

**TOWN OF KILLINGWORTH,  
CONNECTICUT**

**BASIC FINANCIAL STATEMENTS  
AS OF JUNE 30, 2023**

**TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT,  
REQUIRED SUPPLEMENTARY  
INFORMATION,  
OTHER SUPPLEMENTARY  
INFORMATION  
AND  
STATE SINGLE AUDIT REPORTS**



**TOWN OF KILLINGWORTH, CONNECTICUT  
FINANCIAL STATEMENTS  
TABLE OF CONTENTS  
JUNE 30, 2023**

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position	11
Statement of Activities	12
<b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet of the Governmental Funds to the Government-Wide Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	16
Statement of Fiduciary Net Position	17
Statement of Changes in Fiduciary Net Position	18
<b>Notes to Financial Statements</b>	19
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) - General Fund	48
Schedule of Changes in Net Pension Liability and Related Ratios – Municipal Employees Pension Plan	53
Schedule of Changes in Net Pension Liability and Related Ratios – Volunteer Fire Company Pension Plan	54
Schedule of Employer Contributions – Municipal Employee Pension Plan	55
Schedule of Employer Contributions – Volunteer Fire Company Pension Plan	56

**TOWN OF KILLINGWORTH, CONNECTICUT  
FINANCIAL STATEMENTS  
TABLE OF CONTENTS *(Continued)*  
JUNE 30, 2023**

	<u>Page</u>
<b>REQUIRED SUPPLEMENTARY INFORMATION <i>(Continued)</i></b>	
Schedule of Investment Returns – Town’s Pension Plans	57
Schedule of the Changes in the Town’s Total OPEB Liability and Related Ratios	58
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Combining Balance Sheet – Nonmajor Special Revenue Funds	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	61
Combining Statement of Fiduciary Net Position – Fiduciary Funds	63
Combining Statement of Changes in Fiduciary Net Position	64
Report of the Property Tax Collector	65
Schedule of Changes in Fund Balance – By Project – Reserve For Capital and Nonrecurring Expenditures Fund	66
<b>STATE SINGLE AUDIT REPORTS</b>	
<b>State Internal Control and Compliance Reports</b>	
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 <i>Government Auditing Standards</i>	67
Independent Auditors’ Report on Compliance for Each Major State Program and Report on Internal Control over Compliance Required by the State Single Audit Act	69
<b>Schedule of Expenditures of State Financial Assistance</b>	
Schedule of Expenditures of State Financial Assistance	72
Note to Schedule of Expenditures of State Financial Assistance	73
<b>Schedule of State Findings and Questioned Costs</b>	74
<b>Summary Schedule of the Status of Prior Year Audit Findings</b>	76

## **INDEPENDENT AUDITORS' REPORT**

## INDEPENDENT AUDITORS' REPORT

The Board of Finance  
Town of Killingworth, Connecticut

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### *Opinions*

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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4-10, 48-52 and 53-58, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining, nonmajor special revenue funds, combining fiduciary fund financial statements, supplementary schedules, and Schedule of Expenditures of State Financial Assistance as required by the State Single Audit Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor special revenue fund financial statements, combining fiduciary fund financial statements, supplementary schedules, and Schedule of Expenditures of State Financial Assistance, are 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 December 4, 2023, 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 Town's internal control over financial reporting and compliance.

*Hoyt, Filippetti & Malashan, LLC*

Groton, Connecticut

December 4, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# **TOWN OF KILLINGWORTH, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023**

Our discussion and analysis of Town of Killingworth, Connecticut's (the "Town's") financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Town's financial statements, which begin with the Government Wide Statement of Net Position on page 11.

## **FINANCIAL HIGHLIGHTS**

The following are the Town's significant financial highlights for the year ended June 30, 2023:

- Total net position *increased* by \$81,534 from operations.
- Total fund balance *increased* by \$329,517. This includes a \$136,438 *decrease* in the General Fund, a \$421,074 *increase* in the Capital Reserve Fund, a \$28,476 *increase* in the ARPA Fund and a \$16,405 *increase* in Other Governmental Funds.
- The Town reported a combined fund balance of \$7,247,178. Of this amount, \$3,995,332 is unassigned and available for spending at the town's discretion. This is a *decrease* of \$1,504,196 in general fund unassigned fund balance from the prior year.
- The Town had a final fiscal-year 2023 expenditure budget totaling \$22,646,080. Total revenues came in \$579,085 *ahead* of budget. Total expenditures came in \$239,524 *under* budget.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start with the Governmental Funds Balance Sheet. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the Town.

# **TOWN OF KILLINGWORTH, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023**

## **Reporting the Town as a Whole**

Our analysis of the Town as a whole begins with the Statement of Net Position. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Town's *net position* and changes in them. You can think of the Town's net position—the difference between assets and liabilities—as one way to measure the Town's financial health, or *financial position*. Over time, *increases* or *decreases* in the Town's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the *overall health* of the Town. In the Statement of Net Position and the Statement of Activities, the Town shows the following activity:

- Governmental activities—The Town's basic services are reported here, including education, public works, public safety, health, welfare and sanitation, and general administration. Property taxes, state and federal grants and local revenues such as fees and licenses finance most of these activities.

## **Reporting the Town's Most Significant Funds**

Our analysis of the Town's major funds begins in the section titled "The Town's Funds". The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Finance establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's uses governmental funds to report on all its funds:

- *Governmental funds*—The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified* accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides.

**TOWN OF KILLINGWORTH, CONNECTICUT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

**Reporting the Town’s Most Significant Funds (Continued)**

*Governmental funds (Continued)* - Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town’s programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

**The Town as a Whole – Governmental Activities – Statement of Net Position**

**Table 1 - Net Position**

	Governmental Activities		Increase
	2023	2022	(Decrease)
Current and other assets	\$ 9,490,913	\$ 8,347,336	\$ 1,143,577
Capital assets, net	24,788,576	24,822,165	(33,589)
Deferred outflows of resources	1,153,127	1,166,552	(13,425)
Total assets and deferred outflows of resources	\$ 35,432,616	\$ 34,336,053	\$ 1,096,563
Other liabilities	\$ 1,687,862	\$ 961,278	\$ 726,584
Long-term debt outstanding	3,497,853	3,072,207	425,646
Total liabilities	5,185,715	4,033,485	1,152,230
Deferred inflows of resources	787,401	924,602	(137,201)
Net position			
Restricted	153,265	108,384	44,881
Net investment in capital assets	23,778,576	23,427,165	351,411
Unrestricted	5,527,659	5,842,417	(314,758)
Total net position	29,459,500	29,377,966	81,534
Total liabilities, deferred inflows of resources, and net position	\$ 35,432,616	\$ 34,336,053	\$ 1,096,563

The net position of the Town’s Governmental Activities *increased* \$81,534 from operations from a year ago. Current and other assets in Governmental Activities *increased* \$1,143,577 from the prior year, primarily due to an *increase* in cash and cash equivalents at year-end related to additional American Rescue Plan Act (“ARPA”) funding received during the year. Capital assets *decreased* by a net of \$33,589 as depreciation expenses exceeded capital additions for the year. Other liabilities *increased* \$726,584 mainly due to the *increase* in unearned revenue in the America Rescue Plan Act Fund, as previously mentioned. Long-term debt outstanding in Governmental Activities *increased* \$425,646 primarily due to net pension liability increases at year-end.

**TOWN OF KILLINGWORTH, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

**The Town as a Whole – Combined Statement of Activities**

**Table 2 - Change in Net Position**

	Governmental Activities		Increase (Decrease)
	2023	2022	
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 612,141	\$ 647,423	\$ (35,282)
Operating grants and contributions	2,688,691	2,714,694	(26,003)
Capital grants and contributions	53,053	54,710	(1,657)
General revenues:			
Property taxes, interest, and liens	19,359,308	19,314,870	44,438
Gain on sale of capital asset	-	45,005	(45,005)
Unrestricted interest and investment earnings	176,933	7,784	169,149
Total revenues	<u>22,890,126</u>	<u>22,784,486</u>	<u>105,640</u>
<b>Program expenses</b>			
General government	2,818,220	1,692,053	1,126,167
Highway	2,001,445	2,210,826	(209,381)
Public safety	741,313	786,790	(45,477)
Welfare	13,384	11,432	1,952
Conservation and land use	58,290	48,120	10,170
Community services	409,664	469,998	(60,334)
Recreation	283,232	225,390	57,842
Education	16,109,211	15,985,520	123,691
Sanitation and health	354,594	335,540	19,054
Interest on long-term debt	19,239	25,419	(6,180)
Total expenses	<u>22,808,592</u>	<u>21,791,088</u>	<u>1,017,504</u>
Change in net position	81,534	993,398	(911,864)
Net position, beginning of year	<u>29,377,966</u>	<u>28,384,568</u>	<u>993,398</u>
Net position, end of year	<u>\$ 29,459,500</u>	<u>\$ 29,377,966</u>	<u>\$ 81,534</u>

- Unrestricted interest and investment earnings *increased* \$169,149 due to higher than anticipated interest rates.
- Property taxes *increased* \$44,438 due to stronger than anticipated collections and an *increase* in property assessment values.
- General Government expenses *increased* \$1,126,167 primarily due to an *increase* in pension expense for the year.
- Highway expenses *decreased* \$209,381 due to milder winter resulting in less snow removal and other related expenses.
- Community service expenses *decreased* \$60,334 due to a *decrease* in the appropriation for the Killingworth Library Association.
- Education expenses *increased* \$123,691 due to an *increase* in the Regional School District No.17 budget.

**TOWN OF KILLINGWORTH, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

**Governmental Activities – Total and Net Cost of Activities**

The schedule below presents the cost of each of the Town's governmental programs as well as each governmental program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions:

**Table 3 - Total and Net Cost of Services**

	Total Cost of Services		Increase (Decrease)	Net Cost (Revenue) of Services		Increase (Decrease)
	2023	2022		2023	2022	
<b>Governmental Activities</b>						
General government	\$ 2,818,220	\$ 1,692,053	66.56%	\$ 1,586,496	\$ 316,931	400.58%
Highway	2,001,445	2,210,826	-9.47%	1,697,441	1,903,396	-10.82%
Public safety	741,313	786,790	-5.78%	714,926	786,790	-9.13%
Welfare	13,384	11,432	17.07%	13,384	11,432	17.07%
Conservation and land use	58,290	48,120	21.13%	58,290	48,120	21.13%
Community services	409,664	469,998	-12.84%	409,664	469,998	-12.84%
Recreation	283,232	225,390	25.66%	252,557	197,490	27.88%
Education	16,109,211	15,985,520	0.77%	14,365,376	14,305,931	0.42%
Sanitation and health	354,594	335,540	5.68%	337,334	305,604	10.38%
Interest on long-term debt	19,239	25,419	-24.31%	19,239	25,419	-24.31%
<b>Totals</b>	<b>\$22,808,592</b>	<b>\$21,791,088</b>	<b>4.67%</b>	<b>\$19,454,707</b>	<b>\$18,371,111</b>	<b>5.90%</b>

**THE TOWN'S FUNDS**

As the year showed a \$81,534 *increase* in net position from operations, it also showed a \$329,517 *increase* in fund balance in the governmental funds as presented in governmental funds financial statements. The difference in the amounts is primarily from the treatment of long-term debt and capital assets, as well as deferred inflows. In the fund financial statements, debt issuances are an increase in fund balance and principal payments on long-term debt are a reduction in fund balance when the payments on the debt are made. Debt payments are never a direct reduction in net position on the government-wide statements. Likewise, purchases of capital assets are reduction in fund balance when the purchase is made. Capital asset purchases are never a direct reduction in net position on the government-wide statements.

**TOWN OF KILLINGWORTH, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

**General Fund Budgetary Highlights**

Over the course of the year, the Board of Finance can revise the Town's budget with additional appropriations and budget transfers. Additional appropriations increase the total budget. The Board of Finance is allowed by State Statute to make one additional appropriation up to \$20,000 per line item or department. A second additional appropriation or an appropriation over \$20,000 requires a Town Meeting. Transfers do not increase the total budget, but instead pull appropriations from one department that needs additional funding from other departments that might have excess funding. State Statutes allow these transfers to be made by the Board of Finance without a Town Meeting. Below is a summarized view of the final budget and actual results for the General Fund:

**Table 4 - General Fund - Budget Summary**

	<b>Final</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Tax Collector	\$ 19,070,184	\$ 19,204,640	\$ 134,456
Local Revenues	230,000	450,863	220,863
Town Clerk Fees	125,000	226,784	101,784
State Education Support	1,743,835	1,743,835	-
State Municipal Support	535,082	657,064	121,982
<b>Total Revenues</b>	<u>21,704,101</u>	<u>22,283,186</u>	<u>579,085</u>
<b>Expenditures</b>			
General Government	6,536,869	6,297,345	239,524
Education	16,109,211	16,109,211	-
<b>Total Expenditures</b>	<u>22,646,080</u>	<u>22,406,556</u>	<u>239,524</u>
<b>Increase (Decrease) in Fund Balance</b>	<u>\$ (941,979)</u>	<u>\$ (123,370)</u>	<u>\$ 818,609</u>

The *decrease* in fund balance of \$123,370 is primarily a result from an additional transfer of funds in the amount of \$858,007 to the reserve for capital and nonrecurring expenditures fund. This outlay was mitigated by higher than anticipated building fees, town clerk fees and state municipal support.

**TOWN OF KILLINGWORTH, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of this year, the Town had \$68,993,654 invested in government activity capital assets as shown in Table 5:

**Table 5 - Capital Assets**

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Land	\$ 3,821,535	\$ 3,821,535
Land improvements	2,498,050	2,498,050
Buildings and improvements	4,418,681	4,418,681
Infrastructure	51,483,957	50,688,655
Machinery and equipment	6,771,431	6,279,975
Totals	\$ 68,993,654	\$ 67,706,896

This amount represents a net *increase* (including additions and deductions) of \$1,286,758 from last year as depreciation exceeded capital additions during the fiscal year. More detailed information about the Town's capital assets is presented in the notes to the financial statements.

**Debt**

At year end, the Town had \$3,497,853 in long-term liabilities outstanding. This is a net *increase* of \$425,646 from the prior year. This net *increase* includes an *increase* to the net pension liability of \$787,842, a *decrease* in general obligation bonds of \$385,000, and small *increases* in both OPEB and compensated absences. More detailed information about the Town's long-term liabilities is presented in the notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

At a special meeting held in May 2023, the Town approved a total budget for 2023-2024 of \$23,685,121 using a mil rate of 23.47 and \$1,451,730 of assigned fund balance. The general government portion of the budget totals \$5,853,870 while the education budget is \$17,831,251.

**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 questions about this report or need additional financial information, contact the Board of Finance at the Town of Killingworth, Connecticut, 323 Route 81, Killingworth, CT 06419.

## **BASIC FINANCIAL STATEMENTS**



**TOWN OF KILLINGWORTH, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,965,467
Receivables, net	215,446
Deposit on capital asset	310,000
Capital assets	
Non-depreciable	3,821,535
Depreciable, net	20,967,041
Total assets	34,279,489
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions - differences between expected and actual experience	196,298
Pensions - differences between projected and actual earnings	555,437
Pensions - changes of assumptions	387,841
OPEB - differences between expected and actual experience	10,940
OPEB - changes of assumptions	2,611
Total deferred outflows of resources	1,153,127
Total assets and deferred outflows of resources	\$ 35,432,616

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

<b>LIABILITIES</b>	
Accounts payable	\$ 63,155
Accrued expenses	54,812
Unearned revenue	1,569,895
Noncurrent liabilities	
Due within one year	428,734
Due in more than one year	3,069,119
Total liabilities	5,185,715
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions - differences between expected and actual experience	405,819
Pensions - differences between projected and actual earnings	331,786
Pensions - changes of assumptions	28,346
OPEB - differences between expected and actual experience	7,949
OPEB - changes of assumptions	13,501
Total deferred inflows of resources	787,401
Total liabilities and deferred inflows of resources	5,973,116
<b>NET POSITION</b>	
Restricted	153,265
Invested in capital assets, net of related debt	23,778,576
Unrestricted	5,527,659
Total net position	29,459,500
Total liabilities, deferred inflows of resources, and net position	\$ 35,432,616

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

**TOWN OF KILLINGWORTH, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

Functions / Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>					
General government	\$ (2,818,220)	\$ 560,680	\$ 671,044	\$ -	\$ (1,586,496)
Highway	(2,001,445)	3,526	247,425	53,053	(1,697,441)
Public safety	(741,313)	-	26,387	-	(714,926)
Welfare	(13,384)	-	-	-	(13,384)
Conservation and land use	(58,290)	-	-	-	(58,290)
Community services	(409,664)	-	-	-	(409,664)
Recreation	(283,232)	30,675	-	-	(252,557)
Education	(16,109,211)	-	1,743,835	-	(14,365,376)
Sanitation and Health	(354,594)	17,260	-	-	(337,334)
Interest on long-term debt	(19,239)	-	-	-	(19,239)
Total governmental activities	<u>\$ (22,808,592)</u>	<u>\$ 612,141</u>	<u>\$ 2,688,691</u>	<u>\$ 53,053</u>	<u>(19,454,707)</u>

**GENERAL REVENUES**

Property taxes, interest, and liens	19,359,308
Unrestricted interest and investment earnings	176,933
Total general revenues	<u>19,536,241</u>

Change in net position 81,534

NET POSITION, beginning of year 29,377,966

NET POSITION, end of year \$ 29,459,500

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

**TOWN OF KILLINGWORTH, CONNECTICUT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

**ASSETS**

	GENERAL FUND	RESERVE FOR CAPITAL AND NONRECURRING EXPENDITURES FUND	AMERICAN RESCUE PLAN ACT FUND	OTHER GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS	TOTAL
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,533,124	\$ 1,646,851	\$ 1,656,095	\$ 129,397	\$ 8,965,467
Receivables, net	215,446	-	-	-	215,446
Total current assets	<u>\$ 5,748,570</u>	<u>\$ 1,646,851</u>	<u>\$ 1,656,095</u>	<u>\$ 129,397</u>	<u>\$ 9,180,913</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES**

<b>LIABILITIES</b>					
Accounts payable	\$ 823	\$ -	\$ 60,334	\$ 1,998	\$ 63,155
Accrued expenses	44,315	-	-	-	44,315
Unearned revenue	-	-	1,566,495	3,400	1,569,895
Total current liabilities	<u>45,138</u>	<u>-</u>	<u>1,626,829</u>	<u>5,398</u>	<u>1,677,365</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Revenue - unavailable	256,370	-	-	-	256,370
Total deferred inflows of resources	<u>256,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,370</u>
Total liabilities and deferred inflows of resources	<u>301,508</u>	<u>-</u>	<u>1,626,829</u>	<u>5,398</u>	<u>1,933,735</u>
<b>FUND BALANCES</b>					
Restricted	-	-	29,266	123,999	153,265
Committed	-	1,628,740	-	-	1,628,740
Assigned	1,451,730	18,111	-	-	1,469,841
Unassigned	3,995,332	-	-	-	3,995,332
Total fund balances	<u>5,447,062</u>	<u>1,646,851</u>	<u>29,266</u>	<u>123,999</u>	<u>7,247,178</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,748,570</u>	<u>\$ 1,646,851</u>	<u>\$ 1,656,095</u>	<u>\$ 129,397</u>	<u>\$ 9,180,913</u>

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

**TOWN OF KILLINGWORTH, CONNECTICUT  
RECONCILIATION OF THE BALANCE SHEET  
OF THE GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2023**

Total fund balances for governmental funds		\$ 7,247,178
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		24,788,576
Deposits on capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds		310,000
Other assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Deferred outflows of resources - pensions	1,139,576	
Deferred outflows of resources - OPEB	13,551	
Deferred inflows of resources - unavailable revenue	256,370	
Deferred inflows of resources - pensions	(765,951)	
Deferred inflows of resources - OPEB	<u>(21,450)</u>	
		622,096
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position:		
Pension liability	(2,153,725)	
OPEB liability	(185,505)	
General obligation bonds	(1,010,000)	
Compensated absence	(148,623)	
Accrued interest	<u>(10,497)</u>	
		(3,508,350)
Net position of governmental activities		<u><u>\$ 29,459,500</u></u>

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

**TOWN OF KILLINGWORTH, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	GENERAL FUND	RESERVE FOR CAPITAL AND NONRECURRING EXPENDITURES FUND	AMERICAN RESCUE PLAN ACT FUND	OTHER GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS	TOTAL
<b>REVENUES</b>					
Property taxes, interest, lien fees	\$ 19,204,640	\$ -	\$ -	\$ -	\$ 19,204,640
Intergovernmental revenues	2,387,846	53,053	282,837	17,489	2,741,225
Local revenue	439,312	28,772	28,476	58,080	554,640
Miscellaneous revenue	251,388	-	-	-	251,388
Total revenues	<u>22,283,186</u>	<u>81,825</u>	<u>311,313</u>	<u>75,569</u>	<u>22,751,893</u>
<b>EXPENDITURES</b>					
Current					
General government	1,643,457	-	282,837	42,983	1,969,277
Highway	729,881	-	-	-	729,881
Public safety	638,699	-	-	-	638,699
Sanitation, health and welfare	367,978	-	-	-	367,978
Education	16,109,211	-	-	-	16,109,211
Conservation land use	58,290	-	-	-	58,290
Recreation	152,821	-	-	-	152,821
Community services	372,041	-	-	41,181	413,222
Debt service					
Principal	385,000	-	-	-	385,000
Interest	19,239	-	-	-	19,239
Capital outlay	-	1,578,758	-	-	1,578,758
Total expenditures	<u>20,476,617</u>	<u>1,578,758</u>	<u>282,837</u>	<u>84,164</u>	<u>22,422,376</u>
Excess (deficiency) of revenues over expenditures	<u>1,806,569</u>	<u>(1,496,933)</u>	<u>28,476</u>	<u>(8,595)</u>	<u>329,517</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	1,918,007	-	25,000	1,943,007
Transfers out	<u>(1,943,007)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,943,007)</u>
Total other financing sources (uses)	<u>(1,943,007)</u>	<u>1,918,007</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Net changes in fund balances	<u>(136,438)</u>	<u>421,074</u>	<u>28,476</u>	<u>16,405</u>	<u>329,517</u>
FUND BALANCE, beginning of year	<u>5,583,500</u>	<u>1,225,777</u>	<u>790</u>	<u>107,594</u>	<u>6,917,661</u>
FUND BALANCES, end of year	<u>\$ 5,447,062</u>	<u>\$ 1,646,851</u>	<u>\$ 29,266</u>	<u>\$ 123,999</u>	<u>\$ 7,247,178</u>

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

**TOWN OF KILLINGWORTH, CONNECTICUT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

Net changes in fund balances - total governmental funds \$ 329,517

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

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

Expenditures for capital assets	1,343,758	
Depreciation expense	<u>(1,377,347)</u>	(33,589)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in revenues - unavailable		87,476
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt obligations is as follows:

Principal repayments:		
General obligation bonds and notes payable	<u>385,000</u>	385,000

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. This amount represents the effect of such items:

Deferred outflows of resources - pensions	(10,651)	
Deferred outflows of resources - OPEB	(2,774)	
Deferred inflows of resources - pensions	133,648	
Deferred inflows of resources - OPEB	3,553	
Pension liability	(787,842)	
OPEB liability	(10,772)	
Compensated absences	<u>(12,032)</u>	
		<u>(686,870)</u>

Changes in net position of governmental activities		<u>\$ 81,534</u>
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*The accompanying notes are an integral part of these financial statements*

**TOWN OF KILLINGWORTH, CONNECTICUT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2023**

	<u>PENSION TRUST FUNDS</u>
<b>ASSETS</b>	
Investments	\$ 3,999,647
Total assets	<u>\$ 3,999,647</u>
 <b>NET POSITION</b>	
Restricted for:	
Pensions	\$ 3,999,647
Total net position	<u>\$ 3,999,647</u>

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

**TOWN OF KILLINGWORTH, CONNECTICUT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>PENSION TRUST FUNDS</u>
<b>ADDITIONS</b>	
Net appreciation in the fair value of investments	\$ 374,154
Contributions	186,847
Total additions	<u>561,001</u>
<b>DEDUCTIONS</b>	
Benefits	264,335
Administrative expenses	25,459
Total deductions	<u>289,794</u>
Net increase in fiduciary net position	271,207
<b>NET POSITION</b>	
Beginning of year	<u>3,728,440</u>
End of year	<u><u>\$ 3,999,647</u></u>

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



**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

**PURPOSE OF ORGANIZATION**

The Town of Killingworth, Connecticut (the “Town”) is a municipal corporation governed by a selectmen-town meeting form of government. Under this form of government, the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes and borrow money. The administrative branch is led by an elected three-member Board of Selectmen. The selectmen oversee most of the activities not assigned specifically to another body. The elected Board of Finance is the budget making authority and supervises the Town’s financial matters.

The Town’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

**REPORTING ENTITY**

The reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) 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 incomplete or misleading as set forth by GASB.

In evaluating how to define the reporting entity for financial statement 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.

**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (if any), which rely to a significant extent on fees and charges for support.

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 direct expenses of a given function or segment are 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 or 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. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

**BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, revenues and expenses/expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The Town maintains proprietary and fiduciary funds, which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

There are currently no funds in the Town which meet the criteria for being reported as a proprietary fund.

The Town's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles, as follows:

**Fund Categories**

a. Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds:

- General Fund - This fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.
- Reserve Fund for Capital and Nonrecurring Expenditures – This fund is a capital projects fund and is used to account for revenues and expenditures associated with the construction of Town facilities and infrastructure.
- American Rescue Plan Act Fund – This fund is a Special Revenue Fund and is used to account for federal grant revenue and expenditures associated with the American Rescue Plan Act.

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

**BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (*Continued*)**

**FUND CATEGORIES (*Continued*)**

a. Governmental Funds (*Continued*)

The Town also reports the following non-major governmental funds:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purpose other than debt service or capital projects. The non-major Special Revenue Funds of the Town are:

1. Dog Fund
2. Town Clerk Record Preservation Fund
3. Town Clerk Record Surcharge Fund
4. Fire Protection Fund
5. Helping Hands Fund
6. Friendly Fund
7. Parmelee Farm Fund
8. Tax Sale Fund

- b. Fiduciary Funds – Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for others and therefore are not available to support the Town’s programs. The Town currently maintains fiduciary funds that are classified as pension trust funds.

Pension Trust Funds are used to report the activities of the Town’s pension plans, which accumulate resources for pension benefit payments to qualified Town employees and volunteer firefighters.

The Town also reports the following Pension Trust Funds:

1. Municipal Employee Pension Fund
2. Volunteer Fire Company Pension Fund

**MEASUREMENT FOCUS AND FINANCIAL STATEMENT PRESENTATION**

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Funds have no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

**MEASUREMENT FOCUS AND FINANCIAL STATEMENT PRESENTATION (*Continued*)**

Property taxes and certain other revenues are considered to be available if collected within sixty days of the fiscal year end. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, post-closure landfill costs, pollution remediation obligations, other post-employment benefit obligations, certain pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES**

**DEPOSITS, INVESTMENTS AND RISK DISCLOSURES**

Cash and equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, certificates of deposit, money market funds, Tax Exempt Proceeds Funds and treasury bills with original maturities of less than three months. Restricted cash includes cash and equivalents which are restricted for providing housing rehabilitation loans to qualifying homeowners.

The Town's custodial credit risk policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

Investments - The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town's policy is to only allow prequalified financial institution broker/dealers and advisors. The Town policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund and the Tax Exempt Proceeds Fund.

The Pension Trust Funds are also authorized to invest in United States government obligations, corporate bonds, common stocks, and mutual funds.

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)**

**DEPOSITS, INVESTMENTS AND RISK DISCLOSURES (*Continued*)**

The Town follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quote prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Investments are stated at fair value.

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Town, exclusive of its Pension Trust Funds, does not invest in any long-term investment obligations.

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. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital of any one depository.

**TAXES RECEIVABLE**

Property taxes are assessed on property values as of October 1<sup>st</sup>. The tax levy is divided into two billings; the following July 1<sup>st</sup> and January 1<sup>st</sup>. This is used to finance the fiscal year from the first billing (July 1<sup>st</sup>) to June 30<sup>th</sup> of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1<sup>st</sup> and February 1<sup>st</sup>), the bill becomes delinquent, at which time the applicable property is subject to lien, and penalties and interest are assessed.

**THE TOWN OF KILLINGWORTH, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)**

**TAXES RECEIVABLE (*Continued*)**

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

An allowance for uncollectible taxes of \$13,000 has been recorded net with respect to taxes and interest receivable as of June 30, 2023.

**CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of two years. 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.

Intangible assets lack physical substance, is nonfinancial in nature and its useful life extends beyond a single reporting period. These are reported at historical cost if identifiable. Intangible assets with no legal, contractual, regulatory, technological or other factors limiting their useful life are considered to have an indefinite useful life and are not amortized.

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.

Land is considered inexhaustible and, therefore, not depreciated. Construction in Progress has not yet been placed into services and, therefore, not depreciated. Property, plant and equipment of the Town is depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
Land	N/A	\$ 5,000
Buildings and improvements	50	5,000
Land improvements	20	5,000
Equipment and vehicles	5-20	5,000
Infrastructure	20-50	5,000

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)**

**UNEARNED REVENUES**

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

**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 represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows of resources in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not “available” pursuant to generally accepted accounting principles.

**LONG-TERM LIABILITIES**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

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, and debt payments, are reported as expenditures.

**NET POSITION**

Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets and restricted. The balance is classified as unrestricted.

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 Town’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)**

**FUND BALANCE**

Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

- Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).
- Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the Connecticut statutes.
- Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision making authority. A motion at a Town meeting is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.
- Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Finance for amounts assigned for balancing the subsequent year's budget or management for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.
- Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows.

In order to calculate the amounts to report as restricted and unrestricted 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. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.



**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCES (*Continued*)**

**ENCUMBRANCES**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**RECLASSIFICATIONS**

Certain reclassifications have been made to prior year amounts in the Management's Discussion and Analysis and beginning balances in certain footnotes to conform to the 2023 presentation.

**SUBSEQUENT EVENTS EVALUATION BY MANAGEMENT**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through December 4 2023, the date that the financial statements were available to be issued. There were no subsequent events identified requiring disclosure.

**NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**BUDGET BASIS**

A formal, legally approved, annual budget is adopted for the General Fund. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- **Accrued Payroll** – Changes in the accrued payroll are not included in the annual General Fund budget.

**BUDGET CALENDAR**

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 TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**BUDGET CONTROL**

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 a Town meeting.

Formal budgetary integration is employed as a management control device during the year for the General Fund.

All encumbered 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**

For the year ended June 30, 2023, the Town made line item budget transfers and an additional appropriation of \$858,007 in the form of a transfer to the reserve for capital and nonrecurring expenditures fund.

**EXPENDITURES IN EXCESS OF BUDGET**

Total expenditures were less than total appropriations for the 2022-2023 fiscal year in the amount of \$239,524.

**APPLICATION OF ACCOUNTING STANDARDS**

For the year ended June 30, 2023, the following accounting pronouncements became effective. The Town implemented such pronouncements, where applicable:

GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.

GASB Statement 99, Omnibus 2022. This statement address both select practice issues that have been identified during implementation and accounting and financial reporting for financial guarantees.

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 - CASH, CERTIFICATES OF DEPOSIT, CASH EQUIVALENTS AND INVESTMENTS**

Cash and Cash Equivalents, and Restricted Cash - As of June 30, 2023, the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 8,965,467
	\$ 8,965,467

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. The bank balance of the deposits was \$9,133,594 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 250,000
Collateralized	888,359
Uninsured and uncollateralized	7,995,235
	\$ 9,133,594

Investments – Investments held in the Town's fiduciary funds at June 30, 2023 totaled \$3,999,647 and consisted of the following:

Investment Type	Municipal Employee Pension Fund	Volunteer Fire Company Pension Fund	Total
Cash and cash equivalents	\$ 150,785	\$ 97,453	\$ 248,238
US Equity	988,631	556,369	1,545,000
International Equity	517,731	294,227	811,958
US Fixed Income	892,235	502,216	1,394,451
	\$ 2,549,382	\$ 1,450,265	\$ 3,999,647

The Town does not have a custodial credit risk policy with regard to investments, or related credit risk policy for debt securities. The fair values and credit ratings of the investments held within the Town's fiduciary funds are as follows as of June 30, 2023:

Investment Type	Credit Rating	Fair Value	Fair Value Measurements		
			Level 1	Level 2	Level 3
Cash and cash equivalents	N/A	\$ 248,238	\$ 248,238	\$ -	\$ -
US Equity	N/A	1,545,000	1,545,000	-	-
International Equity	N/A	811,958	811,958	-	-
US Fixed Income	N/A	1,394,451	1,394,451	-	-
		\$ 3,999,647	\$ 3,999,647	\$ -	\$ -

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 - CASH, CERTIFICATES OF DEPOSIT, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

The investment maturities of the investments held within the Town’s fiduciary funds are as follows as of June 30, 2023:

Investment Type	Investment Maturities (Years)				Total
	N/A	Less than 1	1-10	More than 10	
Cash and cash equivalents	\$ 248,238	\$ -	\$ -	\$ -	\$ 248,238
US Equity	1,545,000	-	-	-	1,545,000
International Equity	811,958	-	-	-	811,958
US Fixed Income	-	-	1,394,343	108	1,394,451
	<u>\$2,605,196</u>	<u>\$ -</u>	<u>\$1,394,343</u>	<u>\$ 108</u>	<u>\$3,999,647</u>

**NOTE 4 - RECEIVABLES, DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUE**

At June 30, 2023, receivables consisted of the following:

	Fund Financials	Government-Wide Financials
	General Fund	Governmental Activities
Receivables		
Property taxes	\$ 183,778	\$ 183,778
Interest, liens and fees	44,668	44,668
Receivables, gross	228,446	228,446
Allowance for doubtful accounts	(13,000)	(13,000)
Receivables, net	<u>\$ 215,446</u>	<u>\$ 215,446</u>

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. This is recorded as the liability *unearned revenue* at June 30, 2023. The Town had \$1,569,895 of unearned revenue at year end, the majority of which consisted of unspent American Rescue Plan Act of 2021 (“ARPA”) funds management intends to utilize in the 2023-2024 fiscal year. Governmental funds report deferred inflows of resources in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. The Town reports property taxes not received within 60 days of the year end as *deferred inflows of resources*.

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 4 - RECEIVABLES, DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUE (Continued)**

At June 30, 2023, the Town's deferred inflows of resources relating to receivables consisted of the following:

	Fund Financials	Government-Wide Financials
	General Fund	Governmental Activities
Deferred inflows of resources		
Property taxes	\$ 205,800	-
Interest, liens and fees	50,570	-
Revenue - unavailable	\$ 256,370	\$ -

**NOTE 5 - INTERFUND TRANSACTIONS**

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made.

At June 30, 2023, there were no outstanding balances.

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2023 were as follows:

	Transfers into	
	Reserve for Capital and Nonrecurring Expenditures Fund	Dog Fund
Transfers out of:		
General Fund	\$ 1,918,007	\$ 25,000

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 6 - CAPITAL ASSETS**

Changes in the Town's capital assets used in the governmental activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 3,821,535	\$ -	\$ -	\$ 3,821,535
Total capital assets, not being depreciated	<u>3,821,535</u>	<u>-</u>	<u>-</u>	<u>3,821,535</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	6,279,975	548,456	(57,000)	6,771,431
Infrastructure	50,688,655	795,302	-	51,483,957
Total capital assets, being depreciated	<u>63,885,361</u>	<u>1,343,758</u>	<u>(57,000)</u>	<u>65,172,119</u>
Less: accumulated depreciation				
Land improvements	(1,468,287)	(67,897)	-	(1,536,184)
Buildings and improvements	(2,085,106)	(91,026)	-	(2,176,132)
Equipment and vehicles	(4,634,833)	(345,657)	57,000	(4,923,490)
Infrastructure	(34,696,505)	(872,767)	-	(35,569,272)
Total accumulated depreciation	<u>(42,884,731)</u>	<u>(1,377,347)</u>	<u>57,000</u>	<u>(44,205,078)</u>
Total capital assets, being depreciated, net	<u>21,000,630</u>	<u>(33,589)</u>	<u>-</u>	<u>20,967,041</u>
Governmental activities capital assets, net	<u>\$ 24,822,165</u>	<u>\$ (33,589)</u>	<u>\$ -</u>	<u>\$ 24,788,576</u>

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

General Government	\$ 26,694
Public Safety	185,628
Highway	1,043,145
Recreation	84,257
Community Services	37,623
	<u>\$ 1,377,347</u>

The Town also has a \$310,000 deposit on a new fire truck which was in the process of being constructed as of June 30, 2023.

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 7 - LONG-TERM LIABILITIES**

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Other liabilities:					
General obligation bonds	\$ 1,395,000	\$ -	\$ 385,000	\$ 1,010,000	\$ 375,000
Net pension liability	1,365,883	787,842	-	2,153,725	-
OPEB liability	174,733	10,772	-	185,505	-
Compensated absences	136,591	25,787	13,755	148,623	53,734
	<u>\$ 3,072,207</u>	<u>\$ 824,401</u>	<u>\$ 398,755</u>	<u>\$ 3,497,853</u>	<u>\$ 428,734</u>

Each governmental funds' liability is liquidated by the respective fund, primarily the General Fund. Interest on these obligations is expensed to the respective fund, primarily the General Fund.

**NOTE 8 - GENERAL OBLIGATION BONDS**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. General obligation bonds generally are issued as 10-year serial bonds with equal amounts of principal maturing each year. General obligation bonds and bond anticipation note outstanding as of June 30, 2023 consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
Town hall	2016	3,415,000	8/15/2026	1.59%	1,010,000
					<u>\$ 1,010,000</u>

Payments to maturity on the general obligation bonds and notes payable are as follows:

Year End	General Obligation Bonds	
	Principal	Interest
2024	\$ 375,000	\$ 13,078
2025	370,000	7,155
2026	160,000	2,942
2027	105,000	835
	<u>\$ 1,010,000</u>	<u>\$ 24,010</u>

For the year ended June 30, 2023, interest incurred on general obligation bonds and bond anticipation notes totaled \$19,239, including accrued interest of \$4,455.

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 - OTHER LONG-TERM DEBT**

**Compensated Absences**

Long-term liabilities for compensated absences are reported for certain employees of the Board of Education and consist of unpaid, but earned sick pay balances. Liabilities for compensated absences are reported in the government-wide financial statements. Expenditures and liabilities related to these obligations are recognized in the governmental fund financial statements when they mature such as upon the termination of employment. Compensated absences are reported as noncurrent liabilities in the statement of net position and amounted to \$148,623 for the year ended June 30, 2023.

**NOTE 10 - LEGAL DEBT LIMIT**

Connecticut General Statutes Section 7-374 sets limits on the debt, as defined by the statutes, which can be incurred by the Town and other governmental agencies within the Town. The limitations for the Town of Killingworth, Connecticut are as follows:

Total tax collections (including interest and lien fees) for the year - primary government	\$ 19,264,897
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)	-
Debt limitation base	<u>\$ 19,264,897</u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 43,346,018	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	86,692,037	-	-	-
3 3/4 times base	-	-	72,243,364	-	-
3 1/4 times base	-	-	-	62,610,915	-
3 times base	-	-	-	-	57,794,691
Total debt limitation	43,346,018	86,692,037	72,243,364	62,610,915	57,794,691
Indebtedness					
Regional School District No. 17 Bonds	-	2,087,440	-	-	-
General Obligation Bonds	1,010,000	-	-	-	-
Debt limitation in excess of debt outstanding and authorized	<u>\$ 42,336,018</u>	<u>\$ 84,604,597</u>	<u>\$ 72,243,364</u>	<u>\$ 62,610,915</u>	<u>\$ 57,794,691</u>

In no case shall total indebtedness exceed seven times the annual receipts from taxation	<u>\$ 134,854,279</u>
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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, 2023, based on the most current and available information, the indebtedness of the District was \$5,380,000. The Town of Killingworth's share will be 38.80% of the debt, or \$2,087,440. These are the general obligations of Regional School District #17 and its member towns.



**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - NET POSITION**

The components of net position are as detailed below:

*Net Investment in Capital Assets* – the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

*Restricted Net Position* –the component of net position that reflects funds set aside in accordance with laws, regulations, grants and other agreements. This is made up of \$29,266 in the American Rescue Plan Act fund and \$123,999 in other governmental funds.

*Unrestricted* – all other amounts that do not meet the definition of “restricted” or “net investment in capital assets”.

**NOTE 12 - FUND BALANCES**

As discussed in *Note 1*, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>ARPA Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted					
General Government	\$ -	\$ -	\$ 29,266	\$ 123,999	\$ 153,265
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,266</u>	<u>\$ 123,999</u>	<u>\$ 153,265</u>
Committed					
Capital Projects	\$ -	\$ 1,628,740	\$ -	\$ -	\$ 1,628,740
	<u>\$ -</u>	<u>\$ 1,628,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,628,740</u>
Assigned					
General Government	\$ 1,451,730	\$ -	\$ -	\$ -	\$ 1,451,730
Capital Projects	-	18,111	-	-	18,111
	<u>\$ 1,451,730</u>	<u>\$ 18,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,469,841</u>
Unassigned	<u>\$ 3,995,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,995,332</u>

**NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS**

The Town participates in the following:

- 1) Defined Benefit Pension Plan – Municipal Employees
- 2) Defined Benefit Pension Plan – Volunteer Fire Company
- 3) Defined Contribution Plan – Municipal Employees
- 4) Other Post Employment Benefits

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**DEFINED BENEFIT PENSION PLAN**

The Town is the administrator of two single employer defined benefit pension plan (PERS), one covering all eligible full-time employees and the second covering volunteer firefighters. The PERS are considered to be part of the Town’s reporting entity as fiduciary component units and are included in the Town’s financial statements as Pension Trust Funds.

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

**Municipal Employees**

The Town 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 Killingworth Municipal Employees’ Pension Plan was adopted September 30, 2003. The plan is closed to new participants.

At June 30, 2023, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	7
	19

Under the provisions of The Plan, normal retirement is upon reaching the latter of age of 65 or the completion of 15 year of credited service. 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.

The Plan’s financial statements are prepared on the accrual basis of accounting. Town contributions are recognized as revenues when due, and the Town has made or has committed to provide the contributions. Benefit payments and refunds are payable when due and are paid in accordance with the terms of the plan.

The Town establishes contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, the actuarially determined contribution was \$57,447 and the actual contribution was \$57,447.

The Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Town. It is the policy of the Town’s board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

**THE TOWN OF KILLINGWORTH, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)***

**DEFINED BENEFIT PENSION PLAN *(Continued)***

**Municipal Employees *(Continued)***

For the year ended June 30, 2023, the annual money-weighted rate of return on plan investments, net of plan investment expenses was 9.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Volunteer Fire Company**

The Town 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 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.

The amount of monthly retirement income benefit of a plan participant will be an amount based upon years of plan participation. A participant will receive \$150 for one to five years of participation, \$200 for six years of participation, and an additional \$20 for each year beyond six years up to a maximum of 21 years.

Participants in the plan are vested at 40% for four years of participation and an additional 10% for each year beyond four years until the being fully vested at 10 years of participation.

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.

At June 30, 2023, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	29
Inactive plan members entitled to but not yet receiving benefits	19
Active plan members	48
	96

Under the provisions of the plan, normal retirement age is age 65 but 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.

The plan’s financial statements are prepared on the accrual basis of accounting. Town contributions are recognized as revenues when due, and the Town has made or has committed to provide the contributions. Benefit payments and refunds are payable when due and are paid in accordance with the terms of the plan.

**THE TOWN OF KILLINGWORTH, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**DEFINED BENEFIT PENSION PLAN (Continued)**

**Volunteer Fire Company (Continued)**

The Town establishes contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, the actuarially determined contribution was \$78,883 and the actual contribution was \$129,400.

The plan’s policy in regard to the allocation of invested assets is established and may be amended by the Town. It is the policy of the Town’s board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

For the year ended June 30, 2023, the annual money-weighted rate of return on plan investments, net of plan investment expenses was 9.52%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Investments and Net Pension (Asset) Liability**

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 of Finance’s adopted asset allocation policy for all plans as of June 30, 2023:

<u>Asset Class</u>	<u>Municipal Employees Target Allocation</u>	<u>Volunteer Fire Company Target Allocation</u>
US Equity	39%	38%
International Equity	20%	20%
US Fixed Income	35%	35%
Cash Equivalents	6%	7%
	<u>100%</u>	<u>100%</u>

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**DEFINED BENEFIT PENSION PLAN (Continued)**

**Investments and Net Pension (Asset) Liability (Continued)**

The components of the net pension liability of the Town at June 30, 2023 were as follows:

	<u>Municipal Employees</u>	<u>Volunteer Fire Company</u>	<u>Total</u>
Total pension liability	\$ 3,103,224	\$ 3,050,148	\$ 6,153,372
Plan fiduciary net position	2,549,382	1,450,265	3,999,647
Net pension liability	<u>\$ 553,842</u>	<u>\$ 1,599,883</u>	<u>\$ 2,153,725</u>

Plan fiduciary net position as a percentage of the total pension liability	82.15%	47.55%
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The total pension liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Municipal Employees</u>	<u>Volunteer Fire Company</u>
Inflation	2.25%	2.25%
Salary increases	3.00%	N/A
Investment rate of return	6.00%	6.00%

Mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, with adjustments for future mortality improvements using Mortality Improvement Scale MP-2021.

The long-term expected rate of return on 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 plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's targeted asset allocation as of June 30, 2023 (see the earlier discussion of the plan's investment policy) are summarized as follows:

<u>Asset Class</u>	<u>Municipal Employees Long-term Expected Real Rate of Return</u>	<u>Volunteer Fire Company Long-term Expected Real Rate of Return</u>
US Equity	2%	2%
International Equity	2%	2%
US Fixed Income	3%	3%
Cash Equivalents	5%	5%

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**DEFINED BENEFIT PENSION PLAN (Continued)**

**Investments and Net Pension (Asset) Liability (Continued)**

The discount rate used to measure the total pension liability is 6.00%. For the fiscal year ended June 30, 2023, the projection of cash flows used to determine the discount rate resulted that the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Since no changes have been made to the funding policy, benefit terms, or actuarial cost method, and contributions are historically equal to the actuarially determined amount, it was considered by the actuaries to be reasonable to conclude that the plan's fiduciary net position is sufficient to pay all projected benefits for the fiscal year ended June 30, 2023. The long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for 2023.

The following is a schedule of the changes in the net pension liability for the year ended June 30, 2023:

Municipal Employees Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances, June 30, 2022	\$ 2,860,257	\$ 2,404,814	\$ 455,443
2022-2023 changes:			
Service Cost	34,120	-	34,120
Interest on total pension liability	167,500	-	167,500
Differences between expected and actual experience	106,655	-	106,655
Changes of assumptions	71,887	-	71,887
Employer contributions	-	57,447	(57,447)
Net investment income (loss)	-	240,656	(240,656)
Administrative expense	-	(16,340)	16,340
Benefit payments, including employee contribution refunds	(137,195)	(137,195)	-
Net Changes	242,967	144,568	98,399
Balances June 30, 2023	\$ 3,103,224	\$ 2,549,382	\$ 553,842

Volunteer Fire Company Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances, June 30, 2022	\$ 2,234,066	\$ 1,323,626	\$ 910,440
2022-2023 changes:			
Service Cost	30,960	-	30,960
Interest on total pension liability	135,656	-	135,656
Differences between expected and actual experience	40,151	-	40,151
Changes of benefit terms	646,741	-	646,741
Changes of assumptions	89,714	-	89,714
Employer contributions	-	129,400	(129,400)
Net investment income (loss)	-	133,498	(133,498)
Administrative expense	-	(9,119)	9,119
Benefit payments, including employee contribution refunds	(127,140)	(127,140)	-
Net Changes	816,082	126,639	689,443
Balances June 30, 2023	\$ 3,050,148	\$ 1,450,265	\$ 1,599,883

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**DEFINED BENEFIT PENSION PLAN (Continued)**

**Investments and Net Pension (Asset) Liability (Continued)**

The following schedule presents the net pension liability, calculated using the discount rate of 6.00%, 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 (5.00%) or 1 percentage point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Municipal Employees net pension liability	871,075	553,842	281,899
Volunteer Fire Company net pension liability	2,008,472	1,599,883	1,266,231

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

For the year ended June 30, 2023, the Town recognized pension expense of \$87,912 and \$763,780 for the Municipal Employees and Volunteer Fire Company Plans respectively. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to this pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Municipal Employees Plan</b>		
Differences between expected and actual experience	\$ 88,647	\$ (204,083)
Changes of assumptions	140,685	(11,520)
Net difference between projected and actual earnings on pension plan investments	358,379	(212,736)
Total	\$ 587,711	\$ (428,339)
<b>Volunteer Fire Company Plan</b>		
Differences between expected and actual experience	\$ 107,651	\$ (201,736)
Changes of assumptions	247,156	(16,826)
Net difference between projected and actual earnings on pension plan investments	197,058	(119,050)
Total	\$ 551,865	\$ (337,612)

**THE TOWN OF KILLINGWORTH, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**DEFINED BENEFIT PENSION PLAN (Continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

June 30,	Municipal Employee	Volunteer Fire Company	Total
2024	\$ 30,624	\$ 28,551	\$ 59,175
2025	14,797	20,560	35,357
2026	116,589	63,093	179,682
2027	(2,638)	72	(2,566)
2028	-	11,927	11,927
Thereafter	-	90,050	90,050
Total	<u>\$ 159,372</u>	<u>\$ 214,253</u>	<u>\$ 373,625</u>

**DEFINED CONTRIBUTION PLAN**

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. 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 \$28,944 and \$8,584 respectively, not including rollover contributions and forfeitures, to the plan in the year ended June 30, 2023. 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. The Plan is not considered a fiduciary activity of the Town as the Town does not hold the Plan's assets or have the ability to direct the use, exchange, or employment of the assets.

**OTHER POST-EMPLOYMENT BENEFITS – TOWN**

From an accrual accounting perspective, the cost of post-employment health care benefits generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows.



**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS *(Continued)***

**OTHER POST-EMPLOYMENT BENEFITS – TOWN *(Continued)***

**Plan Description**

The Town provides certain health care benefits for retired employees through a single-employer defined benefit plan administered by the Town of Killingworth, Connecticut in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement, and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

At June 30, 2023, plan membership consisted of 7 participants, all of which were active employees.

**Funding Policy**

Retired employees and their spouses must be allowed to continue their health insurance benefits, in the same health insurance plan offered to active employees, through their last employing Town. The Town does not contribute to the retirees' health insurance. The retirees pay 100% of the premiums in accordance with the Connecticut General Statutes and the various collective bargaining agreements. Since the Town's liability is solely from the implicit rate subsidy calculation, the Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines.

**Actuarial Methods and Significant Assumptions**

The Town's annual post employment benefit expense is calculated based using the Entry Age Normal Cost Method. Under this method, the total normal cost is the sum of amounts necessary to fund each active member's normal retirement benefit if paid annually from entry age to assumed retirement age. Entry age is the age at which the employee would have been first eligible for the plan, if it had always been in effect. The normal cost for each participant is expected to remain a level percentage of the employee's salary. The normal cost for the plan is the difference between the total normal cost for the year and the anticipated member contributions for that year.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. Other actuarial methods and significant assumptions are summarized as follows:

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**OTHER POST-EMPLOYMENT BENEFITS – TOWN (Continued)**

**Actuarial Methods and Significant Assumptions (Continued)**

<b>Latest Actuarial Date</b>	June 30, 2023
<b>Measurement Date</b>	June 30, 2023
<b>Actuarial Cost Method</b>	Entry Age Normal Actuarial Cost Method
<b>Investment Rate of Return</b>	4.13% (previously 4.09%)
<b>Payroll Growth Rate</b>	3.00%
<b>Inflation</b>	2.50%
<b>Healthcare Cost Trend Rates</b>	3.00% per year
<b>Asset Valuation Method</b>	N/A

<b>Mortality</b>	RP-2014 (adjusted to 2006) with MP-2021 mortality improvements
<b>Retirement</b>	Age 62 and 15 years of service
<b>Utilization</b>	50% of current active members will elect medical coverage at retirement.
<b>Spousal Coverage</b>	100% of participants are assumed married and spouses are the same age as the participant

The discount rate used to measure the total OPEB liability was 4.13% and was based on the published Bond Buyer General Obligation 20-Bond Municipal Index effective as of June 30, 2023.

Total OPEB expense recognized for this Plan for the year ended June 30, 2023 was \$9,993.

**Changes in the OPEB Liability**

Changes in the OPEB liability for the year ended June 30, 2023 are as follows:

Balance as of June 30, 2022	\$ 174,733
Changes for the year:	
Service cost	5,581
Interest	7,147
Differences between expected and actual experience	(1,724)
Changes of assumptions	(232)
Net changes	<u>10,772</u>
Balance as of June 30, 2023	<u>\$ 185,505</u>

**THE TOWN OF KILLINGWORTH, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**OTHER POST-EMPLOYMENT BENEFITS – TOWN (Continued)**

**Sensitivity Analysis**

The following presents the total OPEB liability of the Town, calculated using the current discount rate of 4.13% as well as what the Town’s net OPEB liability if it were calculated using a discount rate that is 1 percentage lower (3.13%) or 1 percentage higher (5.13%)

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
Total OPEB liability as of June 30, 2023	\$ 191,406	\$ 185,505	\$ 179,844

The following presents the total OPEB liability of the Town, calculated using the current health care cost trend rate of 4.00% decreasing to 3.00% as well as what the Town’s net OPEB liability if it were calculated using a health care cost trend rate that is 1 percentage lower (3.00% decreasing to 2.00%) or 1 percentage higher (3.00% increasing to 4.00%).

	1% Decrease 2.00%	Trend Rate 3.00%	1% Increase 4.00%
Total OPEB liability as of June 30, 2023	\$ 178,985	\$ 185,505	\$ 192,480

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

As of June 30, 2023, the Town reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,940	\$ (7,949)
Changes of assumptions	2,611	(13,501)
Total	\$ 13,551	\$ (21,450)

**THE TOWN OF KILLINGWORTH, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS (Continued)**

**OTHER POST-EMPLOYMENT BENEFITS – TOWN (Continued)**

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

Year ended June 30,	
2024	\$ (2,735)
2025	(2,735)
2026	(1,517)
2027	(904)
2028	(359)
thereafter	351
	<u>\$ (7,899)</u>

**NOTE 14 – CONTINGENT LIABILITIES AND RISK MANAGEMENT**

**LITIGATION**

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town’s counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

**CONTINGENCIES**

**Grants** – The Town participates in various Federal and State grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

**RISK MANAGEMENT**

The Town is exposed to various risks of loss related torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years. The Town currently is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established under the provisions of Connecticut General Statutes Section 7-749a et. seq. for some of its insurance. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing coverage with no deductible retention. A separate agreement states limits on the member’s obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

**THE TOWN OF KILLINGWORTH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 15 – GASB PRONOUNCEMENTS ISSUED, BUT NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) is the standard setting board for governmental entities. The following are statements which have been approved by GASB, but are not yet effective:

GASB Statement 100, Accounting Changes and Error Corrections. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 (the Town's fiscal year ending June 30, 2024).

GASB Statement 101, Compensated Absences. This statement updates the recognition and measurement guidance for compensated absences. The requirements of this statement is effective for fiscal years beginning after December 15, 2023 (the Town's fiscal year ending June 30, 2025).

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF KILLINGWORTH, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - (BUDGETARY BASIS) - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES</b>					
Tax Collector					
Current Year's Taxes	\$19,040,184	\$ -	\$19,040,184	19,052,317	\$ 12,133
Prior Year's Taxes	30,000	-	30,000	152,323	122,323
	<u>19,070,184</u>	<u>-</u>	<u>19,070,184</u>	<u>19,204,640</u>	<u>134,456</u>
Local Revenues					
Charges for Goods and Services	115,000	-	115,000	212,528	97,528
Interest Income	15,000	-	15,000	121,980	106,980
Miscellaneous	100,000	-	100,000	116,355	16,355
	<u>230,000</u>	<u>-</u>	<u>230,000</u>	<u>450,863</u>	<u>220,863</u>
Town Clerk Fees					
Licenses and Permits	125,000	-	125,000	226,784	101,784
	<u>125,000</u>	<u>-</u>	<u>125,000</u>	<u>226,784</u>	<u>101,784</u>
State Education Support					
Education Equalization Grant	1,743,835	-	1,743,835	1,743,835	-
	<u>1,743,835</u>	<u>-</u>	<u>1,743,835</u>	<u>1,743,835</u>	<u>-</u>
State Municipal Support					
PILOT Program	65,652	-	65,652	64,738	(914)
Disability Exemption	304	-	304	271	(33)
Veterans Tax Relief	4,175	-	4,175	2,183	(1,992)
Town Aid Road Fund	250,139	-	250,139	247,425	(2,714)
LOCIP Grant	53,710	-	53,710	-	(53,710)
Grants for Municipal Projects	5,148	-	5,148	5,148	-
Miscellaneous Grants	155,954	-	155,954	337,299	181,345
	<u>535,082</u>	<u>-</u>	<u>535,082</u>	<u>657,064</u>	<u>121,982</u>
Total revenues	<u>21,704,101</u>	<u>-</u>	<u>21,704,101</u>	<u>22,283,186</u>	<u>579,085</u>

*Continued*

**TOWN OF KILLINGWORTH, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - (BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>EXPENDITURES</b>					
General Government					
Board of Selectman					
First Selectman Salary	79,671	-	79,671	79,671	-
First Selectman Meeting Expense	500	-	500	179	321
Mileage, Payroll, Etc.	1,200	-	1,200	92	1,108
Finance Director Salary	84,424	-	84,424	84,424	-
Administrative Assistant	56,161	-	56,161	56,161	-
TOB Reception	15,120	-	15,120	15,078	42
Office Expense	15,360	-	15,360	21,012	(5,652) *
Legal Notices	5,500	-	5,500	4,122	1,378
Professional Development	450	-	450	65	385
Hazard Mitigation Plan	-	-	-	-	-
Selectman's Stipend	10,000	-	10,000	10,000	-
	<u>268,386</u>	<u>-</u>	<u>268,386</u>	<u>270,804</u>	<u>(2,418)</u>
Board of Elections					
Board of Elections Salary	11,000	-	11,000	9,248	1,752
Board of Elections Expenses	19,775	-	19,775	18,420	1,355
	<u>30,775</u>	<u>-</u>	<u>30,775</u>	<u>27,668</u>	<u>3,107</u>
Board of Finance					
Board of Finance Expense	3,700	-	3,700	3,383	317
Board of Finance Audit	26,800	-	26,800	25,485	1,315
	<u>30,500</u>	<u>-</u>	<u>30,500</u>	<u>28,868</u>	<u>1,632</u>
Office of the Assessor					
Assessor Salary	23,400	-	23,400	34,788	(11,388) *
Assessor Clerk Salary	500	-	500	-	500
Assistant Assessor - Salary	46,157	-	46,157	49,643	(3,486) *
Assessor - Expense	6,210	-	6,210	6,388	(178) *
	<u>76,267</u>	<u>-</u>	<u>76,267</u>	<u>90,819</u>	<u>(14,552)</u>
Board of Assessment Appeal					
Board of Assessment Appeal Expense	500	-	500	-	500
	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>
Office of the Tax Collector					
Tax Collector Salary	55,208	-	55,208	55,208	-
Tax Collector Clerk Salary	22,679	-	22,679	22,618	61
Tax Collector Expense	2,760	-	2,760	2,314	446
	<u>80,647</u>	<u>-</u>	<u>80,647</u>	<u>80,140</u>	<u>507</u>
Probate Court					
Probate Court Fees	1,948	-	1,948	1,948	-
	<u>1,948</u>	<u>-</u>	<u>1,948</u>	<u>1,948</u>	<u>-</u>
Office of the Treasurer					
Treasurer Stipend	5,000	-	5,000	5,000	-
Treasurer Deputy Stipend	800	-	800	800	-
	<u>5,800</u>	<u>-</u>	<u>5,800</u>	<u>5,800</u>	<u>-</u>
Town Counsel					
Town Counsel Fees	30,000	30,081	60,081	60,081	-
	<u>30,000</u>	<u>30,081</u>	<u>60,081</u>	<u>60,081</u>	<u>-</u>
Town Engineer					
Town Engineer Fees	32,500	-	32,500	18,320	14,180
	<u>32,500</u>	<u>-</u>	<u>32,500</u>	<u>18,320</u>	<u>14,180</u>
Office of the Town Clerk					
Town Clerk Salary	68,826	-	68,826	68,826	-
Town Clerk Assistant A Salary	56,311	-	56,311	56,846	(535) *
Town Clerk Assistant B Salary	17,030	-	17,030	13,882	3,148
Town Clerk Expense	31,200	-	31,200	26,257	4,943
	<u>173,367</u>	<u>-</u>	<u>173,367</u>	<u>165,811</u>	<u>7,556</u>

*Continued*



**TOWN OF KILLINGWORTH, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - (BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>Building Official</b>					
Building Official Salary	36,556	-	36,556	40,113	(3,557) *
Building Official Expense	7,100	-	7,100	9,575	(2,475) *
Land Use Secretary Salary	44,099	-	44,099	44,351	(252) *
	<u>87,755</u>	<u>-</u>	<u>87,755</u>	<u>94,039</u>	<u>(6,284)</u>
<b>Operation and Maintenance</b>					
Water Testing Fees	10,000	-	10,000	15,779	(5,779) *
Building and Grounds	46,000	-	46,000	40,132	5,868
Electricity	30,330	-	30,330	34,083	(3,753) *
Duplicating Expense	3,000	-	3,000	5,771	(2,771) *
Postage and Meter Rental	13,000	-	13,000	10,336	2,664
Telephone	11,500	-	11,500	11,353	147
Town Office Building - Custodian	6,500	-	6,500	9,096	(2,596) *
	<u>120,330</u>	<u>-</u>	<u>120,330</u>	<u>126,550</u>	<u>(6,220)</u>
<b>Property Casualty</b>					
Fire/Liability/Casualty Insurance	76,024	-	76,024	71,221	4,803
	<u>76,024</u>	<u>-</u>	<u>76,024</u>	<u>71,221</u>	<u>4,803</u>
<b>Fringe Benefits</b>					
Workers Compensation Insurance	48,136	-	48,136	47,213	923
Unemployment Insurance	1	-	1	-	1
Social Security/Medicare	86,000	-	86,000	80,977	5,023
Medical/Dental Coverage	262,000	-	262,000	265,790	(3,790) *
Life/Disability Insurance	8,250	-	8,250	5,676	2,574
Pension Plans	68,947	-	68,947	66,031	2,916
Actuarial Expense	6,500	-	6,500	7,150	(650) *
	<u>479,834</u>	<u>-</u>	<u>479,834</u>	<u>472,837</u>	<u>6,997</u>
<b>Grant Writer</b>	1	-	1	-	1
<b>Contingency</b>	1	-	1	-	1
<b>IT Department</b>					
Computer Supplies	6,000	-	6,000	5,544	456
Computer Maintenance and Licenses	33,290	-	33,290	32,095	1,195
GIS Applications	3,500	-	3,500	3,500	-
Town Website	13,000	-	13,000	12,882	118
Internet Access	1,700	-	1,700	329	1,371
IT Network Support	55,128	-	55,128	61,131	(6,003) *
	<u>112,618</u>	<u>-</u>	<u>112,618</u>	<u>115,481</u>	<u>(2,863)</u>
Subtotal General Government	<u>1,607,253</u>	<u>30,081</u>	<u>1,637,334</u>	<u>1,630,387</u>	<u>6,947</u>
<b>Public Safety</b>					
<b>Fire Company</b>					
Fire Company	177,362	-	177,362	177,362	-
Ambulance/Fire Service Recognition Plan	129,400	-	129,400	129,400	-
Stipend in lieu of tax abatement	12,000	-	12,000	13,503	(1,503) *
KVFC/KAA Life Insurance	26,000	-	26,000	10,167	15,833
Actuarial Expense	10,000	-	10,000	13,400	(3,400) *
	<u>354,762</u>	<u>-</u>	<u>354,762</u>	<u>343,832</u>	<u>10,930</u>
<b>Fire Marshal</b>					
Fire Marshal Stipend	20,859	-	20,859	20,859	-
Fire Marshal Expense	6,792	-	6,792	4,637	2,155
	<u>27,651</u>	<u>-</u>	<u>27,651</u>	<u>25,496</u>	<u>2,155</u>
<b>Open Burning Official</b>					
Open Burning Official Stipend	1,000	-	1,000	1,000	-
	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
<b>Office of Emergency Management</b>					
Office of Emergency Management Expenses	10,001	-	10,001	7,150	2,851
	<u>10,001</u>	<u>-</u>	<u>10,001</u>	<u>7,150</u>	<u>2,851</u>
<b>Resident State Trooper</b>					
Resident State Trooper - Assessment	186,609	(30,081)	156,528	147,470	9,058
Resident State Trooper Expenses	38,100	-	38,100	18,185	19,915
	<u>224,709</u>	<u>(30,081)</u>	<u>194,628</u>	<u>165,655</u>	<u>28,973</u>
<b>Paramedic</b>					
Paramedic Obligation	6,370	-	6,370	6,221	149
	<u>6,370</u>	<u>-</u>	<u>6,370</u>	<u>6,221</u>	<u>149</u>
<b>Communication</b>					
Valley Shore Communication	89,345	-	89,345	89,345	-
	<u>89,345</u>	<u>-</u>	<u>89,345</u>	<u>89,345</u>	<u>-</u>
Subtotal Public Safety	<u>713,838</u>	<u>(30,081)</u>	<u>683,757</u>	<u>638,699</u>	<u>45,058</u>
<b>Highway</b>					
Foreman Salary	90,614	-	90,614	90,614	-
Mechanic Salary	65,370	-	65,370	65,354	16
Driver/Operator Salary	142,267	-	142,267	142,251	16
OT/Special	8,500	-	8,500	9,078	(578) *
Highway Other	382,903	-	382,903	325,313	57,590
Snow Removal	190,000	-	190,000	82,139	107,861
Groundskeepers/Contractors	5,500	-	5,500	5,910	(410) *
Cemetery Care	11,000	-	11,000	9,224	1,776
	<u>896,154</u>	<u>-</u>	<u>896,154</u>	<u>729,883</u>	<u>166,271</u>

*Continued*

**TOWN OF KILLINGWORTH, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - (BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>Sanitation and Health</b>					
Compactor Supervisor's Salary	20,733	-	20,733	13,210	7,523
Compactor Attendant Salary	35,000	-	35,000	37,189	(2,189) *
Compactor Maintenance and Operation	32,100	-	32,100	33,690	(1,590) *
Carting and Disposal Expense	133,200	-	133,200	118,169	15,031
Bulky Waste Disposal	90,500	-	90,500	70,823	19,677
Mosquito Control	1	-	1	-	1
Hazardous Waste Collection	12,400	-	12,400	8,963	3,437
Health District Assessment	72,550	-	72,550	72,550	-
Public Health Agency	360	-	360	-	360
Vital Statistics	200	-	200	-	200
	<u>397,044</u>	<u>-</u>	<u>397,044</u>	<u>354,594</u>	<u>42,450</u>
<b>Conservation and Land Use</b>					
Planning and Zoning	4,000	-	4,000	2,185	1,815
Land Use Reporting Requirement	6,000	-	6,000	6,264	(264) *
Zoning Enforcement Officer - Salary	24,000	-	24,000	26,724	(2,724) *
Zoning Enforcement Officer - Expense	1,000	-	1,000	1,508	(508) *
Zoning Board of Appeals	500	-	500	-	500
Conservation Commission	500	-	500	-	500
IWWC	700	-	700	91	609
IWWC Enforcement Officer Salary	16,000	-	16,000	17,816	(1,816) *
IWWC Enforcement Officer Expense	500	-	500	-	500
Water Pollution Control	1	-	1	-	1
CT River Conservation District	1,661	-	1,661	1,661	-
Tree Warden	2,500	-	2,500	2,041	459
	<u>57,362</u>	<u>-</u>	<u>57,362</u>	<u>58,290</u>	<u>(928)</u>
<b>Recreation</b>					
Killingworth Park and Rec Commission	72,000	-	72,000	81,004	(9,004) *
Regional Recreation	71,817	-	71,817	71,817	-
	<u>143,817</u>	<u>-</u>	<u>143,817</u>	<u>152,821</u>	<u>(9,004)</u>
<b>Miscellaneous Community Services</b>					
Killingworth Seniors	-	-	-	-	-
Killingworth Library Association	200,000	-	200,000	200,000	-
Animal Control (Dog Fund) Support	25,000	-	25,000	25,000	-
Parmelee Farm Committee	12,000	-	12,000	12,152	(152) *
Open Space Committee	1	-	1	-	1
Open Space Acquisition Expense	1	-	1	-	1
Community Services Support	1	-	1	-	1
LCRVCOG	10,253	-	10,253	10,253	-
Comm Renewal Team	3,000	-	3,000	3,000	-
Estuary Council of Seniors, Inc.	10,238	-	10,238	10,238	-
Estuary Transit District	10,060	-	10,060	10,060	-
Literacy Volunteers	500	-	500	500	-
Youth and Family Services	90,400	-	90,400	90,400	-
The Connection - Eddy Shelter	1,000	-	1,000	1,000	-
Council of Small Towns	1,075	-	1,075	1,075	-
CT Conference of Municipalities	3,643	-	3,643	3,643	-
Tax Abatement and Refunds	20,000	-	20,000	22,322	(2,322) *
Miscellaneous Grants	1	-	1	7,398	(7,397) *
Miscellaneous Government Refunds	1	-	1	0	1
	<u>387,174</u>	<u>-</u>	<u>387,174</u>	<u>397,041</u>	<u>(9,867)</u>
<b>Welfare</b>					
Social Services/Municipal Agent	12,000	-	12,000	13,364	(1,364) *
Administrative Expense	100	-	100	20	80
	<u>12,100</u>	<u>-</u>	<u>12,100</u>	<u>13,384</u>	<u>(1,284)</u>

*Continued*

*See independent auditors' report*

**TOWN OF KILLINGWORTH, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - (BUDGETARY BASIS) - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Financial Obligations					
Bonding	404,120	-	404,120	404,239	(119) *
	<u>404,120</u>	<u>-</u>	<u>404,120</u>	<u>404,239</u>	<u>(119)</u>
Transfers for Capital Improvement					
Transfer to Capital Reserve	1,060,000	858,007	1,918,007	1,918,007	-
	<u>1,060,000</u>	<u>858,007</u>	<u>1,918,007</u>	<u>1,918,007</u>	<u>-</u>
Total General Government	<u>5,678,862</u>	<u>858,007</u>	<u>6,536,869</u>	<u>6,297,345</u>	<u>239,524</u>
Education					
Regional School District #17	16,109,211	-	16,109,211	16,109,211	-
Total Education	<u>16,109,211</u>	<u>-</u>	<u>16,109,211</u>	<u>16,109,211</u>	<u>-</u>
Total Expenditures	<u>21,788,073</u>	<u>858,007</u>	<u>22,646,080</u>	<u>22,406,556</u>	<u>239,524</u>
Excess (deficiency) of revenues over expenditures - Budgetary Basis	<u>\$ (83,972)</u>	<u>\$ (858,007)</u>	<u>\$ (941,979)</u>	<u>\$ (123,370)</u>	<u>\$ 818,609</u>
Adjustments to Generally Accepted Accounting Principals (GAAP):					
Change in accrued payroll				<u>(13,068)</u>	
Excess (deficiency) of revenues over expenditures - GAAP Basis				<u>\$ (136,438)</u>	

\* indicates overexpended line item

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total pension liability:</b>										
Service cost	\$ 60,467	\$ 62,886	\$ 63,781	\$ 59,216	\$ 57,237	\$ 61,411	\$ 61,736	\$ 64,900	\$ 57,312	\$ 34,120
Interest	162,008	170,601	174,821	175,757	160,414	164,738	172,356	177,281	171,628	167,500
Differences between expected and actual experience	-	-	-	-	144,907	(7,139)	(8,743)	(13,448)	77,140	106,655
Changes of assumptions	-	-	(31,449)	(79,507)	(169,721)	20,776	(35,001)	(89,849)	(128,933)	71,887
Benefit payments, including refunds of member contributions	(98,386)	(106,008)	(112,852)	(274,687)	(122,057)	(130,580)	(114,581)	(114,581)	(125,888)	(137,195)
Net change in total pension liability	124,089	127,479	94,301	(119,221)	70,780	109,206	75,767	24,303	51,259	242,967
Total pension liability - beginning	2,302,294	2,426,383	2,553,862	2,648,163	2,528,942	2,599,722	2,708,928	2,784,695	2,808,998	2,860,257
Total pension liability - ending	2,426,383	2,553,862	2,648,163	2,528,942	2,599,722	2,708,928	2,784,695	2,808,998	2,860,257	3,103,224
<b>Plan fiduciary net position:</b>										
Contributions - employer	114,671	106,018	104,018	104,319	112,425	96,722	96,722	104,421	104,421	57,447
Investment income, net of admin expenses	246,895	2,446	(7,770)	159,021	95,044	109,345	73,645	532,424	(391,830)	224,316
Benefit payments, including refunds of member contributions	(98,386)	(106,008)	(112,852)	(274,687)	(122,057)	(130,580)	(114,581)	(114,581)	(125,888)	(137,195)
Administrative expenses	-	-	-	-	-	-	-	-	-	-
Net change in fiduciary net position	263,180	2,456	(16,604)	(11,347)	85,412	75,487	55,786	522,264	(413,297)	144,568
Plan fiduciary net position - beginning	1,841,536	2,104,716	2,107,172	2,090,509	2,079,162	2,164,574	2,240,061	2,295,847	2,818,111	2,404,814
Plan fiduciary net position - ending	2,104,716	2,107,172	2,090,568	2,079,162	2,164,574	2,240,061	2,295,847	2,818,111	2,404,814	2,549,382
Net Pension Liability (Asset) - Ending	\$ 321,667	\$ 446,690	\$ 557,595	\$ 449,780	\$ 435,148	\$ 468,867	\$ 488,848	\$ (9,113)	\$ 455,443	\$ 553,842
Plan fiduciary net position as a percentage of the total pension liability	86.74%	82.51%	78.94%	82.21%	83.26%	82.69%	82.45%	100.32%	84.08%	82.15%
Covered-employee payroll	702,696	702,696	652,649	520,287	598,381	623,075	633,603	619,479	483,836	524,438
Net pension liability as a percentage of covered-employee payroll	45.78%	63.57%	85.44%	86.45%	72.72%	75.25%	77.15%	-1.47%	94.13%	105.61%

*See independent auditors' report*

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total pension liability:</b>										
Service cost	\$ 45,082	\$ 49,081	\$ 35,845	\$ 27,072	\$ 29,523	\$ 31,871	\$ 18,878	\$ 25,711	\$ 27,182	\$ 30,960
Interest	119,901	126,159	123,654	126,986	125,841	132,371	131,634	130,225	129,855	135,656
Differences between expected and actual experience	-	-	-	-	153,053	(5,597)	(6,291)	(9,558)	73,582	40,151
Changes of benefit terms	-	-	-	-	-	-	-	-	-	646,741
Changes of assumptions	-	(75,026)	(29,680)	55,336	(96,813)	(56,414)	(52,276)	42,751	(17,009)	89,714
Benefit payments, including refunds of member contributions	(83,100)	(75,964)	(96,572)	(67,874)	(107,038)	(115,256)	(111,900)	(115,340)	(114,460)	(127,140)
Net change in total pension liability	81,883	24,250	33,247	141,520	104,566	(13,025)	(19,955)	73,789	99,150	816,082
Total pension liability - beginning	1,708,641	1,790,524	1,814,774	1,848,021	1,989,541	2,094,107	2,081,082	2,061,127	2,134,916	2,234,066
Total pension liability - ending	1,790,524	1,814,774	1,848,021	1,989,541	2,094,107	2,081,082	2,061,127	2,134,916	2,234,066	3,050,148
<b>Plan fiduciary net position:</b>										
Contributions - employer	83,100	100,000	140,376	128,000	111,334	102,371	102,371	89,178	89,178	129,400
Investment income, net of admin expenses	116,461	(3,128)	(7,226)	86,163	54,583	62,113	44,575	293,349	(217,042)	124,379
Benefit payments, including refunds of member contributions	(83,100)	(75,964)	(96,572)	(67,874)	(107,038)	(115,256)	(111,900)	(115,340)	(114,460)	(127,140)
Administrative expenses	-	-	-	-	-	-	-	-	-	-
Net change in fiduciary net position	116,461	20,908	36,578	146,289	58,879	49,228	35,046	267,187	(242,324)	126,639
Plan fiduciary net position - beginning	835,374	951,835	972,743	1,009,321	1,155,610	1,214,489	1,263,717	1,298,763	1,565,950	1,323,626
Plan fiduciary net position - ending	951,835	972,743	1,009,321	1,155,610	1,214,489	1,263,717	1,298,763	1,565,950	1,323,626	1,450,265
Net Pension Liability (Asset) - Ending	\$ 838,689	\$ 842,031	\$ 838,700	\$ 833,931	\$ 879,618	\$ 817,365	\$ 762,364	\$ 568,966	\$ 910,440	\$ 1,599,883
Plan fiduciary net position as a percentage of the total pension liability	53.16%	53.60%	54.62%	58.08%	58.00%	60.72%	63.01%	73.35%	59.26%	47.55%
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*See independent auditors' report*

**TOWN OF KILLINGWORTH, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
MUNICIPAL EMPLOYEE PENSION PLAN  
LAST TEN FISCAL YEARS**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 114,426	\$ 106,018	\$ 104,018	\$ 104,319	\$ 112,425	\$ 96,722	\$ 96,722	\$ 104,421	\$ 104,421	\$ 57,447
Contributions in relation to the actuarially determined contribution	114,671	106,018	104,018	104,319	112,425	96,722	96,722	104,421	104,421	57,447
Contribution deficiency (excess)	\$ (245)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	702,696	702,696	652,649	580,287	589,381	623,075	633,603	619,479	483,836	524,438
Contributions as a percentage of covered-employee payroll	16.32%	15.09%	15.94%	17.98%	19.08%	15.52%	15.27%	16.86%	21.58%	10.95%

**Notes to Schedule**

Valuation date: June 30, 2023  
Measurement Date: June 30, 2023  
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

Actuarial method: Entry Age Normal  
Amortization method: Level Percentage of payroll, closed  
Discount Rate: 6.00% (previously 6.25%)  
Asset value method: Fair Market Value  
Remaining amortization period: 30 years from 7/1/2011  
Inflation: 2.25%  
Investment rate of return: 6.00% (previously 6.25%)  
Salary increases: 3.00%  
Mortality rates: RP-2014 (adjusted to 2006) with MP-2021 mortality improvements

*See independent auditors' report*

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 83,100	\$ 100,000	\$ 140,376	\$ 128,000	\$ 111,334	\$ 102,371	\$ 102,371	\$ 89,178	\$ 89,178	\$ 78,883
Contributions in relation to the actuarially determined contribution	83,100	100,000	140,376	128,000	111,334	102,371	102,371	89,178	89,178	129,400
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (50,517)
Covered-employee payroll	N/A	N/A	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	N/A	N/A

**Notes to Schedule**

Valuation date: June 30, 2023  
Measurement Date: June 30, 2023  
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

Actuarial method: Entry Age Normal  
Amortization method: Level Percentage of payroll, closed  
Remaining amortization period: 30 years from 7/1/2011  
Asset value method: Fair Market Value  
Inflation: 2.25%  
Investment rate of return: 6.00% (previously 6.25%)  
Salary increases: N/A  
Mortality rates: RP-2014 (adjusted to 2006) with MP-2021 mortality improvements

*See independent auditors' report*

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Annual money-weighted rate of return, net of investment expense										
Municipal Employees Plan	13.94%	-0.33%	-0.37%	8.22%	4.61%	5.09%	3.31%	23.35%	-13.98%	9.45%
Volunteer Fire Company Plan	13.35%	0.12%	-0.73%	8.39%	4.79%	5.21%	3.59%	23.12%	-14.12%	9.52%

*See independent auditors' report*



**TOWN OF KILLINGWORTH, CONNECTICUT**  
**SCHEDULE OF THE CHANGES IN THE TOWN'S TOTAL OPEB LIABILITY**  
**AND RELATED RATIOS**  
**OTHER POST EMPLOYMENT BENEFITS PLAN**  
**LAST SIX FISCAL YEARS\***

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Beginning Balance	\$ 130,415	\$ 127,252	\$ 138,039	\$ 149,716	\$ 168,473	\$ 174,733
Changes for the year:						
Service cost	7,379	5,398	7,698	7,985	8,860	5,581
Interest	4,721	4,607	4,321	3,982	3,673	7,147
Differences between expected and actual experience	(10,860)	(3,070)	(3,778)	2,892	13,056	(1,724)
Changes of assumptions	(4,403)	3,852	3,436	3,898	(19,329)	(232)
Net changes	<u>(3,163)</u>	<u>10,787</u>	<u>11,677</u>	<u>18,757</u>	<u>6,260</u>	<u>10,772</u>
Ending Balance	<u>\$ 127,252</u>	<u>\$ 138,039</u>	<u>\$ 149,716</u>	<u>\$ 168,473</u>	<u>\$ 174,733</u>	<u>\$ 185,505</u>
Town's covered payroll	\$ 499,350	\$ 429,611	\$ 489,151	\$ 490,060	\$ 509,943	\$ 280,805
Total OPEB liability as a percentage of its covered payroll	25.48%	32.13%	30.61%	34.38%	34.27%	66.06%

**NOTES TO SCHEDULE**

There are no assets being accumulated in a trust to pay benefits that meet the criteria of GASB 75.

**Changes in Actuarial Assumptions**

Investment Rate of Return 4.13% as of June 30, 2023 (Prior was 4.09%).

Inflation 2.50%

Pre and Post Retirement Mortality: RP-2014 (adjusted to 2006) with MP-2021 mortality improvements

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

**OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF KILLINGWORTH, CONNECTICUT  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2023**

**ASSETS**

	DOG FUND	TOWN CLERK RECORD PRESERVATION FUND	TOWN CLERK RECORD SURCHARGE FUND	FIRE PROTECTION FUND	HELPING HANDS FUND
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,807	\$ 5,162	\$ 4,822	\$ 15,150	\$ 11,380
Total current assets	\$ 6,807	\$ 5,162	\$ 4,822	\$ 15,150	\$ 11,380

**LIABILITIES AND FUND BALANCE**

<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	1,198
Unearned revenues	-	-	-	-	-
Total current liabilities	-	-	-	-	1,198
<b>FUND BALANCE</b>					
Restricted	6,807	5,162	4,822	15,150	10,182
Total fund balance	6,807	5,162	4,822	15,150	10,182
Total liabilities and fund balance	\$ 6,807	\$ 5,162	\$ 4,822	\$ 15,150	\$ 11,380

*Continued*

*See independent auditors' report*

**TOWN OF KILLINGWORTH, CONNECTICUT  
 COMBINING BALANCE SHEET (Continued)  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2023**

**ASSETS**

	FRIENDLY FUND	PARMELEE FARM FUND	TAX SALE FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS				
Cash and cash equivalents	\$ 12,054	\$ 73,504	\$ 518	\$ 129,397
Total current assets	\$ 12,054	\$ 73,504	\$ 518	\$ 129,397

**LIABILITIES AND FUND BALANCE**

LIABILITIES				
Accounts payable	\$ -	\$ 800	\$ -	\$ 1,998
Unearned Revenues	-	3,400	-	3,400
Total current liabilities	-	4,200	-	5,398
FUND BALANCE				
Restricted	12,054	69,304	518	123,999
Total fund balance	12,054	69,304	518	123,999
Total liabilities and fund balance	\$ 12,054	\$ 73,504	\$ 518	\$ 129,397

*See independent auditors' report*

**TOWN OF KILLINGWORTH, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2023**

	DOG FUND	TOWN CLERK RECORD PRESERVATION FUND	TOWN CLERK RECORD SURCHARGE FUND	FIRE PROTECTION FUND	HELPING HANDS FUND
<b>REVENUES</b>					
Intergovernmental revenues	\$ 8,556	\$ 7,678	\$ 737	\$ -	\$ -
Local revenue	-	-	-	-	16,827
Total revenues	<u>8,556</u>	<u>7,678</u>	<u>737</u>	<u>-</u>	<u>16,827</u>
<b>EXPENDITURES</b>					
Current					
General government	29,556	13,010	-	-	-
Community services	-	-	-	-	15,719
Total expenditures	<u>29,556</u>	<u>13,010</u>	<u>-</u>	<u>-</u>	<u>15,719</u>
Excess (deficiency) of revenues over expenditures	(21,000)	(5,332)	737	-	1,108
<b>OTHER FINANCING USES</b>					
Transfers in	25,000	-	-	-	-
	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	4,000	(5,332)	737	-	1,108
FUND BALANCE, beginning of year	<u>2,807</u>	<u>10,494</u>	<u>4,085</u>	<u>15,150</u>	<u>9,074</u>
FUND BALANCE, end of year	<u>\$ 6,807</u>	<u>\$ 5,162</u>	<u>\$ 4,822</u>	<u>\$ 15,150</u>	<u>\$ 10,182</u>

See independent auditors' report

Continued

**TOWN OF KILLINGWORTH, CONNECTICUT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	FRIENDLY FUND	PARMELEE FARM FUND	TAX SALE FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
<b>REVENUES</b>				
Intergovernmental revenues	\$ -	\$ -	\$ 518	\$ 17,489
Local revenue	4,933	36,320	-	58,080
Total revenues	<u>4,933</u>	<u>36,320</u>	<u>518</u>	<u>75,569</u>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	417	42,983
Community services	5,294	20,168	-	41,181
Total expenditures	<u>5,294</u>	<u>20,168</u>	<u>417</u>	<u>84,164</u>
Excess (deficiency) of revenues over expenditures	(361)	16,152	101	(8,595)
<b>OTHER FINANCING USES</b>				
Transfers in	-	-	-	25,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(361)	16,152	101	16,405
FUND BALANCE, beginning of year	<u>12,415</u>	<u>53,152</u>	<u>417</u>	<u>107,594</u>
FUND BALANCE, end of year	<u>\$ 12,054</u>	<u>\$ 69,304</u>	<u>\$ 518</u>	<u>\$ 123,999</u>

*See independent auditors' report*

**TOWN OF KILLINGWORTH, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2023**

	PENSION TRUST FUNDS		
	MUNICIPAL EMPLOYEE PENSION FUND	VOLUNTEER FIRE COMPANY PENSION FUND	TOTAL
<b>ASSETS</b>			
Investments	\$ 2,549,382	\$ 1,450,265	\$ 3,999,647
Total assets	\$ 2,549,382	\$ 1,450,265	\$ 3,999,647
 <b>NET POSITION</b>			
Restricted for:			
Pensions	\$ 2,549,382	\$ 1,450,265	\$ 3,999,647
Total net position	\$ 2,549,382	\$ 1,450,265	\$ 3,999,647

*See independent auditors' report*

**TOWN OF KILLINGWORTH, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	PENSION TRUST FUNDS		
	MUNICIPAL EMPLOYEE PENSION FUND	VOLUNTEER FIRE COMPANY PENSION FUND	TOTAL
<b>ADDITIONS</b>			
Net (depreciation) appreciation in the fair value of investments	\$ 240,656	\$ 133,498	\$ 374,154
Contributions	57,447	129,400	186,847
Total additions	<u>298,103</u>	<u>262,898</u>	<u>561,001</u>
<b>DEDUCTIONS</b>			
Benefits	137,195	127,140	264,335
Administrative expenses	16,340	9,119	25,459
Total deductions	<u>153,535</u>	<u>136,259</u>	<u>289,794</u>
Net decrease in fiduciary net position	144,568	126,639	271,207
<b>NET POSITION</b>			
Beginning of year	2,404,814	1,323,626	3,728,440
End of year	<u>\$ 2,549,382</u>	<u>\$ 1,450,265</u>	<u>\$ 3,999,647</u>

*See independent auditors' report*



**TOWN OF KILLINGWORTH, CONNECTICUT  
REPORT OF THE PROPERTY TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2023**

Grand List	Taxes Receivable	Current Year	Lawful Corrections		Transfer to Suspense	Net Taxes	Collections During the Year			Taxes Receivable
	July 1, 2022	Levy	Additions	Deductions	Add-backs	Collectible	Taxes	Interest & Liens	Total	June 30, 2023
2021	\$ -	\$ 19,251,484	\$ 14,457	\$ 59,049	\$ -	\$19,206,892	\$ 19,087,931	\$ 44,427	\$19,132,358	\$ 118,961
2020	138,256	-	973	1,744	-	137,485	90,466	16,742	107,208	47,019
2019	42,713	-	-	-	16,336	26,377	15,126	6,857	21,983	11,251
2018	2,271	-	8	-	-	2,279	664	346	1,010	1,615
2017	1,708	-	-	-	-	1,708	1,053	868	1,921	655
2016	792	-	-	-	-	792	386	31	417	406
2015	299	-	-	-	-	299	-	-	-	299
2014	286	-	-	-	-	286	-	-	-	286
2013	260	-	-	-	-	260	-	-	-	260
2012	271	-	-	-	-	271	-	-	-	271
2011	271	-	-	-	-	271	-	-	-	271
Prior	3,099	-	-	-	615	2,484	-	-	-	2,484
	<u>\$ 190,226</u>	<u>\$ 19,251,484</u>	<u>\$ 15,438</u>	<u>\$ 60,793</u>	<u>\$ 16,951</u>	<u>\$19,379,404</u>	<u>\$ 19,195,626</u>	<u>\$ 69,271</u>	<u>\$19,264,897</u>	<u>\$ 183,778</u>

*See independent auditors' report*

**TOWN OF KILLINGWORTH, CONNECTICUT**  
**SCHEDULE OF CHANGES IN FUND BALANCE - BY PROJECT**  
**RESERVE FOR CAPITAL AND NONRECURRING EXPENDITURES FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	BEGINNING BALANCE	TRANSFERS IN BUDGET ADDITIONS (REDUCTIONS)	ADDITIONS (REVENUES POSTED)	REDUCTIONS (EXPENDITURES POSTED)	PROJECT CLOSEOUTS	ENDING BALANCE
Committed fund balance						
Continuing Projects						
IT upgrades	\$ -	\$ 23,883	\$ -	\$ (23,859)	\$ (24)	\$ -
KVFC radios and communications equipment	82,464	-	-	(82,464)	-	-
KVFC brush/light rescue 887	3,147	-	-	-	-	3,147
KVFC heavy rescue	367,777	-	-	(56,906)	-	310,871
KVFC knox box/apparatus key boxes	3,540	-	-	(1,443)	-	2,097
KVFC brush/light rescue 887	92,497	-	-	-	-	92,497
KVFC training building improvements	1,844	-	-	(1,805)	-	39
KVFC small diameter nozzles & appliances	10,407	-	-	(10,407)	-	-
KVFC - Station 1 Reno - Conceptional Design	-	500,000	-	-	-	500,000
Highway pickup with plow	3,309	-	-	(2,819)	(490)	-
HW Dept - Large Dump/Plow/Sander	-	225,000	-	(212,558)	-	12,442
HW Dept - Brush Chipper	-	75,000	-	-	-	75,000
Highway flatbed dump, plow, sander	636	-	-	(636)	-	-
Transfer station roll of containers	20,000	-	-	(20,000)	-	-
Pavilion at Eric Auer Recreational Park	30,000	-	-	-	-	30,000
Roof for Salt Shed	-	40,000	-	-	-	40,000
Library parking lot - reclaim and pave	-	60,000	-	(45,736)	(14,264)	-
Cemetery headstone rehabilitation	20,000	-	-	(20,000)	-	-
Road Projects						
Country road bridge - phase 2	85,596	-	-	(61,093)	-	24,503
Emanuel church road bridge	220,446	-	-	(699)	-	219,747
Bethke road - culvert	7,153	-	-	-	(7,153)	-
Overlay	-	349,450	-	(330,992)	(18,458)	-
Mill & Fill	-	137,000	-	(137,000)	-	-
Drainage Inlet Repair of Green Hill Rd	-	50,000	-	(7,819)	-	42,181
Drainage Improvement on Beckwith Rd	-	120,000	-	(15,477)	-	104,523
Gravel road drainage improvements	40,000	-	-	-	-	40,000
Chip seal	-	552,000	-	(547,045)	(4,955)	-
Sinking Funds						
Sick/vacation payout at retirement	-	33,000	-	-	-	33,000
Open Space	1,008	-	-	-	-	1,008
Capital surcharge account	42,337	-	55,348	-	-	97,685
Total committed fund balance	1,032,161	2,165,333	55,348	(1,578,758)	(45,344)	1,628,740
Assigned fund balance						
General government	193,616	(247,326)	26,477	-	45,344	18,111
Total assigned fund balance	193,616	(247,326)	26,477	-	45,344	18,111
Total fund balance	\$ 1,225,777	\$ 1,918,007	\$ 81,825	\$ (1,578,758)	\$ -	\$ 1,646,851

See independent auditors' report

# **STATE SINGLE AUDIT REPORTS**

**STATE INTERNAL CONTROL AND  
COMPLIANCE REPORTS**

**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 Board of Finance  
Town of Killingworth, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 4, 2023.

**REPORT ON 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 a 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 or significant deficiencies may exist that were not identified.

## **REPORT ON 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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hoyt, Filippetti & Malashan, LLC*

Groton, Connecticut

December 4, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE STATE SINGLE AUDIT ACT**

To the Board of Finance  
Town of Killingworth, Connecticut

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM**

**Opinion on Each Major State Program**

We have audited Town of Killingworth, Connecticut's (the "Town") compliance with the types of compliance requirements identified as a subject to audit 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, 2023. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of state findings and questioned costs.

In our opinion, the Town 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, 2023.

**Basis for Opinion on Each Major State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable the Town's state programs.

## **Auditors' Responsibility for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 a 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 internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all



deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Hoyt, Filippetti & Malaghan, LLC*

Groton, Connecticut

December 4, 2023

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE**

**TOWN OF KILLINGWORTH, CONNECTICUT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2023**

State Grantor; Pass-through Grantor; Program Title	State Grant Program Core-CT Number	Expenditures
<b>NONEXEMPT PROGRAMS</b>		
<b>CONNECTICUT STATE LIBRARY</b>		
Historic Documents Preservation Grants	12060-CSL66094-35150	\$ 5,500
Total Connecticut State Library		<u>5,500</u>
<b>DEPARTMENT OF TRANSPORTATION</b>		
Town Aid Road Grants Transportation Program	12052-DOT57131-43455	123,712
Town Aid Road Grants Transportation Program	13033-DOT57131-43459	123,712
Total Department of Transportation		<u>247,424</u>
<b>DEPARTMENT OF JUSTICE</b>		
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	700
Total Department of Justice		<u>700</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
Reimbursement of Property Tax - Disability Exemption	11000-OPM20600-17011	272
Property Tax Relief for Veterans	11000-OPM20600-17024	2,183
Tiered PILOT	11000-OPM20600-17111	51,685
OPM Tiered PILOT	12060-OPM20600-35458	125,931
Neglected Cemetery	12060-OPM20600-35570	3,332
MRSA - Tiered PILOT	12060-OPM20600-35691	13,966
Local Capital Improvement Program (LOCIP)	12050-OPM20600-40254	53,053
Municipal Purposes and Projects	12052-OPM20600-43587	5,148
Total Office of Policy and Management		<u>255,570</u>
<b>Total State Financial Assistance before Exempt Programs</b>		<u>509,194</u>
<b>EXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF EDUCATION</b>		
Education Cost Sharing	11000-SDE64370-17041	1,743,835
Total Department of Education		<u>1,743,835</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
Municipal Stabilization Grant	11000-OPM20600-17104	155,954
Total Office of Policy and Management		<u>155,954</u>
<b>Total Exempt Programs</b>		<u>1,899,789</u>
<b>Total State Financial Assistance</b>		<u>\$ 2,408,983</u>

*The accompanying notes are an integral part of this schedule*

**TOWN OF KILLINGWORTH, CONNECTICUT  
NOTE TO SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE A - ACCOUNTING BASIS**

**GENERAL**

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Killingworth, Connecticut (the "Town") under programs of the State of Connecticut for the fiscal year ended June 30, 2023. 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.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments.

The information in the schedule of expenditures of state financial assistance is presented based on regulations established by the State of Connecticut, Office of Policy and Management.

**BASIS OF ACCOUNTING**

The financial statements for the governmental fund types contained in the Town's basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements and the financial statements for business-type activities are prepared on the full accrual basis of accounting.

- Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period.
- Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as certain other expenditures, when applicable, related to compensated absences, pension obligations, landfill closure costs, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).
- For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.
- For performance-based awards, revenues are recognized to the extent of performance achieved during the period.

The expenditures reported on the schedule of expenditures of state financial assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations of 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.

**SCHEDULE OF STATE FINDINGS  
AND QUESTIONED COSTS**

**TOWN OF KILLINGWORTH, CONNECTICUT  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report 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’ report 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:

<i>State Grantor/Program</i>	<b>State Grant Program Identification Number</b>	<b>Expenditures</b>
<b>Department of Transportation:</b>		
Town Aid Roads Grants	12052-DOT57131-43455	\$123,712
Town Aid Roads Grants	13033-DOT57131-43459	123,712
		\$247,424
<b>Office of Policy and Management:</b>		
OPM Tiered PILOT	12060-OPM20600-35458	\$125,931
Dollar threshold used to distinguish between Type A and Type B program:		\$100,000

**TOWN OF KILLINGWORTH, CONNECTICUT  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**SECTION II – SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS  
REQUIRED UNDER *GOVERNMENT AUDITING STANDARDS***

- We issued a report dated December 4, 2023 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*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no material weaknesses.

**SECTION III – FINDINGS AND QUESTIONED COSTS RELATING TO STATE  
FINANCIAL ASSISTANCE**

- There were no findings or questioned costs reported.

**TOWN OF KILLINGWORTH, CONNECTICUT  
SUMMARY SCHEDULE OF THE STATUS OF  
PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

The following findings were resolved during 2022-2023

- MW-2022-01 - Incomplete General Ledger