

## PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 14, 2025

### NEW MONEY ISSUE: BOOK-ENTRY-ONLY

**S&P GLOBAL RATINGS** (See “Ratings” herein): SP-1+

*In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986 (the “Code”), under existing law, interest on the Notes is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. In the opinion of Bond Counsel, under existing statutes, interest on the Notes is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. (See “Tax Matters” herein.)*

## TOWN OF KILLINGLY, CONNECTICUT

**\$15,000,000**

### GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES B (BOOK-ENTRY-ONLY)

**Dated:** Date of Delivery

**Due:** November 10, 2026

| Amount       | Coupon | Yield | CUSIP <sup>1</sup> |
|--------------|--------|-------|--------------------|
| \$15,000,000 |        |       | 494242---          |

**The Notes are being offered for sale in accordance with an official Notice of Sale dated October 14, 2025. Electronic bids via PARITY® for the Notes will be received until 11:30 A.M. (Eastern Time) on Wednesday, October 22, 2025 at Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 as described in the Notice of Sale (See Appendix D to this Official Statement).**

The \$15,000,000 General Obligation Bond Anticipation Notes, Series B (the “Notes”) will be general obligations of the Town of Killingly, Connecticut (the “Town”), and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due. See “Security and Remedies” herein. **The Notes are not subject to optional redemption.**

The Notes will be issued by means of a book-entry system and registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owners of the Notes. Purchases of the Notes will be issued in denominations of \$5,000 or any integral multiples thereof. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. So long as Cede & Co. is the Noteowner, as nominee of DTC, reference herein to the Noteowner, or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Notes. See “Book-Entry-Only Transfer System” herein.

The Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Notes will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27<sup>th</sup> Floor, Hartford, Connecticut.

The Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Pullman & Comley, LLC, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Notes in book-entry-only form will be made to DTC in New York, New York on or about November 12, 2025.

***This cover page contains certain information for quick reference only. It is NOT a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.***

<sup>1</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc., which is not affiliated with the Town and are included solely for the convenience of the holders of the Notes. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.

No dealer, broker, salesperson or other person has been authorized by the Town of Killingly, Connecticut (the “Town”) or the Municipal Advisor to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Town or the Municipal Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

The Official Statement has been prepared only in connection with the initial offering and sale of the Notes may not be reproduced or used in whole or in part for any other purpose.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date of this Official Statement.

Other than as to matters expressly set forth in Appendix A – “Basic Financial Statements” to this Official Statement, the independent auditors for the Town are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

Other than matters expressly set forth in Appendix B to this Official Statement, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

Any references to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, any such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such events with respect to the Notes, pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form set forth in Appendix C to this Official Statement.

The Town deems this Official Statement to be “final” as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1).

The Municipal Advisor to the Town has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Town and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

This Official Statement may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words “may,” “believe,” “could,” “might,” “possible,” “potential,” “project,” “will,” “should,” “expect,” “intend,” “plan,” “predict,” “anticipate,” “estimate,” “approximate,” “contemplate,” “continue,” “target,” “goal” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the Town up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the Town assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future municipal, state and federal budgetary matters, including state and federal grants and other forms of financial aid to the Town; (ii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the Town; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the Town; (viii) the effects of epidemics and pandemics, including economic effects; (ix) foreign hostilities or wars; (x) foreign or domestic terrorism or domestic violent extremism; (xi) disruptions to the Town’s technology network and systems, including computer systems and software; and (xii) other factors contained in this Official Statement.

## TABLE OF CONTENTS

|                                                                | Page | Page |
|----------------------------------------------------------------|------|------|
| Note Issue Summary .....                                       | i    |      |
| <b>I. Securities Offered</b>                                   |      |      |
| Introduction .....                                             | 1    |      |
| Authorization and Use of Proceeds .....                        | 1    |      |
| Description of the Notes .....                                 | 2    |      |
| Book-Entry-Only Transfer System .....                          | 2    |      |
| DTC Practices .....                                            | 4    |      |
| Replacement Notes .....                                        | 4    |      |
| Securities and Remedies .....                                  | 4    |      |
| Tax Matters .....                                              | 5    |      |
| Public Health Considerations .....                             | 6    |      |
| Cybersecurity .....                                            | 6    |      |
| Climate Change .....                                           | 7    |      |
| Qualifications of Financial Institutions .....                 | 7    |      |
| Availability of Continuing Disclosure .....                    | 7    |      |
| Ratings .....                                                  | 8    |      |
| <b>II. The Issuer</b>                                          |      |      |
| Description of the Town .....                                  | 9    |      |
| Economic Development .....                                     | 10   |      |
| Form of Government .....                                       | 10   |      |
| Principal Town Officials .....                                 | 11   |      |
| Summary of Municipal Services .....                            | 11   |      |
| Town Employees .....                                           | 12   |      |
| Municipal Employees' Bargaining Units .....                    | 13   |      |
| School Facilities .....                                        | 13   |      |
| School Enrollment .....                                        | 14   |      |
| <b>III. Economic and Demographic Information</b>               |      |      |
| Population Trends .....                                        | 15   |      |
| Age Distribution of the Population .....                       | 15   |      |
| Income Distribution .....                                      | 16   |      |
| Income Levels .....                                            | 16   |      |
| Educational Attainment .....                                   | 17   |      |
| Major Employers .....                                          | 18   |      |
| Employment by Industry .....                                   | 19   |      |
| Employment Data .....                                          | 20   |      |
| Age Distributions of Housing .....                             | 21   |      |
| Housing Inventory .....                                        | 21   |      |
| Owner-Occupied Housing Value .....                             | 22   |      |
| Building Permits .....                                         | 22   |      |
| Land Use Summary .....                                         | 23   |      |
| <b>IV. Tax Base Data</b>                                       |      |      |
| Assessments .....                                              | 24   |      |
| Property Tax Collection Procedures .....                       | 24   |      |
| Motor Vehicle Property Tax Rate .....                          | 25   |      |
| Comparative Assessed Valuations .....                          | 25   |      |
| Property Tax Levies and Collections .....                      | 26   |      |
| Ten Largest Taxpayers .....                                    | 26   |      |
| Equalized Net grand List .....                                 | 27   |      |
| <b>V. Financial Information</b>                                |      |      |
| Fiscal Year .....                                              | 28   |      |
| Accounting Policies .....                                      | 28   |      |
| Budgetary Procedures .....                                     | 28   |      |
| Municipal Budget Expenditures Cap .....                        | 28   |      |
| Annual Audit .....                                             | 29   |      |
| Pension Plans .....                                            | 29   |      |
| Other Post-Employment Benefits .....                           | 30   |      |
| Investment Policies and Practices .....                        | 31   |      |
| Comparative General Fund Operating Statement .....             | 32   |      |
| General Fund Balance Sheet .....                               | 33   |      |
| General Fund Revenue and Expenditures .....                    | 34   |      |
| Analysis of General Fund Equity .....                          | 35   |      |
| Property Tax Revenues .....                                    | 35   |      |
| Intergovernmental Revenues .....                               | 35   |      |
| Expenditures .....                                             | 36   |      |
| <b>VI. Debt Summary</b>                                        |      |      |
| Principal Amount of Indebtedness .....                         | 37   |      |
| School Building Grant Reimbursements .....                     | 38   |      |
| Clean Water Fund Program .....                                 | 38   |      |
| USDA Loans .....                                               | 38   |      |
| Annual Bonded Debt Maturity Schedules .....                    | 39   |      |
| Overlapping/Underlying Debt .....                              | 40   |      |
| Debt Statement .....                                           | 41   |      |
| Current Debt Ratios .....                                      | 42   |      |
| Bond Authorization .....                                       | 42   |      |
| Maturities .....                                               | 42   |      |
| Temporary Financing .....                                      | 42   |      |
| Limitations of Indebtedness .....                              | 43   |      |
| Statement of Statutory Debt Limitation .....                   | 44   |      |
| Authorized But Unissued Debt .....                             | 44   |      |
| Principal Amount of Outstanding Debt .....                     | 45   |      |
| Ratio of Direct Debt to Valuation, Population and Income ..... | 45   |      |
| <b>VII. Legal and Other Litigation</b>                         |      |      |
| Litigation .....                                               | 46   |      |
| Municipal Advisor .....                                        | 46   |      |
| Closing Documents .....                                        | 46   |      |
| Concluding Statement .....                                     | 47   |      |
| Appendix A – Basic Financial Statements                        |      |      |
| Appendix B – Form of Opinion of Bond Counsel                   |      |      |
| Appendix C – Form of Continuing Disclosure Agreement           |      |      |
| Appendix D – Notice of Sale                                    |      |      |

## NOTE ISSUE SUMMARY

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*The information in this Note Issue Summary and the cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.*

|                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Date of Sale:</b>                                                 | <b><u>Wednesday, October 22, 2025, 11:30 A.M. (Eastern Time).</u></b>                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Location of Sale:</b>                                             | Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443.                                                                                                                                                                                                                                                                                                                                                            |
| <b>Issuer:</b>                                                       | Town of Killingly, Connecticut (the “Town”).                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Issue:</b>                                                        | \$15,000,000 General Obligation Bond Anticipation Notes, Series B (the “Notes”).                                                                                                                                                                                                                                                                                                                                                                |
| <b>Dated Date:</b>                                                   | Date of delivery, November 12, 2025.                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Interest Due:</b>                                                 | At maturity, November 10, 2026.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Principal Due:</b>                                                | At maturity, November 10, 2026.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Purpose and Authority:</b>                                        | The proceeds of the Notes will be used to fund various capital projects as authorized by the voters of the Town. See “Authorization and Use of Proceeds” herein                                                                                                                                                                                                                                                                                 |
| <b>Redemption:</b>                                                   | The Notes <b><u>are not</u></b> subject to redemption prior to maturity.                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Security:</b>                                                     | The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.                                                                                                                                                                                                                                                                         |
| <b>Credit Ratings:</b>                                               | The Town received a credit rating of “SP-1+” from S&P Global Ratings (“S&P”) on the Notes. Currently, the Town has a credit rating of “AA+” with a stable outlook from S&P Global Ratings (“S&P”) and “Aa3” for Moody’s Ratings (“Moody’s”) on certain outstanding bonds. See “Ratings” herein.                                                                                                                                                 |
| <b>Basis of Award:</b>                                               | Lowest Net Interest Cost (NIC), as of dated date.                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Tax Exemption:</b>                                                | See “Tax Matters” herein.                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Bank Qualification:</b>                                           | The Notes <b><u>will not</u></b> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, for purposes of the deduction by financial institutions for interest expense incurred to carry the Notes.                                                                                                                                                           |
| <b>Continuing Disclosure:</b>                                        | In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, notices of the occurrence of certain events, not in excess of ten (10) business days of the occurrence of such events pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement. |
| <b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b> | U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut 06103.                                                                                                                                                                                                                                                                                                             |
| <b>Legal Opinion:</b>                                                | Pullman & Comley, LLC of Hartford, Connecticut will act as Bond Counsel.                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Delivery and Payment:</b>                                         | It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about November 12, 2025 against payment in <b>Federal Funds</b> .                                                                                                                                                                                                                                                          |
| <b>Issuer Official:</b>                                              | Questions concerning the Official Statement should be directed to Jennifer M. Hawkins, Director of Finance, Town of Killingly, 172 Main Street, Killingly, Connecticut 06239. Telephone: 860-779-5337.                                                                                                                                                                                                                                          |
| <b>Municipal Advisor:</b>                                            | Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Susan Caron, Vice President, Telephone: 860-372-1887.                                                                                                                                                                                                                                                                                           |

The Preliminary Official Statement is available in electronic form only at [www.i-dealprospectus.com](http://www.i-dealprospectus.com) and [munistat.com](http://munistat.com). For additional information please contact the Municipal Advisor at [susan.caron@munistat.com](mailto:susan.caron@munistat.com) or [mark.chapman@munistat.com](mailto:mark.chapman@munistat.com)

## **I. SECURITIES OFFERED**

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### **INTRODUCTION**

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Killingly, Connecticut (the “Town”) in connection with the issuance of \$15,000,000 General Obligation Bond Anticipation Notes, Series B (the “Notes”) of the Town, and may not be reproduced or used in whole or in part for any other purpose.

The Notes are being offered for sale at public bidding. A Notice of Sale dated October 14, 2025 has been furnished to prospective bidders. Reference is made to the Notice of Sale (See Appendix D to this Official Statement) for the terms and conditions of the bidding on the Notes.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents, and all references to the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town.

Munistat Services, Inc. (“Munistat”) is engaged as the “Municipal Advisor” to the Town in connection with the issuance of the Notes. The Municipal Advisor’s fee for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery of the Notes. Munistat, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal and state income tax status of the Notes, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Set forth in Appendix A “Basic Financial Statements” hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Bond Counsel is not passing upon and does not assume responsibility for the sufficiency, accuracy or completeness of the statements made in this Official Statement (other than matters expressly set forth in its opinion in Appendix B hereto) and it makes no representation that it has independently verified the same.

The Town considers this Official Statement to be “final” for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

### **AUTHORIZATION AND USE OF PROCEEDS**

The Notes are issued pursuant to Section 7-369 and Section 10-289 of the General Statutes of Connecticut and bond resolutions approved by the voters of the Town on November 16, 2021 for the Westfield Avenue School/Community Center Project and by the Town Council on June 9, 2020 and December 5, 2020 for the Killingly Memorial School Project.

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The proceeds of the Notes will be used to finance the following projects authorized by the Town:

| Project                                     | Amount<br>Authorization | Previously<br>Bonded | Grants/<br>Premium Applied | Notes                  | Notes This<br>Issue |
|---------------------------------------------|-------------------------|----------------------|----------------------------|------------------------|---------------------|
|                                             |                         |                      |                            | Maturing<br>11/22/2025 |                     |
| Killingly Memorial School Project.....      | \$ 34,000,000           | \$ 5,000,000         | \$ 12,918,627 <sup>1</sup> | \$ 3,500,000           | \$ 3,500,000        |
| Westfield Ave/Community Center Project..... | 27,800,000              | 9,885,000            | 622,000 <sup>2</sup>       | 11,500,000             | 11,500,000          |
| <b>Total All Projects.....</b>              | <b>\$ 61,800,000</b>    | <b>\$14,885,000</b>  | <b>\$ 13,540,627</b>       | <b>\$ 15,000,000</b>   | <b>15,000,000</b>   |

<sup>1</sup> Includes \$268,000 in bond premium.

<sup>2</sup> Includes \$622,000 in bond premium.

Note: The Town may reallocate proceeds among its authorized projects to meet its capital cash flow needs.

## DESCRIPTION OF THE NOTES

The Notes will be dated the date of delivery and will be due and payable as to both principal and interest at maturity, on November 10, 2026. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. The Notes will be issued as fully-registered notes in denominations of \$5,000 or any integral multiples thereof. A book-entry-only transfer system will be employed evidencing ownership of the Notes with transfers of ownership on the records of The Depository Trust Company, New York, New York (“DTC”), and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System” herein.

The Certifying Agent, Paying Agent, Registrar and Transfer agent for the Notes will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27<sup>th</sup> Floor, Hartford, Connecticut. The legal opinion on the Notes will be rendered by Pullman & Comley, LLC, in substantially the form set forth in Appendix B to this Official Statement.

**The Notes are not subject to redemption prior to maturity.**

## BOOK-ENTRY-ONLY TRANSFER SYSTEM

This section describes how ownership of the Notes is to be transferred and how the principal of, premium, if any, and interest on the Notes are to be paid to and accredited DTC while the Notes are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Town believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Town cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Notes, or redemption or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Notes), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each interest rate of the Notes and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Town or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Notes held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Town or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, bond and note certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond and note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

## **DTC PRACTICES**

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Notes will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

## **REPLACEMENT NOTES**

The determination of the Town officials authorizing the issuance of the Notes provides for issuance of fully-registered bond and note certificates directly to Beneficial Owners of the Notes or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Notes, and the Town fails to identify another qualified securities depository for the Notes to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the Town is authorized to issue fully registered Notes directly to the Beneficial Owner. A Beneficial Owner of the Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Notes.

## **SECURITY AND REMEDIES**

The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due.

Unless paid from other sources, the Notes are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue that the Town would have received except for the limitation upon its power to tax such dwelling houses.

Payment of the Notes is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Notes.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Notes or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes (the "obligations") and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such obligations from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted by the Congress or the Connecticut General Assembly and to the exercise of judicial discretion. Under the Federal bankruptcy code, the Town may seek relief only, among other requirements if it is specifically authorized in its capacity as a municipality or by name, to be a

debtor under Chapter 9 thereof, or by State law or a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy under Chapter 9 of Title 11 of the United States Code without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue notes or other obligations.

## **TAX MATTERS**

**Federal Taxes.** In the opinion of Bond Counsel, under existing law, (i) interest on the Notes is excludable from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations.

Bond Counsel's opinion with respect to the Notes will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986 (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Notes, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Note proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Notes is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Notes.

**Original Issue Premium.** The initial public offering prices of certain maturities of the Notes may be more than their stated principal amounts payable at maturity (the "OIP Notes"). In general, an owner who purchases an OIP Note must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the OIP Note for federal income tax purposes. Prospective purchasers of OIP Notes at a premium to its principal amount should consult their tax advisors regarding the amortization of premium and its effect upon basis.

**Other Federal Tax Matters.** Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

**State Taxes.** In the opinion of Bond Counsel, under existing statutes, interest on the Notes is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Notes is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Notes should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Notes.

**Changes in Federal and State Tax Law.** Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Notes should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Notes may be adversely affected and the ability of holders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rates on the Notes are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Notes.

**General.** The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Notes. Prospective owners of the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Notes.

## **PUBLIC HEALTH CONSIDERATIONS**

Commencing in late 2019, an outbreak of a respiratory disease caused by a new strain of coronavirus ("COVID-19") resulted in a global public health crisis. The federal and State governments both declared public health emergencies and, along with local governments, took action to limit the spread of the outbreak and reduce the resulting economic impact. The federal and State public health emergency declarations have since been terminated.

To date, the COVID-19 outbreak has had no material adverse effect on the finances of the Town. However, prospective investors should assume that restrictions and limitations related to COVID-19 and any future variants or pandemics may be instituted by the federal or State governments and that any resurgence of COVID-19 or another infectious disease could have a material adverse effect on the Town and its financial and operational performance.

The Town received \$3.9 million from the American Rescue Plan Act of 2021 in response to the COVID-19 pandemic (the "COVID-19 Aid"). The Town developed a plan for the use of such funds that focused on infrastructure improvements and other initiatives that complied with the program eligibility criteria. No assurance can be given that the Town would receive federal aid akin to the COVID-19 Aid if another pandemic or similar public health emergency were to occur.

## **CYBERSECURITY**

The Town like many other public and private entities, relies on technology to conduct its operations. The Town and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town invests in various forms of cybersecurity and operational controls, including comprehensive procedures relating to the security of the Town's government networks. Additionally, the Town purchases cybersecurity insurance, so that a claim can be made to the

insurance provider in the event of a cyber-attack. To date no breaches have occurred. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage the Town's digital networks and systems and the costs of remedying any such damage could be substantial.

## **CLIMATE CHANGE**

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. Like much of Connecticut, the Town is vulnerable to inland wetland, small river and stream flooding. The Town faces other threats due to climate change, including damaging wind that could become more severe and frequent. The Town has a very active program of tree inspections and removals. While the Town cannot predict the timing, extent or severity of climate change and its impact on the Town's operations and finances, the Town believes it holds sufficient reserves and annually budgets for contingencies to address unforeseen expenses resulting from the increasing frequency of severe weather. The Town is prepared to quickly respond and recover from any such events that would exceed its annual operating budget. In an effort to address climate change, the Town has enrolled in the Sustainable CT program and received a "Bronze" designation from the program. The Town's goal is to obtain "Silver" designation.

## **QUALIFICATIONS FOR FINANCIAL INSTITUTIONS**

The Notes **will not** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

## **AVAILABILITY OF CONTINUING DISCLOSURE**

The Town prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management within six months of the end of its fiscal year. The Town provides, and will continue to provide, to the rating agency ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C to this Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notice of the occurrence of certain events not in excess of ten (10) business days of the occurrence of such events with respect to the Notes.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds or notes to provide annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the past five years, the Town has not failed to comply in any material respect with its previous undertakings under such agreements, except for: 1) the failure to make timely filings on EMMA of annual financial information and operating data for its fiscal year ending June 30, 2020. The audited financial statements for fiscal year ending June 30, 2020 were completed and the Town filed all required information on April 16, 2021. Field work from the auditor and the close-out of the Town's financial records were delayed as a result of the COVID-19 pandemic. 2) the failure to make timely filings on EMMA of annual financial information and operating data for its fiscal year ending June 30, 2022. The audited financial statements for fiscal year ending June 30, 2022 were completed and the Town filed all required information on June 8, 2023. Staffing issues on the part of the auditor and Board of Education led to a delay in closing out the fiscal year. 3) the failure to make timely filings on EMMA of annual financial information and operating data for its fiscal year ending June 30, 2023. The audited financial statements for fiscal year ending June 30, 2023 were completed and the Town filed the audited financial statements on April 15, 2024 and additional required financial and operating data on April 17, 2024. 4) the failure to make timely filings on EMMA of annual financial information and operating data for its fiscal year ending June 30, 2024. The audited financial statements for fiscal year ending June 30, 2024 were completed and the Town filed the audited financial statements and amended additional required financial and operating data on April 7, 2025. The Town is working with the auditor to have their review slot moved up to eliminate future late filings.

## **RATINGS**

The Town received a credit rating of “SP-1+” from S&P Global ratings (“S&P”), on the Notes. Currently, the Town has a credit rating of “AA+” with a stable outlook from S&P Global Ratings (“S&P”), on certain outstanding bonds.

Generally, a rating agency bases ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. The ratings reflect only the view of the rating agencies and an explanation of the significance of such ratings may be obtained from S&P Global Ratings, 55 Water Street, 45<sup>th</sup> Floor, New York, New York 10041 and Moody’s Ratings, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There is no assurance that the ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by such rating agencies if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of the Town’s bonds or notes, including the Notes.

Certain outstanding bonds of the Town are rated “Aa3” by Moody’s Ratings (“Moody’s”).

## II. THE ISSUER



### DESCRIPTION OF THE TOWN

The Town of Killingly (the “Town” or “Killingly”) is located in the northeastern corner of the state. Covering an area of 48.5 square miles, Killingly is bordered by the Towns of Pomfret and Brooklyn to the west, the State of Rhode Island to the east, the Town of Putnam to the north, and the Towns of Plainfield and Sterling to the south. The Town is comprised of the villages of Attawaugan, Ballouville, Dayville, East Killingly, Rogers, South Killingly and the Borough of Danielson.

The Town is located approximately 50 miles from Hartford, the State Capital; 70 miles from Boston; 25 miles from Providence, Rhode Island and 30 miles from Worcester, Massachusetts.

Killingly’s first known settler arrived from Rehoboth, Massachusetts in 1693. In the early 1700s, other settlers followed, mostly from the Boston area. In 1708, the Town was incorporated.

Killingly is served by an extensive network of highways that provide easy access to local and regional markets. Interstate 395 runs north and south connecting the Connecticut coast with Worcester, Massachusetts. Route 6 runs east and west connecting Hartford to Providence, Rhode Island. State Routes 12, 101 and 21 also intersect the Town. The Providence and Worcester Railroad provides rail freight service to area industries. Bradley International Airport in Windsor Locks, Connecticut, Worcester Airport, and TF Green International Airport in Warwick, Rhode Island are all within an hour’s drive from Killingly. State-owned Danielson Airport provides small aircraft service to the area.

The Town has actively sought to expand and diversify its economic base while preserving its natural resources. It has welcomed industries such as Frito-Lay, Staples, Walgreens, and Winchester Interconnect as well as growing micro manufacturing companies from within, due to workforce readiness.

## **ECONOMIC DEVELOPMENT**

The Town is home to the Killingly Industrial Park, at Exit 43 off Interstate 395. More than 3,200 employees work for companies located there, occupying a total of 2,100,000 square feet. In 2014 Frito-Lay, Inc., the largest employer and major taxpayer to the Town, completed an \$8 million expansion of its facility.

Miyoshi has completed a 5-million-dollar expansion to include automation technology and has created 5 new technical positions to their production line. CarbonBuilt has acquired the 70-year-old Jolley Concrete and Block Company located in the Enterprise Zone and expects to invest up to 20 million into the site through 2028 to upgrade the existing block line and build out a new robotic AI enabled production line for concrete pavers. This is projected to be online in 2027 funded in part by a US Department of Energy grant. This will add 50% more production hours in 2025 and double production by 2026 by adding a second shift. CarbonBuilt will be adding an additional 15 employees. Carbonbuilt is the first concrete technology company to commercially demonstrate a reduction in the embodied carbon concrete by up to 70% relative to the industry averages, while simultaneously lowering production costs. Carbonbuilt will be working closely with the Quinebaug Valley Community College to prepare students and employees for technical jobs at the Advanced Technology Manufacturing Center.

Located off Exit 41 of Interstate 395, Killingly Commons is a shopping center with 525,000 square feet of retail space and parking for 2,500 vehicles. Anchor tenants are Lowe's Home Improvement, Stop & Shop and Target. Additional retail is located at Killingly Plaza and the Four Corners Plaza. Killingly continues to attract national brand tenants with the addition of Ulta Beauty and Bath & Body, Starbucks, Go Health, Jersey Mike's Aspen Dental and Five Guys. In the Downtown, the 140 Main Street building which had been vacant for 15 years has been fully renovated and is home to 12 new businesses featuring a coffee bar, marketing agency, crossfit gym, Little River Bakery and several second-floor professional offices. Killingly will be breaking ground on a 1.8-million-dollar placemaking project funded by the CT Community Challenge grant. The space is linked to the public transit system, a walkable downtown and will feature both public and private programming to spur further foot traffic downtown.

Killingly is an Eastern Connecticut Enterprise Corridor community, offering incentives and benefits to manufacturers who locate here. Business opportunities abound, whether it is available buildings, vacant land or sites with rail access. Historic mill properties offer the potential for a combination of commercial, industrial and residential uses to spur redevelopment in Mill Mixed Use Development Districts. Killingly is located in the Last Green Valley, a National Heritage Corridor of 35 towns in northeastern Connecticut and southern Massachusetts.

Killingly has utilized an \$800,000 EPA Multipurpose grant to conduct environmental assessments on 5 brownfield parcels in preparation for remediation to attract interested developers.

Orion Utility Contracting, an expert storm response partner opened their New England headquarters in Connecticut to service Connecticut, Massachusetts and New Hampshire. Currently, Killingly is home base for the local union field office which employs 10 full time employees and has a fleet of 25 trucks supporting up to 50 linemen. 2025 revenue projections are estimated to be \$8-\$10 million.

## **FORM OF GOVERNMENT**

The Town adopted a Home Rule Council/Town Manager form of government by referendum in 1969. The Town Council is the legislative and policy making body that adopts the annual general government and education budgets for submission to the Annual Town Meeting, enacts local ordinances, and appoints a Town Manager. There are nine members of the Town Council: five are elected on a partisan basis from five districts with four members elected at large for two-year concurrent terms. The Councilors elect a Chairman to serve a two-year term and make appointments to boards and commissions per the Town Charter. The Town Manager serves as the Chief Executive Officer of the municipality.

The Board of Education is comprised of nine members. Members are elected to four-year staggered terms to allow for continuity. The Board of Education appoints the Superintendent of Schools, who administers the Killingly school system that is comprised of one high school, one middle school, two elementary schools and a preschool.

## PRINCIPAL TOWN OFFICIALS

| Office                             | Name                     | Manner of Selection | Term            | Years of Service      |
|------------------------------------|--------------------------|---------------------|-----------------|-----------------------|
| Town Manager.....                  | Brian M. Palaia.....     | Appointed           | Indefinite      | 1 Months <sup>1</sup> |
| Town Council Chairman.....         | Jason Anderson.....      | Elected/4 Years     | 12/2021-12/2025 | 8 Years               |
| Director of Finance/Treasurer..... | Jennifer M. Hawkins..... | Appointed           | Indefinite      | 6 Years               |
| Superintendent of Schools.....     | Susan Nash-Ditzel.....   | Appointed           | Indefinite      | 4 Years <sup>2</sup>  |
| Revenue Collector.....             | April Lamothe.....       | Appointed           | Indefinite      | 2 Years               |
| Assessor <sup>3</sup> .....        | Vacant.....              | Appointed           | Indefinite      |                       |
| Planning & Development.....        | Ann-Marie L. Aubrey..... | Appointed           | Indefinite      | 8 Years               |
| Economic Development Director..... | Jill St. Clair.....      | Appointed           | Indefinite      | 4 Years               |

<sup>1</sup> Previously served as the Town Manager for the Town of Oxford, MA from 2015 to 2019.

<sup>2</sup> Served as Assistant Superintendent from July 2021 to June 2023 and served as Superintendent since July 2023.

<sup>3</sup> Town has hired a consultant in the interim.

Source: Town Officials.

## SUMMARY OF MUNICIPAL SERVICES

**Police Protection:** Killingly is served by a hybrid Resident State Trooper program and local Constable program. Currently, the Town contracts for one resident trooper and employs eight full time certified officers as Constables, one School Resource Officer (“SRO”) and five Armed School Security Officers. Troop “D” of the Connecticut State Police is located in Killingly and provides additional law enforcement support to this program and the community.

**Fire Protection:** Fire protection is provided by seven volunteer fire companies organized in separate taxing districts throughout the Town that operate on a mutual aid basis: Attawaugan Fire Company, Danielson Fire Department, Dayville Fire Company, East Brooklyn Fire Department, East Killingly Fire Company, South Killingly Fire Department and Williamsville Fire Department. All districts are connected to the 911 Emergency Dispatch system.

**Building Inspection:** The Building Safety and Inspection Office enforces regulations that concern all matters of construction, alterations, additions, repair, removal, demolition and occupancy of all buildings and structures to ensure public safety, health and welfare and adherence to the Connecticut Basic Building Code and Connecticut Fire Safety Code. The Building Official issues required permits and inspects any project that will affect the strength or integrity of a structure or involves replacing all or part of plumbing, electrical or heating systems. The Fire Marshal inspects convalescent homes, restaurants, day care centers, schools and other places of public assembly, investigates causes of fires, and issues blasting and burning permits. This Office also enforces the Town of Killingly Rental Housing Code by inspecting vacant rental units to improve the safety and adequacy of such units. This Office also enforces the Killingly Solid Waste Ordinance and responds to related complaints of violations.

**Water:** Connecticut Water Company, a privately operated water utility, serves the industrial, commercial and high density residential sections of the Town with the remainder of the Town served by individual wells.

**Sewer:** The Killingly Water Pollution Control Authority (the “Authority”), which consists of a five-member board appointed by the Town Council for five-year terms, is responsible for the operation and maintenance of an eight million gallons per day (“GPD”) secondary sewer treatment plant and nearly thirty miles of sewer mains that afford the Town sewer service and growth potential. The Authority recommends an annual budget and capital project budget to the Town Council and sets the required user rates and special assessment levels for the system. In August 2014, the Town approved a \$25,800,000 upgrade to its sewer treatment facility. The project was completed in January 2022.

**Solid Waste:** The Town contracts with Casella, Inc. for the operation of its waste transfer and recycling center. Bagged solid waste is accepted at the facility from residential permit holders only. The Town is currently under contract with Casella for solid waste collected at the Killingly transfer station and for transfer to a disposal/recycling site. The contract extends through June 30, 2026. The current disposal fee is \$92.29 per ton. Although the Town does not provide refuse collection, a number of private contractors operate within Town.

The Town’s landfill for solid waste disposal is closed; however, state and federal regulations require landfill closures to meet certain ongoing standards. Costs for monitoring the landfill are estimated to be \$20,000 per year for

the next 10 years as of June 30, 2025. These estimates are subject to change due to factors including inflation, technology or applicable laws and regulations.

**Town Roads:** The Town’s Highway Division in the Public Works Department maintains a network of approximately 132 miles of roads and is responsible for year-round maintenance and repairs to minor/major roads, streets and sidewalks; street sweeping; snow plowing and winter sanding operations and routine cleaning of the storm drain systems.

**Electricity:** Electric power is provided by Eversource (formerly The Connecticut Light and Power Company), a subsidiary of Northeast Utilities.

**Parks and Recreation:** The Killingly Parks and Recreation Department and the Board of Recreation sponsor a wide variety of year-round recreational programs that afford residents of all ages the opportunity to enjoy their leisure time. There are many low-cost programs for children, adults and seniors, including summer concerts, festivals, day trips, road races, clinics, theater camps, fitness and dance classes. The Town’s Community Center, a former high school, offers meeting rooms, a gym, exercise equipment, including free weights, elliptical machines, treadmills and stationary bikes. The Town has an extensive parks system for outdoor activities, including the following areas:

Danielson Lions Park – A neighborhood park offering a playscape for children and benches for relaxing.

Davis Park – The Town green, Davis Park has many monuments dedicated to veterans, and also is the focal point for several festivals offered during the year, a summer concert series and various other community celebrations.

Owen Bell Park – This park offers a track and trails for running and walking, boundless playground equipment for children of all abilities, a skate park, splash pad, basketball and tennis courts, ball fields and picnic areas.

Cat Hollow Park – This park is located on the site of the once thriving Sayles & Sabin Mill and Worsted Mill. It provides a wooded area for trail walking, fishing and viewing the beautiful Whetstone Brook and falls.

Phaiah Dog Park – This is the newest addition to Killingly’s parks system. The park is located along the Quinebaug River Trail and offers two fenced in areas for dog owners to play with their dogs.

**Health District:** The Town is a member of The Northeast District Department of Health (“NDDH”) which was established on July 1, 1973. The affairs of the NDDH are managed by a board consisting of members appointed by each of its member municipalities: Brooklyn, Canterbury, Borough of Danielson, Eastford, Hampton, Killingly, Plainfield, Pomfret, Putnam, Sterling, Thompson, Union and Woodstock.

NDDH services an area of approximately 500 square miles, and a population of approximately 86,000 residents. NDDH receives funding from the State, as well as town assessments on a per capita basis, permit and fee revenue, and federal, state and private grants.

## TOWN EMPLOYEES

The following table illustrates the permanent full and part-time Town employees for the last five fiscal years:

| <b>Fiscal Year</b>      | <b>2026</b> | <b>2025</b> | <b>2024</b> | <b>2023</b> | <b>2022</b> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| General Government..... | 125         | 125         | 102         | 96          | 89          |
| Board of Education..... | 632         | 632         | 559         | 592         | 580         |
| <b>Total.....</b>       | <b>757</b>  | <b>757</b>  | <b>661</b>  | <b>688</b>  | <b>669</b>  |

Source: Town Officials.

## MUNICIPAL EMPLOYEES BARGAINING UNITS

| <b>Bargaining Group</b>                                     | <b>Organization</b>                       | <b>Number of Employees</b> | <b>Current Contract Expiration</b> |
|-------------------------------------------------------------|-------------------------------------------|----------------------------|------------------------------------|
| <b><u>General Government</u></b>                            |                                           |                            |                                    |
| Public Works.....                                           | AFSCME.....                               | 20                         | June 30, 2028                      |
| Professional/Technical.....                                 | UPSEU.....                                | 13                         | June 30, 2028                      |
| Clerical/Maintenance/Custodial.....                         | AFSCME.....                               | 16                         | June 30, 2027                      |
|                                                             | General Government sub-total.....         | 49                         |                                    |
| <b><u>Board of Education</u></b>                            |                                           |                            |                                    |
| Teachers.....                                               | Killingly Education Association.....      | 236                        | June 30, 2026                      |
| Supervisors.....                                            | AFSCME - Local 818.....                   | 3                          | June 30, 2026                      |
| Mechanic/Bus Operators.....                                 | AFSCME - Local 1303-261.....              | 36                         | June 30, 2028                      |
| Administrators.....                                         | Killingly Administration Association..... | 16                         | June 30, 2028                      |
| Nurses.....                                                 | AFSCME - Local 1303-310.....              | 9                          | June 30, 2027                      |
| Custodians/Secretaries/Nurse Assistants.....                | AFSCME - Local 1303-149.....              | 76                         | June 30, 2025 <sup>1</sup>         |
| Instructional Assistants.....                               | AFSCME - Local 3689.....                  | 120                        | June 30, 2027                      |
|                                                             | Board of Education sub-total.....         | 496                        |                                    |
| <b>Total General Government and Board of Education.....</b> |                                           | <b>545</b>                 |                                    |

<sup>1</sup> In negotiation.

Source: Town of Killingly.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either of the parties. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of (i) 5% or less with respect to teachers' contracts, and (ii) 15% or less with respect to municipal employees, is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

## SCHOOL FACILITIES

| <b>School</b>                            | <b>Grades</b> | <b>Construction/Addition/<br/>Renovation</b> | <b>Number of<br/>Classrooms</b> | <b>2025-2026<br/>Enrollment</b> | <b>Rated<br/>Capacity</b> |
|------------------------------------------|---------------|----------------------------------------------|---------------------------------|---------------------------------|---------------------------|
| Killingly High School.....               | 9-12          | 2010                                         | 71                              | 746                             | 1069                      |
| Killingly Intermediate School.....       | 5-8           | 1990                                         | 62                              | 707                             | 965                       |
| Killingly Memorial Elementary School..   | 2-4           | 1952, 1989, 2018, 2024                       | 39                              | 485                             | 569                       |
| Killingly Central Elementary School..... | Pre-K-1       | 1958, 1989, 2018                             | 28                              | 303                             | 455                       |
| Goodyear.....                            | Pre-K         | 1947, 1983, 2018                             | 7                               | 118                             | 119                       |
| <b>Total .....</b>                       |               |                                              | <b>207</b>                      | <b>2,359</b>                    | <b>3,177</b>              |

Source: Town of Killingly, Board of Education.

## SCHOOL ENROLLMENT

| <b>School Year</b> | <b>Grades<br/>K-4</b> | <b>Grades<br/>5-8</b> | <b>Grades<br/>9-12</b> | <b>Special<br/>Education <sup>1</sup></b> | <b>Pre-<br/>School</b> | <b>Total</b> |
|--------------------|-----------------------|-----------------------|------------------------|-------------------------------------------|------------------------|--------------|
| <i>Historical</i>  |                       |                       |                        |                                           |                        |              |
| 2021-22            | 845                   | 639                   | 755                    | 59                                        | 125                    | 2,423        |
| 2022-23            | 851                   | 671                   | 788                    | 52                                        | 117                    | 2,479        |
| 2023-24            | 811                   | 698                   | 762                    | 62                                        | 116                    | 2,449        |
| 2024-25            | 802                   | 692                   | 744                    | 64                                        | 118                    | 2,420        |
| 2025-26            | 766                   | 707                   | 746                    | 64                                        | 140                    | 2,423        |
| <i>Projected</i>   |                       |                       |                        |                                           |                        |              |
| 2026-27            | 810                   | 677                   | 746                    | 64                                        | 140                    | 2,437        |
| 2027-28            | 820                   | 657                   | 787                    | 64                                        | 140                    | 2,468        |
| 2028-29            | 827                   | 643                   | 797                    | 64                                        | 140                    | 2,471        |
| 2029-30            | 856                   | 604                   | 812                    | 64                                        | 140                    | 2,476        |
| 2030-31            | 869                   | 648                   | 782                    | 64                                        | 141                    | 2,504        |

<sup>1</sup> Special Education includes only those students who attend non-Killingly facilities.  
Source: Town of Killingly, Board of Education.

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### III. ECONOMIC AND DEMOGRAPHIC INFORMATION

#### POPULATION TRENDS

| Year | Town of Killingly       |            |                      | Northeastern CT              | State of    |
|------|-------------------------|------------|----------------------|------------------------------|-------------|
|      | Population <sup>1</sup> | % Increase | Density <sup>2</sup> | Planning Region <sup>3</sup> | Connecticut |
| 1980 | 14,519                  | 0.0        | 290                  | 92,312                       | 3,107,576   |
| 1990 | 15,889                  | 9.4        | 318                  | 102,525                      | 3,287,116   |
| 2000 | 16,472                  | 3.7        | 329                  | 109,091                      | 3,405,565   |
| 2010 | 17,411                  | 5.7        | 348                  | 117,708                      | 3,545,837   |
| 2020 | 17,267                  | (0.8)      | 345                  | 116,657                      | 3,570,549   |
| 2023 | 17,785                  | 3.0        | 356                  | 95,829                       | 3,598,348   |

<sup>1</sup> 1980-2023 – U.S. Census Bureau.

<sup>2</sup> Per square mile: 50.0 square miles.

<sup>3</sup> Starting with the 2018-2022 American Community Survey data, the area was adjusted to reflect the Northeastern Connecticut Planning Region. Previous to the 2022 data, Windham County data was used.

#### AGE DISTRIBUTION OF THE POPULATION

| Age                      | Town of Killingly |         | Northeastern CT<br>Planning Region <sup>1</sup> |         | State of Connecticut |         |
|--------------------------|-------------------|---------|-------------------------------------------------|---------|----------------------|---------|
|                          | Number            | Percent | Number                                          | Percent | Number               | Percent |
| Under 5.....             | 868               | 4.9     | 4,399                                           | 4.6     | 181,240              | 5.0     |
| 5 - 9.....               | 1,119             | 6.3     | 5,156                                           | 5.4     | 195,390              | 5.4     |
| 10 - 14.....             | 969               | 5.4     | 4,871                                           | 5.1     | 217,297              | 6.0     |
| 15 - 19.....             | 832               | 4.7     | 5,331                                           | 5.6     | 238,145              | 6.6     |
| 20 - 24.....             | 800               | 4.5     | 5,064                                           | 5.3     | 233,423              | 6.5     |
| 25 - 34.....             | 2,637             | 14.8    | 12,034                                          | 12.6    | 449,771              | 12.5    |
| 35 - 44.....             | 2,836             | 15.9    | 12,197                                          | 12.7    | 451,461              | 12.5    |
| 45 - 54.....             | 2,225             | 12.5    | 12,889                                          | 13.4    | 462,543              | 12.9    |
| 55 - 59.....             | 1,121             | 6.3     | 7,728                                           | 8.1     | 260,758              | 7.2     |
| 60 - 64.....             | 1,180             | 6.6     | 7,908                                           | 8.3     | 257,548              | 7.2     |
| 65 - 74.....             | 1,833             | 10.3    | 10,998                                          | 11.5    | 376,023              | 10.4    |
| 75 - 84.....             | 1,018             | 5.7     | 5,285                                           | 5.5     | 187,378              | 5.2     |
| 85 and over..            | 347               | 2.0     | 1,969                                           | 2.1     | 87,371               | 2.4     |
| Total .....              | 17,785            | 100.0   | 95,829                                          | 100.0   | 3,598,348            | 100.0   |
| Median Age (years) ..... | 39.2              |         | 43.9                                            |         | 41.2                 |         |

<sup>1</sup> Starting with the 2019-2023 American Community Survey data, the area was adjusted to reflect the Northeastern Connecticut Planning Region. Previous to the 2022 data, Windham County data was used.

Source: U.S. Census Bureau, 2019-2023 American Community Survey.

## INCOME DISTRIBUTION

|                           | <b>Town of Killingly</b> |                | <b>Northeastern CT<br/>Planning Region <sup>1</sup></b> |                | <b>State of Connecticut</b> |                |
|---------------------------|--------------------------|----------------|---------------------------------------------------------|----------------|-----------------------------|----------------|
|                           | <b>Families</b>          | <b>Percent</b> | <b>Families</b>                                         | <b>Percent</b> | <b>Families</b>             | <b>Percent</b> |
| Less than \$10,000 .....  | 245                      | 5.5            | 609                                                     | 2.3            | 22,973                      | 2.5            |
| \$ 10,000 to 14,999 ..... | 53                       | 1.2            | 398                                                     | 1.5            | 12,547                      | 1.4            |
| \$ 15,000 to 24,999 ..... | 139                      | 3.1            | 533                                                     | 2.0            | 29,893                      | 3.3            |
| \$ 25,000 to 34,999 ..... | 246                      | 5.5            | 1,112                                                   | 4.2            | 35,598                      | 3.9            |
| \$ 35,000 to 49,999 ..... | 195                      | 4.4            | 1,724                                                   | 6.6            | 61,793                      | 6.7            |
| \$ 50,000 to 74,999 ..... | 722                      | 16.3           | 3,904                                                   | 14.9           | 108,046                     | 11.8           |
| \$ 75,000 to 99,999 ..... | 704                      | 15.8           | 4,347                                                   | 16.5           | 108,216                     | 11.8           |
| \$100,000 to 149,999 ..   | 1,158                    | 26.1           | 6,507                                                   | 24.8           | 185,242                     | 20.2           |
| \$150,000 to 199,999 ..   | 547                      | 12.3           | 3,221                                                   | 12.3           | 128,574                     | 14.0           |
| \$200,000 or more .....   | 433                      | 9.7            | 3,921                                                   | 14.9           | 224,258                     | 24.5           |
| <b>Total .....</b>        | <b>4,442</b>             | <b>100.0</b>   | <b>26,276</b>                                           | <b>100.0</b>   | <b>917,140</b>              | <b>100.0</b>   |

<sup>1</sup> Starting with the 2019-2023 American Community Survey data, the area was adjusted to reflect the Northeastern Connecticut Planning Region. Previous to the 2022 data, Windham County data was used.  
Source: U.S. Census Bureau, 2019-2023 American Community Survey.

## INCOME LEVELS

|                                           | <b>Town of<br/>Killingly</b> | <b>Northeastern CT<br/>Planning Region <sup>1</sup></b> | <b>State of<br/>Connecticut</b> |
|-------------------------------------------|------------------------------|---------------------------------------------------------|---------------------------------|
| Per Capita Income, 2023.....              | \$38,775                     | \$44,393                                                | \$54,409                        |
| Per Capita Income, 2020.....              | \$32,478                     | \$33,337                                                | \$45,668                        |
| Per Capita Income, 2010.....              | \$25,215                     | \$26,457                                                | \$36,775                        |
| Per Capita Income, 2000.....              | \$19,779                     | \$20,443                                                | \$28,766                        |
| <br>Median Family Income, 2023.....       | <br>\$97,904                 | <br>\$103,232                                           | <br>\$120,011                   |
| Median Family Income, 2020.....           | \$84,679                     | \$83,839                                                | \$102,061                       |
| Median Family Income, 2010.....           | \$65,496                     | \$69,642                                                | \$84,170                        |
| Median Family Income, 2000.....           | \$46,645                     | \$52,490                                                | \$65,521                        |
| <br>Percent Below Poverty Level 2023..... | <br>9.0%                     | <br>5.4%                                                | <br>6.8%                        |

<sup>1</sup> Starting with the 2019-2023 American Community Survey data, the area was adjusted to reflect the Northeastern Connecticut Planning Region. Previous to the 2022 data, Windham County data is shown.  
Source: U.S. Department of Commerce, Bureau of Census, 2020, 2010, 2000; U.S. Census Bureau, 2019-2023 American Community Survey.

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**EDUCATIONAL ATTAINMENT**  
Years of School Completed Age 25 and Over

|                                          | <b>Town of Killingly</b> |                | <b>Northeastern CT<br/>Planning Region <sup>1</sup></b> |                | <b>State of Connecticut</b> |                |
|------------------------------------------|--------------------------|----------------|---------------------------------------------------------|----------------|-----------------------------|----------------|
|                                          | <b>Number</b>            | <b>Percent</b> | <b>Number</b>                                           | <b>Percent</b> | <b>Number</b>               | <b>Percent</b> |
| Less than 9th grade.....                 | 380                      | 2.9            | 1,825                                                   | 2.6            | 101,530                     | 4.0            |
| 9th to 12th grade.....                   | 913                      | 6.9            | 3,781                                                   | 5.3            | 118,019                     | 4.7            |
| High School graduate.....                | 4,812                    | 36.5           | 25,008                                                  | 35.2           | 647,094                     | 25.5           |
| Some college - no degree.....            | 2,426                    | 18.4           | 14,419                                                  | 20.3           | 410,591                     | 16.2           |
| Associates degree.....                   | 1,481                    | 11.2           | 7,400                                                   | 10.4           | 193,216                     | 7.6            |
| Bachelor's degree.....                   | 1,877                    | 14.2           | 10,581                                                  | 14.9           | 581,935                     | 23.0           |
| Graduate or professional degree.....     | 1,308                    | 9.9            | 7,994                                                   | 11.3           | 480,468                     | 19.0           |
| Total.....                               | <b>13,197</b>            | <b>100.0</b>   | <b>71,008</b>                                           | <b>100.0</b>   | <b>2,532,853</b>            | <b>100.0</b>   |
| Percent High School Graduate or Higher.. |                          | 90.2%          |                                                         | 92.1%          |                             | 91.3%          |
| Percent Bachelor's Degree or Higher..... |                          | 24.1%          |                                                         | 26.2%          |                             | 41.9%          |

<sup>1</sup> Starting with the 2019-2023 American Community Survey data, the area was adjusted to reflect the Northeastern Connecticut Planning Region. Previous to the 2022 data, Windham County data was used.  
Source: U.S. Census Bureau, 2019-2023 American Community Survey.

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## MAJOR EMPLOYERS

| <b>Employer</b>                        | <b>Nature of Business</b>               | <b>Estimated<br/>Number of Employees<br/>as of October 2025</b> |
|----------------------------------------|-----------------------------------------|-----------------------------------------------------------------|
| Frito-Lay Inc.....                     | Snack Foods.....                        | 1,054                                                           |
| Town of Killingly.....                 | Municipality.....                       | 757                                                             |
| Staples Distribution, N.E.....         | Distribution - Office Supplies.....     | 400                                                             |
| Putnam Plastics.....                   | Manufacturer - Plastic Components.....  | 410                                                             |
| Westview Health.....                   | Nursing Home.....                       | 300                                                             |
| United Natural Foods (UNFI).....       | Distribution - Foods & Products.....    | 250                                                             |
| Rogers Corp.....                       | Electric Components.....                | 250                                                             |
| Spirol International Corp.....         | Fasteners, Shims.....                   | 200                                                             |
| Winchester Interconnect.....           | Manufacturer - Cables.....              | 170                                                             |
| Big Y World Class Markets.....         | Supermarket.....                        | 162                                                             |
| Automatic Rolls of N.E.....            | Manufacturer - Bakery.....              | 140                                                             |
| Bollore Inc.....                       | Manufacturer - Specialty Plastics.....  | 140                                                             |
| Colt's Plastic Company.....            | Manufacturer - Plastic Products.....    | 114                                                             |
| Web Industries.....                    | Manufacturer - Paper Products.....      | 112                                                             |
| Lowe's Home Improvement Center.....    | Retails Home Improvement.....           | 102                                                             |
| Miyoshi America.....                   | Manufacturer - Cosmetics.....           | 100                                                             |
| Target.....                            | Retail Department Store.....            | 90                                                              |
| Stop & Shop.....                       | Supermarket.....                        | 85                                                              |
| Connecticut Rubber Molding.....        | Manufacturer - Plastic Fabrication..... | 80                                                              |
| Behavioral Health Network.....         | Mental Health Services.....             | 100-249                                                         |
| Davis Place.....                       | Convalescent Home.....                  | 100-249                                                         |
| Haven Health Center.....               | Health Services.....                    | 100-249                                                         |
| M & M Transport.....                   | Trucking.....                           | 100-249                                                         |
| Masonicare Home Health-Hospice.....    | Retirement Communities & Homes.....     | 100-249                                                         |
| Quinebaug Valley Community College.... | Community College.....                  | 100-249                                                         |
| United Services.....                   | Physicians & Surgeons.....              | 100-249                                                         |
| Arc Eastern Connecticut.....           | Associations.....                       | 50-99                                                           |
| Braman Termite-Pest Elmntn.....        | Pest Control.....                       | 50-99                                                           |
| Domestic Violence Crisis Line.....     | Mental Health Services.....             | 50-99                                                           |
| Golden Greek Restaurant & Pub.....     | Restaurant.....                         | 50-99                                                           |
| Jani-Tech.....                         | Janitor Service.....                    | 50-99                                                           |
| Northeast Learning Center.....         | Education Centers.....                  | 50-99                                                           |

Source: Town Officials.

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## EMPLOYMENT BY INDUSTRY

|                                             | <b>Town of Killingly</b> |                | <b>Northeastern CT<br/>Planning Region <sup>1</sup></b> |                | <b>State of Connecticut</b> |                |
|---------------------------------------------|--------------------------|----------------|---------------------------------------------------------|----------------|-----------------------------|----------------|
|                                             | <b>Number</b>            | <b>Percent</b> | <b>Number</b>                                           | <b>Percent</b> | <b>Number</b>               | <b>Percent</b> |
| Agriculture, forestry, fisheries.....       | 22                       | 0.3            | 772                                                     | 1.6            | 7,261                       | 0.4            |
| Construction.....                           | 470                      | 5.4            | 3,429                                                   | 7.0            | 112,821                     | 6.1            |
| Manufacturing.....                          | 1,201                    | 13.8           | 7,415                                                   | 15.0           | 195,355                     | 10.6           |
| Wholesale trade.....                        | 347                      | 4.0            | 862                                                     | 1.7            | 37,294                      | 2.0            |
| Retail trade.....                           | 1,189                    | 13.6           | 6,511                                                   | 13.2           | 192,535                     | 10.5           |
| Transportation & warehousing & utilities... | 566                      | 6.5            | 3,420                                                   | 6.9            | 84,571                      | 4.6            |
| Information.....                            | 91                       | 1.0            | 658                                                     | 1.3            | 36,631                      | 2.0            |
| Finance, insurance, real estate.....        | 656                      | 7.5            | 2,897                                                   | 5.9            | 162,724                     | 8.9            |
| Professional, scientific & management.....  | 546                      | 6.3            | 4,009                                                   | 8.1            | 223,982                     | 12.2           |
| Educational, health & social services.....  | 2,200                    | 25.2           | 12,146                                                  | 24.6           | 490,839                     | 26.7           |
| Arts, entertainment & recreation.....       | 580                      | 6.7            | 3,635                                                   | 7.4            | 145,445                     | 7.9            |
| Other professional services.....            | 219                      | 2.5            | 1,406                                                   | 2.9            | 78,662                      | 4.3            |
| Public administration.....                  | 626                      | 7.2            | 2,116                                                   | 4.3            | 67,335                      | 3.7            |
| Total.....                                  | <u>8,713</u>             | <u>100.0</u>   | <u>49,276</u>                                           | <u>100.0</u>   | <u>1,835,455</u>            | <u>100.0</u>   |

<sup>1</sup> Starting with the 2019-2023 American Community Survey data, the area was adjusted to reflect the Northeastern Connecticut Planning Region. Previous to the 2022 data, Windham County data was used.  
Source: U.S. Census Bureau, 2019-2023 American Community Survey.

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## EMPLOYMENT DATA

| Yearly<br>Average | Percentage Unemployed |                                        |                         |                  |
|-------------------|-----------------------|----------------------------------------|-------------------------|------------------|
|                   | Town of<br>Killingly  | Northeast<br>Labor Market <sup>1</sup> | State of<br>Connecticut | United<br>States |
|                   | %                     | %                                      | %                       | %                |
| 2015              | 6.9                   | 6.2                                    | 5.6                     | 5.3              |
| 2016              | 5.6                   | 5.2                                    | 4.8                     | 4.9              |
| 2017              | 4.8                   | 4.6                                    | 4.4                     | 4.4              |
| 2018              | 4.4                   | 4.1                                    | 3.9                     | 3.9              |
| 2019              | 3.9                   | 3.8                                    | 3.6                     | 3.7              |
| 2020              | 7.9                   | 7.6                                    | 8.0                     | 8.1              |
| 2021              | 6.4                   | 6.0                                    | 6.4                     | 5.4              |
| 2022              | 4.1                   | 4.1                                    | 4.1                     | 3.7              |
| 2023              | 4.0                   | 3.8                                    | 3.8                     | 3.6              |
| 2024              | 3.5                   | 3.1                                    | 3.2                     | 4.0              |

| 2025 Monthly <sup>2</sup> |     |     |     |     |
|---------------------------|-----|-----|-----|-----|
| January                   | 4.5 | 4.2 | 4.0 | 4.4 |
| February                  | 5.2 | 4.8 | 4.5 | 4.5 |
| March                     | 5.0 | 4.4 | 4.1 | 4.2 |
| April                     | 4.2 | 3.7 | 3.4 | 3.9 |
| May                       | 4.4 | 3.9 | 3.9 | 4.0 |
| June                      | 3.6 | 3.3 | 3.4 | 4.4 |
| July                      | 4.5 | 4.3 | 4.2 | 4.6 |

<sup>1</sup> Not seasonally adjusted.

<sup>2</sup> Estimated

Source: Department of Labor, State of Connecticut.

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## AGE DISTRIBUTION OF HOUSING

| Year Built                  | Town of Killingly |              | Northeastern CT<br>Planning Region <sup>1</sup> |              | State of Connecticut |              |
|-----------------------------|-------------------|--------------|-------------------------------------------------|--------------|----------------------|--------------|
|                             | Units             | Percent      | Units                                           | Percent      | Units                | Percent      |
| 1939 or earlier.....        | 1,912             | 24.6         | 9,737                                           | 23.4         | 313,434              | 20.4         |
| 1940 - 1949.....            | 399               | 5.1          | 1,474                                           | 3.5          | 95,842               | 6.2          |
| 1950 - 1959.....            | 871               | 11.2         | 3,681                                           | 8.8          | 221,879              | 14.4         |
| 1960 - 1969.....            | 967               | 12.4         | 4,107                                           | 9.9          | 198,807              | 12.9         |
| 1970 - 1979.....            | 987               | 12.7         | 5,597                                           | 13.4         | 210,611              | 13.7         |
| 1980 - 1989.....            | 654               | 8.4          | 5,997                                           | 14.4         | 197,533              | 12.9         |
| 1990 - 1999.....            | 804               | 10.3         | 4,496                                           | 10.8         | 116,617              | 7.6          |
| 2000 - 2009.....            | 747               | 9.6          | 4,710                                           | 11.3         | 108,430              | 7.1          |
| 2010 - 2013.....            | 392               | 5.0          | 1,611                                           | 3.9          | 66,546               | 4.3          |
| 2014 or later.....          | 39                | 0.5          | 219                                             | 0.5          | 6,350                | 0.4          |
| Total.....                  | <u>7,772</u>      | <u>100.0</u> | <u>41,629</u>                                   | <u>100.0</u> | <u>1,536,049</u>     | <u>100.0</u> |
| Percent Owner Occupied..... | 69.1%             |              | 76.2%                                           |              | 66.2%                |              |

<sup>1</sup> Starting with the 2019-2023 American Community Survey data, the area was adjusted to reflect the Northeastern Connecticut Planning Region. Previous to the 2022 data, Windham County data was used.  
Source: U.S. Census Bureau, 2019-2023 American Community Survey.

## HOUSING INVENTORY

| Type                          | Town of Killingly |              | Northeastern CT<br>Planning Region <sup>1</sup> |              | State of Connecticut |              |
|-------------------------------|-------------------|--------------|-------------------------------------------------|--------------|----------------------|--------------|
|                               | Number            | Percent      | Number                                          | Percent      | Number               | Percent      |
| 1-unit, detached.....         | 4,982             | 64.1         | 30,861                                          | 74.1         | 901,187              | 58.7         |
| 1-unit, attached.....         | 344               | 4.4          | 1,785                                           | 4.3          | 95,202               | 6.2          |
| 2 units.....                  | 646               | 8.3          | 2,501                                           | 6.0          | 118,295              | 7.7          |
| 3 or 4 units.....             | 700               | 9.0          | 2,691                                           | 6.5          | 126,755              | 8.3          |
| 5 to 9 units.....             | 689               | 8.9          | 1,756                                           | 4.2          | 76,750               | 5.0          |
| 10 to 19 units.....           | 127               | 1.6          | 590                                             | 1.4          | 55,290               | 3.6          |
| 20 or more units.....         | 168               | 2.2          | 822                                             | 2.0          | 150,986              | 9.8          |
| Mobile home, boat, other..... | 116               | 1.5          | 623                                             | 1.5          | 11,584               | 0.8          |
| Total .....                   | <u>7,772</u>      | <u>100.0</u> | <u>41,629</u>                                   | <u>100.0</u> | <u>1,536,049</u>     | <u>100.0</u> |

<sup>1</sup> Starting with the 2019-2023 American Community Survey data, the area was adjusted to reflect the Northeastern Connecticut Planning Region. Previous to the 2022 data, Windham County data was used.  
Source: U.S. Census Bureau, 2019-2023 American Community Survey.

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## OWNER-OCCUPIED HOUSING VALUES

| Sales Price Category            | Town of Killingly |         | Northeastern CT<br>Planning Region <sup>1</sup> |         | State of Connecticut |         |
|---------------------------------|-------------------|---------|-------------------------------------------------|---------|----------------------|---------|
|                                 | Number            | Percent | Number                                          | Percent | Number               | Percent |
| Less than \$50,000 .....        | 84                | 1.7     | 651                                             | 2.2     | 22,174               | 2.4     |
| \$ 50,000 to \$ 99,999 ...      | 111               | 2.2     | 580                                             | 1.9     | 15,116               | 1.6     |
| \$ 100,000 to \$149,999 ...     | 253               | 5.1     | 1,175                                           | 3.9     | 38,832               | 4.1     |
| \$ 150,000 to \$199,999 ...     | 565               | 11.4    | 3,332                                           | 11.2    | 77,152               | 8.2     |
| \$ 200,000 to \$299,999 ...     | 2,215             | 44.5    | 11,291                                          | 37.8    | 233,824              | 24.9    |
| \$ 300,000 to \$499,999 ...     | 1,645             | 33.1    | 10,314                                          | 34.6    | 319,703              | 34.0    |
| \$ 500,000 to \$999,999 ...     | 75                | 1.5     | 2,182                                           | 7.3     | 173,643              | 18.5    |
| \$1,000,000 and over .....      | 29                | 0.6     | 310                                             | 1.0     | 59,468               | 6.3     |
| Total .....                     | 4,977             | 100.0   | 29,835                                          | 100.0   | 939,912              | 100.0   |
| Median Value <sup>2</sup> ..... | \$165,400         |         | \$147,300                                       |         | \$166,900            |         |
| Median Value <sup>3</sup> ..... | \$266,100         |         | \$281,300                                       |         | \$343,200            |         |

<sup>1</sup> Starting with the 2019-2023 American Community Survey data, the area was adjusted to reflect the Northeastern Connecticut Planning Region. Previous to the 2022 data, Windham County data was used.

<sup>2</sup> U.S. Department of Commerce, Bureau of Census, 2000.

<sup>3</sup> U.S. Census Bureau, 2019-2023 American Community Survey.

Source: U.S. Census Bureau, 2019-2023 American Community Survey.

## BUILDING PERMITS

| Fiscal Year<br>Ending 6/30 | Residential |            | Commercial and Industrial |            | Total  |            |
|----------------------------|-------------|------------|---------------------------|------------|--------|------------|
|                            | Number      | Value      | Number                    | Value      | Number | Value      |
| 2025 <sup>1</sup>          | 761         | 20,157,385 | 148                       | 8,592,458  | 909    | 28,749,843 |
| 2024 <sup>2</sup>          | 902         | 19,708,154 | 174                       | 11,104,805 | 1,076  | 30,812,959 |
| 2023 <sup>3</sup>          | 861         | 21,297,321 | 188                       | 70,230,195 | 1,049  | 91,527,516 |
| 2022 <sup>4</sup>          | 630         | 12,854,297 | 192                       | 4,821,156  | 822    | 17,675,453 |
| 2021 <sup>5</sup>          | 635         | 10,254,105 | 72                        | 14,856,149 | 707    | 25,110,254 |
| 2020 <sup>6</sup>          | 592         | 9,568,692  | 61                        | 2,289,804  | 653    | 11,858,496 |
| 2019 <sup>7</sup>          | 647         | 11,378,071 | 77                        | 2,663,463  | 724    | 14,041,534 |
| 2018 <sup>8</sup>          | 625         | 13,707,968 | 111                       | 24,986,961 | 736    | 38,694,929 |
| 2017 <sup>9</sup>          | 563         | 10,732,993 | 99                        | 15,940,297 | 662    | 26,673,290 |

<sup>1</sup> For fiscal year 2024-25 five exempt permits totaling \$125,110 for Town owned properties were issued and are not included above.

<sup>2</sup> For fiscal year 2023-24 twenty-six exempt permits totaling \$13,249,355 for Town owned properties were issued and are not included above.

<sup>3</sup> For fiscal year 2022-23 seventeen exempt permits totaling \$21,004,138 for Town owned properties were issued and are not included above.

<sup>4</sup> For fiscal year 2021-22 ten exempt permits totaling \$5,335,490 for Town owned properties were issued and are not included above.

<sup>5</sup> For fiscal year 2020-21 thirteen exempt permits totaling \$1,628,920 for Town owned properties were issued and are not included above.

<sup>6</sup> For fiscal year 2019-20 fourteen exempt permits totaling \$1,813,312 for Town owned properties were issued and are not included above.

<sup>7</sup> For fiscal year 2018-19 sixteen exempt permits totaling \$20,819,721 for Town owned properties were issued and are not included above.

<sup>8</sup> For fiscal year 2017-18 seven exempt permits totaling \$1,491,537 for Town owned properties were issued and are not included above.

<sup>9</sup> For fiscal year 2016-17 thirteen exempt permits totaling \$2,895,542 for Town owned properties were issued and are not included above.

Source: Building Department, Town of Killingly.

## LAND USE SUMMARY

| <b>Classification</b>         | <b>Total Area</b> |               |
|-------------------------------|-------------------|---------------|
|                               | <b>Acreage</b>    | <b>%</b>      |
| Residential.....              | 18,411            | 57.5%         |
| Business.....                 | 4,570             | 14.3%         |
| Open Space/Conservation Land. | 2,300             | 7.2%          |
| Floodplain/Roadway.....       | 6,719             | 21.0%         |
| <b>Total Area.....</b>        | <b>32,000</b>     | <b>100.0%</b> |

Source: Town of Killingly

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## **IV. TAX BASE DATA**

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### **ASSESSMENTS**

The Town had a revaluation effective on the Grand List of October 1, 2023. The next revaluation is scheduled for October 1, 2028. Under Section 12-62 of the Connecticut General Statutes, as amended, the Town must do a revaluation every five years and the assessor must fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building once every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within the Town for inclusion onto the Grand List are the responsibilities of the Town's Assessor's Office. The Grand List represents the total of assessed values for all taxable real and personal property and motor vehicles located within the Town on October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at seventy percent (70%) of the estimated market value at the time of the last general revaluation.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed at the time of the last revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

All personal property (furniture, fixtures, equipment, machinery and leased equipment) is revalued annually. An assessor's check and audit is completed periodically. Assessments for personal property are computed at seventy percent (70%) of the annual appraisal value.

Motor vehicle lists are furnished to the Town by the State of Connecticut, and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule as recommended by the State of Connecticut Office of Policy and Management and the Assessor of the Town. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next July 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 1. Motor vehicles purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits. Assessments for motor vehicles are computed at seventy percent (70%) of the annual appraisal value.

### **PROPERTY TAX COLLECTION PROCEDURE**

Property taxes are levied on all taxable assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Property taxes are billed in the following July and are due in two installments, January 1 and July 1. Real and personal property taxes are billed in the following July and taxes in excess of \$100 are due and payable in four installments on July 1, October 1, January 1 and April 1. Motor vehicle taxes and real and personal property taxes less than \$100 are due and payable in one installment on July 1. Motor vehicle supplemental bills are payable on January 1. A modest estimate for outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically lienied each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with State Statutes.

Section 12-24a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such a rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last

surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has not approved the use of this abatement provision to date.

Section 12-170v of the Connecticut General Statutes permits a municipality, upon approval of its legislative body, to freeze the real property taxes due for certain low income elderly residents. Any municipality providing such property tax relief may place a lien upon such property in the amount of the total tax relief granted plus interest. The Town has enacted this provision.

## **MOTOR VEHICLE PROPERTY TAX RATE**

Section 12-71e(a) of the Connecticut General Statutes (the “General Statutes”) has been amended whereby the mill rate for motor vehicles shall not exceed 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. Section 12-71e(b) of the General Statutes has been amended to state that no district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town, city, consolidated town and city or consolidated town and borough in which such district or borough is located would result in a combined motor vehicle mill rate above 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. Section 4-66I of the General Statutes diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town’s mill rate for motor vehicles for the assessment year commencing October 1, 2024 (the fiscal year ending June 30, 2026) is 21.45 mills.

## **COMPARATIVE ASSESSED VALUATIONS**

| <b>Grand List Dated</b> | <b>Real Property (%)</b> | <b>Personal Property (%)</b> | <b>Motor Vehicle Property (%)</b> | <b>Gross Taxable Grand List</b> | <b>Less Exemptions <sup>1</sup></b> | <b>Net Taxable Grand List</b> | <b>% Growth</b> |
|-------------------------|--------------------------|------------------------------|-----------------------------------|---------------------------------|-------------------------------------|-------------------------------|-----------------|
| 2024                    | 81.2                     | 12.5                         | 6.2                               | \$2,199,515,252                 | \$322,167,964                       | \$1,877,347,288               | -0.7%           |
| 2023 <sup>2</sup>       | 79.5                     | 13.0                         | 7.5                               | 1,976,694,767                   | 86,810,128                          | 1,889,884,639                 | 2.7%            |
| 2022                    | 74.4                     | 16.2                         | 9.4                               | 1,930,338,594                   | 89,626,082                          | 1,840,712,512                 | 29.4%           |
| 2021                    | 65.2                     | 25.9                         | 8.9                               | 1,876,409,349                   | 453,696,277                         | 1,422,713,072                 | 3.7%            |
| 2020                    | 64.4                     | 28.4                         | 7.2                               | 1,884,013,145                   | 512,607,841                         | 1,371,405,304                 | 0.3%            |
| 2019                    | 63.0                     | 30.2                         | 6.7                               | 1,921,336,384                   | 554,181,750                         | 1,367,154,634                 | 1.5%            |
| 2018 <sup>2</sup>       | 62.9                     | 31.0                         | 6.1                               | 1,963,872,161                   | 617,578,427                         | 1,346,293,734                 | 15.9%           |
| 2017                    | 57.6                     | 35.9                         | 6.5                               | 1,783,656,710                   | 622,123,077                         | 1,161,533,633                 | -0.2%           |
| 2016                    | 58.2                     | 35.3                         | 6.5                               | 1,757,400,561                   | 593,884,743                         | 1,163,515,818                 | 2.3%            |
| 2015                    | 54.7                     | 39.1                         | 6.2                               | 1,859,439,124                   | 722,170,145                         | 1,137,268,979                 | 2.7%            |

<sup>1</sup> Connecticut General Statutes Section 12-81 (72) exempts new manufacturing equipment from property taxation by municipalities.

<sup>2</sup> Revaluation year.

Source: Assessor's Office, Town of Killingly.

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## PROPERTY TAX LEVIES AND COLLECTIONS

| Grand List | FY Ending | Net Taxable Grand List | Mill Rate | Tax Levy     | Percent Collected End of Each Fiscal Year       | Percent Uncollected End of Each Fiscal Year | Percent Annual Levy Uncollected 6/30/2024 | Amount Uncollected as of 6/30/2024 |
|------------|-----------|------------------------|-----------|--------------|-------------------------------------------------|---------------------------------------------|-------------------------------------------|------------------------------------|
| 2024       | 2026      | \$1,877,347,288        | 21.45     | \$38,855,722 | Collections 7/1/25, 10/1/25, 1/1/26, and 4/1/26 |                                             |                                           | N/A                                |
| 2023       | 2025      | 1,889,884,639          | 20.32     | 36,865,397   |                                                 | Unaudited                                   |                                           | N/A                                |
| 2022       | 2024      | 1,840,712,512          | 26.88     | 42,996,328   | 97.9%                                           | 2.1%                                        | 2.1%                                      | \$892,101                          |
| 2021       | 2023      | 1,422,713,072          | 25.14     | 38,810,894   | 98.1%                                           | 1.9%                                        | 1.0%                                      | 392,076                            |
| 2020       | 2022      | 1,371,405,304          | 25.14     | 37,358,389   | 98.3%                                           | 1.7%                                        | 0.5%                                      | 184,048                            |
| 2019       | 2021      | 1,367,154,634          | 24.64     | 36,468,468   | 98.4%                                           | 1.6%                                        | 0.3%                                      | 107,822                            |
| 2018       | 2020      | 1,346,293,734          | 24.96     | 36,120,514   | 98.0%                                           | 2.0%                                        | 0.1%                                      | 44,371                             |
| 2017       | 2019      | 1,161,533,633          | 27.76     | 35,236,276   | 98.1%                                           | 1.9%                                        | 0.1%                                      | 33,366                             |
| 2016       | 2018      | 1,163,515,818          | 27.31     | 34,291,457   | 98.3%                                           | 1.7%                                        | 0.1%                                      | 27,063                             |
| 2015       | 2017      | 1,137,268,979          | 27.31     | 33,761,002   | 97.8%                                           | 2.2%                                        | 0.0%                                      | 10,148                             |

Source: Tax Collector's Office, Town of Killingly.

## TEN LARGEST TAXPAYERS<sup>1</sup>

| Business-Name                             | Nature Of Business                   | Assessment Valuation as 10/1/2024 | Rank | Percent of Total |
|-------------------------------------------|--------------------------------------|-----------------------------------|------|------------------|
| Lake Road Generating Company LLC.....     | Power Station.....                   | \$228,199,253                     | 1    | 12.16%           |
| Eversource.....                           | Utility.....                         | 74,556,170                        | 2    | 3.97%            |
| Frito Lay.....                            | Snack Foods.....                     | 36,460,670                        | 3    | 1.94%            |
| Dayville Property Development.....        | Commercial Development.....          | 34,389,630                        | 4    | 1.83%            |
| RIM Properties 1 LLC.....                 | Real Estate/Retail Distribution..... | 18,365,450                        | 5    | 0.98%            |
| Staples.....                              | Retail Distribution.....             | 15,333,910                        | 6    | 0.82%            |
| United Natural Foods.....                 | Food Products.....                   | 13,594,290                        | 7    | 0.72%            |
| Connecticut Water Company.....            | Utility.....                         | 11,789,860                        | 8    | 0.63%            |
| Alexander Lake Conserv & Rentals LLC..... | Rental Properties.....               | 9,958,220                         | 9    | 0.53%            |
| Target Corporation.....                   | Retail Outlet.....                   | 9,508,480                         | 10   | 0.51%            |
| <b>Total</b>                              |                                      | <b>\$452,155,933</b>              |      | <b>24.08%</b>    |

<sup>1</sup> Based on a 10/1/24 Net Taxable Grand List of \$1,877,347,288.  
Source: Assessors Office, Town of Killingly.

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## EQUALIZED NET GRAND LIST

| <b>Grand List<br/>of 10/1</b> | <b>Equalized Net<br/>Grand List</b> | <b>%<br/>Growth</b> |
|-------------------------------|-------------------------------------|---------------------|
| 2023                          | \$3,093,171,766                     | -24.82%             |
| 2022                          | 4,114,441,461                       | 51.85%              |
| 2021                          | 2,709,478,602                       | 16.39%              |
| 2020                          | 2,327,850,321                       | 15.83%              |
| 2019                          | 2,009,698,025                       | 3.82%               |
| 2018                          | 1,935,827,301                       | -1.65%              |
| 2017                          | 1,968,237,327                       | -2.77%              |
| 2016                          | 2,024,241,275                       | 14.22%              |
| 2015                          | 1,772,252,233                       | 6.89%               |
| 2014                          | 1,657,995,334                       | 6.38%               |

Source: State of Connecticut, Office of Policy and Management.

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## V. FINANCIAL INFORMATION

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### FISCAL YEAR

The Town's fiscal year begins July 1 and ends June 30.

### ACCOUNTING POLICIES

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Please refer to Appendix A "Basic Financial Statements" herein for compliance and implementation details.

The reporting model includes the following segments:

*Management's Discussion and Analysis ("MD&A")* – provides introductory information on basic financial statements and an analytical overview of the Town's financial activities.

*Government-wide financial statements* – consist of a statement of net assets and a statement of activities, which are prepared on the accrual basis of accounting. These statements distinguish between governmental activities and business-type activities and exclude fiduciary (employee retirement system and agency funds) funds. Capital assets, including infrastructure and long-term obligations are included along with current assets and liabilities.

*Fund financial statements* – provide information about the Town's governmental, proprietary and fiduciary funds. These statements emphasize major fund activity and, depending on the fund type, utilize different basis of accounting.

*Required supplementary information* – in addition to the MD&A, budgetary comparison schedules are presented for the General Fund.

Please refer to Appendix A under "Basic Financial Statements" herein for measurement focus and basis of accounting of the government-wide financial statements as well as the fiduciary fund financial statements of the Town.

### BUDGETARY PROCEDURES

The Town adheres to the following procedures in establishing the budget.

- Each department, office, board or commission of the Town (including the Board of Education) shall submit to the Town Manager a detailed estimate of expenditures and anticipated revenues for the ensuing fiscal year by March 15.
- On or before April 1, the Town Manager submits a balanced budget and budget message to the Town Council based upon requests submitted by the various Town departments.
- By April 15, the Town Council submits the proposed operating budget to one or more public hearings, at which taxpayer comments are obtained. The budget includes proposed expenditures and the means of financing them. The Town Council recommends the budget, as revised, for adoption at the annual Town meeting on the second Monday in May.

The Town's budget process must also anticipate the impact of the State's budget which proceeds simultaneously with the Town's.

### MUNICIPAL BUDGET EXPENDITURE CAP

Connecticut General Statutes Section 4-66l, as amended, creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the

Office of Policy and Management (“OPM”) must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality’s percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality’s population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. For fiscal year ending June 30, 2024 the Town received municipal revenue sharing grants totaling \$450,000. The Town has not received any cost sharing grants for fiscal year ending June 30, 2025 and the Town does not expect to receive any municipal revenue sharing grants for fiscal year ending June 30, 2026.

## ANNUAL AUDIT

Pursuant to Connecticut law, the Town is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management and a copy of the report must be filed with such Office within six months of the end of the fiscal year. For the fiscal year ended June 30, 2024, the examination was conducted by the firm of Mahoney Sabol & Company, LLP certified public accountants, of Glastonbury, Connecticut.

## PENSION PLANS

### *Defined Benefit Plan*

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

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

The Town has obtained an actuarial valuation as of July 1, 2023:

| <u>Year Ended</u> | <u>Actuarial<br/>Determined<br/>Contribution (ADC)</u> | <u>Annual<br/>Contribution</u> | <u>% of ADC<br/>Contributed</u> |
|-------------------|--------------------------------------------------------|--------------------------------|---------------------------------|
| <i>Town Plan</i>  |                                                        |                                |                                 |
| 2021              | \$ 199,506                                             | \$ 199,506                     | 100.00%                         |
| 2022              | 213,344                                                | 213,344                        | 100.00%                         |
| 2023              | 249,640                                                | 249,640                        | 100.00%                         |
| 2024              | 242,403                                                | 242,403                        | 100.00%                         |
| 2025              | 248,608                                                | 248,608                        | 100.00%                         |
| 2026              | <sup>1</sup> 256,066                                   | 256,066                        | 100.00%                         |

<sup>1</sup> Budgeted.

The Town implemented GASB Statement No. 67 effective in Fiscal Year 2014. In accordance with GASB Statement No. 67, the components of the net position liability of the Town's pension plan as of June 30 were as follows:

|                                                               | <b>Town Plan</b>    |                     |                   |                       |                    |
|---------------------------------------------------------------|---------------------|---------------------|-------------------|-----------------------|--------------------|
|                                                               | <b>2024</b>         | <b>2023</b>         | <b>2022</b>       | <b>2021</b>           | <b>2020</b>        |
| Total pension liability                                       | \$7,732,815         | \$7,514,715         | \$7,313,768       | \$6,702,317           | \$6,607,848        |
| Plan fiduciary net position                                   | 8,695,898           | 7,797,267           | 7,206,680         | 8,379,031             | 6,701,943          |
| Net pension liability                                         | <u>\$ (963,083)</u> | <u>\$ (282,552)</u> | <u>\$ 107,088</u> | <u>\$ (1,676,714)</u> | <u>\$ (94,095)</u> |
| Plan fiduciary net position as a % of total pension liability | 112.5%              | 103.8%              | 98.5%             | 125.0%                | 101.4%             |

The following presents the net pension liability, calculated using the discount rate of 6.375% for the Town Pension Plan, determined by an actuarial valuation as of July 1, 2023, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

|                       | <b>Fiscal year ending June 30, 2024</b> |                                 |                               |
|-----------------------|-----------------------------------------|---------------------------------|-------------------------------|
|                       | <b>Current</b>                          |                                 |                               |
|                       | <b>1% Decrease<br/>5.375%</b>           | <b>Discount Rate<br/>6.375%</b> | <b>1% Increase<br/>7.375%</b> |
| Town Plan:            |                                         |                                 |                               |
| Net Pension Liability | \$ (121,664)                            | \$ (963,083)                    | \$ (1,682,256)                |

*Connecticut State Teachers' Retirement System:* The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan.

***For further information on the plans, please refer to Appendix A under the Town of Killingly's "Notes to Financial Statements, Note 8, herein.***

#### **OTHER POST EMPLOYMENT BENEFITS ("OPEB")**

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

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

The Town obtained an actuarial valuation as of July 1, 2023:

| <b>Year Ended</b>                                | <b>Actuarial<br/>Determined<br/>Contribution (ADC)</b> | <b>Annual<br/>Contribution</b> | <b>% of ADC<br/>Contributed</b> |
|--------------------------------------------------|--------------------------------------------------------|--------------------------------|---------------------------------|
| <u><i>Town &amp; Board of Education Plan</i></u> |                                                        |                                |                                 |
| 2021                                             | 429,100                                                | 95,423                         | 22.24%                          |
| 2022                                             | 423,500                                                | 139,823                        | 33.02%                          |
| 2023                                             | 436,106                                                | 243,400                        | 55.81%                          |
| 2024                                             | 442,290                                                | 10,000                         | 2.26%                           |
| 2025                                             | 448,728                                                | 10,000                         | 2.23%                           |
| 2026 <sup>1</sup>                                | 457,137                                                | 10,000                         | 2.19%                           |

<sup>1</sup> Budgeted.

The Town implemented GASB Statement No. 74 effective in Fiscal Year 2017. In accordance with GASB Statement No. 74, the components of the OPEB liability of the Town's pension plan as of June 30 were as follows:

|                             | <b>Town &amp; Board of Education Plan</b> |                    |                    |                    |                    |
|-----------------------------|-------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                             | <b>2024</b>                               | <b>2023</b>        | <b>2022</b>        | <b>2021</b>        | <b>2020</b>        |
| Total pension liability     | \$6,249,477                               | \$6,800,592        | \$6,636,931        | \$7,694,863        | \$7,876,164        |
| Plan fiduciary net position | 1,123,956                                 | 989,664            | 889,603            | 1,020,598          | 797,162            |
| Net pension liability       | <u>\$5,125,521</u>                        | <u>\$5,810,928</u> | <u>\$5,747,328</u> | <u>\$6,674,265</u> | <u>\$7,079,002</u> |

Plan fiduciary net position as

|                                |       |       |       |       |       |
|--------------------------------|-------|-------|-------|-------|-------|
| a % of total pension liability | 18.0% | 14.6% | 13.4% | 13.3% | 10.1% |
|--------------------------------|-------|-------|-------|-------|-------|

The following presents the OPEB liability, determined by an actuarial valuation as of July 1, 2023, calculated using the discount rate of 5.20% for the OPEB liability, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

|                          | <b>1% Decrease<br/>4.20%</b> | <b>Current<br/>Discount Rate<br/>5.20%</b> | <b>1% Increase<br/>6.20%</b> |
|--------------------------|------------------------------|--------------------------------------------|------------------------------|
| Net OPEB liability       |                              |                                            |                              |
| as of June 30, 2024..... | \$ 5,934,774                 | \$ 5,125,521                               | \$ 4,446,811                 |

*For further information on the plans, please refer to Appendix A under the Town of Killingly's "Notes to Financial Statements, Note 9", herein.*

## INVESTMENT POLICIES AND PRACTICES

The Town Charter and Sections 7-400 and 7-402 of the Connecticut General Statutes govern the investments the Town is permitted to acquire. Generally, the Town may invest in the State's Short-Term Investment Fund, certificates of deposit, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, and money market mutual funds.

The Town manages the investment of its funds in compliance with the Connecticut General Statutes.

# COMPARATIVE GENERAL FUND OPERATING STATEMENT

Budget and Actual  
(Budgetary Basis)

|                                                                                                                          | Fiscal Year 2023-24 |                   |                  | Fiscal Year       | Fiscal Year       |
|--------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------|------------------|-------------------|-------------------|
|                                                                                                                          | Final               | Actual            | Variance         | 2024-25           | 2025-26           |
|                                                                                                                          | Budget              | Operations        | Favorable        | Estimate          | Adopted           |
|                                                                                                                          |                     |                   | (Unfavorable)    | Unaudited         | Budget            |
| <b>REVENUES</b>                                                                                                          |                     |                   |                  |                   |                   |
| Property Taxes .....                                                                                                     | \$ 45,573,522       | \$ 43,040,295     | \$ (2,533,227)   | \$ 42,526,658     | \$ 44,701,551     |
| Intergovernmental .....                                                                                                  | 17,868,870          | 18,380,588        | 511,718          | 18,018,023        | 18,166,359        |
| Licenses, Permits and Fees.....                                                                                          | 286,000             | 480,109           | 194,109          | 482,462           | 291,500           |
| Charges for Services .....                                                                                               | 2,795,809           | 2,959,988         | 164,179          | 2,495,401         | 2,443,170         |
| Use of Money and Property.....                                                                                           | 180,655             | 1,169,373         | 988,718          | 1,004,158         | 674,090           |
| Miscellaneous.....                                                                                                       | 758,339             | 520,637           | (237,702)        | 672,328           | 2,835,233         |
| <b>TOTAL REVENUES .....</b>                                                                                              | <b>67,463,195</b>   | <b>66,550,990</b> | <b>(912,205)</b> | <b>65,199,030</b> | <b>69,111,903</b> |
| <b>EXPENDITURES</b>                                                                                                      |                     |                   |                  |                   |                   |
| General Government .....                                                                                                 | 2,291,165           | 2,211,897         | 79,268           | 2,373,627         | 2,461,182         |
| Public Works.....                                                                                                        | 2,665,025           | 2,550,419         | 114,606          | 2,612,241         | 2,692,810         |
| Recreation and Leisure.....                                                                                              | 1,530,381           | 1,519,343         | 11,038           | 1,613,674         | 1,736,141         |
| Public Safety.....                                                                                                       | 1,858,942           | 1,712,755         | 146,187          | 1,758,932         | 1,926,136         |
| Community Development and Human Services.....                                                                            | 885,348             | 865,353           | 19,995           | 1,019,634         | 1,025,846         |
| Education.....                                                                                                           | 47,963,323          | 47,459,837        | 503,486          | 47,383,839        | 47,938,817        |
| Miscellaneous.....                                                                                                       | 2,805,005           | 2,617,933         | 187,072          | 2,395,785         | 3,069,678         |
| Debt Service                                                                                                             |                     |                   |                  |                   |                   |
| Principal Payments.....                                                                                                  | 3,810,012           | 3,810,012         | -                | 3,921,843         | 3,931,843         |
| Interest and Fiscal Charges.....                                                                                         | 1,055,487           | 970,670           | 84,817           | 1,640,369         | 2,117,732         |
| Debt Issuance Costs.....                                                                                                 | 85,000              | 62,634            | 22,366           | 23,732            | 85,000            |
| <b>TOTAL EXPENDITURES .....</b>                                                                                          | <b>64,949,688</b>   | <b>63,780,853</b> | <b>1,168,835</b> | <b>64,743,676</b> | <b>66,985,185</b> |
| Excess (deficiency) of revenues<br>over expenditures .....                                                               | 2,513,507           | 2,770,137         | 256,630          | 455,354           | 2,126,718         |
| Other financing sources (uses):                                                                                          |                     |                   |                  |                   |                   |
| Appropriations from Assigned Fund Balance.....                                                                           | 1,158,205           | -                 | 1,158,205        | -                 | -                 |
| Appropriations from Unassigned Fund Balance....                                                                          | 2,750,000           | -                 | 2,750,000        | 3,000,000         | 1,222,375         |
| Cancellation of Prior Year Encumbrances.....                                                                             | -                   | 66,412            | (66,412)         | -                 | -                 |
| Premium on Bonds Issued.....                                                                                             | -                   | -                 | -                | -                 | -                 |
| Transfers In.....                                                                                                        | 2,035,501           | 2,020,955         | 14,546           | 2,129,309         | 1,234,294         |
| Transfers Out.....                                                                                                       | (8,457,213)         | (5,710,838)       | (2,746,375)      | (4,920,302)       | (4,583,387)       |
| Total other financing sources (uses).....                                                                                | (2,513,507)         | (3,623,471)       | 1,109,964        | 209,007           | (2,126,718)       |
| Excess (deficiency) of revenue and other<br>financing sources over (under) expenditures<br>and other financing uses..... | -                   | (853,334)         | 853,334          | 664,361           | -                 |

Source: Audit Report 2024; Estimate Unaudited 2025; Adopted Budget 2026.

**GENERAL FUND BALANCE SHEET**  
Summary of Audited Assets and Liabilities  
(GAAP Basis)

| <b>FISCAL YEAR ENDED:</b>                                                              | <b>2024</b>         | <b>2023</b>         | <b>2022</b>         | <b>2021</b>         | <b>2020</b>         |
|----------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>ASSETS</b>                                                                          |                     |                     |                     |                     |                     |
| Cash and Cash Equivalents .....                                                        | \$46,774,292        | \$41,227,952        | \$33,199,345        | \$31,948,181        | \$22,669,936        |
| Investments.....                                                                       | 2,117,708           | 3,034,189           | 3,443,959           | 3,466,203           | 3,540,870           |
| Receivables:                                                                           |                     |                     |                     |                     |                     |
| Property Taxes, Net.....                                                               | 2,254,671           | 1,750,679           | 1,805,246           | 1,807,662           | 1,817,759           |
| Grants and Contracts.....                                                              | 20,915              | 22,955              | 23,040              | 22,460              | 11,297              |
| Other.....                                                                             | 526,380             | 212,759             | 557,152             | 134,268             | 462,258             |
| Due from Other Funds.....                                                              | 2,091,512           | 3,098,326           | 2,120,502           | 1,705,610           | 2,504,241           |
| Other Assets.....                                                                      | 94,048              | 512,104             | 59,120              | 64,762              | 89,236              |
| <b>TOTAL ASSETS.....</b>                                                               | <b>\$53,879,526</b> | <b>\$49,858,964</b> | <b>\$41,208,364</b> | <b>\$39,149,146</b> | <b>\$31,095,597</b> |
| <b>LIABILITIES</b>                                                                     |                     |                     |                     |                     |                     |
| Accounts Payable.....                                                                  | \$ 1,258,535        | \$ 975,958          | \$ 712,962          | \$ 823,080          | \$ 1,218,538        |
| Account Liabilities.....                                                               | 289,786             | 191,923             | 185,988             | 164,965             | 125,469             |
| Due to Other Funds.....                                                                | 19,806,024          | 21,168,001          | 12,227,103          | 13,015,238          | 11,084,424          |
| Deposits Payable.....                                                                  | 263,223             | 119,041             | 261,083             | 284,842             | -                   |
| Unearned Revenue .....                                                                 | 3,698,113           | -                   | 1,976,323           | 1,976,323           | 5,575               |
| <b>TOTAL LIABILITIES.....</b>                                                          | <b>25,315,681</b>   | <b>22,454,923</b>   | <b>15,363,459</b>   | <b>16,264,448</b>   | <b>12,434,006</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                                   |                     |                     |                     |                     |                     |
| Unavailable Revenue - Property Taxes .....                                             | 2,038,817           | 1,597,853           | 1,683,174           | 1,697,857           | 1,629,636           |
| <b>TOTAL DEFERRED INFLOWS.....</b>                                                     | <b>2,038,817</b>    | <b>1,597,853</b>    | <b>1,683,174</b>    | <b>1,697,857</b>    | <b>1,629,636</b>    |
| <b>FUND BALANCE</b>                                                                    |                     |                     |                     |                     |                     |
| Nonspendable .....                                                                     | 94,048              | 72,104              | 59,120              | 64,762              | 89,236              |
| Committed .....                                                                        | 665,978             | 746,186             | 876,782             | 876,568             | 685,404             |
| Assigned .....                                                                         | 9,832,884           | 8,699,091           | 7,690,035           | 7,188,719           | 5,666,024           |
| Unassigned .....                                                                       | 15,932,118          | 16,288,807          | 15,535,794          | 13,056,792          | 10,591,291          |
| <b>TOTAL FUND BALANCE.....</b>                                                         | <b>26,525,028</b>   | <b>25,806,188</b>   | <b>24,161,731</b>   | <b>21,186,841</b>   | <b>17,031,955</b>   |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS OF RESOURCES AND<br/>FUND BALANCES.....</b> | <b>\$53,879,526</b> | <b>\$49,858,964</b> | <b>\$41,208,364</b> | <b>\$39,149,146</b> | <b>\$31,095,597</b> |

Source: Audit Reports 2020-2024.

# GENERAL FUND REVENUES AND EXPENDITURES

## Summary of Audited Revenues and Expenditures (GAAP Basis)

| <b>FISCAL YEAR ENDED:</b>                           | <b>2024</b>          | <b>2023</b>          | <b>2022</b>            | <b>2021</b>            | <b>2020</b>          |
|-----------------------------------------------------|----------------------|----------------------|------------------------|------------------------|----------------------|
| <b>REVENUES</b>                                     |                      |                      |                        |                        |                      |
| Property Taxes.....                                 | \$43,190,890         | \$38,891,754         | \$37,657,634           | \$36,752,330           | \$36,237,356         |
| Intergovernmental .....                             | 25,401,560           | 24,394,806           | 23,718,881             | 23,314,073             | 23,398,302           |
| Licenses, Permits and Fees.....                     | 480,109              | 674,619              | 285,214                | 441,517                | 203,989              |
| Charges for Services .....                          | 2,959,988            | 3,288,909            | 3,550,772              | 3,298,266              | 3,295,966            |
| Investment Earnings.....                            | 1,170,658            | 619,548              | 82,246                 | 174,024                | 449,830              |
| Miscellaneous.....                                  | 687,784              | 753,206              | 1,863,958              | 440,337                | 606,987              |
| Transfers In.....                                   | 2,023,560            | 2,299,077            | 2,962,554 <sup>1</sup> | 7,339,639 <sup>2</sup> | 1,119,967            |
| <b>Total Revenues &amp; Transfers In .....</b>      | <b>\$75,914,549</b>  | <b>\$70,921,919</b>  | <b>\$70,121,259</b>    | <b>\$71,760,186</b>    | <b>\$65,312,397</b>  |
| <b>EXPENDITURES</b>                                 |                      |                      |                        |                        |                      |
| General Government .....                            | 2,467,610            | 2,461,378            | 2,248,620              | 2,003,497              | 2,149,159            |
| Public Works .....                                  | 2,540,673            | 2,540,951            | 2,793,436              | 2,522,010              | 2,476,369            |
| Recreation and Leisure.....                         | 1,519,343            | 1,500,093            | 1,370,182              | 1,249,684              | 1,319,728            |
| Public Safety.....                                  | 1,687,895            | 1,666,234            | 1,359,236              | 1,364,195              | 1,330,781            |
| Community Development & Human Service.              | 892,287              | 837,890              | 739,907                | 691,488                | 636,571              |
| Education.....                                      | 51,949,302           | 48,292,455           | 46,699,971             | 45,850,564             | 47,971,454           |
| Miscellaneous.....                                  | 2,627,107            | 2,531,592            | 2,409,600              | 2,324,176              | 2,191,326            |
| Debt Services                                       |                      |                      |                        |                        |                      |
| Principal Payments.....                             | 4,169,267            | 4,030,507            | 4,303,217              | 3,221,803              | 2,821,777            |
| Interest & Fiscal Charges.....                      | 1,415,725            | 1,280,618            | 1,591,972              | 1,067,851              | 1,009,424            |
| Capital Lease Payments.....                         | -                    | -                    | -                      | -                      | 62,398               |
| Debt Issuance Costs.....                            | -                    | -                    | -                      | -                      | -                    |
| Capital Outlays.....                                | 370,521              | 276,948              | 1,629,806              | 558,665                | 86,768               |
| Transfers Out.....                                  | 5,555,979            | 3,858,796            | 2,000,422              | 6,751,367              | 1,285,722            |
| <b>Total Expenditures &amp; Transfers Out .....</b> | <b>75,195,709</b>    | <b>69,277,462</b>    | <b>67,146,369</b>      | <b>67,605,300</b>      | <b>63,341,477</b>    |
| Results from Operations.....                        | 718,840              | 1,644,457            | 2,974,890              | 4,154,886              | 1,970,920            |
| <b>Fund Balance - July 1 .....</b>                  | <b>25,806,188</b>    | <b>24,161,731</b>    | <b>21,186,841</b>      | <b>17,031,955</b>      | <b>15,061,035</b>    |
| <b>Fund Balance - June 30 .....</b>                 | <b>\$ 26,525,028</b> | <b>\$ 25,806,188</b> | <b>\$ 24,161,731</b>   | <b>\$ 21,186,841</b>   | <b>\$ 17,031,955</b> |

<sup>1</sup> Includes capital lease financing of \$1,407,136.

<sup>2</sup> Includes capital lease financing of \$406,438, refunding bonds issued of \$4,845,000, premium on refunding bonds of \$680,329 and sale of general capital assets of \$189,000.

Source: Audit Reports 2020-2024.

**ANALYSIS OF GENERAL FUND EQUITY  
(GAAP BASIS)**

| <b>FISCAL YEAR ENDED:</b>              | <b>2024</b>          | <b>2023</b>          | <b>2022</b>          | <b>2021</b>          | <b>2020</b>          |
|----------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Nonspendable.....                      | \$ 94,048            | \$ 72,104            | \$ 59,120            | \$ 64,762            | \$ 89,236            |
| Restricted.....                        | -                    | -                    | -                    | -                    | -                    |
| Committed.....                         | 665,978              | 746,186              | 876,782              | 876,568              | 685,404              |
| Assigned.....                          | 9,832,884            | 8,699,091            | 7,690,035            | 7,188,719            | 5,666,024            |
| Unassigned.....                        | 15,932,118           | 16,288,807           | 15,535,794           | 13,056,792           | 10,591,291           |
| Total Fund Balance.....                | <b>\$ 26,525,028</b> | <b>\$ 25,806,188</b> | <b>\$ 24,161,731</b> | <b>\$ 21,186,841</b> | <b>\$ 17,031,955</b> |
| <b>Unassigned Fund Balance As % of</b> |                      |                      |                      |                      |                      |
| <b>Total Expenditures.....</b>         | <b>21.19%</b>        | <b>23.51%</b>        | <b>23.14%</b>        | <b>19.31%</b>        | <b>16.72%</b>        |

Source: Audit Reports 2020-2024.

**PROPERTY TAX REVENUES**

|                    | <b>General Fund<br/>Revenues &amp;<br/>Transfers in</b> | <b>Property Tax<br/>Revenues</b> | <b>Property Tax<br/>Revenues as a Percentage<br/>of General Fund Revenues</b> |
|--------------------|---------------------------------------------------------|----------------------------------|-------------------------------------------------------------------------------|
| <b>Fiscal Year</b> |                                                         |                                  |                                                                               |
| 2026 <sup>1</sup>  | \$71,568,572                                            | \$44,701,551                     | 62.5 %                                                                        |
| 2025 <sup>2</sup>  | 70,328,339                                              | 42,526,658                       | 60.5                                                                          |
| 2024               | 75,914,549                                              | 43,190,890                       | 56.9                                                                          |
| 2023               | 70,921,919                                              | 38,891,754                       | 54.8                                                                          |
| 2022               | 70,121,259                                              | 37,657,634                       | 53.7                                                                          |
| 2021               | 71,760,186                                              | 36,752,330                       | 51.2                                                                          |
| 2020               | 65,312,397                                              | 36,237,356                       | 55.5                                                                          |

<sup>1</sup> Adopted budget.

<sup>2</sup> Estimate unaudited.

**INTERGOVERNMENTAL REVENUES**

|                    | <b>General Fund<br/>Revenues &amp;<br/>Transfers in</b> | <b>Intergovernmental<br/>Revenue</b> | <b>Aid as a<br/>Percentage of<br/>General Fund Revenues</b> |
|--------------------|---------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|
| <b>Fiscal Year</b> |                                                         |                                      |                                                             |
| 2026 <sup>1</sup>  | \$71,568,572                                            | \$18,166,359                         | 25.4 %                                                      |
| 2025 <sup>2</sup>  | 70,328,339                                              | 18,018,023                           | 25.6                                                        |
| 2024               | 75,914,549                                              | 25,401,560                           | 33.5                                                        |
| 2023               | 70,921,919                                              | 24,394,806                           | 34.4                                                        |
| 2022               | 70,121,259                                              | 23,718,881                           | 33.8                                                        |
| 2021               | 71,760,186                                              | 23,314,073                           | 32.5                                                        |
| 2020               | 65,312,397                                              | 23,398,302                           | 35.8                                                        |

<sup>1</sup> Adopted budget.

<sup>2</sup> Estimate unaudited.

## EXPENDITURES

| <b>Fiscal<br/>Year</b> | <b>Education</b> | <b>Public<br/>Safety</b> | <b>General<br/>Government</b> | <b>Public<br/>Works</b> | <b>Debt<br/>Service</b> |
|------------------------|------------------|--------------------------|-------------------------------|-------------------------|-------------------------|
| 2026 <sup>1</sup>      | 67.0%            | 2.7%                     | 3.4%                          | 3.8%                    | 8.6%                    |
| 2025 <sup>2</sup>      | 68.0%            | 2.5%                     | 3.4%                          | 3.7%                    | 8.0%                    |
| 2024                   | 69.1%            | 2.2%                     | 3.3%                          | 3.4%                    | 7.4%                    |
| 2023                   | 69.7%            | 2.4%                     | 3.6%                          | 3.7%                    | 7.7%                    |
| 2022                   | 69.5%            | 2.0%                     | 3.3%                          | 4.2%                    | 8.8%                    |
| 2021                   | 67.8%            | 2.0%                     | 3.0%                          | 3.7%                    | 6.3%                    |
| 2020                   | 75.7%            | 2.1%                     | 3.4%                          | 3.9%                    | 6.1%                    |

<sup>1</sup> Adopted budget.

<sup>2</sup> Estimate unaudited.

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## VI. DEBT SUMMARY

### PRINCIPAL AMOUNT OF INDEBTEDNESS

As of November 12, 2025

(Pro Forma)

#### Long-Term Debt

| Long-Term Debt            |                                                |            | Debt           |                              |                      |
|---------------------------|------------------------------------------------|------------|----------------|------------------------------|----------------------|
| Date of Issue             | Purpose                                        | Rate %     | Original Issue | Outstanding As of 11/12/2025 | Fiscal Year Maturity |
| General Purpose           |                                                |            |                |                              |                      |
| 6/28/2007                 | Bridge & General Purpose Bonds, Lot A.....     | 4.25-5.00% | \$3,000,000    | \$300,000                    | 2027                 |
| 5/2/2012                  | Bridge & General Purpose Bonds.....            | 2.00-2.25% | 2,400,000      | 840,000                      | 2032                 |
| 5/1/2013                  | Bridge & General Purpose Bonds.....            | 2.00-3.00% | 600,000        | 240,000                      | 2033                 |
| 4/15/2016                 | General Purpose Refunding Bonds, Series A..... | 2.00-4.00% | 255,000        | 125,000                      | 2031                 |
| 4/15/2020                 | Bridge & General Purpose Bonds.....            | 3.00-5.00% | 3,355,000      | 2,505,000                    | 2040                 |
| 6/29/2023                 | General Purpose Bonds.....                     | 4.00-5.00% | 1,000,000      | 900,000                      | 2043                 |
| 5/9/2024                  | General Purpose Bonds.....                     | 4.00-5.00% | 5,442,500      | 5,170,000                    | 2044                 |
|                           | Sub-Total.....                                 |            | \$16,052,500   | \$10,080,000                 |                      |
| Schools                   |                                                |            |                |                              |                      |
| 6/28/2007                 | High School & Vo-Ag Bonds, Lot A.....          | 4.25-5.00% | \$2,415,000    | \$240,000                    | 2027                 |
| 5/1/2013                  | High School Bonds.....                         | 2.00-3.00% | 1,500,000      | 600,000                      | 2033                 |
| 4/29/2015                 | School Refunding Bonds.....                    | 2.00-4.00% | 3,280,000      | 745,000                      | 2028                 |
| 4/15/2016                 | School Refunding Bonds, Series A.....          | 2.00-4.00% | 6,380,000      | 3,160,000                    | 2031                 |
| 4/15/2016                 | School Bonds, Series A & B (Taxable).....      | 1.00-4.00% | 4,325,000      | 2,365,000                    | 2036                 |
| 4/15/2020                 | School Bonds.....                              | 3.00-5.00% | 1,410,000      | 1,060,000                    | 2040                 |
| 6/29/2023                 | School Bonds.....                              | 4.00-5.00% | 6,000,000      | 5,400,000                    | 2043                 |
| 5/9/2024                  | School Bonds.....                              | 4.00-5.00% | 3,942,500      | 3,745,000                    | 2044                 |
|                           | Sub-Total.....                                 |            | \$29,252,500   | \$17,315,000                 |                      |
| Sewer                     |                                                |            |                |                              |                      |
| 12/03/14                  | Sewer Bonds - USDA <sup>1</sup> .....          | 2.75%      | 2,063,000      | 1,534,020                    | 2054                 |
| 10/31/18                  | Clean Water Fund Loan 524-D <sup>2</sup> ..... | 2.00%      | 2,662,156      | 1,597,293                    | 2038                 |
| 07/31/20                  | Clean Water Fund Loan 688-D <sup>2</sup> ..... | 2.00%      | 1,625,501      | 1,187,866                    | 2040                 |
| 01/20/21                  | Sewer Refunding Bonds, Lot B.....              | 3.00-4.00% | 4,845,000      | 3,870,000                    | 2050                 |
| 01/31/22                  | Clean Water Fund Loan 688-C <sup>2</sup> ..... | 2.00%      | 16,266,659     | 12,481,532                   | 2042                 |
|                           | Sub-Total.....                                 |            | \$27,462,316   | \$20,670,710                 |                      |
| Total Long-Term Debt..... |                                                |            | \$72,767,316   | \$48,065,710                 |                      |

<sup>1</sup> See "USDA Loans" herein.

<sup>2</sup> See "Clean Water Fund Program" herein.

#### Short-Term Debt:

| Project                                   | Amount<br>Authorized        | Notes This Issue<br>Due: 11/10/2026 |
|-------------------------------------------|-----------------------------|-------------------------------------|
| Killingly Memorial School Project.....    | \$ 34,000,000               | \$ 3,500,000                        |
| Westfield Ave/Community Center Project... | 27,800,000                  | 11,500,000                          |
| Total.....                                | <b><u>\$ 61,800,000</u></b> | <b><u>\$ 15,000,000</u></b>         |

## **Other Long-term Commitments:**

### Financed Purchases:

The Town's financed purchase obligations for the acquisition of various capital assets as of November 12, 2025 is as follows:

Financed Purchases as of November 12, 2025 (principal only)

|      |                  |
|------|------------------|
| 2026 | \$382,446        |
| 2027 | 199,337          |
| 2028 | 66,274           |
|      | <u>\$648,057</u> |

## **SCHOOL BUILDING GRANT REIMBURSEMENTS**

Pursuant to Section 10-287i of the Connecticut General Statutes, as amended, for all school building projects approved after July 1, 1996, the State provides proportional progress payments during construction for the State's share of the eligible construction costs. The State grant will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its share of project costs.

## **CLEAN WATER FUND PROGRAM**

The Town is a participant in the State of Connecticut's Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at the rate of 2% per annum. All participating municipalities receive funding for eligible expenses of 20% grant and 80% loan, except for combined sewer overflow projects (50% grant and 50% loan) and denitrofication projects (30% grant and 70% loan). Loans to each municipality are made pursuant to a Project Loan and Grant Agreement. During construction the municipality enters into a short-term borrowing agreement with the State called an Interim Funding Obligation ("IFO") from which it pays project costs as needed. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs. Upon project completion a 20-year debt obligation called a Project Loan Obligation ("PLO") is issued to the State. The municipal obligations issued to the State are secured by the full faith and credit of the municipality and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the scheduled completion date specified in the Loan Agreement repayable thereafter in monthly installments. Monthly installments may be in level debt service or amortized with level principal. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

## **USDA LOANS**

The United States Department of Agriculture ("USDA") has funded and committed to funding several sewer and water projects in the Town. The term of USDA loans are 40 years, prepayable at any time without penalty, and bear interest as determined at the time of closing but not in excess of the rate set forth in the commitment letter.

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# ANNUAL BONDED DEBT MATURITY SCHEDULE

As of November 12, 2025  
(Pro Forma)

| Fiscal Year<br>Ending<br>30-Jun | General Obligation Bonds <sup>1, 2</sup> |                    |                     | Percent<br>Retired |
|---------------------------------|------------------------------------------|--------------------|---------------------|--------------------|
|                                 | Principal                                | Interest           | Total               |                    |
| 2026                            | \$ 2,695,000                             | \$ 1,037,383       | \$ 3,732,383        | 9.84%              |
| 2027                            | 2,690,000                                | 924,338            | 3,614,338           | 19.66%             |
| 2028                            | 2,390,000                                | 825,628            | 3,215,628           | 28.38%             |
| 2029                            | 2,135,000                                | 737,893            | 2,872,893           | 36.17%             |
| 2030                            | 1,990,000                                | 660,508            | 2,650,508           | 43.44%             |
| 2031                            | 1,670,000                                | 590,098            | 2,260,098           | 49.53%             |
| 2032                            | 1,500,000                                | 527,013            | 2,027,013           | 55.01%             |
| 2033                            | 1,380,000                                | 467,950            | 1,847,950           | 60.05%             |
| 2034                            | 1,270,000                                | 417,488            | 1,687,488           | 64.68%             |
| 2035                            | 1,270,000                                | 370,325            | 1,640,325           | 69.32%             |
| 2036                            | 1,270,000                                | 323,163            | 1,593,163           | 73.96%             |
| 2037                            | 1,055,000                                | 276,000            | 1,331,000           | 77.81%             |
| 2038                            | 1,055,000                                | 236,150            | 1,291,150           | 81.66%             |
| 2039                            | 1,055,000                                | 196,300            | 1,251,300           | 85.51%             |
| 2040                            | 1,055,000                                | 156,450            | 1,211,450           | 89.36%             |
| 2041                            | 820,000                                  | 116,600            | 936,600             | 92.35%             |
| 2042                            | 815,000                                  | 83,800             | 898,800             | 95.33%             |
| 2043                            | 815,000                                  | 51,200             | 866,200             | 98.30%             |
| 2044                            | 465,000                                  | 18,600             | 483,600             | 100.00%            |
| <b>Total</b>                    | <b>\$27,395,000</b>                      | <b>\$8,016,883</b> | <b>\$35,411,883</b> |                    |

<sup>1</sup> Excludes capital lease obligations and other long-term commitments.

<sup>2</sup> Excludes \$362,367.25 in interest payments made in fiscal year ending June 30, 2026.

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| Fiscal Year<br>Ending<br>30-Jun | Self-Supporting Debt <sup>1, 2</sup> |                    |                     | Percent<br>Retired |
|---------------------------------|--------------------------------------|--------------------|---------------------|--------------------|
|                                 | Principal                            | Interest           | Total               |                    |
| 2026                            | \$ 900,528                           | \$ 305,043         | \$ 1,205,571        | 4.36%              |
| 2027                            | 1,236,843                            | 442,813            | 1,679,656           | 10.34%             |
| 2028                            | 1,236,843                            | 414,180            | 1,651,023           | 16.32%             |
| 2029                            | 1,231,843                            | 385,546            | 1,617,389           | 22.28%             |
| 2030                            | 1,231,843                            | 357,113            | 1,588,956           | 28.24%             |
| 2031                            | 1,231,843                            | 328,679            | 1,560,522           | 34.20%             |
| 2032                            | 1,231,843                            | 300,245            | 1,532,088           | 40.16%             |
| 2033                            | 1,231,843                            | 273,512            | 1,505,355           | 46.12%             |
| 2034                            | 1,231,843                            | 246,778            | 1,478,621           | 52.08%             |
| 2035                            | 1,231,843                            | 220,045            | 1,451,888           | 58.04%             |
| 2036                            | 1,231,843                            | 193,311            | 1,425,154           | 64.00%             |
| 2037                            | 1,231,843                            | 166,577            | 1,398,420           | 69.96%             |
| 2038                            | 1,138,105                            | 140,362            | 1,278,466           | 75.46%             |
| 2039                            | 1,088,735                            | 116,255            | 1,204,990           | 80.73%             |
| 2040                            | 1,054,002                            | 92,600             | 1,146,601           | 85.83%             |
| 2041                            | 1,005,376                            | 70,171             | 1,075,547           | 90.69%             |
| 2042                            | 253,938                              | 54,121             | 308,058             | 91.92%             |
| 2043                            | 187,898                              | 48,506             | 236,404             | 92.83%             |
| 2044                            | 182,898                              | 43,001             | 225,899             | 93.72%             |
| 2045                            | 182,898                              | 37,646             | 220,544             | 94.60%             |
| 2046                            | 182,898                              | 32,292             | 215,190             | 95.49%             |
| 2047                            | 182,898                              | 26,937             | 209,835             | 96.37%             |
| 2048                            | 182,898                              | 21,582             | 204,480             | 97.26%             |
| 2049                            | 177,898                              | 16,228             | 194,126             | 98.12%             |
| 2050                            | 177,898                              | 11,023             | 188,921             | 98.98%             |
| 2051                            | 52,898                               | 5,818              | 58,716              | 99.23%             |
| 2052                            | 52,898                               | 4,363              | 57,261              | 99.49%             |
| 2053                            | 52,898                               | 2,909              | 55,807              | 99.74%             |
| 2054                            | 52,876                               | 1,454              | 54,330              | 100.00%            |
| <b>Total</b>                    | <b>\$20,670,710</b>                  | <b>\$4,359,109</b> | <b>\$25,029,820</b> |                    |

<sup>1</sup> Excludes capital lease obligations and other long-term commitments.

<sup>2</sup> Excludes \$336,315.00 in principal and \$166,404.25 in interest payments made in fiscal year ending June 30, 2026.

#### OVERLAPPING/UNDERLYING DEBT

The Town does not have any overlapping debt.

There are eight political subdivisions and special tax districts located within the Town that have the authority to issue tax-exempt debt which constitutes underlying debt of the Town. As of April 24, 2025, four of these entities have the following debt outstanding:

| <b>Fire Districts</b>     | <b>Outstanding Debt<br/>as of April 24, 2025</b> |
|---------------------------|--------------------------------------------------|
| Attawaugan.....           | \$ 210,867                                       |
| Borough of Danielson..... | 650,414                                          |
| East Killingly.....       | -                                                |
| South Killingly.....      | 847,502                                          |
| Williamsville.....        | -                                                |
| Dayville.....             | -                                                |
|                           | <u>\$ 1,708,783</u>                              |

The Town does not assume responsibility for the verification of the above information.

**DEBT STATEMENT**  
As of November 12, 2025  
(Pro Forma)

**Long-Term Indebtedness**

|                                          |                   |
|------------------------------------------|-------------------|
| General Purpose.....                     | \$ 10,080,000     |
| Schools.....                             | 17,315,000        |
| Sewers - Self-Supporting.....            | 20,670,710        |
| <b>Total Long-Term Indebtedness.....</b> | <u>48,065,710</u> |

**Short-Term Indebtedness**

|                                           |                   |
|-------------------------------------------|-------------------|
| Note Payable ( <i>This Issue</i> ) .....  | 15,000,000        |
| <b>Total Short-Term Indebtedness.....</b> | <u>15,000,000</u> |

**Other Long-Term Indebtedness**

|                                                   |                             |
|---------------------------------------------------|-----------------------------|
| Financed Purchases.....                           | 648,057                     |
| <b>Total Direct Indebtedness.....</b>             | <u>63,713,767</u>           |
| <b>Exclusions:</b>                                |                             |
| (Self-Supporting sewer debt).....                 | 20,670,710                  |
| <b>Net Direct Indebtedness.....</b>               | <u>43,043,057</u>           |
| <b>Overlapping/Underlying Indebtedness.....</b>   | <u>1,708,783</u>            |
| <b>Total Overall Net Direct Indebtedness.....</b> | <u><u>\$ 44,751,840</u></u> |

NOTE: Does not include capital lease obligations, other long-term commitment, and authorized but unissued debt.

## CURRENT DEBT RATIOS

November 12, 2025

(Pro Forma)

|                                                               |                 |
|---------------------------------------------------------------|-----------------|
| Population <sup>1</sup> .....                                 | 17,785          |
| Net Taxable Grand List (10/1/24).....                         | \$1,877,347,288 |
| Estimated Full Value.....                                     | \$2,681,924,697 |
| Equalized Net Taxable Grand List (10/1/23) <sup>2</sup> ..... | \$3,093,171,766 |
| Per Capita Income (2023) <sup>1</sup> .....                   | \$38,775        |

|                                                 | <b>Total<br/>Direct debt</b> | <b>Total Net<br/>Direct Debt</b> | <b>Total Overall<br/>Net Debt</b> |
|-------------------------------------------------|------------------------------|----------------------------------|-----------------------------------|
|                                                 | <b><u>\$63,713,767</u></b>   | <b><u>\$43,043,057</u></b>       | <b><u>\$44,751,840</u></b>        |
| Per Capita.....                                 | \$3,582.44                   | \$2,420.19                       | \$2,516.27                        |
| Ratio to Net Taxable Grand List.....            | 3.39%                        | 2.29%                            | 2.38%                             |
| Ratio to Estimated Full Value.....              | 2.38%                        | 1.60%                            | 1.67%                             |
| Ratio to Equalized Net Taxable Grand List.....  | 2.06%                        | 1.39%                            | 1.45%                             |
| Debt per Capita to Money Income per Capita..... | 9.24%                        | 6.24%                            | 6.49%                             |

<sup>1</sup> U.S. Census Bureau, 2019-2023 American Community Survey.

<sup>2</sup> Office of Policy and Management, State of Connecticut.

## BOND AUTHORIZATION

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the authorization by the Town's voters at an election or referendum upon the approval of the Town Council.

## MATURITIES

General obligation bonds (serial and term) are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50% or aggregate annual principal and interest payments must be substantially equal. The first installment of any series of bonds shall mature not later than three years from the date of the issue of such series. Pursuant to state law, all bonds issued on or after July 1, 2017, including sewer and school bonds, shall be due not later than thirty years from the date of their issuance.

## TEMPORARY FINANCING

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third year and for all subsequent years during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20<sup>th</sup> (1/30<sup>th</sup> for sewer and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes may be funded beyond ten years from the initial borrowing if a written commitment exists for State and/or Federal grants, for terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original issue date (whichever is sooner), and in each

year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment.

Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

### **LIMITATION OF INDEBTEDNESS**

Municipalities shall not incur indebtedness through the issuance of bonds or notes which will cause aggregate indebtedness by class to exceed the following:

|                                      |                                          |
|--------------------------------------|------------------------------------------|
| General Purposes:                    | 2.25 times annual receipts from taxation |
| School Purposes:                     | 4.50 times annual receipts from taxation |
| Sewer Purposes:                      | 3.75 times annual receipts from taxation |
| Urban Renewal Purposes:              | 3.25 times annual receipts from taxation |
| Unfunded Pension Liability Purposes: | 3.00 times annual receipts from taxation |

In no case however, shall total indebtedness exceed seven times the base. "Annual receipts from taxation," (the "base,") are defined as total tax collections including interest, penalties and late payment of taxes and state payments for revenue loss under CGS Sections 12-129d and 7-528.

Section 7-374 of the Connecticut General Statutes also provides for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in an escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

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# STATEMENT OF STATUTORY DEBT LIMITATION

As of November 12, 2025

(Pro Forma)

Total Receipts for fiscal year ended June 30, 2024 (including interest and lien fees)<sup>1</sup> \$ 42,986,699

State Reimbursement for Revenue Loss on:

Tax Relief for Elderly

-

Base for Establishing Debt Limit

\$ 42,986,699

|                                                                          | General<br>Purpose   | Schools              | Sewers               | Urban<br>Renewal     | Past<br>Pension      | Total<br>Debt        |
|--------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| (2.25 times base).....                                                   | \$ 96,720,073        |                      |                      |                      |                      |                      |
| (4.50 times base).....                                                   |                      | \$193,440,146        |                      |                      |                      |                      |
| (3.75 times base).....                                                   |                      |                      | \$161,200,121        |                      |                      |                      |
| (3.25 times base).....                                                   |                      |                      |                      | \$139,706,772        |                      |                      |
| (3.00 times base).....                                                   |                      |                      |                      |                      | \$128,960,097        |                      |
| (7.00 times base).....                                                   |                      |                      |                      |                      |                      | \$300,906,893        |
| <b>Indebtedness</b>                                                      |                      |                      |                      |                      |                      |                      |
| Bonds Payable.....                                                       | \$ 10,080,000        | \$ 17,315,000        | \$ 20,670,710        | \$ -                 | \$ -                 | \$ 48,065,710        |
| Notes Payable <i>(This Issue)</i> .....                                  | 5,750,000            | 9,250,000            | -                    | -                    | -                    | 15,000,000           |
| Financed Purchases.....                                                  | 648,057              | -                    | -                    | -                    | -                    | 648,057              |
| Underlying Tax District Debt.....                                        | 1,708,783            | -                    | -                    | -                    | -                    | 1,708,783            |
| Authorized but<br>Unissued Debt.....                                     | 2,941,500            | 19,392,109           | -                    | -                    | -                    | 22,333,609           |
| <b>Total Bonded Indebtedness.....</b>                                    | <b>21,128,340</b>    | <b>45,957,109</b>    | <b>20,670,710</b>    | <b>-</b>             | <b>-</b>             | <b>87,756,159</b>    |
| Self-Supporting sewer loans.....                                         | -                    | -                    | (20,670,710)         | -                    | -                    | (20,670,710)         |
| <b>Net Bonded Indebtedness.....</b>                                      | <b>21,128,340</b>    | <b>45,957,109</b>    | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>67,085,449</b>    |
| <b>Excess of Limit Over<br/>Outstanding and<br/>Authorized Debt.....</b> |                      |                      |                      |                      |                      |                      |
|                                                                          | <b>\$ 75,591,733</b> | <b>\$147,483,037</b> | <b>\$161,200,121</b> | <b>\$139,706,772</b> | <b>\$128,960,097</b> | <b>\$233,821,444</b> |

<sup>1</sup> Excludes capital lease obligations and other long-term commitments.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$300,906,893.

## AUTHORIZED BUT UNISSUED DEBT

As of November 12, 2025

(Pro Forma)

| Project                                        | Amount of<br>Total<br>Authorization | Previously<br>Bonded | Paydowns/<br>Grants | Premium<br>Applied | Notes<br>This Issue | Authorized<br>But<br>Unissued<br>Debt |
|------------------------------------------------|-------------------------------------|----------------------|---------------------|--------------------|---------------------|---------------------------------------|
| School Upgrades (Roof, Window & Tank).....     | \$ 6,525,000                        | \$ 1,410,000         | \$ 1,200,764        | \$ -               | \$ -                | \$ 3,914,236 <sup>1</sup>             |
| Renovations to Town Hall/Community Center..... | 3,200,000                           | 3,055,000            | -                   | 100,000            | -                   | 45,000 <sup>2</sup>                   |
| Killingly Memorial School Project.....         | 34,000,000                          | 5,000,000            | 12,650,627          | 268,000            | 3,500,000           | 12,581,373 <sup>3</sup>               |
| Westfield Ave School/Community Center.....     | 27,800,000                          | 9,885,000            | -                   | 622,000            | 11,500,000          | 5,793,000                             |
| Total All Projects                             | <u>\$ 71,525,000</u>                | <u>\$19,350,000</u>  | <u>\$13,851,391</u> | <u>\$990,000</u>   | <u>\$15,000,000</u> | <u>\$ 22,333,609</u>                  |

<sup>1</sup> Actual amount of issuance will be less than authorized amount as the scope of the original project has been reduced.

<sup>2</sup> Actual amount of issuance will be less than authorized amount as the scope of the original project has been reduced.

<sup>3</sup> This project qualifies for State of Connecticut School Construction Grants of approximately 72% or \$24.58 million.

Source: Town of Killingly, Finance Office.

## PRINCIPAL AMOUNT OF OUTSTANDING DEBT

Fiscal Years Ending June 30

| <b>Long-Term Debt</b>  | <b>2025 Est.</b>     | <b>2024</b>          | <b>2023</b>          | <b>2022</b>          | <b>2021</b>          | <b>2020</b>          |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Bonds.....             | \$ 48,402,028        | \$ 52,323,871        | \$ 46,405,711        | \$ 42,727,554        | \$ 30,413,795        | \$ 31,589,323        |
| <b>Short-Term Debt</b> |                      |                      |                      |                      |                      |                      |
| Notes.....             | 15,000,000           | -                    | -                    | -                    | -                    | -                    |
| CWF Interim Loans.     | -                    | -                    | -                    | -                    | 17,082,887           | 18,710,797           |
| <b>Totals.....</b>     | <b>\$ 63,402,028</b> | <b>\$ 52,323,871</b> | <b>\$ 46,405,711</b> | <b>\$ 42,727,554</b> | <b>\$ 47,496,682</b> | <b>\$ 50,300,120</b> |

Source: Annual Audited Financial Statements 2020-2024, Estimate 2025.

## RATIO OF DIRECT OVERALL DEBT TO VALUATION, POPULATION AND INCOME

| <b>Fiscal Year Ended 6/30</b> | <b>Net Assessed Value</b> | <b>Estimated Full Value</b> | <b>Direct Debt<sup>1</sup></b> | <b>Ratio of Direct Debt to Net Assessed Value (%)</b> | <b>Ratio of Direct Debt to Estimated Full Value (%)</b> | <b>Population<sup>2</sup></b> | <b>Direct Debt per Capita</b> | <b>Ratio of Direct Debt per Capita to Per Capita Income (%)<sup>3</sup></b> |
|-------------------------------|---------------------------|-----------------------------|--------------------------------|-------------------------------------------------------|---------------------------------------------------------|-------------------------------|-------------------------------|-----------------------------------------------------------------------------|
| 2025 Est.                     | \$1,889,884,639           | \$2,699,835,199             | \$63,402,028                   | 3.35%                                                 | 2.35%                                                   | 17,785                        | \$3,564.92                    | 9.19%                                                                       |
| 2024                          | 1,840,712,512             | 2,629,589,303               | 52,323,871                     | 2.84%                                                 | 1.99%                                                   | 17,785                        | 2,942.02                      | 7.59%                                                                       |
| 2023                          | 1,422,713,072             | 2,032,447,246               | 46,405,711                     | 3.26%                                                 | 2.28%                                                   | 17,785                        | 2,609.26                      | 6.73%                                                                       |
| 2022                          | 1,371,405,304             | 1,959,150,434               | 42,727,554                     | 3.12%                                                 | 2.18%                                                   | 17,757                        | 2,406.24                      | 6.21%                                                                       |
| 2021                          | 1,367,154,634             | 1,953,078,049               | 47,496,682                     | 3.47%                                                 | 2.43%                                                   | 17,681                        | 2,686.31                      | 6.93%                                                                       |
| 2020                          | 1,346,293,734             | 1,923,276,763               | 50,300,120                     | 3.74%                                                 | 2.62%                                                   | 17,267                        | 2,913.08                      | 7.51%                                                                       |

<sup>1</sup> Does not include underlying debt, capital lease obligations and other long-term commitments.

<sup>2</sup> U.S. Census Bureau, 2019-2023 American Community Survey.

<sup>3</sup> Income per Capita: \$38,775 – U.S. Census Bureau, 2019-2023 American Community Survey.

**THE TOWN OF KILLINGLY HAS NEVER DEFAULTED IN THE PAYMENT OF  
PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

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## **VII. LEGAL AND OTHER LITIGATION**

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### **LITIGATION**

The Town of Killingly, its officers, employees, boards and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. It is the Town Attorney's opinion that such pending litigation will not be finally determined, individually or in the aggregate, so as to result in final judgments against the Town which would have a material adverse effect on the Town's financial position.

### **MUNICIPAL ADVISOR**

The Town has retained Munistat Services, Inc. (the "Municipal Advisor") to serve as its municipal advisor in connection with the issuance of the Notes. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. The Municipal Advisor's fee for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery of the Notes and receipt by the Town of payment therefor. The Town may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of Note proceeds.

### **CLOSING DOCUMENTS**

Upon the delivery of the Notes, the winning bidder(s) will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Notes or the levy or collection of taxes to pay the principal of and interest on the Notes.
2. A Certificate on behalf of the Town signed by the Town Manager and Treasurer which will be dated the date of delivery of the Notes and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were accepted, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipt for the purchase price of the Notes.
4. The approving opinion of Pullman & Comley LLC, Bond Counsel, of Hartford, Connecticut in substantially the form attached hereto as Appendix B.
5. An executed Continuing Disclosure Agreement for the Notes in substantially the form attached hereto as Appendix C.
6. The Town has prepared a Preliminary Official Statement for this Note issue which is dated October 14, 2025. The Town deems such Preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(5), but it is subject to revision or amendment. The Town will make available to the winning bidder(s) of the Notes a reasonable number of copies of the Official Statement at the Town's expense within seven business days of the bid opening.

## CONCLUDING STATEMENT

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any of such opinion or estimate will be realized.

No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

Information herein has been derived by the Town from various officials, departments and other sources and is believed by the Town to be reliable, but such information, other than that obtained from official records of the Town, has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

This Official Statement is submitted only in connection with the sale of the Notes by the Town and may not be reproduced or used in whole or part for any other purpose.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

### TOWN OF KILLINGLY, CONNECTICUT

By:

\_\_\_\_\_  
Brian M. Palaia, *Town Manager*

By:

\_\_\_\_\_  
Jennifer M. Hawkins, *Treasurer*

Dated as of October \_\_\_, 2025

## **APPENDIX A – BASIC FINANCIAL STATEMENTS**

### **FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Appendix A - Basic Financial Statements - is taken from the Annual Report of the Town of Killingly for the Fiscal Year ended June 30, 2024 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Director of Finance, Town of Killingly, Connecticut.

## **INDEPENDENT AUDITOR'S REPORT**

To the Town Council  
Town of Killingly, 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 Killingly, Connecticut, (the Town) as of and for the year ended June 30, 2024, 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 Town of Killingly, Connecticut, as of June 30, 2024, 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 Auditor's 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.

### ***Auditor's 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 on pages 4 through 14 and the information on pages 68 through 80 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 and individual fund financial statements and schedules 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 and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the financial statements. The other information comprises the introductory section on pages i through ii and other information on pages 112 through 120, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2025, 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.



Certified Public Accountants  
Glastonbury, Connecticut  
April 4, 2025

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**TOWN OF KILLINGLY, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

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The management of the Town of Killingly, Connecticut, (the Town) offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$155,994,521 (net position). Of this amount, \$26,988,986 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$17,270,049 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$42,313,299, an increase of \$351,863 in comparison with the prior year.
- As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance totaled \$15,932,118 and represents 21.7% of the final fiscal year 2024 budgeted expenditures for the General Fund. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 2.6 months of General Fund budgetary expenditures. The fund balance of the Town's General Fund increased by \$718,840 during the current fiscal year.
- The Town's capital assets increased by \$23,153,304 or 15.5% during the current year.
- The Town's total long-term debt increased by \$5,925,973 or 11.9% during the current fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

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

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

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

The government-wide financial statements can be found on pages 15 and 16 of this report.

**Fund Financial Statements**

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

***Governmental Funds***

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

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

***Governmental Funds (Continued)***

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

The basic governmental fund financial statements can be found on pages 17 through 20 of this report.

***Proprietary Funds***

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

The basic proprietary fund financial statements can be found on pages 21 through 23 of this report.

***Fiduciary Funds***

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

The basic fiduciary fund financial statements can be found on pages 24 and 25 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 67 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information, combining and individual fund statements and schedules and other information that can be found on pages 68 through 120 of this report.

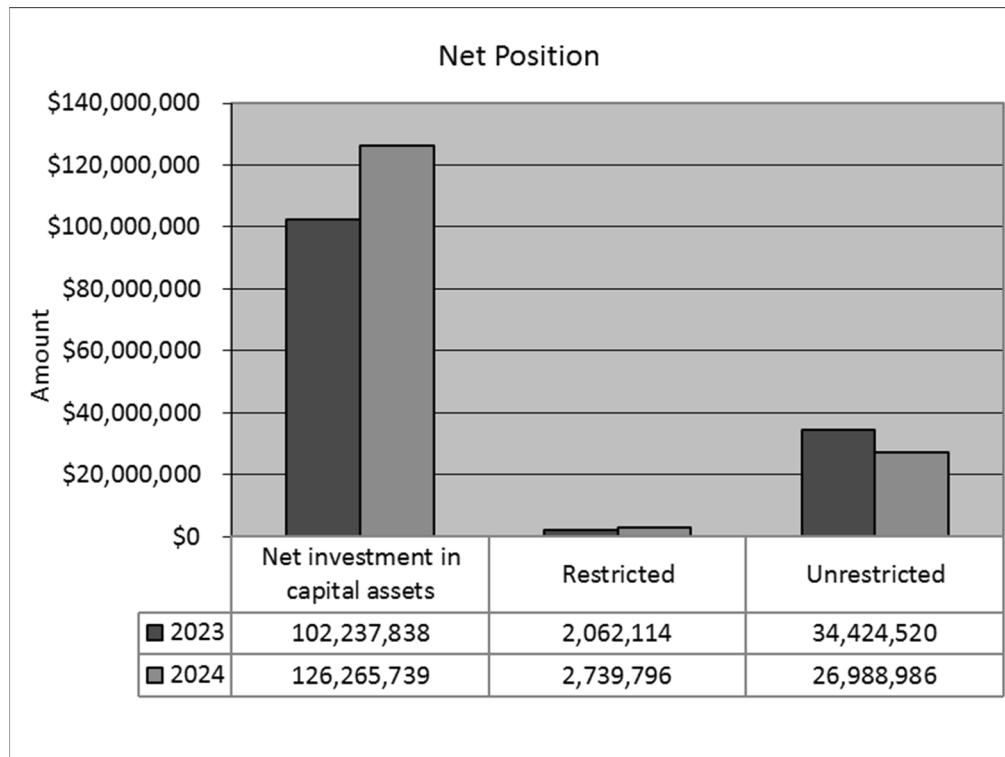
**TOWN OF KILLINGLY, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

Over time, net position may serve as one measure of a government's financial position. Net position of the Town totaled \$155,994,521 as of June 30, 2024 and \$138,724,472 as of June 30, 2024, respectively, and are summarized as follows:

|                                  | <b>2024</b>           | <b>2023</b>           | <b>\$ Variance</b>   | <b>% Variance</b> |
|----------------------------------|-----------------------|-----------------------|----------------------|-------------------|
| Current and other assets         | \$ 63,356,111         | \$ 56,602,724         | \$ 6,753,387         | 11.9%             |
| Capital assets                   | 172,659,757           | 149,506,453           | 23,153,304           | 15.5%             |
| Total assets                     | <u>236,015,868</u>    | <u>206,109,177</u>    | <u>29,906,691</u>    | 14.5%             |
| Deferred outflows of resources   | 2,294,474             | 2,581,645             | (287,171)            | -11.1%            |
| Other liabilities                | 15,110,161            | 9,309,380             | 5,800,781            | 62.3%             |
| Long-term liabilities            | 61,930,550            | 56,609,127            | 5,321,423            | 9.4%              |
| Total liabilities                | <u>77,040,711</u>     | <u>65,918,507</u>     | <u>11,122,204</u>    | 16.9%             |
| Deferred inflows of resources    | 5,275,110             | 4,047,843             | 1,227,267            | 30.3%             |
| Net position:                    |                       |                       |                      |                   |
| Net investment in capital assets | 126,265,739           | 102,237,838           | 24,027,901           | 23.5%             |
| Restricted                       | 2,739,796             | 2,062,114             | 677,682              | 32.9%             |
| Unrestricted                     | 26,988,986            | 34,424,520            | (7,435,534)          | -21.6%            |
| Total net position               | <u>\$ 155,994,521</u> | <u>\$ 138,724,472</u> | <u>\$ 17,270,049</u> | 12.4%             |



**TOWN OF KILLINGLY, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

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

**Net Position (Continued)**

80.9% of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

1.8% of the Town's net position reflects resources that are subject to external restrictions on how they may be used.

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

Overall, net position increased by \$17,270,049 in comparison to the prior year.

**Changes in Net Position**

Changes in net position for the years ended June 30, 2024 and 2023 are as follows.

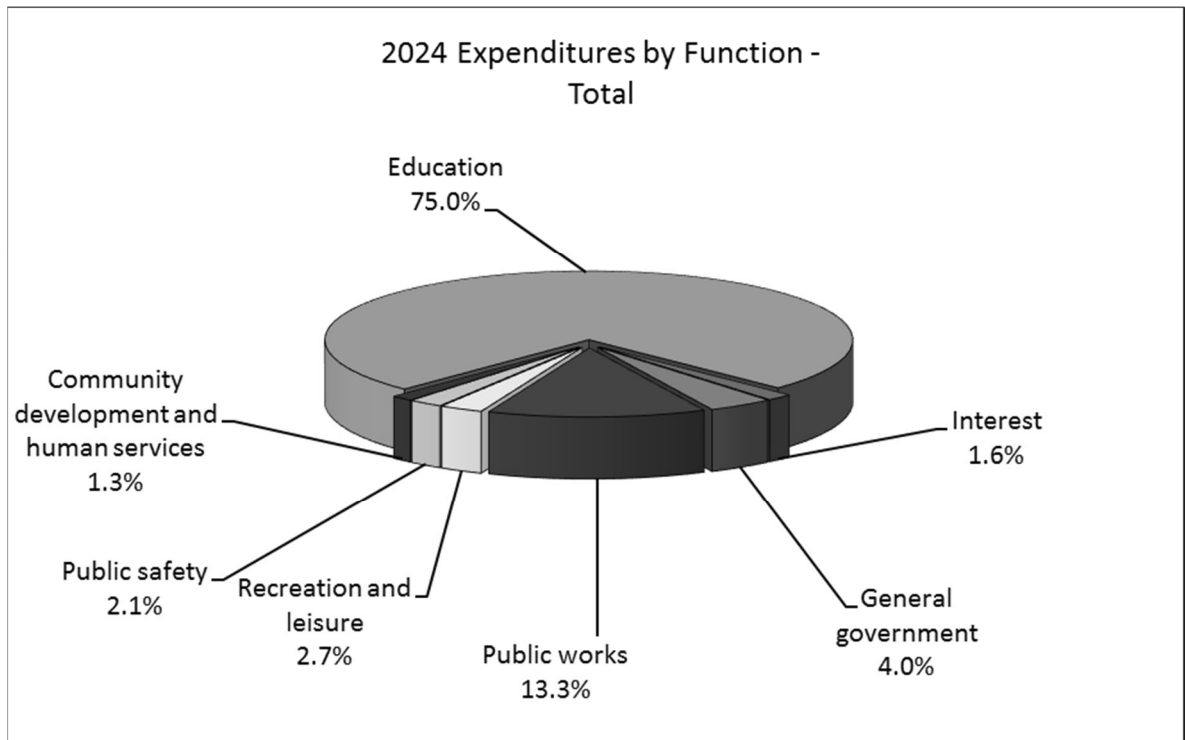
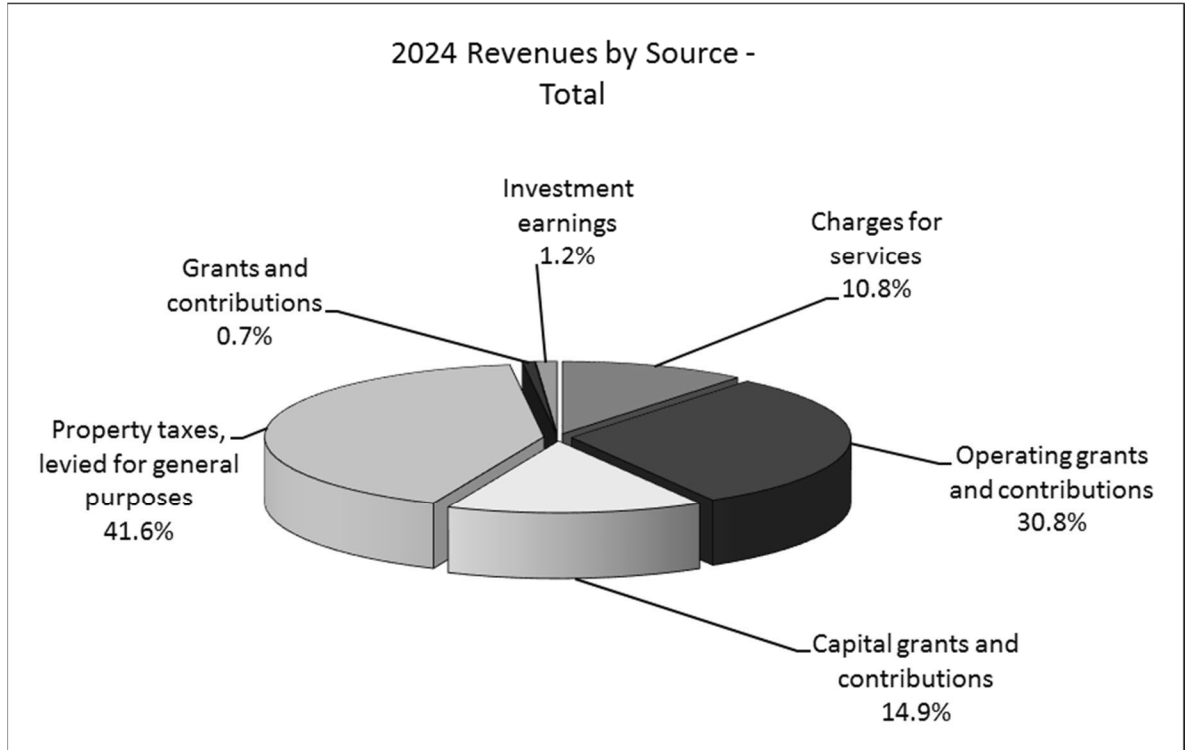
|                                             | <b>2024</b>          | <b>2023</b>         | <b>\$ Variance</b>   | <b>% Variance</b> |
|---------------------------------------------|----------------------|---------------------|----------------------|-------------------|
| <b>Revenues</b>                             |                      |                     |                      |                   |
| Program revenues:                           |                      |                     |                      |                   |
| Charges for services                        | \$ 11,340,277        | \$ 11,996,200       | \$ (655,923)         | -5.5%             |
| Operating grants and contributions          | 32,290,531           | 32,872,871          | (582,340)            | -1.8%             |
| Capital grants and contributions            | 15,589,482           | 594,634             | 14,994,848           | 2521.7%           |
| General revenues:                           |                      |                     |                      |                   |
| Property taxes, levied for general purposes | 43,631,854           | 38,806,433          | 4,825,421            | 12.4%             |
| Grants and contributions                    | 743,663              | 788,402             | (44,739)             | -5.7%             |
| Investment earnings                         | 1,297,516            | 639,000             | 658,516              | 103.1%            |
| Total revenues                              | <u>104,893,323</u>   | <u>85,697,540</u>   | <u>19,195,783</u>    | 22.4%             |
| <b>Expenses</b>                             |                      |                     |                      |                   |
| General government                          | 3,492,279            | 3,387,436           | 104,843              | 3.1%              |
| Public works                                | 11,687,395           | 8,499,645           | 3,187,750            | 37.5%             |
| Recreation and leisure                      | 2,327,115            | 1,908,553           | 418,562              | 21.9%             |
| Public safety                               | 1,826,367            | 1,952,657           | (126,290)            | -6.5%             |
| Community development and human services    | 1,171,880            | 881,146             | 290,734              | 33.0%             |
| Education                                   | 65,735,768           | 63,419,203          | 2,316,565            | 3.7%              |
| Interest                                    | 1,382,470            | 1,202,704           | 179,766              | 14.9%             |
| Total expenses                              | <u>87,623,274</u>    | <u>81,251,344</u>   | <u>6,371,930</u>     | 7.8%              |
| Change in net position                      | <u>\$ 17,270,049</u> | <u>\$ 4,446,196</u> | <u>\$ 12,823,853</u> | 288.4%            |

**TOWN OF KILLINGLY, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

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



**TOWN OF KILLINGLY, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

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

Governmental activities increased the Town's net position by \$17,270,049.

Revenues increased by 22.4% or \$19,195,783 and expenses increased by \$6,371,930 or 7.8% over the amounts reported in the prior year. Significant variances in revenues consisted of a \$14.9 million increase in capital grants and contributions and a \$4.8 million increase in property taxes. The increase in capital grants was driven by the receipt of school construction grant reimbursements of \$12.6 million for the Killingly Middle School renovation project. The increase in property tax revenues was driven by an increase in the mill rate to fund budgetary increases in the Town's General Fund. Significant variances in expenses consisted of a \$3.1 million increase in public works expenses and a \$2.3 million increase in education expenses. The increase in public works expenses was driven by an increase in noncapitalized road repairs and maintenance. In 2024, the Town made a significant budget investment in the amount of \$2.5 million towards a 5 year pavement management plan to improve the Town's roads across entire roadway system. The increase in education expenses was driven by a combination of contractual increases and an increase in the amount of pension and OPEB expense recognized by the Town in connection with its participation in the Connecticut Teachers' Retirement System (CTRS). Although the Town is not liable for contributions made to CTRS, the Town recognizes its proportionate share of the pension and OPEB expense attributed to the Town's employees as both revenues and expenses.

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

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

**Governmental Funds**

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

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$42,313,299, an increase of \$351,863 in comparison with the prior year.

**General Fund**

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$15,932,118. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents 21.7% of the final fiscal year 2024 budgeted expenditures for the General Fund. Expressed another way, unassigned fund balance for the budgeted General Fund was sufficient to cover approximately 2.6 months of General Fund budgetary expenditures.

The fund balance of the Town's General Fund increased by \$718,840 during the current fiscal year.

**TOWN OF KILLINGLY, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

**Governmental Funds *(Continued)***

***Capital Improvements Fund***

The fund balance of the Capital Improvements Fund decreased by \$1,172,716 during the current fiscal year. This change consisted of \$14.8 million in capital related revenues, including \$12.6 million in school construction grant reimbursements, \$15.5 million in other financing sources, including \$10.0 million in proceeds from the issuance of general obligation bonds and \$5.5 million in budgetary transfers in from other funds, offset by \$31.5 million in capital outlays for authorized projects.

***Sewer Operating Fund***

The fund balance of the Sewer Operating Fund decreased by \$1,044,056 during the current fiscal year. The decrease is primarily due to excess revenues over expenditures of \$3.4 million, offset by transfers to other funds of \$4.5 million for capital purposes and reimbursement of debt service.

***Capital Nonrecurring Fund***

The fund balance of the Capital Nonrecurring Fund increased by \$1,653,269 during the current fiscal year. This increase was due to transfers in of \$2.4 million to fund capital purchases.

***American Rescue Plan Fund***

During the year end June 30, 2024, the Town recognized \$1,781,217 in grant funds received under the American Rescue Plan Act to fund authorized expenditures. As of June 30, 2024, the Town has \$1,916,050 in grant funds received and unexpended.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Town's final budget planned for the utilization of fund balance in the amount of \$3,908,205. The actual net change in fund balance of the General Fund on a budgetary basis was a decrease of \$853,334, resulting in an overall favorable budgetary variance of \$3,054,871. Revenues and other financing sources were \$860,339 less than budgeted. Expenditures and transfers out were \$3,915,210 less than budgeted.

**SEWER OPERATING FUND BUDGETARY HIGHLIGHTS**

The Town adopts an annual budget for its Sewer Operating Fund. This budget included a planned use of fund balance in the amount of \$897,267. The actual net change in fund balance of the Sewer Operating Fund on a budgetary basis was a decrease of \$1,044,056.

**TOWN OF KILLINGLY, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

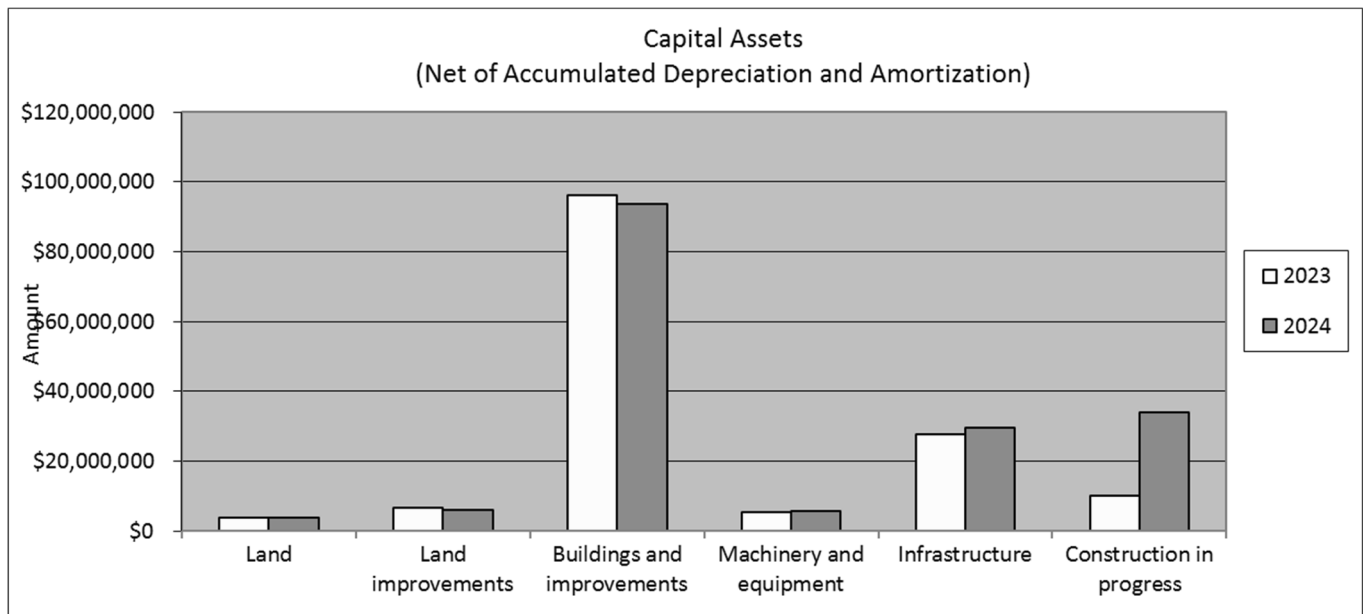
**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2024 and 2023 totaled \$172,659,757 and \$149,506,453, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress. The total increase in the Town's investment in capital assets for the current fiscal year was \$23,153,304 or 15.5%. Significant capital additions included construction in progress on the Killingly Middle School, Community Center and local bridges.

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

|                            | <b>2024</b>           | <b>2023</b>           | <b>\$ Variance</b>   | <b>% Variance</b> |
|----------------------------|-----------------------|-----------------------|----------------------|-------------------|
| Land                       | \$ 3,821,224          | \$ 3,821,224          | \$ -                 | 0.0%              |
| Land improvements          | 5,944,885             | 6,602,821             | (657,936)            | -10.0%            |
| Buildings and improvements | 93,777,916            | 96,233,230            | (2,455,314)          | -2.6%             |
| Machinery and equipment    | 5,638,736             | 5,325,672             | 313,064              | 5.9%              |
| Infrastructure             | 29,551,877            | 27,559,409            | 1,992,468            | 7.2%              |
| Construction in progress   | 33,925,119            | 9,964,097             | 23,961,022           | 240.5%            |
| <b>Totals</b>              | <b>\$ 172,659,757</b> | <b>\$ 149,506,453</b> | <b>\$ 23,153,304</b> | <b>15.5%</b>      |



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

**TOWN OF KILLINGLY, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

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

**Debt**

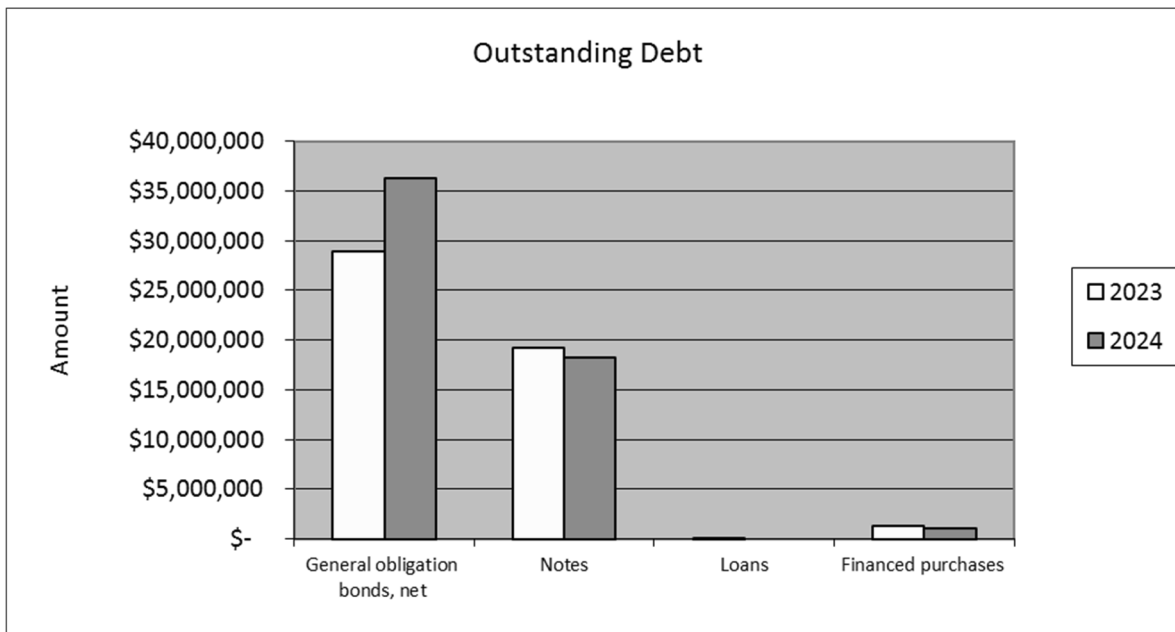
At the end of the current fiscal year, the Town had total debt outstanding in the amount of \$55,627,862. The Town's total debt increased by \$5,925,973 or 11.9% during the current fiscal year.

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

The following table is a two year comparison of debt:

|                               | <b>2024</b>          | <b>2023</b>          | <b>\$ Variance</b>  | <b>% Variance</b> |
|-------------------------------|----------------------|----------------------|---------------------|-------------------|
| General obligation bonds, net | \$ 36,332,500        | \$ 28,943,565        | \$ 7,388,935        | 25.5%             |
| Notes                         | 18,198,871           | 19,260,714           | (1,061,843)         | -5.5%             |
| Loans                         | -                    | 144,341              | (144,341)           | -100.0%           |
| Financed purchases            | 1,096,491            | 1,353,269            | (256,778)           | -19.0%            |
| Totals                        | <u>\$ 55,627,862</u> | <u>\$ 49,701,889</u> | <u>\$ 5,925,973</u> | 11.9%             |

Additional information on the Town's long-term debt can be found in Notes 7 of this report.



**TOWN OF KILLINGLY, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

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

- Inflationary trends in the region are comparable to national indices.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
  - For purposes of calculating property tax revenues for fiscal year 2025, the Assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
  - Intergovernmental grants were based on estimates from the State.
  - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Planning and Development Department, the Town Clerk and the amount of conveyance taxes and interest income.
  - The Town has designated \$3,000,000 of fund balance for use in the 2025 budget.

All of these factors were considered in preparing the Town's budget for fiscal year 2025.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, Town of Killingly, 172 Main Street, Killingly, Connecticut 06239.

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## **BASIC FINANCIAL STATEMENTS**

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**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2024**

|                                       | <b>Governmental<br/>Activities</b> |
|---------------------------------------|------------------------------------|
| <b>ASSETS</b>                         |                                    |
| Cash and cash equivalents             | \$ 53,214,770                      |
| Investments                           | 2,845,540                          |
| Receivables:                          |                                    |
| Property taxes, net                   | 2,254,671                          |
| Assessments and user charges, net     | 540,323                            |
| Grants and contracts                  | 2,068,334                          |
| Other                                 | 618,109                            |
| Other assets                          | 136,944                            |
| Net pension asset                     | 963,083                            |
| Restricted assets:                    |                                    |
| Cash and cash equivalents             | 279,178                            |
| Investments                           | 435,159                            |
| Capital assets:                       |                                    |
| Non-depreciable                       | 37,746,343                         |
| Depreciable, net                      | 134,913,414                        |
| Total assets                          | <u>236,015,868</u>                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                                    |
| Deferred charge on refunding          | 398,294                            |
| Pension related                       | 177,208                            |
| OPEB related                          | 1,718,972                          |
| Total deferred outflows of resources  | <u>2,294,474</u>                   |
| <b>LIABILITIES</b>                    |                                    |
| Accounts payable                      | 5,720,207                          |
| Accrued liabilities:                  |                                    |
| Accrued interest                      | 207,726                            |
| Other                                 | 289,786                            |
| Unearned revenue                      | 7,950,635                          |
| Claims payable                        | 678,584                            |
| Deposits payable                      | 263,223                            |
| Noncurrent liabilities:               |                                    |
| Due within one year                   | 4,593,277                          |
| Due in more than one year             | 57,337,273                         |
| Total liabilities                     | <u>77,040,711</u>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                                    |
| Pension related                       | 456,721                            |
| OPEB related                          | 4,818,389                          |
| Total deferred inflows of resources   | <u>5,275,110</u>                   |
| <b>NET POSITION</b>                   |                                    |
| Net investment in capital assets      | 126,265,739                        |
| Restricted for:                       |                                    |
| Endowments:                           |                                    |
| Expendable                            | 643,038                            |
| Nonexpendable                         | 71,299                             |
| Grant programs                        | 647,299                            |
| Educational programs                  | 415,077                            |
| Pension benefits                      | 963,083                            |
| Unrestricted                          | 26,988,986                         |
| Total net position                    | <u>\$ 155,994,521</u>              |

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

**TOWN OF KILLINGLY, CONNECTICUT**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024

| Functions/Programs                                           | Expenses             | Program Revenues        |                                          |                                        | Net (Expense)<br>Revenue and<br>Changes in Net<br>Assets -<br>Governmental<br>Activities |
|--------------------------------------------------------------|----------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------|
|                                                              |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |                                                                                          |
| <b>Primary Government</b>                                    |                      |                         |                                          |                                        |                                                                                          |
| Governmental activities:                                     |                      |                         |                                          |                                        |                                                                                          |
| General government                                           | \$ 3,492,279         | \$ 939,930              | \$ 431,275                               | \$ -                                   | \$ (2,121,074)                                                                           |
| Public works                                                 | 11,687,395           | 6,228,048               | 1,569,124                                | 2,344,796                              | (1,545,427)                                                                              |
| Recreation and leisure                                       | 2,327,115            | 216,967                 | 402,459                                  | -                                      | (1,707,689)                                                                              |
| Public safety                                                | 1,826,367            | -                       | 373,132                                  | 594,059                                | (859,176)                                                                                |
| Community development and human services                     | 1,171,880            | 61,815                  | 342,928                                  | -                                      | (767,137)                                                                                |
| Education                                                    | 65,735,768           | 3,893,517               | 29,171,613                               | 12,650,627                             | (20,020,011)                                                                             |
| Interest and fiscal charges                                  | 1,382,470            | -                       | -                                        | -                                      | (1,382,470)                                                                              |
| Total governmental activities                                | <u>\$ 87,623,274</u> | <u>\$ 11,340,277</u>    | <u>\$ 32,290,531</u>                     | <u>\$ 15,589,482</u>                   | <u>(28,402,984)</u>                                                                      |
| General revenues:                                            |                      |                         |                                          |                                        |                                                                                          |
| Property taxes, levied for general purposes                  |                      |                         |                                          |                                        | 43,631,854                                                                               |
| Grants and contributions not restricted to specific programs |                      |                         |                                          |                                        | 743,663                                                                                  |
| Investment earnings                                          |                      |                         |                                          |                                        | 1,297,516                                                                                |
| Total general revenues                                       |                      |                         |                                          |                                        | <u>45,673,033</u>                                                                        |
| Change in net position                                       |                      |                         |                                          |                                        | 17,270,049                                                                               |
| Net position - beginning                                     |                      |                         |                                          |                                        | 138,724,472                                                                              |
| Net position - ending                                        |                      |                         |                                          |                                        | <u>\$ 155,994,521</u>                                                                    |

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

**TOWN OF KILLINGLY, CONNECTICUT**  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2024

|                                                                    | General Fund         | Capital Improvements Fund | Sewer Operating Fund | Capital Nonrecurring Fund | American Rescue Plan Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--------------------------------------------------------------------|----------------------|---------------------------|----------------------|---------------------------|---------------------------|-----------------------------|--------------------------|
| <b>ASSETS</b>                                                      |                      |                           |                      |                           |                           |                             |                          |
| Cash and cash equivalents                                          | \$ 46,774,292        | \$ -                      | \$ 1,041,263         | \$ -                      | \$ -                      | \$ 4,969,575                | \$ 52,785,130            |
| Investments                                                        | 2,117,708            | -                         | 648,697              | -                         | -                         | 514,294                     | 3,280,699                |
| Receivables:                                                       |                      |                           |                      |                           |                           |                             |                          |
| Property taxes, net                                                | 2,254,671            | -                         | -                    | -                         | -                         | -                           | 2,254,671                |
| Assessments and user charges, net                                  | -                    | -                         | 540,323              | -                         | -                         | -                           | 540,323                  |
| Grants and contracts                                               | 20,915               | 1,569,043                 | -                    | -                         | -                         | 478,376                     | 2,068,334                |
| Other                                                              | 526,380              | -                         | 951                  | -                         | -                         | 26,058                      | 553,389                  |
| Due from other funds                                               | 2,091,512            | 3,369,915                 | 593,265              | 8,602,907                 | 2,040,034                 | 2,644,234                   | 19,341,867               |
| Inventories                                                        | -                    | -                         | -                    | -                         | -                         | 42,896                      | 42,896                   |
| Other                                                              | 94,048               | -                         | -                    | -                         | -                         | -                           | 94,048                   |
| Total assets                                                       | <u>\$ 53,879,526</u> | <u>\$ 4,938,958</u>       | <u>\$ 2,824,499</u>  | <u>\$ 8,602,907</u>       | <u>\$ 2,040,034</u>       | <u>\$ 8,675,433</u>         | <u>\$ 80,961,357</u>     |
| <b>LIABILITIES</b>                                                 |                      |                           |                      |                           |                           |                             |                          |
| Accounts payable                                                   | \$ 1,258,535         | \$ 3,628,190              | \$ 251,136           | \$ 9,196                  | \$ 123,984                | \$ 449,166                  | \$ 5,720,207             |
| Accrued liabilities                                                | 289,786              | -                         | -                    | -                         | -                         | -                           | 289,786                  |
| Due to other funds                                                 | 19,806,024           | 55,535                    | -                    | -                         | -                         | 2,035,977                   | 21,897,536               |
| Deposits payable                                                   | 263,223              | -                         | -                    | -                         | -                         | -                           | 263,223                  |
| Unearned revenue                                                   | 3,698,113            | 2,084,344                 | -                    | -                         | 1,916,050                 | 252,128                     | 7,950,635                |
| Total liabilities                                                  | <u>25,315,681</u>    | <u>5,768,069</u>          | <u>251,136</u>       | <u>9,196</u>              | <u>2,040,034</u>          | <u>2,737,271</u>            | <u>36,121,387</u>        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |                      |                           |                      |                           |                           |                             |                          |
| Unavailable revenue - property taxes                               | 2,038,817            | -                         | -                    | -                         | -                         | -                           | 2,038,817                |
| Unavailable revenue - sewer assessments                            | -                    | -                         | 487,854              | -                         | -                         | -                           | 487,854                  |
| Total deferred inflows of resources                                | <u>2,038,817</u>     | <u>-</u>                  | <u>487,854</u>       | <u>-</u>                  | <u>-</u>                  | <u>-</u>                    | <u>2,526,671</u>         |
| <b>FUND BALANCES</b>                                               |                      |                           |                      |                           |                           |                             |                          |
| Nonspendable                                                       | 94,048               | -                         | -                    | -                         | -                         | 114,195                     | 208,243                  |
| Restricted                                                         | -                    | 8,835,550                 | -                    | -                         | -                         | 1,705,414                   | 10,540,964               |
| Committed                                                          | 665,978              | -                         | 2,085,509            | 8,593,711                 | -                         | 4,118,553                   | 15,463,751               |
| Assigned                                                           | 9,832,884            | 4,611,160                 | -                    | -                         | -                         | -                           | 14,444,044               |
| Unassigned                                                         | 15,932,118           | (14,275,821)              | -                    | -                         | -                         | -                           | 1,656,297                |
| Total fund balances                                                | <u>26,525,028</u>    | <u>(829,111)</u>          | <u>2,085,509</u>     | <u>8,593,711</u>          | <u>-</u>                  | <u>5,938,162</u>            | <u>42,313,299</u>        |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 53,879,526</u> | <u>\$ 4,938,958</u>       | <u>\$ 2,824,499</u>  | <u>\$ 8,602,907</u>       | <u>\$ 2,040,034</u>       | <u>\$ 8,675,433</u>         | <u>\$ 80,961,357</u>     |

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

**TOWN OF KILLINGLY, CONNECTICUT**  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
AS OF JUNE 30, 2024

|                                                                                                                                                                                                                                                                                                                       |                      |                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------------|
| Total fund balances for governmental funds                                                                                                                                                                                                                                                                            |                      | \$ 42,313,299                |
| Total net position reported for governmental activities in the statement of net position is different because:                                                                                                                                                                                                        |                      |                              |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:                                                                                                                                                       |                      |                              |
| Construction in progress                                                                                                                                                                                                                                                                                              | \$ 33,925,119        |                              |
| Land                                                                                                                                                                                                                                                                                                                  | 3,821,224            |                              |
| Land improvements                                                                                                                                                                                                                                                                                                     | 17,521,525           |                              |
| Buildings and improvements                                                                                                                                                                                                                                                                                            | 151,862,674          |                              |
| Machinery and equipment                                                                                                                                                                                                                                                                                               | 27,589,180           |                              |
| Infrastructure                                                                                                                                                                                                                                                                                                        | 84,902,051           |                              |
| Less: accumulated depreciation and amortization                                                                                                                                                                                                                                                                       | <u>(146,962,016)</u> |                              |
| Total capital assets, net                                                                                                                                                                                                                                                                                             |                      | 172,659,757                  |
| Some of the Town's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.                                                                                 |                      |                              |
| Property taxes                                                                                                                                                                                                                                                                                                        | 2,038,817            |                              |
| Sewer assessments                                                                                                                                                                                                                                                                                                     | <u>487,854</u>       |                              |
|                                                                                                                                                                                                                                                                                                                       |                      | 2,526,671                    |
| Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Those liabilities consist of: |                      |                              |
| Long-term debt:                                                                                                                                                                                                                                                                                                       |                      |                              |
| Deferred charge on refunding                                                                                                                                                                                                                                                                                          | 398,294              |                              |
| Bonds and notes payable                                                                                                                                                                                                                                                                                               | (52,323,871)         |                              |
| Unamortized premium                                                                                                                                                                                                                                                                                                   | (2,207,500)          |                              |
| Financed purchases                                                                                                                                                                                                                                                                                                    | (1,096,491)          |                              |
| Accrued interest payable                                                                                                                                                                                                                                                                                              | (207,726)            |                              |
| Other long-term liabilities:                                                                                                                                                                                                                                                                                          |                      |                              |
| Compensated absences                                                                                                                                                                                                                                                                                                  | (1,017,167)          |                              |
| Landfill post-closure care costs                                                                                                                                                                                                                                                                                      | (160,000)            |                              |
| Net OPEB liability                                                                                                                                                                                                                                                                                                    | <u>(5,125,521)</u>   |                              |
| Total long-term liabilities                                                                                                                                                                                                                                                                                           |                      | (61,739,982)                 |
| Deferred outflows and inflows of resources resulting from changes in the components of the net pension asset and net OPEB liability are amortized as a component of pension and OPEB expense in the statement of net position.                                                                                        |                      | (3,378,930)                  |
| Net pension assets are not recognized in the governmental funds. The net pension asset results from the difference between a pension plan's fiduciary net position and the portion of the present value of projected benefit payments to be provided through the pension plan.                                        |                      | 963,083                      |
| An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.                                                              |                      | <u>2,650,623</u>             |
| Net position of governmental activities                                                                                                                                                                                                                                                                               |                      | <u><u>\$ 155,994,521</u></u> |

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

|                                                   | General Fund  | Capital Improvements Fund | Sewer Operating Fund | Capital Nonrecurring Fund | American Rescue Plan Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------------------------------|---------------|---------------------------|----------------------|---------------------------|---------------------------|-----------------------------|--------------------------|
| <b>REVENUES</b>                                   |               |                           |                      |                           |                           |                             |                          |
| Property taxes                                    | \$ 43,190,890 | \$ -                      | \$ -                 | \$ -                      | \$ -                      | \$ -                        | \$ 43,190,890            |
| Intergovernmental                                 | 25,401,560    | 14,837,284                | -                    | -                         | 1,781,217                 | 6,018,865                   | 48,038,926               |
| Licenses, permits and fees                        | 480,109       | -                         | -                    | -                         | -                         | -                           | 480,109                  |
| Charges for services                              | 2,959,988     | -                         | 6,083,007            | -                         | -                         | 1,842,209                   | 10,885,204               |
| Investment income                                 | 1,170,658     | -                         | 81,201               | -                         | -                         | 45,657                      | 1,297,516                |
| Other                                             | 687,784       | 1,011                     | 10,087               | -                         | -                         | 472,416                     | 1,171,298                |
| Total revenues                                    | 73,890,989    | 14,838,295                | 6,174,295            | -                         | 1,781,217                 | 8,379,147                   | 105,063,943              |
| <b>EXPENDITURES</b>                               |               |                           |                      |                           |                           |                             |                          |
| Current:                                          |               |                           |                      |                           |                           |                             |                          |
| General government                                | 2,467,610     | -                         | -                    | -                         | -                         | 330,989                     | 2,798,599                |
| Public works                                      | 2,540,673     | -                         | 2,717,468            | -                         | -                         | -                           | 5,258,141                |
| Recreation and leisure                            | 1,519,343     | -                         | -                    | -                         | -                         | 137,534                     | 1,656,877                |
| Public safety                                     | 1,687,895     | -                         | -                    | -                         | -                         | -                           | 1,687,895                |
| Community development and human services          | 892,287       | -                         | -                    | -                         | -                         | 18,314                      | 910,601                  |
| Education                                         | 51,949,302    | -                         | -                    | -                         | -                         | 7,762,767                   | 59,712,069               |
| Other                                             | 2,627,107     | -                         | -                    | -                         | -                         | -                           | 2,627,107                |
| Debt service:                                     |               |                           |                      |                           |                           |                             |                          |
| Principal payments                                | 4,169,267     | -                         | -                    | -                         | -                         | -                           | 4,169,267                |
| Interest and fiscal charges                       | 1,415,725     | 32,847                    | -                    | -                         | -                         | -                           | 1,448,572                |
| Capital outlays                                   | 671,826       | 31,524,331                | -                    | 754,024                   | 1,781,217                 | 48,336                      | 34,779,734               |
| Total expenditures                                | 69,941,035    | 31,557,178                | 2,717,468            | 754,024                   | 1,781,217                 | 8,297,940                   | 115,048,862              |
| Excess (deficiency) of revenues over expenditures | 3,949,954     | (16,718,883)              | 3,456,827            | (754,024)                 | -                         | 81,207                      | (9,984,919)              |
| <b>OTHER FINANCING SOURCES (USES)</b>             |               |                           |                      |                           |                           |                             |                          |
| Bonds issued                                      | -             | 9,385,000                 | -                    | -                         | -                         | -                           | 9,385,000                |
| Premium on bonds issued                           | -             | 650,477                   | -                    | -                         | -                         | -                           | 650,477                  |
| Financed purchases                                | 301,305       | -                         | -                    | -                         | -                         | -                           | 301,305                  |
| Transfers in                                      | 2,023,560     | 5,510,690                 | -                    | 2,407,293                 | -                         | 297,406                     | 10,238,949               |
| Transfers out                                     | (5,555,979)   | -                         | (4,500,883)          | -                         | -                         | (182,087)                   | (10,238,949)             |
| Total other financing sources (uses)              | (3,231,114)   | 15,546,167                | (4,500,883)          | 2,407,293                 | -                         | 115,319                     | 10,336,782               |
| Net changes in fund balances                      | 718,840       | (1,172,716)               | (1,044,056)          | 1,653,269                 | -                         | 196,526                     | 351,863                  |
| Fund balances - beginning                         | 25,806,188    | 343,605                   | 3,129,565            | 6,940,442                 | -                         | 5,741,636                   | 41,961,436               |
| Fund balances - ending                            | \$ 26,525,028 | \$ (829,111)              | \$ 2,085,509         | \$ 8,593,711              | \$ -                      | \$ 5,938,162                | \$ 42,313,299            |

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Net change in fund balances for governmental funds                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | \$ 351,863                  |
| Total change in net position reported for governmental activities in the statement of activities is different because:                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                             |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. The amount by which capital outlays exceeded depreciation and amortization in the current period is as follows:                                                                                                                                                                                                                                  |                             |
| Expenditures for capital assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$ 29,884,991               |
| Depreciation and amortization expense                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <u>(6,731,687)</u>          |
| Net adjustment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 23,153,304                  |
| Deferred outflows and inflows of resources resulting from changes in the net pension asset and net OPEB liability are amortized as a component of pension and OPEB expense in the statement of activities.                                                                                                                                                                                                                                                                                                                                                                         | (1,401,341)                 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:                                                                                                                                                                                                           |                             |
| Debt issued or incurred:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                             |
| Bonds issued                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | (9,385,000)                 |
| Premium on bonds issued                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | (650,477)                   |
| Financed purchases                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | (301,305)                   |
| Principal repayments:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                             |
| Bonds and notes payable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 3,466,843                   |
| Financed purchases                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 558,083                     |
| Loan payable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <u>144,341</u>              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | (6,167,515)                 |
| Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows: |                             |
| Compensated absences                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | (100,857)                   |
| Accrued interest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | (62,343)                    |
| Net OPEB liability                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 685,407                     |
| Net pension (asset) liability                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 680,531                     |
| Amortization of bond premiums                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 241,542                     |
| Amortization of deferred amount on refunding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | (113,097)                   |
| Landfill post-closure care costs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <u>20,000</u>               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1,351,183                   |
| Interest on property taxes, sewer use and sewer assessments are not susceptible to accrual and therefore are only reported as revenue in the funds when the cash is received by the Town. The change in interest receivable during the year increased revenues recognized in the funds.                                                                                                                                                                                                                                                                                            | 415,870                     |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal services fund is reported with governmental activities.                                                                                                                                                                                                                                                                                                                                                                     | <u>(433,315)</u>            |
| Change in net position of governmental activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <u><u>\$ 17,270,049</u></u> |

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF NET POSITION -**  
**PROPRIETARY FUND**  
**AS OF JUNE 30, 2024**

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|                           | <b>Governmental<br/>Activities</b> |
|---------------------------|------------------------------------|
|                           | <b>Internal</b>                    |
|                           | <b>Service Fund-<br/>Health</b>    |
|                           | <b>Insurance Fund</b>              |
| <b>ASSETS</b>             |                                    |
| Current assets:           |                                    |
| Cash and cash equivalents | \$ 708,818                         |
| Receivables               | 64,720                             |
| Due from other funds      | 2,555,669                          |
| Total assets              | <u>3,329,207</u>                   |
| <b>LIABILITIES</b>        |                                    |
| Current liabilities:      |                                    |
| Claims payable            | 678,584                            |
| Total liabilities         | <u>678,584</u>                     |
| <b>NET POSITION</b>       |                                    |
| Unrestricted              | 2,650,623                          |
| Total net position        | <u><u>\$ 2,650,623</u></u>         |

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

**TOWN OF KILLINGLY, CONNECTICUT**  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION -  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2024

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|                              | <b>Governmental<br/>Activities</b> |
|------------------------------|------------------------------------|
|                              | <b>Internal</b>                    |
|                              | <b>Service Fund-<br/>Health</b>    |
|                              | <b>Insurance Fund</b>              |
| <b>OPERATING REVENUES</b>    |                                    |
| Charges for services         | \$ 7,681,612                       |
| Total operating revenues     | <u>7,681,612</u>                   |
| <b>OPERATING EXPENSES</b>    |                                    |
| Claims incurred              | 6,846,790                          |
| Administrative and other     | 1,278,440                          |
| Total operating expenses     | <u>8,125,230</u>                   |
| Operating loss               | (443,618)                          |
| <b>NONOPERATING REVENUES</b> |                                    |
| Interest income              | 10,303                             |
| Total nonoperating revenue   | <u>10,303</u>                      |
| Change in net position       | (433,315)                          |
| Net position - beginning     | <u>3,083,938</u>                   |
| Net position - ending        | <u><u>\$ 2,650,623</u></u>         |

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF CASH FLOWS -**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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|                                                                                          | <b>Governmental<br/>Activities</b>                              |
|------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
|                                                                                          | <b>Internal<br/>Service Fund-<br/>Health<br/>Insurance Fund</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                              |                                                                 |
| Cash received from charges for services                                                  | \$ 8,189,989                                                    |
| Payments for claims incurred                                                             | (6,556,206)                                                     |
| Payments for administrative costs and other                                              | (1,278,440)                                                     |
| Net cash provided by operating activities                                                | <u>355,343</u>                                                  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                              |                                                                 |
| Interest and dividends                                                                   | 10,303                                                          |
| Net cash provided by investing activities                                                | <u>10,303</u>                                                   |
| Net change in cash and cash equivalents                                                  | 365,646                                                         |
| Cash and cash equivalents - beginning                                                    | 343,172                                                         |
| Cash and cash equivalents - ending                                                       | <u>\$ 708,818</u>                                               |
| <b>RECONCILIATION OF OPERATING LOSS TO<br/>NET CASH PROVIDED BY OPERATING ACTIVITIES</b> |                                                                 |
| Operating loss                                                                           | \$ (443,618)                                                    |
| Adjustments to reconcile operating loss to net cash<br>provided by operating activities: |                                                                 |
| (Increase) decrease in assets:                                                           |                                                                 |
| Accounts receivable                                                                      | (64,720)                                                        |
| Due from other funds                                                                     | 573,097                                                         |
| Increase (decrease) in liabilities:                                                      |                                                                 |
| Claims payable                                                                           | 290,584                                                         |
| Net cash provided by operating activities                                                | <u>\$ 355,343</u>                                               |

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**AS OF JUNE 30, 2024**

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|                                                             |                                           | <b>Private<br/>Purpose Trust<br/>Funds</b>      |
|-------------------------------------------------------------|-------------------------------------------|-------------------------------------------------|
|                                                             | <b>Pension &amp; OPEB<br/>Trust Funds</b> | <b>Laura Pike Rowe<br/>Scholarship<br/>Fund</b> |
| <b>ASSETS</b>                                               |                                           |                                                 |
| Cash and cash equivalents                                   | \$ 253,167                                | \$ 38,991                                       |
| Investments:                                                |                                           |                                                 |
| Corporate bonds                                             | -                                         | 48,622                                          |
| Equity securities                                           | -                                         | 335,137                                         |
| Mutual funds                                                | 9,554,452                                 | 337,224                                         |
| Contributions receivable                                    | 12,235                                    | -                                               |
| Total assets                                                | <u>9,819,854</u>                          | <u>759,974</u>                                  |
| <b>NET POSITION</b>                                         |                                           |                                                 |
| Restricted for pension benefits, OPEB<br>and other purposes | <u>\$ 9,819,854</u>                       | <u>\$ 759,974</u>                               |

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

|                                                     | <b>Pension &amp; OPEB<br/>Trust Funds</b> | <b>Private<br/>Purpose Trust<br/>Funds<br/>Laura Pike Rowe<br/>Scholarship<br/>Fund</b> |
|-----------------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------------------------|
| <b>ADDITIONS</b>                                    |                                           |                                                                                         |
| Contributions:                                      |                                           |                                                                                         |
| Employer                                            | \$ 252,403                                | \$ -                                                                                    |
| Plan members                                        | 142,379                                   | -                                                                                       |
| Other                                               | -                                         | 288                                                                                     |
| Total contributions                                 | <u>394,782</u>                            | <u>288</u>                                                                              |
| Investment earnings:                                |                                           |                                                                                         |
| Interest and dividends                              | 314,623                                   | 23,118                                                                                  |
| Net change in the<br>fair value of investments, net | <u>801,128</u>                            | <u>47,156</u>                                                                           |
| Total investment earnings                           | 1,115,751                                 | 70,274                                                                                  |
| Less: investment expense                            | <u>(19,042)</u>                           | <u>(11,208)</u>                                                                         |
| Net investment income                               | <u>1,096,709</u>                          | <u>59,066</u>                                                                           |
| Total additions                                     | <u>1,491,491</u>                          | <u>59,354</u>                                                                           |
| <b>DEDUCTIONS</b>                                   |                                           |                                                                                         |
| Benefit payments                                    | 423,811                                   | -                                                                                       |
| Administrative expenses                             | 34,757                                    | -                                                                                       |
| Awards                                              | <u>-</u>                                  | <u>12,576</u>                                                                           |
| Total deductions                                    | <u>458,568</u>                            | <u>12,576</u>                                                                           |
| Change in net position                              | 1,032,923                                 | 46,778                                                                                  |
| Net position - beginning                            | <u>8,786,931</u>                          | <u>713,196</u>                                                                          |
| Net position - ending                               | <u>\$ 9,819,854</u>                       | <u>\$ 759,974</u>                                                                       |

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

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR JUNE 30, 2024**

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

The financial statements of Town of Killingly, Connecticut, (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

**Financial Reporting Entity**

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

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

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

*Fiduciary Component Units* - The Town has established a single-employer defined benefit pension plan and an other post-employment benefit (OPEB) plan to provide retirement and health care benefits to employees and their beneficiaries. The Town performs the duties of a governing board for the pension and OPEB plans and makes contributions to the plans. The financial statements of the fiduciary component units are reported as Pension and OPEB Trust Funds in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

**Government-wide and Fund Financial Statements**

**Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities, however interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

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

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

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

**Fund Financial Statements**

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

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

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

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

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

*American Rescue Plan Fund* - This fund is used to account for the receipt of Coronavirus State and Local Fiscal Recovery Funds established by the American Rescue Plan Act.

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

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

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

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

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

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

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the Town the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

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

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

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

**Cash and Cash Equivalents**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the Town's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**Investments**

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are reported at cost or amortized cost. Investments in certain external investment pools that meet specific criteria for measuring its investments at amortized cost are reported at amortized cost. All other investments in external investment pools and investments with maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

**Donor-restricted Endowments**

The Town allocates investment income on endowment investments in accordance with donor restrictions and Connecticut law. The State of Connecticut adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective October 1, 2007. UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town. The Town has received endowments for the improvement and betterment of Killingly Public Schools, park and recreation activities, and for the purpose of library books. The amounts are reflected as restricted for endowments and perpetual care. Investment income from the endowments is transferred annually to special revenue funds where disbursements are approved by the Town Council.

**Inventories**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

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

**Property Taxes, Assessments and Usage Charges**

All receivables are shown net of an allowance for uncollectible accounts. Based on historical collection experience and other factors, the Town has established allowances in the amounts of \$80,000, \$19,000, and \$4,000 for property taxes, interest on property taxes, and sewer user receivables, respectively, as of June 30, 2024.

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

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

**Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$100,000 for infrastructure and more than \$5,000 for equipment and improvements, and an estimated useful life in excess of one year.

As the Town constructs or acquires capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. Other tangible and intangible property and equipment are depreciated/amortized using the straight-line method over the following estimated useful lives:

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

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

**Leases (as Lessor)**

The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Town uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Town monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Unearned Revenue**

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

**Deferred Outflows and Inflows of Resources**

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

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

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

**Long-term Obligations**

***Long-term Debt***

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

In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Premiums and discounts on long-term debt are deferred and amortized over the life of the related debt using the effective interest rate method and the debt is reported net of any unamortized premium or discount. In the governmental fund financial statements, premiums and discounts are recognized in the current period.

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

***Compensated Absences***

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

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

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

***Leases (as Lessee)***

The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) for a noncancellable lease in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$100,000 or more.

**Net Position**

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

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

**Net Position *(Continued)***

*Net investment in capital assets* - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets. Deferred outflows and inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related are also included in this component of net position.

*Restricted net position* - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on the use of those assets either by external parties or by law through constitutional provision or enabling legislation.

*Unrestricted net position* - This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's practice to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance**

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called fund balance. The Town's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

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

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

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

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

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

**Fund Balance *(Continued)***

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. In accordance with the Town's policy, the Town uses restricted resources first, then unrestricted resources as needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Interfund Activity**

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**Use of Estimates**

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

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

A reconciliation of the Town's cash deposits as of June 30, 2024 is as follows:

|                                                                                  |                      |
|----------------------------------------------------------------------------------|----------------------|
| Government-wide statement of net position:                                       |                      |
| Unrestricted cash and cash equivalents                                           | \$ 53,214,770        |
| Restricted cash and cash equivalents                                             | 279,178              |
| Statement of fiduciary net position:                                             |                      |
| Cash and cash equivalents                                                        | 292,158              |
| Add: Certificates of deposit considered cash<br>deposits for disclosure purposes | 22,619               |
| Less: Cash equivalents considered investments<br>for disclosure purposes         | (11,587,377)         |
|                                                                                  | <u>\$ 42,221,348</u> |

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

**Cash Deposits *(Continued)***

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk.

As of June 30, 2024, \$12,329 of the Town's bank balance of \$46,025,338 was exposed to custodial credit risk as follows:

|                                                                                                                                  |                         |
|----------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Uninsured and uncollateralized                                                                                                   | \$ 11,096               |
| Uninsured and collateralized with securities held by the pledging<br>bank's trust department or agent but not in the Town's name | <u>1,233</u>            |
|                                                                                                                                  | <u><u>\$ 12,329</u></u> |

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

**Investments**

A reconciliation of the Town's investments as of June 30, 2024 is as follows:

|                                                                                   |                             |
|-----------------------------------------------------------------------------------|-----------------------------|
| Government-wide statement of net position:                                        |                             |
| Unrestricted investments                                                          | \$ 2,845,540                |
| Restricted investments                                                            | 435,159                     |
| Statement of fiduciary net position:                                              |                             |
| Investments                                                                       | 10,275,435                  |
| Add: Cash equivalents considered investments<br>for disclosure purposes           | 11,587,377                  |
| Less: Certificates of deposit considered cash<br>deposits for disclosure purposes | <u>(22,619)</u>             |
|                                                                                   | <u><u>\$ 25,120,892</u></u> |

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

**Investments *(Continued)***

As of June 30, 2024, the Town's investments consisted of the following:

| Investment type                    | Valuation Basis | Credit Rating | Value         | Investment Maturities<br>(In Years) |              |           |
|------------------------------------|-----------------|---------------|---------------|-------------------------------------|--------------|-----------|
|                                    |                 |               |               | Less Than 1                         | 1 to 5       | 6 to 10   |
| Debt Securities:                   |                 |               |               |                                     |              |           |
| Governmental activities:           |                 |               |               |                                     |              |           |
| Short-term Investment Fund         | Amortized cost  | AAA           | \$ 8,955,242  | \$ 8,955,242                        | \$ -         | \$ -      |
| Money market funds                 | Amortized cost  | Unrated       | 2,349,982     | 2,349,982                           | -            | -         |
| Negotiable certificates of deposit | Fair value      | Unrated       | 2,172,235     | 464,565                             | 1,707,670    | -         |
| U.S. Treasury securities           | Fair value      | AAA           | 556,726       | -                                   | 556,726      | -         |
| Mortgage-backed securities         | Fair value      | AA            | 529,119       | 529,119                             | -            | -         |
| Fiduciary:                         |                 |               |               |                                     |              |           |
| Money market funds                 | Amortized cost  | Unrated       | 282,153       | 282,153                             | -            | -         |
| Corporate bonds                    | Fair value      | A             | 23,880        | -                                   | 23,880       | -         |
| Corporate bonds                    | Fair value      | BBB           | 24,742        | -                                   | -            | 24,742    |
|                                    |                 |               | 14,894,079    | \$ 12,581,061                       | \$ 2,288,276 | \$ 24,742 |
| Other investments:                 |                 |               |               |                                     |              |           |
| Fiduciary:                         |                 |               |               |                                     |              |           |
| Equity securities                  | Fair value      |               | 335,137       |                                     |              |           |
| Mutual funds                       | Fair value      |               | 9,891,676     |                                     |              |           |
|                                    |                 |               | \$ 25,120,892 |                                     |              |           |

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

**Interest Rate Risk**

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

**Credit Risk**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

**Investments *(Continued)***

**Custodial Credit Risk**

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

**Concentrations of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit risk disclosures. As of June 30, 2024, none of the Town's investments, in any one issuer that is subject to concentration of credit risk disclosures, exceeded 5.0% or more of the total investments reported for the Town's governmental activities or fiduciary funds.

**NOTE 3 - FAIR VALUE MEASUREMENTS**

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than those in Level 1; and
- Level 3: Unobservable inputs.

Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2024, by level within the fair value hierarchy are presented in the table below:

| Financial Assets<br>Measured at Fair Value | Prices in Active<br>Market<br>(Level 1) | Significant Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total                |
|--------------------------------------------|-----------------------------------------|--------------------------------------------------------|----------------------------------------------------|----------------------|
| <i>Governmental activities:</i>            |                                         |                                                        |                                                    |                      |
| Negotiable certificates of deposit         | \$ -                                    | \$ 2,172,235                                           | \$ -                                               | \$ 2,172,235         |
| U.S. Treasury securities                   | 556,726                                 | -                                                      | -                                                  | 556,726              |
| Mortgage-backed securities                 | -                                       | 529,119                                                | -                                                  | 529,119              |
| <i>Fiduciary:</i>                          |                                         |                                                        |                                                    |                      |
| Mutual funds                               | 9,891,676                               | -                                                      | -                                                  | 9,891,676            |
| Corporate bonds                            | -                                       | 48,622                                                 | -                                                  | 48,622               |
| Equity securities                          | 335,137                                 | -                                                      | -                                                  | 335,137              |
|                                            | <u>\$ 10,783,539</u>                    | <u>\$ 2,749,976</u>                                    | <u>\$ -</u>                                        | <u>13,533,515</u>    |
|                                            |                                         | Investments measured at amortized cost                 |                                                    | <u>11,587,377</u>    |
|                                            |                                         |                                                        |                                                    | <u>\$ 25,120,892</u> |

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024 consisted of the following:

|                                              | Beginning<br>Balance  | Increases            | Decreases and<br>Transfers | Ending<br>Balance     |
|----------------------------------------------|-----------------------|----------------------|----------------------------|-----------------------|
| <b>Governmental Activities</b>               |                       |                      |                            |                       |
| Capital assets, not being depreciated:       |                       |                      |                            |                       |
| Construction in progress                     | \$ 9,964,097          | \$ 27,217,497        | \$ (3,256,475)             | \$ 33,925,119         |
| Land                                         | 3,821,224             | -                    | -                          | 3,821,224             |
| Total capital assets, not being depreciated  | <u>13,785,321</u>     | <u>27,217,497</u>    | <u>(3,256,475)</u>         | <u>37,746,343</u>     |
| Capital assets, being depreciated:           |                       |                      |                            |                       |
| Land improvements                            | 17,292,972            | 228,553              | -                          | 17,521,525            |
| Buildings and improvements                   | 150,857,896           | 806,765              | 198,013                    | 151,862,674           |
| Machinery and equipment                      | 26,137,677            | 1,632,176            | (180,673)                  | 27,589,180            |
| Infrastructure                               | 81,843,589            | -                    | 3,058,462                  | 84,902,051            |
| Total capital assets, being depreciated      | <u>276,132,134</u>    | <u>2,667,494</u>     | <u>3,075,802</u>           | <u>281,875,430</u>    |
| Less accumulated depreciation:               |                       |                      |                            |                       |
| Land improvements                            | 10,690,151            | 886,489              | -                          | 11,576,640            |
| Buildings and improvements                   | 54,624,666            | 3,460,092            | -                          | 58,084,758            |
| Machinery and equipment                      | 20,812,005            | 1,319,112            | (180,673)                  | 21,950,444            |
| Infrastructure                               | 54,284,180            | 1,065,994            | -                          | 55,350,174            |
| Total accumulated depreciation               | <u>140,411,002</u>    | <u>6,731,687</u>     | <u>(180,673)</u>           | <u>146,962,016</u>    |
| Total capital assets, being depreciated, net | <u>135,721,132</u>    | <u>(4,064,193)</u>   | <u>3,256,475</u>           | <u>134,913,414</u>    |
| Governmental activities capital assets, net  | <u>\$ 149,506,453</u> | <u>\$ 23,153,304</u> | <u>\$ -</u>                | <u>\$ 172,659,757</u> |

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

|                                                                          |                     |
|--------------------------------------------------------------------------|---------------------|
| <b>Governmental Activities:</b>                                          |                     |
| General government                                                       | \$ 524,840          |
| Public works                                                             | 2,011,379           |
| Recreation and leisure                                                   | 248,691             |
| Public safety                                                            | 40,464              |
| Education                                                                | <u>3,906,313</u>    |
| Total depreciation and amortization expense -<br>governmental activities | <u>\$ 6,731,687</u> |

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES *(Continued)***

Interfund receivable and payable balances at June 30, 2024 are as follows:

| <u>Receivable Fund</u>    | <u>Payable Fund</u>       | <u>Amount</u>        |
|---------------------------|---------------------------|----------------------|
| <b>Governmental Funds</b> |                           |                      |
| General Fund              | Capital Improvements Fund | \$ 55,535            |
|                           | Other Governmental Funds  | <u>2,035,977</u>     |
|                           |                           | 2,091,512            |
| Capital Improvements Fund | General Fund              | 3,369,915            |
| Sewer Operating Fund      | General Fund              | 593,265              |
| Capital Nonrecurring Fund | General Fund              | 8,602,907            |
| American Rescue Plan Fund | General Fund              | 2,040,034            |
| Other Governmental Funds  | General Fund              | <u>2,644,234</u>     |
|                           |                           | <u>19,341,867</u>    |
| <b>Proprietary Funds</b>  |                           |                      |
| Health Insurance Fund     | General Fund              | 2,555,669            |
|                           |                           | <u>\$ 21,897,536</u> |

**NOTE 6 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2024 consisted of the following:

| <u>Transfers In</u>           | <u>Transfers Out</u>     | <u>Amount</u>        |
|-------------------------------|--------------------------|----------------------|
| <b>Governmental Funds</b>     |                          |                      |
| General Fund                  | Sewer Operating Fund     | \$ 2,020,411         |
|                               | Other Governmental Funds | <u>3,149</u>         |
|                               |                          | 2,023,560            |
| Capital Improvements Fund     | General Fund             | 4,299,998            |
|                               | Sewer Operating Fund     | 1,040,000            |
|                               | Other Governmental Funds | <u>170,692</u>       |
|                               |                          | 5,510,690            |
| Capital and Nonrecurring Fund | General Fund             | 961,180              |
|                               | Sewer Operating Fund     | 1,440,472            |
|                               | Other Governmental Funds | <u>5,641</u>         |
|                               |                          | 2,407,293            |
| Other Governmental Funds      | General Fund             | 294,801              |
|                               | Other Governmental Funds | <u>2,605</u>         |
|                               |                          | 297,406              |
|                               |                          | <u>\$ 10,238,949</u> |

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

**NOTE 6 - INTERFUND TRANSFERS *(Continued)***

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

**NOTE 7 - LONG-TERM LIABILITIES**

**Changes in Long-term Liabilities**

|                                     | <u>Beginning<br/>Balance</u> | <u>Increases</u>     | <u>Decreases</u>      | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|-------------------------------------|------------------------------|----------------------|-----------------------|---------------------------|--------------------------------|
| <b>Governmental Activities</b>      |                              |                      |                       |                           |                                |
| <i>Long-term debt:</i>              |                              |                      |                       |                           |                                |
| Bonds payable:                      |                              |                      |                       |                           |                                |
| General obligation bonds            | \$ 27,145,000                | \$ 9,385,000         | \$ (2,405,000)        | \$ 34,125,000             | \$ 2,860,000                   |
| Unamortized premium                 | 1,798,565                    | 650,477              | (241,542)             | 2,207,500                 | -                              |
| Bonds payable, net                  | 28,943,565                   | 10,035,477           | (2,646,542)           | 36,332,500                | 2,860,000                      |
| Notes payable                       | 19,260,714                   | -                    | (1,061,843)           | 18,198,871                | 1,061,843                      |
| Loans payable                       | 144,341                      | -                    | (144,341)             | -                         | -                              |
| Financed purchases                  | 1,353,269                    | 301,305              | (558,083)             | 1,096,491                 | 448,434                        |
| <i>Other long-term liabilities:</i> |                              |                      |                       |                           |                                |
| Landfill post-closure care costs    | 180,000                      | -                    | (20,000)              | 160,000                   | 20,000                         |
| Compensated absences                | 916,310                      | 100,857              | -                     | 1,017,167                 | 203,000                        |
| Net OPEB liability (see Note 9)     | 5,810,928                    | -                    | (685,407)             | 5,125,521                 | -                              |
|                                     | <u>\$ 56,609,127</u>         | <u>\$ 10,437,639</u> | <u>\$ (5,116,216)</u> | <u>\$ 61,930,550</u>      | <u>\$ 4,593,277</u>            |

Long-term liabilities have typically been liquidated in the General Fund.

**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 for which full faith and credit are pledged and payable from taxes levied on all taxable properties located within the Town. General obligation bonds currently outstanding are as follows:

| <u>Bond Issue</u>                  | <u>Fiscal<br/>Date of<br/>Issue</u> | <u>Original<br/>Amount</u> | <u>Final Maturity<br/>Dates</u> | <u>Interest<br/>Rates</u> | <u>Amount<br/>Outstanding</u> |
|------------------------------------|-------------------------------------|----------------------------|---------------------------------|---------------------------|-------------------------------|
| <b>Governmental Activities</b>     |                                     |                            |                                 |                           |                               |
| <b>Bonds Payable</b>               |                                     |                            |                                 |                           |                               |
| General obligation bonds           | 2007                                | \$ 2,415,000               | 2027                            | 4.25%-5.0%                | \$ 810,000                    |
| General obligation bonds           | 2012                                | 2,400,000                  | 2032                            | 2.0%-3.25%                | 960,000                       |
| General obligation bonds           | 2013                                | 1,500,000                  | 2033                            | 2.0%-3.0%                 | 945,000                       |
| General obligation refunding bonds | 2015                                | 4,195,000                  | 2028                            | 2.0%-4.0%                 | 1,000,000                     |
| General obligation refunding bonds | 2016                                | 6,635,000                  | 2036                            | 2.0%-4.0%                 | 5,150,000                     |
| General obligation bonds           | 2016                                | 2,000,000                  | 2036                            | 2.0%-4.0%                 | 1,380,000                     |
| General obligation bonds           | 2020                                | 4,765,000                  | 2040                            | 3.0%-5.0%                 | 3,805,000                     |
| General obligation refunding bonds | 2021                                | 4,845,000                  | 2050                            | 3.0%-4.0%                 | 4,040,000                     |
| General obligation bonds           | 2023                                | 7,000,000                  | 2043                            | 4.0%-5.0%                 | 6,650,000                     |
| General obligation bonds           | 2024                                | 9,385,000                  | 2044                            | 4.0%-5.0%                 | 9,385,000                     |
|                                    |                                     |                            |                                 |                           | <u>\$ 34,125,000</u>          |

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 7 - LONG-TERM LIABILITIES *(Continued)***

**Notes Payable**

The Town has entered into note payable arrangements to provide funds for upgrades to the Town's Water Pollution Control Facility under the State of Connecticut's Clean Water program. A summary of notes payable outstanding at June 30, 2024 are as follows:

| <b>Notes Payable</b>           | <b>Fiscal<br/>Date of<br/>Issue</b> | <b>Original<br/>Amount</b> | <b>Final Maturity<br/>Dates</b> | <b>Interest<br/>Rates</b> | <b>Amount<br/>Outstanding</b> |
|--------------------------------|-------------------------------------|----------------------------|---------------------------------|---------------------------|-------------------------------|
| <b>Governmental Activities</b> |                                     |                            |                                 |                           |                               |
| <b>Notes Payable</b>           |                                     |                            |                                 |                           |                               |
| Sewer USDA Loan                | 2014                                | \$ 2,063,000               | 2053                            | 2.75%                     | \$ 1,586,918                  |
| Clean Water Fund Loan          | 2018                                | 2,662,156                  | 2038                            | 2.00%                     | 1,774,770                     |
| Clean Water Fund Loan          | 2021                                | 1,625,501                  | 2040                            | 2.00%                     | 1,299,012                     |
| Clean Water Fund Loan          | 2022                                | 16,266,659                 | 2041                            | 2.00%                     | 13,538,171                    |
|                                |                                     |                            |                                 |                           | <u>\$ 18,198,871</u>          |

**Loan Payable**

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

**Financed Purchases**

The Town has entered into financed purchase contracts for the acquisition of capital assets. The contracts include non-appropriation clauses and provide the obligors with security interests in the underlying assets in the event of default. Ownership of the underlying assets are transferred to the Town at the end of the contract. The Town makes equal annual payments of principal and interest at an interest rates ranging from 0.0% to 4.6% through various maturity dates.

**Advance Refundings**

The Town has refunded general obligation bonds in prior years. As of June 30 2024, \$4,925,000 of defeased bonds remain outstanding. The difference between the reacquisition price (the amount placed in escrow) and the net carrying amount of the refunded bonds resulted in deferred charges on refundings. This amount, net of accumulated amortization, has been presented as a deferred outflow of resources in the government-wide financial statements and is being amortized to interest expense using the effective-interest method over the life of the new bonds. Amortization of deferred charges on refundings totaled \$113,097 for the year ended June 30, 2024. The general obligation bonds refunded are considered defeased and the liability for those bonds has been removed from the statement of net position. Proceeds from the issuance of the refunding bonds are being held by an escrow agent in an irrevocable trust fund to provide all future debt service payments on the refunded bonds.

**Authorized and Unissued Debt**

Authorized and unissued debt as of June 30, 2024 totaled \$3,914,236 for school upgrades, \$23,154,980 for the Killingly Memorial School project, \$45,000 for renovations for the Town Hall/Community Center, and \$17,293,000 for the Westfield Ave/Community Center project.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

**NOTE 7 - LONG-TERM LIABILITIES *(Continued)***

**Legal Debt Limit**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the statute. Further, the statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The statute does exclude from the Town's aggregate debt calculation any debt issued (a) in anticipation of taxes; (b) for water, gas, or electricity supply, electric demand response, conservation and load management, distributed generation, renewable energy projects, cable, wire, and pipe subway construction, underground cable, wire, and pipe conduit construction, constructing and operating a municipal community antenna television system, or a combination of such projects; (c) in anticipation of public improvement benefit assessment revenue; (d) in anticipation of state or federal grant funding; (e) for water pollution control projects in order to meet the energy and environmental protection commissioner's abatement order requirements; and debt issued (f) for which funds have been placed in escrow (from the proceeds of refunding bonds, notes, or other obligations or other municipal funds) in an amount sufficient, together with investment earnings, to provide for the payment when due of the principal of and interest on such debt. The Town did not exceed this statutory debt limitation as of June 30, 2024.

**Long-term Debt Service Requirements**

The debt service requirements for the Town's long-term debt are as follows:

| Year ending<br>June 30: | Governmental Activities  |                      |                      |                     |
|-------------------------|--------------------------|----------------------|----------------------|---------------------|
|                         | General Obligation Bonds |                      | Notes Payable        |                     |
|                         | Principal                | Interest             | Principal            | Interest            |
| 2025                    | \$ 2,860,000             | \$ 1,275,438         | \$ 1,061,843         | \$ 366,631          |
| 2026                    | 2,870,000                | 1,165,533            | 1,061,843            | 345,178             |
| 2027                    | 2,865,000                | 1,045,488            | 1,061,843            | 323,363             |
| 2028                    | 2,565,000                | 939,778              | 1,061,843            | 301,729             |
| 2029                    | 2,305,000                | 845,042              | 1,061,843            | 280,097             |
| 2030-2034               | 8,660,000                | 3,098,505            | 5,309,215            | 1,075,975           |
| 2035-2039               | 6,540,000                | 1,699,838            | 5,087,365            | 538,477             |
| 2040-2044               | 4,690,000                | 604,400              | 1,964,118            | 130,648             |
| 2045-2049               | 645,000                  | 76,500               | 264,490              | 58,185              |
| 2050-2053               | 125,000                  | 3,750                | 264,468              | 21,818              |
|                         | <u>\$ 34,125,000</u>     | <u>\$ 10,754,272</u> | <u>\$ 18,198,871</u> | <u>\$ 3,442,101</u> |

| Year ending<br>June 30: | Governmental Activities |                  |
|-------------------------|-------------------------|------------------|
|                         | Financed Purchases      |                  |
|                         | Principal               | Interest         |
| 2025                    | \$ 448,434              | \$ 39,182        |
| 2026                    | 382,446                 | 26,579           |
| 2027                    | 199,337                 | 13,463           |
| 2028                    | 66,274                  | 4,113            |
|                         | <u>\$ 1,096,491</u>     | <u>\$ 83,337</u> |

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 7 - LONG-TERM LIABILITIES *(Continued)***

**Landfill Post-Closure Care Costs**

State and Federal laws and regulations require landfill closures to meet certain standards. The Town landfill has been closed. Estimated monitoring costs of \$20,000 per year for the next 10 years totals \$160,000 at June 30, 2024. These amounts are based on estimates, which are subject to change due to inflation, technology or changes in applicable laws and regulations.

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

The Town accounts for activity relating to two defined benefit pension plans, (1) the Killingly Defined Benefit Pension Plan and (2) the Connecticut Teachers' Retirement System. As of and for the year ended June 30, 2024, the plans had the following balances reported in the Town's government-wide financial statements:

|                                         | Net Pension<br>Asset | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | On Behalf<br>Revenues | Pension<br>Expense  |
|-----------------------------------------|----------------------|--------------------------------------|-------------------------------------|-----------------------|---------------------|
| Killingly Defined Benefit Pension Plan  | \$ 963,083           | \$ 177,208                           | \$ 456,721                          | \$ -                  | \$ 156,726          |
| Connecticut Teachers' Retirement System | -                    | -                                    | -                                   | 6,011,347             | 6,011,347           |
|                                         | <u>\$ 963,083</u>    | <u>\$ 177,208</u>                    | <u>\$ 456,721</u>                   | <u>\$ 6,011,347</u>   | <u>\$ 6,168,073</u> |

Detailed disclosures for each plan follow.

**Killingly Defined Benefit Pension Plan**

**Plan Description**

***Plan Administration***

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

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

**Summary of Significant Accounting Policies**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS *(Continued)***

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

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

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

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

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

*Rate of return* - For the year ended June 30, 2024 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 12.70%. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

**Plan Membership**

Membership of the Plan consisted of the following at July 1, 2023, the date of the latest actuarial valuation:

|                                                                     |            |
|---------------------------------------------------------------------|------------|
| Inactive plan members or beneficiaries currently receiving benefits | 79         |
| Inactive plan members entitled to but not yet receiving benefits    | 28         |
| Active plan members                                                 | 98         |
| Total                                                               | <u>205</u> |

**Benefit Provisions**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS *(Continued)***

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

**Contributions**

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

For the year ended June 30, 2024, employer contributions to the Plan totaled \$242,403 and 5.53% of covered payroll.

**Net Pension Asset**

The components of the Town's net pension asset of the Plan at June 30, 2024, was as follows:

|                             |                            |
|-----------------------------|----------------------------|
| Total pension liability     | \$ 7,732,815               |
| Plan fiduciary net position | 8,695,898                  |
| Town's net pension asset    | <u><u>\$ (963,083)</u></u> |

|                                                                               |         |
|-------------------------------------------------------------------------------|---------|
| Plan fiduciary net position as a percentage<br>of the total pension liability | 112.45% |
|-------------------------------------------------------------------------------|---------|

The components of the changes in the net pension asset for the Plan for the year ended June 30, 2024, was as follows:

|                                     | <b>Increase (Decrease)</b>                 |                                                |                                            |
|-------------------------------------|--------------------------------------------|------------------------------------------------|--------------------------------------------|
|                                     | <b>Total Pension<br/>Liability<br/>(a)</b> | <b>Plan Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net Pension<br/>Asset<br/>(a) - (b)</b> |
| Balance as of June 30, 2023         | \$ 7,514,715                               | \$ 7,797,267                                   | \$ (282,552)                               |
| <b>Changes for the year:</b>        |                                            |                                                |                                            |
| Service cost                        | 338,357                                    | -                                              | 338,357                                    |
| Interest                            | 487,333                                    | -                                              | 487,333                                    |
| Actuarial (gains) losses            | (183,779)                                  | -                                              | (183,779)                                  |
| Changes in assumptions              | -                                          | -                                              | -                                          |
| Contributions - employer            | -                                          | 242,403                                        | (242,403)                                  |
| Contributions - employee            | -                                          | 142,379                                        | (142,379)                                  |
| Net investment income               | -                                          | 972,417                                        | (972,417)                                  |
| Benefit payments, including refunds | (423,811)                                  | (423,811)                                      | -                                          |
| Administrative expense              | -                                          | (34,757)                                       | 34,757                                     |
| <b>Net changes</b>                  | <u>218,100</u>                             | <u>898,631</u>                                 | <u>(680,531)</u>                           |
| Balance as of June 30, 2024         | <u><u>\$ 7,732,815</u></u>                 | <u><u>\$ 8,695,898</u></u>                     | <u><u>\$ (963,083)</u></u>                 |

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS *(Continued)***

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

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

*Actuarial assumptions* - The total pension liability for the Plan was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

|                                                                                                |        |
|------------------------------------------------------------------------------------------------|--------|
| Inflation                                                                                      | 2.40%  |
| Salary increases, including inflation                                                          | 3.40%  |
| Investment rate of return, including inflation<br>net of investment and administrative expense | 6.375% |
| Discount rate                                                                                  | 6.375% |

Mortality rates were based on the Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables, projected to the valuation date with Scale MP-2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 are summarized in the following table:

| <b>Asset Class</b>               | <b>Target Allocation</b> | <b>Long-term<br/>Expected Real<br/>Rate of Return</b> | <b>Weighting</b> |
|----------------------------------|--------------------------|-------------------------------------------------------|------------------|
| US Large Cap                     | 37.00%                   | 4.52%                                                 | 1.67%            |
| US Mid / Small Cap               | 11.00%                   | 5.06%                                                 | 0.56%            |
| Developed International Equities | 11.00%                   | 5.08%                                                 | 0.56%            |
| Emerging Market Equities         | 4.00%                    | 5.80%                                                 | 0.23%            |
| Intermediate Corporate           | 21.00%                   | 2.44%                                                 | 0.51%            |
| Intermediate Government          | 10.00%                   | 2.44%                                                 | 0.24%            |
| Money Market / Short Term Bonds  | 2.00%                    | 0.99%                                                 | 0.02%            |
| Real Estate (Core)               | 4.00%                    | 3.73%                                                 | 0.15%            |
|                                  |                          |                                                       | 3.94%            |
| Long-term Inflation Expectation  |                          |                                                       | 2.40%            |
| Long-term Nominal Return         |                          |                                                       | 6.34%            |

The discount rate used to measure the total pension liability was 6.375%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS *(Continued)***

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

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

*Sensitivity of the net pension asset to changes in the discount rate* - The following presents the net pension asset of the Town, calculated using the discount rate of 6.375%, as well as what the Town's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.375%) or 1-percentage-point higher (7.375%) than the current rate:

|                   | <b>Discount Rate</b> |                |                    |
|-------------------|----------------------|----------------|--------------------|
|                   | <b>1% Decrease</b>   | <b>Current</b> | <b>1% Increase</b> |
| Net pension asset | \$ (121,664)         | \$ (963,083)   | \$ (1,682,256)     |

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

For the year ended June 30, 2024, the Town recognized pension expense of \$156,726. At June 30, 2024, the Town reported deferred outflows and inflows of resources related to the Plan from the following sources:

|                                                                               | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows of<br/>Resources</b> | <b>Net Deferrals</b> |
|-------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|----------------------|
| Differences between expected and actual experience                            | \$ 29,217                                 | \$ 334,486                               | \$ (305,269)         |
| Changes of assumptions                                                        | 147,991                                   | -                                        | 147,991              |
| Net difference between projected and actual earnings on OPEB plan investments | -                                         | 122,235                                  | (122,235)            |
| Total                                                                         | <u>\$ 177,208</u>                         | <u>\$ 456,721</u>                        | <u>\$ (279,513)</u>  |

Amounts reported as deferred outflows and inflows of resources related to the Plan will be recognized as an increase (decrease) in pension expense in future years as follows:

|                     |                     |
|---------------------|---------------------|
| Year ended June 30, |                     |
| 2025                | \$ (116,423)        |
| 2026                | 139,582             |
| 2027                | (158,306)           |
| 2028                | (137,297)           |
| 2029                | (7,069)             |
|                     | <u>\$ (279,513)</u> |

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS *(Continued)***

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

**Plan Financial Statements**

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the Town Plan as of and for the year ended June 30, 2024:

|                                                     | <b>Pension<br/>Trust Fund</b> |
|-----------------------------------------------------|-------------------------------|
| <b>ASSETS</b>                                       |                               |
| Cash and cash equivalents                           | \$ 220,835                    |
| Investments                                         | 8,462,828                     |
| Receivables                                         | 12,235                        |
| Total assets                                        | <u>8,695,898</u>              |
| <b>NET POSITION</b>                                 |                               |
| Restricted for pension benefits                     | <u>\$ 8,695,898</u>           |
| <br>                                                |                               |
|                                                     | <b>Pension<br/>Trust Fund</b> |
| <b>ADDITIONS</b>                                    |                               |
| Contributions:                                      |                               |
| Employer                                            | \$ 242,403                    |
| Plan members                                        | 142,379                       |
| Total contributions                                 | <u>384,782</u>                |
| Investment earnings:                                |                               |
| Interest and dividends                              | 260,643                       |
| Net change in the<br>fair value of investments, net | 730,816                       |
| Total investment earnings                           | 991,459                       |
| Less: investment expense                            | (19,042)                      |
| Net investment income                               | <u>972,417</u>                |
| Total additions                                     | <u>1,357,199</u>              |
| <b>DEDUCTIONS</b>                                   |                               |
| Benefit payments                                    | 423,811                       |
| Administrative expenses                             | 34,757                        |
| Total deductions                                    | <u>458,568</u>                |
| Change in net position                              | 898,631                       |
| Net position - beginning                            | <u>7,797,267</u>              |
| Net position - ending                               | <u>\$ 8,695,898</u>           |

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS *(Continued)***

**Connecticut State Teachers' Retirement System**

**Plan Description**

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

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

**Benefit Provisions**

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

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

*Early Retirement:* Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.0% per year by which retirement precedes normal retirement date.

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

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS *(Continued)***

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

**Contributions**

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

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

*Employees* - Each teacher is required to contribute 7.0% of pensionable salary for the pension benefit.

**Administrative Expenses**

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

**Basis of Presentation**

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2023. The net pension liability has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Annual Comprehensive Financial Report can be obtained at [www.ct.gov](http://www.ct.gov).

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

**Allocation Methodology**

The allocations for participating employers are based on the expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.369% as of the most recent measurement date.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS *(Continued)***

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

**Collective Net Pension Liability**

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2023, the measurement date, in addition to the Town's and State's proportionate shares of the collective net pension liability that is attributed to the Town:

|                                                                                               |                   |                            |
|-----------------------------------------------------------------------------------------------|-------------------|----------------------------|
| Collective Net Pension Liability of the State for the TRS                                     |                   | <u>\$ 17,007,295,000</u>   |
|                                                                                               | <u>Proportion</u> | <u>Proportionate Share</u> |
| Town's proportionate share of the<br>Collective Net Pension Liability                         | 0.000%            | <u>\$ -</u>                |
| State's proportionate share of the<br>Collective Net Pension Liability attributed to the Town | 0.369%            | <u>\$ 62,785,000</u>       |

**Collective Pension Expense**

The Town's expected contribution effort for allocation purposes totaled \$5,825,608 or 0.369% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2024.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the Town totaled \$6,011,347 or 0.369% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2024.

**Actuarial Assumptions**

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:

|                           |                                                                       |
|---------------------------|-----------------------------------------------------------------------|
| Inflation                 | 2.50%                                                                 |
| Salary increases          | 3.00% - 6.50%, including inflation                                    |
| Investment rate of return | 6.90%, net of pension plan investment<br>expense, including inflation |
| Administrative expenses   | \$0 assumption as expenses are paid for<br>by the General Assembly    |

Mortality rates were based on the PubT-2010 Healthy Retiree Table, adjusted 105% for males and 103% for females at ages 82 and above, projected generationally with MP-2019 for the period after service retirement.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS *(Continued)***

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

**Actuarial Assumptions *(Continued)***

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

**Long-Term Rate of Return**

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

| <b>Asset Class</b>                   | <b>Target<br/>Allocation</b> | <b>Long-Term Expected<br/>Real Rate of Return</b> |
|--------------------------------------|------------------------------|---------------------------------------------------|
| Global Equity                        | 37.0%                        | 6.8%                                              |
| Public Credit                        | 2.0%                         | 2.9%                                              |
| Core Fixed Income Fund               | 13.0%                        | 0.4%                                              |
| Liquidity Fund                       | 1.0%                         | -0.4%                                             |
| Risk Mitigation                      | 5.0%                         | 0.1%                                              |
| Private Equity                       | 15.0%                        | 11.2%                                             |
| Private Credit                       | 10.0%                        | 6.1%                                              |
| Real Estate                          | 10.0%                        | 6.2%                                              |
| Infrastructure and Natural Resources | 7.0%                         | 7.7%                                              |
|                                      | <u>100%</u>                  |                                                   |

**Discount Rate**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

The Town accounts for activity relating to two other post-employment benefits plans, (1) the Killingly Other Post-employment Benefit Plan and (2) the Connecticut Teachers' Retirement System. As of and for the year ended June 30, 2024, the two plans had the following balances reported in the Town's government-wide financial statements:

|                                         | <u>Total OPEB<br/>Liability</u> | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> | <u>On Behalf<br/>Revenues</u> | <u>OPEB<br/>Expense</u> |
|-----------------------------------------|---------------------------------|-----------------------------------------------|----------------------------------------------|-------------------------------|-------------------------|
| Killingly Defined Other                 |                                 |                                               |                                              |                               |                         |
| Post-employment Benefits Plan           | \$ 5,125,521                    | \$ 1,718,972                                  | \$ 4,818,389                                 | \$ -                          | \$ 104,297              |
| Connecticut Teachers' Retirement System | -                               | -                                             | -                                            | (692,954)                     | (692,954)               |
|                                         | <u>\$ 5,125,521</u>             | <u>\$ 1,718,972</u>                           | <u>\$ 4,818,389</u>                          | <u>\$ (692,954)</u>           | <u>\$ (588,657)</u>     |

Detailed disclosures for each plan follow.

**Killingly Other Post-employment Benefits Plan**

**Plan Description**

*Plan Administration* - The Town administers an Other Post-Employment Benefits Plan (the OPEB Plan), which is a single-employer defined benefit healthcare plan. The Town's Board of Education provides health insurance benefits for eligible retirees and their spouses through the Town's group insurance plan, which covers both active and retired members. The Town also provides healthcare insurance benefits for eligible retirees and their spouses through a Blue Cross Blue Shield Medicare supplemental policy. The OPEB Plan is considered to be part of the Town's financial reporting entity. The OPEB Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

*Plan membership* - As of July 1, 2023, the date of the most recent actuarial valuation, membership data was as follows:

|                                                                     |                   |
|---------------------------------------------------------------------|-------------------|
| Inactive plan members or beneficiaries currently receiving benefits | 30                |
| Active members                                                      | <u>302</u>        |
| Total members                                                       | <u><u>332</u></u> |

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Killingly Other Post-employment Benefits Plan *(Continued)***

**Plan Description *(Continued)***

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

**Summary of Significant Accounting Policies**

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

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

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

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

*Rate of return* - For the year ended June 30, 2024, the annual money-weighted rate of return on the OPEB Plan's investments, net of pension plan investment expense was 12.56%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Killingly Other Post-employment Benefits Plan *(Continued)***

**Net OPEB Liability**

The Town's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023. The components of the net OPEB liability of the OPEB Plan as of June 30, 2024, were as follows:

|                                                                               |                            |
|-------------------------------------------------------------------------------|----------------------------|
| Total OPEB liability                                                          | \$ 6,249,477               |
| Plan fiduciary net position                                                   | <u>1,123,956</u>           |
| Net OPEB liability                                                            | <u><u>\$ 5,125,521</u></u> |
|                                                                               |                            |
| Plan fiduciary net position as a percentage<br>of the total pension liability | 17.98%                     |

The components of the change in the net OPEB liability of the Town's OPEB Plan for the year ended June 30, 2024, were as follows:

|                                                    | <b>Total OPEB<br/>Liability</b> | <b>Plan Fiduciary<br/>Net Position</b> | <b>Net OPEB<br/>Liability</b> |
|----------------------------------------------------|---------------------------------|----------------------------------------|-------------------------------|
| Balance as of June 30, 2023                        | \$ 6,800,592                    | \$ 989,664                             | \$ 5,810,928                  |
| <b>Changes for the year:</b>                       |                                 |                                        |                               |
| Service cost                                       | 146,326                         | -                                      | 146,326                       |
| Interest                                           | 356,667                         | -                                      | 356,667                       |
| Differences between expected and actual experience | (1,426,977)                     | -                                      | (1,426,977)                   |
| Changes of assumptions                             | 416,104                         | -                                      | 416,104                       |
| Contributions - employer                           | -                               | (16,783)                               | 16,783                        |
| Contributions - TRB subsidy                        | -                               | 70,018                                 | (70,018)                      |
| Net investment income                              | -                               | 124,292                                | (124,292)                     |
| Benefit payments                                   | (43,235)                        | (43,235)                               | -                             |
| Administrative expense                             | -                               | -                                      | -                             |
| <b>Net changes</b>                                 | <u>(551,115)</u>                | <u>134,292</u>                         | <u>(685,407)</u>              |
| Balance as of June 30, 2024                        | <u><u>\$ 6,249,477</u></u>      | <u><u>\$ 1,123,956</u></u>             | <u><u>\$ 5,125,521</u></u>    |

*Actuarial Assumptions* - The Total OPEB liability measured as of June 30, 2024 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                             |       |
|-----------------------------|-------|
| Investment rate of return   | 6.25% |
| Discount rate               | 5.20% |
| Inflation rate              | 2.40% |
| Healthcare cost trend rate: |       |
| Initial                     | 7.00% |
| Ultimate                    | 4.40% |

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Killingly Other Post-employment Benefits Plan *(Continued)***

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

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Table projected to valuation date with Scale MP-2021.

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

The long-term expected rate of returns on OPEB Plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2024 are summarized in the following table:

| <b>Asset Class</b>              | <b>Target<br/>Allocation</b> | <b>Long-term<br/>Expected Real<br/>Rate of Return</b> | <b>Weighting</b>    |
|---------------------------------|------------------------------|-------------------------------------------------------|---------------------|
| Large Cap                       | 36.00%                       | 4.52%                                                 | 1.63%               |
| Mid / Small Cap                 | 11.00%                       | 5.06%                                                 | 0.56%               |
| International Equities          | 11.00%                       | 5.08%                                                 | 0.56%               |
| Emerging Market Equities        | 4.00%                        | 5.80%                                                 | 0.23%               |
| Intermediate Bond - Corporate   | 21.00%                       | 2.44%                                                 | 0.51%               |
| Intermediate Bond - Government  | 10.00%                       | 2.44%                                                 | 0.24%               |
| Short Term Bonds, Money Market  | 3.00%                        | 0.99%                                                 | 0.03%               |
| Real Estate (Core)              | 4.00%                        | 3.73%                                                 | 0.15%               |
|                                 |                              |                                                       | <u>3.91%</u>        |
| Long-term Inflation Expectation |                              |                                                       | <u>2.40%</u>        |
| Long-term Nominal Return        |                              |                                                       | <u><u>6.31%</u></u> |

*Discount rate* - The discount rate used to measure the total OPEB liability was 5.20%. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the OPEB Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate was determined using a blended single equivalent discount rate based on the expected long-term rate of return of 6.25% and the 20 year, high quality, tax-exempt municipal bond yield of 3.93%.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Killingly Other Post-employment Benefits Plan *(Continued)***

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

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

|                    | <b>Discount Rate</b>      |                       |                           |
|--------------------|---------------------------|-----------------------|---------------------------|
|                    | <b><u>1% Decrease</u></b> | <b><u>Current</u></b> | <b><u>1% Increase</u></b> |
| Net OPEB liability | \$ 5,934,774              | \$ 5,125,521          | \$ 4,446,811              |

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

|                    | <b>Healthcare Cost Trend Rates</b> |                       |                           |
|--------------------|------------------------------------|-----------------------|---------------------------|
|                    | <b><u>1% Decrease</u></b>          | <b><u>Current</u></b> | <b><u>1% Increase</u></b> |
| Net OPEB liability | \$ 4,345,047                       | \$ 5,125,521          | \$ 6,084,921              |

**OPEB Plan Financial Statements**

The following presents the statements of fiduciary net position and the statement of changes in fiduciary net position for the Town's OPEB plan as of and for the year ended June 30, 2024.

|                                               | <b><u>OPEB<br/>Trust Fund</u></b> |
|-----------------------------------------------|-----------------------------------|
| <b>ASSETS</b>                                 |                                   |
| Cash and cash equivalents                     | \$ 32,332                         |
| Investments                                   | 1,091,624                         |
| Total assets                                  | <u>1,123,956</u>                  |
| <b>NET POSITION</b>                           |                                   |
| Restricted for other post-employment benefits | <u>\$ 1,123,956</u>               |

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Killingly Other Post-employment Benefits Plan *(Continued)***

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

|                                                     | <b>OPEB<br/>Trust Fund</b> |
|-----------------------------------------------------|----------------------------|
| <b>ADDITIONS</b>                                    |                            |
| Contributions:                                      |                            |
| Employer                                            | \$ 10,000                  |
| Total contributions                                 | <u>10,000</u>              |
| Investment earnings:                                |                            |
| Interest and dividends                              | 53,980                     |
| Net change in the<br>fair value of investments, net | <u>70,312</u>              |
| Net investment income                               | <u>124,292</u>             |
| Total additions                                     | <u>134,292</u>             |
| <b>DEDUCTIONS</b>                                   |                            |
| Benefit payments                                    | <u>-</u>                   |
| Total deductions                                    | <u>-</u>                   |
| Change in net position                              | 134,292                    |
| Net position - beginning                            | <u>989,664</u>             |
| Net position - ending                               | <u><u>\$ 1,123,956</u></u> |

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

For the year ended June 30, 2024, the Town recognized OPEB expense of \$104,297. As of June 30, 2024, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

|                                                                                  | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows of<br/>Resources</b> | <b>Net Deferrals</b>         |
|----------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|------------------------------|
| Differences between expected and actual experience                               | \$ 230,833                                | \$ 3,231,514                             | \$ (3,000,681)               |
| Changes of assumptions                                                           | 1,488,139                                 | 1,536,810                                | (48,671)                     |
| Net difference between projected and actual<br>earnings on OPEB plan investments | -                                         | 50,065                                   | (50,065)                     |
| Total                                                                            | <u><u>\$ 1,718,972</u></u>                | <u><u>\$ 4,818,389</u></u>               | <u><u>\$ (3,099,417)</u></u> |

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Killingly Other Post-employment Benefits Plan *(Continued)***

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

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

| Year ended June 30, |                       |
|---------------------|-----------------------|
| 2025                | \$ (277,981)          |
| 2026                | (240,891)             |
| 2027                | (277,151)             |
| 2028                | (268,138)             |
| 2029                | (253,524)             |
| Thereafter          | (1,781,732)           |
|                     | <u>\$ (3,099,417)</u> |

**Connecticut Teachers' Retirement System**

**Plan Description**

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

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

**Benefit Provisions**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

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

**Benefit Provisions *(Continued)***

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute. A subsidy amount of \$440 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$440 per month towards coverage under a local school district plan.

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

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

**Contributions**

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

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

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

**Administrative Expenses**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

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

**Basis of Presentation**

The components associated with the other postemployment benefits (OPEB) expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2022. The net OPEB liability has been calculated using the audited amounts. The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Annual Comprehensive Financial Report can be obtained at [www.ct.gov](http://www.ct.gov).

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

**Allocation Methodology**

The allocations for participating employers are based on the expected contribution effort for each participating employer. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to the Town totaled 0.369% as of the most recent measurement date.

**Collective Net OPEB Liability**

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2023, the measurement date, in addition to the Town's and State's proportionate shares of the collective net OPEB liability that is attributed to the Town:

|                                                                                            |                   |                            |
|--------------------------------------------------------------------------------------------|-------------------|----------------------------|
| Collective Net OPEB Liability of the State for the TRS                                     |                   | <u>\$ 1,593,350,000</u>    |
|                                                                                            | <u>Proportion</u> | <u>Proportionate Share</u> |
| Town's proportionate share of the<br>Collective Net OPEB Liability                         | 0.000%            | <u>\$ -</u>                |
| State's proportionate share of the<br>Collective Net OPEB Liability attributed to the Town | 0.369%            | <u>\$ 5,882,000</u>        |

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

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

**Collective OPEB Expense**

The Town's expected contribution effort for allocation purposes totaled \$79,275 or 0.369% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2024.

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the negative collective OPEB expense attributed to the Town totaled \$(692,954) or 0.369% of the total negative collective OPEB expense and has been recognized as a reduction in operating contributions and related education expenses in the statement of activities for the year ended June 30, 2024.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurements:

|                              |                                                                                                              |
|------------------------------|--------------------------------------------------------------------------------------------------------------|
| Inflation                    | 2.50%                                                                                                        |
| Real Wage Growth             | 0.50%                                                                                                        |
| Wage Inflation               | 3.00%                                                                                                        |
| Salary increases             | 3.00% - 6.50%, including inflation                                                                           |
| Investment rate of return    | 3.00%, net of OPEB plan investment expense, including inflation                                              |
| Healthcare cost trend rates: |                                                                                                              |
| Medicare                     | Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.50% by 2031 |

Mortality rates were based on the PubT-2010 Healthy Retiree Table, adjusted 105% for males and 103% for females ages 82 and above, projected generationally with MP-2019 for the period after service retirement.

**Long-Term Rate of Return**

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

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

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

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

| <b>Asset Class</b>                 | <b>Target<br/>Allocation</b> | <b>Expected 10-Year<br/>Geometric Real<br/>Rate of Return</b> |
|------------------------------------|------------------------------|---------------------------------------------------------------|
| U.S. Treasuries (Cash Equivalents) | 100.0%                       | 0.77%                                                         |

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.64%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2023. In addition to the actuarial methods and assumptions of the June 30, 2023 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2028 and, as a result, the Municipal Bond Index Rate of 3.65% was used in the determination of the single equivalent rate of 3.64%.

**NOTE 10 - OTHER RETIREMENT PLANS**

**Town Defined Contribution Plans**

The Town offers a deferred compensation and 401(a) plan to all eligible employees (except those covered under a comparable employer plan). Under terms of the plan, the Town is required to contribute 6.0% of a participant's base wages. Participants have the right to self-direct contributions made to the plan among the investment options offered by the plan administrator. During the year ended June 30, 2024, employees contributed \$314,082 to the deferred compensation plan and the Town contributed matching employer contributions of \$231,336 to the 401(a) plan.

**TOWN OF KILLINGLY, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 10 - OTHER RETIREMENT PLANS (Continued)**

**Board of Education Defined Contribution Plans**

The Board of Education offers deferred compensation and 403(b) plans to all eligible employees (except those covered under a comparable employer plan). Under terms of the plans, the Board of Education is not required to make employer contributions. Participants have the right to self-direct their contributions made to the plans among the investment options offered by the plan administrator.

**NOTE 11 - FUND BALANCES**

Specific purposes for which fund balances have been categorized as follows as of June 30, 2024:

|                                | General<br>Fund      | Capital<br>Improvements<br>Fund | Sewer<br>Operating<br>Fund | Capital<br>Nonrecurring<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------|----------------------|---------------------------------|----------------------------|---------------------------------|-----------------------------------|--------------------------------|
| Nonspendable:                  |                      |                                 |                            |                                 |                                   |                                |
| Inventories and prepaids       | \$ 94,048            | \$ -                            | \$ -                       | \$ -                            | \$ 42,896                         | \$ 136,944                     |
| Permanent funds principal      | -                    | -                               | -                          | -                               | 71,299                            | 71,299                         |
|                                | <u>94,048</u>        | <u>-</u>                        | <u>-</u>                   | <u>-</u>                        | <u>114,195</u>                    | <u>208,243</u>                 |
| Restricted for:                |                      |                                 |                            |                                 |                                   |                                |
| Grant programs                 | -                    | -                               | -                          | -                               | 647,299                           | 647,299                        |
| Student activities             | -                    | -                               | -                          | -                               | 415,077                           | 415,077                        |
| Unspent bond proceeds          | -                    | 8,835,550                       | -                          | -                               | -                                 | 8,835,550                      |
| Special reserves - external    | -                    | -                               | -                          | -                               | 643,038                           | 643,038                        |
|                                | <u>-</u>             | <u>8,835,550</u>                | <u>-</u>                   | <u>-</u>                        | <u>1,705,414</u>                  | <u>10,540,964</u>              |
| Committed to:                  |                      |                                 |                            |                                 |                                   |                                |
| General government             | 136,044              | -                               | -                          | -                               | 75,372                            | 211,416                        |
| Recreation and leisure         | -                    | -                               | -                          | -                               | 89,439                            | 89,439                         |
| Community development          | 384,399              | -                               | -                          | -                               | 121,107                           | 505,506                        |
| Education                      | -                    | -                               | -                          | -                               | 1,184,560                         | 1,184,560                      |
| Capital purposes               | 90,000               | -                               | -                          | 8,593,711                       | 1,949,774                         | 10,633,485                     |
| Sewers                         | 55,535               | -                               | 2,085,509                  | -                               | 698,301                           | 2,839,345                      |
|                                | <u>665,978</u>       | <u>-</u>                        | <u>2,085,509</u>           | <u>8,593,711</u>                | <u>4,118,553</u>                  | <u>15,463,751</u>              |
| Assigned to:                   |                      |                                 |                            |                                 |                                   |                                |
| General government             | 1,646,481            | -                               | -                          | -                               | -                                 | 1,646,481                      |
| Education                      | 4,054,490            | -                               | -                          | -                               | -                                 | 4,054,490                      |
| Public safety                  | 441,757              | -                               | -                          | -                               | -                                 | 441,757                        |
| Public works                   | 422,136              | -                               | -                          | -                               | -                                 | 422,136                        |
| Compensated absences           | 78,765               | -                               | -                          | -                               | -                                 | 78,765                         |
| Other post-employment benefits | 150,462              | -                               | -                          | -                               | -                                 | 150,462                        |
| Sewer extension                | 38,793               | -                               | -                          | -                               | -                                 | 38,793                         |
| Capital purposes               | -                    | 4,611,160                       | -                          | -                               | -                                 | 4,611,160                      |
| Subsequent year's budget       | 3,000,000            | -                               | -                          | -                               | -                                 | 3,000,000                      |
|                                | <u>9,832,884</u>     | <u>4,611,160</u>                | <u>-</u>                   | <u>-</u>                        | <u>-</u>                          | <u>14,444,044</u>              |
| Unassigned                     | 15,932,118           | (14,275,821)                    | -                          | -                               | -                                 | 1,656,297                      |
|                                | <u>\$ 26,525,028</u> | <u>\$ (829,111)</u>             | <u>\$ 2,085,509</u>        | <u>\$ 8,593,711</u>             | <u>\$ 5,938,162</u>               | <u>\$ 42,313,299</u>           |

***Deficit Fund Balances***

The Capital Improvements Fund has a deficit unassigned fund balance of \$14,275,821 as of June 30, 2024. The deficit is expected to be eliminated by grant reimbursements on eligible projects, future debt issuances, appropriations and/or transfers from the General Fund.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 12 - TAX REVENUE AGREEMENT**

In November 2024, the Town entered into a tax agreement with a local direct energy provider for purposes of avoiding disputes regarding the valuation and municipal taxation of the provider's electric generating facility and to facilitate the financial planning needs of both Town and the provider. The agreement includes the fixing of assessments, deferral of tax assessments, and the abatement of certain taxes on the electric generating facility for a six year period commencing with the year ended June 30, 2024. In accordance with the agreement, the Town recognized tax revenues of \$4,350,000 from the provider during the year ended June 30, 2024. Tax revenues to be recognized in future years in accordance with the agreement are as follows:

| <u>Year ending June 30:</u> | <u>Governmental</u>  |
|-----------------------------|----------------------|
|                             | <u>Activities</u>    |
|                             | <u>Tax Revenues</u>  |
| 2025                        | \$ 4,502,250         |
| 2026                        | 4,659,829            |
| 2027                        | 4,822,923            |
| 2028                        | 4,991,725            |
| 2029                        | 5,166,435            |
|                             | <u>\$ 24,143,162</u> |

**NOTE 13 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except health coverage. During 2024, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years.

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

**Workers' Compensation Pool**

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

**Liability-Automobile-Property Pool**

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 13 - RISK MANAGEMENT *(Continued)***

**Medical Self-Insurance**

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

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2024. Claims liabilities are recorded if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries.

The claims accrual does not include other allocated or unallocated claims adjustment expenses. A summary of claims activity for the last three years is as follows:

| <b>Year<br/>Ended June 30,</b> | <b>Claims Payable,<br/>Beginning of Year</b> | <b>Claims and Changes<br/>in Estimates</b> | <b>Claims Paid</b> | <b>Claims Payable,<br/>End of Year</b> |
|--------------------------------|----------------------------------------------|--------------------------------------------|--------------------|----------------------------------------|
| 2022                           | \$ 422,846                                   | \$ 7,006,055                               | \$ (6,631,483)     | \$ 797,418                             |
| 2023                           | 797,418                                      | 5,810,033                                  | (6,219,451)        | 388,000                                |
| 2024                           | 388,000                                      | 6,846,790                                  | (6,556,206)        | 678,584                                |

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

**Federal Awards and State Financial Assistance**

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

**Litigation, Claims and Assessments**

The Town, in the normal course of operations, is named as defendants in lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. The outcome and eventual liability to the Town, if any, for such matters are not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such matters would not materially affect the financial position of the Town.

**Arbitrage Rebates**

The Town may be subject to rebate penalties to the federal government relating to various bond and note issues. The Town expects such amounts, if any, would not have a material adverse effect on the financial condition of the Town.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 14 - COMMITMENTS AND CONTINGENCIES *(Continued)***

**Encumbrances**

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund. Encumbrances are recognized as a valid and proper charge against a General Fund budget appropriation in the year in which a purchase order, contract, or other commitment is issued. Open encumbrances as of June 30, 2024 totaled \$1,806,944 and are included in the assigned fund balance for the General Fund.

**Capital Projects and Related Commitments**

The Town has total project authorizations totaling approximately \$123.3 million as of June 30, 2024. The remaining balance of those authorizations totaled approximately \$42.0 million as of June 30, 2024. Outstanding commitments on construction contracts totaled approximately \$3.6 million as of June 30, 2024.

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## REQUIRED SUPPLEMENTARY INFORMATION

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**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

|                                                      | <b>Budgeted Amounts</b> |                    |                     | <b>Variance With<br/>Final Budget<br/>Over (Under)</b> |
|------------------------------------------------------|-------------------------|--------------------|---------------------|--------------------------------------------------------|
|                                                      | <b>Original</b>         | <b>Final</b>       | <b>Actual</b>       |                                                        |
| <b>REVENUES</b>                                      |                         |                    |                     |                                                        |
| Property taxes                                       | \$ 45,573,522           | \$ 45,573,522      | \$ 43,040,295       | \$ (2,533,227)                                         |
| Intergovernmental                                    | 17,868,870              | 17,868,870         | 18,380,588          | 511,718                                                |
| Licenses, permits and fees                           | 286,000                 | 286,000            | 480,109             | 194,109                                                |
| Charges for services                                 | 2,795,809               | 2,795,809          | 2,959,988           | 164,179                                                |
| Use of money and property                            | 180,655                 | 180,655            | 1,169,373           | 988,718                                                |
| Miscellaneous                                        | 758,339                 | 758,339            | 520,637             | (237,702)                                              |
| Total revenues                                       | <u>67,463,195</u>       | <u>67,463,195</u>  | <u>66,550,990</u>   | <u>(912,205)</u>                                       |
| <b>EXPENDITURES</b>                                  |                         |                    |                     |                                                        |
| Current:                                             |                         |                    |                     |                                                        |
| General government                                   | 2,265,478               | 2,291,165          | 2,211,897           | (79,268)                                               |
| Public works                                         | 2,708,184               | 2,665,025          | 2,550,419           | (114,606)                                              |
| Recreation and leisure                               | 1,499,684               | 1,530,381          | 1,519,343           | (11,038)                                               |
| Public safety                                        | 1,858,092               | 1,858,942          | 1,712,755           | (146,187)                                              |
| Community development and human services             | 856,480                 | 885,348            | 865,353             | (19,995)                                               |
| Education                                            | 46,805,118              | 47,963,323         | 47,459,837          | (503,486)                                              |
| Miscellaneous                                        | 2,895,807               | 2,805,005          | 2,617,933           | (187,072)                                              |
| Debt service:                                        |                         |                    |                     |                                                        |
| Principal payments                                   | 3,810,012               | 3,810,012          | 3,810,012           | -                                                      |
| Interest and fiscal charges                          | 1,055,487               | 1,055,487          | 970,670             | (84,817)                                               |
| Debt issuance costs                                  | 85,000                  | 85,000             | 62,634              | (22,366)                                               |
| Total expenditures                                   | <u>63,839,342</u>       | <u>64,949,688</u>  | <u>63,780,853</u>   | <u>(1,168,835)</u>                                     |
| Excess (deficiency) of revenues<br>over expenditures | 3,623,853               | 2,513,507          | 2,770,137           | 256,630                                                |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                         |                    |                     |                                                        |
| Appropriation from fund balance                      | 2,750,000               | 3,908,205          | -                   | (3,908,205)                                            |
| Cancellation of prior year encumbrances              | -                       | -                  | 66,412              | 66,412                                                 |
| Transfers in                                         | 2,035,501               | 2,035,501          | 2,020,955           | (14,546)                                               |
| Transfers out                                        | (8,409,354)             | (8,457,213)        | (5,710,838)         | 2,746,375                                              |
| Total other financing sources (uses)                 | <u>(3,623,853)</u>      | <u>(2,513,507)</u> | <u>(3,623,471)</u>  | <u>(1,109,964)</u>                                     |
| Net change in fund balance                           | <u>\$ -</u>             | <u>\$ -</u>        | <u>\$ (853,334)</u> | <u>\$ (853,334)</u>                                    |

*See notes to required supplementary information.*

**TOWN OF KILLINGLY, CONNECTICUT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - SEWER OPERATING FUND (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

|                                         | <b>Budgeted Amounts</b> |                     |                       | <b>Variance With<br/>Final Budget<br/>Over (Under)</b> |
|-----------------------------------------|-------------------------|---------------------|-----------------------|--------------------------------------------------------|
|                                         | <b>Original</b>         | <b>Final</b>        | <b>Actual</b>         |                                                        |
| <b>REVENUES</b>                         |                         |                     |                       |                                                        |
| Sewer use - current                     | \$ 6,310,504            | \$ 6,310,504        | \$ 5,995,981          | \$ (314,523)                                           |
| Sewer use interest                      | 47,000                  | 47,000              | 87,026                | 40,026                                                 |
| Investment income                       | 34,000                  | 34,000              | 81,201                | 47,201                                                 |
| Other                                   | 1,000                   | 1,000               | 10,087                | 9,087                                                  |
| Total revenues                          | <u>6,392,504</u>        | <u>6,392,504</u>    | <u>6,174,295</u>      | <u>(218,209)</u>                                       |
| <b>EXPENDITURES</b>                     |                         |                     |                       |                                                        |
| Operations                              | 2,773,887               | 2,773,887           | 2,717,468             | (56,419)                                               |
| Debt service                            | 15,000                  | 15,000              | -                     | (15,000)                                               |
| Total expenditures                      | <u>2,788,887</u>        | <u>2,788,887</u>    | <u>2,717,468</u>      | <u>(71,419)</u>                                        |
| Excess of revenues<br>over expenditures | 3,603,617               | 3,603,617           | 3,456,827             | (146,790)                                              |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                         |                     |                       |                                                        |
| Transfers out:                          |                         |                     |                       |                                                        |
| Capital Improvement Fund                | (1,040,000)             | (1,040,000)         | (1,040,000)           | -                                                      |
| Capital and Nonrecurring Fund           | (1,440,472)             | (1,440,472)         | (1,440,472)           | -                                                      |
| General Fund                            | (2,020,412)             | (2,020,412)         | (2,020,411)           | 1                                                      |
| Total other financing sources (uses)    | <u>(4,500,884)</u>      | <u>(4,500,884)</u>  | <u>(4,500,883)</u>    | <u>1</u>                                               |
| Net change in fund balance              | <u>\$ (897,267)</u>     | <u>\$ (897,267)</u> | <u>\$ (1,044,056)</u> | <u>\$ (146,789)</u>                                    |

*See notes to required supplementary information.*

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

|                                                                        | 2024         | 2023         | 2022         | 2021           | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|------------------------------------------------------------------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total pension liability</b>                                         |              |              |              |                |              |              |              |              |              |              |
| Service cost                                                           | \$ 338,357   | \$ 336,378   | \$ 306,275   | \$ 289,496     | \$ 246,780   | \$ 207,885   | \$ 177,335   | \$ 156,852   | \$ 151,064   | \$ 141,320   |
| Interest                                                               | 487,333      | 472,263      | 451,376      | 452,618        | 423,087      | 411,274      | 407,887      | 389,320      | 379,873      | 383,339      |
| Change in benefit terms                                                | -            | -            | -            | -              | 34,139       | -            | -            | 86,649       | -            | -            |
| Differences between expected and actual experience                     | (183,779)    | (115,883)    | 57,492       | (281,326)      | (112,158)    | 21,367       | (137,777)    | (192,012)    | (18,660)     | (232,264)    |
| Changes of assumptions                                                 | -            | -            | 193,435      | 23,846         | 217,061      | 129,499      | (41,312)     | 172,613      | -            | 19,712       |
| Benefit payments, including refunds                                    | (423,811)    | (491,811)    | (397,127)    | (390,165)      | (437,331)    | (395,706)    | (381,162)    | (356,557)    | (408,800)    | (335,201)    |
| Net change in total pension liability                                  | 218,100      | 200,947      | 611,451      | 94,469         | 371,578      | 374,319      | 24,971       | 256,865      | 103,477      | (23,094)     |
| Total pension liability - beginning                                    | 7,514,715    | 7,313,768    | 6,702,317    | 6,607,848      | 6,236,270    | 5,861,951    | 5,836,980    | 5,580,115    | 5,476,638    | 5,499,732    |
| Total pension liability - ending                                       | 7,732,815    | 7,514,715    | 7,313,768    | 6,702,317      | 6,607,848    | 6,236,270    | 5,861,951    | 5,836,980    | 5,580,115    | 5,476,638    |
| <b>Plan fiduciary net position</b>                                     |              |              |              |                |              |              |              |              |              |              |
| Contributions - employer                                               | 242,403      | 249,640      | 213,344      | 199,506        | 183,318      | 163,531      | 142,943      | 130,480      | 122,206      | 161,874      |
| Contributions - members                                                | 142,379      | 144,524      | 144,860      | 140,062        | 136,113      | 139,392      | 115,945      | 103,887      | 89,141       | 70,131       |
| Net investment income                                                  | 972,417      | 735,604      | (1,115,666)  | 1,775,035      | 270,900      | 315,009      | 456,239      | 638,680      | 41,604       | 251,939      |
| Benefit payments, including refunds                                    | (423,811)    | (491,811)    | (397,127)    | (390,165)      | (437,331)    | (395,706)    | (381,162)    | (356,557)    | (408,800)    | (335,201)    |
| Administrative expense                                                 | (34,757)     | (47,370)     | (17,762)     | (47,350)       | (33,556)     | (15,343)     | (58,596)     | (58,614)     | (51,870)     | (59,335)     |
| Net change in plan fiduciary net position                              | 898,631      | 590,587      | (1,172,351)  | 1,677,088      | 119,444      | 206,883      | 275,369      | 457,876      | (207,719)    | 89,408       |
| Plan fiduciary net position - beginning                                | 7,797,267    | 7,206,680    | 8,379,031    | 6,701,943      | 6,582,499    | 6,375,616    | 6,100,247    | 5,642,371    | 5,850,090    | 5,760,682    |
| Plan fiduciary net position - ending                                   | 8,695,898    | 7,797,267    | 7,206,680    | 8,379,031      | 6,701,943    | 6,582,499    | 6,375,616    | 6,100,247    | 5,642,371    | 5,850,090    |
| Town's net pension (asset) liability                                   | \$ (963,083) | \$ (282,552) | \$ 107,088   | \$ (1,676,714) | \$ (94,095)  | \$ (346,229) | \$ (513,665) | \$ (263,267) | \$ (62,256)  | \$ (373,452) |
| Plan fiduciary net position as a percentage of total pension liability | 112.45%      | 103.76%      | 98.54%       | 125.02%        | 101.42%      | 105.55%      | 108.76%      | 104.51%      | 101.12%      | 106.82%      |
| Covered payroll                                                        | \$ 4,384,616 | \$ 4,233,538 | \$ 4,125,591 | \$ 3,935,035   | \$ 3,620,541 | \$ 3,210,419 | \$ 2,810,987 | \$ 2,459,376 | \$ 2,267,863 | \$ 2,268,575 |
| Town's net pension asset as a percentage of covered payroll            | -21.97%      | -6.67%       | 2.60%        | -42.61%        | -2.60%       | -10.78%      | -18.27%      | -10.70%      | -2.75%       | -16.46%      |

See notes to required supplementary information.

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

|                                                                      | 2024         | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contribution                                  | \$ 242,403   | \$ 249,640   | \$ 213,344   | \$ 199,506   | \$ 183,318   | \$ 163,531   | \$ 142,943   | \$ 130,480   | \$ 122,206   | \$ 161,874   |
| Contributions in relation to the actuarially determined contribution | 242,403      | 249,640      | 213,344      | 199,506      | 183,318      | 163,531      | 142,943      | 130,480      | 122,206      | 161,874      |
| Contribution deficiency (excess)                                     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Covered payroll                                                      | \$ 4,384,616 | \$ 4,233,538 | \$ 4,125,591 | \$ 3,935,035 | \$ 3,620,541 | \$ 3,210,419 | \$ 2,810,987 | \$ 2,459,376 | \$ 2,267,863 | \$ 2,268,575 |
| Contributions as a percentage of covered payroll                     | 5.53%        | 5.90%        | 5.17%        | 5.07%        | 5.06%        | 5.09%        | 5.09%        | 5.31%        | 5.39%        | 7.14%        |
| Annual money-weighted rate of return, net of investment expense      | 12.70%       | 9.75%        | -13.53%      | 26.89%       | 4.22%        | 5.04%        | 7.63%        | 6.98%        | 0.73%        | 4.49%        |

See notes to required supplementary information.

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

|                                                                                                           | 2024                 | 2023                 | 2022                 | 2021                 | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 |
|-----------------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Town's proportion of the collective net pension liability                                                 | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                |
| Town's proportionate share of the collective net pension liability                                        | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| State's proportionate share of the collective net pension liability attributed to the Town                | 62,785,000           | 67,214,000           | 59,624,000           | 75,281,000           | 66,907,000           | 51,589,000           | 52,065,000           | 54,929,000           | 44,695,000           | 41,312,000           |
| Total                                                                                                     | <u>\$ 62,785,000</u> | <u>\$ 67,214,000</u> | <u>\$ 59,624,000</u> | <u>\$ 75,281,000</u> | <u>\$ 66,907,000</u> | <u>\$ 51,589,000</u> | <u>\$ 52,065,000</u> | <u>\$ 54,929,000</u> | <u>\$ 44,695,000</u> | <u>\$ 41,312,000</u> |
| Town's covered payroll                                                                                    | \$ 18,447,000        | \$ 16,779,000        | \$ 17,978,000        | \$ 17,388,000        | \$ 17,204,000        | \$ 16,936,000        | \$ 16,503,000        | \$ 15,906,000        | \$ 16,599,000        | \$ 15,999,000        |
| Town's proportionate share of the collective net pension liability as a percentage of its covered payroll | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                |
| Plan fiduciary net position as a percentage of the total collective pension liability                     | 58.39%               | 54.06%               | 60.77%               | 49.24%               | 52.00%               | 57.69%               | 55.93%               | 52.26%               | 59.50%               | 61.51%               |

See notes to required supplementary information.

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

|                                                                     | 2024          | 2023          | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          |
|---------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total OPEB liability</b>                                         |               |               |               |               |               |               |               |               |
| Service cost                                                        | \$ 146,326    | \$ 144,764    | \$ 231,453    | \$ 250,952    | \$ 243,546    | \$ 207,891    | \$ 116,706    | \$ 130,479    |
| Interest                                                            | 356,667       | 338,642       | 308,337       | 281,563       | 356,508       | 348,436       | 301,922       | 273,107       |
| Changes in benefit terms                                            | -             | -             | -             | -             | -             | -             | 314,651       | -             |
| Differences between expected and actual experience                  | (1,426,977)   | (118,534)     | (325,119)     | (88,206)      | (2,251,599)   | 22,541        | 429,578       | (75,925)      |
| Changes of assumptions                                              | 416,104       | (101,463)     | (1,109,850)   | (505,769)     | 1,330,173     | 395,316       | (396,818)     | (545,846)     |
| Benefit payments, including refunds                                 | (43,235)      | (99,748)      | (162,753)     | (119,841)     | (53,546)      | (276,136)     | (41,803)      | (93,469)      |
| Net change in total OPEB liability                                  | (551,115)     | 163,661       | (1,057,932)   | (181,301)     | (374,918)     | 698,048       | 724,236       | (311,654)     |
| Total OPEB liability - beginning                                    | 6,800,592     | 6,636,931     | 7,694,863     | 7,876,164     | 8,251,082     | 7,553,034     | 6,828,798     | 7,140,452     |
| Total OPEB liability - ending                                       | 6,249,477     | 6,800,592     | 6,636,931     | 7,694,863     | 7,876,164     | 8,251,082     | 7,553,034     | 6,828,798     |
| <b>Plan fiduciary net position</b>                                  |               |               |               |               |               |               |               |               |
| Trust contributions - employer                                      | 10,000        | 10,000        | 10,000        | 10,000        | 10,000        | 10,000        | 10,000        | 10,000        |
| Health insurance fund contributions - employer                      | (26,783)      | 32,535        | 129,823       | 85,423        | 11,841        | 223,001       | (12,481)      | 47,031        |
| Health insurance fund contributions - TRB subsidy                   | 70,018        | 67,213        | 32,930        | 34,418        | 41,705        | 53,135        | 54,284        | 53,177        |
| Net investment income                                               | 124,292       | 90,061        | (140,995)     | 213,436       | 29,491        | 41,994        | 52,347        | 73,544        |
| Health insurance fund benefit payments, including refunds           | (43,235)      | (99,748)      | (162,753)     | (119,841)     | (53,546)      | (276,136)     | (41,803)      | (93,469)      |
| Administrative expense                                              | -             | -             | -             | -             | -             | -             | (1,500)       | -             |
| Net change in plan fiduciary net position                           | 134,292       | 100,061       | (130,995)     | 223,436       | 39,491        | 51,994        | 60,847        | 90,283        |
| Plan fiduciary net position - beginning                             | 989,664       | 889,603       | 1,020,598     | 797,162       | 757,671       | 705,677       | 644,830       | 554,547       |
| Plan fiduciary net position - ending                                | 1,123,956     | 989,664       | 889,603       | 1,020,598     | 797,162       | 757,671       | 705,677       | 644,830       |
| Town's net OPEB liability                                           | \$ 5,125,521  | \$ 5,810,928  | \$ 5,747,328  | \$ 6,674,265  | \$ 7,079,002  | \$ 7,493,411  | \$ 6,847,357  | \$ 6,183,968  |
| Plan fiduciary net position as a percentage of total OPEB liability | 17.98%        | 14.55%        | 13.40%        | 13.26%        | 10.12%        | 9.18%         | 9.34%         | 9.44%         |
| Covered payroll                                                     | \$ 21,339,000 | \$ 19,593,000 | \$ 19,133,000 | \$ 20,626,000 | \$ 20,103,000 | \$ 18,951,000 | \$ 18,470,700 | \$ 15,954,000 |
| Town's net OPEB liability as a percentage of covered payroll        | 24.02%        | 29.66%        | 30.04%        | 32.36%        | 35.21%        | 39.54%        | 37.07%        | 38.76%        |

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

See notes to required supplementary information.

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

|                                                                      | 2024              | 2023              | 2022              | 2021              | 2020              | 2019              | 2018              | 2017              |
|----------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Actuarially determined contribution                                  | \$ 442,290        | \$ 436,106        | \$ 432,500        | \$ 429,100        | \$ 505,100        | \$ 501,200        | \$ 519,900        | \$ 515,900        |
| Contributions in relation to the actuarially determined contribution | 10,000            | 10,000            | 10,000            | 10,000            | 10,000            | 10,000            | 10,000            | 10,000            |
| Contribution deficiency                                              | <u>\$ 432,290</u> | <u>\$ 426,106</u> | <u>\$ 422,500</u> | <u>\$ 419,100</u> | <u>\$ 495,100</u> | <u>\$ 491,200</u> | <u>\$ 509,900</u> | <u>\$ 505,900</u> |
| Covered employee payroll                                             | \$ 21,339,000     | \$ 19,593,000     | \$ 19,133,000     | \$ 20,626,078     | \$ 20,103,390     | \$ 18,951,000     | \$ 18,470,700     | \$ 15,954,000     |
| Contributions as a percentage of covered employee payroll            | 0.05%             | 0.05%             | 0.05%             | 0.05%             | 0.05%             | 0.05%             | 0.05%             | 0.06%             |
| Annual money-weighted rate of return, net of investment expense      | 12.56%            | 10.11%            | -13.81%           | 26.67%            | 3.87%             | 5.92%             | 8.08%             | 13.02%            |

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

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

|                                                                                                        | 2024                | 2023                | 2022                | 2021                 | 2020                 | 2019                 | 2018                 |
|--------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| Town's proportion of the collective net OPEB liability                                                 | 0.00%               | 0.00%               | 0.00%               | 0.00%                | 0.00%                | 0.00%                | 0.00%                |
| Town's proportionate share of the collective net OPEB liability                                        | \$ -                | \$ -                | \$ -                | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| State's proportionate share of the collective net OPEB liability attributed to the Town                | 5,882,000           | 5,886,000           | 6,496,000           | 11,228,000           | 10,435,000           | 10,313,000           | 13,041,000           |
| Total                                                                                                  | <u>\$ 5,882,000</u> | <u>\$ 5,886,000</u> | <u>\$ 6,496,000</u> | <u>\$ 11,228,000</u> | <u>\$ 10,435,000</u> | <u>\$ 10,313,000</u> | <u>\$ 13,041,000</u> |
| Town's covered payroll                                                                                 | \$ 18,447,000       | \$ 16,779,000       | \$ 17,978,000       | \$ 17,388,000        | \$ 17,204,000        | \$ 16,936,000        | \$ 16,503,000        |
| Town's proportionate share of the collective net OPEB liability as a percentage of its covered payroll | 0.00%               | 0.00%               | 0.00%               | 0.00%                | 0.00%                | 0.00%                | 0.00%                |
| Plan fiduciary net position as a percentage of the total collective OPEB liability                     | 11.92%              | 9.46%               | 6.11%               | 2.50%                | 2.08%                | 1.49%                | 1.79%                |

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

**Budgetary Information**

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

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

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

**Budgetary Information (Continued)**

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP basis). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2024:

|                                                                 | <b>Total<br/>Revenues</b> | <b>Total<br/>Expenditures</b> | <b>Other<br/>Financing Uses -<br/>Transfers, Net</b> | <b>Net Change<br/>In Fund<br/>Balance</b> |
|-----------------------------------------------------------------|---------------------------|-------------------------------|------------------------------------------------------|-------------------------------------------|
| Budgetary basis                                                 | \$ 66,550,990             | \$ 63,780,853                 | \$ (3,623,471)                                       | \$ (853,334)                              |
| "On-behalf" payments -<br>State Teachers' Retirement<br>Fund    | 5,904,883                 | 5,904,883                     | -                                                    | -                                         |
| Change in encumbrances                                          | -                         | (867,175)                     | (66,412)                                             | 800,763                                   |
| Intergovernmental grants netted<br>against expenditures         | 1,116,089                 | 1,116,089                     | -                                                    | -                                         |
| To record proceeds and outlays<br>related to financed purchases | -                         | 301,305                       | 301,305                                              | -                                         |
| Budgetary perspective differences:                              |                           |                               |                                                      |                                           |
| Funds combined for GAAP financial<br>reporting purposes         | 171,027                   | 722,690                       | 1,323,074                                            | 771,411                                   |
| Other reserves                                                  | 150,595                   | 150,595                       | -                                                    | -                                         |
| Reclassification of transfers                                   | (2,595)                   | (1,168,205)                   | (1,165,610)                                          | -                                         |
| GAAP basis                                                      | <u>\$ 73,890,989</u>      | <u>\$ 69,941,035</u>          | <u>\$ (3,231,114)</u>                                | <u>\$ 718,840</u>                         |

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

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

Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 1, 2023.

*Benefit Changes* - There were no changes in benefit terms that have had a significant effect on the measurement of the net pension (asset) liability as of June 30, 2024.

*Assumption Changes* - There were no changes in assumptions that have had a significant effect on the measurement of the net pension (asset) liability as of June 30, 2024.

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

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

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

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2024:

|                                                    |                                                                                                                          |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Actuarial cost method:                             | Entry Age Normal Actuarial Cost Method                                                                                   |
| Remaining amortization period:                     | 20 years, open                                                                                                           |
| Asset valuation method:                            | 5-year Smoothed Market Value                                                                                             |
| Inflation:                                         | 2.40%                                                                                                                    |
| Investment rate of return,<br>including inflation: | 6.375%                                                                                                                   |
| Salary increases, including inflation:             | 3.40% compounded annually                                                                                                |
| Retirement age:                                    | Age 65 with one year of service                                                                                          |
| Mortality:                                         | Pub-2010 Public Retirement Plans Amount-Weighted Mortality<br>Tables, projected to the valuation date with Scale MP-2021 |

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

The Town began to report this schedule in fiscal year 2019. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2022. The liabilities were estimated based on a measurement date of June 30, 2023. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. This information is utilized by the Town for reporting as of June 30, 2024.

Benefit changes - There were no benefit term changes that had a significant effect on the measurement of the collective net pension liability as of June 30, 2024.

Assumption Changes - There were no changes in assumptions that had a significant effect on the measurement of the collective net pension liability reported as of June 30, 2024.

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

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2023. The July 1, 2023 was increased by service cost and interest and decreased by benefit payments to calculate the total OPEB liability as of June 30, 2024.

*Benefit Changes* - There were no benefit term changes that have had a significant effect on the measurement of the Town's net OPEB liability as of June 30, 2024.

*Assumption Changes* - There were no assumption changes that had a significant effect on the measurement of the Town's net OPEB liability as of June 30, 2024.

**TOWN OF KILLINGLY, CONNECTICUT**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

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

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

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2024:

|                                |                                                                                                                         |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Actuarial cost method:         | Entry Age Normal Actuarial Cost Method                                                                                  |
| Remaining amortization period: | 28 years, closed                                                                                                        |
| Asset valuation method:        | Market value                                                                                                            |
| Inflation:                     | 2.40%                                                                                                                   |
| Investment rate of return:     | 6.25%                                                                                                                   |
| Healthcare cost trend rates:   | 6.50% current<br>4.40% final                                                                                            |
| Mortality:                     | Pub-2010 Public Retirement Plans Amount-Weighted Mortality<br>Tables projected to the valuation date with Scale MP-2021 |

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

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2022. The liabilities were estimated based on a measurement date of June 30, 2023. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. This information is utilized by the Town for reporting as of June 30, 2024.

Benefit Changes - There were no benefit term changes that had a significant effect on the measurement of the collective net OPEB liability as of June 30, 2024.

Assumption Changes - There were no assumption changes that had a significant effect on the measurement of the collective net OPEB liability as of June 30, 2024.

## APPENDIX B – FORM OF OPINION OF BOND COUNSEL

November \_\_, 2025

Town of Killingly  
172 Main Street  
Killingly, CT 06239

We have acted as Bond Counsel to the Town of Killingly, Connecticut (the “Town”) in connection with the issuance by the Town of its \$\_\_\_\_\_ General Obligation Bond Anticipation Notes, Series B (the “Notes”) dated November \_\_, 2025. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents (including, but not limited to, a Tax Regulatory Agreement of the Town dated the date hereof (the “Agreement”)) as we have deemed necessary to give the opinions below.

Regarding questions of fact material to the opinions below, we have relied on the certified proceedings and other certifications of representatives of the Town and certifications of others furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing, we are of the opinion that when the Notes are duly certified by U.S. Bank Trust Company, National Association, the Notes will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The Internal Revenue Code of 1986 (the “Code”) establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be excluded from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes to ensure that interest on the Notes shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

In rendering the below opinions regarding the federal treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

Based on the foregoing, we are of the opinion that interest on the Notes is excludable from gross income for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Notes may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Town has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. We express no opinion regarding other federal tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We are further of the opinion that, under existing statutes, interest on the Notes is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state and other State of Connecticut tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

The rights of the owners of the Notes and the enforceability of the Notes are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Preliminary Official Statement, the Official Statement and other offering material relating to the Notes.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances or changes in law that may come later to our attention or occur.

Respectfully,

PULLMAN & COMLEY, LLC

## APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

*In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Issuer will agree, pursuant to a Continuing Disclosure Agreement for Notes to be executed by the Issuer substantially in the following form, to provide, or cause to be provided, notice of the occurrence of certain events with respect to the Notes:*

### **Continuing Disclosure Agreement**

This Continuing Disclosure Agreement (“Agreement”) is made as of November \_\_, 2025 by the Town of Killingly, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of \$\_\_\_\_\_ General Obligation Bond Anticipation Notes, Series B, dated as of November \_\_, 2025 of the Issuer (the “Notes”), for the benefit of the beneficial owners from time to time of the Notes.

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Final Official Statement” means the official statement of the Issuer dated October \_\_, 2025 prepared in connection with the Notes.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

“Rule” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

### **Section 2. Notice of Certain Events.**

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or

determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

- (g) modifications to rights of holders of the Notes, if material;
- (h) Note calls, if material, and tender offers;
- (i) Note defeasances;
- (j) release, substitution, or sale of property securing repayment of the Notes, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

*Events (d) and (e).* The Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes, unless the Issuer applies for or participates in obtaining the enhancement.

*Event (f).* Event (f) is relevant only to the extent interest on the Notes is excluded from gross income for federal income tax purposes.

*Event (h).* The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in the Final Official Statement, (B) the sole matter to be determined is which of the Notes will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Note to be redeemed as required under the terms of the Notes, and (D) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced due to prior optional redemptions or Note purchases.

*Events (o) and (p).* The term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with MSRB pursuant to the Rule.

### **Section 3. Use of Agents.**

Notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

### **Section 4. Termination.**

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Notes, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

### **Section 5. Enforcement.**

The Issuer acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding five business days with respect to the undertakings set forth in Section 2 of this Agreement) from the time the Issuer's Director of Finance/Treasurer, or a successor, receives written notice from any beneficial owner of the Notes of such failure. The present address of the Director of Finance/Treasurer is Town Hall, 172 Main Street, Killingly, Connecticut 06239.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Notes shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Notes.

### **Section 6. Miscellaneous.**

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Section 2 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Notes. If the Issuer elects to provide any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes, and (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such

amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

TOWN OF KILLINGLY, CONNECTICUT

By: \_\_\_\_\_  
BRIAN M. PALAIA  
Town Manager

By: \_\_\_\_\_  
JENNIFER M. HAWKINS  
Treasurer

## **APPENDIX D – NOTICE OF SALE**

### **NOTICE OF SALE**

#### **TOWN OF KILLINGLY, CONNECTICUT \$15,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES B BOOK-ENTRY-ONLY**

NOTICE IS GIVEN that ELECTRONIC BIDS via **PARITY**® (as described herein) will be received by the TOWN OF KILLINGLY, CONNECTICUT (the “Issuer”), until 11:30 A.M. (E.T.) on WEDNESDAY,

OCTOBER 22, 2025

(the “Sale Date”) for the purchase of the Issuer’s \$15,000,000 General Obligation Bond Anticipation Notes, Series B (the “Notes”). Electronic bids must be submitted via **PARITY**® (see “Electronic Bidding Procedures”).

#### **The Notes**

The Notes are expected to be dated November 12, 2025 and will mature and be payable to the registered owner on November 10, 2026 as further described in the Preliminary Official Statement (as hereinafter defined). The Notes will bear interest (which interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

#### **Nature of Obligation**

The Notes will constitute general obligations of the Issuer, and the Issuer will pledge its full faith and credit to pay the principal of and interest on the Notes when due. Unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended. The information in this Notice of Sale is only a brief summary of certain provisions of the Notes. For further information about the Notes, reference is hereby made to the Preliminary Official Statement.

#### **Bank Qualification**

The Notes SHALL NOT be designated by the Issuer as qualified tax exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986 for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

## **Registration**

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser(s), as a condition to delivery of the Notes, will be required to deposit the Note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Issuer or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants or indirect participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Upon receipt from the Issuer, the Paying Agent will pay principal of and interest on the Notes directly to DTC so long as DTC or its nominee, Cede & Co, is the Noteholder.

## **Bid Specifications; Basis of Award; Right to Reject Proposals; Waiver; Right to Cancel; Postponement; Change of Terms**

Each bid for the purchase of the Notes must be submitted in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for at least \$100,000, or a whole multiple thereof, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost (“NIC”), computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the Issuer, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the Issuer reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Issuer with respect to the Notes awarded is the same as that contained in the bidder’s proposal with respect to the entire amount bid, carried to six decimal places. The purchase price must be paid in immediately available federal funds.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Issuer further reserves the right to cancel or postpone the sale to another time and date in its sole discretion for any reason, including Internet difficulties. The Issuer will use its best efforts to notify prospective bidders in a timely manner of any need for a cancellation or postponement. Upon the establishment of an alternative sale date, any bidder may submit proposals for the purchase of the Notes in accordance with the provisions of this Notice of Sale.

### **Electronic Bidding Procedures**

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**<sup>®</sup>. Subscription to the BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Issuer will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY**<sup>®</sup> shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Issuer. By submitting a bid for the Notes via **PARITY**<sup>®</sup>, the bidder represents and warrants to the Issuer that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Issuer will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. **The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of **PARITY**<sup>®</sup>, or the inaccuracies of any information, including bid information or worksheets supplied by **PARITY**<sup>®</sup>, the use of **PARITY**<sup>®</sup> facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY**<sup>®</sup> as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY**<sup>®</sup>, including any fee charged, may be obtained from **PARITY**<sup>®</sup>, 1359 Broadway, 36<sup>th</sup> Street, 2<sup>nd</sup> Floor, New York, NY 10018, Attention: Customer Service Department (telephone: (212) 849-5021 or (212) 849-5023 - email notice: [munis@spglobal.com](mailto:munis@spglobal.com) or [parity@i-deal.com](mailto:parity@i-deal.com)).

For purposes of the electronic bidding process, the time as maintained by **PARITY**<sup>®</sup> shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the Issuer, as described under "Bid Specifications; Basis of Award; Right to Reject Proposals; Waiver; Right to Cancel; Postponement; Change of Terms" above. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

**Disclaimer.** Each **PARITY**<sup>®</sup> prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**<sup>®</sup> for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Issuer nor **PARITY**<sup>®</sup> shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Issuer nor **PARITY**<sup>®</sup> shall be responsible for a bidder's failure to make a bid or for proper

operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**<sup>®</sup>. The Issuer is using **PARITY**<sup>®</sup> as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Notes. The Issuer is not bound by any advice and determination of **PARITY**<sup>®</sup> to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**<sup>®</sup> are the sole responsibility of the bidders; and the Issuer is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone **PARITY**<sup>®</sup> at (212) 849-5021 or (212) 849-5023.

### **CUSIP Numbers**

The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the purchaser to apply for CUSIP numbers for the Notes prior to delivery. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the Issuer; provided, however, that the Issuer assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

### **Certifying Agent, Registrar, Paying Agent and Transfer Agent**

The Notes will be authenticated by U.S. Bank Trust Company, National Association, Hartford, Connecticut. U.S. Bank Trust Company, National Association will also act as Registrar, Paying Agent and Transfer Agent.

### **Delivery, Payment and Closing Requirements**

At or prior to the delivery of the Notes the winning bidder shall be furnished, without cost, with (a) the approving opinion of Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel ("Bond Counsel") (see "Bond Counsel Opinion" below); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Issuer to levy and collect taxes to pay them; (c) a copy of the Official Statement prepared for this note issue; (d) a certificate of Issuer Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Notes.

The Notes will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer ("FAST") on or about November 12, 2025 (the "Closing Date").

The Issuer will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Issuer's costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Notes for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The Issuer shall have no responsibility for such clearance, exemption or preparation.

### **Bond Counsel Opinion**

The legality of the issue will be passed upon by Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B to the Official Statement. The opinion will state that the Notes are valid and binding obligations of the Issuer. Bond Counsel will require as a precondition to release of its opinion that the purchaser of such Notes deliver to it a completed "issue price" certificate, or similar certificate, regarding expectations or public offering prices, as applicable, with respect to the Notes awarded to such bidder, as described below under "Establishment of Issue Price".

### **Establishment of Issue Price**

In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986 (the "Code") relating to the exclusion of interest on the Notes from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Issuer at or prior to the delivery of the Notes an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public (the "Initial Offering Price") or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this "Establishment of Issue Price" section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Glenn G. Rybacki Esq., Pullman & Comley, LLC, 90 State House Square, Hartford, CT 06103, Telephone: (860) 424-4391, E-mail: grybacki@pullcom.com and (2) the Municipal Advisor at Susan Caron, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone: (860) 372-1887, E-mail: Susan.Caron@munistat.com (the "Municipal Advisor"). Questions related to this "Establishment of Issue Price" section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this "Establishment of Issue Price" section, Bond Counsel may act on behalf of the Issuer and the Municipal Advisor may act on behalf of the Issuer.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Notes, is a good faith offer which the bidder believes reflects current market conditions, and is not a "courtesy bid" being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the "issue price" of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3)

underwriters of municipal bonds or notes who have established industry reputations for underwriting new issuances of municipal bonds or notes.

By submitting a bid, a bidder represents to the Issuer that it has an established industry reputation for underwriting new issuances of municipal bonds or notes such as the Notes, represents that such bidder's bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Notes, and understands that upon award by the Issuer that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Issuer.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

***Notification of Contact Information of Winning Bidder.*** Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this "Establishment of Issue Price" section.

***Competitive Sale Rule.*** The Issuer intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "Competitive Sale Rule") because:

- (1) the Issuer shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Issuer anticipates receiving bids from at least three underwriters of municipal bonds or notes who have established industry reputations for underwriting new issuances of municipal bonds or notes; and
- (4) the Issuer anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest net interest cost, as set forth in this Notice of Sale.

***Competitive Sale Rule Met.*** The Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. The winning bidder will be required to deliver to Bond Counsel on behalf of the Issuer prior to the delivery of the Notes a completed "Certificate as to Issue Price" (in form satisfactory to Bond Counsel) for such Notes, setting forth the Initial Offering Price.

***Competitive Sale Rule Not Met.*** In the event that the Competitive Sale Rule is not satisfied, the Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder. The Issuer may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Notes (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Notes as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 4:30 p.m. (E.T.) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (I) of the first price at which ten percent (10%) of each Maturity has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those Maturities that satisfy the Actual Sales Rule as of the Sale Date. After such receipt, the Issuer, or Bond Counsel on behalf of the Issuer, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Notes shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Notes subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Notes (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Notes to the Public on or before the date of award at the Initial Offering Prices and (ii) agree, on behalf of each Underwriter participating in the purchase of the Notes, that each Underwriter will neither offer nor sell unsold Notes of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if

applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

***Definitions.*** For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Notes with the same credit and payment terms. Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

## **Official Statement**

For more information regarding the Notes or the Issuer, reference is made to the Preliminary Official Statement dated October 14, 2025 (the “Official Statement”) describing the Notes and the financial condition of the Issuer. The Preliminary Official Statement is available in electronic format at [www.i-dealprospectus.com](http://www.i-dealprospectus.com) and [www.munistat.com](http://www.munistat.com), and such electronic access is being provided as a matter of convenience only. Copies of the Preliminary Official Statement may be obtained from Susan Caron, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone: (860) 372-1887, E-mail: [Susan.Caron@munistat.com](mailto:Susan.Caron@munistat.com).

The Issuer deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Issuer will make available to the purchaser a reasonable number of copies of the final Official Statement at the Issuer’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Notes or by the seventh (7th) business day after the day bids on the Notes are received. If the Issuer’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 o’clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Notes, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

### **Continuing Disclosure Agreement**

As required by the Rule, the Issuer will undertake, pursuant to a Continuing Disclosure Agreement (the “Agreement”), to provide notice of the occurrence of certain events with respect to the Notes within ten (10) business days of such event. A form of the Agreement is attached to the Official Statement as Appendix C. The purchaser’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to delivery of the Notes, an executed Agreement.

TOWN OF KILLINGLY, CONNECTICUT

BRIAN M. PALAIA  
Town Manager

JENNIFER M. HAWKINS  
Treasurer

October 14, 2025