

TOWN OF KILLINGLY, CONNECTICUT

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2021**

TOWN OF KILLINGLY, CONNECTICUT
TABLE OF CONTENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

INTRODUCTORY SECTION

	<u>Page</u>
Organizational Chart	i
List of Principal Town Officials	ii

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Government-wide Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Government-wide Statement of Activities	19
Statement of Net Position - Proprietary Fund	20
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	21
Statement of Cash Flows - Proprietary Fund	22
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position	24
Notes to Financial Statements	25
Required Supplementary Information (Unaudited):	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	71
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - Sewer Operating Fund	72

TOWN OF KILLINGLY, CONNECTICUT
TABLE OF CONTENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL SECTION *(Continued)*

	<u>Page</u>
Required Supplementary Information (Unaudited) <i>(Continued)</i>:	
Schedule of Changes in Net Pension Asset - Town General Pension Plan	73
Schedule of Contributions and Investment Returns - Town General Pension Plan	74
Schedule of Town's Proportionate Share of Net Collective Pension Liability - Connecticut Teachers' Retirement System	75
Schedule of Changes in Net OPEB Liability - Other Post-Employment Benefits Programs	76
Schedule of Contributions and Investment Returns - Other Post-Employment Benefit Programs	77
Schedule of the Town's Proportionate Share of the Collective Net OPEB Liability - Connecticut Teachers' Retirement System	78
Notes to Required Supplementary Information	79
Combining and Individual Fund Statements and Schedules:	
General Fund:	
Combining Balance Sheet	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	88
Schedule of Revenues and Other Financing Sources - Budget and Actual Budgetary Basis	92
Schedule of Expenditures and Other Financing Uses - Budget and Actual Budgetary Basis	94
Schedule of Property Taxes Levied, Collected and Outstanding	99
Schedule of Debt Limitation	100
Capital Improvements Fund:	
Schedule of Expenditures and Project Appropriations	101
Nonmajor Governmental Funds:	
Combining Balance Sheet	103
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	108

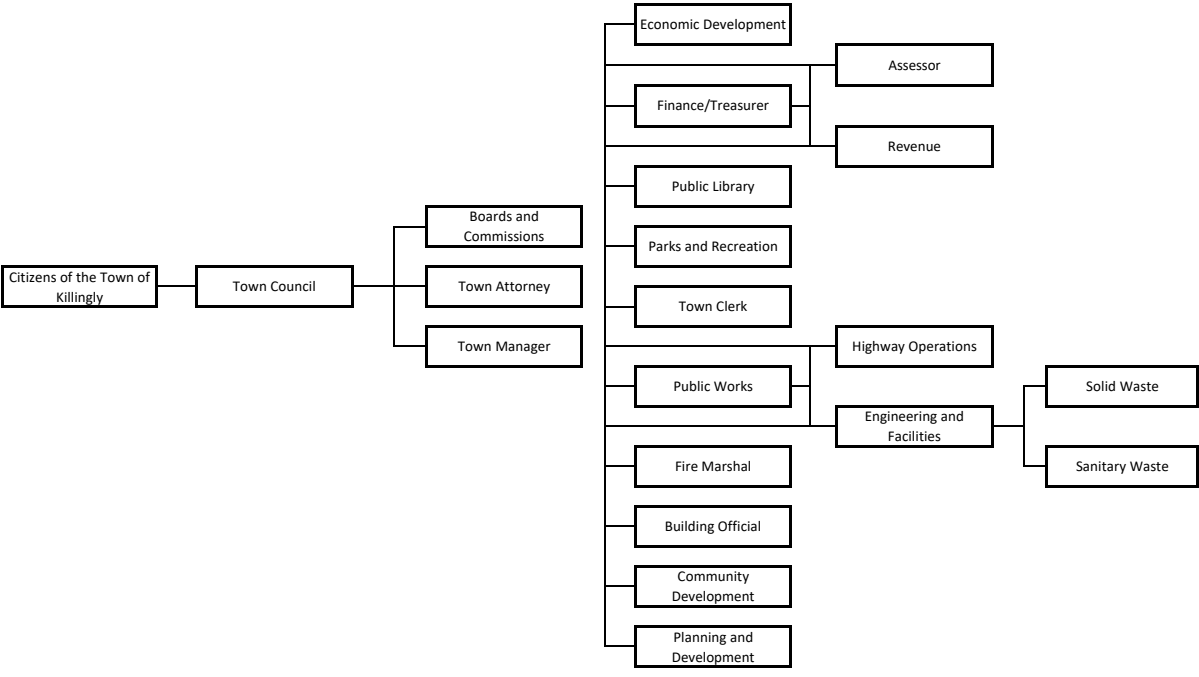
TOWN OF KILLINGLY, CONNECTICUT
TABLE OF CONTENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

OTHER INFORMATION

	<u>Page</u>
Government-wide Information	
Table 1 - Net Position by Component - Last Ten Fiscal Years	113
Table 2 - Changes in Net Position - Last Ten Fiscal Years	114
Fund and Other Information	
Table 3 - Assessed Value and Estimated Actual Value of Taxable Property- Last Ten Fiscal Years	115
Table 4 - Property Tax Levies and Collections - Last Ten Fiscal Years	116
Table 5 - Principal Taxpayers	117
Table 6 - Ratios of Gross General Bonded Debt to Assessed Value and Gross General Bonded Debt Per Capita - Last Ten Fiscal Years	118
Table 7 - Ratios of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita - Last Ten Fiscal Years	119
Table 8 - Demographic and Economic Statistics - Last Ten Fiscal Years	120
Table 9 - Legal Debt Margin - Last Ten Fiscal Years	121

INTRODUCTORY SECTION

**TOWN OF KILLINGLY, CONNECTICUT
ORGANIZATIONAL CHART**



TOWN OF KILLINGLY, CONNECTICUT

LIST OF PRINCIPAL TOWN OFFICIALS

AS OF FEBRUARY 28, 2022

TOWN COUNCIL

Jason Anderson, Chairman
Kevin Kerttula, Vice-Chairman
Edward Grandelski
Patti Larrow George
Michelle Murphy
Ulla Tiik – Barclay
Tammy Wakefield
Andrew Whitehead
Raymond Wood II

TOWN DEPARTMENTS

Mary Calorio, Town Manager
Jennifer Hawkins, Director of Finance/Treasurer
Kathleen Thornton, Assessor
Tracy Bragg, Building Official
Mary Bromm, Community Development Administrator
Jill St. Clair, 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
Robert Angeli, 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
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, 2021, 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, 2021, 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 71 through 83 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 84 through 112 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 113 through 121 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 25, 2022, 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 solely 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 25, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021.

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 \$131,462,037 (net position). Of this amount, \$25,887,168 (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 \$5,268,920 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 \$33,012,657, an increase of \$13,600,519 in comparison with the prior year.
- 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 totaled \$13,056,792 and represents 21.5% of the final fiscal year 2021 budgeted expenditures for the General Fund. Expressed another way, unassigned fund balance for the budgeted General Fund was sufficient to cover approximately 2.6 months of General Fund budgetary expenditures. The fund balance of the Town's General Fund increased by \$4,154,886 during the current fiscal year.
- The Town's capital assets increased by \$3,135,996 or 2.2% during the current year, primarily due to net additions of approximately \$9.7 million offset by depreciation and amortization of approximately \$6.6 million.
- The Town's total debt increased by \$3,365,009 or 8.3% 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, 2021

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, 2021

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 19 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 20 through 22 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 23 and 24 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 25 through 70 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 71 through 121 of this report.

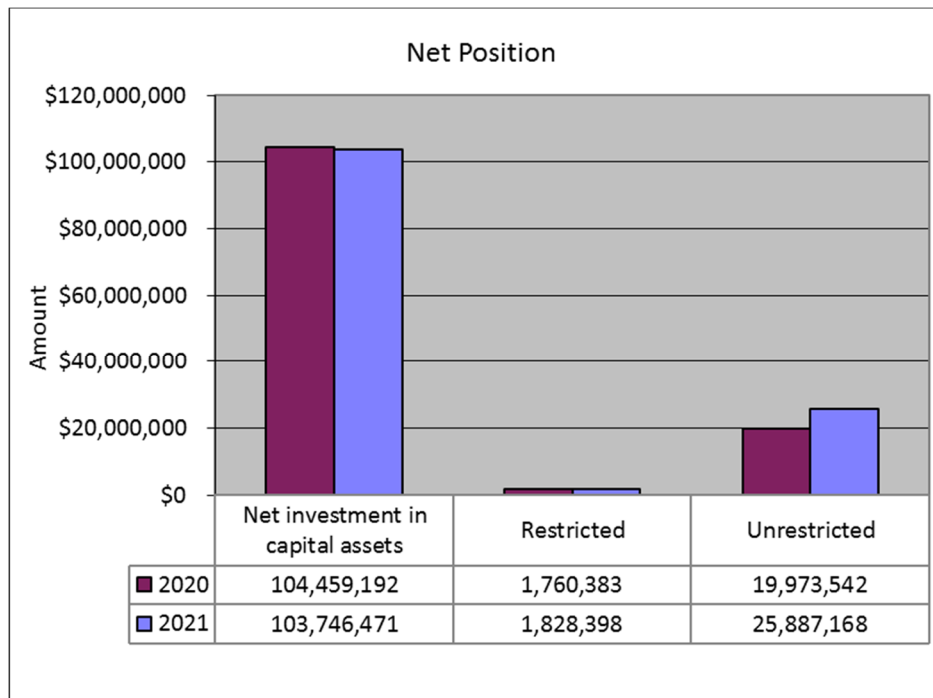
TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. The Town's net position as of June 30, 2020 has been restated for the implementation of GASB Statement No. 84, *Fiduciary Activities*. The effect of implementing GASB Statement No. 84 resulted in an increase to the Town's net position of \$494,728 as of June 30, 2020. Net position of the Town totaled \$131,462,037 as of June 30, 2021 and \$126,193,117 as of June 30, 2020, respectively, and are summarized as follows:

	2021	2020 <i>(As Restated)</i>	\$ Variance	% Variance
Current and other assets	\$ 46,695,354	\$ 37,148,753	\$ 9,546,601	25.7%
Capital assets	147,188,940	144,052,944	3,135,996	2.2%
Total assets	<u>193,884,294</u>	<u>181,201,697</u>	<u>12,682,597</u>	7.0%
Deferred outflows of resources	<u>2,821,456</u>	<u>3,213,204</u>	<u>(391,748)</u>	-12.2%
Other liabilities	6,591,571	13,166,965	(6,575,394)	-49.9%
Long-term liabilities	<u>54,443,438</u>	<u>42,421,541</u>	<u>12,021,897</u>	28.3%
Total liabilities	<u>61,035,009</u>	<u>55,588,506</u>	<u>5,446,503</u>	9.8%
Deferred inflows of resources	<u>4,208,704</u>	<u>2,633,278</u>	<u>1,575,426</u>	59.8%
Net position:				
Net investment in capital assets	103,746,471	104,459,192	(712,721)	-0.7%
Restricted	1,828,398	1,760,383	68,015	3.9%
Unrestricted	<u>25,887,168</u>	<u>19,973,542</u>	<u>5,913,626</u>	29.6%
Total net position	<u>\$ 131,462,037</u>	<u>\$ 126,193,117</u>	<u>\$ 5,268,920</u>	4.2%



TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*

78.9% 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.

1.4% of the Town's net position reflects resources that are subject to external restrictions on how they may be used.

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

Overall, net position increased by \$5,268,920 in comparison to the prior year.

Changes in Net Position

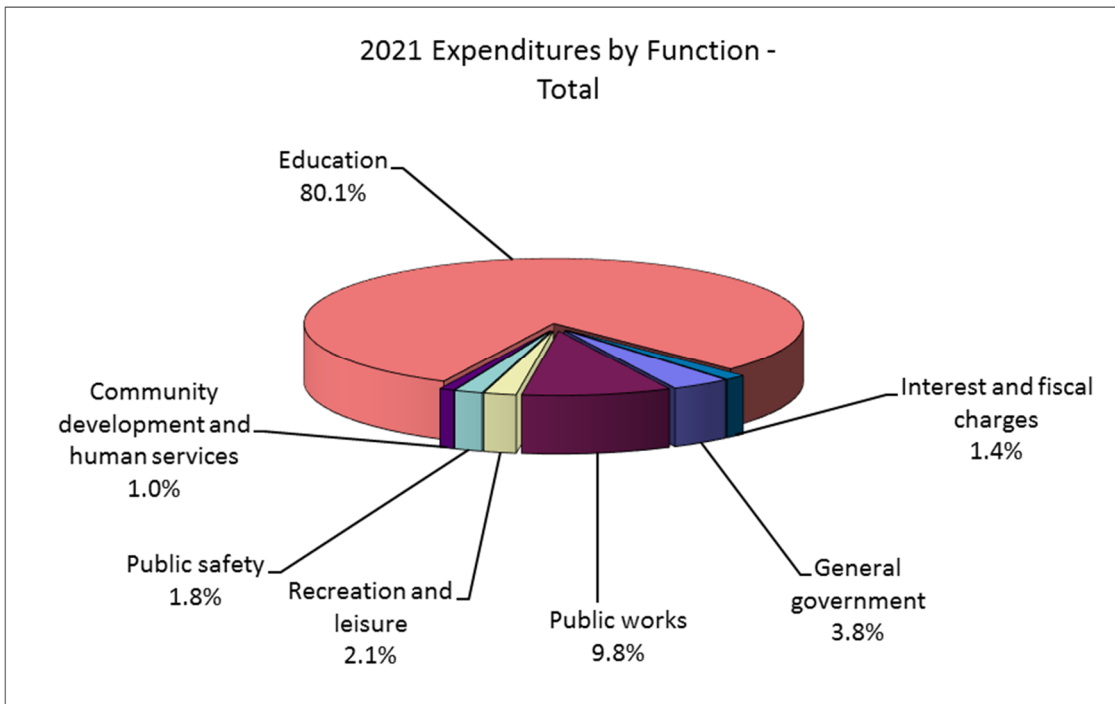
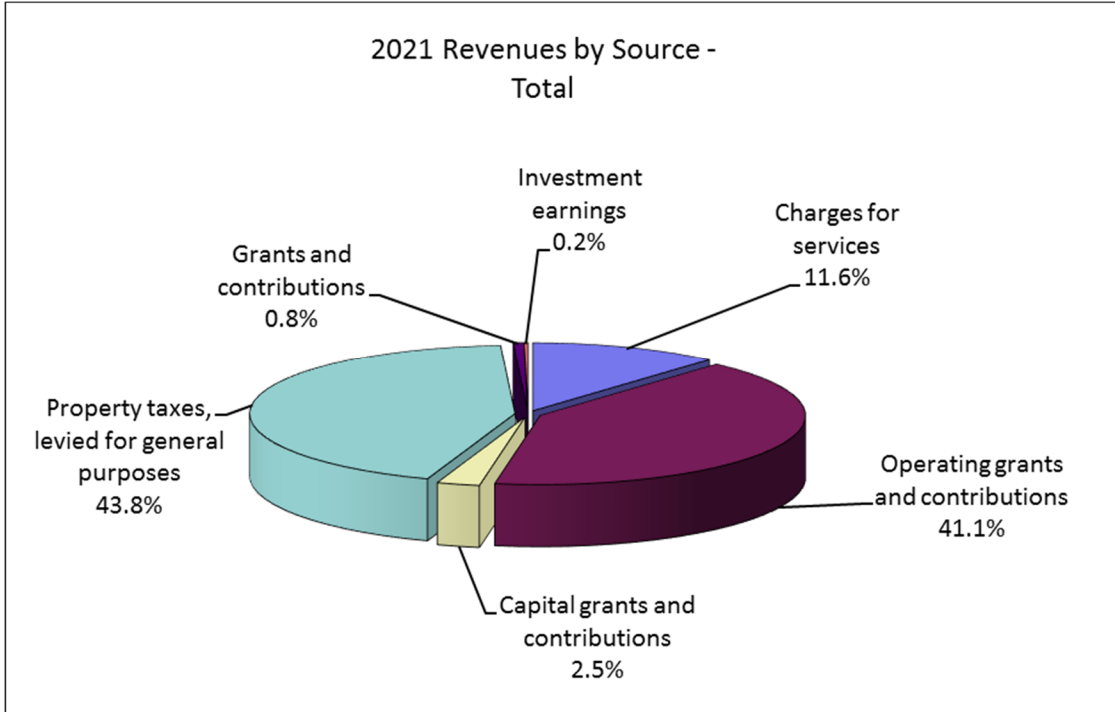
Changes in net position for the years ended June 30, 2021 and 2020 are as follows. Amounts reported for the year ended June 30, 2020 have not been restated for the implementation of GASB Statement No. 84.

	<u>2021</u>	<u>2020</u>	<u>\$ Variance</u>	<u>% Variance</u>
Revenues				
Program revenues:				
Charges for services	\$ 9,742,183	\$ 8,863,316	\$ 878,867	9.9%
Operating grants and contributions	34,590,791	29,668,025	4,922,766	16.6%
Capital grants and contributions	2,188,967	2,084,523	104,444	5.0%
General revenues:				
Property taxes, levied for general purposes	36,820,551	36,497,072	323,479	0.9%
Grants and contributions	535,594	549,109	(13,515)	-2.5%
Investment earnings	195,168	575,417	(380,249)	-66.1%
Total revenues	<u>84,073,254</u>	<u>78,237,462</u>	<u>5,835,792</u>	7.5%
Expenses				
General government	3,006,363	3,902,890	(896,527)	-23.0%
Public works	7,604,189	7,270,411	333,778	4.6%
Recreation and leisure	1,654,809	1,596,815	57,994	3.6%
Public safety	1,448,127	1,340,283	107,844	8.0%
Community development and human services	749,733	722,894	26,839	3.7%
Education	63,251,945	57,589,259	5,662,686	9.8%
Interest and fiscal charges	1,089,168	1,162,594	(73,426)	-6.3%
Total expenses	<u>78,804,334</u>	<u>73,585,146</u>	<u>5,219,188</u>	7.1%
Change in net position	<u>\$ 5,268,920</u>	<u>\$ 4,652,316</u>	<u>\$ 616,604</u>	13.3%

TOWN OF KILLINGLY, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*

Governmental activities increased the Town's net position by \$5,268,920.

Revenues increased by 7.5% or \$5,835,792 and expenses increased by \$5,219,188 or 7.1% over the amounts reported in the prior year. Increases in operating grants and education expenses were impacted by an increase in the amount of pension and OPEB expense recognized by the Town in connection with its participation in the Connecticut Teachers' Retirement System.

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 \$33,012,657, an increase of \$13,600,519 in comparison with the prior year. The current year increase includes the issuance of \$15,287,341 in debt to permanently finance upgrades to the Town's Water Pollution Control Facility facility.

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 \$13,056,792. 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 21.5% of the final fiscal year 2021 budgeted expenditures for the General Fund. Expressed another way, unassigned fund balance for the budgeted General Fund was sufficient to cover approximately 2.6 months of General Fund budgetary expenditures.

The fund balance of the Town's General Fund increased by \$4,154,886 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, 2021

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

Governmental Funds *(Continued)*

Capital Improvements Fund

The fund balance of the Capital Improvements Fund increased by \$8,407,883 during the current fiscal year. This change was primarily due to costs associated with the Water Pollution Control Facility upgrade, offset by the issuance of debt to permanently finance costs of the upgrade.

Sewer Operating Fund

The fund balance of the Sewer Operating Fund increased by \$151,467 during the current fiscal year.

Capital Nonrecurring Fund

The fund balance of the Capital Nonrecurring Fund increased by \$528,831 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 an additional appropriation, as assigned, for the transfer of prior year surplus funds to the Board of Education non-lapsing account in the amount of \$880,945, resulting in an overall planned use of fund balance in the amount of \$1,480,945.

The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$2,787,547. Revenues and other financing sources were \$119,021 more than budgeted, primarily due to favorable variances on conveyance taxes, building permits and tuition. Expenditures and transfers out were \$4,149,471 less than budgeted. Budgetary surpluses were recognized across all departments due to the careful control of spending as a result of the uncertainties surrounding the pandemic.

SEWER OPERATING FUND BUDGETARY HIGHLIGHTS

The Town adopts an annual budget for its Sewer Operating Fund. During the year ended June 30, 2021 there were no additional appropriations made to the budget. The budget for 2021 planned for the use of fund balance in the amount of \$223,800. The actual net change in fund balance of the Sewer Operating Fund on a budgetary basis was an increase of \$151,467.

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

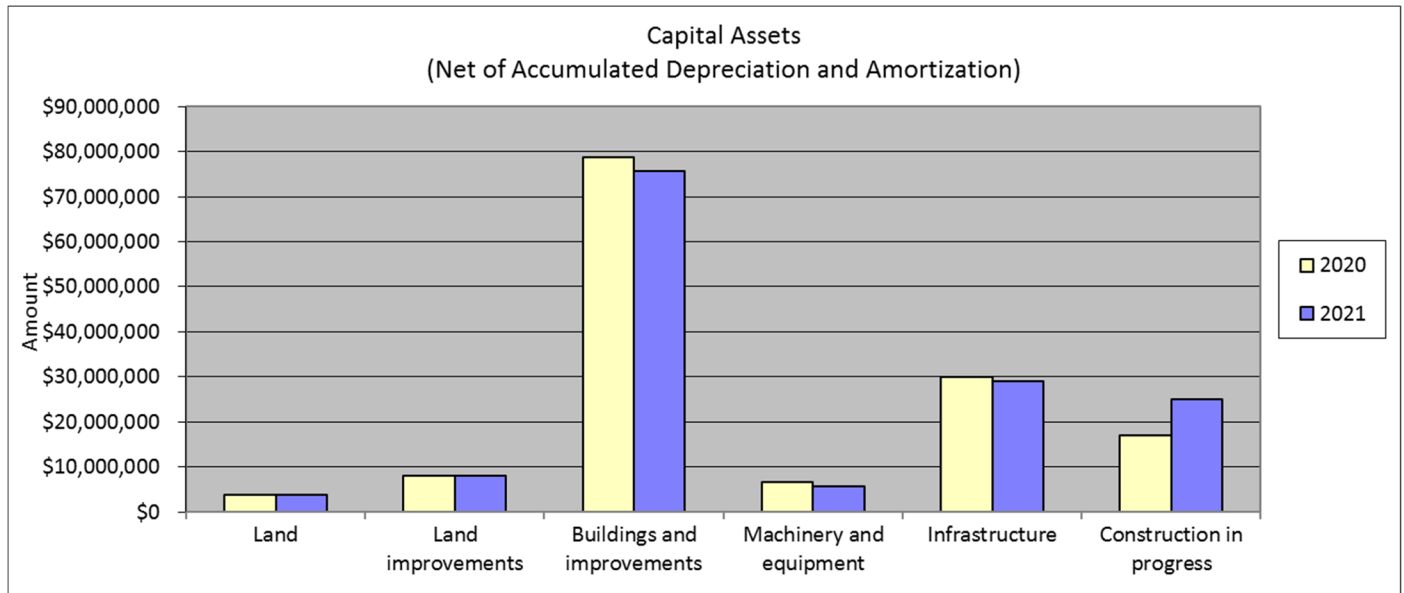
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2021 and 2020 totaled \$147,188,940 and \$144,052,944, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress. The total increase in the Town's investment in capital assets for the current fiscal year was \$3,135,996 or 2.2%. This increase consisted of net capital asset additions of approximately \$9.7 million offset by current year depreciation and amortization expense of approximately \$6.6 million.

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

	2021	2020	\$ Variance	% Variance
Land	\$ 3,821,224	\$ 3,821,224	\$ -	0.0%
Land improvements	7,996,317	7,960,744	35,573	0.4%
Buildings and improvements	75,636,266	78,665,616	(3,029,350)	-3.9%
Machinery and equipment	5,751,635	6,574,448	(822,813)	-12.5%
Infrastructure	28,986,689	30,066,718	(1,080,029)	-3.6%
Construction in progress	24,996,809	16,964,194	8,032,615	47.4%
Totals	<u>\$ 147,188,940</u>	<u>\$ 144,052,944</u>	<u>\$ 3,135,996</u>	2.2%



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, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Debt

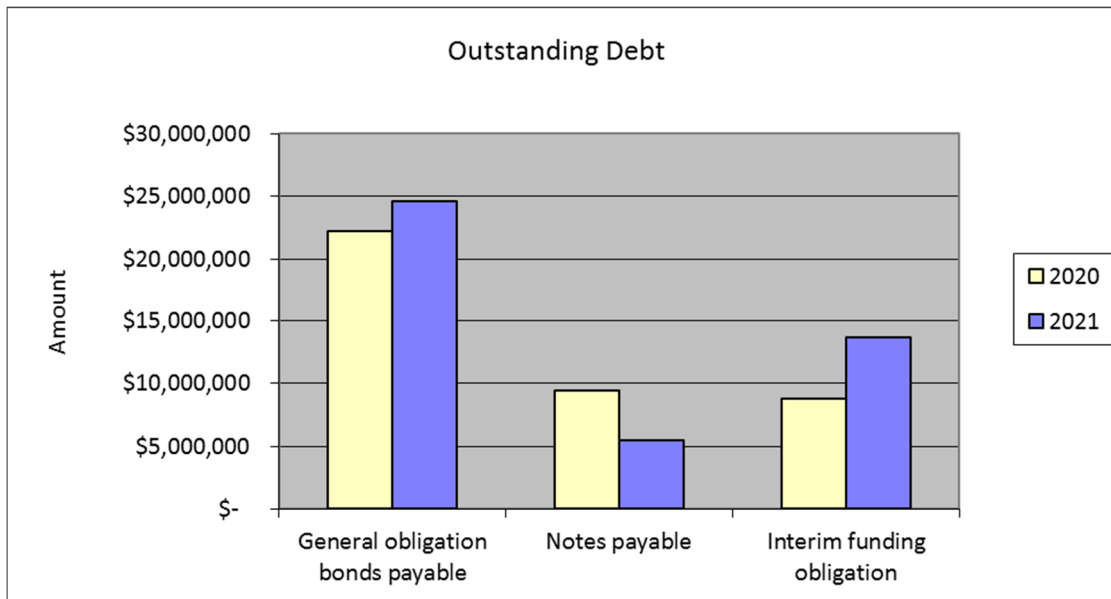
At the end of the current fiscal year, the Town had total bonded debt, notes and interim funding obligation payables in the amount of \$43,775,635. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt increased by \$3,365,009 or 8.3% during the 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:

	2021	2020	\$ Variance	% Variance
General obligation bonds payable	\$ 24,645,000	\$ 22,205,000	\$ 2,440,000	11.0%
Notes payable	5,468,795	9,384,323	(3,915,528)	-41.7%
Interim funding obligation	13,661,840	8,821,303	4,840,537	54.9%
Totals	<u>\$ 43,775,635</u>	<u>\$ 40,410,626</u>	<u>\$ 3,365,009</u>	8.3%

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, 2021

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 2022, 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 \$1,550,000 of fund balance for use in the 2022 budget.
 - In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. The extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

All of these factors were considered in preparing the Town's budget for fiscal year 2022.

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, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 36,052,191
Investments	4,718,912
Receivables:	
Property taxes, net	1,807,662
Assessments and user charges, net	595,795
Grants and contracts	834,488
Other	176,567
Other assets	116,079
Net pension asset	1,676,714
Restricted assets:	
Permanently restricted cash and cash equivalents	567,225
Permanently restricted investments	149,721
Capital assets:	
Non-depreciable	28,818,033
Depreciable, net	118,370,907
Total assets	193,884,294
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	799,718
Pension related	236,888
OPEB related	1,784,850
Total deferred outflows of resources	2,821,456
 LIABILITIES	
Accounts payable	1,511,521
Accrued liabilities:	
Accrued interest	168,125
Other	164,965
Unearned revenue	4,039,272
Claims payable	422,846
Deposits payable	284,842
Noncurrent liabilities:	
Due within one year	16,691,242
Due in more than one year	37,752,196
Total liabilities	61,035,009
 DEFERRED INFLOWS OF RESOURCES	
Pension related	1,274,222
OPEB related	2,934,482
Total deferred inflows of resources	4,208,704
 NET POSITION	
Net investment in capital assets	103,746,471
Restricted for:	
Endowments:	
Expendable	656,396
Nonexpendable	71,303
Grant programs	755,544
Educational programs	345,155
Unrestricted	25,887,168
Total net position	\$ 131,462,037

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

<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	\$ 3,006,363	\$ 1,334,733	\$ 222,683	\$ -	\$ (1,448,947)
Public works	7,604,189	4,855,200	1,412,061	1,571,468	234,540
Recreation and leisure	1,654,809	75,724	63,211	-	(1,515,874)
Public safety	1,448,127	-	216,655	-	(1,231,472)
Community development and human services	749,733	58,694	124,584	3,930	(562,525)
Education	63,251,945	3,417,832	32,551,597	613,569	(26,668,947)
Interest and fiscal charges	1,089,168	-	-	-	(1,089,168)
Total governmental activities	<u>\$ 78,804,334</u>	<u>\$ 9,742,183</u>	<u>\$ 34,590,791</u>	<u>\$ 2,188,967</u>	<u>(32,282,393)</u>
General revenues:					
					36,820,551
					535,594
					195,168
					<u>37,551,313</u>
					5,268,920
					125,698,389
					494,728
					<u>126,193,117</u>
					<u>\$ 131,462,037</u>

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

TOWN OF KILLINGLY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	General Fund	Capital Improvements Fund	Sewer Operating Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 31,948,181	\$ -	\$ 424,380	\$ -	\$ 4,127,063	\$ 36,499,624
Investments	3,466,203	-	1,216,664	-	185,766	4,868,633
Receivables:						
Property taxes, net	1,807,662	-	-	-	-	1,807,662
Assessments and user charges, net	-	-	595,795	-	-	595,795
Grants and contracts	22,460	385,481	-	-	426,547	834,488
Other	134,268	-	5,310	-	36,989	176,567
Due from other funds	1,705,610	-	1,523,748	5,924,915	1,978,493	11,132,766
Inventories	-	-	-	-	51,317	51,317
Other assets	64,762	-	-	-	-	64,762
Total assets	<u>\$ 39,149,146</u>	<u>\$ 385,481</u>	<u>\$ 3,765,897</u>	<u>\$ 5,924,915</u>	<u>\$ 6,806,175</u>	<u>\$ 56,031,614</u>
LIABILITIES						
Accounts payable	\$ 823,080	\$ 281,822	\$ 221,523	\$ -	\$ 185,096	\$ 1,511,521
Accrued liabilities	164,965	-	-	-	-	164,965
Due to other funds	13,015,238	866,559	-	-	885,144	14,766,941
Deposits payable	284,842	-	-	-	-	284,842
Unearned revenue	1,976,323	1,494,733	-	-	568,216	4,039,272
Total liabilities	<u>16,264,448</u>	<u>2,643,114</u>	<u>221,523</u>	<u>-</u>	<u>1,638,456</u>	<u>20,767,541</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	1,697,857	-	-	-	-	1,697,857
Unavailable revenue - sewer assessments	-	-	553,559	-	-	553,559
Total deferred inflows of resources	<u>1,697,857</u>	<u>-</u>	<u>553,559</u>	<u>-</u>	<u>-</u>	<u>2,251,416</u>
FUND BALANCES						
Nonspendable	64,762	-	-	-	122,620	187,382
Restricted	-	1,910,175	-	-	1,757,095	3,667,270
Committed	876,568	-	2,990,815	5,924,915	3,288,004	13,080,302
Assigned	7,188,719	1,845,686	-	-	-	9,034,405
Unassigned	13,056,792	(6,013,494)	-	-	-	7,043,298
Total fund balances	<u>21,186,841</u>	<u>(2,257,633)</u>	<u>2,990,815</u>	<u>5,924,915</u>	<u>5,167,719</u>	<u>33,012,657</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 39,149,146</u>	<u>\$ 385,481</u>	<u>\$ 3,765,897</u>	<u>\$ 5,924,915</u>	<u>\$ 6,806,175</u>	<u>\$ 56,031,614</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 GOVERNMENT-WIDE STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

Total fund balances for governmental funds		\$ 33,012,657
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	\$ 24,996,809	
Land	3,821,224	
Land improvements	16,953,561	
Buildings and improvements	124,278,076	
Machinery and equipment	23,629,184	
Infrastructure	81,125,031	
Less: accumulated depreciation and amortization	<u>(127,614,945)</u>	
Total capital assets, net		147,188,940
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	1,697,857	
Sewer assessments	553,559	
Deferred charge on refunding	<u>799,718</u>	
		3,051,134
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Those liabilities consist of:		
Long-term debt:		
Bonds and notes payable	(30,113,795)	
Interim funding obligation	(13,661,840)	
Unamortized premium	(1,825,636)	
Obligations under capital lease	(551,091)	
Loan payable	(409,597)	
Accrued interest payable	(168,125)	
Other long-term liabilities:		
Compensated absences	(987,214)	
Landfill post-closure care costs	(220,000)	
Net OPEB liability	<u>(6,674,265)</u>	
Total long-term liabilities		(54,611,563)
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.		
		(2,186,966)
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.		
		1,676,714
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>3,331,121</u>
Net position of governmental activities		<u>\$ 131,462,037</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, 2021

	General Fund	Capital Improvements Fund	Sewer Operating Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 36,752,330	\$ -	\$ -	\$ -	\$ -	\$ 36,752,330
Intergovernmental	23,314,073	1,769,999	-	-	4,783,206	29,867,278
Licenses, permits and fees	441,517	-	-	-	-	441,517
Charges for services	3,298,266	-	4,643,212	-	858,789	8,800,267
Investment income	174,024	-	8,496	-	12,648	195,168
Other	440,337	189,218	4,125	-	456,637	1,090,317
Total revenues	<u>64,420,547</u>	<u>1,959,217</u>	<u>4,655,833</u>	<u>-</u>	<u>6,111,280</u>	<u>77,146,877</u>
EXPENDITURES						
Current:						
General government	2,003,497	-	-	-	340,757	2,344,254
Public works	2,522,010	-	2,771,186	-	-	5,293,196
Recreation and leisure	1,249,684	-	-	-	74,462	1,324,146
Public safety	1,364,195	-	-	-	2,208	1,366,403
Community development and human services	691,488	-	-	-	47,363	738,851
Education	45,850,564	-	-	-	5,694,206	51,544,770
Other	2,324,176	-	-	-	-	2,324,176
Debt service:						
Principal payments	3,221,803	-	-	-	-	3,221,803
Interest and fiscal charges	1,067,851	84,453	10,500	-	-	1,162,804
Capital outlays	558,665	9,158,222	-	575,009	22,358	10,314,254
Total expenditures	<u>60,853,933</u>	<u>9,242,675</u>	<u>2,781,686</u>	<u>575,009</u>	<u>6,181,354</u>	<u>79,634,657</u>
Excess (deficiency) of revenues over expenditures	3,566,614	(7,283,458)	1,874,147	(575,009)	(70,074)	(2,487,780)
OTHER FINANCING SOURCES (USES)						
Notes issued	-	15,287,341	-	-	-	15,287,341
Refunding bonds issued	4,845,000	-	-	-	-	4,845,000
Premium on refunding bonds issued	680,329	-	-	-	-	680,329
Payment to escrow deposit fund	(5,419,809)	-	-	-	-	(5,419,809)
Sale of general capital assets	189,000	-	-	-	100,000	289,000
Capital lease financing	406,438	-	-	-	-	406,438
Transfers in	1,218,872	404,000	-	1,103,840	335,074	3,061,786
Transfers out	(1,331,558)	-	(1,722,680)	-	(7,548)	(3,061,786)
Total other financing sources (uses)	<u>588,272</u>	<u>15,691,341</u>	<u>(1,722,680)</u>	<u>1,103,840</u>	<u>427,526</u>	<u>16,088,299</u>
Net changes in fund balances	4,154,886	8,407,883	151,467	528,831	357,452	13,600,519
Fund balances - beginning	17,031,955	(10,665,516)	2,839,348	5,396,084	4,315,539	18,917,410
Adjustments (See Note 1)	-	-	-	-	494,728	494,728
Fund balances - beginning, as adjusted	<u>17,031,955</u>	<u>(10,665,516)</u>	<u>2,839,348</u>	<u>5,396,084</u>	<u>4,810,267</u>	<u>19,412,138</u>
Fund balances - ending	<u>\$ 21,186,841</u>	<u>\$ (2,257,633)</u>	<u>\$ 2,990,815</u>	<u>\$ 5,924,915</u>	<u>\$ 5,167,719</u>	<u>\$ 33,012,657</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 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances for governmental funds		\$ 13,600,519
Total change in net position reported for governmental activities in the statement of activities is different because:		
<p>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:</p>		
Expenditures for capital assets	\$ 9,687,631	
Depreciation and amortization expense	<u>(6,551,635)</u>	
Net adjustment		3,135,996
<p>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.</p>		
		(1,947,778)
<p>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:</p>		
Debt issued or incurred:		
Capital lease financing	(406,438)	
Notes issued	(1,625,501)	
Refunding bonds issued	(4,845,000)	
Premium on refunding bonds issued	(680,329)	
Payment to escrow deposit fund	5,419,809	
Interim funding obligation	(13,661,840)	
Principal repayments:		
Bonds and notes payable	2,667,418	
Capital lease obligations	432,618	
Loan payable	<u>121,767</u>	
		(12,577,496)
<p>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:</p>		
Compensated absences	24,161	
Accrued interest	(13,669)	
Net OPEB liability	404,737	
Net pension asset	1,582,619	
Amortization of bond premiums	247,899	
Amortization of deferred amount on refunding	(160,594)	
Landfill post-closure care costs	<u>20,000</u>	
		2,105,153
<p>Interest on property taxes, sewer use and sewer assessments are not susceptible to accrual and therefore are only reported as revenue in the funds when the cash is received by the Town. The change in interest receivable during the year increased revenues recognized in the funds.</p>		
		280,209
<p>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.</p>		
		<u>672,317</u>
Change in net position of governmental activities		<u>\$ 5,268,920</u>

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, 2021

	Governmental Activities
	Internal Service Fund- Health Insurance Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 119,792
Due from other funds	3,634,175
Total assets	3,753,967
LIABILITIES	
Current liabilities:	
Claims payable	422,846
Total liabilities	422,846
NET POSITION	
Unrestricted	3,331,121
Total net position	\$ 3,331,121

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, 2021

	Governmental Activities
	Internal Service Fund- Health Insurance Fund
OPERATING REVENUES	
Charges for services	\$ 7,804,548
Total operating revenues	7,804,548
OPERATING EXPENSES	
Claims incurred	5,997,548
Administrative and other	1,135,728
Total operating expenses	7,133,276
Operating income	671,272
NONOPERATING REVENUES	
Interest income	1,045
Total nonoperating revenue	1,045
Change in net position	672,317
Net position - beginning	2,658,804
Net position - ending	\$ 3,331,121

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, 2021

	Governmental Activities
	Internal Service Fund- Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from charges for services	\$ 7,160,000
Payments for claims incurred	(5,929,897)
Payments for administrative costs and other	(1,135,728)
Net cash provided by operating activities	94,375
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	1,045
Net cash provided by investing activities	1,045
Net change in cash and cash equivalents	95,420
Cash and cash equivalents - beginning	24,372
Cash and cash equivalents - ending	\$ 119,792
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 671,272
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in assets:	
Due from other funds	(644,548)
Increase (decrease) in liabilities:	
Claims payable	67,651
Net cash provided by operating activities	\$ 94,375

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, 2021

	Pension Trust Funds		Private Purpose Trust Funds
	Pension Trust Fund	OPEB Trust Fund	Laura Pike Rowe Scholarship Fund
ASSETS			
Cash and cash equivalents	\$ 199,148	\$ 27,877	\$ 13,450
Contributions receivable	12,201	-	-
Investments:			
Mutual funds	8,167,682	992,721	348,495
Corporate bonds	-	-	106,732
Equity securities	-	-	314,820
Total assets	8,379,031	1,020,598	783,497
NET POSITION			
Restricted for pension benefits, OPEB and other purposes	\$ 8,379,031	\$ 1,020,598	\$ 783,497

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, 2021

	Pension Trust Funds		Private Purpose Trust Funds
	Pension Trust Fund	OPEB Trust Fund	Laura Pike Rowe Scholarship Fund
ADDITIONS			
Contributions:			
Employer	\$ 199,506	\$ 10,000	\$ -
Plan members	140,062	-	-
Total contributions	<u>339,568</u>	<u>10,000</u>	<u>-</u>
Investment earnings:			
Interest and dividends	189,881	42,056	17,994
Net change in the fair value of investments, net	<u>1,601,187</u>	<u>176,092</u>	<u>119,682</u>
Total investment earnings	1,791,068	218,148	137,676
Less: investment expense	<u>(16,033)</u>	<u>(4,712)</u>	<u>(28,617)</u>
Net investment income	<u>1,775,035</u>	<u>213,436</u>	<u>109,059</u>
Total additions	<u>2,114,603</u>	<u>223,436</u>	<u>109,059</u>
DEDUCTIONS			
Benefit payments	390,165	-	-
Administrative expenses	47,350	-	-
Awards	-	-	14,500
Total deductions	<u>437,515</u>	<u>-</u>	<u>14,500</u>
Change in net position	1,677,088	223,436	94,559
Net position - beginning, as originally reported	6,701,943	797,162	838,996
Adjustments <i>(See Note 1)</i>	-	-	(150,058)
Net position - beginning, as adjusted	<u>6,701,943</u>	<u>797,162</u>	<u>688,938</u>
Net position - ending	<u>\$ 8,379,031</u>	<u>\$ 1,020,598</u>	<u>\$ 783,497</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, 2021

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 on November 4, 1969 and most recently revised in November 2019. 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 Town Council 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, 2021

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.

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, 2021

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Implementation of Accounting Standards

Effective July 1, 2020, the Town implemented the provisions of GASB Statement No. 84, *Fiduciary Activities* ("Statement No. 84"). 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. Based on the application of Statement No. 84, the Town has recharacterized certain activities previously reported as fiduciary activities. The Town has reported the cumulative effect of applying Statement No. 84 as a restatement of its beginning net position and fund balances as follows:

	Governmental Activities	Governmental Funds
Net Position/Fund balance - beginning, as originally reported	\$ 125,698,389	\$ 18,917,410
Recharacterization of certain activities previously reported as fiduciary activities	494,728	494,728
Net Position/Fund balance - beginning, as adjusted	\$ 126,193,117	\$ 19,412,138

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 fair value.

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.

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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 *(Continued)*

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 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 \$4,000 for property taxes, interest, and sewer user receivables, respectively, as of June 30, 2021.

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.

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 acquisition value at the date of donation.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

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

Capital Assets *(Continued)*

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:

<u>Assets</u>	<u>Years</u>
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, 2021

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.

The Town has advanced refunded general obligation bonds. The difference between the reacquisition prices (the amounts placed in escrow) and the net carrying amounts of the refunded bonds have resulted in deferred charges on refundings in the amount of \$1,280,136. These amounts, net of accumulated amortization of \$480,418 have been presented as deferred outflows of resources in the government-wide financial statements and are being amortized to interest expense using the effective-interest method over the life of the new bonds. Amortization of deferred charges on refundings totaled \$160,594 for the year ended June 30, 2021.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

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

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.

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

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

Net Position and Fund Balance *(Continued)*

Fund Balance Flow Assumption

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

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

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

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

Interfund Services Provided and Used

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

Interfund Transfers

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

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash deposits as of June 30, 2021 is as follows:

Government-wide statement of net position:	
Unrestricted cash and cash equivalents	\$ 36,052,191
Restricted cash and cash equivalents	567,225
Statement of fiduciary net position:	
Cash and cash equivalents	240,475
Add: Certificates of deposit considered cash deposits for disclosure purposes	22,083
Less: Cash equivalents considered investments for disclosure purposes	<u>(8,380,977)</u>
	<u>\$ 28,500,997</u>

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, 2021, \$28,373,071 of the Town's bank balance of \$29,587,559 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 416,647
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>27,956,424</u>
	<u>\$ 28,373,071</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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Investments

A reconciliation of the Town's investments as of June 30, 2021 is as follows:

Government-wide statement of net position:		
Unrestricted investments	\$	4,718,912
Restricted investments		149,721
Statement of fiduciary net position:		
Investments		9,930,450
Add: Cash equivalents considered investments for disclosure purposes		8,380,977
Less: Certificates of deposit considered cash deposits for disclosure purposes		<u>(22,083)</u>
		<u><u>\$ 23,157,977</u></u>

As of June 30, 2021, the Town's investments consisted of the following:

Investment type	Valuation Basis	Credit Rating	Value	Investment Maturities (In Years)	
				Less Than 1	1 to 5
Debt Securities:					
<i>Governmental activities:</i>					
Short-term Investment Fund	Net asset value	AAA	\$ 8,140,502	\$ 8,140,502	\$ -
Negotiable certificates of deposit	Fair value	Unrated	4,846,551	1,463,450	3,383,101
<i>Fiduciary:</i>					
Money market funds	Net asset value	Unrated	240,475	240,475	-
Corporate bonds	Fair value	A	75,920	-	75,920
Corporate bonds	Fair value	BBB	30,811	-	30,811
			<u>13,334,259</u>	<u>\$ 9,844,427</u>	<u>\$ 3,489,832</u>
Other investments:					
<i>Fiduciary:</i>					
Equity securities	Fair value		314,820		
Mutual funds	Fair value		9,508,898		
			<u>\$ 23,157,977</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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Investments *(Continued)*

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.

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 and mutual funds 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, 2021, more than 5% of the Town's governmental activities investments are invested in the Short-term Investment Fund (62.7%).

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 - FAIR VALUE MEASUREMENTS *(Continued)*

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2021, 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
Negotiable certificates of deposit	\$ -	\$ 4,846,551	\$ -	\$ 4,846,551
Corporate bonds	-	106,731	-	106,731
Equity securities	314,820	-	-	314,820
Mutual funds	9,508,898	-	-	9,508,898
	<u>\$ 9,823,718</u>	<u>\$ 4,953,282</u>	<u>\$ -</u>	<u>14,777,000</u>
		Investments measured at net asset value		8,380,977
				<u>\$ 23,157,977</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Construction in progress	\$ 16,964,194	\$ 8,532,615	\$ -	\$ (500,000)	\$ 24,996,809
Land	3,821,224	-	-	-	3,821,224
Total capital assets, not being depreciated	<u>20,785,418</u>	<u>8,532,615</u>	<u>-</u>	<u>(500,000)</u>	<u>28,818,033</u>
Capital assets, being depreciated:					
Land improvements	16,061,873	391,688	-	500,000	16,953,561
Buildings and improvements	124,278,076	-	-	-	124,278,076
Machinery and equipment	23,208,437	763,328	(342,581)	-	23,629,184
Infrastructure	81,125,031	-	-	-	81,125,031
Total capital assets, being depreciated	<u>244,673,417</u>	<u>1,155,016</u>	<u>(342,581)</u>	<u>500,000</u>	<u>245,985,852</u>
Less accumulated depreciation:					
Land improvements	8,101,129	856,115	-	-	8,957,244
Buildings and improvements	45,612,460	3,029,350	-	-	48,641,810
Machinery and equipment	16,633,989	1,586,141	(342,581)	-	17,877,549
Infrastructure	51,058,313	1,080,029	-	-	52,138,342
Total accumulated depreciation	<u>121,405,891</u>	<u>6,551,635</u>	<u>(342,581)</u>	<u>-</u>	<u>127,614,945</u>
Total capital assets, being depreciated, net	<u>123,267,526</u>	<u>(5,396,619)</u>	<u>-</u>	<u>500,000</u>	<u>118,370,907</u>
Governmental activities capital assets, net	<u>\$ 144,052,944</u>	<u>\$ 3,135,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,188,940</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 - CAPITAL ASSETS

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

Governmental Activities:	
General government	\$ 557,682
Public works	1,687,162
Recreation and leisure	268,777
Public safety	20,091
Education	<u>4,017,923</u>
Total depreciation and amortization expense - governmental activities	<u><u>\$ 6,551,635</u></u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2021 are as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds		
General Fund	Capital Improvements Fund	\$ 848,059
	Nonmajor Governmental Funds	<u>857,551</u>
		<u>1,705,610</u>
Sewer Operating Fund	General Fund	1,505,248
	Capital Improvements Fund	<u>18,500</u>
		<u>1,523,748</u>
Capital Nonrecurring Fund	General Fund	<u>5,924,915</u>
Nonmajor Governmental Funds	General Fund	1,950,900
	Nonmajor Governmental Funds	<u>27,593</u>
		<u>1,978,493</u>
Proprietary Funds		
Health Insurance Fund	General Fund	<u>3,634,175</u>
Total due from / to other funds		<u><u>\$ 14,766,941</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, 2021

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Sewer Operating Fund	\$ 1,218,680
	Nonmajor Governmental Funds	192
		<u>1,218,872</u>
Capital Improvements Fund	Sewer Operating Fund	404,000
Capital and Nonrecurring Fund	General Fund	998,199
	Sewer Operating Fund	100,000
	Nonmajor Governmental Funds	5,641
		<u>1,103,840</u>
Nonmajor Governmental Funds	General Fund	333,359
	Nonmajor Governmental Funds	1,715
		<u>335,074</u>
Total transfers		<u>\$ 3,061,786</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, 2021:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassified to Long-Term Debt</u>	<u>Ending Balance</u>
Governmental Activities					
Notes Payable from Direct Borrowings:					
Interim funding obligation 688-D	\$ 1,541,049	\$ 84,452	\$ -	\$ (1,625,501)	\$ -
Interim funding obligation 688-C	7,280,254	6,381,586	-	(13,661,840)	-
	<u>\$ 8,821,303</u>	<u>\$ 6,466,038</u>	<u>\$ -</u>	<u>\$ (15,287,341)</u>	<u>\$ -</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. During July 2020, the interim funding obligation for Project Loan 688-D was converted into a long-term note payable under the State of Connecticut's Clean Water program (see Note 8).

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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. In January 2022, the Town converted amounts outstanding on the interim funding obligation for Project Loan 688-C into a long-term note payable under the State of Connecticut's Clean Water program (*see Note 17*). As such, the balance of the interim funding obligation has been presented as a long-term liability in the government-wide statement of net position as of June 30, 2021 and has been recognized as an other financing source in the governmental funds statement of revenues, expenditures, and changes in fund balance for the year then ended.

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.

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, 2021:

	<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	\$ 22,205,000	\$ 4,845,000	\$ (2,405,000)	\$ 24,645,000	\$ 2,240,000
Unamortized premium	<u>1,393,206</u>	<u>680,329</u>	<u>(247,899)</u>	<u>1,825,636</u>	<u>-</u>
Bonds payable, net	23,598,206	5,525,329	(2,652,899)	26,470,636	2,240,000
Direct borrowings:					
Notes payable	9,384,323	1,625,501	(5,541,029)	5,468,795	269,365
Interim funding obligation	-	13,661,840	-	13,661,840	13,661,840
Loans payable	531,364	-	(121,767)	409,597	128,870
Capital leases	<u>577,271</u>	<u>406,438</u>	<u>(432,618)</u>	<u>551,091</u>	<u>174,167</u>
Direct borrowings	10,492,958	15,693,779	(6,095,414)	20,091,323	14,234,242
	<u>\$ 34,091,164</u>	<u>\$ 21,219,108</u>	<u>\$ (8,748,313)</u>	<u>\$ 46,561,959</u>	<u>\$ 16,474,242</u>

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

General Obligation Bonds

Debt Refunding

In January 2021, the Town issued \$4,845,000 in general obligation refunding bonds ("Refunding Bonds"). The Refunding Bonds were issued to refund \$665,000 of the outstanding balance on the 2001 Sewer USDA loan and \$4,180,000 of the outstanding balance on the 2013 Sewer USDA loan. The Town received a premium on the issuance of \$680,329. The transaction generated a cash flows savings for the Town of approximately \$1,323,000 and resulted in an economic gain (difference between the present values of debt service payments of the old and the new debt) of approximately \$1,036,000.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

General Obligation Bonds *(Continued)*

A summary of general obligation bonds outstanding at June 30, 2021 are as follows:

<u>Bond Issue</u>	<u>Fiscal Date of Issue</u>	<u>Original Amount</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities					
Bonds Payable					
General obligation bonds	2007	\$ 2,415,000	2027	4.25-5.0%	\$ 1,080,000
General obligation refunding bonds	2007	3,835,000	2024	4.25-5.0%	450,000
General obligation bonds	2012	2,400,000	2032	2.0%-3.25%	1,320,000
General obligation bonds	2013	1,500,000	2033	2.0%-3.0%	1,260,000
General obligation bonds	2015	4,195,000	2028	2.0%-4.0%	2,300,000
General obligation refunding bonds	2016	6,380,000	2036	2.0%-4.0%	7,435,000
General obligation bonds	2016	2,000,000	2036	2.0%-4.0%	1,725,000
General obligation bonds	2020	4,765,000	2040	3.0%-5.0%	4,525,000
General obligation refunding bonds	2021	4,845,000	2050	3.0%-4.0%	4,550,000
					<u>\$ 24,645,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2021:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,240,000	\$ 838,610	\$ 3,078,610
2023	2,270,000	749,938	3,019,938
2024	2,045,000	660,903	2,705,903
2025	2,040,000	588,115	2,628,115
2026	2,050,000	510,033	2,560,033
2027-2031	7,635,000	1,608,813	9,243,813
2032-2036	3,440,000	746,188	4,186,188
2037-2041	1,755,000	318,600	2,073,600
2042-2046	660,000	135,450	795,450
2047-2050	510,000	37,950	547,950
	<u>\$ 24,645,000</u>	<u>\$ 6,194,600</u>	<u>\$ 30,839,600</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - LONG-TERM DEBT (Continued)

Notes Payable from Direct Borrowings

A summary of notes payable from direct borrowings outstanding at June 30, 2021 are as follows:

<u>Notes Payable</u>	<u>Fiscal Date of Issue</u>	<u>Original Amount</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities					
Notes Payable					
Sewer USDA Loan	2014	\$ 2,063,000	2054	2.75%	\$ 1,745,612
Clean Water Fund Loan	2018	2,662,156	2038	2.0%	2,174,094
Clean Water Fund Loan	2021	1,625,501	2040	2.0%	1,549,089
					<u>\$ 5,468,795</u>

Annual debt service requirements to maturity on notes payable from direct borrowings are as follows as of June 30, 2021:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 269,365	\$ 121,940	\$ 391,305
2023	269,365	116,154	385,519
2024	269,365	110,369	379,734
2025	269,365	104,587	373,952
2026	269,365	98,983	368,348
2027-2031	1,346,825	407,249	1,754,074
2032-2036	1,346,825	262,651	1,609,476
2037-2041	740,668	136,939	877,607
2042-2046	264,490	87,278	351,768
2047-2051	264,490	50,912	315,402
2052-2054	158,672	13,090	171,762
	<u>\$ 5,468,795</u>	<u>\$ 1,510,152</u>	<u>\$ 6,978,947</u>

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 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, 2021:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 128,870	\$ 21,726	\$ 150,596
2023	136,386	14,209	150,595
2024	144,341	6,254	150,595
	<u>\$ 409,597</u>	<u>\$ 42,189</u>	<u>\$ 451,786</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021:

	Governmental Activities
Machinery and equipment	\$ 1,689,715
Land improvements	891,688
Less: accumulated amortization	1,415,752
	\$ 1,165,651

Amortization expense relative to leased property under capital leases totaled \$397,389 for the year ended June 30, 2021 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, 2021 are as follows:

	Governmental Activities
Year ending June 30:	
2022	\$ 201,036
2023	155,168
2024	67,410
2025	67,410
2026	67,410
Thereafter	67,410
Total minimum lease payments	625,844
Less: amount representing interest	74,753
	\$ 551,091

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, 2021.

The amount of authorized, unissued debt at June 30, 2021 totaled \$1,645,000, \$37,914,236 and \$3,421,047 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, 2021

NOTE 9 - OTHER LONG-TERM OBLIGATIONS

Changes in other long-term obligations for the year ended June 30, 2021 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	\$ 240,000	\$ -	\$ (20,000)	\$ 220,000	\$ 20,000
Compensated absences	1,011,375	48,922	(73,083)	987,214	197,000
Net OPEB liability <i>(see Note 12)</i>	<u>7,079,002</u>	<u>-</u>	<u>(404,737)</u>	<u>6,674,265</u>	<u>-</u>
	<u>\$ 8,330,377</u>	<u>\$ 48,922</u>	<u>\$ (497,820)</u>	<u>\$ 7,881,479</u>	<u>\$ 217,000</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 11 years totals \$220,000 at June 30, 2021. 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 \$2,994,002.

As of June 30, 2021, cumulative taxes abated under this agreement since the facility became operational are estimated to be approximately \$18.6 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, 2021

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. 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, 2021 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 26.89%. 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, 2021

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Defined Benefit Pension Plan *(Continued)*

Plan Membership

Membership of the Plan consisted of the following at July 1, 2020, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	76
Inactive plan members entitled to but not yet receiving benefits	23
Active plan members	103
Total	202

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, 2021, employer contributions to the Plan totaled \$199,506 and 5.07% of covered payroll.

Net Pension Asset

The components of the Town's net pension asset of the Plan at June 30, 2021, was as follows:

Total pension liability	\$ 6,702,317
Plan fiduciary net position	8,379,031
Town's net pension asset	\$ (1,676,714)

Plan fiduciary net position as a percentage of the total pension liability	125.02%
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TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balance as of June 30, 2020	\$ 6,607,848	\$ 6,701,943	\$ (94,095)
Changes for the year:			
Service cost	289,496	-	289,496
Interest	452,618	-	452,618
Actuarial (gains) losses	(281,326)	-	(281,326)
Changes in assumptions	23,846	-	23,846
Contributions - employer	-	199,506	(199,506)
Contributions - employee	-	140,062	(140,062)
Net investment income	-	1,775,035	(1,775,035)
Benefit payments, including refunds	(390,165)	(390,165)	-
Administrative expense	-	(47,350)	47,350
Net changes	94,469	1,677,088	(1,582,619)
Balance as of June 30, 2021	<u>\$ 6,702,317</u>	<u>\$ 8,379,031</u>	<u>\$ (1,676,714)</u>

Actuarial assumptions - The total pension liability for the Plan was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases, including inflation	3.40%
Investment rate of return, including inflation net of investment and administrative expense	6.625%
Discount rate	6.625%

Mortality rates were based on the Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables, projected to the valuation date with Scale MP-2020.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 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>
US Large Cap	34.00%	5.25%	1.79%
US Mid / Small Cap	11.00%	5.75%	0.63%
Developed International Equities	11.00%	5.75%	0.63%
Emerging Market Equities	4.00%	7.75%	0.31%
Intermediate Corporate	20.00%	1.75%	0.35%
Intermediate Government	14.00%	0.75%	0.11%
Money Market / Short Term Bonds	2.00%	-0.25%	-0.01%
Real Estate (Core)	4.00%	5.75%	0.23%
			<u>4.04%</u>
Long-term Inflation Expectation			<u>2.40%</u>
Long-term Nominal Return			<u><u>6.44%</u></u>

The discount rate used to measure the total pension liability was 6.625%. 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 6.625%, 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 (5.625%) or 1-percentage-point higher (7.625%) than the current rate:

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net pension (asset) liability	\$ (970,877)	\$ (1,676,714)	\$ (2,280,337)

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, the Town recognized a negative pension expense of \$(98,695). At June 30, 2021, 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	\$ -	\$ (915,755)	\$ (915,755)
Differences between expected and actual experience	9,919	(347,199)	(337,280)
Change of assumptions	226,969	(11,268)	215,701
Total	\$ 236,888	\$ (1,274,222)	\$ (1,037,334)

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
Year ended June 30,	
2022	\$ (245,420)
2023	(222,054)
2024	(242,061)
2025	(291,902)
2026	(35,897)
	\$ (1,037,334)

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, 2021:

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 199,148
Investments	8,167,682
Receivables	12,201
Total assets	8,379,031
NET POSITION	
Restricted for pension benefits	\$ 8,379,031

TOWN OF KILLINGLY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Defined Benefit Pension Plan *(Continued)*

Plan Financial Statements *(Continued)*

	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 199,506
Plan members	140,062
Total contributions	339,568
Investment earnings:	
Interest and dividends	189,881
Net change in the fair value of investments, net	1,601,187
Total investment earnings	1,791,068
Less: investment expense	(16,033)
Net investment income	1,775,035
Total additions	2,114,603
DEDUCTIONS	
Benefit payments	390,165
Administrative expenses	47,350
Total deductions	437,515
Change in net position	1,677,088
Net position - beginning	6,701,943
Net position - ending	\$ 8,379,031

Connecticut State Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the "State") to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in the service of public schools are provided with pensions through the Connecticut Teachers' Retirement System - a cost sharing multi-employer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

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.

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 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% 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: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2.0% per year of service times the average of the highest three years of pensionable salary, but not less than 15.0%, nor more than 50.0%. 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 75.0% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100.0% 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

State of Connecticut - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State are amended and certified by the TRB 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.

Employers - School District employers are not required to make contributions to the Plan, as contributions are required only from employees and the State.

Employees - Effective July 1, 1992, each teacher was required to contribute 6.0% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7.0% of pensionable salary.

TOWN OF KILLINGLY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut 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 components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2020. The net pension liability at June 30, 2020 has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net pension liability, deferred outflows and inflows of resources and pension expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the 2020 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. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.399% as of the most recent measurement date.

Collective Net Pension Liability

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2020, the measurement date, in addition to the Town's and State's proportionate shares of the collective net pension liability that is attributed to the Town:

Collective Net Pension Liability of the State for the TRS		<u>\$ 18,846,090,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net Pension Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net Pension Liability attributed to the Town	0.399%	<u>\$ 75,281,000</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Collective Pension Expense

The Town's expected contribution effort for allocation purposes totaled \$4,828,670 or 0.399% 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 in the General Fund for the year ended June 30, 2021.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the Town totaled \$10,783,712 or 0.399% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2021.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% - 6.50%, including inflation
Investment rate of return	6.90%, 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 PubT-2010 Healthy Retiree Table, adjusted 105% for males and 103% for females as ages 82 and above, projected generationally with MP-2019 for the period after service retirement.

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 5.0% 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 6.0% 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 5.0% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3.0%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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.

TOWN OF KILLINGLY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Long-Term Rate of Return *(Continued)*

The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Return</u>
Domestic Equity Fund	20.0%	5.6%
Developed Market Intl. Stock Fund	11.0%	6.0%
Emerging Market Intl. Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	0.4%
	<u>100%</u>	

The geometric rates of expected return shown in the table above are nominal returns net of investment expenses.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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 the actuarially determined rates in future years. 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.

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Town and Board of Education Plan *(Continued)*

Plan Description *(Continued)*

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, 2019, the date of the most recent actuarial valuation, membership data was as follows:

Inactive plan members or beneficiaries currently receiving benefits	33
Active members	<u>299</u>
Total members	<u><u>332</u></u>

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.

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Town and Board of Education Plan *(Continued)*

Summary of Significant Accounting Policies *(Continued)*

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, 2021, the annual money-weighted rate of return on the OPEB Plan's investments, net of pension plan investment expense was 26.67%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. The components of the net OPEB liability of the OPEB Plan as of June 30, 2021, were as follows:

Total OPEB liability	\$ 7,694,863
Plan fiduciary net position	<u>1,020,598</u>
Net OPEB liability	<u><u>\$ 6,674,265</u></u>
Plan fiduciary net position as a percentage of the total pension liability	13.26%

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Town and Board of Education Plan *(Continued)*

Net OPEB Liability *(Continued)*

The components of the change in the net OPEB liability of the Town's OPEB Plan for the year ended June 30, 2021, were as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance as of June 30, 2020	\$ 7,876,164	\$ 797,162	\$ 7,079,002
Changes for the year:			
Service cost	250,952	-	250,952
Interest	281,563	-	281,563
Differences between expected and actual experience	(88,206)	-	(88,206)
Changes of assumptions	(505,769)	-	(505,769)
Contributions - employer	-	95,423	(95,423)
Contributions - TRB subsidy	-	34,418	(34,418)
Net investment income	-	213,436	(213,436)
Benefit payments	(119,841)	(119,841)	-
Administrative expense	-	-	-
Net changes	<u>(181,301)</u>	<u>223,436</u>	<u>(404,737)</u>
Balance as of June 30, 2021	<u>\$ 7,694,863</u>	<u>\$ 1,020,598</u>	<u>\$ 6,674,265</u>

Actuarial Assumptions - The Total OPEB liability measured as of June 30, 2021 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	3.93%
Discount rate	3.93%
Inflation rate	2.60%
Healthcare cost trend rate:	
Initial	6.50%
Ultimate	4.60%

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Table projected to valuation date with Scale MP-2019.

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Town and Board of Education Plan *(Continued)*

Net OPEB Liability *(Continued)*

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, 2021 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>
Large Cap	37.00%	4.65%	1.72%
Mid / Small Cap	12.00%	5.50%	0.66%
International Equities	11.00%	5.50%	0.61%
Intermediate Bond - Corporate	27.00%	2.25%	0.61%
Intermediate Bond - Government	9.00%	1.65%	0.15%
Specialty / Alternatives	4.00%	5.00%	0.20%
			<u>3.95%</u>
Long-term Inflation Expectation			<u>2.60%</u>
Long-term Nominal Return			<u>6.55%</u>

Discount rate - The discount rate used to measure the total OPEB liability was 3.93%. 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 2.16% 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:

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 7,893,826	\$ 6,674,265	\$ 5,678,058

TOWN OF KILLINGLY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Town and Board of Education Plan *(Continued)*

Net OPEB Liability *(Continued)*

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	\$ 5,454,029	\$ 6,674,265	\$ 8,236,591

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, 2021.

	OPEB Trust Fund
ASSETS	
Cash and cash equivalents	\$ 27,877
Investments	992,721
Total assets	1,020,598
NET POSITION	
Restricted for other post-employment benefits	\$ 1,020,598

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 10,000
Other	-
Total contributions	10,000
Investment earnings:	
Interest and dividends	42,056
Net change in the fair value of investments, net	176,092
Net investment income	218,148
Less: investment expense	(4,712)
Net investment income	213,436
Total additions	223,436
DEDUCTIONS	
Benefit payments	-
Total deductions	-
Change in net position	223,436
Net position - beginning	797,162
Net position - ending	\$ 1,020,598

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, the Town recognized OPEB expense of \$354,046. As of June 30, 2021, 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	\$ 326,350	\$ (2,023,156)	\$ (1,696,806)
Changes of assumptions	1,458,500	(755,926)	702,574
Net difference between projected and actual earnings on OPEB plan investments	-	(155,400)	(155,400)
Total	\$ 1,784,850	\$ (2,934,482)	\$ (1,149,632)

TOWN OF KILLINGLY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Town and Board of Education Plan *(Continued)*

OPEB Expense and Deferred Outflows and Inflows of Resources *(Continued)*

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,			
2022	\$	(116,056)	
2023		(111,245)	
2024		(109,343)	
2025		(109,868)	
2026		(72,778)	
Thereafter		(630,342)	
	\$	<u>(1,149,632)</u>	

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System ("TRS" or the "Plan") is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System - a cost sharing multi employer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Connecticut Teachers' Retirement System *(Continued)*

Benefit Provisions *(Continued)*

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

State of Connecticut - Per Connecticut General Statutes Section 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 an annual appropriation in the General Fund.

Employers - School District employers are not required to make contributions to the Plan.

Employees/Retirees - 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.

Administrative Expenses

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

TOWN OF KILLINGLY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Connecticut Teachers' Retirement System *(Continued)*

Basis of Presentation

The components associated with the other postemployment benefits (OPEB) expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2020. The net OPEB liability at June 30, 2020 has been calculated using the audited amounts. 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. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net OPEB liability, deferred outflows and inflows of resources and OPEB expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the 2020 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. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.399% as of the most recent measurement date.

Collective Net OPEB Liability

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2021, the measurement date, in addition to the Town's and State's proportionate shares of the collective net OPEB liability that is attributed to the Town:

Collective Net OPEB Liability of the State for the TRS		<u>\$ 2,810,895,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net OPEB Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net OPEB Liability attributed to the Town	0.399%	<u>\$ 11,228,000</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Connecticut Teachers' Retirement System *(Continued)*

Collective OPEB Expense

The Town's expected contribution effort for allocation purposes totaled \$116,533 or 0.399% 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 in the General Fund for the year ended June 30, 2021.

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective OPEB expense attributed to the Town totaled \$518,659 or 0.399% of the total collective OPEB expense and has been recognized as a reduction in operating contributions and related education expenses in the statement of activities for the year ended June 30, 2021.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Medicare	5.125% for 2020 decreasing to an ultimate rate of 4.50% by 2023

Mortality rates were based on the PubT-2010 Healthy Retiree Table, adjusted 105% for males and 103% for females as ages 82 and above, projected generationally with MP-2019 for the period after service retirement.

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.

TOWN OF KILLINGLY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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

Connecticut Teachers' Retirement System *(Continued)*

Long-Term Rate of Return *(Continued)*

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

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	-0.42%	1.78%

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. 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, 2020.

In addition to the actuarial methods and assumptions of the June 30, 2020 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 3.00%.
- 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.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 13 - FUND BALANCES

Specific purposes for which fund balances have been categorized as follows as of June 30, 2021:

	<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>
Nonspendable:						
Inventories and prepaids	\$ 64,762	\$ -	\$ -	\$ -	\$ 51,317	\$ 116,079
Permanent funds principal	-	-	-	-	71,303	71,303
	<u>64,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,620</u>	<u>187,382</u>
Restricted for:						
Grant programs	-	-	-	-	1,100,699	1,100,699
Unspent bond proceeds	-	1,910,175	-	-	-	1,910,175
Special reserves - external	-	-	-	-	656,396	656,396
	<u>-</u>	<u>1,910,175</u>	<u>-</u>	<u>-</u>	<u>1,757,095</u>	<u>3,667,270</u>
Committed to:						
General government	322,832	-	-	-	26,832	349,664
Recreation and leisure	-	-	-	-	224,296	224,296
Public safety	-	-	-	-	405	405
Community development and human services	447,111	-	-	-	2,805	449,916
Education	-	-	-	-	911,869	911,869
Capital purposes	75,000	-	-	5,924,915	1,694,813	7,694,728
Sewers	31,625	-	2,990,815	-	426,984	3,449,424
	<u>876,568</u>	<u>-</u>	<u>2,990,815</u>	<u>5,924,915</u>	<u>3,288,004</u>	<u>13,080,302</u>
Assigned to:						
General government	1,622,079	-	-	-	-	1,622,079
Education	2,558,498	-	-	-	-	2,558,498
Public safety	428,744	-	-	-	-	428,744
Public works	310,381	-	-	-	-	310,381
Recreation and leisure	15,319	-	-	-	-	15,319
Miscellaneous	123,077	-	-	-	-	123,077
Compensated absences	95,407	-	-	-	-	95,407
Other post-employment benefits	150,462	-	-	-	-	150,462
Cell tower	295,840	-	-	-	-	295,840
Sewer extension	38,793	-	-	-	-	38,793
Landfill post-closure	119	-	-	-	-	119
Capital purposes	-	1,845,686	-	-	-	1,845,686
Subsequent year's budget	1,550,000	-	-	-	-	1,550,000
	<u>7,188,719</u>	<u>1,845,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,034,405</u>
Unassigned						
	13,056,792	(6,013,494)	-	-	-	7,043,298
	<u>\$ 21,186,841</u>	<u>\$ (2,257,633)</u>	<u>\$ 2,990,815</u>	<u>\$ 5,924,915</u>	<u>\$ 5,167,719</u>	<u>\$ 33,012,657</u>

Deficit Fund Balances

The Capital Improvements Fund has a deficit unassigned fund balance of \$6,013,494 and an overall deficit fund balance of \$2,257,633 as of June 30, 2021. The deficit is expected to be eliminated by future debt issuances, 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, 2021

NOTE 14 - 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 2021, 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.

Medical Self-Insurance

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, 2021. 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>
2019	\$ 714,353	\$ 7,496,495	\$ (7,439,695)	\$ 771,153
2020	771,153	5,467,985	(5,883,943)	355,195
2021	355,195	5,997,548	(5,929,897)	422,846

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 15 - 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, 2021 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 \$82.9 million as of June 30, 2021. The remaining balance of those authorizations totaled approximately \$43.4 million as of June 30, 2021. Outstanding commitments on construction contracts totaled approximately \$1.3 million as of June 30, 2021.

NOTE 16 - IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

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, 2021. 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, 2021

NOTE 16 - IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)*

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, 2021. 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. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and 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.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement that relate to the accounting and reporting of Section 457 plans 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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 17 - SUBSEQUENT EVENTS

Notes Payable

In January 2022, the Town converted its interim funding obligation on Project Loan 688-C into a long-term note payable under the State of Connecticut's Clean Water program. The amount permanently financed by the Town totaled \$16,266,659 and is payable in equal monthly installments of principal and interest, at a rate of 2.0% per annum, through July 2041, the maturity date.

Capital Authorizations

In November 2021, the Town authorized an appropriation of \$27,800,000 for the renovation and relocation of the Killingly Community Center.

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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 36,720,163	\$ 36,720,163	\$ 36,601,735	\$ (118,428)
Intergovernmental	17,541,326	17,541,326	17,500,581	(40,745)
Licenses, permits and fees	238,000	238,000	441,517	203,517
Charges for services	3,124,289	3,124,289	3,298,266	173,977
Use of money and property	251,000	251,000	173,961	(77,039)
Miscellaneous	433,126	433,126	415,119	(18,007)
Total revenues	<u>58,307,904</u>	<u>58,307,904</u>	<u>58,431,179</u>	<u>123,275</u>
EXPENDITURES				
Current:				
General government	2,137,724	2,111,561	1,981,056	(130,505)
Public works	2,840,723	2,564,855	2,551,275	(13,580)
Recreation and leisure	1,456,449	1,447,192	1,263,718	(183,474)
Public safety	1,436,932	1,177,951	1,159,060	(18,891)
Community development and human services	705,999	708,809	680,240	(28,569)
Education	44,147,273	45,028,218	41,557,937	(3,470,281)
Miscellaneous	2,521,630	2,469,015	2,339,438	(129,577)
Debt service:				
Principal payments	2,712,095	2,712,095	2,741,507	29,412
Interest and fiscal charges	992,587	992,587	834,994	(157,593)
Debt issuance costs	35,000	35,000	(11,413)	(46,413)
Total expenditures	<u>58,986,412</u>	<u>59,247,283</u>	<u>55,097,812</u>	<u>(4,149,471)</u>
Excess (deficiency) of revenues over expenditures	(678,508)	(939,379)	3,333,367	4,272,746
OTHER FINANCING SOURCES (USES)				
Appropriation from assigned fund balance	-	880,945	-	(880,945)
Appropriation from unassigned fund balance	600,000	600,000	-	(600,000)
Cancellation of prior year encumbrances	-	-	24,050	24,050
Transfers in	1,237,172	1,237,172	1,208,868	(28,304)
Transfers out	(1,158,664)	(1,778,738)	(1,778,738)	-
Total other financing sources (uses)	<u>678,508</u>	<u>939,379</u>	<u>(545,820)</u>	<u>(1,485,199)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,787,547</u>	<u>\$ 2,787,547</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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Sewer use - current	\$ 4,708,881	\$ 4,708,881	\$ 4,576,828	\$ (132,053)
Sewer use interest	47,000	47,000	66,384	19,384
Investment income	34,000	34,000	8,496	(25,504)
Other	1,000	1,000	4,125	3,125
Total revenues	<u>4,790,881</u>	<u>4,790,881</u>	<u>4,655,833</u>	<u>(135,048)</u>
EXPENDITURES				
Contractual services	3,657,449	3,657,449	2,771,057	(886,392)
Materials and supplies	150	150	129	(21)
Debt service	188,000	188,000	10,500	(177,500)
Total expenditures	<u>3,845,599</u>	<u>3,845,599</u>	<u>2,781,686</u>	<u>(1,063,913)</u>
Excess of revenues over expenditures	945,282	945,282	1,874,147	928,865
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	223,800	223,800	-	(223,800)
Transfers out:				
Capital Improvement Fund	-	-	(404,000)	(404,000)
Capital and Nonrecurring Fund	(100,000)	(100,000)	(100,000)	-
General Fund	(1,069,082)	(1,069,082)	(1,218,680)	(149,598)
Total other financing sources (uses)	<u>(945,282)</u>	<u>(945,282)</u>	<u>(1,722,680)</u>	<u>(777,398)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,467</u>	<u>\$ 151,467</u>

See notes to required supplementary information.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability								
Service cost	\$ 289,496	\$ 246,780	\$ 207,885	\$ 177,335	\$ 156,852	\$ 151,064	\$ 141,320	\$ 135,885
Interest	452,618	423,087	411,274	407,887	389,320	379,873	383,339	371,582
Change in benefit terms	-	34,139	-	-	86,649	-	-	-
Differences between expected and actual experience	(281,326)	(112,158)	21,367	(137,777)	(192,012)	(18,660)	(232,264)	-
Changes of assumptions	23,846	217,061	129,499	(41,312)	172,613	-	19,712	-
Benefit payments, including refunds	(390,165)	(437,331)	(395,706)	(381,162)	(356,557)	(408,800)	(335,201)	(354,345)
Net change in total pension liability	94,469	371,578	374,319	24,971	256,865	103,477	(23,094)	153,122
Total pension liability - beginning	6,607,848	6,236,270	5,861,951	5,836,980	5,580,115	5,476,638	5,499,732	5,346,610
Total pension liability - ending	<u>6,702,317</u>	<u>6,607,848</u>	<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	199,506	183,318	163,531	142,943	130,480	122,206	161,874	157,123
Contributions - members	140,062	136,113	139,392	115,945	103,887	89,141	70,131	73,359
Net investment income	1,775,035	270,900	315,009	456,239	638,680	41,604	251,939	831,581
Benefit payments, including refunds	(390,165)	(437,331)	(395,706)	(381,162)	(356,557)	(408,800)	(335,201)	(354,345)
Administrative expense	(47,350)	(33,556)	(15,343)	(58,596)	(58,614)	(51,870)	(59,335)	(52,818)
Net change in plan fiduciary net position	1,677,088	119,444	206,883	275,369	457,876	(207,719)	89,408	654,900
Plan fiduciary net position - beginning	6,701,943	6,582,499	6,375,616	6,100,247	5,642,371	5,850,090	5,760,682	5,105,782
Plan fiduciary net position - ending	<u>8,379,031</u>	<u>6,701,943</u>	<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>\$ (1,676,714)</u>	<u>\$ (94,095)</u>	<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	125.02%	101.42%	105.55%	108.76%	104.51%	101.12%	106.82%	104.74%
Covered payroll	\$ 3,935,035	\$ 3,620,541	\$ 3,210,419	\$ 2,810,987	\$ 2,459,376	\$ 2,267,863	\$ 2,268,575	\$ 2,160,000
Town's net pension asset as a percentage of covered payroll	-42.61%	-2.60%	-10.78%	-18.27%	-10.70%	-2.75%	-16.46%	-12.08%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See notes to required supplementary information.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 199,506	\$ 183,318	\$ 163,531	\$ 142,943	\$ 130,480	\$ 122,206	\$ 161,874	\$ 157,123
Contributions in relation to the actuarially determined contribution	<u>199,506</u>	<u>183,318</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,935,035	\$ 3,620,541	\$ 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	5.07%	5.06%	5.09%	5.09%	5.31%	5.39%	7.14%	7.27%
Annual money-weighted rate of return, net of investment expense	26.89%	4.22%	5.04%	7.63%	6.98%	0.73%	4.49%	16.74%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See notes to required supplementary information.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY -
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST SEVEN FISCAL YEARS*
(Rounded to nearest thousand)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability attributed to the Town	75,281,000	66,907,000	51,589,000	52,065,000	54,929,000	44,695,000	41,312,000
Total	<u>\$ 75,281,000</u>	<u>\$ 66,907,000</u>	<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	\$ 17,388,000	\$ 17,204,000	\$ 16,936,000	\$ 16,503,000	\$ 15,906,000	\$ 16,599,000	\$ 15,999,000
Town's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See notes to required supplementary information.

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

	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	\$ 250,952	\$ 243,546	\$ 207,891	\$ 116,706	\$ 130,479
Interest	281,563	356,508	348,436	301,922	273,107
Changes in benefit terms	-	-	-	314,651	-
Differences between expected and actual experience	(88,206)	(2,251,599)	22,541	429,578	(75,925)
Changes of assumptions	(505,769)	1,330,173	395,316	(396,818)	(545,846)
Benefit payments, including refunds	(119,841)	(53,546)	(276,136)	(41,803)	(93,469)
Net change in total OPEB liability	(181,301)	(374,918)	698,048	724,236	(311,654)
Total OPEB liability - beginning	7,876,164	8,251,082	7,553,034	6,828,798	7,140,452
Total OPEB liability - ending	7,694,863	7,876,164	8,251,082	7,553,034	6,828,798
Plan fiduciary net position					
Contributions - employer	95,423	21,841	233,001	(2,481)	57,031
Contributions - TRB subsidy	34,418	41,705	53,135	54,284	53,177
Net investment income	213,436	29,491	41,994	52,347	73,544
Benefit payments, including refunds	(119,841)	(53,546)	(276,136)	(41,803)	(93,469)
Administrative expense	-	-	-	(1,500)	-
Net change in plan fiduciary net position	223,436	39,491	51,994	60,847	90,283
Plan fiduciary net position - beginning	797,162	757,671	705,677	644,830	554,547
Plan fiduciary net position - ending	1,020,598	797,162	757,671	705,677	644,830
Town's net OPEB liability	\$ 6,674,265	\$ 7,079,002	\$ 7,493,411	\$ 6,847,357	\$ 6,183,968
Plan fiduciary net position as a percentage of total OPEB liability	13.26%	10.12%	9.18%	9.34%	9.44%
Covered payroll	\$ 20,626,078	\$ 20,103,000	\$ 18,951,000	\$ 18,470,668	\$ 15,954,000
Town's net OPEB liability as a percentage of covered payroll	32.36%	35.21%	39.54%	37.07%	38.76%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 429,100	\$ 505,100	\$ 501,200	\$ 519,900	\$ 515,900
Contributions in relation to the actuarially determined contribution	<u>95,423</u>	<u>21,841</u>	<u>233,001</u>	<u>(2,481)</u>	<u>57,031</u>
Contribution deficiency	<u>\$ 333,677</u>	<u>\$ 483,259</u>	<u>\$ 268,199</u>	<u>\$ 522,381</u>	<u>\$ 458,869</u>
Covered employee payroll	\$ 20,626,078	\$ 20,103,390	\$ 18,951,000	\$ 18,470,668	\$ 15,954,000
Contributions as a percentage of covered employee payroll	0.46%	0.11%	1.23%	-0.01%	0.36%
Annual money-weighted rate of return, net of investment expense	26.67%	3.87%	5.92%	8.08%	13.02%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY -
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST FOUR FISCAL YEARS*
(Rounded to Nearest Thousand)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the Town	11,228,000	10,435,000	10,313,000	13,041,000
Total	<u>\$ 11,228,000</u>	<u>\$ 10,435,000</u>	<u>\$ 10,313,000</u>	<u>\$ 13,041,000</u>
Town's covered payroll	\$ 17,729,000	\$ 17,204,000	\$ 16,936,000	\$ 16,503,000
Town's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective OPEB liability	2.50%	2.08%	1.49%	1.79%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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 \$880,945.
- 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, 2021

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, 2021:

	Total	Total	Other	Net Change
	Revenues	Expenditures	Financing Uses -	In Fund
			Transfers, Net	Balance
Budgetary basis	\$ 58,431,179	\$ 55,097,812	\$ (545,820)	\$ 2,787,547
"On-behalf" payments - State Teachers' Retirement Fund	4,945,203	4,945,203	-	-
Change in encumbrances	-	(82,693)	(24,050)	58,643
Intergovernmental grants netted against expenditures	868,289	868,289	-	-
Capital lease not recorded for budgetary purposes	-	406,438	406,438	-
Budgetary perspective differences: Funds combined for GAAP financial reporting purposes	25,281	253,714	1,537,129	1,308,696
Other reserves	150,595	150,595	-	-
Reclassification of transfers	-	(890,945)	(890,945)	-
Refunding bond proceeds and issuance costs not recorded for budgetary purposes	-	105,520	105,520	-
GAAP basis	<u>\$ 64,420,547</u>	<u>\$ 60,853,933</u>	<u>\$ 588,272</u>	<u>\$ 4,154,886</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - TOWN GENERAL 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, 2020.

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 GENERAL 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, 2021:

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:	6.75%
Salary increases, including inflation:	3.60% compounded annually
Retirement age:	Age 65 with one year of service
Mortality:	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables, projected to the valuation date with Scale MP-2019

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY - CONNECTICUT 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, 2020. The liabilities were estimated based on a measurement date of June 30, 2020. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. This information is utilized by the Town for reporting as of June 30, 2021.

Benefit changes - There were no benefit term changes that have had a significant effect on the measurement of the collective net pension liability reported as of June 30, 2021.

Assumption changes - The following significant assumptions had a significant effect on the measurement of the collective pension liability reported as of June 30, 2021.

- a decrease in the annual rate of real wage increase assumption from 0.75% to 0.50%;
- a decrease in the payroll growth assumption from 3.25% to 3.00%; and
- rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

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, 2019. The July 1, 2019 was increased by service cost and interest and decreased by benefit payments to calculate the total OPEB liability as of June 30, 2021.

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 - The following assumption changes had a significant effect on the measurement of the Town's total OPEB liability.

- The discount rate used to measure plan obligations for financial accounting purposes was increased from 3.49% to 3.93%.
- The Mortality table was updated to be projected to date of decrement using Scale MP-2019 (generational) from Scale MP-2017 (generational).
- Decrease in the utilization rate for BOE certified employees from 85% to 60% of eligible active members that are expected to elect medical coverage at retirement.
- Healthcare cost trend rates were changed from 7.00%, reducing by 0.50% each year to an ultimate rate of 4.60% per year to 6.50%, reducing by 0.20% each year to an ultimate rate of 4.60% per year.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021:

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:	6.50%
Healthcare cost trend rates:	6.50% current 4.60% final
Mortality:	Pub-2010 Public Retirement Plans Mortality Tables projected to the valuation date with Scale MP-2019

NOTE 7 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT 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, 2020. This information is utilized by the Town for reporting as of June 30, 2021.

Benefit Changes - There were no benefit term changes that had a significant effect on the measurement of the collective net OPEB liability reported as of June 30, 2021.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the collective net OPEB liability reported as of June 30, 2021:

- a decrease in the annual rate of real wage increase assumption from 0.75% to 0.50%;
- a decrease in the payroll growth assumption from 3.25% to 3.00%; and
- rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - GENERAL FUND
AS OF JUNE 30, 2021

	<u>General Fund</u>	<u>Water Utility</u>	<u>Revaluation</u>	<u>Insurance Reserve</u>	<u>Community Employment Incentive</u>	<u>Water Mitigation</u>
ASSETS						
Cash and cash equivalents	\$ 29,157,808	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	3,458,732	-	-	-	-	-
Receivables:						
Property taxes, net	1,807,662	-	-	-	-	-
Grants and contracts	22,460	-	-	-	-	-
Other	134,268	-	-	-	-	-
Due from other funds	1,673,985	1,167,432	137,220	330,816	-	75,040
Other assets	64,762	-	-	-	-	-
Total assets	<u>\$ 36,319,677</u>	<u>\$ 1,167,432</u>	<u>\$ 137,220</u>	<u>\$ 330,816</u>	<u>\$ -</u>	<u>\$ 75,040</u>
LIABILITIES						
Accounts payable	\$ 772,950	\$ -	\$ -	\$ 50	\$ -	\$ -
Accrued liabilities:						
Salaries and benefits payable	150,920	-	-	-	-	-
Other accrued liabilities	14,045	-	-	-	-	-
Due to other funds	15,833,071	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Unearned revenue	1,976,323	-	-	-	-	-
Total liabilities	<u>18,747,309</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	<u>1,697,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	64,762	-	-	-	-	-
Committed	-	-	137,220	-	-	-
Assigned	2,752,957	1,167,432	-	330,766	-	75,040
Unassigned	13,056,792	-	-	-	-	-
Total fund balances	<u>15,874,511</u>	<u>1,167,432</u>	<u>137,220</u>	<u>330,766</u>	<u>-</u>	<u>75,040</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 36,319,677</u>	<u>\$ 1,167,432</u>	<u>\$ 137,220</u>	<u>\$ 330,816</u>	<u>\$ -</u>	<u>\$ 75,040</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - GENERAL FUND (Continued)
AS OF JUNE 30, 2021

	<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	\$ -	\$ -	\$ -	\$ 2,984	\$ 2,139,939	\$ -
Investments	-	-	-	970	-	-
Receivables:						
Property taxes, net	-	-	-	-	-	-
Grants and contracts	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	72,048	80,612	2,000	-	-	70,000
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 72,048</u>	<u>\$ 80,612</u>	<u>\$ 2,000</u>	<u>\$ 3,954</u>	<u>\$ 2,139,939</u>	<u>\$ 70,000</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities:						
Salaries and benefits payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
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	72,048	80,612	2,000	3,954	-	70,000
Assigned	-	-	-	-	2,139,939	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>72,048</u>	<u>80,612</u>	<u>2,000</u>	<u>3,954</u>	<u>2,139,939</u>	<u>70,000</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 72,048</u>	<u>\$ 80,612</u>	<u>\$ 2,000</u>	<u>\$ 3,954</u>	<u>\$ 2,139,939</u>	<u>\$ 70,000</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - GENERAL FUND (Continued)
AS OF JUNE 30, 2021

	<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>Performance Bonds Fund</u>	<u>Sewer Rehab Fund</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284,842	\$ -
Investments	-	-	-	-	-	-	-
Receivables:							
Property taxes, net	-	-	-	-	-	-	-
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	35,000	469,838	25,000	20,000	257,827	-	31,625
Other assets	-	-	-	-	-	-	-
Total assets	<u>\$ 35,000</u>	<u>\$ 469,838</u>	<u>\$ 25,000</u>	<u>\$ 20,000</u>	<u>\$ 257,827</u>	<u>\$ 284,842</u>	<u>\$ 31,625</u>
LIABILITIES							
Accounts payable	\$ -	\$ 48,005	\$ 2,075	\$ -	\$ -	\$ -	\$ -
Accrued liabilities:							
Salaries and benefits payable	-	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	284,842	-
Unearned revenues	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>48,005</u>	<u>2,075</u>	<u>-</u>	<u>-</u>	<u>284,842</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Committed	35,000	-	-	-	-	-	31,625
Assigned	-	421,833	22,925	20,000	257,827	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>35,000</u>	<u>421,833</u>	<u>22,925</u>	<u>20,000</u>	<u>257,827</u>	<u>-</u>	<u>31,625</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 35,000</u>	<u>\$ 469,838</u>	<u>\$ 25,000</u>	<u>\$ 20,000</u>	<u>\$ 257,827</u>	<u>\$ 284,842</u>	<u>\$ 31,625</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - GENERAL FUND (Concluded)
AS OF JUNE 30, 2021

	<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	\$ 342,602	\$ 18,337	\$ 1,593	\$ 76	\$ -	\$ -	\$ 31,948,181
Investments	-	5,958	518	25	-	-	3,466,203
Receivables:							
Property taxes, net	-	-	-	-	-	-	1,807,662
Grants and contracts	-	-	-	-	-	-	22,460
Other	-	-	-	-	-	-	134,268
Due from other funds	-	-	-	-	75,000	(2,817,833)	1,705,610
Other assets	-	-	-	-	-	-	64,762
Total assets	<u>\$ 342,602</u>	<u>\$ 24,295</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ 75,000</u>	<u>\$ (2,817,833)</u>	<u>\$ 39,149,146</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 823,080
Accrued liabilities:							
Salaries and benefits payable	-	-	-	-	-	-	150,920
Other accrued liabilities	-	-	-	-	-	-	14,045
Due to other funds	-	-	-	-	-	(2,817,833)	13,015,238
Deposits payable	-	-	-	-	-	-	284,842
Unearned revenues	-	-	-	-	-	-	1,976,323
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,817,833)</u>	<u>16,264,448</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	-	-	-	-	-	1,697,857
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	64,762
Committed	342,602	24,295	2,111	101	75,000	-	876,568
Assigned	-	-	-	-	-	-	7,188,719
Unassigned	-	-	-	-	-	-	13,056,792
Total fund balances	<u>342,602</u>	<u>24,295</u>	<u>2,111</u>	<u>101</u>	<u>75,000</u>	<u>-</u>	<u>21,186,841</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 342,602</u>	<u>\$ 24,295</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ 75,000</u>	<u>\$ (2,817,833)</u>	<u>\$ 39,149,146</u>

(Concluded)

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Water Utility	Revaluation	Insurance Reserve	Community Employment Incentive	Water Mitigation
REVENUES						
Property taxes	\$36,752,330	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	23,314,073	-	-	-	-	-
Licenses, permits and fees	441,517	-	-	-	-	-
Charges for services	3,298,266	-	-	-	-	-
Investment income	173,961	-	-	-	-	-
Other	415,119	-	-	18,832	-	-
Total revenues	<u>64,395,266</u>	<u>-</u>	<u>-</u>	<u>18,832</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	1,977,328	-	12,874	11,220	-	-
Public works	2,513,818	-	-	-	-	-
Recreation and leisure	1,249,684	-	-	-	-	-
Public safety	1,308,317	-	-	-	-	-
Community development and human services	680,240	-	-	-	-	-
Education	45,850,564	-	-	-	-	-
Other	2,324,176	-	-	-	-	-
Debt service:						
Principal payments	3,221,803	-	-	-	-	-
Interest and fiscal charges	1,067,851	-	-	-	-	-
Capital outlays	406,438	-	-	-	-	-
Total expenditures	<u>60,600,219</u>	<u>-</u>	<u>12,874</u>	<u>11,220</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	3,795,047	-	(12,874)	7,612	-	-
OTHER FINANCING SOURCES (USES)						
Refunding bonds issued	4,845,000	-	-	-	-	-
Premium on refunding bonds issued	680,329	-	-	-	-	-
Payment to escrow deposit fund	(5,419,809)	-	-	-	-	-
Sale of general capital assets	-	-	-	-	-	-
Capital lease financing	406,438	-	-	-	-	-
Transfers in	1,208,868	-	20,000	20,000	-	-
Transfers out	(2,669,683)	-	-	-	-	-
Total other financing sources (uses)	<u>(948,857)</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	2,846,190	-	7,126	27,612	-	-
Fund balances - beginning	<u>13,028,321</u>	<u>1,167,432</u>	<u>130,094</u>	<u>303,154</u>	<u>-</u>	<u>75,040</u>
Fund balances - ending	<u>\$15,874,511</u>	<u>\$ 1,167,432</u>	<u>\$ 137,220</u>	<u>\$ 330,766</u>	<u>\$ -</u>	<u>\$ 75,040</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND (Continued)
 FOR THE YEAR ENDED JUNE 30, 2021

	Planning and Conservation	Demo and Relocation	Tercentennial	Civil War Monument	Unexpended Education Fund	Housing Rehab Fund
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	63	-	-
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>63</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community development and human services	-	-	-	-	-	5,000
Education	-	-	-	-	-	-
Other	-	-	-	-	-	-
Debt service:						
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlays	-	-	-	-	133,852	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,852</u>	<u>5,000</u>
Excess (deficiency) of revenues over expenditures	-	-	-	63	(133,852)	(5,000)
OTHER FINANCING SOURCES (USES)						
Refunding bonds issued	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-	-
Payment to escrow deposit fund	-	-	-	-	-	-
Sale of general capital assets	-	-	-	-	-	-
Capital lease financing	-	-	-	-	-	-
Transfers in	-	17,000	-	4	880,945	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>17,000</u>	<u>-</u>	<u>4</u>	<u>880,945</u>	<u>-</u>
Net changes in fund balances	-	17,000	-	67	747,093	(5,000)
Fund balances - beginning	<u>72,048</u>	<u>63,612</u>	<u>2,000</u>	<u>3,887</u>	<u>1,392,846</u>	<u>75,000</u>
Fund balances - ending	<u>\$ 72,048</u>	<u>\$ 80,612</u>	<u>\$ 2,000</u>	<u>\$ 3,954</u>	<u>\$ 2,139,939</u>	<u>\$ 70,000</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND (Continued)
 FOR THE YEAR ENDED JUNE 30, 2021

	Maintenance of Dams	Reserve for Constabulary	Reserve for Negotiation PILOT	Rate Stabilization	Winter Maintenance	Performance Bonds Fund	Sewer Rehab Fund
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Other	-	600	-	-	-	-	-
Total revenues	<u>-</u>	<u>600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Current:							
General government	-	-	2,075	-	-	-	-
Public works	-	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-	-
Public safety	-	55,878	-	-	-	-	-
Community development and human services	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Debt service:							
Principal payments	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	18,375
Total expenditures	<u>-</u>	<u>55,878</u>	<u>2,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,375</u>
Excess (deficiency) of revenues over expenditures	-	(55,278)	(2,075)	-	-	-	(18,375)
OTHER FINANCING SOURCES (USES)							
Refunding bonds issued	-	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-	-	-
Payment to escrow deposit fund	-	-	-	-	-	-	-
Sale of general capital assets	-	-	-	-	-	-	-
Capital lease financing	-	-	-	-	-	-	-
Transfers in	5,000	265,981	5,000	-	129,199	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>5,000</u>	<u>265,981</u>	<u>5,000</u>	<u>-</u>	<u>129,199</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	5,000	210,703	2,925	-	129,199	-	(18,375)
Fund balances - beginning	<u>30,000</u>	<u>211,130</u>	<u>20,000</u>	<u>20,000</u>	<u>128,628</u>	<u>-</u>	<u>50,000</u>
Fund balances - ending	<u>\$ 35,000</u>	<u>\$ 421,833</u>	<u>\$ 22,925</u>	<u>\$ 20,000</u>	<u>\$ 257,827</u>	<u>\$ -</u>	<u>\$ 31,625</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND *(Concluded)*
 FOR THE YEAR ENDED JUNE 30, 2021

	Economic Development	Fuel System	Kelp	Earl Chandler	Bridge Maintenance Fund	Eliminations	Combined General Fund
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$36,752,330
Intergovernmental	-	-	-	-	-	-	23,314,073
Licenses, permits and fees	-	-	-	-	-	-	441,517
Charges for services	-	-	-	-	-	-	3,298,266
Investment income	-	-	-	-	-	-	174,024
Other	1,486	4,300	-	-	-	-	440,337
Total revenues	<u>1,486</u>	<u>4,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,420,547</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	2,003,497
Public works	-	8,192	-	-	-	-	2,522,010
Recreation and leisure	-	-	-	-	-	-	1,249,684
Public safety	-	-	-	-	-	-	1,364,195
Community development and human services	6,248	-	-	-	-	-	691,488
Education	-	-	-	-	-	-	45,850,564
Other	-	-	-	-	-	-	2,324,176
Debt service:							
Principal payments	-	-	-	-	-	-	3,221,803
Interest and fiscal charges	-	-	-	-	-	-	1,067,851
Capital outlays	-	-	-	-	-	-	558,665
Total expenditures	<u>6,248</u>	<u>8,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,853,933</u>
Excess (deficiency) of revenues over expenditures	(4,762)	(3,892)	-	-	-	-	3,566,614
OTHER FINANCING SOURCES (USES)							
Refunding bonds issued	-	-	-	-	-	-	4,845,000
Premium on refunding bonds issued	-	-	-	-	-	-	680,329
Payment to escrow deposit fund	-	-	-	-	-	-	(5,419,809)
Sale of general capital assets	189,000	-	-	-	-	-	189,000
Capital lease financing	-	-	-	-	-	-	406,438
Transfers in	-	-	-	-	5,000	(1,338,125)	1,218,872
Transfers out	-	-	-	-	-	1,338,125	(1,331,558)
Total other financing sources (uses)	<u>189,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>588,272</u>
Net changes in fund balances	184,238	(3,892)	-	-	5,000	-	4,154,886
Fund balances - beginning	<u>158,364</u>	<u>28,187</u>	<u>2,111</u>	<u>101</u>	<u>70,000</u>	<u>-</u>	<u>17,031,955</u>
Fund balances - ending	<u>\$ 342,602</u>	<u>\$ 24,295</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$21,186,841</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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PROPERTY TAXES				
Current taxes	\$ 35,545,708	\$ 35,545,708	\$ 35,453,960	\$ (91,748)
Prior years' taxes	600,000	600,000	592,903	(7,097)
Supplemental motor vehicle	375,000	375,000	342,989	(32,011)
Tax interest	290,000	290,000	303,664	13,664
Lien fees	8,000	8,000	7,267	(733)
Airplane tax	2,050	2,050	1,670	(380)
Phone access - SNETCO	50,000	50,000	49,877	(123)
Remediation financing	(150,595)	(150,595)	(150,595)	-
Total property taxes	36,720,163	36,720,163	36,601,735	(118,428)
INTERGOVERNMENTAL REVENUES				
State-owned property	149,332	149,332	149,332	-
Disability exception	4,000	4,000	4,583	583
Veterans' exemption	9,500	9,500	9,694	194
Connecticard	-	-	6,427	6,427
Adult education	102,239	102,239	106,613	4,374
Mashantucket Pequot fund	94,181	94,181	94,184	3
Municipal Grant-in-Aid	976,064	976,064	976,064	-
Education equalization grant	15,245,633	15,245,633	15,205,728	(39,905)
Vocational agriculture	669,443	669,443	655,860	(13,583)
Nonpublic school - health services	22,871	22,871	24,033	1,162
Municipal revenue sharing	268,063	268,063	268,063	-
Total intergovernmental revenues	17,541,326	17,541,326	17,500,581	(40,745)
LICENSES, PERMITS AND FEES				
Building permit fees	200,000	200,000	391,983	191,983
Planning and zoning permits	12,000	12,000	16,767	4,767
Other permits	7,000	7,000	19,030	12,030
Library fines and fees	14,500	14,500	6,848	(7,652)
Animal control fines and fees	500	500	589	89
Alarm Reg Fees and Fines	4,000	4,000	6,300	2,300
Total licenses, permits and fees	238,000	238,000	441,517	203,517

(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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CHARGES FOR SERVICES				
Town clerk receipts	\$ 160,000	\$ 160,000	\$ 209,820	\$ 49,820
Community development fees	70,000	70,000	29,118	(40,882)
Conveyance tax	200,000	200,000	243,318	43,318
Elderly housing services	27,625	27,625	27,626	1
Recreation department	130,000	130,000	65,503	(64,497)
District Collections	12,775	12,775	12,109	(666)
Tuition	2,523,889	2,523,889	2,710,772	186,883
Total charges for services	<u>3,124,289</u>	<u>3,124,289</u>	<u>3,298,266</u>	<u>173,977</u>
USE OF MONEY AND PROPERTY				
Investment income	150,000	150,000	44,067	(105,933)
Sewer plant lease	-	-	20,700	20,700
Communications tower lease	101,000	101,000	109,194	8,194
Total use of money and property	<u>251,000</u>	<u>251,000</u>	<u>173,961</u>	<u>(77,039)</u>
MISCELLANEOUS				
School capital contributions	250,668	250,668	264,594	13,926
Law enforcement - SRO reimbursement	97,458	97,458	45,070	(52,388)
Miscellaneous	85,000	85,000	105,455	20,455
Total miscellaneous	<u>433,126</u>	<u>433,126</u>	<u>415,119</u>	<u>(18,007)</u>
 Total revenues	 <u>58,307,904</u>	 <u>58,307,904</u>	 <u>58,431,179</u>	 <u>123,275</u>
OTHER FINANCING SOURCES				
Appropriation from assigned fund balance	-	880,945	-	(880,945)
Appropriation from unassigned fund balance	600,000	600,000	-	(600,000)
Cancellation of prior year encumbrances	-	-	24,050	24,050
Transfers in:				
Sewer Operating Fund	1,237,082	1,237,082	1,208,680	(28,402)
Louisa E. Day	60	60	139	79
Thomas J. Evans	30	30	49	19
Total other financing sources	<u>1,837,172</u>	<u>2,718,117</u>	<u>1,232,918</u>	<u>(1,485,199)</u>
 Total revenues and other financing sources	 <u>\$ 60,145,076</u>	 <u>\$ 61,026,021</u>	 <u>\$ 59,664,097</u>	 <u>\$ (1,361,924)</u> <i>(Concluded)</i>

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
GENERAL GOVERNMENT				
Town Council:				
Contractual services	\$ 34,300	\$ 34,300	\$ 22,288	\$ (12,012)
Material and supplies	1,000	1,000	550	(450)
Total Town Council	<u>35,300</u>	<u>35,300</u>	<u>22,838</u>	<u>(12,462)</u>
Town Manager:				
Personnel services	233,760	234,960	203,448	(31,512)
Contractual services	25,350	25,350	19,690	(5,660)
Material and supplies	3,500	3,500	1,176	(2,324)
Total Town Manager	<u>262,610</u>	<u>263,810</u>	<u>224,314</u>	<u>(39,496)</u>
Legal Services:				
Contractual services	<u>99,200</u>	<u>99,200</u>	<u>87,677</u>	<u>(11,523)</u>
Town Clerk:				
Personnel services	159,485	162,505	162,505	-
Contractual services	30,600	30,600	30,563	(37)
Material and supplies	1,800	1,800	1,751	(49)
Total Town Clerk	<u>191,885</u>	<u>194,905</u>	<u>194,819</u>	<u>(86)</u>
Finance:				
Personnel services	237,960	240,900	240,900	-
Contractual services	53,450	53,450	51,405	(2,045)
Material and supplies	1,700	1,700	1,308	(392)
Total finance	<u>293,110</u>	<u>296,050</u>	<u>293,613</u>	<u>(2,437)</u>
Assessor:				
Personnel services	174,980	174,980	148,850	(26,130)
Contractual services	6,560	6,560	6,479	(81)
Materials and supplies	1,500	1,500	1,219	(281)
Total Assessor	<u>183,040</u>	<u>183,040</u>	<u>156,548</u>	<u>(26,492)</u>
Revenue Collection:				
Personnel services	189,790	193,940	193,846	(94)
Contractual services	36,270	36,270	31,333	(4,937)
Material and supplies	2,300	2,300	1,980	(320)
Total revenue collection	<u>228,360</u>	<u>232,510</u>	<u>227,159</u>	<u>(5,351)</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT <i>(Continued)</i>				
Registration and Elections:				
Personnel services	\$ 56,426	\$ 56,426	\$ 44,842	\$ (11,584)
Contractual services	17,400	17,400	15,101	(2,299)
Material and supplies	500	500	406	(94)
Total registration and elections	<u>74,326</u>	<u>74,326</u>	<u>60,349</u>	<u>(13,977)</u>
Town Boards and Commissions:				
Contractual services	<u>80,793</u>	<u>80,793</u>	<u>69,576</u>	<u>(11,217)</u>
Planning and Development:				
Personnel services	248,670	251,400	251,390	(10)
Contractual services	7,670	7,670	4,109	(3,561)
Material and supplies	1,200	1,200	1,163	(37)
Total planning and development	<u>257,540</u>	<u>260,270</u>	<u>256,662</u>	<u>(3,608)</u>
Data Processing:				
Contractual services	<u>213,000</u>	<u>164,442</u>	<u>164,441</u>	<u>(1)</u>
Town Hall:				
Personnel services	16,380	18,457	18,106	(351)
Contractual services	63,880	69,293	69,643	350
Material and supplies	2,900	2,935	2,935	-
Total town hall	<u>83,160</u>	<u>90,685</u>	<u>90,684</u>	<u>(1)</u>
Economic Development:				
Personnel services	126,900	127,730	123,895	(3,835)
Contractual services	8,000	8,000	8,000	-
Material and supplies	500	500	481	(19)
Total economic development	<u>135,400</u>	<u>136,230</u>	<u>132,376</u>	<u>(3,854)</u>
Total general government	<u>2,137,724</u>	<u>2,111,561</u>	<u>1,981,056</u>	<u>(130,505)</u>
PUBLIC WORKS				
Supervision:				
Personnel services	198,950	191,048	191,047	(1)
Contractual services	9,070	5,223	4,423	(800)
Material and supplies	750	604	603	(1)
Total supervision	<u>208,770</u>	<u>196,875</u>	<u>196,073</u>	<u>(802)</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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PUBLIC WORKS (Continued)				
Engineering:				
Personnel services	\$ 346,925	\$ 349,625	\$ 341,375	\$ (8,250)
Contractual services	14,350	14,350	12,091	(2,259)
Material and supplies	8,600	8,600	6,832	(1,768)
Total engineering	<u>369,875</u>	<u>372,575</u>	<u>360,298</u>	<u>(12,277)</u>
Central Garage:				
Personnel services	234,450	220,944	220,944	-
Contractual services	129,800	127,607	127,482	(125)
Material and supplies	288,700	286,154	286,152	(2)
Total central garage	<u>652,950</u>	<u>634,705</u>	<u>634,578</u>	<u>(127)</u>
Highways:				
Personnel services	853,895	741,124	741,083	(41)
Contractual services	58,000	51,542	51,142	(400)
Material and supplies	325,833	325,833	325,903	70
Total highways	<u>1,237,728</u>	<u>1,118,499</u>	<u>1,118,128</u>	<u>(371)</u>
Winter Maintenance:				
Personnel services	115,000	78,315	78,314	(1)
Contractual services	9,000	3,822	3,821	(1)
Material and supplies	247,400	160,064	160,063	(1)
Total winter maintenance	<u>371,400</u>	<u>242,201</u>	<u>242,198</u>	<u>(3)</u>
Total public works	<u>2,840,723</u>	<u>2,564,855</u>	<u>2,551,275</u>	<u>(13,580)</u>
RECREATION AND LEISURE				
Recreation:				
Personnel services	388,992	391,742	293,864	(97,878)
Contractual services	56,950	56,950	47,326	(9,624)
Material and supplies	19,000	19,000	14,711	(4,289)
Total recreation	<u>464,942</u>	<u>467,692</u>	<u>355,901</u>	<u>(111,791)</u>
Park Development and Maintenance:				
Personnel services	158,330	143,319	143,319	-
Contractual services	54,225	45,642	43,403	(2,239)
Material and supplies	45,200	43,797	43,796	(1)
Total park development and maintenance	<u>257,755</u>	<u>232,758</u>	<u>230,518</u>	<u>(2,240)</u>
Public Library:				
Personnel services	409,557	422,547	404,508	(18,039)
Contractual services	135,860	135,860	131,462	(4,398)
Material and supplies	14,500	14,500	14,295	(205)
Total public library	<u>559,917</u>	<u>572,907</u>	<u>550,265</u>	<u>(22,642)</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
RECREATION AND LEISURE (Continued)				
Special Communities Activities:				
Contractual services	\$ 3,500	\$ 3,500	\$ 3,500	\$ -
Community Center:				
Personnel services	17,500	17,500	16,681	(819)
Contractual services	129,800	129,800	86,408	(43,392)
Material and supplies	8,500	8,500	6,936	(1,564)
Total community center	<u>155,800</u>	<u>155,800</u>	<u>110,025</u>	<u>(45,775)</u>
Other Town Buildings:				
Contractual services	13,535	13,535	12,969	(566)
Material and supplies	1,000	1,000	540	(460)
Total other town buildings	<u>14,535</u>	<u>14,535</u>	<u>13,509</u>	<u>(1,026)</u>
Total recreation and leisure	<u>1,456,449</u>	<u>1,447,192</u>	<u>1,263,718</u>	<u>(183,474)</u>
PUBLIC SAFETY				
Building Inspector:				
Personnel services	295,175	297,175	296,140	(1,035)
Contractual services	7,050	7,050	5,217	(1,833)
Material and supplies	1,950	1,950	1,644	(306)
Capital outlay	3,500	3,500	1,787	(1,713)
Total building inspector	<u>307,675</u>	<u>309,675</u>	<u>304,788</u>	<u>(4,887)</u>
Animal Control:				
Contractual services	54,454	54,454	54,454	-
Material and supplies	60	60	57	(3)
Total animal control	<u>54,514</u>	<u>54,514</u>	<u>54,511</u>	<u>(3)</u>
Law Enforcement:				
Personnel services	524,875	368,948	368,948	-
Contractual services	507,968	406,140	406,139	(1)
Material and supplies	27,900	24,674	24,674	-
Capital outlay	14,000	14,000.00	-	(14,000)
Total law enforcement	<u>1,074,743</u>	<u>813,762</u>	<u>799,761</u>	<u>(14,001)</u>
Total public safety	<u>1,436,932</u>	<u>1,177,951</u>	<u>1,159,060</u>	<u>(18,891)</u>
COMMUNITY DEVELOPMENT AND HUMAN SERVICES				
Community Development:				
Personnel services	140,430	143,240	143,187	(53)
Contractual services	11,550	11,550	4,232	(7,318)
Material and supplies	650	650	585	(65)
Total community development	<u>152,630</u>	<u>155,440</u>	<u>148,004</u>	<u>(7,436)</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, 2021

	<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	\$ 553,369	\$ 553,369	\$ 532,236	\$ (21,133)
Total community development and human services	<u>705,999</u>	<u>708,809</u>	<u>680,240</u>	<u>(28,569)</u>
BOARD OF EDUCATION				
Board of Education	44,147,273	44,147,273	40,676,992	(3,470,281)
Unexpended education fund	-	880,945	880,945	-
Total board of education	<u>44,147,273</u>	<u>45,028,218</u>	<u>41,557,937</u>	<u>(3,470,281)</u>
MISCELLANEOUS				
Employee benefits - contractual services	1,571,630	1,577,745	1,536,786	(40,959)
Insurance - contractual services	675,000	675,000	659,222	(15,778)
Contingencies	275,000	216,270	143,430	(72,840)
Total miscellaneous	<u>2,521,630</u>	<u>2,469,015</u>	<u>2,339,438</u>	<u>(129,577)</u>
DEBT SERVICE				
Principal payments	2,712,095	2,712,095	2,741,507	29,412
Interest and fiscal charges	992,587	992,587	834,994	(157,593)
Debt issuance costs	35,000	35,000	(11,413)	(46,413)
Total debt service	<u>3,739,682</u>	<u>3,739,682</u>	<u>3,565,088</u>	<u>(174,594)</u>
Total expenditures				
	<u>58,986,412</u>	<u>59,247,283</u>	<u>55,097,812</u>	<u>(4,149,471)</u>
OTHER FINANCING USES				
Transfers out:				
Capital nonrecurring fund	821,863	998,199	998,199	-
Demolition & relocation reserve	17,000	17,000	17,000	-
Solid waste fund	234,801	234,801	234,801	-
Revaluation fund	20,000	20,000	20,000	-
Reserve for dam maintenance	5,000	5,000	5,000	-
Reserve for negotiation of PILOT	5,000	5,000	5,000	-
Reserve for information technology	50,000	98,558	98,558	-
Bridge maintenance fund	5,000	5,000	5,000	-
Winter maintenance	-	129,199	129,199	-
Reserve for constabulary	-	265,981	265,981	-
Total other financing uses	<u>1,158,664</u>	<u>1,778,738</u>	<u>1,778,738</u>	<u>-</u>
Total expenditures and other financing uses				
	<u>\$ 60,145,076</u>	<u>\$ 61,026,021</u>	<u>\$ 56,876,550</u>	<u>\$ (4,149,471)</u> <i>(Concluded)</i>

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2021

Grand List Year	Uncollected Taxes July 1, 2020	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2021
			Additions	Deletions			Taxes	Interest	Liens	
2019	\$ -	\$ 36,512,307	\$ 653,992	\$ 695,834	\$ 1,997	\$ 36,468,468	\$ 35,875,267	\$ 115,111	\$ 929	\$ 593,201
2018	733,290	-	3,031	75,409	2,002	658,910	376,744	77,413	4,184	282,166
2017	318,072	-	68	9,607	1,253	307,280	120,676	44,361	1,129	186,604
2016	163,653	-	-	1,789	249	161,615	48,503	23,769	510	113,112
2015	95,235	-	-	2,164	1,405	91,666	21,625	16,758	240	70,041
2014	52,978	-	-	382	1,187	51,409	9,433	8,207	168	41,976
2013	28,926	-	-	30	287	28,609	3,522	3,117	30	25,087
2012	13,321	-	-	46	660	12,615	548	808	-	12,067
2011	11,240	-	-	44	450	10,746	297	88	-	10,449
2010	10,325	-	-	43	-	10,282	99	170	-	10,183
2009	7,252	-	-	-	-	7,252	-	-	-	7,252
2008	4,347	-	-	-	-	4,347	-	-	-	4,347
2007	2,226	-	-	-	-	2,226	-	-	-	2,226
2006	1,071	-	-	-	-	1,071	-	-	-	1,071
2005	1,034	-	-	-	-	1,034	-	-	-	1,034
2004	917	-	-	-	917	-	-	-	-	-
	<u>\$ 1,443,887</u>	<u>\$ 36,512,307</u>	<u>\$ 657,091</u>	<u>\$ 785,348</u>	<u>\$ 10,407</u>	<u>\$ 37,817,530</u>	<u>\$ 36,456,714</u>	<u>\$ 289,802</u>	<u>\$ 7,190</u>	<u>\$ 1,360,816</u>

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
AS OF JUNE 30, 2021

Total cash collections for the year ended					
June 30, 2021:					
Taxes	\$	36,456,714			
Interest and lien fees		296,992			
Total		<u>36,753,706</u>			
Reimbursement for revenue loss:					
Tax relief (CGS 12-129d)		14,277			
Base	\$	<u>36,767,983</u>			
		General		Urban	Pension
		Purposes	Schools	Renewal	Deficit
Debt limitation:					
2-1/4 times base	\$	82,727,962	\$ -	\$ -	\$ -
4-1/2 times base		-	165,455,924	-	-
3-3/4 times base		-	-	137,879,936	-
3-1/4 times base		-	-	-	119,495,945
3 times base		-	-	-	-
					<u>110,303,949</u>
Total debt limitation		<u>82,727,962</u>	<u>165,455,924</u>	<u>137,879,936</u>	<u>119,495,945</u>
Indebtedness:					
Bonds payable		6,455,455	13,355,937	4,833,608	-
Notes payable:					
Loans		-	-	5,468,795	-
Interim Funding Obligations		-	-	13,661,840	-
		<u>6,455,455</u>	<u>13,355,937</u>	<u>23,964,243</u>	<u>-</u>
Add: Authorized, unissued bonds		1,645,000	3,914,236	3,421,047	-
Less: Sewer assessments receivable		-	-	(190,063)	-
Total indebtedness		<u>8,100,455</u>	<u>17,270,173</u>	<u>27,575,353</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt					
	\$	<u>74,627,507</u>	<u>148,185,751</u>	<u>110,304,583</u>	<u>119,495,945</u>
					<u>\$ 110,303,949</u>
Total capacity of borrowing (7 times base)					
	\$	257,375,881			
Total present indebtedness		52,945,981			
Margin for additional borrowing	\$	<u>204,429,900</u>			

CAPITAL IMPROVEMENTS FUND

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS - CAPITAL IMPROVEMENTS FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2021
	Balance	Current Year	Balance	Balance	Current Year	Balance	
	June 30, 2020	Appropriations	June 30, 2021	June 30, 2020	Expenditures	June 30, 2021	
Funding Source: General Fund							
Killingly Industrial Park	\$ 20,848	\$ -	\$ 20,848	\$ 17,993	\$ -	\$ 17,993	\$ 2,855
Landfill Closure	3,000,001	-	3,000,001	2,792,107	-	2,792,107	207,894
Relocate/Replace Garage Fuel Tanks	314,834	-	314,834	303,609	2,685	306,294	8,540
Main St Sidewalk Replacement	482,155	-	482,155	387,875	-	387,875	94,280
North St Bridge Walkway	196,619	-	196,619	170,226	-	170,226	26,393
Sidewalks	868,588	-	868,588	859,743	375	860,118	8,470
KCS ADA Compliance project	637,246	50,000	687,246	614,411	70,340	684,751	2,495
KMS ADA Compliance project	617,045	-	617,045	598,595	18,449	617,044	1
Road Renewal - GF	212,757	-	212,757	-	88,605	88,605	124,152
Total Funding Source: General Fund	6,350,093	50,000	6,400,093	5,744,559	180,454	5,925,013	475,080
Funding Source: General Obligation Bonds							
Salt Storage Facilities	496,597	-	496,597	421,414	51,180	472,594	24,003
Chiller - Old High School	183,622	-	183,622	4,840	-	4,840	178,782
KMS Roof Replacement	1,600,000	-	1,600,000	1,090,024	-	1,090,024	509,976
KCS Roof Replacement	1,275,000	-	1,275,000	984,806	-	984,806	290,194
Good year Roof replacement	350,000	-	350,000	239,123	-	239,123	110,877
KCS/KMS Goodyear Storage Tank Removal	300,000	-	300,000	203,303	-	203,303	96,697
Killingly Community Center	1,600,000	-	1,600,000	41,316	-	41,316	1,558,684
Town Hall Building Improvement/HVAC	1,604,229	-	1,604,229	1,531,931	-	1,531,931	72,298
KMS Window Replacement	3,000,000	-	3,000,000	1,613,231	127,455	1,740,686	1,259,314
Bear Hill Road Bridge/Valley Road	1,800,000	-	1,800,000	154,236	-	154,236	1,645,764
19-20 KMS Construction	16,550,000	17,450,000	34,000,000	2,479	10,609	13,088	33,986,912
Total Funding Source: General Obligation Bonds	28,759,448	17,450,000	46,209,448	6,286,703	189,244	6,475,947	39,733,501
Funding Source: Clean Water Fund Loans							
WPCA Facility Update	22,300,000	-	22,300,000	13,188,451	7,857,342	21,045,793	1,254,207
Total Funding Source: Clean Water Fund Loans	22,300,000	-	22,300,000	13,188,451	7,857,342	21,045,793	1,254,207
Funding Source: Local Capital Improvement Program							
Town Hall Building Improvement	50,000	-	50,000	21,234	5,242	26,476	23,524
Bugbee Building HVAC System 16-17	81,358	-	81,358	81,358	-	81,358	-
Department of Public Works Parking Lot 19-20	250,000	-	250,000	214,693	11,375	226,068	23,932
Owen Bell Playground Resurface 19-20	80,000	-	80,000	71,754	5,365	77,119	2,881
Department of Public Works Garage Doors 20-21	-	100,000	100,000	-	74,280	74,280	25,720
Bugbee Building Improvement 20-21	-	25,000	25,000	-	-	-	25,000
Total Funding Source: Local Capital Improvement Program	461,358	125,000	586,358	389,039	96,262	485,301	101,057
Funding Source: Federal, State and Local Grants							
19-20 Sidewalks TA/Reallocated	44,088	-	44,088	-	-	-	44,088
Killingly Community Center Theatre Lighting	29,043	-	29,043	24,867	-	24,867	4,176
P&A Mill - Brownfield Remediation	2,617,204	-	2,617,204	2,616,861	-	2,616,861	343
Downtown improvement project	1,000,000	-	1,000,000	997,808	3,930	1,001,738	(1,738)
Taos Drive (CT Water)	-	88,000	88,000	-	88,000	88,000	-
Junior Ave (Eversource)	-	34,508	34,508	-	-	-	34,508
Road Renewal - Distressed	-	23,656	23,656	-	-	-	23,656
Road Renewal (from potter st)	-	16,512	16,512	-	16,512	16,512	-
Total Funding Source: Federal, State and Local Grants	3,690,335	162,676	3,853,011	3,639,536	108,442	3,747,978	105,033

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS - CAPITAL IMPROVEMENTS FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2021

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2021
	Balance June 30, 2020	Current Year Appropriations	Balance June 30, 2021	Balance June 30, 2020	Current Year Expenditures	Balance June 30, 2021	
Funding Source: Town Aid Road Grant							
Spot Drainage	\$ 215,499	\$ -	\$ 215,499	\$ 213,827	\$ 1,672	\$ 215,499	\$ -
Pratt/Ledge Roads	251,469	-	251,469	152,810	-	152,810	98,659
Spot Drainage (TA)	35,000	-	35,000	15,276	19,724	35,000	-
Road Renewal 14-15 Unimproved TA	24,000	-	24,000	21,255	1,669	22,924	1,076
Road Renewal 15-16 Unimproved TA	58,000	-	58,000	2,125	-	2,125	55,875
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
17-18 Sidewalks	26,170	(16,512)	9,658	-	900	900	8,758
17-18 Spot Drainage	20,000	-	20,000	-	6,256	6,256	13,744
18-19 Town Aid Road Improved	257,159	-	257,159	246,518	10,641	257,159	-
18-19 Storm Drainage Improvements	20,000	-	20,000	1,936	-	1,936	18,064
18-19 Road Renewal	50,000	-	50,000	-	-	-	50,000
19-20 Reynolds Street (TA)	50,000	-	50,000	-	-	-	50,000
19-20 Road Renewal Unimproved TA	50,000	-	50,000	-	-	-	50,000
19-20 Road Renewal Unimproved TA	207,121	-	207,121	62,063	133,976	196,039	11,082
19-20 Storm Drainage (TA)	10,000	-	10,000	-	-	-	10,000
19-20 Guiderail Replacements (TA)	25,000	-	25,000	-	8,707	8,707	16,293
20-21 Road Renewal Unimproved TA	-	50,000	50,000	-	-	-	50,000
20-21 Road Renewal TA	-	57,949	57,949	-	1,073	1,073	56,876
20-21 Cranberry Bog Rd TA	-	200,000	200,000	-	-	-	200,000
20-21 Storm Drainage Impr TA	-	20,000	20,000	-	-	-	20,000
20-21 Guardrail Replacements TA	-	20,000	20,000	-	-	-	20,000
20-21 Sidewalks TA	-	10,000	10,000	-	-	-	10,000
Total Funding Source: Town Aid Road Grant	1,366,037	341,437	1,707,474	766,551	184,618	951,169	756,305
Funding Source: Reallocated Capital Funds							
Highway Garage Truck Wash/Bay	50,000	-	50,000	10,707	-	10,707	39,293
Bugbee Bldg Interior Renovations	50,000	-	50,000	5,864	11,507	17,371	32,629
Total Funding Source: Reallocated Capital Funds	100,000	-	100,000	16,571	11,507	28,078	71,922
Funding Source: Sewer Operating							
Sewer- Reline and Replace	899,690	-	899,690	260,208	368,008	628,216	271,474
16-17 WPCA Capital Project	216,805	-	216,805	33,682	56,956	90,638	126,167
17-18 Capital Project	500	-	500	-	-	-	500
18-19 WPCA Capital Project	100,000	-	100,000	-	29,904	29,904	70,096
WPCA Capital Projects	100,000	304,000	404,000	-	-	-	404,000
Sewer Rehab	50,000	-	50,000	-	18,375	18,375	31,625
20-21 Sewer - I & I Investigation	-	100,000	100,000	-	57,110	57,110	42,890
Total Funding Source: Sewer Operating	1,366,995	404,000	1,770,995	293,890	530,353	824,243	946,752
Grand Total	\$ 64,394,266	\$ 18,533,113	\$ 82,927,379	\$ 30,325,300	\$ 9,158,222	\$ 39,483,522	\$ 43,443,857

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	Nonmajor Special Revenue Funds					
	School Cafeteria Fund	Educational Grants Fund	Student Activities Fund	Community Development Block Grant Fund	Workplace Substance Abuse Grant Fund	Recreation Revolving Fund
ASSETS						
Cash and cash equivalents	\$ 338,361	\$ 1,041,607	\$ 323,072	\$ 194,534	\$ -	\$ -
Investments	-	-	22,083	-	-	-
Receivables:						
Grants and contracts	181,707	244,840	-	-	-	-
Other	2,382	18,838	-	9,576	-	-
Due from other funds	-	-	-	5,896	2,805	66,848
Inventories	51,317	-	-	-	-	-
Total assets	<u>\$ 573,767</u>	<u>\$ 1,305,285</u>	<u>\$ 345,155</u>	<u>\$ 210,006</u>	<u>\$ 2,805</u>	<u>\$ 66,848</u>
LIABILITIES						
Accounts payable	\$ 60,706	\$ 110,962	\$ -	\$ -	\$ -	\$ -
Due to other funds	7,635	781,744	-	-	-	-
Unearned revenue	20,350	412,579	-	9,576	-	-
Total liabilities	<u>88,691</u>	<u>1,305,285</u>	<u>-</u>	<u>9,576</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	51,317	-	-	-	-	-
Restricted	433,759	-	345,155	200,430	-	-
Committed	-	-	-	-	2,805	66,848
Total fund balances	<u>485,076</u>	<u>-</u>	<u>345,155</u>	<u>200,430</u>	<u>2,805</u>	<u>66,848</u>
Total liabilities and fund balances	<u>\$ 573,767</u>	<u>\$ 1,305,285</u>	<u>\$ 345,155</u>	<u>\$ 210,006</u>	<u>\$ 2,805</u>	<u>\$ 66,848</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)
 AS OF JUNE 30, 2021

	Nonmajor Special Revenue Funds					
	Public Investment Community Grant in Aid Fund	Miscellaneous Special Revenue Fund	Miscellaneous Grants Fund	Historic Preservation Fund	Solid Waste Fund	Armory Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ 1,050,626	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	-	-	-	-	-	-
Other	-	-	-	-	6,150	-
Due from other funds	-	24,883	33,848	87,507	487,963	405
Inventories	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 1,075,509</u>	<u>\$ 33,848</u>	<u>\$ 87,507</u>	<u>\$ 494,113</u>	<u>\$ 405</u>
LIABILITIES						
Accounts payable	\$ -	\$ 1,794	\$ -	\$ -	\$ 10,209	\$ -
Due to other funds	-	93,055	-	-	-	-
Unearned revenue	-	68,791	-	-	56,920	-
Total liabilities	<u>-</u>	<u>163,640</u>	<u>-</u>	<u>-</u>	<u>67,129</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	33,848	87,507	-	-
Committed	-	911,869	-	-	426,984	405
Total fund balances	<u>-</u>	<u>911,869</u>	<u>33,848</u>	<u>87,507</u>	<u>426,984</u>	<u>405</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1,075,509</u>	<u>\$ 33,848</u>	<u>\$ 87,507</u>	<u>\$ 494,113</u>	<u>\$ 405</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)
 AS OF JUNE 30, 2021

	Nonmajor Special Revenue Funds					Total Nonmajor Special Revenue Funds
	Library Operating Fund	Community Outdoor Beautification Fund	Economic Development Commission Fund	Cemetery Fund	Community Garden	
ASSETS						
Cash and cash equivalents	\$ -	\$ 25,422	\$ 100,373	\$ 24,347	\$ -	\$ 3,098,342
Investments	-	8,259	-	-	-	30,342
Receivables:						
Grants and contracts	-	-	-	-	-	426,547
Other	-	-	-	-	-	36,946
Due from other funds	20,292	-	-	2,710	3,102	736,259
Inventories	-	-	-	-	-	51,317
Total assets	<u>\$ 20,292</u>	<u>\$ 33,681</u>	<u>\$ 100,373</u>	<u>\$ 27,057</u>	<u>\$ 3,102</u>	<u>\$ 4,379,753</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 225	\$ -	\$ 183,896
Due to other funds	-	-	-	-	-	882,434
Unearned revenue	-	-	-	-	-	568,216
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>225</u>	<u>-</u>	<u>1,634,546</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	51,317
Restricted	-	-	-	-	-	1,100,699
Committed	20,292	33,681	100,373	26,832	3,102	1,593,191
Total fund balances	<u>20,292</u>	<u>33,681</u>	<u>100,373</u>	<u>26,832</u>	<u>3,102</u>	<u>2,745,207</u>
Total liabilities and fund balances	<u>\$ 20,292</u>	<u>\$ 33,681</u>	<u>\$ 100,373</u>	<u>\$ 27,057</u>	<u>\$ 3,102</u>	<u>\$ 4,379,753</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS *(Continued)*
 AS OF JUNE 30, 2021

	Nonmajor Capital Projects Funds					
	Industrial Park Fund	Capital Reserve Fund	Open Space Acquisition Fund	State Line Road Improvement Fund	Benefit Assessment Fund	Total Nonmajor Capital Projects Funds
ASSETS						
Cash and cash equivalents	\$ 443,942	\$ -	\$ -	\$ 7,053	\$ 10,501	\$ 461,496
Investments	-	-	-	2,291	3,412	5,703
Receivables:						
Grants and contracts	-	-	-	-	-	-
Other	-	43	-	-	-	43
Due from other funds	7,954	990,835	229,982	-	-	1,228,771
Inventories	-	-	-	-	-	-
Total assets	<u>\$ 451,896</u>	<u>\$ 990,878</u>	<u>\$ 229,982</u>	<u>\$ 9,344</u>	<u>\$ 13,913</u>	<u>\$ 1,696,013</u>
LIABILITIES						
Accounts payable	\$ -	\$ 1,200	\$ -	\$ -	\$ -	1,200
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	451,896	989,678	229,982	9,344	13,913	1,694,813
Total fund balances	<u>451,896</u>	<u>989,678</u>	<u>229,982</u>	<u>9,344</u>	<u>13,913</u>	<u>1,694,813</u>
Total liabilities and fund balances	<u>\$ 451,896</u>	<u>\$ 990,878</u>	<u>\$ 229,982</u>	<u>\$ 9,344</u>	<u>\$ 13,913</u>	<u>\$ 1,696,013</u>

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS *(Concluded)*
 AS OF JUNE 30, 2021

	Nonmajor Permanent Funds			Total Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
	Town Donor Fund	Education Scholarship Fund	Library Donor Fund		
ASSETS					
Cash and cash equivalents	\$ 73,921	\$ 138,338	\$ 354,966	\$ 567,225	\$ 4,127,063
Investments	24,017	10,380	115,324	149,721	185,766
Receivables:					
Grants and contracts	-	-	-	-	426,547
Other	-	-	-	-	36,989
Due from other funds	-	13,463	-	13,463	1,978,493
Inventories	-	-	-	-	51,317
Total assets	<u>\$ 97,938</u>	<u>\$ 162,181</u>	<u>\$ 470,290</u>	<u>\$ 730,409</u>	<u>\$ 6,806,175</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 185,096
Due to other funds	2,710	-	-	2,710	885,144
Unearned revenue	-	-	-	-	568,216
Total liabilities	<u>2,710</u>	<u>-</u>	<u>-</u>	<u>2,710</u>	<u>1,638,456</u>
FUND BALANCES					
Nonspendable	71,303	-	-	71,303	122,620
Restricted	23,925	162,181	470,290	656,396	1,757,095
Committed	-	-	-	-	3,288,004
Total fund balances	<u>95,228</u>	<u>162,181</u>	<u>470,290</u>	<u>727,699</u>	<u>5,167,719</u>
Total liabilities and fund balances	<u>\$ 97,938</u>	<u>\$ 162,181</u>	<u>\$ 470,290</u>	<u>\$ 730,409</u>	<u>\$ 6,806,175</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, 2021

	Nonmajor Special Revenue Funds					
	School Cafeteria Fund	Educational Grants Fund	Student Activities Fund	Community Development Block Grant Fund	Workplace Substance Abuse Grant Fund	Recreation Revolving Fund
REVENUES						
Intergovernmental	\$ 849,478	\$ 3,836,131	\$ -	\$ -	\$ -	\$ -
Charges for services	90,999	-	206,193	-	-	3,373
Investment income	-	-	-	309	-	-
Other	-	-	-	122,192	-	-
Total revenues	<u>940,477</u>	<u>3,836,131</u>	<u>206,193</u>	<u>122,501</u>	<u>-</u>	<u>3,373</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	14,995
Public safety	-	-	-	-	2,208	-
Community development and human services	-	-	-	39,186	-	-
Education	996,521	3,836,131	217,590	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	<u>996,521</u>	<u>3,836,131</u>	<u>217,590</u>	<u>39,186</u>	<u>2,208</u>	<u>14,995</u>
Excess (deficiency) of revenues over expenditures	(56,044)	-	(11,397)	83,315	(2,208)	(11,622)
OTHER FINANCING SOURCES (USES)						
Sale of general capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(56,044)	-	(11,397)	83,315	(2,208)	(11,622)
Fund balances - beginning, as originally reported	541,120	-	-	117,115	5,013	78,470
Adjustments (See Note 1)	-	-	356,552	-	-	-
Fund balances - beginning, as adjusted	<u>541,120</u>	<u>-</u>	<u>356,552</u>	<u>117,115</u>	<u>5,013</u>	<u>78,470</u>
Fund balances - ending	<u>\$ 485,076</u>	<u>\$ -</u>	<u>\$ 345,155</u>	<u>\$ 200,430</u>	<u>\$ 2,805</u>	<u>\$ 66,848</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, 2021

	Nonmajor Special Revenue Funds					
	Public Investment Community Grant in Aid Fund	Miscellaneous Special Revenue Fund	Miscellaneous Grants Fund	Historic Preservation Fund	Solid Waste Fund	Armory Fund
	REVENUES					
Intergovernmental	\$ -	\$ 43,375	\$ 48,722	\$ 5,500	\$ -	\$ -
Charges for services	-	409,868	-	-	146,406	-
Investment income	-	-	-	-	-	-
Other	-	132,900	30,403	18,384	-	-
Total revenues	<u>-</u>	<u>586,143</u>	<u>79,125</u>	<u>23,884</u>	<u>146,406</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	-	-	9,400	-	330,592	-
Recreation and leisure	-	-	1,495	12,487	-	-
Public safety	-	-	-	-	-	-
Community development and human services	4,533	-	1,582	-	-	-
Education	-	588,244	32,800	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	<u>4,533</u>	<u>588,244</u>	<u>45,277</u>	<u>12,487</u>	<u>330,592</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(4,533)	(2,101)	33,848	11,397	(184,186)	-
OTHER FINANCING SOURCES (USES)						
Sale of general capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	234,801	-
Transfers out	-	-	-	-	(5,641)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>229,160</u>	<u>-</u>
Net changes in fund balances	(4,533)	(2,101)	33,848	11,397	44,974	-
Fund balances - beginning, as originally reported	4,533	913,970	-	76,110	382,010	405
Adjustments (See Note 1)	-	-	-	-	-	-
Fund balances - beginning, as adjusted	<u>4,533</u>	<u>913,970</u>	<u>-</u>	<u>76,110</u>	<u>382,010</u>	<u>405</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 911,869</u>	<u>\$ 33,848</u>	<u>\$ 87,507</u>	<u>\$ 426,984</u>	<u>\$ 405</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, 2021

	Nonmajor Special Revenue Funds					Total Nonmajor Special Revenue Funds
	Library Operating Fund	Community Outdoor Beautification Fund	Economic Development Commission Fund	Cemetery Fund	Community Garden	
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,783,206
Charges for services	-	1,950	-	-	-	858,789
Investment income	-	-	123	-	-	432
Other	100	-	250	-	656	304,885
Total revenues	<u>100</u>	<u>1,950</u>	<u>373</u>	<u>-</u>	<u>656</u>	<u>5,947,312</u>
EXPENDITURES						
Current:						
General government	-	-	-	765	-	340,757
Recreation and leisure	9,486	-	-	-	-	38,463
Public safety	-	-	-	-	-	2,208
Community development and human services	-	-	-	-	1,054	46,355
Education	-	-	-	-	-	5,671,286
Capital outlays	-	-	-	-	-	-
Total expenditures	<u>9,486</u>	<u>-</u>	<u>-</u>	<u>765</u>	<u>1,054</u>	<u>6,099,069</u>
Excess (deficiency) of revenues over expenditures	(9,386)	1,950	373	(765)	(398)	(151,757)
OTHER FINANCING SOURCES (USES)						
Sale of general capital assets	-	-	100,000	-	-	100,000
Transfers in	-	-	-	849	-	235,650
Transfers out	-	-	-	-	-	(5,641)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>849</u>	<u>-</u>	<u>330,009</u>
Net changes in fund balances	(9,386)	1,950	100,373	84	(398)	178,252
Fund balances - beginning, as originally reported	29,678	31,731	-	26,748	3,500	2,210,403
Adjustments (See Note 1)	-	-	-	-	-	356,552
Fund balances - beginning, as adjusted	<u>29,678</u>	<u>31,731</u>	<u>-</u>	<u>26,748</u>	<u>3,500</u>	<u>2,566,955</u>
Fund balances - ending	<u>\$ 20,292</u>	<u>\$ 33,681</u>	<u>\$ 100,373</u>	<u>\$ 26,832</u>	<u>\$ 3,102</u>	<u>\$ 2,745,207</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, 2021

	Nonmajor Capital Projects Funds					Total Nonmajor Capital Projects Funds
	Industrial Park Fund	Capital Reserve Fund	Open Space Acquisition Fund	State Line Road Improvement Fund	Benefit Assessment Fund	
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Investment income	1,187	-	-	149	221	1,557
Other	-	76,542	5,351	-	-	81,893
Total revenues	<u>1,187</u>	<u>76,542</u>	<u>5,351</u>	<u>149</u>	<u>221</u>	<u>83,450</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community development and human services	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlays	-	22,358	-	-	-	22,358
Total expenditures	<u>-</u>	<u>22,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,358</u>
Excess (deficiency) of revenues over expenditures	1,187	54,184	5,351	149	221	61,092
OTHER FINANCING SOURCES (USES)						
Sale of general capital assets	-	-	-	-	-	-
Transfers in	-	98,558	-	-	-	98,558
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>98,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,558</u>
Net changes in fund balances	1,187	152,742	5,351	149	221	159,650
Fund balances - beginning	450,709	836,936	224,631	9,195	13,692	1,535,163
Adjustments (See Note 1)	-	-	-	-	-	-
Fund balances - beginning, as adjusted	<u>450,709</u>	<u>836,936</u>	<u>224,631</u>	<u>9,195</u>	<u>13,692</u>	<u>1,535,163</u>
Fund balances - ending	<u>\$ 451,896</u>	<u>\$ 989,678</u>	<u>\$ 229,982</u>	<u>\$ 9,344</u>	<u>\$ 13,913</u>	<u>\$ 1,694,813</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, 2021

	Nonmajor Permanent Funds				Total Nonmajor Governmental Funds
	Town Donor Fund	Education Scholarship Fund	Library Donor Fund	Total Nonmajor Permanent Funds	
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 4,783,206
Charges for services	-	-	-	-	858,789
Investment income	1,607	136	8,916	10,659	12,648
Other	-	46,789	23,070	69,859	456,637
Total revenues	<u>1,607</u>	<u>46,925</u>	<u>31,986</u>	<u>80,518</u>	<u>6,111,280</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	340,757
Recreation and leisure	-	-	35,999	35,999	74,462
Public safety	-	-	-	-	2,208
Community development and human services	1,008	-	-	1,008	47,363
Education	-	22,920	-	22,920	5,694,206
Capital outlays	-	-	-	-	22,358
Total expenditures	<u>1,008</u>	<u>22,920</u>	<u>35,999</u>	<u>59,927</u>	<u>6,181,354</u>
Excess (deficiency) of revenues over expenditures	599	24,005	(4,013)	20,591	(70,074)
OTHER FINANCING SOURCES (USES)					
Sale of general capital assets	-	-	-	-	100,000
Transfers in	81	-	785	866	335,074
Transfers out	(1,122)	-	(785)	(1,907)	(7,548)
Total other financing sources (uses)	<u>(1,041)</u>	<u>-</u>	<u>-</u>	<u>(1,041)</u>	<u>427,526</u>
Net changes in fund balances	(442)	24,005	(4,013)	19,550	357,452
Fund balances - beginning	95,670	-	474,303	569,973	4,315,539
Adjustments <i>(See Note 1)</i>	-	138,176	-	138,176	494,728
Fund balances - beginning, as adjusted	<u>95,670</u>	<u>138,176</u>	<u>474,303</u>	<u>708,149</u>	<u>4,810,267</u>
Fund balances - ending	<u>\$ 95,228</u>	<u>\$ 162,181</u>	<u>\$ 470,290</u>	<u>\$ 727,699</u>	<u>\$ 5,167,719</u>

(Concluded)

OTHER INFORMATION (UNAUDITED)

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 97,765,533	\$ 101,541,317	\$ 103,443,636	\$ 104,643,805	\$ 99,903,823	\$ 102,507,177	\$ 103,327,029	\$ 103,587,946	\$ 104,459,192	\$ 103,746,471
Restricted for:										
Endowments - expendable	506,970	530,161	552,215	547,792	554,935	515,047	455,622	445,376	450,324	656,396
Endowments - nonexpendable	119,630	119,630	119,630	119,632	119,642	119,642	119,648	119,649	119,649	71,303
Grant programs	-	-	-	-	-	-	112,521	209,623	695,682	755,544
Educational programs	-	-	-	-	-	-	-	-	-	345,155
Unrestricted	17,963,381	13,674,955	13,713,426	11,174,166	19,965,750	17,454,884	17,736,453	16,683,479	19,973,542	25,887,168
Total governmental activities net position	<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>\$ 125,698,389</u>	<u>\$ 131,462,037</u>

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 3,619,835	\$ 3,403,030	\$ 4,005,969	\$ 3,494,171	\$ 3,553,737	\$ 3,486,120	\$ 3,439,137	\$ 3,515,089	\$ 3,902,890	\$ 3,006,363
Public works	5,203,896	5,265,384	5,825,718	6,108,779	5,687,401	6,680,406	7,108,844	7,376,605	7,270,411	7,604,189
Recreation and leisure	1,926,344	1,979,551	1,426,575	1,773,789	1,763,540	1,746,407	1,634,809	1,710,857	1,596,815	1,654,809
Public safety	1,055,882	998,195	1,015,900	1,050,732	1,224,197	1,309,793	1,234,382	1,130,827	1,340,283	1,448,127
Community development and human services	1,342,336	943,972	1,382,091	906,536	922,786	3,649,138	1,717,757	1,216,262	722,894	749,733
Education	51,275,566	52,455,544	53,959,068	54,525,897	56,072,307	56,386,330	59,009,409	55,818,177	57,589,259	63,251,945
Interest and fiscal charges	1,550,711	1,051,283	873,546	1,155,761	1,048,505	1,076,691	1,037,512	980,400	1,162,594	1,089,168
Total governmental activities expenses	63,333,749	65,974,570	66,096,959	68,488,867	69,015,665	70,272,473	74,334,885	75,181,850	73,585,146	78,804,334
Program Revenues										
Governmental activities:										
Charges for services:										
General government	616,933	961,098	507,533	608,290	668,403	668,403	1,197,134	1,256,292	810,394	1,334,733
Public works	3,668,673	3,311,533	4,112,042	4,810,621	4,192,867	4,192,867	4,022,925	4,086,994	4,188,895	4,855,200
Recreation and leisure	218,743	140,129	175,233	170,582	208,119	208,119	15,297	237,277	113,447	75,724
Public safety	24,550	1,710	4,879	7,949	448	448	-	5,785	-	-
Community development and human services	24,397	17,282	162,650	191,588	181,272	181,272	158,362	32,208	57,343	58,694
Education	4,656,775	4,356,732	4,447,256	4,647,089	4,301,525	4,301,525	3,265,614	3,945,153	3,693,237	3,417,832
Operating grants and contributions	24,076,446	27,649,324	23,879,797	27,012,473	29,770,868	29,770,868	29,383,271	24,732,635	29,668,025	34,590,791
Capital grants and contributions	2,810,977	2,690,253	1,493,682	2,680,502	2,289,374	2,289,374	2,853,903	608,981	2,084,523	2,188,967
Total governmental activities program revenues	36,097,494	39,128,061	34,783,072	40,129,094	41,612,876	41,612,876	40,896,506	34,905,325	40,615,864	46,521,941
Net (Expense)/Revenue										
Governmental activities	(27,236,255)	(26,846,509)	(31,313,887)	(28,359,773)	(27,402,789)	(28,659,597)	(33,438,379)	(40,276,525)	(32,969,282)	(32,282,393)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	28,367,953	28,753,203	30,683,974	31,879,104	33,343,852	34,101,036	34,655,792	35,065,215	36,497,072	36,820,551
Unrestricted grants and contributions	1,258,030	1,254,281	506,500	541,271	528,834	1,176,400	488,538	535,010	549,109	535,594
Investment income	175,314	184,722	133,176	207,756	329,448	251,984	295,537	537,467	575,417	195,168
Total governmental activities	29,801,297	30,192,206	31,323,650	32,628,131	34,202,134	35,529,420	35,439,867	36,137,692	37,621,598	37,551,313
Change in Net Position										
Governmental activities	\$ 2,565,042	\$ 3,345,697	\$ 9,763	\$ 4,268,358	\$ 6,799,345	\$ 6,869,823	\$ 2,001,488	\$ (4,138,833)	\$ 4,652,316	\$ 5,268,920

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%
2021	39.23	20.11	3.69	30.24	6.73	\$ 1,921,336,384	\$ 554,181,750	\$ -	\$ 1,367,154,634
2020	38.50	20.57	3.86	30.97	6.10	1,963,872,161	617,578,427	-	1,346,293,734
2019	33.80	21.34	2.52	35.79	6.48	1,783,656,710	622,123,077	-	1,161,533,633
2018	31.95	19.93	2.76	39.22	6.14	1,757,400,561	593,884,743	-	1,163,515,818
2017	32.02	20.59	2.12	39.12	6.16	1,859,439,124	722,170,145	-	1,137,268,979
2016	38.89	24.97	2.41	26.72	7.01	1,528,178,594	420,887,802	-	1,107,290,792
2015	39.41	24.82	3.15	25.62	7.01	1,497,944,702	413,602,923	-	1,084,341,779
2014	45.51	22.74	3.44	22.45	5.87	1,765,102,163	428,814,673	-	1,336,287,490
2013	44.60	22.30	3.36	23.87	5.87	1,745,556,915	430,043,201	-	1,315,513,714
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

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
2021	24.64	2019	\$ 1,367,154,634	\$ 36,468,468	\$ 35,875,267	98.37%	1.63%
2020	24.96	2018	1,346,293,734	36,120,514	35,387,224	97.97%	2.03%
2019	27.76	2017	1,161,533,633	35,236,276	34,584,348	98.15%	1.85%
2018	27.31	2016	1,163,515,818	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%

(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, 2021
 (Unaudited)

TAXPAYER	NATURE OF BUSINESS	ASSESSMENT (1)	PERCENT OF NET TAXABLE GRAND LIST
EVERSOURCE Aka CL&P	UTILITY DISTRIBUTION CO.	\$ 49,383,460	3.61%
FRITO LAY	MANUFACTURER - SNACK FOODS	47,754,890	3.49%
DAYVILLE PROPERTY DEVELOPMENT	COMMERCIAL DEVELOPMENT	34,004,320	2.49%
UNITED NATURAL FOODS	FOOD PRODUCTS	17,491,450	1.28%
STAPLES	RETAIL/WAREHOUSING	13,349,980	0.98%
PJC - REALTY	REALTY HOLDING COMPANY	11,084,080	0.81%
CT WATER	UTILITY DISTRIBUTION CO.	13,413,960	0.98%
YANKEE GAS	UTILITY DISTRIBUTION CO.	9,002,520	0.66%
TARGET CORPORATION	RETAIL DISCOUNT STORE	9,040,960	0.66%
ALEXANDERS LAND TRUST	REALTY HOLDING COMPANY	5,808,510	0.42%
TOTAL		<u>\$ 210,334,130</u>	<u>15.38%</u>

(1) The net taxable grand list as of October 1, 2019 totaled \$1,367,154,634.

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
2021	17,336	\$ 1,367,154,634	\$ 30,113,795	2.20%	\$ 1,737
2020	17,981	1,346,293,734	31,589,323	2.35%	1,757
2019	17,558	1,161,533,633	29,078,494	2.50%	1,656
2018	17,172	1,163,515,818	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	2.81%	1,775
2014	17,223	1,336,287,490	30,099,935	2.25%	1,748
2013	17,358	1,315,513,714	32,008,100	2.43%	1,844
2012	17,330	1,311,450,736	27,092,675	2.07%	1,563

(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
2021	17,336	\$ 1,367,154,634	\$ 30,113,795	\$ -	\$ 30,113,795	2.2%	\$ 1,737
2020	17,981	1,346,293,734	31,589,323	-	31,589,323	2.3%	1,757
2019	17,558	1,161,533,633	29,078,494	-	29,078,494	2.5%	1,656
2018	17,172	1,163,515,818	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	1,315,513,714	32,008,100	-	32,008,100	2.4%	1,844
2012	17,330	1,311,450,736	27,092,675	-	27,092,675	2.1%	1,563

(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	(2) Median Age	(3) School Enrollment	(4) Unemployment Rate
2021	17,336	\$ 556,312,240	\$ 32,090	42.2	2,317	6.90%
2020	17,981	569,620,099	31,679	42.2	2,546	11.40%
2019	17,558	542,243,714	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	469,862,280	27,210	41.4	2,519	6.70%
2016	17,131	471,941,919	27,549	40.0	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%

- (1) State of Connecticut, Department of Public Health estimates
- (2) CERC
- (3) Town of Killingly, Board of Education
- (4) State of Connecticut, Labor Department, Office of Research and Statistics

Table 9

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	\$ 197,312,479	\$ 200,800,754	\$ 214,639,355	\$ 223,066,781	\$ 233,820,685	\$ 239,069,282	\$ 244,761,349	\$ 247,028,859	\$ 252,979,342	\$ 257,375,881
Total net debt applicable to limit	<u>45,652,341</u>	<u>46,231,900</u>	<u>44,323,735</u>	<u>44,643,570</u>	<u>40,408,455</u>	<u>50,704,802</u>	<u>65,646,141</u>	<u>59,658,698</u>	<u>73,384,745</u>	<u>52,945,981</u>
Legal Debt Margin	<u>\$ 151,660,138</u>	<u>\$ 154,568,854</u>	<u>\$ 170,315,620</u>	<u>\$ 178,423,211</u>	<u>\$ 193,412,230</u>	<u>\$ 188,364,480</u>	<u>\$ 179,115,208</u>	<u>\$ 187,370,161</u>	<u>\$ 179,594,597</u>	<u>\$ 204,429,900</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>23.14%</u>	<u>23.02%</u>	<u>20.65%</u>	<u>20.01%</u>	<u>17.28%</u>	<u>21.21%</u>	<u>26.82%</u>	<u>24.15%</u>	<u>29.01%</u>	<u>20.57%</u>

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 2021 debt limit can be found on page 100 of this report.