

**TOWN OF KILLINGLY,  
CONNECTICUT**



**Basic  
Financial Statements  
For The Year Ended  
June 30, 2010**



**TOWN OF KILLINGLY, CONNECTICUT  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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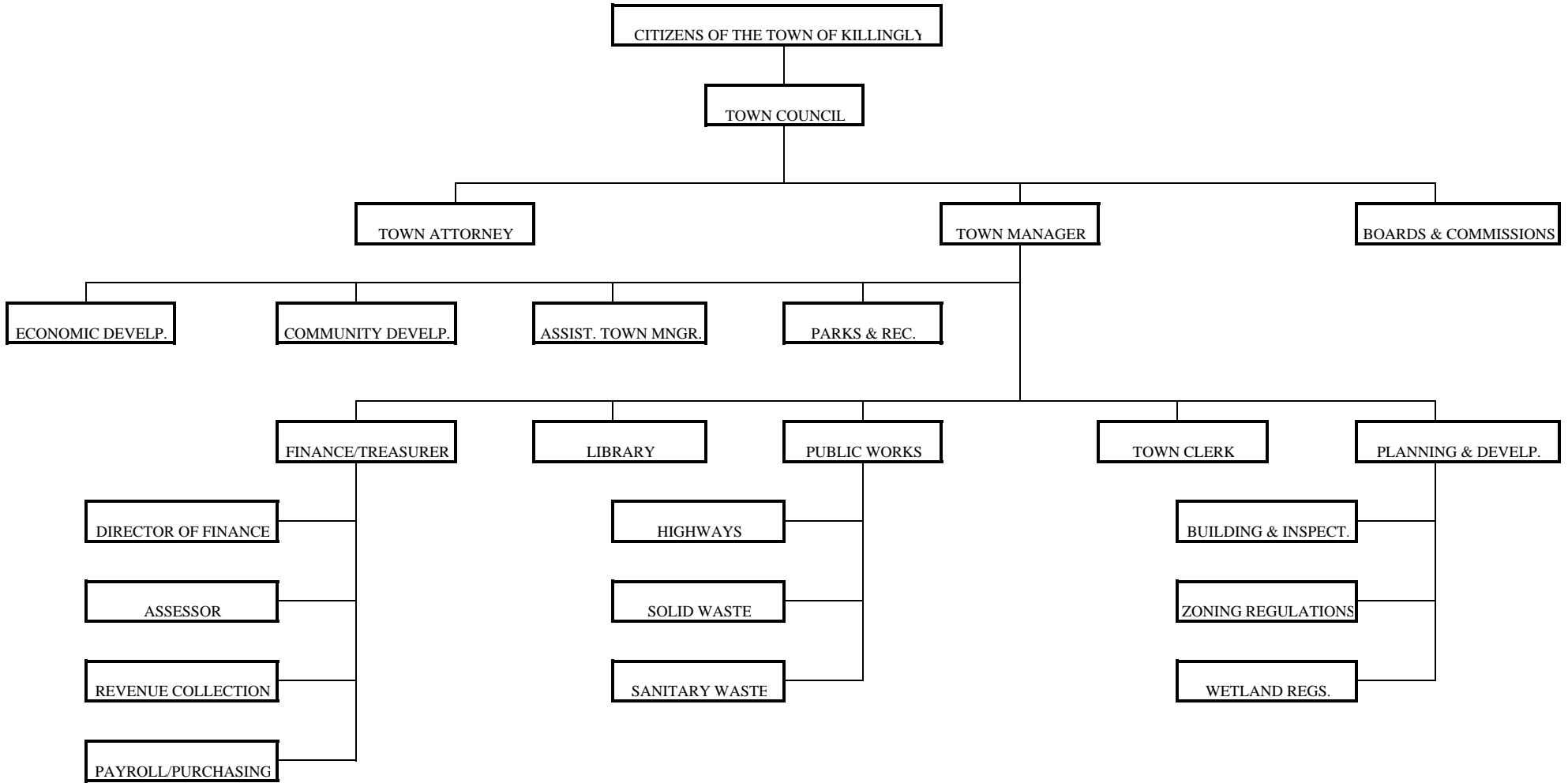
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# **INTRODUCTORY SECTION**

**TOWN OF KILLINGLY, CONNECTICUT  
ORGANIZATIONAL CHART  
JUNE 30, 2010**



**TOWN OF KILLINGLY, CONNECTICUT  
LIST OF PRINCIPAL TOWN OFFICIALS  
JUNE 30, 2010**

**TOWN COUNCIL**

Robert B. Young, Chairman  
Joyce Ricci, Vice-Chair  
Bradford C. Gauthier  
Jennifer Valys  
Mark Johnston  
John G. Sarantopoulos  
John W. LaGarde  
John Hallbergh, Jr.  
Harold Reeves

Dr. Lavius Robinson, Board of Education Liaison

**TOWN DEPARTMENTS**

Bruce E. Benway, Town Manager  
Mary T. Calorio, Director of Finance/Treasurer  
Melissa Bonin, Assessor  
Joseph A. Pajak, Building Official  
Mary Bromm, Community Development Administrator  
Elsie Bisset, Economic Development Coordinator  
Bruce J. Chimento, P.E., Director of Public Works/Town Engineer  
Thomas Dooley, Parks and Recreation Director  
Linda Walden, Director of Planning & Development  
David Sabourin, Highway Superintendent  
Patricia Monahan, Revenue Collector  
William M. Silver, Superintendent of Schools  
Elizabeth Wilson, Town Clerk  
Ray Allen, Fire Marshal  
Peter Ciparelli, Library Director

# **FINANCIAL SECTION**

# **Independent Auditors' Report**



## INDEPENDENT AUDITORS' REPORT

To the Town Council of the  
Town of Killingly, Connecticut

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, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and Sewer Operating Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2010 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and schedules of funding progress on page 56 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The introductory section, combining and individual fund statements and schedules and other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and other supplementary information have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

CCR LLP

Glastonbury, Connecticut  
December 21, 2010

# **Management's Discussion and Analysis**

# **TOWN OF KILLINGLY, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS**

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, 2010.

## **FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$116,858,835 (net assets). Of this amount, \$21,309,425 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$24,033,553 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 \$15,304,788, a decrease of \$1,346,743 in comparison with the prior year. The primary cause of this fund balance decrease is due to the issuance of bond anticipation notes for the new high school and sewer projects in the Capital Improvements Fund, which will be refinanced through the issuance of general obligation bonds in future years.
- At the close of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$6,643,835 or 13.2% of total General Fund expenditures. Expressed another way, unreserved fund balance for the General Fund was sufficient to cover 1.6 months of General Fund operating expenditures.
- The Town's total long-term bonded debt increased by \$4,530,000 or 25.3% during the current fiscal year due to the issuance of bonds offset by current year principal repayments.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

### **Government-wide Financial Statements**

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

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

# **TOWN OF KILLINGLY, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)**

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

### **Government-wide Financial Statements (*Continued*)**

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, public safety, recreation and leisure, 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 inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

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

The Town maintains 69 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, and the Sewer Operating Fund, all of which are considered to be major funds. Data from the other 66 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 - 22 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 its risk management activities. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 23 - 25 of this report.

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

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

**Fund Financial Statements (Continued)**

***Fiduciary Funds***

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

The basic fiduciary fund financial statements can be found on pages 26 and 27 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 - 55 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 supplemental information that can be found on pages 56, 57 - 91, and 92 - 98, respectively, of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Assets**

Over time, net assets may serve as one measure of a government's financial position. Total net assets of the Town totaled \$116,858,835 and \$92,825,282 as of June 30, 2010 and 2009, respectively, and are summarized as follows:

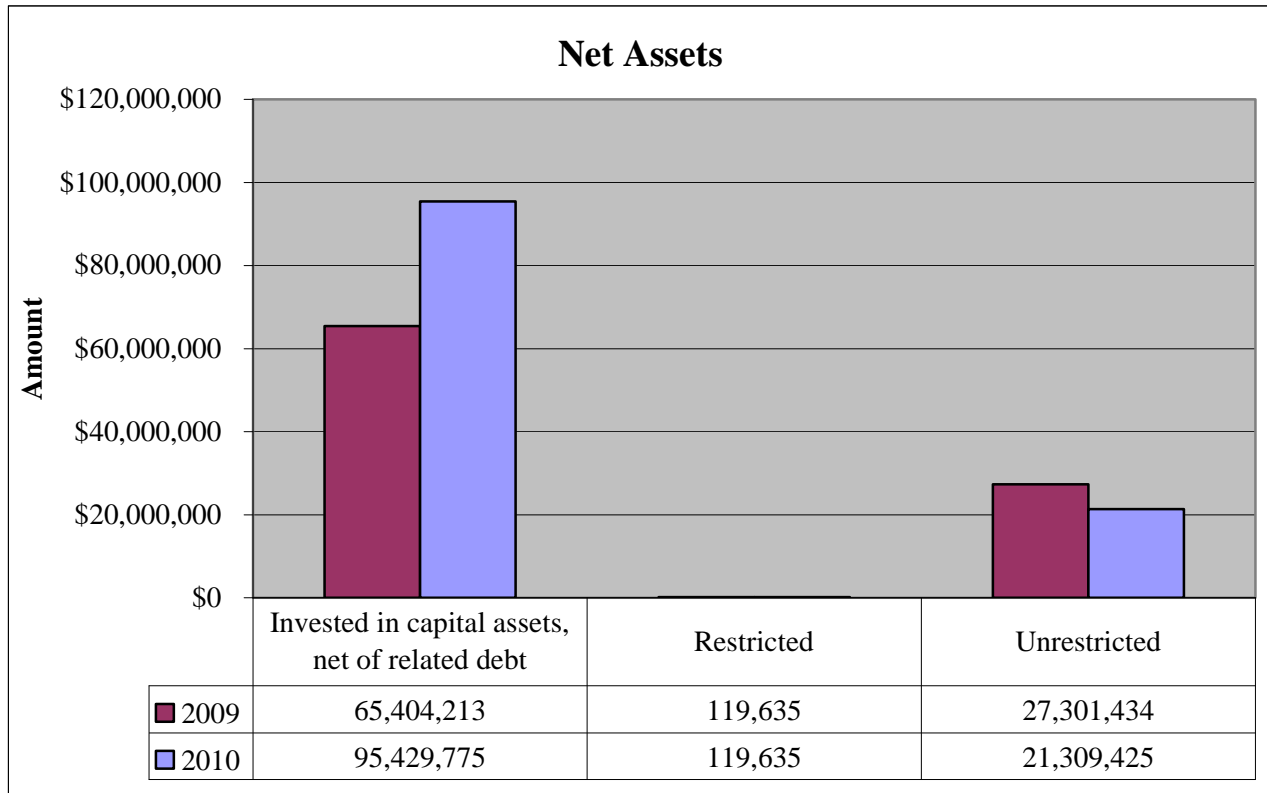
**Town of Killingly, Connecticut  
Net Assets  
June 30, 2010 and 2009**

	Total	
	2010	2009
Current and other assets	\$ 28,542,643	\$ 33,691,787
Capital assets	127,567,680	96,618,326
Total assets	156,110,323	130,310,113
Other liabilities	10,402,380	14,008,020
Long-term liabilities	28,849,108	23,476,811
Total liabilities	39,251,488	37,484,831
Net assets:		
Invested in capital assets, net of related debt	95,429,775	65,404,213
Restricted	119,635	119,635
Unrestricted	21,309,425	27,301,434
Total net assets	\$ 116,858,835	\$ 92,825,282

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

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

**Net Assets (Continued)**



82.2% of the Town's net assets reflect 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.

0.1% of the Town's net assets reflect resources that are subject to external restrictions on how they may be used.

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

Overall, net assets increased by \$24,033,553 in comparison to the prior year.

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

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

**Changes in Net Assets**

Changes in net assets for the years ended June 30, 2010 and 2009 are as follows:

**Town of Killingly, Connecticut  
Changes in Net Assets  
For The Years Ended June 30, 2010 and 2009**

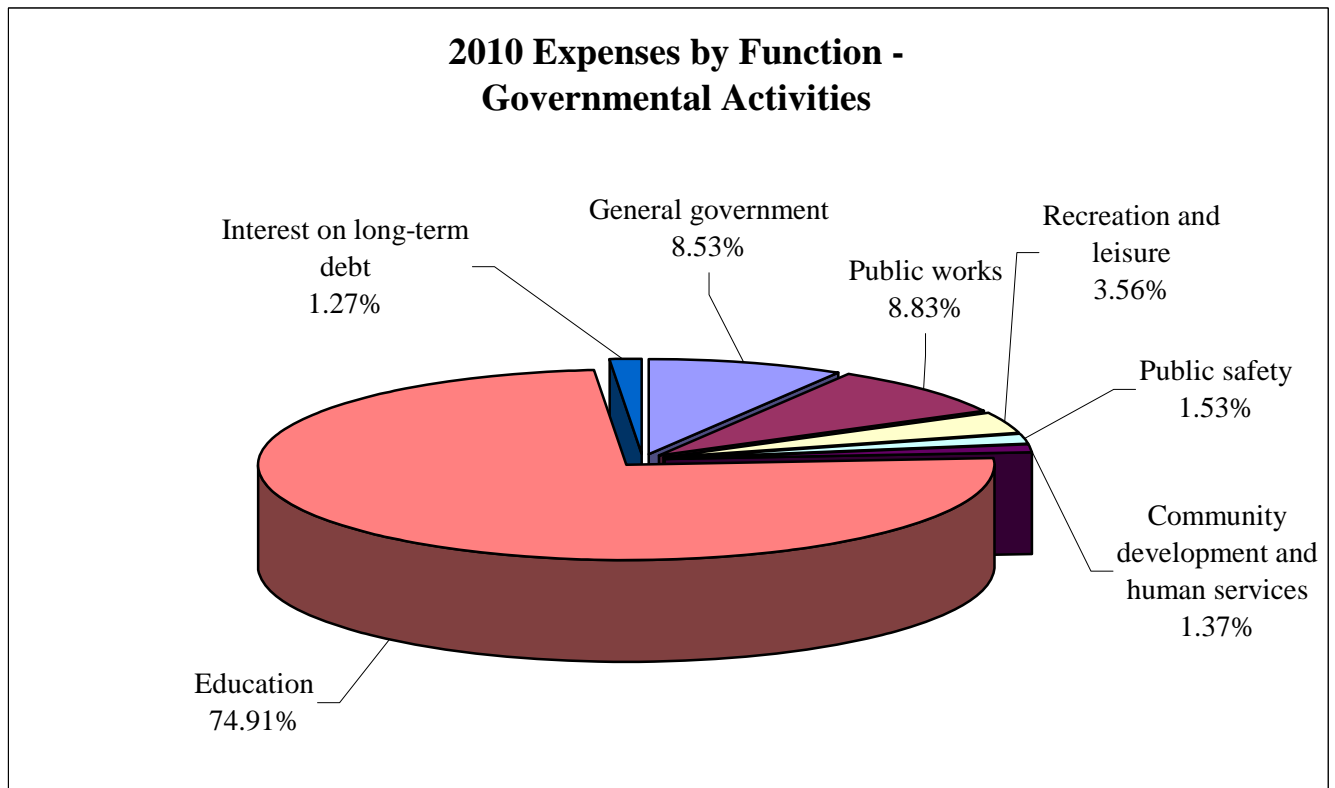
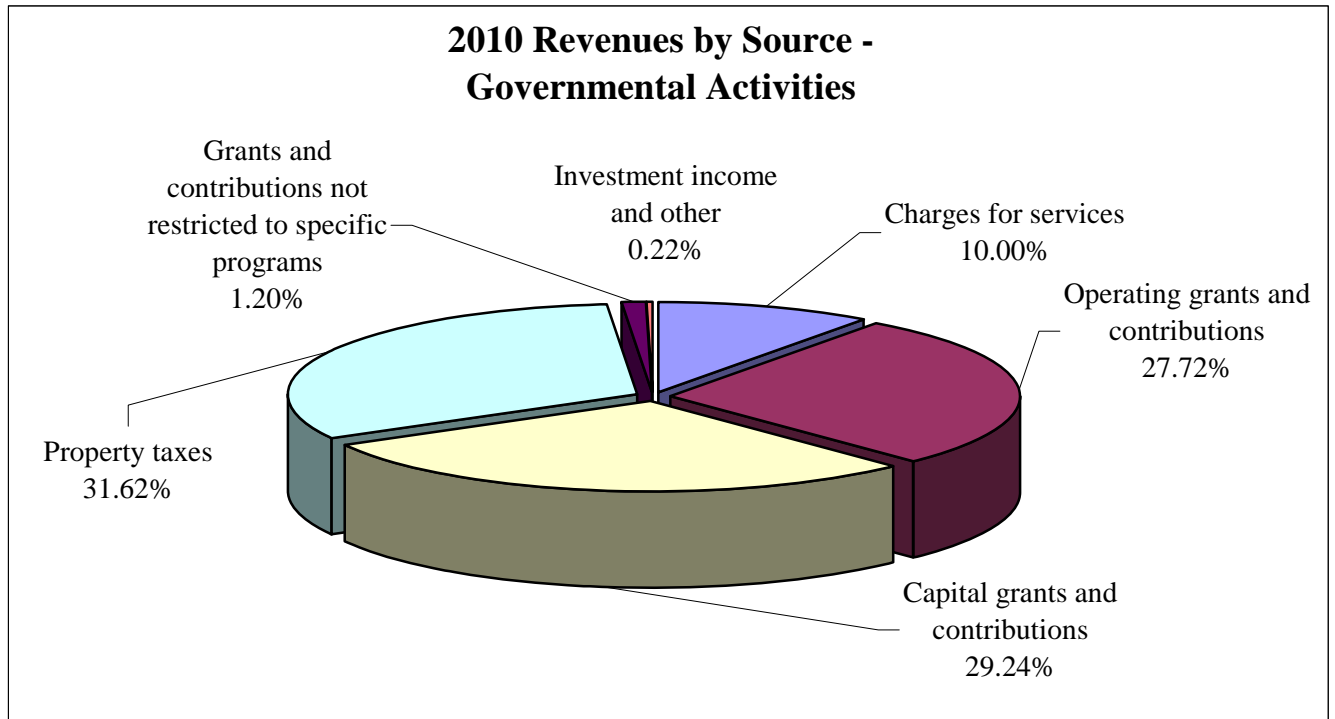
	Total	
	2010	2009
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 8,449,238	\$ 8,817,759
Operating grants and contributions	23,429,911	23,142,921
Capital grants and contributions	24,719,465	27,031,903
General revenues:		
Property taxes	26,730,410	25,943,148
Grants and contributions not restricted to specific programs	1,012,177	1,081,066
Investment income and other	188,545	250,898
Total revenues	<u>84,529,746</u>	<u>86,267,695</u>
<b>Expenses</b>		
General government	5,158,527	5,482,757
Public works	5,341,129	5,647,186
Recreation and leisure	2,152,551	2,284,037
Public safety	924,916	916,807
Community development and human services	829,070	1,030,228
Education	45,322,415	44,247,785
Interest on long-term debt	767,585	800,416
Total expenses	<u>60,496,193</u>	<u>60,409,216</u>
Change in net assets	24,033,553	25,858,479
Net assets, beginning	<u>92,825,282</u>	<u>66,966,803</u>
Net assets, ending	<u><u>\$ 116,858,835</u></u>	<u><u>\$ 92,825,282</u></u>



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

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

**Change in Net Assets (Continued)**



# **TOWN OF KILLINGLY, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)**

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

### **Change in Net Assets (*Continued*)**

Governmental activities increased the Town's net assets by \$24,033,553. Key elements of this increase are as follows:

- Overall increase in revenue of approximately 2% compared to a less than 1% increase in the prior year.
- Increase in property taxes of approximately 3% primarily related to a mill rate increase of 0.35 mills.
- The Town continues to receive capital grants and contributions due to the receipt of school progress payments related to the construction of the new high school, the expenses of which have been capitalized and are included in construction in progress as part of the Town's capital assets.

## **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 inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved 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 \$15,304,788, a decrease of \$1,346,743 in comparison with the prior year. The primary cause of this fund balance decrease is in the Capital Improvements Fund. due to the issuance of bond anticipation notes for the new high school project and sewer projects which will be funded with the issuance of general obligation bonds in future years.

### ***General Fund***

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6,643,835. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 13.2% of total General Fund expenditures. Expressed another way, unreserved fund balance for the General Fund was sufficient to cover 1.6 months of general fund operating expenditures.

The fund balance of the Town's General Fund increased by \$305,368 during the current fiscal year, which was primarily due to increases in property tax revenues and transfers in from other funds. Revenues and expenses increased at relatively the same rate of 0.70% as compared to the prior year.

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

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

***Capital Improvements Fund***

The fund balance of the Capital Improvements Fund decreased by \$2,625,725 during the current fiscal year. This decrease was related to costs for planned projects, primarily related to the new high school project. The Town issued bond anticipation notes which will later be funded with the issuance of bonds.

***Sewer Operating Fund***

The fund balance of the Sewer Operating Fund increased by \$213,570 during the current fiscal year. This increase was due primarily to \$1,207,550 of excess revenues over expenditures attributable to increases in sewer use charges related to the continued commercial growth in the Town as well as the Town's involvement in special sewer related projects during the year. The increased revenues were offset by transfers made to other funds.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year ended June 30, 2010, an additional appropriation totaling \$921,794 was authorized for additional Board of Education expenditures associated with tuition costs and \$165,000 for an additional transfer to the Capital Improvements funds to cover project authorizations and an additional payment for services claims incurred in the Internal service fund of \$80,000. The additional appropriations were offset by an additional revenue appropriation of \$14,389. The final budget for 2010 planned on the utilization of fund balance of \$1,952,405. However, the actual net change in fund balance of the General Fund on a budgetary basis was a use of \$167,850 of fund balance. Expenditures were \$3,875,677 less than budgeted and offset by the total budgetary revenues which were \$2,094,345 lower than expected due primarily to decreases in intergovernmental grants and contracts related to declines in funding from the State of Connecticut.

**SEWER OPERATING FUND BUDGETARY HIGHLIGHTS**

The Town adopts an annual budget for its Sewer Operating Fund. During the year ended June 30, 2010 there were no additional appropriations made to the budget. The budget for 2010 planned on an increase of fund balance of \$12,748. However, the actual net change in fund balance of the Sewer Operating Fund on a budgetary basis was an increase of \$142,763. Expenditures were \$309,354 less than budgeted and total budgetary revenues were \$179,339 less than expected due to a decline in investment income and sewer use fees.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2010 and 2009 totaled \$127,567,680 and \$96,618,326, 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 \$30,949,354 or 32%. This increase consisted of capital asset additions of \$35,035,880 offset by current year depreciation expense of \$4,086,526. Major capital asset events during the current fiscal year included \$31,542,560 for construction costs for the new high school and Vo-ag program; \$1,170,746 for education related equipment and for various other projects including bridges, road and sewer infrastructure and public works equipment.

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

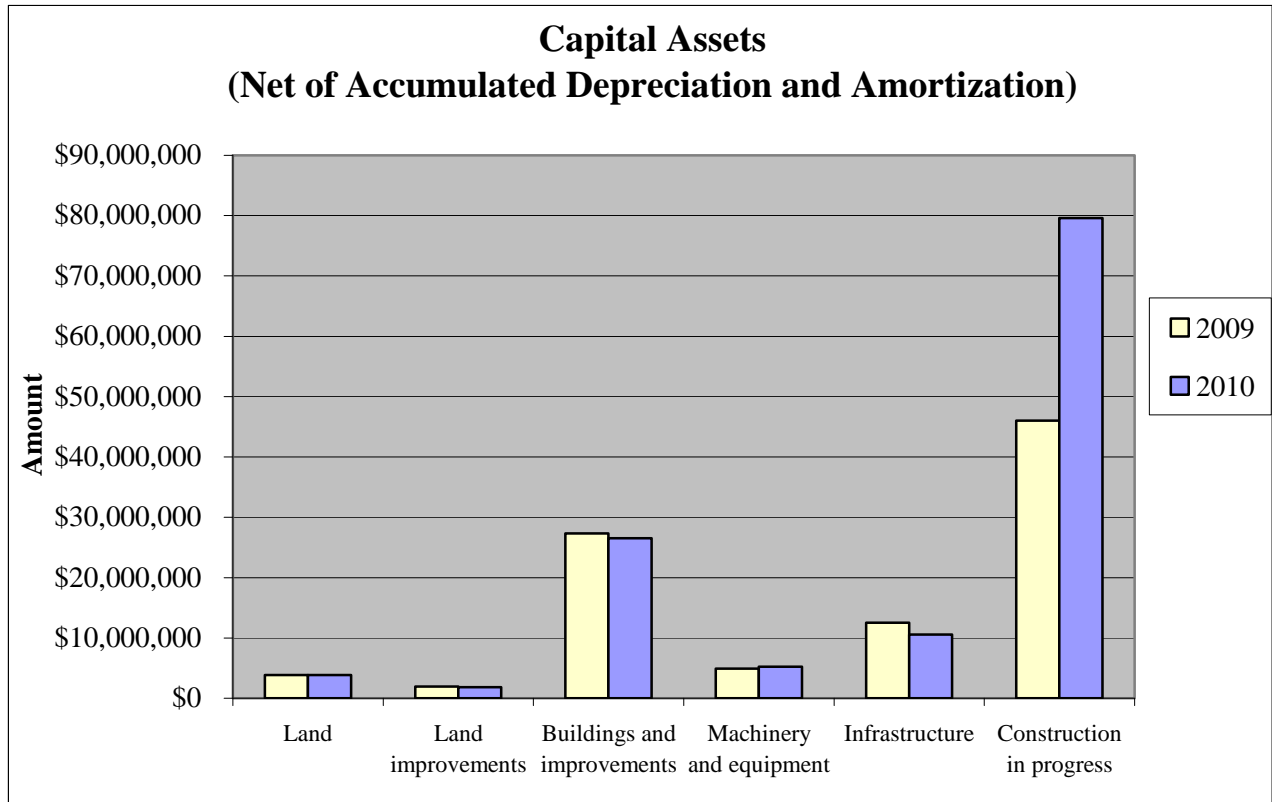
**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Capital Assets (Continued)**

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

**Town of Killingly, Connecticut  
Capital Assets, Net  
June 30, 2010 and 2009**

	Governmental Activities	
	2010	2009
Land	\$ 3,834,461	\$ 3,834,461
Land improvements	1,827,039	1,947,984
Buildings and improvements	26,545,608	27,302,813
Machinery and equipment	5,209,052	4,936,046
Infrastructure	10,550,662	12,549,298
Construction in progress	79,600,858	46,047,724
Totals	<u>\$ 127,567,680</u>	<u>\$ 96,618,326</u>



Additional information on the Town's capital assets can be found in Note 4 on page 40 of this report.

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

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

**Long-term Debt**

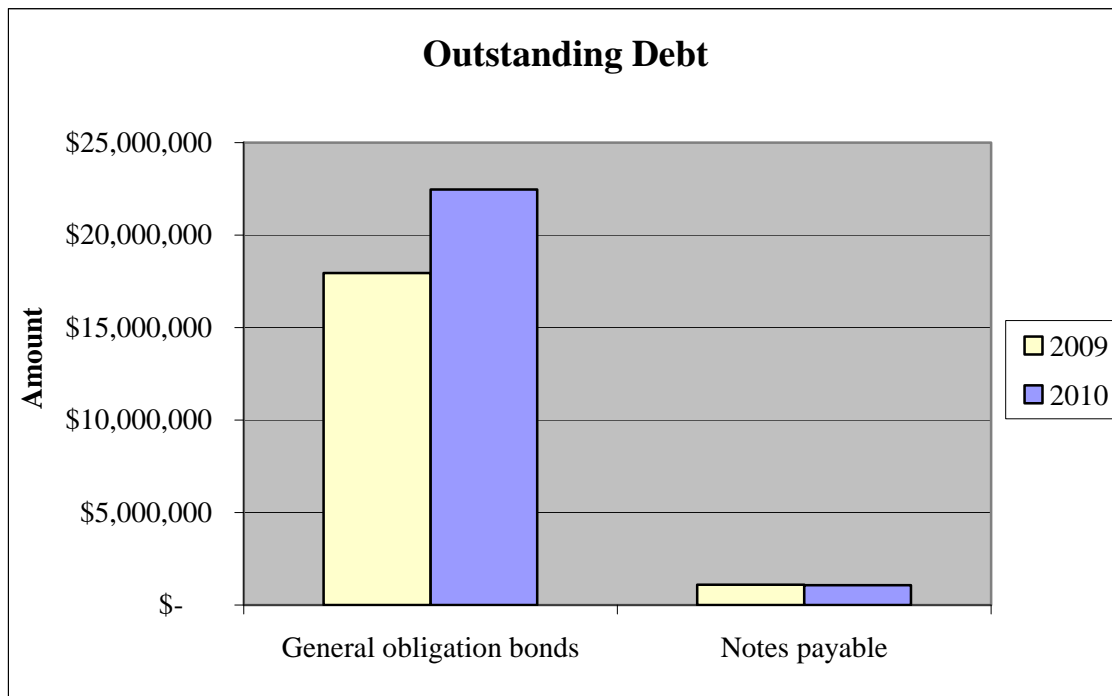
At the end of the current fiscal year, the Town had total bonded debt and notes payable outstanding of \$23,541,825. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total bonded debt increased by \$4,495,425 or 23.6% during the current fiscal year due to the issuance of new bonds net of payments made to escrow agents and current year principal repayments. The Town maintains an A1 rating from Moody's Investor Service for general obligation debt.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$146,893,093, which is significantly in excess of the Town's outstanding general obligation debt.

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

**Town of Killingly, Connecticut  
Long-term Debt  
June 30, 2010 and 2009**

	Governmental Activities	
	2010	2009
General obligation bonds	\$ 22,470,000	\$ 17,940,000
Notes payable	1,071,825	1,106,400
Totals	\$ 23,541,825	\$ 19,046,400



Additional information on the Town's long-term debt can be found in Note 9 on pages 43 - 46 of this report.

# **TOWN OF KILLINGLY, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)**

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

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

- The unemployment rate for the Town is currently 10.7%, which is an increase from a rate of 10.2% in the prior year, as compared to the state's average unemployment rate of 8.9% and the national unemployment rate of 9.7%.
- Inflationary trends in the region are comparable to national indices.
- During the current fiscal year, unreserved fund balance of the General Fund decreased to \$6,643,835. The Town has designated \$800,000 of this amount for spending in the 2010 fiscal year, to offset the need to raise taxes.
- 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 2010, 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 Land Use Department, the Town Clerk and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2010.

## **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, P.O. Box 6000, 172 Main Street, Danielson, Connecticut 06239.

# **Basic Financial Statements**

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 6,309,516
Investments	15,247,591
Receivables:	
Property taxes, net of allowance for uncollectibles of \$264,215	1,060,736
Interest, net of allowance for uncollectibles of \$106,099	268,294
Assessments and user charges receivable	1,052,125
Grants and contracts receivable	3,405,244
Other	280,828
Other assets	141,447
Restricted assets:	
Temporarily restricted cash	1
Permanently restricted cash	841
Permanently restricted investments	118,793
Deferred charges	657,227
Capital assets:	
Non-depreciable	83,435,319
Depreciable, net	44,132,361
Total assets	156,110,323
<b>LIABILITIES</b>	
Accounts payable	2,484,281
Accrued liabilities:	
Salaries and benefits payable	122,435
Accrued interest	51,079
Other accrued liabilities	47,050
Unearned revenue	626,864
Note payable	6,500,000
Claims payable	570,671
Noncurrent liabilities:	
Due within one year	3,164,827
Due in more than one year	25,684,281
Total liabilities	39,251,488
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	95,429,775
Restricted for:	
Endowments:	
Expendable	1
Nonexpendable	119,634
Unrestricted	21,309,425
Total net assets	\$ 116,858,835

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



**TOWN OF KILLINGLY, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

<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>	
Governmental activities:					
General government	\$ 5,158,527	\$ 869,058	\$ 336,247	\$ -	\$ (3,953,222)
Public works	5,341,129	3,627,236	234,979	561,383	(917,531)
Recreation and leisure	2,152,551	236,225	11,964	43,369	(1,860,993)
Public safety	924,916	25,081	65,913	-	(833,922)
Community development and human services	829,070	23,087	451,705	-	(354,278)
Education	45,322,415	3,668,551	22,329,103	24,114,713	4,789,952
Interest on long-term debt	767,585	-	-	-	(767,585)
Total governmental activities	<u>\$ 60,496,193</u>	<u>\$ 8,449,238</u>	<u>\$ 23,429,911</u>	<u>\$ 24,719,465</u>	<u>(3,897,579)</u>
General revenues:					
					26,730,410
					1,012,177
					188,545
					<u>27,931,132</u>
					24,033,553
					<u>92,825,282</u>
					<u>\$ 116,858,835</u>

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	<b>General Fund</b>	<b>Capital Improvements Fund</b>	<b>Sewer Operating Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,237,013	\$ -	\$ -	\$ 1,073,345	\$ 6,310,358
Investments	12,246,100	-	1,432,161	1,418,665	15,096,926
Receivables:					
Property taxes	1,324,951	-	-	-	1,324,951
Assessments and user charges	-	-	1,052,125	-	1,052,125
Grants and contracts	811,493	2,433,207	-	160,544	3,405,244
Other	154,524	-	84,832	41,472	280,828
Due from other funds	629,107	3,864,412	483,565	5,133,498	10,110,582
Inventories	-	-	-	32,981	32,981
Other assets	108,466	-	-	-	108,466
Total assets	<u>\$ 20,511,654</u>	<u>\$ 6,297,619</u>	<u>\$ 3,052,683</u>	<u>\$ 7,860,505</u>	<u>\$ 37,722,461</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 520,841	\$ 1,866,665	\$ 12,757	\$ 84,018	\$ 2,484,281
Accrued liabilities:					
Salaries and benefits payable	122,435	-	-	-	122,435
Other accrued liabilities	37,607	-	-	-	37,607
Due to other funds	9,724,282	58,945	-	629,340	10,412,567
Due to funding source	-	-	-	9,443	9,443
Unearned/deferred revenue	1,648,819	-	722,129	480,392	2,851,340
Note payable	-	6,500,000	-	-	6,500,000
Total liabilities	<u>12,053,984</u>	<u>8,425,610</u>	<u>734,886</u>	<u>1,203,193</u>	<u>22,417,673</u>
Fund Balances:					
Reserved for:					
Encumbrances	655,055	-	5,705	-	660,760
Inventories	-	-	-	32,981	32,981
Endowments	-	-	-	119,635	119,635
Unreserved (deficit)	6,643,835	(2,127,991)	2,230,841	-	6,746,685
Unreserved, designated for:					
Subsequent year's budget	800,000	-	-	-	800,000
Compensated absences	107,053	-	-	-	107,053
Other post-employment benefits	112,300	-	-	-	112,300
Debt service	-	-	81,251	-	81,251
Cell towers	100,515	-	-	-	100,515
Sewer extension	38,793	-	-	-	38,793
Landfill closure	119	-	-	-	119
Unreserved, reported in nonmajor:					
Special revenue funds	-	-	-	6,064,371	6,064,371
Capital project funds	-	-	-	440,325	440,325
Total fund balances (deficit)	<u>8,457,670</u>	<u>(2,127,991)</u>	<u>2,317,797</u>	<u>6,657,312</u>	<u>15,304,788</u>
Total liabilities and fund balances	<u>\$ 20,511,654</u>	<u>\$ 6,297,619</u>	<u>\$ 3,052,683</u>	<u>\$ 7,860,505</u>	<u>\$ 37,722,461</u>

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

Total fund balances for governmental funds \$ 15,304,788

Total net assets reported for governmental activities in the statement of net assets 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	\$ 79,600,858	
Land	3,834,461	
Land improvements	3,689,280	
Buildings and improvements	51,550,653	
Machinery and equipment	15,111,126	
Infrastructure	53,099,629	
Less accumulated depreciation and amortization	<u>(79,318,327)</u>	
Total capital assets, net		127,567,680

Bond issuance costs are recorded as expenditures in the governmental funds. However, these costs are deferred and amortized over the life of the related debt in the statement of net assets. 657,227

Accrued interest net of related allowance for uncollectible accounts on property taxes, sewer use and sewer assessments are not susceptible to accrual and therefore are not reported in the funds. 4,079

School construction grants receivable from the State of Connecticut are not susceptible to accrual and are therefore not reported in the funds. 427,769

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 revenue in the funds:

Property taxes	1,074,578	
Sewer use and assessments	<u>722,129</u>	
		1,796,707

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 fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets.

Accrued interest payable	(51,079)	
Long-term debt:		
Bonds and notes payable, net of unamortized amounts	(24,205,257)	
Obligations under capital lease	(1,432,648)	
Other long-term liabilities:		
Compensated absences	(1,022,453)	
Early retirement incentive	(398,750)	
Net OPEB obligation	(1,160,000)	
Landfill closure and postclosure care costs	<u>(630,000)</u>	
Total long-term liabilities		(28,900,187)

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 governmental activities in the statement of net assets. 772

Net assets of governmental activities \$ 116,858,835

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

**TOWN OF KILLINGLY, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (DEFICIT)  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Sewer Operating Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property taxes	\$ 26,596,244	\$ -	\$ -	\$ -	\$ 26,596,244
Intergovernmental	21,503,559	24,294,552	-	3,168,085	48,966,196
Licenses, permits and fees	213,466	-	-	-	213,466
Charges for services	1,789,736	-	3,054,543	1,360,579	6,204,858
Investment earnings	159,550	-	3,413	24,989	187,952
Miscellaneous	97,195	-	469,913	292,675	859,783
Total revenues	<u>50,359,750</u>	<u>24,294,552</u>	<u>3,527,869</u>	<u>4,846,328</u>	<u>83,028,499</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,820,838	-	-	446,799	2,267,637
Public works	1,941,861	-	2,320,319	-	4,262,180
Recreation and leisure	1,621,898	-	-	81,064	1,702,962
Public safety	800,282	-	-	5,656	805,938
Community development and human services	466,441	-	-	336,344	802,785
Education	39,087,800	-	-	3,726,750	42,814,550
Miscellaneous	1,638,542	-	-	-	1,638,542
Debt service:					
Principal payments	2,004,575	-	-	-	2,004,575
Interest and fiscal charges	827,636	-	-	-	827,636
Debt issuance costs	201,835	26,068	-	-	227,903
Lease payments	70,000	-	-	-	70,000
Capital outlays	-	33,841,299	-	537,608	34,378,907
Total expenditures	<u>50,481,708</u>	<u>33,867,367</u>	<u>2,320,319</u>	<u>5,134,221</u>	<u>91,803,615</u>
Excess (deficiency) of revenues over expenditures	(121,958)	(9,572,815)	1,207,550	(287,893)	(8,775,116)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from bonds issued	6,500,000	-	-	-	6,500,000
Premium on bonds issued	160,646	-	-	-	160,646
Proceeds from capital lease	767,727	-	-	-	767,727
Transfers in	524,425	6,937,090	-	1,308,351	8,769,866
Transfers out	(7,525,472)	-	(993,980)	(250,414)	(8,769,866)
Total other financing sources (uses)	<u>427,326</u>	<u>6,937,090</u>	<u>(993,980)</u>	<u>1,057,937</u>	<u>7,428,373</u>
Net change in fund balances	305,368	(2,635,725)	213,570	770,044	(1,346,743)
Fund balances - beginning	<u>8,152,302</u>	<u>507,734</u>	<u>2,104,227</u>	<u>5,887,268</u>	<u>16,651,531</u>
Fund balances (deficit) - ending	<u>\$ 8,457,670</u>	<u>\$ (2,127,991)</u>	<u>\$ 2,317,797</u>	<u>\$ 6,657,312</u>	<u>\$ 15,304,788</u>

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

**TOWN OF KILLINGLY, CONNECTICUT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

Net change in fund balances - total governmental funds \$ (1,346,743)

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

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

Expenditures for capital assets	\$ 35,035,880	
Depreciation and amortization expense	<u>(4,086,526)</u>	
Net adjustment		30,949,354

Interest on property taxes receivable, sewer user 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, net of allowance decreased revenues recognized in the funds. 9,712

Intergovernmental revenue on school construction grants is not susceptible to accrual and therefore is only reported as revenue in the funds when the cash is received by the Town. In the government-wide financial statements, the cash received reduces the grant receivable. (107,679)

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 assets. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
Capital lease financing	(767,727)	
Bonds issued	(6,500,000)	
Premium on bonds issued	(160,646)	
Bond issuance costs	227,903	
Principal repayments:		
Bonds and notes payable	2,004,575	
Obligations under capital lease	<u>425,663</u>	
Net adjustment		(4,770,232)

**TOWN OF KILLINGLY, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES *(Continued)***  
**FOR THE YEAR ENDED JUNE 30, 2010**

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. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized Under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Compensated absences	\$	(2,624)	
Accrued interest		11,101	
Early retirement incentive		136,094	
Net OPEB obligation		(598,500)	
Landfill closure and postclosure care costs		30,000	
Amortization of bond premium		71,892	
Amortization of bond issuance costs		(57,201)	
Amortization of deferred amount on refunding		(11,024)	
		(420,262)	\$ (420,262)

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred revenues in governmental funds. governmental funds. This amount represents the change in deferred revenue.

173,992

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of a certain internal services fund is reported with governmental activities.

(454,589)

Change in net assets of governmental activities

\$ 24,033,553

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<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	\$ 26,227,142	\$ 26,227,142	\$ 26,596,244	\$ 369,102
Intergovernmental	17,783,522	17,783,522	15,306,121	(2,477,401)
Licenses, permits and fees	132,700	132,700	213,466	80,766
Charges for services	1,618,768	1,618,768	1,722,367	103,599
Use of money and property	347,085	347,085	159,550	(187,535)
Miscellaneous	80,071	80,071	97,195	17,124
Total revenues	<u>46,189,288</u>	<u>46,189,288</u>	<u>44,094,943</u>	<u>(2,094,345)</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,890,572	1,907,584	1,788,046	(119,538)
Public works	2,040,717	2,049,259	1,961,951	(87,308)
Recreation and leisure	1,638,609	1,652,154	1,642,823	(9,331)
Public safety	795,976	798,846	736,219	(62,627)
Community development and human services	456,045	470,610	466,441	(4,169)
Education	34,762,304	35,849,098	32,504,324	(3,344,774)
Miscellaneous	1,926,508	1,876,813	1,718,542	(158,271)
Debt service:				
Debt issuance costs	5,000	5,000	6,278	1,278
Principal payments	2,004,475	2,004,475	2,004,575	100
Interest and fiscal charges	918,673	918,673	827,636	(91,037)
Lease payments	70,000	70,000	70,000	-
Total expenditures	<u>46,508,879</u>	<u>47,602,512</u>	<u>43,726,835</u>	<u>(3,875,677)</u>
Excess (deficiency) of revenues over expenditures	(319,591)	(1,413,224)	368,108	1,781,332
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	800,000	1,952,405	-	(1,952,405)
Transfers in	506,813	521,202	524,425	3,223
Transfers out	(987,222)	(1,060,383)	(1,060,383)	-
Total other financing sources (uses)	<u>319,591</u>	<u>1,413,224</u>	<u>(535,958)</u>	<u>(1,949,182)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(167,850)	<u>\$ (167,850)</u>
Fund balance - beginning			<u>7,970,467</u>	
Fund balance - ending			<u>\$ 7,802,617</u>	

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

**TOWN OF KILLINGLY, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
BUDGETARY BASIS - SEWER OPERATING FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<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	\$ 3,086,411	\$ 3,086,411	\$ 2,872,200	\$ (214,211)
Use charge interest	20,000	20,000	58,546	38,546
Investment earnings	50,000	50,000	3,413	(46,587)
Miscellaneous	427,000	427,000	469,913	42,913
Total revenues	<u>3,583,411</u>	<u>3,583,411</u>	<u>3,404,072</u>	<u>(179,339)</u>
<b>EXPENDITURES</b>				
Contractual services	<u>3,126,213</u>	<u>3,126,213</u>	<u>2,816,859</u>	<u>(309,354)</u>
Total expenditures	<u>3,126,213</u>	<u>3,126,213</u>	<u>2,816,859</u>	<u>(309,354)</u>
Excess of revenues over expenditures	457,198	457,198	587,213	130,015
<b>OTHER FINANCING (USES)</b>				
Transfers out:				
Capital Projects Fund	(200,000)	(200,000)	(200,000)	-
Capital and Nonrecurring Fund	<u>(244,450)</u>	<u>(244,450)</u>	<u>(244,450)</u>	<u>-</u>
Total other financing sources (uses)	<u>(444,450)</u>	<u>(444,450)</u>	<u>(444,450)</u>	<u>-</u>
Net change in fund balances	<u>\$ 12,748</u>	<u>\$ 12,748</u>	142,763	<u>\$ 130,015</u>
Fund balance - beginning			<u>1,993,474</u>	
Fund balance - ending			<u>\$ 2,136,237</u>	

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



**TOWN OF KILLINGLY, CONNECTICUT  
STATEMENT OF NET ASSETS -  
PROPRIETARY FUND  
JUNE 30, 2010**

	<b>Governmental Activities</b>
	<b>Internal Service Fund - Health Insurance Fund</b>
<b>ASSETS</b>	
Current assets:	
Investments	\$ 269,458
Due from other funds	301,985
Total assets	571,443
<b>LIABILITIES</b>	
Current liabilities:	
Claims payable	570,671
Total liabilities	570,671
<b>NET ASSETS</b>	
Unrestricted	772
Total net assets	\$ 772

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

**TOWN OF KILLINGLY, CONNECTICUT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS -  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Governmental Activities</b> <hr/> <b>Internal Service Fund - Health Insurance Fund</b> <hr/>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 6,968,606
Total operating revenues	<hr/> 6,968,606 <hr/>
<b>OPERATING EXPENSES</b>	
Claims incurred	6,651,904
Administrative and other	771,884
Total operating expenses	<hr/> 7,423,788 <hr/>
Operating loss	(455,182)
<b>NON-OPERATING REVENUE</b>	
Interest and investment income	593
Total non-operating revenues	<hr/> 593 <hr/>
Change in net assets	(454,589)
Net assets - beginning	<hr/> 455,361 <hr/>
Net assets - ending	<hr/> \$ 772 <hr/>

*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, 2010**

	<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	\$ 7,350,000
Payments for claims incurred	(6,649,651)
Payments for administrative costs	(773,984)
Net cash used in operating activities	(73,635)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends	593
Sales of investments, net	73,042
Net cash provided by investing activities	73,635
Net increase in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ -
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>	
Operating loss	\$ (455,182)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease in due from other funds	381,394
Decrease in accounts payable	(2,101)
Increase in claims payable	2,254
Net cash used in operating activities	\$ (73,635)

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2010**

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 112,989	\$ 464,610
Contribution receivable	41,026	-	-
Investments at fair value:			
Guaranteed investment contract	429,913	-	-
Equity mutual funds	3,615,203	84,425	-
U.S. treasury notes	-	77,990	-
Money market funds	-	90,802	-
Common stocks	-	171,182	-
Total assets	4,086,142	537,388	\$ 464,610
<b>LIABILITIES</b>			
Due to student groups	-	-	\$ 199,297
Due to others	-	-	265,313
Total liabilities	-	-	\$ 464,610
<b>NET ASSETS</b>			
Held in trust for pension benefits and other purposes	\$ 4,086,142	\$ 537,388	

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

**TOWN OF KILLINGLY, CONNECTICUT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 41,026	\$ -
Plan members	73,768	-
Other	-	31,435
Total contributions	114,794	31,435
Investment income (loss):		
Interest	122,288	-
Net increase in the fair value of investments	431,503	26,211
Total investment income	553,791	26,211
Less: investment expense	(19,421)	-
Net investment income	534,370	26,211
Total additions	649,164	57,646
<b>DEDUCTIONS</b>		
Benefit payments	262,215	-
Administrative expenses	32,877	-
Awards	-	14,768
Total deductions	295,092	14,768
Change in net assets	354,072	42,878
Net assets - beginning	3,732,070	494,510
Net assets - ending	\$ 4,086,142	\$ 537,388

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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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 November 4, 1969 and most recently revised November 30, 1995. 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 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 assets 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 nonexchange 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 net assets presents the Town's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* - This category 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 assets* - This category consists of net assets whose use is 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 assets* - This category consists of net assets which do not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2010**

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

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (*Continued*)**

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

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 funds.

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 purchases.

***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.

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 as permitted by GASB Statement No. 10.

***Pension Trust Fund*** - This fund type is used to account for resources held in trust for the members and beneficiaries of the Public Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees. This plan is discussed more fully in Note 12.

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2010**

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

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

**Government-wide, Proprietary and Fiduciary Fund Financial Statements**

The government-wide, proprietary, and fiduciary fund financial statements (except for Agency Funds) are prepared using the economic resources measurement focus and the accrual basis of accounting. Agency Funds have no measurement focus. 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund consists of charges for services. Operating expenses of the Town's internal service fund consist of claims incurred and administrative expenses. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Governmental Fund Financial Statements**

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected 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 period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**ASSETS, LIABILITIES AND FUND EQUITY**

**Cash Equivalents**

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less when purchased. Cash equivalents as of June 30, 2010 consist of money market accounts and short-term certificates of deposit which totaled \$307,980.

**Investments**

In accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Town presents all investments at fair value.

The fair value of investments traded on public markets is determined using quoted market prices. The Town invests in the State Treasurer's Short-Term Investment Fund (STIF), which is an investment pool managed by the State Treasurer's Office. In addition, the Town invests in the Cooperative Liquid Assets Security Systems Fund (CLASS), which is an investment pool managed by MBIA Municipal Investors Service Corp. The fair value of the Town's position in these pools is the same as the value of the pool shares.



**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2010**

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

**ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)**

**Donor-restricted Endowments / Restricted Assets**

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net assets or unrestricted net assets, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

The Town has received endowments for the improvement and betterment of Killingly Public Schools, park and recreation activities, and library books. The amounts are reflected as net assets 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. Remaining investment income available for appropriation totaled \$1 as of June 30, 2010 and is held as temporarily restricted cash in the accompanying statement of net assets.

**Inventories**

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

**Property Taxes and Other Receivables**

All trade, property tax, sewer use and sewer assessment receivables are shown net of an allowance for uncollectible accounts. Allowance percentages range from 2% to 25% of outstanding receivable balances at June 30, 2010, and are calculated based upon historical collections.

Property taxes are assessed as of October 1. Taxes are billed in the following July and are due in four installments, July 1, October 1, January 1 and April 1. Personal property if over \$100 are billed in July are 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. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of the market value.

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

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

**ASSETS, LIABILITIES AND FUND EQUITY (Continued)**

**Capital Assets**

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

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

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

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

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

**Unearned/Deferred Revenue**

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not available during the current period.

**Compensated Absences**

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

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2010**

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

**ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)**

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, 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 reported as deferred charges.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, 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.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Designations of fund equity are discussed more fully in Note 11.

**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".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reservation in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**Interfund Services Provided and Used**

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

**Interfund Transfers**

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

**Interfund Reimbursements**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2010**

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

**USE OF ESTIMATES**

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

**NOTE 2 - BUDGETARY INFORMATION AND DEFICIT FUND BALANCES**

**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, or \$136,375 may be approved by the Town Council. Those in excess of this amount must be approved at a Town Meeting. Additional appropriations of \$1,952,405 were authorized from fund balance for the General Fund during the year. There were no additional appropriations for the Sewer Operating Fund.
- The Department of Education is not a separate legal entity, but a separate function of the Town. Its Board is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Town Council approval and, if necessary, approval at a public hearing or referendum.
- Formal budgetary integration is employed as a management control device during the year. Formal budgetary integration is not employed in Capital Projects or Special Revenue Funds (with the exception of the Sewer Operating Fund) because budgetary control is alternatively achieved by constraints imposed by the project authorization or grant awards related to these funds.
- The budget is prepared on the modified accrual basis of accounting. "On behalf" payments made by the State of Connecticut into the State Teacher's Retirement System (*see Note 12*) are not recorded for budgetary purposes.

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

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

**BUDGETARY INFORMATION (Continued)**

- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year. Generally, all unexpended appropriations lapse at year-end, except those for the Capital Projects Funds and certain Special Revenue Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ 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 and Sewer Operating Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2010:

	<b>General Fund</b>		
	<b>Total Revenues and other Financing Sources</b>	<b>Total Expenditures and Other Financing Uses</b>	<b>Net Change in Fund Balance</b>
Budgetary basis	\$ 44,619,368	\$ 44,787,218	\$ (167,850)
"On-behalf" payments - State Teachers Retirement Fund (see Note 12)	2,581,339	2,581,339	-
Encumbrances outstanding:			
June 30, 2009	-	181,837	(181,837)
June 30, 2010	-	(655,055)	655,055
Capital leases not recorded for budgetary purposes	767,727	767,727	-
Intergovernmental grants netted against expenditures	3,683,468	3,683,468	-
Other financing sources (uses) not recognized for budgetary purposes:			
Proceeds from bonds issued	6,500,000	-	6,500,000
Premium on bonds issued	160,646	-	160,646
Debt issuance costs	-	195,557	(195,557)
Transfer of bond proceeds to Capital Improvement Fund	-	6,465,089	(6,465,089)
GAAP basis	<u>\$ 58,312,548</u>	<u>\$ 58,007,180</u>	<u>\$ 305,368</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

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

**BUDGETARY INFORMATION (Continued)**

	<b>Sewer Operating Fund</b>		
	<b>Total</b>	<b>Total Expenditures</b>	<b>Net Change</b>
	<b>Revenues</b>	<b>and Other</b>	<b>in</b>
	<b>Financing Uses</b>	<b>Financing Uses</b>	<b>Fund Balance</b>
Budgetary basis	\$ 3,404,072	\$ 3,261,309	\$ 142,763
Encumbrances outstanding:			
June 30, 2010	-	(5,705)	5,705
Amounts related to sewer assessments not recorded for budgetary purposes	123,797	58,695	65,102
GAAP basis	\$ 3,527,869	\$ 3,314,299	\$ 213,570

**DEFICIT FUND BALANCES**

The following funds have deficit fund balances as of June 30, 2010, which does not constitute a violation of statutory provisions:

Fund	Deficit Fund Balance
Capital Improvements fund	\$ 2,127,991
School Cafeteria Fund	131,873
Solid Waste Fund	3,613
Recreation Revolving Fund	233

The cumulative deficit in these funds was created by expenditures in excess of revenues. The deficits are expected to be eliminated by future revenues or appropriations and issuance of permanent financing.

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

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**NOTE 3 - CASH DEPOSITS AND INVESTMENTS**

A reconciliation of the Town's cash and cash equivalents as of June 30, 2010 is as follows:

Government-wide statement of net assets:

Unrestricted:

Cash equivalents	\$ 23,326
Cash deposits	6,286,190
	6,309,516

Temporarily restricted:

Cash equivalents	1
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Permanently restricted:

Cash equivalents	841
	6,310,358

Statement of fiduciary net assets:

Cash equivalents - Private Purpose Trust Funds	112,989
Cash equivalents - Agency Funds	170,823
Cash deposits - Agency Funds	293,787
	464,610
	\$ 6,887,957

**CASH DEPOSITS – 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, 2010, \$7,644,278 of the Town's bank balance of \$8,235,822 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,879,850
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	764,428
	\$ 7,644,278

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

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

**INVESTMENTS**

As of June 30, 2010, the Town's investments (including restricted investments) consisted of the following:

Government-wide statement of net assets:

Unrestricted investments	\$ 15,247,591
Permanently restricted investments	118,793
	15,366,384

Statement of fiduciary net assets:

Investments - Private Purpose Trust Funds	424,399
Investments - Pension Trust Fund	4,045,116
	4,469,515
	\$ 19,835,899

A reconciliation of the Town's investments as of June 30, 2010 is as follows:

Investment type	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1 to 5
<b>Debt Securities:</b>			
Cooperative Liquid Assets Security System (CLASS)	\$ 6,598,992	\$ 6,598,992	\$ -
Short-term Investment Fund	8,620,920	8,620,920	-
U.S. Treasury notes	77,990	-	77,990
Guaranteed investment contract	429,913	429,913	-
Money market funds	237,274	237,274	-
	15,965,089	\$ 15,887,099	\$ 77,990
<b>Other investments:</b>			
Equity mutual funds	3,699,628		
Common stocks	171,182		
<b>Total</b>	<b>\$ 19,835,899</b>		

Because the investments in CLASS, STIF and money market funds have a weighted average maturity of less than 90 days, they were presented as investments with maturities of less than one year.



**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

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

**INVESTMENTS (Continued)**

**Interest Rate Risk**

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

**Credit Risk**

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; 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; 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, in 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.

The Town's investments in debt securities, whose ratings are required to be disclosed in accordance with GASB No. 40, were rated by Standard and Poor's as follows at June 30, 2010:

<u>Debt Securities</u>	<u>Fair Value</u>	<u>Standard &amp; Poor's</u>		<u>Unrated</u>
		<u>AAA</u>	<u>AA</u>	
Cooperative Liquid Asset Security System (CLASS)	\$ 6,598,992	\$ 6,598,992	\$ -	\$ -
Short-term Investment Fund	8,620,920	8,620,920	-	-
Guaranteed investment contract	429,913	-	429,913	-
Money market funds	237,274	-	-	237,274
	<u>\$ 15,887,099</u>	<u>\$ 15,219,912</u>	<u>429,913</u>	<u>\$ 237,274</u>

No credit risk disclosures are required under GASB Statement No. 40 relating to the Town's investments in U.S. Treasury Notes.

**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 are not exposed to custodial credit risk at June 30, 2010, as they are held by a trustee in the Town's name.

**Concentrations of Credit Risk**

The Town places no limit on the amount of investment in any one issuer. The Town's investments consist solely of investments in a pooled fixed income fund and equity mutual funds and are therefore not exposed to concentrations of credit risk, as these investments are considered to be diversified by nature.

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 46,047,724	\$ 33,817,772	\$ (264,638)	\$ 79,600,858
Land	3,834,461	-	-	3,834,461
Total capital assets, not being depreciated	<u>49,882,185</u>	<u>33,817,772</u>	<u>(264,638)</u>	<u>83,435,319</u>
Capital assets, being depreciated:				
Land improvements	3,627,280	62,000	-	3,689,280
Buildings and improvements	51,500,653	50,000	-	51,550,653
Machinery and equipment	13,940,380	1,170,746	-	15,111,126
Infrastructure	52,899,629	200,000	-	53,099,629
Total capital assets, being depreciated	<u>121,967,942</u>	<u>1,482,746</u>	<u>-</u>	<u>123,450,688</u>
Less accumulated depreciation and amortization for:				
Land improvements	1,679,296	182,945	-	1,862,241
Buildings and improvements	24,197,840	807,205	-	25,005,045
Machinery and equipment	9,004,334	897,740	-	9,902,074
Infrastructure	40,350,331	2,198,636	-	42,548,967
Total accumulated depreciation and amortization	<u>75,231,801</u>	<u>4,086,526</u>	<u>-</u>	<u>79,318,327</u>
Total capital assets, being depreciated, net	<u>46,736,141</u>	<u>(2,603,780)</u>	<u>-</u>	<u>44,132,361</u>
Governmental activities capital assets, net	<u>\$ 96,618,326</u>	<u>\$ 31,213,992</u>	<u>\$ (264,638)</u>	<u>\$ 127,567,680</u>

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

<b>Governmental Activities:</b>	
General government	\$ 2,259,506
Public works	410,194
Recreation and leisure	138,110
Public safety	5,294
Education	<u>1,273,422</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 4,086,526</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

**NOTE 5 - CAPITAL PROJECTS**

Following is a summary of project authorizations in the Capital Improvements Fund as of June 30, 2010:

<u>Description</u>	<u>Total Project Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance, June 30, 2009</u>
Road renewal and construction	\$ 4,282,726	\$ 1,131,014	\$ 3,116,311	\$ 1,166,415
Schools	87,724,928	31,547,787	79,387,663	8,337,265
Sewer projects	16,991,016	239,039	7,805,775	9,185,241
Bridges	6,798,043	656,020	2,050,175	4,747,868
Town buildings	2,178,381	246,815	1,972,316	206,065
Other	7,999,109	46,692	6,517,699	1,481,410
Total capital improvements	<u>\$ 125,974,203</u>	<u>\$ 33,867,367</u>	<u>\$ 100,849,939</u>	<u>\$ 25,124,264</u>

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2010 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Other Governmental Funds	<u>\$ 629,107</u>
Capital Improvements Fund	General Fund	<u>\$ 3,864,412</u>
Sewer Operating Fund	General Fund	<u>\$ 483,565</u>
Other Governmental Funds	General Fund	\$ 5,074,320
	Capital Improvements Fund	58,945
	Other Governmental Funds	233
		<u>\$ 5,133,498</u>
<b>Internal Service Fund</b>		
Health Insurance Fund	General Fund	<u>\$ 301,985</u>
Total due from/to other funds		<u>\$ 10,412,567</u>

All interfund 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)**  
**JUNE 30, 2010**

**NOTE 7 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2010 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Sewer Operating Fund	\$ 510,008
	Other Governmental Funds	14,417
		<u>\$ 524,425</u>
Capital Improvements Fund	General Fund	\$ 6,465,089
	Sewer Operating Fund	237,022
	Other Governmental Funds	234,979
		<u>\$ 6,937,090</u>
Other Governmental Funds	General Fund	\$ 1,060,383
	Sewer Operating Fund	246,950
	Other Governmental Funds	1,018
		<u>\$ 1,308,351</u>
Total interfund transfers		<u>\$ 8,769,866</u>

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 8 - SHORT-TERM LIABILITY**

During May 2010, the Town issued a \$6,500,000 general obligation bond anticipation note which matures in May 2011. The purpose of the note was to refinance and existing note totaling \$5,500,000 and to provide interim financing for various school construction and sewer projects until future reimbursements are received from the State of Connecticut and general obligations bonds are issued. The following is a summary of short-term liabilities for the year ended June 30, 2010.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Bond anticipation note payable	\$ 5,500,000	\$ 6,500,000	\$ (5,500,000)	\$ 6,500,000

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

**NOTE 9 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2010:

	<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	\$ 17,940,000	\$ 6,500,000	\$ (1,970,000)	\$ 22,470,000	\$ 1,790,000
Unamortized amounts:					
Premium	613,810	160,646	(71,892)	702,564	-
Deferred amount on refunding	(50,156)	11,024	-	(39,132)	-
Other liabilities:					
Note payable	1,106,400	-	(34,575)	1,071,825	34,575
Capital leases	1,090,584	767,727	(425,663)	1,432,648	555,450
Landfill postclosure care costs	660,000	-	(30,000)	630,000	30,000
Early retirement incentive	534,844	-	(136,094)	398,750	113,789
Compensated absences	1,019,829	12,031	(9,407)	1,022,453	376,891
Net OPEB obligation (see Note 13)	561,500	598,500	-	1,160,000	264,122
	<u>\$ 23,476,811</u>	<u>\$ 8,049,928</u>	<u>\$ (2,677,631)</u>	<u>\$ 28,849,108</u>	<u>\$ 3,164,827</u>

All long - term liabilities above typically have been liquidated by the General Fund.

**GENERAL OBLIGATION BONDS AND NOTE PAYABLE**

A summary of general obligation bonds and note payable outstanding at June 30, 2010 is as follows:

<u>Description</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%	\$ 2,047,065
2007 Road/Bridges bonds	3,000,000	2027	4.25% - 5.00%	2,542,935
2007 School refunding bonds	685,000	2024	4.25% - 5.00%	453,665
2007 Sewer refunding bonds	3,835,000	2024	4.25% - 5.00%	2,539,860
2007 General purpose refunding bonds	1,565,000	2024	4.25% - 5.00%	1,036,475
2008 School bonds	5,000,000	2028	4.13% - 4.50%	4,500,000
2009 School bonds	3,000,000	2029	2.50% - 4.13%	2,850,000
2010 School bonds	6,500,000	2030	2.50% - 4.00%	6,500,000
				<u>\$ 22,470,000</u>
<b>Note Payable</b>				
2001 Sewer FHA loan	\$ 1,383,000	2041	4.50%	\$ 1,071,825

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**GENERAL OBLIGATION BONDS AND NOTE PAYABLE (Continued)**

Annual debt service requirements to maturity on general obligation bonds and the note payable are as follows as of June 30, 2010:

Year ending June 30:	Governmental Activities					
	General Obligation Bonds		Note Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 1,790,000	\$ 922,537	\$ 34,575	\$ 48,232	\$ 1,824,575	\$ 970,769
2012	1,415,000	852,836	34,575	46,676	1,449,575	899,512
2013	1,355,000	795,924	34,575	45,120	1,389,575	841,044
2014	1,330,000	741,611	34,575	43,565	1,364,575	785,176
2015	1,240,000	689,899	34,575	42,009	1,274,575	731,908
2016-2020	6,180,000	2,689,551	172,875	186,705	6,352,875	2,876,256
2021-2025	5,645,000	1,401,067	172,875	147,809	5,817,875	1,548,876
2026-2030	3,515,000	354,488	172,875	108,911	3,687,875	463,399
2031-2035	-	-	172,875	70,015	172,875	70,015
2036-2040	-	-	172,875	31,118	172,875	31,118
2041	-	-	34,575	1,556	34,575	1,556
	<u>\$ 22,470,000</u>	<u>\$ 8,447,913</u>	<u>\$ 1,071,825</u>	<u>\$ 771,716</u>	<u>\$ 23,541,825</u>	<u>\$ 9,219,629</u>

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$146,893,093 as of June 30, 2010. 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, 2010.

The amount of authorized, unissued bonds at June 30, 2010 totaled \$4,241,000 and \$5,518,666 for sewers and schools, respectively.

**SCHOOL BOND REIMBURSEMENTS**

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of reimbursement for the year ended June 30, 2010 was \$107,679. Additional reimbursements of principal and interest aggregating \$427,769 and \$11,112, respectively, are expected to be received through the applicable bonds' maturity dates. The Town has recorded a receivable relating to the principal portion of these payments in the accompanying statement of net assets.

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

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**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**CAPITAL LEASES**

A summary of assets acquired through capital leases is as follows as of June 30, 2010:

	<b>Governmental Activities</b>
Building	\$ 739,988
Machinery and equipment	2,311,253
	3,051,241
Less: accumulated amortization	1,589,290
	\$ 1,461,951

Amortization expense relative to leased property under capital leases totaled \$396,360 for the year ended June 30, 2010 and is included in depreciation and amortization expense disclosed in Note 4.

The Town is obligated under a capital lease to make annual payments for the library facility and Board of Education technology equipment. Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 are as follows:

	<b>Governmental Activities</b>
Year Ending June 30:	
2011	\$ 618,477
2012	500,145
2013	261,776
2014	150,748
2015	64,065
Total minimum lease payments	1,595,211
Less: amount representing interest	162,563
Present value of minimum lease payments	\$ 1,432,648

**LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS**

State and Federal laws and regulations require landfill closures to meet certain standards. The Town landfill is closed. Monitoring costs for 30 years at \$30,000 per year are estimated at \$900,000, with a remaining balance of \$630,000 at June 30, 2010. This balance is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations.

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

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**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**BOARD OF EDUCATION EARLY RETIREMENT INCENTIVE**

The Board of Education provides severance payments for nineteen retired employees under an early retirement incentive plan effective July 1, 2004. To qualify for benefits the employee must have achieved age 54 with 15 years of service as of June 30, 2004. An eligible participant shall be entitled to participate in the program until he/she reaches age 65. Benefit amounts were frozen as of June 30, 2005. The Board of Education funds these payments on a pay-as-you-go basis, from the Board of Education appropriation line item. The cost of these benefits was \$177,433 for the year ended June 30, 2010. The following is a summary of annual payments owed and the present value as of June 30, 2010:

<b>Year ending June 30:</b>	<b>Governmental Activities</b>
2011	\$ 177,433
2012	177,433
2013	177,433
	<u>532,299</u>
Less: discount to present value	133,549
	<u>\$ 398,750</u>

The discount to present value was calculated using a rate of 5.3%.

**NOTE 10 - UNEARNED/DEFERRED REVENUE**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u><b>Unavailable</b></u>	<u><b>Unearned</b></u>
Delinquent property taxes receivable	\$ 1,074,578	\$ -
School construction grant receivable	427,769	-
Sewer assessments not yet due	571,406	-
Delinquent sewer use fees	150,723	-
Solid waste fees	-	38,720
Grant drawdowns prior to meeting all eligibility requirements	-	588,144
	<u>\$ 2,224,476</u>	<u>\$ 626,864</u>



**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

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**NOTE 11 - DESIGNATIONS OF FUND BALANCE**

Designations of unreserved fund balance reported in the governmental funds balance sheet represent the Town's self-imposed limitations on the use of otherwise available expendable financial resources of governmental funds. The Town designated unreserved fund balance of the General Fund of \$800,000 for use in the 2011 budget, \$107,053 for compensated absences to for use in future retirement pay-outs, \$112,300 to earmark for future OPEB costs, \$100,515 to preserve cell tower investment property and \$38,912 for sewer extension and landfill projects. In addition, the Town has designated \$81,251 for debt service for sewer related projects.

**NOTE 12 - PENSION PLANS**

**DEFINED BENEFIT PLAN**

**Plan Description**

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

Administrative costs of the Plan are funded by the Plan.

**Plan Membership**

Membership of the Plan consisted of the following as of the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	59
Terminated plan members entitled to but not yet receiving benefits	22
Employees who revoked payroll deduction and are entitled to future benefits	10
Active plan members:	
Vested	58
Nonvested	9
	158
	158

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

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**NOTE 12 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLAN (Continued)**

**Contributions and Funding Policy**

The Town's contributions are actuarially determined on an annual basis using the Frozen Initial Liability Entry Age. Contributions are recognized when due pursuant to the terms of the Plan. Administrative costs are financed from investment earnings.

Employee contributions to the Plan are based upon a percentage of earnings as follows:

Public Works employees	4.5%
All other employees	3.0%

**Benefit Provisions**

Under the Plan, all employees hired before age sixty-five and having twelve months of service are eligible. Employees are 100 percent vested only after ten years of service. The retirement benefit is calculated at 1% of average basic earnings during the highest consecutive five years of the last ten years of service multiplied by up to thirty years of service. For Public Works employees, the retirement benefits are 1% of final earnings multiplied by service years prior to April 1, 1987, plus 1.5% of final earnings multiplied by service years after April 1, 1987, up to a maximum of thirty years.

**Concentrations**

The following investments represent five percent or more of the Plan's net assets:

Prudential International Blended Capital Fund	547,343
Dryden S&P 500 Index Fund	578,997
Prudential Core Plus Fund	394,399
Prudential Private Placement Fund	790,683
Cohen and Steers Realty Income Fund	245,487
Guaranteed Investment Contract	429,913

**Schedule of Funded Status**

The funded status of the plan as of the most recent actuarial date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Frozen Initial Liability (B)	(Overfunded) Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2009	\$ 4,910,437	\$ 4,690,019	\$ (220,418)	104.7%	\$ 1,942,659	-11.3%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

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**NOTE 12 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLAN (Continued)**

**Annual Pension Cost and Net Pension Obligation**

Annual required contribution	\$ 41,026
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	<u>41,026</u>
Contributions made	<u>41,026</u>
Change in net pension obligation	-
Net pension obligation, beginning of year	-
Net pension obligation, end of year	<u><u>\$ -</u></u>

**Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2008	\$ 58,738	\$ 58,738	100.0%
2009	14,654	14,654	100.0%
2010	41,026	41,026	100.0%

**Three-Year Trend Information**

Year Ended June 30	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 58,738	\$ 58,738	100.0%	-
2009	14,654	14,654	100.0%	-
2010	41,026	41,026	100.0%	-

**Additional Information and Actuarial Assumptions**

Valuation date:	July 1, 2009
Actuarial cost method:	Frozen Initial Liability Entry Age Normal
Amortization method:	Level Dollar Amount
Remaining amortization period:	20 years, open
Asset valuation method:	5-Year Smoothed Market value
Actuarial assumptions:	
Investment rate of return*	7.50%
Projected salary increases	5.00%

\* Includes inflation at 3.5%.

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

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**NOTE 12 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLAN (Continued)**

**Plan Financial Statements**

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF PLAN NET ASSETS**  
**JUNE 30, 2010**

	<b>Pension Trust Fund</b>
<b>ASSETS</b>	
Contribution receivable	\$ 41,026
Investments, at fair value:	
Guaranteed investment contract	429,913
Equity mutual funds	3,615,203
Total assets	4,086,142
<b>NET ASSETS</b>	
Held in trust for pension benefits (See schedule of funding progress on page 55)	4,086,142
Total net assets	\$ 4,086,142

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Pension Trust Fund</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 41,026
Plan members	73,768
Total contributions	114,794
Investment income:	
Interest	122,288
Net increase in the fair value of investments	431,503
Total investment income	553,791
Less: investment expense	(19,421)
Net investment income	534,370
Total additions	649,164
<b>DEDUCTIONS</b>	
Benefit payments	262,215
Administrative expenses	32,877
Total deductions	295,092
<b>NET INCREASE</b>	354,072
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	
Beginning of year	3,732,070
End of year	\$ 4,086,142

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2010**

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**NOTE 12 - PENSION PLANS (*Continued*)**

**TEACHERS' RETIREMENT SYSTEM**

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual Town basis. For the year ended June 30, 2010, Town teachers contributed \$1,209,742 plan and covered payroll for the year was \$16,686,097

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on behalf" payments of \$2,581,339 by the State of Connecticut into the plan as intergovernmental revenues and education expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of governmental funds.

**NOTE 13 - OTHER POST EMPLOYMENT BENEFITS**

**Board of Education Plan Description**

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

**Funding Policy**

Contribution requirements of the plan members and the Town are established by and may be amended through negotiations between the Board of Education and the union. Currently, Board of Education Employees who are age 50 with 25 years of service, age 55 with 20 years of service or age 60 with 10 years of service in the Killingly School System are eligible to receive benefits. Those who choose to participate must pay the 100% of the premium cost. The Town finances the plan on a pay-as-you-go basis.

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Town's annual OPEB cost and net OPEB obligation are primarily attributed to an implicit rate subsidy, whereby retirees are considered to be receiving a benefit from the Town for access to insurance rates offered to the Town's active employees. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

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**NOTE 13 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

**Annual OPEB Cost and Net OPEB Obligation (Continued)**

Annual required contribution	\$ 789,600
Interest on net OPEB obligation	25,300
Adjustment to annual required contribution	(33,000)
Annual OPEB cost (expense)	<u>781,900</u>
Contributions made	<u>183,400</u>
Increase in net OPEB obligation	598,500
Net OPEB obligation, beginning of year	561,500
Net OPEB obligation, end of year	<u><u>\$ 1,160,000</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009 and 2010 is as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 753,000	25.4%	\$ 561,500
2010	781,900	23.5%	1,160,000

**Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2009 (the date of the most recent actuarial valuation) was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2009	-	9,531,900	9,531,900	0.0%	\$ 17,914,800	53.2%

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

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**NOTE 13 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

**Actuarial Methods and Assumptions**

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

Valuation date:	July 1, 2009
Actuarial cost method:	Entry Age Normal Cost Method
Amortization method:	Level Dollar Amount
Remaining amortization period:	30 years
Asset valuation method:	Market value
Actuarial assumptions:	
Investment rate of return	4.50%
Inflation rate	3.50%
Healthcare cost trend rate	11.00% initial 5.00% final

**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 2010, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years.

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

A third party processes the claims filed under the self-insured health plan, for which the General Fund is charged an administrative fee. The General Fund also pays for a stop-loss policy for individual claims exceeding \$100,000 for the plan.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2010. Claims liabilities are recorded in accordance with GASB Statements No. 10 and 30, which require that a liability for claims be reported 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.

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2010**

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**NOTE 14 - RISK MANAGEMENT (Continued)**

A summary of claims activity for the years ended June 30, 2009 through June 30, 2010 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2009	\$ 440,921	\$ 6,416,522	\$ 6,289,026	\$ 568,417
2010	568,417	6,654,158	6,651,904	570,671

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

**NOTE 15 - COMMITMENTS AND CONTINGENCIES**

**Grants and Contracts**

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

**Litigation**

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

**Operating Leases**

The Board of Education of the Town leases space for its alternative learning education program which expires in January 2019. In addition, the Board of Education has entered into several operating leases for office equipment over the next five years. The combined monthly rental payments for these leases totals approximately \$8,003.

Aggregate minimum lease payments of the above leases is as follows:

Year Ending June 30:	
2011	\$ 93,090
2012	80,267
2013	41,523
2014	23,820
2015	12,000
2015-2019	42,000
	<u>\$ 292,700</u>

Rent expense in connection with the above leases for the year ended June 30, 2010 totaled \$99,402.



**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2010**

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**NOTE 16 – PRONOUNCEMENT ISSUED BUT NOT YET EFFECTIVE**

The Town has not completed the process of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Town is therefore unable to disclose the impact that adopting this statement will have on its financial position when such statement is implemented. GASB Statement No. 54 establishes fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds, and clarifies existing governmental fund type definitions. GASB Statement No. 54 is effective for fiscal periods beginning after June 15, 2010.

**Required  
Supplementary  
Information**

**TOWN OF KILLINGLY, CONNECTICUT  
SCHEDULES OF FUNDING PROGRESS  
JUNE 30, 2010**

**Pension Plan**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Frozen Initial Liability (B)	(Overfunded) Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1,						
2004	\$ 3,977,803	\$ 3,534,089	(443,714)	112.6%	\$ 1,844,887	-24.1%
2005	4,006,583	3,851,927	(154,656)	104.0%	1,772,903	-8.7%
2006	4,618,037	4,207,000	(411,037)	109.8%	1,808,417	-22.7%
2007	5,172,703	4,405,610	(767,093)	117.4%	1,732,580	-44.3%
2008	5,211,352	4,688,676	(522,676)	111.1%	1,794,187	-29.1%
2009	4,910,437	4,690,019	(220,418)	104.7%	1,942,659	-11.3%

**Board of Education OPEB Plan**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1,						
2007	\$ -	\$ 9,174,300	\$ 9,174,300	0.0%	\$ 17,236,600	53.2%
2009	-	9,531,900	9,531,900	0.0%	\$ 17,914,800	53.2%

# **Combining and Individual Fund Statements and Schedules**

# *General Fund*

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>PROPERTY TAXES</b>				
Current taxes	\$ 25,168,042	\$ 25,168,042	\$ 25,699,643	\$ 531,601
Prior years' taxes	600,000	600,000	532,739	(67,261)
Supplemental motor vehicle	162,000	162,000	137,314	(24,686)
Tax interest	300,000	300,000	247,572	(52,428)
Lien fees	13,000	13,000	10,232	(2,768)
Airplane tax	1,695	1,695	2,140	445
Phone access - SNETCO	133,000	133,000	97,793	(35,207)
Remediation financing	(150,595)	(150,595)	(131,189)	19,406
Total Property Taxation	<u>26,227,142</u>	<u>26,227,142</u>	<u>26,596,244</u>	<u>369,102</u>
<b>INTERGOVERNMENTAL</b>				
State-owned property	266,511	266,511	266,962	451
Elderly tax relief - frozen	1,811	1,811	1,811	-
Elderly tax relief	140,474	140,474	139,762	(712)
Disability exemption	1,738	1,738	2,719	981
Property tax abatement	27,828	27,828	33,383	5,555
Boat tax (P.A. 81-423)	1,720	1,720	882	(838)
Veterans' exemption	6,471	6,471	6,602	131
Manufacturing equipment	655,040	655,040	549,736	(105,304)
School building grants	495,687	495,687	497,724	2,037
General assistance	240	240	260	20
Connecticard	6,000	6,000	9,799	3,799
Library grant	2,000	2,000	2,165	165
Adult education	105,156	105,156	110,208	5,052
Mashantucket Pequot fund	144,954	144,954	147,700	2,746
Education equalization grant	15,245,633	15,245,633	13,013,132	(2,232,501)
School transportation	437,799	437,799	267,764	(170,035)
Vocational agriculture	149,050	149,050	153,040	3,990
Nonpublic school - health services	31,891	31,891	30,727	(1,164)
Transportation - nonpublic	13,519	13,519	11,113	(2,406)
Medicare reimbursement	50,000	50,000	60,632	10,632
Total Intergovernmental Revenues	<u>17,783,522</u>	<u>17,783,522</u>	<u>15,306,121</u>	<u>(2,477,401)</u>
<b>LICENSES, PERMITS AND FEES</b>				
Building permit fees	87,500	87,500	117,620	30,120
Planning and zoning permits	25,000	25,000	69,370	44,370
Other permits	1,200	1,200	4,535	3,335
Library fines and fees	18,000	18,000	18,003	3
Animal control fines and fees	1,000	1,000	3,938	2,938
Total Licenses, Permits and Fees	<u>132,700</u>	<u>132,700</u>	<u>213,466</u>	<u>80,766</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>CHARGES FOR SERVICES</b>				
Town clerk receipts	\$ 125,000	\$ 125,000	\$ 137,974	\$ 12,974
Conveyance tax	127,000	127,000	123,981	(3,019)
Engineering	51,358	51,358	57,920	6,562
Elderly housing services	20,000	20,000	20,000	-
Recreation department	128,800	128,800	109,107	(19,693)
Tuition	1,164,725	1,164,725	1,273,385	108,660
Data processing services	1,885	1,885	-	(1,885)
Total Charges for Services	<u>1,618,768</u>	<u>1,618,768</u>	<u>1,722,367</u>	<u>103,599</u>
<b>USE OF MONEY AND PROPERTY</b>				
Investment income	250,000	250,000	40,343	(209,657)
Sewer plant lease	30,085	30,085	30,085	-
Communications tower lease	67,000	67,000	89,122	22,122
Total Use of Money and Property	<u>347,085</u>	<u>347,085</u>	<u>159,550</u>	<u>(187,535)</u>
<b>MISCELLANEOUS</b>				
School capital contributions	500	500	463	(37)
Miscellaneous	79,571	79,571	96,732	17,161
Total Miscellaneous	<u>80,071</u>	<u>80,071</u>	<u>97,195</u>	<u>17,124</u>
Total Revenues	<u>46,189,288</u>	<u>46,189,288</u>	<u>44,094,943</u>	<u>(2,094,345)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
Sewer Operating Fund	506,313	506,313	510,008	3,695
Insurance Reserve Fund	-	14,389	14,389	-
Louisa E. Day	400	400	19	(381)
Thomas J. Evans	100	100	9	(91)
Total Other Financing Sources	<u>506,813</u>	<u>521,202</u>	<u>524,425</u>	<u>3,223</u>
Total Revenues and Other Financing Sources	<u>\$ 46,696,101</u>	<u>\$ 46,710,490</u>	<u>\$ 44,619,368</u>	<u>\$ (2,091,122)</u>
				<i>(Concluded)</i>

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>GENERAL GOVERNMENT</b>				
Town Council:				
Personal services	\$ 6,750	\$ 6,750	\$ 6,375	\$ (375)
Contractual services	38,595	38,595	35,777	(2,818)
Materials and supplies	<u>1,700</u>	<u>1,700</u>	<u>1,366</u>	<u>(334)</u>
Total Town Council	<u>47,045</u>	<u>47,045</u>	<u>43,518</u>	<u>(3,527)</u>
Town Manager:				
Personal services	256,806	261,806	261,338	(468)
Contractual services	39,340	34,340	33,606	(734)
Materials and supplies	3,200	3,200	2,971	(229)
Capital outlay	<u>500</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
Total Town Manager	<u>299,846</u>	<u>299,846</u>	<u>297,915</u>	<u>(1,931)</u>
Legal Services:				
Contractual services	<u>96,000</u>	<u>101,725</u>	<u>101,723</u>	<u>(2)</u>
Total Legal Services	<u>96,000</u>	<u>101,725</u>	<u>101,723</u>	<u>(2)</u>
Town Clerk:				
Personal services	121,370	121,370	120,710	(660)
Contractual services	49,100	49,100	28,341	(20,759)
Materials and supplies	<u>2,500</u>	<u>2,500</u>	<u>2,473</u>	<u>(27)</u>
Total Town Clerk	<u>172,970</u>	<u>172,970</u>	<u>151,524</u>	<u>(21,446)</u>
Finance:				
Personal services	145,145	153,905	142,918	(10,987)
Contractual services	64,450	66,790	66,788	(2)
Materials and supplies	<u>2,000</u>	<u>2,000</u>	<u>1,865</u>	<u>(135)</u>
Total Finance	<u>211,595</u>	<u>222,695</u>	<u>211,571</u>	<u>(11,124)</u>
Assessor:				
Personal services	140,357	141,527	140,288	(1,239)
Contractual services	15,865	15,865	11,895	(3,970)
Materials and supplies	<u>1,970</u>	<u>1,970</u>	<u>1,342</u>	<u>(628)</u>
Total Assessor	<u>158,192</u>	<u>159,362</u>	<u>153,525</u>	<u>(5,837)</u>
Revenue Collection:				
Personal services	165,156	165,156	164,959	(197)
Contractual services	44,780	44,780	34,079	(10,701)
Materials and supplies	<u>2,150</u>	<u>2,150</u>	<u>2,050</u>	<u>(100)</u>
Total Revenue Collection	<u>212,086</u>	<u>212,086</u>	<u>201,088</u>	<u>(10,998)</u>
Registration and Elections:				
Personal services	13,510	32,365	32,364	(1)
Contractual services	61,334	42,479	24,371	(18,108)
Materials and supplies	<u>1,430</u>	<u>1,430</u>	<u>874</u>	<u>(556)</u>
Total Registration and Elections	<u>76,274</u>	<u>76,274</u>	<u>57,609</u>	<u>(18,665)</u>

*(Continued)*



**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<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>				
Town Boards and Commissions:				
Contractual services	\$ 79,280	\$ 76,119	\$ 75,159	\$ (960)
Total Town Boards and Commissions	<u>79,280</u>	<u>76,119</u>	<u>75,159</u>	<u>(960)</u>
Planning and Development:				
Personal services	182,449	184,627	176,426	(8,201)
Contractual services	21,900	21,900	17,318	(4,582)
Materials and supplies	3,200	3,200	2,430	(770)
Total Planning and Development	<u>207,549</u>	<u>209,727</u>	<u>196,174</u>	<u>(13,553)</u>
Data Processing:				
Personal services	13,260	13,260	-	(13,260)
Contractual services	92,740	92,740	87,212	(5,528)
Materials and supplies	2,000	2,000	2,000	-
Total Data Processing	<u>108,000</u>	<u>108,000</u>	<u>89,212</u>	<u>(18,788)</u>
Town Hall:				
Personal services	24,205	24,205	24,166	(39)
Contractual services	70,655	70,655	61,496	(9,159)
Materials and supplies	8,650	8,650	7,056	(1,594)
Total Town Hall	<u>103,510</u>	<u>103,510</u>	<u>92,718</u>	<u>(10,792)</u>
Economic Development:				
Personal services	102,675	102,910	102,907	(3)
Contractual services	14,550	14,160	12,250	(1,910)
Materials and supplies	1,000	1,155	1,153	(2)
Total Economic Development	<u>118,225</u>	<u>118,225</u>	<u>116,310</u>	<u>(1,915)</u>
Total General Government	<u>1,890,572</u>	<u>1,907,584</u>	<u>1,788,046</u>	<u>(119,538)</u>
<b>PUBLIC WORKS</b>				
Supervision:				
Personal services	178,422	185,972	185,967	(5)
Contractual services	10,550	10,550	8,935	(1,615)
Materials and supplies	2,050	2,050	1,280	(770)
Total Supervision	<u>191,022</u>	<u>198,572</u>	<u>196,182</u>	<u>(2,390)</u>
Engineering:				
Personal services	267,847	273,959	272,143	(1,816)
Contractual services	19,550	19,550	4,373	(15,177)
Materials and supplies	3,600	3,600	3,332	(268)
Total Engineering	<u>290,997</u>	<u>297,109</u>	<u>279,848</u>	<u>(17,261)</u>
Central Garage:				
Personal services	134,470	134,725	134,721	(4)
Contractual services	69,850	65,550	65,485	(65)
Materials and supplies	213,000	225,600	225,093	(507)
Total Central Garage	<u>417,320</u>	<u>425,875</u>	<u>425,299</u>	<u>(576)</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>PUBLIC WORKS (Continued)</b>				
Highways:				
Personal services	\$ 708,678	\$ 708,678	\$ 675,748	\$ (32,930)
Contractual services	57,200	57,200	36,034	(21,166)
Materials and supplies	109,500	109,500	101,066	(8,434)
Total Highways	<u>875,378</u>	<u>875,378</u>	<u>812,848</u>	<u>(62,530)</u>
Winter Maintenance:				
Personal services	92,000	84,195	79,706	(4,489)
Contractual services	6,000	3,630	3,624	(6)
Materials and supplies	168,000	164,500	164,444	(56)
Total Winter Maintenance	<u>266,000</u>	<u>252,325</u>	<u>247,774</u>	<u>(4,551)</u>
Total Public Works	<u>2,040,717</u>	<u>2,049,259</u>	<u>1,961,951</u>	<u>(87,308)</u>
<b>RECREATION AND LEISURE</b>				
Recreation:				
Personal services	341,567	342,847	342,831	(16)
Contractual services	143,130	145,690	145,177	(513)
Materials and supplies	35,300	35,240	34,433	(807)
Total Recreation	<u>519,997</u>	<u>523,777</u>	<u>522,441</u>	<u>(1,336)</u>
Park Development and Maintenance:				
Personal services	165,326	158,926	158,209	(717)
Contractual services	68,150	62,690	59,352	(3,338)
Materials and supplies	47,600	47,600	39,739	(7,861)
Capital outlay	-	11,860	26,244	14,384
Total Park Development and Maintenance	<u>281,076</u>	<u>281,076</u>	<u>283,544</u>	<u>2,468</u>
Public Library:				
Personal services	381,206	422,871	422,868	(3)
Contractual services	277,580	247,580	246,730	(850)
Materials and supplies	15,200	13,300	13,284	(16)
Total Public Library	<u>673,986</u>	<u>683,751</u>	<u>682,882</u>	<u>(869)</u>
Special Communities Activities:				
Contractual services	4,625	4,625	4,625	-
Total Special Communities Activities	<u>4,625</u>	<u>4,625</u>	<u>4,625</u>	<u>-</u>
Community Center:				
Personal services	36,115	36,115	35,776	(339)
Contractual services	96,900	96,740	89,636	(7,104)
Materials and supplies	10,000	10,160	10,157	(3)
Total Community Center	<u>143,015</u>	<u>143,015</u>	<u>135,569</u>	<u>(7,446)</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<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>				
Other Town Buildings:				
Contractual services	\$ 14,910	\$ 14,910	\$ 13,615	\$ (1,295)
Material and supplies	1,000	1,000	147	(853)
Total Other Town Buildings	<u>15,910</u>	<u>15,910</u>	<u>13,762</u>	<u>(2,148)</u>
Total Recreation and Leisure	<u>1,638,609</u>	<u>1,652,154</u>	<u>1,642,823</u>	<u>(9,331)</u>
<b>PUBLIC SAFETY</b>				
Building Inspector:				
Personal services	152,394	155,479	155,475	(4)
Contractual services	10,100	9,115	6,335	(2,780)
Materials and supplies	8,675	8,675	5,350	(3,325)
Total Building Inspector	<u>171,169</u>	<u>173,269</u>	<u>167,160</u>	<u>(6,109)</u>
Animal Control:				
Contractual services	53,130	54,550	54,547	(3)
Materials and supplies	1,000	350	350	-
Total Animal Control	<u>54,130</u>	<u>54,900</u>	<u>54,897</u>	<u>(3)</u>
Law Enforcement:				
Personal services	26,360	28,230	28,226	(4)
Contractual services	543,167	540,877	484,370	(56,507)
Materials and supplies	1,150	1,570	1,566	(4)
Total Law Enforcement	<u>570,677</u>	<u>570,677</u>	<u>514,162</u>	<u>(56,515)</u>
Total Public Safety	<u>795,976</u>	<u>798,846</u>	<u>736,219</u>	<u>(62,627)</u>
<b>COMMUNITY DEVELOPMENT AND HUMAN SERVICES</b>				
Community Development:				
Personal services	56,985	56,985	56,768	(217)
Contractual services	5,750	5,750	1,856	(3,894)
Materials and supplies	400	400	345	(55)
Total Community Development	<u>63,135</u>	<u>63,135</u>	<u>58,969</u>	<u>(4,166)</u>
Human Service Subsidies:				
Contractual services	392,910	407,475	407,472	(3)
Total Human Service Subsidies	<u>392,910</u>	<u>407,475</u>	<u>407,472</u>	<u>(3)</u>
Total Community Development and Human Services	<u>456,045</u>	<u>470,610</u>	<u>466,441</u>	<u>(4,169)</u>
<b>BOARD OF EDUCATION</b>	<u>34,762,304</u>	<u>35,849,098</u>	<u>32,504,324</u>	<u>(3,344,774)</u>
<b>MISCELLANEOUS</b>				
Employee benefits - contractual services	1,081,508	1,162,383	1,162,383	-
Insurance - contractual services	570,000	570,000	555,159	(14,841)
Contingencies	275,000	144,430	1,000	(143,430)
Total Miscellaneous	<u>1,926,508</u>	<u>1,876,813</u>	<u>1,718,542</u>	<u>(158,271)</u>

*(Continued)*

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
DEBT SERVICE				
Principal	\$ 2,004,475	\$ 2,004,475	\$ 2,004,575	\$ 100
Interest	918,673	918,673	827,636	(91,037)
Lease payments	70,000	70,000	70,000	-
Debt issuance costs	5,000	5,000	6,278	1,278
Total Debt Service	<u>2,998,148</u>	<u>2,998,148</u>	<u>2,908,489</u>	<u>(89,659)</u>
Total Expenditures	<u>46,508,879</u>	<u>47,602,512</u>	<u>43,726,835</u>	<u>(3,875,677)</u>
OTHER FINANCING USES				
Transfers out:				
Capital Nonrecurring Fund	412,817	412,817	412,817	-
Demo and Relocation Fund	20,000	90,000	90,000	-
Solid Waste Fund	169,425	169,425	169,425	-
Open Space Fund	-	3,161	3,161	-
Information Technology (Capital Reserve)	55,000	55,000	55,000	-
Education Capital Nonrecurring Fund	329,980	329,980	329,980	-
Total Other Financing Uses	<u>987,222</u>	<u>1,060,383</u>	<u>1,060,383</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 47,496,101</u>	<u>\$ 48,662,895</u>	<u>\$ 44,787,218</u>	<u>\$ (3,875,677)</u>
				<i>(Concluded)</i>

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Grand List Year	Balance Uncollected June 30, 2009	Current Levy	Lawful Corrections		Transfers From Suspense	Balance To Be Collected	Collections				Balance Uncollected June 30, 2010
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2008	\$ -	\$ 26,480,944	\$ 57,222	\$ 75,677	\$ -	\$ 26,462,489	\$ 25,814,694	\$ 99,729	\$ 1,725	\$ 25,916,148	\$ 647,795
2007	634,082	-	23,059	18,485	282	638,938	371,733	68,715	5,691	446,139	267,205
2006	299,001	-	37,888	14,168	328	323,049	115,774	43,603	1,951	161,328	207,275
2005	111,433	-	29,251	11,825	565	129,424	20,003	11,144	408	31,555	109,421
2004	67,048	-	-	7,600	842	60,290	11,597	7,368	210	19,175	48,693
2003	33,583	-	-	3,815	704	30,472	4,139	4,681	48	8,868	26,333
2002	15,930	-	-	5,791	2,586	12,725	4,143	4,543	78	8,764	8,582
2001	4,800	-	-	1,503	1,113	4,410	1,695	2,508	36	4,239	2,715
2000	3,528	-	-	978	697	3,247	1,609	2,352	30	3,991	1,638
1999	3,339	-	-	809	384	2,914	1,196	2,005	24	3,225	1,718
1998 and prior	5,488	-	-	1,963	1,101	4,626	1,050	1,607	31	2,688	3,576
	<u>\$ 1,178,232</u>	<u>\$ 26,480,944</u>	<u>\$ 147,420</u>	<u>\$ 142,614</u>	<u>\$ 8,602</u>	<u>\$ 27,672,584</u>	<u>\$ 26,347,633</u>	<u>\$ 248,255</u>	<u>\$ 10,232</u>	<u>\$ 26,606,120</u>	<u>\$ 1,324,951</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Total cash collections for the year ended  
June 30, 2010:

Taxes	\$ 26,347,633
Interest and lien fees	258,487
Total	<u>26,606,120</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	-
Base	<u>\$ 26,606,120</u>

	<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	\$ 59,863,770	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	119,727,540	-	-	-
3-3/4 times base	-	-	99,772,950	-	-
3-1/4 times base	-	-	-	86,469,890	-
3 times base	-	-	-	-	79,818,360
Total debt limitation	<u>59,863,770</u>	<u>119,727,540</u>	<u>99,772,950</u>	<u>86,469,890</u>	<u>79,818,360</u>
Indebtedness:					
Bonds and notes payable	3,579,411	19,350,729	7,111,685	-	-
Authorized, unissued bonds	-	5,518,666	4,241,000	-	-
	<u>3,579,411</u>	<u>24,869,395</u>	<u>11,352,685</u>	<u>-</u>	<u>-</u>
Less: amounts to be provided by the state	-	427,769	-	-	-
	<u>-</u>	<u>427,769</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>3,579,411</u>	<u>24,441,626</u>	<u>11,352,685</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 56,284,359</u>	<u>\$ 95,285,914</u>	<u>\$ 88,420,265</u>	<u>\$ 86,469,890</u>	<u>\$ 79,818,360</u>
Total capacity of borrowing (7 times base)	\$ 186,242,840				
Total present indebtedness	<u>39,373,722</u>				
Margin for additional borrowing	<u>\$ 146,869,118</u>				

*Capital  
Improvements  
Fund*

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS**  
**CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2010
	Balance July 1, 2009	Current Year Appropriations	Balance June 30, 2010	Balance July 1, 2009	Expenditures	Balance June 30, 2010	
Owen Bell Phase II	\$ 688,615	\$ -	\$ 688,615	\$ 687,615	\$ 450	\$ 688,065	\$ 550
Dayville Water Main	552,059	-	552,059	490,982	-	490,982	61,077
David Avenue	75,126	-	75,126	5,126	-	5,126	70,000
Fuel Storage	318,504	-	318,504	259,792	-	259,792	58,712
Guide Rail Replacement	347,500	-	347,500	316,111	3,305	319,416	28,084
Sidewalks	350,034	10,000	360,034	331,397	-	331,397	28,637
Alexanders Lake Sewer	2,205,000	-	2,205,000	2,173,447	-	2,173,447	31,553
High School Roof Replacement	932,170	-	932,170	696,670	-	696,670	235,500
Spot Drainage	175,500	20,000	195,500	160,581	1,136	161,717	33,783
Putnam Road/Five Mile	1,125,000	-	1,125,000	1,034,488	-	1,034,488	90,512
Landfill Closure	2,800,000	-	2,800,000	2,487,955	-	2,487,955	312,045
Killingly Industrial Park	20,848	-	20,848	15,543	-	15,543	5,305
Industrial Park Expansion	182,500	-	182,500	172,812	-	172,812	9,688
Cook Hill Road	680,000	-	680,000	556,000	23,826	579,826	100,174
KIS Athletic/Recreation Fields	190,000	-	190,000	181,472	-	181,472	8,528
KIS Roof Ventilation	2,000,000	-	2,000,000	1,688,983	-	1,688,983	311,017
Davis Park	70,000	-	70,000	59,747	-	59,747	10,253
WPCA Odor Control	4,380,553	-	4,380,553	4,097,727	-	4,097,727	282,826
Quinebaug River Bike	1,888,925	-	1,888,925	1,641,498	43,369	1,684,867	204,058
Geographic Info System	550,000	-	550,000	516,985	-	516,985	33,015
DPW Bay Expansion	246,000	-	246,000	41,327	-	41,327	204,673
Downtown Parking	20,000	-	20,000	(70)	-	(70)	20,070
KIS Seal Parking Lots	26,000	-	26,000	3,263	-	3,263	22,737
Mechanic Street	117,000	-	117,000	92,671	30	92,701	24,299
School Space Needs	250,000	-	250,000	240,670	-	240,670	9,330
Vo-Ag Classroom Remodeling and Equipment	1,000,000	-	1,000,000	997,331	-	997,331	2,669
KMS Modular Units	600,000	-	600,000	583,032	-	583,032	16,968
Bugbee Building	101,000	-	101,000	100,349	-	100,349	651
Anchor Glass Prop MDP	354,700	-	354,700	66,782	-	66,782	287,918
Town Prop/Nonpay Taxes	31,600	-	31,600	30,066	-	30,066	1,534
KIS Fire Protect System Replacement	1,100,000	-	1,100,000	843,144	-	843,144	256,856
WPCA - BNR Study A	237,711	-	237,711	199,211	-	199,211	38,500
WPCA - Collections System B	214,693	-	214,693	165,247	-	165,247	49,446

*(Continued)*



**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS**  
**CAPITAL IMPROVEMENT FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2010
	Balance July 1, 2009	Current Year Appropriations	Balance June 30, 2010	Balance July 1, 2009	Expenditures	Balance June 30, 2010	
Town Hall ADA Entrance	\$ 140,110	\$ -	\$ 140,110	\$ 148,144	\$ -	\$ 148,144	\$ (8,034)
Goodyear Early Childhood Center	-	30,000	30,000	-	-	-	30,000
Mashentuck Road - Phase II	301,488	-	301,488	250,981	62	251,043	50,445
Water Street Redevelopment Project	153,987	-	153,987	109,303	13,182	122,485	31,502
Land Use Management System	45,000	-	45,000	9,859	-	9,859	35,141
Maryland Street Reconstruction and Drainage	100,000	-	100,000	-	-	-	100,000
KIS Insulated Window Replacement	37,000	-	37,000	37,105	-	37,105	(105)
KIS Door Replacements	15,000	-	15,000	-	-	-	15,000
Industrial Park Sign	20,000	-	20,000	13,400	-	13,400	6,600
WPCA - Sewer Relining/Replacement	520,000	-	520,000	142,530	138,667	281,197	238,803
High School/Vo-Ag	81,265,000	-	81,265,000	42,241,131	31,542,560	73,783,691	7,481,309
KHS Asbestos Abatement	237,445	-	237,445	237,362	-	237,362	83
Armory Roof	33,000	-	33,000	18,446	10,230	28,676	4,324
Pratt/Ledge Roads	150,000	10,000	160,000	10,884	-	10,884	149,116
Lake Road Phase II	176,000	-	176,000	-	148,636	148,636	27,364
Fuel Oil Tank Removal/Replacement	25,000	-	25,000	11,004	-	11,004	13,996
OB Tennis Court and Truck Repairs	46,000	-	46,000	41,012	-	41,012	4,988
Property Options	5,000	-	5,000	-	-	-	5,000
KCC Theatre Lighting	29,043	-	29,043	24,867	-	24,867	4,176
Slater Hill Road Bridge	450,177	-	450,177	243,931	346,742	590,673	(140,496)
Breakneck Hill Road	889,268	261,000	1,150,268	8,338	15,793	24,131	1,126,137
Library - Engingeering and Design HVAC	25,000	-	25,000	23,474	941	24,415	585
Mechanic Street - Engineering and Design	85,000	-	85,000	429	-	429	84,571
North Street - Engineering and Design	75,000	-	75,000	-	-	-	75,000
Voting Machines	26,000	(25,983)	17	17	-	17	-
Street Tree Replacement	10,000	-	10,000	3,379	-	3,379	6,621
Parks and Open Spaces	5,000	-	5,000	-	-	-	5,000
Davis Park Improvements	10,000	-	10,000	6,476	-	6,476	3,524
Killingly Central School	-	-	-	758	-	758	(758)
Salt Storage Facilities	50,000	-	50,000	192	-	192	49,808
River Road Bridge Rehabilitation	300,000	-	300,000	-	24,070	24,070	275,930
Rock Avenue Bridge	774,600	-	774,600	142,985	69,869	212,854	561,746
Rock Avenue	150,000	-	150,000	-	19,506	19,506	130,494
Chestnut Hill Road Bridge	222,000	-	222,000	-	1,983	1,983	220,017

(Continued)

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS**  
**CAPITAL IMPROVEMENT FUND (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2010
	Balance July 1, 2009	Current Year Appropriations	Balance June 30, 2010	Balance July 1, 2009	Expenditures	Balance June 30, 2010	
Chestnut Hill Bridge	\$ 1,008,000	\$ -	\$ 1,008,000	\$ 1,007,239	\$ 761	\$ 1,008,000	\$ -
Goodyear Roof (New Wing)	49,563	(30,000)	19,563	22,163	-	22,163	(2,600)
KCC Gym Floor	15,750	-	15,750	-	-	-	15,750
Library - Engineering and Design HVAC	150,000	-	150,000	173,320	-	173,320	(23,320)
Town Hall (LOCIP)	200,000	150,000	350,000	363,031	(432)	362,599	(12,599)
Splash Park, Skate Board Park	62,124	-	62,124	40,493	-	40,493	21,631
WPCA Capital Projects-08	300,000	-	300,000	264,338	26,933	291,271	8,729
Bugbee Bldg Ext Restoration	25,000	-	25,000	-	-	-	25,000
Ford Escape Hybrid	25,000	-	25,000	26,979	-	26,979	(1,979)
Aerial Bucket Unit	45,000	-	45,000	44,927	-	44,927	73
Three Wheel Mechanical Sweeper	140,000	-	140,000	139,229	-	139,229	771
Sewer- Reline and Replace	400,000	-	400,000	291	14,955	15,246	384,754
Garage Office Ventilation	6,000	-	6,000	4,867	-	4,867	1,133
Office Furn: Assessor & Revenue	10,000	-	10,000	9,985	-	9,985	15
Town Hall Roof Replacement	30,000	-	30,000	295	30,115	30,410	(410)
Cat Hollow Park Dev	15,000	-	15,000	-	-	-	15,000
Franklin St. Wall/Sidewalks	5,000	-	5,000	572	600	1,172	3,828
Franklin St.	42,500	-	42,500	22,483	-	22,483	20,017
Town Hall Boiler	75,000	-	75,000	6,805	18,531	25,336	49,664
WPCA Capital Projects- 09	105,000	-	105,000	32,962	-	32,962	72,038
Road Renewal	131,344	-	131,344	128,857	2,487	131,344	-
Bugbee Bldg - Roof/Gutters	50,000	-	50,000	29,775	-	29,775	20,225
Slater Hill Road Bridge	284,266	-	284,266	-	212,595	212,595	71,671
Rock Avenue Bridge	-	3,870,000	3,870,000	-	898,648	898,648	2,971,352
Fire Alarm System Replacement	-	25,983	25,983	-	22,753	22,753	3,230
Public Library Roof	-	85,000	85,000	-	77,674	77,674	7,326
WPCA Capital Project	-	200,000	200,000	-	44,780	44,780	155,220
Lake Road/Louisa Viens Improvement	-	20,000	20,000	-	1,221	1,221	18,779
TA Road Renewal	-	100,500	100,500	-	5,887	5,887	94,613
HVAC System Renovation Phase II	-	90,000	90,000	-	86,571	86,571	3,429
Sanitary Sewer Line Replacement	-	7,741,000	7,741,000	-	13,704	13,704	7,727,296
Chiller - Old High School	-	7,000	7,000	-	5,227	5,227	1,773
Town Hall Locip	-	33,000	33,000	-	-	-	33,000
	<u>\$ 113,376,703</u>	<u>\$ 12,597,500</u>	<u>\$ 125,974,203</u>	<u>\$ 66,982,572</u>	<u>\$ 33,867,367</u>	<u>\$ 100,849,939</u>	<u>\$ 25,124,264</u>

(Concluded)

*Nonmajor  
Governmental  
Funds*

**TOWN OF KILLINGLY, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<b>Nonmajor Special Revenue Funds</b>						
	<b>School Cafeteria Fund</b>	<b>Capital Nonrecurring Fund</b>	<b>Educational Grants Fund</b>	<b>Community Development Block Grant Fund</b>	<b>Water Utility Fund</b>	<b>Revaluation Fund</b>	<b>Town Aid Road Fund</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 141,030	\$ -	\$ 167,840	\$ 320,127	\$ -	\$ -	\$ -
Investments	-	-	-	74,789	-	-	-
Receivables:							
Grants and contracts	74,688	-	85,856	-	-	-	-
Other	30,702	-	9,211	-	-	-	-
Due from other funds	-	2,697,637	-	-	1,167,432	75,600	58,945
Inventories	32,981	-	-	-	-	-	-
Total assets	<u>\$ 279,401</u>	<u>\$ 2,697,637</u>	<u>\$ 262,907</u>	<u>\$ 394,916</u>	<u>\$ 1,167,432</u>	<u>\$ 75,600</u>	<u>\$ 58,945</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 78,934	\$ -	\$ -	\$ -	\$ -
Due to other funds	411,274	-	151,955	-	-	-	-
Due to funding source	-	-	9,443	-	-	-	-
Unearned/deferred revenue	-	-	22,575	320,032	-	-	58,945
Total liabilities	<u>411,274</u>	<u>-</u>	<u>262,907</u>	<u>320,032</u>	<u>-</u>	<u>-</u>	<u>58,945</u>
Fund Balances (Deficit):							
Reserved for:							
Inventories	32,981	-	-	-	-	-	-
Endowments - Non-Expendable	-	-	-	-	-	-	-
Endowments - Expendable	-	-	-	-	-	-	-
Unreserved (deficit)	(164,854)	2,697,637	-	74,884	1,167,432	75,600	-
Total fund balances (deficit)	<u>(131,873)</u>	<u>2,697,637</u>	<u>-</u>	<u>74,884</u>	<u>1,167,432</u>	<u>75,600</u>	<u>-</u>
Total liabilities and fund balances (deficit)	<u>\$ 279,401</u>	<u>\$ 2,697,637</u>	<u>\$ 262,907</u>	<u>\$ 394,916</u>	<u>\$ 1,167,432</u>	<u>\$ 75,600</u>	<u>\$ 58,945</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**JUNE 30, 2010**

	Nonmajor Special Revenue Funds						
	Insurance Reserve Fund	Workplace Substance Abuse Grants Fund	Community Employment Incentive Fund	Water Mitigation Fund	Recreation Revolving Fund	Public Investment Community Grant in Aid Fund	Open Space Acquisition Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	228,080	5,167	7,687	75,040	-	5,324	130,331
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 228,080</u>	<u>\$ 5,167</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>	<u>\$ -</u>	<u>\$ 5,324</u>	<u>\$ 130,331</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	233	-	-
Due to funding source	-	-	-	-	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):							
Reserved for:							
Inventories	-	-	-	-	-	-	-
Endowments - Non-Expendable	-	-	-	-	-	-	-
Endowments - Expendable	-	-	-	-	-	-	-
Unreserved (deficit)	228,080	5,167	7,687	75,040	(233)	5,324	130,331
Total fund balances (deficit)	<u>228,080</u>	<u>5,167</u>	<u>7,687</u>	<u>75,040</u>	<u>(233)</u>	<u>5,324</u>	<u>130,331</u>
Total liabilities and fund balances (deficit)	<u>\$ 228,080</u>	<u>\$ 5,167</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>	<u>\$ -</u>	<u>\$ 5,324</u>	<u>\$ 130,331</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**JUNE 30, 2010**

	<b>Nonmajor Special Revenue Funds</b>						
	<b>BOE</b>						
	<b>Miscellaneous Special Revenue Fund</b>	<b>Planning and Conservation Fund</b>	<b>Capital Reserve Fund</b>	<b>Historic Preservation Fund</b>	<b>Demo and Relocation Fund</b>	<b>Solid Waste Fund</b>	<b>Tercentennial Fund</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 416,377	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	1,559	-	-	-	-	-	-
Due from other funds	-	50,872	407,322	22,226	87,041	35,107	2,000
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 417,936</u>	<u>\$ 50,872</u>	<u>\$ 407,322</u>	<u>\$ 22,226</u>	<u>\$ 87,041</u>	<u>\$ 35,107</u>	<u>\$ 2,000</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>							
Liabilities:							
Accounts payable	\$ 5,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	65,878	-	-	-	-	-	-
Due to funding source	-	-	-	-	-	-	-
Unearned/deferred revenue	40,120	-	-	-	-	38,720	-
Total liabilities	<u>111,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,720</u>	<u>-</u>
Fund Balances (Deficit):							
Reserved for:							
Inventories	-	-	-	-	-	-	-
Endowments - Non-Expendable	-	-	-	-	-	-	-
Endowments - Expendable	-	-	-	-	-	-	-
Unreserved (deficit)	306,854	50,872	407,322	22,226	87,041	(3,613)	2,000
Total fund balances (deficit)	<u>306,854</u>	<u>50,872</u>	<u>407,322</u>	<u>22,226</u>	<u>87,041</u>	<u>(3,613)</u>	<u>2,000</u>
Total liabilities and fund balances (deficit)	<u>\$ 417,936</u>	<u>\$ 50,872</u>	<u>\$ 407,322</u>	<u>\$ 22,226</u>	<u>\$ 87,041</u>	<u>\$ 35,107</u>	<u>\$ 2,000</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**JUNE 30, 2010**

	<b>Nonmajor Special Revenue Funds</b>						<b>State Line</b>
	<b>Shubael Hutchins Fund</b>	<b>Armory Fund</b>	<b>Civil War Monument Fund</b>	<b>Killingly Public Library Fund</b>	<b>Killingly Public Library Trust Funds</b>	<b>Biddy Basketball Fund</b>	<b>Road Improvement Fund</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,683	\$ -	\$ -	\$ -
Investments	26,328	-	3,597	-	424,743	689	8,446
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	-	13,250	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 26,328</u>	<u>\$ 13,250</u>	<u>\$ 3,597</u>	<u>\$ 2,683</u>	<u>\$ 424,743</u>	<u>\$ 689</u>	<u>\$ 8,446</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Due to funding source	-	-	-	-	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):							
Reserved for:							
Inventories	-	-	-	-	-	-	-
Endowments - Non-Expendable	-	-	-	-	-	-	-
Endowments - Expendable	-	-	-	-	-	-	-
Unreserved (deficit)	26,328	13,250	3,597	2,683	424,743	689	8,446
Total fund balances (deficit)	<u>26,328</u>	<u>13,250</u>	<u>3,597</u>	<u>2,683</u>	<u>424,743</u>	<u>689</u>	<u>8,446</u>
Total liabilities and fund balances (deficit)	<u>\$ 26,328</u>	<u>\$ 13,250</u>	<u>\$ 3,597</u>	<u>\$ 2,683</u>	<u>\$ 424,743</u>	<u>\$ 689</u>	<u>\$ 8,446</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**JUNE 30, 2010**

	<b>Nonmajor Special Revenue Funds</b>						
	<b>Pettingill Hill Road Improvement Fund</b>	<b>Benefit Assessment Fund</b>	<b>Public Safety Fund</b>	<b>Economic Development Fund</b>	<b>Fuel System Fund</b>	<b>Community Outdoor Beautification Fund</b>	<b>Kelp Fund</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	324	16,674	8,050	201,549	54,170	46,780	2,111
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	-	-	-	56,483	-	-	-
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 324</u>	<u>\$ 16,674</u>	<u>\$ 8,050</u>	<u>\$ 258,032</u>	<u>\$ 54,170</u>	<u>\$ 46,780</u>	<u>\$ 2,111</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Due to funding source	-	-	-	-	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):							
Reserved for:							
Inventories	-	-	-	-	-	-	-
Endowments - Non-Expendable	-	-	-	-	-	-	-
Endowments - Expendable	-	-	-	-	-	-	-
Unreserved (deficit)	324	16,674	8,050	258,032	54,170	46,780	2,111
Total fund balances (deficit)	<u>324</u>	<u>16,674</u>	<u>8,050</u>	<u>258,032</u>	<u>54,170</u>	<u>46,780</u>	<u>2,111</u>
Total liabilities and fund balances (deficit)	<u>\$ 324</u>	<u>\$ 16,674</u>	<u>\$ 8,050</u>	<u>\$ 258,032</u>	<u>\$ 54,170</u>	<u>\$ 46,780</u>	<u>\$ 2,111</u>



**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**JUNE 30, 2010**

	Nonmajor Special Revenue Funds			Capital Projects	Permanent Funds	Total
	Earl Chandler Fund	Almond Paine Cemetery Fund	Sub-total	Industrial Park Fund	Permanent Trust Funds	Nonmajor Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 84	\$ 23,613	\$ 1,071,754	\$ 749	\$ 842	\$ 1,073,345
Investments	-	-	868,250	431,622	118,793	1,418,665
Receivables:						
Grants and contracts	-	-	160,544	-	-	160,544
Other	-	-	41,472	-	-	41,472
Due from other funds	-	-	5,125,544	7,954	-	5,133,498
Inventories	-	-	32,981	-	-	32,981
Total assets	<u>\$ 84</u>	<u>\$ 23,613</u>	<u>\$ 7,300,545</u>	<u>\$ 440,325</u>	<u>\$ 119,635</u>	<u>\$ 7,860,505</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 84,018	\$ -	\$ -	\$ 84,018
Due to other funds	-	-	629,340	-	-	629,340
Due to funding source	-	-	9,443	-	-	9,443
Unearned/deferred revenue	-	-	480,392	-	-	480,392
Total liabilities	<u>-</u>	<u>-</u>	<u>1,203,193</u>	<u>-</u>	<u>-</u>	<u>1,203,193</u>
Fund Balances (Deficit):						
Reserved for:						
Inventories	-	-	32,981	-	-	32,981
Endowments - Non-Expendable	-	-	-	-	119,634	119,634
Endowments - Expendable	-	-	-	-	1	1
Unreserved (deficit)	84	23,613	6,064,371	440,325	-	6,504,696
Total fund balances (deficit)	<u>84</u>	<u>23,613</u>	<u>6,097,352</u>	<u>440,325</u>	<u>119,635</u>	<u>6,657,312</u>
Total liabilities and fund balances (deficit)	<u>\$ 84</u>	<u>\$ 23,613</u>	<u>\$ 7,300,545</u>	<u>\$ 440,325</u>	<u>\$ 119,635</u>	<u>\$ 7,860,505</u>

**TOWN OF KILLINGLY, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES (DEFICIT)  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010**

	Nonmajor Special Revenue Funds						
	School Cafeteria Fund	Capital Nonrecurring Fund	Educational Grants Fund	Community Development Block Grant Fund	Water Utility Fund	Revaluation Fund	Town Aid Road Fund
<b>REVENUES</b>							
Intergovernmental	\$ 570,257	\$ -	\$ 2,046,381	\$ 316,468	\$ -	\$ -	\$ 234,979
Charges for services	365,019	-	-	-	-	-	-
Investment income	392	-	-	158	-	-	-
Miscellaneous	103,314	-	-	9,048	-	-	-
Total revenues	<u>1,038,982</u>	<u>-</u>	<u>2,046,381</u>	<u>325,674</u>	<u>-</u>	<u>-</u>	<u>234,979</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Community development and human services	-	-	-	316,419	-	-	-
Education	1,034,283	-	2,046,381	-	-	-	-
Capital outlays	-	428,442	-	-	-	-	-
Total expenditures	<u>1,034,283</u>	<u>428,442</u>	<u>2,046,381</u>	<u>316,419</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	4,699	(428,442)	-	9,255	-	-	234,979
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	987,647	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(234,979)
Total other financing sources (uses)	<u>-</u>	<u>987,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(234,979)</u>
Net change in fund balances	4,699	559,205	-	9,255	-	-	-
Fund balances (deficit) - beginning	<u>(136,572)</u>	<u>2,138,432</u>	<u>-</u>	<u>65,629</u>	<u>1,167,432</u>	<u>75,600</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ (131,873)</u>	<u>\$ 2,697,637</u>	<u>\$ -</u>	<u>\$ 74,884</u>	<u>\$ 1,167,432</u>	<u>\$ 75,600</u>	<u>\$ -</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (DEFICIT)**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Nonmajor Special Revenue Funds						
	Insurance Reserve Fund	Workplace Substance Abuse Grants Fund	Community Employment Incentive Fund	Water Mitigation Fund	Recreation Revolving Fund	Public Investment Community Grant in Aid Fund	Open Space Acquisition Fund
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	49,965	-	-
Investment income	-	-	-	-	-	-	-
Miscellaneous	70,424	-	-	-	-	-	87,742
Total revenues	<u>70,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,965</u>	<u>-</u>	<u>87,742</u>
<b>EXPENDITURES</b>							
Current:							
General government	88,307	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	58,022	-	-
Public safety	-	-	-	-	-	-	-
Community development and human services	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	<u>88,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,022</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(17,883)	-	-	-	(8,057)	-	87,742
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	2,500	-	-	-	-	-	3,161
Transfers out	(14,389)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(11,889)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,161</u>
Net change in fund balances	(29,772)	-	-	-	(8,057)	-	90,903
Fund balances (deficit) - beginning	<u>257,852</u>	<u>5,167</u>	<u>7,687</u>	<u>75,040</u>	<u>7,824</u>	<u>5,324</u>	<u>39,428</u>
Fund balances (deficit) - ending	<u>\$ 228,080</u>	<u>\$ 5,167</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>	<u>\$ (233)</u>	<u>\$ 5,324</u>	<u>\$ 130,331</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (DEFICIT)**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Nonmajor Special Revenue Funds</b>						
	<b>BOE</b>						
	<b>Miscellaneous</b>	<b>Planning and</b>	<b>Capital</b>	<b>Historic</b>	<b>Demo and</b>	<b>Solid</b>	<b>Tercentennial</b>
	<b>Special Revenue</b>	<b>Conservation</b>	<b>Reserve</b>	<b>Preservation</b>	<b>Relocation</b>	<b>Waste</b>	<b>Fund</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	704,634	-	47,217	-	-	158,560	-
Investment income	-	-	-	-	-	-	-
Miscellaneous	-	-	-	6,166	-	-	-
Total revenues	<u>704,634</u>	<u>-</u>	<u>47,217</u>	<u>6,166</u>	<u>-</u>	<u>158,560</u>	<u>-</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	7,881	350,611	-
Recreation and leisure	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Community development and human services	-	-	-	-	-	-	-
Education	646,086	-	-	-	-	-	-
Capital outlays	-	-	109,166	-	-	-	-
Total expenditures	<u>646,086</u>	<u>-</u>	<u>109,166</u>	<u>-</u>	<u>7,881</u>	<u>350,611</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	58,548	-	(61,949)	6,166	(7,881)	(192,051)	-
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	55,000	-	90,000	169,425	-
Transfers out	-	-	-	-	-	(400)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>90,000</u>	<u>169,025</u>	<u>-</u>
Net change in fund balances	58,548	-	(6,949)	6,166	82,119	(23,026)	-
Fund balances (deficit) - beginning	<u>248,306</u>	<u>50,872</u>	<u>414,271</u>	<u>16,060</u>	<u>4,922</u>	<u>19,413</u>	<u>2,000</u>
Fund balances (deficit) - ending	<u>\$ 306,854</u>	<u>\$ 50,872</u>	<u>\$ 407,322</u>	<u>\$ 22,226</u>	<u>\$ 87,041</u>	<u>\$ (3,613)</u>	<u>\$ 2,000</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (DEFICIT)**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Nonmajor Special Revenue Funds</b>						
	<b>Shubael Hutchins Fund</b>	<b>Armory Fund</b>	<b>Civil War Monument Fund</b>	<b>Killingly Public Library Fund</b>	<b>Killingly Public Library Trust Funds</b>	<b>Biddy Basketball Fund</b>	<b>State Line Road Improvement Fund</b>
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	12,000	-	22,284	-	-	-
Investment income	62	-	9	-	16,041	2	19
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>62</u>	<u>12,000</u>	<u>9</u>	<u>22,284</u>	<u>16,041</u>	<u>2</u>	<u>19</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	-
Recreation and leisure	-	-	-	23,042	-	-	-
Public safety	-	4,750	-	-	-	-	-
Community development and human services	1,000	-	-	-	10,743	-	-
Education	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	<u>1,000</u>	<u>4,750</u>	<u>-</u>	<u>23,042</u>	<u>10,743</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(938)	7,250	9	(758)	5,298	2	19
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	11	-	-	-	597	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>597</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(927)	7,250	9	(758)	5,895	2	19
Fund balances (deficit) - beginning	<u>27,255</u>	<u>6,000</u>	<u>3,588</u>	<u>3,441</u>	<u>418,848</u>	<u>687</u>	<u>8,427</u>
Fund balances (deficit) - ending	<u>\$ 26,328</u>	<u>\$ 13,250</u>	<u>\$ 3,597</u>	<u>\$ 2,683</u>	<u>\$ 424,743</u>	<u>\$ 689</u>	<u>\$ 8,446</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES (DEFICIT)**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Nonmajor Special Revenue Funds						
	Pettingill Hill Road Improvement Fund	Benefit Assessment Fund	Public Safety Fund	Economic Development Fund	Fuel System Fund	Community Outdoor Beautification Fund	Kelp Fund
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	900	-	-	-
Investment income	1	38	20	528	-	87	-
Miscellaneous	-	-	-	-	4,665	11,316	-
Total revenues	<u>1</u>	<u>38</u>	<u>20</u>	<u>1,428</u>	<u>4,665</u>	<u>11,403</u>	<u>-</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-	-
Public safety	-	-	906	-	-	-	-
Community development and human services	-	-	-	1,918	1,262	2,910	-
Education	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>906</u>	<u>1,918</u>	<u>1,262</u>	<u>2,910</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	1	38	(886)	(490)	3,403	8,493	-
<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>	<u>-</u>
Net change in fund balances	1	38	(886)	(490)	3,403	8,493	-
Fund balances (deficit) - beginning	<u>323</u>	<u>16,636</u>	<u>8,936</u>	<u>258,522</u>	<u>50,767</u>	<u>38,287</u>	<u>2,111</u>
Fund balances (deficit) - ending	<u>\$ 324</u>	<u>\$ 16,674</u>	<u>\$ 8,050</u>	<u>\$ 258,032</u>	<u>\$ 54,170</u>	<u>\$ 46,780</u>	<u>\$ 2,111</u>

**TOWN OF KILLINGLY, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES (DEFICIT)  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Nonmajor Special Revenue Funds</u>			<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Total</u>
	<u>Earl Chandler Fund</u>	<u>Almond Paine Cemetery Fund</u>	<u>Sub-total</u>	<u>Industrial Park Fund</u>	<u>Permanent Trust Funds</u>	<u>Nonmajor Governmental Funds</u>
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ 3,168,085	\$ -	\$ -	\$ 3,168,085
Charges for services	-	-	1,360,579	-	-	1,360,579
Investment income	-	5,958	23,315	1,028	646	24,989
Miscellaneous	-	-	292,675	-	-	292,675
Total revenues	<u>-</u>	<u>5,958</u>	<u>4,844,654</u>	<u>1,028</u>	<u>646</u>	<u>4,846,328</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	446,799	-	-	446,799
Recreation and leisure	-	-	81,064	-	-	81,064
Public safety	-	-	5,656	-	-	5,656
Community development and human services	-	2,092	336,344	-	-	336,344
Education	-	-	3,726,750	-	-	3,726,750
Capital outlays	-	-	537,608	-	-	537,608
Total expenditures	<u>-</u>	<u>2,092</u>	<u>5,134,221</u>	<u>-</u>	<u>-</u>	<u>5,134,221</u>
Excess (deficiency) of revenues over expenditures	-	3,866	(289,567)	1,028	646	(287,893)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	10	-	1,308,351	-	-	1,308,351
Transfers out	-	-	(249,768)	-	(646)	(250,414)
Total other financing sources (uses)	<u>10</u>	<u>-</u>	<u>1,058,583</u>	<u>-</u>	<u>(646)</u>	<u>1,057,937</u>
Net change in fund balances	10	3,866	769,016	1,028	-	770,044
Fund balances (deficit) - beginning	<u>74</u>	<u>19,747</u>	<u>5,328,336</u>	<u>439,297</u>	<u>119,635</u>	<u>5,887,268</u>
Fund balances (deficit) - ending	<u>\$ 84</u>	<u>\$ 23,613</u>	<u>\$ 6,097,352</u>	<u>\$ 440,325</u>	<u>\$ 119,635</u>	<u>\$ 6,657,312</u>

**TOWN OF KILLINGLY, CONNECTICUT  
 COMBINING BALANCE SHEET -  
 KILLINGLY PUBLIC LIBRARY TRUST FUNDS  
 JUNE 30, 2010**

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Unreserved Fund Balance</u>
<b>Killingly Public Library Funds</b>			
Mildred Stearns	\$ -	\$ 557	\$ 557
Emily Danielson	-	4,190	4,190
Mary Dexter	-	996	996
Frederick A. Jacobs	-	1,959	1,959
Basset Hammond	-	3,082	3,082
Nathan Prince	-	342,187	342,187
Almond M. Paine	-	17,115	17,115
Ella Dorrance	-	10,981	10,981
Lena Tripp	-	24,838	24,838
Adolp Goldwater	-	4,178	4,178
Library Special	-	14,660	14,660
Total Killingly Public Library Funds	<u>\$ -</u>	<u>\$ 424,743</u>	<u>\$ 424,743</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, 2010**

	<b>Fund Balance July 1, 2009</b>	<b>Charges for Services</b>	<b>Investment Income</b>	<b>Recreation and Leisure</b>	<b>Community Development and Human Services</b>	<b>Transfers In</b>	<b>Fund Balance June 30, 2010</b>
Mildred Stearns	\$ 2,947	\$ -	\$ 7	\$ -	\$ (2,979)	\$ 582	\$ 557
Emily Danielson	4,178	-	10	-	-	2	4,190
Mary Dexter	993	-	2	-	-	1	996
Frederick A. Jacobs	1,953	-	5	-	-	1	1,959
Basset Hammond	3,077	-	5	-	-	-	3,082
Nathan Prince	334,677	-	15,274	-	(7,764)	-	342,187
Almond M. Paine	16,500	-	615	-	-	-	17,115
Ella Dorrance	10,952	-	25	-	-	4	10,981
Lena Tripp	24,782	-	56	-	-	-	24,838
Adolp Goldwater	4,162	-	9	-	-	7	4,178
Library Special	14,627	-	33	-	-	-	14,660
Total Killingly Public Library Funds	<u>\$ 418,848</u>	<u>\$ -</u>	<u>\$ 16,041</u>	<u>\$ -</u>	<u>\$ (10,743)</u>	<u>\$ 597</u>	<u>\$ 424,743</u>

**TOWN OF KILLINGLY, CONNECTICUT  
 COMBINING BALANCE SHEET  
 PERMANENT TRUST FUNDS  
 JUNE 30, 2010**

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Endowment - Non-Expendable</u>	<u>Endowment - Expendable</u>
<b>Permanent Trust Funds</b>				
Thomas J. Evans	\$ -	\$ 3,000	\$ 3,000	\$ -
Ezra Mathewson	-	400	400	-
Shubael Hutchins	-	5,000	5,000	-
Louisa E. Day	-	8,545	8,544	1
Civil War Monument	-	202	202	-
Arthur Wilkes	-	500	500	-
Hutchins Burial Lot	-	200	200	-
Mildred Stearns	-	37,500	37,500	-
Paine Mitchell Matthews	-	1,600	1,600	-
Paine Cemetary - Town	-	50,000	50,000	-
Emily Danielson	-	1,000	1,000	-
Eunice Randell	-	1,000	1,000	-
Earl Chandler	842	-	842	-
Mary Dexter	-	500	500	-
Frederick A. Jacobs	-	500	500	-
Basset Hammond	-	4,346	4,346	-
Ella Dorrance	-	1,500	1,500	-
Adolp Goldwater	-	3,000	3,000	-
Total Permanent Trust Funds	<u>\$ 842</u>	<u>\$ 118,793</u>	<u>\$ 119,634</u>	<u>\$ 1</u>

**TOWN OF KILLINGLY, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 PERMANENT TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Fund Balance July 1, 2009</b>	<b>Investment Income</b>	<b>Transfers In (Out)</b>	<b>Fund Balance June 30, 2010</b>
Thomas J. Evans	\$ 3,000	\$ 9	\$ (9)	\$ 3,000
Ezra Mathewson	400	-	-	400
Shubael Hutchins	5,000	11	(11)	5,000
Louisa E. Day	8,545	19	(19)	8,545
Civil War Monument	202	-	-	202
Arthur Wilkes	500	-	-	500
Hutchins Burial Lot	200	-	-	200
Mildred Stearns	37,500	582	(582)	37,500
Paine Mitchell Matthews	1,600	-	-	1,600
Paine Cemetary - Town	50,000	-	-	50,000
Emily Danielson	1,000	2	(2)	1,000
Eunice Randell	1,000	-	-	1,000
Earl Chandler	842	10	(10)	842
Mary Dexter	500	1	(1)	500
Frederick A. Jacobs	500	1	(1)	500
Basset Hammond	4,346	-	-	4,346
Ella Dorrance	1,500	4	(4)	1,500
Adolp Goldwater	3,000	7	(7)	3,000
Total Permanent Trust Funds	<u>\$ 119,635</u>	<u>\$ 646</u>	<u>\$ (646)</u>	<u>\$ 119,635</u>

*Fiduciary  
Funds*

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS -**  
**PRIVATE PURPOSE TRUST FUNDS**  
**JUNE 30, 2010**

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Held in Trust for Endowment Purposes</u>
Olive Boulais	\$ 2,356	\$ -	\$ 2,356
Robert D. Payne	667	-	667
Blanche Phoenix	84	-	84
Frances Upham Spaulding	110	-	110
Ruth E. Osgood	111	-	111
Margaret Novack Scholarship	130	-	130
Goldwater Weisberg	850	-	850
Laura Pike Rowe	54,337	424,399	478,736
Norman Barrette	486	-	486
Adrian Herklots	202	-	202
Normington Memorial Savings	1,569	-	1,569
Normington Memorial CD	2,129	-	2,129
Jeffrey Lehman	7,561	-	7,561
Chris Wood	12,570	-	12,570
Ryan Doyle	6,277	-	6,277
John E. Bitgood Trust	5,125	-	5,125
John Lagarde Savings	281	-	281
John Lagarde CD	3,736	-	3,736
Olive Boulais	2,908	-	2,908
Robert D. Payne	2,000	-	2,000
Frances Upham Spaulding	1,000	-	1,000
Ruth E. Osgood	7,500	-	7,500
Blanche Phoenix	1,000	-	1,000
Total Private Purpose Trust Funds	<u>\$ 112,989</u>	<u>\$ 424,399</u>	<u>\$ 537,388</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -**  
**PRIVATE PURPOSE TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Fund Balance July 1, 2009</b>	<b>Additions</b>		<b>Deductions</b>	<b>Transfers In (Out)</b>	<b>Fund Balance June 30, 2010</b>
		<b>Contributions</b>	<b>Investment Income</b>	<b>Awards</b>		
Olive Boulais	\$ 2,342	\$ -	\$ -	\$ (50)	\$ 64	\$ 2,356
Robert D. Payne	665	-	-	(50)	52	667
Blanche Phoenix	77	-	-	-	7	84
Frances Upham Spaulding	96	-	14	-	-	110
Ruth E. Osgood	106	-	24	(74)	55	111
Michael Pappas Scholarship	746	-	3	(749)	-	-
Margaret Novack Scholarship	309	-	1	(180)	-	130
Goldwater Weisberg	850	-	12	(12)	-	850
Laura Pike Rowe	452,959	-	25,777	-	-	478,736
Norman Barrette	234	250	2	-	-	486
Adrian Herklots	201	2,400	1	(2,400)	-	202
Normington Memorial Savings	1,063	1,500	6	(1,000)	-	1,569
Normington Memorial CD	2,059	-	70	-	-	2,129
Jeffrey Lehman	7,523	2,500	38	(2,500)	-	7,561
Chris Wood	7,523	10,000	47	(5,000)	-	12,570
Ryan Doyle	3,349	2,910	18	-	-	6,277
John E. Bitgood Trust	-	5,125	-	-	-	5,125
Jackie Quintal Donais	-	2,000	3	(2,003)	-	-
John Lagarde Savings	-	1,030	1	(750)	-	281
John Lagarde CD	-	3,720	16	-	-	3,736
Olive Boulais	2,908	-	64	-	(64)	2,908
Robert D. Payne	2,000	-	52	-	(52)	2,000
Frances Upham Spaulding	1,000	-	-	-	-	1,000
Ruth E. Osgood	7,500	-	55	-	(55)	7,500
Blanche Phoenix	1,000	-	7	-	(7)	1,000
<b>Total Private Purpose Trust Funds</b>	<b>\$ 494,510</b>	<b>\$ 31,435</b>	<b>\$ 26,211</b>	<b>\$ (14,768)</b>	<b>\$ -</b>	<b>\$ 537,388</b>

**TOWN OF KILLINGLY, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2010**

	<u>Student Activities</u>	<u>Performance Bonds</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 199,297	\$ 265,313	\$ 464,610
Total assets	<u>\$ 199,297</u>	<u>\$ 265,313</u>	<u>\$ 464,610</u>
<b>LIABILITIES</b>			
Due to student groups	\$ 199,297	\$ -	\$ 199,297
Due to others	-	265,313	265,313
Total liabilities	<u>\$ 199,297</u>	<u>\$ 265,313</u>	<u>\$ 464,610</u>

**TOWN OF KILLINGLY, CONNECTICUT  
COMBINING STATEMENT OF CHANGES IN  
FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Balance, July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2010</u>
<b>Student Activities</b>				
Assets				
Cash and cash equivalents:				
Killingly high school	\$ 120,001	\$ 261,843	\$ 257,492	\$ 124,352
Killingly high school concession	3,000	3,810	3,224	3,586
Redmen booster club	1,890	4	-	1,894
Killingly junior high school	4,126	133,601	96,378	41,349
Killingly central school	24,694	32,282	35,318	21,658
Killingly memorial school	5,182	4,725	8,563	1,344
Goodyear early childhood center	955	2,801	2,048	1,708
BASP student activity account	2,457	7,352	6,403	3,406
Total assets	<u>\$ 162,305</u>	<u>\$ 446,418</u>	<u>\$ 409,426</u>	<u>\$ 199,297</u>
Liabilities				
Due to student groups	<u>\$ 162,305</u>	<u>\$ 446,418</u>	<u>\$ 409,426</u>	<u>\$ 199,297</u>
Total liabilities	<u>\$ 162,305</u>	<u>\$ 446,418</u>	<u>\$ 409,426</u>	<u>\$ 199,297</u>
<b>Performance Bonds</b>				
Assets				
Cash and cash equivalents	<u>\$ 300,649</u>	<u>\$ 40,869</u>	<u>\$ 76,205</u>	<u>\$ 265,313</u>
Total assets	<u>\$ 300,649</u>	<u>\$ 40,869</u>	<u>\$ 76,205</u>	<u>\$ 265,313</u>
Liabilities				
Due to others	<u>\$ 300,649</u>	<u>\$ 40,869</u>	<u>\$ 76,205</u>	<u>\$ 265,313</u>
Total liabilities	<u>\$ 300,649</u>	<u>\$ 40,869</u>	<u>\$ 76,205</u>	<u>\$ 265,313</u>
<b>Total All Agency Funds</b>				
Assets				
Cash and cash equivalents	<u>\$ 462,954</u>	<u>\$ 487,287</u>	<u>\$ 485,631</u>	<u>\$ 464,610</u>
Total assets	<u>\$ 462,954</u>	<u>\$ 487,287</u>	<u>\$ 485,631</u>	<u>\$ 464,610</u>
Liabilities				
Due to student groups	\$ 162,305	\$ 446,418	\$ 409,426	\$ 199,297
Due to others	300,649	40,869	76,205	265,313
Total liabilities	<u>\$ 462,954</u>	<u>\$ 487,287</u>	<u>\$ 485,631</u>	<u>\$ 464,610</u>



*Capital Assets  
Used in the  
Operation of  
Governmental  
Funds*

**TOWN OF KILLINGLY, CONNECTICUT  
 COMPARATIVE SCHEDULE OF GOVERNMENTAL FUND  
 CAPITAL ASSETS BY SOURCE  
 JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Governmental funds capital assets:		
Land	\$ 3,834,461	\$ 3,834,461
Land improvements	3,689,280	3,627,280
Buildings and improvements	51,550,653	51,500,653
Machinery and equipment	15,111,126	13,940,380
Infrastructure	53,099,629	52,899,629
Construction in progress	79,600,858	46,047,724
Total governmental funds capital assets	<u>\$ 206,886,007</u>	<u>\$ 171,850,127</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF GOVERNMENTAL FUND CAPITAL ASSETS**  
**BY FUNCTION AND ACTIVITY**  
**JUNE 30, 2010**

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
General government	\$ 2,192,382	\$ 9,400	\$ 1,719,948	\$ 576,009	\$ 50,406,300	\$ 4,228,107	\$ 59,132,146
Public works	16,000	396,912	10,780,051	6,714,602	2,693,329	1,367,164	21,968,058
Recreation and leisure	315,773	1,467,396	3,246,481	198,016	-	1,493,211	6,720,877
Public safety	-	36,700	32,000	168,861	-	-	237,561
Education	1,310,306	1,778,872	35,772,173	7,453,638	-	72,512,376	118,827,365
Total	<u>\$ 3,834,461</u>	<u>\$ 3,689,280</u>	<u>\$ 51,550,653</u>	<u>\$ 15,111,126</u>	<u>\$ 53,099,629</u>	<u>\$ 79,600,858</u>	<u>\$ 206,886,007</u>

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF CHANGES IN GOVERNMENTAL FUND CAPITAL ASSETS**  
**BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
General government	\$ 57,853,021	\$ 1,279,125	\$ -	\$ 59,132,146
Public works	20,972,749	995,309	-	21,968,058
Recreation and leisure	6,571,080	149,797	-	6,720,877
Public safety	237,561	-	-	237,561
Education	86,215,716	32,611,649	-	118,827,365
Total	<u>\$ 171,850,127</u>	<u>\$ 35,035,880</u>	<u>\$ -</u>	<u>\$ 206,886,007</u>

**OTHER  
SUPPLEMENTAL  
INFORMATION  
SECTION**

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 30,002,324	\$ 31,238,496	\$ 30,301,087	\$ 30,146,737	\$ 38,554,712	\$ 36,882,006	\$ 65,404,213	\$ 95,429,775
Restricted for:								
Endowments - expendable	958,576	997,987	1,030,662	1	1	1	1	1
Endowments - nonexpendable	126,200	126,200	134,042	119,634	119,634	119,634	119,634	119,634
Other purposes	479,633	466,073	301,531	405,413	2,620,509	4,150,204	-	-
Unrestricted	13,541,849	12,265,857	12,824,346	13,806,958	19,614,192	25,814,958	27,301,434	21,309,425
Total governmental activities net assets	<u>\$ 45,108,582</u>	<u>\$ 45,094,613</u>	<u>\$ 44,591,668</u>	<u>\$ 44,478,743</u>	<u>\$ 60,909,048</u>	<u>\$ 66,966,803</u>	<u>\$ 92,825,282</u>	<u>\$ 116,858,835</u>

**Note:** The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

Table 2

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
Governmental activities:								
General government	\$ 3,061,257	\$ 3,539,352	\$ 3,120,704	\$ 3,031,014	\$ 5,278,440	\$ 5,562,314	\$ 5,482,757	\$ 5,158,527
Public works	4,449,682	4,147,649	7,181,018	7,605,508	5,035,684	5,156,595	5,647,186	5,341,129
Recreation and leisure	1,219,147	1,295,207	1,629,451	1,544,109	2,273,213	2,291,172	2,284,037	2,152,551
Public safety	460,918	481,652	667,207	622,082	949,689	917,219	916,807	924,916
Community development and human services	1,065,492	1,624,885	802,807	1,057,302	1,401,226	1,191,829	1,030,228	829,070
Education	30,773,071	31,859,962	32,222,678	34,262,782	39,437,266	50,179,308	44,247,785	45,322,415
Interest expense	695,270	732,035	490,174	590,748	418,628	643,918	800,416	767,585
Total governmental activities expenses	<u>41,724,837</u>	<u>43,680,742</u>	<u>46,114,039</u>	<u>48,713,545</u>	<u>54,794,146</u>	<u>65,942,355</u>	<u>60,409,216</u>	<u>60,496,193</u>
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
General government	430,692	616,574	824,719	870,657	1,073,297	1,201,587	971,507	869,058
Public works	3,478,367	2,710,408	2,939,236	3,240,286	3,399,531	3,674,040	4,360,811	3,627,236
Recreation and leisure	131,098	144,709	139,834.00	129,786	200,805	206,726	220,479	236,225
Public safety	4,511	5,141	3,542.00	1,470	16,158	9,488	15,401	25,081
Community development and human services	62,100	68,169	34,309	67,791	25,321	24,250	31,965	23,087
Education	2,560,451	2,605,185	2,638,517	2,715,354	4,036,993	3,447,855	3,217,596	3,668,551
Operating grants and contributions	18,550,377	19,024,105	17,052,170	18,086,069	21,818,608	31,772,832	23,142,921	23,429,911
Capital grants and contributions	1,913,344	539,309	1,027,973	624,834	506,610	4,341,981	27,031,903	24,719,465
Total governmental activities program revenues	<u>27,130,940</u>	<u>25,713,600</u>	<u>24,660,300</u>	<u>25,736,247</u>	<u>31,077,323</u>	<u>44,678,759</u>	<u>58,992,583</u>	<u>56,598,614</u>
<b>Net (Expense)/Revenue</b>								
Governmental activities	(14,593,897)	(17,967,142)	(21,453,739)	(22,977,298)	(23,716,823)	(21,263,596)	(1,416,633)	(3,897,579)
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Property taxes	14,680,641	17,107,299	19,102,487	21,327,501	23,134,728	25,577,275	25,943,148	26,730,410
Unrestricted grants and contributions	1,797,069	1,400,691	1,314,737	1,305,515	1,482,823	1,089,233	1,081,066	1,012,177
Investment income	252,797	146,893	249,635	519,268	690,699	654,843	250,898	188,545
Miscellaneous	228,088	258,165	283,935	250,385	-	-	-	-
Total governmental activities	<u>16,958,595</u>	<u>18,913,048</u>	<u>20,950,794</u>	<u>23,402,669</u>	<u>25,308,250</u>	<u>27,321,351</u>	<u>27,275,112</u>	<u>27,931,132</u>
<b>Change in Net Assets</b>								
Governmental activities	<u>\$ 2,364,698</u>	<u>\$ 945,906</u>	<u>\$ (502,945)</u>	<u>\$ 425,371</u>	<u>\$ 1,591,427</u>	<u>\$ 6,057,755</u>	<u>\$ 25,858,479</u>	<u>\$ 24,033,553</u>

**Note:** The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003

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

*(Unaudited)*

<b>Fiscal Year Ended June 30,</b>	<b>Residential Real Property (%)</b>	<b>Commercial &amp; Industrial Property (%)</b>	<b>All Other Land (%)</b>	<b>Personal Property (%)</b>	<b>Motor Vehicles (%)</b>	<b>Gross Taxable Grand List</b>	<b>Disability Farm, Veterans, and Elderly Relief</b>	<b>Manufacturing Exemption Sec. 12-81 (59) and (60)</b>	<b>Net Taxable Grand List at 70%</b>
2001	50.86	19.47	3.79	14.83	11.04	\$ 617,837,121	\$ 4,127,460	\$ 48,669,632	\$ 565,040,029
2002	41.53	22.54	3.28	23.06	9.59	754,660,839	5,728,722	145,270,312	603,661,805
2003	32.72	22.17	2.40	34.90	7.81	974,626,727	5,937,417	368,185,938	600,503,372
2004	37.94	20.43	2.41	32.34	6.88	1,154,768,214	6,781,530	399,347,884	748,638,800
2005	38.12	20.07	2.45	32.59	6.77	1,178,214,233	6,611,724	404,484,172	767,118,337
2006	38.80	19.42	2.53	31.82	7.43	1,185,767,888	6,436,596	392,394,480	786,936,812
2007	39.58	19.37	2.58	30.38	8.09	1,195,484,358	6,035,070	367,076,970	822,372,318
2008	40.44	19.23	2.76	29.33	8.24	1,216,477,185	6,027,396	358,988,356	851,461,433
2009	48.64	19.57	3.62	22.13	6.04	1,665,623,346	6,541,680	402,077,649	1,257,004,017
2010	48.09	21.13	3.42	21.65	5.71	1,703,661,744	7,781,724	402,264,890	1,293,615,130

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



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

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>TAX RATE IN MILLS</u>	<u>GRAND LIST OF OCTOBER 1</u>	<u>NET TAXABLE GRAND LIST</u>	<u>TOTAL ADJUSTED TAX LEVY (2)</u>	<u>NET CURRENT TAX COLLECTIONS</u>	<u>PERCENT OF LEVY COLLECTED</u>	<u>PERCENT OF LEVY UNCOLLECTED</u>
2010	18.2	2008	\$ 1,293,615,130	\$ 26,462,489	\$ 25,818,119	97.56%	2.44%
2009	17.8	2007	1,257,004,017	25,550,095	24,916,013	97.52%	2.48%
2008	25.8	2006	851,461,433	25,298,692	24,641,179	97.40%	2.60%
2007	25.8	2005	822,372,318	22,687,607	22,084,125	97.34%	2.66%
2006	25.0	2004	786,936,812	21,007,294	20,536,540	97.76%	2.24%
2005	23.5	2003	767,118,337	19,005,158	18,564,651	97.68%	2.32%
2004	21.4	2002	748,638,800	16,726,791	16,302,787	97.47%	2.53%
2003	22.9	2001	600,503,372	14,455,540	13,826,724	95.65%	4.35%
2002	21.0	2000	603,661,805	12,890,054	12,419,567	96.35%	3.65%
2001	20.5	1999	565,040,029	11,681,825	11,171,329	95.63%	4.37%

(1) Taxes are levied on all taxable, assessed property on the October 1 grand list, prior to the beginning of the fiscal year. Real property taxes are payable in four installments on July 1, October 1, January 1 and July 1. Motor vehicle supplemental bills are payable on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are 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, 2010  
(Unaudited)**

<u>TAXPAYER</u>	<u>NATURE OF BUSINESS</u>	<u>ASSESSMENT (1)</u>	<u>PERCENT OF NET TAXABLE GRAND LIST</u>
DAYVILLE PROPERTY DEVELOPMENT	COMMERCIAL DEVELOPMENT	\$ 34,469,260	2.66%
CONNECTICUT LIGHT & POWER	UTILITY DISTRIBUTION CO.	26,232,090	2.03%
FRITO LAY	MANUFACTURER - SNACK FOODS	16,792,364	1.30%
PJC-RITE AIDE	WAREHOUSING-DISTRIBUTION	16,609,930	1.28%
UNITED NATURAL FOODS	FOOD PRODUCTS	16,042,600	1.24%
STAPLES	WAREHOUSING-DISTRIBUTION	15,456,980	1.19%
TARGET CORPORATION	RETAIL DISCOUNT STORE	11,203,260	0.87%
ROGERS CORPORATION	PRINTED CIRCUITS/PLASTICS	7,315,268	0.57%
KILLINGLY PLAZA REALTY TRUST	COMMERCIAL DEVELOPMENT	6,655,600	0.51%
BENTLEY REALTY - COLTS PLASTICS	MANUFACTURER - PLASTICS	6,520,628	0.50%
<b>TOTAL</b>		<b>\$ 157,297,980</b>	<b>12.16%</b>

(1) The net taxable grand list as of October 1, 2008 totaled \$1,293,615,130.

Source: Assessor's Office, Town of Killingly

Table 6

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

*(Unaudited)*

FISCAL YEAR ENDED JUNE 30	POPULATION(1)	NET TAXABLE GRAND LIST	BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	BONDED DEBT PER CAPITA
2010	17,291	\$ 1,293,615,130	\$ 23,541,825	1.8%	\$ 1,362
2009	17,826	1,257,004,017	19,046,400	1.5%	1,068
2008	17,635	851,461,433	18,415,975	2.2%	1,044
2007	17,769	822,372,318	15,600,550	1.9%	878
2006	17,386	786,936,812	12,213,895	1.6%	703
2005	17,386	767,118,337	14,172,665	1.8%	815
2004	17,264	748,638,800	16,126,435	2.2%	934
2003	16,940	600,503,372	17,860,205	3.0%	1,054
2002	16,740	603,661,805	15,304,475	2.5%	914
2001	16,357	565,040,029	17,263,745	3.1%	1,055

(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
2010	17,291	\$ 1,293,615,130	\$ 23,541,825	\$ 427,769	\$ 23,114,056	1.8%	\$ 1,337
2009	17,826	1,257,004,017	19,046,400	535,448	18,510,952	1.5%	1,038
2008	17,635	851,461,433	18,415,975	1,399,983	17,015,992	2.0%	965
2007	17,769	822,372,318	15,600,550	2,305,171	13,295,379	1.6%	748
2006	17,386	786,936,812	12,213,895	3,236,817	8,977,078	1.1%	516
2005	17,386	767,118,337	14,172,665	4,191,141	9,981,524	1.3%	574
2004	17,264	748,638,800	16,126,435	5,097,000	11,029,435	1.5%	639
2003	16,940	600,503,372	17,860,205	5,836,000	12,024,205	2.0%	710
2002	16,740	603,661,805	15,304,475	7,373,000	7,931,475	1.3%	474
2001	16,357	565,040,029	17,263,745	7,771,000	9,492,745	1.7%	580

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

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