

TOWN OF KILLINGLY, CONNECTICUT

**FEDERAL AND STATE
SINGLE AUDITS**

FOR THE YEAR ENDED JUNE 30, 2019

TOWN OF KILLINGLY, CONNECTICUT
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INTERNAL CONTROL AND COMPLIANCE REPORT

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

To the Town Council
Town of Killingly, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Killingly, Connecticut (the "Town"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 28, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Certified Public Accountants
Glastonbury, Connecticut
February 28, 2020

FEDERAL SINGLE AUDIT SECTION

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

To the Town Council
Town of Killingly, Connecticut

Report on Compliance for Each Major Program

We have audited the Town of Killingly, Connecticut's (the "Town"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2019. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Town of Killingly, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated February 28, 2020 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Certified Public Accountants
Glastonbury, Connecticut
February 28, 2020

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor; Program Title	Grant Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed through the State of Connecticut Department of Administrative Services:			
USDA Commodities	-	10.555	\$ 58,628
Passed through the State of Connecticut Department of Education:			
National School Lunch Program	12060-SDE64370-20560	10.555	532,074
School Breakfast Program	12060-SDE64370-20508	10.553	137,767
Summer Food Service Program for Children	12060-SDE64370-20540	10.559	32,240
Summer Food Service Program for Children	12060-SDE64370-20548	10.559	2,741
Total Child Nutrition Cluster			<u>763,450</u>
Child Nutrition Discretionary Grant	12060-SDE64370-22386	10.579	7,089
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	12060-SDE64165-26130	10.580	<u>3,921</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>774,460</u>
U.S. DEPARTMENT OF EDUCATION			
Special Education Cluster:			
Passed through the State of Connecticut Department of Education:			
Special Education - Grants to States 18-20	12060-SDE64370-20977	84.027	386,252
Special Education - Grants to States 17-19	12060-SDE64370-20977	84.027	278,859
Special Education - Preschool Grants 18-20	12060-SDE64370-20983	84.173	29,741
Special Education - Preschool Grants 17-19	12060-SDE64370-20983	84.173	8,423
Total Special Education Cluster			<u>703,275</u>
Passed through the State of Connecticut Department of Education:			
Career and Technical Education - Basic Grants to States	12060-SDE64370-20742	84.048	29,548
Title I Grants to Local Educational Agencies 17-19	12060-SDE64370-20679	84.010	80,107
Title I Grants to Local Educational Agencies 18-20	12060-SDE64370-20679	84.010	371,868
			<u>451,975</u>
Improving Teacher Quality State Grants 17-19	12060-SDE64370-20858	84.367	21,925
Improving Teacher Quality State Grants 18-20	12060-SDE64370-20858	84.367	47,310
			<u>69,235</u>
English Language Acquisition State Grants 17-19	12060-SDE64370-20868	84.365	6,861
English Language Acquisition State Grants 18-20	12060-SDE64370-20868	84.365	5,567
			<u>12,428</u>
Student Support and Academic Enrichment Grants 17-19	12060-SDE64370-22854	84.424	9,805
Student Support and Academic Enrichment Grants 18-20	12060-SDE64370-22854	84.424	23,462
			<u>33,267</u>
Passed through the State of Connecticut Office of Early Childhood:			
Preschool Development Grant	12060-OEC64845-22705	84.419	437,006
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,736,734</u>
			(Continued)

The accompanying notes are an integral part of this schedule.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

Grantor; Program Title	Grant Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through the State of Connecticut Department of Transportation:			
Alcohol Open Container Requirements	12062-DOT57513-22091	20.601	\$ 52,912
U.S. DEPARTMENT OF JUSTICE			
Passed through the State of Connecticut Office of Policy & Management:			
Juvenile Justice and Delinquency Prevention	12060-OPM20350-21676	16.540	5,310
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 2,569,416</u>

The accompanying notes are an integral part of this schedule.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - ACCOUNTING BASIS

BASIC FINANCIAL STATEMENTS

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

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

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

COST ALLOCATION PRINCIPLES

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

NOTE 2 - OTHER FEDERAL ASSISTANCE

The United States Department of Agriculture provides commodities to the Town's schools. An amount of \$58,628 has been reflected in the expenditures column in the accompanying schedule of expenditures of federal awards, which represents the fair market value of such commodities received during the year ended June 30, 2019.

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

Balance, June 30, 2018	Proceeds	Repayments	Balance, June 30, 2019
\$ 7,539,247	\$ -	\$ 231,063	\$ 7,308,184

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

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

☐ Material weakness(es) identified? _____ Yes ✓ No
None reported

☐ Significant deficiency(ies) identified? _____ Yes ✓ reported

Noncompliance material to financial statements noted? _____ Yes ✓ No

FEDERAL AWARDS

Internal control over major programs:

☐ Material weakness(es) identified? _____ Yes ✓ No
None reported

☐ Significant deficiency(ies) identified? _____ Yes ✓ reported

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.553/10.555/10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? ✓ Yes _____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings are reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings are reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR YEAR AUDIT FINDINGS

No audit findings were reported in the prior year.

STATE SINGLE AUDIT SECTION

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

To the Town Council
Town of Killingly, Connecticut

Report on Compliance for Each Major Program

We have audited the Town of Killingly, Connecticut's (the "Town"), compliance with the types of compliance requirements described in the State of Connecticut, Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2019. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Town of Killingly, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated February 28, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



Certified Public Accountants
Glastonbury, Connecticut
February 28, 2020

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2019

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core-CT Number	Expenditures
NONEXEMPT PROGRAMS:		
OFFICE OF POLICY AND MANAGEMENT		
Direct Programs:		
Municipal Grants-In-Aid	12052-OPM20600-43587	\$ 706,717
Payment in Lieu of Taxes (PILOT) on State-owned Property	11000-OPM20600-17004	149,332
Local Capital Improvement Program	12050-OPM20600-40254	147,774
Property Tax Relief for Veterans	11000-OPM20600-17024	9,877
Property Tax Relief of Property of Totally Disabled Persons	11000-OPM20600-17011	4,314
Total Office of Policy and Management		<u>1,018,014</u>
DEPARTMENT OF EDUCATION		
Direct Programs:		
Alliance District	11000-SDE64370-17041-82164	328,769
Vocational Agriculture	11000-SDE64370-17017	460,373
Vocational Agriculture	11000-SDE64370-17017	101,531
Family Resource Centers	11000-SDE64370-16110	100,000
Adult Education	11000-SDE64370-17030	108,672
Health Services	11000-SDE64370-17034	26,918
Healthy Foods Initiative	11000-SDE64370-16212	20,865
Primary Mental Health	11000-SDE64370-12198	20,000
Child Nutrition State Matching Grant	11000-SDE64370-16211	10,951
School Breakfast	11000-SDE64370-17046	11,591
Talent Development	11000-SDE64370-12552	11,364
Total Department of Education		<u>1,201,034</u>
OFFICE OF EARLY CHILDHOOD		
Direct Programs:		
School Readiness in Competitive Grant Municipalities	11000-OEC64845-16274	368,550
Competitive School Readiness Quality Enhancement	11000-OEC64845-16158	3,881
Smart Start	11000-OEC64845-16279	75,000
Total Office of Early Childhood		<u>447,431</u>
DEPARTMENT OF SOCIAL SERVICES		
Direct Programs:		
Medicaid	11000-DSS60000-16020	58,300
CONNECTICUT JUDICIAL BRANCH		
Direct Programs:		
Court fees	34001-JUD95162-40001	9,240
CONNECTICUT STATE LIBRARY		
Direct Programs:		
Historic Documents Preservation Grants	12060-CSL66094-35150	4,500
Connecticard Payments	11000-CSL66051-17010	6,016
Total Connecticut State Library		<u>10,516</u>

(Continued)

The accompanying note is an integral part of this schedule.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core-CT Number	Expenditures
NONEXEMPT PROGRAMS (Continued):		
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION		
Direct Programs:		
Clean Water Fund - Grants (688C)	21014-DEP43720-40001	\$ 457,694
Clean Water Fund - Grants (688D)	21014-DEP43720-40001	3,513
Clean Water Fund - Loans (524C)	21015-DEP43720-42318	40,953
Clean Water Fund - Loans (688C)	21015-DEP43720-42318	1,142,316
Clean Water Fund - Loans (688D)	21015-DEP43720-42318	331,090
Total Department of Energy and Environmental Protection		<u>1,975,566</u>
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT		
Direct Programs:		
Downtown Improvement Project	12052-ECD46260-43077	528,036
Total Department of Economic and Community Development		<u>528,036</u>
DEPARTMENT OF ADMINISTRATIVE SERVICES		
Direct Programs:		
Alliance District General Improvements	12052-DAS27635-43651	417,004
DEPARTMENT OF TRANSPORTATION		
Direct Programs:		
Local Transportation Capital Improvement Program (LOTICIP)	13033-DOT57197-43584	9,683
Town Aid Road Grants	12052-DOT57131-43455	161,039
Town Aid Road Grants	13033-DOT57131-43459	161,039
Total Department of Transportation		<u>331,760</u>
Total State Financial Assistance Before Exempt Programs		<u>5,996,901</u>
EXEMPT PROGRAMS:		
OFFICE OF POLICY AND MANAGEMENT		
Direct Programs:		
Municipal Stabilization Grant	11000-OPM20600-17104	268,063
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	94,184
Total Office of Policy and Management		<u>362,247</u>
DEPARTMENT OF EDUCATION		
Direct Programs:		
Education Cost Sharing	11000-SDE64370-17041-82010	15,278,183
Excess Cost Student Based and Equity	11000-SDE64370-17047	746,290
Total Department of Education		<u>16,024,473</u>
Total Exempt Programs		<u>16,386,720</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 22,383,621</u>

The accompanying note is an integral part of this schedule.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2019

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Killingly, Connecticut (the "Town"), under programs of the State of Connecticut for the fiscal year ended June 30, 2019. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs of the Town.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

BASIS OF ACCOUNTING

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

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

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

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

NOTE 2 - LOAN PROGRAMS

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the Schedule of Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2019:

Project	Type	Interest	Authorized	Balance		Retired	Balance
		Rate	Amount	June 30, 2018	Issued		June 30, 2019
524DC	IFO	2.0%	\$ 2,568,808	\$ 2,629,021	\$ 40,953	\$ (2,669,974)	\$ -
688D	IFO	2.0%	1,627,910	1,209,959	331,090	-	1,541,049
688C	IFO	2.0%	17,082,887	-	1,142,316	-	1,142,316
524DC	Loan	2.0%	2,662,156	-	2,662,156	(221,846)	2,440,310

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

☐ Material weakness(es) identified? _____ Yes ✓ No
None

☐ Significant deficiency(ies) identified? _____ Yes ✓ Reported

Noncompliance material to financial statements noted? _____ Yes ✓ No

STATE FINANCIAL ASSISTANCE

Internal control over major programs:

☐ Material weakness(es) identified? _____ Yes ✓ No
None

☐ Significant deficiency(ies) identified? _____ Yes ✓ Reported

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

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

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

State Grantor/ Program	State Grant Program Core-CT Number	Expenditures
OFFICE OF POLICY AND MANAGEMENT		
Municipal Grants-In-Aid	12052-OPM20600-43587	\$ 706,717
DEPARTMENT OF EDUCATION		
Alliance District	11000-SDE64370-17041-82164	328,769
Vocational Agriculture	11000-SDE64370-17017	561,904
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION		
Clean Water Fund - Grants	21014-DEP43720-40001	461,207
Clean Water Fund - Loans	21015-DEP43720-42318	1,514,359
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT		
Downtown Improvement Project	12052-ECD46260-43077	528,036
DEPARTMENT OF TRANSPORTATION		
Town Aid Road Grants	12052-DOT57131-43455	\$ 161,039
Town Aid Road Grants	13033-DOT57131-43459	161,039
		\$ 322,077

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

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS (*Continued*)
FOR THE YEAR ENDED JUNE 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings are reported.

SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No findings are reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR YEAR AUDIT FINDINGS

No audit findings were reported in the prior year.