balances - beginning	<u>14,476,935</u>	<u>(3,027,481)</u>	<u>3,282,790</u>	<u>4,719,763</u>	<u>3,772,704</u>	<u>23,224,711</u>
Fund balances - ending	<u>\$ 15,061,035</u>	<u>\$ (6,426,708)</u>	<u>\$ 3,130,735</u>	<u>\$ 4,800,236</u>	<u>\$ 4,216,638</u>	<u>\$ 20,781,936</u>

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

TOWN OF KILLINGLY, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances for governmental funds \$ (2,442,775)

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	\$ 5,646,322	
Depreciation and amortization expense	<u>(6,462,703)</u>	
Net adjustment		(816,381)

In the statement of activities only the gain (loss) on the disposal or sale of capital assets is reported whereas only the proceeds from a sale increase financial resources in the governmental funds. (29,933)

Deferred outflows and inflows of resources resulting from changes in the net pension asset and net OPEB liability are amortized as a component of pension and OPEB expense in the statement of activities:

Pension	261,750
OPEB	383,320

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

Debt issued or incurred:		
Notes issued	(2,662,156)	
Interim funding obligation	(40,953)	
Principal repayments:		
Bonds payable	1,900,000	
Notes payable	452,909	
Capital lease obligations	453,153	
Interim funding obligation	2,669,974	
Loan payable	<u>108,715</u>	
		2,881,642

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	73,721	
Accrued interest	(24,675)	
Net OPEB liability	(646,054)	
Net pension asset	(167,436)	
Amortization of bond premiums	136,551	
Amortization of deferred amount on refunding	(70,316)	
Landfill post-closure care costs	<u>20,000</u>	
		(678,209)

(Continued)

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, 2019

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in the governmental funds. This amount represents the change in unavailable revenues.	\$ (173,516)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal services fund is reported with governmental activities.	<u>(91,098)</u>
Change in net position of governmental activities	<u>\$ (705,200)</u> <i>(Concluded)</i>

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUND
AS OF JUNE 30, 2019

	Governmental Activities
	Internal Service Fund- Health Insurance Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 100,824
Receivables	45,494
Due from other funds	1,719,600
Total assets	1,865,918
LIABILITIES	
Current liabilities:	
Claims payable	771,153
Total liabilities	771,153
NET POSITION	
Unrestricted	1,094,765
Total net position	\$ 1,094,765

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities
	Internal Service Fund- Health Insurance Fund
OPERATING REVENUES	
Charges for services	\$ 8,600,626
Total operating revenues	8,600,626
OPERATING EXPENSES	
Claims incurred	7,496,495
Administrative and other	1,196,770
Total operating expenses	8,693,265
Operating loss	(92,639)
NONOPERATING REVENUES	
Interest income	1,541
Total nonoperating revenue	1,541
Change in net position	(91,098)
Net position - beginning	1,185,863
Net position - ending	\$ 1,094,765

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities
	Internal Service Fund- Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from charges for services	\$ 8,730,100
Payments for claims incurred	(7,439,695)
Payments for administrative costs	(1,196,770)
Net cash provided by operating activities	93,635
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	1,541
Net cash provided by investing activities	1,541
Net change in cash and cash equivalents	95,176
Cash and cash equivalents - beginning	5,628
Cash and cash equivalents - ending	\$ 100,804
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (92,639)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
(Increase) decrease in assets:	
Receivables	(45,494)
Due from other funds	174,968
Increase (decrease) in liabilities:	
Claims payable	56,800
Net cash provided by operating activities	\$ 93,635

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2019

	Pension Trust Fund	OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Cash and cash equivalents	\$ 169,628	\$ 16,957	\$ 106,727	\$ 538,206
Investments:				
Certificates of deposit	-	-	8,671	21,239
Corporate bonds	-	-	181,361	-
Mutual funds	6,403,145	740,714	138,617	-
Equity securities	-	-	337,305	-
Due from other funds	-	-	46,101	-
Total assets	<u>6,582,499</u>	<u>757,671</u>	<u>818,782</u>	<u>\$ 559,445</u>
LIABILITIES				
Due to student groups	-	-	-	\$ 307,343
Due to others	-	-	-	252,102
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 559,445</u>
NET POSITION				
Held in trust for pension benefits and other purposes	<u>\$ 6,582,499</u>	<u>\$ 757,671</u>	<u>\$ 818,782</u>	

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Pension Trust Fund	OPEB Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 163,531	\$ 233,001	\$ -
Plan members	139,392	-	-
Other	-	53,135	34,235
Total contributions	<u>302,923</u>	<u>286,136</u>	<u>34,235</u>
Investment earnings:			
Interest and dividends	320,183	68,130	-
Net change in the fair value of investments, net	10,791	(26,136)	39,677
Total investment earnings	<u>330,974</u>	<u>41,994</u>	<u>39,677</u>
Less: investment expense	(15,965)	-	-
Net investment income	<u>315,009</u>	<u>41,994</u>	<u>39,677</u>
Total additions	<u>617,932</u>	<u>328,130</u>	<u>73,912</u>
DEDUCTIONS			
Benefit payments	395,706	276,136	-
Administrative expenses	15,343	-	-
Awards	-	-	26,153
Total deductions	<u>411,049</u>	<u>276,136</u>	<u>26,153</u>
Change in net position	206,883	51,994	47,759
Net position - beginning	<u>6,375,616</u>	<u>705,677</u>	<u>771,023</u>
Net position - ending	<u>\$ 6,582,499</u>	<u>\$ 757,671</u>	<u>\$ 818,782</u>

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR JUNE 30, 2019

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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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.

OPEB Trust Fund - This fund type is used to account for resources held in trust, which accumulates resources for benefit payments related to healthcare insurance benefits to qualified employees and their spouses.

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, the Veteran's Coffeehouse Fund and the performance bonds fund. The student activities funds accounts for monies generated by student activities in the Town's school system. The Veterans Coffee House fund accounts for donations received and program expenditures relating to the Danielson Veterans Coffeehouse. 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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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 Town 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 or available to be 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 Accounting Standards

Effective July 1, 2018, the Town adopted the provisions of GASB Statement No. 83, *Certain Asset Retirement Obligations*. GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). The Statement established criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The adoption of this statement did not have a material effect on the Town's financial statements.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Implementation of Accounting Standards *(Continued)*

Effective July 1, 2018, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to the financial statements as a liability (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The adoption of this statement did not have a material effect on the Town's financial statements.

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

Cash and 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 are measured by the Town at fair value (generally based on quoted market prices), except for investments in participating interest-earning investment contracts and certain external investment pool as described below.

Investments in participating interest-earning investment contracts consist of negotiable certificates of deposit. Investments in these types of contracts, which have a remaining maturity at the time of purchase of one year or less, are measured by the Town at amortized costs.

Investments in certain external investment pools consist of money market mutual funds and the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the pool.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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

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.

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.

Property Taxes, Assessments and Usage Charges

All trade, property tax, interest and sewer use and sewer assessment receivables are shown net of an allowance for uncollectible accounts. Based on historical collection experience and other factors, the Town has established allowances in the amounts of \$80,000, \$19,000, and \$12,000 for property tax, interest, and sewer use charges, respectively, as of June 30, 2019.

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. Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5%. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of the market value.

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$100,000 for infrastructure 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.

Unearned Revenue

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

Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time.

Deferred outflows of resources consists of deferred charges on refunding and deferred charges on pension and OPEB expenses reported in the government-wide statement of net position. Deferred charges on refundings resulted from differences in the carrying value of previously refunded debt and the reacquisition price of the debt and are being amortized to interest expense using the effective-interest method over the life of the related bonds. Deferred charges on pension and OPEB expenses resulted from changes in the components of the Town's net pension asset and net OPEB liability and are being amortized as a component of pension and OPEB expense on a systematic and rational basis.

Deferred inflows of resources consist of revenues that are reported as being unavailable in the governmental funds balance sheet and deferred charges on pension and OPEB expenses reported in the government-wide statement of net position. Unavailable revenues are recognized as an inflow of resources in the period that the amounts become available. Deferred charges on pension and OPEB expenses are amortized as a component of pension and OPEB expense on a systematic and rational basis.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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

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.

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, liabilities, and deferred outflows and inflows of resources, 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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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

Net Position and Fund Balance *(Continued)*

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.

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 and proprietary 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 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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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.

Interfund Reimbursements

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

Use of Estimates

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

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash deposits as of June 30, 2019 is as follows:

Government-wide statement of net position:	
Unrestricted cash and cash equivalents	\$ 21,610,713
Restricted cash and cash equivalents	32,678
Statement of fiduciary net position:	
Cash and cash equivalents	831,518
Add: Certificates of deposit considered cash deposits for disclosure purposes	29,910
Less: Cash equivalents considered investments for disclosure purposes	<u>(8,219,238)</u>
	<u>\$ 14,285,581</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Cash Deposits *(Continued)*

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, 2019, \$15,170,729 of the Town's bank balance of \$15,876,655 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 13,653,656
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	1,517,073
	<u>\$ 15,170,729</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, 2019 is as follows:

Government-wide statement of net position:	
Unrestricted investments	\$ 5,136,762
Restricted investments	112,294
Statement of fiduciary net position:	
Investments	7,831,052
Add: Cash equivalents considered investments for disclosure purposes	8,219,238
Less: Certificates of deposit considered cash deposits for disclosure purposes	(29,910)
	<u>\$ 21,269,436</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

As of June 30, 2019, the Town's investments consisted of the following:

<u>Investment type</u>	<u>Valuation Basis</u>	<u>Credit Rating</u>	<u>Value</u>	<u>Investment Maturities (In Years)</u>	
				<u>Less Than 1</u>	<u>1 to 5</u>
Debt Securities:					
<i>Governmental activities:</i>					
Short-term Investment Fund	Net asset value	AAA	\$ 8,009,330	\$ 8,009,330	\$ -
Negotiable certificates of deposit	Amortized cost	Unrated	5,249,056	-	-
<i>Fiduciary:</i>					
Money market funds	Net asset value	Unrated	209,908	209,908	-
Corporate bonds	Fair value	A	151,182	75,595	75,587
Corporate bonds	Fair value	BBB	30,179	-	30,179
			<u>13,649,655</u>	<u>\$ 8,294,833</u>	<u>\$ 105,766</u>
Other investments:					
<i>Fiduciary:</i>					
Equity securities	Fair value		337,305		
Mutual funds	Fair value		7,282,476		
			<u>\$ 21,269,436</u>		

Because investments in the Short-term Investment Fund and money market funds have weighted average maturities of less than 90 days, they have been 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)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

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 in external investment pools, mutual funds and guaranteed interest contracts are not evidenced by securities and are therefore not exposed to custodial credit risk. The Town's investments in negotiable certificates of deposit are held in book entry form in the name of the Town and are therefore also not exposed to custodial credit risk.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2019, more than 10% of the Town's governmental activities investments are invested in the Short-term Investment Fund (60.4%). As of June 30, 2019, more than 10% of the Town's fiduciary investments are invested Vanguard 500 Index Fund (12.7%).

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly, and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2019, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 7,282,476	\$ -	\$ -	\$ 7,282,476
Equity securities	337,305	-	-	337,305
Corporate bonds	-	181,361	-	181,361
	<u>\$ 7,619,781</u>	<u>\$ 181,361</u>	<u>\$ -</u>	<u>\$ 7,801,142</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets, not being depreciated:					
Construction in progress	\$ 7,942,879	\$ 4,380,873	\$ (29,933)	\$ (5,585,606)	\$ 6,708,213
Land	<u>3,674,024</u>	<u>147,200</u>	<u>-</u>	<u>-</u>	<u>3,821,224</u>
Total capital assets, not being depreciated	<u>11,616,903</u>	<u>4,528,073</u>	<u>(29,933)</u>	<u>(5,585,606)</u>	<u>10,529,437</u>
Capital assets, being depreciated:					
Land improvements	15,827,601	-	-	-	15,827,601
Buildings and improvements	119,936,184	-	-	-	119,936,184
Machinery and equipment	21,192,779	1,118,249	-	2,313,953	24,624,981
Infrastructure	<u>77,853,378</u>	<u>-</u>	<u>-</u>	<u>3,271,653</u>	<u>81,125,031</u>
Total capital assets, being depreciated	<u>234,809,942</u>	<u>1,118,249</u>	<u>-</u>	<u>5,585,606</u>	<u>241,513,797</u>
Less accumulated depreciation:					
Land improvements	6,512,826	792,828	-	-	7,305,654
Buildings and improvements	40,778,587	2,662,346	-	-	43,440,933
Machinery and equipment	13,280,188	1,608,137	-	-	14,888,325
Infrastructure	<u>48,500,742</u>	<u>1,399,392</u>	<u>-</u>	<u>-</u>	<u>49,900,134</u>
Total accumulated depreciation	<u>109,072,343</u>	<u>6,462,703</u>	<u>-</u>	<u>-</u>	<u>115,535,046</u>
Total capital assets, being depreciated, net	<u>125,737,599</u>	<u>(5,344,454)</u>	<u>-</u>	<u>5,585,606</u>	<u>125,978,751</u>
Governmental activities capital assets, net	<u>\$ 137,354,502</u>	<u>\$ (816,381)</u>	<u>\$ (29,933)</u>	<u>\$ -</u>	<u>\$ 136,508,188</u>

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

Governmental Activities:	
General government	\$ 974,947
Public works	1,469,294
Recreation and leisure	242,900
Public safety	931
Education	<u>3,774,631</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 6,462,703</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2019 are as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds		
General Fund	Capital Improvements Fund	\$ 2,251,790
	Nonmajor Governmental Funds	<u>647,709</u>
		<u>2,899,499</u>
Sewer Operating Fund	General Fund	<u>1,032,350</u>
Capital Nonrecurring Fund	General Fund	<u>4,997,987</u>
Nonmajor Governmental Funds	General Fund	<u>1,606,312</u>
Fiduciary Funds		
Private Purpose Trust Funds	General Fund	<u>46,101</u>
Proprietary Funds		
Health Insurance Fund	General Fund	<u>1,719,600</u>
Total due from / to other funds		<u><u>\$ 12,301,849</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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2019 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Sewer Operating Fund	\$ 1,209,431
	Capital Improvements Fund	50,000
	Nonmajor Governmental Funds	209
		<u>1,259,640</u>
Capital Improvements Fund	General Fund	430,000
	Sewer Operating Fund	200,000
	Nonmajor Governmental Funds	41,560
		<u>671,560</u>
Capital and Nonrecurring Fund	General Fund	554,187
	Sewer Operating Fund	98,780
	Nonmajor Governmental Funds	5,641
		<u>658,608</u>
Nonmajor Governmental Funds	General Fund	338,191
	Nonmajor Governmental Funds	1,871
		<u>340,062</u>
Total transfers		<u>\$ 2,929,870</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.

NOTE 7 - SHORT-TERM DEBT

The following is a summary of changes in short-term debt for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Notes Payable from Direct Borrowings:				
Interim funding obligation 688-D	\$ 1,209,959	\$ 331,090	\$ -	\$ 1,541,049
Interim funding obligation 688-C	-	1,142,316	-	1,142,316
	<u>\$ 1,209,959</u>	<u>\$ 1,473,406</u>	<u>\$ -</u>	<u>\$ 2,683,365</u>

During April 2017, the State of Connecticut approved funding (the "Project Loan 688-D") in the form of an interim financing obligation for costs associated with the improvement of nitrogen and phosphorus removal and replacement of outdated equipment under the State of Connecticut's Clean Water program. Maximum borrowings available under Project Loan 688-D total \$1,627,910.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 7 - SHORT-TERM DEBT *(Continued)*

During February 2019, the State of Connecticut approved funding (the "Project Loan 688-C") in the form of an interim financing obligation for costs associated with upgrades to the Town's Water Pollution Control Facility under the State of Connecticut's Clean Water program. Maximum borrowings available under Project Loan 688-C total \$17,082,887.

Each interim funding obligation bears an interest rate of 2.00%, with principal and accrued interest due no later than six months following the scheduled completion date of the projects. The Town intends to retire all principal and accrued interest outstanding on the interim funding obligations through the issuance of permanent financing upon the completion of the projects.

NOTE 8 - LONG-TERM DEBT

The applicable accounting standards define debt as a liability that arises from a contractual obligation to pay cash, or other assets that may be used in lieu of cash, in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include accounts payable or leases, except for contracts reported as financed purchase of the underlying asset.

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 21,230,000	\$ -	\$ (1,900,000)	\$ 19,330,000	\$ 1,890,000
Unamortized premium	1,154,542	-	(136,551)	1,017,991	-
Bonds payable, net	<u>22,384,542</u>	-	<u>(2,036,551)</u>	<u>20,347,991</u>	<u>1,890,000</u>
Direct borrowings:					
Notes payable	7,539,247	2,662,156	(452,909)	9,748,494	364,167
Interim funding obligation	2,629,021	40,953	(2,669,974)	-	-
Loans payable	755,135	-	(108,715)	646,420	115,056
Capital leases	1,482,974	-	(453,153)	1,029,821	452,550
Direct borrowings	<u>12,406,377</u>	<u>2,703,109</u>	<u>(3,684,751)</u>	<u>11,424,735</u>	<u>931,773</u>
	<u>\$ 34,790,919</u>	<u>\$ 2,703,109</u>	<u>\$ (5,721,302)</u>	<u>\$ 31,772,726</u>	<u>\$ 2,821,773</u>

Long-term debt typically has been liquidated in the General Fund.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 8 - LONG-TERM DEBT *(Continued)*

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2019 are as follows:

<u>Bond Issue</u>	<u>Original Amount</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities				
Bonds Payable				
2007 School bonds	\$ 2,415,000	2027	4.25% - 5.00%	\$ 1,080,000
2007 Sewer refunding bonds	3,835,000	2024	4.25% - 5.00%	910,000
2010 School bonds	6,500,000	2020	2.25% - 4.00%	325,000
2011 School bonds	3,500,000	2021	2.50% - 4.375%	350,000
2012 School bonds	2,400,000	2032	2.00% - 3.25%	1,560,000
2013 School bonds	1,500,000	2033	2.00% - 3.00%	1,370,000
2013 Road bonds	600,000	2033	2.00% - 3.00%	100,000
2015 General obligation bonds	4,195,000	2028	2.00% - 4.00%	3,370,000
2016 General purpose refunding bonds	255,000	2036	2.00% - 4.00%	255,000
2016 School refunding bonds	6,380,000	2036	2.00% - 4.00%	6,345,000
2016 School bonds	2,000,000	2036	2.00% - 4.00%	1,700,000
2016 School bonds	2,325,000	2036	1.00% - 3.75%	1,965,000
				<u>\$ 19,330,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2019:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,890,000	\$ 629,632	\$ 2,519,632
2021	1,840,000	571,218	2,411,218
2022	1,835,000	513,910	2,348,910
2023	1,860,000	444,038	2,304,038
2024	2,365,000	448,053	2,813,053
2025-2029	6,570,000	981,405	7,551,405
2030-2034	2,540,000	257,105	2,797,105
2035-2039	430,000	21,938	451,938
	<u>\$ 19,330,000</u>	<u>\$ 3,867,299</u>	<u>\$ 23,197,299</u>

TOWN OF KILLINGLY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 8 - LONG-TERM DEBT *(Continued)*

Notes Payable from Direct Borrowings

A summary of notes payable from direct borrowings outstanding at June 30, 2019 are as follows:

	Original Amount	Final Maturity Dates	Interest Rates	Amount Outstanding
Notes Payable				
2001 Sewer FHA loan	\$ 1,383,000	2041	4.50%	\$ 760,650
2013 Sewer USDA loan	5,600,000	2051	3.50%	4,696,126
2014 Sewer USDA loan	2,063,000	2054	2.75%	1,851,408
2018 Sewer Clean Water Fund loan	2,662,156	2038	2.00%	2,440,310
				\$ 9,748,494

Annual debt service requirements to maturity on notes payable from direct borrowings are as follows as of June 30, 2019:

Year ending June 30:	Governmental Activities		
	Notes Payable		
	Principal	Interest	Total
2020	\$ 364,167	\$ 297,093	\$ 661,260
2021	364,167	286,388	650,555
2022	364,167	275,698	639,865
2023	364,167	264,999	629,166
2024	364,167	234,196	598,363
2025-2029	1,820,835	1,131,308	2,952,143
2030-2034	1,820,835	843,563	2,664,398
2035-2039	1,599,065	579,445	2,178,510
2040-2044	1,051,590	368,220	1,419,810
2045-2049	982,440	201,545	1,183,985
2050-2054	652,894	47,525	700,419
	\$ 9,748,494	\$ 4,529,980	\$ 14,278,474

Loan Payable from Direct Borrowings

In December 2009, the Town entered into a loan agreement with Connecticut Innovations, formerly Connecticut Development Authority, a quasi-State agency in the amount of \$1,500,000 on-behalf of a Developer. The loan provided financing to the Developer to assist in the remediation of a parcel of land as part of a tax incentive financing agreement to encourage economic growth within the Town. The Town is contractually obligated to for repayment of the loan. The loan is payable in semi-annual principal and interest payments at a rate of 2.875% through fiscal year 2024. Future annual debt service requirements on the loan are as follows as of June 30, 2019:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
2019	\$ 115,056	\$ 35,539	\$ 150,595
2020	121,767	28,828	150,595
2021	128,870	21,726	150,596
2022	136,386	14,209	150,595
2023	144,341	6,254	150,595
	\$ 646,420	\$ 106,556	\$ 752,976

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 8 - LONG-TERM DEBT *(Continued)*

Capital Leases from Direct Borrowings

Capital leases from direct borrowings include non-appropriation clauses and provide the obligor with a security interest in the underlying equipment in the event of default.

A summary of assets under capital leases is as follows as of June 30, 2019:

	Governmental Activities
Machinery and equipment	\$ 2,388,629
Less: accumulated amortization	1,259,467
	\$ 1,129,162

Amortization expense relative to leased property under capital leases totaled \$398,062 for the year ended June 30, 2019 and is included in depreciation and amortization expense disclosed in Note 4.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 are as follows:

	Governmental Activities
Year ending June 30:	
2020	\$ 500,188
2021	401,523
2022	134,108
2023	88,240
Total minimum lease payments	1,124,059
Less: amount representing interest	94,238
	\$ 1,029,821

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. 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, 2019.

The amount of authorized, unissued debt at June 30, 2019 totaled \$5,085,000, \$6,525,000 and \$16,027,432 for general purposes, schools and sewers, respectively.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9 - OTHER LONG-TERM OBLIGATIONS

Changes in other long-term obligations for the year ended June 30, 2019 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Other liabilities:					
Landfill post-closure care costs	\$ 280,000	\$ -	\$ (20,000)	\$ 260,000	\$ 20,000
Compensated absences	1,077,078	-	(73,721)	1,003,357	200,000
Net OPEB liability <i>(see Note 12)</i>	<u>6,847,357</u>	<u>646,054</u>	<u>-</u>	<u>7,493,411</u>	<u>-</u>
	<u>\$ 8,204,435</u>	<u>\$ 646,054</u>	<u>\$ (93,721)</u>	<u>\$ 8,756,768</u>	<u>\$ 220,000</u>

Other long-term obligations typically have been liquidated in the General Fund.

Landfill Post-Closure Care Costs

State and Federal laws and regulations require landfill closures to meet certain standards. The Town landfill has been closed. Estimated monitoring costs of \$20,000 per year for the next 13 years totals \$260,000 at June 30, 2019. These amounts are based on estimates, which are subject to change due to inflation, technology or changes in applicable laws and regulations.

NOTE 10 - TAX ABATEMENTS

In 2002, the Town entered into a tax agreement with a local direct energy provider, which provides for an agreed upon payment in lieu of taxes (PILOT). This PILOT agreement was created to encourage business development and expand the local economic base within the Town.

The PILOT is a form of tax abatement agreement, which is a contractual agreement between the Town and the owner of a property that fixes taxes on an annual basis at a rate less than the full tax amount. Under the terms of the agreement, the Town has agreed to receive certain annual tax payments in lieu of taxes on a fixed schedule for 20 years. Remaining amounts to be received through 2022 total \$9,101,279.

As of June 30, 2019, cumulative taxes abated under this agreement since the facility became operational are estimated to be approximately \$15.4 million. No other commitments have been made by the Town to the abatement recipient under this program.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - EMPLOYEE RETIREMENT PLANS

Defined Benefit Pension Plan

Plan Description

Plan Administration

The Town 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.

Summary of Significant Accounting Policies

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

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

Investment Policy - 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. It is the practice of the Town to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes.

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

Rate of return - For the year ended June 30, 2019 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 5.04%. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

TOWN OF KILLINGLY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Defined Benefit Pension Plan *(Continued)*

Plan Membership

Membership of the Plan consisted of the following at July 1, 2018, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	78
Inactive plan members entitled to but not yet receiving benefits	23
Active plan members	88
Total	189

Benefit Provisions

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 and prior to 7/1/2016, plus 2% of final earnings times credited service after 7/1/2016, up to a maximum of 30 years. For the Assistant Superintendent, the benefits are based on 1% of final earnings multiplied by the number of years of credited service prior to 7/1/1991, plus 1.5% of final earnings times credited service after 4/1/1991, up to a maximum of 30 years. 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 and effective 7/1/2016, 5.50% of earnings. 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, 2019, employer contributions to the Plan totaled \$163,531 and 5.09% of covered payroll.

Net Pension Asset

The components of the Town's net pension asset of the Plan at June 30, 2019, was as follows:

Total pension liability	\$ 6,236,270
Plan fiduciary net position	6,582,499
Town's net pension asset	\$ (346,229)
Plan fiduciary net position as a percentage of the total pension liability	105.55%

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Defined Benefit Pension Plan *(Continued)*

Net Pension Asset *(Continued)*

The components of the changes in the net pension asset for the Plan for the year ended June 30, 2019, was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balance as of June 30, 2018	\$ 5,861,951	\$ 6,375,616	\$ (513,665)
Changes for the year:			
Service cost	207,885	-	207,885
Interest	411,274	-	411,274
Changes in benefit terms	-	-	-
Actuarial (gains) losses	21,367	-	21,367
Changes in assumptions	129,499	-	129,499
Contributions - employer	-	163,531	(163,531)
Contributions - employee	-	139,392	(139,392)
Net investment income	-	315,009	(315,009)
Benefit payments, including refunds	(395,706)	(395,706)	-
Administrative expense	-	(15,343)	15,343
Net changes	374,319	206,883	167,436
Balance as of June 30, 2019	<u>\$ 6,236,270</u>	<u>\$ 6,582,499</u>	<u>\$ (346,229)</u>

Actuarial assumptions - The total pension liability for the Plan was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases, including inflation	3.60%
Investment rate of return, including inflation net of investment and administrative expense	6.75%
Discount rate	6.75%

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Defined Benefit Pension Plan *(Continued)*

Net Pension Asset *(Continued)*

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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Weighting</u>
Equity	60.00%	4.83%	2.90%
Fixed Income	28.00%	2.48%	0.71%
Money market	4.00%	0.25%	0.01%
Other	8.00%	3.25%	0.26%
			<u>3.88%</u>
Long-term Inflation Expectation			<u>2.60%</u>
			<u>6.48%</u>

The discount rate used to measure the total pension liability was 6.75%, a decrease from 7.0% utilized in the prior year. 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 asset to changes in the discount rate - The following presents the net pension asset of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Town Plan's net pension liability (asset) as of June 30, 2019	\$ 300,919	\$ (346,229)	\$ (900,934)

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Defined Benefit Pension Plan *(Continued)*

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the Town recognized pension expense of \$69,217. At June 30, 2019, the Town reported deferred outflows and inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Resources	Net
Net difference between projected and actual earnings on pension plan investments	\$ 52,673	\$ -	\$ 52,673
Differences between expected and actual experience	17,551	(164,203)	(146,652)
Change of assumptions	173,306	(26,290)	147,016
Total	\$ 243,530	\$ (190,493)	\$ 53,037

Amounts reported as deferred outflows and inflows of resources related to the Plan will be recognized as a component of pension expense in future years as follows:

	Amortization of Deferred Outflows (Inflows) of
Year ended June 30,	
2020	\$ 28,649
2021	(40,745)
2022	12,803
2023	36,169
2024	16,161
	\$ 53,037

Plan Financial Statements

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the Town Plan as of and for the year ended June 30, 2019:

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 169,628
Investments	6,403,145
Receivables	9,726
Total assets	6,582,499
NET POSITION	
Held in trust for pension benefits	\$ 6,582,499

TOWN OF KILLINGLY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Defined Benefit Pension Plan *(Continued)*

Plan Financial Statements *(Continued)*

	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 163,531
Plan members	139,392
Total contributions	302,923
Investment earnings:	
Interest and dividends	320,183
Net change in the fair value of investments, net	(5,174)
Total investment earnings	315,009
Total additions	617,932
DEDUCTIONS	
Benefit payments	395,706
Administrative expenses	15,343
Total deductions	411,049
Change in net position	206,883
Net position - beginning	6,375,616
Net position - ending	\$ 6,582,499

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") Title 10, Chapter 167a and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The TRS is included as a fiduciary pension trust fund in the State of Connecticut's Comprehensive Annual Financial Report and the Board issues publicly available financial reports. These reports can be obtained from the Connecticut Office of the State Comptroller.

Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Benefit Provisions *(Continued)*

Normal Retirement: Retirement benefits for the employees are calculated as 2.0% of the average annual salary times the years of credited service (maximum benefit is 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first five years preceding normal retirement age and 4.0% per year for the next five years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.0% per year by which retirement precedes normal retirement date.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Disability Retirement: There is no service requirement if incurred in the performance of duty. Employees are eligible for five years of credited service if not incurred in the performance of duty. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary.

A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions

Per CGS 10-183z, contribution requirements of active employees and the State are amended and certified by the Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability. In accordance with CGS Section 10-183z, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute 100% of an employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Active employees are required to contribute 7.0% of their annual earnings to the plan.

Administrative Expenses

Administrative costs of the plan are funded by the State.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Basis of Presentation

The collective net pension liability, deferred outflows and inflows of resources, and pension expense for the TRS has been measured as of June 30, 2018 based on an actuarial valuation performed as of June 30, 2018. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2018 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2019 and for reporting the proportionate share of the collective net pension liability that is attributed to the Town as of June 30, 2019.

Allocation Methodology

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2018 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. For fiscal year 2018, the Town's expected contribution effort for allocation purposes totaled \$4,985,997 or 0.39% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2019.

The components associated with the collective pension expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2018. The portion of the collective pension expense allocated to the Town totaled \$5,789,995.

The total collective net pension liability of participating employers for the TRS was approximately \$13.164 billion as of the June 30, 2018 measurement date. The portion attributed to the Town totaled \$51,589,000 or approximately 0.39% of the total collective net pension liability.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

TOWN OF KILLINGLY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions *(Continued)*

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. 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 State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension 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.

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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 plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	11.0%	7.6%
Alternative Investments	8.0%	4.1%
Core Fixed Income	7.0%	1.3%
High Yield Bonds	5.0%	3.9%
Emerging Market Bonds	5.0%	3.7%
Inflation Linked Bond Fund	3.0%	1.0%
Cash	6.0%	0.4%
	100.0%	

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Proportionate Share of the Collective Net Pension Liability

The following presents the proportionate share of the net pension liability attributed to the Town as of the June 30, 2018 measurement date, calculated using a discount rate of 8.00%, as well as what the proportionate share of the net pension liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Proportionate share of the net pension liability attributed to the Town	\$ 65,199,000	\$ 51,589,000	\$ 40,079,000

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Town and Board of Education Plan

Plan Description

Plan Administration - The Town administers an Other Post-Employment Benefits Plan (the "OPEB Plan"), which is a single-employer defined benefit healthcare plan. The Town's Board of Education provides health insurance benefits for eligible retirees and their spouses through the Town's group insurance plan, which covers both active and retired members. The Town also provides healthcare insurance benefits for eligible retirees and their spouses through a Blue Cross Blue Shield Medicare supplemental policy.

Plan is considered to be part of the Town's financial reporting entity. The OPEB Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Plan membership - As of July 1, 2017, the date of the most recent actuarial valuation, membership data was as follows:

Inactive plan members or beneficiaries currently receiving benefits	31
Inactive plan members entitled to but not yet receiving benefits	-
Active members	287
Total members	318

Benefits Provided - The OPEB Plan provides for health insurance benefits for eligible Board of Education retirees and their spouses through the Town's group insurance plan, which covers both active and retired members. The OPEB Plan also provides for healthcare insurance benefits for eligible Town 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. 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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Town and Board of Education Plan *(Continued)*

Plan Description *(Continued)*

Contributions - 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 full-time non-union employees and department heads, including public works, who retire at age 65 with 25 years of service with the Town are eligible for the health insurance benefits and those who have 25 years or service and are hired before 7/1/2016 are eligible for life insurance benefits. 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 primarily finances the plan on a pay-as-you-go basis.

Summary of Significant Accounting Policies

The OPEB Plan is accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the OPEB Plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the OPEB Plan.

Investments - Investments are generally reported at fair value, except for investments in external investment pools. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date. Investments in external investment pools, which are permitted to measure their investment holdings at amortized costs, are measured by the OPEB Plan at the net asset value per share as determined by the pools.

Investment policy - 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. It is the practice of the Town to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes.

Concentrations - The OPEB Plan's investments consist solely of investments in various mutual funds and are therefore not exposed to concentrations of credit risk, as these investments are considered to be diversified by nature.

Rate of return - For the year ended June 30, 2019, the annual money-weighted rate of return on the OPEB Plan's investments, net of pension plan investment expense was 4.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Town and Board of Education Plan *(Continued)*

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017. The components of the net OPEB liability of the OPEB Plan as of June 30, 2019, were as follows:

Total OPEB liability	\$	8,251,082
Plan fiduciary net position		757,671
Net OPEB liability		\$ 7,493,411
Plan fiduciary net position as a percentage of the total pension liability		
		9.18%

The components of the change in the net OPEB liability of the Town's OPEB Plan for the year ended June 30, 2019, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2018	\$ 7,553,034	\$ 705,677	\$ 6,847,357
Changes for the year:			
Service cost	207,891	-	207,891
Interest	348,436	-	348,436
Changes of benefit terms	-	-	-
Differences between expected and actual experience	22,541	-	22,541
Changes of assumptions	395,316	-	395,316
Contributions - employer	-	233,001	(233,001)
Contributions - TRB subsidy	-	53,135	(53,135)
Net investment income	-	41,994	(41,994)
Benefit payments	(276,136)	(276,136)	-
Administrative expense	-	-	-
Net changes	698,048	51,994	646,054
Balance as of June 30, 2019	\$ 8,251,082	\$ 757,671	\$ 7,493,411

TOWN OF KILLINGLY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Town and Board of Education Plan *(Continued)*

Net OPEB Liability *(Continued)*

Actuarial Assumptions – The Total OPEB liability measured as of June 30, 2019 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	6.50%
Discount rate	4.21%
Inflation rate	2.60%
Healthcare cost trend rate:	
Initial	7.00%
Ultimate	4.60%

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scape MP-2017.

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.

The long-term expected rate of returns on OPEB Plan investments were 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 OPEB Plan’s target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Weighting</u>
Equity	60.00%	4.98%	2.99%
Fixed Income	36.00%	2.10%	0.76%
Other	4.00%	5.00%	0.20%
			<u>3.95%</u>
Long-term Inflation Expectation			<u>2.60%</u>
			<u>6.55%</u>

TOWN OF KILLINGLY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Town and Board of Education Plan (Continued)

Net OPEB Liability (Continued)

Discount rate - The discount rate used to measure the total OPEB liability was 4.21%. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the OPEB Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate was determined using a blended single equivalent discount rate based on the expected long-term rate of return of 6.5% and the 20 year, high quality, tax-exempt municipal bond yield.

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the Town's net OPEB liability for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Discount Rate		
	1% Decrease	Current	1% Increase
Net OPEB liability as of June 30, 2019	\$ 8,749,024	\$ 7,493,411	\$ 6,458,695

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the Town's net OPEB liability for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Healthcare Cost Trend Rates		
	1% Decrease	Current	1% Increase
Net OPEB liability as of June 30, 2019	\$ 6,222,864	\$ 7,493,411	\$ 9,096,365

OPEB Plan Financial Statements

The following presents the statements of fiduciary net position and the statement of changes in fiduciary net position for the Town's OPEB plan as of and for the year ended June 30, 2019.

	OPEB Trust Fund
ASSETS	
Cash and cash equivalents	\$ 16,957
Investments	740,714
Total assets	757,671
NET POSITION	
Held in trust for other post-employment benefits	\$ 757,671

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Town and Board of Education Plan *(Continued)*

OPEB Plan Financial Statements *(Continued)*

	OPEB Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 233,001
Other	53,135
Total contributions	286,136
Investment earnings:	
Interest and dividends	68,130
Net change in the fair value of investments, net	(26,136)
Net investment income	41,994
Total additions	328,130
DEDUCTIONS	
Benefit payments	276,136
Administrative expenses	-
Total deductions	276,136
Change in net position	51,994
Net position - beginning	705,677
Net position - ending	\$ 757,671

TOWN OF KILLINGLY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Town and Board of Education Plan *(Continued)*

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the Town recognized OPEB expense of \$495,735. As of June 30, 2019, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 390,028	\$ -	\$ 390,028
Changes of assumptions	367,477	(340,928)	26,549
Net difference between projected and actual earnings on OPEB plan investments	-	(22,043)	(22,043)
Total	\$ 757,505	\$ (362,971)	\$ 394,534

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as a component of OPEB expense as follows:

Year ended June 30,	
2020	\$ 25,019
2021	25,019
2022	25,020
2023	29,831
2024	31,733
Thereafter	257,912
	\$ 394,534

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund. These reports can be obtained from the Connecticut Office of the State Comptroller.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Benefit Provisions

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Contributions

Per CGS 10-183z, which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through and annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan.

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Administrative Expenses

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Basis of Presentation

The collective net OPEB liability, deferred outflows and inflows of resources, and OPEB expense for the TRS has been measured as of June 30, 2018 based on an actuarial valuation performed as of June 30, 2018. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2018 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2019 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the Town as of June 30, 2019.

The components associated with the OPEB expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes for the year ended June 30, 2018.

Allocation Methodology

The schedule of allocations have been prepared to provide the total amount of employer contributions from the State and the proportionate share percentages that have been determined based on these contributions. Based on these percentages the proportionate share amounts of the net OPEB liability associated with each participating employer and the employer OPEB expense and revenue for State support for each participating employer for the year ending June 30, 2018.

For fiscal year 2018, the Town's expected contribution effort for allocation purposes totaled \$138,335 or 0.39% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2019.

The components associated with the collective OPEB expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2018. The portion of the collective negative OPEB expense allocated to the Town totaled \$(3,425,981).

The total collective net OPEB liability of participating employers for the TRS was approximately \$2.632 billion as of the June 30, 2018 measurement date. The portion attributed to the Town totaled \$10,313,000 or approximately 0.39% of the total collective net OPEB liability.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Real Wage Growth	0.50%
Wage Inflation	3.25%
Salary increases	3.25% - 6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Long-Term Rate of Return

The long-term expected rate of return on plan assets is reviewed as part of the actuarial valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected 10-Year Geometric Real Rate of Return</u>
U.S. Treasuries (Cash Equivalents)	100.0%	0.27%

TOWN OF KILLINGLY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2018.

In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate.
- Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

Proportionate Share of the Collective Net Pension Liability

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2018 measurement date, calculated using a discount rate of 3.87%, as well as what the proportionate share of the net OPEB liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Proportionate share of the net OPEB liability attributed to the Town	\$ 12,246,000	\$ 10,313,000	\$ 8,770,000

Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2018 measurement date, calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Proportionate share of the net OPEB liability attributed to the Town	\$ 8,643,000	\$ 10,313,000	\$ 12,530,000

TOWN OF KILLINGLY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 13 - 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 2018, 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 Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program.

Workers' Compensation Pool

The Town is a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

Liability-Automobile-Property Pool

The Town is a member of CIRMA's Liability-Automobile-Property Pool, a risk-sharing pool. The Liability-Automobile-Property Pool provides general liability, automobile liability, employee benefit liability, law enforcement liability, public officials and property coverage. The premium is subject to these coverages, and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

Health Insurance Fund

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

A third party processes the claims filed under the self-insured health plan, for which the General Fund is charged an administrative fee. The General Fund also pays for a stop-loss policy for individual claims exceeding \$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, 2019. 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:

<u>Year Ended June 30,</u>	<u>Claims Payable, Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable, End of Year</u>
2017	\$ 529,669	\$ 7,538,812	\$ (7,446,777)	\$ 621,704
2018	621,704	6,599,717	(6,507,068)	714,353
2019	714,353	7,496,495	(7,439,695)	771,153

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Federal Awards and State Financial Assistance

The Town has received federal awards and state financial assistance for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, management believes such disallowances, if any, will not be material. The Town may be subject to arbitrage rebate penalties to the federal government relating to various bond and note issuances. Town management believes such penalties, if any, would not materially affect the financial position of the Town.

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund. Encumbrances are recognized as a valid and proper charge against a General Fund budget appropriation in the year in which a purchase order, contract, or other commitment is issued. Open encumbrances as of June 30, 2019 are included in assigned fund balance.

Legal and Other

There are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

The Town may be subject to rebate penalties to the federal government relating to various bond issues. The Town expects such amounts, if any, to be immaterial.

Capital Projects and Related Commitments

The Town has total project authorizations totaling approximately \$50.9 million as of June 30, 2019. The remaining balance of those authorizations totaled approximately \$28.2 million as of June 30, 2019. Outstanding commitments on construction contracts totaled approximately \$17.7 million as of June 30, 2019.

Deficit Fund Balances

The Capital Improvements Fund has a deficit fund balance of \$6,426,708 as of June 30, 2019. The deficit is expected to be eliminated by future bond issuance, appropriations, and/or transfers from the General Fund.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

Fund Balances

	General Fund	Capital Improvements Fund	Sewer Operating Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventories and prepaids	\$ 44,185	\$ -	\$ -	\$ -	\$ 30,287	\$ 74,472
Permanent funds principal	-	-	-	-	119,649	119,649
	<u>44,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,936</u>	<u>194,121</u>
Restricted for:						
Grant programs	-	-	-	-	230,339	230,339
Special reserves - external	-	-	-	-	424,660	424,660
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>654,999</u>	<u>654,999</u>
Committed to:						
General government	150,433	-	-	-	97,299	247,732
Public safety	31,262	-	-	-	5,167	36,429
Economic and community development	307,108	-	-	-	-	307,108
Recreation and leisure	5,862	-	-	-	93,657	99,519
Education	-	-	-	-	882,518	882,518
Capital purposes	79,689	-	-	4,800,236	1,574,260	6,454,185
Food service program	-	-	-	-	501,877	501,877
Sewers	50,000	-	3,130,735	-	256,925	3,437,660
	<u>624,354</u>	<u>-</u>	<u>3,130,735</u>	<u>4,800,236</u>	<u>3,411,703</u>	<u>11,967,028</u>
Assigned to:						
General government	1,526,857	-	-	-	-	1,526,857
Education	1,042,765	-	-	-	-	1,042,765
Public safety	137,872	-	-	-	-	137,872
Public works	136,676	-	-	-	-	136,676
Compensated absences	124,691	-	-	-	-	124,691
Other post-employment benefits	176,811	-	-	-	-	176,811
Cell tower	258,762	-	-	-	-	258,762
Sewer extension	38,793	-	-	-	-	38,793
Landfill post-closure	119	-	-	-	-	119
Education reserve	283,570	-	-	-	-	283,570
Capital purposes	-	1,355,712	-	-	-	1,355,712
Subsequent year's budget	300,000	-	-	-	-	300,000
	<u>4,026,916</u>	<u>1,355,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,382,628</u>
Unassigned						
	<u>10,365,580</u>	<u>(7,782,420)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,583,160</u>
	<u>\$ 15,061,035</u>	<u>\$ (6,426,708)</u>	<u>\$ 3,130,735</u>	<u>\$ 4,800,236</u>	<u>\$ 4,216,638</u>	<u>\$ 20,781,936</u>

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)*

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2020. The Town does not expect this statement to have a material effect on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. The Town does not expect this statement to have a material effect on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 35,358,513	\$ 35,358,513	\$ 35,215,244	\$ (143,269)
Intergovernmental	16,873,112	16,873,112	17,112,649	239,537
Licenses, permits and fees	257,500	257,500	373,255	115,755
Charges for services	3,288,683	3,288,683	3,216,274	(72,409)
Use of money and property	235,630	235,630	492,818	257,188
Miscellaneous	287,334	287,334	436,695	149,361
Surplus/unexpended balances	<u>56,300,772</u>	<u>56,300,772</u>	<u>56,846,935</u>	<u>546,163</u>
EXPENDITURES				
Current:				
General government	2,007,307	2,059,102	1,978,628	(80,474)
Public works	2,618,225	2,620,625	2,457,937	(162,688)
Recreation and leisure	1,409,861	1,420,051	1,326,318	(93,733)
Public safety	1,095,967	1,095,967	1,069,761	(26,206)
Community development and human services	563,964	578,387	578,384	(3)
Education	43,684,951	43,684,951	42,919,676	(765,275)
Miscellaneous	2,549,918	2,396,110	2,150,507	(245,603)
Debt service:				
Principal payments	2,402,751	2,369,548	2,352,909	(16,639)
Interest and fiscal charges	941,722	974,925	974,925	-
Debt issuance costs	30,000	30,000	1,625	(28,375)
Total expenditures	<u>57,304,666</u>	<u>57,229,666</u>	<u>55,810,670</u>	<u>(1,418,996)</u>
Excess of revenues over expenditures	(1,003,894)	(928,894)	1,036,265	1,965,159
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	600,000	893,622	-	(893,622)
Transfers in	1,839,772	1,839,772	1,829,636	(10,136)
Transfers out	(1,435,878)	(1,804,500)	(1,729,500)	75,000
Total other financing sources (uses)	<u>1,003,894</u>	<u>928,894</u>	<u>100,136</u>	<u>(828,758)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,136,401</u>	<u>\$ 1,136,401</u>

See notes to required supplementary information.

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER OPERATING FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sewer use - current	\$ 4,090,387	\$ 4,090,387	\$ 3,954,006	\$ (136,381)
Sewer use interest	40,000	40,000	109,236	69,236
Investment income	10,328	10,328	26,667	16,339
Other	-	-	8,741	8,741
Total revenues	<u>4,140,715</u>	<u>4,140,715</u>	<u>4,098,650</u>	<u>(42,065)</u>
EXPENDITURES				
Contractual services	4,075,197	4,075,197	3,909,988	(165,209)
Materials and supplies	250	250	188	(62)
Total expenditures	<u>4,075,447</u>	<u>4,075,447</u>	<u>3,910,176</u>	<u>(165,271)</u>
Excess of revenues over expenditures	65,268	65,268	188,474	123,206
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance				
Transfers out:	233,512	233,512	-	(233,512)
Capital Projects Fund	(200,000)	(200,000)	(200,000)	-
Capital and Nonrecurring Fund	(98,780)	(98,780)	(98,780)	-
General Fund	-	-	(41,749)	(41,749)
Total other financing sources (uses)	<u>(65,268)</u>	<u>(65,268)</u>	<u>(340,529)</u>	<u>(275,261)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (152,055)</u>	<u>\$ (152,055)</u>

See notes to required supplementary information.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION ASSET
TOWN GENERAL PENSION PLAN (UNAUDITED)
LAST SIX FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability						
Service cost	\$ 207,885	\$ 177,335	\$ 156,852	\$ 151,064	\$ 141,320	\$ 135,885
Interest	411,274	407,887	389,320	379,873	383,339	371,582
Change in benefit terms	-	-	86,649	-	-	-
Differences between expected and actual experience	21,367	(137,777)	(192,012)	(18,660)	(232,264)	-
Changes of assumptions	129,499	(41,312)	172,613	-	19,712	-
Benefit payments, including refunds	(395,706)	(381,162)	(356,557)	(408,800)	(335,201)	(354,345)
Net change in total pension liability	374,319	24,971	256,865	103,477	(23,094)	153,122
Total pension liability - beginning	5,861,951	5,836,980	5,580,115	5,476,638	5,499,732	5,346,610
Total pension liability - ending	<u>6,236,270</u>	<u>5,861,951</u>	<u>5,836,980</u>	<u>5,580,115</u>	<u>5,476,638</u>	<u>5,499,732</u>
Plan fiduciary net position						
Contributions - employer	163,531	142,943	130,480	122,206	161,874	157,123
Contributions - members	139,392	115,945	103,887	89,141	70,131	73,359
Net investment income	315,009	456,239	638,680	41,604	251,939	831,581
Benefit payments, including refunds	(395,706)	(381,162)	(356,557)	(408,800)	(335,201)	(354,345)
Administrative expense	(15,343)	(58,596)	(58,614)	(51,870)	(59,335)	(52,818)
Net change in plan fiduciary net position	206,883	275,369	457,876	(207,719)	89,408	654,900
Plan fiduciary net position - beginning	6,375,616	6,100,247	5,642,371	5,850,090	5,760,682	5,105,782
Plan fiduciary net position - ending	<u>6,582,499</u>	<u>6,375,616</u>	<u>6,100,247</u>	<u>5,642,371</u>	<u>5,850,090</u>	<u>5,760,682</u>
Town's net pension asset	<u>\$ (346,229)</u>	<u>\$ (513,665)</u>	<u>\$ (263,267)</u>	<u>\$ (62,256)</u>	<u>\$ (373,452)</u>	<u>\$ (260,950)</u>
Plan fiduciary net position as a percentage of total pension liability	105.55%	108.76%	104.51%	101.12%	106.82%	104.74%
Covered payroll	\$ 3,210,419	\$ 2,810,987	\$ 2,459,376	\$ 2,267,863	\$ 2,267,863	\$ 2,160,000
Town's net pension asset as a percentage of covered payroll	-10.78%	-18.27%	-10.70%	-2.75%	-16.46%	-12.08%

See notes to required supplementary information.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
TOWN GENERAL PENSION PLAN (UNAUDITED)
LAST SIX FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 163,531	\$ 142,943	\$ 130,480	\$ 122,206	\$ 161,874	\$ 157,123
Contributions in relation to the actuarially determined contribution	<u>163,531</u>	<u>142,943</u>	<u>130,480</u>	<u>122,206</u>	<u>161,874</u>	<u>157,123</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,210,419	\$ 2,810,987	\$ 2,459,376	\$ 2,267,863	\$ 2,268,575	\$ 2,160,000
Contributions as a percentage of covered payroll	5.09%	5.09%	5.31%	5.39%	7.14%	7.27%
Annual money-weighted rate of return, net of investment expense	5.04%	7.63%	11.62%	0.73%	4.49%	16.74%

See notes to required supplementary information.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST FIVE FISCAL YEARS
(Rounded to the Nearest Thousand)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.392%	0.386%	0.386%	0.407%	0.407%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	51,589,000	52,065,000	54,929,000	44,695,000	41,312,000
Total	<u>\$ 51,589,000</u>	<u>\$ 52,065,000</u>	<u>\$ 54,929,000</u>	<u>\$ 44,695,000</u>	<u>\$ 41,312,000</u>
Town's covered payroll	\$ 16,308,000	\$ 16,102,000	\$ 15,396,000	\$ 15,862,000	\$ 15,812,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	57.69%	55.93%	52.26%	59.50%	61.51%

See notes to required supplementary information.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
OTHER POST-EMPLOYMENT BENEFITS PROGRAMS (UNAUDITED)
LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability			
Service cost	\$ 207,891	\$ 116,706	\$ 130,479
Interest	348,436	301,922	273,107
Changes in benefit terms	-	314,651	-
Differences between expected and actual experience	22,541	429,578	(75,925)
Changes of assumptions	395,316	(396,818)	(545,846)
Benefit payments, including refunds	(276,136)	(41,803)	(93,469)
Net change in total OPEB liability	698,048	724,236	(311,654)
Total OPEB liability - beginning	7,553,034	6,828,798	7,140,452
Total OPEB liability - ending	<u>8,251,082</u>	<u>7,553,034</u>	<u>6,828,798</u>
Plan fiduciary net position			
Contributions - employer	233,001	(2,481)	57,031
Contributions - TRB subsidy	53,135	54,284	53,177
Net investment income	41,994	52,347	73,544
Benefit payments, including refunds	(276,136)	(41,803)	(93,469)
Administrative expense	-	(1,500)	-
Net change in plan fiduciary net position	51,994	60,847	90,283
Plan fiduciary net position - beginning	705,677	644,830	554,547
Plan fiduciary net position - ending	<u>757,671</u>	<u>705,677</u>	<u>644,830</u>
 Town's net OPEB liability	 <u>\$ 7,493,411</u>	 <u>\$ 6,847,357</u>	 <u>\$ 6,183,968</u>
 Plan fiduciary net position as a percentage of total OPEB liability	 9.18%	 9.34%	 9.44%
 Covered employee payroll	 \$ 18,951,000	 \$ 18,471,000	 \$ 15,954,000
 Town's net OPEB liability as a percentage of covered employee payroll	 39.54%	 37.07%	 38.76%

See notes to required supplementary information.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
OTHER POST-EMPLOYMENT BENEFIT PROGRAMS (UNAUDITED)
LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 501,200	\$ 519,900	\$ 519,900
Contributions in relation to the actuarially determined contribution	<u>233,001</u>	<u>(2,481)</u>	<u>57,031</u>
Contribution deficiency	<u>\$ 268,199</u>	<u>\$ 522,381</u>	<u>\$ 462,869</u>
Covered employee payroll	\$ 18,951,000	\$ 18,470,668	\$ 15,954,000
Contributions as a percentage of covered employee payroll	1.23%	-0.01%	0.36%
Annual money-weighted rate of return, net of investment expense	4.21%	8.08%	6.55%

See notes to required supplementary information.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST TWO FISCAL YEARS
(Rounded to the Nearest Thousand)

	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability attributed to the Town	0.392%	0.386%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>10,313,000</u>	<u>13,401,000</u>
Total	<u>\$ 10,313,000</u>	<u>\$ 13,401,000</u>
Town's covered employee payroll	\$ 16,308,000	\$ 16,102,000
Town's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%

See notes to required supplementary information.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND AND SEWER OPERATING FUND

Budgetary Information

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

- Each department, office, board or commission of the Town (including the Board of Education) shall submit to the Town Manager a detailed estimate of expenditures and anticipated revenues for the ensuing fiscal year by March 15.
- On or before April 1, the Town Manager submits a balanced budget and budget message to the Town Council based upon requests submitted by the various Town departments.
- By April 15, the Town Council submits the proposed operating budget to one or more public hearings, at which taxpayer comments are obtained. The budget includes proposed expenditures and the means of financing them. The Town Council recommends the budget, as revised, for adoption at the annual Town meeting on the second Monday in May.
- The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is at the functional level within a department as prescribed by Town Charter. Management is not authorized to make budgetary transfers. The Town Council, in accordance with the provisions of the Charter and Connecticut General Statutes, is authorized to transfer unexpended balances from one appropriation to another. Additional appropriations up to one percent of the immediately prior year's operating budget, excluding public school education may be approved by the Town Council. Those in excess of this amount must be approved at a Town Meeting. Additional appropriations were authorized from fund balance for the General Fund during the year in the amount of \$293,622. 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 Teachers' Retirement System 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 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND AND SEWER OPERATING FUND *(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, 2019:

	<u>Total</u> <u>Revenues</u>	<u>Total</u> <u>Expenditures</u>	<u>Other</u> <u>Financing Uses -</u> <u>Transfers, Net</u>	<u>Net Change</u> <u>In Fund</u> <u>Balance</u>
Budgetary basis	\$ 56,846,935	\$ 55,810,670	\$ 100,136	\$ 1,136,401
"On-behalf" payments - State Teachers' Retirement Fund	5,124,332	5,124,332	-	-
Change in encumbrances	-	89,125	-	(89,125)
Intergovernmental grants netted against expenditures	821,321	821,321	-	-
Budgetary perspective differences:				
Funds combined for GAAP financial reporting purposes	23,377	159,544	(88,724)	(224,891)
Other reserves	-	238,285	-	(238,285)
Reclassification of transfers	1,500	(72,650)	(74,150)	-
GAAP basis	<u>\$ 62,817,465</u>	<u>\$ 62,170,627</u>	<u>\$ (62,738)</u>	<u>\$ 584,100</u>

A reconciliation of Sewer Operating Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2019:

	<u>Total</u> <u>Revenues</u>	<u>Total</u> <u>Expenditures</u>	<u>Other</u> <u>Financing Uses -</u> <u>Transfers, Net</u>	<u>Net Change</u> <u>In Fund</u> <u>Balance</u>
Budgetary basis	\$ 4,098,650	\$ 3,910,176	\$ (340,529)	\$ (152,055)
Reclassification of transfers	-	(1,167,682)	(1,167,682)	-
GAAP basis	<u>\$ 4,098,650</u>	<u>\$ 2,742,494</u>	<u>\$ (1,508,211)</u>	<u>\$ (152,055)</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 - SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - TOWN PENSION PLAN

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 1, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption Changes - There have been no changes in assumptions that have had a significant effect on the measurement of the total pension liability.

NOTE 3 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - TOWN PENSION PLAN

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarially determined contributions rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2019:

Actuarial cost method:	Entry Age Normal Actuarial Cost Method
Remaining amortization period:	20 years, open
Asset valuation method:	5-year Smoothed Market Value
Inflation:	2.60%
Investment rate of return, including inflation:	7.00%
Salary increases, including inflation:	3.60% compounded annually
Retirement age:	Age 65 with one year of service
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 4 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT STATE TEACHER'S RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2019.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the total pension liability reported as of June 30, 2019.

- o the inflation assumption was reduced from 2.75% to 2.50%;
- o the real rate of return assumption was reduced from 5.25% to 4.40%, which when combined with the inflation assumption change, results in a decrease in the investment rate of return assumption from 8.00% to 6.90%; and
- o the annual rate of wage increase assumption was increased from 0.50% to 0.75%.

NOTE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY - OTHER-POST EMPLOYMENT BENEFITS PLAN

The Town began to report this schedule when it implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in fiscal year 2017. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2017. The July 1, 2017 was increased by service cost and interest and decreased by benefit payments to calculate the total OPEB liability as of June 30, 2019.

Benefit Changes - There have been no benefit term changes that have had a significant effect on the measurement of the Town's total OPEB liability.

Assumption Changes - There have been no assumption changes that have had a significant effect on the measurement of the Town's total OPEB liability.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 6 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - OTHER-POST EMPLOYMENT BENEFITS PLAN

The Town began to report this schedule when it implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in fiscal year 2017. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarially determined contributions rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2019:

Actuarial cost method:	Entry Age Normal Actuarial Cost Method
Remaining amortization period:	30 years, open
Asset valuation method:	Market value
Inflation:	2.60%
Investment rate of return:	4.57%
Healthcare cost trend rates:	7.00% current 4.60% final
Mortality:	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017

NOTE 7 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2019.

Benefit Changes - Effective July 1, 2018, the Plan changed the "base plan" to the Medicare Advantage Plan for the purposes of determining retiree health care plan subsidies and/or cost sharing amount(s), and introduced a two year waiting period for re-enrollment in a system-sponsored health care plan for those who cancel their coverage or choose not to enroll in a health care coverage option on or after the effective date.

Assumption Changes - The following assumption changes collectively had a significant effect on the measurement of the net OPEB liability reported as of June 30, 2018:

- o the expected rate of return on Plan assets was changed from 4.25% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments;
- o the discount rate used to measure Plan obligations and amortize supplemental costs was updated to match the expected rate of return on assets selected as of June 30, 2018;
- o long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods; and
- o the percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a system-sponsored health care plan option in the future was updated to better reflect anticipated plan experience.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS
AS OF JUNE 30, 2019

	General Fund	Water Utility	Revaluation	Insurance Reserve	Community Employment Incentive	Water Mitigation
ASSETS						
Cash and cash equivalents	\$ 17,442,448	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	3,364,455	-	-	-	-	-
Receivables:						
Property taxes, net	1,494,266	-	-	-	-	-
Grants and contracts	26,123	-	-	-	-	-
Other	436,412	-	-	-	-	-
Due from other funds	2,899,499	1,167,432	144,696	301,117	3,885	75,040
Other assets	44,185	-	-	-	-	-
Total assets	<u>\$ 25,707,388</u>	<u>\$ 1,167,432</u>	<u>\$ 144,696</u>	<u>\$ 301,117</u>	<u>\$ 3,885</u>	<u>\$ 75,040</u>
LIABILITIES						
Accounts payable	\$ 1,007,863	\$ -	\$ 360	\$ -	\$ -	\$ -
Accrued liabilities:						
Salaries and benefits payable	88,799	-	-	-	-	-
Other accrued liabilities	10,369	-	-	-	-	-
Due to other funds	11,604,415	-	-	-	-	-
Total liabilities	<u>12,711,446</u>	<u>-</u>	<u>360</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	1,369,920	-	-	-	-	-
FUND BALANCES						
Nonspendable	44,185	-	-	-	-	-
Committed	-	-	144,336	-	3,885	-
Assigned	1,216,257	1,167,432	-	301,117	-	75,040
Unassigned	10,365,580	-	-	-	-	-
Total fund balances	<u>11,626,022</u>	<u>1,167,432</u>	<u>144,336</u>	<u>301,117</u>	<u>3,885</u>	<u>75,040</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,707,388</u>	<u>\$ 1,167,432</u>	<u>\$ 144,696</u>	<u>\$ 301,117</u>	<u>\$ 3,885</u>	<u>\$ 75,040</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS *(Continued)*
 AS OF JUNE 30, 2019

	<u>Planning and Conservation</u>	<u>Demo and Relocation</u>	<u>Tercentennial</u>	<u>Civil War Monument</u>	<u>Unexpended Education Fund</u>	<u>Housing Rehab Fund</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 962	\$ 1,042,765	\$ -
Investments	-	-	-	2,900	-	-
Receivables:						
Property taxes, net	-	-	-	-	-	-
Grants and contracts	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	72,328	31,262	2,000	-	-	75,000
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 72,328</u>	<u>\$ 31,262</u>	<u>\$ 2,000</u>	<u>\$ 3,862</u>	<u>\$ 1,042,765</u>	<u>\$ 75,000</u>
LIABILITIES						
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>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Committed	72,328	31,262	2,000	3,862	-	75,000
Assigned	-	-	-	-	1,042,765	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>72,328</u>	<u>31,262</u>	<u>2,000</u>	<u>3,862</u>	<u>1,042,765</u>	<u>75,000</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 72,328</u>	<u>\$ 31,262</u>	<u>\$ 2,000</u>	<u>\$ 3,862</u>	<u>\$ 1,042,765</u>	<u>\$ 75,000</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS *(Continued)*
 AS OF JUNE 30, 2019

	<u>Maintenance of Dams</u>	<u>Reserve for Constabulary</u>	<u>Reserve for Negotiation PILOT</u>	<u>Rate Stabilization</u>	<u>Winter Maintenance</u>	<u>Sewer Rehab Fund</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Property taxes, net	-	-	-	-	-	-
Grants and contracts	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	25,000	130,946	15,000	20,000	58,359	50,000
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 25,000</u>	<u>\$ 130,946</u>	<u>\$ 15,000</u>	<u>\$ 20,000</u>	<u>\$ 58,359</u>	<u>\$ 50,000</u>
LIABILITIES						
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>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Committed	25,000	-	-	-	-	50,000
Assigned	-	130,946	15,000	20,000	58,359	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>25,000</u>	<u>130,946</u>	<u>15,000</u>	<u>20,000</u>	<u>58,359</u>	<u>50,000</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,000</u>	<u>\$ 130,946</u>	<u>\$ 15,000</u>	<u>\$ 20,000</u>	<u>\$ 58,359</u>	<u>\$ 50,000</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS *(Concluded)*
 AS OF JUNE 30, 2019

	<u>Economic Development</u>	<u>Fuel System</u>	<u>Kelp</u>	<u>Earl Chandler</u>	<u>Bridge Maintenance Fund</u>	<u>Eliminations</u>	<u>Combined General Fund</u>
ASSETS							
Cash and cash equivalents	\$ 159,780	\$ 5,139	\$ 552	\$ 101	\$ -	\$ -	\$ 18,651,747
Investments	-	19,550	1,559	-	-	-	3,388,464
Receivables:							
Property taxes, net	-	-	-	-	-	-	1,494,266
Grants and contracts	-	-	-	-	-	-	26,123
Other	-	-	-	-	-	-	436,412
Due from other funds	-	-	-	-	30,000	(2,202,065)	2,899,499
Other assets	-	-	-	-	-	-	44,185
Total assets	<u>\$ 159,780</u>	<u>\$ 24,689</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ 30,000</u>	<u>\$ (2,202,065)</u>	<u>\$ 26,940,696</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,008,223
Accrued liabilities:							
Salaries and benefits payable	-	-	-	-	-	-	88,799
Other accrued liabilities	-	-	-	-	-	-	10,369
Due to other funds	-	-	-	-	-	(2,202,065)	9,402,350
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,202,065)</u>	<u>10,509,741</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	-	-	-	-	-	1,369,920
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	44,185
Committed	159,780	24,689	2,111	101	30,000	-	624,354
Assigned	-	-	-	-	-	-	4,026,916
Unassigned	-	-	-	-	-	-	10,365,580
Total fund balances	<u>159,780</u>	<u>24,689</u>	<u>2,111</u>	<u>101</u>	<u>30,000</u>	<u>-</u>	<u>15,061,035</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 159,780</u>	<u>\$ 24,689</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ 30,000</u>	<u>\$ (2,202,065)</u>	<u>\$ 26,940,696</u>

(Concluded)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Water Utility</u>	<u>Revaluation</u>	<u>Insurance Reserve</u>	<u>Community Employment Incentive</u>	<u>Water Mitigation</u>
REVENUES						
Property taxes	\$ 35,215,244	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	23,058,302	-	-	-	-	-
Licenses, permits and fees	373,255	-	-	-	-	-
Charges for services	3,216,274	-	-	-	-	-
Investment income	492,818	-	-	-	-	-
Other	438,195	-	-	19,482	-	-
Total revenues	<u>62,794,088</u>	<u>-</u>	<u>-</u>	<u>19,482</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	1,941,537	-	78,024	30,017	3,802	-
Public works	2,599,266	-	-	-	-	-
Recreation and leisure	1,313,522	-	-	-	-	-
Public safety	1,071,080	-	-	-	-	-
Community development and human services	571,384	-	-	-	-	-
Education	48,398,331	-	-	-	-	-
Other	2,179,226	-	-	-	-	-
Debt service:						
Principal payments	2,914,777	-	-	-	-	-
Interest and fiscal charges	1,021,960	-	-	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	<u>62,011,083</u>	<u>-</u>	<u>78,024</u>	<u>30,017</u>	<u>3,802</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	783,005	-	(78,024)	(10,535)	(3,802)	-
OTHER FINANCING SOURCES (USES)						
Transfers in	1,829,636	-	-	10,000	-	-
Transfers out	(1,803,650)	-	-	-	-	-
Total other financing sources (uses)	<u>25,986</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	808,991	-	(78,024)	(535)	(3,802)	-
Fund balances - beginning	<u>10,817,031</u>	<u>1,167,432</u>	<u>222,360</u>	<u>301,652</u>	<u>7,687</u>	<u>75,040</u>
Fund balances - ending	<u>\$ 11,626,022</u>	<u>\$ 1,167,432</u>	<u>\$ 144,336</u>	<u>\$ 301,117</u>	<u>\$ 3,885</u>	<u>\$ 75,040</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND ACCOUNTS *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Planning and Conservation</u>	<u>Demo and Relocation</u>	<u>Tercentennial</u>	<u>Civil War Monument</u>	<u>Unexpended Education Fund</u>	<u>Housing Rehab Fund</u>
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	67	-	-
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>67</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	8,160	-	-	-	-	-
Public works	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community development and human services	-	1,626	-	-	-	-
Education	-	-	-	-	-	-
Other	-	-	-	-	-	-
Debt service:						
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlays	-	-	-	-	29,098	-
Total expenditures	<u>8,160</u>	<u>1,626</u>	<u>-</u>	<u>-</u>	<u>29,098</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(8,160)	(1,626)	-	67	(29,098)	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	10,000	-	4	293,622	75,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>4</u>	<u>293,622</u>	<u>75,000</u>
Net changes in fund balances	(8,160)	8,374	-	71	264,524	75,000
Fund balances - beginning	<u>80,488</u>	<u>22,888</u>	<u>2,000</u>	<u>3,791</u>	<u>778,241</u>	<u>-</u>
Fund balances - ending	<u>\$ 72,328</u>	<u>\$ 31,262</u>	<u>\$ 2,000</u>	<u>\$ 3,862</u>	<u>\$ 1,042,765</u>	<u>\$ 75,000</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND ACCOUNTS *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Maintenance of Dams</u>	<u>Reserve for Constabulary</u>	<u>Reserve for Negotiation PILOT</u>	<u>Rate Stabilization</u>	<u>Winter Maintenance</u>	<u>Sewer Rehab Fund</u>
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-
Public safety	-	6,139	-	-	-	-
Community development and human services	-	-	-	-	-	-
Education	-	-	-	-	-	-
Other	-	-	-	-	-	-
Debt service:						
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>6,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	(6,139)	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	5,000	83,000	-	-	9,650	50,000
Transfers out	-	-	-	(630,000)	-	-
Total other financing sources (uses)	<u>5,000</u>	<u>83,000</u>	<u>-</u>	<u>(630,000)</u>	<u>9,650</u>	<u>50,000</u>
Net changes in fund balances	5,000	76,861	-	(630,000)	9,650	50,000
Fund balances - beginning	<u>20,000</u>	<u>54,085</u>	<u>15,000</u>	<u>650,000</u>	<u>48,709</u>	<u>-</u>
Fund balances - ending	<u>\$ 25,000</u>	<u>\$ 130,946</u>	<u>\$ 15,000</u>	<u>\$ 20,000</u>	<u>\$ 58,359</u>	<u>\$ 50,000</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND ACCOUNTS *(Concluded)*
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Economic Development</u>	<u>Fuel System</u>	<u>Kelp</u>	<u>Earl Chandler</u>	<u>Bridge Maintenance Fund</u>	<u>Eliminations</u>	<u>Combined General Fund</u>
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,215,244
Intergovernmental	-	-	-	-	-	-	23,058,302
Licenses, permits and fees	-	-	-	-	-	-	373,255
Charges for services	-	-	-	-	-	-	3,216,274
Investment income	2,710	1,118	-	-	-	-	496,713
Other	-	-	-	-	-	-	457,677
Total revenues	<u>2,710</u>	<u>1,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,817,465</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	2,061,540
Public works	-	1,163	-	-	-	-	2,600,429
Recreation and leisure	-	-	-	-	-	-	1,313,522
Public safety	-	-	-	-	-	-	1,077,219
Community development and human services	1,515	-	-	-	-	-	574,525
Education	-	-	-	-	-	-	48,398,331
Other	-	-	-	-	-	-	2,179,226
Debt service:							
Principal payments	-	-	-	-	-	-	2,914,777
Interest and fiscal charges	-	-	-	-	-	-	1,021,960
Capital outlays	-	-	-	-	-	-	29,098
Total expenditures	<u>1,515</u>	<u>1,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,170,627</u>
Excess (deficiency) of revenues over expenditures	1,195	(45)	-	-	-	-	646,838
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	5,000	(1,111,272)	1,259,640
Transfers out	-	-	-	-	-	1,111,272	(1,322,378)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>(62,738)</u>
Net changes in fund balances	1,195	(45)	-	-	5,000	-	584,100
Fund balances - beginning	<u>158,585</u>	<u>24,734</u>	<u>2,111</u>	<u>101</u>	<u>25,000</u>	<u>-</u>	<u>14,476,935</u>
Fund balances - ending	<u>\$ 159,780</u>	<u>\$ 24,689</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 15,061,035</u>

(Concluded)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
PROPERTY TAXES				
Current taxes	\$ 34,050,839	\$ 34,050,839	\$ 34,198,164	\$ 147,325
Prior years' taxes	750,000	750,000	459,459	(290,541)
Supplemental motor vehicle	342,142	342,142	411,608	69,466
Tax interest	303,672	303,672	238,892	(64,780)
Lien fees	10,000	10,000	6,532	(3,468)
Airplane tax	1,600	1,600	2,140	540
Phone access - SNETCO	50,855	50,855	49,044	(1,811)
Remediation financing	(150,595)	(150,595)	(150,595)	-
Total property taxes	<u>35,358,513</u>	<u>35,358,513</u>	<u>35,215,244</u>	<u>(143,269)</u>
INTERGOVERNMENTAL REVENUES				
State-owned property	145,826	145,826	149,332	3,506
Disability exception	6,091	6,091	4,314	(1,777)
Veterans' exemption	11,988	11,988	9,877	(2,111)
Connecticard	-	-	6,016	6,016
Adult education	103,471	103,471	108,672	5,201
Mashantucket Pequot fund	94,184	94,184	94,184	-
Hold Harmless Grant	706,716	706,716	706,717	1
Education equalization grant	15,166,407	15,166,407	15,278,183	111,776
Vocational agriculture	440,616	440,616	460,373	19,757
Nonpublic school - health services	23,776	23,776	26,918	3,142
Municipal revenue sharing	174,037	174,037	268,063	94,026
Total intergovernmental revenues	<u>16,873,112</u>	<u>16,873,112</u>	<u>17,112,649</u>	<u>239,537</u>
LICENSES, PERMITS AND FEES				
Building permit fees	215,000	215,000	297,305	82,305
Planning and zoning permits	18,000	18,000	40,958	22,958
Other permits	9,000	9,000	10,470	1,470
Library fines and fees	13,500	13,500	18,737	5,237
Animal control fines and fees	500	500	1,135	635
Alarm Reg Fees and Fines	1,500	1,500	4,650	3,150
Total licenses, permits and fees	<u>257,500</u>	<u>257,500</u>	<u>373,255</u>	<u>115,755</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Concluded)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CHARGES FOR SERVICES				
Town clerk receipts	\$ 176,000	\$ 176,000	\$ 152,209	\$ (23,791)
Conveyance tax	192,000	192,000	278,126	86,126
Elderly housing services	19,035	19,035	18,961	(74)
Recreation department	122,000	122,000	142,011	20,011
District Collections	13,774	13,774	11,401	(2,373)
Tuition	2,765,874	2,765,874	2,613,566	(152,308)
Total charges for services	<u>3,288,683</u>	<u>3,288,683</u>	<u>3,216,274</u>	<u>(72,409)</u>
USE OF MONEY AND PROPERTY				
Investment income	80,000	80,000	375,682	295,682
Sewer plant lease	44,450	44,450	7,112	(37,338)
Communications tower lease	111,180	111,180	110,024	(1,156)
Total use of money and property	<u>235,630</u>	<u>235,630</u>	<u>492,818</u>	<u>257,188</u>
MISCELLANEOUS				
School capital contributions	217,334	217,334	236,142	18,808
Miscellaneous	70,000	70,000	200,553	130,553
Total miscellaneous	<u>287,334</u>	<u>287,334</u>	<u>436,695</u>	<u>149,361</u>
Total revenues	<u>56,300,772</u>	<u>56,300,772</u>	<u>56,846,935</u>	<u>546,163</u>
OTHER FINANCING SOURCES				
Appropriation from fund balance	600,000	893,622	-	(893,622)
Transfers in:				
Sewer Operating Fund	1,209,682	1,209,682	1,199,431	(10,251)
Rate Stabilization Fund	630,000	630,000	630,000	-
Louisa E. Day	60	60	151	91
Thomas J. Evans	30	30	54	24
Total other financing sources	<u>2,439,772</u>	<u>2,733,394</u>	<u>1,829,636</u>	<u>(903,758)</u>
Total revenues and other financing sources	<u>\$ 58,740,544</u>	<u>\$ 59,034,166</u>	<u>\$ 58,676,571</u>	<u>\$ (357,595)</u> <i>(Concluded)</i>

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT				
Town Council:				
Personnel services	\$ 11,750	\$ 11,563	\$ 10,607	\$ (956)
Contractual services	34,600	34,406	34,407	1
Material and supplies	1,000	1,495	1,487	(8)
Total Town Council	<u>47,350</u>	<u>47,464</u>	<u>46,501</u>	<u>(963)</u>
Town Manager:				
Personnel services	305,000	308,160	307,767	(393)
Contractual services	30,140	29,367	15,487	(13,880)
Material and supplies	2,500	3,273	3,273	-
Total Town Manager	<u>337,640</u>	<u>340,800</u>	<u>326,527</u>	<u>(14,273)</u>
Legal Services:				
Contractual services	69,102	110,079	110,079	-
Total legal services	<u>69,102</u>	<u>110,079</u>	<u>110,079</u>	<u>-</u>
Town Clerk:				
Personnel services	149,750	153,987	153,986	(1)
Contractual services	30,100	27,393	25,708	(1,685)
Material and supplies	1,800	1,800	1,713	(87)
Total Town Clerk	<u>181,650</u>	<u>183,180</u>	<u>181,407</u>	<u>(1,773)</u>
Finance:				
Personnel services	207,075	209,287	210,242	955
Contractual services	59,650	57,423	50,541	(6,882)
Material and supplies	1,700	1,715	1,715	-
Total finance	<u>268,425</u>	<u>268,425</u>	<u>262,498</u>	<u>(5,927)</u>
Assessor:				
Personnel services	123,965	123,965	123,194	(771)
Contractual services	7,947	7,947	5,017	(2,930)
Materials and supplies	1,500	1,500	1,494	(6)
Total Assessor	<u>133,412</u>	<u>133,412</u>	<u>129,705</u>	<u>(3,707)</u>
Revenue Collection:				
Personnel services	176,257	182,299	182,299	-
Contractual services	36,100	32,784	32,783	(1)
Material and supplies	2,300	2,048	2,047	(1)
Total revenue collection	<u>214,657</u>	<u>217,131</u>	<u>217,129</u>	<u>(2)</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
GENERAL GOVERNMENT <i>(Continued)</i>				
Registration and Elections:				
Personnel services	\$ 55,750	\$ 54,336	\$ 36,761	\$ (17,575)
Contractual services	16,850	18,264	18,264	-
Material and supplies	400	400	245	(155)
Total registration and elections	<u>73,000</u>	<u>73,000</u>	<u>55,270</u>	<u>(17,730)</u>
Town Boards and Commissions:				
Contractual services	68,151	68,151	63,559	(4,592)
Total town boards and commissions	<u>68,151</u>	<u>68,151</u>	<u>63,559</u>	<u>(4,592)</u>
Planning and Development:				
Personnel services	224,540	224,986	213,087	(11,899)
Contractual services	5,150	5,150	4,201	(949)
Material and supplies	2,050	3,324	3,323	(1)
Total planning and development	<u>231,740</u>	<u>233,460</u>	<u>220,611</u>	<u>(12,849)</u>
Data Processing:				
Contractual services	165,000	165,000	164,737	(263)
Total data processing	<u>165,000</u>	<u>165,000</u>	<u>164,737</u>	<u>(263)</u>
Town Hall:				
Contractual services	82,880	82,880	65,524	(17,356)
Material and supplies	2,700	2,700	2,373	(327)
Total town hall	<u>85,580</u>	<u>85,580</u>	<u>67,897</u>	<u>(17,683)</u>
Economic Development:				
Personnel services	123,460	125,474	125,474	-
Contractual services	7,640	7,422	6,710	(712)
Material and supplies	500	524	524	-
Total economic development	<u>131,600</u>	<u>133,420</u>	<u>132,708</u>	<u>(712)</u>
Total general government	<u>2,007,307</u>	<u>2,059,102</u>	<u>1,978,628</u>	<u>(80,474)</u>
PUBLIC WORKS				
Supervision:				
Personnel services	188,825	186,356	124,494	(61,862)
Contractual services	8,305	10,774	10,774	-
Material and supplies	750	750	283	(467)
Total supervision	<u>197,880</u>	<u>197,880</u>	<u>135,551</u>	<u>(62,329)</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PUBLIC WORKS <i>(Continued)</i>				
Engineering:				
Personnel services	\$ 326,075	\$ 328,475	\$ 316,108	\$ (12,367)
Contractual services	16,770	16,770	11,741	(5,029)
Material and supplies	11,100	11,100	10,344	(756)
Total engineering	<u>353,945</u>	<u>356,345</u>	<u>338,193</u>	<u>(18,152)</u>
Central Garage:				
Personnel services	223,900	223,900	215,500	(8,400)
Contractual services	107,950	118,059	118,059	-
Material and supplies	263,500	253,391	242,567	(10,824)
Total central garage	<u>595,350</u>	<u>595,350</u>	<u>576,126</u>	<u>(19,224)</u>
Highways:				
Personnel services	814,800	814,800	768,527	(46,273)
Contractual services	46,750	46,750	45,417	(1,333)
Material and supplies	220,500	220,500	205,132	(15,368)
Capital Outlay	0	0	0	-
Total highways	<u>1,082,050</u>	<u>1,082,050</u>	<u>1,019,076</u>	<u>(62,974)</u>
Winter Maintenance:				
Personnel services	115,000	115,000	114,993	(7)
Contractual services	9,000	9,000	8,998	(2)
Material and supplies	265,000	265,000	265,000	-
Total winter maintenance	<u>389,000</u>	<u>389,000</u>	<u>388,991</u>	<u>(9)</u>
Total public works	<u>2,618,225</u>	<u>2,620,625</u>	<u>2,457,937</u>	<u>(162,688)</u>
RECREATION AND LEISURE				
Recreation:				
Personnel services	382,800	384,550	370,201	(14,349)
Contractual services	49,710	55,158	55,159	1
Material and supplies	22,000	16,552	16,394	(158)
Total recreation	<u>454,510</u>	<u>456,260</u>	<u>441,754</u>	<u>(14,506)</u>
Park Development and Maintenance:				
Personnel services	171,895	171,895	145,507	(26,388)
Contractual services	55,790	55,790	49,730	(6,060)
Material and supplies	46,200	46,200	46,016	(184)
Total park development and maintenance	<u>273,885</u>	<u>273,885</u>	<u>241,253</u>	<u>(32,632)</u>
Public Library:				
Personnel services	401,186	409,626	388,546	(21,080)
Contractual services	139,100	139,100	133,423	(5,677)
Material and supplies	11,300	11,300	10,905	(395)
Total public library	<u>551,586</u>	<u>560,026</u>	<u>532,874</u>	<u>(27,152)</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
RECREATION AND LEISURE <i>(Continued)</i>				
Special Communities Activities:				
Contractual services	\$ 3,500	\$ 3,500	\$ 3,500	\$ -
Total special communities activities	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Community Center:				
Personal services	21,000	21,000	14,910	(6,090)
Contractual services	78,200	78,200	74,913	(3,287)
Material and supplies	9,050	9,050	6,052	(2,998)
Total community center	<u>108,250</u>	<u>108,250</u>	<u>95,875</u>	<u>(12,375)</u>
Other Town Buildings:				
Contractual services	15,630	15,630	10,958	(4,672)
Material and supplies	2,500	2,500	104	(2,396)
Total other town buildings	<u>18,130</u>	<u>18,130</u>	<u>11,062</u>	<u>(7,068)</u>
Total recreation and leisure	<u>1,409,861</u>	<u>1,420,051</u>	<u>1,326,318</u>	<u>(93,733)</u>
PUBLIC SAFETY				
Building Inspector:				
Personnel services	216,060	216,060	210,174	(5,886)
Contractual services	7,290	7,611	7,610	(1)
Material and supplies	5,450	5,129	5,046	(83)
Total building inspector	<u>228,800</u>	<u>228,800</u>	<u>222,830</u>	<u>(5,970)</u>
Animal Control:				
Contractual services	53,767	53,767	53,767	-
Material and supplies	100	100	99	(1)
Total animal control	<u>53,867</u>	<u>53,867</u>	<u>53,866</u>	<u>(1)</u>
Law Enforcement:				
Personnel services	290,000	188,192	168,265	(19,927)
Contractual services	497,300	599,108	599,107	(1)
Material and supplies	26,000	26,000	25,693	(307)
Total law enforcement	<u>813,300</u>	<u>813,300</u>	<u>793,065</u>	<u>(20,235)</u>
Total public safety	<u>1,095,967</u>	<u>1,095,967</u>	<u>1,069,761</u>	<u>(26,206)</u>
COMMUNITY DEVELOPMENT AND HUMAN SERVICES				
Community Development:				
Personnel services	96,480	100,725	100,725	-
Contractual services	450	494	493	(1)
Material and supplies	6,000	15,558	15,556	(2)
Total community development	<u>102,930</u>	<u>116,777</u>	<u>116,774</u>	<u>(3)</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) *(Concluded)*
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
COMMUNITY DEVELOPMENT AND HUMAN SERVICES <i>(Continued)</i>				
Human Services Subsidies:				
Contractual services	\$ 461,034	\$ 461,610	\$ 461,610	\$ -
Total human service subsidies	<u>461,034</u>	<u>461,610</u>	<u>461,610</u>	<u>-</u>
Total community development and human services	<u>563,964</u>	<u>578,387</u>	<u>578,384</u>	<u>(3)</u>
BOARD OF EDUCATION				
Board of Education	<u>43,684,951</u>	<u>43,684,951</u>	<u>42,919,676</u>	<u>(765,275)</u>
MISCELLANEOUS				
Employee benefits - contractual services	1,566,918	1,570,418	1,389,637	(180,781)
Insurance - contractual services	733,000	733,000	696,960	(36,040)
Contingencies	<u>250,000</u>	<u>92,692</u>	<u>63,910</u>	<u>(28,782)</u>
Total miscellaneous	<u>2,549,918</u>	<u>2,396,110</u>	<u>2,150,507</u>	<u>(245,603)</u>
DEBT SERVICE				
Principal payments	2,402,751	2,369,548	2,352,909	(16,639)
Interest and fiscal charges	941,722	974,925	974,925	-
Debt issuance costs	<u>30,000</u>	<u>30,000</u>	<u>1,625</u>	<u>(28,375)</u>
Total debt service	<u>3,374,473</u>	<u>3,374,473</u>	<u>3,329,459</u>	<u>(45,014)</u>
Total expenditures	<u>57,304,666</u>	<u>57,229,666</u>	<u>55,810,670</u>	<u>(1,418,996)</u>
OTHER FINANCING USES				
Transfers out:				
Capital reserve fund	25,000	25,000	25,000	-
Capital projects fund	505,000	505,000	430,000	(75,000)
Capital nonrecurring fund	304,707	304,707	304,707	-
Demolition & Relocation Reserve	10,000	10,000	10,000	-
Solid waste fund	313,191	313,191	313,191	-
Reserve for Dam Maintenance	5,000	5,000	5,000	-
Bridge Maintenance fund	5,000	5,000	5,000	-
Unexpended Education Fund	-	293,622	293,622	-
Education capital nonrecurring fund	267,980	267,980	267,980	-
Housing rehab fund	-	75,000	75,000	-
Total other financing uses	<u>1,435,878</u>	<u>1,804,500</u>	<u>1,729,500</u>	<u>(75,000)</u>
Total expenditures and other financing uses	<u>\$ 58,740,544</u>	<u>\$ 59,034,166</u>	<u>\$ 57,540,170</u>	<u>\$ (1,493,996)</u>
				<i>(Concluded)</i>

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2019

Grand List Year	Uncollected Taxes June 30, 2018	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2019
			Additions	Deletions			Taxes	Interest	Liens	
2017	\$ -	\$ 35,297,105	\$ 101,820	\$ 156,099	\$ 6,550	\$ 35,236,276	\$ 34,584,348	\$ 110,552	\$ 1,568	\$ 651,928
2016	596,418	-	3,244	13,176	14,324	572,162	323,322	61,114	3,652	248,840
2015	230,330	-	1,300	2,079	12,115	217,436	77,487	30,030	690	139,949
2014	145,426	-	-	473	40,720	104,233	38,468	18,507	384	65,765
2013	93,034	-	-	231	45,219	47,584	13,300	9,811	202	34,284
2012	51,696	-	-	62	30,240	21,394	3,192	2,195	60	18,202
2011	43,163	-	-	43	26,332	16,788	1,419	1,696	-	15,369
2010	37,061	-	-	42	23,486	13,533	606	888	-	12,927
2009	19,570	-	-	42	11,183	8,345	371	612	-	7,974
2008	10,866	-	-	171	5,455	5,240	512	656	-	4,728
2007	8,392	-	-	69	4,515	3,808	463	872	-	3,345
2006	8,557	-	-	76	6,499	1,982	188	477	-	1,794
2005	2,992	-	-	76	1,138	1,778	251	669	-	1,527
2004	1,076	-	-	43	(160)	1,193	276	886	-	917
2003	963	-	-	-	57	906	3	110	-	903
2002	820	-	-	-	820	-	-	-	-	-
	<u>\$ 1,250,364</u>	<u>\$ 35,297,105</u>	<u>\$ 106,364</u>	<u>\$ 172,682</u>	<u>\$ 228,493</u>	<u>\$ 36,252,658</u>	<u>\$ 35,044,206</u>	<u>\$ 239,075</u>	<u>\$ 6,556</u>	<u>\$ 1,208,452</u>

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
AS OF JUNE 30, 2019

Total cash collections for the year ended
June 30, 2019:

Taxes	\$ 35,044,206
Interest and lien fees	245,631
Total	<u>35,289,837</u>

Reimbursement for revenue loss:

Tax relief (CGS 12-129d)	-
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Base	<u>\$ 35,289,837</u>
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	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 79,402,133	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	158,804,267	-	-	-
3-3/4 times base	-	-	132,336,889	-	-
3-1/4 times base	-	-	-	114,691,970	-
3 times base	-	-	-	-	105,869,511
Total debt limitation	<u>79,402,133</u>	<u>158,804,267</u>	<u>132,336,889</u>	<u>114,691,970</u>	<u>105,869,511</u>
Indebtedness:					
Bonds payable	3,470,000	14,950,000	910,000	-	-
Notes payable from direct borrowings	-	-	9,748,494	-	-
Short-term interim funding obligations	-	-	2,683,365	-	-
	<u>3,470,000</u>	<u>14,950,000</u>	<u>13,341,859</u>	<u>-</u>	<u>-</u>
Add: Authorized, unissued bonds	5,085,000	6,525,000	16,027,432	-	-
Less: Sewer assessments receivable	-	-	(259,407)	-	-
Total indebtedness	<u>8,555,000</u>	<u>21,475,000</u>	<u>29,628,698</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 70,847,133</u>	<u>\$ 137,329,267</u>	<u>\$ 102,708,191</u>	<u>\$ 114,691,970</u>	<u>\$ 105,869,511</u>
Total capacity of borrowing (7 times base)	\$ 247,028,859				
Total present indebtedness	<u>59,658,698</u>				
Margin for additional borrowing	<u>\$ 187,370,161</u>				

CAPITAL IMPROVEMENTS FUND

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS - CAPITAL IMPROVEMENTS FUND
YEAR ENDED JUNE 30, 2019

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2019
	Balance	Current Year	Balance	Balance	Current Year	Balance	
	June 30, 2018	Appropriations	June 30, 2019	June 30, 2018	Expenditures	June 30, 2019	
Sidewalks	\$ 860,034	\$ -	\$ 860,034	\$ 859,743	\$ -	\$ 859,743	\$ 291
Spot Drainage	215,499	-	215,499	191,304	19,413	210,717	4,782
Landfill Closure	3,000,001	-	3,000,001	2,792,107	-	2,792,107	207,894
Killingly Industrial Park	20,848	-	20,848	15,543	-	15,543	5,305
WPCA Sewer/Relining Replacement	-	-	-	(1,292)	1,292	-	-
Pratt/Ledge Roads	251,469	-	251,469	152,810	-	152,810	98,659
KCC Theatre Lighting	29,043	-	29,043	24,867	-	24,867	4,176
Salt Storage Facilities	421,414	-	421,414	417,038	4,376	421,414	-
Rock Avenue	298,064	-	298,064	255,636	184	255,820	42,244
Chestnut Hill Road Bridge	66,889	-	66,889	33,950	-	33,950	32,939
Sewer- Reline and Replace	402,000	-	402,000	251,384	-	251,384	150,616
Cat Hollow Park Dev	15,000	(3,065)	11,935	3,381	-	3,381	8,554
Chiller - Old High School	183,622	-	183,622	4,840	-	4,840	178,782
Town Hall Building Improvement	1,109,256	494,973	1,604,229	29,933	1,520,765	1,550,698	53,531
Highway Garage Truck Wash/Bay	50,000	-	50,000	-	-	-	50,000
Bugbee Bldg Interior Renovations	50,000	-	50,000	5,864	-	5,864	44,136
Sewer Replacement 10-11	100,000	-	100,000	44,742	-	44,742	55,258
Spot Drainage (TA)	35,000	-	35,000	15,276	-	15,276	19,724
Community Center Roof (12-13)	346,018	-	346,018	346,018	-	346,018	-
WPCA - Capital Projects 12-13	257,164	(50,000)	207,164	194,105	-	194,105	13,059
WPCA - Capital Projects 13-14	141,023	-	141,023	120,000	(1,292)	118,708	22,315
Relocate/Replace Garage Fuel Tanks	314,834	-	314,834	303,609	-	303,609	11,225
Road Renewal 14-15 Unimproved TA	24,000	-	24,000	19,719	-	19,719	4,281
Highway Garage Boiler	29,006	-	29,006	29,006	-	29,006	-
KCC Gutters	64,000	(64,000)	-	-	-	-	-
Road Renewal 15-16 Unimproved TA	58,000	-	58,000	2,125	-	2,125	55,875
Road Renewal 15-16 TA	154,187	-	154,187	153,964	223	154,187	-
KCC Building Improvements	20,000	(20,000)	-	-	-	-	-
15-16 WPCA Capital Projects	341,000	-	341,000	273,602	67,398	341,000	-
P&A Mill - Brownfield Remediation	2,617,204	-	2,617,204	2,616,861	-	2,616,861	343
Rogers Pump Station	3,155,943	-	3,155,943	3,121,625	-	3,121,625	34,318
Force Main	500,000	-	500,000	482,806	-	482,806	17,194
WPCA Facility Update - CWF	22,300,000	-	22,300,000	1,917,005	2,308,462	4,225,467	18,074,533
16-17 TA Improved roads	260,844	-	260,844	192,926	47,440	240,366	20,478
Road Renewal 16-17 TA Unimproved	61,619	-	61,619	50,741	-	50,741	10,878
Spot Drainage 16-17 TA Unimproved	5,000	-	5,000	-	-	-	5,000
Downtown improvement project	1,000,000	-	1,000,000	107,151	528,036	635,187	364,813
North St Bridge Walkway	196,619	-	196,619	170,226	-	170,226	26,393
School Renovations	40,000	3,065	43,065	43,065	-	43,065	-
16-17 WPCA Capital Project	282,750	-	282,750	-	11,092	11,092	271,658
LOTICIP Main St Sidewalk Replacement	482,155	-	482,155	378,191	9,684	387,875	94,280
Bear Hill Road Bridge/ Valley Road	1,800,000	-	1,800,000	130,338	22,876	153,214	1,646,786
Bugbee Bld HVAC System 16-17	68,325	12,459	80,784	6,284	574	6,858	73,926
Killingly Community Center	2,200,000	(600,000)	1,600,000	29,933	11,383	41,316	1,558,684
KCS/KMS Goodyear Storage Tank Removal	300,000	-	300,000	-	55,126	55,126	244,874
KMS Roof Replacement	1,600,000	-	1,600,000	1,035,065	54,959	1,090,024	509,976
KMS Window Replacement	3,000,000	-	3,000,000	18,159	180,712	198,871	2,801,129
KCS Roof Replacement	1,275,000	-	1,275,000	984,806	-	984,806	290,194
Subtotal	50,002,830	(226,568)	49,776,262	17,824,456	4,842,703	22,667,159	27,109,103

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS - CAPITAL IMPROVEMENTS FUND (Concluded)
YEAR ENDED JUNE 30, 2019

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2019
	Balance	Current Year	Balance	Balance	Current Year	Balance	
	June 30, 2018	Appropriations	June 30, 2019	June 30, 2018	Expenditures	June 30, 2019	
Good year Roof replacement	\$ 350,000	\$ -	\$ 350,000	\$ 239,123	\$ -	\$ 239,123	\$ 110,877
KCS ADA Compliance project	-	210,000	210,000	20,400	80,058	100,458	109,542
KMS ADA Compliance project	-	220,000	220,000	21,080	148,487	169,567	50,433
17-18 Road Renewal TA	250,000	-	250,000	-	204,161	204,161	45,839
17-18 Sewer Replacement	260,000	-	260,000	12,637	3,370	16,007	243,993
17-18 Capital Project	500	-	500	-	-	-	500
17-18 Guide Rail Replacements	20,000	-	20,000	-	20,000	20,000	-
17-18 Sidewalks	10,000	-	10,000	625	840	1,465	8,535
17-18 Spot Drainage	20,000	-	20,000	-	-	-	20,000
18-19 Town Aid Road Improved	-	257,159	257,159	-	-	-	257,159
Parking Lot - Locip	-	148,850	148,850	-	147,200	147,200	1,650
Owen Bell Electrical upgrades	-	41,560	41,560	-	41,560	41,560	-
18-19 Storm Drainage Improvements	-	20,000	20,000	-	-	-	20,000
18-19 Road Renewal	-	50,000	50,000	-	-	-	50,000
18-19 Guardrail Replacements	-	30,000	30,000	-	30,000	30,000	-
18-19 WPCA Sewer Replacement/Reline	-	100,000	100,000	-	-	-	100,000
18-19 WPCA Capital Project	-	100,000	100,000	-	-	-	100,000
	<u>\$ 50,913,330</u>	<u>\$ 951,001</u>	<u>\$ 51,864,331</u>	<u>\$ 18,118,321</u>	<u>\$ 5,518,379</u>	<u>\$ 23,636,700</u>	<u>\$ 28,227,631</u>

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019

	Nonmajor Special Revenue Funds					
	School Cafeteria Fund	Educational Grants Fund	Community Development Block Grant Fund	Cemetery Fund	Workplace Substance Abuse Grant Fund	Recreation Revolving Fund
ASSETS						
Cash and cash equivalents	\$ 438,311	\$ 447,158	\$ 147,548	\$ 25,787	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	115,019	111,544	-	-	-	-
Other	14,566	-	15,497	-	-	-
Due from other funds	-	-	-	925	5,167	67,072
Inventories	30,287	-	-	-	-	-
Total assets	<u>\$ 598,183</u>	<u>\$ 558,702</u>	<u>\$ 163,045</u>	<u>\$ 26,712</u>	<u>\$ 5,167</u>	<u>\$ 67,072</u>
LIABILITIES						
Accounts payable	\$ 52,761	\$ 14,556	\$ -	\$ 75	\$ -	\$ -
Due to other funds	-	523,784	5,071	-	-	-
Unearned revenue	13,258	20,362	15,497	-	-	-
Total liabilities	<u>66,019</u>	<u>558,702</u>	<u>20,568</u>	<u>75</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	30,287	-	-	-	-	-
Restricted	-	-	142,477	-	-	-
Committed	501,877	-	-	26,637	5,167	67,072
Total fund balances	<u>532,164</u>	<u>-</u>	<u>142,477</u>	<u>26,637</u>	<u>5,167</u>	<u>67,072</u>
Total liabilities and fund balances	<u>\$ 598,183</u>	<u>\$ 558,702</u>	<u>\$ 163,045</u>	<u>\$ 26,712</u>	<u>\$ 5,167</u>	<u>\$ 67,072</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)
 AS OF JUNE 30, 2019

	Nonmajor Special Revenue Funds					
	Public Investment	Miscellaneous				
	Community Grant in Aid Fund	Special Revenue Fund	Law Enforcement Fund	Historic Preservation Fund	Solid Waste Fund	Armory Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ 1,070,826	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	-	-	-	-	-	-
Other	-	-	-	-	2,080	-
Due from other funds	5,324	28	-	61,822	285,746	40,162
Inventories	-	-	-	-	-	-
Total assets	<u>\$ 5,324</u>	<u>\$ 1,070,854</u>	<u>\$ -</u>	<u>\$ 61,822</u>	<u>\$ 287,826</u>	<u>\$ 40,162</u>
LIABILITIES						
Accounts payable	\$ -	\$ 16,694	\$ -	\$ -	\$ 12,841	\$ -
Due to other funds	-	77,294	-	-	-	-
Unearned revenue	-	94,348	-	-	18,060	-
Total liabilities	<u>-</u>	<u>188,336</u>	<u>-</u>	<u>-</u>	<u>30,901</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	5,324	-	-	61,822	-	-
Committed	-	882,518	-	-	256,925	40,162
Total fund balances	<u>5,324</u>	<u>882,518</u>	<u>-</u>	<u>61,822</u>	<u>256,925</u>	<u>40,162</u>
Total liabilities and fund balances	<u>\$ 5,324</u>	<u>\$ 1,070,854</u>	<u>\$ -</u>	<u>\$ 61,822</u>	<u>\$ 287,826</u>	<u>\$ 40,162</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)
 AS OF JUNE 30, 2019

	<u>Nonmajor Special Revenue Funds</u>			<u>Nonmajor Capital Projects Funds</u>		
	<u>Library Operating Fund</u>	<u>Community Outdoor Beautification Fund</u>	<u>Community Garden</u>	<u>Total Nonmajor Special Revenue Funds</u>	<u>Industrial Park Fund</u>	<u>Capital Reserve Fund</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ 14,277	\$ -	\$ 2,143,907	\$ 440,758	\$ -
Investments	-	53,450	-	53,450	-	-
Receivables:						
Grants and contracts	-	-	-	226,563	-	-
Other	-	-	-	32,143	-	-
Due from other funds	26,585	-	4,333	497,164	7,954	879,061
Inventories	-	-	-	30,287	-	-
Total assets	<u>\$ 26,585</u>	<u>\$ 67,727</u>	<u>\$ 4,333</u>	<u>\$ 2,983,514</u>	<u>\$ 448,712</u>	<u>\$ 879,061</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 96,927	\$ -	\$ 2,500
Due to other funds	-	41,560	-	647,709	-	-
Unearned revenue	-	-	-	161,525	-	-
Total liabilities	<u>-</u>	<u>41,560</u>	<u>-</u>	<u>906,161</u>	<u>-</u>	<u>2,500</u>
FUND BALANCES						
Nonspendable	-	-	-	30,287	-	-
Restricted	-	-	-	209,623	-	-
Committed	26,585	26,167	4,333	1,837,443	448,712	876,561
Total fund balances	<u>26,585</u>	<u>26,167</u>	<u>4,333</u>	<u>2,077,353</u>	<u>448,712</u>	<u>876,561</u>
Total liabilities and fund balances	<u>\$ 26,585</u>	<u>\$ 67,727</u>	<u>\$ 4,333</u>	<u>\$ 2,983,514</u>	<u>\$ 448,712</u>	<u>\$ 879,061</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS *(Concluded)*
 AS OF JUNE 30, 2019

	Nonmajor Capital Projects Funds					Permanent Trust Funds	Total Nonmajor Governmental Funds
	Open Space Acquisition Fund	State Line Road Improvement Fund	Pettingill Hill Road Improvement Fund	Benefit Assessment Fund	Total Nonmajor Capital Projects Funds		
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 440,758	\$ 125,425	\$ 2,710,090
Investments	-	9,033	-	17,821	26,854	439,600	519,904
Receivables:							
Grants and contracts	-	-	-	-	-	-	226,563
Other	-	-	-	-	-	-	32,143
Due from other funds	222,133	-	-	-	1,109,148	-	1,606,312
Inventories	-	-	-	-	-	-	30,287
Total assets	<u>\$ 222,133</u>	<u>\$ 9,033</u>	<u>\$ -</u>	<u>\$ 17,821</u>	<u>\$ 1,576,760</u>	<u>\$ 565,025</u>	<u>\$ 5,125,299</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ 99,427
Due to other funds	-	-	-	-	-	-	647,709
Unearned revenue	-	-	-	-	-	-	161,525
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>908,661</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	119,649	149,936
Restricted	-	-	-	-	-	445,376	654,999
Committed	222,133	9,033	-	17,821	1,574,260	-	3,411,703
Total fund balances	<u>222,133</u>	<u>9,033</u>	<u>-</u>	<u>17,821</u>	<u>1,574,260</u>	<u>565,025</u>	<u>4,216,638</u>
Total liabilities and fund balances	<u>\$ 222,133</u>	<u>\$ 9,033</u>	<u>\$ -</u>	<u>\$ 17,821</u>	<u>\$ 1,576,760</u>	<u>\$ 565,025</u>	<u>\$ 5,125,299</u>

(Concluded)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Special Revenue Funds					
	School Cafeteria Fund	Educational Grants Fund	Community Development Block Grant Fund	Cemetery Fund	Workplace Substance Abuse Grant Fund	Recreation Revolving Fund
REVENUES						
Intergovernmental	\$ 806,857	\$ 3,060,727	\$ -	\$ -	\$ -	\$ -
Charges for services	428,431	-	-	-	-	56,579
Investment income	-	-	211	-	-	-
Other	-	-	87,462	668	-	-
Total revenues	<u>1,235,288</u>	<u>3,060,727</u>	<u>87,673</u>	<u>668</u>	<u>-</u>	<u>56,579</u>
EXPENDITURES						
Current:						
General government	-	-	-	1,089	-	-
Recreation and leisure	-	-	-	-	-	32,773
Public safety	-	-	-	-	-	-
Community development and human services	-	-	5,069	-	-	-
Education	1,212,728	2,742,875	-	-	-	-
Capital outlays	-	317,852	-	-	-	-
Total expenditures	<u>1,212,728</u>	<u>3,060,727</u>	<u>5,069</u>	<u>1,089</u>	<u>-</u>	<u>32,773</u>
Excess (deficiency) of revenues over expenditures	22,560	-	82,604	(421)	-	23,806
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	925	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>925</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	22,560	-	82,604	504	-	23,806
Fund balances - beginning	<u>509,604</u>	<u>-</u>	<u>59,873</u>	<u>26,133</u>	<u>5,167</u>	<u>43,266</u>
Fund balances - ending	<u>\$ 532,164</u>	<u>\$ -</u>	<u>\$ 142,477</u>	<u>\$ 26,637</u>	<u>\$ 5,167</u>	<u>\$ 67,072</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Special Revenue Funds					
	Public Investment Community Grant in Aid Fund	Miscellaneous Special Revenue Fund	Law Enforcement Fund	Historic Preservation Fund	Solid Waste Fund	Armory Fund
REVENUES						
Intergovernmental	\$ -	\$ 149,982	\$ -	\$ 4,500	\$ -	\$ -
Charges for services	-	702,803	-	-	199,146	13,247
Investment income	-	-	-	-	-	-
Other	-	-	-	18,296	-	-
Total revenues	<u>-</u>	<u>852,785</u>	<u>-</u>	<u>22,796</u>	<u>199,146</u>	<u>13,247</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	381,162	-
Recreation and leisure	-	-	-	8,298	-	-
Public safety	-	-	-	-	-	-
Community development and human services	-	-	-	-	-	-
Education	-	649,956	-	-	-	-
Capital outlays	-	-	-	-	-	4,725
Total expenditures	<u>-</u>	<u>649,956</u>	<u>-</u>	<u>8,298</u>	<u>381,162</u>	<u>4,725</u>
Excess (deficiency) of revenues over expenditures	-	202,829	-	14,498	(182,016)	8,522
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	313,191	-
Transfers out	-	-	-	-	(5,641)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,550</u>	<u>-</u>
Net changes in fund balances	-	202,829	-	14,498	125,534	8,522
Fund balances - beginning	<u>5,324</u>	<u>679,689</u>	<u>-</u>	<u>47,324</u>	<u>131,391</u>	<u>31,640</u>
Fund balances - ending	<u>\$ 5,324</u>	<u>\$ 882,518</u>	<u>\$ -</u>	<u>\$ 61,822</u>	<u>\$ 256,925</u>	<u>\$ 40,162</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects		
	Library Operating Fund	Community Outdoor Beautification Fund	Community Garden	Total Nonmajor Special Revenue Funds	Industrial Park Fund	Capital Reserve Fund
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ 4,022,066	\$ -	\$ -
Charges for services	-	-	-	1,400,206	-	12,828
Investment income	-	1,250	-	1,461	1,970	-
Other	12,731	-	3,725	122,882	-	-
Total revenues	<u>12,731</u>	<u>1,250</u>	<u>3,725</u>	<u>5,546,615</u>	<u>1,970</u>	<u>12,828</u>
EXPENDITURES						
Current:						
General government	-	4,095	-	386,346	-	-
Recreation and leisure	10,177	-	-	51,248	-	-
Public safety	-	-	-	-	-	-
Community development and human services	-	-	3,083	8,152	-	-
Education	-	-	-	4,605,559	-	-
Capital outlays	-	-	-	322,577	-	29,220
Total expenditures	<u>10,177</u>	<u>4,095</u>	<u>3,083</u>	<u>5,373,882</u>	<u>-</u>	<u>29,220</u>
Excess (deficiency) of revenues over expenditures	2,554	(2,845)	642	172,733	1,970	(16,392)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	314,116	-	25,000
Transfers out	-	(41,560)	-	(47,201)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(41,560)</u>	<u>-</u>	<u>266,915</u>	<u>-</u>	<u>25,000</u>
Net changes in fund balances	2,554	(44,405)	642	439,648	1,970	8,608
Fund balances - beginning	<u>24,031</u>	<u>70,572</u>	<u>3,691</u>	<u>1,637,705</u>	<u>446,742</u>	<u>867,953</u>
Fund balances - ending	<u>\$ 26,585</u>	<u>\$ 26,167</u>	<u>\$ 4,333</u>	<u>\$ 2,077,353</u>	<u>\$ 448,712</u>	<u>\$ 876,561</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS *(Concluded)*
 FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Capital Projects Funds					Permanent Trust Funds	Total Nonmajor Governmental Funds
	Open Space Acquisition Fund	State Line Road Improvement Fund	Pettingill Hill Road Improvement Fund	Benefit Assessment Fund	Total Nonmajor Capital Projects Funds		
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,022,066
Charges for services	-	-	-	-	12,828	-	1,413,034
Investment income	-	157	-	302	2,429	10,683	14,573
Other	3,494	-	-	-	3,494	20,230	146,606
Total revenues	<u>3,494</u>	<u>157</u>	<u>-</u>	<u>302</u>	<u>18,751</u>	<u>30,913</u>	<u>5,596,279</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	386,346
Recreation and leisure	-	-	-	-	-	-	51,248
Public safety	-	-	-	-	-	-	-
Community development and human services	-	-	-	-	-	40,024	48,176
Education	-	-	-	-	-	-	4,605,559
Capital outlays	-	-	-	-	29,220	-	351,797
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,220</u>	<u>40,024</u>	<u>5,443,126</u>
Excess (deficiency) of revenues over expenditures	3,494	157	-	302	(10,469)	(9,111)	153,153
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	25,000	946	340,062
Transfers out	-	-	-	-	-	(2,080)	(49,281)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>(1,134)</u>	<u>290,781</u>
Net changes in fund balances	3,494	157	-	302	14,531	(10,245)	443,934
Fund balances - beginning	<u>218,639</u>	<u>8,876</u>	<u>-</u>	<u>17,519</u>	<u>1,559,729</u>	<u>575,270</u>	<u>3,772,704</u>
Fund balances - ending	<u>\$ 222,133</u>	<u>\$ 9,033</u>	<u>\$ -</u>	<u>\$ 17,821</u>	<u>\$ 1,574,260</u>	<u>\$ 565,025</u>	<u>\$ 4,216,638</u>

(Concluded)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING BALANCE SHEET - KILLINGLY PUBLIC LIBRARY TRUST FUNDS
 AS OF JUNE 30, 2019

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Due from Other Funds</u>	<u>Restricted Special Reserves External</u>
Killingly Public Library Funds				
Mildred Sterns	\$ 991	\$ 1,517	\$ -	\$ 2,508
Emily Danielson	1,082	3,470	-	4,552
Mary Dexter	264	837	-	1,101
Frederick A. Jacobs	19	-	-	19
Basset Hammond	893	2,705	-	3,598
Nathan Prince	80,018	285,040	-	365,058
Almond M. Paine	6,355	21,558	-	27,913
Ella Dorrance	3,125	8,725	-	11,850
Adolph Goldwater	-	2,541	-	2,541
Library Special	-	913	-	913
Total Killingly Public Library Funds	<u>\$ 92,747</u>	<u>\$ 327,306</u>	<u>\$ -</u>	<u>\$ 420,053</u>

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, 2019

	<u>Fund Balance July 1, 2018</u>	<u>Investment Income</u>	<u>Contributions</u>	<u>Community Development and Human Services</u>	<u>Transfers In (Out), net</u>	<u>Fund Balance June 30, 2019</u>
Killingly Public Library Funds						
Mildred Sterns	\$ 1,812	\$ 32	\$ -	\$ -	\$ 664	\$ 2,508
Emily Danielson	4,455	79	-	-	18	4,552
Mary Dexter	1,073	19	-	-	9	1,101
Frederick A. Jacobs	570	10	-	(570)	9	19
Basset Hammond	3,460	61	-	-	77	3,598
Nathan Prince	375,138	7,164	20,230	(37,474)	-	365,058
Almond M. Paine	27,427	486	-	-	-	27,913
Ella Dorrance	11,617	206	-	-	27	11,850
Lena Tripp	244	-	-	(244)	-	-
Adolph Goldwater	2,445	43	-	-	53	2,541
Library Special	2,586	55	-	(1,728)	-	913
Total Killingly Public Library Funds	<u>\$ 430,827</u>	<u>\$ 8,155</u>	<u>\$ 20,230</u>	<u>\$ (40,016)</u>	<u>\$ 857</u>	<u>\$ 420,053</u>

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - PERMANENT TRUST FUNDS
AS OF JUNE 30, 2019

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Nonspendable Permanent Fund Principal</u>	<u>Restricted Special Reserves External</u>
Permanent Trust Funds				
Thomas J. Evans	\$ 673	\$ 2,327	\$ 3,000	\$ -
Ezra Mathewson	90	310	400	-
Shubael Hutchins Nonspendable	1,122	3,878	5,000	-
Louisa E. Day	1,919	6,626	8,545	-
Civil War Monument	45	157	202	-
Arthur Wilkes	112	388	500	-
Hutchins Burial Lot	47	157	204	-
Mildred Stearns	8,418	29,082	37,500	-
Paine Mitchell Matthews	359	1,241	1,600	-
Paine Cemetery - Town	11,224	38,776	50,000	-
Emily Danielson	224	776	1,000	-
Eunice Randell	225	775	1,000	-
Earl Chandler	-	852	852	-
Mary Dexter	112	388	500	-
Frederick A. Jacobs	112	388	500	-
Basset Hammond	976	3,370	4,346	-
Ella Dorrance	337	1,163	1,500	-
Adolph Goldwater	673	2,327	3,000	-
Shubael Hutchins Spendable	6,010	19,313	-	25,323
Total Permanent Trust Funds	<u>\$ 32,678</u>	<u>\$ 112,294</u>	<u>\$ 119,649</u>	<u>\$ 25,323</u>

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 PERMANENT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Fund Balance, July 1, 2018</u>	<u>Investment Income</u>	<u>Community Development and Human Services</u>	<u>Transfers In (Out), net</u>	<u>Fund Balance, June 30, 2019</u>
Permanent Trust Funds					
Thomas J. Evans	\$ 3,000	\$ 54	\$ -	\$ (54)	\$ 3,000
Ezra Mathewson	400	7	-	(7)	400
Shubael Hutchins Nonspendable	5,000	89	-	(89)	5,000
Louisa E. Day	8,545	151	-	(151)	8,545
Civil War Monument	202	4	-	(4)	202
Arthur Wilkes	500	8	(8)	-	500
Hutchins Burial Lot	204	4	-	(4)	204
Mildred Stearns	37,500	664	-	(664)	37,500
Paine Mitchell Matthews	1,600	28	-	(28)	1,600
Paine Cemetery - Town	50,000	886	-	(886)	50,000
Emily Danielson	1,000	18	-	(18)	1,000
Eunice Randell	1,000	-	-	-	1,000
Earl Chandler	851	1	-	-	852
Mary Dexter	500	9	-	(9)	500
Frederick A. Jacobs	500	9	-	(9)	500
Basset Hammond	4,346	77	-	(77)	4,346
Ella Dorrance	1,500	27	-	(27)	1,500
Adolph Goldwater	3,000	53	-	(53)	3,000
Shubael Hutchins Spendable	24,795	439	-	89	25,323
Total Permanent Trust Funds	<u>\$ 144,443</u>	<u>\$ 2,528</u>	<u>\$ (8)</u>	<u>\$ (1,991)</u>	<u>\$ 144,972</u>

PRIVATE PURPOSE TRUST FUNDS

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
AS OF JUNE 30, 2019

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Due from Other Funds</u>	<u>Held in Trust for Endowment Purposes</u>
Olivia Boulais	\$ 5,112	\$ -	\$ -	\$ 5,112
Robert D. Payne	2,658	-	-	2,658
Blanche Phoenix	1,101	-	-	1,101
Frances Upham Spaulding	-	1,170	-	1,170
Ruth E. Osgood	168	7,501	-	7,669
Goldwater Weisberg	854	-	-	854
Laura Pike Rowe	23,323	657,283	-	680,606
Adrian Herklots	505	-	-	505
Normington Memorial Savings	2,591	-	-	2,591
Normington Memorial CD	2,201	-	-	2,201
Jeffrey Lehman	27,793	-	-	27,793
Chris Wood	20,288	-	-	20,288
Ryan Doyle	16,846	-	-	16,846
John E. Bitgood Trust	-	-	46,101	46,101
Helen Lupien Savings	319	-	-	319
William Hoss	1,655	-	-	1,655
Earl Chandler CD	1,313	-	-	1,313
Total Private Purpose Trust Funds	<u>\$ 106,727</u>	<u>\$ 665,954</u>	<u>\$ 46,101</u>	<u>\$ 818,782</u>

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Fund Balance, July 1, 2018	Additions		Deletions	Fund Balance, June 30, 2019
		Contributions	Investment Income	Awards	
Olive Boulais	\$ 5,105	\$ -	\$ 7	\$ -	\$ 5,112
Robert D. Payne	2,654	-	4	-	2,658
Blanche Phoenix	1,100	-	1	-	1,101
Frances Upham Spaulding	1,166	-	4	-	1,170
Ruth E. Osgood	7,646	-	23	-	7,669
Goldwater Weisberg	853	-	1	-	854
Laura Pike Rowe	645,280	-	35,326	-	680,606
Adrian Herklots	504	1,800	1	(1,800)	505
Normington Memorial Savings	2,589	1,000	2	(1,000)	2,591
Normington Memorial CD	2,197	-	4	-	2,201
Jeffrey Lehman	27,751	10,000	42	(10,000)	27,793
Chris Wood	20,267	10,000	21	(10,000)	20,288
Ryan Doyle	6,763	11,075	8	(1,000)	16,846
John E. Bitgood Trust	41,870	-	4,231	-	46,101
Helen Lupien Savings	319	-	-	-	319
William Hoss	1,654	-	1	-	1,655
KHS Public Speaking	100	-	-	(100)	-
KHS Public Speaking Investment	2,253	-	-	(2,253)	-
Earl Chandler	952	360	1	-	1,313
Total Private Purpose Trust Funds	\$ 771,023	\$ 34,235	\$ 39,677	\$ (26,153)	\$ 818,782

AGENCY FUNDS

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
AS OF JUNE 30, 2019

	Student Activities Fund	Performance Bonds Fund	Veterans Coffee House Fund	Total Agency Funds
ASSETS				
Cash and cash equivalents	\$ 286,104	\$ 252,102	\$ -	\$ 538,206
Investments	21,239	-	-	21,239
Total assets	<u>\$ 307,343</u>	<u>\$ 252,102</u>	<u>\$ -</u>	<u>\$ 559,445</u>
LIABILITIES				
Due to student groups	\$ 307,343	\$ -	\$ -	\$ 307,343
Due to others	-	252,102	-	252,102
Total liabilities	<u>\$ 307,343</u>	<u>\$ 252,102</u>	<u>\$ -</u>	<u>\$ 559,445</u>

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Balance, July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2019</u>
Student Activities Fund				
Assets				
Cash and cash equivalents:				
Killingly High School	\$ 128,506	\$ 396,427	\$ 372,155	\$ 152,778
Killingly Intermediate School	63,276	61,406	56,627	68,055
Killingly Central School	14,487	25,427	19,941	19,973
Killingly Memorial School	25,392	24,750	14,285	35,857
Goodyear Early Childhood Center	8,914	6,627	7,132	8,409
BASP student activity account	6,885	-	5,853	1,032
Killingly Kares	18	-	18	-
Investments - Killingly High School	20,825	414	-	21,239
Total assets	<u>\$ 268,303</u>	<u>\$ 515,051</u>	<u>\$ 476,011</u>	<u>\$ 307,343</u>
Liabilities				
Due to student groups	<u>\$ 268,303</u>	<u>\$ 515,051</u>	<u>\$ 476,011</u>	<u>\$ 307,343</u>
Total liabilities	<u>\$ 268,303</u>	<u>\$ 515,051</u>	<u>\$ 476,011</u>	<u>\$ 307,343</u>
Performance Bonds Fund				
Assets				
Cash and cash equivalents	<u>\$ 253,920</u>	<u>\$ 37,582</u>	<u>\$ 39,400</u>	<u>\$ 252,102</u>
Total assets	<u>\$ 253,920</u>	<u>\$ 37,582</u>	<u>\$ 39,400</u>	<u>\$ 252,102</u>
Liabilities				
Due to others	<u>\$ 253,920</u>	<u>\$ 37,582</u>	<u>\$ 39,400</u>	<u>\$ 252,102</u>
Total liabilities	<u>\$ 253,920</u>	<u>\$ 37,582</u>	<u>\$ 39,400</u>	<u>\$ 252,102</u>
Veterans Coffeehouse Fund				
Assets				
Due from other funds	<u>\$ 7,777</u>	<u>\$ -</u>	<u>\$ 7,777</u>	<u>\$ -</u>
Total assets	<u>\$ 7,777</u>	<u>\$ -</u>	<u>\$ 7,777</u>	<u>\$ -</u>
Liabilities				
Due to others	<u>\$ 7,777</u>	<u>\$ -</u>	<u>\$ 7,777</u>	<u>\$ -</u>
Total liabilities	<u>\$ 7,777</u>	<u>\$ -</u>	<u>\$ 7,777</u>	<u>\$ -</u>
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 501,398	\$ 552,219	\$ 515,411	\$ 538,206
Investments	20,825	414	-	21,239
Total assets	<u>\$ 530,000</u>	<u>\$ 552,633</u>	<u>\$ 523,188</u>	<u>\$ 559,445</u>
Liabilities				
Due to student groups	\$ 268,303	\$ 515,051	\$ 476,011	\$ 307,343
Due to others	261,697	37,582	47,177	252,102
Total liabilities	<u>\$ 530,000</u>	<u>\$ 552,633</u>	<u>\$ 523,188</u>	<u>\$ 559,445</u>

OTHER INFORMATION (UNAUDITED)

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities										
Net investment in capital assets	\$ 95,429,775	\$ 95,726,718	\$ 97,765,533	\$ 101,541,317	\$ 103,443,636	\$ 104,643,805	\$ 99,903,823	\$ 102,507,177	\$ 103,327,029	\$ 103,587,946
Restricted for:										
Endowments - expendable	1	484,838	506,970	530,161	552,215	547,792	554,935	515,047	455,622	445,376
Endowments - nonexpendable	119,634	119,634	119,630	119,630	119,630	119,632	119,642	119,642	119,648	119,649
Other purposes	-	-	-	-	-	-	-	-	112,521	209,623
Unrestricted	21,309,425	20,510,460	17,963,381	13,674,955	13,713,426	11,174,166	19,965,750	17,454,884	17,736,453	16,683,479
Total governmental activities net position	<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>	<u>\$ 116,485,395</u>	<u>\$ 120,544,150</u>	<u>\$ 120,596,750</u>	<u>\$ 121,751,273</u>	<u>\$ 121,046,073</u>

TOWN OF KILLINGLY, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting - Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 5,158,527	\$ 2,573,800	\$ 3,619,835	\$ 3,403,030	\$ 4,005,969	\$ 3,494,171	\$ 3,553,737	\$ 3,486,120	\$ 3,439,137	\$ 3,515,089
Public works	5,341,129	5,275,524	5,203,896	5,265,384	5,825,718	6,108,779	5,687,401	6,680,406	7,108,844	7,376,605
Recreation and leisure	2,152,551	2,016,637	1,926,344	1,979,551	1,426,575	1,773,789	1,763,540	1,746,407	1,634,809	1,710,857
Public safety	924,916	875,611	1,055,882	998,195	1,015,900	1,050,732	1,224,197	1,309,793	1,234,382	1,130,827
Community development and human services	829,070	1,088,021	1,342,336	943,972	1,382,091	906,536	922,786	3,649,138	1,717,757	1,216,262
Education	45,322,415	50,528,114	51,275,566	52,455,544	53,959,068	54,525,897	56,072,307	56,386,330	59,009,409	55,818,177
Interest and fiscal charges	767,585	976,042	1,550,711	1,051,283	873,546	1,155,761	1,048,505	1,076,691	1,037,512	980,400
Total governmental activities expenses	60,496,193	63,333,749	65,974,570	66,096,959	68,488,867	69,015,665	70,272,473	74,334,885	75,181,850	71,748,217
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,065,652	1,092,072	616,933	961,098	507,533	608,290	668,403	668,403	1,197,134	1,256,292
Public works	3,565,532	3,870,175	3,668,673	3,311,533	4,112,042	4,810,621	4,192,867	4,192,867	4,022,925	4,086,994
Recreation and leisure	202,152	195,559	218,743	140,129	175,233	170,582	208,119	208,119	15,297	237,277
Public safety	49,074	22,671	24,550	1,710	4,879	7,949	448	448	-	5,785
Community development and human services	25,079	32,899	24,397	17,282	162,650	191,588	181,272	181,272	158,362	32,208
Education	3,774,361	4,099,742	4,656,775	4,356,732	4,447,256	4,647,089	4,301,525	4,301,525	3,265,614	3,945,153
Operating grants and contributions	22,737,176	24,602,333	24,076,446	27,649,324	23,879,797	27,012,473	29,770,868	29,770,868	29,383,271	24,732,635
Capital grants and contributions	2,725,162	1,089,494	2,810,977	2,690,253	1,493,682	2,680,502	2,289,374	2,289,374	2,853,903	608,981
Total governmental activities program revenues	34,144,188	35,004,945	36,097,494	39,128,061	34,783,072	40,129,094	41,612,876	41,612,876	40,896,506	34,905,325
Net (Expense)/Revenue										
Governmental activities	(26,352,005)	(28,328,804)	(29,877,076)	(26,968,898)	(33,705,795)	(28,886,571)	(28,659,597)	(32,722,009)	(34,285,344)	(36,842,892)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	26,730,410	28,043,355	28,367,953	28,753,203	30,683,974	31,879,104	33,343,852	34,101,036	34,655,792	35,065,215
Unrestricted grants and contributions	1,012,177	1,053,240	1,258,030	1,254,281	506,500	541,271	528,834	1,176,400	488,538	535,010
Investment income	188,545	75,781	175,314	184,722	133,176	207,756	329,448	251,984	295,537	537,467
Total governmental activities	27,931,132	29,172,376	29,801,297	30,192,206	31,323,650	32,628,131	34,202,134	35,529,420	35,439,867	36,137,692
Change in Net Position										
Governmental activities	\$ 1,579,127	\$ 843,572	\$ (75,779)	\$ 3,223,308	\$ (2,382,145)	\$ 3,741,560	\$ 5,542,537	\$ 2,807,411	\$ 1,154,523	\$ (705,200)

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

Fiscal Year Ended June 30,	Residential Real Property (%)	Commercial & Industrial Property (%)	All Other Land (%)	Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List	Disability Farm, Veterans, and Elderly Relief	Manufacturing Exemption Sec. 12-81 (59) and (60)	Net Taxable Grand List at 70%
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	1,745,556,915	430,043,201	-	1,315,513,715
2014	45.51	22.74	3.44	22.45	5.87	1,765,102,163	428,814,673	-	1,336,287,490
2015	39.41	24.82	3.15	25.62	7.01	1,497,944,702	413,602,923	-	1,084,341,779
2016	38.89	24.97	2.41	26.72	7.01	1,528,178,594	420,887,802	-	1,107,290,792
2017	32.02	20.59	2.12	39.12	6.16	1,859,439,124	722,170,145	-	1,137,268,979
2018	31.95	19.93	2.76	39.22	6.14	1,870,464,896	593,884,743	-	1,276,580,153
2019	33.80	21.34	2.52	35.79	6.48	1,783,656,710	622,123,077	-	1,161,533,633

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

Source: Town of Killingly, Office of the Assessor.

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

FISCAL YEAR ENDED JUNE 30	TAX RATE IN MILLS	GRAND LIST OF OCTOBER 1	NET TAXABLE GRAND LIST	TOTAL ADJUSTED TAX LEVY (2)	NET CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	PERCENT OF LEVY UNCOLLECTED
2019	27.76	2017	\$ 1,161,533,633	\$ 35,236,276	\$ 34,584,348	98.15%	1.85%
2018	27.31	2016	1,276,580,153	34,291,457	33,695,039	98.26%	1.74%
2017	27.31	2015	1,137,268,979	33,761,002	33,012,123	97.78%	2.22%
2016	27.31	2014	1,107,290,792	33,021,360	32,284,966	97.77%	2.23%
2015	26.51	2013	1,084,341,779	31,596,382	30,824,027	97.56%	2.44%
2014	20.70	2012	1,336,287,490	30,395,902	29,663,595	97.59%	2.41%
2013	19.70	2011	1,315,513,714	28,651,840	27,961,980	97.21%	2.79%
2012	19.20	2010	1,311,450,736	28,005,174	27,240,681	97.21%	2.79%
2011	19.10	2009	1,302,646,359	27,768,617	26,935,751	97.13%	2.87%
2010	18.15	2008	1,293,615,130	26,462,489	25,818,119	97.56%	2.44%

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

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

Table 5

TOWN OF KILLINGLY, CONNECTICUT
PRINCIPAL TAXPAYERS
JUNE 30, 2019
(Unaudited)

TAXPAYER	NATURE OF BUSINESS	ASSESSMENT (1)	PERCENT OF NET TAXABLE GRAND LIST
EVERSOURCE Aka CL&P	UTILITY DISTRIBUTION CO.	\$ 50,960,840	4.39%
DAYVILLE PROPERTY DEVELOPMENT	COMMERCIAL DEVELOPMENT	36,228,150	3.12%
FRITO LAY	MANUFACTURER - SNACK FOODS	22,700,876	1.95%
UNITED NATURAL FOODS	FOOD PRODUCTS	18,611,650	1.60%
STAPLES	RETAIL/WAREHOUSING	14,990,100	1.29%
CT WATER	UTILITY DISTRIBUTION CO.	12,969,720	1.12%
TARGET CORPORATION	RETAIL DISCOUNT STORE	10,167,410	0.88%
PJC - REALTY	REALTY HOLDING COMPANY	9,502,360	0.82%
ALEXANDERS LAND TRUST	REALTY HOLDING COMPANY	9,241,590	0.80%
YANKEE GAS	UTILITY DISTRIBUTION CO.	8,471,500	0.73%
		<hr/>	
TOTAL		<u>\$ 193,844,196</u>	<u>16.69%</u>

(1) The net taxable grand list as of October 1, 2017 totaled \$1,161,533,633

Source: Assessor's Office, Town of Killingly

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

FISCAL YEAR ENDED JUNE 30	POPULATION(1)	NET TAXABLE GRAND LIST	BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	BONDED DEBT PER CAPITA
2019	17,558	\$ 1,161,533,633	\$ 29,078,494	2.50%	\$ 1,656
2018	17,172	1,276,580,153	28,769,247	2.47%	1,675
2017	17,268	1,137,268,979	30,875,310	2.71%	1,788
2016	17,131	1,107,290,792	32,967,321	2.98%	1,924
2015	17,172	1,084,341,779	30,488,360	2.75%	1,775
2014	17,223	1,336,287,490	30,099,935	2.65%	1,748
2013	17,358	1,315,513,715	32,008,100	2.40%	1,844
2012	17,330	1,311,450,736	27,092,675	2.07%	1,563
2011	17,370	1,302,646,359	25,424,700	1.95%	1,464
2010	17,291	1,293,615,130	23,541,825	1.82%	1,362

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

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

FISCAL YEAR ENDED JUNE 30	POPULATION(1)	NET TAXABLE GRAND LIST	BONDED DEBT	AMOUNT TO BE PROVIDED BY STATE (2)	BONDED DEBT, NET	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
2019	17,287	1,161,533,633	\$ 29,078,494	-	\$ 29,078,494	2.5%	1,682
2018	17,172	1,276,580,153	28,769,247	-	28,769,247	2.5%	1,675
2017	17,268	1,137,268,979	30,875,310	-	30,875,310	2.7%	1,788
2016	17,131	1,107,290,792	32,967,321	-	32,967,321	3.0%	1,924
2015	17,172	1,084,341,779	30,488,360	-	30,488,360	2.8%	1,775
2014	17,223	1,336,287,490	30,099,935	-	30,099,935	2.3%	1,748
2013	17,358	1,315,513,715	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

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

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

Table 8

**TOWN OF KILLINGLY, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	(1) Population	Personal Income	Per Capita Personal Income	(1) Median Age	(2) School Enrollment	(3) Unemployment Rate
2019	17,287	\$ 533,874,421	\$ 30,883	41.2	2,461	4.90%
2018	17,172	507,896,244	29,577	41.2	2,523	4.90%
2017	17,268	469,863,586	27,210	41.4	2,519	6.70%
2016	17,131	471,941,919	27,549	40	2,515	7.30%
2015	17,172	473,071,428	27,549	39.8	1,764	8.70%
2014	17,223	474,476,427	27,549	39.8	2,687	10.20%
2013	17,358	468,266,766	26,977	39.8	2,689	10.30%
2012	17,330	460,718,050	26,585	39.8	2,685	11.10%
2011	17,370	452,019,510	26,023	39.8	2,681	10.90%
2010	17,291	435,992,565	25,215	36.5	2,726	9.10%

(1) CERC

(2) Town of Killingly, Board of Education

(3) State of Connecticut, Labor Department, Office of Research and Statistics

TOWN OF KILLINGLY, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 186,242,840	\$ 198,771,097	\$ 197,312,479	\$ 200,800,754	\$ 214,639,355	\$ 223,066,781	\$ 233,820,685	\$ 239,069,282	\$ 244,761,349	\$ 247,028,859
Total net debt applicable to limit	39,373,722	34,951,553	45,652,341	46,231,900	44,323,735	44,643,570	40,408,455	50,704,802	65,646,141	59,658,698
Legal Debt Margin	\$ 146,869,118	\$ 163,819,544	\$ 151,660,138	\$ 154,568,854	\$ 170,315,620	\$ 178,423,211	\$ 193,412,230	\$ 188,364,480	\$ 179,115,208	\$ 187,370,161
Total net debt applicable to the limit as a percentage of debt limit	21.14%	17.58%	23.14%	23.02%	20.65%	20.01%	17.28%	21.21%	26.82%	24.15%

Note: Connecticut General Statutes, Section 7-374(b) limits the amount of general obligation debt a government entity may use to 7 times total tax collections, including interest and lien fees and the tax relief. The calculation of the 2018 debt limit can be found on page 96 of this report.