

**TOWN OF KILLINGLY,
CONNECTICUT**



**Basic
Financial Statements**

**For The Year Ended
June 30, 2011**



Certified Public Accountants & Business Advisors

**TOWN OF KILLINGLY, CONNECTICUT
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

TABLE OF CONTENTS

INTRODUCTORY SECTION

Page

Organizational Chart	i
List of Principal Town Officials	ii

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
-------------------------------------	---

MANAGEMENT'S DISCUSSION AND ANALYSIS	3
---	---

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements	
Statement of Net Assets	14
Statement of Activities	15

Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - Sewer Operating Fund	22

Proprietary Fund Financial Statements	
Statement of Net Assets	23
Statement of Revenues, Expenses and Changes in Fund Net Assets	24
Statement of Cash Flows	25

Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	26
Statement of Changes in Fiduciary Net Assets	27

Notes to the Financial Statements	28
-----------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Funding Progress	57
-------------------------------	----

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Governmental Funds	
General Fund	
Combining Balance Sheet	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	61

**TOWN OF KILLINGLY, CONNECTICUT
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

TABLE OF CONTENTS *(Continued)*

FINANCIAL SECTION *(Continued)*

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES *(Continued)*

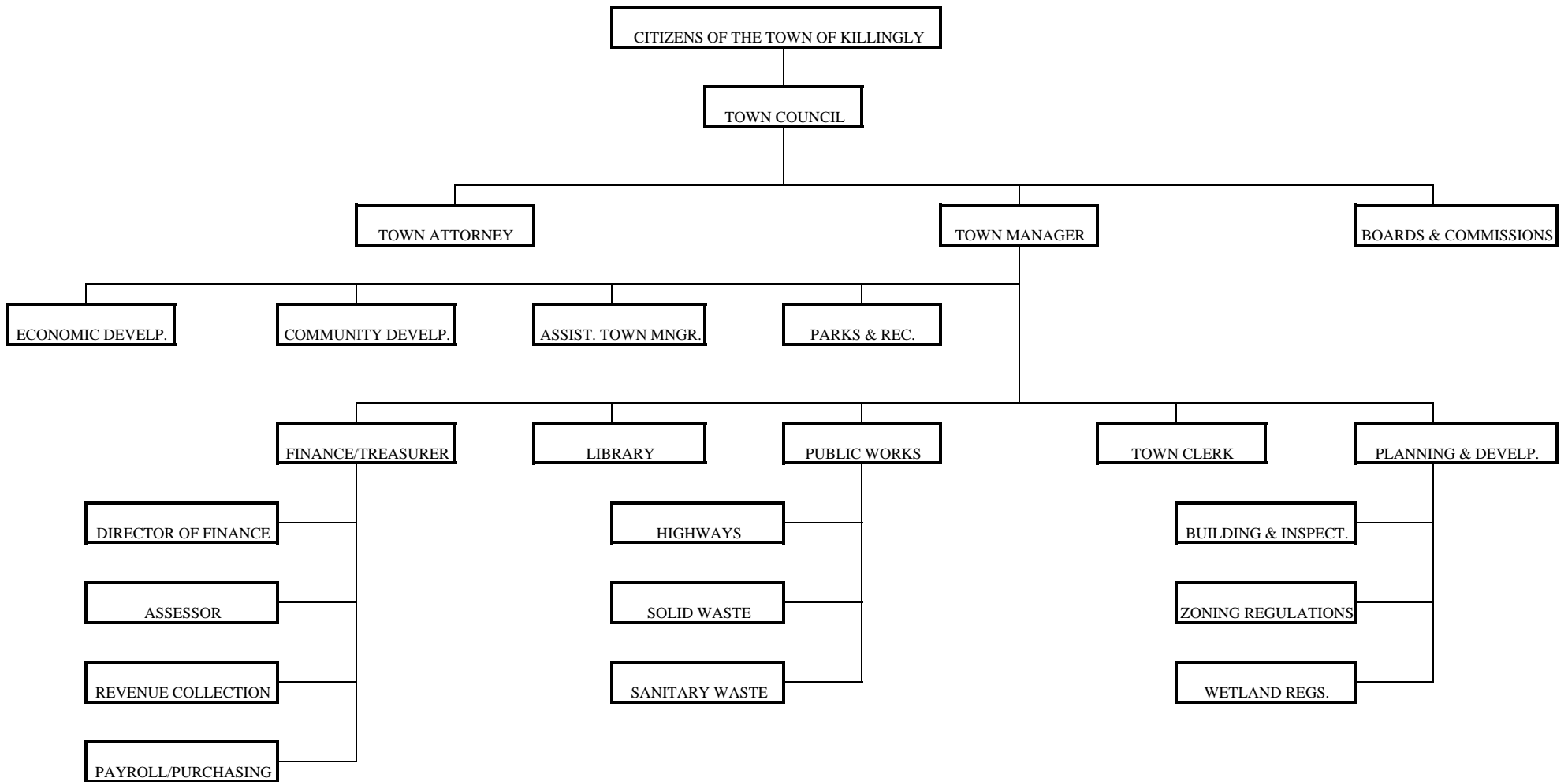
	<u>Page</u>
Governmental Funds <i>(Continued)</i>	
General Fund <i>(Continued)</i>	
Schedule of Revenues and Other Financing Sources - Budget and Actual - Budgetary Basis	64
Schedule of Expenditures and Other Financing Uses - Budget and Actual - Budgetary Basis	66
Schedule of Property Taxes Levied, Collected and Outstanding	71
Schedule of Debt Limitation	72
Capital Improvements Fund	
Schedule of Expenditures and Project Appropriations	73
Nonmajor Governmental Funds	
Combining Balance Sheet	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)	81
Combining Balance Sheet - Killingly Public Library Trust Funds	85
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Killingly Public Library Trust Funds	86
Combining Balance Sheet - Permanent Trust Funds	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Permanent Trust Funds	88
Fiduciary Funds	
Private Purpose Trust Funds	
Combining Statement of Fiduciary Net Assets	89
Combining Statement of Changes in Fiduciary Net Assets	90
Agency Funds	
Combining Statement of Fiduciary Assets and Liabilities	91
Combining Statement of Changes in Fiduciary Assets and Liabilities	92
Capital Assets Used in the Operation of Governmental Funds	
Comparative Schedule of Governmental Fund Capital Assets by Source	93
Schedule of Governmental Fund Capital Assets by Function and Activity	94
Schedule of Changes in Governmental Fund Capital Assets by Function and Activity	95

OTHER SUPPLEMENTAL INFORMATION SECTION

Government-wide Information	
Table 1 – Net Assets by Component - Last Nine Fiscal Years	96
Table 2 – Changes in Net Assets – Last Nine Fiscal Years	97
Fund and Other Information	
Table 3 – Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	98
Table 4 – Property Tax Levies and Collections - Last Ten Fiscal Years	99
Table 5 – Principal Taxpayers	100
Table 6 – Ratio of Gross General Bonded Debt to Assessed Value and Gross General Bonded Debt Per Capita - Last Ten Fiscal Years	101
Table 7 – Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita - Last Ten Fiscal Years	102

INTRODUCTORY SECTION

**TOWN OF KILLINGLY, CONNECTICUT
ORGANIZATIONAL CHART
JUNE 30, 2011**



**TOWN OF KILLINGLY, CONNECTICUT
LIST OF PRINCIPAL TOWN OFFICIALS
JUNE 30, 2011**

TOWN COUNCIL

Robert B. Young, Chairman
Joyce Ricci, Vice-Chair
Adam Griffiths
Tammy Wakefield
Jennifer Valys
John G. Sarantopoulos
Joseph Bove
John Hallbergh, Jr.
Lynn LaBerge

John G. Sarantopoulos, 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, 2011, 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, 2011, 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 28, 2011 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 57 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 supplemental 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 28, 2011

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, 2011.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$116,841,650 (net assets). Of this amount, \$20,510,460 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets decreased by \$17,185 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 \$12,423,995, a decrease of \$2,880,793 in comparison with the prior year. The primary cause of this fund balance decrease is due to a decrease in intergovernmental revenues relating to the Capital Improvements Fund and a decrease in bond proceeds from the prior year.
- At the close of the current fiscal year, unassigned fund balance for the budgeted General Fund was \$6,947,530 or 14.3% of total budgeted General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.7 months of General Fund operating expenditures.
- The Town's total long-term bonded debt increased by \$1,710,000 or 7.6% during the current fiscal year due to the issuance of new 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 several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Improvements Fund, and the Sewer Operating Fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16 - 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 - 56 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 57, 58 - 95, and 96 - 102, 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 \$116,841,650 and \$116,858,835 as of June 30, 2011 and 2010, respectively, and are summarized as follows:

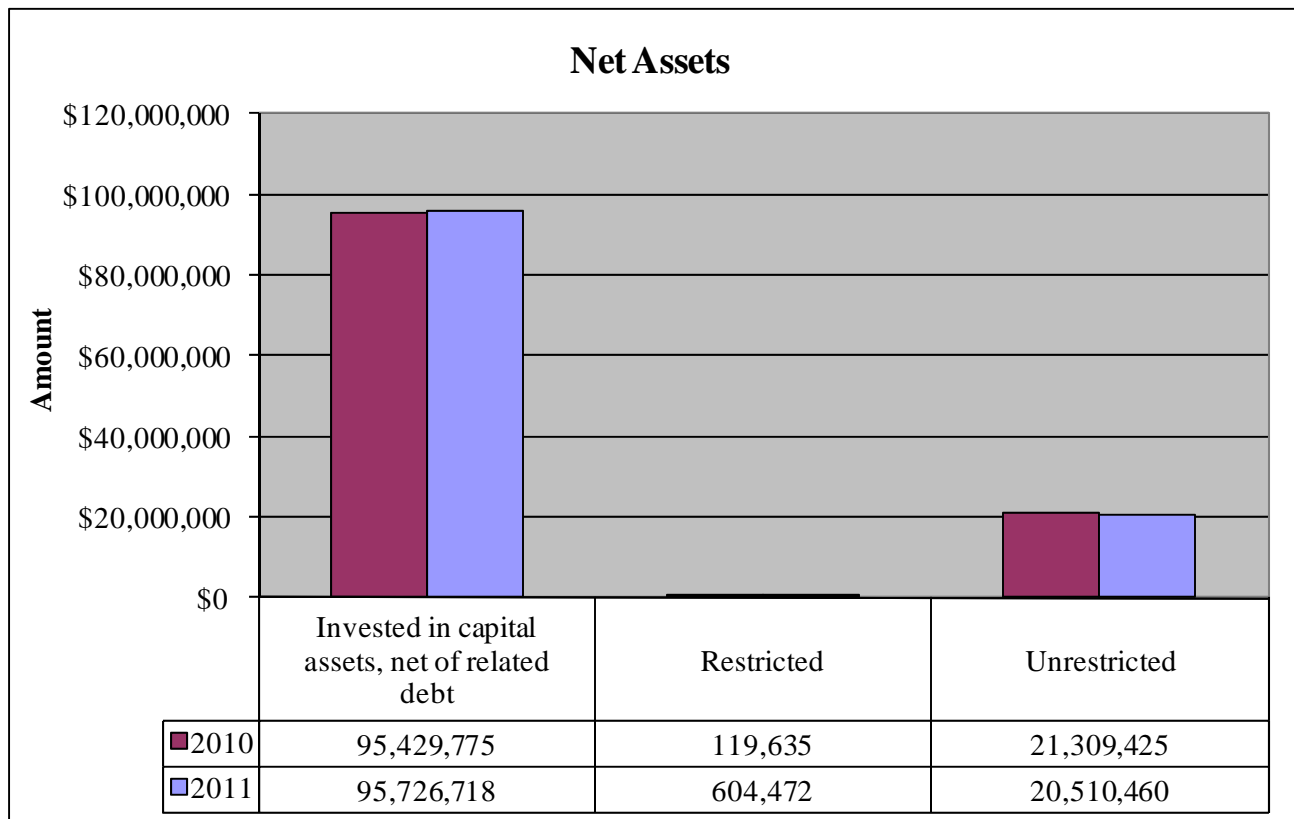
**Town of Killingly, Connecticut
Net Assets
June 30, 2011 and 2010**

	Total	
	2011	2010
Current and other assets	\$ 27,824,551	\$ 28,542,643
Capital assets	132,433,153	127,567,680
Total assets	160,257,704	156,110,323
Other liabilities	13,275,237	10,402,380
Long-term liabilities	30,140,817	28,849,108
Total liabilities	43,416,054	39,251,488
Net assets:		
Invested in capital assets, net of related debt	95,726,718	95,429,775
Restricted	604,472	119,635
Unrestricted	20,510,460	21,309,425
Total net assets	\$ 116,841,650	\$ 116,858,835

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Assets (Continued)



82% 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.

A small portion 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 decreased by \$17,185 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, 2011 and 2010 are as follows:

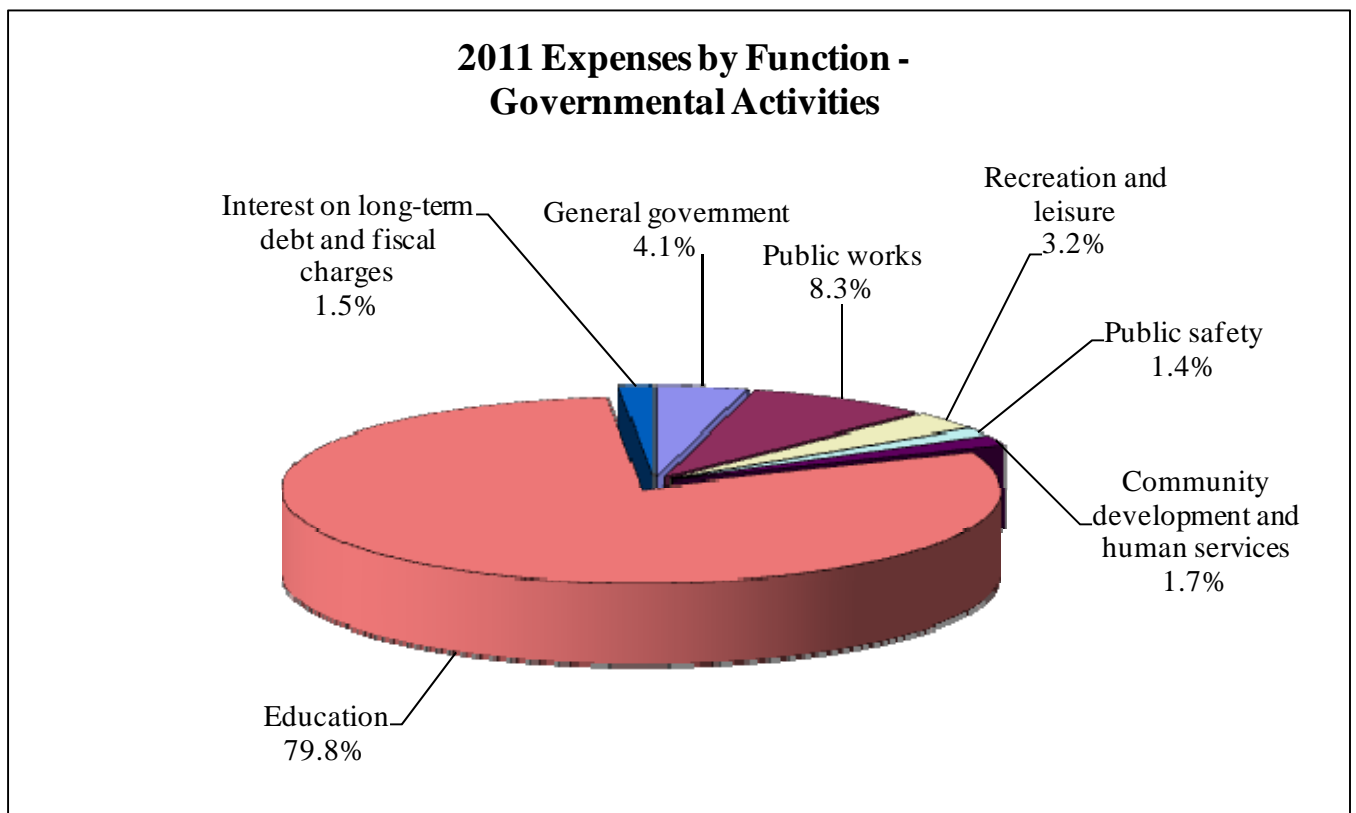
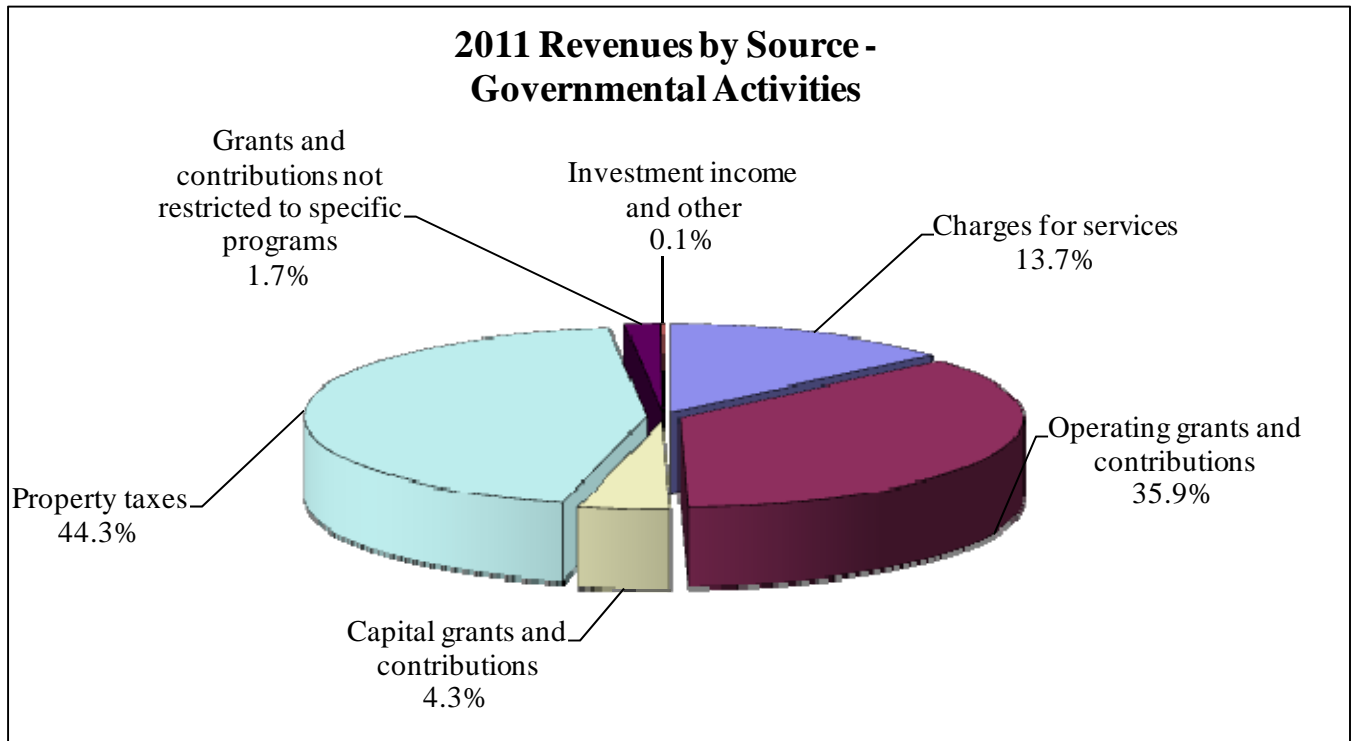
**Town of Killingly, Connecticut
Changes in Net Assets
For The Years Ended June 30, 2011 and 2010**

	Total	
	2011	2010
Revenues		
Program revenues:		
Charges for services	\$ 8,681,850	\$ 8,449,238
Operating grants and contributions	22,737,176	23,429,911
Capital grants and contributions	2,725,162	24,719,465
General revenues:		
Property taxes	28,043,355	26,730,410
Grants and contributions not restricted to specific programs	1,053,240	1,012,177
Investment income and other	75,781	188,545
Total revenues	63,316,564	84,529,746
Expenses		
General government	2,573,800	5,158,527
Public works	5,275,524	5,341,129
Recreation and leisure	2,016,637	2,152,551
Public safety	875,611	924,916
Community development and human services	1,088,021	829,070
Education	50,528,114	45,322,415
Interest on long-term debt and fiscal charges	976,042	767,585
Total expenses	63,333,749	60,496,193
Change in net assets	(17,185)	24,033,553
Net assets, beginning	116,858,835	92,825,282
Net assets, ending	\$ 116,841,650	\$ 116,858,835

**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 decreased the Town's net assets by \$17,185. Key elements of this decrease are as follows:

- The Town's new high school was completed during 2011, and consequently, capital grants and contributions decreased by \$21,994,202 during 2011 primarily due to the reduction of school construction progress payments from the State of Connecticut. In addition, the completed school was placed in operation and was depreciated during 2011 causing a \$2,040,985 increase in depreciation expense during 2011.
- Overall increase in expenditures of approximately 5% compared to the prior year.

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, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$12,423,995, a decrease of \$2,880,793 in comparison with the prior year. The primary cause of this fund balance decrease is due to a decrease in intergovernmental funding for the Capital Improvements fund as projects relating to the new high school were completed during the year.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the budgeted General Fund was \$6,947,530. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 14.3% of total budgeted General Fund expenditures. Expressed another way, unassigned fund balance for the budgeted General Fund was sufficient to cover 1.7 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$415,639 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 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 \$4,043,711 during the current fiscal year. This decrease was related to less intergovernmental funding for projects, such as the new high school construction, which were completed during the current year.

Sewer Operating Fund

The fund balance of the Sewer Operating Fund decreased by \$12,449 during the current fiscal year. This decrease was due primarily attributable to transfers made to other funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget for 2011 planned on the utilization of fund balance of \$1,188,203. However, the actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$449,081. Expenditures were \$3,756,519 less than budgeted and revenues which were \$1,546,001 lower than expected due primarily to decreases in intergovernmental grants and contracts related to declines in funding from the State of Connecticut. Additional appropriations during 2011 totaled \$388,203 and primarily related to additional funding for Public Works and a transfer to the Health Insurance Fund of \$285,000.

SEWER OPERATING FUND BUDGETARY HIGHLIGHTS

The Town adopts an annual budget for its Sewer Operating Fund. During the year ended June 30, 2011 there were no additional appropriations made to the budget. The budget for 2011 planned on an increase of fund balance of \$29,436. However, the actual net change in fund balance of the Sewer Operating Fund on a budgetary basis was a decrease of \$114,603. Expenditures were \$233,319 less than budgeted and total budgetary revenues were \$333,767 less than expected due primarily 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, 2011 and 2010 totaled \$132,433,153 and \$127,567,680, 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 \$4,865,473 or 3.8%. This increase consisted primarily of capital asset additions of \$8,749,600 offset by current year depreciation expense of \$3,858,629. Major capital asset events during the current fiscal year included the transfer of \$80,080,452 from construction in progress to depreciable capital assets for the completion of the new high school and Vo-ag program 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)**

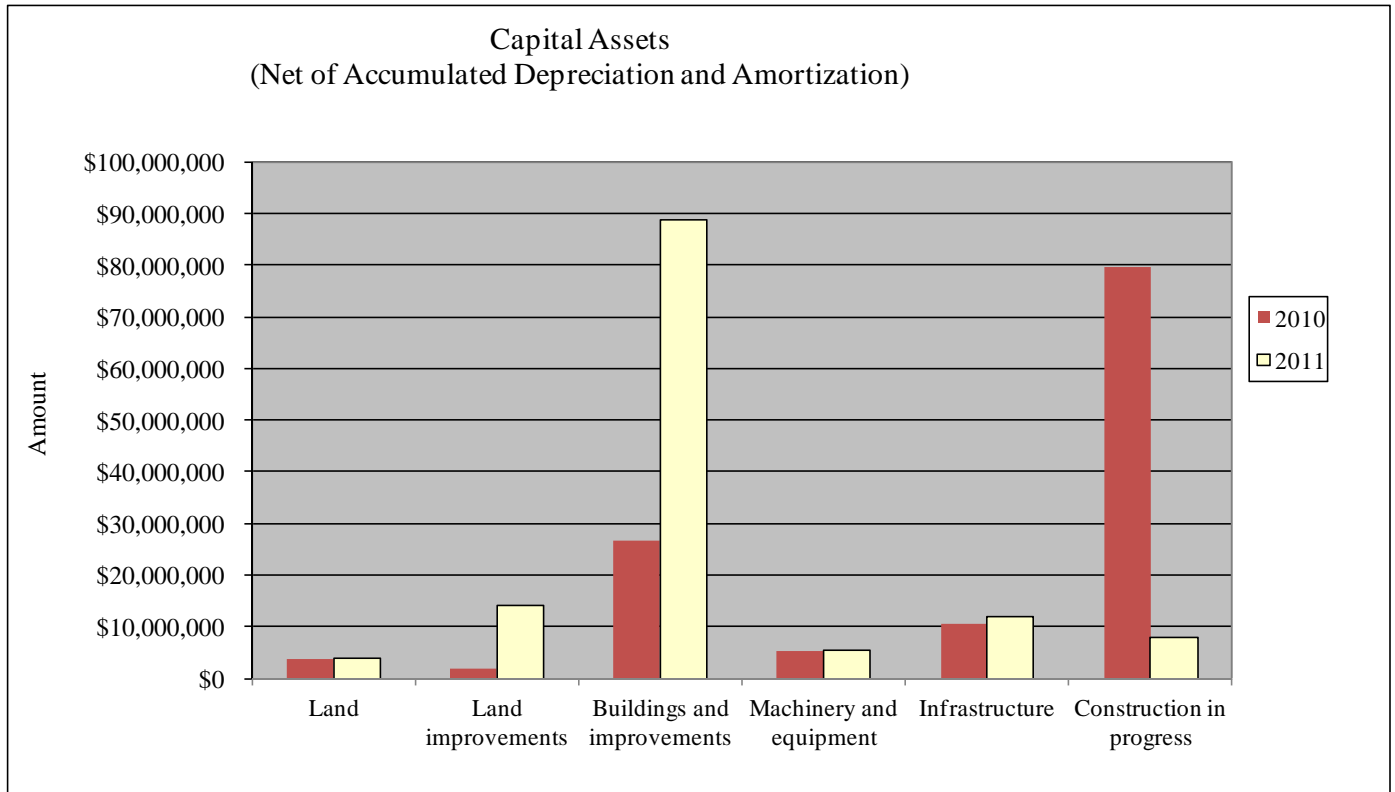
CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

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

**Town of Killingly, Connecticut
Capital Assets, Net
June 30, 2011 and 2010**

	Governmental Activities	
	2011	2010
Land	\$ 3,842,092	\$ 3,834,461
Land improvements	14,136,416	1,827,039
Buildings and improvements	88,824,929	26,545,608
Machinery and equipment	5,532,485	5,209,052
Infrastructure	12,094,443	10,550,662
Construction in progress	8,002,788	79,600,858
Totals	<u>\$ 132,433,153</u>	<u>\$ 127,567,680</u>



Additional information on the Town's capital assets can be found in Note 4 on page 41 of this report.

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

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

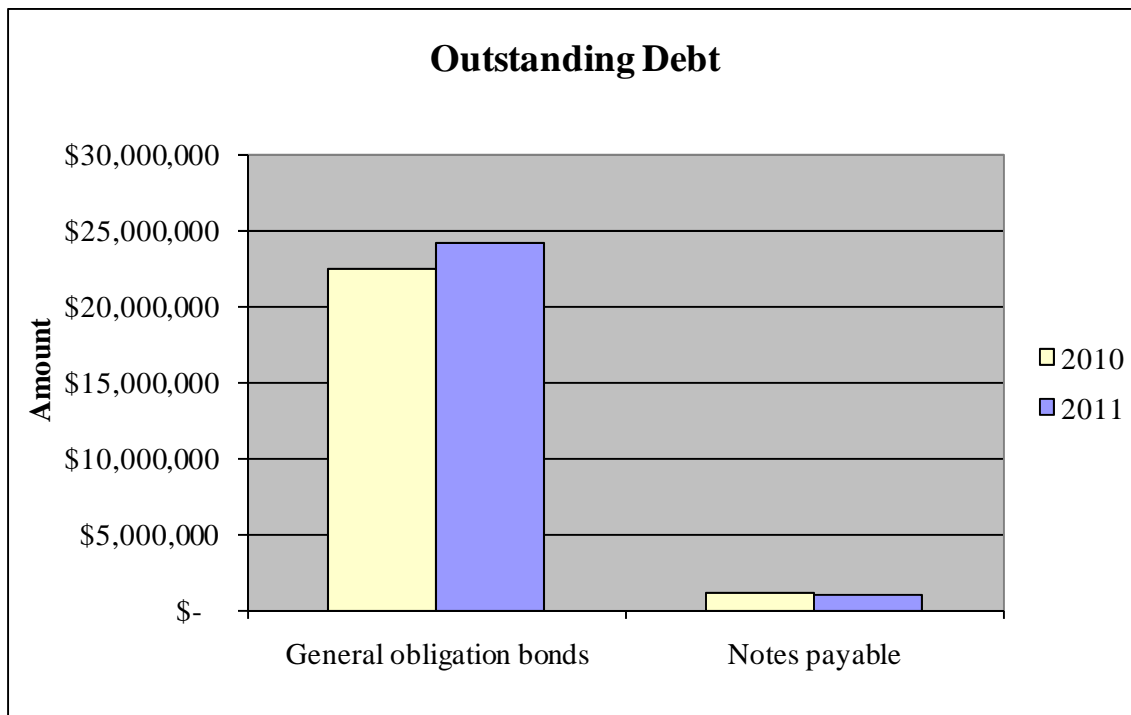
At the end of the current fiscal year, the Town had total bonded debt and notes payable outstanding of \$25,217,250. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total bonded debt increased by \$1,710,000 or 7.6% during the current fiscal year due to the issuance of new bonds net of payments made to escrow agents offset by 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 \$198,771,097, 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, 2011 and 2010**

	Governmental Activities	
	2011	2010
General obligation bonds	\$ 24,180,000	\$ 22,470,000
Notes payable	1,037,250	1,071,825
Totals	\$ 25,217,250	\$ 23,541,825



Additional information on the Town's long-term debt can be found in Note 9 on pages 44 - 47 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 11.0%, which is an increase from a rate of 10.7% in the prior year, as compared to the state's average unemployment rate of 8.9% and the national unemployment rate of 9.0%.
- Inflationary trends in the region are comparable to national indices.
- During the current fiscal year, unassigned fund balance of the budgeted General Fund increased to \$6,947,530.
- 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 2012, 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 2012.

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, 2011

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 5,360,208
Investments	16,324,570
Receivables:	
Property taxes, net of allowance for uncollectibles of \$280,339	798,062
Interest, net of allowance for uncollectibles of \$106,099	233,923
Assessments and user charges receivable	655,972
Grants and contracts receivable	3,074,289
Other	344,490
Other assets	210,556
Restricted assets:	
Temporarily restricted cash and cash equivalents	1
Permanently restricted cash and cash equivalents	841
Permanently restricted investments	118,793
Deferred charges	702,846
Capital assets:	
Non-depreciable	11,844,880
Depreciable, net	120,588,273
Total assets	160,257,704
LIABILITIES	
Accounts payable	1,735,890
Accrued liabilities:	
Salaries and benefits payable	143,401
Accrued interest	103,491
Other accrued liabilities	259,332
Unearned revenue	501,161
Note payable	10,000,000
Claims payable	531,962
Noncurrent liabilities:	
Due within one year	2,612,143
Due in more than one year	27,528,674
Total liabilities	43,416,054
NET ASSETS	
Invested in capital assets, net of related debt	95,726,718
Restricted for:	
Endowments:	
Expendable	484,838
Nonexpendable	119,634
Unrestricted	20,510,460
Total net assets	\$ 116,841,650

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

**TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

<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	\$ 2,573,800	\$ 1,065,652	\$ 240,437	\$ 173,001	\$ (1,094,710)
Public works	5,275,524	3,565,532	34,990	2,517,901	842,899
Recreation and leisure	2,016,637	202,152	21,751	34,260	(1,758,474)
Public safety	875,611	49,074	47,937	-	(778,600)
Community development and human services	1,088,021	25,079	626,285	-	(436,657)
Education	50,528,114	3,774,361	21,765,776	-	(24,987,977)
Interest and fiscal charges	976,042	-	-	-	(976,042)
Total governmental activities	<u>\$ 63,333,749</u>	<u>\$ 8,681,850</u>	<u>\$ 22,737,176</u>	<u>\$ 2,725,162</u>	<u>(29,189,561)</u>
General revenues:					
					28,043,355
					1,053,240
					75,781
					<u>29,172,376</u>
					(17,185)
					<u>116,858,835</u>
					<u>\$ 116,841,650</u>

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

TOWN OF KILLINGLY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Capital Improvements Fund	Sewer Operating Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,388,299	\$ -	\$ -	\$ 1,972,751	\$ 5,361,050
Investments	13,574,829	-	1,434,165	1,132,789	16,141,783
Receivables:					
Property taxes, net	798,062	-	-	-	798,062
Assessments and user charges	-	-	655,972	-	655,972
Grants and contracts	28,008	2,946,480	-	99,801	3,074,289
Other	236,120	22,255	59,155	26,960	344,490
Due from other funds	1,312,991	1,687,607	811,268	4,258,911	8,070,777
Inventories	-	-	-	39,002	39,002
Other assets	171,554	-	-	-	171,554
Total assets	<u>\$ 19,509,863</u>	<u>\$ 4,656,342</u>	<u>\$ 2,960,560</u>	<u>\$ 7,530,214</u>	<u>\$ 34,656,979</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
Liabilities:					
Accounts payable	\$ 1,041,081	\$ 613,086	\$ 9,304	\$ 72,419	\$ 1,735,890
Accrued liabilities:					
Salaries and benefits payable	143,401	-	-	-	143,401
Other accrued liabilities	37,607	-	-	221,725	259,332
Due to other funds	6,803,753	214,958	-	1,312,991	8,331,702
Unearned/deferred revenue	590,227	-	645,908	526,524	1,762,659
Note payable	-	10,000,000	-	-	10,000,000
Total liabilities	<u>8,616,069</u>	<u>10,828,044</u>	<u>655,212</u>	<u>2,133,659</u>	<u>22,232,984</u>
Fund Balances (deficit):					
Nonspendable:					
Inventories	-	-	-	39,002	39,002
Permanent funds principal	-	-	-	119,634	119,634
Restricted for:					
Grant proceeds	-	-	-	76,413	76,413
Special reserves - external	-	-	-	484,838	484,838
Committed to:					
General government	384,739	-	-	-	384,739
Public safety	6,965	-	-	25,250	32,215
Community development and human services	55,969	-	-	46,798	102,767
Recreation and leisure	-	-	-	18,862	18,862
Education	-	-	-	417,959	417,959
Capital and nonrecurring	-	-	-	4,419,832	4,419,832
Sewer operations	-	-	2,305,348	-	2,305,348
Assigned to:					
General government	90,762	-	-	-	90,762
Education	535,090	-	-	-	535,090
Compensated absences	115,643	-	-	-	115,643
Other post-employment benefits	232,000	-	-	-	232,000
Cell towers	117,611	-	-	-	117,611
Sewer extension	38,793	-	-	-	38,793
Landfill closure	119	-	-	-	119
Subsequent year budget	800,000	-	-	-	800,000
Unassigned	8,516,103	(6,171,702)	-	(252,033)	2,092,368
Total fund balances (deficit)	<u>10,893,794</u>	<u>(6,171,702)</u>	<u>2,305,348</u>	<u>5,396,555</u>	<u>12,423,995</u>
Total liabilities and fund balances (deficit)	<u>\$ 19,509,863</u>	<u>\$ 4,656,342</u>	<u>\$ 2,960,560</u>	<u>\$ 7,530,214</u>	<u>\$ 34,656,979</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, 2011

Total fund balances for governmental funds \$ 12,423,995

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	\$	8,002,788	
Land		3,842,092	
Land improvements		16,825,955	
Buildings and improvements		115,793,601	
Machinery and equipment		16,367,631	
Infrastructure		54,513,540	
Less accumulated depreciation and amortization		<u>(82,912,454)</u>	
Total capital assets, net			132,433,153

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. 702,846

Interest receivable net of related allowance for uncollectible accounts on property taxes, sewer use and sewer assessments are not susceptible to accrual and therefore are not reported in the funds. 233,923

School construction grants receivable from the State of Connecticut are not susceptible to accrual and are therefore not reported in the funds. 25,363

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		590,227	
Sewer use and assessments		<u>645,908</u>	
			1,236,135

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		(103,491)	
Long-term debt:			
Bonds and notes payable, net of unamortized amounts		(25,829,237)	
Obligations under capital lease		(877,198)	
Other long-term liabilities:			
Compensated absences		(1,036,521)	
Early retirement incentive		(284,961)	
Net OPEB obligation		(1,692,900)	
Landfill closure and postclosure care costs		<u>(420,000)</u>	
Total long-term liabilities			(30,244,308)

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. 30,543

Net assets of governmental activities \$ 116,841,650

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, 2011**

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Sewer Operating Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Property taxes	\$ 28,297,862	\$ -	\$ -	\$ -	\$ 28,297,862
Intergovernmental	18,514,143	2,682,038	6,032	5,398,128	26,600,341
Licenses, permits and fees	366,635	-	-	-	366,635
Charges for services	1,788,338	-	3,076,294	1,463,990	6,328,622
Investment earnings	159,782	-	2,005	30,796	192,583
Miscellaneous	299,901	14,504	414,513	168,396	897,314
Total revenues	<u>49,426,661</u>	<u>2,696,542</u>	<u>3,498,844</u>	<u>7,061,310</u>	<u>62,683,357</u>
EXPENDITURES					
Current:					
General government	1,942,188	-	-	369,775	2,311,963
Public works	2,161,419	-	2,375,575	-	4,536,994
Recreation and leisure	1,643,873	-	-	45,750	1,689,623
Public safety	743,644	-	-	75,250	818,894
Community development and human services	472,708	-	-	567,600	1,040,308
Education	36,148,345	-	-	6,024,327	42,172,672
Miscellaneous	2,059,569	280,533	-	-	2,340,102
Debt service:					
Principal payments	1,824,575	-	-	-	1,824,575
Capital lease payments	555,450	-	-	-	555,450
Interest and fiscal charges	970,769	81,024	-	-	1,051,793
Debt issuance costs	1,161	-	-	-	1,161
Capital outlays	-	10,377,964	-	419,370	10,797,334
Total expenditures	<u>48,523,701</u>	<u>10,739,521</u>	<u>2,375,575</u>	<u>7,502,072</u>	<u>69,140,869</u>
Excess (deficiency) of revenues over expenditures	902,960	(8,042,979)	1,123,269	(440,762)	(6,457,512)
OTHER FINANCING SOURCES (USES)					
Proceeds from bonds issued	-	3,500,000	-	-	3,500,000
Premium on bonds issued	-	6,614	-	-	6,614
Premium on bond anticipation notes	-	70,105	-	-	70,105
Transfers in	504,700	422,549	-	1,232,542	2,159,791
Transfers out	(92,021)	-	(1,135,718)	(32,052)	(2,159,791)
Total other financing sources (uses)	<u>(487,321)</u>	<u>3,999,268</u>	<u>(1,135,718)</u>	<u>1,200,490</u>	<u>3,576,719</u>
Net change in fund balances	415,639	(4,043,711)	(12,449)	759,728	(2,880,793)
Fund balances - beginning as originally reported	8,457,670	(2,127,991)	2,317,797	6,657,312	15,304,788
Adjustments (<i>see Note 16</i>)	<u>2,020,485</u>	<u>-</u>	<u>-</u>	<u>(2,020,485)</u>	<u>-</u>
Fund balances - beginning, as adjusted	<u>10,478,155</u>	<u>(2,127,991)</u>	<u>2,317,797</u>	<u>4,636,827</u>	<u>15,304,788</u>
Fund balances (deficit) - ending	<u>\$ 10,893,794</u>	<u>\$ (6,171,702)</u>	<u>\$ 2,305,348</u>	<u>\$ 5,396,555</u>	<u>\$ 12,423,995</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, 2011

Net change in fund balances - total governmental funds \$ (2,880,793)

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	\$ 8,724,102	
Depreciation and amortization expense	<u>(3,858,629)</u>	
Net adjustment		4,865,473

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. (50,495)

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. (398,143)

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:		
Bonds issued	(3,500,000)	
Premium on bonds issued	(6,614)	
Bond issuance costs	110,222	
Principal repayments:		
Bonds and notes payable	1,824,575	
Obligations under capital lease	<u>555,450</u>	
Net adjustment		(1,016,367)

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, 2011

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	\$	(14,068)	
Accrued interest		(52,412)	
Early retirement incentive		113,789	
Net OPEB obligation		(532,900)	
Landfill closure and postclosure care costs		210,000	
Amortization of bond premium		67,545	
Amortization of bond issuance costs		(64,603)	
Amortization of deferred amount on refunding		<u>(9,486)</u>	
			(282,135)

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. (284,496)

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. 29,771

Change in net assets of governmental activities \$ (17,185)

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over (Under)</u>
REVENUES				
Property taxes	\$ 27,507,151	\$ 27,507,151	\$ 28,297,862	\$ 790,711
Intergovernmental	17,480,456	17,480,456	14,866,618	(2,613,838)
Licenses, permits and fees	166,600	166,600	366,635	200,035
Charges for services	1,742,594	1,742,594	1,787,663	45,069
Use of money and property	273,319	273,319	159,426	(113,893)
Miscellaneous	55,500	55,500	201,415	145,915
Total revenues	<u>47,225,620</u>	<u>47,225,620</u>	<u>45,679,619</u>	<u>(1,546,001)</u>
EXPENDITURES				
Current:				
General government	1,914,113	1,965,732	1,851,315	(114,417)
Public works	2,523,549	2,699,920	2,194,968	(504,952)
Recreation and leisure	1,673,358	1,693,836	1,621,702	(72,134)
Public safety	775,613	780,609	742,849	(37,760)
Community development and human services	470,417	473,046	469,469	(3,577)
Education	35,676,768	35,779,971	32,938,472	(2,841,499)
Miscellaneous	2,070,800	2,099,707	2,057,929	(41,778)
Debt service:				
Debt issuance costs	5,000	5,000	1,161	(3,839)
Principal payments	1,824,575	1,824,575	1,824,575	-
Interest and fiscal charges	1,107,332	1,107,332	970,769	(136,563)
Lease payments	70,000	70,000	70,000	-
Total expenditures	<u>48,111,525</u>	<u>48,499,728</u>	<u>44,743,209</u>	<u>(3,756,519)</u>
Excess (deficiency) of revenues over expenditures	(885,905)	(1,274,108)	936,410	2,210,518
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	800,000	1,188,203	-	(1,188,203)
Transfers in	501,535	501,535	504,692	3,157
Transfers out	(415,630)	(415,630)	(992,021)	(576,391)
Total other financing sources (uses)	<u>885,905</u>	<u>1,274,108</u>	<u>(487,329)</u>	<u>(1,761,437)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	449,081	<u>\$ 449,081</u>
Fund balance - beginning			<u>7,802,615</u>	
Fund balance - ending			<u>\$ 8,251,696</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sewer use - current	\$ 3,225,116	\$ 3,225,116	\$ 2,924,880	\$ (300,236)
Use charge interest	20,000	20,000	45,919	25,919
Intergovernmental	-	-	6,032	6,032
Investment earnings	30,000	30,000	2,005	(27,995)
Miscellaneous	452,000	452,000	414,513	(37,487)
Total revenues	<u>3,727,116</u>	<u>3,727,116</u>	<u>3,393,349</u>	<u>(333,767)</u>
EXPENDITURES				
Contractual services	3,107,230	3,107,230	2,873,911	(233,319)
Total expenditures	<u>3,107,230</u>	<u>3,107,230</u>	<u>2,873,911</u>	<u>(233,319)</u>
Excess of revenues over expenditures	619,886	619,886	519,438	(100,448)
OTHER FINANCING USES				
Transfers out:				
Capital Projects Fund	(350,000)	(350,000)	(393,591)	(43,591)
Capital and Nonrecurring Fund	(240,450)	(240,450)	(240,450)	-
Total other financing sources uses	<u>(590,450)</u>	<u>(590,450)</u>	<u>(634,041)</u>	<u>(43,591)</u>
Net change in fund balances	<u>\$ 29,436</u>	<u>\$ 29,436</u>	(114,603)	<u>\$ (144,039)</u>
Fund balance - beginning			<u>2,136,237</u>	
Fund balance - ending			<u>\$ 2,021,634</u>	

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

**TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF NET ASSETS -
PROPRIETARY FUND
JUNE 30, 2011**

	Governmental Activities <hr/> Internal Service Fund - Health Insurance Fund <hr/>
ASSETS	
Current assets:	
Investments	\$ 301,580
Due from other funds	260,925
Total assets	562,505
 LIABILITIES	
Current liabilities:	
Claims payable	531,962
Total liabilities	531,962
 NET ASSETS	
Unrestricted	30,543
Total net assets	\$ 30,543

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, 2011**

	Governmental Activities <hr/> Internal Service Fund - Health Insurance Fund <hr/>
OPERATING REVENUES	
Charges for services	\$ 8,103,937
Total operating revenues	<u>8,103,937</u>
 OPERATING EXPENSES	
Claims incurred	7,254,456
Administrative and other	819,979
Total operating expenses	<u>8,074,435</u>
Operating income	29,502
 NON-OPERATING REVENUE	
Interest and investment income	269
Total non-operating revenues	<u>269</u>
Change in net assets	29,771
Net assets - beginning	<u>772</u>
Net assets - ending	<u>\$ 30,543</u>

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

**TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Governmental Activities <hr/> Internal Service Fund - Health Insurance Fund <hr/>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from charges for services	\$ 8,144,997
Payments for claims incurred	(7,293,165)
Payments for administrative costs	(819,979)
Net cash provided by operating activities	31,853
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(32,122)
Interest and dividends	269
Net cash used in investing activities	(31,853)
Net change in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ -
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 29,502
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in due from other funds	41,060
Decrease in claims payable	(38,709)
Net cash provided by operating activities	\$ 31,853

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

**TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011**

	Pension Trust Fund	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 66,228	\$ 506,648
Investments at fair value:			
Pooled fixed income	492,258	-	-
Equity mutual funds	4,297,940	152,879	-
U.S. Treasury notes	-	104,308	-
Corporate bonds	-	68,873	-
Common stocks	-	219,099	-
Total assets	<u>4,790,198</u>	<u>611,387</u>	<u>\$ 506,648</u>
LIABILITIES			
Due to student groups	-	-	\$ 155,863
Due to others	-	-	350,785
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 506,648</u>
NET ASSETS			
Held in trust for pension benefits and other purposes (<i>see schedule of funding progress on page 57</i>)	<u>\$ 4,790,198</u>	<u>\$ 611,387</u>	

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, 2011**

	Pension Trust Fund	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	\$ 65,655	\$ -
Plan members	74,457	-
Other	-	28,200
Total contributions	140,112	28,200
Investment income:		
Interest	113,817	-
Net increase in the fair value of investments	795,590	66,794
Total investment income	909,407	66,794
Less: investment expense	(14,711)	-
Net investment income	894,696	66,794
Total additions	1,034,808	94,994
DEDUCTIONS		
Benefit payments	296,407	-
Administrative expenses	34,345	-
Awards	-	20,995
Total deductions	330,752	20,995
Change in net assets	704,056	73,999
Net assets - beginning	4,086,142	537,388
Net assets - ending	\$ 4,790,198	\$ 611,387

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The statement of net 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 non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

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

Fund Financial Statements

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

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

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

Fund Financial Statements (*Continued*)

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.

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 non-operating 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 non-operating revenues and expenses.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (*Continued*)

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, 2011 consist of money market accounts and short-term certificates of deposit which totaled \$332,213.

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 Cutwater Asset Management. The fair value of the Town's position in these pools is the same as the value of the pool shares.

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, 2011 and is held as temporarily restricted cash in the accompanying statement of net assets.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

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

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

Inventories

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

Property Taxes 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, 2011, 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 two installments, January 1 and July 1. Personal property if over \$100 is billed in July and 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.

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Capital Assets (Continued)

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

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

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.

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

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

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

Long-term Obligations (*Continued*)

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

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.

During the year ended June 30, 2011, the Town implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes criteria for classifying fund balances into specifically defined classifications for all governments that report governmental funds. The Town's governmental report the following fund balance categories:

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

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

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

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

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

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

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

Fund Equity (*Continued*)

The Town does not have a formal policy over the use of fund balance. In accordance with GASB Statement No. 54, the Town will use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

INTERFUND ACTIVITIES

Interfund activities are reported as follows:

Interfund Receivables and Payables

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

Interfund Services Provided and Used

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

Interfund Transfers

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

Interfund Reimbursements

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

USE OF ESTIMATES

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

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

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 \$112,225 may be approved by the Town Council. Those in excess of this amount must be approved at a Town Meeting. Additional appropriations of \$388,203 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.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year. Generally, all unexpended appropriations lapse at year-end, except those for the Capital Projects Funds and certain Special Revenue Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

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

BUDGETARY INFORMATION (Continued)

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, 2011:

	General Fund			
	Total Revenues and Other Financing Sources	Total Expenditures and Other Financing Uses	Net Change in Fund Balance	Fund Balance
	Budgetary basis	\$ 46,184,311	\$ 45,735,230	\$ 449,081
"On-behalf" payments - State Teachers Retirement Fund (see Note 12)	2,540,561	2,540,561	-	-
Encumbrances outstanding:				
June 30, 2010	-	655,055	(655,055)	-
June 30, 2011	-	(625,852)	625,852	625,852
Intergovernmental grants netted against expenditures	1,106,964	1,106,964	-	-
Budgetary perspective differences - funds combined for GAAP financial reporting purposes	99,525	103,764	(4,239)	2,016,246
GAAP basis	<u>\$ 49,931,361</u>	<u>\$ 49,515,722</u>	<u>\$ 415,639</u>	<u>\$ 10,893,794</u>

	Sewer Operating Fund			
	Total Revenues	Total Expenditures and Other Financing Uses	Net Change in Fund Balance	Fund Balance
	Budgetary basis	\$ 3,393,349	\$ 3,507,952	\$ (114,603)
Encumbrances outstanding:				
June 30, 2011	-	(14,020)	14,020	14,020
Amounts related to sewer assessments not recorded for budgetary purposes	105,495	17,361	88,134	269,704
GAAP basis	<u>\$ 3,498,844</u>	<u>\$ 3,511,293</u>	<u>\$ (12,449)</u>	<u>\$ 2,305,358</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

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

DEFICIT FUND BALANCES

The following funds have deficit fund balances as of June 30, 2011, which does not constitute a violation of statutory provisions:

Fund	Deficit Fund Balance
Capital Improvements fund	\$ 6,171,702
School Cafeteria Fund	190,506
Solid Waste Fund	22,525

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.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

A reconciliation of the Town's cash and cash equivalents as of June 30, 2011 is as follows:

Government-wide statement of net assets:

Unrestricted:

Cash equivalents	\$ 22,368
Cash deposits	5,337,840
	<u>5,360,208</u>

Temporarily restricted:

Cash equivalents	1
------------------	---

Permanently restricted:

Cash equivalents	841
	<u>5,361,050</u>

Statement of fiduciary net assets:

Cash equivalents - Private Purpose Trust Funds	66,228
--	--------

Cash equivalents - Agency Funds	242,775
---------------------------------	---------

Cash deposits - Agency Funds	263,873
------------------------------	---------

506,648

\$ 5,933,926

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

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, 2011, \$4,789,382 of the Town's bank balance of \$5,933,926 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,310,444
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	478,938
	\$ 4,789,382

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.

INVESTMENTS

As of June 30, 2011, the Town's investments (including restricted investments) consisted of the following:

Government-wide statement of net assets:	
Unrestricted investments	\$ 16,324,570
Permanently restricted investments	118,793
	16,443,363
Statement of fiduciary net assets:	
Investments - Private Purpose Trust Funds	545,159
Investments - Pension Trust Fund	4,790,198
	5,335,357
	\$ 21,778,720

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

A reconciliation of the Town's investments as of June 30, 2011 is as follows:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>
Debt Securities:				
Cooperative Liquid Assets Security System (CLASS)	\$ 7,243,596	\$ 7,243,596	\$ -	\$ -
Short-Term Investment Fund	6,133,673	6,133,673	-	-
U.S. Treasury notes	104,308	-	104,308	-
Corporate bonds	68,873	-	36,408	32,465
Certificates of deposit	3,003,993	-	3,003,993	-
Guaranteed investment contract	492,258	492,258	-	-
Money market funds	62,101	62,101	-	-
	<u>17,108,802</u>	<u>\$ 13,931,628</u>	<u>\$ 3,144,709</u>	<u>\$ 32,465</u>
Other investments:				
Equity mutual funds	4,450,819			
Common stocks	219,099			
Total	<u>\$ 21,778,720</u>			

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.

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.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Credit Risk (Continued)

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, 2011:

<u>Debt Securities</u>	<u>Fair</u>	<u>Standard & Poor's</u>			<u>Unrated</u>
	<u>Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	
Cooperative Liquid Asset Security System (CLASS)	\$ 7,243,596	\$ 7,243,596	\$ -	\$ -	\$ -
Short-Term Investment Fund	6,133,673	6,133,673	-	-	-
Corporate bonds	68,873	-	-	68,873	-
Certificates of deposit	3,003,993	-	-	-	3,003,993
Guaranteed investment contract	492,258	-	492,258	-	-
Money market funds	62,101	-	-	-	62,101
	<u>\$ 17,004,494</u>	<u>\$ 13,377,269</u>	<u>492,258</u>	<u>\$ 68,873</u>	<u>\$ 3,066,094</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, 2011, 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, 2011

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 79,600,858	\$ 8,482,382	\$ (80,080,452)	\$ 8,002,788
Land	3,834,461	7,631	-	3,842,092
Total capital assets, not being depreciated	<u>83,435,319</u>	<u>8,490,013</u>	<u>(80,080,452)</u>	<u>11,844,880</u>
Capital assets, being depreciated:				
Land improvements	3,689,280	13,136,675	-	16,825,955
Buildings and improvements	51,550,653	64,242,948	-	115,793,601
Machinery and equipment	15,111,126	1,546,505	(290,000)	16,367,631
Infrastructure	53,099,629	1,413,911	-	54,513,540
Total capital assets, being depreciated	<u>123,450,688</u>	<u>80,340,039</u>	<u>(290,000)</u>	<u>203,500,727</u>
Less accumulated depreciation and amortization for:				
Land improvements	1,862,241	827,298	-	2,689,539
Buildings and improvements	25,005,045	1,963,627	-	26,968,672
Machinery and equipment	9,902,074	1,197,574	(264,502)	10,835,146
Infrastructure	42,548,967	673,740	(803,610)	42,419,097
Total accumulated depreciation and amortization	<u>79,318,327</u>	<u>4,662,239</u>	<u>(1,068,112)</u>	<u>82,912,454</u>
Total capital assets, being depreciated, net	<u>44,132,361</u>	<u>75,677,800</u>	<u>778,112</u>	<u>120,588,273</u>
Governmental activities capital assets, net	<u>\$ 127,567,680</u>	<u>\$ 84,167,813</u>	<u>\$ (79,302,340)</u>	<u>\$ 132,433,153</u>

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

Governmental Activities:	
General government	\$ 689,181
Public works	448,164
Recreation and leisure	205,193
Public safety	5,294
Education	<u>3,314,407</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 4,662,239</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 5 - CAPITAL PROJECTS

The Town has total project authorizations totaling approximately \$126 million as of June 30, 2011 and the remaining balance of those authorizations totaled approximately \$15 million as of June 30, 2011.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2011 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Other Governmental Funds	<u>\$ 1,312,991</u>
Capital Improvements Fund	General Fund	<u>1,687,607</u>
Sewer Operating Fund	General Fund	<u>811,268</u>
Other Governmental Funds	General Fund	4,043,953
	Capital Improvements Fund	<u>214,958</u>
		<u>4,258,911</u>
Internal Service Fund		
Health Insurance Fund	General Fund	<u>260,925</u>
Total due from/to other funds		<u><u>\$ 8,331,702</u></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, 2011

NOTE 7 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2011 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Sewer Operating Fund	\$ 501,677
	Other Governmental Funds	3,023
		<u>504,700</u>
Capital Improvements Fund	Sewer Operating Fund	393,591
	Other Governmental Funds	28,958
		<u>422,549</u>
Other Governmental Funds	General Fund	992,021
	Sewer Operating Fund	240,450
	Other Governmental Funds	71
		<u>1,232,542</u>
Total interfund transfers		<u><u>\$ 2,159,791</u></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

The following is a summary of changes in short-term liabilities for the year ended June 30, 2011.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Bond anticipation note payable issued in May 2010, original amount \$6,500,000	\$ 6,500,000	\$ -	\$ (6,500,000)	\$ -
Bond anticipation note payable issued in May 2011, original amount \$10,000,000	-	10,000,000	-	10,000,000
	<u>\$ 6,500,000</u>	<u>\$ 10,000,000</u>	<u>\$ (6,500,000)</u>	<u>\$ 10,000,000</u>

The purpose of the bond anticipation notes are to provide interim financing for various school construction and sewer projects until future reimbursements were received from the State of Connecticut and general obligation bonds are issued.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 9 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable:					
General obligation bonds	\$ 22,470,000	\$ 3,500,000	\$ (1,790,000)	\$ 24,180,000	\$ 1,590,000
Unamortized amounts:					
Premium	702,564	6,614	(67,545)	641,633	-
Deferred amount on refunding	(39,132)	-	9,486	(29,646)	-
Other liabilities:					
Note payable	1,071,825	-	(34,575)	1,037,250	34,575
Capital leases	1,432,648	-	(555,450)	877,198	449,177
Landfill postclosure care costs	630,000	-	(210,000)	420,000	20,000
Early retirement incentive	398,750	-	(113,789)	284,961	131,950
Compensated absences	1,022,453	42,953	(28,885)	1,036,521	386,441
Net OPEB obligation (see Note 13)	1,160,000	532,900	-	1,692,900	-
	<u>\$ 28,849,108</u>	<u>\$ 4,082,467</u>	<u>\$ (2,790,758)</u>	<u>\$ 30,140,817</u>	<u>\$ 2,612,143</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, 2011 is as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities				
Bonds Payable				
2007 School bonds	\$ 2,415,000	2027	4.25% - 5.00%	\$ 1,926,649
2007 Road/Bridges bonds	3,000,000	2027	4.25% - 5.00%	2,393,351
2007 School refunding bonds	685,000	2024	4.25% - 5.00%	364,170
2007 Sewer refunding bonds	3,835,000	2024	4.25% - 5.00%	2,038,821
2007 General purpose refunding bonds	1,565,000	2024	4.25% - 5.00%	832,009
2008 School bonds	5,000,000	2028	4.13% - 4.50%	4,250,000
2009 School bonds	3,000,000	2029	2.50% - 4.13%	2,700,000
2010 School bonds	6,500,000	2030	2.50% - 4.00%	6,175,000
2011 School bonds	3,500,000	2031	2.50% - 4.35%	3,500,000
				<u>\$ 24,180,000</u>
Note Payable				
2001 Sewer FHA loan	\$ 1,383,000	2041	4.50%	<u>\$ 1,037,250</u>

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

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, 2011:

Year ending June 30:	Governmental Activities					
	General Obligation Bonds		Note Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,590,000	\$ 973,368	\$ 34,575	\$ 46,676	\$ 1,624,575	\$ 1,020,044
2013	1,530,000	911,206	34,575	45,120	1,564,575	956,326
2014	1,505,000	851,643	34,575	43,565	1,539,575	895,208
2015	1,415,000	795,555	34,575	42,009	1,449,575	837,564
2016	1,415,000	743,429	34,575	40,453	1,449,575	783,882
2017-2021	7,030,000	2,862,398	172,875	178,925	7,202,875	3,041,323
2022-2026	6,300,000	1,443,882	172,875	140,030	6,472,875	1,583,912
2027-2031	3,395,000	321,695	172,875	101,132	3,567,875	422,827
2032-2036	-	-	172,875	62,235	172,875	62,235
2037-2041	-	-	172,875	23,339	172,875	23,339
	<u>\$ 24,180,000</u>	<u>\$ 8,903,176</u>	<u>\$ 1,037,250</u>	<u>\$ 723,484</u>	<u>\$ 25,217,250</u>	<u>\$ 9,626,660</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 \$198,771,097 as of June 30, 2011. 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, 2011.

The amount of authorized, unissued bonds at June 30, 2011 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, 2011 was \$407,797. Additional reimbursements of principal and interest aggregating \$25,363 and \$2,917, 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, 2011

NOTE 9 - LONG-TERM LIABILITIES (Continued)

CAPITAL LEASES

A summary of assets acquired through capital leases is as follows as of June 30, 2011:

	Governmental Activities
Building	\$ 739,988
Machinery and equipment	2,311,253
	3,051,241
Less: accumulated amortization	2,001,416
	\$ 1,049,825

Amortization expense relative to leased property under capital leases totaled \$412,126 for the year ended June 30, 2011 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, 2011 are as follows:

	Governmental Activities
Year Ending June 30:	
2012	\$ 504,517
2013	260,866
2014	144,451
2015	57,862
Total minimum lease payments	967,696
Less: amount representing interest	90,498
Present value of minimum lease payments	\$ 877,198

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 \$20,000 per year are estimated at \$900,000, with a remaining balance of \$420,000 at June 30, 2011. 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, 2011

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, 2011. The following is a summary of annual payments owed and the present value as of June 30, 2011:

Year ending June 30:	Governmental Activities
2012	\$ 177,433
2013	177,433
	354,866
Less: discount to present value	69,905
	\$ 284,961

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:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 590,227	\$ -
Sewer assessments not yet due	519,632	-
Delinquent sewer use fees	126,276	-
Solid waste fees	-	39,650
Grant drawdowns prior to meeting all eligibility requirements	25,363	461,511
	\$ 1,261,498	\$ 501,161

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 11 - ASSIGNED FUND BALANCE

The Town assigned fund balance of the General Fund of \$800,000 for use in the 2012 budget, \$115,643 for compensated absences for use in future retirement pay-outs, \$232,000 to earmark for future OPEB costs, \$117,611 to preserve cell tower investment property, and \$38,912 for sewer extension and landfill projects. In addition, the amount assigned for General Governmental and Education represent encumbrances outstanding as of June 30, 2011.

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	64
Terminated plan members entitled to but not yet receiving benefits	23
Employees who revoked payroll deduction and are entitled to future benefits	10
Active plan members:	
Vested	49
Nonvested	21
	167
	167

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

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:

Equity Mutual Funds:

Fidelity Advisor Equity Growth Fund	\$ 427,065
Prudential Large Cap Value Fund	423,306
Prudential International Blended Capital Fund	736,158
Dryden S&P 500 Index Fund	735,548
Prudential Core Plus Fund	466,007
Prudential Private Placement Fund	759,727
Cohen and Steers Realty Income Fund	259,693
Guaranteed Investment Contract	492,258

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, 2010	\$ 4,668,019	\$ 4,836,755	\$ 168,736	96.5%	\$ 1,864,225	9.1%

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, 2011

NOTE 12 - PENSION PLANS (Continued)

DEFINED BENEFIT PLAN (Continued)

Annual Pension Cost and Net Pension Obligation

Annual required contribution	\$ 65,655
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	<u>65,655</u>
Contributions made	<u>65,655</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
2007	\$ 71,529	\$ 71,529	100.0%
2008	58,738	58,738	100.0%
2009	14,654	14,654	100.0%
2010	41,026	41,026	100.0%
2011	65,655	65,655	100.0%

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 14,654	\$ 14,654	100.0%	-
2010	41,026	41,026	100.0%	-
2011	65,655	65,655	100.0%	-

Additional Information and Actuarial Assumptions

Valuation date:	July 1, 2010
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	4.00%

* Includes inflation at 3.0%.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 12 - PENSION PLANS (Continued)

DEFINED BENEFIT PLAN (Continued)

Plan Financial Statements

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF PLAN NET ASSETS
JUNE 30, 2011

	Pension Trust Fund
ASSETS	
Investments, at fair value:	
Guaranteed investment contract	\$ 492,258
Equity mutual funds	4,297,940
Total assets	4,790,198
NET ASSETS	
Held in trust for pension benefits (<i>See schedule of funding progress on page 57</i>)	4,790,198
Total net assets	\$ 4,790,198

TOWN OF KILLINGLY, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 65,655
Plan members	74,457
Total contributions	140,112
Investment income:	
Interest	113,817
Net increase in the fair value of investments	795,590
Total investment income	909,407
Less: investment expense	(14,711)
Net investment income	894,696
Total additions	1,034,808
DEDUCTIONS	
Benefit payments	296,407
Administrative expenses	34,345
Total deductions	330,752
NET INCREASE	704,056
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of year	4,086,142
End of year	\$ 4,790,198

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

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, 2011, Town teachers contributed \$1,158,432 plan and covered payroll for the year was \$15,978,372.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on behalf" payments of \$2,540,561 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, 2011

NOTE 13 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

Annual required contribution	\$ 799,900
Interest on net OPEB obligation	52,200
Adjustment to annual required contribution	(68,200)
Annual OPEB cost (expense)	<u>783,900</u>
Contributions made	<u>251,000</u>
Increase in net OPEB obligation	532,900
Net OPEB obligation, beginning of year	1,160,000
Net OPEB obligation, end of year	<u><u>\$ 1,692,900</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, 2010 and 2011 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
2011	783,900	32.0%	1,692,900

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)	Accrued Liability (AAL) - Entry Age Normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	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, 2011

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, Open
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 2011, 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, 2011. 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, 2011

NOTE 14 - RISK MANAGEMENT (Continued)

A summary of claims activity for the years ended June 30, 2010 through June 30, 2011 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2010	\$ 568,417	\$ 6,654,158	\$ 6,651,904	\$ 570,671
2011	570,671	7,254,456	7,293,165	531,962

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:	
2012	\$ 96,071
2013	57,327
2014	39,624
2015	30,318
2016	13,317
2017-2019	30,258
	<u>\$ 266,915</u>

Rent expense in connection with the above leases for the year ended June 30, 2011 totaled \$106,863.

TOWN OF KILLINGLY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

NOTE 15 - COMMITMENTS AND CONTINGENCIES (*Continued*)

As of June 30, 2011, the Town has recorded \$625,852 in encumbrances. Such encumbrances have been included in assigned fund balance in accordance with the provisions of GASB Statement No. 54.

NOTE 16 - ADJUSTMENTS

In February 2009, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“Statement No. 54”). Statement No. 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds and clarified the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type. The application of Statement No. 54 was effective for the Town as of July 1, 2010. Based on the interpretations of certain terms within the definition of the special revenue fund type provided for in Statement No. 54, the Town has determined that certain activities previously reported in special revenue funds are required to be reported in the General Fund. Accordingly, fund balance reclassifications made by the Town have been applied by adjusting the beginning fund balance of the General Fund as of July 1, 2010 in order to conform with the provisions of Statement No. 54.

**Required
Supplementary
Information**

**TOWN OF KILLINGLY, CONNECTICUT
SCHEDULES OF FUNDING PROGRESS
JUNE 30, 2011**

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,						
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%
2010	4,668,019	4,836,755	168,736	96.5%	1,864,225	9.1%

Board of Education OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets (A)	Accrued Liability (AAL) - Entry Age Normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	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
COMBINING BALANCE SHEET -
GENERAL FUND
JUNE 30, 2011**

	<u>Budgeted General Fund</u>	<u>Water Utility</u>	<u>Revaluation</u>	<u>Insurance Reserve</u>	<u>Community Employment Incentive</u>	<u>Water Mitigation</u>
ASSETS						
Cash and cash equivalents	\$ 3,388,207	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	13,246,445	-	-	-	-	-
Receivables:						
Property taxes	798,062					
Grants and contracts	28,008	-	-	-	-	-
Other	167,427	-	-	68,693	-	-
Due from other funds	1,312,991	1,167,432	33,998	218,417	7,687	75,040
Other assets	171,554	-	-	-	-	-
Total assets	<u>\$ 19,112,694</u>	<u>\$ 1,167,432</u>	<u>\$ 33,998</u>	<u>\$ 287,110</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,041,081	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities:						
Salaries and benefits payable	143,401	-	-	-	-	-
Other accrued liabilities	37,607	-	-	-	-	-
Due to other funds	8,422,830	-	-	-	-	-
Unearned/deferred revenue	590,227	-	-	-	-	-
Total liabilities	<u>10,235,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Committed	-	-	33,998	287,110	-	-
Assigned	1,930,018	-	-	-	-	-
Unassigned	6,947,530	1,167,432	-	-	7,687	75,040
Total fund balances	<u>8,877,548</u>	<u>1,167,432</u>	<u>33,998</u>	<u>287,110</u>	<u>7,687</u>	<u>75,040</u>
Total liabilities and fund balances	<u>\$ 19,112,694</u>	<u>\$ 1,167,432</u>	<u>\$ 33,998</u>	<u>\$ 287,110</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET -
GENERAL FUND (Continued)
JUNE 30, 2011

	<u>Planning and Conservation</u>	<u>Demo and Relocation</u>	<u>Terecentennial</u>	<u>Civil War Monument</u>	<u>Biddy Basketball</u>	<u>Public Safety</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	3,602	690	6,965
Receivables:						
Property taxes	-	-	-	-	-	-
Grants and contracts	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	50,872	63,631	2,000	-	-	-
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 50,872</u>	<u>\$ 63,631</u>	<u>\$ 2,000</u>	<u>\$ 3,602</u>	<u>\$ 690</u>	<u>\$ 6,965</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities:						
Salaries and benefits payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned/deferred revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Committed	-	63,631	-	-	-	6,965
Assigned	-	-	-	-	-	-
Unassigned	50,872	-	2,000	3,602	690	-
Total fund balances	<u>50,872</u>	<u>63,631</u>	<u>2,000</u>	<u>3,602</u>	<u>690</u>	<u>6,965</u>
Total liabilities and fund balances	<u>\$ 50,872</u>	<u>\$ 63,631</u>	<u>\$ 2,000</u>	<u>\$ 3,602</u>	<u>\$ 690</u>	<u>\$ 6,965</u>

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET -
GENERAL FUND (Continued)
JUNE 30, 2011

	Economic Development	Fuel System	Kelp	Earl Chandler	Eliminations	Combined General Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 92	\$ -	\$ 3,388,299
Investments	259,047	55,969	2,111	-	-	13,574,829
Receivables:						
Property taxes	-	-	-	-	-	798,062
Grants and contracts	-	-	-	-	-	28,008
Other	-	-	-	-	-	236,120
Due from other funds	-	-	-	-	(1,619,077)	1,312,991
Other assets	-	-	-	-	-	171,554
Total assets	<u>\$ 259,047</u>	<u>\$ 55,969</u>	<u>\$ 2,111</u>	<u>\$ 92</u>	<u>\$ (1,619,077)</u>	<u>\$ 19,509,863</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,041,081
Accrued liabilities:						
Salaries and benefits payable	-	-	-	-	-	143,401
Other accrued liabilities	-	-	-	-	-	37,607
Due to other funds	-	-	-	-	(1,619,077)	6,803,753
Unearned/deferred revenue	-	-	-	-	-	590,227
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,619,077)</u>	<u>8,616,069</u>
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Committed	-	55,969	-	-	-	447,673
Assigned	-	-	-	-	-	1,930,018
Unassigned	259,047	-	2,111	92	-	8,516,103
Total fund balances	<u>259,047</u>	<u>55,969</u>	<u>2,111</u>	<u>92</u>	<u>-</u>	<u>10,893,794</u>
Total liabilities and fund balances	<u>\$ 259,047</u>	<u>\$ 55,969</u>	<u>\$ 2,111</u>	<u>\$ 92</u>	<u>\$ (1,619,077)</u>	<u>\$ 19,509,863</u>

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted General Fund	Water Utility	Revaluation	Insurance Reserve	Community Employment Incentive	Water Mitigation
REVENUES						
Property taxes	\$ 28,297,862	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	18,514,143	-	-	-	-	-
Licenses, permits and fees	366,635	-	-	-	-	-
Charges for services	1,787,663	-	-	-	-	-
Investment income	159,426	-	-	-	-	-
Miscellaneous	201,415	-	-	93,448	-	-
Total revenues	<u>49,327,144</u>	<u>-</u>	<u>-</u>	<u>93,448</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Current:						
General government	1,842,758	-	41,602	34,418	-	-
Public works	2,161,419	-	-	-	-	-
Recreation and leisure	1,643,873	-	-	-	-	-
Public safety	742,549	-	-	-	-	-
Community development and human services	469,469	-	-	-	-	-
Education	36,633,795	-	-	-	-	-
Miscellaneous	2,059,569	-	-	-	-	-
Debt service:						
Principal payments	1,824,575	-	-	-	-	-
Interest and fiscal charges	970,769	-	-	-	-	-
Debt issuance costs	1,161	-	-	-	-	-
Lease payments	70,000	-	-	-	-	-
Total expenditures	<u>48,419,937</u>	<u>-</u>	<u>41,602</u>	<u>34,418</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	907,207	-	(41,602)	59,030	-	-
OTHER FINANCING SOURCES (USES)						
Transfers in	504,692	-	-	-	-	-
Transfers out	(992,021)	-	-	-	-	-
Total other financing sources (uses)	<u>(487,329)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	419,878	-	(41,602)	59,030	-	-
Fund balances - beginning, as originally reported	8,457,670	-	-	-	-	-
Adjustments	<u>-</u>	<u>1,167,432</u>	<u>75,600</u>	<u>228,080</u>	<u>7,687</u>	<u>75,040</u>
Fund balances - beginning, as adjusted	<u>8,457,670</u>	<u>1,167,432</u>	<u>75,600</u>	<u>228,080</u>	<u>7,687</u>	<u>75,040</u>
Fund balances - ending	<u>\$ 8,877,548</u>	<u>\$ 1,167,432</u>	<u>\$ 33,998</u>	<u>\$ 287,110</u>	<u>\$ 7,687</u>	<u>\$ 75,040</u>

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Planning and Conservation</u>	<u>Demo and Relocation</u>	<u>Terecentennial</u>	<u>Civil War Monument</u>	<u>Biddy Basketball</u>	<u>Public Safety</u>
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	5	1	10
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>1</u>	<u>10</u>
EXPENDITURES						
Current:						
General government	-	23,410	-	-	-	-
Public works	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-
Public safety	-	-	-	-	-	1,095
Community development and human services	-	-	-	-	-	-
Education	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Debt service:						
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-
Lease payments	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>23,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,095</u>
Excess (deficiency) of revenues over expenditures	-	(23,410)	-	5	1	(1,085)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(23,410)	-	5	1	(1,085)
Fund balances - beginning, as originally reported	-	-	-	-	-	-
Adjustments	<u>50,872</u>	<u>87,041</u>	<u>2,000</u>	<u>3,597</u>	<u>689</u>	<u>8,050</u>
Fund balances - beginning, as adjusted	<u>50,872</u>	<u>87,041</u>	<u>2,000</u>	<u>3,597</u>	<u>689</u>	<u>8,050</u>
Fund balances - ending	<u>\$ 50,872</u>	<u>\$ 63,631</u>	<u>\$ 2,000</u>	<u>\$ 3,602</u>	<u>\$ 690</u>	<u>\$ 6,965</u>

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	Economic Development	Fuel System	Kelp	Earl Chandler	Combined General Fund
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 28,297,862
Intergovernmental	-	-	-	-	18,514,143
Licenses, permits and fees	-	-	-	-	366,635
Charges for services	675	-	-	-	1,788,338
Investment income	340	-	-	-	159,782
Miscellaneous	-	5,038	-	-	299,901
Total revenues	<u>1,015</u>	<u>5,038</u>	<u>-</u>	<u>-</u>	<u>49,426,661</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	1,942,188
Public works	-	-	-	-	2,161,419
Recreation and leisure	-	-	-	-	1,643,873
Public safety	-	-	-	-	743,644
Community development and human services	-	3,239	-	-	472,708
Education	-	-	-	-	36,633,795
Miscellaneous	-	-	-	-	2,059,569
Debt service:					
Principal payments	-	-	-	-	1,824,575
Interest and fiscal charges	-	-	-	-	970,769
Debt issuance costs	-	-	-	-	1,161
Lease payments	-	-	-	-	70,000
Total expenditures	<u>-</u>	<u>3,239</u>	<u>-</u>	<u>-</u>	<u>48,523,701</u>
Excess (deficiency) of revenues over expenditures	1,015	1,799	-	-	902,960
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	8	504,700
Transfers out	-	-	-	-	(992,021)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>(487,321)</u>
Net change in fund balances	1,015	1,799	-	8	415,639
Fund balances - beginning, as originally reported	-	-	-	-	8,457,670
Adjustments	<u>258,032</u>	<u>54,170</u>	<u>2,111</u>	<u>84</u>	<u>2,020,485</u>
Fund balances - beginning, as adjusted	<u>258,032</u>	<u>54,170</u>	<u>2,111</u>	<u>84</u>	<u>10,478,155</u>
Fund balances - ending	<u>\$ 259,047</u>	<u>\$ 55,969</u>	<u>\$ 2,111</u>	<u>\$ 92</u>	<u>\$ 10,893,794</u>

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
PROPERTY TAXES				
Current taxes	\$ 26,249,210	\$ 26,249,210	\$ 26,955,314	\$ 706,104
Prior years' taxes	750,000	750,000	879,168	129,168
Supplemental motor vehicle	159,576	159,576	155,350	(4,226)
Tax interest	350,000	350,000	361,867	11,867
Lien fees	14,000	14,000	10,581	(3,419)
Airplane tax	1,960	1,960	2,860	900
Phone access - SNETCO	133,000	133,000	83,317	(49,683)
Remediation financing	(150,595)	(150,595)	(150,595)	-
Total Property Taxation	<u>27,507,151</u>	<u>27,507,151</u>	<u>28,297,862</u>	<u>790,711</u>
INTERGOVERNMENTAL				
State-owned property	252,137	252,137	253,583	1,446
Elderly tax relief - frozen	1,862	1,862	1,818	(44)
Elderly tax relief	173,023	173,023	140,732	(32,291)
Disability exemption	3,092	3,092	3,086	(6)
Property tax abatement	72,017	72,017	68,405	(3,612)
Boat tax (P.A. 81-423)	882	882	1,392	510
Veterans' exemption	7,820	7,820	8,259	439
New manufacturing equipment	329,396	329,396	268,062	(61,334)
School building grants	28,000	28,000	138,746	110,746
General assistance	240	240	240	-
Connecticard	6,000	6,000	11,567	5,567
Library grant	2,000	2,000	2,022	22
Adult education	106,839	106,839	107,467	628
Mashantucket Pequot fund	142,684	142,684	145,597	2,913
Education equalization grant	15,245,633	15,245,633	12,950,310	(2,295,323)
School transportation	384,617	384,617	219,409	(165,208)
Vocational agriculture	151,760	151,760	155,449	3,689
Nonpublic school - health services	30,727	30,727	29,221	(1,506)
Transportation - nonpublic	9,342	9,342	16,156	6,814
Special education excess cost	50,000	50,000	33,405	(16,595)
Old manufacturing equipment	482,385	482,385	299,576	(182,809)
Miscellaneous	-	-	12,116	12,116
Total Intergovernmental Revenues	<u>17,480,456</u>	<u>17,480,456</u>	<u>14,866,618</u>	<u>(2,613,838)</u>
LICENSES, PERMITS AND FEES				
Building permit fees	100,000	100,000	326,681	226,681
Planning and zoning permits	45,000	45,000	22,643	(22,357)
Other permits	1,200	1,200	4,130	2,930
Library fines and fees	18,000	18,000	15,380	(2,620)
Animal control fines and fees	2,400	2,400	(2,199)	(4,599)
Total Licenses, Permits and Fees	<u>166,600</u>	<u>166,600</u>	<u>366,635</u>	<u>200,035</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
CHARGES FOR SERVICES				
Town clerk receipts	\$ 135,000	\$ 135,000	\$ 140,911	\$ 5,911
Conveyance tax	109,000	109,000	84,205	(24,795)
Engineering	62,000	62,000	62,179	179
Elderly housing services	18,000	18,000	18,000	-
Recreation department	130,000	130,000	94,050	(35,950)
Tuition	<u>1,288,594</u>	<u>1,288,594</u>	<u>1,388,318</u>	<u>99,724</u>
Total Charges for Services	<u>1,742,594</u>	<u>1,742,594</u>	<u>1,787,663</u>	<u>45,069</u>
USE OF MONEY AND PROPERTY				
Investment income	150,000	150,000	42,355	(107,645)
Sewer plant lease	31,589	31,589	33,584	1,995
Communications tower lease	<u>91,730</u>	<u>91,730</u>	<u>83,487</u>	<u>(8,243)</u>
Total Use of Money and Property	<u>273,319</u>	<u>273,319</u>	<u>159,426</u>	<u>(113,893)</u>
MISCELLANEOUS				
School capital contributions	500	500	71,542	71,042
Miscellaneous	<u>55,000</u>	<u>55,000</u>	<u>129,873</u>	<u>74,873</u>
Total Miscellaneous	<u>55,500</u>	<u>55,500</u>	<u>201,415</u>	<u>145,915</u>
Total Revenues	<u>47,225,620</u>	<u>47,225,620</u>	<u>45,679,619</u>	<u>(1,546,001)</u>
OTHER FINANCING SOURCES				
Transfers in:				
Sewer Operating Fund	501,430	501,430	501,677	247
Historic Preservation	-	-	3,000	3,000
Louisa E. Day	80	80	11	(69)
Thomas J. Evans	25	25	4	(21)
Appropriation of fund balance	<u>800,000</u>	<u>1,188,203</u>	<u>-</u>	<u>(1,188,203)</u>
Total Other Financing Sources	<u>1,301,535</u>	<u>1,689,738</u>	<u>504,692</u>	<u>3,157</u>
Total Revenues and Other Financing Sources	<u>\$ 48,527,155</u>	<u>\$ 48,915,358</u>	<u>\$ 46,184,311</u>	<u>\$ (1,542,844)</u>

(Concluded)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT				
Town Council:				
Personal services	\$ 6,750	\$ 6,750	\$ 6,688	\$ (62)
Contractual services	37,350	37,350	37,104	(246)
Materials and supplies	1,700	1,700	1,426	(274)
Total Town Council	<u>45,800</u>	<u>45,800</u>	<u>45,218</u>	<u>(582)</u>
Town Manager:				
Personal services	258,176	261,134	240,021	(21,113)
Contractual services	36,140	36,140	29,347	(6,793)
Materials and supplies	3,000	3,000	2,983	(17)
Total Town Manager	<u>297,316</u>	<u>300,274</u>	<u>272,351</u>	<u>(27,923)</u>
Legal Services:				
Contractual services	86,000	126,000	121,766	(4,234)
Total Legal Services	<u>86,000</u>	<u>126,000</u>	<u>121,766</u>	<u>(4,234)</u>
Town Clerk:				
Personal services	123,070	124,204	119,678	(4,526)
Contractual services	39,250	38,965	28,318	(10,647)
Materials and supplies	2,500	2,785	2,780	(5)
Total Town Clerk	<u>164,820</u>	<u>165,954</u>	<u>150,776</u>	<u>(15,178)</u>
Finance:				
Personal services	171,212	172,612	169,415	(3,197)
Contractual services	67,875	67,875	65,355	(2,520)
Materials and supplies	1,800	1,800	1,658	(142)
Total Finance	<u>240,887</u>	<u>242,287</u>	<u>236,428</u>	<u>(5,859)</u>
Assessor:				
Personal services	142,625	144,014	142,744	(1,270)
Contractual services	14,965	14,965	11,740	(3,225)
Materials and supplies	1,970	1,970	1,568	(402)
Total Assessor	<u>159,560</u>	<u>160,949</u>	<u>156,052</u>	<u>(4,897)</u>
Revenue Collection:				
Personal services	168,260	169,545	169,541	(4)
Contractual services	43,780	43,560	34,693	(8,867)
Materials and supplies	2,150	2,370	2,366	(4)
Total Revenue Collection	<u>214,190</u>	<u>215,475</u>	<u>206,600</u>	<u>(8,875)</u>
Registration and Elections:				
Personal services	13,510	59,970	59,967	(3)
Contractual services	72,750	24,460	13,919	(10,541)
Materials and supplies	1,430	3,260	3,253	(7)
Capital outlay	8,450	8,450	-	(8,450)
Total Registration and Elections	<u>96,140</u>	<u>96,140</u>	<u>77,139</u>	<u>(19,001)</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT (Continued)				
Town Boards and Commissions:				
Contractual services	\$ 83,790	\$ 83,790	\$ 78,391	\$ (5,399)
Total Town Boards and Commissions	<u>83,790</u>	<u>83,790</u>	<u>78,391</u>	<u>(5,399)</u>
Planning and Development:				
Personal services	176,322	177,758	176,795	(963)
Contractual services	11,200	11,200	6,264	(4,936)
Materials and supplies	3,500	3,500	2,643	(857)
Total Planning and Development	<u>191,022</u>	<u>192,458</u>	<u>185,702</u>	<u>(6,756)</u>
Data Processing:				
Contractual services	103,950	103,950	100,755	(3,195)
Materials and supplies	1,500	1,500	391	(1,109)
Total Data Processing	<u>105,450</u>	<u>105,450</u>	<u>101,146</u>	<u>(4,304)</u>
Town Hall:				
Personal services	24,780	25,535	25,531	(4)
Contractual services	68,400	71,205	71,203	(2)
Materials and supplies	8,950	5,390	5,189	(201)
Capital outlay	9,438	9,438	-	(9,438)
Total Town Hall	<u>111,568</u>	<u>111,568</u>	<u>101,923</u>	<u>(9,645)</u>
Economic Development:				
Personal services	103,845	105,962	105,280	(682)
Contractual services	12,725	11,850	10,774	(1,076)
Materials and supplies	1,000	1,775	1,769	(6)
Total Economic Development	<u>117,570</u>	<u>119,587</u>	<u>117,823</u>	<u>(1,764)</u>
Total General Government	<u>1,914,113</u>	<u>1,965,732</u>	<u>1,851,315</u>	<u>(114,417)</u>
PUBLIC WORKS				
Supervision:				
Personal services	185,936	230,786	198,446	(32,340)
Contractual services	10,730	7,230	7,228	(2)
Materials and supplies	2,050	1,355	1,354	(1)
Capital outlay	3,400	3,400	-	(3,400)
Total Supervision	<u>202,116</u>	<u>242,771</u>	<u>207,028</u>	<u>(35,743)</u>
Engineering:				
Personal services	273,447	278,788	278,788	-
Contractual services	11,750	9,885	6,770	(3,115)
Materials and supplies	3,100	3,325	3,323	(2)
Capital outlay	8,225	8,225	-	(8,225)
Total Engineering	<u>296,522</u>	<u>300,223</u>	<u>288,881</u>	<u>(11,342)</u>
Central Garage:				
Personal services	136,075	138,752	138,749	(3)
Contractual services	60,350	112,720	112,459	(261)
Materials and supplies	225,000	274,610	274,609	(1)
Capital outlay	3,250	3,250	-	(3,250)
Total Central Garage	<u>424,675</u>	<u>529,332</u>	<u>525,817</u>	<u>(3,515)</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC WORKS (Continued)				
Solid Waste:				
Capital outlay	\$ 191,750	\$ 191,750	\$ -	\$ (191,750)
Total Solid Waste	<u>191,750</u>	<u>191,750</u>	<u>-</u>	<u>(191,750)</u>
Highways:				
Personal services	687,182	708,070	708,066	(4)
Contractual services	57,200	47,670	41,728	(5,942)
Materials and supplies	118,000	118,000	111,581	(6,419)
Capital outlay	281,104	281,104	-	(281,104)
Total Highways	<u>1,143,486</u>	<u>1,154,844</u>	<u>861,375</u>	<u>(293,469)</u>
Winter Maintenance:				
Personal services	92,000	92,600	125,595	32,995
Contractual services	7,000	14,000	13,996	(4)
Materials and supplies	166,000	174,400	172,276	(2,124)
Total Winter Maintenance	<u>265,000</u>	<u>281,000</u>	<u>311,867</u>	<u>30,867</u>
Total Public Works	<u>2,523,549</u>	<u>2,699,920</u>	<u>2,194,968</u>	<u>(504,952)</u>
RECREATION AND LEISURE				
Recreation:				
Personal services	349,160	391,898	364,287	(27,611)
Contractual services	132,020	76,545	75,663	(882)
Materials and supplies	35,300	33,495	32,406	(1,089)
Capital outlay	2,714	2,714	-	(2,714)
Total Recreation	<u>519,194</u>	<u>504,652</u>	<u>472,356</u>	<u>(32,296)</u>
Park Development and Maintenance:				
Personal services	162,679	164,916	159,836	(5,080)
Contractual services	64,350	64,350	64,776	426
Materials and supplies	47,600	47,600	43,806	(3,794)
Capital outlay	15,735	15,735	-	(15,735)
Total Park Development and Maintenance	<u>290,364</u>	<u>292,601</u>	<u>268,418</u>	<u>(24,183)</u>
Public Library:				
Personal services	407,925	421,653	421,652	(1)
Contractual services	260,475	252,100	240,316	(11,784)
Materials and supplies	13,400	13,400	13,314	(86)
Total Public Library	<u>681,800</u>	<u>687,153</u>	<u>675,282</u>	<u>(11,871)</u>
Special Communities Activities:				
Contractual services	29,625	29,625	28,154	(1,471)
Total Special Communities Activities	<u>29,625</u>	<u>29,625</u>	<u>28,154</u>	<u>(1,471)</u>
Community Center:				
Personal services	37,650	37,650	36,605	(1,045)
Contractual services	89,950	110,575	110,554	(21)
Materials and supplies	10,500	10,500	9,277	(1,223)
Total Community Center	<u>138,100</u>	<u>158,725</u>	<u>156,436</u>	<u>(2,289)</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
RECREATION AND LEISURE (Continued)				
Other Town Buildings:				
Contractual services	\$ 13,775	\$ 20,580	\$ 20,577	\$ (3)
Material and supplies	500	500	479	(21)
Total Other Town Buildings	<u>14,275</u>	<u>21,080</u>	<u>21,056</u>	<u>(24)</u>
Total Recreation and Leisure	<u>1,673,358</u>	<u>1,693,836</u>	<u>1,621,702</u>	<u>(72,134)</u>
PUBLIC SAFETY				
Building Inspector:				
Personal services	155,725	160,381	155,231	(5,150)
Contractual services	9,450	9,450	7,654	(1,796)
Materials and supplies	5,825	5,825	5,657	(168)
Capital outlay	7,325	7,325	-	(7,325)
Total Building Inspector	<u>178,325</u>	<u>182,981</u>	<u>168,542</u>	<u>(14,439)</u>
Animal Control:				
Contractual services	53,478	53,808	53,478	(330)
Materials and supplies	1,000	1,010	468	(542)
Total Animal Control	<u>54,478</u>	<u>54,818</u>	<u>53,946</u>	<u>(872)</u>
Law Enforcement:				
Personal services	29,245	29,245	29,242	(3)
Contractual services	512,415	512,415	489,963	(22,452)
Materials and supplies	1,150	1,150	1,156	6
Total Law Enforcement	<u>542,810</u>	<u>542,810</u>	<u>520,361</u>	<u>(22,449)</u>
Total Public Safety	<u>775,613</u>	<u>780,609</u>	<u>742,849</u>	<u>(37,760)</u>
COMMUNITY DEVELOPMENT AND HUMAN SERVICES				
Community Development:				
Personal services	57,035	58,164	57,908	(256)
Contractual services	5,750	5,410	2,164	(3,246)
Materials and supplies	400	400	329	(71)
Total Community Development	<u>63,185</u>	<u>63,974</u>	<u>60,401</u>	<u>(3,573)</u>
Human Service Subsidies:				
Contractual services	407,232	409,072	409,068	(4)
Total Human Service Subsidies	<u>407,232</u>	<u>409,072</u>	<u>409,068</u>	<u>(4)</u>
Total Community Development and Human Services	<u>470,417</u>	<u>473,046</u>	<u>469,469</u>	<u>(3,577)</u>
BOARD OF EDUCATION	<u>35,676,768</u>	<u>35,779,971</u>	<u>32,938,472</u>	<u>(2,841,499)</u>
MISCELLANEOUS				
Employee benefits - contractual services	1,175,800	1,495,218	1,494,309	(909)
Insurance - contractual services	560,000	543,605	543,603	(2)
Contingencies	335,000	60,884	20,017	(40,867)
Total Miscellaneous	<u>2,070,800</u>	<u>2,099,707</u>	<u>2,057,929</u>	<u>(41,778)</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
DEBT SERVICE				
Principal payments	\$ 1,824,575	\$ 1,824,575	\$ 1,824,575	\$ -
Interest and fiscal charges	1,107,332	1,107,332	970,769	(136,563)
Lease payments	70,000	70,000	70,000	-
Debt issuance costs	5,000	5,000	1,161	(3,839)
Total Debt Service	<u>3,006,907</u>	<u>3,006,907</u>	<u>2,866,505</u>	<u>(140,402)</u>
Total Expenditures	<u>48,111,525</u>	<u>48,499,728</u>	<u>44,743,209</u>	<u>(3,756,519)</u>
OTHER FINANCING USES				
Transfers out:				
Capital Nonrecurring Fund	-	-	339,641	339,641
Solid Waste Fund	-	-	191,750	191,750
Capital Reserve Fund	-	-	45,000	45,000
Education Capital Nonrecurring Fund	<u>415,630</u>	<u>415,630</u>	<u>415,630</u>	<u>-</u>
Total Other Financing Uses	<u>415,630</u>	<u>415,630</u>	<u>992,021</u>	<u>576,391</u>
Total Expenditures and Other Financing Uses	<u>\$ 48,527,155</u>	<u>\$ 48,915,358</u>	<u>\$ 45,735,230</u>	<u>\$ (3,180,128)</u> <i>(Concluded)</i>

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2011

Grand List Year	Balance Uncollected June 30, 2010	Current Levy	Lawful Corrections		Transfers From Suspense	Balance To Be Collected	Collections				Balance Uncollected June 30, 2011
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2009	\$ -	\$ 24,866,633	\$ 3,028,531	\$ 126,547	\$ -	\$ 27,768,617	\$ 27,144,886	\$ 111,186	\$ -	\$ 27,256,072	\$ 623,731
2008	647,795	-	40,297	29,166	54	658,872	452,954	84,973	-	537,927	205,918
2007	267,205	-	51,704	31,701	74	287,282	180,137	58,230	-	238,367	107,145
2006	207,275	-	27,433	29,317	590	205,981	146,569	49,969	-	196,538	59,412
2005	109,421	-	33,431	25,358	823	118,317	77,833	26,053	-	103,886	40,484
2004	48,693	-	474	16,283	825	33,709	13,752	12,476	-	26,228	19,957
2003	26,333	-	7	6,129	401	20,612	11,272	11,664	-	22,936	9,340
2002	8,582	-	750	2,262	1,037	8,107	3,303	2,187	-	5,490	4,804
2001	2,715	-	65	1,477	944	2,247	667	1,100	-	1,767	1,580
2000	1,638	-	294	420	978	2,490	951	1,221	-	2,172	1,539
1999 and prior	5,294	-	26	784	1,542	6,078	1,587	2,901	-	4,488	4,491
	<u>\$ 1,324,951</u>	<u>\$ 24,866,633</u>	<u>\$ 3,183,012</u>	<u>\$ 269,444</u>	<u>\$ 7,268</u>	<u>\$ 29,112,312</u>	<u>\$ 28,033,911</u>	<u>\$ 361,960</u>	<u>\$ -</u>	<u>\$ 28,395,871</u>	<u>\$ 1,078,401</u>

**TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2011**

Total cash collections for the year ended
June 30, 2011:

Taxes	\$ 28,033,911
Interest and lien fees	361,960
Total	<u>28,395,871</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	-
Base	<u>\$ 28,395,871</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	\$ 63,890,710	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	127,781,420	-	-	-
3-3/4 times base	-	-	106,484,516	-	-
3-1/4 times base	-	-	-	92,286,581	-
3 times base	-	-	-	-	85,187,613
Total debt limitation	<u>63,890,710</u>	<u>127,781,420</u>	<u>106,484,516</u>	<u>92,286,581</u>	<u>85,187,613</u>
Indebtedness:					
Bonds and notes payable	3,222,360	18,915,819	3,079,071	-	-
Authorized, unissued bonds	-	5,518,666	4,241,000	-	-
	<u>3,222,360</u>	<u>24,434,485</u>	<u>7,320,071</u>	<u>-</u>	<u>-</u>
Less: amounts to be provided by the state	-	25,363	-	-	-
Total indebtedness	<u>3,222,360</u>	<u>24,409,122</u>	<u>7,320,071</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 60,668,350</u>	<u>\$ 103,372,298</u>	<u>\$ 99,164,445</u>	<u>\$ 92,286,581</u>	<u>\$ 85,187,613</u>
Total capacity of borrowing (7 times base)	\$ 198,771,097				
Total present indebtedness	<u>34,951,553</u>				
Margin for additional borrowing	<u>\$ 163,819,544</u>				

*Capital
Improvements
Fund*

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2011
	Balance June 30, 2010	Current Year Appropriations	Balance June 30, 2011	Balance June 30, 2010	Expenditures	Balance June 30, 2011	
Owen Bell Phase II	\$ 688,615	\$ -	\$ 688,615	\$ 688,065	\$ -	\$ 688,065	\$ 550
Dayville Water Main	552,059	(61,077)	490,982	490,982	-	490,982	-
David Avenue	75,126	(70,000)	5,126	5,126	-	5,126	-
Fuel Storage	318,504	(58,712)	259,792	259,792	-	259,792	-
Guide Rail Replacement	347,500	-	347,500	319,416	22,062	341,478	6,022
Sidewalks	360,034	-	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	(235,500)	696,670	696,670	-	696,670	-
Spot Drainage	195,500	20,000	215,500	161,717	1,634	163,351	52,149
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	60,547	2,548,502	251,498
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	579,826	96,356	676,182	3,818
KIS Athletic/Recreation Fields	190,000	-	190,000	181,472	-	181,472	8,528
KIS Roof Ventilation	2,000,000	(311,017)	1,688,983	1,688,983	-	1,688,983	-
Davis Park	70,000	(10,253)	59,747	59,747	-	59,747	-
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	1,684,867	34,260	1,719,127	169,798
Geographic Info System	550,000	-	550,000	516,985	21,150	538,135	11,865
DPW Bay Expansion	246,000	-	246,000	41,327	-	41,327	204,673
Downtown Parking	20,000	(20,070)	(70)	(70)	-	(70)	-
KIS Seal Parking Lots	26,000	(22,737)	3,263	3,263	-	3,263	-
Mechanic Street	117,000	-	117,000	92,701	-	92,701	24,299
School Space Needs	250,000	(9,330)	240,670	240,670	-	240,670	-
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, 2011

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2011
	Balance June 30, 2010	Current Year Appropriations	Balance June 30, 2011	Balance June 30, 2010	Expenditures	Balance June 30, 2011	
Town Hall ADA Entrance	\$ 140,110	\$ 8,034	\$ 148,144	\$ 148,144	\$ -	\$ 148,144	\$ -
Goodyear Early Childhood Center	30,000	-	30,000	-	-	-	30,000
Mashentuck Road - Phase II	301,488	-	301,488	251,043	-	251,043	50,445
Water Street Redevelopment Project	153,987	-	153,987	122,485	28,891	151,376	2,611
Land Use Management System	45,000	-	45,000	9,859	30,031	39,890	5,110
Maryland Street Reconstruction and Drainage	100,000	(100,000)	-	-	-	-	-
KIS Insulated Window Replacement	37,000	105	37,105	37,105	-	37,105	-
KIS Door Replacements	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	281,197	215,946	497,143	22,857
High School/Vo-Ag	81,265,000	-	81,265,000	73,783,691	6,089,848	79,873,539	1,391,461
KHS Asbestos Abatement	237,445	-	237,445	237,362	-	237,362	83
Armory Roof	33,000	-	33,000	28,676	-	28,676	4,324
Pratt/Ledge Roads	160,000	10,000	170,000	10,884	-	10,884	159,116
Lake Road Phase II	176,000	-	176,000	148,636	80	148,716	27,284
Fuel Oil Tank Removal/Replacement	25,000	-	25,000	11,004	-	11,004	13,996
OB Tennis Court and Truck Repairs	46,000	(4,988)	41,012	41,012	-	41,012	-
Property Options	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	590,673	-	590,673	(140,496)
Breakneck Hill Road	1,150,268	(261,000)	889,268	24,131	763,554	787,685	101,583
Library - Engingeering and Design HVAC	25,000	-	25,000	24,415	-	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	17	-	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	-	758	-
Salt Storage Facilities	50,000	-	50,000	192	-	192	49,808
River Road Bridge Rehabilitation	300,000	-	300,000	24,070	83,490	107,560	192,440
Rock Avenue Bridge	774,600	-	774,600	212,854	4,807	217,661	556,939
Rock Avenue	150,000	-	150,000	19,506	-	19,506	130,494
Chestnut Hill Road Bridge	222,000	-	222,000	1,983	28,531	30,514	191,486

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS
CAPITAL IMPROVEMENT FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	Project Appropriations			Project Expenditures			Remaining Balance June 30, 2011
	Balance June 30, 2010	Current Year Appropriations	Balance June 30, 2011	Balance June 30, 2010	Expenditures	Balance June 30, 2011	
Chestnut Hill Bridge	\$ 1,008,000	\$ -	\$ 1,008,000	\$ 1,008,000	\$ -	\$ 1,008,000	\$ -
Bugbee Bldg Ext Restoration	25,000	-	25,000	-	25,000	25,000	-
Splash Park, Skate Board Park	62,124	-	62,124	40,493	-	40,493	21,631
KCC Gym Floor	15,750	-	15,750	-	-	-	15,750
Library - Engineering and Design HVAC	150,000	-	150,000	173,320	-	173,320	(23,320)
Goodyear Roof (New Wing)	19,563	-	19,563	22,163	-	22,163	(2,600)
Garage Office Ventilation	6,000	(1,133)	4,867	4,867	-	4,867	-
Office Furn: Assessor & Revenue	10,000	-	10,000	9,985	15	10,000	-
Town Hall Roof Replacement	30,000	-	30,000	30,410	-	30,410	(410)
Town Hall (LOCIP)	350,000	12,599	362,599	362,599	-	362,599	-
WPCA Capital Projects-08	300,000	-	300,000	291,271	8,730	300,001	(1)
Ford Escape Hybrid	25,000	1,979	26,979	26,979	-	26,979	-
Aerial Bucket Unit	45,000	(73)	44,927	44,927	-	44,927	-
Three Wheel Mechanical Sweeper	140,000	(771)	139,229	139,229	-	139,229	-
Sewer- Reline and Replace	400,000	-	400,000	15,246	-	15,246	384,754
Cat Hollow Park Dev	15,000	-	15,000	-	-	-	15,000
Franklin St. Wall/Sidewalks	5,000	-	5,000	1,172	-	1,172	3,828
Franklin St.	42,500	-	42,500	22,483	-	22,483	20,017
Town Hall Boiler	75,000	100,000	175,000	25,336	128,247	153,583	21,417
WPCA Capital Projects- 09	105,000	-	105,000	32,962	72,038	105,000	-
Road Renewal	131,344	-	131,344	131,344	-	131,344	-
Bugbee Bldg - Roof/Gutters	50,000	-	50,000	29,775	15,100	44,875	5,125
Rock Avenue Bridge	3,870,000	-	3,870,000	898,648	1,036,047	1,934,695	1,935,305
Slater Hill Road Bridge	284,266	-	284,266	212,595	12,802	225,397	58,869
Fire Alarm System Replacement	25,983	-	25,983	22,753	-	22,753	3,230
Public Library Roof	85,000	-	85,000	77,674	29,610	107,284	(22,284)
WPCA Capital Project	200,000	-	200,000	44,780	-	44,780	155,220
Lake Road/Louisa Viens Improvement	20,000	60,000	80,000	1,221	-	1,221	78,779
TA Road Renewal	100,500	-	100,500	5,887	28,958	34,845	65,655
HVAC System Renovation Phase II	90,000	-	90,000	86,571	(21,568)	65,003	24,997
Sanitary Sewer Line Replacement	7,741,000	-	7,741,000	13,704	1,266,819	1,280,523	6,460,477
Chiller - Old High School	7,000	-	7,000	5,227	(552)	4,675	2,325
Town Hall Locip	33,000	-	33,000	-	-	-	33,000

(Continued)

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF EXPENDITURES AND PROJECT APPROPRIATIONS
CAPITAL IMPROVEMENT FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2011

	Project Appropriations			Project Expenditures			Remaining
	Balance	Current Year	Balance	Balance	Balance	Balance	
	June 30, 2010	Appropriations	June 30, 2011	June 30, 2010	Expenditures	June 30, 2011	Balance June 30, 2011
Lake Road ARRA	\$ -	\$ 558,900	\$ 558,900	\$ -	\$ 235,415	\$ 235,415	\$ 323,485
Road Renewal 2011	-	110,000	110,000	-	-	-	110,000
WPCA Capital Projects 2010-2011	-	250,000	250,000	-	124,661	124,661	125,339
Town Hall Building Improve	-	133,000	133,000	-	8,500	8,500	124,500
David Avenue Extension	-	-	-	-	-	-	-
Footbridge Rehab	-	-	-	-	1,979	1,979	(1,979)
Killingly Community Center Boiler	-	-	-	-	6,000	6,000	(6,000)
Sewer Replacement 10-11	-	100,000	100,000	-	-	-	100,000
	<u>\$ 125,974,203</u>	<u>\$ 178,714</u>	<u>\$ 126,152,917</u>	<u>\$ 100,849,939</u>	<u>\$ 10,458,988</u>	<u>\$ 111,308,927</u>	<u>\$ 14,843,990</u>

(Concluded)

*Nonmajor
Governmental
Funds*

**TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Nonmajor Special Revenue Funds					
	School Cafeteria Fund	Educational Grants Fund	Community Development Block Grant Fund	Town Aid Road Fund	Workplace Substance Abuse Grants	Recreation Revolving Fund
ASSETS						
Cash and cash equivalents	\$ 447,099	\$ 797,308	\$ 220,379	\$ -	\$ -	\$ -
Investments	-	-	52,564	-	-	-
Receivables:						
Grants and contracts	96,055	3,746	-	-	-	-
Other	20,650	-	-	-	-	-
Due from other funds	-	-	-	214,958	5,167	15,683
Inventories	39,002	-	-	-	-	-
Total assets	<u>\$ 602,806</u>	<u>\$ 801,054</u>	<u>\$ 272,943</u>	<u>\$ 214,958</u>	<u>\$ 5,167</u>	<u>\$ 15,683</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Accounts payable	\$ 27,381	\$ 26,545	\$ -	\$ -	\$ -	\$ -
Due to other funds	544,206	729,848	-	-	-	-
Unearned/deferred revenue	-	44,661	227,255	214,958	-	-
Other	221,725	-	-	-	-	-
Total liabilities	<u>793,312</u>	<u>801,054</u>	<u>227,255</u>	<u>214,958</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):						
Nonspendable:						
Inventory	39,002	-	-	-	-	-
Permanent fund principal	-	-	-	-	-	-
Restricted for :						
Grant proceeds	-	-	45,688	-	5,167	-
Special reserves-external	-	-	-	-	-	-
Committed to:						
Community development and human services	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Education	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	15,683
Unassigned	(229,508)	-	-	-	-	-
Total fund balances (deficit)	<u>(190,506)</u>	<u>-</u>	<u>45,688</u>	<u>-</u>	<u>5,167</u>	<u>15,683</u>
Total liabilities and fund balances (deficit)	<u>\$ 602,806</u>	<u>\$ 801,054</u>	<u>\$ 272,943</u>	<u>\$ 214,958</u>	<u>\$ 5,167</u>	<u>\$ 15,683</u>

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2011

	Nonmajor Special Revenue Funds					
	Public Investment Community Grant in Aid Fund	Miscellaneous Special Revenue	Law Enforcement	Historic Preservation Fund	Solid Waste Fund	Armory Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ 475,290	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	-	-	-	-	-	-
Other	-	99	-	-	-	-
Due from other funds	5,324	-	-	20,234	17,125	25,250
Inventories	-	-	-	-	-	-
Total assets	<u>\$ 5,324</u>	<u>\$ 475,389</u>	<u>\$ -</u>	<u>\$ 20,234</u>	<u>\$ 17,125</u>	<u>\$ 25,250</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Accounts payable	\$ -	\$ 18,493	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	38,937	-	-	-	-
Unearned/deferred revenue	-	-	-	-	39,650	-
Other	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>57,430</u>	<u>-</u>	<u>-</u>	<u>39,650</u>	<u>-</u>
Fund Balances (Deficit):						
Nonspendable:						
Inventory	-	-	-	-	-	-
Permanent fund principal	-	-	-	-	-	-
Restricted for:						
Grant proceeds	5,324	-	-	20,234	-	-
Special reserves-external	-	-	-	-	-	-
Committed to:						
Community development and human services	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Education	-	417,959	-	-	-	-
Public safety	-	-	-	-	-	25,250
Recreation and leisure	-	-	-	-	-	-
Unassigned	-	-	-	-	(22,525)	-
Total fund balances (deficit)	<u>5,324</u>	<u>417,959</u>	<u>-</u>	<u>20,234</u>	<u>(22,525)</u>	<u>25,250</u>
Total liabilities and fund balances (deficit)	<u>\$ 5,324</u>	<u>\$ 475,389</u>	<u>\$ -</u>	<u>\$ 20,234</u>	<u>\$ 17,125</u>	<u>\$ 25,250</u>

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2011

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects Funds		
	Library Operating	Community Outdoor Beautification	Total	Industrial Park	Capital Nonrecurring Fund	Capital Reserve Fund
ASSETS						
Cash and cash equivalents	\$ 3,179	\$ -	\$ 1,943,255	\$ 749	\$ -	\$ -
Investments	-	46,798	99,362	432,226	-	-
Receivables:						
Grants and contracts	-	-	99,801	-	-	-
Other	-	-	20,749	-	-	6,211
Due from other funds	-	-	303,741	7,954	3,326,917	475,138
Inventories	-	-	39,002	-	-	-
Total assets	\$ 3,179	\$ 46,798	\$ 2,505,910	\$ 440,929	\$ 3,326,917	\$ 481,349
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 72,419	\$ -	\$ -	\$ -
Due to other funds	-	-	1,312,991	-	-	-
Unearned/deferred revenue	-	-	526,524	-	-	-
Other	-	-	221,725	-	-	-
Total liabilities	-	-	2,133,659	-	-	-
Fund Balances (Deficit):						
Nonspendable:						
Inventory	-	-	39,002	-	-	-
Permanent fund principal	-	-	-	-	-	-
Restricted for:						
Grant proceeds	-	-	76,413	-	-	-
Special reserves-external	-	-	-	-	-	-
Committed to:						
Community development and human services	-	46,798	46,798	-	-	-
Capital projects	-	-	-	440,929	3,326,917	481,349
Education	-	-	417,959	-	-	-
Public safety	-	-	25,250	-	-	-
Recreation and leisure	3,179	-	18,862	-	-	-
Unassigned	-	-	(252,033)	-	-	-
Total fund balances (deficit)	3,179	46,798	372,251	440,929	3,326,917	481,349
Total liabilities and fund balances (deficit)	\$ 3,179	\$ 46,798	\$ 2,505,910	\$ 440,929	\$ 3,326,917	\$ 481,349

TOWN OF KILLINGLY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2011

	<u>Nonmajor Capital Projects Funds</u>					<u>Permanent Funds</u>	<u>Total</u>
	<u>Open Space Acquisition Fund</u>	<u>State Line Road Improvement</u>	<u>Pettingill Hill Road Improvement</u>	<u>Benefit Assessment</u>	<u>Total</u>	<u>Permanent Trust Funds</u>	<u>Nonmajor Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 749	\$ 28,747	\$ 1,972,751
Investments	-	8,457	324	16,695	457,702	575,725	1,132,789
Receivables:							
Grants and contracts	-	-	-	-	-	-	99,801
Other	-	-	-	-	6,211	-	26,960
Due from other funds	145,161	-	-	-	3,955,170	-	4,258,911
Inventories	-	-	-	-	-	-	39,002
Total assets	<u>\$ 145,161</u>	<u>\$ 8,457</u>	<u>\$ 324</u>	<u>\$ 16,695</u>	<u>\$ 4,419,832</u>	<u>\$ 604,472</u>	<u>\$ 7,530,214</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,419
Due to other funds	-	-	-	-	-	-	1,312,991
Unearned/deferred revenue	-	-	-	-	-	-	526,524
Other	-	-	-	-	-	-	221,725
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,133,659</u>
Fund Balances (Deficit):							
Nonspendable:							
Inventory	-	-	-	-	-	-	39,002
Permanent fund principal	-	-	-	-	-	119,634	119,634
Restricted for:							
Grant proceeds	-	-	-	-	-	-	76,413
Special reserves-external	-	-	-	-	-	484,838	484,838
Committed to:							
Community development and human services	-	-	-	-	-	-	46,798
Capital projects	145,161	8,457	324	16,695	4,419,832	-	4,419,832
Education	-	-	-	-	-	-	417,959
Public safety	-	-	-	-	-	-	25,250
Recreation and leisure	-	-	-	-	-	-	18,862
Unassigned (deficit)	-	-	-	-	-	-	(252,033)
Total fund balances (deficit)	<u>145,161</u>	<u>8,457</u>	<u>324</u>	<u>16,695</u>	<u>4,419,832</u>	<u>604,472</u>	<u>5,396,555</u>
Total liabilities and fund balances (deficit)	<u>\$ 145,161</u>	<u>\$ 8,457</u>	<u>\$ 324</u>	<u>\$ 16,695</u>	<u>\$ 4,419,832</u>	<u>\$ 604,472</u>	<u>\$ 7,530,214</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, 2011**

	Nonmajor Special Revenue Funds					
	School Cafeteria Fund	Educational Grants Fund	Community Development Block Grant Fund	Town Aid Road Fund	Workpalce Substance Abuse Grants	Recreation Revolving Fund
REVENUES						
Intergovernmental	\$ 571,357	\$ 4,239,495	\$ 509,777	\$ 28,958	\$ -	\$ -
Charges for services	348,423	-	-	-	-	53,120
Investment income	381	-	46	-	-	-
Miscellaneous	95,327	-	9,041	-	-	-
Total revenues	<u>1,015,488</u>	<u>4,239,495</u>	<u>518,864</u>	<u>28,958</u>	<u>-</u>	<u>53,120</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	37,204
Public safety	-	-	-	-	-	-
Community development and human services	-	-	548,060	-	-	-
Education	1,074,121	4,239,495	-	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	<u>1,074,121</u>	<u>4,239,495</u>	<u>548,060</u>	<u>-</u>	<u>-</u>	<u>37,204</u>
Excess (deficiency) of revenues over expenditures	(58,633)	-	(29,196)	28,958	-	15,916
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(28,958)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,958)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(58,633)	-	(29,196)	-	-	15,916
Fund balances - beginning, as adjusted (<i>see Note 16</i>)	<u>(131,873)</u>	<u>-</u>	<u>74,884</u>	<u>-</u>	<u>5,167</u>	<u>(233)</u>
Fund balances (deficit) - ending	<u>\$ (190,506)</u>	<u>\$ -</u>	<u>\$ 45,688</u>	<u>\$ -</u>	<u>\$ 5,167</u>	<u>\$ 15,683</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, 2011

	Nonmajor Special Revenue Funds					
	Public Investment Community Grant In Aid	Miscellaneous Special Revenue	Law Enforcement	Historic Preservation Fund	Solid Waste Fund	Armory Fund
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 45,540	\$ 3,000	\$ -	\$ -
Charges for services	-	821,816	-	-	159,113	12,000
Investment income	-	-	-	-	-	-
Miscellaneous	-	-	29,710	5,698	-	-
Total revenues	<u>-</u>	<u>821,816</u>	<u>75,250</u>	<u>8,698</u>	<u>159,113</u>	<u>12,000</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	369,775	-
Recreation and leisure	-	-	-	7,690	-	-
Public safety	-	-	75,250	-	-	-
Community development and human services	-	-	-	-	-	-
Education	-	710,711	-	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>710,711</u>	<u>75,250</u>	<u>7,690</u>	<u>369,775</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	111,105	-	1,008	(210,662)	12,000
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	191,750	-
Transfers out	-	-	-	(3,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,000)</u>	<u>191,750</u>	<u>-</u>
Net change in fund balances	-	111,105	-	(1,992)	(18,912)	12,000
Fund balances - beginning, as adjusted (<i>see Note 16</i>)	<u>5,324</u>	<u>306,854</u>	<u>-</u>	<u>22,226</u>	<u>(3,613)</u>	<u>13,250</u>
Fund balances (deficit) - ending	<u>\$ 5,324</u>	<u>\$ 417,959</u>	<u>\$ -</u>	<u>\$ 20,234</u>	<u>\$ (22,525)</u>	<u>\$ 25,250</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, 2011

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects Funds		
	Library Operating	Community Outdoor Beautification	Total	Industrial Park	Capital Nonrecurring Fund	Capital Reserve Fund
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 5,398,127	\$ -	\$ -	\$ -
Charges for services	1,352	-	1,395,824	-	-	68,166
Investment income	-	8,686	9,113	604	-	-
Miscellaneous	-	-	139,776	-	13,790	-
Total revenues	1,352	8,686	6,942,840	604	13,790	68,166
EXPENDITURES						
Current:						
General government	-	-	369,775	-	-	-
Recreation and leisure	856	-	45,750	-	-	-
Public safety	-	-	75,250	-	-	-
Community development and human services	-	8,668	556,728	-	-	-
Education	-	-	6,024,327	-	-	-
Capital outlays	-	-	-	-	380,231	39,139
Total expenditures	856	8,668	7,071,830	-	380,231	39,139
Excess (deficiency) of revenues over expenditures	496	18	(128,990)	604	(366,441)	29,027
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	191,750	-	995,721	45,000
Transfers out	-	-	(31,958)	-	-	-
Total other financing sources (uses)	-	-	159,792	-	995,721	45,000
Net change in fund balances	496	18	30,802	604	629,280	74,027
Fund balances - beginning, as adjusted (<i>see Note 16</i>)	2,683	46,780	341,449	440,325	2,697,637	407,322
Fund balances (deficit) - ending	\$ 3,179	\$ 46,798	\$ 372,251	\$ 440,929	\$ 3,326,917	\$ 481,349

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, 2011

	Nonmajor Capital Projects Funds				Permanent Trust Funds	Total
	Open Space Acquisition Fund	State Line Road Improvement	Pettingill Hill Road Improvement	Benefit Assessment		
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,398,127
Charges for services	-	-	-	-	68,166	1,463,990
Investment income	-	11	-	21	636	21,047
Miscellaneous	14,830	-	-	-	28,620	-
Total revenues	<u>14,830</u>	<u>11</u>	<u>-</u>	<u>21</u>	<u>97,422</u>	<u>21,047</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	369,775
Recreation and leisure	-	-	-	-	-	45,750
Public safety	-	-	-	-	-	75,250
Community development and human services	-	-	-	-	-	10,872
Education	-	-	-	-	-	6,024,327
Capital outlays	-	-	-	-	419,370	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>419,370</u>	<u>10,872</u>
Excess (deficiency) of revenues over expenditures	14,830	11	-	21	(321,948)	10,175
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	1,040,721	71
Transfers out	-	-	-	-	-	(94)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,040,721</u>	<u>(23)</u>
Net change in fund balances	14,830	11	-	21	718,773	10,152
Fund balances - beginning, as adjusted (see Note 16)	<u>130,331</u>	<u>8,446</u>	<u>324</u>	<u>16,674</u>	<u>3,701,059</u>	<u>594,320</u>
Fund balances (deficit) - ending	<u>\$ 145,161</u>	<u>\$ 8,457</u>	<u>\$ 324</u>	<u>\$ 16,695</u>	<u>\$ 4,419,832</u>	<u>\$ 604,472</u>

**TOWN OF KILLINGLY, CONNECTICUT
 COMBINING BALANCE SHEET -
 KILLINGLY PUBLIC LIBRARY TRUST FUNDS
 JUNE 30, 2011**

	<u>Investments</u>	<u>Restricted Special Reserves External</u>
Killingly Public Library Funds		
Mildred Stearns	\$ 332	\$ 332
Emily Danielson	4,197	4,197
Mary Dexter	999	999
Frederick A. Jacobs	1,962	1,962
Basset Hammond	3,091	3,091
Nathan Prince	348,440	348,440
Almond M. Paine	17,807	17,807
Ella Dorrance	10,998	10,998
Lena Tripp	24,871	24,871
Adolp Goldwater	4,187	4,187
Library Special	14,679	14,679
Total Killingly Public Library Funds	<u>\$ 431,563</u>	<u>\$ 431,563</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, 2011**

	Fund Balance June 30, 2010	Investment Income	Community Development and Human Services	Transfers In	Fund Balance June 30, 2011
Mildred Stearns	\$ 557	\$ 1	\$ (275)	\$ 49	\$ 332
Emily Danielson	4,190	6	-	1	4,197
Mary Dexter	996	1	-	1	998
Frederick A. Jacobs	1,959	2	-	1	1,962
Basset Hammond	3,082	3	-	6	3,091
Nathan Prince	342,187	14,473	(8,220)	-	348,440
Almond M. Paine	17,115	692	-	-	17,807
Ella Dorrance	10,981	15	-	2	10,998
Lena Tripp	24,838	33	-	-	24,871
Adolp Goldwater	4,178	5	-	4	4,187
Library Special	14,660	20	-	-	14,680
Total Killingly Public Library Funds	<u>\$ 424,743</u>	<u>\$ 15,251</u>	<u>\$ (8,495)</u>	<u>\$ 64</u>	<u>\$ 431,563</u>

**TOWN OF KILLINGLY, CONNECTICUT
 COMBINING BALANCE SHEET
 PERMANENT TRUST FUNDS
 JUNE 30, 2011**

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Nonspendable- Permanent Fund Principal</u>	<u>Restricted Special Reserves External</u>
Permanent Trust Funds				
Thomas J. Evans	\$ -	\$ 3,000	\$ 3,000	\$ -
Ezra Mathewson	-	400	400	-
Shubael Hutchins Nonspendable	-	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	-
Shubael Hutchins Spendable	-	25,369	-	25,369
Almond Paine Cemetery	27,906	-	-	27,906
Total Permanent Trust Funds	<u>\$ 28,748</u>	<u>\$ 144,162</u>	<u>\$ 119,634</u>	<u>\$ 53,276</u>

**TOWN OF KILLINGLY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 PERMANENT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	Fund Balance June 30, 2010	Investment Income	Community Development and Human Services	Transfers In (Out)	Fund Balance June 30, 2011
Thomas J. Evans	\$ 3,000	\$ 4	\$ -	\$ (4)	\$ 3,000
Ezra Mathewson	400	-	-	-	400
Shubael Hutchins Nonspendable	5,000	7	-	(7)	5,000
Louisa E. Day	8,545	11	-	(11)	8,545
Civil War Monument	202	-	-	-	202
Arthur Wilkes	500	-	-	-	500
Hutchins Burial Lot	200	-	-	-	200
Mildred Stearns	37,500	49	-	(49)	37,500
Paine Mitchell Matthews	1,600	-	-	-	1,600
Paine Cemetary - Town	50,000	-	-	-	50,000
Emily Danielson	1,000	1	-	(1)	1,000
Eunice Randell	1,000	-	-	-	1,000
Earl Chandler	842	8	-	(8)	842
Mary Dexter	500	1	-	(1)	500
Frederick A. Jacobs	500	1	-	(1)	500
Basset Hammond	4,346	6	-	(6)	4,346
Ella Dorrance	1,500	2	-	(2)	1,500
Adolp Goldwater	3,000	4	-	(4)	3,000
Shubael Hutchins Spendable	26,328	34	(1,000)	7	25,369
Almond Paine Cemetery	23,613	5,669	(1,376)	-	27,906
Total Permanent Trust Funds	<u>\$ 169,576</u>	<u>\$ 5,797</u>	<u>\$ (2,376)</u>	<u>\$ (87)</u>	<u>\$ 172,910</u>

*Fiduciary
Funds*

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2011

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Held in Trust for Endowment Purposes</u>
Olive Boulais	\$ 2,144	\$ -	\$ 2,144
Robert D. Payne	602	-	602
Blanche Phoenix	110	-	110
Frances Upham Spaulding	122	-	122
Ruth E. Osgood	7	-	7
Margaret Novack Scholarship	117	-	117
Goldwater Weisberg	850	-	850
Laura Pike Rowe	-	545,159	545,159
Norman Barrette	237	-	237
Adrian Herklots	202	-	202
Normington Memorial Savings	2,074	-	2,074
Normington Memorial CD	2,149	-	2,149
Jeffrey Lehman	12,584	-	12,584
Chris Wood	15,112	-	15,112
Ryan Doyle	4,789	-	4,789
John E. Bitgood Trust	5,125	-	5,125
John Lagarde Savings	201	-	201
John Lagarde CD	3,431	-	3,431
Helen Lupien Savings	1,964	-	1,964
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>\$ 66,228</u>	<u>\$ 545,159</u>	<u>\$ 611,387</u>

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Fund Balance	Additions		Deductions	Transfers In (Out)	Fund Balance
	June 30, 2010	Contributions	Investment Income	Awards		June 30, 2011
Olive Boulais	\$ 2,356	\$ -	\$ 1	\$ (237)	\$ 37	\$ 2,157
Robert D. Payne	667	-	-	(112)	47	602
Blanche Phoenix	84	-	-	-	13	97
Frances Upham Spaulding	110	-	12	-	-	122
Ruth E. Osgood	111	-	-	(134)	30	7
Margaret Novack Scholarship	130	-	-	(13)	-	117
Goldwater Weisberg	850	-	5	(5)	-	850
Laura Pike Rowe	478,736	-	66,423	-	-	545,159
Norman Barrette	486	-	1	(250)	-	237
Adrian Herklots	202	2,400	-	(2,400)	-	202
Normington Memorial Savings	1,569	1,500	5	(1,000)	-	2,074
Normington Memorial CD	2,129	-	20	-	-	2,149
Jeffrey Lehman	7,561	10,000	23	(5,000)	-	12,584
Chris Wood	12,570	10,000	42	(7,500)	-	15,112
Ryan Doyle	6,277	-	12	(1,500)	-	4,789
John E. Bitgood Trust	5,125	-	-	-	-	5,125
John Lagarde Savings	281	1,400	20	(1,500)	-	201
John Lagarde CD	3,736	-	39	(344)	-	3,431
Helen Lupien Savings	-	2,900	64	(1,000)	-	1,964
Olive Boulais	2,908	-	37	-	(37)	2,908
Robert D. Payne	2,000	-	47	-	(47)	2,000
Frances Upham Spaulding	1,000	-	13	-	(13)	1,000
Ruth E. Osgood	7,500	-	30	-	(30)	7,500
Blanche Phoenix	1,000	-	13	-	(13)	1,000
Total Private Purpose Trust Funds	\$ 537,388	\$ 28,200	\$ 66,807	\$ (20,995)	\$ (13)	\$ 611,387

TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2011

	Student Activities	Performance Bonds	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 155,863	\$ 350,785	\$ 506,648
Total assets	\$ 155,863	\$ 350,785	\$ 506,648
LIABILITIES			
Due to student groups	\$ 155,863	\$ -	\$ 155,863
Due to others	-	350,785	350,785
Total liabilities	\$ 155,863	\$ 350,785	\$ 506,648

**TOWN OF KILLINGLY, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Balance, June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2011</u>
Student Activities				
Assets				
Cash and cash equivalents:				
Killingly high school	\$ 124,352	\$ 174,612	\$ 223,656	\$ 75,308
Killingly high school concession	3,586	-	-	3,586
Redmen booster club	1,894	1	-	1,895
Killingly junior high school	41,349	104,487	103,804	42,032
Killingly central school	21,658	20,572	20,148	22,082
Killingly memorial school	1,344	9,996	6,535	4,805
Goodyear early childhood center	1,708	2,674	2,442	1,940
BASP student activity account	3,406	4,158	3,349	4,215
Total assets	<u>\$ 199,297</u>	<u>\$ 316,500</u>	<u>\$ 359,934</u>	<u>\$ 155,863</u>
Liabilities				
Due to student groups	<u>\$ 199,297</u>	<u>\$ 316,500</u>	<u>\$ 359,934</u>	<u>\$ 155,863</u>
Total liabilities	<u>\$ 199,297</u>	<u>\$ 316,500</u>	<u>\$ 359,934</u>	<u>\$ 155,863</u>
Performance Bonds				
Assets				
Cash and cash equivalents	<u>\$ 265,313</u>	<u>\$ 90,582</u>	<u>\$ 5,110</u>	<u>\$ 350,785</u>
Total assets	<u>\$ 265,313</u>	<u>\$ 90,582</u>	<u>\$ 5,110</u>	<u>\$ 350,785</u>
Liabilities				
Due to others	<u>\$ 265,313</u>	<u>\$ 90,582</u>	<u>\$ 5,110</u>	<u>\$ 350,785</u>
Total liabilities	<u>\$ 265,313</u>	<u>\$ 90,582</u>	<u>\$ 5,110</u>	<u>\$ 350,785</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	<u>\$ 466,266</u>	<u>\$ 407,082</u>	<u>\$ 365,044</u>	<u>\$ 506,648</u>
Total assets	<u>\$ 466,266</u>	<u>\$ 407,082</u>	<u>\$ 365,044</u>	<u>\$ 506,648</u>
Liabilities				
Due to student groups	\$ 236,289	\$ 316,500	\$ 359,934	\$ 155,863
Due to others	229,977	90,582	5,110	350,785
Total liabilities	<u>\$ 466,266</u>	<u>\$ 407,082</u>	<u>\$ 365,044</u>	<u>\$ 506,648</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, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Governmental funds capital assets:		
Land	\$ 3,842,092	\$ 3,834,461
Land improvements	16,825,955	3,689,280
Buildings and improvements	115,793,601	51,550,653
Machinery and equipment	16,367,631	15,111,126
Infrastructure	54,513,540	53,099,629
Construction in progress	8,002,788	79,600,858
Total governmental funds capital assets	<u>\$ 215,345,607</u>	<u>\$ 206,886,007</u>

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF GOVERNMENTAL FUND CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
JUNE 30, 2011

	<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	\$ 2,200,013	\$ 9,400	\$ 1,848,195	\$ 642,157	\$ 51,820,211	\$ 3,926,088	\$ 60,446,064
Public works	16,000	396,912	10,780,051	6,689,076	2,693,329	3,891,540	24,466,908
Recreation and leisure	315,773	2,972,316	3,293,111	198,016	-	180,486	6,959,702
Public safety	-	36,700	32,000	152,361	-	-	221,061
Education	1,310,306	13,410,627	99,840,244	8,686,021	-	4,674	123,251,872
Total	<u>\$ 3,842,092</u>	<u>\$ 16,825,955</u>	<u>\$ 115,793,601</u>	<u>\$ 16,367,631</u>	<u>\$ 54,513,540</u>	<u>\$ 8,002,788</u>	<u>\$ 215,345,607</u>

TOWN OF KILLINGLY, CONNECTICUT
SCHEDULE OF CHANGES IN GOVERNMENTAL FUND CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
General government	\$ 60,664,096	\$ 3,067,618	\$ 3,285,650	\$ 60,446,064
Public works	21,844,777	2,758,255	136,124	24,466,908
Recreation and leisure	5,367,302	1,592,400	-	6,959,702
Public safety	237,561	-	16,500	221,061
Education	118,772,271	81,411,779	76,932,178	123,251,872
Total	<u>\$ 206,886,007</u>	<u>\$ 88,830,052</u>	<u>\$ 80,370,452</u>	<u>\$ 215,345,607</u>

**OTHER
SUPPLEMENTAL
INFORMATION
SECTION**

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 95,726,718
Restricted for:									
Endowments - expendable	958,576	997,987	1,030,662	1	1	1	1	1	484,838
Endowments - nonexpendable	126,200	126,200	134,042	119,634	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	20,510,460
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>	<u>\$ 116,841,650</u>

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

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
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	\$ 2,573,800
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	5,275,524
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	2,016,637
Public safety	460,918	481,652	667,207	622,082	949,689	917,219	916,807	924,916	875,611
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	1,088,021
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	50,528,114
Interest and fiscal charges	695,270	732,035	490,174	590,748	418,628	643,918	800,416	767,585	976,042
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>	<u>63,333,749</u>
Program Revenues									
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	1,065,652
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	3,565,532
Recreation and leisure	131,098	144,709	139,834.00	129,786	200,805	206,726	220,479	236,225	202,152
Public safety	4,511	5,141	3,542.00	1,470	16,158	9,488	15,401	25,081	49,074
Community development and human services	62,100	68,169	34,309	67,791	25,321	24,250	31,965	23,087	25,079
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	3,774,361
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	22,737,176
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	2,725,162
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>	<u>34,144,188</u>
Net (Expense)/Revenue									
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)	(29,189,561)
General Revenues and Other Changes in Net Assets									
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	28,043,355
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	1,053,240
Investment income	252,797	146,893	249,635	519,268	690,699	654,843	250,898	188,545	75,781
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>	<u>29,172,376</u>
Change in Net Assets									
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>	<u>\$ (17,185)</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)

Fiscal Year Ended June 30,	Residential Real Property (%)	Commercial & Industrial Property (%)	All Other Land (%)	Personal Property (%)	Motor Vehicles (%)	Gross Taxable Grand List	Disability Farm, Veterans, and Elderly Relief	Manufacturing Exemption Sec. 12-81 (59) and (60)	Net Taxable Grand List at 70%
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
2011	48.01	21.17	3.43	21.77	5.63	1,720,057,294	7,582,720	409,828,215	1,302,646,359

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 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.

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>
2011	19.1	2009	\$ 1,302,646,359	\$ 27,730,505	\$ 26,935,751	97.13%	2.87%
2010	18.2	2008	1,293,615,130	26,462,489	25,818,119	97.56%	2.44%
2009	17.8	2007	1,257,004,017	25,550,095	24,916,013	97.52%	2.48%
2008	25.8	2006	851,461,433	25,298,692	24,641,179	97.40%	2.60%
2007	25.8	2005	822,372,318	22,687,607	22,084,125	97.34%	2.66%
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%

(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, 2011
(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	\$ 36,059,310	2.22%
CONNECTICUT LIGHT & POWER	UTILITY DISTRIBUTION CO.	26,533,260	1.63%
PJC-RITE AIDE	WAREHOUSING-DISTRIBUTION	16,163,610	1.00%
UNITED NATURAL FOODS	FOOD PRODUCTS	16,136,250	0.99%
FRITO LAY	MANUFACTURER - SNACK FOODS	15,403,048	0.95%
STAPLES	WAREHOUSING-DISTRIBUTION	15,339,660	0.94%
TARGET CORPORATION	RETAIL DISCOUNT STORE	11,404,610	0.70%
ROGERS CORPORATION	PRINTED CIRCUITS/PLASTICS	7,315,268	0.45%
KILLINGLY PLAZA REALTY TRUST	COMMERCIAL DEVELOPMENT	6,655,600	0.41%
BENTLEY REALTY - COLTS PLASTICS	MANUFACTURER - PLASTICS	6,427,738	0.40%
TOTAL		\$ 157,438,354	9.69%

(1) The net taxable grand list as of October 1, 2009 totaled \$1,302,646,359

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
2011	17,370	\$ 1,302,646,359	\$ 25,424,700	2.0%	\$ 1,464
2010	17,291	1,293,615,130	23,541,825	1.8%	1,362
2009	17,826	1,257,004,017	19,046,400	1.5%	1,068
2008	17,635	851,461,433	18,415,975	2.2%	1,044
2007	17,769	822,372,318	15,600,550	1.9%	878
2006	17,386	786,936,812	12,213,895	1.6%	703
2005	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

(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
2011	17,370	\$ 1,302,646,359	\$ 25,424,700	\$ 25,363	\$ 25,399,337	1.9%	\$ 1,462
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

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

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