

**TOWN OF KILLINGWORTH, CONNECTICUT
FINANCIAL REPORT
June 30, 2021**

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FINANCIAL REPORT
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SEWARD AND MONDE

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INDEPENDENT AUDITORS' REPORT

To the Honorable Members of
the Board of Finance
Town of Killingworth, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Killingworth, Connecticut (the Town), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. Those procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Killingworth, Connecticut, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 - 12, the budgetary comparison information on pages 57 - 61, the retirement system schedules on pages 62 - 66 and other postemployment benefits (OPEB) schedules on page 67 - 68 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The combining and individual nonmajor fund financial statements and supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, supplemental schedules and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

Seward and Monde

North Haven, Connecticut
November 15, 2021

Town of Killingworth, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2021

This discussion and analysis of the Town of Killingworth, Connecticut's (the Town) financial performance is provided by management and provides an overview of the Town's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Town's financial performance.

FINANCIAL HIGHLIGHTS

- On the government-wide basis, the total net position increased by \$1,289,476 or 4.8%, from \$27,095,092 to \$28,384,568. The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$28,384,568. Of this amount, \$5,229,792 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total liabilities increased \$35,541. Long-term liabilities decreased by \$1,027,670 primarily due to a principal payment on general obligation bonds and a reduction in the net pension liability for the two defined benefit pension plans. Other liabilities increased by \$1,063,211 primarily from receipt of ARPA grant funds that are included in unearned revenue.
- At the close of the current fiscal year, the Town's governmental funds reported a combined fund balance of \$6,619,774 which was an increase of \$797,108 from the prior year. Of this amount, \$5,383,917 is unassigned and available for spending at the Town's discretion, which is a decrease of \$42,349 from the prior year, as the Town approved use of \$176,443 of fund balance in the 21-22 budget.
- The General Fund budget showed an overall under expenditure of \$13,312 between final budgeted and actual expenditures.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains supplementary information intended to furnish additional details to support the basic financial statements themselves.

Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements 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). Currently, the Town does not have any business-type activities. The governmental activities of the Town include general government, public safety, highways, sanitation and health, conservation and land use, recreation, community services, welfare and education.

The government-wide financial statements can be found on pages 13 - 14 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 two categories: governmental 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 assessing a government'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 by governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund 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 eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Reserve for Capital and Nonrecurring Expenditures Fund and the American Rescue Plan Act Fund which are considered to be major funds. Data from the other eight 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 fund statements on pages 69 - 70.

The Town adopts an annual appropriated budget for its General Fund. The schedule of revenues and other financing sources and the schedule of expenditures and other financing uses have been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15 - 18 of this report

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statement because the resources of

those funds are not available to support the Town's own programs.

The Town maintains one type of fiduciary funds. The Pension trust fund is used to report resources held in trust for retirees and beneficiaries covered by the Municipal Employees' Pension Plan and the Volunteer Fire Company Pension Plan. The fiduciary fund financial statements can be found on pages 19 - 20 of this report

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire 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 21 - 56 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Town's budgetary compliance as well as its progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found on pages 57 - 68 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and other schedules are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and other schedules can be found on pages 69 - 70 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position.

	Statement of Net Position			
	June 30, 2021	Changes During the Year		June 30, 2020
		Dollars	Percent	
Current and other assets	\$ 7,844,588	\$ 1,786,525	29.5%	\$ 6,058,063
Capital assets	24,939,776	76,541	0.3%	24,863,235
Total assets	<u>32,784,364</u>	<u>1,863,066</u>	<u>6.0%</u>	<u>30,921,298</u>
Deferred outflows of resources	298,017	(135,016)	-31.2%	433,033
Long-term liabilities	2,716,554	(1,027,670)	-27.4%	3,744,224
Other Liabilities	1,096,899	1,063,211	3156.1%	33,688
Total liabilities	<u>3,813,453</u>	<u>35,541</u>	<u>0.9%</u>	<u>3,777,912</u>
Deferred inflows of resources	884,360	403,033	83.7%	481,327
Net investment in capital assets	23,154,776	476,135	2.1%	22,678,641
Unrestricted	5,229,792	813,341	18.4%	4,416,451
Total net position	<u>\$ 28,384,568</u>	<u>\$ 1,289,476</u>	<u>4.8%</u>	<u>\$ 27,095,092</u>

By far the largest portion of the Town's net position (81.6%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles and infrastructure), less any related outstanding debt that was used to acquire those assets. The Town uses these capital assets to provide a variety of services to citizens. Accordingly, 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 used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of \$5,229,792 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all reported categories of net position. The same held true for the prior fiscal year.

	Statement of Activities			
	2021	Change		2020
		Dollars	Percent	
Revenues:				
Program Revenues:				
Charges for services	\$ 613,857	\$ 111,353	22.16%	\$ 502,504
Operating grants and contributions	2,126,153	(29,086)	-1.35%	2,155,239
Capital grants and contributions	54,673	573	1.06%	54,100
General revenues:				
Property taxes	19,083,973	(302,077)	-1.56%	19,386,050
Grants and contributions	215,455	(14,271)	-6.21%	229,726
Interest and investment earnings	13,758	(38,859)	-73.85%	52,617
Other general revenues	104,491	65,814	170.16%	38,677
	<u>22,212,360</u>	<u>(206,553)</u>	<u>-0.92%</u>	<u>22,418,913</u>
Expenses:				
Program expenses:				
General government	1,588,242	(325)	-0.02%	1,588,567
Public safety	776,844	(2,492)	-0.32%	779,336
Highway	1,946,980	(26,793)	-1.36%	1,973,773
Sanitation and health	389,641	89,383	29.77%	300,258
Conservation and land use	64,957	141	0.22%	64,816
Recreation	218,858	(13,629)	-5.86%	232,487
Community Services	570,100	82,720	16.97%	487,380
Welfare	23,551	595	2.59%	22,956
Education	15,314,432	(1,424,179)	-8.51%	16,738,611
Interest on long-term debt	29,279	(6,318)	-17.75%	35,597
Total program expenses	<u>20,922,884</u>	<u>(1,300,897)</u>	<u>-5.85%</u>	<u>22,223,781</u>
Change in net position	<u>\$ 1,289,476</u>	<u>\$ 1,094,344</u>	<u>560.82%</u>	<u>\$ 195,132</u>

- Charges for services increased by \$111,353 (22.16%) due to increased conveyance and building fees as home sales and construction projects remained strong during the year.
- Property taxes decreased by \$302,077 (1.56%) due to a reduction in the mill rate.
- Interest earnings remained at record lows as interest rates continue to stay low.
- Sanitation and health increased by \$89,383 (29.77%) mainly due to the use of hired contractors for the Compactor operation and increases in bulky waste fees.
- Community Services increased by \$82,720 (16.97%) primarily due to tax refunds and Parmalee Farm expense which are offset by charges for those services.
- Education expenses decreased by \$1,424,179 (8.51%) due to a decrease in the ADM and assessment by Regional School District No. 17.
- Interest on long-term debt decreased by \$6,318 (17.75%) due to the overall reduction in debt.

Governmental Activities

The next table presents the cost of each of the Town's programs, as well as each program's net cost (total cost less revenues generated by the activities). Net cost shows the burden that was placed on the Town's taxpayers by each of the functions.

	Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
General government	\$ 1,588,242	\$ 1,588,567	(\$ 325)	\$ 970,931	\$ 1,141,938	(\$ 171,007)
Public safety	776,844	779,336	(2,492)	767,802	761,752	6,050
Highway	1,946,980	1,973,773	(26,793)	1,543,802	1,560,692	(16,890)
Sanitation and health	389,641	300,258	89,383	370,476	270,940	99,536
Conservation and land use	64,957	64,816	141	64,957	64,816	141
Recreation	218,858	232,487	(13,629)	218,858	232,487	(13,629)
Community services	570,100	487,380	82,720	501,940	449,469	52,471
Welfare	23,551	22,956	595	23,551	22,956	595
Education	15,314,432	16,738,611	(1,424,179)	13,636,605	14,971,291	(1,334,686)
Interest on long-term debt	29,279	35,597	(6,318)	29,279	35,597	(6,318)
Totals	<u>\$ 20,922,884</u>	<u>\$ 22,223,781</u>	<u>(\$ 1,300,897)</u>	<u>\$ 18,128,201</u>	<u>\$ 19,511,938</u>	<u>(\$ 1,383,737)</u>

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 a Town's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Killingworth Town Meeting.

As of June 30, 2021, the Town's governmental funds reported combined fund balances of \$6,619,774 an increase of \$797,108 in comparison with the prior year. Approximately 81.3% of this amount (\$5,383,197) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either restricted, committed or assigned to indicate that it is 1) restricted or committed for particular purposes (\$778,235), or 2) assigned for particular purposes (\$457,622).

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year unassigned fund balance of the general fund was \$5,560,360. Assigned fund balance represents the amount approved for use in the fiscal year 21-22 budget. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned and total fund balance represent 24.4% and 25.2%, respectively, of total general fund expenditures and transfers out.

The fund balance of the Town's general fund increased by \$134,094 during the current fiscal year.

The reserve for capital and nonrecurring expenditures fund, a major fund, had a \$649,192 increase in fund balance during the current fiscal year, primarily due to increased General Fund funding. Major projects in the reserve for capital and nonrecurring expenditures fund included \$1,243,677 in road projects expenditures, \$184,546 for highway department pay loader, \$56,691 pickup truck with plow, and \$45,257 for revaluation. The American Rescue Plan Act fund, new this year, will account for the Town's share of Federal municipal funding. The other governmental funds had an increase of \$13,822.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget

There were variances between the original budget and the final budget. There were changes to the original budget that reallocated appropriations among departments. Generally, the movement of the appropriations was not significant, except for the COVID expenses, Town counsel, compactor operations, and tax refunds which were over the \$20,000 that would have required a Town Meeting approval. The meeting was held Thursday, October 28, 2021.

Final budget compared to actual results

Below is a summarized view of the final budget and actual results for the General Fund:

General Fund - Budget Summary

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Property taxes	\$ 18,826,652	\$ 19,155,924	\$ 329,272
Intergovernmental	2,196,840	2,333,947	137,107
Licenses, fees and permits	125,000	227,167	102,167
Charges for goods and services	115,000	285,344	170,344
Interest income	40,000	12,267	(27,733)
Appropriation of prior year fund balance	1,131,199	1,131,199	-
Other revenues	100,000	141,339	41,339
Total revenues	<u>22,534,691</u>	<u>23,287,187</u>	<u>752,496</u>
Expenditures			
General government	3,709,860	3,702,623	7,237
Public safety	580,836	580,733	103
Highway	927,887	927,887	-
Sanitation and health	389,501	389,501	-
Conservation and land use	68,869	64,706	4,163
Recreation	125,771	125,766	5
Community services	471,755	470,037	1,718
Welfare	11,048	10,962	86
Debt and lease obligation	431,632	431,632	-
Education	15,314,432	15,314,432	-
Total program expenses	<u>22,031,591</u>	<u>22,018,279</u>	<u>13,312</u>
Excess of revenues over expenditures	<u>\$ 503,100</u>	<u>\$ 1,268,908</u>	<u>\$ 765,808</u>

Property tax revenue was \$329,272 over budget primarily due to higher than anticipated overall tax collections. Charges for goods and services was \$170,344 higher than budgeted due primarily to higher conveyance and building fees. Town budgeted for an additional appropriation of \$1,090,361 to fund 2021 capital projects.

Most of the Town's departments maintained spending within the budgetary limits. Under expenditures in all departments was utilized to fund the COVID related expenses, Town counsel, compactor operations and Tax refunds expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021, the Town had a net amount of \$24,939,776 invested in a broad range of capital assets, including land, buildings, vehicles and equipment and infrastructure. This represents a net increase (including additions and deductions) of \$76,541 from the prior year. During the current fiscal year, the Town completed paving and repair work of Town roads. In addition, the Town made payments for Radio & communication equipment, and for the pay loader and pickup with plow for the Highway department. The overall increase in net capital assets was a result of a slightly higher depreciation expense as compared to asset additions.

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 3,821,535	\$ 3,821,535
Construction in progress	200,926	317,930
Land improvements	1,100,605	1,177,338
Buildings and improvements	2,424,601	2,517,197
Equipment and vehicles	1,280,785	1,360,553
Infrastructure	16,111,324	15,668,682
Totals	<u>\$ 24,939,776</u>	<u>\$ 24,863,235</u>

The Town's 2021/2022 budget anticipates \$971,622 in road projects, as well as 2021 Grand List revaluation, IT upgrades, Highway Department and Fire vehicles, and facility improvements for the volunteer fire company, Parmelee Farm and recreation.

Long-Term Debt

As of June 30, 2021, the Town had \$1,785,000 in general obligation bonds outstanding, a decrease of \$400,000 from the prior year, as shown in the analysis below.

Town of Killingworth's Outstanding Debt

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 1,785,000	\$ 2,185,000
Totals	<u>\$ 1,785,000</u>	<u>\$ 2,185,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's elected and appointed officials considered many factors when setting the fiscal year 21-22 budget tax rates. Some of those factors include the economy at the state and local levels, the rate of population growth within the Town, and realized and potential increases and/or reductions in state funding, property values, and interest rates. The fiscal year 21-22 budget of \$21,639,323 has an increase of 1.2% on the Town side and an 4.4% increase for Regional School District No. 17. The mill rate was unchanged at 26.72.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Board of Finance at Town of Killingworth, CT, 323 Route 81, Killingworth, CT 06419.

TOWN OF KILLINGWORTH, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,676,161
Property taxes and interest receivable, net	159,314
Net pension asset	9,113
Capital assets not being depreciated:	
Land	3,821,535
Construction in progress	200,926
Capital assets, net of accumulated depreciation:	
Land improvements	1,100,605
Buildings and improvements	2,424,601
Equipment and vehicles	1,280,785
Infrastructure	16,111,324
Total assets	32,784,364
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges related to pensions	286,484
Deferred charges related to OPEB	11,533
Total deferred outflows of resources	298,017
LIABILITIES	
Accounts payable and accrued expenses	155,184
Unearned revenue	941,715
Long-term liabilities:	
Due within one year	508,139
Due in more than one year	2,208,415
Total liabilities	3,813,453
DEFERRED INFLOWS OF RESOURCES	
Deferred charges related to pensions	871,439
Deferred charges related to OPEB	12,921
Total deferred outflows of resources	884,360
NET POSITION	
Net investment in capital assets	23,154,776
Unrestricted	5,229,792
Total net position	\$ 28,384,568

The accompanying notes to the financial statements
are an integral part of this statement.

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

Functions\Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental Activities:					
General government	\$ 1,588,242	\$ 532,495	\$ 84,816	\$ -	(\$ 970,931)
Public safety	776,844	9,042	-	-	(767,802)
Highway	1,946,980	5,965	342,540	54,673	(1,543,802)
Sanitation and health	389,641	19,165	-	-	(370,476)
Conservation and land use	64,957	-	-	-	(64,957)
Recreation	218,858	-	-	-	(218,858)
Community services	570,100	47,190	20,970	-	(501,940)
Welfare	23,551	-	-	-	(23,551)
Education	15,314,432	-	1,677,827	-	(13,636,605)
Interest	29,279	-	-	-	(29,279)
Total governmental activities	\$ 20,922,884	\$ 613,857	\$ 2,126,153	\$ 54,673	(\$ 18,128,201)
General revenues:					
Property taxes					19,083,973
Grants and contributions not restricted to specific programs					215,455
Unrestricted investment earnings					13,758
Miscellaneous					104,491
Total general revenues and transfers					19,417,677
Change in net position					1,289,476
Net position - July 1, 2020, as restated					27,095,092
Net position - June 30, 2021					\$ 28,384,568

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF KILLINGWORTH, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General	Reserve for Capital and Nonrecurring Expenditures Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,675,032	\$ 924,999	\$ 941,715	\$ 134,415	\$ 7,676,161
Property tax and interest receivable, net of allowance of \$13,000	159,314	-	-	-	159,314
Total assets	<u>\$ 5,834,346</u>	<u>\$ 924,999</u>	<u>\$ 941,715</u>	<u>\$ 134,415</u>	<u>\$ 7,835,475</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 144,687	\$ -	\$ -	\$ -	\$ 144,687
Unearned revenue	-	-	941,715	-	941,715
Total liabilities	<u>144,687</u>	<u>-</u>	<u>941,715</u>	<u>-</u>	<u>1,086,402</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	129,299	-	-	-	129,299
FUND BALANCES					
Restricted	-	-	-	134,415	134,415
Committed	-	643,820	-	-	643,820
Assigned	176,443	281,179	-	-	457,622
Unassigned	5,383,917	-	-	-	5,383,917
Total fund balances	<u>5,560,360</u>	<u>924,999</u>	<u>-</u>	<u>134,415</u>	<u>6,619,774</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,834,346</u>	<u>\$ 924,999</u>	<u>\$ 941,715</u>	<u>\$ 134,415</u>	<u>\$ 7,835,475</u>

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF KILLINGWORTH, CONNECTICUT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total fund balances for governmental funds \$ 6,619,774

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	66,539,857
Less accumulated depreciation	(41,600,081)
Net capital assets	<u>24,939,776</u>

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.

Property tax and interest receivables greater than 60 days	129,299
Net pension asset	9,113

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

General obligation bonds payable	(1,785,000)
Compensated absences	(194,115)
Net pension liability	(568,966)
Total OPEB liability	(168,473)
Interest payable on bonds	(10,497)

Deferred outflows and inflows of resources resulting from changes in the components of the net pension and total OPEB liabilities are reported in the statement of net position.	<u>(586,343)</u>
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Net position of governmental activities \$ 28,384,568

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF KILLINGWORTH, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General	Reserve for Capital and Nonrecurring Expenditures Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 19,155,924	\$ -	\$ -	\$ -	\$ 19,155,924
Intergovernmental	2,333,947	54,673	-	-	2,388,620
Licenses, permits and fees	227,167	-	-	14,783	241,950
Charges for goods and services	285,344	-	-	45,315	330,659
Interest and investment income	12,267	1,491	-	-	13,758
Capital surcharge	-	2,922	-	-	2,922
Miscellaneous	141,339	-	-	22,448	163,787
	<u>22,155,988</u>	<u>59,086</u>	<u>-</u>	<u>82,546</u>	<u>22,297,620</u>
EXPENDITURES					
Current:					
General government	1,554,276	45,257	-	1,081	1,600,614
Public safety	580,733	-	-	28,438	609,171
Highway	929,092	-	-	-	929,092
Sanitation and health	389,641	-	-	-	389,641
Conservation and land use	64,957	-	-	-	64,957
Recreation	125,766	-	-	-	125,766
Community services	460,037	-	-	36,621	496,658
Welfare	10,967	-	-	12,584	23,551
Education	15,314,432	-	-	-	15,314,432
Debt service	431,632	-	-	-	431,632
Capital outlays	-	1,514,998	-	-	1,514,998
	<u>19,861,533</u>	<u>1,560,255</u>	<u>-</u>	<u>78,724</u>	<u>21,500,512</u>
Excess (deficiency) of revenues over expenditures	2,294,455	(1,501,169)	-	3,822	797,108
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	2,150,361	-	10,000	2,160,361
Operating transfers out	(2,160,361)	-	-	-	(2,160,361)
	<u>(2,160,361)</u>	<u>2,150,361</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Net change in fund balances	134,094	649,192	-	13,822	797,108
Fund balances - July 1, 2020, as restated	5,426,266	275,807	-	120,593	5,822,666
Fund balances - June 30, 2021	<u>\$ 5,560,360</u>	<u>\$ 924,999</u>	<u>\$ -</u>	<u>\$ 134,415</u>	<u>\$ 6,619,774</u>

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF KILLINGWORTH, CONNECTICUT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net change in fund balances - total governmental funds \$ 797,108

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

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

Capital outlay	1,443,509
Depreciation expense	(1,366,968)

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in governmental funds.

Property taxes and interest receivable - accrual basis change	(85,260)
Net pension asset	9,113

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Principal payments on general obligation bonds	400,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	2,353
Change in compensated absences	(35,819)
Change in net pension liability	682,246
Change in total OPEB liability	(18,757)

Deferred outflows and inflows of resources resulting from changes in the components of the net pension and total OPEB liabilities are amortized as components of pension and OPEB expense in the statement of activities. (538,049)

Change in net position of governmental activities	<u>\$ 1,289,476</u>
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The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF KILLINGWORTH, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021**

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 249,586
Investments	<u>4,134,475</u>
Total assets	<u>4,384,061</u>
NET POSITION	
Restricted for:	
Pensions	<u>4,384,061</u>
Total net position	<u><u>\$ 4,384,061</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF KILLINGWORTH, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Pension Trust Funds</u>
ADDITIONS	
Employer contributions	<u>\$ 193,599</u>
Investment return:	
Investment income	63,957
Net increase in fair value of investments	<u>788,173</u>
Total investment return	852,130
Less investment expenses	<u>26,357</u>
Net investment return	<u>825,773</u>
Total additions	<u>1,019,372</u>
DEDUCTIONS	
Benefits paid	<u>229,921</u>
Total deductions	<u>229,921</u>
Change in net position	789,451
Net position - July 1, 2020	<u>3,594,610</u>
Net position - June 30, 2021	<u><u>\$ 4,384,061</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

1 - Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Town of Killingworth, Connecticut was named in 1667. The Town of Killingworth, Connecticut operates under a Selectmen/Town Meeting form of government. The Town provides the following services: public safety; highways and streets; health and welfare; culture-recreation; education; public improvements; planning and zoning; and general administrative services.

The Town operates under the provisions of its charter and the General Statutes of the State of Connecticut. The legislative powers of the Town are vested in the Town Meeting. A town meeting is required to make appropriations, levy tax and borrow money. The executive body is made up of a Board of Selectmen, consisting of a First Selectman, who is the chief executive officer, and two other board members. A six-member Board of Finance is responsible for presenting and overseeing fiscal operating budgets.

The Town is a member of Regional School District No. 17 with the Town of Haddam. The District provides educational services and facilities for children of the two towns from grades K through 12. The District's board, which is elected on a proportional basis by residents of the participating towns, controls the operation of the District.

The financial reporting entity consists of 1) the primary government, 2) organizations for which the primary government is financially accountable and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by the Governmental Accounting Standards Board (GASB).

In evaluating how to define the financial reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government. The following related organization, to which the Town appropriates funds annually, does not meet the above criteria and is not included in the reporting entity:

The Board of Selectmen is responsible for appointing two members to the Board of the Killingworth Library Association, Inc. (Library) but the Town's accountability does not extend beyond making such appointments. Amounts paid by the Town of Killingworth to the Library in exchange for services rendered amounted to \$269,500 for the year ended June 30, 2021.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
... Continued ...

B. Basis of Presentation

The financial statements of the Town of have been prepared in conformity with U.S. generally accepted accounting principles as applied to government units. GASB is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies used by the Town:

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. As a general rule, the effect of interfund balances and activity has been eliminated in preparation of these statements. Exceptions to this rule are services provided by one fund used by another fund. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned. Governmental activities, which are normally supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town does not have any business-type activities.

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) interest earned on grants that is required to be used to support a particular program. Property taxes and other items not properly included among program revenues are reported instead as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

Fund Financial Statements

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

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

The Town reports the following major governmental funds:

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

The Reserve Fund for Capital and Nonrecurring Expenditures is a capital projects fund which is used to account for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment.

The American Rescue Plan Act Fund is a special revenue fund which is used to account for and report the proceeds of Federal Coronavirus Local Fiscal Recovery Funds that are restricted to expenditures for specified purposes.

Additionally, the Town reports the following fund type:

The Pension Trust Funds which account for the activities of the Towns' pension plans, which accumulate resources for pension benefit payments to qualified Town employees and volunteer fire fighters.

During the course of operations the Town may have activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving the transfer of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. Certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

C. Measurement Focus and Basis of Accounting

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

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Town's own programs. Custodial funds are custodial in nature.

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

Cash and Cash Equivalents

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

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

Investments

Investments for the Town are reported at fair value, generally based on quoted market prices.

Property Taxes and Other Receivables

The Town's property tax is levied and payable each July 1 on the assessed value listed as of the prior October 1 for all real and personal property located in the Town. Assessed values are established by the Town's Assessor's office at 70% of appraised value. These taxes are billed and due in two installments, July 1 and the following January 1. Taxes become overdue one month after the installment due date. Interest at the rate of 1.5% per month accrued on all overdue tax balances. Liens are effective on the assessment date and are generally continued by filing in May following the due date.

Section 12-165 of the General Statutes of the State of Connecticut requires each municipality to write-off, on an annual basis, the property taxes which are deemed uncollectible. Property taxes and related interest receivable at June 30, 2021 are stated net of an allowance for uncollectible amounts of \$13,000.

State statutes require that a revaluation be done every four years. The last revaluation completed and enacted was for the list of October 1, 2016.

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/due from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the non-current portion of interfund loans).

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. At June 30, 2021, the Town had no prepaid items.

Capital Assets

Capital assets, which include land and related improvements, buildings and related improvements, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

Capital assets used in governmental fund operations are accounted for as capital outlays, or departmental expenditures in the fund financial statements upon acquisition.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 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 the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

Assets	Years
Buildings and improvements	50
Land improvements	20
Equipment and vehicles	5-20
Infrastructure	20-50

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions and OPEB in the government-wide statement of net position. A deferred outflow of resources related to pension results from differences between expected and actual experience and changes in assumptions. A deferred outflow of resources related to OPEB results from changes in assumptions. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees).

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions and net differences between projected and actual earnings. A deferred inflow of resources related to OPEB results from changes in assumptions and differences between expected and actual experience. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees). Also, for the governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

Under the terms of the Town's bargaining agreements, certain Town employees are granted vacation and sick leave in varying amounts. Certain employees may carry over a limited number of unused vacation and sick days to subsequent years and, in the event of termination, are reimbursed for these days based upon various formulas. Accumulated vacation and sick leave is recognized as a liability of the Town in the government-wide financial statements.

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Town will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30, 2021 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. Town employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

Net Pension Asset / Liability

The net pension asset / liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net position liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Net Other Postemployment Benefit (OPEB) Liability

The net OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the OPEB plan's fiduciary net position. The Town does not currently have funds set aside in an OPEB Trust. The net position liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types 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.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

Net Position/Fund Balance

Government-wide Statements

Equity in the government-wide financial statements is defined as "net position" and is classified in the following categories:

- a. Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- c. Unrestricted - Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment if capital assets or the restricted components of net position.

Net Position Flow Assumption - Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Financial Statements

The equity of the fund financial statements is defined as "fund balance" and is classified in the following categories:

- a. Nonspendable Fund Balance - represents amounts that cannot be spent because they are either (a) not in spendable form (e.g., inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact.
- b. Restricted Fund Balance - represents amounts that are constrained for a specific purpose by either (a) external parties, such as grantors, creditors, contributors, or laws and regulation of their governments or (b) imposed by law through constitutional provisions or enabling legislation.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

- c. Committed Fund Balance - represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. The Town Meeting is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.
- d. Assigned Fund Balance - for all governmental funds other than the General Fund, any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, includes amounts constrained for the intent to be used for a specific purpose by the Board of Finance.
- e. Unassigned Fund Balance - represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

Fund Balance Flow Assumptions - Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The Town does not have a minimum fund balance policy.

E. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenses and expenditures. Actual results could differ from those estimates.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

F. Subsequent Events

Management has evaluated subsequent events through November 15, 2021, the date the financial statements were available to be issued.

2 - Stewardship, Compliance and Accountability

Budgetary Information

The Town establishes a Town-wide budget in accordance with provisions of its Charter and the Connecticut General Statutes. The Annual Budget Meeting is held on the third Monday in May, in accordance with the Town Charter. At the meeting, the Board of Finance recommends its proposed budget to the Town. The operating budget includes proposed expenditures and the means of financing them.

The Board of Finance, on request by Town agencies or officials, may make special appropriations from surplus revenue or from an approved contingency fund. Such a special appropriation in excess of \$20,000 shall require approval by a vote of Town meeting. Not more than one special appropriation for any Town agency, official, or any department may be made by the Board of Finance in each fiscal year, without approval of Town meeting.

The Board of Finance is also authorized to transfer budgeted amounts up to \$20,000 within and between Town departments. Any transfer over \$20,000 must be approved at Town meeting.

Formal budgetary integration is employed as a management control device during the year for the General Fund. No additional appropriations were needed during the year.

All unencumbered general fund appropriations lapse at year-end. Section 9-4 of the Town Charter allows the Board of Finance to hold open any portion of an annual appropriation remaining unexpended at the close of the fiscal year.

In accordance with Section 9-7 of the Town Charter, the Town is permitted to hold open unencumbered appropriations, within the Reserve Fund for Capital and Nonrecurring Expenditures, authorizing the construction or permanent improvement of capital assets of the Town for a period of three years. If an encumbered expenditure has been incurred, the appropriation is held open until the completion of the project.

Additional appropriations of \$1,131,199 was made during the year for transfer to capital reserve and to fund certain overexpenditures in excess of \$20,000.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

3 - Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be made in a "qualified public depository" as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out-of-state bank," as defined by the Statutes, which is not a "qualified public depository."

The following is a summary of cash and cash equivalents at June 30, 2021:

	<u>Government-Wide</u> Statement of Net Position	<u>Fiduciary Funds</u> Statement of Net Position
Cash and cash equivalents:		
Cash on hand and on deposit	\$ 7,676,161	\$ -
Money market funds	-	249,586
Total cash and cash equivalents	\$ 7,676,161	\$ 249,586

As of year-end, the Town's bank balances were \$8,053,386.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. Of the June 30, 2021 bank balance, \$500,000 was covered by Federal Depository Insurance. All of the Town's deposits are in qualified public institutions as defined by state statute. Under this statute, any bank holding public deposits must at all times maintain segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. Additionally, the Town has an agreement with its primary financial institution whereby \$13,000,000 of the Town deposits which exceed the FDIC limits are collateralized with assets segregated from the financial institutions assets at the Federal Reserve Bank and identified as being pledged to the Town. The Town has a deposit policy for custodial risk.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

Investments

The Connecticut General Statutes permit municipalities to invest in: (a) obligations of the United States and its agencies, (b) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and (c) shares or other interest in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market or mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations.

The Pension Trust Fund is also authorized to invest in U.S. government obligations, corporate bonds, common stocks and mutual funds.

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

	Fiduciary Funds Statement of Net Position
U.S. government and related obligations	\$ 404,959
Corporate bonds	731,603
Equity mutual funds	2,626,322
Fixed income mutual funds	371,591
Total investments	\$ 4,134,475

At June 30, 2021, the Town had the following investments:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. government and related obligations	\$ 404,959	\$ -	\$ 308,109	\$ 96,643	\$ 207
Corporate bonds	731,603	23,167	276,033	432,403	-
Mutual funds **	1,136,562 2,997,913 \$4,134,475	\$ 23,167	\$ 584,142	\$ 529,046	\$ 207

** Mutual funds do not mature.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair values losses arising from increases in interest rates.

Credit Risk - The Town has no formal investment policy that would limit its investment choices due to credit risk other than State Statutes. The provisions of State statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan. The Town has no investment policy that would further limit its investment choices beyond those limited by state statute.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2021, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

Concentrations of Credit Risk - The Town has no policy limiting the amount the Town may invest in any one issuer.

Fair Value Measures - The Town utilizes the market approach as the valuation technique to measure fair value of its financial assets. U.S. generally accepted accounting principles establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value of financial instruments into three levels.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities where the organization has the ability to access at the measurement date;

Level 2 - Significant other observable inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly (i.e. quoted prices in inactive markets, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency);

Level 3 - Unobservable inputs are used to the extent that observable inputs are unavailable due to little, if any, market activity for the asset or liability. Unobservable inputs are developed based on the best information available, which might include the organization's own data that reflects assumptions that market participants would use in pricing the asset or liability.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Assets measured at fair value at June 30, 2021, mutual funds are based on quoted prices in active markets (Level 1). Assets measured at fair value at June 30, 2021, U.S. Government and related obligations and corporate bonds are based on significant other observable inputs (Level 2).

4 - Property Taxes and Other Receivables

Receivables as of year-end for the Town's individual major and nonmajor and fiduciary funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund
Receivables:	
Taxes	\$ 135,586
Interest	36,728
Gross receivables	172,314
Less: allowance for uncollectibles	(13,000)
Net total receivables	\$ 159,314

5 - Interfund Transactions

A. Interfund Balances

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not yet received. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Internal balances between governmental funds are eliminated on the government-wide financial statements.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

B. Interfund Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following, as reported in the fund financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 2,160,361
Major Governmental Fund:		
Reserve Fund for Capital and Nonrecurring Expenditures	2,150,361	-
Nonmajor Governmental Funds:		
Dog Fund	10,000	-
	<u>\$ 2,160,361</u>	<u>\$ 2,160,361</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, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

6 - Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental activities:				
Capital Assets, not being depreciated				
Land	\$ 3,821,535	\$ -	\$ -	\$ 3,821,535
Construction in progress	<u>317,930</u>	<u>20,160</u>	<u>(137,164)</u>	<u>200,926</u>
Total capital assets, not being depreciated	<u>4,139,465</u>	<u>20,160</u>	<u>(137,164)</u>	<u>4,022,461</u>
Capital assets, being depreciated				
Land improvements	2,498,050	-	-	2,498,050
Buildings and improvements	4,418,681	-	-	4,418,681
Equipment and vehicles	5,484,458	184,546	-	5,669,004
Infrastructure	<u>48,555,694</u>	<u>1,375,967</u>	<u>-</u>	<u>49,931,661</u>
Total capital assets, being depreciated	<u>60,956,883</u>	<u>1,560,513</u>	<u>-</u>	<u>62,517,396</u>
Less: accumulated depreciation for:				
Land improvements	1,320,712	76,733	-	1,397,445
Buildings and improvements	1,901,484	92,596	-	1,994,080
Equipment and vehicles	4,123,905	264,314	-	4,388,219
Infrastructure	<u>32,887,012</u>	<u>933,325</u>	<u>-</u>	<u>33,820,337</u>
Total accumulated depreciation	<u>40,233,113</u>	<u>1,366,968</u>	<u>-</u>	<u>41,600,081</u>
Total capital assets, being depreciated, net	<u>20,723,770</u>	<u>193,545</u>	<u>-</u>	<u>20,917,315</u>
Total Government-wide capital assets, net	<u>\$ 24,863,235</u>	<u>\$ 213,705</u>	<u>(\$ 137,164)</u>	<u>\$ 24,939,776</u>

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
... Continued ...

Depreciation expense was charged to governmental activities - functions/programs as follows:

General government	\$ 37,351
Public safety	181,888
Highway	1,017,014
Recreation	93,092
Community services	<u>37,623</u>
 Total	 <u>\$ 1,366,968</u>

7 - Long-Term Obligations

The following is a summary of changes in long-term obligations during the fiscal year:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General obligation bond	\$ 2,185,000	\$ -	\$ 400,000	\$ 1,785,000	\$ 390,000
Net pension liability	1,251,212	-	682,246	568,966	
Total OPEB liability	149,716	18,757	-	168,473	
Compensated absences	<u>158,296</u>	<u>71,838</u>	<u>36,019</u>	<u>194,115</u>	<u>118,139</u>
	<u>\$ 3,744,224</u>	<u>\$ 90,595</u>	<u>\$ 1,118,265</u>	<u>\$ 2,716,554</u>	<u>\$ 508,139</u>

General Obligation Bond Payable

At June 30, 2021, the Town had a general obligation bond in the amount of \$1,785,000 outstanding. The bond, dated November 7, 2016, matures over 10 years at an interest rate of 1.59%.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
... Continued ...

The annual debt service requirements on this general obligation bond, including interest, are as follows as of June 30:

Fiscal Year Ending	Principal	Interest
2022	\$ 390,000	\$ 25,281
2023	385,000	19,120
2024	375,000	13,078
2025	370,000	7,155
2026	160,000	2,944
2027	105,000	835
	\$ 1,785,000	\$ 68,413

Payments on all long-term debt that pertain to the Town's governmental activities are made by the General Fund.

Killingworth is a member of Regional School District No. 17, which provides education facilities for grades K through twelve for the towns of Haddam and Killingworth. As of June 30, 2021, the outstanding bonded indebtedness of the District was \$8,610,000 with Killingworth's share being 38.60% or \$3,323,460. These are general obligations of Regional School District No. 17 and its member towns.

Authorized/Unissued Bonds

There are no authorized, unissued bonds at June 30, 2021.

Debt Limitation

The Town's total authorized debt falls within the debt limitation set forth by the Connecticut General Statutes.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
... Continued ...

8 - Fund Balance

	General Fund	Reserve Fund For Capital and Nonrecurring Expenditures	American Rescue Plan Act Fund	Non-major Governmental Funds	Total
Fund balances:					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ 14,154	\$ 14,154
Public safety	-	-	-	29,692	29,692
Community services	-	-	-	67,918	67,918
Welfare	-	-	-	22,651	22,651
Committed to:					
Capital projects	-	643,820	-	-	643,820
Assigned to:					
Subsequent year's budget	176,443	-	-	-	176,443
Capital projects	-	281,179	-	-	281,179
Unassigned	5,383,917	-	-	-	5,383,917
Total fund balances	<u>\$ 5,560,360</u>	<u>\$ 924,999</u>	<u>\$ -</u>	<u>\$ 134,415</u>	<u>\$ 6,619,774</u>

9 - Defined Benefit Pension Plan

The Town administers two single employer defined benefit public employees retirement system (PERS) pension plans, one covering all eligible full-time employees and the second covering volunteer firefighters. The PERS are considered to be a part of the Town's financial reporting entity and are included in the Town's financial statements as pension trust funds. The plans do not issue separate, stand alone, financial reports.

Management of the plans rest with the administrative pension board appointed by the Board of Selectmen.

A. Municipal Employees

Plan Description

The Town of Killingworth is the sponsor and administrator of a single employer retirement system named the "Town of Killingworth Municipal Employees' Pension Plan" (the Plan) which was established to provide pension benefits for employees of the Town. The Plan was adopted September 30, 2003 effective July 1, 2001. The Plan is closed to new participants.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

Benefit Provisions

A participant is eligible for normal retirement upon reaching the later of the age of 65 or the completion of 15 years of service. There is no mandatory retirement age. Members are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.5% of final earnings times years of service, to a maximum of 30 years.

The Plan contains a provision for early retirement at age 60 with at least 15 years of service. Benefit is reduced actuarially to reflect early retirement. The spousal death benefit for the Plan is the actuarial equivalent of the members' vested accrued retirement benefit.

Participants in the Plan are vested after 15 years.

Employer contribution rates are established by the Board of Selectmen and approved by the Board of Finance as determined by its actuaries. The Town is required to contribute the remaining amounts necessary to finance the benefits for the participants as determined by its actuaries. The Town's funding policy provides for periodic employer contributions to accumulate sufficient assets to pay benefits when due.

Plan Membership

Membership in the Plan consisted of the following at June 30, 2021:

Inactive plan members or beneficiaries currently receiving benefits	10
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>9</u>
Total	<u><u>20</u></u>

Summary of Significant Accounting Policies

The Plan's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

All plan investments are reported at fair value.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

B. Volunteer Fire Company

Plan Description

The Town of Killingworth is the sponsor and administrator of a single employer retirement system named the "Killingworth Volunteer Fire Company Defined Benefit Pension Plan" (the Plan) which was established to provide pension benefits for employees of the Town. The Plan was formally adopted in September, 2005. The Plan was originally effective January 1, 1989 with benefit funding provided exclusively through an insurance program which was paid by the Town.

The Plan covers anyone who is a volunteer fireman or ambulance personnel who is eligible to enter the Plan. Individuals are eligible to enter the Plan as a participant upon reaching age 18 and completing a probationary period of at least 3 months and not more than 3 years.

Benefit Provisions

A participant is eligible for normal retirement upon reaching the age of 65. There is no mandatory retirement age. The Plan benefit is determined based upon years of participation. Participants will be credited with a year of plan participation for any plan year in which the participant attends any one of the following: (1) at least 20% of all calls; (2) at least 50% of all meetings; (3) at least 50% of all drills; and (4) at least 50% of all work nights.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

The amount of monthly retirement income benefit of a plan participant will be an amount based upon years of plan participation as set forth in the following table:

<u>Years of Plan Participation</u>	<u>Amount of Monthly Retirement Income</u>
0	\$ -
1-5	150
6	200
7	220
8	240
9	260
10	280
11	300
12	320
13	340
14	360
15	380
16	400
17	420
18	440
19	460
20	480
21 or more	500

The normal form of retirement benefit provides for a monthly benefit payment for as long as the participant shall live. Optional forms of distribution are available.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
... Continued ...

Participants in the Plan are vested according to the following table:

<u>Years of Plan Participation</u>	<u>Vested Percentage</u>
Less than 4	0%
4	40%
5	50%
6	60%
7	70%
8	80%
9	90%
10 or more	100%

Town contribution rates are established by the Board of Selectmen and approved by the Board of Finance as determined by its actuaries. The Town is required to contribute the remaining amounts necessary to finance the benefits for the participants as are actuarially determined. The Town's funding policy provides for periodic employer contributions to accumulate sufficient assets to pay benefits when due.

Plan Membership

Membership in the Plan consisted of the following at July 1, 2021:

Inactive plan members or beneficiaries currently receiving benefits	26
Inactive plan members entitled to but not yet receiving benefits	20
Active plan members	<u>51</u>
Total	<u><u>97</u></u>

Summary of Significant Accounting Policies

The Plan's financial statements are prepared using the accrual basis of accounting. Town contributions are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. All plan investments are reported at fair value.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

The individual plan fiduciary net position at June 30, 2021 and changes in fiduciary net position for the year then ended are as follow:

	<u>Town Employees</u>	<u>Volunteer Fire</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 159,511	\$ 90,075	\$ 249,586
Investments	2,658,600	1,475,875	4,134,475
Total assets	<u>\$ 2,818,111</u>	<u>\$ 1,565,950</u>	<u>\$ 4,384,061</u>
NET POSITION			
Restricted for: pensions	<u>\$ 2,818,111</u>	<u>\$ 1,565,950</u>	<u>\$ 4,384,061</u>
Total net position	<u>\$ 2,818,111</u>	<u>\$ 1,565,950</u>	<u>\$ 4,384,061</u>
ADDITIONS			
Contributions:			
Employer	\$ 104,421	\$ 89,178	\$ 193,599
Total contributions	<u>104,421</u>	<u>89,178</u>	<u>193,599</u>
Investment return:			
Investment income	40,548	23,409	63,957
Net increase in the fair value of investments	<u>508,756</u>	<u>279,417</u>	<u>788,173</u>
Total investment return	549,304	302,826	852,130
Less investment expenses	<u>16,880</u>	<u>9,477</u>	<u>26,357</u>
Net investment return	<u>532,424</u>	<u>293,349</u>	<u>825,773</u>
Total additions	<u>636,845</u>	<u>382,527</u>	<u>1,019,372</u>
DEDUCTIONS			
Benefit payments	<u>114,581</u>	<u>115,340</u>	<u>229,921</u>
Total deductions	<u>114,581</u>	<u>115,340</u>	<u>229,921</u>
Change in fiduciary net position	<u>522,264</u>	<u>267,187</u>	<u>789,451</u>
NET POSITION, beginning	<u>2,295,847</u>	<u>1,298,763</u>	<u>3,594,610</u>
NET POSITION, ending	<u>\$ 2,818,111</u>	<u>\$ 1,565,950</u>	<u>\$ 4,384,061</u>

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

Investments

Investment policy - the Plans' policy in regard to the allocation of invested assets is established and amended by the Board of Finance. It is the policy of the Board of Finance to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following was the Board's adopted asset allocation policy for all plans as of June 30, 2021:

Asset Class	Municipal Employees Target Allocation	Volunteer Fire Target Allocation
Large Cap Equity	24.00 %	24.00 %
Mid Cap Equity	10.00	10.00
Small Cap Equity	4.00	4.00
Emerging Markets Equity	22.00	22.00
Emerging Markets Fixed Income	2.00	2.00
High Yield Fixed Income	2.00	2.00
Short-term Fixed Income	2.00	2.00
Separately Managed Individual Bonds	33.00	33.00
Cash Equivalents	1.00	1.00
	100.00 %	100.00 %

Rate of return - For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension investment expense, was as follows:

Municipal Employees	23.35 %
Volunteer Fire	23.12

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

Net Pension (Asset) Liability

The components of the net pension liability of the Town at June 30, 2021, were as follows:

	<u>Town Employees</u>	<u>Volunteer Fire</u>	<u>Total</u>
Total pension liability	\$ 2,808,998	\$ 2,134,916	\$ 4,943,914
Plan fiduciary net position	2,818,111	1,565,950	4,384,061
Town's net pension (asset) liability	(\$ 9,113)	\$ 568,966	\$ 559,853
Plan fiduciary net position as a percentage of the total pension liability	100.32%	73.35%	

Actuarial assumptions - the total pension liability was determined by an actuarial valuation as of July 1, 2019 and increased by service cost and interest and decreased by benefit payments to estimate the total pension liability as of June 30, 2021. Actuarial assumptions were as follows:

	<u>Town Employees</u>	<u>Volunteer Fire</u>
Inflation	2.25%	2.25%
Salary increases	3.50%	N/A
Investment rate of return	6.50%	6.50%

Mortality rates for the Town Employees and Volunteer Fire Plan were based on the RP-2014 Combined Healthy Mortality adjusted to 2006 with MP-2019 mortality improvements.

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

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Municipal Employees Long-term Expected Real Rate of Return</u>	<u>Volunteer Fire Long-term Expected Real Rate of Return</u>
Large Cap	6.74 %	6.74 %
Mid Cap	7.09	7.09
Small Cap	7.94	7.94
International Equity	8.40	8.40
International Emerging Markets	10.68	10.68
REIT's	6.10	6.10
High Yield Bonds	5.15	5.15
Short-term Bonds	3.11	3.11
Intermediate-term Bonds	3.52	3.52
Cash Equivalent	2.01	2.01

Discount rate - the discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Town contributions will be made at rates equal to the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

Changes in the Net Pension Liability

Town Employees Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances, June 30, 2020	\$ 2,784,695	\$ 2,295,847	\$ 488,848
Changes for the year:			
Service cost	64,900	-	64,900
Interest	177,281	-	177,281
Differences between expected and actual experience	(89,849)	-	(89,849)
Effect of assumptions changes or inputs	(13,448)	-	(13,448)
Contributions - employer	-	104,421	(104,421)
Net investment return	-	532,424	(532,424)
Benefit payments, including refunds of member contributions	(114,581)	(114,581)	-
Net changes	24,303	522,264	(497,961)
Balances, June 30, 2021	\$ 2,808,998	\$ 2,818,111	(\$ 9,113)
Volunteer Fire Plan			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances, June 30, 2020	\$ 2,061,127	\$ 1,298,763	\$ 762,364
Changes for the year:			
Service cost	25,711	-	25,711
Interest	130,225	-	130,225
Difference between expected and actual experience	42,751	-	42,751
Effect of assumptions changes or inputs	(9,558)	-	(9,558)
Contributions - employer	-	89,178	(89,178)
Net investment return	-	293,349	(293,349)
Benefit payments	(115,340)	(115,340)	-
Net changes	73,789	267,187	(193,398)
Balances, June 30, 2021	\$ 2,134,916	\$ 1,565,950	\$ 568,966

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

Sensitivity of the net pension liability to changes in the discount rate - the following presents the net pension liability of the Town, calculated using the discount rate of 6.50%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Town Employees net pension (asset) liability	\$ 279,208	(\$ 9,113)	(\$ 257,328)
Volunteer Fire net pension liability	\$ 838,668	\$ 568,966	\$ 346,345

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the Town recognized pension expense of \$67,974 and \$67,743 for the Town Employees and Volunteer Fire Plans, respectively.

The Town reported deferred outflows and inflows of resources related to pensions from the following sources:

	Town Employees	Volunteer Fire	Total
Deferred Outflows:			
Differences between actual and expected experience	\$ 12,139	\$ 81,209	93,348
Changes of assumptions	73,963	119,173	193,136
Totals	\$ 86,102	\$ 200,382	\$ 286,484
Deferred Inflows:			
Net difference between projected and actual earnings on pension plan investments	(\$ 237,758)	(\$ 134,102)	(\$ 371,860)
Differences between actual and expected experience	(234,468)	(224,699)	(459,167)
Changes of assumptions	(21,188)	(19,224)	(40,412)
Totals	(\$ 493,414)	(\$ 378,025)	(\$ 871,439)

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

The net differences between projected and actual earnings are amortized over 5 years. The changes in assumptions and differences between actual and expected experience is amortized over 5.39 and 18.40 years for the Town Employee and Volunteer Fire Plans, respectively.

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follow:

Year ending June 30	Town Employee	Volunteer Fire	Total
2022	(\$ 83,494)	(\$ 32,452)	(\$ 115,946)
2023	(92,739)	(36,961)	(129,700)
2024	(100,261)	(40,737)	(140,998)
2025	(116,088)	(48,728)	(164,816)
2026	(14,297)	(6,194)	(20,491)
Thereafter	(253)	(12,571)	(12,824)

Defined Contribution Plan

Plan Description

The Town is the administrator of the Town of Killingworth 401(a) Plan established to provide benefits at retirement to substantially all full-time Town employees hired on or after July 1, 2015.

Plan provisions and contribution requirements are established and may be amended by the Board of Selectmen. At June 30, 2021, there were 4 plan members. UPSEU plan members are required to contribute a minimum of 4.0% to the plan. Other plan members may contribute amounts up to legal limits but have no minimum requirement. The Town is required to contribute an amount equal to the plan members' contribution up to 4.0% of covered salary. Plan members and the Town contributed \$20,489 and \$8,242, respectively, not including rollover contributions and forfeitures, to the plan in the year ended June 30, 2021. Plan members are 100% vested in their employee contributions. Plan members are 20% vested in their employer contribution after 1 year of service, with an additional 20% for each year thereafter. Forfeitures shall be used to pay plan expenses or reduce future employer contributions.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

10 - Other Post-Employment Benefits (OPEB)

Plan Description

The Town, in accordance with collective bargaining agreements, provides post-retirement medical benefits to eligible retirees and their spouses through a single-employer, contributory, defined benefit OPEB plan. The Town does not issue a separate stand-alone financial statement for this program. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefit Provisions

Employees of the Town are eligible for medical coverage based upon the following criteria:

- Normal retirement at age 62 and 15 years of service.
- For UPSEU and AFSCME union retirees benefits are continued for the lesser of 3 years or until the retiree or spouse turns 65.

Spousal medical benefits are provided to the spouse of a retiree eligible for medical benefits and are subject to the same duration of coverage as indicated above.

Plan Membership

Membership in the Plan consisted of the following at July 1, 2021:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>8</u>
Total	<u><u>8</u></u>

Funding Policy

The Town funding and payment of postemployment benefits are accounted for in the General Fund. The Town has not established a trust fund to segregate irrevocable assets to fund the liability associated with postemployment benefits. The Town does not currently have a funding strategy to provide for normal cost and the amortization of the accrued liability. The Town currently contributes enough money to the Plan to satisfy the current obligations on a pay-as-you go basis.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

Plan benefits for retirees require a contribution of 14 percent regardless of coverage.

Total OPEB Liability

The Town's total OPEB liability of \$168,473 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2021. Actuarial assumptions were as follows:

Inflation	2.00%
Salary increases	N/A
Discount rate	2.18%
Healthcare cost trend rates	3.0% per year

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate.

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table adjusted to 20116 with MP-2020 mortality improvements.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2020	\$ 149,716
Changes for the year:	
Service cost	7,985
Interest	3,982
Differences between expected and actual experience	2,892
Changes in assumptions or other inputs	3,898
Net change	18,757
Balance, June 30, 2021	\$ 168,473

Changes in assumptions and other inputs reflect a change in the mortality tables and healthcare cost trend rates.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

Sensitivity of the total OPEB liability to changes in the discount rate - the following presents the total OPEB liability of the Town, calculated using the discount rate of 2.18%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.18%) or 1-percentage-point higher (3.18%) than the current rate:

	1% Decrease (1.18%)	Discount Rate (2.18%)	1% Increase (3.18%)
Total OPEB liability	\$ 176,954	\$ 168,473	\$ 160,547

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - the following presents the total OPEB liability of the Town, calculated using the healthcare cost trend rate of 3.00%, as well as what the Town's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (2.00%) or 1-percentage-point higher (4.00%) than the current rate:

	1% Decrease (2.00%)	Healthcare Cost Trend Rate (3.00%)	1% Increase (4.00%)
Total OPEB liability	\$ 158,058	\$ 168,473	\$ 180,548

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Town recognized OPEB expense of \$10,867. At June 30, 2021, the Town reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 2,574	(\$ 10,694)
Changes of assumptions	8,959	(2,227)
	\$ 11,533	(\$ 12,921)

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

The changes in assumptions and differences between actual and expected experience is amortized over 9.09 years.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follow:

<u>Year ending June 30</u>		
2022	(\$	1,100)
2023	(1,100)
2024	(1,100)
2025	(1,100)
2026		611
Thereafter		2,401

11 - Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers compensation and natural disasters for which the Town carries commercial insurance. During the year ended June 30, 2021, deductibles paid by the Town were insignificant. Settled claims, for all types of commercial coverage, have not exceeded commercial insurance coverage during any of the past three fiscal years.

12 - Commitments, Contingencies and Uncertainties

There are various suits and claims pending against the Town, none of which, individually, or in the aggregate, is believed by legal counsel to be likely to result in a judgment or judgments, which would materially affect the Town's financial position.

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based upon prior experience, Town management believes such disallowances, if any, will not be material.

TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
...Continued...

In March 2020, the World Health Organization declared the spread of COVID-19 virus a pandemic. The actions taken, or failure to act, on the part of governments, institutions and the public to contain it on a global basis is having an adverse impact on global business and economic activity. The impact of COVID-19 on future operations and financial results of the Town cannot be determined at this time.

13 - New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities (GASB 84). The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020.

The Town has implemented the provisions of GASB 84 in the accompanying financial statements under a retrospective basis. Accordingly, an adjustment has been recorded to increase the fund balance of the nonmajor governmental funds at June 30, 2020 in the amount of \$406 with a corresponding decrease in the net position of the custodial funds.

TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Revised Budget	Actual	Variance With Final Budget
Property Taxation:				
General tax receipts	\$ 18,796,652	\$ 18,796,652	\$ 19,086,430	\$ 289,778
Other tax collections	30,000	30,000	69,494	39,494
	<u>18,826,652</u>	<u>18,826,652</u>	<u>19,155,924</u>	<u>329,272</u>
Intergovernmental Revenues:				
Education equalization grant	1,677,663	1,677,663	1,677,827	164
Town aid roads	249,802	249,802	249,852	50
PILOT - State owned property	50,606	50,606	50,606	-
Local capital improvement program	53,188	53,188	-	(53,188)
Veterans tax relief	4,175	4,175	3,313	(862)
Disabled grant	304	304	434	130
Municipal revenue sharing/grants for municipal projects	161,102	161,102	161,102	-
Other federal, state and local grants	-	-	190,813	190,813
	<u>2,196,840</u>	<u>2,196,840</u>	<u>2,333,947</u>	<u>137,107</u>
Licenses, Fees and Permits	125,000	125,000	227,167	102,167
Charges for Goods and Services	115,000	115,000	285,344	170,344
Interest and Investment Income	40,000	40,000	12,267	(27,733)
Miscellaneous	100,000	100,000	141,339	41,339
Appropriation of Prior Year Fund Balance	-	1,131,199	1,131,199	-
Total Revenues	<u>\$ 21,403,492</u>	<u>\$ 22,534,691</u>	<u>\$ 23,287,187</u>	<u>\$ 752,496</u>

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

	Original Budget	Revised Budget	Actual	Variance With Final Budget
General Government:				
First Selectman - salary	\$ 78,109	\$ 78,109	\$ 78,109	\$ -
First Selectman - meeting expense	500	500	58	442
First Selectman - mileage	1,500	321	75	246
Selectmen's salary	8,160	8,160	8,160	-
Town office building- secretary	14,180	14,154	14,134	20
Finance Director - salary	80,947	80,947	80,947	-
Administrative Assistant	52,425	52,425	52,425	-
Office expense	21,310	54,297	54,297	-
Probate court support	2,130	2,130	1,948	182
Board of Elections - salaries	12,000	13,179	13,179	-
Board of Elections - expenses	27,200	22,708	22,708	-
Board of Finance - expenses	3,200	3,036	2,744	292
Board of Finance - audit	25,500	25,500	25,500	-
Annual capital transfer - transfer to capital reserve	1,060,000	2,150,361	2,150,361	-
Contingency	1	1	-	1
Grant writer	1	1	-	1
Assessor - salary	23,400	23,875	23,875	-
Assistant assessor	43,467	43,467	43,455	12
Assessor - expenses	6,330	5,855	5,191	664
Board of assessment appeals - expenses	500	500	-	500
Tax collector - salary	52,934	52,934	52,934	-
Tax collector clerk - salary	21,270	21,270	21,161	109
Tax collector - expenses	3,440	2,059	2,059	-
Treasurer - stipend	4,199	4,199	4,199	-
Treasurer - Deputy stipend	800	800	800	-
Town Counsel - fees	30,000	62,199	62,199	-
Town Engineer - fees	25,000	7,195	7,195	-
Town Clerk - salary	65,992	65,992	65,992	-
Town Clerk Assistant A - salary	54,127	54,394	54,394	-
Town Clerk Assistant B - salary	16,369	10,634	10,358	276
Town Clerk - expenses	30,900	24,491	24,491	-
Building official - salary	35,000	27,360	27,360	-
Building official - expenses	5,300	6,828	6,828	-
Land use secretary - salary	40,432	41,409	41,409	-
Water testing fees	3,770	6,220	6,220	-
Buildings and grounds	46,325	42,993	42,857	136
Electricity	29,430	27,435	27,434	1
Duplicating expense	3,000	3,253	3,253	-
Postage/meter rental	12,000	12,467	12,467	-
Telephone expense	7,500	11,467	11,467	-
Town office building - custodian	6,500	5,841	5,585	256
Fire/liability/casualty insurance	70,000	70,000	69,161	839
Workers compensation insurance	44,509	44,509	44,507	2
Unemployment insurance	1	1	-	1
Social security/medicare	80,000	77,550	76,517	1,033
Medical/dental insurance	215,000	218,450	218,450	-
Life/disability insurance	7,400	7,456	7,456	-
Pension plans	113,421	112,417	112,365	52
Actuarial expense	3,500	3,850	3,850	-
Computer supplies	6,000	6,000	5,462	538
Computer maintenance and licenses	39,056	35,606	34,738	868
GIS applications	3,500	3,500	3,500	-
Town website	3,000	5,355	5,355	-
Internet access	1,700	1,700	934	766
IT network support	47,982	52,500	52,500	-
Total General Government	<u>2,590,217</u>	<u>3,709,860</u>	<u>3,702,623</u>	<u>7,237</u>

... Continued ...

TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021
... Continued ...

	Original Budget	Revised Budget	Actual	Variance With Final Budget
Public Safety:				
Fire company	\$ 136,201	\$ 136,201	\$ 136,201	\$ -
Ambulance/fire company incentive program	89,178	89,178	89,178	-
KVFC/KAA life insurance	23,000	25,858	25,858	-
Actuarial expense	7,000	7,000	7,000	-
Fire Marshal - stipend	20,000	20,000	20,000	-
Fire Marshal - expenses	3,700	3,700	3,598	102
Open burning official - salary	1,000	1,000	1,000	-
Office of emergency management	7,050	3,478	3,478	-
Emergency planning committee	1	1	-	1
Resident State Trooper - assessment	179,323	172,462	172,462	-
Resident State Trooper - expenses	46,905	27,639	27,639	-
Paramedic obligation	6,370	7,970	7,970	-
Valley Shore emergency communications	86,349	86,349	86,349	-
Total Public Safety	606,077	580,836	580,733	103
Highway:				
Foreman - salary	86,882	86,882	86,882	-
Mechanic - salary	62,525	62,525	62,525	-
Driver/Operator - salary	136,074	136,074	136,074	-
OT/special	8,500	9,736	9,736	-
Highway - other	448,604	424,193	424,193	-
Snow removal	203,000	195,698	195,698	-
Groundkeepers/contractors	5,000	4,175	4,175	-
Cemetery care	11,000	8,604	8,604	-
Total Highway	961,585	927,887	927,887	-
Sanitation and Health:				
Compactor - supervisor's salary	19,879	19,286	19,286	-
Compactor - attendant salary	33,660	32,696	32,696	-
Compactor - maintenance and operations	25,851	79,138	79,138	-
Carting and disposal expense	114,250	104,507	104,507	-
Bulky waste disposal	76,500	71,265	71,265	-
Mosquito control	1	-	-	-
Hazardous waste collection	11,600	13,735	13,735	-
Health Director	53,738	64,453	64,453	-
Restaurant sanitarian	2,130	3,720	3,720	-
Sanitarian - expenses	2,356	671	671	-
Public health nurse	360	-	-	-
Vital statistics	200	30	30	-
Total Sanitation and Health	340,525	389,501	389,501	-
Conservation and Land Use:				
Planning and zoning	4,000	270	270	-
Land use reporting requirement	6,000	6,000	5,278	722
Zoning enforcement officer - salary	33,142	33,142	33,142	-
Zoning enforcement officer - expenses	1,000	1,000	-	1,000
Zoning Board of Appeals	500	500	-	500
Conservation commission	500	500	44	456
Inlands wetlands commission	700	700	175	525
Inlands wetlands enforcement officer - salary	22,096	22,096	22,096	-
Inlands wetlands enforcement officer - expenses	500	500	-	500
Connecticut River conservation district	1,661	1,661	1,661	-
Tree warden	2,500	2,500	2,040	460
Total Conservation and Land Use	72,599	68,869	64,706	4,163

... Continued ...

TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021
. . . Continued . . .

	Original Budget	Revised Budget	Actual	Variance With Final Budget
Recreation:				
Killingworth park and recreation commission	\$ 60,000	\$ 54,356	\$ 54,356	\$ -
H-K regional recreation	71,415	71,415	71,410	5
Total Recreation	<u>131,415</u>	<u>125,771</u>	<u>125,766</u>	<u>5</u>
Community Services:				
Library	269,500	269,500	269,500	-
Animal control (dog fund) support	10,000	10,000	10,000	-
Parmelee Farm committee	12,000	11,494	10,766	728
Town office building committee	1	1	-	1
Open space committee	1	1	-	1
Open space acquisition expense	1	1	-	1
Friendly fund/helping hands	1,000	1,000	14	986
LCRVCOG	10,175	10,175	10,175	-
Community Renewal Team	3,000	3,000	3,000	-
Estuary Council of Seniors, Inc.	17,427	17,427	17,427	-
Estuary Transit District	9,665	9,665	9,665	-
Literacy Volunteers	500	500	500	-
H-K Youth and Family Services	83,140	83,140	83,140	-
The Connection - Eddy Shelter	1,000	1,000	1,000	-
Council of Small Towns	825	825	825	-
CT Conference of Municipalities	3,643	3,643	3,643	-
Tax abatements and refunds	20,000	49,875	49,875	-
Miscellaneous grants	1	507	507	-
Miscellaneous government refunds	1	1	-	1
Total Community Services	<u>441,880</u>	<u>471,755</u>	<u>470,037</u>	<u>1,718</u>
Welfare:				
Social services/municipal agent	10,000	10,948	10,948	-
Administration expenses	100	100	14	86
Total Welfare	<u>10,100</u>	<u>11,048</u>	<u>10,962</u>	<u>86</u>
Debt and Lease Obligations:				
Bonding	431,562	431,632	431,632	-
Total Debt and Lease Obligations	<u>431,562</u>	<u>431,632</u>	<u>431,632</u>	<u>-</u>
Total Operating Expenditures	<u>5,585,960</u>	<u>6,717,159</u>	<u>6,703,847</u>	<u>13,312</u>
Education	<u>15,314,432</u>	<u>15,314,432</u>	<u>15,314,432</u>	<u>-</u>
Total Expenditures	<u>\$ 20,900,392</u>	<u>\$ 22,031,591</u>	<u>\$ 22,018,279</u>	<u>\$ 13,312</u>
Excess of Revenues over Expenditures	<u>\$ 503,100</u>	<u>\$ 503,100</u>	<u>\$ 1,268,908</u>	<u>\$ 765,808</u>

**TOWN OF KILLINGWORTH, CONNECTICUT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison with budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (Budgetary Basis)	\$ 23,287,187	\$ 22,018,279
Use of fund balance is not a GAAP Basis item	(1,131,199)	-
Accrued payroll is not budgeted. This amount represents the change in accrued payroll.	-	3,615
GAAP Basis	<u>\$ 22,155,988</u>	<u>\$ 22,021,894</u>

**TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY
AND RELATED RATIOS
MUNICIPAL EMPLOYEES PENSION PLAN
LAST EIGHT FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 64,900	\$ 61,736	\$ 61,411	\$ 57,237	\$ 59,216	\$ 63,781	\$ 62,886	\$ 60,467
Interest	177,281	172,356	164,738	160,414	175,757	174,821	170,601	162,008
Changes to assumptions	(13,448)	(8,743)	(7,139)	144,907	-	-	-	-
Difference between expected and actual experience	(89,849)	(35,001)	20,776	(169,721)	(79,507)	(31,449)	-	-
Benefit payments, including refunds of member contributions	(114,581)	(114,581)	(130,580)	(122,057)	(274,687)	(112,852)	(106,008)	(98,386)
Net change in total pension liability	24,303	75,767	109,206	70,780	(119,221)	94,301	127,479	124,089
Total pension liability - beginning	<u>2,784,695</u>	<u>2,708,928</u>	<u>2,599,722</u>	<u>2,528,942</u>	<u>2,648,163</u>	<u>2,553,862</u>	<u>2,426,383</u>	<u>2,302,294</u>
Total pension liability - ending (a)	<u>\$ 2,808,998</u>	<u>\$ 2,784,695</u>	<u>\$ 2,708,928</u>	<u>\$ 2,599,722</u>	<u>\$ 2,528,942</u>	<u>\$ 2,648,163</u>	<u>\$ 2,553,862</u>	<u>\$ 2,426,383</u>
Plan fiduciary net position								
Contributions - employer	\$ 104,421	\$ 96,722	\$ 96,722	\$ 112,425	\$ 104,319	\$ 104,018	\$ 106,018	\$ 114,671
Net investment return	532,424	73,645	109,345	95,044	159,021	(7,770)	2,446	246,895
Benefit payments, including refunds of member contributions	(114,581)	(114,581)	(130,580)	(122,057)	(274,687)	(112,852)	(106,008)	(98,386)
Net change in plan fiduciary net position	522,264	55,786	75,487	85,412	(11,347)	(16,604)	2,456	263,180
Plan fiduciary net position - beginning	<u>2,295,847</u>	<u>2,240,061</u>	<u>2,164,574</u>	<u>2,079,162</u>	<u>2,090,509</u>	<u>2,107,172</u>	<u>2,104,716</u>	<u>1,841,536</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,818,111</u>	<u>\$ 2,295,847</u>	<u>\$ 2,240,061</u>	<u>\$ 2,164,574</u>	<u>\$ 2,079,162</u>	<u>\$ 2,090,568</u>	<u>\$ 2,107,172</u>	<u>\$ 2,104,716</u>
Town's net pension liability (asset) - ending (a) - (b)	<u>(\$ 9,113)</u>	<u>\$ 488,848</u>	<u>\$ 468,867</u>	<u>\$ 435,148</u>	<u>\$ 449,780</u>	<u>\$ 557,595</u>	<u>\$ 446,690</u>	<u>\$ 321,667</u>
Plan fiduciary net position as a percentage of the total pension liability	100.32 %	82.45 %	82.69 %	83.26 %	82.21 %	78.94 %	82.51 %	86.74 %
Covered-employee payroll	\$ 619,479	\$ 633,603	\$ 623,075	\$ 598,381	\$ 580,287	\$ 652,649	\$ 702,696	\$ 702,696
Net pension liability as a percentage of covered-employee payroll	-1.47 %	77.15 %	75.25 %	72.72 %	77.51 %	85.44 %	63.57 %	45.78 %

This schedule is intended to show information for ten years. Additional years' information will be displayed as is becomes available.

**TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY
AND RELATED RATIOS
VOLUNTEER FIRE COMPANY PENSION PLAN
LAST EIGHT FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 25,711	\$ 18,878	\$ 31,871	\$ 29,523	\$ 27,072	\$ 35,845	\$ 49,081	\$ 45,082
Interest	130,225	131,634	132,371	125,841	126,986	123,654	126,159	119,901
Changes to assumptions	(9,558)	(6,291)	(5,597)	153,053	-	-	-	-
Difference between expected and actual experience	42,751	(52,276)	(56,414)	(96,813)	55,336	(29,680)	(75,026)	-
Benefit payments, including refunds of member contributions	(115,340)	(111,900)	(115,256)	(107,038)	(67,874)	(96,572)	(75,964)	(83,100)
Net change in total pension liability	73,789	(19,955)	(13,025)	104,566	141,520	33,247	24,250	81,883
Total pension liability - beginning	<u>2,061,127</u>	<u>2,081,082</u>	<u>2,094,107</u>	<u>1,989,541</u>	<u>1,848,021</u>	<u>1,814,774</u>	<u>1,790,524</u>	<u>1,708,641</u>
Total pension liability - ending (a)	<u>\$ 2,134,916</u>	<u>\$ 2,061,127</u>	<u>\$ 2,081,082</u>	<u>\$ 2,094,107</u>	<u>\$ 1,989,541</u>	<u>\$ 1,848,021</u>	<u>\$ 1,814,774</u>	<u>\$ 1,790,524</u>
Plan fiduciary net position								
Contributions - employer	\$ 89,178	\$ 102,371	\$ 102,371	\$ 111,334	\$ 128,000	\$ 140,376	\$ 100,000	\$ 83,100
Net investment return	293,349	44,575	62,113	54,583	86,163	(7,226)	(3,128)	116,461
Benefit payments, including refunds of member contributions	(115,340)	(111,900)	(115,256)	(107,038)	(67,874)	(96,572)	(75,964)	(83,100)
Net change in plan fiduciary net position	267,187	35,046	49,228	58,879	146,289	36,578	20,908	116,461
Plan fiduciary net position - beginning	<u>1,298,763</u>	<u>1,263,717</u>	<u>1,214,489</u>	<u>1,155,610</u>	<u>1,009,321</u>	<u>972,743</u>	<u>951,835</u>	<u>835,374</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,565,950</u>	<u>\$ 1,298,763</u>	<u>\$ 1,263,717</u>	<u>\$ 1,214,489</u>	<u>\$ 1,155,610</u>	<u>\$ 1,009,321</u>	<u>\$ 972,743</u>	<u>\$ 951,835</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 568,966</u>	<u>\$ 762,364</u>	<u>\$ 817,365</u>	<u>\$ 879,618</u>	<u>\$ 833,931</u>	<u>\$ 838,700</u>	<u>\$ 842,031</u>	<u>\$ 838,689</u>
Plan fiduciary net position as a percentage of the total pension liability	73.35 %	63.01 %	60.72 %	58.00 %	58.08 %	54.62 %	53.60 %	53.16 %
Covered-employee payroll	N/A							
Net pension liability as a percentage of covered-employee payroll	N/A							

This schedule is intended to show information for ten years. Additional years' information will be displayed as is becomes available.

**TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
MUNICIPAL EMPLOYEES PENSION PLAN
LAST EIGHT FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 104,421	\$ 96,722	\$ 96,722	\$ 112,425	\$ 104,319	\$ 104,018	\$ 106,018	\$ 114,426
Contribution in relation to the actuarially determined contribution	<u>104,421</u>	<u>96,722</u>	<u>96,722</u>	<u>112,425</u>	<u>104,319</u>	<u>104,018</u>	<u>106,018</u>	<u>114,671</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 245)</u>
Covered-employee payroll	\$ 619,479	\$ 633,603	\$ 623,075	\$ 598,381	\$ 580,287	\$ 652,649	\$ 702,696	\$ 702,696
Contributions as a percentage of covered-employee payroll	16.86 %	15.27 %	15.52 %	18.79 %	17.98 %	15.94 %	15.09 %	16.32 %

Notes to Schedule

Valuation date: July 1, 2019
Measurement date: June 30, 2021
Actuarially determined contribution rates are calculated as of June 30, 30 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization period	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	Fair market value
Discount rate	6.50%
Inflation	2.25%
Salary increases	3.50% per annum
Investment rate of return	6.50%
Cost of living adjustments	N/A
Retirement age	65
Mortality	RP-2014 (adjusted to 2006) with MP-2020 mortality improvements.

This schedule is intended to show information for ten years. Additional years' information will be displayed as is becomes available.

**TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
VOLUNTEER FIRE COMPANY PENSION PLAN
LAST EIGHT FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 89,178	\$ 102,371	\$ 102,371	\$ 111,334	\$ 128,000	\$ 140,376	\$ 100,000	\$ 83,100
Contribution in relation to the actuarially determined contribution	89,178	102,371	102,371	111,334	128,000	140,376	100,000	83,100
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: July 1, 2019
Measurement date: June 30, 2021
Actuarially determined contribution rates are calculated as of June 30, 30 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization period	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	Fair market value
Discount rate	6.50%
Inflation	2.00%
Salary increases	N/A
Investment rate of return	6.50%
Cost of living adjustments	N/A
Retirement age	65
Mortality	RP-2014 (adjusted to 2006) with MP-2018 mortality improvements.

This schedule is intended to show information for ten years. Additional years' information will be displayed as is becomes available.

**TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
TOWN'S PENSION PLANS
LAST EIGHT FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money weighted rate of return, net of investment expenses								
Municipal Employees Plan	23.35 %	3.31 %	5.09 %	4.61 %	8.22 %	-0.37 %	-0.33 %	13.94 %
Volunteer Fire Company Plan	23.12	3.59	5.21	4.79	8.39	-0.73	0.12	13.35

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

**TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF CHANGES IN THE TOWN'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEAR**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 7,985	\$ 7,698	\$ 5,398	\$ 7,379
Interest	3,982	4,321	4,607	4,721
Differences between expected and actual experience	2,892	(3,778)	(3,070)	(10,860)
Effect of assumptions changes or inputs	<u>3,898</u>	<u>3,436</u>	<u>3,852</u>	<u>(4,403)</u>
Net change in total OPEB liability	18,757	11,677	10,787	(3,163)
Total OPEB liability - beginning	<u>149,716</u>	<u>138,039</u>	<u>127,252</u>	<u>130,415</u>
Total OPEB liability - ending	<u>\$ 168,473</u>	<u>\$ 149,716</u>	<u>\$ 138,039</u>	<u>\$ 127,252</u>
Covered-employee payroll	\$ 490,060	\$ 489,151	\$ 429,611	\$ 304,706
Net OPEB liability as a percentage of covered-employee payroll	34.38 %	30.61 %	32.13 %	41.76 %

Notes to Schedule

Change of Assumptions
Investment rate of return

2021	2.18% from 2.21%
2020	2.21% from 3.51%
2019	3.51% from 3.87%

This schedule is intended to show information for ten years. Additional years' information will be displayed as is becomes available.

**TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFIT PLAN
LAST FOUR FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 14,477	\$ 12,291	\$ 12,291	\$ 16,081
Contribution in relation to the actuarially determined contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ 14,477</u>	<u>\$ 12,291</u>	<u>\$ 12,291</u>	<u>\$ 16,081</u>
Covered-employee payroll	\$ 490,060	\$ 489,151	\$ 429,611	\$ 304,706
Contributions as a percentage of covered-employee payroll	0.00 %	0.00 %	0.00 %	0.00 %

Notes to Schedule

Valuation date: July 1, 2019
Measurement date: June 30, 2021
Actuarially determined contribution rates are calculated as of June 30, 30 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization period	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	N/A
Discount rate	4.00%
Inflation	2.00%
Salary increases	4.00% per annum
Investment rate of return	N/A
Cost of living adjustments	N/A
Retirement age	62 and 15 years of service
Mortality	RP-2014 Combined Healthy Mortality adjusted to 2006 with MP-2020 mortality improvements.

This schedule is intended to show information for ten years.
Additional years' information will be displayed as is becomes available.

**TOWN OF KILLINGWORTH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	Special Revenue								Total Nonmajor Governmental Funds	
	Dog Fund	Town Clerk Record Preservation	Town Clerk Record Surcharge	Fire Protection Fund	Helping Hands	Friendly Fund	Parmelee Farm	Tax Sale	Total Special Revenue	
ASSETS										
Cash and cash equivalents	\$ 14,543	\$ 10,905	\$ 3,178	\$ 15,149	\$ 14,090	\$ 8,561	\$ 67,918	\$ 71	\$ 134,415	\$ 134,415
Total assets	<u>\$ 14,543</u>	<u>\$ 10,905</u>	<u>\$ 3,178</u>	<u>\$ 15,149</u>	<u>\$ 14,090</u>	<u>\$ 8,561</u>	<u>\$ 67,918</u>	<u>\$ 71</u>	<u>\$ 134,415</u>	<u>\$ 134,415</u>
LIABILITIES AND FUND BALANCE										
Liabilities:										
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-	-	-	-	-
Fund Balance:										
Restricted	14,543	10,905	3,178	15,149	14,090	8,561	67,918	71	134,415	134,415
Total fund balance	<u>14,543</u>	<u>10,905</u>	<u>3,178</u>	<u>15,149</u>	<u>14,090</u>	<u>8,561</u>	<u>67,918</u>	<u>71</u>	<u>134,415</u>	<u>134,415</u>
Total liabilities and fund balance	<u>\$ 14,543</u>	<u>\$ 10,905</u>	<u>\$ 3,178</u>	<u>\$ 15,149</u>	<u>\$ 14,090</u>	<u>\$ 8,561</u>	<u>\$ 67,918</u>	<u>\$ 71</u>	<u>\$ 134,415</u>	<u>\$ 134,415</u>

**TOWN OF KILLINGWORTH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue								Total Nonmajor Governmental Funds	
	Dog Fund	Town Clerk Record Preservation	Town Clerk Record Surcharge	Fire Protection Fund	Helping Hands	Friendly Fund	Parmelee Farm	Tax Sale		Total Special Revenue
REVENUES										
Licenses, permits and fees	\$ 8,911	\$ 4,898	\$ 974	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,783	\$ 14,783
Charges for goods and services	-	-	-	-	-	-	45,315	-	45,315	45,315
Miscellaneous	-	-	-	-	13,530	6,942	1,905	71	22,448	22,448
Total revenues	<u>8,911</u>	<u>4,898</u>	<u>974</u>	<u>-</u>	<u>13,530</u>	<u>6,942</u>	<u>47,220</u>	<u>71</u>	<u>82,546</u>	<u>82,546</u>
EXPENDITURES										
Current:										
General government	-	-	675	-	-	-	-	406	1,081	1,081
Public safety	28,438	-	-	-	-	-	-	-	28,438	28,438
Community services	-	-	-	-	-	-	36,621	-	36,621	36,621
Welfare	-	-	-	-	10,138	2,446	-	-	12,584	12,584
Total expenditures	<u>28,438</u>	<u>-</u>	<u>675</u>	<u>-</u>	<u>10,138</u>	<u>2,446</u>	<u>36,621</u>	<u>406</u>	<u>78,724</u>	<u>78,724</u>
Excess of revenues over (under) expenditures	(19,527)	4,898	299	-	3,392	4,496	10,599	(335)	3,822	3,822
OTHER FINANCING SOURCES (USES)										
Operating transfers in	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Total other financing sources (uses)	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Excess of revenues and other financing sources over (under) expenditures	(9,527)	4,898	299	-	3,392	4,496	10,599	(335)	13,822	13,822
Fund balance, July 1, 2020, as restated	<u>24,070</u>	<u>6,007</u>	<u>2,879</u>	<u>15,149</u>	<u>10,698</u>	<u>4,065</u>	<u>57,319</u>	<u>406</u>	<u>120,593</u>	<u>120,593</u>
Fund balance, June 30, 2021	<u>\$ 14,543</u>	<u>\$ 10,905</u>	<u>\$ 3,178</u>	<u>\$ 15,149</u>	<u>\$ 14,090</u>	<u>\$ 8,561</u>	<u>\$ 67,918</u>	<u>\$ 71</u>	<u>\$ 134,415</u>	<u>\$ 134,415</u>

**TOWN OF KILLINGWORTH, CONNECTICUT
RESERVE FOR CAPITAL AND NONRECURRING EXPENDITURES FUND
SCHEDULE OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021**

	Fund Balance July 1, 2020	Transfers In	Fund Balance Designations	Interest And Other Income	Grant Revenue	Expenditures	Project Close-Outs	Fund Balance June 30, 2021
Committed:								
Continuing Projects:								
Open space acquisition	\$ 13,008	\$ -	\$ -	\$ -	\$ -	(\$ 12,000)	\$ -	\$ 1,008
IT upgrades	-	-	24,240	-	-	(22,929)	-	1,311
Revaluation	-	-	90,000	-	-	(45,257)	-	44,743
KVFC radios and communications equipment	107,801	-	-	-	-	(16,160)	-	91,641
KVFC turnout gear replacement	-	-	26,000	-	-	(15,794)	-	10,206
KVFC access control system	-	-	20,000	-	-	(19,892)	(108)	-
KVFC brush/light rescue	-	-	82,000	-	-	-	-	82,000
Highway large payloader	-	-	128,000	-	-	(127,855)	(145)	-
Highway pickup with plow	-	-	60,000	-	-	(56,691)	-	3,309
Transfer station roll off containers	-	-	20,000	-	-	-	-	20,000
THC - repairs to modulares	30,000	-	-	-	-	-	-	30,000
	<u>150,809</u>	<u>-</u>	<u>450,240</u>	<u>-</u>	<u>-</u>	<u>(316,578)</u>	<u>(253)</u>	<u>284,218</u>
Road Projects:								
County Road bridge - phase 2	129,508	-	-	-	-	(875)	(28,633)	100,000
Lower Roast Meat Hill Road - drainage	10,000	-	-	-	-	(4,000)	(6,000)	-
Burr Hill Road - chip seal	37,904	-	-	-	-	(28,299)	(9,605)	-
Emanuel Church Road bridge	187,712	-	-	-	-	(16,112)	-	171,600
Quarry Hill - pave/reclaim	41,280	-	-	-	-	(40,616)	(664)	-
Emanuel Church Road - sectional overlay	-	-	58,700	-	-	(58,000)	(700)	-
Center Roast Meat Hill Road - sectional overlay	-	-	204,255	-	-	(190,000)	(14,255)	-
Bethke Road - culvert	-	-	587,000	-	-	(415,093)	(163,586)	8,321
Reclaim / pave	-	-	211,740	-	-	(187,120)	(24,620)	-
Chip seal	-	-	333,450	-	-	(303,562)	(29,888)	-
	<u>406,404</u>	<u>-</u>	<u>1,395,145</u>	<u>-</u>	<u>-</u>	<u>(1,243,677)</u>	<u>(277,951)</u>	<u>279,921</u>
Sinking Funds:								
Sick/vacation payout at retirement	40,065	-	-	-	-	-	-	40,065
Capital surcharge account	36,694	-	-	2,922	-	-	-	39,616
	<u>76,759</u>	<u>-</u>	<u>-</u>	<u>2,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,681</u>
Total Committed Fund Balance	633,972	-	1,845,385	2,922	-	(1,560,255)	(278,204)	643,820
Assigned Fund Balance	(358,165)	2,150,361	(1,845,385)	1,491	54,673	-	278,204	281,179
Total Fund Balance	<u>\$ 275,807</u>	<u>\$ 2,150,361</u>	<u>\$ -</u>	<u>\$ 4,413</u>	<u>\$ 54,673</u>	<u>(\$ 1,560,255)</u>	<u>\$ -</u>	<u>\$ 924,999</u>

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

Grand List Year	Uncollected Taxes July 1, 2020	Current Year Levy	Lawful Corrections		Transfers To Suspense	Taxes Collectible	Actual Cash Collections				Uncollected Taxes June 30, 2021
			Additions	Deductions			Taxes	Interest	Liens & Fees	Total	
2019	\$ -	\$ 18,961,289	\$ 4,349	\$ 54,896	\$ -	\$ 18,910,742	\$ 18,824,575	\$ 28,274	\$ 1,195	\$ 18,854,044	\$ 86,167
2018	164,901	-	724	1,117	-	164,508	124,585	28,767	502	153,854	39,923
2017	63,301	-	5	15	25,567	37,724	35,419	13,356	228	49,003	2,305
2016	12,874	-	-	-	-	12,874	11,608	7,482	120	19,210	1,266
2015	299	-	-	-	-	299	-	-	-	-	299
2014	286	-	-	-	-	286	-	-	-	-	286
2013	260	-	-	-	-	260	-	-	-	-	260
2012	271	-	-	-	-	271	-	-	-	-	271
2011	271	-	-	-	-	271	-	-	-	-	271
2010	661	-	-	-	-	661	-	-	-	-	661
2009	609	-	-	-	-	609	-	-	-	-	609
2008	601	-	-	-	-	601	-	-	-	-	601
2007	610	-	-	-	-	610	-	-	-	-	610
2006	616	-	-	-	-	616	-	-	-	-	616
2005	1,441	-	-	-	-	1,441	-	-	-	-	1,441
Total	\$ 247,001	\$ 18,961,289	\$ 5,078	\$ 56,028	\$ 25,567	\$ 19,131,773	\$ 18,996,187	\$ 77,879	\$ 2,045	\$ 19,076,111	\$ 135,586

**TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2021**

Total tax collections, (including interest, penalties and late payment of taxes) for immediate preceding fiscal year \$ 19,264,137

State reimbursement for revenue loss on tax relief for elderly under CGS Sections 12-129 and 7-528 for immediate preceding fiscal year -

Annual Receipts From Taxation \$ 19,264,137

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2-1/4 times base	\$ 43,344,308	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	86,688,617	-	-	-
3-3/4 times base	-	-	72,240,514	-	-
3-1/4 times base	-	-	-	62,608,445	-
3 times base	-	-	-	-	57,792,411
Total Debt Limitation	43,344,308	86,688,617	72,240,514	62,608,445	57,792,411
Indebtedness:					
Regional School District #17 bonds	-	3,323,460	-	-	-
General obligation bonds	1,785,000	-	-	-	-
Total Indebtedness	1,785,000	3,323,460	-	-	-
Debt limitation in excess of outstanding and authorized debt	<u>\$ 41,559,308</u>	<u>\$ 83,365,157</u>	<u>\$ 72,240,514</u>	<u>\$ 62,608,445</u>	<u>\$ 57,792,411</u>

Total capacity for borrowing (7 times base) \$ 134,848,959

Total present indebtedness 5,108,460

Margin for additional borrowing \$ 129,740,499

Note:

The Town of Killingworth is a member of Regional School District #17 which provides education facilities for grades kindergarten through twelve for the Towns of Haddam and Killingworth. As of June 30, 2021, based on the most current and available information, the indebtedness of the District was \$8,610,000. The Town of Killingworth's share will be 38.60% of the debt, or \$3,323,460. These are the general obligations of Regional School District #17 and its member towns.

SEWARD AND MONDE

CERTIFIED PUBLIC ACCOUNTANTS
296 STATE STREET
NORTH HAVEN, CONNECTICUT 06473-2165
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Members of
the Board of Finance
Town of Killingworth, Connecticut

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Killingworth, Connecticut (the Town) , as of and for the year ended June 30, 2021, and the notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Seward and Monde

North Haven, Connecticut
November 15, 2021

SEWARD AND MONDE

CERTIFIED PUBLIC ACCOUNTANTS
296 STATE STREET
NORTH HAVEN, CONNECTICUT 06473-2165
(203) 248-9341
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT

To the Honorable Members of
the Board of Finance
Town of Killingworth, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Killingworth, Connecticut's (the Town) compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2021. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Killingworth, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town 's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Seward and Monde

North Haven, Connecticut
November 15, 2021

TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
Office of Policy and Management:		
Payment in lieu of taxes on state-owned property	11000-OPM20600-17004	\$ 50,606
Property tax relief for veterans	11000-OPM20600-17024	3,313
Property tax reimbursement - disabled exemption	11000-OPM20600-17011	434
Municipal grants-in-aid	12052-OPM20600-43587	5,148
Local capital improvement program	12050-OPM20600-40254	53,710
Department of Transportation:		
Town aid road grants transportation fund	12052-DOT57131-43455-34005	124,926
Town aid road grants transportation fund	13033-DOT57131-43459-34005	124,926
		<u>249,852</u>
Judicial Department:		
Judicial restitution	34001-JUD95162-40001	555
Total State Financial Assistance Before Exempt Programs		<u>363,618</u>
Exempt Programs:		
Department of Education:		
Education cost sharing	11000-SDE64000-17041	1,677,827
Office of Policy and Management:		
Municipal stabilization grant	11000-OPM20600-17104	155,954
Total Exempt Programs		<u>1,833,781</u>
Total State Financial Assistance		<u>\$ 2,197,399</u>

See note to schedule of expenditures of state financial assistance

TOWN OF KILLINGWORTH, CONNECTICUT
NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2021

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Killingworth, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including education, road maintenance, property tax relief and youth services.

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Killingworth, Connecticut conform to U.S. generally accepted accounting principles as applicable to governments.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

**TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' opinion issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditors' opinion issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? yes no

The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Core CT Number	Expenditures
Department of Transportation:		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	\$ 124,926
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459-34005	124,926
		<u>\$ 249,852</u>

Dollar threshold used to distinguish between type A and type B programs: \$ 100,000

. . . Continued . . .

TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021
. . . Continued . . .

II. FINANCIAL STATEMENT FINDINGS

There are no financial statement findings.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

There are no state financial assistance findings or questioned costs.

Town of Killingworth, Connecticut
Fiscal Year 2020-2021 Operating Data
Unaudited

Fiscal year 2020-2021 Operating data not included in the audited financial statements for fiscal year 2020-2021 is as follows:

October 1, 2019 Grand List	\$ 710,787,289
October 1, 2019 Net Taxable Grand List	\$ 708,214,659
Annual Property Tax Levy	\$ 18,929,634
Collection	\$ 18,871,447
Percentage	99.7%

<u>Ten largest taxpayers</u>	<u>Net Assessment</u>
Connecticut Light and Power	\$ 10,379,160
Jensens Residential Communities	\$ 5,666,746
Connecticut Water Company	\$ 3,679,140
Pattaconk Farm LLC	\$ 1,996,100
Anderson Norma R Trustee	\$ 1,986,260
M&M Realty Holdings LLC	\$ 1,867,520
KTV Costfam Limited Partnership	\$ 1,398,960
Roman Laura	\$ 1,323,170
Lockwood Thomas	\$ 1,049,740
Moore Deborah L	\$ 1,039,830

Population	6,392
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Total Direct Debt	\$ 1,785,000
Total Direct Net Debt	\$ 1,785,000
Total Overall Net Debt	\$ 5,108,460

Total Direct Debt / Capita	\$ 279
Total Direct Net Debt / Capita	\$ 279
Total Overall Debt / Capita	\$ 799

Total Direct Debt / Net Taxable Grand list	0.25%
Total Overall Net Debt / Net Taxable Grand List	0.72%