

TOWN OF KILLINGLY, CONNECTICUT

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

JUNE 30, 2016

CONTENTS

	Page
<i>Introductory Section (Unaudited)</i>	
Organizational Chart	i
List of Principal Town Officials	ii
<i>Financial Section</i>	
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
Governmental Fund Financial Statements:	
Balance Sheet	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis – General Fund	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis – Sewer Operating Fund	22
Proprietary Fund Financial Statements:	
Statement of Net Position	23
Statement of Revenues, Expenses and Changes in Fund Net Position	24
Statement of Cash Flows	25
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27
Notes to Financial Statements	28

CONTENTS *(continued)*

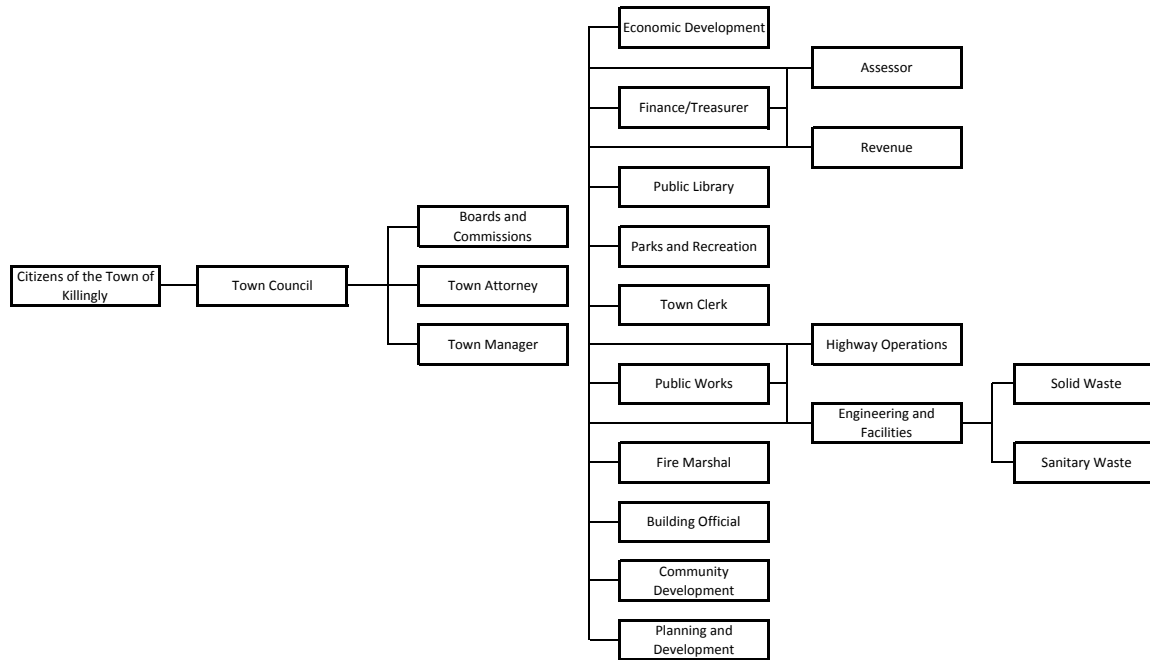
	Page
<i>Financial Section (continued)</i>	
Required Supplementary Information (Unaudited):	
Schedule of Changes in Net Pension Liability – Town Pension Plan	60
Schedule of Contributions and Investment Returns – Town Pension Plan	61
Schedule of Town’s Proportionate Share of Net Pension Liability – Connecticut State Teachers’ Retirement System	62
Schedules of Funding Progress – Other Post-Employment Benefits	63
Combining and Individual Fund Statements and Schedules:	
General Fund:	
Combining Balance Sheet	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	67
Schedule of Revenues and Other Financing Sources – Budget and Actual – Budgetary Basis	70
Schedule of Expenditures and Other Financing Uses – Budget and Actual – Budgetary Basis	72
Schedule of Property Taxes Levied, Collected and Outstanding	77
Schedule of Debt Limitation	78
Capital Improvements Fund:	
Schedule of Expenditures and Project Appropriations	79
Nonmajor Governmental Funds:	
Combining Balance Sheet	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	85
Combining Balance Sheet – Killingly Public Library Trust Funds	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Killingly Public Library Trust Funds	90
Combining Balance Sheet – Permanent Trust Funds	91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Permanent Trust Funds	92
Private Purpose Trust Funds:	
Combining Statement of Fiduciary Position	93
Combining Statement Changes in Fiduciary Position	94
Agency Funds:	
Combining Statement of Fiduciary Position and Liabilities	95
Combining Statement Changes in Fiduciary Position and Liabilities	96

CONTENTS *(continued)*

	Page
<i>Other Information (Unaudited)</i>	
Government-wide Information	
Table 1 – Net Position by Component - Last Ten Fiscal Years	97
Table 2 – Changes in Net Position - Last Ten Fiscal Years	98
Fund and Other Information	
Table 3 – Assessed Value and Estimated Actual Value of Taxable Property- Last Ten Fiscal Years	99
Table 4 – Property Tax Levies and Collections - Last Ten Fiscal Years	100
Table 5 – Principal Taxpayers	101
Table 6 – Ratios of Gross General Bonded Debt to Assessed Value and Gross General Bonded Debt Per Capita - Last Ten Fiscal Years	102
Table 7 – Ratios of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita - Last Ten Fiscal Years	103
Table 8 – Demographic and Economic Statistics - Last Ten Fiscal Years	104
Table 9 – Legal Debt Margin - Last Ten Fiscal Years	105

INTRODUCTORY SECTION

**TOWN OF KILLINGLY, CONNECTICUT
ORGANIZATIONAL CHART
JUNE 30, 2016**



TOWN OF KILLINGLY, CONNECTICUT
LIST OF PRINCIPAL TOWN OFFICIALS
JUNE 30, 2016

TOWN COUNCIL

David Griffiths, Chairman
Gail Oakley Pratt, Vice-Chair
Joyce Ricci
Ed Grandelski
Adam Griffiths
Lynn LaBerge
Dennis Alemian
Kevin Ide

Dennis Alemian, Board of Education Liaison

TOWN DEPARTMENTS

Sean Hendricks, Town Manager
Mary T. Calorio, Director of Finance/Treasurer
Paul Hopkins, Assessor
Tracy Bragg, Building Official
Mary Bromm, Community Development Administrator
Elsie Bisset, Economic Development Director
David Capacchione, P.E., Director of Public Works/Town Engineer
Tracy Mason, Parks and Recreation Director
Ann-Marie Aubrey, Director of Planning & Development
Travis Sirrine, Highway Superintendent
Patricia Monahan, Revenue Collector
Kevin C. Farr, Superintendent of Schools
Elizabeth Wilson, Town Clerk
Randy Burchard, Fire Marshal
Peter Ciparelli, Library Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Town Council of the
Town of Killingly, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Killingly, Connecticut (the "Town"), as of and for the year ended June 30, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison schedules for the General Fund and the Sewer Operating Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the schedules on the Town's pension plan and other post-employment benefits program on pages 60 through 63 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 64 through 96 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 97 through 105 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut
January 20, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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, 2016.

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 \$120,544,150 (net position). Of this amount, \$19,965,750 (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 \$4,058,755 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 \$21,961,899, an increase of \$8,585,449 in comparison with the prior year. The primary cause of this fund balance increase is due to the conversion of short-term to permanent financing in the Capital Improvements Fund to fund a prior year deficit due to planned capital projects. In addition, there were favorable increases in the General Fund, Sewer Operating Fund, and remaining Nonmajor funds, offset by a minimal decrease in the Capital Nonrecurring Fund.
- At the close of the current fiscal year, unassigned fund balance for the General Fund excluding combined sub-funds, was \$8,171,390 or 15.2% of total General Fund expenditures and net other financing uses on a budgetary basis. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 1.82 months of General Fund budgetary operating expenditures.
- The Town's capital assets decreased by \$2,303,567 or 1.7% during the current year, primarily due to current year additions of \$3.2 million, offset by depreciation and amortization of \$5.5 million.
- The Town's total long-term bonded debt increased by \$2,589,885 or 8.5% during the current fiscal year due to the issuance of general obligation refunding bonds and general obligation bonds for school projects, offset by current year scheduled principal repayments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The statement of net position presents information on all of the Town's assets, 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.

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

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

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

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.

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 22 of this report.

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

Fund Financial Statements (*Continued*)

Proprietary Funds

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

The basic proprietary fund financial statements can be found on pages 23 through 25 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 26 and 27 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 59 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 60 through 105 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

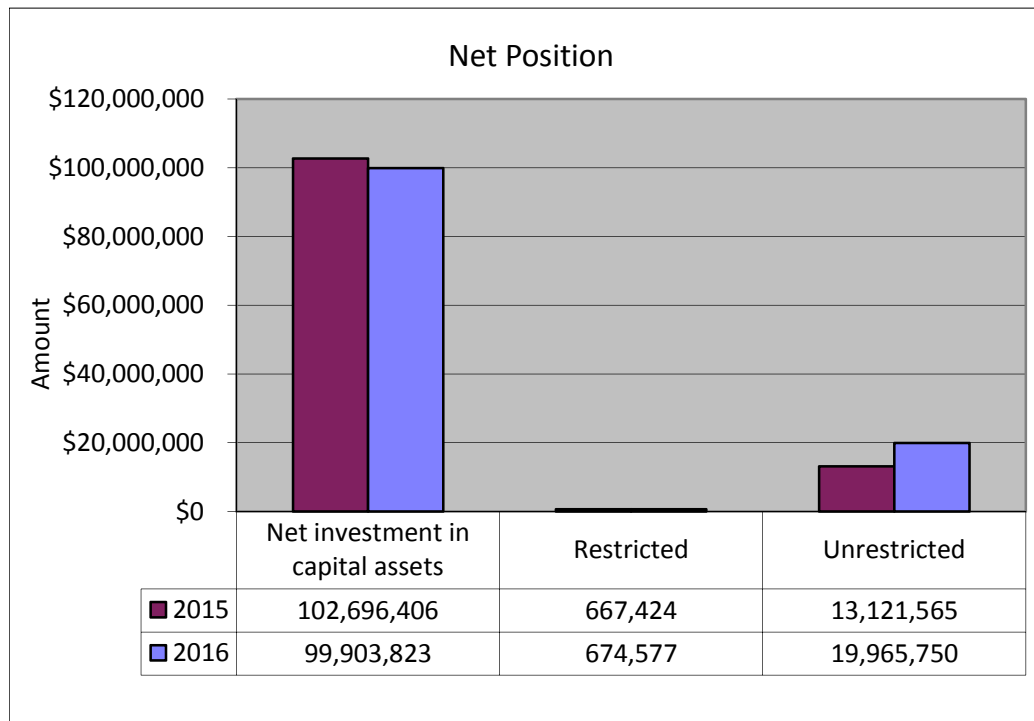
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$120,544,150 and \$116,485,395 as of June 30, 2016 and 2015, respectively, and are summarized as follows.

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

	2016	2015
Current and other assets	\$ 30,612,954	\$ 23,995,646
Capital assets	134,211,384	136,514,951
Total assets	164,824,338	160,510,597
Deferred outflows of resources	1,486,929	395,914
Other liabilities	4,512,978	6,685,540
Long-term liabilities	41,102,164	37,682,975
Total liabilities	45,615,142	44,368,515
Deferred inflows of resources	151,975	52,601
Net position:		
Net investment in capital assets	99,903,823	102,696,406
Restricted	674,577	667,424
Unrestricted	19,965,750	13,121,565
Total net position	\$ 120,544,150	\$ 116,485,395



TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

82.9% 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.

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

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

Overall, net position increased by \$4,058,755 in comparison to the prior year.

Changes in Net Position

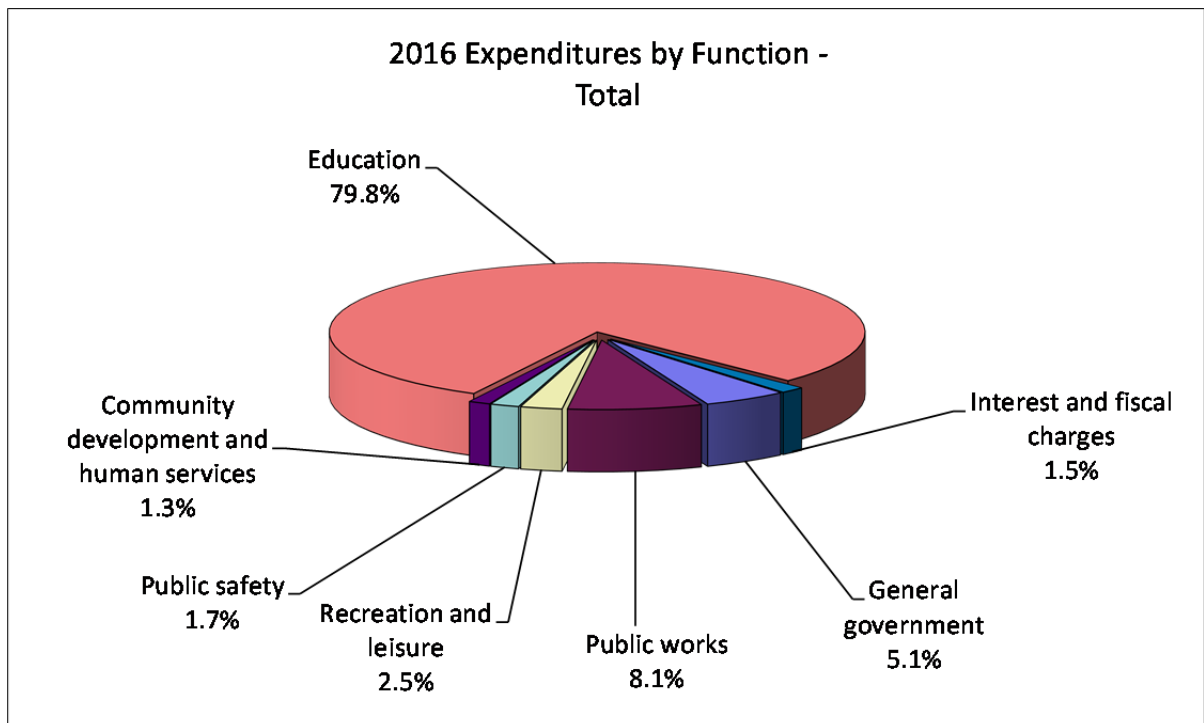
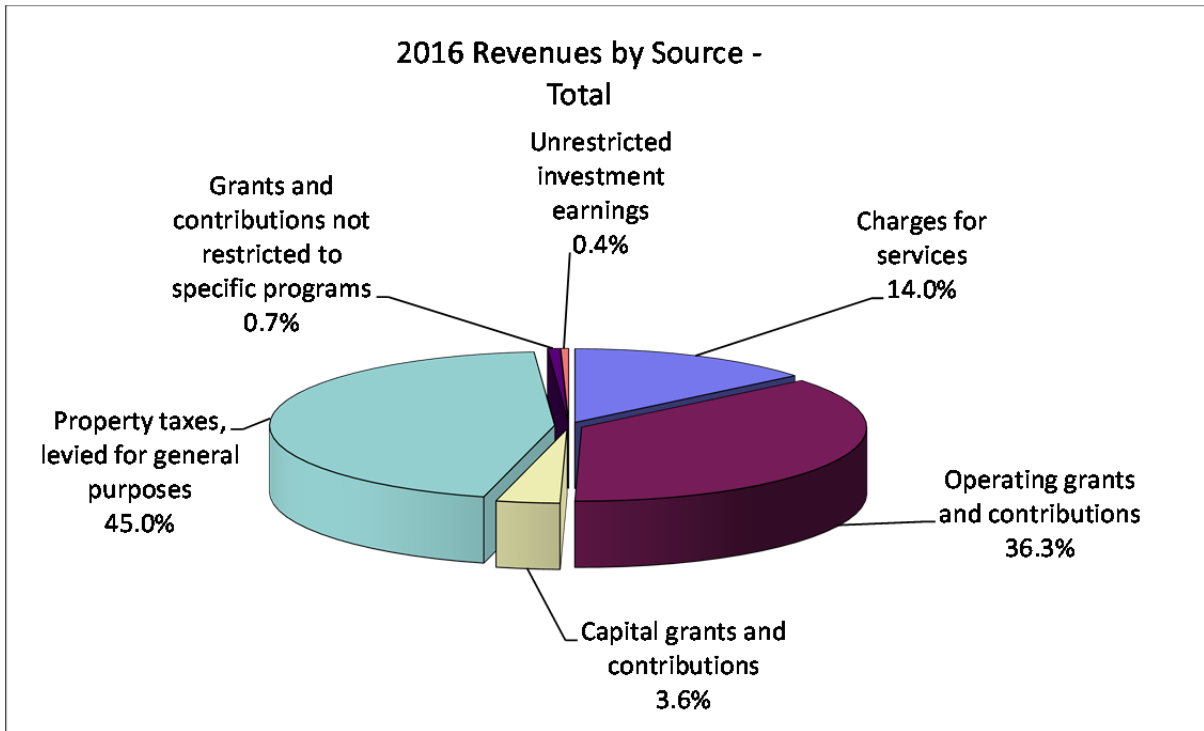
Changes in net position for the years ended June 30, 2016 and 2015 are as follows.

	<u>2016</u>	<u>2015</u>
Revenues		
Program revenues:		
Charges for services	\$ 10,436,119	\$ 9,409,593
Operating grants and contributions	27,012,473	23,879,797
Capital grants and contributions	2,680,502	1,493,682
General revenues:		
Property taxes, levied for general purposes	33,343,852	31,879,104
Grants and contributions not restricted to specific programs	528,834	541,271
Unrestricted investment earnings	<u>329,448</u>	<u>207,756</u>
Total revenues	<u>74,331,228</u>	<u>67,411,203</u>
Expenses		
General government	3,553,737	3,494,171
Public works	5,687,401	6,108,779
Recreation and leisure	1,763,540	1,773,789
Public safety	1,224,197	1,050,732
Community development and human services	922,786	906,536
Education	56,072,307	54,525,897
Interest and fiscal charges	<u>1,048,505</u>	<u>1,155,761</u>
Total expenses	<u>70,272,473</u>	<u>69,015,665</u>
Change in net position	<u>\$ 4,058,755</u>	<u>\$ (1,604,462)</u>

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Position (Continued)



TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (*Continued*)

Change in Net Position (*Continued*)

Governmental activities increased the Town's net position by \$4,058,755. Key elements of this decrease are as follows:

- Increases in property tax revenues of \$1,464,748 or 4.59% as compared to the prior year.
- Increases in operating grants and contributions relating to public works and an increase in both operating and capital grants related to education.
- Overall revenues increased by 10.3% or \$6,920,025, while expenses had a slight increase compared to the prior year of 1.8% or \$1,256,808.

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 \$21,961,899, an increase of \$8,585,449 in comparison with the prior year. The primary cause of this fund balance increase is due to the conversion of short-term to permanent financing in the Capital Improvements Fund to fund a prior year deficit due to planned capital projects. In addition, there were favorable increases in the General Fund, Sewer Operating Fund, and remaining Nonmajor funds, offset by a minimal decrease in the Capital Nonrecurring Fund.

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 General Fund was \$9,958,897 on a GAAP basis. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 17.12% of total General Fund expenditures on a GAAP basis. Expressed another way, unassigned fund balance for the budgeted General Fund was sufficient to cover approximately 2.1 months of General Fund GAAP operating expenditures.

Unassigned fund balance for the General Fund, excluding combined sub-funds, was \$8,171,390 or 15.2% of total General Fund expenditures and net other financing uses on a budgetary basis. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 1.82 months of General Fund budgetary operating expenditures.

The fund balance of the Town's General Fund increased by \$1,737,994 during the current fiscal year, which was primarily due to increases in property tax collections, increases in investment earnings, and proceeds from the issuance of bonds, offset by slight increases in the overall functional expenditure categories.

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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

Governmental Funds (*Continued*)

Capital Improvements Fund

The fund balance of the Capital Improvements Fund increased by \$6,435,160 during the current fiscal year. This change was due to an increase in intergovernmental revenues received in addition to proceeds received from the conversion of short-term financing to permanent financing in the current year within the fund.

Sewer Operating Fund

The fund balance of the Sewer Operating Fund increased by \$344,728 during the current fiscal year. This change was due primarily to increased sewer use collections.

Capital Nonrecurring Fund

The fund balance of the Capital Nonrecurring Fund decreased by \$107,553 during the current fiscal year. This decrease was due primarily to the purchase and replacement of several vehicles within the Town's fleet, offset by transfers in from the General Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$1,104,764. No supplemental appropriations were made during the current fiscal year. However, amounts totaling \$615,453 were transferred from assigned fund balance to fund the establishment of an OPEB Trust Fund and for payments related to compensated absences for separated employees. Transfers from assigned fund balance were made in accordance with the purpose by which the Town Council approved in previous fiscal years. Expenditures were \$938,308 less than budgeted and revenues were \$803,959 higher than expected due primarily to increases in property tax collections, intergovernmental revenues, and timing of miscellaneous revenues at year end.

SEWER OPERATING FUND BUDGETARY HIGHLIGHTS

The Town adopts an annual budget for its Sewer Operating Fund. During the year ended June 30, 2016 there were no additional appropriations made to the budget. The budget for 2016 planned for the use of fund balance in the amount of \$34. The actual net change in fund balance of the Sewer Operating Fund on a budgetary basis was an increase of \$286,642. Expenditures were \$171,694 less than budgeted and total budgetary revenues were \$114,914 more than expected due primarily from increased investment earnings and an increase in unanticipated miscellaneous revenues from sewer waste hauling.

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

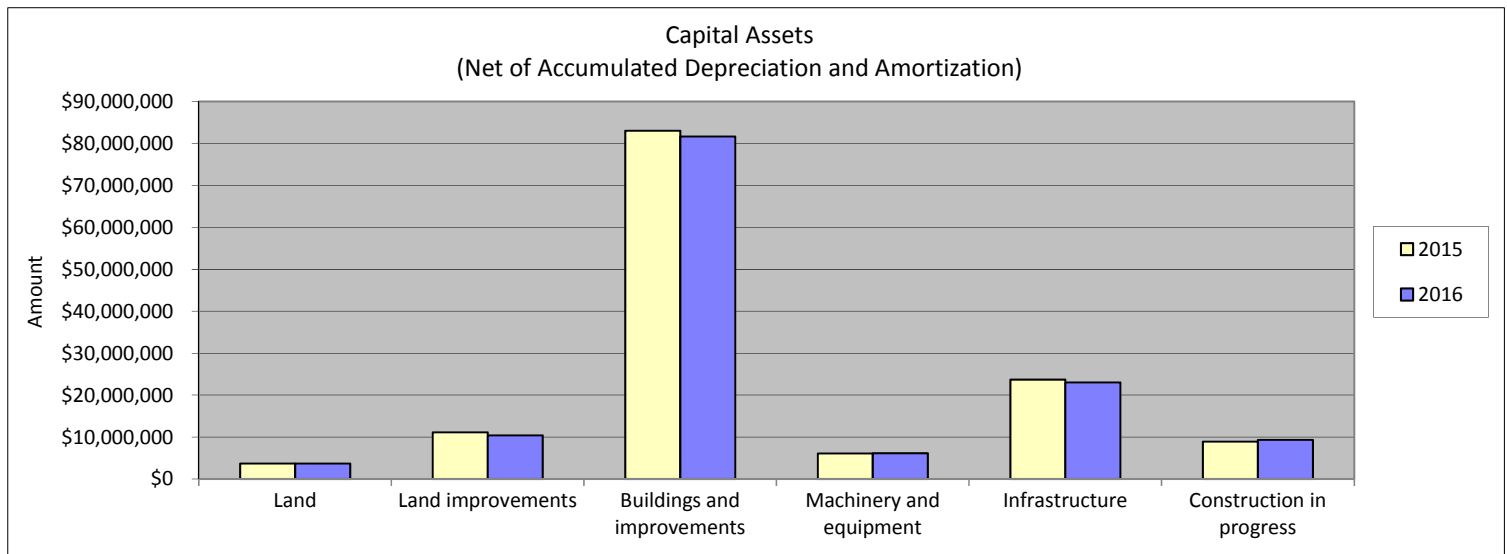
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2016 and 2015 totaled \$134,211,384 and \$136,514,951 respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress. The total decrease in the Town's investment in capital assets for the current fiscal year was \$2,303,567 or 1.7%. This decrease consisted of capital asset additions of \$3,220,214 offset by current year depreciation and amortization expense of \$5,523,781. Major capital asset events during the current fiscal year included the purchase of apple computers through a capital lease, highway garage new fuel storage tanks, the purchase of four passenger buses, and various costs for other projects including drainage and sewer improvements and public works equipment.

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

	2016	2015
Land	\$ 3,674,024	\$ 3,674,024
Land improvements	10,384,998	11,126,742
Buildings and improvements	81,665,786	83,039,719
Machinery and equipment	6,128,920	6,076,336
Infrastructure	23,024,475	23,695,316
Construction in progress	9,333,181	8,902,814
Totals	<u>\$ 134,211,384</u>	<u>\$ 136,514,951</u>



Additional information on the Town's capital assets can be found in Note 5 of this report.

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

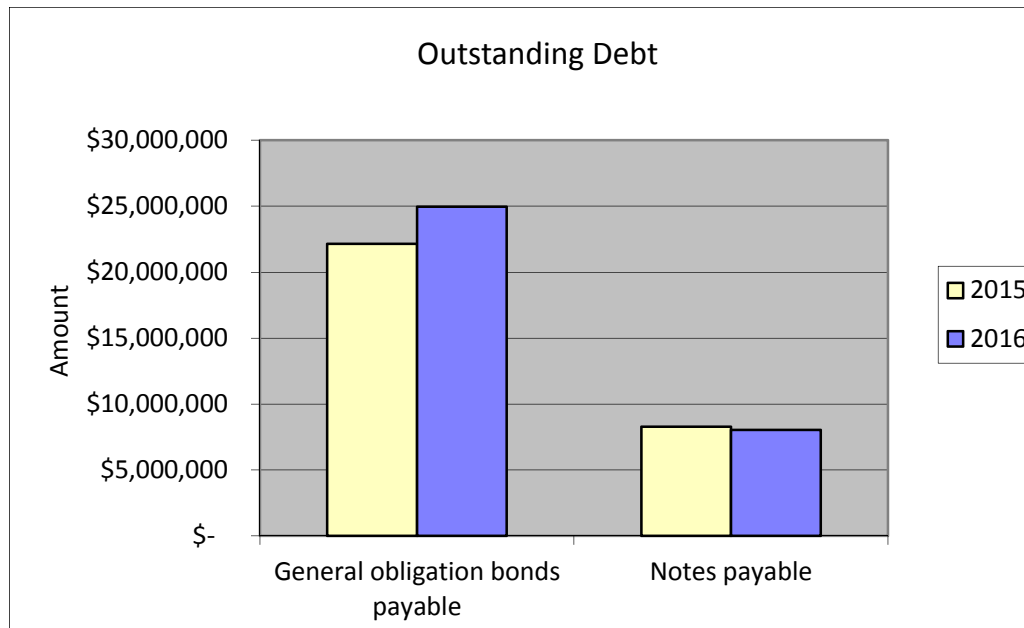
Long-term Debt

At the end of the current fiscal year, the Town had total long-term bonded debt and notes payable outstanding of \$33,009,655. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total bonded debt increased by \$2,589,885 or 8.5% during the current fiscal year due to the issuance of general obligation refunding bonds in the amount of \$6,635,000 in April 2016 and \$4,325,000 of general obligation bonds in April 2016 to permanently finance the Killingly High School/Vo-Ag project and to provide additional general purpose financing, offset by current year principal repayments. The Town maintains an AA rating from Standard & Poor's Investor Service for general obligation debt.

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

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

	2016	2015
General obligation bonds payable	\$ 24,965,000	\$ 22,145,000
Notes payable	8,044,655	8,274,770
Totals	<u>\$ 33,009,655</u>	<u>\$ 30,419,770</u>



Additional information on the Town's long-term debt can be found in Note 10 of this report.

TOWN OF KILLINGLY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The unemployment rate for the Town is currently 6.5%, which is an increase from a rate of 6.3% in the prior year, as compared to the state's average unemployment rate of 5.9% and the national unemployment rate of 5.1%.
- 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 2017, the Assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.
 - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Planning and Development Department, the Town Clerk and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2017.

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
JUNE 30, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 21,795,938
Investments	4,884,648
Receivables:	
Property taxes, net of allowance	1,397,321
Interest on property taxes, assessments and user charges, net of allowance	444,542
Assessments and user charges	711,401
Grants and contracts	506,262
Other	518,515
Other assets	172,429
Net pension asset	62,256
Restricted assets:	
Permanently restricted investments	119,642
Capital assets:	
Non-depreciable	13,007,205
Depreciable, net	121,204,179
Total assets	<u>164,824,338</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	1,100,375
Deferred pension expense	386,554
Total deferred outflows of resources	<u>1,486,929</u>
LIABILITIES	
Accounts payable	2,225,319
Accrued liabilities:	
Salaries and benefits payable	87,186
Accrued interest	75,078
Other accrued liabilities	16,867
Unearned revenue	1,578,859
Claims payable	529,669
Noncurrent liabilities:	
Due within one year	2,708,280
Due in more than one year	38,393,884
Total liabilities	<u>45,615,142</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred pension benefits	<u>151,975</u>
NET POSITION	
Net investment in capital assets	99,903,823
Restricted for:	
Endowments:	
Expendable	554,935
Nonexpendable	119,642
Unrestricted	19,965,750
Total net position	<u>\$ 120,544,150</u>

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental activities:					
General government	\$ 3,553,737	\$ 608,290	\$ 355,476	\$ 129,437	\$ (2,460,534)
Public works	5,687,401	4,810,621	983,603	236,015	342,838
Recreation and leisure	1,763,540	170,582	10,381	-	(1,582,577)
Public safety	1,224,197	7,949	61,423	97,188	(1,057,637)
Community development and human services	922,786	191,588	345,481	-	(385,717)
Education	56,072,307	4,647,089	25,256,109	2,217,862	(23,951,247)
Interest and fiscal charges	1,048,505	-	-	-	(1,048,505)
Total governmental activities	<u>\$ 70,272,473</u>	<u>\$ 10,436,119</u>	<u>\$ 27,012,473</u>	<u>\$ 2,680,502</u>	<u>(30,143,379)</u>
General revenues:					
Property taxes, levied for general purposes					33,343,852
Grants and contributions not restricted to specific programs					528,834
Unrestricted investment earnings					329,448
Total general revenues					<u>34,202,134</u>
Change in net position					4,058,755
Net position - beginning					<u>116,485,395</u>
Net position - ending					<u>\$ 120,544,150</u>

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

TOWN OF KILLINGLY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Capital Improvements Fund	Sewer Operating Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 18,222,923	\$ -	\$ 360,536	\$ -	\$ 2,553,179	\$ 21,136,638
Investments	3,232,223	-	1,278,338	-	493,729	5,004,290
Receivables:						
Property taxes, net	1,397,321	-	-	-	-	1,397,321
Assessments and user charges, net	-	-	711,401	-	-	711,401
Grants and contracts	8,635	6,488	-	-	491,139	506,262
Other	314,553	-	78,920	80,000	45,042	518,515
Due from other funds	1,108,318	1,105,080	1,031,271	4,712,707	1,353,051	9,310,427
Inventories	-	-	-	-	32,320	32,320
Other assets	140,109	-	-	-	-	140,109
Total assets	<u>\$ 24,424,082</u>	<u>\$ 1,111,568</u>	<u>\$ 3,460,466</u>	<u>\$ 4,792,707</u>	<u>\$ 4,968,460</u>	<u>\$ 38,757,283</u>
LIABILITIES						
Accounts payable	\$ 1,393,295	\$ 190,183	\$ 42,075	\$ 337,853	\$ 228,370	\$ 2,191,776
Accrued liabilities:						
Salaries and benefits payable	87,186	-	-	-	-	87,186
Other accrued liabilities	7,607	-	-	-	9,260	16,867
Due to other funds	10,181,184	-	-	-	1,122,110	11,303,294
Unearned revenue	-	801,410	-	-	777,449	1,578,859
Total liabilities	<u>11,669,272</u>	<u>991,593</u>	<u>42,075</u>	<u>337,853</u>	<u>2,137,189</u>	<u>15,177,982</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	1,227,941	-	-	-	-	1,227,941
Unavailable revenue - sewer assessments	-	-	389,461	-	-	389,461
Total deferred inflows of resources	<u>1,227,941</u>	<u>-</u>	<u>389,461</u>	<u>-</u>	<u>-</u>	<u>1,617,402</u>
FUND BALANCES						
Nonspendable:						
Inventories	-	-	-	-	32,320	32,320
Permanent funds principal	-	-	-	-	119,642	119,642
Restricted for:						
Grant proceeds	-	-	-	-	105,382	105,382
Special reserves - external	-	-	-	-	554,935	554,935
Committed to:						
General government	223,263	-	-	-	32,328	255,591
Public safety	-	-	-	-	13,333	13,333
Community development and human services	18,389	-	-	-	87,660	106,049
Recreation and leisure	-	-	-	-	66,204	66,204
Education	-	-	-	-	493,156	493,156
Capital and nonrecurring	-	-	-	4,454,854	1,502,986	5,957,840
Sewer operations	-	-	3,028,930	-	-	3,028,930
Assigned to:						
General government	177,443	-	-	-	-	177,443
Education	698,223	-	-	-	-	698,223
Compensated absences	128,076	-	-	-	-	128,076
Other post-employment benefits	87,018	-	-	-	-	87,018
Cell towers	196,648	-	-	-	-	196,648
Sewer extension	38,793	-	-	-	-	38,793
Landfill post-closure	119	-	-	-	-	119
Unassigned	9,958,897	119,975	-	-	(176,675)	9,902,197
Total fund balances	<u>11,526,869</u>	<u>119,975</u>	<u>3,028,930</u>	<u>4,454,854</u>	<u>2,831,271</u>	<u>21,961,899</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,424,082</u>	<u>\$ 1,111,568</u>	<u>\$ 3,460,466</u>	<u>\$ 4,792,707</u>	<u>\$ 4,968,460</u>	<u>\$ 38,757,283</u>

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

TOWN OF KILLINGLY, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total fund balances for governmental funds		\$ 21,961,899
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	\$ 9,333,181	
Land	3,674,024	
Land improvements	17,268,251	
Buildings and improvements	118,398,479	
Machinery and equipment	19,610,489	
Infrastructure	69,989,338	
Less: accumulated depreciation and amortization	<u>(104,062,378)</u>	
Total capital assets, net		134,211,384
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	1,227,941	
Sewer use and assessments	<u>389,461</u>	
		1,617,402
Interest receivable net of related allowance for uncollectible accounts on property taxes, sewer use and sewer assessments are not susceptible to accrual and, therefore, are not reported in the governmental funds.		444,542
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	(33,009,655)	
Unamortized premium	(1,367,323)	
Obligations under capital lease	(1,030,958)	
Accrued interest payable	(75,078)	
Deferred change on refunding	1,100,375	
Other long-term liabilities:		
Compensated absences	(1,097,128)	
Accrued landfill post-closure care costs	(320,000)	
Net pension asset	62,256	
Net OPEB obligation	<u>(4,277,100)</u>	
Total long-term liabilities		(40,014,611)
Deferred outflows and inflows of resources resulting from changes in the components of the net pension asset are amortized as a component of pension expense in the statement of net position.		234,579
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>2,088,955</u>
Net position of governmental activities		<u><u>\$ 120,544,150</u></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, 2016

	General Fund	Capital Improvements Fund	Sewer Operating Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 33,225,714	\$ -	\$ -	\$ -	\$ -	\$ 33,225,714
Intergovernmental	22,398,430	2,604,808	-	-	4,099,153	29,102,391
Licenses, permits and fees	274,557	-	-	-	-	274,557
Charges for services	3,088,475	-	3,790,649	-	1,357,319	8,236,443
Investment earnings	263,054	-	42,095	-	24,357	329,506
Miscellaneous	432,157	345,999	461,438	197,117	44,632	1,481,343
Total revenues	<u>59,682,387</u>	<u>2,950,807</u>	<u>4,294,182</u>	<u>197,117</u>	<u>5,525,461</u>	<u>72,649,954</u>
EXPENDITURES						
Current:						
General government	2,097,012	-	-	-	387,321	2,484,333
Public works	2,152,413	-	2,524,806	-	-	4,677,219
Recreation and leisure	1,376,138	-	-	-	60,522	1,436,660
Public safety	1,072,712	-	-	-	99,364	1,172,076
Community development and human services	513,642	-	-	-	353,758	867,400
Education	44,815,164	-	-	-	4,684,011	49,499,175
Miscellaneous	2,081,706	-	-	-	-	2,081,706
Debt service:						
Principal payments	1,871,063	-	-	-	-	1,871,063
Interest and fiscal charges	1,052,012	-	-	-	-	1,052,012
Capital lease payments	483,224	-	-	-	-	483,224
Debt issuance costs	29,500	-	-	-	-	29,500
Capital outlays	636,033	1,337,209	-	1,199,414	59,225	3,231,881
Total expenditures	<u>58,180,619</u>	<u>1,337,209</u>	<u>2,524,806</u>	<u>1,199,414</u>	<u>5,644,201</u>	<u>68,886,249</u>
Excess (deficiency) of revenues over expenditures	1,501,768	1,613,598	1,769,376	(1,002,297)	(118,740)	3,763,705
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of bonds	10,960,000	-	-	-	-	10,960,000
Premium from issuance of bonds	796,913	-	-	-	-	796,913
Payment to refunding escrow agent	(7,356,160)	-	-	-	-	(7,356,160)
Capital lease financing	420,991	-	-	-	-	420,991
Transfers in	931,049	4,821,562	-	894,744	299,604	6,946,959
Transfers out	(5,516,567)	-	(1,424,648)	-	(5,744)	(6,946,959)
Total other financing sources (uses)	<u>236,226</u>	<u>4,821,562</u>	<u>(1,424,648)</u>	<u>894,744</u>	<u>293,860</u>	<u>4,821,744</u>
Net changes in fund balances	1,737,994	6,435,160	344,728	(107,553)	175,120	8,585,449
Fund balances (deficit) - beginning	<u>9,788,875</u>	<u>(6,315,185)</u>	<u>2,684,202</u>	<u>4,562,407</u>	<u>2,656,151</u>	<u>13,376,450</u>
Fund balances - ending	<u>\$ 11,526,869</u>	<u>\$ 119,975</u>	<u>\$ 3,028,930</u>	<u>\$ 4,454,854</u>	<u>\$ 2,831,271</u>	<u>\$ 21,961,899</u>

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

TOWN OF KILLINGLY, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Net change in fund balances for governmental funds	\$	8,585,449
--	----	-----------

Total change in net position reported for governmental activities in the statement of activities is different because:

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

Expenditures for capital assets	\$	3,220,214	
Depreciation and amortization expense		(5,523,781)	
Net adjustment			(2,303,567)

Interest on property taxes receivable, sewer use and sewer assessments are not susceptible to accrual and therefore are only reported as revenue in the funds when the cash is received by the Town. The change in interest receivable during the year increased revenues recognized in the funds.		56,049
--	--	--------

Deferred outflows/inflows of resources resulting from changes in the net pension asset are amortized as a component of pension expense in the statement of activities.		287,180
--	--	---------

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

Debt issued or incurred:			
Capital lease financing		(420,991)	
Bonds issued		(10,960,000)	
Premium on bonds issued		(796,913)	
Principal repayments:			
Bonds and notes payable		1,870,115	
Capital lease obligations		450,948	
Repayment to refunding escrow agent		7,356,160	
			(2,500,681)

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

Compensated absences		(33,512)	
Accrued interest		54,566	
Net OPEB obligation		(212,200)	
Net pension asset		(311,196)	
Amortization of bond premiums		45,086	
Amortization of deferred amount on refunding		(33,421)	
Landfill post-closure costs		20,000	
			(470,677)

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

TOWN OF KILLINGLY, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2016

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in the governmental funds. This amount represents the change in unavailable revenues.	\$ 29,207
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of a certain internal services fund is reported with governmental activities.	<u>375,795</u>
Change in net position of governmental activities	<u><u>\$ 4,058,755</u></u>

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 33,060,347	\$ 33,060,347	\$ 33,225,714	\$ 165,367
Intergovernmental	17,234,365	17,234,365	17,402,478	168,113
Licenses, permits and fees	208,500	208,500	274,557	66,057
Charges for services	2,976,504	2,976,504	3,088,475	111,971
Use of money and property	201,887	201,887	262,028	60,141
Miscellaneous	319,444	319,444	551,754	232,310
Total revenues	54,001,047	54,001,047	54,805,006	803,959
EXPENDITURES				
Current:				
General government	2,016,671	2,071,430	1,901,489	(169,941)
Public works	2,483,160	2,519,130	2,387,784	(131,346)
Recreation and leisure	1,534,400	1,558,900	1,380,530	(178,370)
Public safety	1,162,898	1,162,898	1,072,712	(90,186)
Community development and human services	466,350	513,795	509,682	(4,113)
Education	40,703,497	40,296,463	40,265,307	(31,156)
Miscellaneous	2,366,168	2,274,092	2,120,923	(153,169)
Debt service:				
Principal payments	1,871,063	1,871,063	1,871,063	-
Interest and fiscal charges	1,154,314	1,154,314	1,131,821	(22,493)
Debt issuance costs	30,000	30,000	29,500	(500)
Total expenditures	53,788,521	53,452,085	52,670,811	(781,274)
Excess of revenues over expenditures	212,526	548,962	2,134,195	1,585,233
OTHER FINANCING SOURCES (USES)				
Appropriation from assigned fund balance	-	615,453	-	(615,453)
Transfers in	922,718	922,718	900,668	(22,050)
Transfers out	(1,135,244)	(2,087,133)	(2,087,133)	-
Total other financing uses, net	(212,526)	(548,962)	(1,186,465)	(637,503)
Net change in fund balance	\$ -	\$ -	947,730	\$ 947,730
Fund balance - beginning			7,674,314	
Fund balance - ending			\$ 8,622,044	

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER OPERATING FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
REVENUES				
Sewer use - current	\$ 3,715,850	\$ 3,715,850	\$ 3,691,155	\$ (24,695)
Sewer use interest	40,000	40,000	51,370	11,370
Investment earnings	5,800	5,800	42,095	36,295
Miscellaneous	340,500	340,500	432,444	91,944
Total revenues	<u>4,102,150</u>	<u>4,102,150</u>	<u>4,217,064</u>	<u>114,914</u>
EXPENDITURES				
Contractual services	3,608,164	3,608,164	3,436,689	(171,475)
Materials and supplies	250	250	31	(219)
Total expenditures	<u>3,608,414</u>	<u>3,608,414</u>	<u>3,436,720</u>	<u>(171,694)</u>
Excess of revenues over expenditures	493,736	493,736	780,344	286,608
OTHER FINANCING USES				
Transfers out:				
Capital Projects Fund	(341,000)	(341,000)	(341,000)	-
Capital and Nonrecurring Fund	(152,702)	(152,702)	(152,702)	-
Total other financing uses	<u>(493,702)</u>	<u>(493,702)</u>	<u>(493,702)</u>	<u>-</u>
Net change in fund balance	<u>\$ 34</u>	<u>\$ 34</u>	286,642	<u>\$ 286,608</u>
Fund balance - beginning			<u>2,607,788</u>	
Fund balance - ending			<u>\$ 2,894,430</u>	

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2016

	Governmental Activities
	Internal
	Service Fund- Health
	Insurance Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 659,300
Due from other funds	1,959,324
Total assets	<u>2,618,624</u>
LIABILITIES	
Current liabilities:	
Claims payable	<u>529,669</u>
Total liabilities	<u>529,669</u>
NET POSITION	
Unrestricted	2,088,955
Total net position	<u>\$ 2,088,955</u>

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, 2016

	Governmental Activities Internal Service Fund- Health Insurance Fund
OPERATING REVENUES	
Charges for service	\$ 8,062,970
Total operating revenues	<u>8,062,970</u>
OPERATING EXPENSES	
Claims incurred	6,410,747
Administrative and other	1,276,428
Total operating expenses	<u>7,687,175</u>
Change in net position	375,795
Net position - beginning	<u>1,713,160</u>
Net position - ending	<u><u>\$ 2,088,955</u></u>

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, 2016

	Governmental Activities
	Internal Service Fund- Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from charges for services	\$ 7,821,946
Payments for claims incurred	(6,450,078)
Payments for administrative costs	(1,276,428)
Net cash provided by operating activities	<u>95,440</u>
 Net change in cash and cash equivalents	 95,440
Cash and cash equivalents - beginning	<u>563,860</u>
Cash and cash equivalents - ending	<u><u>\$ 659,300</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 375,795
Adjustments to reconcile operating income to net cash used in operating activities:	
(Increase) decrease in assets:	
Accounts receivable	377
Due from other funds	(241,401)
Increase (decrease) in liabilities:	
Claims payable	<u>(39,331)</u>
Net cash provided by operating activities	<u><u>\$ 95,440</u></u>

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Pension Trust Fund	OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 941	\$ 83,788	\$ 437,351
Investments:				
Guaranteed Interest Contract	5,642,370	-	-	-
Certificates of deposit	-	-	1,914	19,995
Mutual funds	-	553,606	123,141	-
Corporate bonds	-	-	211,753	-
Equity securities	-	-	253,453	-
Due from other fund	-	-	33,543	-
Total assets	<u>5,642,370</u>	<u>554,547</u>	<u>707,592</u>	<u>\$ 457,346</u>
LIABILITIES				
Due to student groups	-	-	-	\$ 199,272
Due to others	-	-	-	258,074
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 457,346</u>
NET POSITION				
Held in trust for pension benefits and other purposes	<u>\$ 5,642,370</u>	<u>\$ 554,547</u>	<u>\$ 707,592</u>	

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

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Pension Trust Fund	OPEB Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 122,207	\$ 554,855	\$ -
Plan members	89,141	318,072	-
Other	-	-	29,341
Total contributions	<u>211,348</u>	<u>872,927</u>	<u>29,341</u>
Investment earnings:			
Interest and dividends	12,234	6,856	-
Net change in the fair value of investments	<u>40,080</u>	<u>4,047</u>	<u>18,091</u>
Total investment earnings	<u>52,314</u>	<u>10,903</u>	<u>18,091</u>
Total additions	263,662	883,830	47,432
DEDUCTIONS			
Benefit payments	408,800	267,709	-
Administrative expenses	62,581	61,574	-
Awards	-	-	41,186
Total deductions	<u>471,381</u>	<u>329,283</u>	<u>41,186</u>
Change in net position	(207,719)	554,547	6,246
Net position - beginning	<u>5,850,089</u>	<u>-</u>	<u>701,346</u>
Net position - ending	<u><u>\$ 5,642,370</u></u>	<u><u>\$ 554,547</u></u>	<u><u>\$ 707,592</u></u>

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

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

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

Fund Financial Statements *(Continued)*

The Town reports the following major governmental funds:

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

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

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

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

In addition, the Town reports the following proprietary and fiduciary fund types:

Internal Service Fund *(Proprietary)* – This fund type is used to account for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes an internal service fund to account for risk management activities.

Pension Trust Fund – This fund type is used to account for resources held in trust for the members and beneficiaries of the Public Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees. This plan is discussed more fully in Note 11.

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. This plan is discussed more fully in Note 12.

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

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

Measurement Focus and Basis of Accounting

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

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

Measurement Focus and Basis of Accounting *(Continued)*

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

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

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

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

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

Implementation of New Accounting Standards

Effective July 1, 2015, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and certain provisions of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The adoption of these statements did not have a material effect on the Town's financial statements.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

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

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

Cash Equivalents

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

Investments

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

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

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

Investments in insurance contracts consist of guaranteed interest contracts. Investments in these types of contracts are measured by the Town at contract value.

Donor-restricted Endowments

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

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

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

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

Inventories

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

Property Taxes, Assessments and Usage Charges

All trade, property tax, interest and sewer use and sewer assessment receivables are shown net of an allowance for uncollectible accounts. Allowance percentages range from 2% to 25% of outstanding receivable balances at June 30, 2016 and are calculated based upon historical collections. Allowances in the amounts of \$70,000, \$23,000, and \$11,000 have been established for property tax, interest, and sewer use charges, respectively, as of June 30, 2016.

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 estimated fair market value at the date of donation.

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

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

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

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

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

Capital Assets *(Continued)*

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/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 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 inflow or outflow of resources until that time.

Deferred outflows of resources consists of deferred charges on refunding and deferred pension expenses reported in the government-wide statement of net position. Deferred charges on refunding are amortized to interest expense using the effective-interest method over the life of the related bonds. Deferred pension expenses are amortized as a component of pension expense on a systematic and rational basis.

Deferred inflows of resources consist of revenue that is considered unavailable under the modified accrual basis of accounting and deferred pension benefits. Unavailable revenue is reported in the governmental funds balance sheet and is recognized as an inflow of resources in the period that the amounts become available. Deferred pension benefits are reported in the government-wide statement of net position and are amortized as a component of pension expense on a systematic and rational basis.

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

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

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

Long-term Obligations

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

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

Net Position and Fund Balance

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

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

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

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

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

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

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

Net Position and Fund Balance *(Continued)*

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 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.

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".

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

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

Interfund Services Provided and Used

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

Interfund Transfers

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

Interfund Reimbursements

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

Use of Estimates

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

NOTE 2 - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE

Budgetary Information

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

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

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

Budgetary Information *(Continued)*

- The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is at the functional level within a department as prescribed by Town Charter. Management is not authorized to make budgetary transfers. The Town Council, in accordance with the provisions of the Charter and Connecticut General Statutes, is authorized to transfer unexpended balances from one appropriation to another. Additional appropriations up to one percent of the immediately prior year's operating budget, excluding public school education, or \$117,330 may be approved by the Town Council. Those in excess of this amount must be approved at a Town Meeting. No additional appropriations were authorized from fund balance for the General Fund during the year. However, amounts totaling \$615,453 were transferred from assigned fund balance to fund the establishment of an OPEB Trust Fund and for payments related to compensated absences for separated employees. Transfers from assigned fund balance were made in accordance with the purpose by which the Town Council approved in previous fiscal years. In addition, there were no additional appropriations for the Sewer Operating Fund.
- The Department of Education is not a separate legal entity, but a separate function of the Town. Its Board is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Town Council approval and, if necessary, approval at a public hearing or referendum.
- Formal budgetary integration is employed as a management control device during the year. Formal budgetary integration is not employed in Capital Projects or Special Revenue Funds (with the exception of the Sewer Operating Fund) because budgetary control is alternatively achieved by constraints imposed by the project authorization or grant awards related to these funds.
- The budget is prepared on the modified accrual basis of accounting. "On-behalf" payments made by the State of Connecticut into the State Teachers' Retirement System (*see Note 11*) 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.

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, 2016:

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

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

Budgetary Information *(Continued)*

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Uses - Transfers, Net</u>	<u>Net Change In Fund Balance</u>	<u>Fund Balance</u>
Budgetary basis	\$ 54,805,006	\$ 52,670,811	\$ (1,186,465)	\$ 947,730	\$ 8,622,044
"On-behalf" payments - State Teachers' Retirement Fund <i>(see Note 11)</i>	3,875,100	3,875,100	-	-	-
Encumbrances outstanding:					
June 30, 2015	-	79,771	-	(79,771)	-
June 30, 2016	-	(468,632)	-	468,632	468,632
Intergovernmental grants netted against expenditures	1,001,097	1,001,097	-	-	-
Capital lease not recorded for budgetary purposes	-	420,991	420,991	-	-
Budgetary perspective differences - funds combined for GAAP financial reporting purposes	24,202	126,435	503,636	401,403	2,436,193
Reclassification of transfers	(23,018)	-	23,018	-	-
Transfer to OPEB trust	-	554,855	554,855	-	-
Refunding bond proceeds and issuance costs not recorded for budgetary purposes	-	(79,809)	(79,809)	-	-
GAAP basis	<u>\$ 59,682,387</u>	<u>\$ 58,180,619</u>	<u>\$ 236,226</u>	<u>\$ 1,737,994</u>	<u>\$11,526,869</u>

Deficit Fund Balances

The following fund has a deficit balance as of June 30, 2016, which does not constitute a violation of statutory provisions:

<u>Fund</u>	<u>Deficit Fund Balance</u>
School Cafeteria Fund	\$ 144,355

The deficit is expected to be eliminated by future revenues, appropriations, and/or transfers from the General Fund.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash deposits as of June 30, 2016 is as follows:

Government-wide statement of net position:	
Unrestricted:	
Cash and cash equivalents	\$ 21,795,938
Statement of fiduciary net position:	
Cash and cash equivalents	522,080
Plus: Certificates of deposit considered cash equivalents for disclosure purposes	21,909
Less: Cash equivalents considered investments for disclosure purposes	(3,696,465)
	<u>\$ 18,643,462</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, 2016, \$19,385,502 of the Town's bank balance of \$20,177,254 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 17,446,952
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>1,938,550</u>
	<u>\$ 19,385,502</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)*
JUNE 30, 2016

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

Investments

A reconciliation of the Town's investments as of June 30, 2016 is as follows:

Government-wide statement of net position:	
Unrestricted investments	\$ 4,884,648
Permanently restricted investments	119,642
Statement of fiduciary net position:	
Investments	6,806,232
Plus: Cash equivalents considered investments for disclosure purposes	3,696,465
Less: certificates of deposit classified as cash equivalents for disclosure purposes	(21,909)
	<u>\$ 15,485,078</u>

As of June 30, 2016, 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:					
Governmental activities:					
Short-term Investment Fund	Net asset value	AAA	\$ 3,677,503	\$ 3,677,503	\$ -
Negotiable certificates of deposit	Amortized cost	Unrated	5,004,290	744,885	4,259,405
Fiduciary:					
Money market funds	Net asset value	Unrated	18,962	18,962	-
Corporate bonds	Fair value	AA	25,098	25,098	-
Corporate bonds	Fair value	A	111,303	70,434	40,869
Corporate bonds	Fair value	BBB	75,352	25,017	50,335
			<u>8,912,508</u>	<u>4,561,899</u>	<u>4,350,609</u>
Other investments:					
Fiduciary:					
Guaranteed Interest Contracts	Contract value		5,642,370		
Equity securities	Fair value		253,453		
Mutual funds	Fair value		676,747		
			<u>\$ 15,485,078</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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

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

Investments *(Continued)*

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments in external investment pools, mutual funds and guaranteed interest contracts are not evidenced by securities and are therefore not exposed to custodial credit risk. The Town's investments in negotiable certificates of deposit are held in book entry form in the name of the Town and are therefore also not exposed to custodial credit risk.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2016, more than 10% of the Town's governmental activities investments are invested in the Short-term Investment Fund (42.4%). As of June 30, 2016, more than 10% of the Town's fiduciary investments are invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of Fiduciary Investments</u>
Prudential Retirement Insurance and Annuity Co.	Guaranteed Interest Contract	\$ 5,642,370	82.9%

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - FAIR VALUE MEASUREMENTS

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

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2016, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 676,747	\$ -	\$ -	\$ 676,747
Equity securities	253,453	-	-	253,453
Corporate bonds	-	211,753	-	211,753
	<u>\$ 930,200</u>	<u>\$ 211,753</u>	<u>\$ -</u>	<u>\$ 1,141,953</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 8,902,814	\$ 430,367	\$ -	\$ 9,333,181
Land	3,674,024	-	-	3,674,024
Total capital assets, not being depreciated	<u>12,576,838</u>	<u>430,367</u>	<u>-</u>	<u>13,007,205</u>
Capital assets, being depreciated:				
Land improvements	17,199,228	69,023	-	17,268,251
Buildings and improvements	117,811,167	587,312	-	118,398,479
Machinery and equipment	19,547,759	1,743,073	(1,680,343)	19,610,489
Infrastructure	69,598,899	390,439	-	69,989,338
Total capital assets, being depreciated	<u>224,157,053</u>	<u>2,789,847</u>	<u>(1,680,343)</u>	<u>225,266,557</u>
Less accumulated depreciation:				
Land improvements	6,072,486	810,767	-	6,883,253
Buildings and improvements	34,771,448	1,961,245	-	36,732,693
Machinery and equipment	13,471,423	1,690,489	(1,680,343)	13,481,569
Infrastructure	45,903,583	1,061,280	-	46,964,863
Total accumulated depreciation	<u>100,218,940</u>	<u>5,523,781</u>	<u>(1,680,343)</u>	<u>104,062,378</u>
Total capital assets, being depreciated, net	<u>123,938,113</u>	<u>(2,733,934)</u>	<u>-</u>	<u>121,204,179</u>
Governmental activities capital assets, net	<u>\$ 136,514,951</u>	<u>\$ (2,303,567)</u>	<u>\$ -</u>	<u>\$ 134,211,384</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - CAPITAL ASSETS (Continued)

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

Governmental Activities:		
General government	\$	903,149
Public works		772,809
Recreation and leisure		240,541
Public safety		1,786
Education		3,605,496
Total depreciation and amortization expense - governmental activities	\$	<u>5,523,781</u>

NOTE 6 - CAPITAL PROJECTS

The Town has total project authorizations totaling approximately \$149.8 million as of June 30, 2016. The remaining balance of those authorizations totaled approximately \$31.8 million as of June 30, 2016.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2016 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Nonmajor Governmental Funds	<u>\$ 1,108,318</u>
Capital Improvements Fund	General Fund	<u>1,105,080</u>
Sewer Operating Fund	General Fund	<u>1,031,271</u>
Capital Nonrecurring Fund	General Fund	<u>4,712,707</u>
Nonmajor Governmental Funds	General Fund	<u>1,339,259</u>
	Nonmajor Governmental Funds	<u>13,792</u>
		<u>1,353,051</u>
Fiduciary Funds		
Private Purpose Trust Funds	General Fund	<u>33,543</u>
Proprietary Funds		
Health Insurance Fund	General Fund	<u>1,959,324</u>
Total due from / to other funds		<u>\$ 11,303,294</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
JUNE 30, 2016

NOTE 8 - INTERFUND TRANSFERS

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Sewer Operating Fund	\$ 930,946
	Nonmajor Governmental Funds	103
		<u>931,049</u>
Capital Improvements Fund	General Fund	4,480,562
	Sewer Operating Fund	341,000
		<u>4,821,562</u>
Capital and Nonrecurring Fund	General Fund	736,401
	Sewer Operating Fund	152,702
	Nonmajor Governmental Funds	5,641
		<u>894,744</u>
Nonmajor Governmental Funds	General Fund	<u>299,604</u>
Total transfers		<u><u>\$ 6,946,959</u></u>

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

NOTE 9 - SHORT-TERM LIABILITIES

The following is a summary of changes in short-term liabilities for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Bond anticipation notes - 2015	\$ 2,000,000	\$ -	\$ (2,000,000)	\$ -
	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ (2,000,000)</u>	<u>\$ -</u>

The purpose of the bond anticipation notes were to provide interim financing for various school construction and sewer projects until future reimbursements had been received from the State of Connecticut and general obligation bonds were issued. As discussed more fully in Note 10, the above bond anticipation notes were retired through proceeds from the issuance of general obligation bonds during the year.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2016:

	<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	\$22,145,000	\$ 10,960,000	\$ (8,140,000)	\$24,965,000	\$ 1,860,000
Unamortized premium	733,774	796,913	(163,364)	1,367,323	-
	<u>22,878,774</u>	<u>11,756,913</u>	<u>(8,303,364)</u>	<u>26,332,323</u>	<u>1,860,000</u>
Other liabilities:					
Notes payable	8,274,770	-	(230,115)	8,044,655	230,115
Capital leases	1,060,915	420,991	(450,948)	1,030,958	378,739
Landfill post-closure care costs	340,000	-	(20,000)	320,000	20,000
Compensated absences	1,063,616	172,171	(138,659)	1,097,128	219,426
Net OPEB obligation	4,064,900	212,200	-	4,277,100	-
	<u>\$37,682,975</u>	<u>\$ 12,562,275</u>	<u>\$ (9,143,086)</u>	<u>\$41,102,164</u>	<u>\$ 2,708,280</u>

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

General Obligation Bonds and Notes Payable

A summary of general obligation bonds and notes payable outstanding at June 30, 2016 are as follows:

<u>Bond Issue</u>	<u>Original Amount</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities				
Bonds Payable				
2007 School bonds	\$ 2,415,000	2017	4.25% - 5.00%	\$ 590,149
2007 Road/Bridges bonds	3,000,000	2017	4.25% - 5.00%	759,851
2007 School refunding bonds	685,000	2024	4.25% - 5.00%	183,492
2007 Sewer refunding bonds	3,835,000	2024	4.25% - 5.00%	1,027,289
2007 General purpose refunding bonds	1,565,000	2024	4.25% - 5.00%	419,219
2008 School bonds	5,000,000	2018	4.00% - 4.50%	500,000
2009 School bonds	3,000,000	2029	2.50% - 4.125%	450,000
2010 School bonds	6,500,000	2030	2.25% - 4.00%	1,300,000
2011 School bonds	3,500,000	2031	2.50% - 4.375%	875,000
2012 School bonds	2,400,000	2032	2.00% - 3.25%	1,920,000
2013 School/Road bonds	2,100,000	2033	2.00% - 3.00%	1,785,000
2015 General obligation bonds	4,195,000	2028	2.00% - 4.00%	4,195,000
2016 General purpose refunding bonds	255,000	2036	2.00% - 4.00%	255,000
2016 School refunding bonds	6,380,000	2036	2.00% - 4.00%	6,380,000
2016 School bonds	2,000,000	2036	2.00% - 4.00%	2,000,000
2016 School bonds	2,325,000	2036	1.00% - 3.75%	2,325,000
				<u>\$24,965,000</u>
Notes Payable				
2001 Sewer FHA loan	1,383,000	2041	4.50%	\$ 864,375
2013 Sewer USDA loan	5,600,000	2051	1.00%	5,169,230
2014 Sewer USDA loan	2,063,000	2054	1.00%	2,011,050
				<u>\$ 8,044,655</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

Annual debt service requirements to maturity on general obligation bonds and notes payable are as follows as of June 30, 2016:

Year ending June 30:	Governmental Activities					
	General Obligation Bonds		Note Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,860,000	\$ 994,885	\$ 230,115	\$ 275,536	\$ 2,090,115	\$ 1,270,421
2018	1,875,000	786,682	230,115	267,526	2,105,115	1,054,208
2019	1,900,000	659,127	230,115	266,097	2,130,115	925,224
2020	1,890,000	607,015	230,115	263,112	2,120,115	870,127
2021	1,870,000	547,343	230,115	260,128	2,100,115	807,471
2022-2026	9,175,000	1,962,834	1,150,575	1,180,491	10,325,575	3,143,325
2027-2031	5,200,000	694,963	1,150,575	980,237	6,350,575	1,675,200
2032-2036	1,195,000	140,287	1,150,575	779,983	2,345,575	920,270
2037-2041	-	-	1,150,575	579,730	1,150,575	579,730
2042-2046	-	-	977,700	263,169	977,700	263,169
2047-2051	-	-	977,700	50,000	977,700	50,000
2052-2055	-	-	336,380	14,289	336,380	14,289
	<u>\$ 24,965,000</u>	<u>\$ 6,393,136</u>	<u>\$ 8,044,655</u>	<u>\$ 5,180,298</u>	<u>\$ 33,009,655</u>	<u>\$ 11,573,434</u>

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$233,820,685 as of June 30, 2016. 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, 2016.

The amount of authorized, unissued bonds at June 30, 2016 totaled \$85,000, \$2,265,800 and \$5,048,000 for general purposes, schools and sewers, respectively.

Debt Refunding

In April 2016 the Town issued \$6,635,000 in general obligation bonds with an average interest rate of 3.87% to refund \$6,500,000 in general obligation bonds outstanding with an average rate of 1.89%. The transaction generated a cash flow savings of \$552,872 and an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$506,681. The reacquisition price exceeded the carrying value of the old debt by \$737,882. This amount has been recorded as a deferred charge on refunding and presented as a deferred outflow of resources, amortized over the life of the related debt.

The net proceeds of \$7,356,160 were deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by the United States of America, to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for those bonds have been removed from the statement of net position.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

Capital Leases

A summary of assets acquired through capital leases is as follows as of June 30, 2016:

	Governmental Activities
Machinery and equipment	\$ 3,699,812
Less: accumulated amortization	<u>2,483,140</u>
	<u><u>\$ 1,216,672</u></u>

Amortization expense relative to leased property under capital leases totaled \$424,348 for the year ended June 30, 2016 and is included in depreciation and amortization expense disclosed in Note 5.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 are as follows:

Year ending June 30:	Governmental Activities
2017	\$ 412,644
2018	235,812
2019	187,253
2020	195,572
2021	<u>91,967</u>
Total minimum lease payments	1,123,248
Less: amount representing interest	<u>92,290</u>
	<u><u>\$ 1,030,958</u></u>

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 16 years totals \$320,000 at June 30, 2016. These amounts are based on estimates, which are subject to change due to inflation, technology or changes in applicable laws and regulations.

NOTE 11 - EMPLOYEE RETIREMENT PLANS

Defined Benefit Pension Plan

Plan Description

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - EMPLOYEE RETIREMENT PLANS (Continued)

Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

All Town employees (except certified members of the Board of Education) participate in the Public Employer Retirement Systems (PERS), a single employer defined benefit pension plan established and administered by the Town Council to provide pension, disability and death benefits to plan members and their beneficiaries. The Town Charter provides the authority to establish and amend benefit provisions, subject to collective bargaining agreements. The Plan does not issue stand-alone financial statements and is part of the Town's financial reporting entity. As such, the Plan is accounted for in the fiduciary fund financial statements as a Pension Trust Fund.

Plan Membership – Membership of the Plan consisted of the following at July 1, 2015, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	72
Terminated plan members entitled to but not yet receiving benefits	20
Active plan members	65
Total	<u>157</u>

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

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

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

For the year ended June 30, 2016, employer contributions to the Plan totaled \$122,207 and 5.39% of covered payroll.

Summary of Significant Accounting Policies

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - EMPLOYEE RETIREMENT PLANS (Continued)

Defined Benefit Pension Plan (Continued)

Summary of Significant Accounting Policies (Continued)

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

Investment Policy - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. It is the practice of the Town to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes.

Concentrations – As of June 30, 2016, more than 10% of the Plan's investments are invested in the following:

<u>Issuer</u>	<u>Investment</u>	<u>Value</u>	<u>% of the Plan's Investments</u>
Prudential Retirement Insurance and Annuity Co.	Guaranteed Interest Contract	\$ 5,642,370	100%

Rate of return - For the year ended June 30, 2016 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 0.73%. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

Net Pension Asset

The components of the Town's net pension asset of the Plan at June 30, 2016, was as follows:

Total pension liability	5,580,114
Plan fiduciary net position	<u>5,642,370</u>
Town's net pension asset	<u>(62,256)</u>
Plan fiduciary net position as a percentage of the total pension liability	101.12%

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016, was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance as of June 30, 2015	\$ 5,476,638	\$ 5,850,090	\$ (373,452)
Changes for the year:			
Service cost	151,063	-	151,063
Interest	379,873	-	379,873
Actuarial (gains) losses	(18,660)	-	(18,660)
Changes in assumptions	-	-	-
Contributions - employer	-	122,207	(122,207)
Contributions - employee	-	89,141	(89,141)
Net investment income	-	41,604	(41,604)
Benefit payments, including refunds	(408,800)	(408,800)	-
Administrative expense	-	(51,872)	51,872
Net changes	103,476	(207,720)	311,196
Balance as of June 30, 2016	\$ 5,580,114	\$ 5,642,370	\$ (62,256)

Actuarial assumptions - The total pension liability for the Plan was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Mortality Table, with separate male and female relates and separate pre and post annuity commencement rates projected to the valuation date with Scale AA.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – EMPLOYEE RETIREMENT PLANS (Continued)

Defined Benefit Pension Plan (Continued)

Net Pension Liability (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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap	32.00%	5.75%
Mid Cap	4.00%	6.25%
Small Cap	6.00%	6.50%
International Equity	15.00%	5.50%
Real Estate	5.00%	6.00%
Intermediate Term Fixed	26.00%	2.05%
Guaranteed Deposit	12.00%	2.00%

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

Sensitivity of the net pension asset to changes in the discount rate - The following presents the net pension asset of the Town, calculated using the discount rate of 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town Plan's net pension liability (asset) as of June 30, 2016	\$ 484,324	\$ (62,256)	\$ (536,439)

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - EMPLOYEE RETIREMENT PLANS (Continued)

Defined Benefit Pension Plan (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2016, the Town recognized pension expense of \$146,222. At June 30, 2016 the Town reported deferred outflows and inflows of resources related to the Plan from the following sources:

	<u>Deferred (Inflows) Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ (151,975)
Differences between expected and actual experience	374,888
Change of assumptions	<u>11,666</u>
Total	<u>\$ 234,579</u>

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:

	<u>Amortization of Deferred (Inflows) Outflows of Resources</u>
Year ended June 30,	
2017	\$ 53,483
2018	53,483
2019	57,822
2020	<u>69,791</u>
	<u>\$ 234,579</u>

State Teachers' Retirement System

The faculty and professional personnel of the Town participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)*

State Teachers' Retirement System *(Continued)*

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute one hundred percent of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. For the year ended June 30, 2016, plan members of the Town contributed \$1,149,999 to the plan and covered payroll for the year was \$15,862,055. The Town has recognized on-behalf payments of \$3,875,100 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

The total estimated net pension liability of the TRS as of June 30, 2015 was \$10.972 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$44.7 million or approximately 0.407% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to a June 30, 2015 measurement date. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined. For the year ended June 30, 2016, the Town recognized pension expense and on-behalf revenues of \$3,581,229.

The total pension liability measured as of June 30, 2015 was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0%
Salary increases	3.75% - 7.0% (includes inflation)
Investment rate of return	8.5% (includes inflation)
Cost of living adjustments:	
Retirements prior to 9/1/1992	3.0%
Retirements on or after 9/1/1992	2.0%

For healthy retirees and beneficiaries, the RP-2000 Combined Mortality Table projected forward 19 years using scale AA, with a two-year setback for males and females.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - EMPLOYEE RETIREMENT PLANS (Continued)

State Teachers' Retirement System (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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.0%	5.80%
Developed Non-U.S. Equities	18.0%	6.60%
Emerging Markets (Non-U.S.)	9.0%	8.30%
Core Fixed Income	7.0%	1.30%
Inflation Linked Bonds	3.0%	1.00%
Emerging Market Bonds	5.0%	3.70%
High Yield Bonds	5.0%	3.90%
Real Estate	7.0%	5.10%
Private Equity	11.0%	7.60%
Alternative investments	8.0%	4.10%
Cash	6.0%	0.40%
	<u>100%</u>	

The discount rate used to measure the total pension liability was 8.50%. 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 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.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.50%) or 1-percentage-point higher (9.50%) than the current rate:

	<u>-1%</u>	<u>Current</u>	<u>+1%</u>
Town's proportionate share of the net pension liability (expressed in thousands)	\$ 56,364	\$ 44,695	\$ 34,776

Detailed information about the plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

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

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 824,500
Interest on net OPEB obligation	154,500
Adjustment to annual required contribution	<u>(221,000)</u>
Annual OPEB cost	758,000
Contributions made	<u>545,800</u>
Increase in net OPEB obligation	212,200
Net OPEB obligation, beginning of the year	<u>4,064,900</u>
Net OPEB obligation, end of the year	<u><u>\$ 4,277,100</u></u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

Three Year Trend Information

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed by the Town for such benefits, and the net OPEB obligation for fiscal year 2016 and two most prior years is as follows:

Plan Year Ended June 30,	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
2014	\$ 716,300	\$ 306,500	43%	\$ 3,631,600
2015	765,100	331,800	43%	4,064,900
2016	758,000	545,800	72%	4,277,100

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015 (the date of the most recent actuarial valuation) was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Cost Method (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2015	\$ -	\$ 6,913,000	\$ 6,913,000	0.0%	\$15,038,300	46.0%

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

Actuarial Methods and Assumptions

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

Actuarial Methods and Assumptions (Continued)

Significant methods and assumptions were as follows:

Valuation date:	July 1, 2015
Actuarial cost method:	Entry Age Normal Actuarial Cost Method
Amortization method:	Unfunded Accrued Liability
Remaining amortization period:	30 years
Asset valuation method:	Market Value
Actuarial assumptions:	
Inflation	3.00%
Investment rate of return	3.80%
Healthcare cost trend rate	8.00% initial
	5.00% final

NOTE 13 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except health coverage. During 2016, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years.

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

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, 2016. 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:

Year	Claims Payable,	Claims and Changes		Claims Payable,
Ended June 30,	Beginning of Year	in Estimates	Claims Paid	End of Year
2014	\$ 535,665	\$ 7,199,493	\$ 7,197,100	\$ 538,058
2015	538,058	6,889,129	6,858,187	569,000
2016	569,000	6,410,747	6,450,078	529,669

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 - RISK MANAGEMENT *(Continued)*

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

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants and Contracts

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

Litigation

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

Encumbrances

As of June 30, 2016, the Town has recorded \$468,632 in encumbrances. Such encumbrances have been included in assigned fund balance of the General Fund.

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement establishes new accounting and financial reporting requirements for OPEB plans included in the general purpose external financial reports of state and local governmental OPEB plans and replaces the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement establishes disclosure of information about the nature and magnitude of tax abatements to allow users of the financial statements to understand 1) how tax abatements affect a government's future ability to raise resources and meets its financial obligations and 2) the impact those abatements have on a government's financial position and economic condition. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Certain provisions of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. This statement amends the blending requirements established in GASB Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement addresses accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2016	2015	2014
Total pension liability			
Service cost	\$ 151,063	\$ 141,320	\$ 135,885
Interest	379,873	383,339	371,582
Differences between expected and actual experience	(18,660)	(232,264)	-
Changes of assumptions	-	19,712	-
Benefit payments, including refunds	(408,800)	(335,201)	(354,345)
Net change in total pension liability	103,476	(23,094)	153,122
Total pension liability - beginning	5,476,638	5,499,732	5,346,610
Total pension liability - ending	5,580,114	5,476,638	5,499,732
Plan fiduciary net position			
Contributions - employer	122,207	161,874	157,123
Contributions - members	89,141	70,131	73,359
Net investment income	41,604	251,939	831,581
Benefit payments, including refunds	(408,800)	(335,201)	(354,345)
Administrative expense	(51,872)	(59,335)	(52,818)
Net change in plan fiduciary net position	(207,720)	89,408	654,900
Plan fiduciary net position - beginning	5,850,090	5,760,682	5,105,782
Plan fiduciary net position - ending	5,642,370	5,850,090	5,760,682
Town's net pension asset	<u>\$ (62,256)</u>	<u>\$ (373,452)</u>	<u>\$ (260,950)</u>
Plan fiduciary net position as a percentage of total pension liability	101.12%	106.82%	104.74%
Covered employee payroll	\$ 2,267,863	\$ 2,268,575	\$ 2,160,000
Town's net pension asset as a percentage of covered employee payroll	-2.75%	-16.46%	-12.08%

Notes to Schedule:

Benefit Changes None.

Assumption Changes None significant.

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

See accompanying Independent Auditor's Report.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 122,206	\$ 161,874	\$ 157,123
Contributions in relation to the actuarially determined contribution	<u>122,207</u>	<u>161,874</u>	<u>157,123</u>
Contribution deficiency (excess)	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,267,863	\$ 2,268,575	\$ 2,160,000
Contributions as a percentage of covered employee payroll	5.39%	7.14%	7.27%
Annual money-weighted rate of return, net of investment expense	0.73%	4.49%	16.74%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Actuarial Cost
Remaining amortization period	20 years, open
Asset valuation method	5-year Smoothed Market value
Inflation	3.00%
Investment rate of return	7.00%
Salary increases	4.00% compounded annually
Retirement age	Age 65 with one year of service.
Mortality	RP-2000 Mortality with separate male and female rates and separate pre and post annuity commencement rates projected to the valuation date with Scale AA.

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

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
(Dollar amounts in thousands)

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.407%	0.407%
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	44,695	41,312
Total	<u>\$ 44,695</u>	<u>\$ 41,312</u>
Town's covered payroll	\$ 15,862	\$ 15,812
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

Notes to Schedule:

The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2016 is based on a June 30, 2015 measurement date).

Benefit Changes None.

Assumption Changes None.

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULES OF FUNDING PROGRESS (UNAUDITED)
LAST THREE ACTUARIAL VALUATIONS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age Normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
Other Post-Employment Benefit Plan						
July 1, 2011	\$ -	\$ 9,244,200	\$ 9,244,200	0.0%	\$ 16,613,000	55.6%
July 1, 2013	-	10,074,300	10,074,300	0.0%	15,758,000	63.9%
July 1, 2015	-	6,913,000	6,913,000	0.0%	15,038,300	46.0%

See accompanying Independent Auditor's Report.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS
JUNE 30, 2016

	General Fund	Water Utility	Revaluation	Insurance Reserve	Community Employment Incentive	Water Mitigation
ASSETS						
Cash and cash equivalents	\$ 17,939,655	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	3,213,058	-	-	-	-	-
Receivables:						
Property taxes, net	1,397,321	-	-	-	-	-
Grants and contracts	8,635	-	-	-	-	-
Other	314,553	-	-	-	-	-
Due from other funds	1,108,318	1,167,432	79,560	250,789	7,687	75,040
Other assets	140,109	-	-	-	-	-
Total assets	<u>\$ 24,121,649</u>	<u>\$ 1,167,432</u>	<u>\$ 79,560</u>	<u>\$ 250,789</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>
LIABILITIES						
Accounts payable	\$ 1,391,461	\$ -	\$ -	\$ 1,834	\$ -	\$ -
Accrued liabilities:						
Salaries and benefits payable	87,186	-	-	-	-	-
Other accrued liabilities	7,607	-	-	-	-	-
Due to other funds	12,316,778	-	-	-	-	-
Total liabilities	<u>13,803,032</u>	<u>-</u>	<u>-</u>	<u>1,834</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	<u>1,227,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Committed to:						
General government	-	-	79,560	67,954	-	-
Community development and human services	-	-	-	-	-	-
Assigned to:						
General government	177,443	-	-	-	-	-
Education	291,189	-	-	-	-	-
Compensated absences	128,076	-	-	-	-	-
Other post-employment benefits	87,018	-	-	-	-	-
Cell towers	196,648	-	-	-	-	-
Sewer extension	38,793	-	-	-	-	-
Landfill post-closure	119	-	-	-	-	-
Unassigned	<u>8,171,390</u>	<u>1,167,432</u>	<u>-</u>	<u>181,001</u>	<u>7,687</u>	<u>75,040</u>
Total fund balances	<u>9,090,676</u>	<u>1,167,432</u>	<u>79,560</u>	<u>248,955</u>	<u>7,687</u>	<u>75,040</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,121,649</u>	<u>\$ 1,167,432</u>	<u>\$ 79,560</u>	<u>\$ 250,789</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS (Continued)
JUNE 30, 2016

	Planning and Conservation	Demo and Relocation	Tercentennial	Civil War Monument	Unexpended Education Fund	Public Safety
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 852	\$ -	\$ -
Investments	-	-	-	2,961	-	-
Receivables:						
Property taxes, net	-	-	-	-	-	-
Grants and contracts	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	70,872	75,749	2,000	-	407,034	-
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 70,872</u>	<u>\$ 75,749</u>	<u>\$ 2,000</u>	<u>\$ 3,813</u>	<u>\$ 407,034</u>	<u>\$ -</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities:						
Salaries and benefits payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	-	-
FUND BALANCES						
Committed to:						
General government	-	75,749	-	-	-	-
Community development and human services	-	-	-	-	-	-
Assigned to:						
General government	-	-	-	-	-	-
Education	-	-	-	-	407,034	-
Compensated absences	-	-	-	-	-	-
Other post-employment benefits	-	-	-	-	-	-
Cell towers	-	-	-	-	-	-
Sewer extension	-	-	-	-	-	-
Landfill post-closure	-	-	-	-	-	-
Unassigned	70,872	-	2,000	3,813	-	-
Total fund balances	<u>70,872</u>	<u>75,749</u>	<u>2,000</u>	<u>3,813</u>	<u>407,034</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 70,872</u>	<u>\$ 75,749</u>	<u>\$ 2,000</u>	<u>\$ 3,813</u>	<u>\$ 407,034</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - GENERAL FUND ACCOUNTS (Concluded)
JUNE 30, 2016

	Economic Development	Fuel System	Kelp	Earl Chandler	Eliminations	Combined General Fund
ASSETS						
Cash and cash equivalents	\$ 277,067	\$ 4,696	\$ 552	\$ 101	\$ -	\$ 18,222,923
Investments	383	14,262	1,559	-	-	3,232,223
Receivables:						
Property taxes, net	-	-	-	-	-	1,397,321
Grants and contracts	-	-	-	-	-	8,635
Other	-	-	-	-	-	314,553
Due from other funds	-	-	-	-	(2,136,163)	1,108,318
Other assets	-	-	-	-	-	140,109
Total assets	<u>\$ 277,450</u>	<u>\$ 18,958</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ (2,136,163)</u>	<u>\$ 24,424,082</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,393,295
Accrued liabilities:						
Salaries and benefits payable	-	-	-	-	-	87,186
Other accrued liabilities	-	-	-	-	-	7,607
Due to other funds	-	569	-	-	(2,136,163)	10,181,184
Total liabilities	<u>-</u>	<u>569</u>	<u>-</u>	<u>-</u>	<u>(2,136,163)</u>	<u>11,669,272</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	-	1,227,941
FUND BALANCES						
Committed to:						
General government	-	-	-	-	-	223,263
Community development and human services	-	18,389	-	-	-	18,389
Assigned to:						
General government	-	-	-	-	-	177,443
Education	-	-	-	-	-	698,223
Compensated absences	-	-	-	-	-	128,076
Other post-employment benefits	-	-	-	-	-	87,018
Cell towers	-	-	-	-	-	196,648
Sewer extension	-	-	-	-	-	38,793
Landfill post -closure	-	-	-	-	-	119
Unassigned	277,450	-	2,111	101	-	9,958,897
Total fund balances	<u>277,450</u>	<u>18,389</u>	<u>2,111</u>	<u>101</u>	<u>-</u>	<u>11,526,869</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 277,450</u>	<u>\$ 18,958</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ (2,136,163)</u>	<u>\$ 24,424,082</u>

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Water Utility	Revaluation	Insurance Reserve	Community Employment Incentive	Water Mitigation
REVENUES						
Property taxes	\$ 33,225,714	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	22,398,430	-	-	-	-	-
Licenses, permits and fees	274,557	-	-	-	-	-
Charges for services	3,088,475	-	-	-	-	-
Use of money and property	262,028	-	-	-	-	-
Miscellaneous	408,981	-	-	18,704	-	-
Total revenues	59,658,185	-	-	18,704	-	-
EXPENDITURES						
Current:						
General government	2,023,174	-	31,200	42,638	-	-
Public works	2,151,844	-	-	-	-	-
Recreation and leisure	1,376,138	-	-	-	-	-
Public safety	1,072,712	-	-	-	-	-
Community development and human services	509,682	-	-	-	-	-
Education	44,767,096	-	-	48,068	-	-
Miscellaneous	2,081,706	-	-	-	-	-
Debt service:						
Principal payments	1,871,063	-	-	-	-	-
Interest and fiscal charges	1,052,012	-	-	-	-	-
Capital lease payments	483,224	-	-	-	-	-
Debt issuance costs	29,500	-	-	-	-	-
Capital outlays	636,033	-	-	-	-	-
Total expenditures	58,054,184	-	31,200	90,706	-	-
Excess (deficiency) of revenues over expenditures	1,604,001	-	(31,200)	(72,002)	-	-
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of bonds	10,960,000	-	-	-	-	-
Premium from issuance of bonds	796,913	-	-	-	-	-
Payment to refunding bond escrow agent	(7,356,160)	-	-	-	-	-
Capital lease financing	420,991	-	-	-	-	-
Transfers in	931,049	-	51,602	25,000	-	-
Transfers out	(6,020,203)	-	-	-	-	-
Total other financing sources (uses)	(267,410)	-	51,602	25,000	-	-
Net changes in fund balances	1,336,591	-	20,402	(47,002)	-	-
Fund balances - beginning	7,754,085	1,167,432	59,158	295,957	7,687	75,040
Fund balances - ending	\$ 9,090,676	\$ 1,167,432	\$ 79,560	\$ 248,955	\$ 7,687	\$ 75,040

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND ACCOUNTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

	Planning and Conservation	Demo and Relocation	Tercentennial	Civil War Monument	Unexpended Education Fund	Public Safety
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	-	-	34	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	-	-	-	34	-	-
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community development and human services	-	-	-	-	-	-
Education	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Debt service:						
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital lease payments	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	34	-	-
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of bonds	-	-	-	-	-	-
Premium from issuance of bonds	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-
Capital lease financing	-	-	-	-	-	-
Transfers in	10,000	10,000	-	-	407,034	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	10,000	10,000	-	-	407,034	-
Net changes in fund balances	10,000	10,000	-	34	407,034	-
Fund balances - beginning	60,872	65,749	2,000	3,779	-	-
Fund balances - ending	\$ 70,872	\$ 75,749	\$ 2,000	\$ 3,813	\$ 407,034	\$ -

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND ACCOUNTS *(Concluded)*
FOR THE YEAR ENDED JUNE 30, 2016

	Economic Development	Fuel System	Kelp	Earl Chandler	Eliminations	Combined General Fund
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,225,714
Intergovernmental	-	-	-	-	-	22,398,430
Licenses, permits and fees	-	-	-	-	-	274,557
Charges for services	-	-	-	-	-	3,088,475
Investment earnings	992	-	-	-	-	263,054
Miscellaneous	-	4,472	-	-	-	432,157
Total revenues	<u>992</u>	<u>4,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,682,387</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	2,097,012
Public works	-	569	-	-	-	2,152,413
Recreation and leisure	-	-	-	-	-	1,376,138
Public safety	-	-	-	-	-	1,072,712
Community development and human services	3,960	-	-	-	-	513,642
Education	-	-	-	-	-	44,815,164
Miscellaneous	-	-	-	-	-	2,081,706
Debt service:						
Principal payments	-	-	-	-	-	1,871,063
Interest and fiscal charges	-	-	-	-	-	1,052,012
Capital lease payments	-	-	-	-	-	483,224
Debt issuance costs	-	-	-	-	-	29,500
Capital outlays	-	-	-	-	-	636,033
Total expenditures	<u>3,960</u>	<u>569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,180,619</u>
Excess (deficiency) of revenues over expenditures	(2,968)	3,903	-	-	-	1,501,768
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of bonds	-	-	-	-	-	10,960,000
Premium from issuance of bonds	-	-	-	-	-	796,913
Payment to refunding bond escrow agent	-	-	-	-	-	(7,356,160)
Capital lease financing	-	-	-	-	-	420,991
Transfers in	-	-	-	-	(503,636)	931,049
Transfers out	-	-	-	-	503,636	(5,516,567)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,226</u>
Net changes in fund balances	(2,968)	3,903	-	-	-	1,737,994
Fund balances - beginning	<u>280,418</u>	<u>14,486</u>	<u>2,111</u>	<u>101</u>	<u>-</u>	<u>9,788,875</u>
Fund balances - ending	<u>\$ 277,450</u>	<u>\$ 18,389</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ -</u>	<u>\$ 11,526,869</u>

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
PROPERTY TAXES				
Current taxes	\$ 31,873,771	\$ 31,873,771	\$ 31,947,778	\$ 74,007
Prior years' taxes	700,000	700,000	684,541	(15,459)
Supplemental motor vehicle	236,357	236,357	331,259	94,902
Tax interest	315,000	315,000	331,859	16,859
Lien fees	13,300	13,300	10,587	(2,713)
Airplane tax	1,530	1,530	1,620	90
Phone access - SNETCO	70,984	70,984	68,665	(2,319)
Remediation financing	(150,595)	(150,595)	(150,595)	-
Total property taxes	<u>33,060,347</u>	<u>33,060,347</u>	<u>33,225,714</u>	<u>165,367</u>
INTERGOVERNMENTAL REVENUES				
State-owned property	241,101	241,101	169,887	(71,214)
Elderly tax relief	151,154	151,154	159,292	8,138
Disability exception	4,762	4,762	3,855	(907)
Property tax abatement	99,898	99,898	183,334	83,436
Veterans' exemption	11,582	11,582	12,466	884
Connecticard	7,000	7,000	6,294	(706)
Library grant	1,150	1,150	1,087	(63)
Adult education	108,814	108,814	113,450	4,636
Mashantucket Pequot fund	155,145	155,145	151,533	(3,612)
Hold Harmless Grant	706,717	706,717	706,717	-
Education equalization grant	15,245,632	15,245,632	15,190,552	(55,080)
School transportation	206,931	206,931	227,125	20,194
Vocational agriculture	205,462	205,462	416,000	210,538
Nonpublic school - health services	34,248	34,248	29,473	(4,775)
Transportation - nonpublic	29,769	29,769	31,413	1,644
Medicare reimbursement	25,000	25,000	-	(25,000)
Total intergovernmental revenues	<u>17,234,365</u>	<u>17,234,365</u>	<u>17,402,478</u>	<u>168,113</u>
LICENSES, PERMITS AND FEES				
Building permit fees	165,000	165,000	227,859	62,859
Planning and zoning permits	22,000	22,000	17,970	(4,030)
Other permits	7,000	7,000	13,235	6,235
Library fines and fees	13,500	13,500	15,094	1,594
Animal control fines and fees	1,000	1,000	399	(601)
Total licenses, permits and fees	<u>208,500</u>	<u>208,500</u>	<u>274,557</u>	<u>66,057</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
CHARGES FOR SERVICES				
Town clerk receipts	\$ 152,000	\$ 152,000	\$ 154,349	\$ 2,349
Conveyance tax	90,000	90,000	139,317	49,317
Elderly housing services	17,766	17,766	17,766	-
Recreation department	126,000	126,000	117,628	(8,372)
District Collections	42,480	42,480	42,573	93
Tuition	2,548,258	2,548,258	2,616,842	68,584
Total charges for services	<u>2,976,504</u>	<u>2,976,504</u>	<u>3,088,475</u>	<u>111,971</u>
USE OF MONEY AND PROPERTY				
Investment income	50,000	50,000	114,886	64,886
Sewer plant lease	40,317	40,317	40,317	-
Communications tower lease	111,570	111,570	106,825	(4,745)
Total use of money and property	<u>201,887</u>	<u>201,887</u>	<u>262,028</u>	<u>60,141</u>
MISCELLANEOUS				
School capital contributions	261,444	261,444	253,134	(8,310)
Miscellaneous	58,000	58,000	298,620	240,620
Total miscellaneous	<u>319,444</u>	<u>319,444</u>	<u>551,754</u>	<u>232,310</u>
Total revenues	<u>54,001,047</u>	<u>54,001,047</u>	<u>54,805,006</u>	<u>803,959</u>
OTHER FINANCING SOURCES				
Appropriation from assigned fund balance	-	615,453	-	(615,453)
Transfers in:				
Sewer Operating Fund	922,683	922,683	900,565	(22,118)
Louisa E. Day	25	25	76	51
Thomas J. Evans	10	10	27	17
Total other financing sources	<u>922,718</u>	<u>1,538,171</u>	<u>900,668</u>	<u>(637,503)</u>
Total revenues and other financing sources	<u>\$ 54,923,765</u>	<u>\$ 55,539,218</u>	<u>\$ 55,705,674</u>	<u>\$ 166,456</u>
				<i>(Concluded)</i>

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
GENERAL GOVERNMENT				
Town Council:				
Personnel services	\$ 6,750	\$ 6,750	\$ 6,750	\$ -
Contractual services	42,200	42,200	31,357	(10,843)
Material and supplies	1,750	1,750	1,572	(178)
Total Town Council	<u>50,700</u>	<u>50,700</u>	<u>39,679</u>	<u>(11,021)</u>
Town Manager:				
Personnel services	212,080	214,185	213,873	(312)
Contractual services	38,550	38,550	21,969	(16,581)
Material and supplies	3,200	3,200	2,462	(738)
Total Town Manager	<u>253,830</u>	<u>255,935</u>	<u>238,304</u>	<u>(17,631)</u>
Legal Services:				
Contractual services	92,928	92,928	92,187	(741)
Total legal services	<u>92,928</u>	<u>92,928</u>	<u>92,187</u>	<u>(741)</u>
Town Clerk:				
Personnel services	141,465	142,870	138,573	(4,297)
Contractual services	33,950	33,950	27,866	(6,084)
Material and supplies	2,400	2,400	2,398	(2)
Total Town Clerk	<u>177,815</u>	<u>179,220</u>	<u>168,837</u>	<u>(10,383)</u>
Finance:				
Personnel services	194,410	195,500	195,495	(5)
Contractual services	60,000	60,000	57,582	(2,418)
Material and supplies	1,800	1,800	1,696	(104)
Total finance	<u>256,210</u>	<u>257,300</u>	<u>254,773</u>	<u>(2,527)</u>
Assessor:				
Personnel services	159,775	186,432	171,904	(14,528)
Contractual services	16,345	16,345	11,952	(4,393)
Materials and supplies	1,970	1,970	1,665	(305)
Total Assessor	<u>178,090</u>	<u>204,747</u>	<u>185,521</u>	<u>(19,226)</u>
Revenue Collection:				
Personnel services	202,210	194,677	181,867	(12,810)
Contractual services	37,370	37,370	34,643	(2,727)
Material and supplies	2,300	2,300	2,167	(133)
Total revenue collection	<u>241,880</u>	<u>234,347</u>	<u>218,677</u>	<u>(15,670)</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
GENERAL GOVERNMENT (Continued)				
Registration and Elections:				
Personnel services	\$ 58,356	\$ 58,356	\$ 41,395	\$ (16,961)
Contractual services	19,475	19,475	18,710	(765)
Material and supplies	1,000	1,000	970	(30)
Total registration and elections	78,831	78,831	61,075	(17,756)
Town Boards and Commissions:				
Contractual services	74,737	74,737	73,091	(1,646)
Total town boards and commissions	74,737	74,737	73,091	(1,646)
Planning and Development:				
Personnel services	214,370	234,552	198,564	(35,988)
Contractual services	7,040	7,040	5,719	(1,321)
Material and supplies	2,500	2,500	2,410	(90)
Total planning and development	223,910	244,092	206,693	(37,399)
Data Processing:				
Contractual services	142,000	142,000	126,181	(15,819)
Total data processing	142,000	142,000	126,181	(15,819)
Town Hall:				
Personnel services	39,820	40,975	40,975	-
Contractual services	80,250	79,095	64,312	(14,783)
Material and supplies	7,500	7,500	5,714	(1,786)
Total town hall	127,570	127,570	111,001	(16,569)
Economic Development:				
Personnel services	105,370	116,223	116,223	-
Contractual services	11,600	11,600	8,237	(3,363)
Material and supplies	1,200	1,200	1,010	(190)
Total economic development	118,170	129,023	125,470	(3,553)
Total general government	2,016,671	2,071,430	1,901,489	(169,941)
PUBLIC WORKS				
Supervision:				
Personnel services	209,520	209,520	202,588	(6,932)
Contractual services	16,100	16,100	10,883	(5,217)
Material and supplies	1,700	1,700	434	(1,266)
Total supervision	227,320	227,320	213,905	(13,415)
(Continued)				

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PUBLIC WORKS (Continued)				
Engineering:				
Personnel services	\$ 216,710	\$ 218,680	\$ 217,471	\$ (1,209)
Contractual services	12,180	12,180	6,461	(5,719)
Material and supplies	3,200	3,200	2,835	(365)
Capital outlay	10,000	10,000	9,956	(44)
Total engineering	<u>242,090</u>	<u>244,060</u>	<u>236,723</u>	<u>(7,337)</u>
Central Garage:				
Personnel services	210,480	210,480	196,351	(14,129)
Contractual services	96,570	130,570	122,627	(7,943)
Material and supplies	271,000	271,000	235,946	(35,054)
Capital outlay	4,000	4,000	3,795	(205)
Total central garage	<u>582,050</u>	<u>616,050</u>	<u>558,719</u>	<u>(57,331)</u>
Highways:				
Personnel services	774,900	774,900	769,871	(5,029)
Contractual services	53,300	53,300	48,218	(5,082)
Material and supplies	158,500	206,836	188,072	(18,764)
Capital Outlay	117,000	117,000	104,666	(12,334)
Total highways	<u>1,103,700</u>	<u>1,152,036</u>	<u>1,110,827</u>	<u>(41,209)</u>
Winter Maintenance:				
Personnel services	115,000	66,664	66,664	-
Contractual services	5,000	5,000	2,542	(2,458)
Material and supplies	208,000	208,000	198,404	(9,596)
Total winter maintenance	<u>328,000</u>	<u>279,664</u>	<u>267,610</u>	<u>(12,054)</u>
Total public works	<u>2,483,160</u>	<u>2,519,130</u>	<u>2,387,784</u>	<u>(131,346)</u>
RECREATION AND LEISURE				
Recreation:				
Personnel services	381,950	383,405	371,139	(12,266)
Contractual services	67,050	67,050	49,293	(17,757)
Material and supplies	25,000	25,000	24,441	(559)
Total recreation	<u>474,000</u>	<u>475,455</u>	<u>444,873</u>	<u>(30,582)</u>
Park Development and Maintenance:				
Personnel services	189,230	189,230	175,450	(13,780)
Contractual services	68,050	68,050	46,460	(21,590)
Material and supplies	45,100	45,100	44,183	(917)
Capital outlay	2,850	2,850	-	(2,850)
Total park development and maintenance	<u>305,230</u>	<u>305,230</u>	<u>266,093</u>	<u>(39,137)</u>
Public Library:				
Personnel services	370,475	393,520	383,748	(9,772)
Contractual services	203,650	203,650	160,245	(43,405)
Material and supplies	12,750	12,750	8,585	(4,165)
Total public library	<u>586,875</u>	<u>609,920</u>	<u>552,578</u>	<u>(57,342)</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
RECREATION AND LEISURE (Continued)				
Special Communities Activities:				
Contractual services	\$ 6,125	\$ 6,125	\$ 6,125	\$ -
Total special communities activities	6,125	6,125	6,125	-
Community Center:				
Contractual services	127,920	127,920	84,287	(43,633)
Material and supplies	13,000	13,000	12,094	(906)
Total community center	140,920	140,920	96,381	(44,539)
Other Town Buildings:				
Contractual services	20,500	20,500	14,267	(6,233)
Material and supplies	750	750	213	(537)
Total other town buildings	21,250	21,250	14,480	(6,770)
Total recreation and leisure	1,534,400	1,558,900	1,380,530	(178,370)
PUBLIC SAFETY				
Building Inspector:				
Personnel services	173,100	173,630	173,630	-
Contractual services	10,510	9,980	8,116	(1,864)
Material and supplies	5,600	5,600	4,821	(779)
Total building inspector	189,210	189,210	186,567	(2,643)
Animal Control:				
Contractual services	51,699	51,699	51,699	-
Material and supplies	100	100	100	-
Total animal control	51,799	51,799	51,799	-
Law Enforcement:				
Personnel services	14,560	15,060	15,060	-
Contractual services	901,529	901,029	818,210	(82,819)
Material and supplies	2,300	2,300	1,076	(1,224)
Capital outlay	3,500	3,500	-	(3,500)
Total law enforcement	921,889	921,889	834,346	(87,543)
Total public safety	1,162,898	1,162,898	1,072,712	(90,186)
COMMUNITY DEVELOPMENT AND HUMAN SERVICES				
Community Development:				
Personnel services	66,270	67,715	67,699	(16)
Contractual services	7,550	7,550	4,031	(3,519)
Material and supplies	400	400	173	(227)
Total community development	74,220	75,665	71,903	(3,762)
				(Continued)

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
COMMUNITY DEVELOPMENT AND HUMAN SERVICES (Continued)				
Human Services Subsidies:				
Contractual services	\$ 392,130	\$ 438,130	\$ 437,779	\$ (351)
Total human service subsidies	392,130	438,130	437,779	(351)
Total community development and human services	466,350	513,795	509,682	(4,113)
BOARD OF EDUCATION	40,703,497	40,296,463	40,265,307	(31,156)
MISCELLANEOUS				
Employee benefits - contractual services	1,457,954	1,472,376	1,367,991	(104,385)
Insurance - contractual services	648,214	648,214	633,110	(15,104)
Contingencies	260,000	153,502	119,822	(33,680)
Total miscellaneous	2,366,168	2,274,092	2,120,923	(153,169)
DEBT SERVICE				
Principal payments	1,871,063	1,871,063	1,871,063	-
Interest and fiscal charges	1,154,314	1,154,314	1,131,821	(22,493)
Debt issuance costs	30,000	30,000	29,500	(500)
Total debt service	3,055,377	3,055,377	3,032,384	(22,993)
 Total expenditures	 53,788,521	 53,452,085	 52,670,811	 (781,274)
OTHER FINANCING USES				
Transfers out:				
Capital reserve fund	50,000	50,000	50,000	-
Capital nonrecurring fund	425,816	425,816	425,816	-
Demolition & Relocation Reserve	10,000	10,000	10,000	-
Insurance reserve fund	20,000	20,000	20,000	-
Solid waste fund	247,241	247,241	247,241	-
Revaluation fund	51,602	51,602	51,602	-
Plan of Conservation	10,000	10,000	10,000	-
OPEB Trust	10,000	554,855	554,855	-
Education non-lapsing fund	-	407,034	407,034	-
Education capital nonrecurring fund	310,585	310,585	310,585	-
Total other financing uses	1,135,244	2,087,133	2,087,133	-
 Total expenditures and other financing uses	 \$ 54,923,765	 \$ 55,539,218	 \$ 54,757,944	 \$ (781,274)
				(Concluded)

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2016

Grand List Year	Uncollected Taxes July 1, 2015	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2016
			Additions	Deletions			Taxes	Interest	Liens	
2014	\$ -	\$ 30,212,555	\$ 3,081,045	\$ 271,713	\$ 527	\$ 33,021,360	\$ 32,284,966	\$ 116,474	\$ 3,381	\$ 736,394
2013	772,365	-	27,183	59,921	2,328	737,299	406,931	103,592	6,998	330,368
2012	285,173	-	22,309	16,573	4,965	285,944	136,229	54,360	1,272	149,715
2011	134,327	-	12,889	11,910	4,653	130,653	39,015	24,759	378	91,638
2010	93,755	-	1,232	58	7,015	87,914	14,856	12,684	180	73,058
2009	49,713	-	869	57	5,352	45,173	6,659	4,221	96	38,514
2008	25,552	-	937	-	1,647	24,842	4,357	4,142	30	20,485
2007	11,350	-	931	-	1,181	11,100	1,124	1,778	12	9,976
2006	10,186	-	1,183	34	762	10,573	1,194	1,714	-	9,379
2005	4,059	-	1,015	-	467	4,607	1,015	1,721	-	3,592
2004	1,659	-	1,450	117	353	2,639	1,333	2,273	-	1,306
2003	1,604	-	473	-	226	1,851	473	1,170	-	1,378
2002	820	-	881	-	-	1,701	881	1,913	-	820
2001	157	-	186	-	-	343	186	449	-	157
2000	254	-	238	-	-	492	238	609	-	254
1999	230	-	-	-	230	-	-	-	-	-
	<u>\$ 1,391,204</u>	<u>\$ 30,212,555</u>	<u>\$ 3,152,821</u>	<u>\$ 360,383</u>	<u>\$ 29,706</u>	<u>\$ 34,366,491</u>	<u>\$ 32,899,457</u>	<u>\$ 331,859</u>	<u>\$ 12,347</u>	<u>\$ 1,467,034</u>

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2016

Total cash collections for the year ended
June 30, 2016:

Taxes	\$ 32,899,457
Interest and lien fees	344,206
Total	<u>33,243,663</u>

Reimbursement for revenue loss:

Tax relief for elderly freeze (CGS 12-129d)	159,292
---	---------

Base	<u><u>\$ 33,402,955</u></u>
------	-----------------------------

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 75,156,649	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	150,313,298	-	-	-
3-3/4 times base	-	-	125,261,081	-	-
3-1/4 times base	-	-	-	108,559,604	-
3 times base	-	-	-	-	100,208,865
Total debt limitation	<u>75,156,649</u>	<u>150,313,298</u>	<u>125,261,081</u>	<u>108,559,604</u>	<u>100,208,865</u>
Indebtedness:					
Bonds and notes payable	5,629,070	18,308,641	9,071,944	-	-
Authorized, unissued bonds	85,000	2,265,800	5,048,000	-	-
Total indebtedness	<u>5,714,070</u>	<u>20,574,441</u>	<u>14,119,944</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 69,442,579</u></u>	<u><u>\$ 129,738,857</u></u>	<u><u>\$ 111,141,137</u></u>	<u><u>\$ 108,559,604</u></u>	<u><u>\$ 100,208,865</u></u>
Total capacity of borrowing (7 times base)	\$ 233,820,685				
Total present indebtedness	<u>40,408,455</u>				
Margin for additional borrowing	<u><u>\$ 193,412,230</u></u>				

See accompanying Independent Auditor's Report.

CAPITAL IMPROVEMENTS FUND

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS - CAPITAL IMPROVEMENTS FUND
YEAR ENDED JUNE 30, 2016

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2016
	Balance June 30, 2015	Current Year Appropriations	Balance June 30, 2016	Balance June 30, 2015	Current Year Expenditures	Balance June 30, 2016	
Guide Rail Replacement	\$ 387,500	\$ -	\$ 387,500	\$ 382,800	\$ 1,124	\$ 383,924	\$ 3,576
Sidewalks	799,021	61,013	860,034	797,551	50,987	848,538	11,496
Alexanders Lake Sewer	2,205,000	-	2,205,000	2,173,447	-	2,173,447	31,553
Spot Drainage	215,500	-	215,500	178,580	7,823	186,403	29,097
Putnam Road/Five Mile	1,125,000	-	1,125,000	1,034,488	-	1,034,488	90,512
Landfill Closure	3,000,000	-	3,000,000	2,792,107	-	2,792,107	207,893
Killingly Industrial Park	20,848	-	20,848	15,543	-	15,543	5,305
KIS Athletic/Recreation Fields	190,000	-	190,000	181,472	-	181,472	8,528
WPCA Odor Control	4,380,553	-	4,380,553	4,097,727	-	4,097,727	282,826
Quinebaug River Bike	1,888,925	-	1,888,925	1,827,709	-	1,827,709	61,216
Vo-Ag Classroom Remodeling and Equipment	1,000,000	-	1,000,000	997,331	-	997,331	2,669
Anchor Glass Prop MDP	354,700	-	354,700	155,635	-	155,635	199,065
KIS Fire Protect System Replacement	1,100,000	-	1,100,000	843,144	-	843,144	256,856
WPCA - BNR Study A	237,711	-	237,711	199,211	-	199,211	38,500
WPCA - Collections System B	214,693	-	214,693	165,247	-	165,247	49,446
Mashentuck Road - Phase II	301,488	-	301,488	251,043	-	251,043	50,445
Industrial Park Sign	20,000	-	20,000	15,768	1,035	16,803	3,197
WPCA Sewer/Relining Replacement	-	-	-	(121,083)	119,791	(1,292)	1,292
High School/Vo-Ag	81,265,000	-	81,265,000	80,768,588	49,178	80,817,766	447,234
KHS Asbestos Abatement	237,445	-	237,445	237,362	-	237,362	83
Armory Building	-	27,706	27,706	-	25,000	25,000	2,706
Pratt/Ledge Roads	253,097	(1,628)	251,469	10,884	-	10,884	240,585
Lake Road Phase II	176,000	-	176,000	148,716	-	148,716	27,284
Fuel Oil Tank Removal/Replacement	25,000	-	25,000	11,004	-	11,004	13,996
KCC Theatre Lighting	29,043	-	29,043	24,867	-	24,867	4,176
Breakneck Hill Road	1,239,881	(338)	1,239,543	1,239,543	-	1,239,543	-
Street Tree Replacement	10,000	337	10,337	8,496	-	8,496	1,841
Salt Storage Facilities	300,273	121,141	421,414	492	167,757	168,249	253,165
Rock Avenue	419,205	(121,141)	298,064	248,063	434	248,497	49,567
Chestnut Hill Road Bridge	66,889	-	66,889	32,250	-	32,250	34,639
KCC Gym Floor	16,000	-	16,000	-	16,000	16,000	-
KCC Gym Floor	15,750	-	15,750	-	6,354	6,354	9,396
Sewer- Reline and Replace	400,000	-	400,000	313,172	(61,788)	251,384	148,616
Cat Hollow Park Dev	15,000	-	15,000	-	-	-	15,000
Rock Avenue Bridge	3,870,000	-	3,870,000	2,298,986	-	2,298,986	1,571,014
Lake Road/Louisa Viens Improvement	180,000	(78,117)	101,883	101,883	-	101,883	-
Sanitary Sewer Line Replacement	10,373,000	-	10,373,000	10,227,392	62,299	10,289,691	83,309
Chiller - Old High School	183,621	-	183,621	4,840	-	4,840	178,781
Lake Road ARRA	558,900	-	558,900	427,870	-	427,870	131,030
Town Hall Building Improvement	168,000	120,000	288,000	88,097	42,444	130,541	157,459
David Avenue Extension	95,000	-	95,000	55,340	-	55,340	39,660
Footbridge Rehab	250,000	-	250,000	249,538	33	249,571	429
Highway Garage Truck Wash/Bay	50,000	-	50,000	-	-	-	50,000
Bugbee Bldg Interior Renovations	50,000	-	50,000	5,864	-	5,864	44,136

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS - CAPITAL IMPROVEMENTS FUND (Continued)
YEAR ENDED JUNE 30, 2016

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2016
	Balance June 30, 2015	Current Year Appropriations	Balance June 30, 2016	Balance June 30, 2015	Current Year Expenditures	Balance June 30, 2016	
River Road Bridges	\$ 3,150,000	\$ -	\$ 3,150,000	\$ 2,750,000	\$ -	\$ 2,750,000	\$ 400,000
Sewer Replacement 10-11	100,000	-	100,000	-	40,792	40,792	59,208
WPCA Capital Projects 2011-2012	529,343	-	529,343	484,653	43,510	528,163	1,180
Highway Garage Roof	140,000	-	140,000	100,219	-	100,219	39,781
Spot Drainage (TA)	20,000	-	20,000	14,166	1,110	15,276	4,724
Community Center Roof (12-13)	356,983	-	356,983	346,018	-	346,018	10,965
WPCA - Capital Projects 12-13	150,000	-	150,000	107,162	29,785	136,947	13,053
School Administration Offices	60,000	(27,706)	32,294	32,294	-	32,294	-
Owen Bell Track & Court Renovations	13,545	-	13,545	370	-	370	13,175
Town Hall Generator	65,000	48,665	113,665	16,210	31,121	47,331	66,334
WPCA - Capital Projects 13-14	120,000	-	120,000	-	117,209	117,209	2,791
Relocate/Replace Garage Fuel Tanks	314,834	-	314,834	267,864	8,100	275,964	38,870
Road Renewal 14-15 Unimproved TA	24,000	-	24,000	-	4,544	4,544	19,456
Highway Garage Boiler	35,000	-	35,000	258	28,748	29,006	5,994
Nauset/Cape/Orleans Drainage	30,000	167,558	197,558	5,272	192,286	197,558	-
KCC Underground Tank	30,000	-	30,000	8,875	-	8,875	21,125
KCC Gutters	64,000	-	64,000	-	-	-	64,000
14-15 WPCA Capital Projects	147,000	-	147,000	-	127,162	127,162	19,838
Town Hall Blinds	-	10,000	10,000	-	10,000	10,000	-
Road Renewal 15-16 Unimproved TA	-	58,000	58,000	-	-	-	58,000
Road Renewal 15-16 TA	-	154,187	154,187	-	10,110	10,110	144,077
KCC Building Improvements	-	20,000	20,000	-	-	-	20,000
15-16 WPCA Capital Projects	-	341,000	341,000	-	32,525	32,525	308,475
P&A Mill - Brownfield Remediation	-	17,083	17,083	-	23,571	23,571	(6,488)
Rogers Pump Station	-	3,000,000	3,000,000	-	148,158	148,158	2,851,842
Force Main	-	500,000	500,000	-	7	7	499,993
WPCA Facility Update - CWF	-	22,300,000	22,300,000	-	-	-	22,300,000
School Renovations	-	40,000	40,000	-	-	-	40,000
	<u>\$ 123,037,748</u>	<u>\$ 26,757,760</u>	<u>\$ 149,795,508</u>	<u>\$ 116,624,328</u>	<u>\$ 1,337,209</u>	<u>\$ 117,961,537</u>	<u>\$ 31,833,971</u>
							(Concluded)

See accompanying Independent Auditor's Report.

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Nonmajor Special Revenue Funds					
	School Cafeteria Fund	Educational Grants Fund	Community Development Block Grant Fund	Cemetery Fund	Workplace Substance Abuse Grant Fund	Recreation Revolving Fund
ASSETS						
Cash and cash equivalents	\$ 388,609	\$ 761,137	\$ 127,362	\$ 3,856	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	104,181	251,374	2,175	-	-	-
Other	12,403	658	23,879	-	-	-
Due from other funds	-	13,792	-	22,440	5,167	39,147
Inventories	32,320	-	-	-	-	-
Total assets	<u>\$ 537,513</u>	<u>\$ 1,026,961</u>	<u>\$ 153,416</u>	<u>\$ 26,296</u>	<u>\$ 5,167</u>	<u>\$ 39,147</u>
LIABILITIES						
Accounts payable	\$ 75,672	\$ 92,757	\$ 12,913	\$ 140	\$ -	\$ -
Due to other funds	596,936	255,645	-	-	-	-
Unearned revenue	-	678,559	81,323	-	-	-
Other	9,260	-	-	-	-	-
Total liabilities	<u>681,868</u>	<u>1,026,961</u>	<u>94,236</u>	<u>140</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable:						
Inventories	32,320	-	-	-	-	-
Permanent funds principal	-	-	-	-	-	-
Restricted for:						
Grant proceeds	-	-	59,180	-	5,167	-
Special reserves - external	-	-	-	-	-	-
Committed to:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community development and human services	-	-	-	26,156	-	-
Recreation and leisure	-	-	-	-	-	39,147
Education	-	-	-	-	-	-
Capital and nonrecurring	-	-	-	-	-	-
Unassigned	(176,675)	-	-	-	-	-
Total fund balances (deficits)	<u>(144,355)</u>	<u>-</u>	<u>59,180</u>	<u>26,156</u>	<u>5,167</u>	<u>39,147</u>
Total liabilities and fund balances	<u>\$ 537,513</u>	<u>\$ 1,026,961</u>	<u>\$ 153,416</u>	<u>\$ 26,296</u>	<u>\$ 5,167</u>	<u>\$ 39,147</u>

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2016

	Nonmajor Special Revenue Funds					
	Public Investment Community Grant in Aid Fund	Miscellaneous Special Revenue Fund	Law Enforcement Fund	Historic Preservation Fund	Solid Waste Fund	Armory Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ 662,746	\$ -	\$ -	\$ 9,817	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	-	97,188	36,221	-	-	-
Other	-	-	-	-	4,320	-
Due from other funds	5,324	-	-	35,711	49,176	13,333
Inventories	-	-	-	-	-	-
Total assets	<u>\$ 5,324</u>	<u>\$ 759,934</u>	<u>\$ 36,221</u>	<u>\$ 35,711</u>	<u>\$ 63,313</u>	<u>\$ 13,333</u>
LIABILITIES						
Accounts payable	\$ -	\$ 23,763	\$ -	\$ -	\$ 23,125	\$ -
Due to other funds	-	233,308	36,221	-	-	-
Unearned revenue	-	9,707	-	-	7,860	-
Other	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>266,778</u>	<u>36,221</u>	<u>-</u>	<u>30,985</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable:						
Inventories	-	-	-	-	-	-
Permanent funds principal	-	-	-	-	-	-
Restricted for:						
Grant proceeds	5,324	-	-	35,711	-	-
Special reserves - external	-	-	-	-	-	-
Committed to:						
General government	-	-	-	-	32,328	-
Public safety	-	-	-	-	-	13,333
Community development and human services	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-
Education	-	493,156	-	-	-	-
Capital and nonrecurring	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>5,324</u>	<u>493,156</u>	<u>-</u>	<u>35,711</u>	<u>32,328</u>	<u>13,333</u>
Total liabilities and fund balances	<u>\$ 5,324</u>	<u>\$ 759,934</u>	<u>\$ 36,221</u>	<u>\$ 35,711</u>	<u>\$ 63,313</u>	<u>\$ 13,333</u>

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2016

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects Funds	
	Library Operating Fund	Community Outdoor Beautification Fund	Total Nonmajor Special Revenue Funds	Industrial Park Fund	Capital Reserve Fund
ASSETS					
Cash and cash equivalents	\$ -	\$ 3,831	\$ 1,957,358	\$ 434,872	\$ -
Investments	-	19,444	19,444	-	-
Receivables:					
Grants and contracts	-	-	491,139	-	-
Other	-	-	41,260	-	3,782
Due from other funds	27,057	38,229	249,376	7,954	818,032
Inventories	-	-	32,320	-	-
Total assets	<u>\$ 27,057</u>	<u>\$ 61,504</u>	<u>\$ 2,790,897</u>	<u>\$ 442,826</u>	<u>\$ 821,814</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 228,370	\$ -	\$ -
Due to other funds	-	-	1,122,110	-	-
Unearned revenue	-	-	777,449	-	-
Other	-	-	9,260	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>2,137,189</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Inventories	-	-	32,320	-	-
Permanent funds principal	-	-	-	-	-
Restricted for:					
Grant proceeds	-	-	105,382	-	-
Special reserves - external	-	-	-	-	-
Committed to:					
General government	-	-	32,328	-	-
Public safety	-	-	13,333	-	-
Community development and human services	-	61,504	87,660	-	-
Recreation and leisure	27,057	-	66,204	-	-
Education	-	-	493,156	-	-
Capital and nonrecurring	-	-	-	442,826	821,814
Unassigned	-	-	(176,675)	-	-
Total fund balances (deficits)	<u>27,057</u>	<u>61,504</u>	<u>653,708</u>	<u>442,826</u>	<u>821,814</u>
Total liabilities and fund balances	<u>\$ 27,057</u>	<u>\$ 61,504</u>	<u>\$ 2,790,897</u>	<u>\$ 442,826</u>	<u>\$ 821,814</u>

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Concluded)
JUNE 30, 2016

	Nonmajor Capital Projects Funds						
	Open Space Acquisition Fund	State Line Road Improvement Fund	Pettingill Hill Road Improvement Fund	Benefit Assessment Fund	Total Nonmajor Capital Projects Funds	Permanent Trust Funds	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ 2,267	\$ 87	\$ 4,478	\$ 441,704	\$ 154,117	\$ 2,553,179
Investments	-	6,642	245	13,158	20,045	454,240	493,729
Receivables:							
Grants and contracts	-	-	-	-	-	-	491,139
Other	-	-	-	-	3,782	-	45,042
Due from other funds	211,469	-	-	-	1,037,455	66,220	1,353,051
Inventories	-	-	-	-	-	-	32,320
Total assets	<u>\$ 211,469</u>	<u>\$ 8,909</u>	<u>\$ 332</u>	<u>\$ 17,636</u>	<u>\$ 1,502,986</u>	<u>\$ 674,577</u>	<u>\$ 4,968,460</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 228,370
Due to other funds	-	-	-	-	-	-	1,122,110
Unearned revenue	-	-	-	-	-	-	777,449
Other	-	-	-	-	-	-	9,260
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,137,189</u>
FUND BALANCES (DEFICITS)							
Nonspendable:							
Inventories	-	-	-	-	-	-	32,320
Permanent funds principal	-	-	-	-	-	119,642	119,642
Restricted for:							
Grant proceeds	-	-	-	-	-	-	105,382
Special reserves - external	-	-	-	-	-	554,935	554,935
Committed to:							
General government	-	-	-	-	-	-	32,328
Public safety	-	-	-	-	-	-	13,333
Community development and human services	-	-	-	-	-	-	87,660
Recreation and leisure	-	-	-	-	-	-	66,204
Education	-	-	-	-	-	-	493,156
Capital and nonrecurring	211,469	8,909	332	17,636	1,502,986	-	1,502,986
Unassigned	-	-	-	-	-	-	(176,675)
Total fund balances (deficits)	<u>211,469</u>	<u>8,909</u>	<u>332</u>	<u>17,636</u>	<u>1,502,986</u>	<u>674,577</u>	<u>2,831,271</u>
Total liabilities and fund balances	<u>\$ 211,469</u>	<u>\$ 8,909</u>	<u>\$ 332</u>	<u>\$ 17,636</u>	<u>\$ 1,502,986</u>	<u>\$ 674,577</u>	<u>\$ 4,968,460</u>

(Concluded)

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Nonmajor Special Revenue Funds					
	School Cafeteria Fund	Educational Grants Fund	Community Development Block Grant Fund	Cemetery Fund	Workplace Substance Abuse Grant Fund	Recreation Revolving Fund
REVENUES						
Intergovernmental	\$ 690,371	\$ 2,811,897	\$ 332,290	\$ -	\$ -	\$ -
Charges for services	434,229	-	-	-	-	33,543
Investment earnings	343	-	284	331	-	-
Miscellaneous	-	-	13,191	2,500	-	-
Total revenues	<u>1,124,943</u>	<u>2,811,897</u>	<u>345,765</u>	<u>2,831</u>	<u>-</u>	<u>33,543</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	32,971
Public safety	-	-	-	-	-	-
Community development and human services	-	-	332,290	7,170	-	-
Education	1,119,832	2,811,897	-	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	<u>1,119,832</u>	<u>2,811,897</u>	<u>332,290</u>	<u>7,170</u>	<u>-</u>	<u>32,971</u>
Excess (deficiency) of revenues over expenditures	5,111	-	13,475	(4,339)	-	572
OTHER FINANCING SOURCES (USES)						
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	5,111	-	13,475	(4,339)	-	572
Fund balances (deficits) - beginning	<u>(149,466)</u>	<u>-</u>	<u>45,705</u>	<u>30,495</u>	<u>5,167</u>	<u>38,575</u>
Fund balances (deficits) - ending	<u>\$ (144,355)</u>	<u>\$ -</u>	<u>\$ 59,180</u>	<u>\$ 26,156</u>	<u>\$ 5,167</u>	<u>\$ 39,147</u>

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2016

	Nonmajor Special Revenue Funds					
	Public Investment Community Grant in Aid Fund	Miscellaneous Special Revenue Fund	Law Enforcement Fund	Historic Preservation Fund	Solid Waste Fund	Armory Fund
REVENUES						
Intergovernmental	\$ -	\$ 169,781	\$ 91,814	\$ 3,000	\$ -	\$ -
Charges for services	-	649,151	-	-	173,822	12,987
Investment earnings	-	-	-	-	-	-
Miscellaneous	-	-	7,550	4,792	-	-
Total revenues	-	818,932	99,364	7,792	173,822	12,987
EXPENDITURES						
Current:						
General government	-	-	-	-	387,321	-
Recreation and leisure	-	-	-	5,698	-	-
Public safety	-	-	99,364	-	-	-
Community development and human services	-	-	-	-	-	-
Education	-	752,282	-	-	-	-
Capital outlays	-	-	-	-	-	39,592
Total expenditures	-	752,282	99,364	5,698	387,321	39,592
Excess (deficiency) of revenues over expenditures	-	66,650	-	2,094	(213,499)	(26,605)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	247,241	-
Transfers out	-	-	-	-	(5,641)	-
Total other financing sources (uses)	-	-	-	-	241,600	-
Net changes in fund balances	-	66,650	-	2,094	28,101	(26,605)
Fund balances (deficits) - beginning	5,324	426,506	-	33,617	4,227	39,938
Fund balances (deficits) - ending	\$ 5,324	\$ 493,156	\$ -	\$ 35,711	\$ 32,328	\$ 13,333

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2016

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects Funds	
	Library Operating Fund	Community Outdoor Beautification Fund	Total Nonmajor Special Revenue Funds	Industrial Park Fund	Capital Reserve Fund
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 4,099,153	\$ -	\$ -
Charges for services	970	4,317	1,309,019	-	48,300
Investment earnings	-	-	958	1,614	-
Miscellaneous	16,599	-	44,632	-	-
Total revenues	<u>17,569</u>	<u>4,317</u>	<u>5,453,762</u>	<u>1,614</u>	<u>48,300</u>
EXPENDITURES					
Current:					
General government	-	-	387,321	-	-
Recreation and leisure	21,853	-	60,522	-	-
Public safety	-	-	99,364	-	-
Community development and human services	-	-	339,460	-	-
Education	-	-	4,684,011	-	-
Capital outlays	-	-	39,592	-	19,633
Total expenditures	<u>21,853</u>	<u>-</u>	<u>5,610,270</u>	<u>-</u>	<u>19,633</u>
Excess (deficiency) of revenues over expenditures	(4,284)	4,317	(156,508)	1,614	28,667
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	247,241	-	50,000
Transfers out	-	-	(5,641)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>241,600</u>	<u>-</u>	<u>50,000</u>
Net changes in fund balances	(4,284)	4,317	85,092	1,614	78,667
Fund balances (deficits) - beginning	<u>31,341</u>	<u>57,187</u>	<u>568,616</u>	<u>441,212</u>	<u>743,147</u>
Fund balances (deficits) - ending	<u>\$ 27,057</u>	<u>\$ 61,504</u>	<u>\$ 653,708</u>	<u>\$ 442,826</u>	<u>\$ 821,814</u>

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS *(Concluded)*
FOR THE YEAR ENDED JUNE 30, 2016

	Nonmajor Capital Projects Funds						Total Nonmajor Governmental Funds
	Open Space Acquisition Fund	State Line Road Improvement Fund	Pettingill Hill Road Improvement Fund	Benefit Assessment Fund	Total Nonmajor Capital Projects Funds	Permanent Trust Funds	
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,099,153
Charges for services	-	-	-	-	48,300	-	1,357,319
Investment earnings	-	76	3	152	1,845	21,554	24,357
Miscellaneous	-	-	-	-	-	-	44,632
Total revenues	-	76	3	152	50,145	21,554	5,525,461
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	387,321
Recreation and leisure	-	-	-	-	-	-	60,522
Public safety	-	-	-	-	-	-	99,364
Community development and human services	-	-	-	-	-	14,298	353,758
Education	-	-	-	-	-	-	4,684,011
Capital outlays	-	-	-	-	19,633	-	59,225
Total expenditures	-	-	-	-	19,633	14,298	5,644,201
Excess (deficiency) of revenues over expenditures	-	76	3	152	30,512	7,256	(118,740)
OTHER FINANCING SOURCES (USES)							
Transfers in	2,363	-	-	-	52,363	-	299,604
Transfers out	-	-	-	-	-	(103)	(5,744)
Total other financing sources (uses)	2,363	-	-	-	52,363	(103)	293,860
Net changes in fund balances	2,363	76	3	152	82,875	7,153	175,120
Fund balances (deficits) - beginning	209,106	8,833	329	17,484	1,420,111	667,424	2,656,151
Fund balances (deficits) - ending	\$ 211,469	\$ 8,909	\$ 332	\$ 17,636	\$ 1,502,986	\$ 674,577	\$ 2,831,271

(Concluded)

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - KILLINGLY PUBLIC LIBRARY TRUST FUNDS
JUNE 30, 2016

	Cash and Cash Equivalents	Investments	Due from Other Funds	Restricted Special Reserves External
Killingly Public Library Funds				
Mildred Sterns	\$ 235	\$ 663	\$ -	\$ 898
Emily Danielson	1,132	3,316	-	4,448
Mary Dexter	271	766	-	1,037
Frederick A. Jacobs	529	1,575	-	2,104
Basset Hammond	858	2,540	-	3,398
Nathan Prince	92,604	276,596	66,220	435,420
Almond M. Paine	6,524	18,411	-	24,935
Ella Dorrance	2,960	8,673	-	11,633
Lena Tripp	6,671	19,588	-	26,259
Adolp Goldwater	1,143	3,345	-	4,488
Library Special	3,937	11,553	-	15,490
Total Killingly Public Library Funds	<u>\$ 116,864</u>	<u>\$ 347,026</u>	<u>\$ 66,220</u>	<u>\$ 530,110</u>

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
KILLINGLY PUBLIC LIBRARY TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Fund Balance July 1, 2015	Investment Income	Community Development and Human Services	Transfers In (Out), net	Fund Balance June 30, 2016
Killingly Public Library Funds					
Mildred Sterns	\$ 559	\$ 6	\$ -	\$ 333	\$ 898
Emily Danielson	4,401	38	-	9	4,448
Mary Dexter	1,023	10	-	4	1,037
Frederick A. Jacobs	2,082	18	-	4	2,104
Basset Hammond	3,331	28	-	39	3,398
Nathan Prince	430,782	18,936	(14,298)	-	435,420
Almond M. Paine	23,707	1,228	-	-	24,935
Ella Dorrance	11,520	100	-	13	11,633
Lena Tripp	26,034	225	-	-	26,259
Adolp Goldwater	4,423	38	-	27	4,488
Library Special	15,357	133	-	-	15,490
Total Killingly Public Library Funds	<u>\$ 523,219</u>	<u>\$ 20,760</u>	<u>\$ (14,298)</u>	<u>\$ 429</u>	<u>\$ 530,110</u>

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET - PERMANENT TRUST FUNDS
JUNE 30, 2016

	Cash and Cash Equivalents	Investments	Nonspendable Permanent Fund Principal	Restricted Special Reserves External
Permanent Trust Funds				
Thomas J. Evans	\$ 785	\$ 2,215	\$ 3,000	\$ -
Ezra Mathewson	105	295	400	-
Shubael Hutchins Nonspendable	1,308	3,692	5,000	-
Louisa E. Day	2,236	6,309	8,545	-
Civil War Monument	53	149	202	-
Arthur Wilkes	131	369	500	-
Hutchins Burial Lot	52	148	200	-
Mildred Stearns	9,812	27,688	37,500	-
Paine Mitchell Matthews	419	1,181	1,600	-
Paine Cemetery - Town	13,082	36,918	50,000	-
Emily Danielson	262	738	1,000	-
Eunice Randell	257	743	1,000	-
Earl Chandler	849	-	849	-
Mary Dexter	131	369	500	-
Frederick A. Jacobs	131	369	500	-
Basset Hammond	1,137	3,209	4,346	-
Ella Dorrance	392	1,108	1,500	-
Adolp Goldwater	785	2,215	3,000	-
Shubael Hutchins Spendable	5,326	19,499	-	24,825
Total Permanent Trust Funds	<u>\$ 37,253</u>	<u>\$ 107,214</u>	<u>\$ 119,642</u>	<u>\$ 24,825</u>

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Fund Balance July 1, 2015	Investment Income	Community Development and Human Services	Transfers In (Out), net	Fund Balance June 30, 2016
Permanent Trust Funds					
Thomas J. Evans	\$ 3,000	\$ 27	\$ -	\$ (76)	\$ 2,951
Ezra Mathewson	400	-	-	-	400
Shubael Hutchins Nonspendable	5,000	44	-	(44)	5,000
Louisa E. Day	8,545	76	-	(27)	8,594
Civil War Monument	202	-	-	-	202
Arthur Wilkes	500	-	-	-	500
Hutchins Burial Lot	200	-	-	-	200
Mildred Stearns	37,500	333	-	(333)	37,500
Paine Mitchell Matthews	1,600	-	-	-	1,600
Paine Cemetery - Town	50,000	-	-	-	50,000
Emily Danielson	1,000	9	-	(9)	1,000
Eunice Randell	1,000	-	-	-	1,000
Earl Chandler	839	10	-	-	849
Mary Dexter	500	4	-	(4)	500
Frederick A. Jacobs	500	4	-	(4)	500
Basset Hammond	4,346	39	-	(39)	4,346
Ella Dorrance	1,500	13	-	(13)	1,500
Adolp Goldwater	3,000	27	-	(27)	3,000
Shubael Hutchins Spendable	24,573	208	-	44	24,825
Total Permanent Trust Funds	<u>\$ 144,205</u>	<u>\$ 794</u>	<u>\$ -</u>	<u>\$ (532)</u>	<u>\$ 144,467</u>

See accompanying Independent Auditor's Report.

PRIVATE PURPOSE TRUST FUNDS

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2016

	Cash and Cash Equivalents	Investments	Due from Other Funds	Held in Trust for Endowment Purposes
Olivia Boulais	\$ 2,908	\$ -	\$ -	\$ 2,908
Robert D. Payne	2,000	-	-	2,000
Blanche Phoenix	1,000	-	-	1,000
Frances Upham Spaulding	1,000	-	-	1,000
Ruth E. Osgood	66	-	-	66
Goldwater Weisberg	852	-	-	852
Laura Pike Rowe	18,021	588,347	-	606,368
Adrian Herklots	504	-	-	504
Normington Memorial Savings	2,586	-	-	2,586
Normington Memorial CD	2,188	-	-	2,188
Jeffrey Lehman	20,213	-	-	20,213
Chris Wood	17,756	-	-	17,756
Ryan Doyle	1,834	-	-	1,834
John E. Bitgood Trust	-	-	33,543	33,543
John Lagarde Savings	303	-	-	303
John Lagarde CD	975	-	-	975
Helen Lupien Savings	319	-	-	319
Olive Boulais	2,183	-	-	2,183
Robert D. Payne	648	-	-	648
Blanche Phoenix	98	-	-	98
Frances Upham Spaulding	155	-	-	155
Ruth E. Osgood	7,500	-	-	7,500
KHS Public Speaking	679	-	-	679
KHS Public Speaking Investment	-	1,914	-	1,914
Total Private Purpose Trust Funds	<u>\$ 83,788</u>	<u>\$ 590,261</u>	<u>\$ 33,543</u>	<u>\$ 707,592</u>

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Fund Balance July 1, 2015	Additions Contributions	Investment Income	Deletions Awards	Transfers In (Out)	Fund Balance June 30, 2016
Olive Boulais	\$ 2,908	\$ -	\$ 8	\$ -	\$ (8)	\$ 2,908
Robert D. Payne	2,000	-	4	-	(4)	2,000
Blanche Phoenix	1,000	-	1	-	(1)	1,000
Frances Upham Spaulding	1,000	-	2	-	(2)	1,000
Ruth E. Osgood	51	-	-	-	15	66
Goldwater Weisberg	852	-	4	-	(4)	852
Laura Pike Rowe	607,449	-	17,999	(19,080)	-	606,368
Adrian Herklots	503	1,800	1	(1,800)	-	504
Normington Memorial Savings	2,585	1,000	1	(1,000)	-	2,586
Normington Memorial CD	2,184	-	4	-	-	2,188
Jeffrey Lehman	17,693	10,000	20	(7,500)	-	20,213
Chris Wood	17,737	10,000	19	(10,000)	-	17,756
Ryan Doyle	2,833	-	1	(1,000)	-	1,834
John E. Bitgood Trust	30,195	3,348	-	-	-	33,543
John Lagarde Savings	503	600	-	(800)	-	303
John Lagarde CD	973	-	2	-	-	975
Helen Lupien Savings	309	-	10	-	-	319
Olive Boulais	2,176	-	-	-	7	2,183
Robert D. Payne	644	-	-	-	4	648
Blanche Phoenix	98	-	-	-	-	98
Frances Upham Spaulding	153	-	-	-	2	155
Ruth E. Osgood	7,500	-	15	-	(15)	7,500
KHS Public Speaking CD	-	679	-	-	-	679
KHS Public Speaking Investment	-	1,914	-	-	-	1,914
Total Private Purpose Trust Funds	<u>\$ 701,346</u>	<u>\$ 29,341</u>	<u>\$ 18,091</u>	<u>\$ (41,180)</u>	<u>\$ (6)</u>	<u>\$ 707,592</u>

See accompanying Independent Auditor's Report.

AGENCY FUNDS

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2016

	Student Activities	Performance Bonds	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 179,277	\$ 258,074	\$ 437,351
Investments	19,995	-	19,995
Total assets	<u>\$ 199,272</u>	<u>\$ 258,074</u>	<u>\$ 457,346</u>
LIABILITIES			
Due to student groups	\$ 199,272	\$ -	\$ 199,272
Due to others	-	258,074	258,074
Total liabilities	<u>\$ 199,272</u>	<u>\$ 258,074</u>	<u>\$ 457,346</u>

See accompanying Independent Auditor's Report.

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Balance, July 1, 2015	Additions	Deletions	Balance, June 30, 2016
Student Activities				
Assets				
Cash and cash equivalents				
Killingly High School	\$ 96,498	\$ 352,653	\$ 350,356	\$ 98,795
Redmen Booster Club	1,897	-	1,897	-
Killingly Intermediate School	32,520	98,628	89,975	41,173
Killingly Central School	10,606	39,917	44,784	5,739
Killingly Memorial School	8,598	17,553	9,294	16,857
Goodyear Early Childhood Center	5,497	4,496	2,749	7,244
BASP student activity account	789	9,213	4,807	5,195
Killingly Kares	-	6,594	2,320	4,274
Investments - Killingly High School	19,995	-	-	19,995
Total assets	<u>\$ 176,400</u>	<u>\$ 529,054</u>	<u>\$ 506,182</u>	<u>\$ 199,272</u>
Liabilities				
Due to student groups	<u>\$ 176,400</u>	<u>\$ 529,054</u>	<u>\$ 506,182</u>	<u>\$ 199,272</u>
Total liabilities	<u>\$ 176,400</u>	<u>\$ 529,054</u>	<u>\$ 506,182</u>	<u>\$ 199,272</u>
Performance Bonds				
Assets				
Cash and cash equivalents	<u>\$ 281,850</u>	<u>\$ 31,304</u>	<u>\$ 55,080</u>	<u>\$ 258,074</u>
Total assets	<u>\$ 281,850</u>	<u>\$ 31,304</u>	<u>\$ 55,080</u>	<u>\$ 258,074</u>
Liabilities				
Due to others	<u>\$ 281,850</u>	<u>\$ 31,304</u>	<u>\$ 55,080</u>	<u>\$ 258,074</u>
Total liabilities	<u>\$ 281,850</u>	<u>\$ 31,304</u>	<u>\$ 55,080</u>	<u>\$ 258,074</u>
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 438,255	\$ 560,358	\$ 561,262	\$ 437,351
Investments	19,995	-	-	19,995
Total assets	<u>\$ 458,250</u>	<u>\$ 560,358</u>	<u>\$ 561,262</u>	<u>\$ 457,346</u>
Liabilities				
Due to student groups	\$ 176,400	\$ 529,054	\$ 506,182	\$ 199,272
Due to others	281,850	31,304	55,080	258,074
Total liabilities	<u>\$ 458,250</u>	<u>\$ 560,358</u>	<u>\$ 561,262</u>	<u>\$ 457,346</u>

See accompanying Independent Auditor's Report.

OTHER INFORMATION (UNAUDITED)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 38,554,712	\$ 36,882,006	\$ 65,404,213	\$ 95,429,775	\$ 95,726,718	\$ 97,765,533	\$ 101,541,317	\$ 103,443,636	\$ 104,643,805	\$ 99,903,823
Restricted for:										
Endowments - expendable	1	1	1	1	484,838	506,970	530,161	552,215	547,792	554,935
Endowments - nonexpendable	119,634	119,634	119,634	119,634	119,634	119,630	119,630	119,630	119,632	119,642
Other purposes	2,620,509	4,150,204	-	-	-	-	-	-	-	-
Unrestricted	19,614,192	25,814,958	27,301,434	21,309,425	20,510,460	17,963,381	13,674,955	13,713,426	11,174,166	19,965,750
Total governmental activities net position	<u>\$ 60,909,048</u>	<u>\$ 66,966,803</u>	<u>\$ 92,825,282</u>	<u>\$ 116,858,835</u>	<u>\$ 116,841,650</u>	<u>\$ 116,355,514</u>	<u>\$ 115,866,063</u>	<u>\$ 117,828,907</u>	<u>\$ 116,485,395</u>	<u>\$ 120,544,150</u>

Table 2

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 5,278,440	\$ 5,562,314	\$ 5,482,757	\$ 5,158,527	\$ 2,573,800	\$ 3,619,835	\$ 3,403,030	\$ 4,005,969	\$ 3,494,171	\$ 3,553,737
Public works	5,035,684	5,156,595	5,647,186	5,341,129	5,275,524	5,203,896	5,265,384	5,825,718	6,108,779	5,687,401
Recreation and leisure	2,273,213	2,291,172	2,284,037	2,152,551	2,016,637	1,926,344	1,979,551	1,426,575	1,773,789	1,763,540
Public safety	949,689	917,219	916,807	924,916	875,611	1,055,882	998,195	1,015,900	1,050,732	1,224,197
Community development and human services	1,401,226	1,191,829	1,030,228	829,070	1,088,021	1,342,336	943,972	1,382,091	906,536	922,786
Education	39,437,266	50,179,308	44,247,785	45,322,415	50,528,114	51,275,566	52,455,544	53,959,068	54,525,897	56,072,307
Interest and fiscal charges	418,628	643,918	800,416	767,585	976,042	1,550,711	1,051,283	873,546	1,155,761	1,048,505
Total governmental activities expenses	<u>54,794,146</u>	<u>65,942,355</u>	<u>60,409,216</u>	<u>60,496,193</u>	<u>63,333,749</u>	<u>65,974,570</u>	<u>66,096,959</u>	<u>68,488,867</u>	<u>69,015,665</u>	<u>70,272,473</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,073,297	1,201,587	971,507	869,058	1,065,652	1,092,072	616,933	961,098	507,533	608,290
Public works	3,399,531	3,674,040	4,360,811	3,627,236	3,565,532	3,870,175	3,668,673	3,311,533	4,112,042	4,810,621
Recreation and leisure	200,805	206,726	220,479	236,225	202,152	195,559	218,743	140,129	175,233	170,582
Public safety	16,158	9,488	15,401	25,081	49,074	22,671	24,550	1,710	4,879	7,949
Community development and human services	25,321	24,250	31,965	23,087	25,079	32,899	24,397	17,282	162,650	191,588
Education	4,036,993	3,447,855	3,217,596	3,668,551	3,774,361	4,099,742	4,656,775	4,356,732	4,447,256	4,647,089
Operating grants and contributions	21,818,608	31,772,832	23,142,921	23,429,911	22,737,176	24,602,333	24,076,446	27,649,324	23,879,797	27,012,473
Capital grants and contributions	506,610	4,341,981	27,031,903	24,719,465	2,725,162	1,089,494	2,810,977	2,690,253	1,493,682	2,680,502
Total governmental activities program revenues	<u>31,077,323</u>	<u>44,678,759</u>	<u>58,992,583</u>	<u>56,598,614</u>	<u>34,144,188</u>	<u>35,004,945</u>	<u>36,097,494</u>	<u>39,128,061</u>	<u>34,783,072</u>	<u>40,129,094</u>
Net (Expense)/Revenue										
Governmental activities	(23,716,823)	(21,263,596)	(1,416,633)	(3,897,579)	(29,189,561)	(30,969,625)	(29,999,465)	(29,360,806)	(34,232,593)	(30,143,379)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	23,134,728	25,577,275	25,943,148	26,730,410	28,043,355	28,367,953	28,753,203	30,683,974	31,879,104	33,343,852
Unrestricted grants and contributions	1,482,823	1,089,233	1,081,066	1,012,177	1,053,240	1,258,030	1,254,281	506,500	541,271	528,834
Investment income	690,699	654,843	250,898	188,545	75,781	175,314	184,722	133,176	207,756	329,448
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>25,308,250</u>	<u>27,321,351</u>	<u>27,275,112</u>	<u>27,931,132</u>	<u>29,172,376</u>	<u>29,801,297</u>	<u>30,192,206</u>	<u>31,323,650</u>	<u>32,628,131</u>	<u>34,202,134</u>
Change in Net Position										
Governmental activities	<u>\$ 1,591,427</u>	<u>\$ 6,057,755</u>	<u>\$ 25,858,479</u>	<u>\$ 24,033,553</u>	<u>\$ (17,185)</u>	<u>\$ (1,168,328)</u>	<u>\$ 192,741</u>	<u>\$ 1,962,844</u>	<u>\$ (1,604,462)</u>	<u>\$ 4,058,755</u>

Table 3

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%
2007	39.58	19.37	2.58	30.38	8.09	1,195,484,358	6,035,070	367,076,970	822,372,318
2008	40.44	19.23	2.76	29.33	8.24	1,216,477,185	6,027,396	358,988,356	851,461,433
2009	48.64	19.57	3.62	22.13	6.04	1,665,623,346	6,541,680	402,077,649	1,257,004,017
2010	48.09	21.13	3.42	21.65	5.71	1,703,661,744	7,781,724	402,264,890	1,293,615,130
2011	48.01	21.17	3.43	21.77	5.63	1,720,057,294	7,582,720	409,828,215	1,302,646,359
2012	48.01	21.00	3.49	21.62	5.87	1,732,442,346	7,915,160	413,076,450	1,311,450,736
2013	44.60	22.30	3.36	23.87	5.87	1,795,222,510	430,043,201	-	1,365,179,309
2014	45.51	22.74	3.44	22.45	5.87	1,765,102,163	428,814,673	-	1,336,287,490
2015	39.41	24.82	3.15	25.62	7.01	1,497,944,702	413,602,923	-	1,084,341,779
2016	38.89	24.97	2.41	26.72	7.01	1,527,677,336	420,887,802	-	1,106,789,534

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

Source: Town of Killingly, Office of the Assessor.

Table 4

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
2016	27.3	2014	\$ 1,106,789,534	\$ 33,021,360	\$ 32,284,966	97.77%	2.23%
2015	26.5	2013	1,084,341,779	31,596,382	30,824,027	97.56%	2.44%
2014	20.7	2012	1,336,287,490	30,395,902	29,663,595	97.59%	2.41%
2013	19.7	2011	1,365,179,309	28,764,633	27,961,980	97.21%	2.79%
2012	19.2	2010	1,311,450,736	28,023,792	27,240,681	97.21%	2.79%
2011	19.1	2009	1,302,646,359	27,730,505	26,935,751	97.13%	2.87%
2010	18.2	2008	1,293,615,130	26,462,489	25,818,119	97.56%	2.44%
2009	17.8	2007	1,257,004,017	25,550,095	24,916,013	97.52%	2.48%
2008	25.8	2006	851,461,433	25,298,692	24,641,179	97.40%	2.60%
2007	25.8	2005	822,372,318	22,687,607	22,084,125	97.34%	2.66%

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

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

Table 5

TOWN OF KILLINGLY, CONNECTICUT
PRINCIPAL TAXPAYERS
JUNE 30, 2016
(Unaudited)

TAXPAYER	NATURE OF BUSINESS	ASSESSMENT (1)	PERCENT OF NET TAXABLE GRAND LIST
EVERSOURCE	UTILITY DISTRIBUTION CO.	\$ 46,722,410	4.22%
DAYVILLE PROPERTY DEVELOPMENT	COMMERCIAL DEVELOPMENT	35,317,240	3.19%
FRITO LAY	MANUFACTURER - SNACK FOODS	23,190,229	2.10%
UNITED NATURAL FOODS	FOOD PRODUCTS	18,720,090	1.69%
PJC - RITE AID	WAREHOUSING-DISTRIBUTION	17,425,530	1.57%
STAPLES	WAREHOUSING-DISTRIBUTION	15,032,618	1.36%
TARGET CORPORATION	RETAIL DISCOUNT STORE	10,167,410	0.92%
HEALTH & REHAB WESCOTT CARE	HEALTHCARE & REHABILITATION	5,869,175	0.53%
BIG Y TRUST	GROCERY STORE	5,711,768	0.52%
ROGERS CORPORATION	MANUFACTURER	4,768,811	0.43%
TOTAL		<u>\$ 136,202,871</u>	<u>12.31%</u>

(1) The net taxable grand list as of October 1, 2014 totaled \$1,106,789,534

Source: Assessor's Office, Town of Killingly

Table 6

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

FISCAL YEAR ENDED JUNE 30	POPULATION(1)	NET TAXABLE GRAND LIST	BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	BONDED DEBT PER CAPITA
2016	17,131	\$ 1,106,789,534	\$ 32,967,321	3.0%	\$ 1,924
2015	17,172	1,084,341,779	30,488,360	2.8%	1,775
2014	17,223	1,336,287,490	30,099,935	2.3%	1,748
2013	17,358	1,365,179,309	32,008,100	2.3%	1,844
2012	17,330	1,311,450,736	27,092,675	2.1%	1,563
2011	17,370	1,302,646,359	25,424,700	2.0%	1,464
2010	17,291	1,293,615,130	23,541,825	1.8%	1,362
2009	17,826	1,257,004,017	19,046,400	1.5%	1,068
2008	17,635	851,461,433	18,415,975	2.2%	1,044
2007	17,769	822,372,318	15,600,550	1.9%	878
2006	17,386	786,936,812	12,213,895	1.6%	703
2005	17386	767,118,337	14,172,665	1.8%	815

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

Table 7

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

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
2016	17,131	\$ 1,106,789,534	\$ 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	1,365,179,309	32,008,100	-	32,008,100	2.3%	1,844
2012	17,330	1,311,450,736	27,092,675	-	27,092,675	2.1%	1,563
2011	17,370	1,302,646,359	25,424,700	112,654	25,312,046	1.9%	1,457
2010	17,291	1,293,615,130	23,541,825	427,769	23,114,056	1.8%	1,337
2009	17,826	1,257,004,017	19,046,400	535,448	18,510,952	1.5%	1,038
2008	17,635	851,461,433	18,415,975	1,399,983	17,015,992	2.0%	965
2007	17,769	822,372,318	15,600,550	2,305,171	13,295,379	1.6%	748

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

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

Table 8

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

Fiscal Year	(1) Population	Personal Income	Per Capita Personal Income	(1) Median Age	(2) School Enrollment	(3) Unemployment Rate
2016	17,131	\$ 471,941,919	\$ 27,549	41.4	2,519	6.70%
2015	17,172	473,071,428	27,549	40.0	2,515	7.30%
2014	17,223	474,476,427	27,549	39.8	1,764	8.70%
2013	17,358	468,266,766	26,977	39.8	2,687	10.20%
2012	17,330	460,718,050	26,585	39.8	2,689	10.30%
2011	17,370	452,019,510	26,023	39.8	2,685	11.10%
2010	17,291	435,992,565	25,215	39.8	2,681	10.90%
2009	17,826	352,580,454	19,779	36.5	2,726	9.10%
2008	17,635	348,802,665	19,779	36.5	2,707	6.40%
2007	17,769	351,453,051	19,779	36.5	2,768	5.60%

(1) CERC

(2) Town of Killingly, Board of Education

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

Table 9

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 159,234,166	\$ 177,818,809	\$ 179,478,628	\$ 186,242,840	\$ 198,771,097	\$ 197,312,479	\$ 200,800,754	\$ 214,639,355	\$ 223,066,781	\$ 233,820,685
Total net debt applicable to limit	33,436,561	32,157,174	37,770,618	39,373,722	34,951,553	45,652,341	46,231,900	44,323,735	44,643,570	40,408,455
Legal Debt Margin	\$ 125,797,605	\$ 145,661,635	\$ 141,708,010	\$ 146,869,118	\$ 163,819,544	\$ 151,660,138	\$ 154,568,854	\$ 170,315,620	\$ 178,423,211	\$ 193,412,230
Total net debt applicable to the limit as a percentage of debt limit	21.00%	18.08%	21.04%	21.14%	17.58%	23.14%	23.02%	20.65%	20.01%	17.28%

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 for the elderly freeze grant. The calculation of the 2016 debt limit can be found on page 78 of this report.