

**TOWN OF KILLINGLY, CONNECTICUT**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2020**

**TOWN OF KILLINGLY, CONNECTICUT**  
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**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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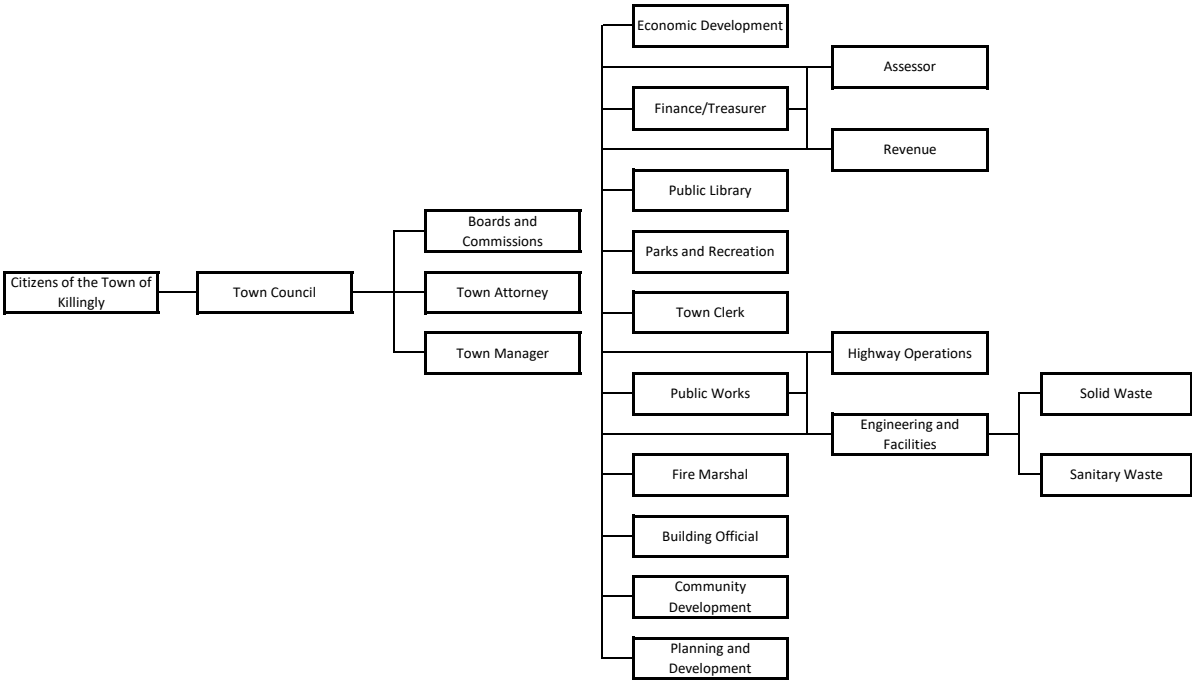
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**INTRODUCTORY SECTION**

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**TOWN OF KILLINGLY, CONNECTICUT  
ORGANIZATIONAL CHART**



**TOWN OF KILLINGLY, CONNECTICUT**  
LIST OF PRINCIPAL TOWN OFFICIALS  
AS OF APRIL 15, 2021

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**TOWN COUNCIL**

Jason Anderson, Chairman  
Kevin Kerttula, Vice-Chairman  
Edward Grandelski  
Mark LaPrade  
Patti Larrow George  
Ernest Lee  
Tammy Wakefield  
Chastity Walsh  
Raymond Wood II  
Ulla Tiik - Barclay

**TOWN DEPARTMENTS**

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

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**FINANCIAL SECTION**

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**INDEPENDENT AUDITOR'S REPORT**

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## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Killingly, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Killingly, Connecticut (the "Town"), as of and for the year ended June 30, 2020, 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the information on pages 70 through 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund statements and schedules, and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules on pages 83 through 117 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages i through ii and other supplementary information on pages 118 through 126 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Certified Public Accountants  
Glastonbury, Connecticut  
April 15, 2021

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**TOWN OF KILLINGLY, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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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, 2020.

**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 \$125,698,389 (net position). Of this amount, \$19,973,542 (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 \$4,652,316 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 \$18,917,410, a decrease of \$1,864,526 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,591,291. 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 17.1% of the final fiscal year 2020 budgeted expenditures for the General Fund. Expressed another way, unassigned fund balance for the budgeted General Fund was sufficient to cover approximately 2.1 months of General Fund budgetary expenditures. The fund balance of the Town's General Fund increased by \$1,970,920 during the current fiscal year.
- The Town's capital assets increased by \$7,544,756 or 5.5% during the current year, primarily due to net additions of approximately \$13.5 million offset by depreciation and amortization of approximately \$5.9 million.
- The Town's total debt increased by \$8,648,767 or 27.2% during the current fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)***

**Government-wide Financial Statements**

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

The statement of net position presents information on all of the Town's assets, deferred outflows and inflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

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

The government-wide financial statements can be found on pages 14 and 15 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows and inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**TOWN OF KILLINGLY, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)***

**Fund Financial Statements *(Continued)***

***Governmental Funds (Continued)***

The Town maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Improvements Fund, the Sewer Operating Fund, and the Capital Nonrecurring Fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16 through 19 of this report.

***Proprietary Funds***

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

The basic proprietary fund financial statements can be found on pages 20 through 22 of this report.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 23 and 24 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 69 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information, combining and individual fund statements and schedules and other information that can be found on pages 70 through 126 of this report.

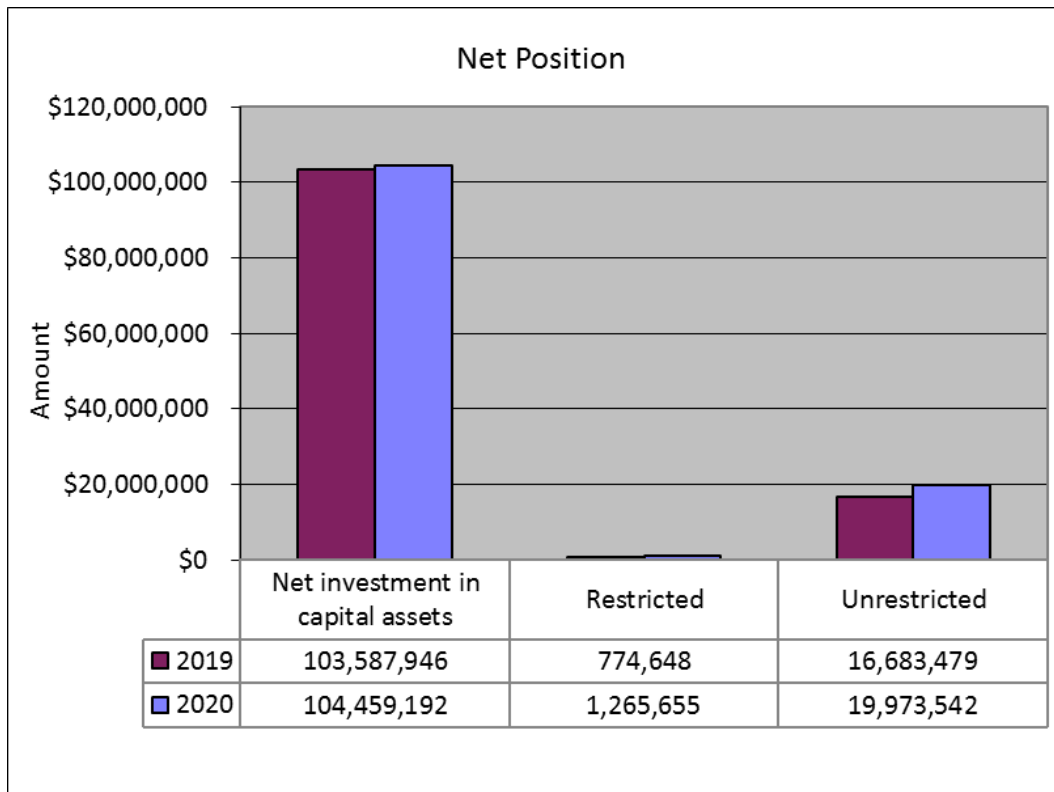
**TOWN OF KILLINGLY, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

**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 \$125,698,389 as of June 30, 2020 and \$121,046,073 as of June 30, 2019 and is summarized as follows.

	<b>2020</b>	<b>2019</b>	<b>\$ Variance</b>	<b>% Variance</b>
Current and other assets	\$ 36,349,404	\$ 30,948,507	\$ 5,400,897	17.5%
Capital assets	144,052,944	136,508,188	7,544,756	5.5%
Total assets	<u>180,402,348</u>	<u>167,456,695</u>	<u>12,945,653</u>	7.7%
Deferred outflows of resources	<u>3,213,204</u>	<u>1,890,464</u>	<u>1,322,740</u>	70.0%
Other liabilities	12,862,344	7,218,128	5,644,216	78.2%
Long-term liabilities	<u>42,421,541</u>	<u>40,529,494</u>	<u>1,892,047</u>	4.7%
Total liabilities	<u>55,283,885</u>	<u>47,747,622</u>	<u>7,536,263</u>	15.8%
Deferred inflows of resources	<u>2,633,278</u>	<u>553,464</u>	<u>2,079,814</u>	375.8%
Net position:				
Net investment in capital assets	104,459,192	103,587,946	871,246	0.8%
Restricted	1,265,655	774,648	491,007	63.4%
Unrestricted	<u>19,973,542</u>	<u>16,683,479</u>	<u>3,290,063</u>	19.7%
Total net position	<u>\$ 125,698,389</u>	<u>\$ 121,046,073</u>	<u>\$ 4,652,316</u>	3.8%





**TOWN OF KILLINGLY, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

**Net Position *(Continued)***

83.1% 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 \$4,652,316 in comparison to the prior year.

**Changes in Net Position**

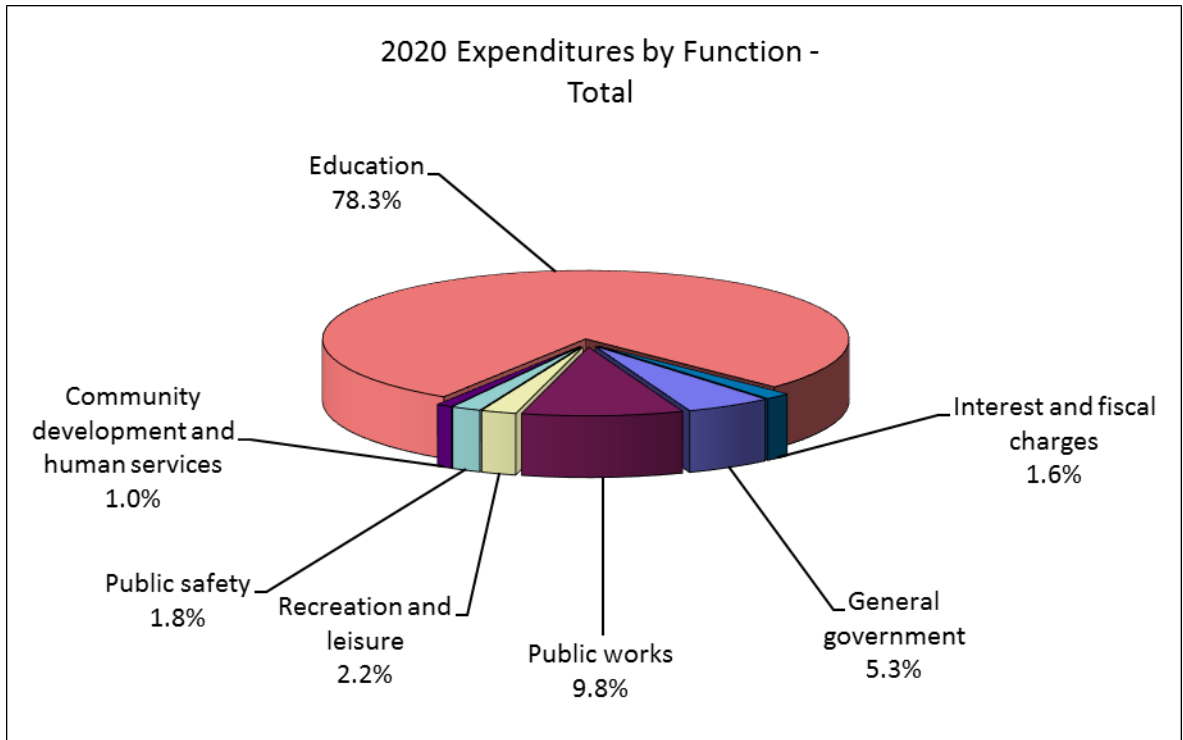
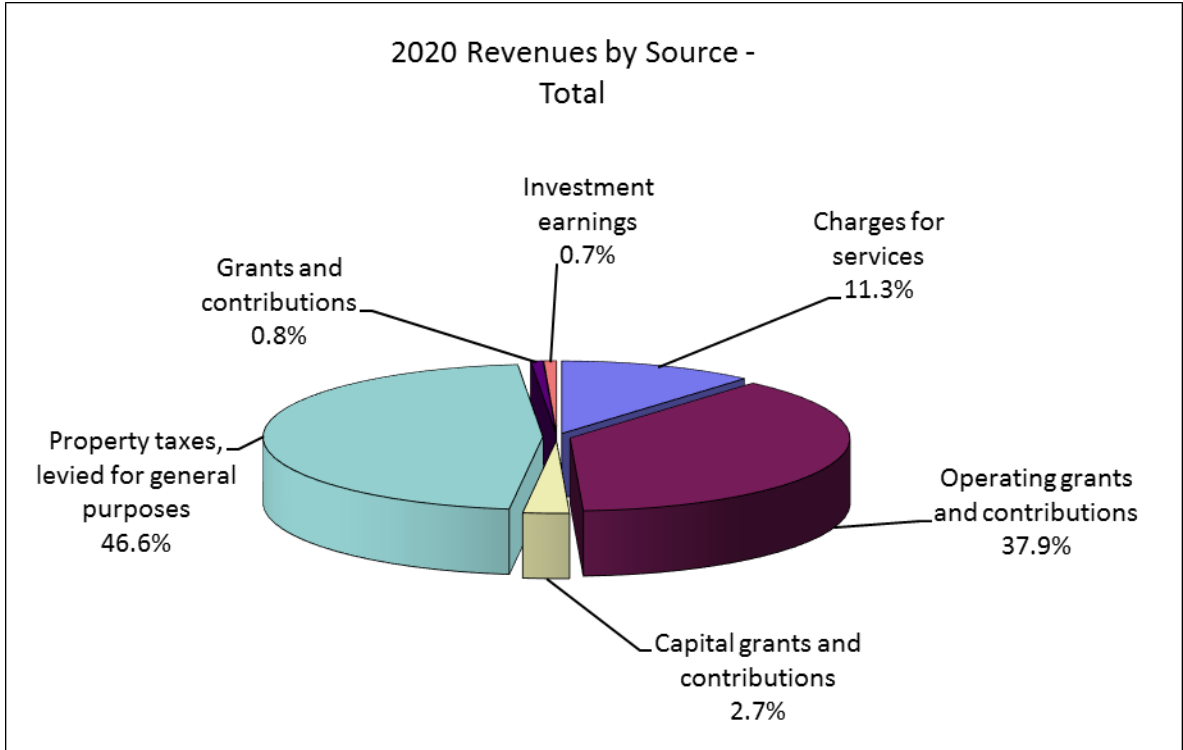
Changes in net position for the years ended June 30, 2020 and 2019 are as follows.

	<u>2020</u>	<u>2019</u>	<u>\$ Variance</u>	<u>% Variance</u>
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 8,863,316	\$ 9,563,709	\$ (700,393)	-7.3%
Operating grants and contributions	29,668,025	24,732,635	4,935,390	20.0%
Capital grants and contributions	2,084,523	608,981	1,475,542	242.3%
General revenues:				
Property taxes, levied for general purposes	36,497,072	35,065,215	1,431,857	4.1%
Grants and contributions	549,109	535,010	14,099	2.6%
Investment earnings	575,417	537,467	37,950	7.1%
Total revenues	<u>78,237,462</u>	<u>71,043,017</u>	<u>7,194,445</u>	10.1%
<b>Expenses</b>				
General government	3,902,890	3,515,089	387,801	11.0%
Public works	7,270,411	7,376,605	(106,194)	-1.4%
Recreation and leisure	1,596,815	1,710,857	(114,042)	-6.7%
Public safety	1,340,283	1,130,827	209,456	18.5%
Community development and human services	722,894	1,216,262	(493,368)	-40.6%
Education	57,589,259	55,818,177	1,771,082	3.2%
Interest and fiscal charges	1,162,594	980,400	182,194	18.6%
Total expenses	<u>73,585,146</u>	<u>71,748,217</u>	<u>1,836,929</u>	2.6%
Change in net position	<u>\$ 4,652,316</u>	<u>\$ (705,200)</u>	<u>\$ 5,357,516</u>	-759.7%

**TOWN OF KILLINGLY, CONNECTICUT**  
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Change in Net Position (Continued)**



**TOWN OF KILLINGLY, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

**Change in Net Position *(Continued)***

Governmental activities increased the Town's net position by \$4,652,316.

Revenues increased by 10.1% or \$7,194,445 and expenses increased by \$1,836,929 or 2.6% over the amounts reported in the prior year. Increases in operating grants and education expenses were impacted by an increase in the amount of pension and OPEB expense recognized by the Town in connection with its participation in the Connecticut Teachers' Retirement System. Increase in capital grants is related to an increase in revenues recognized in connection with school construction and sewer projects based on the timing of expenses incurred for those projects.

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term outflows, inflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$18,917,410, a decrease of \$1,864,526 in comparison with the prior year. This represents a temporary decrease driven by capital outlays being funded through working capital and short-term financing, which are expected to be financed on a long-term basis upon completion of the associated projects.

**General Fund**

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,591,291. 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 17.1% of the final fiscal year 2020 budgeted expenditures for the General Fund. Expressed another way, unassigned fund balance for the budgeted General Fund was sufficient to cover approximately 2.1 months of General Fund budgetary expenditures.

The fund balance of the Town's General Fund increased by \$1,970,920 during the current fiscal year.

**TOWN OF KILLINGLY, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Governmental Funds *(Continued)***

***Capital Improvements Fund***

The fund balance of the Capital Improvements Fund decreased by \$4,238,808 during the current fiscal year. This change was primarily due to costs associated with the Water Pollution Control Facility upgrade, for which permanent financing has not yet been obtained.

***Sewer Operating Fund***

The fund balance of the Sewer Operating Fund decreased by \$291,387 during the current fiscal year. This decrease includes a planned use of fund balance. In addition, the fund has experienced a decline in revenues over the past few years from septage fees and sewer assessments.

***Capital Nonrecurring Fund***

The fund balance of the Capital Nonrecurring Fund increased by \$595,848 during the current fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Town's original budget planned for the utilization of fund balance in the amount of \$300,000. The Town's final budget included an additional appropriation for the Board of Education nonlapsing account in the amount of \$436,849, resulting in an overall planned use of fund balance in the amount of \$736,849.

The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$1,155,688. Revenues and other financing sources were \$163,076 less than budgeted, primarily due to unfavorable variances on property taxes, community development fees and tuition. Expenditures and transfers out were \$2,055,613 less than budgeted. Budgetary surpluses were recognized across all departments due to the careful control of spending as a result of the uncertainties surrounding the pandemic.

**SEWER OPERATING FUND BUDGETARY HIGHLIGHTS**

The Town adopts an annual budget for its Sewer Operating Fund. During the year ended June 30, 2020 there were no additional appropriations made to the budget. The budget for 2020 planned for the use of fund balance in the amount of \$186,920. The actual net change in fund balance of the Sewer Operating Fund on a budgetary basis was a decrease of \$291,387.

**TOWN OF KILLINGLY, CONNECTICUT**  
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

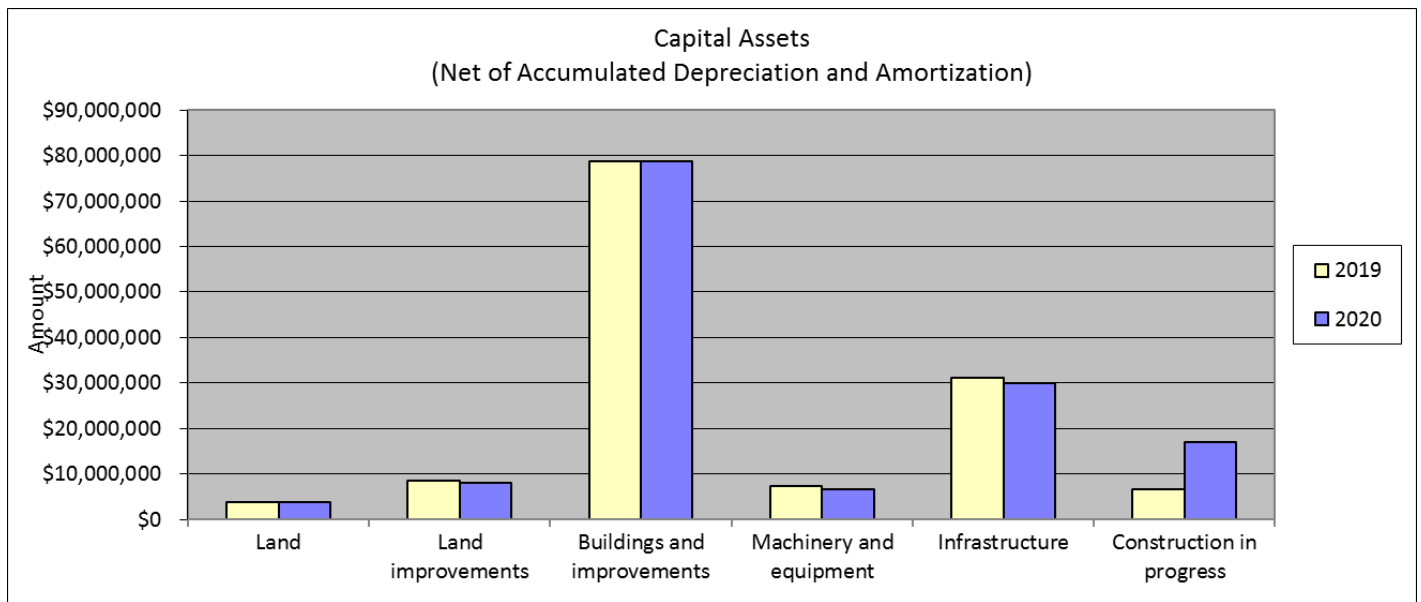
**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2020 and 2019 totaled \$144,052,944 and \$136,508,188, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress. The total increase in the Town's investment in capital assets for the current fiscal year was \$7,544,756 or 5.5%. This increase consisted of net capital asset additions of approximately \$13.5 million offset by current year depreciation and amortization expense of approximately \$5.9 million.

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

	<u>2020</u>	<u>2019</u>	<u>\$ Variance</u>	<u>% Variance</u>
Land	\$ 3,821,224	\$ 3,821,224	\$ -	0.0%
Land improvements	7,960,744	8,521,947	(561,203)	-6.6%
Buildings and improvements	78,665,616	78,809,204	(143,588)	-0.2%
Machinery and equipment	6,574,448	7,422,703	(848,255)	-11.4%
Infrastructure	30,066,718	31,224,897	(1,158,179)	-3.7%
Construction in progress	16,964,194	6,708,213	10,255,981	152.9%
Totals	<u>\$ 144,052,944</u>	<u>\$ 136,508,188</u>	<u>\$ 7,544,756</u>	5.5%



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

**TOWN OF KILLINGLY, CONNECTICUT**  
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Debt**

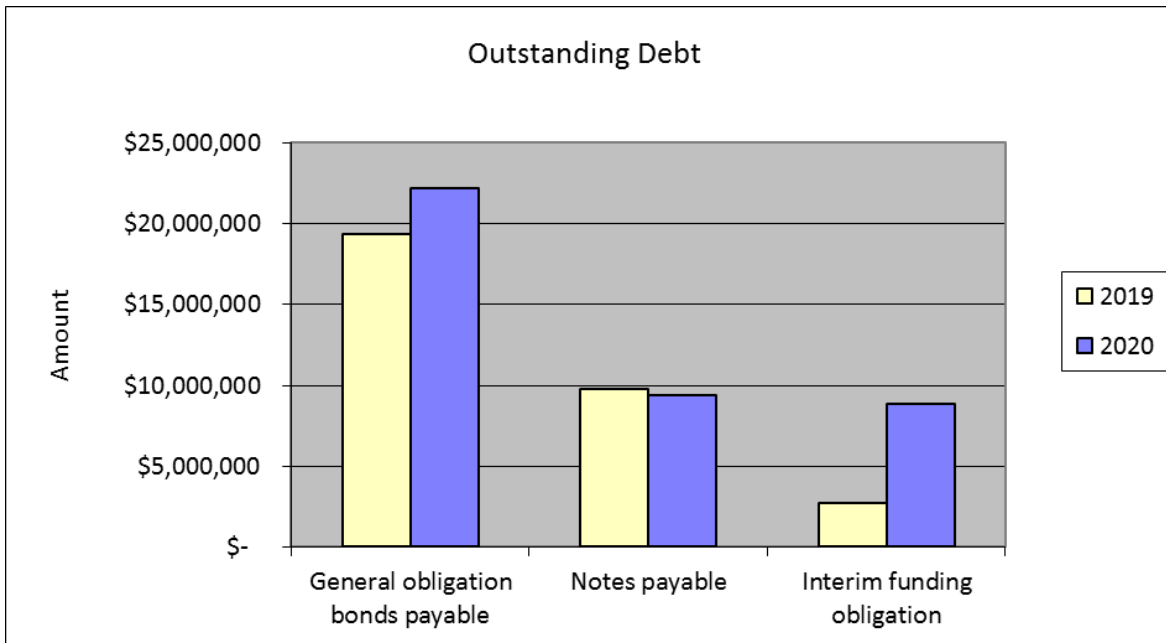
At the end of the current fiscal year, the Town had total bonded debt, notes and interim funding obligation payables in the amount of \$40,410,626. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt increased by \$8,648,767 or 27.2% during the current fiscal year.

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

The following table is a two year comparison of debt:

	<b>2020</b>	<b>2019</b>	<b>\$ Variance</b>	<b>% Variance</b>
General obligation bonds payable	\$ 22,205,000	\$ 19,330,000	\$ 2,875,000	14.9%
Notes payable	9,384,323	9,748,494	(364,171)	-3.7%
Interim funding obligation	8,821,303	2,683,365	6,137,938	228.7%
Totals	<u>\$ 40,410,626</u>	<u>\$ 31,761,859</u>	<u>\$ 8,648,767</u>	27.2%

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



**TOWN OF KILLINGLY, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

- Inflationary trends in the region are comparable to national indices.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
  - For purposes of calculating property tax revenues for fiscal year 2021, the Assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
  - Intergovernmental grants were based on estimates from the State.
  - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Planning and Development Department, the Town Clerk and the amount of conveyance taxes and interest income.
  - The Town has designated \$600,000 of fund balance for use in the 2021 budget.
  - In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. The Town has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

All of these factors were considered in preparing the Town's budget for fiscal year 2021.

**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.

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**BASIC FINANCIAL STATEMENTS**

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**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2020**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 26,739,931
Investments	4,974,132
Receivables:	
Property taxes, net	1,363,887
Assessments and user charges, net	559,774
Interest on property taxes, assessments and user charges, net	453,872
Grants and contracts	937,052
Other	522,395
Other assets	132,432
Net pension asset	94,095
Restricted assets:	
Permanently restricted cash and cash equivalents	86,521
Permanently restricted investments	485,313
Capital assets:	
Non-depreciable	20,785,418
Depreciable, net	123,267,526
Total assets	180,402,348
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	819,114
Pension related	457,826
OPEB related	1,936,264
Total deferred outflows of resources	3,213,204
<b>LIABILITIES</b>	
Accounts payable	2,156,632
Accrued liabilities:	
Accrued interest	154,456
Other	133,682
Interim funding obligation	8,821,303
Unearned revenue	1,241,076
Claims payable	355,195
Noncurrent liabilities:	
Due within one year	3,188,373
Due in more than one year	39,233,168
Total liabilities	55,283,885
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	210,742
OPEB related	2,422,536
Total deferred inflows of resources	2,633,278
<b>NET POSITION</b>	
Net investment in capital assets	104,459,192
Restricted for:	
Endowments:	
Expendable	450,324
Nonexpendable	119,649
Grant programs	695,682
Unrestricted	19,973,542
Total net position	\$ 125,698,389

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets - Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary Government</b>					
Governmental activities:					
General government	\$ 3,902,890	\$ 810,394	\$ 355,312	\$ -	\$ (2,737,184)
Public works	7,270,411	4,188,895	1,319,089	1,792,597	30,170
Recreation and leisure	1,596,815	113,447	41,103	-	(1,442,265)
Public safety	1,340,283	-	31,960	-	(1,308,323)
Community development and human services	722,894	57,343	393,690	-	(271,861)
Education	57,589,259	3,693,237	27,526,871	291,926	(26,077,225)
Interest and fiscal charges	1,162,594	-	-	-	(1,162,594)
Total governmental activities	<u>\$ 73,585,146</u>	<u>\$ 8,863,316</u>	<u>\$ 29,668,025</u>	<u>\$ 2,084,523</u>	<u>(32,969,282)</u>
General revenues:					
					36,497,072
					549,109
					575,417
					<u>37,621,598</u>
					4,652,316
					<u>121,046,073</u>
					<u>\$ 125,698,389</u>

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2020**

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Sewer Operating Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 22,669,936	\$ -	\$ 222,173	\$ -	\$ 3,909,971	\$ 26,802,080
Investments	3,540,870	-	1,410,375	-	508,200	5,459,445
Receivables:						
Property taxes, net	1,817,759	-	-	-	-	1,817,759
Assessments and user charges, net	-	-	559,774	-	-	559,774
Grants and contracts	11,297	731,806	-	-	193,949	937,052
Other	462,258	26,035	4,775	-	29,327	522,395
Due from other funds	2,504,241	-	1,027,642	5,396,084	1,686,195	10,614,162
Inventories	-	-	-	-	43,196	43,196
Other assets	89,236	-	-	-	-	89,236
Total assets	<u>\$ 31,095,597</u>	<u>\$ 757,841</u>	<u>\$ 3,224,739</u>	<u>\$ 5,396,084</u>	<u>\$ 6,370,838</u>	<u>\$ 46,845,099</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,218,538	\$ 775,265	\$ 43,820	\$ -	\$ 119,009	\$ 2,156,632
Accrued liabilities	125,469	-	-	-	-	125,469
Interim funding obligation	-	8,821,303	-	-	-	8,821,303
Due to other funds	11,084,424	754,576	-	-	1,773,002	13,612,002
Unearned revenue	5,575	1,072,213	-	-	163,288	1,241,076
Total liabilities	<u>12,434,006</u>	<u>11,423,357</u>	<u>43,820</u>	<u>-</u>	<u>2,055,299</u>	<u>25,956,482</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	1,629,636	-	-	-	-	1,629,636
Unavailable revenue - sewer assessments	-	-	341,571	-	-	341,571
Total deferred inflows of resources	<u>1,629,636</u>	<u>-</u>	<u>341,571</u>	<u>-</u>	<u>-</u>	<u>1,971,207</u>
<b>FUND BALANCES</b>						
Nonspendable	89,236	-	-	-	162,845	252,081
Restricted	-	1,968,237	-	-	1,146,006	3,114,243
Committed	685,404	-	2,839,348	5,396,084	3,006,688	11,927,524
Assigned	5,666,024	2,059,912	-	-	-	7,725,936
Unassigned	10,591,291	(14,693,665)	-	-	-	(4,102,374)
Total fund balances	<u>17,031,955</u>	<u>(10,665,516)</u>	<u>2,839,348</u>	<u>5,396,084</u>	<u>4,315,539</u>	<u>18,917,410</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,095,597</u>	<u>\$ 757,841</u>	<u>\$ 3,224,739</u>	<u>\$ 5,396,084</u>	<u>\$ 6,370,838</u>	<u>\$ 46,845,099</u>

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2020**

Total fund balances for governmental funds		\$ 18,917,410
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	\$ 16,964,194	
Land	3,821,224	
Land improvements	16,061,873	
Buildings and improvements	124,278,076	
Machinery and equipment	23,208,437	
Infrastructure	81,125,031	
Less: accumulated depreciation and amortization	<u>(121,405,891)</u>	
Total capital assets, net		144,052,944
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	1,629,636	
Sewer assessments	341,571	
Deferred charge on refunding	<u>819,114</u>	
		2,790,321
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	(31,589,323)	
Unamortized premium	(1,393,206)	
Obligations under capital lease	(577,271)	
Loan payable	(531,364)	
Accrued interest payable	(154,456)	
Other long-term liabilities:		
Compensated absences	(1,011,375)	
Landfill post-closure care costs	(240,000)	
Net OPEB liability	<u>(7,079,002)</u>	
Total long-term liabilities		(42,575,997)
Deferred outflows and inflows of resources resulting from changes in the components of the net pension asset and net OPEB liability are amortized as a component of pension and OPEB expense in the statement of net position.		
		(239,188)
Net pension assets are not recognized in the governmental funds. The net pension asset results from the difference between a pension plan's fiduciary net position and the portion of the present value of projected benefit payments to be provided through the pension plan.		
		94,095
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>2,658,804</u>
Net position of governmental activities		<u><u>\$ 125,698,389</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, 2020**

	<b>General Fund</b>	<b>Capital Improvements Fund</b>	<b>Sewer Operating Fund</b>	<b>Capital Nonrecurring Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>						
Property taxes	\$ 36,237,356	\$ -	\$ -	\$ -	\$ -	\$ 36,237,356
Intergovernmental	23,398,302	2,812,642	-	-	3,145,804	29,356,748
Licenses, permits and fees	203,989	-	-	-	-	203,989
Charges for services	3,295,966	-	4,108,215	-	1,175,771	8,579,952
Investment income	449,830	-	111,129	-	14,458	575,417
Other	606,987	-	3,040	-	84,048	694,075
Total revenues	<u>64,192,430</u>	<u>2,812,642</u>	<u>4,222,384</u>	<u>-</u>	<u>4,420,081</u>	<u>75,647,537</u>
<b>EXPENDITURES</b>						
Current:						
General government	2,149,159	-	-	-	385,755	2,534,914
Public works	2,476,369	-	3,116,145	-	-	5,592,514
Recreation and leisure	1,319,728	-	-	-	45,810	1,365,538
Public safety	1,330,781	-	-	-	154	1,330,935
Community development and human services	636,571	-	-	-	63,968	700,539
Education	47,971,454	-	-	-	4,030,388	52,001,842
Other	2,191,326	-	-	-	-	2,191,326
Debt service:						
Principal payments	2,821,777	-	-	-	-	2,821,777
Interest and fiscal charges	1,009,424	-	-	-	-	1,009,424
Capital lease payments	62,398	84,782	-	-	-	147,180
Capital outlays	86,768	12,613,743	-	227,040	122,841	13,050,392
Total expenditures	<u>62,055,755</u>	<u>12,698,525</u>	<u>3,116,145</u>	<u>227,040</u>	<u>4,648,916</u>	<u>82,746,381</u>
Excess (deficiency) of revenues over expenditures	2,136,675	(9,885,883)	1,106,239	(227,040)	(228,835)	(7,098,844)
<b>OTHER FINANCING SOURCES (USES)</b>						
Bonds issued	-	4,765,000	-	-	-	4,765,000
Premium on bonds issued	-	469,318	-	-	-	469,318
Transfers in	1,119,967	412,757	-	822,888	355,455	2,711,067
Transfers out	(1,285,722)	-	(1,397,626)	-	(27,719)	(2,711,067)
Total other financing sources (uses)	<u>(165,755)</u>	<u>5,647,075</u>	<u>(1,397,626)</u>	<u>822,888</u>	<u>327,736</u>	<u>5,234,318</u>
Net changes in fund balances	1,970,920	(4,238,808)	(291,387)	595,848	98,901	(1,864,526)
Fund balances - beginning	<u>15,061,035</u>	<u>(6,426,708)</u>	<u>3,130,735</u>	<u>4,800,236</u>	<u>4,216,638</u>	<u>20,781,936</u>
Fund balances - ending	<u>\$ 17,031,955</u>	<u>\$ (10,665,516)</u>	<u>\$ 2,839,348</u>	<u>\$ 5,396,084</u>	<u>\$ 4,315,539</u>	<u>\$ 18,917,410</u>

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

**TOWN OF KILLINGLY, CONNECTICUT**  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances for governmental funds		\$ (1,864,526)
Total change in net position reported for governmental activities in the statement of activities is different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. The amount by which capital outlays exceeded depreciation and amortization in the current period is as follows:</p>		
Expenditures for capital assets	\$ 13,478,949	
Depreciation and amortization expense	<u>(5,870,845)</u>	
Net adjustment		7,608,104
<p>In the statement of activities only the gain (loss) on the disposal or sale of capital assets is reported whereas only the proceeds from a sale increase financial resources in the governmental funds.</p>		
		(63,348)
<p>Deferred outflows and inflows of resources resulting from changes in the net pension asset and net OPEB liability are amortized as a component of pension and OPEB expense in the statement of activities.</p>		
		(686,759)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:</p>		
Debt issued or incurred:		
Bonds issued	(4,765,000)	
Premium on bonds issued	(469,318)	
Principal repayments:		
Bonds and notes payable	2,254,171	
Capital lease obligations	452,550	
Loan payable	<u>115,056</u>	
		(2,412,541)
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:</p>		
Compensated absences	(8,018)	
Accrued interest	(29,778)	
Net OPEB liability	414,409	
Net pension asset	(252,134)	
Amortization of bond premiums	94,103	
Amortization of deferred amount on refunding	(70,315)	
Landfill post-closure care costs	<u>20,000</u>	
		168,267
<p>Interest on property taxes, sewer use and sewer assessments are not susceptible to accrual and therefore are only reported as revenue in the funds when the cash is received by the Town. The change in interest receivable during the year increased revenues recognized in the funds.</p>		
		339,080
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal services fund is reported with governmental activities.</p>		
		<u>1,564,039</u>
Change in net position of governmental activities		<u>\$ 4,652,316</u>

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF NET POSITION -**  
**PROPRIETARY FUND**  
**AS OF JUNE 30, 2020**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund- Health Insurance Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 24,372
Due from other funds	2,989,627
Total assets	3,013,999
<b>LIABILITIES</b>	
Current liabilities:	
Claims payable	355,195
Total liabilities	355,195
<b>NET POSITION</b>	
Unrestricted	2,658,804
Total net position	\$ 2,658,804

*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, 2020**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund- Health Insurance Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 8,155,026
Total operating revenues	8,155,026
<b>OPERATING EXPENSES</b>	
Claims incurred	5,467,985
Administrative and other	1,124,126
Total operating expenses	6,592,111
Operating income	1,562,915
<b>NONOPERATING REVENUES</b>	
Interest income	1,124
Total nonoperating revenue	1,124
Change in net position	1,564,039
Net position - beginning	1,094,765
Net position - ending	\$ 2,658,804

*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, 2020**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund- Health Insurance Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from charges for services	\$ 6,930,493
Payments for claims incurred	(5,883,943)
Payments for administrative costs	(1,124,126)
Net cash used in operating activities	(77,576)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends	1,124
Net cash provided by investing activities	1,124
Net change in cash and cash equivalents	(76,452)
Cash and cash equivalents - beginning	100,824
Cash and cash equivalents - ending	\$ 24,372
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES</b>	
Operating income	\$ 1,562,915
Adjustments to reconcile operating income to net cash used in operating activities:	
(Increase) decrease in assets:	
Accounts receivable	45,494
Due from other funds	(1,270,027)
Increase (decrease) in liabilities:	
Claims payable	(415,958)
Net cash used in operating activities	\$ (77,576)

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**AS OF JUNE 30, 2020**

	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 165,180	\$ 15,953	\$ 109,072	\$ 639,507
Contributions receivable	11,304	-	-	-
Investments:				
Certificates of deposit	-	-	10,879	21,666
Negotiable certificates of deposit	-	-	37,888	-
Mutual funds	6,525,459	781,209	256,171	-
U.S. Treasury notes	-	-	-	-
Corporate bonds	-	-	107,915	-
Equity securities	-	-	308,858	-
Due from other funds	-	-	8,213	-
Total assets	<u>6,701,943</u>	<u>797,162</u>	<u>838,996</u>	<u>\$ 661,173</u>
<b>LIABILITIES</b>				
Due to student groups	-	-	-	\$ 356,552
Due to others	-	-	-	304,621
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 661,173</u>
<b>NET POSITION</b>				
Restricted for pension benefits, OPEB and other purposes	<u>\$ 6,701,943</u>	<u>\$ 797,162</u>	<u>\$ 838,996</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, 2020**

	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 183,318	\$ 21,841	\$ -
Plan members	136,113	-	-
Other	-	41,705	25,300
Total contributions	<u>319,431</u>	<u>63,546</u>	<u>25,300</u>
Investment earnings:			
Interest and dividends	193,375	29,080	-
Net change in the fair value of investments, net	93,090	5,064	8,444
Total investment earnings	<u>286,465</u>	<u>34,144</u>	<u>8,444</u>
Less: investment expense	<u>(15,565)</u>	<u>(4,653)</u>	<u>-</u>
Net investment income	<u>270,900</u>	<u>29,491</u>	<u>8,444</u>
Total additions	<u>590,331</u>	<u>93,037</u>	<u>33,744</u>
<b>DEDUCTIONS</b>			
Benefit payments	437,331	53,546	-
Administrative expenses	33,556	-	-
Awards	-	-	13,530
Total deductions	<u>470,887</u>	<u>53,546</u>	<u>13,530</u>
Change in net position	119,444	39,491	20,214
Net position - beginning	<u>6,582,499</u>	<u>757,671</u>	<u>818,782</u>
Net position - ending	<u>\$ 6,701,943</u>	<u>\$ 797,162</u>	<u>\$ 838,996</u>

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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

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

**Financial Reporting Entity**

The Town of Killingly, Connecticut, was incorporated in 1708 and covers an area of 50 square miles. The Town operates under a Council - Manager form of government as prescribed by its charter, which was adopted on November 4, 1969 and most recently revised in November 2019. The Town provides the following services as authorized by its charter: general government, public works, recreation and leisure, public safety, community development, human services and education.

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

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

**Government-wide and Fund Financial Statements**

**Government-wide Financial Statements**

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

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

**Fund Financial Statements**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

**Fund Financial Statements *(Continued)***

The Town reports the following major governmental funds:

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

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

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

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

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

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

**Pension Trust Fund** - This fund type is used to account for resources held in trust for the members and beneficiaries of the Public Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees.

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

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

**Agency Funds** - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of the student activities funds 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)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Measurement Focus and Basis of Accounting *(Continued)***

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

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

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

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

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

**Implementation of Accounting Standards**

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective was accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As such, no new accounting standards were implemented by the Town for the year ended June 30, 2020.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

**Cash and Cash Equivalents**

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

**Investments**

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

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

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

**Donor-restricted Endowments**

The Town allocates investment income on endowment investments in accordance with donor restrictions and Connecticut law. The State of Connecticut adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective October 1, 2007. UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town.

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

**Inventories**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

**Property Taxes, Assessments and Usage Charges**

All receivables are shown net of an allowance for uncollectible accounts. Based on historical collection experience and other factors, the Town has established allowances in the amounts of \$80,000, \$19,000, and \$4,000 for property taxes, interest, and sewer user receivables, respectively, as of June 30, 2020.

Property taxes are assessed as of October 1. Taxes are billed in the following July and are due in two installments, January 1 and July 1. Personal property if over \$100 is billed in July and due in four installments, July 1, October 1, January 1 and April 1. Motor vehicle taxes are billed in July and are due in one installment, July 1. A supplemental motor vehicle tax is billed in one installment on January 1. Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5%. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of the market value.

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

**Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$100,000 for infrastructure and more than \$5,000 for equipment and improvements, and an estimated useful life in excess of one year. Such assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

Capital assets acquired under a capital lease are amortized over the life of the lease term.



**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

**Unearned Revenue**

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

**Deferred Outflows and Inflows of Resources**

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

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

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

**Compensated Absences**

All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

All Town employees are granted vacation and/or sick time based upon contractual provisions. At year end, unused vacation and sick time may be carried forward to subsequent years. In the event of termination, employees are reimbursed for all accumulated vacation days and a percentage of accumulated sick days up to the maximum limits allowed by their applicable contract.

All full time Board of Education employees (except teachers who are granted sick time only) are granted vacation and sick time based upon contractual provisions and may be carried over to subsequent years. In the event of termination employees are reimbursed for accumulated vacation and sick time as allowed by the applicable contract.

**Long-term Obligations**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

**Long-term Obligations *(Continued)***

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

The Town has advanced refunded general obligation bonds in prior years. The difference between the reacquisition prices (the amounts placed in escrow) and the net carrying amounts of the refunded bonds have resulted in deferred charges on refundings in the amount of \$1,138,938. These amounts, net of accumulated amortization of \$319,824 have been presented as deferred outflows of resources in the government-wide financial statements and are being amortized to interest expense using the effective-interest method over the life of the new bonds. Amortization of deferred charges on refundings totaled \$70,315 for the year ended June 30, 2020.

**Net Position and Fund Balance**

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

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

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

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

The Town's governmental funds report the following fund balance categories:

***Nonspendable*** - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

***Restricted*** - Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

***Committed*** - Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Council (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

***Assigned*** - Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by Connecticut General Statutes and include the Fiscal Subcommittee and the Town Manager.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

**Net Position and Fund Balance *(Continued)***

**Unassigned** - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

***Net Position Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

***Fund Balance Flow Assumption***

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

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

**Interfund Activities**

Interfund activities are reported as follows:

**Interfund Receivables and Payables**

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

**Interfund Services Provided and Used**

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

**Interfund Transfers**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Interfund Activities *(Continued)***

**Interfund Reimbursements**

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

**Use of Estimates**

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

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

A reconciliation of the Town's cash deposits as of June 30, 2020 is as follows:

Government-wide statement of net position:	
Unrestricted cash and cash equivalents	\$ 26,739,931
Restricted cash and cash equivalents	86,521
Statement of fiduciary net position:	
Cash and cash equivalents	929,712
Add: Certificates of deposit considered cash deposits for disclosure purposes	32,545
Less: Cash equivalents considered investments for disclosure purposes	<u>(8,329,439)</u>
	<u>\$ 19,459,270</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, 2020, \$19,610,049 of the Town's bank balance of \$20,454,644 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>19,610,049</u>
	<u>\$ 19,610,049</u>

All of the Town's deposits are in qualified public institutions as defined by state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Investments**

A reconciliation of the Town's investments as of June 30, 2020 is as follows:

Government-wide statement of net position:		
Unrestricted investments	\$	4,974,132
Restricted investments		485,313
Statement of fiduciary net position:		
Investments		8,050,045
Add: Cash equivalents considered investments for disclosure purposes		8,329,439
Less: Certificates of deposit considered cash deposits for disclosure purposes		(32,545)
	<u>\$</u>	<u>21,806,384</u>

As of June 30, 2020, 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
<b>Debt Securities:</b>					
<i>Governmental activities:</i>					
Short-term Investment Fund	Net asset value	AAA	\$ 8,132,312	\$ 8,132,312	\$ -
Negotiable certificates of deposit	Fair value	Unrated	5,459,445	1,918,746	3,540,699
<i>Fiduciary:</i>					
Money market funds	Net asset value	Unrated	197,127	197,127	-
Negotiable certificates of deposit	Fair value	Unrated	37,888	37,888	-
Corporate bonds	Fair value	A	77,360	-	77,360
Corporate bonds	Fair value	BBB	30,555	-	30,555
			13,934,687	<u>\$ 10,286,073</u>	<u>\$ 3,648,614</u>
<b>Other investments:</b>					
<i>Fiduciary:</i>					
Equity securities	Fair value		308,858		
Mutual funds	Fair value		7,562,839		
			<u>\$ 21,806,384</u>		

Because investments in the Short-term Investment Fund and money market funds have weighted average maturities of less than 90 days, they have been presented as investments with maturities of less than one year.

**Interest Rate Risk**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Investments *(Continued)***

**Credit Risk**

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

**Custodial Credit Risk**

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

**Concentrations of Credit Risk**

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2020, more than 10% of the Town's governmental activities investments are invested in the Short-term Investment Fund (59.8%). As of June 30, 2020, more than 10% of the Town's fiduciary investments are invested Vanguard 500 Index Fund (11.4%).

**NOTE 3 - FAIR VALUE MEASUREMENTS**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)**

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2020, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Negotiable certificates of deposit	\$ -	\$ 5,497,333	\$ -	\$ 5,497,333
Corporate bonds	-	107,915	-	107,915
Equity securities	308,858	-	-	308,858
Mutual funds	7,562,839	-	-	7,562,839
	<u>\$ 7,871,697</u>	<u>\$ 5,605,248</u>	<u>\$ -</u>	13,476,945
		Investments measured at net asset value		8,329,439
				<u>\$ 21,806,384</u>

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Construction in progress	\$ 6,708,213	\$ 12,341,743	\$ (63,348)	\$ (2,022,414)	\$ 16,964,194
Land	3,821,224	-	-	-	3,821,224
Total capital assets, not being depreciated	<u>10,529,437</u>	<u>12,341,743</u>	<u>(63,348)</u>	<u>(2,022,414)</u>	<u>20,785,418</u>
Capital assets, being depreciated:					
Land improvements	15,827,601	234,272	-	-	16,061,873
Buildings and improvements	122,250,137	5,525	-	2,022,414	124,278,076
Machinery and equipment	22,311,028	897,409	-	-	23,208,437
Infrastructure	81,125,031	-	-	-	81,125,031
Total capital assets, being depreciated	<u>241,513,797</u>	<u>1,137,206</u>	<u>-</u>	<u>2,022,414</u>	<u>244,673,417</u>
Less accumulated depreciation:					
Land improvements	7,305,654	795,475	-	-	8,101,129
Buildings and improvements	43,440,933	2,171,527	-	-	45,612,460
Machinery and equipment	14,888,325	1,745,664	-	-	16,633,989
Infrastructure	49,900,134	1,158,179	-	-	51,058,313
Total accumulated depreciation	<u>115,535,046</u>	<u>5,870,845</u>	<u>-</u>	<u>-</u>	<u>121,405,891</u>
Total capital assets, being depreciated, net	<u>125,978,751</u>	<u>(4,733,639)</u>	<u>-</u>	<u>2,022,414</u>	<u>123,267,526</u>
Governmental activities capital assets, net	<u>\$ 136,508,188</u>	<u>\$ 7,608,104</u>	<u>\$ (63,348)</u>	<u>\$ -</u>	<u>\$ 144,052,944</u>

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

<b>Governmental Activities:</b>	
General government	\$ 702,666
Public works	1,121,650
Recreation and leisure	228,359
Public safety	10,302
Education	3,807,868
Total depreciation and amortization expense - governmental activities	<u>\$ 5,870,845</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2020 are as follows:

Receivable Fund	Payable Fund	Amount
<b>Governmental Funds</b>		
General Fund	Capital Improvements Fund	\$ 736,076
	Nonmajor Governmental Funds	1,768,165
		<u>2,504,241</u>
Sewer Operating Fund	General Fund	1,009,142
	Capital Improvements Fund	18,500
		<u>1,027,642</u>
Capital Nonrecurring Fund	General Fund	<u>5,396,084</u>
Nonmajor Governmental Funds	General Fund	1,681,358
	Nonmajor Governmental Funds	4,837
		<u>1,686,195</u>
<b>Fiduciary Funds</b>		
Private Purpose Trust Funds	General Fund	<u>8,213</u>
<b>Proprietary Funds</b>		
Health Insurance Fund	General Fund	<u>2,989,627</u>
Total due from / to other funds		<u><u>\$ 13,612,002</u></u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.



**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 6 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2020 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Sewer Operating Fund	\$ 1,098,846
	Nonmajor Governmental Funds	21,121
		<u>1,119,967</u>
Capital Improvements Fund	General Fund	212,757
	Sewer Operating Fund	200,000
		<u>412,757</u>
Capital and Nonrecurring Fund	General Fund	718,467
	Sewer Operating Fund	98,780
	Nonmajor Governmental Funds	5,641
		<u>822,888</u>
Nonmajor Governmental Funds	General Fund	354,498
	Nonmajor Governmental Funds	957
		<u>355,455</u>
Total transfers		<u>\$ 2,711,067</u>

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

**NOTE 7 - SHORT-TERM DEBT**

The following is a summary of changes in short-term debt for the year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Notes Payable from Direct Borrowings:				
Interim funding obligation 688-D	\$ 1,541,049	\$ -	\$ -	\$ 1,541,049
Interim funding obligation 688-C	1,142,316	6,137,938	-	7,280,254
	<u>\$ 2,683,365</u>	<u>\$ 6,137,938</u>	<u>\$ -</u>	<u>\$ 8,821,303</u>

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

**NOTE 8 - LONG-TERM DEBT**

The applicable accounting standards define debt as a liability that arises from a contractual obligation to pay cash, or other assets that may be used in lieu of cash, in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include accounts payable or leases, except for contracts reported as financed purchase of the underlying asset. The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 19,330,000	\$ 4,765,000	\$ (1,890,000)	\$ 22,205,000	\$ 2,110,000
Unamortized premium	1,017,991	469,318	(94,103)	1,393,206	-
Bonds payable, net	<u>20,347,991</u>	<u>5,234,318</u>	<u>(1,984,103)</u>	<u>23,598,206</u>	<u>2,110,000</u>
Direct borrowings:					
Notes payable	9,748,494	-	(364,171)	9,384,323	364,171
Loans payable	646,420	-	(115,056)	531,364	121,767
Capital leases	<u>1,029,821</u>	<u>-</u>	<u>(452,550)</u>	<u>577,271</u>	<u>370,160</u>
Direct borrowings	<u>11,424,735</u>	<u>-</u>	<u>(931,777)</u>	<u>10,492,958</u>	<u>856,098</u>
	<u>\$ 31,772,726</u>	<u>\$ 5,234,318</u>	<u>\$ (2,915,880)</u>	<u>\$ 34,091,164</u>	<u>\$ 2,966,098</u>

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

**General Obligation Bonds**

A summary of general obligation bonds outstanding at June 30, 2020 are as follows:

<u>Bond Issue</u>	<u>Original Amount</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
<b>Governmental Activities</b>				
<b>Bonds Payable</b>				
2007 School bonds	\$ 2,415,000	2027	4.25% - 5.00%	\$ 1,080,000
2007 Sewer refunding bonds	3,835,000	2024	4.25% - 5.00%	670,000
2011 School bonds	3,500,000	2021	2.50% - 4.375%	175,000
2012 School bonds	2,400,000	2032	2.00% - 3.25%	1,440,000
2013 School bonds	1,500,000	2033	2.00% - 3.00%	1,365,000
2015 General obligation bonds	4,195,000	2028	2.00% - 4.00%	2,830,000
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%	6,180,000
2016 School bonds	2,000,000	2036	2.00% - 4.00%	1,600,000
2016 School bonds	2,325,000	2036	1.00% - 3.75%	1,845,000
2020 General obligation bonds	3,355,000	2040	3.00% - 5.00%	3,355,000
2020 School bonds	1,410,000	2040	3.00% - 5.00%	1,410,000
				<u>\$ 22,205,000</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**General Obligation Bonds *(Continued)***

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2020:

Year ending June 30:	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 2,110,000	\$ 752,568	\$ 2,862,568
2022	2,070,000	683,260	2,753,260
2023	2,100,000	601,388	2,701,388
2024	1,875,000	519,153	2,394,153
2025	1,870,000	453,166	2,323,166
2026-2030	7,800,000	1,318,249	9,118,249
2031-2035	2,990,000	463,772	3,453,772
2036-2040	1,390,000	113,063	1,503,063
	<u>\$ 22,205,000</u>	<u>\$ 4,904,619</u>	<u>\$ 27,109,619</u>

**Notes Payable from Direct Borrowings**

A summary of notes payable from direct borrowings outstanding at June 30, 2020 are as follows:

Notes Payable	Original Amount	Final Maturity Dates	Interest Rates	Amount Outstanding
<b>Governmental Activities</b>				
<b>Notes Payable</b>				
2001 Sewer FHA loan	\$ 1,383,000	2041	4.50%	\$ 726,075
2013 Sewer USDA loan	5,600,000	2051	3.50%	4,552,536
2014 Sewer USDA loan	2,063,000	2054	2.75%	1,798,510
2018 Sewer Clean Water Fund loan	2,662,156	2038	2.00%	2,307,202
				<u>\$ 9,384,323</u>

Annual debt service requirements to maturity on notes payable from direct borrowings are as follows as of June 30, 2020:

Year ending June 30:	Governmental Activities		
	Notes Payable		
	Principal	Interest	Total
2021	\$ 364,171	\$ 289,399	\$ 653,570
2022	364,171	278,708	642,879
2023	364,171	268,009	632,180
2024	364,171	257,310	621,481
2025	364,171	246,613	610,784
2026-2030	1,820,855	1,072,765	2,893,620
2031-2035	1,820,855	805,126	2,625,981
2036-2040	1,465,897	546,661	2,012,558
2041-2045	1,017,015	341,536	1,358,551
2046-2050	982,440	176,417	1,158,857
2051-2054	456,406	32,476	488,882
	<u>\$ 9,384,323</u>	<u>\$ 4,315,020</u>	<u>\$ 13,699,343</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Loan Payable from Direct Borrowings**

In December 2009, the Town entered into a loan agreement with Connecticut Innovations, formerly Connecticut Development Authority, a quasi-State agency in the amount of \$1,500,000 on-behalf of a Developer. The loan provided financing to the Developer to assist in the remediation of a parcel of land as part of a tax incentive financing agreement to encourage economic growth within the Town. The Town is contractually obligated to for repayment of the loan. The loan is payable in semi-annual principal and interest payments at a rate of 2.875% through fiscal year 2024. Future annual debt service requirements on the loan are as follows as of June 30, 2020:

Year ending June 30:	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 121,767	\$ 28,828	\$ 150,595
2022	128,870	21,726	150,596
2023	136,386	14,209	150,595
2024	144,341	6,254	150,595
	\$ 531,364	\$ 71,017	\$ 602,381

**Capital Leases from Direct Borrowings**

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

A summary of assets under capital leases is as follows as of June 30, 2020:

	<b>Governmental Activities</b>
Machinery and equipment	\$ 2,139,683
Less: accumulated amortization	1,501,309
	\$ 638,374

Amortization expense relative to leased property under capital leases totaled \$460,915 for the year ended June 30, 2020 and is included in depreciation and amortization expense disclosed in Note 4.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 are as follows:

Year ending June 30:	<b>Governmental Activities</b>
2021	\$ 401,041
2022	133,626
2023	87,758
Total minimum lease payments	622,425
Less: amount representing interest	45,154
	\$ 577,271

**TOWN OF KILLINGLY, CONNECTICUT**  
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Legal Debt Limit**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2020.

The amount of authorized, unissued debt at June 30, 2020 totaled \$5,085,000, \$6,525,000 and \$21,145,020 for general purposes, schools and sewers, respectively.

**NOTE 9 - OTHER LONG-TERM OBLIGATIONS**

Changes in other long-term obligations for the year ended June 30, 2020 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Other liabilities:					
Landfill post-closure care costs	\$ 260,000	\$ -	\$ (20,000)	\$ 240,000	\$ 20,000
Compensated absences	1,003,357	68,403	(60,385)	1,011,375	202,000
Net OPEB liability <i>(see Note 12)</i>	7,493,411	-	(414,409)	7,079,002	-
	<u>\$ 8,756,768</u>	<u>\$ 68,403</u>	<u>\$ (494,794)</u>	<u>\$ 8,330,377</u>	<u>\$ 222,000</u>

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

**Landfill Post-Closure Care Costs**

State and Federal laws and regulations require landfill closures to meet certain standards. The Town landfill has been closed. Estimated monitoring costs of \$20,000 per year for the next 13 years totals \$240,000 at June 30, 2020. These amounts are based on estimates, which are subject to change due to inflation, technology or changes in applicable laws and regulations.

**NOTE 10 - TAX ABATEMENTS**

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

The PILOT is a form of tax abatement agreement, which is a contractual agreement between the Town and the owner of a property that fixes taxes on an annual basis at a rate less than the full tax amount. Under the terms of the agreement, the Town has agreed to receive certain annual tax payments in lieu of taxes on a fixed schedule for 20 years. Remaining amounts to be received through 2022 total \$6,029,594.

As of June 30, 2020, cumulative taxes abated under this agreement since the facility became operational are estimated to be approximately \$17.0 million. No other commitments have been made by the Town to the abatement recipient under this program.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS**

**Defined Benefit Pension Plan**

**Plan Description**

***Plan Administration***

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

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

**Summary of Significant Accounting Policies**

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

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

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

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

*Rate of return* - For the year ended June 30, 2020 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 4.22%. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

**TOWN OF KILLINGLY, CONNECTICUT**  
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Defined Benefit Pension Plan *(Continued)***

**Plan Membership**

Membership of the Plan consisted of the following at July 1, 2019, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	80
Inactive plan members entitled to but not yet receiving benefits	20
Active plan members	101
Total	201

**Benefit Provisions**

The Plan provides for retirement benefits for all members. Pension benefits for normal retirement under the Plan fall under three categories: Public Works Superintendent, Public Works Assistant Superintendent and All Others. For the Superintendent, the benefits are based on 1% of final earnings multiplied by the number of years of credited service prior to 4/1/1987, plus 1.5% of final earnings times credited service after 4/1/1987 and prior to 7/1/2016, plus 2% of final earnings times credited service after 7/1/2016, up to a maximum of 30 years. For the Assistant Superintendent, the benefits are based on 1% of final earnings multiplied by the number of years of credited service prior to 7/1/1991, plus 1.5% of final earnings times credited service after 4/1/1991, up to a maximum of 30 years. In relation to all others, benefits are based on 1% of final earnings multiplied by the number of years of credited service, up to a maximum of 30 years, computed to the nearest 1/12 of a year.

**Contributions**

The Plan's funding policy provides that for Public Works Superintendent, plan participants are to contribute 4.50% of earnings, effective April 1, 1987 and effective 7/1/2016, 5.50% of earnings. For Public Works Assistant Superintendents, plan participants are to contribute 4.50% of earnings, effective January 1, 1994. All others are required to contribute 3.00% of earnings.

For the year ended June 30, 2020, employer contributions to the Plan totaled \$183,318 and 5.06% of covered payroll.

**Net Pension Asset**

The components of the Town's net pension asset of the Plan at June 30, 2020, was as follows:

Total pension liability	\$ 6,607,848
Plan fiduciary net position	6,701,943
Town's net pension asset	\$ (94,095)
Plan fiduciary net position as a percentage of the total pension liability	101.42%

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**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, 2020, was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
	(a)	(b)	(a) - (b)
Balance as of June 30, 2019	\$ 6,236,270	\$ 6,582,499	\$ (346,229)
<b>Changes for the year:</b>			
Service cost	246,780	-	246,780
Interest	423,087	-	423,087
Changes in benefit terms	34,139	-	34,139
Actuarial (gains) losses	(112,158)	-	(112,158)
Changes in assumptions	217,061	-	217,061
Contributions - employer	-	183,318	(183,318)
Contributions - employee	-	136,113	(136,113)
Net investment income	-	270,900	(270,900)
Benefit payments, including refunds	(437,331)	(437,331)	-
Administrative expense	-	(33,556)	33,556
<b>Net changes</b>	<u>371,578</u>	<u>119,444</u>	<u>252,134</u>
Balance as of June 30, 2020	<u>\$ 6,607,848</u>	<u>\$ 6,701,943</u>	<u>\$ (94,095)</u>

*Actuarial assumptions* - The total pension liability for the Plan was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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



**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Defined Benefit Pension Plan *(Continued)***

**Net Pension Asset *(Continued)***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Weighting</u>
US Large Cap	34.00%	4.50%	1.53%
US Mid / Small Cap	11.00%	5.00%	0.55%
Developed International Equities	11.00%	5.25%	0.58%
Emerging Market Equities	4.00%	6.25%	0.25%
Intermediate Corporate	20.00%	2.50%	0.50%
Intermediate Government	14.00%	1.50%	0.21%
Money Market / Short Term Bonds	2.00%	25.00%	0.01%
Real Estate (Core)	4.00%	4.50%	0.18%
			3.81%
Long-term Inflation Expectation			2.60%
Long-term Nominal Return			6.41%

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension asset to changes in the discount rate* - The following presents the net pension asset of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net pension (asset) liability	\$ 598,090	\$ (94,095)	\$ (687,056)

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Defined Benefit Pension Plan *(Continued)***

**Pension Expense and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2020, the Town recognized pension expense of \$241,405. At June 30, 2020, the Town reported deferred outflows and inflows of resources related to the Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows Resources</b>	<b>Net</b>
Net difference between projected and actual earnings on pension plan investments	\$ 147,086	\$ -	\$ 147,086
Differences between expected and actual experience	13,735	(191,963)	(178,228)
Change of assumptions	297,005	(18,779)	278,226
Total	\$ 457,826	\$ (210,742)	\$ 247,084

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:

	<b>Amortization</b>
Year ended June 30,	
2021	\$ 9,853
2022	63,401
2023	86,767
2024	66,760
2025	20,303
	\$ 247,084

**Plan Financial Statements**

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the Town Plan as of and for the year ended June 30, 2020:

	<b>Pension Trust Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 165,180
Investments	6,525,459
Receivables	11,304
Total assets	6,701,943
<b>NET POSITION</b>	
Restricted for pension benefits	\$ 6,701,943

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Defined Benefit Pension Plan *(Continued)***

**Plan Financial Statements *(Continued)***

	<b>Pension Trust Fund</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 183,318
Plan members	136,113
Total contributions	319,431
Investment earnings:	
Interest and dividends	193,375
Net change in the fair value of investments, net	93,090
Total investment earnings	286,465
Less: investment expense	(15,565)
Net investment income	270,900
Total additions	590,331
<b>DEDUCTIONS</b>	
Benefit payments	437,331
Administrative expenses	33,556
Total deductions	470,887
Change in net position	119,444
Net position - beginning	6,582,499
Net position - ending	\$ 6,701,943

**Connecticut State Teachers' Retirement System**

**Plan Description**

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut Teachers' Retirement System *(Continued)***

**Benefit Provisions**

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

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

*Early Retirement:* Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

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

*Disability Retirement:* Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2.0% per year of service times the average of the highest three years of pensionable salary, but not less than 15.0%, nor more than 50.0%. In addition, disability benefits under this Plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75.0% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100.0% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

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

**Contributions**

*State of Connecticut* - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State are amended and certified by the TRB and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut Teachers' Retirement System *(Continued)***

**Administrative Expenses**

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

**Basis of Presentation**

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net pension liability at June 30, 2019 has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at [www.ct.gov](http://www.ct.gov).

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

**Allocation Methodology**

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.392% as of the most recent measurement date.

**Collective Net Pension Liability**

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the Town's and State's proportionate shares of the collective net pension liability that is attributed to the Town:

Collective Net Pension Liability of the State for the TRS		<u>\$ 17,072,720,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net Pension Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net Pension Liability attributed to the Town	0.392%	<u>\$ 66,907,000</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut Teachers' Retirement System *(Continued)***

**Collective Pension Expense**

The Town's expected contribution effort for allocation purposes totaled \$5,064,521 or 0.392% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2020.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the Town totaled \$8,217,349 or 0.392% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2020.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2018, and a measurement date of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

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

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5.0% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6.0% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5.0% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3.0%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**Long-Term Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 11 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut Teachers' Retirement System *(Continued)***

**Long-Term Rate of Return *(Continued)***

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Return</u>	<u>Standard Deviation</u>
Public Equity - US Equity	20.0%	8.1%	17.0%
Public Equity - International Developed Equity	11.0%	8.5%	19.0%
Public Equity - Emerging Markets Equity	9.0%	10.4%	24.0%
Fixed Income - Core Fixed Income	16.0%	4.6%	7.0%
Fixed Income - Inflation Linked Bonds	5.0%	3.6%	7.0%
Fixed Income - High Yield	6.0%	6.5%	11.0%
Fixed Income - Emerging Market Debt	5.0%	5.2%	11.0%
Private Equity	10.0%	9.8%	23.0%
Real Estate	10.0%	7.0%	15.0%
Alternative Investments - Real Assets	4.0%	8.2%	17.0%
Alternative Investments - Hedge Funds	3.0%	5.4%	7.0%
Liquidity Fund	1.0%	2.9%	1.0%
	<u>100%</u>		

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

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**Town and Board of Education Plan**

**Plan Description**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Town and Board of Education Plan *(Continued)***

**Plan Description *(Continued)***

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

*Plan membership* - As of July 1, 2019, the date of the most recent actuarial valuation, membership data was as follows:

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

*Benefits Provided* - The OPEB Plan provides for health insurance benefits for eligible Board of Education retirees and their spouses through the Town's group insurance plan, which covers both active and retired members. The OPEB Plan also provides for healthcare insurance benefits for eligible Town retirees and their spouses through a Blue Cross Blue Shield Medicare supplemental policy. The Town also provides a life insurance policy for eligible retirees through the Town's group life insurance policy, which covers both active and retired members. Benefit provisions are established through negotiations between the Board of Education and the union representing Board of Education employees and are renegotiated each three-year bargaining period.

*Contributions* - Contribution requirements of the plan members and the Town are established by and may be amended through negotiations between the Town and the Board of Education and their respective unions. Currently, Town full-time non-union employees and department heads, including public works, who retire at age 65 with 25 years of service with the Town are eligible for the health insurance benefits and those who have 25 years or service and are hired before 7/1/2016 are eligible for life insurance benefits. The Town pays the premium cost for those who chose to participate. Currently, Board of Education Employees who are age 50 with 25 years of service, age 55 with 20 years of service or age 60 with 10 years of service in the Killingly School System are eligible to receive benefits. Those who choose to participate must pay the 100% of the premium cost. The Town primarily finances the plan on a pay-as-you-go basis.

**Summary of Significant Accounting Policies**

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

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



**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Town and Board of Education Plan *(Continued)***

**Summary of Significant Accounting Policies *(Continued)***

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

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

*Rate of return* - For the year ended June 30, 2020, the annual money-weighted rate of return on the OPEB Plan's investments, net of pension plan investment expense was 3.87%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability**

The Town's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. The components of the net OPEB liability of the OPEB Plan as of June 30, 2020, were as follows:

Total OPEB liability	\$ 7,876,164
Plan fiduciary net position	<u>797,162</u>
Net OPEB liability	<u><u>\$ 7,079,002</u></u>
Plan fiduciary net position as a percentage of the total pension liability	10.12%

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Town and Board of Education Plan *(Continued)***

**Net OPEB Liability *(Continued)***

The components of the change in the net OPEB liability of the Town's OPEB Plan for the year ended June 30, 2020, were as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance as of June 30, 2019	\$ 8,251,082	\$ 757,671	\$ 7,493,411
<b>Changes for the year:</b>			
Service cost	243,546	-	243,546
Interest	356,508	-	356,508
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(2,251,599)	-	(2,251,599)
Changes of assumptions	1,330,173	-	1,330,173
Contributions - employer	-	21,841	(21,841)
Contributions - TRB subsidy	-	41,705	(41,705)
Net investment income	-	29,491	(29,491)
Benefit payments	(53,546)	(53,546)	-
Administrative expense	-	-	-
<b>Net changes</b>	<u>(374,918)</u>	<u>39,491</u>	<u>(414,409)</u>
Balance as of June 30, 2020	<u>\$ 7,876,164</u>	<u>\$ 797,162</u>	<u>\$ 7,079,002</u>

*Actuarial Assumptions* - The Total OPEB liability measured as of June 30, 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	6.50%
Discount rate	3.49%
Inflation rate	2.60%
Healthcare cost trend rate:	
Initial	6.50%
Ultimate	4.60%

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Town and Board of Education Plan *(Continued)***

**Net OPEB Liability *(Continued)***

The long-term expected rate of returns on OPEB Plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Weighting</u>
Large Cap	37.00%	4.65%	1.72%
Mid / Small Cap	12.00%	5.50%	0.66%
International Equities	11.00%	5.50%	0.61%
Intermediate Bond - Corporate	27.00%	2.25%	0.61%
Intermediate Bond - Government	9.00%	1.65%	0.15%
Specialty / Alternatives	4.00%	5.00%	0.20%
			<u>3.95%</u>
Long-term Inflation Expectation			<u>2.60%</u>
Long-term Nominal Return			<u>6.55%</u>

*Discount rate* - The discount rate used to measure the total OPEB liability was 3.49%. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the OPEB Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate was determined using a blended single equivalent discount rate based on the expected long-term rate of return of 6.5% and the 20 year, high quality, tax-exempt municipal bond yield.

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

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 8,379,786	\$ 7,079,002	\$ 6,021,570

**TOWN OF KILLINGLY, CONNECTICUT**  
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Town and Board of Education Plan *(Continued)***

**Net OPEB Liability *(Continued)***

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

	<b>Healthcare Cost Trend Rates</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Net OPEB liability	\$ 5,852,583	\$ 7,079,002	\$ 8,649,017

**OPEB Plan Financial Statements**

The following presents the statements of fiduciary net position and the statement of changes in fiduciary net position for the Town's OPEB plan as of and for the year ended June 30, 2020.

	<b>OPEB Trust Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 15,953
Investments	781,209
Total assets	797,162
<b>NET POSITION</b>	
Restricted for other post-employment benefits	\$ 797,162

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Town and Board of Education Plan *(Continued)***

**OPEB Plan Financial Statements *(Continued)***

	<b>OPEB Trust Fund</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 21,841
Other	41,705
Total contributions	63,546
Investment earnings:	
Interest and dividends	29,080
Net change in the fair value of investments, net	5,064
Net investment income	34,144
Less: investment expense	(4,653)
Net investment income	29,491
Total additions	93,037
<b>DEDUCTIONS</b>	
Benefit payments	53,546
Total deductions	53,546
Change in net position	39,491
Net position - beginning	757,671
Net position - ending	\$ 797,162

**OPEB Expense and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2020, the Town recognized OPEB expense of \$488,238. As of June 30, 2020, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net</b>
Differences between expected and actual experience	\$ 358,189	\$ (2,096,316)	\$ (1,738,127)
Changes of assumptions	1,578,075	(312,983)	1,265,092
Net difference between projected and actual earnings on OPEB plan investments	-	(13,237)	(13,237)
Total	\$ 1,936,264	\$ (2,422,536)	\$ (486,272)

**TOWN OF KILLINGLY, CONNECTICUT**  
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Town and Board of Education Plan *(Continued)***

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

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

Year ended June 30,			
2021	\$	(38,005)	
2022		(38,004)	
2023		(33,193)	
2024		(31,291)	
2025		(31,814)	
Thereafter		(313,965)	
	\$	(486,272)	

**Connecticut Teachers' Retirement System**

**Plan Description**

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

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

**Benefit Provisions**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Connecticut Teachers' Retirement System *(Continued)***

**Benefit Provisions *(Continued)***

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

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

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

**Contributions**

*State of Connecticut* - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

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

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

**Administrative Expenses**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Connecticut Teachers' Retirement System *(Continued)***

**Basis of Presentation**

The components associated with the other postemployment benefits (OPEB) expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019. The net OPEB liability at June 30, 2019 has been calculated using the audited amounts. The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Comprehensive Annual Financial Report can be obtained at [www.ct.gov](http://www.ct.gov).

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

**Allocation Methodology**

The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The allocations for participating employers are based on the expected contribution effort as measured June 30, 2018, the date of the latest biennial valuation. The liabilities of the June 30, 2018 actuarial valuation were rolled forward to the measurement date of June 30, 2019. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.392% as of the most recent measurement date.

**Collective Net OPEB Liability**

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2019, the measurement date, in addition to the Town's and State's proportionate shares of the collective net OPEB liability that is attributed to the Town:

Collective Net OPEB Liability of the State for the TRS		<u>\$ 2,662,587,000</u>
	<b><u>Proportion</u></b>	<b><u>Proportionate Share</u></b>
Town's proportionate share of the Collective Net OPEB Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net OPEB Liability attributed to the Town	0.392%	<u>\$ 10,435,000</u>



**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Connecticut Teachers' Retirement System *(Continued)***

**Collective OPEB Expense**

The Town's expected contribution effort for allocation purposes totaled \$138,418 or 0.392% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2020.

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective OPEB expense attributed to the Town totaled a negative \$(763,565) or 0.392% of the total collective OPEB expense and has been recognized as a reduction in operating contributions and related education expenses in the statement of activities for the year ended June 30, 2020.

**Actuarial Assumptions**

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

Inflation	2.50%
Real Wage Growth	0.75%
Wage Inflation	3.25%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Pre-Medicare	5.95% for 2018 decreasing to an ultimate rate of 4.75% by 2025
Medicare	5.00% for 2018 decreasing to an ultimate rate of 4.75% by 2028

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

**Long-Term Rate of Return**

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
 NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Connecticut Teachers' Retirement System *(Continued)***

**Long-Term Rate of Return *(Continued)***

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected 10-Year Geometric Real Rate of Return</u>	<u>Standard Deviation</u>
U.S. Treasuries (Cash Equivalents)	100.0%	0.41%	2.31%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2018.

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

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

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate of 3.87% was used in the determination of the single equivalent rate.

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 13 - FUND BALANCES**

Specific purposes for which fund balances have been categorized as follows as of June 30, 2020:

	General Fund	Capital Improvements Fund	Sewer Operating Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventories and prepaids	\$ 89,236	\$ -	\$ -	\$ -	\$ 43,196	\$ 132,432
Permanent funds principal	-	-	-	-	119,649	119,649
	<u>89,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,845</u>	<u>252,081</u>
Restricted for:						
Grant programs	-	-	-	-	695,682	695,682
Unspent bond proceeds	-	1,968,237	-	-	-	1,968,237
Special reserves - external	-	-	-	-	450,324	450,324
	<u>-</u>	<u>1,968,237</u>	<u>-</u>	<u>-</u>	<u>1,146,006</u>	<u>3,114,243</u>
Committed to:						
General government	298,706	-	-	-	-	298,706
Public safety	-	-	-	-	5,418	5,418
Economic and community development	266,698	-	-	-	58,479	325,177
Recreation and leisure	-	-	-	-	111,648	111,648
Education	-	-	-	-	913,970	913,970
Capital purposes	70,000	-	-	5,396,084	1,535,163	7,001,247
Sewers	50,000	-	2,839,348	-	382,010	3,271,358
	<u>685,404</u>	<u>-</u>	<u>2,839,348</u>	<u>5,396,084</u>	<u>3,006,688</u>	<u>11,927,524</u>
Assigned to:						
General government	1,587,814	-	-	-	-	1,587,814
Education	1,810,932	-	-	-	-	1,810,932
Public safety	211,130	-	-	-	-	211,130
Public works	143,725	-	-	-	-	143,725
Recreation and leisure	1,285	-	-	-	-	1,285
Miscellaneous	127,037	-	-	-	-	127,037
Compensated absences	131,295	-	-	-	-	131,295
Other post-employment benefits	147,978	-	-	-	-	147,978
Cell tower	258,762	-	-	-	-	258,762
Sewer extension	38,793	-	-	-	-	38,793
Landfill post-closure	119	-	-	-	-	119
Education reserve	607,154	-	-	-	-	607,154
Capital purposes	-	2,059,912	-	-	-	2,059,912
Subsequent year's budget	600,000	-	-	-	-	600,000
	<u>5,666,024</u>	<u>2,059,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,725,936</u>
Unassigned						
	10,591,291	(14,693,665)	-	-	-	(4,102,374)
	<u>\$ 17,031,955</u>	<u>\$ (10,665,516)</u>	<u>\$ 2,839,348</u>	<u>\$ 5,396,084</u>	<u>\$ 4,315,539</u>	<u>\$ 18,917,410</u>

**Deficit Fund Balances**

The Capital Improvements Fund has a deficit unassigned fund balance of \$14,693,665 and an overall deficit fund balance of \$10,665,516 as of June 30, 2020. The deficit is expected to be eliminated by future bond issuance, appropriations, and/or transfers from the General Fund.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 14 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except health coverage. During 2020, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town’s insurance coverage during the past three years.

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

***Workers’ Compensation Pool***

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

***Liability-Automobile-Property Pool***

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

***Medical Self-Insurance***

The Health Insurance Fund, an internal service fund, was established to account for and finance employee medical benefits claims for eligible employees of both the Town and the Board of Education. The Town retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the General Fund is charged an administrative fee. The General Fund also pays for a stop-loss policy for individual claims exceeding \$125,000 for the plan.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2020. 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 Ended June 30,	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2018	\$ 621,704	\$ 6,599,717	\$ (6,507,068)	\$ 714,353
2019	714,353	7,496,495	(7,439,695)	771,153
2020	771,153	5,467,985	(5,883,943)	355,195

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 15 - COMMITMENTS AND CONTINGENCIES**

***Federal Awards and State Financial Assistance***

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

***Encumbrances***

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund. Encumbrances are recognized as a valid and proper charge against a General Fund budget appropriation in the year in which a purchase order, contract, or other commitment is issued. Open encumbrances as of June 30, 2020 are included in assigned fund balance.

***Legal and Other***

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

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

***Capital Projects and Related Commitments***

The Town has total project authorizations totaling approximately \$69.6 million as of June 30, 2020. The remaining balance of those authorizations totaled approximately \$34.0 million as of June 30, 2020. Outstanding commitments on construction contracts totaled approximately \$11.1 million as of June 30, 2020.

***Pandemic***

In early March 2020, there was a global outbreak of COVID-19 that was declared a Public Health Emergency of International Concern by the World Health Organization and was subsequently declared a state of emergency by the Governor of Connecticut and a national emergency by the President of the United States. The outbreak of the virus has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. The Town has received and continues to apply for additional funding from federal and state agencies to assist in covering certain costs associated with the response to the pandemic. However, the extent to which COVID-19 will impact the Town's tax base, operations and its financial condition will ultimately depend on future developments that are uncertain and cannot be fully predicted with confidence at this time.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 16 - IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021, which reflects the eighteen month postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and the requirements of this statement are effective for the Town's reporting period beginning July 1, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

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

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2021. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**NOTE 17 - SUBSEQUENT EVENTS**

***Debt Refunding***

In January 2021, the Town issued \$4,845,000 in general obligation refunding bonds (“Refunding Bonds”). The Refunding Bonds have coupon rates ranging from 3.00% to 4.00% and mature serially on April 1, 2021 through April 1, 2050. Interest on the Refunding Bonds are payable on April 1, 2021 and semiannually thereafter on October 1 and April 1 in each year until maturity. The Refunding Bonds were issued to refund \$665,000 of the outstanding balance on the 2001 Sewer USDA loan and \$4,180,000 of the outstanding balance on the 2013 Sewer USDA loan. The Town received a premium on the issuance of \$680,329. The transaction will generate a cash flows savings for the Town of approximately \$1,323,000 and will result in an economic gain (difference between the present values of debt service payments of the old and the new debt) of approximately \$1,036,000.

***Capital Authorizations***

In December 2020, the Town increased the appropriation for the improvements to Killingly Memorial School from \$16,550,000 to \$34,000,000.



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**REQUIRED SUPPLEMENTARY INFORMATION**

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**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 36,708,991	\$ 36,708,991	\$ 36,086,761	\$ (622,230)
Intergovernmental	17,229,105	17,229,105	17,575,311	346,206
Licenses, permits and fees	253,500	253,500	203,989	(49,511)
Charges for services	3,504,546	3,504,546	3,295,966	(208,580)
Use of money and property	190,000	190,000	448,290	258,290
Miscellaneous	317,579	317,579	568,086	250,507
Total revenues	<u>58,203,721</u>	<u>58,203,721</u>	<u>58,178,403</u>	<u>(25,318)</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,113,784	2,156,494	2,059,919	(96,575)
Public works	2,839,790	2,843,225	2,806,215	(37,010)
Recreation and leisure	1,404,953	1,413,608	1,319,717	(93,891)
Public safety	1,397,422	1,400,422	1,385,917	(14,505)
Community development and human services	644,543	662,978	627,150	(35,828)
Education	44,047,273	44,047,273	42,814,658	(1,232,615)
Miscellaneous	2,691,183	2,614,948	2,321,363	(293,585)
Debt service:				
Principal payments	2,464,757	2,464,757	2,301,757	(163,000)
Interest and fiscal charges	979,143	979,143	879,141	(100,002)
Debt issuance costs	65,000	65,000	62,398	(2,602)
Total expenditures	<u>58,647,848</u>	<u>58,647,848</u>	<u>56,578,235</u>	<u>(2,069,613)</u>
Excess (deficiency) of revenues over expenditures	(444,127)	(444,127)	1,600,168	2,044,295
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from assigned fund balance	-	436,849	-	(436,849)
Appropriation from unassigned fund balance	300,000	300,000	-	(300,000)
Transfers in	1,246,785	1,246,785	1,109,027	(137,758)
Transfers out	(1,102,658)	(1,539,507)	(1,553,507)	(14,000)
Total other financing sources (uses)	<u>444,127</u>	<u>444,127</u>	<u>(444,480)</u>	<u>(888,607)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,155,688</u>	<u>\$ 1,155,688</u>

See notes to required supplementary information.

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER OPERATING FUND (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Sewer use - current	\$ 4,313,271	\$ 4,313,271	\$ 4,057,619	\$ (255,652)
Sewer use interest	40,000	40,000	50,596	10,596
Investment income	16,328	16,328	111,129	94,801
Other	1,000	1,000	3,040	2,040
Total revenues	<u>4,370,599</u>	<u>4,370,599</u>	<u>4,222,384</u>	<u>(148,215)</u>
<b>EXPENDITURES</b>				
Contractual services	3,016,794	3,016,794	3,116,066	99,272
Materials and supplies	250	250	79	(171)
Debt service	163,000	163,000	-	(163,000)
Total expenditures	<u>3,180,044</u>	<u>3,180,044</u>	<u>3,116,145</u>	<u>(63,899)</u>
Excess of revenues over expenditures	1,190,555	1,190,555	1,106,239	(84,316)
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	186,920	186,920	-	(186,920)
Transfers out:				
Capital Improvement Fund	(200,000)	(200,000)	(200,000)	-
Capital and Nonrecurring Fund	(98,780)	(98,780)	(98,780)	-
General Fund	(1,078,695)	(1,078,695)	(1,098,846)	(20,151)
Total other financing sources (uses)	<u>(1,190,555)</u>	<u>(1,190,555)</u>	<u>(1,397,626)</u>	<u>(207,071)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (291,387)</u>	<u>\$ (291,387)</u>

*See notes to required supplementary information.*

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>							
Service cost	\$ 246,780	\$ 207,885	\$ 177,335	\$ 156,852	\$ 151,064	\$ 141,320	\$ 135,885
Interest	423,087	411,274	407,887	389,320	379,873	383,339	371,582
Change in benefit terms	34,139	-	-	86,649	-	-	-
Differences between expected and actual experience	(112,158)	21,367	(137,777)	(192,012)	(18,660)	(232,264)	-
Changes of assumptions	217,061	129,499	(41,312)	172,613	-	19,712	-
Benefit payments, including refunds	(437,331)	(395,706)	(381,162)	(356,557)	(408,800)	(335,201)	(354,345)
Net change in total pension liability	371,578	374,319	24,971	256,865	103,477	(23,094)	153,122
Total pension liability - beginning	<u>6,236,270</u>	<u>5,861,951</u>	<u>5,836,980</u>	<u>5,580,115</u>	<u>5,476,638</u>	<u>5,499,732</u>	<u>5,346,610</u>
Total pension liability - ending	<u>6,607,848</u>	<u>6,236,270</u>	<u>5,861,951</u>	<u>5,836,980</u>	<u>5,580,115</u>	<u>5,476,638</u>	<u>5,499,732</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	183,318	163,531	142,943	130,480	122,206	161,874	157,123
Contributions - members	136,113	139,392	115,945	103,887	89,141	70,131	73,359
Net investment income	270,900	315,009	456,239	638,680	41,604	251,939	831,581
Benefit payments, including refunds	(437,331)	(395,706)	(381,162)	(356,557)	(408,800)	(335,201)	(354,345)
Administrative expense	(33,556)	(15,343)	(58,596)	(58,614)	(51,870)	(59,335)	(52,818)
Net change in plan fiduciary net position	119,444	206,883	275,369	457,876	(207,719)	89,408	654,900
Plan fiduciary net position - beginning	<u>6,582,499</u>	<u>6,375,616</u>	<u>6,100,247</u>	<u>5,642,371</u>	<u>5,850,090</u>	<u>5,760,682</u>	<u>5,105,782</u>
Plan fiduciary net position - ending	<u>6,701,943</u>	<u>6,582,499</u>	<u>6,375,616</u>	<u>6,100,247</u>	<u>5,642,371</u>	<u>5,850,090</u>	<u>5,760,682</u>
Town's net pension asset	<u>\$ (94,095)</u>	<u>\$ (346,229)</u>	<u>\$ (513,665)</u>	<u>\$ (263,267)</u>	<u>\$ (62,256)</u>	<u>\$ (373,452)</u>	<u>\$ (260,950)</u>
Plan fiduciary net position as a percentage of total pension liability	101.42%	105.55%	108.76%	104.51%	101.12%	106.82%	104.74%
Covered payroll	\$ 3,620,541	\$ 3,210,419	\$ 2,810,987	\$ 2,459,376	\$ 2,267,863	\$ 2,268,575	\$ 2,160,000
Town's net pension asset as a percentage of covered payroll	-2.60%	-10.78%	-18.27%	-10.70%	-2.75%	-16.46%	-12.08%

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

*See notes to required supplementary information.*

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 183,318	\$ 163,531	\$ 142,943	\$ 130,480	\$ 122,206	\$ 161,874	\$ 157,123
Contributions in relation to the actuarially determined contribution	<u>183,318</u>	<u>163,531</u>	<u>142,943</u>	<u>130,480</u>	<u>122,206</u>	<u>161,874</u>	<u>157,123</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,620,541	\$ 3,210,419	\$ 2,810,987	\$ 2,459,376	\$ 2,267,863	\$ 2,268,575	\$ 2,160,000
Contributions as a percentage of covered payroll	5.06%	5.09%	5.09%	5.31%	5.39%	7.14%	7.27%
Annual money-weighted rate of return, net of investment expense	4.22%	5.04%	7.63%	6.98%	0.73%	4.49%	16.74%

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

*See notes to required supplementary information.*

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

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

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

*See notes to required supplementary information.*

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

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

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 505,100	\$ 501,200	\$ 519,900	\$ 515,900
Contributions in relation to the actuarially determined contribution	<u>21,841</u>	<u>233,001</u>	<u>(2,481)</u>	<u>57,031</u>
Contribution deficiency	<u>\$ 483,259</u>	<u>\$ 268,199</u>	<u>\$ 522,381</u>	<u>\$ 458,869</u>
Covered employee payroll	\$ 20,103,390	\$ 18,951,000	\$ 18,470,668	\$ 15,954,000
Contributions as a percentage of covered employee payroll	0.11%	1.23%	-0.01%	0.36%
Annual money-weighted rate of return, net of investment expense	3.87%	4.21%	8.08%	6.55%

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



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

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

**Budgetary Information**

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

- Each department, office, board or commission of the Town (including the Board of Education) shall submit to the Town Manager a detailed estimate of expenditures and anticipated revenues for the ensuing fiscal year by March 15.
- On or before April 1, the Town Manager submits a balanced budget and budget message to the Town Council based upon requests submitted by the various Town departments.
- By April 15, the Town Council submits the proposed operating budget to one or more public hearings, at which taxpayer comments are obtained. The budget includes proposed expenditures and the means of financing them. The Town Council recommends the budget, as revised, for adoption at the annual Town meeting on the second Monday in May.
- The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is at the functional level within a department as prescribed by Town Charter. Management is not authorized to make budgetary transfers. The Town Council, in accordance with the provisions of the Charter and Connecticut General Statutes, is authorized to transfer unexpended balances from one appropriation to another. Additional appropriations up to one percent of the immediately prior year's operating budget, excluding public school education may be approved by the Town Council. Those in excess of this amount must be approved at a Town Meeting. Additional appropriations were authorized from fund balance for the General Fund during the year in the amount of \$436,849.
- The Department of Education is not a separate legal entity, but a separate function of the Town. Its Board is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Town Council approval and, if necessary, approval at a public hearing or referendum.
- Formal budgetary integration is employed as a management control device during the year. Formal budgetary integration is not employed in Capital Projects or Special Revenue Funds (with the exception of the Sewer Operating Fund) because budgetary control is alternatively achieved by constraints imposed by the project authorization or grant awards related to these funds.
- The budget is prepared on the modified accrual basis of accounting. "On-behalf" payments made by the State of Connecticut into the State Teachers' Retirement System are not recorded for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year. Generally, all unexpended appropriations lapse at year-end, except those for the Capital Projects Funds and certain Special Revenue Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

***Budgetary Information (Continued)***

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2020:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Uses - Transfers, Net</u>	<u>Net Change In Fund Balance</u>
Budgetary basis	\$ 58,178,403	\$ 56,578,235	\$ (444,480)	\$ 1,155,688
"On-behalf" payments - State Teachers' Retirement Fund	5,202,939	5,202,939	-	-
Change in encumbrances	-	(246,611)	-	246,611
Intergovernmental grants netted against expenditures	620,052	620,052	-	-
Budgetary perspective differences:				
Funds combined for GAAP financial reporting purposes	41,377	299,925	827,169	568,621
Other reserves	150,595	150,595	-	-
Reclassification of transfers	(936)	(549,380)	(548,444)	-
GAAP basis	<u>\$ 64,192,430</u>	<u>\$ 62,055,755</u>	<u>\$ (165,755)</u>	<u>\$ 1,970,920</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 1, 2019.

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

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

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

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

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

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2020:

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2020.

*Benefit changes* - Beginning January 1, 2018, member contributions increased from 6.0% to 7.0% of salary.

*Assumption changes* - The following significant assumptions had a significant effect on the measurement of the total pension liability.

- In 2020, the inflation assumption was reduced from 2.75% to 2.50%.
- In 2020, the real rate of return assumption was reduced from 5.25% to 4.40%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.00% to 6.90%.
- In 2020, the annual rate of wage increase assumption was increased from 0.50% to 0.75%.

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

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2019. The July 1, 2019 was increased by service cost and interest and decreased by benefit payments to calculate the total OPEB liability as of June 30, 2020.

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

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

- The discount rate used to measure plan obligations for financial accounting purposes was decreased from 4.21% to 3.49%.
- The Mortality table was updated to be projected to date of decrement using Scale MP-2019 (generational) from Scale MP-2017 (generational).
- Decrease in the utilization rate for BOE certified employees from 85% to 60% of eligible active members that are expected to elect medical coverage at retirement.
- Healthcare cost trend rates were changed from 7.00%, reducing by 0.50% each year to an ultimate rate of 4.60% per year to 6.50%, reducing by 0.20% each year to an ultimate rate of 4.60% per year.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2020:

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

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

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2018. This information is utilized by the Town for reporting as of June 30, 2020.

*Benefit Changes* - The Plan was amended by the Board to include a new prescription drug plan, effective January 1, 2019.

*Assumption Changes* - The following assumption changes collectively had a significant effect on the measurement of the net OPEB liability:

- In 2020, the discount rate used to measure plan obligations for financial accounting purposes was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019.
- In 2020, the expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019.
- In 2020, the expected rate of inflation was decreased, and the Real Wage Growth assumption was increased.

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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**GENERAL FUND**

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**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET - GENERAL FUND**  
**AS OF JUNE 30, 2020**

	<b>General Fund</b>	<b>Water Utility</b>	<b>Revaluation</b>	<b>Insurance Reserve</b>	<b>Community Employment Incentive</b>	<b>Water Mitigation</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$21,105,394	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	3,519,916	-	-	-	-	-
Receivables:						
Property taxes, net	1,817,759	-	-	-	-	-
Grants and contracts	11,297	-	-	-	-	-
Other	462,258	-	-	-	-	-
Due from other funds	2,454,241	1,167,432	131,145	304,636	-	75,040
Other assets	89,236	-	-	-	-	-
Total assets	<u>\$29,460,101</u>	<u>\$ 1,167,432</u>	<u>\$ 131,145</u>	<u>\$ 304,636</u>	<u>\$ -</u>	<u>\$ 75,040</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,216,005	\$ -	\$ 1,051	\$ 1,482	\$ -	\$ -
Accrued liabilities:						
Salaries and benefits payable	109,646	-	-	-	-	-
Other accrued liabilities	15,823	-	-	-	-	-
Due to other funds	13,455,095	-	-	-	-	-
Unearned revenue	5,575	-	-	-	-	-
Total liabilities	<u>14,802,144</u>	<u>-</u>	<u>1,051</u>	<u>1,482</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	<u>1,629,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable	89,236	-	-	-	-	-
Committed	-	-	130,094	-	-	-
Assigned	2,347,794	1,167,432	-	303,154	-	75,040
Unassigned	10,591,291	-	-	-	-	-
Total fund balances	<u>13,028,321</u>	<u>1,167,432</u>	<u>130,094</u>	<u>303,154</u>	<u>-</u>	<u>75,040</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$29,460,101</u>	<u>\$ 1,167,432</u>	<u>\$ 131,145</u>	<u>\$ 304,636</u>	<u>\$ -</u>	<u>\$ 75,040</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET - GENERAL FUND (Continued)**  
**AS OF JUNE 30, 2020**

	<u>Planning and Conservation</u>	<u>Demo and Relocation</u>	<u>Tercentennial</u>	<u>Civil War Monument</u>	<u>Unexpended Education Fund</u>	<u>Housing Rehab Fund</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 987	\$ 1,392,846	\$ -
Investments	-	-	-	2,900	-	-
Receivables:						
Property taxes, net	-	-	-	-	-	-
Grants and contracts	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	72,048	63,612	2,000	-	-	75,000
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 72,048</u>	<u>\$ 63,612</u>	<u>\$ 2,000</u>	<u>\$ 3,887</u>	<u>\$ 1,392,846</u>	<u>\$ 75,000</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities:						
Salaries and benefits payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	-	-	-	-	-	-
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Committed	72,048	63,612	2,000	3,887	-	75,000
Assigned	-	-	-	-	1,392,846	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>72,048</u>	<u>63,612</u>	<u>2,000</u>	<u>3,887</u>	<u>1,392,846</u>	<u>75,000</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 72,048</u>	<u>\$ 63,612</u>	<u>\$ 2,000</u>	<u>\$ 3,887</u>	<u>\$ 1,392,846</u>	<u>\$ 75,000</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET - GENERAL FUND (Continued)**  
**AS OF JUNE 30, 2020**

	<u>Maintenance of Dams</u>	<u>Reserve for Constabulary</u>	<u>Reserve for Negotiation PILOT</u>	<u>Rate Stabilization</u>	<u>Winter Maintenance</u>	<u>Sewer Rehab Fund</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Property taxes, net	-	-	-	-	-	-
Grants and contracts	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	30,000	211,130	20,000	20,000	128,628	50,000
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 30,000</u>	<u>\$ 211,130</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 128,628</u>	<u>\$ 50,000</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities:						
Salaries and benefits payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	-	-	-	-	-	-
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Committed	30,000	-	-	-	-	50,000
Assigned	-	211,130	20,000	20,000	128,628	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>30,000</u>	<u>211,130</u>	<u>20,000</u>	<u>20,000</u>	<u>128,628</u>	<u>50,000</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 30,000</u>	<u>\$ 211,130</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 128,628</u>	<u>\$ 50,000</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
 COMBINING BALANCE SHEET - GENERAL FUND *(Concluded)*  
 AS OF JUNE 30, 2020

	<u>Economic Development</u>	<u>Fuel System</u>	<u>Kelp</u>	<u>Earl Chandler</u>	<u>Bridge Maintenance Fund</u>	<u>Eliminations</u>	<u>Combined General Fund</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 158,364	\$ 10,133	\$ 2,111	\$ 101	\$ -	\$ -	\$22,669,936
Investments	-	18,054	-	-	-	-	3,540,870
Receivables:							
Property taxes, net	-	-	-	-	-	-	1,817,759
Grants and contracts	-	-	-	-	-	-	11,297
Other	-	-	-	-	-	-	462,258
Due from other funds	-	-	-	-	70,000	(2,370,671)	2,504,241
Other assets	-	-	-	-	-	-	89,236
Total assets	<u>\$ 158,364</u>	<u>\$ 28,187</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ 70,000</u>	<u>\$ (2,370,671)</u>	<u>\$31,095,597</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,218,538
Accrued liabilities:							
Salaries and benefits payable	-	-	-	-	-	-	109,646
Other accrued liabilities	-	-	-	-	-	-	15,823
Due to other funds	-	-	-	-	-	(2,370,671)	11,084,424
Unearned revenues	-	-	-	-	-	-	5,575
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,370,671)</u>	<u>12,434,006</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - property taxes	-	-	-	-	-	-	1,629,636
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	89,236
Committed	158,364	28,187	2,111	101	70,000	-	685,404
Assigned	-	-	-	-	-	-	5,666,024
Unassigned	-	-	-	-	-	-	10,591,291
Total fund balances	<u>158,364</u>	<u>28,187</u>	<u>2,111</u>	<u>101</u>	<u>70,000</u>	<u>-</u>	<u>17,031,955</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 158,364</u>	<u>\$ 28,187</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ 70,000</u>	<u>\$ (2,370,671)</u>	<u>\$31,095,597</u>

*(Concluded)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>General Fund</b>	<b>Water Utility</b>	<b>Revaluation</b>	<b>Insurance Reserve</b>	<b>Community Employment Incentive</b>	<b>Water Mitigation</b>
<b>REVENUES</b>						
Property taxes	\$36,237,356	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	23,398,302	-	-	-	-	-
Licenses, permits and fees	203,989	-	-	-	-	-
Charges for services	3,295,966	-	-	-	-	-
Investment income	448,290	-	-	-	-	-
Other	567,150	-	-	35,353	-	-
Total revenues	<u>64,151,053</u>	<u>-</u>	<u>-</u>	<u>35,353</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>						
Current:						
General government	2,057,436	-	34,242	53,316	3,885	-
Public works	2,471,173	-	-	-	-	-
Recreation and leisure	1,319,728	-	-	-	-	-
Public safety	1,216,964	-	-	-	-	-
Community development and human services	634,150	-	-	-	-	-
Education	47,971,454	-	-	-	-	-
Other	2,191,326	-	-	-	-	-
Debt service:						
Principal payments	2,821,777	-	-	-	-	-
Interest and fiscal charges	1,009,424	-	-	-	-	-
Debt issuance costs	62,398	-	-	-	-	-
Capital outlays						
	-	-	-	-	-	-
Total expenditures	<u>61,755,830</u>	<u>-</u>	<u>34,242</u>	<u>53,316</u>	<u>3,885</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	2,395,223	-	(34,242)	(17,963)	(3,885)	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,109,963	-	20,000	20,000	-	-
Transfers out	(2,102,887)	-	-	-	-	-
Total other financing sources (uses)	<u>(992,924)</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	1,402,299	-	(14,242)	2,037	(3,885)	-
Fund balances - beginning	<u>11,626,022</u>	<u>1,167,432</u>	<u>144,336</u>	<u>301,117</u>	<u>3,885</u>	<u>75,040</u>
Fund balances - ending	<u>\$13,028,321</u>	<u>\$ 1,167,432</u>	<u>\$ 130,094</u>	<u>\$ 303,154</u>	<u>\$ -</u>	<u>\$ 75,040</u>

(Continued)

**TOWN OF KILLINGLY, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND *(Continued)*  
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Planning and Conservation</u>	<u>Demo and Relocation</u>	<u>Tercentennial</u>	<u>Civil War Monument</u>	<u>Unexpended Education Fund</u>	<u>Housing Rehab Fund</u>
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	68	-	-
Other	-	1,500	-	-	-	-
Total revenues	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>68</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>						
Current:						
General government	280	-	-	-	-	-
Public works	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Community development and human services	-	-	-	47	-	-
Education	-	-	-	-	-	-
Other	-	-	-	-	-	-
Debt service:						
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlays	-	-	-	-	86,768	-
Total expenditures	<u>280</u>	<u>-</u>	<u>-</u>	<u>47</u>	<u>86,768</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(280)	1,500	-	21	(86,768)	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	30,850	-	4	436,849	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>30,850</u>	<u>-</u>	<u>4</u>	<u>436,849</u>	<u>-</u>
Net changes in fund balances	(280)	32,350	-	25	350,081	-
Fund balances - beginning	<u>72,328</u>	<u>31,262</u>	<u>2,000</u>	<u>3,862</u>	<u>1,042,765</u>	<u>75,000</u>
Fund balances - ending	<u>\$ 72,048</u>	<u>\$ 63,612</u>	<u>\$ 2,000</u>	<u>\$ 3,887</u>	<u>\$ 1,392,846</u>	<u>\$ 75,000</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND *(Continued)*  
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Maintenance of Dams</u>	<u>Reserve for Constabulary</u>	<u>Reserve for Negotiation PILOT</u>	<u>Rate Stabilization</u>	<u>Winter Maintenance</u>	<u>Sewer Rehab Fund</u>
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public works	-	-	-	-	5,196	-
Recreation and leisure	-	-	-	-	-	-
Public safety	-	113,817	-	-	-	-
Community development and human services	-	-	-	-	-	-
Education	-	-	-	-	-	-
Other	-	-	-	-	-	-
Debt service:						
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlays						
Total expenditures	<u>-</u>	<u>113,817</u>	<u>-</u>	<u>-</u>	<u>5,196</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	(113,817)	-	-	(5,196)	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	5,000	194,001	5,000	-	75,465	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>5,000</u>	<u>194,001</u>	<u>5,000</u>	<u>-</u>	<u>75,465</u>	<u>-</u>
Net changes in fund balances	5,000	80,184	5,000	-	70,269	-
Fund balances - beginning	<u>25,000</u>	<u>130,946</u>	<u>15,000</u>	<u>20,000</u>	<u>58,359</u>	<u>50,000</u>
Fund balances - ending	<u>\$ 30,000</u>	<u>\$ 211,130</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 128,628</u>	<u>\$ 50,000</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND *(Concluded)*  
 FOR THE YEAR ENDED JUNE 30, 2020

	Economic Development	Fuel System	Kelp	Earl Chandler	Bridge Maintenance Fund	Eliminations	Combined General Fund
<b>REVENUES</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$36,237,356
Intergovernmental	-	-	-	-	-	-	23,398,302
Licenses, permits and fees	-	-	-	-	-	-	203,989
Charges for services	-	-	-	-	-	-	3,295,966
Investment income	958	514	-	-	-	-	449,830
Other	-	2,984	-	-	-	-	606,987
Total revenues	<u>958</u>	<u>3,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,192,430</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	2,149,159
Public works	-	-	-	-	-	-	2,476,369
Recreation and leisure	-	-	-	-	-	-	1,319,728
Public safety	-	-	-	-	-	-	1,330,781
Community development and human services	2,374	-	-	-	-	-	636,571
Education	-	-	-	-	-	-	47,971,454
Other	-	-	-	-	-	-	2,191,326
Debt service:							
Principal payments	-	-	-	-	-	-	2,821,777
Interest and fiscal charges	-	-	-	-	-	-	1,009,424
Debt issuance costs	-	-	-	-	-	-	62,398
Capital outlays	-	-	-	-	-	-	86,768
Total expenditures	<u>2,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,055,755</u>
Excess (deficiency) of revenues over expenditures	(1,416)	3,498	-	-	-	-	2,136,675
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	40,000	(817,165)	1,119,967
Transfers out	-	-	-	-	-	817,165	(1,285,722)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>(165,755)</u>
Net changes in fund balances	(1,416)	3,498	-	-	40,000	-	1,970,920
Fund balances - beginning	<u>159,780</u>	<u>24,689</u>	<u>2,111</u>	<u>101</u>	<u>30,000</u>	<u>-</u>	<u>15,061,035</u>
Fund balances - ending	<u>\$ 158,364</u>	<u>\$ 28,187</u>	<u>\$ 2,111</u>	<u>\$ 101</u>	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$17,031,955</u>

*(Concluded)*



**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL -**  
**BUDGETARY BASIS - GENERAL FUND (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>PROPERTY TAXES</b>				
Current taxes	\$ 35,335,858	\$ 35,335,858	\$ 35,043,184	\$ (292,674)
Prior years' taxes	750,000	750,000	467,938	(282,062)
Supplemental motor vehicle	350,000	350,000	407,818	57,818
Tax interest	360,668	360,668	265,440	(95,228)
Lien fees	11,260	11,260	5,847	(5,413)
Airplane tax	1,800	1,800	2,050	250
Phone access - SNETCO	50,000	50,000	45,079	(4,921)
Remediation financing	(150,595)	(150,595)	(150,595)	-
Total property taxes	<u>36,708,991</u>	<u>36,708,991</u>	<u>36,086,761</u>	<u>(622,230)</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
State-owned property	149,332	149,332	149,332	-
Disability exception	4,162	4,162	4,060	(102)
Veterans' exemption	11,665	11,665	9,569	(2,096)
Connecticard	-	-	5,547	5,547
Adult education	104,002	104,002	109,445	5,443
Mashantucket Pequot fund	94,184	94,184	94,184	-
Municipal Grant-in-Aid	706,717	706,717	976,064	269,347
Education equalization grant	15,245,633	15,245,633	15,290,829	45,196
Vocational agriculture	645,347	645,347	645,347	-
Nonpublic school - health services	-	-	22,871	22,871
Municipal revenue sharing	268,063	268,063	268,063	-
Total intergovernmental revenues	<u>17,229,105</u>	<u>17,229,105</u>	<u>17,575,311</u>	<u>346,206</u>
<b>LICENSES, PERMITS AND FEES</b>				
Building permit fees	215,000	215,000	166,969	(48,031)
Planning and zoning permits	14,000	14,000	12,164	(1,836)
Other permits	8,000	8,000	7,275	(725)
Library fines and fees	14,500	14,500	11,542	(2,958)
Animal control fines and fees	500	500	(11)	(511)
Alarm Reg Fees and Fines	1,500	1,500	6,050	4,550
Total licenses, permits and fees	<u>253,500</u>	<u>253,500</u>	<u>203,989</u>	<u>(49,511)</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL -**  
**BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>CHARGES FOR SERVICES</b>				
Town clerk receipts	\$ 166,000	\$ 166,000	\$ 160,189	\$ (5,811)
Community development fees	100,000	100,000	32,259	(67,741)
Conveyance tax	200,000	200,000	246,194	46,194
Elderly housing services	20,939	20,939	19,035	(1,904)
Recreation department	124,500	124,500	62,872	(61,628)
District Collections	15,275	15,275	12,672	(2,603)
Tuition	2,877,832	2,877,832	2,762,745	(115,087)
Total charges for services	<u>3,504,546</u>	<u>3,504,546</u>	<u>3,295,966</u>	<u>(208,580)</u>
<b>USE OF MONEY AND PROPERTY</b>				
Investment income	80,000	80,000	345,659	265,659
Communications tower lease	110,000	110,000	102,631	(7,369)
Total use of money and property	<u>190,000</u>	<u>190,000</u>	<u>448,290</u>	<u>258,290</u>
<b>MISCELLANEOUS</b>				
School capital contributions	267,579	267,579	274,440	6,861
Miscellaneous	50,000	50,000	293,646	243,646
Total miscellaneous	<u>317,579</u>	<u>317,579</u>	<u>568,086</u>	<u>250,507</u>
Total revenues	<u>58,203,721</u>	<u>58,203,721</u>	<u>58,178,403</u>	<u>(25,318)</u>
<b>OTHER FINANCING SOURCES</b>				
Appropriation from assigned fund balance	-	436,849	-	(436,849)
Appropriation from unassigned fund balance	300,000	300,000	-	(300,000)
Transfers in:				
Sewer Operating Fund	1,246,695	1,246,695	1,088,846	(157,849)
Louisa E. Day	60	60	153	93
Thomas J. Evans	30	30	54	24
Other	-	-	19,974	19,974
Total other financing sources	<u>1,546,785</u>	<u>1,983,634</u>	<u>1,109,027</u>	<u>(874,607)</u>
Total revenues and other financing sources	<u>\$ 59,750,506</u>	<u>\$ 60,187,355</u>	<u>\$ 59,287,430</u>	<u>\$ (899,925)</u>
				<i>(Concluded)</i>

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -**  
**BUDGETARY BASIS - GENERAL FUND (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>GENERAL GOVERNMENT</b>				
Town Council:				
Personnel services	\$ 11,100	\$ 11,100	\$ 10,188	\$ (912)
Contractual services	34,100	34,100	23,829	(10,271)
Material and supplies	1,000	1,000	615	(385)
Total Town Council	<u>46,200</u>	<u>46,200</u>	<u>34,632</u>	<u>(11,568)</u>
Town Manager:				
Personnel services	263,300	263,300	242,569	(20,731)
Contractual services	27,300	27,300	26,440	(860)
Material and supplies	2,500	2,500	2,095	(405)
Total Town Manager	<u>293,100</u>	<u>293,100</u>	<u>271,104</u>	<u>(21,996)</u>
Legal Services:				
Contractual services	<u>79,200</u>	<u>105,115</u>	<u>105,115</u>	<u>-</u>
Total legal services	<u>79,200</u>	<u>105,115</u>	<u>105,115</u>	<u>-</u>
Town Clerk:				
Personnel services	156,940	159,305	159,305	-
Contractual services	30,100	29,335	25,531	(3,804)
Material and supplies	1,800	1,800	1,558	(242)
Total Town Clerk	<u>188,840</u>	<u>190,440</u>	<u>186,394</u>	<u>(4,046)</u>
Finance:				
Personnel services	231,840	238,289	238,289	-
Contractual services	54,650	53,191	52,279	(912)
Material and supplies	1,700	1,700	1,349	(351)
Total finance	<u>288,190</u>	<u>293,180</u>	<u>291,917</u>	<u>(1,263)</u>
Assessor:				
Personnel services	173,455	174,555	175,378	823
Contractual services	7,560	7,560	4,408	(3,152)
Materials and supplies	1,500	1,500	1,041	(459)
Total Assessor	<u>182,515</u>	<u>183,615</u>	<u>180,827</u>	<u>(2,788)</u>
Revenue Collection:				
Personnel services	188,140	190,243	190,242	(1)
Contractual services	35,500	35,047	32,414	(2,633)
Material and supplies	2,300	2,300	1,673	(627)
Total revenue collection	<u>225,940</u>	<u>227,590</u>	<u>224,329</u>	<u>(3,261)</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -**  
**BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>GENERAL GOVERNMENT (Continued)</b>				
Registration and Elections:				
Personnel services	\$ 56,065	\$ 56,065	\$ 25,389	\$ (30,676)
Contractual services	16,450	16,450	12,732	(3,718)
Material and supplies	500	500	491	(9)
Total registration and elections	<u>73,015</u>	<u>73,015</u>	<u>38,612</u>	<u>(34,403)</u>
Town Boards and Commissions:				
Contractual services	72,214	72,214	66,985	(5,229)
Total town boards and commissions	<u>72,214</u>	<u>72,214</u>	<u>66,985</u>	<u>(5,229)</u>
Planning and Development:				
Personnel services	237,275	243,035	241,120	(1,915)
Contractual services	6,210	6,210	4,169	(2,041)
Material and supplies	1,100	1,100	1,001	(99)
Total planning and development	<u>244,585</u>	<u>250,345</u>	<u>246,290</u>	<u>(4,055)</u>
Data Processing:				
Contractual services	193,000	193,000	192,636	(364)
Total data processing	<u>193,000</u>	<u>193,000</u>	<u>192,636</u>	<u>(364)</u>
Town Hall:				
Contractual services	86,880	77,982	72,372	(5,610)
Material and supplies	2,700	4,833	3,538	(1,295)
Total town hall	<u>89,580</u>	<u>89,580</u>	<u>82,675</u>	<u>(6,905)</u>
Economic Development:				
Personnel services	129,205	130,900	132,048	1,148
Contractual services	7,700	7,700	5,909	(1,791)
Material and supplies	500	500	446	(54)
Total economic development	<u>137,405</u>	<u>139,100</u>	<u>138,403</u>	<u>(697)</u>
Total general government	<u>2,113,784</u>	<u>2,156,494</u>	<u>2,059,919</u>	<u>(96,575)</u>
<b>PUBLIC WORKS</b>				
Supervision:				
Personnel services	222,910	222,910	222,910	-
Contractual services	11,000	11,000	11,000	-
Material and supplies	750	750	749	(1)
Total supervision	<u>234,660</u>	<u>234,660</u>	<u>234,659</u>	<u>(1)</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -**  
**BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>PUBLIC WORKS (Continued)</b>				
Engineering:				
Personnel services	\$ 332,510	\$ 335,945	\$ 311,314	\$ (24,631)
Contractual services	16,000	16,000	4,097	(11,903)
Material and supplies	8,700	8,700	8,231	(469)
Total engineering	<u>357,210</u>	<u>360,645</u>	<u>323,642</u>	<u>(37,003)</u>
Central Garage:				
Personnel services	225,470	225,470	225,469	(1)
Contractual services	126,700	126,700	126,699	(1)
Material and supplies	286,000	286,000	285,999	(1)
Total central garage	<u>638,170</u>	<u>638,170</u>	<u>638,167</u>	<u>(3)</u>
Highways:				
Personnel services	821,000	821,000	820,999	(1)
Contractual services	54,250	54,250	54,249	(1)
Material and supplies	316,000	316,000	315,999	(1)
Total highways	<u>1,191,250</u>	<u>1,191,250</u>	<u>1,191,247</u>	<u>(3)</u>
Winter Maintenance:				
Personnel services	115,000	115,000	115,000	-
Contractual services	9,000	9,000	9,000	-
Material and supplies	294,500	294,500	294,500	-
Total winter maintenance	<u>418,500</u>	<u>418,500</u>	<u>418,500</u>	<u>-</u>
Total public works	<u>2,839,790</u>	<u>2,843,225</u>	<u>2,806,215</u>	<u>(37,010)</u>
<b>RECREATION AND LEISURE</b>				
Recreation:				
Personnel services	387,710	392,410	367,162	(25,248)
Contractual services	52,500	52,500	46,365	(6,135)
Material and supplies	20,750	20,750	13,700	(7,050)
Total recreation	<u>460,960</u>	<u>465,660</u>	<u>427,227</u>	<u>(38,433)</u>
Park Development and Maintenance:				
Personnel services	158,675	161,100	151,879	(9,221)
Contractual services	54,620	54,620	46,916	(7,704)
Material and supplies	42,900	42,900	36,585	(6,315)
Total park development and maintenance	<u>256,195</u>	<u>258,620</u>	<u>235,380</u>	<u>(23,240)</u>
Public Library:				
Personnel services	411,368	420,698	408,194	(12,504)
Contractual services	141,850	132,776	129,297	(3,479)
Material and supplies	10,750	12,024	12,024	-
Total public library	<u>563,968</u>	<u>565,498</u>	<u>549,515</u>	<u>(15,983)</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -**  
**BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>RECREATION AND LEISURE (Continued)</b>				
Special Communities Activities:				
Contractual services	\$ 3,500	\$ 3,500	\$ 3,500	\$ -
Total special communities activities	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Community Center:				
Personnel services	17,500	17,500	16,374	(1,126)
Contractual services	78,000	78,000	65,193	(12,807)
Material and supplies	9,000	9,000	8,049	(951)
Total community center	<u>104,500</u>	<u>104,500</u>	<u>89,616</u>	<u>(14,884)</u>
Other Town Buildings:				
Contractual services	15,080	15,080	13,809	(1,271)
Material and supplies	750	750	670	(80)
Total other town buildings	<u>15,830</u>	<u>15,830</u>	<u>14,479</u>	<u>(1,351)</u>
Total recreation and leisure	<u>1,404,953</u>	<u>1,413,608</u>	<u>1,319,717</u>	<u>(93,891)</u>
<b>PUBLIC SAFETY</b>				
Building Inspector:				
Personnel services	258,160	261,160	261,160	-
Contractual services	6,350	6,350	6,350	-
Material and supplies	1,950	1,950	1,950	-
Capital outlay	3,200	3,200	3,200	-
Total building inspector	<u>269,660</u>	<u>272,660</u>	<u>272,660</u>	<u>-</u>
Animal Control:				
Contractual services	54,092	54,092	54,092	-
Material and supplies	60	60	57	(3)
Total animal control	<u>54,152</u>	<u>54,152</u>	<u>54,149</u>	<u>(3)</u>
Law Enforcement:				
Personnel services	334,500	334,500	334,499	(1)
Contractual services	711,610	711,610	711,610	-
Material and supplies	13,000	13,000	12,999	(1)
Capital outlay	14,500	14,500.00	-	(14,500)
Total law enforcement	<u>1,073,610</u>	<u>1,073,610</u>	<u>1,059,108</u>	<u>(14,502)</u>
Total public safety	<u>1,397,422</u>	<u>1,400,422</u>	<u>1,385,917</u>	<u>(14,505)</u>
<b>COMMUNITY DEVELOPMENT AND HUMAN SERVICES</b>				
Community Development:				
Personnel services	163,270	164,705	147,404	(17,301)
Contractual services	650	650	438	(212)
Material and supplies	11,450	23,450	19,010	(4,440)
Total community development	<u>175,370</u>	<u>188,805</u>	<u>166,852</u>	<u>(21,953)</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -**  
**BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>COMMUNITY DEVELOPMENT AND HUMAN SERVICES (Continued)</b>				
Human Services Subsidies:				
Contractual services	\$ 469,173	\$ 474,173	\$ 460,298	\$ (13,875)
Total human service subsidies	<u>469,173</u>	<u>474,173</u>	<u>460,298</u>	<u>(13,875)</u>
Total community development and human services	<u>644,543</u>	<u>662,978</u>	<u>627,150</u>	<u>(35,828)</u>
<b>BOARD OF EDUCATION</b>				
Board of Education	<u>44,047,273</u>	<u>44,047,273</u>	<u>42,814,658</u>	<u>(1,232,615)</u>
Total board of education	<u>44,047,273</u>	<u>44,047,273</u>	<u>42,814,658</u>	<u>(1,232,615)</u>
<b>MISCELLANEOUS</b>				
Employee benefits - contractual services	1,592,850	1,592,850	1,486,132	(106,718)
Insurance - contractual services	725,000	725,000	664,419	(60,581)
Contingencies	275,000	198,765	170,812	(27,953)
Teachers' Retirement Contribution - State	98,333	98,333	-	(98,333)
Total miscellaneous	<u>2,691,183</u>	<u>2,614,948</u>	<u>2,321,363</u>	<u>(293,585)</u>
<b>DEBT SERVICE</b>				
Principal payments	2,464,757	2,464,757	2,301,757	(163,000)
Interest and fiscal charges	979,143	979,143	879,141	(100,002)
Debt issuance costs	65,000	65,000	62,398	(2,602)
Total debt service	<u>3,508,900</u>	<u>3,508,900</u>	<u>3,243,296</u>	<u>(265,604)</u>
<b>Total expenditures</b>				
	<u>58,647,848</u>	<u>58,647,848</u>	<u>56,578,235</u>	<u>(2,069,613)</u>
<b>OTHER FINANCING USES</b>				
Transfers out:				
Capital reserve fund	25,000	25,000	25,000	-
Capital nonrecurring fund	412,489	412,489	426,489	14,000
Demolition & relocation reserve	17,000	17,000	17,000	-
Solid waste fund	321,191	321,191	321,191	-
Revaluation fund	20,000	20,000	20,000	-
Reserve for dam maintenance	5,000	5,000	5,000	-
Reserve for negotiation of PILOT	5,000	5,000	5,000	-
Bridge maintenance fund	5,000	5,000	5,000	-
Unexpended education fund	-	436,849	436,849	-
Education capital nonrecurring fund	291,978	291,978	291,978	-
Total other financing uses	<u>1,102,658</u>	<u>1,539,507</u>	<u>1,553,507</u>	<u>14,000</u>
<b>Total expenditures and other financing uses</b>				
	<u>\$ 59,750,506</u>	<u>\$ 60,187,355</u>	<u>\$ 58,131,742</u>	<u>\$ (2,055,613)</u>

*(Concluded)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Grand List Year	Uncollected Taxes July 1, 2019	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2020
			Additions	Deletions			Taxes	Interest	Liens	
2018	\$ -	\$ 36,213,527	\$ 524,190	\$ 614,068	\$ 3,135	\$ 36,120,514	\$ 35,387,224	\$ 126,145	\$ 474	\$ 733,290
2017	651,928	-	2,109	12,500	1,332	640,205	322,133	66,496	3,545	318,072
2016	248,840	-	653	2,120	1,038	246,335	82,682	35,977	900	163,653
2015	139,949	-	49	666	(381)	139,713	44,478	19,659	646	95,235
2014	65,765	-	-	214	747	64,804	11,826	9,230	168	52,978
2013	34,284	-	-	136	934	33,214	4,288	3,319	60	28,926
2012	18,202	-	-	31	3,567	14,604	1,283	1,294	42	13,321
2011	15,369	-	-	-	3,965	11,404	164	549	6	11,240
2010	12,927	-	-	-	2,425	10,502	177	247	6	10,325
2009	7,974	-	-	-	698	7,276	24	39	-	7,252
2008	4,728	-	-	-	321	4,407	60	119	-	4,347
2007	3,345	-	-	-	1,119	2,226	-	-	-	2,226
2006	1,794	-	-	-	557	1,237	166	438	-	1,071
2005	1,527	-	-	-	233	1,294	260	674	-	1,034
2004	917	-	-	-	(349)	1,266	349	1,130	-	917
2003	903	-	-	-	903	-	-	-	-	-
	<u>\$ 1,208,452</u>	<u>\$ 36,213,527</u>	<u>\$ 527,001</u>	<u>\$ 629,735</u>	<u>\$ 20,244</u>	<u>\$ 37,299,001</u>	<u>\$ 35,855,114</u>	<u>\$ 265,316</u>	<u>\$ 5,847</u>	<u>\$ 1,443,887</u>



**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)  
AS OF JUNE 30, 2020

Total cash collections for the year ended  
June 30, 2020:

Taxes	\$ 35,855,114
Interest and lien fees	271,163
Total	<u>36,126,277</u>

Reimbursement for revenue loss:

Tax relief (CGS 12-129d)	13,629
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Base \$ 36,139,906

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 81,314,789	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	162,629,577	-	-	-
3-3/4 times base	-	-	135,524,648	-	-
3-1/4 times base	-	-	-	117,454,695	-
3 times base	-	-	-	-	108,419,718
Total debt limitation	<u>81,314,789</u>	<u>162,629,577</u>	<u>135,524,648</u>	<u>117,454,695</u>	<u>108,419,718</u>
Indebtedness:					
Bonds payable	7,241,019	14,541,720	422,261	-	-
Clean Water Fund:					
Loans	-	-	9,384,323	-	-
Interim Funding Obligations	-	-	8,821,303	-	-
	<u>7,241,019</u>	<u>14,541,720</u>	<u>18,627,887</u>	<u>-</u>	<u>-</u>
Add: Authorized, unissued bonds	5,085,000	6,525,000	21,145,020	-	-
Less: Sewer assessments receivable	-	-	(219,099)	-	-
Total indebtedness	<u>12,326,019</u>	<u>21,066,720</u>	<u>39,992,006</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 68,988,770</u>	<u>\$ 141,562,857</u>	<u>\$ 95,532,642</u>	<u>\$ 117,454,695</u>	<u>\$ 108,419,718</u>
Total capacity of borrowing (7 times base)	\$ 252,979,342				
Total present indebtedness	<u>73,384,745</u>				
Margin for additional borrowing	<u>\$ 179,594,597</u>				

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**CAPITAL IMPROVEMENTS FUND**

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**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS - CAPITAL IMPROVEMENTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Project Appropriations			Project Expenditures			Remaining
	Balance June 30, 2019	Current Year Appropriations	Balance June 30, 2020	Balance June 30, 2019	Current Year Expenditures	Balance June 30, 2020	Balance June 30, 2020
Sidewalks	\$ 860,034	\$ 8,554	\$ 868,588	\$ 859,743	\$ -	\$ 859,743	\$ 8,845
Road Renewal - GF	-	212,757	212,757	-	-	-	212,757
Spot Drainage	215,499	-	215,499	210,717	3,110	213,827	1,672
Landfill Closure	3,000,001	-	3,000,001	2,792,107	-	2,792,107	207,894
Killingly Industrial Park	20,848	-	20,848	15,543	2,450	17,993	2,855
Pratt/Ledge Roads	251,469	-	251,469	152,810	-	152,810	98,659
KCC Theatre Lighting	29,043	-	29,043	24,867	-	24,867	4,176
Salt Storage Facilities	421,414	75,183	496,597	421,414	-	421,414	75,183
Rock Avenue	298,064	(42,244)	255,820	255,820	-	255,820	-
Chestnut Hill Road Bridge	66,889	(32,939)	33,950	33,950	-	33,950	-
Sewer- Reline and Replace	402,000	497,690	899,690	251,384	8,823	260,207	639,483
Cat Hollow Park Dev	11,935	(8,554)	3,381	3,381	-	3,381	-
Chiller - Old High School	183,622	-	183,622	4,840	-	4,840	178,782
Town Hall Building Improvement/HVAC	1,604,229	50,000	1,654,229	1,550,698	2,447	1,553,145	101,084
Highway Garage Truck Wash/Bay	50,000	-	50,000	-	10,707	10,707	39,293
Bugbee Bldg Interior Renovations	50,000	-	50,000	5,864	-	5,864	44,136
Sewer Replacement 10-11	100,000	(55,258)	44,742	44,742	-	44,742	-
Spot Drainage (TA)	35,000	-	35,000	15,276	-	15,276	19,724
Community Center Roof (12-13)	346,018	-	346,018	346,018	-	346,018	-
WPCA Capital project 12-13	207,164	(13,059)	194,105	194,105	-	194,105	-
WPCA - Capital Projects 13-14	141,023	(22,315)	118,708	118,708	-	118,708	-
Relocate/Replace Garage Fuel Tanks	314,834	-	314,834	303,609	-	303,609	11,225
Road Renewal 14-15 Unimproved TA	24,000	-	24,000	19,719	1,536	21,255	2,745
Road Renewal 15-16 Unimproved TA	58,000	-	58,000	2,125	-	2,125	55,875
P&A Mill - Brownfield Remediation	2,617,204	-	2,617,204	2,616,861	-	2,616,861	343
Rogers Pump Station	3,155,943	(34,318)	3,121,625	3,121,625	-	3,121,625	-
Force Main	500,000	(17,194)	482,806	482,806	-	482,806	-
WPCA Facility Update - CWF	22,300,000	-	22,300,000	4,225,465	8,962,986	13,188,451	9,111,549
16-17 TA Improved roads	260,844	-	260,844	240,366	20,478	260,844	-
Road Renewal 16-17 TA Unimproved	61,619	-	61,619	50,741	-	50,741	10,878
Spot Drainage 16-17 TA Unimproved	5,000	-	5,000	-	-	-	5,000
Downtown improvement project	1,000,000	-	1,000,000	635,187	362,621	997,808	2,192
North St Bridge Walkway	196,619	-	196,619	170,226	-	170,226	26,393
16-17 WPCA Capital Project	282,750	(65,945)	216,805	11,092	22,590	33,682	183,123
LOTICIP Main St Sidewalk Replacement	482,155	-	482,155	387,875	-	387,875	94,280
Bear Hill Road Bridge/Valley Road	1,800,000	-	1,800,000	153,214	1,022	154,236	1,645,764
Bugbee Bld HVAC System 16-17	81,358	-	81,358	6,858	74,500	81,358	-
Killingly Community Center	1,600,000	-	1,600,000	41,316	-	41,316	1,558,684

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS - CAPITAL IMPROVEMENTS FUND (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Project Appropriations			Project Expenditures			Remaining
	Balance June 30, 2019	Current Year Appropriations	Balance June 30, 2020	Balance June 30, 2019	Current Year Expenditures	Balance June 30, 2020	Balance June 30, 2020
KCS/KMS Goodyear Storage Tank Removal	\$ 300,000	\$ -	\$ 300,000	\$ 55,126	\$ 148,177	\$ 203,303	\$ 96,697
KMS Roof Replacement	1,600,000	-	1,600,000	1,090,024	-	1,090,024	509,976
KMS Window Replacement	3,000,000	-	3,000,000	198,871	1,414,360	1,613,231	1,386,769
KCS Roof Replacement	1,275,000	-	1,275,000	984,806	-	984,806	290,194
Good year Roof replacement	350,000	-	350,000	239,123	-	239,123	110,877
KCS ADA Compliance project	210,000	427,246	637,246	100,458	513,953	614,411	22,835
KMS ADA Compliance project	220,000	397,045	617,045	169,567	429,028	598,595	18,450
17-18 Road Renewal TA	250,000	-	250,000	204,161	45,839	250,000	-
17-18 Sewer Replacement	260,000	(239,628)	20,372	16,007	4,365	20,372	-
17-18 Capital Project	500	-	500	-	-	-	500
17-18 Sidewalks	10,000	-	10,000	1,465	(17,635)	(16,170)	26,170
17-18 Spot Drainage	20,000	-	20,000	-	-	-	20,000
18-19 Town Aid Road Improved	257,159	-	257,159	-	246,518	246,518	10,641
Parking Lot - Locip	148,850	-	148,850	147,200	1,650	148,850	-
18-19 Storm Drainage Improvements	20,000	-	20,000	-	1,936	1,936	18,064
18-19 Road Renewal (TA_	50,000	-	50,000	-	-	-	50,000
18-19 WPCA Sewer Replacement/Reline	100,000	(100,000)	-	-	-	-	-
18-19 WPCA Capital Project	100,000	(100,000)	-	-	-	-	-
19-20 Reynolds Street (TA)	-	50,000	50,000	-	-	-	50,000
19-20 Road Renewal (unimproved TA)	-	50,000	50,000	-	-	-	50,000
19-20 Road Renewal (improved TA)	-	207,121	207,121	-	62,063	62,063	145,058
19-20 Storm Drainage (TA)	-	10,000	10,000	-	-	-	10,000
19-20 Guiderail Replacements (TA)	-	25,000	25,000	-	-	-	25,000
19-20 Sidewalks TA/Reallocated	-	44,088	44,088	-	-	-	44,088
19-20 WPCA Capital Project	-	100,000	100,000	-	-	-	100,000
19-20 Sewer Line Replacement	-	100,000	100,000	-	-	-	100,000
19-20 DPW Parking Lot (locip)	-	250,000	250,000	-	214,693	214,693	35,307
19-20 Owen Bell Playground Resurface (locip)	-	80,000	80,000	-	71,754	71,754	8,246
19-20 KMS Construction	-	16,550,000	16,550,000	-	2,479	2,479	16,547,521
	<u>\$ 51,206,087</u>	<u>\$ 18,403,230</u>	<u>\$ 69,609,317</u>	<u>\$ 22,977,880</u>	<u>\$ 12,612,450</u>	<u>\$ 35,590,330</u>	<u>\$ 34,018,987</u>

*(Concluded)*

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**NONMAJOR GOVERNMENTAL FUNDS**

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**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2020**

	<b>Nonmajor Special Revenue Funds</b>					
	<b>School Cafeteria Fund</b>	<b>Educational Grants Fund</b>	<b>Community Development Block Grant Fund</b>	<b>Cemetery Fund</b>	<b>Workplace Substance Abuse Grant Fund</b>	<b>Recreation Revolving Fund</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 427,774	\$ 1,520,575	\$ 175,975	\$ 25,037	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	164,827	29,122	-	-	-	-
Other	7,876	-	12,703	-	-	-
Due from other funds	-	-	-	1,861	5,013	78,470
Inventories	43,196	-	-	-	-	-
Total assets	<u>\$ 643,673</u>	<u>\$ 1,549,697</u>	<u>\$ 188,678</u>	<u>\$ 26,898</u>	<u>\$ 5,013</u>	<u>\$ 78,470</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 78,893	\$ 6,898	\$ -	\$ 150	\$ -	\$ -
Due to other funds	2,056	1,514,087	58,860	-	-	-
Unearned revenue	21,604	28,712	12,703	-	-	-
Total liabilities	<u>102,553</u>	<u>1,549,697</u>	<u>71,563</u>	<u>150</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable	43,196	-	-	-	-	-
Restricted	497,924	-	117,115	-	-	-
Committed	-	-	-	26,748	5,013	78,470
Total fund balances	<u>541,120</u>	<u>-</u>	<u>117,115</u>	<u>26,748</u>	<u>5,013</u>	<u>78,470</u>
Total liabilities and fund balances	<u>\$ 643,673</u>	<u>\$ 1,549,697</u>	<u>\$ 188,678</u>	<u>\$ 26,898</u>	<u>\$ 5,013</u>	<u>\$ 78,470</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**AS OF JUNE 30, 2020**

	<b>Nonmajor Special Revenue Funds</b>				
	<b>Public Investment Community Grant in Aid Fund</b>	<b>Miscellaneous Special Revenue Fund</b>	<b>Historic Preservation Fund</b>	<b>Solid Waste Fund</b>	<b>Armory Fund</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 1,199,603	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables:					
Grants and contracts	-	-	-	-	-
Other	-	-	-	8,718	-
Due from other funds	4,533	2,976	76,110	413,758	405
Inventories	-	-	-	-	-
Total assets	<u>\$ 4,533</u>	<u>\$ 1,202,579</u>	<u>\$ 76,110</u>	<u>\$ 422,476</u>	<u>\$ 405</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 20,022	\$ -	\$ 12,646	\$ -
Due to other funds	-	196,138	-	-	-
Unearned revenue	-	72,449	-	27,820	-
Total liabilities	<u>-</u>	<u>288,609</u>	<u>-</u>	<u>40,466</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	4,533	-	76,110	-	-
Committed	-	913,970	-	382,010	405
Total fund balances	<u>4,533</u>	<u>913,970</u>	<u>76,110</u>	<u>382,010</u>	<u>405</u>
Total liabilities and fund balances	<u>\$ 4,533</u>	<u>\$ 1,202,579</u>	<u>\$ 76,110</u>	<u>\$ 422,476</u>	<u>\$ 405</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**AS OF JUNE 30, 2020**

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects Funds		
	Library Operating Fund	Community Outdoor Beautification Fund	Community Garden	Total Nonmajor Special Revenue Funds	Industrial Park Fund	Capital Reserve Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 31,731	\$ -	\$ 3,380,695	\$ 442,755	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	-	-	-	193,949	-	-
Other	-	-	-	29,297	-	30
Due from other funds	29,678	-	3,500	616,304	7,954	837,306
Inventories	-	-	-	43,196	-	-
Total assets	<u>\$ 29,678</u>	<u>\$ 31,731</u>	<u>\$ 3,500</u>	<u>\$ 4,263,441</u>	<u>\$ 450,709</u>	<u>\$ 837,336</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 118,609	\$ -	\$ 400
Due to other funds	-	-	-	1,771,141	-	-
Unearned revenue	-	-	-	163,288	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,053,038</u>	<u>-</u>	<u>400</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	43,196	-	-
Restricted	-	-	-	695,682	-	-
Committed	29,678	31,731	3,500	1,471,525	450,709	836,936
Total fund balances	<u>29,678</u>	<u>31,731</u>	<u>3,500</u>	<u>2,210,403</u>	<u>450,709</u>	<u>836,936</u>
Total liabilities and fund balances	<u>\$ 29,678</u>	<u>\$ 31,731</u>	<u>\$ 3,500</u>	<u>\$ 4,263,441</u>	<u>\$ 450,709</u>	<u>\$ 837,336</u>

*(Continued)*



**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Concluded)**  
AS OF JUNE 30, 2020

	<b>Nonmajor Capital Projects Funds</b>					<b>Total Nonmajor Governmental Funds</b>
	<b>Open Space Acquisition Fund</b>	<b>State Line Road Improvement Fund</b>	<b>Benefit Assessment Fund</b>	<b>Total Nonmajor Capital Projects Funds</b>	<b>Nonmajor Permanent Trust Funds</b>	
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 442,755	\$ 86,521	\$ 3,909,971
Investments	-	9,195	13,692	22,887	485,313	508,200
Receivables:						
Grants and contracts	-	-	-	-	-	193,949
Other	-	-	-	30	-	29,327
Due from other funds	224,631	-	-	1,069,891	-	1,686,195
Inventories	-	-	-	-	-	43,196
Total assets	<u>\$ 224,631</u>	<u>\$ 9,195</u>	<u>\$ 13,692</u>	<u>\$ 1,535,563</u>	<u>\$ 571,834</u>	<u>\$ 6,370,838</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 400	\$ -	\$ 119,009
Due to other funds	-	-	-	-	1,861	1,773,002
Unearned revenue	-	-	-	-	-	163,288
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>400</u>	<u>1,861</u>	<u>2,055,299</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	119,649	162,845
Restricted	-	-	-	-	450,324	1,146,006
Committed	224,631	9,195	13,692	1,535,163	-	3,006,688
Total fund balances	<u>224,631</u>	<u>9,195</u>	<u>13,692</u>	<u>1,535,163</u>	<u>569,973</u>	<u>4,315,539</u>
Total liabilities and fund balances	<u>\$ 224,631</u>	<u>\$ 9,195</u>	<u>\$ 13,692</u>	<u>\$ 1,535,563</u>	<u>\$ 571,834</u>	<u>\$ 6,370,838</u>

*(Concluded)*

**TOWN OF KILLINGLY, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	<b>Nonmajor Special Revenue Funds</b>					
	<b>School Cafeteria Fund</b>	<b>Educational Grants Fund</b>	<b>Community Development Block Grant Fund</b>	<b>Cemetery Fund</b>	<b>Workplace Substance Abuse Grant Fund</b>	<b>Recreation Revolving Fund</b>
<b>REVENUES</b>						
Intergovernmental	\$ 898,596	\$ 2,139,260	\$ -	\$ -	\$ -	\$ -
Charges for services	332,926	-	-	-	-	39,033
Investment income	-	-	322	-	-	-
Other	-	-	28,105	936	-	-
Total revenues	<u>1,231,522</u>	<u>2,139,260</u>	<u>28,427</u>	<u>936</u>	<u>-</u>	<u>39,033</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	825	-	-
Recreation and leisure	-	-	-	-	-	27,635
Public safety	-	-	-	-	154	-
Community development and human services	-	-	53,789	-	-	-
Education	1,222,566	2,139,260	-	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	<u>1,222,566</u>	<u>2,139,260</u>	<u>53,789</u>	<u>825</u>	<u>154</u>	<u>27,635</u>
Excess (deficiency) of revenues over expenditures	8,956	-	(25,362)	111	(154)	11,398
<b>OTHER FINANCING SOURCES (USES)</b>						
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	8,956	-	(25,362)	111	(154)	11,398
Fund balances - beginning	532,164	-	142,477	26,637	5,167	67,072
Fund balances - ending	<u>\$ 541,120</u>	<u>\$ -</u>	<u>\$ 117,115</u>	<u>\$ 26,748</u>	<u>\$ 5,013</u>	<u>\$ 78,470</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 FOR THE YEAR ENDED JUNE 30, 2020

	<b>Nonmajor Special Revenue Funds</b>				
	<b>Public Investment Community Grant in Aid Fund</b>	<b>Miscellaneous Special Revenue Fund</b>	<b>Historic Preservation Fund</b>	<b>Solid Waste Fund</b>	<b>Armory Fund</b>
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ 102,448	\$ 5,500	\$ -	\$ -
Charges for services	-	597,566	-	194,465	4,416
Investment income	-	-	-	-	-
Other	-	-	17,056	-	-
Total revenues	<u>-</u>	<u>700,014</u>	<u>22,556</u>	<u>194,465</u>	<u>4,416</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	384,930	-
Recreation and leisure	-	-	8,268	-	-
Public safety	-	-	-	-	-
Community development and human services	791	-	-	-	-
Education	-	668,562	-	-	-
Capital outlays	-	-	-	-	44,173
Total expenditures	<u>791</u>	<u>668,562</u>	<u>8,268</u>	<u>384,930</u>	<u>44,173</u>
Excess (deficiency) of revenues over expenditures	(791)	31,452	14,288	(190,465)	(39,757)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	321,191	-
Transfers out	-	-	-	(5,641)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,550</u>	<u>-</u>
Net changes in fund balances	(791)	31,452	14,288	125,085	(39,757)
Fund balances - beginning	<u>5,324</u>	<u>882,518</u>	<u>61,822</u>	<u>256,925</u>	<u>40,162</u>
Fund balances - ending	<u>\$ 4,533</u>	<u>\$ 913,970</u>	<u>\$ 76,110</u>	<u>\$ 382,010</u>	<u>\$ 405</u>

(Continued)

**TOWN OF KILLINGLY, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 FOR THE YEAR ENDED JUNE 30, 2020

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects		
	Library Operating Fund	Community Outdoor Beautification Fund	Community Garden	Total Nonmajor Special Revenue Funds	Industrial Park Fund	Capital Reserve Fund
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ 3,145,804	\$ -	\$ -
Charges for services	-	6,049	-	1,174,455	-	1,316
Investment income	-	540	-	862	1,840	-
Other	13,000	-	2,029	61,126	157	-
Total revenues	<u>13,000</u>	<u>6,589</u>	<u>2,029</u>	<u>4,382,247</u>	<u>1,997</u>	<u>1,316</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	385,755	-	-
Recreation and leisure	9,907	-	-	45,810	-	-
Public safety	-	-	-	154	-	-
Community development and human services	-	1,025	2,862	58,467	-	-
Education	-	-	-	4,030,388	-	-
Capital outlays	-	-	-	44,173	-	74,248
Total expenditures	<u>9,907</u>	<u>1,025</u>	<u>2,862</u>	<u>4,564,747</u>	<u>-</u>	<u>74,248</u>
Excess (deficiency) of revenues over expenditures	3,093	5,564	(833)	(182,500)	1,997	(72,932)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	321,191	-	33,307
Transfers out	-	-	-	(5,641)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,550</u>	<u>-</u>	<u>33,307</u>
Net changes in fund balances	3,093	5,564	(833)	133,050	1,997	(39,625)
Fund balances - beginning	<u>26,585</u>	<u>26,167</u>	<u>4,333</u>	<u>2,077,353</u>	<u>448,712</u>	<u>876,561</u>
Fund balances - ending	<u>\$ 29,678</u>	<u>\$ 31,731</u>	<u>\$ 3,500</u>	<u>\$ 2,210,403</u>	<u>\$ 450,709</u>	<u>\$ 836,936</u>

(Continued)

**TOWN OF KILLINGLY, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS *(Concluded)*  
 FOR THE YEAR ENDED JUNE 30, 2020

	<b>Nonmajor Capital Projects Funds</b>					<b>Total Nonmajor Governmental Funds</b>	
	<b>Open Space Acquisition Fund</b>	<b>State</b>		<b>Benefit Assessment Fund</b>	<b>Total Nonmajor Capital Projects Funds</b>		<b>Nonmajor Permanent Trust Funds</b>
		<b>Line Road Improvement Fund</b>					
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,145,804	
Charges for services	-	-	-	1,316	-	1,175,771	
Investment income	-	162	291	2,293	11,303	14,458	
Other	2,498	-	-	2,655	20,267	84,048	
Total revenues	<u>2,498</u>	<u>162</u>	<u>291</u>	<u>6,264</u>	<u>31,570</u>	<u>4,420,081</u>	
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	385,755	
Recreation and leisure	-	-	-	-	-	45,810	
Public safety	-	-	-	-	-	154	
Community development and human services	-	-	-	-	5,501	63,968	
Education	-	-	-	-	-	4,030,388	
Capital outlays	-	-	4,420	78,668	-	122,841	
Total expenditures	<u>-</u>	<u>-</u>	<u>4,420</u>	<u>78,668</u>	<u>5,501</u>	<u>4,648,916</u>	
Excess (deficiency) of revenues over expenditures	2,498	162	(4,129)	(72,404)	26,069	(228,835)	
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	33,307	957	355,455	
Transfers out	-	-	-	-	(22,078)	(27,719)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,307</u>	<u>(21,121)</u>	<u>327,736</u>	
Net changes in fund balances	2,498	162	(4,129)	(39,097)	4,948	98,901	
Fund balances - beginning	<u>222,133</u>	<u>9,033</u>	<u>17,821</u>	<u>1,574,260</u>	<u>565,025</u>	<u>4,216,638</u>	
Fund balances - ending	<u>\$ 224,631</u>	<u>\$ 9,195</u>	<u>\$ 13,692</u>	<u>\$ 1,535,163</u>	<u>\$ 569,973</u>	<u>\$ 4,315,539</u>	

*(Concluded)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET - KILLINGLY PUBLIC LIBRARY TRUST FUNDS**  
**AS OF JUNE 30, 2020**

	<b>Nonmajor Permanent Funds</b>		
	<b>Cash and Cash Equivalents</b>	<b>Investments</b>	<b>Restricted Special Reserves External</b>
<b>Killingly Public Library Funds</b>			
Mildred Sterns	\$ 1,708	\$ 1,517	\$ 3,225
Emily Danielson	1,182	3,470	4,652
Mary Dexter	296	837	1,133
Frederick A. Jacobs	28	-	28
Basset Hammond	1,036	2,705	3,741
Nathan Prince	37,129	330,808	367,937
Almond M. Paine	7,995	21,558	29,553
Ella Dorrance	3,364	8,725	12,089
Adolp Goldwater	-	2,641	2,641
Library Special	-	958	958
Total Killingly Public Library Funds	<u>\$ 52,738</u>	<u>\$ 373,219</u>	<u>\$ 425,957</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 KILLINGLY PUBLIC LIBRARY TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	<b>Nonmajor Permanent Funds</b>					<b>Fund Balance June 30, 2020</b>
	<b>Fund Balance July 1, 2019</b>	<b>Investment Income</b>	<b>Contributions</b>	<b>Community Development and Human Services</b>	<b>Transfers In (Out), net</b>	
<b>Killingly Public Library Funds</b>						
Mildred Sterns	\$ 2,508	\$ 45	\$ -	\$ -	\$ 672	\$ 3,225
Emily Danielson	4,552	82	-	-	18	4,652
Mary Dexter	1,101	23	-	-	9	1,133
Frederick A. Jacobs	19	-	-	-	9	28
Basset Hammond	3,598	65	-	-	78	3,741
Nathan Prince	365,058	6,578	20,267	(3,992)	(19,974)	367,937
Almond M. Paine	27,913	1,640	-	-	-	29,553
Ella Dorrance	11,850	212	-	-	27	12,089
Adolp Goldwater	2,541	46	-	-	54	2,641
Library Special	913	45	-	-	-	958
Total Killingly Public Library Funds	<u>\$ 420,053</u>	<u>\$ 8,736</u>	<u>\$ 20,267</u>	<u>\$ (3,992)</u>	<u>\$ (19,107)</u>	<u>\$ 425,957</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET - PERMANENT TRUST FUNDS -**  
**AS OF JUNE 30, 2020**

	<b>Nonmajor Permanent Funds</b>				
	<b>Cash and Cash Equivalents</b>	<b>Investments</b>	<b>Due from (to) Others</b>	<b>Nonspendable Permanent Fund Principal</b>	<b>Restricted Special Reserves External</b>
<b>Permanent Trust Funds</b>					
Thomas J. Evans	\$ 673	\$ 2,327	\$ -	\$ 3,000	\$ -
Ezra Mathewson	104	310	(14)	400	-
Shubael Hutchins Nonspendable	1,122	3,878	-	5,000	-
Louisa E. Day	1,919	6,626	-	8,545	-
Civil War Monument	45	157	-	202	-
Arthur Wilkes	112	388	-	500	-
Hutchins Burial Lot	55	157	(8)	204	-
Mildred Stearns	8,418	29,082	-	37,500	-
Paine Mitchell Matthews	416	1,241	(57)	1,600	-
Paine Cemetery - Town	13,006	38,776	(1,782)	50,000	-
Emily Danielson	224	776	-	1,000	-
Eunice Randell	225	775	-	1,000	-
Earl Chandler	-	852	-	852	-
Mary Dexter	112	388	-	500	-
Frederick A. Jacobs	112	388	-	500	-
Basset Hammond	976	3,370	-	4,346	-
Ella Dorrance	337	1,163	-	1,500	-
Adolp Goldwater	673	2,327	-	3,000	-
Shubael Hutchins Spendable	5,254	19,113	-	-	24,367
Total Permanent Trust Funds	<u>\$ 33,783</u>	<u>\$ 112,094</u>	<u>\$ (1,861)</u>	<u>\$ 119,649</u>	<u>\$ 24,367</u>



**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**PERMANENT TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Nonmajor Permanent Funds</b>				<b>Fund Balance, June 30, 2020</b>
	<b>Fund Balance, July 1, 2019</b>	<b>Investment Income</b>	<b>Community Development and Human Services</b>	<b>Transfers In (Out), net</b>	
<b>Permanent Trust Funds</b>					
Thomas J. Evans	\$ 3,000	\$ 54	\$ -	\$ (54)	\$ 3,000
Ezra Mathewson	400	7	-	(7)	400
Shubael Hutchins Nonspendable	5,000	90	-	(90)	5,000
Louisa E. Day	8,545	153	-	(153)	8,545
Civil War Monument	202	4	-	(4)	202
Arthur Wilkes	500	9	(9)	-	500
Hutchins Burial Lot	204	4	-	(4)	204
Mildred Stearns	37,500	672	-	(672)	37,500
Paine Mitchell Matthews	1,600	29	-	(29)	1,600
Paine Cemetery - Town	50,000	896	-	(896)	50,000
Emily Danielson	1,000	18	-	(18)	1,000
Eunice Randell	1,000	-	-	-	1,000
Earl Chandler	852	-	-	-	852
Mary Dexter	500	9	-	(9)	500
Frederick A. Jacobs	500	9	-	(9)	500
Basset Hammond	4,346	78	-	(78)	4,346
Ella Dorrance	1,500	27	-	(27)	1,500
Adolp Goldwater	3,000	54	-	(54)	3,000
Shubael Hutchins Spendable	25,323	454	(1,500)	90	24,367
Total Permanent Trust Funds	<u>\$ 144,972</u>	<u>\$ 2,567</u>	<u>\$ (1,509)</u>	<u>\$ (2,014)</u>	<u>\$ 144,016</u>

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**PRIVATE PURPOSE TRUST FUNDS**

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**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION -**  
**PRIVATE PURPOSE TRUST FUNDS**  
**AS OF JUNE 30, 2020**

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Due from Other Funds</u>	<u>Held in Trust for Endowment Purposes</u>
Olivia Boulais	\$ 5,121	\$ -	\$ -	\$ 5,121
Robert D. Payne	2,633	-	-	2,633
Blanche Phoenix	1,102	-	-	1,102
Frances Upham Spaulding	-	1,173	-	1,173
Ruth E. Osgood	188	7,500	-	7,688
Goldwater Weisberg	854	-	-	854
Laura Pike Rowe	15,994	672,944	-	688,938
Adrian Herklots	2,306	-	-	2,306
Normington Memorial Savings	2,592	-	-	2,592
Normington Memorial CD	-	2,206	-	2,206
Jeffrey Lehman	30,327	-	-	30,327
Chris Wood	27,812	-	-	27,812
Ryan Doyle	16,854	-	-	16,854
John E. Bitgood Trust	-	37,888	8,213	46,101
Helen Lupien Savings	319	-	-	319
William Hoss	1,656	-	-	1,656
Earle Chandler CD	1,314	-	-	1,314
Total Private Purpose Trust Funds	<u>\$ 109,072</u>	<u>\$ 721,711</u>	<u>\$ 8,213</u>	<u>\$ 838,996</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -**  
**PRIVATE PURPOSE TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Fund Balance, July 1, 2019</b>	<b>Additions</b>		<b>Deletions</b>	<b>Fund Balance, June 30, 2020</b>
		<b>Contributions</b>	<b>Investment Income</b>	<b>Awards</b>	
Olive Boulais	\$ 5,112	\$ -	\$ 9	\$ -	\$ 5,121
Robert D. Payne	2,658	-	5	(30)	2,633
Blanche Phoenix	1,101	-	1	-	1,102
Frances Upham Spaulding	1,170	-	3	-	1,173
Ruth E. Osgood	7,669	-	19	-	7,688
Goldwater Weisberg	854	-	-	-	854
Laura Pike Rowe	680,606	-	8,332	-	688,938
Adrian Herklots	505	1,800	1	-	2,306
Normington Memorial Savings	2,591	1,000	1	(1,000)	2,592
Normington Memorial CD	2,201	-	5	-	2,206
Jeffrey Lehman	27,793	10,000	34	(7,500)	30,327
Chris Wood	20,288	12,500	24	(5,000)	27,812
Ryan Doyle	16,846	-	8	-	16,854
John E. Bitgood Trust	46,101	-	-	-	46,101
Helen Lupien Savings	319	-	-	-	319
William Hoss	1,655	-	1	-	1,656
Earle Chandler	1,313	-	1	-	1,314
<b>Total Private Purpose Trust Funds</b>	<b>\$ 818,782</b>	<b>\$ 25,300</b>	<b>\$ 8,444</b>	<b>\$ (13,530)</b>	<b>\$ 838,996</b>

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**AGENCY FUNDS**

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**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**  
**AS OF JUNE 30, 2020**

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	<b>Student Activities Fund</b>	<b>Performance Bonds Fund</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 334,886	\$ 304,621	\$ 639,507
Investments	21,666	-	21,666
Total assets	\$ 356,552	\$ 304,621	\$ 661,173
<b>LIABILITIES</b>			
Due to student groups	\$ 356,552	\$ -	\$ 356,552
Due to others	-	304,621	304,621
Total liabilities	\$ 356,552	\$ 304,621	\$ 661,173

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Balance, July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2020</u>
<b>Student Activities Fund</b>				
Assets				
Cash and cash equivalents:				
Killingly High School	\$ 152,778	\$ 407,694	\$ 368,647	\$ 191,825
Killingly Intermediate School	68,055	60,011	49,759	78,307
Killingly Central School	19,973	16,486	15,023	21,436
Killingly Memorial School	35,857	17,505	17,233	36,129
Goodyear Early Childhood Center	8,409	2,245	3,912	6,742
BASP student activity account	1,032	-	585	447
Investments - Killingly High School	21,239	427	-	21,666
Total assets	<u>\$ 307,343</u>	<u>\$ 504,368</u>	<u>\$ 455,159</u>	<u>\$ 356,552</u>
Liabilities				
Due to student groups	\$ 307,343	\$ 504,368	\$ 455,159	\$ 356,552
Total liabilities	<u>\$ 307,343</u>	<u>\$ 504,368</u>	<u>\$ 455,159</u>	<u>\$ 356,552</u>
<b>Performance Bonds Fund</b>				
Assets				
Cash and cash equivalents	<u>\$ 252,102</u>	<u>\$ 185,601</u>	<u>\$ 133,082</u>	<u>\$ 304,621</u>
Total assets	<u>\$ 252,102</u>	<u>\$ 185,601</u>	<u>\$ 133,082</u>	<u>\$ 304,621</u>
Liabilities				
Due to others	<u>\$ 252,102</u>	<u>\$ 185,601</u>	<u>\$ 133,082</u>	<u>\$ 304,621</u>
Total liabilities	<u>\$ 252,102</u>	<u>\$ 185,601</u>	<u>\$ 133,082</u>	<u>\$ 304,621</u>
<b>Total Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 538,206	\$ 689,542	\$ 588,241	\$ 639,507
Investments	21,239	427	-	21,666
Total assets	<u>\$ 559,445</u>	<u>\$ 689,969</u>	<u>\$ 588,241</u>	<u>\$ 661,173</u>
Liabilities				
Due to student groups	\$ 307,343	\$ 504,368	\$ 455,159	\$ 356,552
Due to others	252,102	185,601	133,082	304,621
Total liabilities	<u>\$ 559,445</u>	<u>\$ 689,969</u>	<u>\$ 588,241</u>	<u>\$ 661,173</u>

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**OTHER INFORMATION (UNAUDITED)**

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities										
Net investment in capital assets	\$ 95,726,718	\$ 97,765,533	\$ 101,541,317	\$ 103,443,636	\$ 104,643,805	\$ 99,903,823	\$ 102,507,177	\$ 103,327,029	\$ 103,587,946	\$ 104,459,192
Restricted for:										
Endowments - expendable	484,838	506,970	530,161	552,215	547,792	554,935	515,047	455,622	445,376	450,324
Endowments - nonexpendable	119,634	119,630	119,630	119,630	119,632	119,642	119,642	119,648	119,649	119,649
Other purposes	-	-	-	-	-	-	-	112,521	209,623	695,682
Unrestricted	20,510,460	17,963,381	13,674,955	13,713,426	11,174,166	19,965,750	17,454,884	17,736,453	16,683,479	19,973,542
Total governmental activities net position	<u>\$ 116,841,650</u>	<u>\$ 116,355,514</u>	<u>\$ 115,866,063</u>	<u>\$ 117,828,907</u>	<u>\$ 116,485,395</u>	<u>\$ 120,544,150</u>	<u>\$ 120,596,750</u>	<u>\$ 121,751,273</u>	<u>\$ 121,046,073</u>	<u>\$ 125,698,389</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,573,800	\$ 3,619,835	\$ 3,403,030	\$ 4,005,969	\$ 3,494,171	\$ 3,553,737	\$ 3,486,120	\$ 3,439,137	\$ 3,515,089	\$ 3,902,890
Public works	5,275,524	5,203,896	5,265,384	5,825,718	6,108,779	5,687,401	6,680,406	7,108,844	7,376,605	7,270,411
Recreation and leisure	2,016,637	1,926,344	1,979,551	1,426,575	1,773,789	1,763,540	1,746,407	1,634,809	1,710,857	1,596,815
Public safety	875,611	1,055,882	998,195	1,015,900	1,050,732	1,224,197	1,309,793	1,234,382	1,130,827	1,340,283
Community development and human services	1,088,021	1,342,336	943,972	1,382,091	906,536	922,786	3,649,138	1,717,757	1,216,262	722,894
Education	50,528,114	51,275,566	52,455,544	53,959,068	54,525,897	56,072,307	56,386,330	59,009,409	55,818,177	57,589,259
Interest and fiscal charges	976,042	1,550,711	1,051,283	873,546	1,155,761	1,048,505	1,076,691	1,037,512	980,400	1,162,594
Total governmental activities expenses	<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>	<u>74,334,885</u>	<u>75,181,850</u>	<u>71,748,217</u>	<u>73,585,146</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	1,092,072	616,933	961,098	507,533	608,290	668,403	668,403	1,197,134	1,256,292	810,394
Public works	3,870,175	3,668,673	3,311,533	4,112,042	4,810,621	4,192,867	4,192,867	4,022,925	4,086,994	4,188,895
Recreation and leisure	195,559	218,743	140,129	175,233	170,582	208,119	208,119	15,297	237,277	113,447
Public safety	22,671	24,550	1,710	4,879	7,949	448	448	-	5,785	-
Community development and human services	32,899	24,397	17,282	162,650	191,588	181,272	181,272	158,362	32,208	57,343
Education	4,099,742	4,656,775	4,356,732	4,447,256	4,647,089	4,301,525	4,301,525	3,265,614	3,945,153	3,693,237
Operating grants and contributions	24,602,333	24,076,446	27,649,324	23,879,797	27,012,473	29,770,868	29,770,868	29,383,271	24,732,635	29,668,025
Capital grants and contributions	1,089,494	2,810,977	2,690,253	1,493,682	2,680,502	2,289,374	2,289,374	2,853,903	608,981	2,084,523
Total governmental activities program revenues	<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>	<u>41,612,876</u>	<u>41,612,876</u>	<u>40,896,506</u>	<u>34,905,325</u>	<u>40,615,864</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(28,328,804)	(29,877,076)	(26,968,898)	(33,705,795)	(28,886,571)	(28,659,597)	(32,722,009)	(34,285,344)	(36,842,892)	(32,969,282)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	28,043,355	28,367,953	28,753,203	30,683,974	31,879,104	33,343,852	34,101,036	34,655,792	35,065,215	36,497,072
Unrestricted grants and contributions	1,053,240	1,258,030	1,254,281	506,500	541,271	528,834	1,176,400	488,538	535,010	549,109
Investment income	75,781	175,314	184,722	133,176	207,756	329,448	251,984	295,537	537,467	575,417
Total governmental activities	<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>	<u>35,529,420</u>	<u>35,439,867</u>	<u>36,137,692</u>	<u>37,621,598</u>
<b>Change in Net Position</b>										
Governmental activities	<u>\$ 843,572</u>	<u>\$ (75,779)</u>	<u>\$ 3,223,308</u>	<u>\$ (2,382,145)</u>	<u>\$ 3,741,560</u>	<u>\$ 5,542,537</u>	<u>\$ 2,807,411</u>	<u>\$ 1,154,523</u>	<u>\$ (705,200)</u>	<u>\$ 4,652,316</u>

**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%
2011	48.01	21.17	3.43	21.77	5.63	1,720,057,294	7,582,720	409,828,215	1,302,646,359
2012	48.01	21.00	3.49	21.62	5.87	1,732,442,346	7,915,160	413,076,450	1,311,450,736
2013	44.60	22.30	3.36	23.87	5.87	1,745,556,915	430,043,201	-	1,315,513,715
2014	45.51	22.74	3.44	22.45	5.87	1,765,102,163	428,814,673	-	1,336,287,490
2015	39.41	24.82	3.15	25.62	7.01	1,497,944,702	413,602,923	-	1,084,341,779
2016	38.89	24.97	2.41	26.72	7.01	1,528,178,594	420,887,802	-	1,107,290,792
2017	32.02	20.59	2.12	39.12	6.16	1,859,439,124	722,170,145	-	1,137,268,979
2018	31.95	19.93	2.76	39.22	6.14	1,757,400,561	593,884,743	-	1,163,515,818
2019	33.80	21.34	2.52	35.79	6.48	1,783,656,710	622,123,077	-	1,161,533,633
2020	38.50	20.57	6.58	30.97	6.10	1,963,872,161	617,578,427	-	1,346,293,734

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

**Source:** Town of Killingly, Office of the Assessor.

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

FISCAL YEAR ENDED JUNE 30	TAX RATE IN MILLS	GRAND LIST OF OCTOBER 1	NET TAXABLE GRAND LIST	TOTAL ADJUSTED TAX LEVY (2)	NET CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	PERCENT OF LEVY UNCOLLECTED
2020	24.96	2018	\$ 1,346,293,734	\$ 36,120,514	\$ 35,387,224	97.97%	2.03%
2019	27.76	2017	1,161,533,633	35,236,276	34,584,348	98.15%	1.85%
2018	27.31	2016	1,276,580,153	34,291,457	33,695,039	98.26%	1.74%
2017	27.31	2015	1,137,268,979	33,761,002	33,012,123	97.78%	2.22%
2016	27.31	2014	1,107,290,792	33,021,360	32,284,966	97.77%	2.23%
2015	26.51	2013	1,084,341,779	31,596,382	30,824,027	97.56%	2.44%
2014	20.70	2012	1,336,287,490	30,395,902	29,663,595	97.59%	2.41%
2013	19.70	2011	1,315,513,714	28,651,840	27,961,980	97.21%	2.79%
2012	19.20	2010	1,311,450,736	28,005,174	27,240,681	97.21%	2.79%
2011	19.10	2009	1,302,646,359	27,768,617	26,935,751	97.13%	2.87%

- (1) Taxes are levied on all taxable, assessed property on the October 1 grand list, prior to the beginning of the fiscal year. Real property taxes are payable in four installments on July 1, October 1, January 1 and April 1. Motor vehicle supplemental bills are payable on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after five years, at which time they cease to be carried as receivables. Delinquent real estate accounts are collectible for up to 15 years after the due date in accordance with State Statutes.
- (2) Tax levy is per \$1,000 of the assessed value of taxable property.

Table 5

**TOWN OF KILLINGLY, CONNECTICUT**  
 PRINCIPAL TAXPAYERS  
 JUNE 30, 2020  
*(Unaudited)*

TAXPAYER	NATURE OF BUSINESS	ASSESSMENT (1)	PERCENT OF NET TAXABLE GRAND LIST
EVERSOURCE Aka CL&P	UTILITY DISTRIBUTION CO.	\$ 56,040,450	4.16%
DAYVILLE PROPERTY DEVELOPMENT	COMMERCIAL DEVELOPMENT	34,585,810	2.57%
FRITO LAY	MANUFACTURER - SNACK FOODS	26,603,458	1.98%
UNITED NATURAL FOODS	FOOD PRODUCTS	18,981,210	1.41%
STAPLES	RETAIL/WAREHOUSING	13,176,830	0.98%
CT WATER	UTILITY DISTRIBUTION CO.	13,735,560	1.02%
ALEXANDERS LAND TRUST	REALTY HOLDING COMPANY	13,246,380	0.98%
PJC - REALTY	REALTY HOLDING COMPANY	11,084,080	0.82%
TARGET CORPORATION	RETAIL DISCOUNT STORE	10,173,600	0.76%
YANKEE GAS	UTILITY DISTRIBUTION CO.	8,694,290	0.65%
TOTAL		<u>\$ 206,321,668</u>	<u>15.33%</u>

(1) The net taxable grand list as of October 1, 2018 totaled \$1,346,293,734

Source: Assessor's Office, Town of Killingly

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

FISCAL YEAR ENDED JUNE 30	POPULATION(1)	NET TAXABLE GRAND LIST	BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	BONDED DEBT PER CAPITA
2020	17,336	\$ 1,346,293,734	\$ 31,589,323	2.35%	\$ 1,822
2019	17,558	1,161,533,633	29,078,494	2.50%	1,656
2018	17,172	1,163,515,818	28,769,247	2.47%	1,675
2017	17,268	1,137,268,979	30,875,310	2.71%	1,788
2016	17,131	1,107,290,792	32,967,321	2.98%	1,924
2015	17,172	1,084,341,779	30,488,360	2.75%	1,775
2014	17,223	1,336,287,490	30,099,935	2.65%	1,748
2013	17,358	1,315,513,715	32,008,100	2.40%	1,844
2012	17,330	1,311,450,736	27,092,675	2.07%	1,563
2011	17,370	1,302,646,359	25,424,700	1.95%	1,464

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

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

FISCAL YEAR ENDED JUNE 30	POPULATION(1)	NET TAXABLE GRAND LIST	BONDED DEBT	AMOUNT TO BE PROVIDED BY STATE (2)	BONDED DEBT, NET	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
2020	17,336	\$ 1,161,533,633	\$ 31,589,323	\$ -	\$ 31,589,323	2.7%	\$ 1,822
2019	17,287	1,346,293,734	29,078,494	-	29,078,494	2.2%	1,682
2018	17,172	1,163,515,818	28,769,247	-	28,769,247	2.5%	1,675
2017	17,268	1,137,268,979	30,875,310	-	30,875,310	2.7%	1,788
2016	17,131	1,107,290,792	32,967,321	-	32,967,321	3.0%	1,924
2015	17,172	1,084,341,779	30,488,360	-	30,488,360	2.8%	1,775
2014	17,223	1,336,287,490	30,099,935	-	30,099,935	2.3%	1,748
2013	17,358	1,315,513,715	32,008,100	-	32,008,100	2.3%	1,844
2012	17,330	1,311,450,736	27,092,675	-	27,092,675	2.1%	1,563
2011	17,370	1,302,646,359	25,424,700	112,654	25,312,046	1.9%	1,457

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

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

**Table 8**

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

Fiscal Year	(1) Population	Personal Income	Per Capita Personal Income	(2) Median Age	(3) School Enrollment	(4) Unemployment Rate
2020	17,336	\$ 556,312,240	\$ 32,090	42.2	2,546	11.40%
2019	17,287	533,874,421	30,883	41.2	2,461	4.90%
2018	17,172	507,896,244	29,577	41.2	2,523	4.90%
2017	17,268	469,863,586	27,210	41.4	2,519	6.70%
2016	17,131	471,941,919	27,549	40.0	2,515	7.30%
2015	17,172	473,071,428	27,549	39.8	1,764	8.70%
2014	17,223	474,476,427	27,549	39.8	2,687	10.20%
2013	17,358	468,266,766	26,977	39.8	2,689	10.30%
2012	17,330	460,718,050	26,585	39.8	2,685	11.10%
2011	17,370	452,019,510	26,023	39.8	2,681	10.90%

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



Table 9

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit	\$ 198,771,097	\$ 197,312,479	\$ 200,800,754	\$ 214,639,355	\$ 223,066,781	\$ 233,820,685	\$ 239,069,282	\$ 244,761,349	\$ 247,028,859	\$ 252,979,342
Total net debt applicable to limit	34,951,553	45,652,341	46,231,900	44,323,735	44,643,570	40,408,455	50,704,802	65,646,141	59,658,698	73,384,745
Legal Debt Margin	<u>\$ 163,819,544</u>	<u>\$ 151,660,138</u>	<u>\$ 154,568,854</u>	<u>\$ 170,315,620</u>	<u>\$ 178,423,211</u>	<u>\$ 193,412,230</u>	<u>\$ 188,364,480</u>	<u>\$ 179,115,208</u>	<u>\$ 187,370,161</u>	<u>\$ 179,594,597</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>17.58%</u>	<u>23.14%</u>	<u>23.02%</u>	<u>20.65%</u>	<u>20.01%</u>	<u>17.28%</u>	<u>21.21%</u>	<u>26.82%</u>	<u>24.15%</u>	<u>29.01%</u>

**Note:** Connecticut General Statutes, Section 7-374(b) limits the amount of general obligation debt a government entity may use to 7 times total tax collections, including interest and lien fees and the tax relief. The calculation of the 2020 debt limit can be found on page 99 of this report.