

**TOWN OF KILLINGWORTH,
CONNECTICUT**

**BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2024**

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



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FINANCIAL STATEMENTS
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JUNE 30, 2024**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

INDEPENDENT AUDITORS' REPORT

The Board of Finance
Town of Killingworth, Connecticut

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Killingworth, Connecticut (the "Town"), as of and for the year ended June 30, 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 the Town, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4-10, 49-53 and 54-59, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Hoyt, Filippetti & Malashan, LLC

Groton, Connecticut

November 1, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF KILLINGWORTH, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

Our discussion and analysis of Town of Killingworth, Connecticut's (the "Town's") financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the Town's financial statements, which begin with the Government Wide Statement of Net Position on page 11.

FINANCIAL HIGHLIGHTS

The following are the Town's significant financial highlights for the year ended June 30, 2024:

- Total net position *decreased* by \$448,870 from operations.
- Total fund balance *decreased* by \$620,926. This includes a \$555,855 *decrease* in the General Fund, a \$109,107 *decrease* in the Reserve For Capital and Nonrecurring Expenditures Fund, a \$38,002 *increase* in the ARPA Fund and a \$6,034 *increase* in Other Governmental Funds.
- The Town reported a combined fund balance of \$6,626,252. Of this amount, \$3,374,740 is unassigned and available for spending at the town's discretion. This is a *decrease* of \$620,592 in general fund unassigned fund balance from the prior year.
- The Town had a final fiscal-year 2024 expenditure budget totaling \$23,685,121. Total revenues came in \$739,712 *ahead* of budget. Total expenditures came in \$145,277 *under* budget.

USING THIS ANNUAL REPORT

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

TOWN OF KILLINGWORTH, CONNECTICUT MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

Reporting the Town as a Whole

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

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

Reporting the Town’s Most Significant Funds

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

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

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

**TOWN OF KILLINGWORTH, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

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

Table 1 - Net Position

	Governmental Activities		Increase (Decrease)
	2024	2023	
Current and other assets	\$ 7,852,730	\$ 9,490,913	\$ (1,638,183)
Capital assets, net	25,003,281	24,788,576	214,705
Deferred outflows of resources	491,558	1,153,127	(661,569)
Total assets and deferred outflows of resources	<u>\$ 33,347,569</u>	<u>\$ 35,432,616</u>	<u>\$ (2,085,047)</u>
Other liabilities	\$ 1,076,690	\$ 1,687,862	\$ (611,172)
Long-term debt outstanding	3,116,281	3,497,853	(381,572)
Total liabilities	<u>4,192,971</u>	<u>5,185,715</u>	<u>(992,744)</u>
Deferred inflows of resources	<u>143,968</u>	<u>787,401</u>	<u>(643,433)</u>
Net position			
Restricted	197,301	153,265	44,036
Net investment in capital assets	24,368,281	23,778,576	589,705
Unrestricted	4,445,048	5,527,659	(1,082,611)
Total net position	<u>29,010,630</u>	<u>29,459,500</u>	<u>(448,870)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 33,347,569</u>	<u>\$ 35,432,616</u>	<u>\$ (2,085,047)</u>

The net position of the Town's Governmental Activities *decreased* \$448,870 from operations from a year ago. Current and other assets in Governmental Activities *decreased* \$1,638,183 from the prior year, primarily due to significant expenditures made from the reserve for capital and nonrecurring expenditures fund and the ARPA fund. Capital assets *increased* by a net of \$214,705 as a result of these expenditures. Other liabilities *decreased* \$611,172 mainly due to the *decrease* in unearned revenue in the America Rescue Plan Act Fund. Long-term debt outstanding in Governmental Activities *decreased* \$381,572 primarily as a result of the scheduled principal payment on the Town's bonds outstanding.

**TOWN OF KILLINGWORTH, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

The Town as a Whole – Combined Statement of Activities

Table 2 - Change in Net Position

	Governmental Activities		Increase (Decrease)
	2024	2023	
Revenues			
Program revenues			
Charges for services	\$ 524,151	\$ 612,141	\$ (87,990)
Operating grants and contributions	3,066,493	2,688,691	377,802
Capital grants and contributions	81,798	53,053	28,745
General revenues:			
Property taxes, interest, and liens	19,787,342	19,359,308	428,034
Unrestricted interest and miscellaneous revenues	284,764	176,933	107,831
Total revenues	<u>23,744,548</u>	<u>22,890,126</u>	<u>854,422</u>
Program expenses			
General government	2,058,186	2,818,220	(760,034)
Highway	1,995,907	2,001,445	(5,538)
Public safety	1,021,644	741,313	280,331
Welfare	12,828	13,384	(556)
Conservation and land use	41,725	58,290	(16,565)
Community services	597,544	409,664	187,880
Recreation	285,896	283,232	2,664
Education	17,812,355	16,109,211	1,703,144
Sanitation and health	357,465	354,594	2,871
Interest on long-term debt	9,868	19,239	(9,371)
Total expenses	<u>24,193,418</u>	<u>22,808,592</u>	<u>1,384,826</u>
Change in net position	(448,870)	81,534	(530,404)
Net position, beginning of year	<u>29,459,500</u>	<u>29,377,966</u>	<u>81,534</u>
Net position, end of year	<u>\$ 29,010,630</u>	<u>\$ 29,459,500</u>	<u>\$ (448,870)</u>

- Unrestricted interest and investment earnings *increased* \$107,831 due to higher than anticipated interest rates.
- Property taxes *increased* \$428,034 due to an increase in the mill rate and stronger than anticipated collections.
- Community service expenses *increased* \$187,880 due to unanticipated PFAS remediation expenses and an increase in the annual appropriation to the Library Association.
- Education expenses *increased* \$1,703,144 due to an *increase* in the Regional School District No.17 budget and an *increase* in the number of students from Killingworth.

**TOWN OF KILLINGWORTH, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

Governmental Activities – Total and Net Cost of Activities

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

	Total Cost of Services		Increase (Decrease)	Net Cost (Revenue) of Services		Increase (Decrease)
	2024	2023		2024	2023	
Governmental Activities						
General government	\$ 2,058,192	\$ 2,818,220	-26.97%	\$ 647,412	\$ 1,586,496	-59.19%
Highway	1,995,907	2,001,445	-0.28%	1,665,711	1,697,441	-1.87%
Public safety	1,021,644	741,313	37.82%	992,851	714,926	38.87%
Welfare	12,828	13,384	-4.15%	12,828	13,384	-4.15%
Conservation and land use	41,725	58,290	-28.42%	41,725	58,290	-28.42%
Community services	597,544	409,664	45.86%	576,419	409,664	40.71%
Recreation	285,896	283,232	0.94%	230,894	252,557	-8.58%
Education	17,812,355	16,109,211	10.57%	16,000,886	14,365,376	11.39%
Sanitation and health	357,465	354,594	0.81%	342,382	337,334	1.50%
Interest on long-term debt	9,868	19,239	-48.71%	9,868	19,239	-48.71%
Totals	<u>\$ 24,193,424</u>	<u>\$ 22,808,592</u>	<u>6.07%</u>	<u>\$ 20,520,976</u>	<u>\$ 19,454,707</u>	<u>5.48%</u>

THE TOWN'S FUNDS

As the year showed a \$448,870 *decrease* in net position from operations, it also showed a \$620,926 *decrease* in fund balance in the governmental funds as presented in governmental funds financial statements. The difference in the amounts is primarily from the treatment of long-term debt and capital assets, as well as deferred inflows. In the fund financial statements, debt issuances are an increase in fund balance and principal payments on long-term debt are a reduction in fund balance when the payments on the debt are made. Debt payments are never a direct reduction in net position on the government-wide statements. Likewise, purchases of capital assets are reduction in fund balance when the purchase is made. Capital asset purchases are never a direct reduction in net position on the government-wide statements.

**TOWN OF KILLINGWORTH, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

General Fund Budgetary Highlights

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

Table 4 - General Fund - Budget Summary

	Final		
Revenues	Budget	Actual	Variance
Tax Collector	\$ 19,473,129	\$ 19,815,149	\$ 342,020
Local Revenues	315,000	470,561	155,561
Town Clerk Fees	125,000	242,294	117,294
State Education Support	1,811,469	1,811,469	-
State Municipal Support	508,792	633,629	124,837
Total Revenues	22,233,390	22,973,102	739,712
Expenditures			
General Government	5,853,870	5,727,489	126,381
Education	17,831,251	17,812,355	18,896
Total Expenditures	23,685,121	23,539,844	145,277
Increase (Decrease) in Fund Balance	\$ (1,451,731)	\$ (566,742)	\$ 884,989

The *decrease* in fund balance of \$566,742, although less than the budgeted *decrease* of \$1,451,731, is primarily a result from a \$1,060,000 transfer of funds to the reserve for capital and nonrecurring expenditures fund. This outlay was mitigated by higher than anticipated property tax collections, local revenues, town clerk fees and state municipal support.

**TOWN OF KILLINGWORTH, CONNECTICUT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Town had \$70,701,620 invested in government activity capital assets as shown in Table 5:

Table 5 - Capital Assets

	Governmental Activities	
	2024	2023
Land	\$ 3,821,535	\$ 3,821,535
Land improvements	2,664,149	2,498,050
Buildings and improvements	4,418,681	4,418,681
Equipment and vehicles	7,692,967	6,771,431
Infrastructure	52,104,288	51,483,957
Totals	\$ 70,701,620	\$ 68,993,654

This amount represents an *increase* (including additions and deductions) of \$1,707,966 from last year. More detailed information about the Town’s capital assets is presented in the notes to the financial statements.

Debt

At year end, the Town had \$3,116,281 in long-term liabilities outstanding. This is a net *decrease* of \$381,572 from the prior year. This net *decrease* includes an *increase* to the net pension liability of \$56,781, a *decrease* in general obligation bonds of \$375,000, and small *decreases* in both OPEB and compensated absences. More detailed information about the Town’s long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

At a special meeting held in May 2024, the Town approved a total budget for 2024-2025 of \$24,868,281 using a mil rate of 24.22 and \$1,516,467 of assigned fund balance. The general government portion of the budget totals \$5,988,512 while the education budget is \$18,879,769.

Contacting the Town’s Financial Management

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

BASIC FINANCIAL STATEMENTS

TOWN OF KILLINGWORTH, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 7,655,645
Receivables, net	197,085
Capital assets	
Non-depreciable	3,821,535
Depreciable, net	21,181,746
Total assets	32,856,011
DEFERRED OUTFLOWS OF RESOURCES	
Pensions - differences between expected and actual experience	9,541
Pensions - differences between projected and actual earnings	59,019
Pensions - changes of assumptions	419,496
OPEB - changes of assumptions	3,502
Total deferred outflows of resources	491,558
Total assets and deferred outflows of resources	\$ 33,347,569

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

LIABILITIES	
Accounts payable	\$ 37,187
Accrued expenses	40,594
Unearned revenue	998,909
Noncurrent liabilities	
Due within one year	411,518
Due in more than one year	2,704,763
Total liabilities	4,192,971
DEFERRED INFLOWS OF RESOURCES	
Pensions - differences between expected and actual experience	107,179
OPEB - differences between expected and actual experience	36,789
Total deferred inflows of resources	143,968
Total liabilities and deferred inflows of resources	4,336,939
NET POSITION	
Restricted	197,301
Invested in capital assets, net of related debt	24,368,281
Unrestricted	4,445,048
Total net position	29,010,630
Total liabilities, deferred inflows of resources, and net position	\$ 33,347,569

The accompanying notes are an integral part of these financial statements

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

Functions / Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES					
General government	\$ (2,058,186)	\$ 462,373	\$ 948,401	\$ -	\$ (647,412)
Highway	(1,995,907)	-	248,398	81,798	(1,665,711)
Public safety	(1,021,644)	-	28,793	-	(992,851)
Welfare	(12,828)	-	-	-	(12,828)
Conservation and land use	(41,725)	-	-	-	(41,725)
Community services	(597,544)	-	21,125	-	(576,419)
Recreation	(285,896)	46,695	8,307	-	(230,894)
Education	(17,812,355)	-	1,811,469	-	(16,000,886)
Sanitation and Health	(357,465)	15,083	-	-	(342,382)
Interest on long-term debt	(9,868)	-	-	-	(9,868)
Total governmental activities	<u>\$ (24,193,418)</u>	<u>\$ 524,151</u>	<u>\$ 3,066,493</u>	<u>\$ 81,798</u>	<u>(20,520,976)</u>

GENERAL REVENUES

Property taxes, interest, and liens	19,787,342
Unrestricted interest and investment earnings	284,764
Total general revenues	<u>20,072,106</u>

Change in net position (448,870)

NET POSITION, beginning of year 29,459,500

NET POSITION, end of year \$ 29,010,630

The accompanying notes are an integral part of these financial statements

**TOWN OF KILLINGWORTH, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

ASSETS

	GENERAL FUND	RESERVE FOR CAPITAL AND NONRECURRING EXPENDITURES FUND	AMERICAN RESCUE PLAN ACT FUND	OTHER GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS	TOTAL
ASSETS					
Cash and cash equivalents	\$ 4,884,564	\$ 1,555,829	\$ 1,080,341	\$ 134,911	\$ 7,655,645
Receivables, net	197,085	-	-	-	197,085
Total current assets	<u>\$ 5,081,649</u>	<u>\$ 1,555,829</u>	<u>\$ 1,080,341</u>	<u>\$ 134,911</u>	<u>\$ 7,852,730</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

LIABILITIES					
Accounts payable	\$ 60	\$ 18,085	\$ 16,264	\$ 2,778	\$ 37,187
Accrued expenses	33,439	-	-	-	33,439
Unearned revenue	-	-	996,809	2,100	998,909
Total current liabilities	<u>33,499</u>	<u>18,085</u>	<u>1,013,073</u>	<u>4,878</u>	<u>1,069,535</u>
DEFERRED INFLOWS OF RESOURCES					
Revenue - unavailable	156,943	-	-	-	156,943
Total deferred inflows of resources	<u>156,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,943</u>
Total liabilities and deferred inflows of resources	<u>190,442</u>	<u>18,085</u>	<u>1,013,073</u>	<u>4,878</u>	<u>1,226,478</u>
FUND BALANCES					
Restricted	-	-	67,268	130,033	197,301
Committed	-	1,459,232	-	-	1,459,232
Assigned	1,516,467	78,512	-	-	1,594,979
Unassigned	3,374,740	-	-	-	3,374,740
Total fund balances	<u>4,891,207</u>	<u>1,537,744</u>	<u>67,268</u>	<u>130,033</u>	<u>6,626,252</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,081,649</u>	<u>\$ 1,555,829</u>	<u>\$ 1,080,341</u>	<u>\$ 134,911</u>	<u>\$ 7,852,730</u>

The accompanying notes are an integral part of these financial statements

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

Total fund balances for governmental funds		\$ 6,626,252
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		25,003,281
Other assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Deferred outflows of resources - pensions	488,056	
Deferred outflows of resources - OPEB	3,502	
Deferred inflows of resources - unavailable revenue	156,943	
Deferred inflows of resources - pensions	(107,179)	
Deferred inflows of resources - OPEB	<u>(36,789)</u>	
		504,533
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position:		
Pension liability	(2,210,506)	
OPEB liability	(149,981)	
General obligation bonds	(635,000)	
Compensated absence	(120,794)	
Accrued interest	<u>(7,155)</u>	
		(3,123,436)
Net position of governmental activities		<u><u>\$ 29,010,630</u></u>

The accompanying notes are an integral part of these financial statements

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

	GENERAL FUND	RESERVE FOR CAPITAL AND NONRECURRING EXPENDITURES FUND	AMERICAN RESCUE PLAN ACT FUND	OTHER GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS	TOTAL
REVENUES					
Property taxes, interest, lien fees	\$ 19,815,149	\$ -	\$ -	\$ -	\$ 19,815,149
Intergovernmental revenues	2,445,098	81,798	569,686	17,309	3,113,891
Local revenue	470,561	47,587	38,002	76,131	632,281
Miscellaneous revenue	242,294	-	-	-	242,294
Total revenues	<u>22,973,102</u>	<u>129,385</u>	<u>607,688</u>	<u>93,440</u>	<u>23,803,615</u>
EXPENDITURES					
Current					
General government	1,688,600	33,000	-	38,287	1,759,887
Highway	719,729	-	-	-	719,729
Public safety	708,271	-	-	-	708,271
Sanitation, health and welfare	364,920	-	-	-	364,920
Education	17,812,355	-	-	-	17,812,355
Conservation land use	41,725	-	-	-	41,725
Recreation	159,163	-	-	-	159,163
Community services	559,984	-	-	75,119	635,103
Debt service					
Principal	375,000	-	-	-	375,000
Interest	13,210	-	-	-	13,210
Capital outlay	-	1,265,492	569,686	-	1,835,178
Total expenditures	<u>22,442,957</u>	<u>1,298,492</u>	<u>569,686</u>	<u>113,406</u>	<u>24,424,541</u>
Excess (deficiency) of revenues over expenditures	<u>530,145</u>	<u>(1,169,107)</u>	<u>38,002</u>	<u>(19,966)</u>	<u>(620,926)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1,060,000	-	26,000	1,086,000
Transfers out	<u>(1,086,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,086,000)</u>
Total other financing sources (uses)	<u>(1,086,000)</u>	<u>1,060,000</u>	<u>-</u>	<u>26,000</u>	<u>-</u>
Net changes in fund balances	<u>(555,855)</u>	<u>(109,107)</u>	<u>38,002</u>	<u>6,034</u>	<u>(620,926)</u>
FUND BALANCE, beginning of year	<u>5,447,062</u>	<u>1,646,851</u>	<u>29,266</u>	<u>123,999</u>	<u>7,247,178</u>
FUND BALANCES, end of year	<u>\$ 4,891,207</u>	<u>\$ 1,537,744</u>	<u>\$ 67,268</u>	<u>\$ 130,033</u>	<u>\$ 6,626,252</u>

The accompanying notes are an integral part of these financial statements

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

Net changes in fund balances - total governmental funds \$ (620,926)

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

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

Expenditures for capital assets	1,397,966	
Depreciation expense	<u>(1,493,261)</u>	(95,295)

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

Change in revenues - unavailable		(99,427)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt obligations is as follows:

Principal repayments:		
General obligation bonds and notes payable	<u>375,000</u>	375,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. This amount represents the effect of such items:

Deferred outflows of resources - pensions	(651,520)	
Deferred outflows of resources - OPEB	(10,049)	
Deferred inflows of resources - pensions	658,772	
Deferred inflows of resources - OPEB	(15,339)	
Pension liability	(56,781)	
OPEB liability	35,524	
Compensated absences	27,829	
Accrued interest	<u>3,342</u>	
		<u>(8,222)</u>

Changes in net position of governmental activities		<u>\$ (448,870)</u>
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The accompanying notes are an integral part of these financial statements

**TOWN OF KILLINGWORTH, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024**

	<u>PENSION TRUST FUNDS</u>
ASSETS	
Investments	\$ 3,862,615
Total assets	<u>\$ 3,862,615</u>
 NET POSITION	
Restricted for:	
Pensions	\$ 3,862,615
Total net position	<u>\$ 3,862,615</u>

The accompanying notes are an integral part of these financial statements

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

	PENSION TRUST FUNDS
ADDITIONS	
Net appreciation in the fair value of investments	\$ 396,171
Contributions	186,847
Total additions	583,018
DEDUCTIONS	
Benefits	694,426
Administrative expenses	25,624
Total deductions	720,050
Net decrease in fiduciary net position	(137,032)
NET POSITION	
Beginning of year	3,999,647
End of year	\$ 3,862,615

The accompanying notes are an integral part of these financial statements

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PURPOSE OF ORGANIZATION

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

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

REPORTING ENTITY

The reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be incomplete or misleading as set forth by GASB.

In evaluating how to define the reporting entity for financial statement reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

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

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

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

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

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

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

Fund Categories

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

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

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

Fund Categories (*Continued*)

a. Governmental Funds (*Continued*)

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

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

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

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

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

The Town also reports the following Pension Trust Funds:

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

MEASUREMENT FOCUS AND FINANCIAL STATEMENT PRESENTATION

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

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

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

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

MEASUREMENT FOCUS AND FINANCIAL STATEMENT PRESENTATION (*Continued*)

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

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

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

DEPOSITS, INVESTMENTS AND RISK DISCLOSURES

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

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

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

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

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

DEPOSITS, INVESTMENTS AND RISK DISCLOSURES (*Continued*)

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

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

Investments are stated at fair value.

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

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

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

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

TAXES RECEIVABLE

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

**THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

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

TAXES RECEIVABLE (*Continued*)

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

An allowance for uncollectible taxes of \$15,980 has been recorded net with respect to taxes and interest receivable as of June 30, 2024.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

UNEARNED REVENUES

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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

LONG-TERM LIABILITIES

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

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

NET POSITION

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

In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

FUND BALANCE

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

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

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

ENCUMBRANCES

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

USE OF ESTIMATES

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

RECLASSIFICATIONS

Certain reclassifications have been made to prior year amounts in the Management's Discussion and Analysis and beginning balances in certain footnotes to conform to the 2024 presentation.

SUBSEQUENT EVENTS EVALUATION BY MANAGEMENT

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through November 1, 2024, the date that the financial statements were available to be issued. There were no subsequent events identified requiring disclosure.

NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGET BASIS

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

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

BUDGET CALENDAR

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

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

BUDGET CONTROL

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

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

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

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

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

ADDITIONAL APPROPRIATIONS

For the year ended June 30, 2024, the Town made line item budget transfers and but no additional appropriations.

EXPENDITURES IN EXCESS OF BUDGET

Total expenditures were less than total appropriations for the 2023-2024 fiscal year in the amount of \$145,277.

APPLICATION OF ACCOUNTING STANDARDS

For the year ended June 30, 2024, the following accounting pronouncements became effective. The Town implemented such pronouncements, where applicable:

GASB Statement 100, Accounting Changes and Error Corrections. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

Cash and Cash Equivalents, and Restricted Cash - As of June 30, 2024, the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 7,655,645
	\$ 7,655,645

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The bank balance of the deposits was \$7,805,971 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 250,000
Collateralized	755,597
Uninsured and uncollateralized	6,800,374
	\$ 7,805,971

Investments – Investments held in the Town's fiduciary funds at June 30, 2024 totaled \$3,862,615 and consisted of the following:

Investment Type	Municipal Employee Pension Fund	Volunteer Fire Company Pension Fund	Total
Cash and cash equivalents	\$ 175,455	\$ 84,324	\$ 259,779
US Equity	1,025,785	473,661	1,499,446
International Equity	553,912	255,596	809,508
International Fixed Income	26,249	9,101	35,350
US Fixed Income	853,642	404,890	1,258,532
	\$2,635,043	\$ 1,227,572	\$3,862,615

The Town does not have a custodial credit risk policy with regard to investments, or related credit risk policy for debt securities.

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

The fair values and credit ratings of the investments held within the Town's fiduciary funds are as follows as of June 30, 2024:

Investment Type	Credit Rating	Fair Value	Fair Value Measurements		
			Level 1	Level 2	Level 3
Cash and cash equivalents	N/A	\$ 259,779	\$ 259,779	\$ -	\$ -
US Equity	N/A	1,499,446	1,499,446	-	-
International Equity	N/A	809,508	809,508	-	-
International Fixed Income	N/A	35,350	35,350	-	-
US Fixed Income	N/A	1,258,532	1,258,532	-	-
		<u>\$ 3,862,615</u>	<u>\$ 3,862,615</u>	<u>\$ -</u>	<u>\$ -</u>

The investment maturities of the investments held within the Town's fiduciary funds are as follows as of June 30, 2024:

Investment Type	Investment Maturities (Years)				
	N/A	Less than 1	1-10	More than 10	Total
Cash and cash equivalents	\$ 259,779	\$ -	\$ -	\$ -	\$ 259,779
US Equity	1,499,446	-	-	-	1,499,446
International Equity	809,508	-	-	-	809,508
International Fixed Income	35,350	-	-	-	35,350
US Fixed Income	-	-	1,258,443	89	1,258,532
	<u>\$2,604,083</u>	<u>\$ -</u>	<u>\$1,258,443</u>	<u>\$ 89</u>	<u>\$3,862,615</u>

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

At June 30, 2024, receivables consisted of delinquent property taxes, interest, liens, and fees in the following amounts:

	Fund Financials	Government-Wide Financials
	General Fund	Governmental Activities
Receivables		
Property taxes	\$ 174,381	\$ 174,381
Interest, liens and fees	38,684	38,684
Receivables, gross	213,065	213,065
Allowance for doubtful accounts	(15,980)	(15,980)
Receivables, net	<u>\$ 197,085</u>	<u>\$ 197,085</u>

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. This is recorded as the liability *unearned revenue* at June 30, 2024. The Town had \$998,909 of unearned revenue at year end, the majority of which consisted of unspent American Rescue Plan Act of 2021 (“ARPA”) funds management intends to utilize in the 2024-2025 fiscal year. Governmental funds report deferred inflows of resources in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. The Town reports property taxes not received within 60 days of the year end as *deferred inflows of resources*.

At June 30, 2024, the Town’s deferred inflows of resources relating to receivables consisted of the following:

	Fund Financials	Government-Wide Financials
	General Fund	Governmental Activities
Deferred inflows of resources		
Property taxes	\$ 127,325	-
Interest, liens and fees	29,618	-
Revenue - unavailable	<u>\$ 156,943</u>	<u>-</u>

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 - INTERFUND TRANSACTIONS

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

At June 30, 2024, there were no outstanding balances.

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2024 were as follows:

	Transfers into	
	Reserve for Capital and Nonrecurring Expenditures Fund	Dog Fund
Transfers out of:		
General Fund	\$ 1,060,000	\$ 26,000

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 3,821,535	\$ -	\$ -	\$ 3,821,535
Total capital assets, not being depreciated	<u>3,821,535</u>	<u>-</u>	<u>-</u>	<u>3,821,535</u>
Capital assets, being depreciated				
Land improvements	2,498,050	166,099	-	2,664,149
Buildings and improvements	4,418,681	-	-	4,418,681
Equipment and vehicles	6,771,431	921,536	-	7,692,967
Infrastructure	51,483,957	620,331	-	52,104,288
Total capital assets, being depreciated	<u>65,172,119</u>	<u>1,707,966</u>	<u>-</u>	<u>66,880,085</u>
Less: accumulated depreciation				
Land improvements	(1,536,184)	(73,786)	-	(1,609,970)
Buildings and improvements	(2,176,132)	(91,026)	-	(2,267,158)
Equipment and vehicles	(4,923,490)	(421,733)	-	(5,345,223)
Infrastructure	(35,569,272)	(906,716)	-	(36,475,988)
Total accumulated depreciation	<u>(44,205,078)</u>	<u>(1,493,261)</u>	<u>-</u>	<u>(45,698,339)</u>
Total capital assets, being depreciated, net	<u>20,967,041</u>	<u>214,705</u>	<u>-</u>	<u>21,181,746</u>
Governmental activities capital assets, net	<u>\$ 24,788,576</u>	<u>\$ 214,705</u>	<u>\$ -</u>	<u>\$ 25,003,281</u>

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

General Government	\$ 50,743
Public Safety	239,102
Highway	1,078,449
Recreation	84,921
Community Services	34,673
Sanitation and Health	5,373
	<u>\$ 1,493,261</u>

Capital asset additions of \$1,707,966 includes a \$310,000 deposit on a new fire truck paid in a prior fiscal year and placed into service during the 2023-2024 fiscal year at a total cost of \$597,677.

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 - LONG-TERM LIABILITIES

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Other liabilities:					
General obligation bonds	\$ 1,010,000	\$ -	\$ 375,000	\$ 635,000	\$ 370,000
Net pension liability	2,153,725	56,781	-	2,210,506	-
OPEB liability	185,505	-	35,524	149,981	-
Compensated absences	148,623	6,138	33,967	120,794	41,518
	<u>\$ 3,497,853</u>	<u>\$ 62,919</u>	<u>\$ 444,491</u>	<u>\$ 3,116,281</u>	<u>\$ 411,518</u>

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

NOTE 8 - GENERAL OBLIGATION BONDS

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. General obligation bonds generally are issued as 10-year serial bonds with equal amounts of principal maturing each year. General obligation bonds and bond anticipation note outstanding as of June 30, 2024 consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
Town hall	2016	3,415,000	8/15/2026	1.59%	<u>635,000</u>
					<u>\$ 635,000</u>

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

Year End	General Obligation Bonds	
	Principal	Interest
2025	\$ 370,000	\$ 7,155
2026	160,000	2,942
2027	105,000	835
	<u>\$ 635,000</u>	<u>\$ 10,932</u>

For the year ended June 30, 2024, interest incurred on general obligation bonds and bond anticipation notes totaled \$9,868, including accrued interest of \$7,155.

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 - OTHER LONG-TERM DEBT

Compensated Absences

Long-term liabilities for compensated absences are reported for certain employees of the Board of Education and consist of unpaid, but earned sick pay balances. Liabilities for compensated absences are reported in the government-wide financial statements. Expenditures and liabilities related to these obligations are recognized in the governmental fund financial statements when they mature such as upon the termination of employment. Compensated absences are reported as noncurrent liabilities in the statement of net position and amounted to \$148,623 for the year ended June 30, 2024.

NOTE 10 - LEGAL DEBT LIMIT

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

Total tax collections (including interest and lien fees) for the year - primary government	\$ 19,720,716
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)	-
Debt limitation base	<u>\$ 19,720,716</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation					
2 1/4 times base	\$ 44,371,611	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	88,743,222	-	-	-
3 3/4 times base	-	-	73,952,685	-	-
3 1/4 times base	-	-	-	64,092,327	-
3 times base	-	-	-	-	59,162,148
Total debt limitation	<u>44,371,611</u>	<u>88,743,222</u>	<u>73,952,685</u>	<u>64,092,327</u>	<u>59,162,148</u>
Indebtedness					
Regional School District No. 17 Bonds	-	1,693,620	-	-	-
General Obligation Bonds	<u>635,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of debt outstanding and authorized	<u>\$ 43,736,611</u>	<u>\$ 87,049,602</u>	<u>\$ 73,952,685</u>	<u>\$ 64,092,327</u>	<u>\$ 59,162,148</u>

In no case shall total indebtedness exceed seven times the annual receipts from taxation	<u>\$ 138,045,012</u>
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The Town of Killingworth is a member of regional School Town #17 which provides education facilities for grades kindergarten through twelve for the Towns of Haddam and Killingworth. As of June 30, 2024, based on the most current and available information, the indebtedness of the Town was \$4,365,000. The Town of Killingworth's share will be 38.80% of the debt, or \$1,693,620. These are the general obligations of Regional School Town #17 and its member towns.

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 - NET POSITION

The components of net position are as detailed below:

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

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

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

NOTE 12 - FUND BALANCES

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

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>ARPA Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted					
General Government	\$ -	\$ -	\$ 67,268	\$ 130,033	\$ 197,301
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,268</u>	<u>\$ 130,033</u>	<u>\$ 197,301</u>
Committed					
Capital Projects	\$ -	\$ 1,459,232	\$ -	\$ -	\$ 1,459,232
	<u>\$ -</u>	<u>\$ 1,459,232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,459,232</u>
Assigned					
General Government	\$ 1,516,467	\$ -	\$ -	\$ -	\$ 1,516,467
Capital Projects	-	78,512	-	-	78,512
	<u>\$ 1,516,467</u>	<u>\$ 78,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,594,979</u>
Unassigned	<u>\$ 3,374,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,374,740</u>

NOTE 13 – PENSION AND OTHER POST RETIREMENT PLANS

The Town participates in the following:

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

**THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

DEFINED BENEFIT PENSION PLAN

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

Municipal Employees

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

At June 30, 2024, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	12
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	5
	19

Under the provisions of The Plan, normal retirement is upon reaching the latter of age of 65 or the completion of 10 years of credited service. Members are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.5% of final earnings times years of service, to a maximum of 30 years.

The Plan contains a provision for early retirement at age 60 with at least 10 years of service. Benefit is reduced actuarially to reflect early retirement. The spousal death benefit for the plan is the actuarial equivalent of the members’ vested accrued retirement benefit. Participants in the plan are vested after 15 years.

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

The Town establishes contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, the actuarially determined contribution was \$57,447 and the actual contribution was \$57,447.

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

**THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

DEFINED BENEFIT PENSION PLAN *(Continued)*

Municipal Employees *(Continued)*

For the year ended June 30, 2024, the annual money-weighted rate of return on plan investments, net of plan investment expenses was 10.72%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Volunteer Fire Company

The Town is the sponsor and administrator of a single employer retirement system named the Killingworth Volunteer Fire Company Defined Benefit Pension Plan (The Plan) which was established to provide pension benefits for employees of the Town.

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

The amount of monthly retirement income benefit of a plan participant will be an amount based upon years of plan participation. A participant will receive \$150 for one through four years of participation and an additional \$25 for each year beyond four years up to a maximum of 30 years.

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

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

At June 30, 2024, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	25
Inactive plan members entitled to but not yet receiving benefits	20
Active plan members	48
	93

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

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

**THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

DEFINED BENEFIT PENSION PLAN (Continued)

Volunteer Fire Company (Continued)

The Town establishes contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, the actuarially determined contribution was \$78,883 and the actual contribution was \$129,400.

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

For the year ended June 30, 2024, the annual money-weighted rate of return on plan investments, net of plan investment expenses was 8.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investments and Net Pension (Asset) Liability

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

The following was the Board of Finance’s adopted asset allocation policy for all plans as of June 30, 2024:

<u>Asset Class</u>	<u>Municipal Employees Target Allocation</u>	<u>Volunteer Fire Company Target Allocation</u>
US Equity	38%	39%
International Equity	21%	21%
US Fixed Income	33%	32%
International Fixed Income	1%	1%
Cash Equivalents	7%	7%
	<u>100%</u>	<u>100%</u>

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

DEFINED BENEFIT PENSION PLAN (Continued)

Investments and Net Pension (Asset) Liability (Continued)

The components of the net pension liability of the Town at June 30, 2024 were as follows:

	<u>Municipal Employees</u>	<u>Volunteer Fire Company</u>	<u>Total</u>
Total pension liability	\$ 3,078,274	\$ 2,994,847	\$ 6,073,121
Plan fiduciary net position	<u>2,635,043</u>	<u>1,227,572</u>	<u>3,862,615</u>
Net pension liability	<u>\$ 443,231</u>	<u>\$ 1,767,275</u>	<u>\$ 2,210,506</u>

Plan fiduciary net position as a percentage of the total pension liability	85.60%	40.99%
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The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Municipal Employees</u>	<u>Volunteer Fire Company</u>
Inflation	2.50%	2.50%
Salary increases	3.00%	N/A
Investment rate of return	5.75%	5.75%

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

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

<u>Asset Class</u>	<u>Municipal Employees Long-term Expected Real Rate of Return</u>	<u>Volunteer Fire Company Long-term Expected Real Rate of Return</u>
US Equity	1%	1%
International Equity	3%	3%
US Fixed Income	4%	4%
International Fixed Income	6%	6%
Cash Equivalents	5%	5%

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

Investments and Net Pension (Asset) Liability (Continued)

The discount rate used to measure the total pension liability is 5.75%. For the fiscal year ended June 30, 2024, the projection of cash flows used to determine the discount rate resulted that the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Since no changes have been made to the funding policy, benefit terms, or actuarial cost method, and contributions are historically equal to the actuarially determined amount, it was considered by the actuaries to be reasonable to conclude that the plan’s fiduciary net position is sufficient to pay all projected benefits for the fiscal year ended June 30, 2024. The long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for 2024. The following is a schedule of the changes in the net pension liability for the year ended June 30, 2024:

<u>Municipal Employees Plan</u>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances, June 30, 2023	\$ 3,103,224	\$ 2,549,382	\$ 553,842
2023-2024 changes:			
Service Cost	38,474	-	38,474
Interest on total pension liability	179,076	-	179,076
Differences between expected and actual experience	(75,702)	-	(75,702)
Changes of assumptions	70,449	-	70,449
Employer contributions	-	57,447	(57,447)
Net investment income (loss)	-	282,525	(282,525)
Administrative expense	-	(17,064)	17,064
Benefit payments, including employee contribution refunds	(237,247)	(237,247)	-
Net Changes	(24,950)	85,661	(110,611)
Balances June 30, 2024	<u>\$ 3,078,274</u>	<u>\$ 2,635,043</u>	<u>\$ 443,231</u>
<u>Volunteer Fire Company Plan</u>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances, June 30, 2023	\$ 3,050,148	\$ 1,450,265	\$ 1,599,883
2023-2024 changes:			
Service Cost	39,694	-	39,694
Interest on total pension liability	169,294	-	169,294
Differences between expected and actual experience	100,964	-	100,964
Changes of benefit terms	-	-	-
Changes of assumptions	91,926	-	91,926
Employer contributions	-	129,400	(129,400)
Net investment income (loss)	-	113,646	(113,646)
Administrative expense	-	(8,560)	8,560
Benefit payments, including employee contribution refunds	(457,179)	(457,179)	-
Net Changes	(55,301)	(222,693)	167,392
Balances June 30, 2024	<u>\$ 2,994,847</u>	<u>\$ 1,227,572</u>	<u>\$ 1,767,275</u>

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

DEFINED BENEFIT PENSION PLAN (Continued)

Investments and Net Pension (Asset) Liability (Continued)

The following schedule presents the net pension liability, calculated using the discount rate of 5.75%, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.75%) or 1 percentage point higher (6.75%) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Municipal Employees net pension liability	\$ 754,968	\$ 553,842	\$ 177,055
Volunteer Fire Company net pension liability	\$ 2,186,974	\$ 1,767,275	\$ 1,425,885

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

For the year ended June 30, 2024, the Town recognized pension expense of \$66,475 and \$169,901 for the Municipal Employees and Volunteer Fire Company Plans respectively. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to this pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees Plan		
Differences between expected and actual experience	\$ -	\$ (107,179)
Changes of assumptions	125,375	-
Net difference between projected and actual earnings on pension plan investments	21,537	-
Total	\$ 146,912	\$ (107,179)
Volunteer Fire Company Plan		
Differences between expected and actual experience	\$ 9,541	\$ -
Changes of assumptions	294,121	-
Net difference between projected and actual earnings on pension plan investments	37,482	-
Total	\$ 341,144	\$ -

**THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

DEFINED BENEFIT PENSION PLAN (Continued)

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

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

June 30,	Municipal Employee	Volunteer Fire Company	Total
2025	\$ (8,903)	\$ 32,331	\$ 23,428
2026	94,260	74,864	169,124
2027	(24,130)	11,843	(12,287)
2028	(21,494)	23,696	2,202
2029	-	31,072	31,072
Thereafter	-	167,338	167,338
Total	<u>\$ 39,733</u>	<u>\$ 341,144</u>	<u>\$ 380,877</u>

DEFINED CONTRIBUTION PLAN

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

Plan provisions and contribution requirements are established and may be amended by the Board of Selectmen. UPSEU plan members are required to contribute a minimum of 4.0% to the plan. Other plan members may contribute amounts up to legal limits but have no minimum requirement. The Town is required to contribute an amount equal to the plan members' contribution up to 4.0% of covered salary. Plan members and the Town contributed \$30,030 and \$10,363 respectively, not including rollover contributions and forfeitures, to the plan in the year ended June 30, 2024. Plan members are 100% vested in their employee contributions. Plan members are 20% vested in their employer contribution after 1 year of service, with an additional 20% for each year thereafter. Forfeitures shall be used to pay plan expenses or reduce future employer contributions. The Plan is not considered a fiduciary activity of the Town as the Town does not hold the Plan's assets or have the ability to direct the use, exchange, or employment of the assets.

OTHER POST-EMPLOYMENT BENEFITS – TOWN

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

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

Plan Description

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

At June 30, 2024, plan membership consisted of 6 participants, all of which were active employees.

Funding Policy

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

Actuarial Methods and Significant Assumptions

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

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

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

**THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

OTHER POST-EMPLOYMENT BENEFITS – TOWN (Continued)

Actuarial Methods and Significant Assumptions (Continued)

Latest Actuarial Date	June 30, 2024
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Investment Rate of Return	4.21% (previously 4.13%)
Payroll Growth Rate	3.00%
Inflation	2.50%
Healthcare Cost Trend Rates	3.00% per year
Asset Valuation Method	N/A

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

The discount rate used to measure the total OPEB liability was 4.21% and was based on the published Bond Buyer General Obligation 20-Bond Municipal Index effective as of June 30, 2024.

Total OPEB expense recognized for this Plan for the year ended June 30, 2024 was \$(10,136).

Changes in the OPEB Liability

Changes in the OPEB liability for the year ended June 30, 2024 are as follows:

Balance as of June 30, 2023	\$ 185,505
Changes for the year:	
Service cost	4,990
Interest	7,661
Differences between expected and actual experience	(47,768)
Changes of assumptions	(407)
Net changes	<u>(35,524)</u>
Balance as of June 30, 2024	<u><u>\$ 149,981</u></u>

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

OTHER POST-EMPLOYMENT BENEFITS – TOWN (Continued)

Sensitivity Analysis

The following presents the total OPEB liability of the Town, calculated using the current discount rate of 4.21% as well as what the Town’s net OPEB liability if it were calculated using a discount rate that is 1 percentage lower (3.21%) or 1 percentage higher (5.21%)

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
Total OPEB liability as of June 30, 2024	\$ 155,162	\$ 149,981	\$ 145,011

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

	1% Decrease 2.00%	Trend Rate 3.00%	1% Increase 4.00%
Total OPEB liability as of June 30, 2024	\$ 144,022	\$ 149,981	\$ 156,354

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

As of June 30, 2024, the Town reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (36,789)
Changes of assumptions	3,502	-
Total	\$ 3,502	\$ (36,789)

**THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

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

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

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

Year ended June 30,	
2025	\$ (7,787)
2026	(5,351)
2027	(4,614)
2028	(6,880)
2029	(8,240)
thereafter	(415)
	<u>\$ (33,287)</u>

NOTE 14 – CONTINGENT LIABILITIES AND RISK MANAGEMENT

LITIGATION

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

CONTINGENCIES

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

RISK MANAGEMENT

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

THE TOWN OF KILLINGWORTH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 – GASB PRONOUNCEMENTS ISSUED, BUT NOT YET EFFECTIVE

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

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

GASB Statement 102, Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The requirements of this statement is effective for fiscal years beginning after June 15, 2024 (the Town’s fiscal year ending June 30, 2025).

GASB Statement 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this statement is effective for fiscal years beginning after June 15, 2025 (the Town’s fiscal year ending June 30, 2026).

REQUIRED SUPPLEMENTARY INFORMATION

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

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES					
Tax Collector					
Current Year's Taxes	\$19,443,129	\$ -	\$19,443,129	19,636,419	\$ 193,290
Prior Year's Taxes	30,000	-	30,000	178,730	148,730
	<u>19,473,129</u>	<u>-</u>	<u>19,473,129</u>	<u>19,815,149</u>	<u>342,020</u>
Local Revenues					
Charges for Goods and Services	115,000	-	115,000	177,233	62,233
Interest Income	100,000	-	100,000	200,930	100,930
Other revenues	100,000	-	100,000	92,398	(7,602)
	<u>315,000</u>	<u>-</u>	<u>315,000</u>	<u>470,561</u>	<u>155,561</u>
Town Clerk Fees					
Licenses and Permits	125,000	-	125,000	242,294	117,294
	<u>125,000</u>	<u>-</u>	<u>125,000</u>	<u>242,294</u>	<u>117,294</u>
State Education Support					
Education Equalization Grant	1,811,469	-	1,811,469	1,811,469	-
	<u>1,811,469</u>	<u>-</u>	<u>1,811,469</u>	<u>1,811,469</u>	<u>-</u>
State Municipal Support					
PILOT Program	42,406	-	42,406	50,606	8,200
Disability Exemption	304	-	304	330	26
Veterans Tax Relief	4,175	-	4,175	1,455	(2,720)
Town Aid Road Fund	247,425	-	247,425	248,398	973
LOCIP Grant	53,380	-	53,380	-	(53,380)
Grants for Municipal Projects	5,148	-	5,148	5,148	-
Miscellaneous Grants	155,954	-	155,954	327,692	171,738
	<u>508,792</u>	<u>-</u>	<u>508,792</u>	<u>633,629</u>	<u>124,837</u>
Total revenues	<u>22,233,390</u>	<u>-</u>	<u>22,233,390</u>	<u>22,973,102</u>	<u>739,712</u>

Continued

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

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
EXPENDITURES					
General Government					
Board of Selectman					
First Selectman Salary	81,902	-	81,902	81,902	-
First Selectman Meeting Expense	500	-	500	150	350
Mileage, Payroll, Etc.	600	-	600	473	127
Finance Director Salary	86,788	-	86,788	86,788	-
Administrative Assistant	57,734	-	57,734	57,734	-
TOB Reception	15,456	-	15,456	16,136	(680) *
Office Expense	15,360	-	15,360	18,778	(3,418) *
Legal Notices	5,500	-	5,500	5,088	412
Professional Development	450	-	450	185	265
Capital Regional Purchasing Council	750	-	750	500	250
Selectman's Stipend	10,280	-	10,280	10,280	-
	<u>275,320</u>	<u>-</u>	<u>275,320</u>	<u>278,014</u>	<u>(2,694)</u>
Board of Elections					
Board of Elections Salary	11,000	-	11,000	12,632	(1,632) *
Board of Elections Expenses	19,775	-	19,775	24,988	(5,213) *
	<u>30,775</u>	<u>-</u>	<u>30,775</u>	<u>37,620</u>	<u>(6,845)</u>
Board of Finance					
Board of Finance Expense	3,600	-	3,600	3,932	(332) *
Board of Finance Audit	27,000	-	27,000	25,566	1,434
	<u>30,600</u>	<u>-</u>	<u>30,600</u>	<u>29,498</u>	<u>1,102</u>
Office of the Assessor					
Assessor Salary	69,929	-	69,929	65,081	4,848
Assessor Clerk Salary	5,000	-	5,000	-	5,000
Assistant Assessor - Salary	12,000	-	12,000	20,122	(8,122) *
Assessor - Expense	6,240	-	6,240	6,489	(249) *
	<u>93,169</u>	<u>-</u>	<u>93,169</u>	<u>91,692</u>	<u>1,477</u>
Board of Assessment Appeal					
Board of Assessment Appeal Expense	500	-	500	-	500
	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>
Office of the Tax Collector					
Tax Collector Salary	56,754	-	56,754	56,754	-
Tax Collector Clerk Salary	23,185	-	23,185	24,204	(1,019) *
Tax Collector Expense	3,405	-	3,405	2,752	653
	<u>83,344</u>	<u>-</u>	<u>83,344</u>	<u>83,710</u>	<u>(366)</u>
Probate Court					
Probate Court Fees	1,948	-	1,948	1,948	-
	<u>1,948</u>	<u>-</u>	<u>1,948</u>	<u>1,948</u>	<u>-</u>
Office of the Treasurer					
Treasurer Stipend	5,140	-	5,140	5,140	-
Treasurer Deputy Stipend	822	-	822	822	-
	<u>5,962</u>	<u>-</u>	<u>5,962</u>	<u>5,962</u>	<u>-</u>
Town Counsel					
Town Counsel Fees	30,000	58,556	88,556	88,446	110
	<u>30,000</u>	<u>58,556</u>	<u>88,556</u>	<u>88,446</u>	<u>110</u>
Town Engineer					
Town Engineer Fees	25,000	-	25,000	13,658	11,342
	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>13,658</u>	<u>11,342</u>
Office of the Town Clerk					
Town Clerk Salary	70,753	-	70,753	70,753	-
Town Clerk Assistant A Salary	57,585	-	57,585	58,591	(1,006) *
Town Clerk Assistant B Salary	17,507	-	17,507	13,735	3,772
Town Clerk Expense	35,200	-	35,200	25,344	9,856
	<u>181,045</u>	<u>-</u>	<u>181,045</u>	<u>168,423</u>	<u>12,622</u>

Continued

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

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Building Official					
Building Official Salary	36,556	-	36,556	45,575	(9,019) *
Building Official Expense	5,500	-	5,500	13,350	(7,850) *
Land Use Secretary Salary	45,118	-	45,118	45,317	(199) *
	<u>87,174</u>	<u>-</u>	<u>87,174</u>	<u>104,242</u>	<u>(17,068)</u>
Operation and Maintenance					
Water Testing Fees	10,000	-	10,000	5,885	4,115
Building and Grounds	61,500	-	61,500	54,115	7,385
Electricity	31,000	-	31,000	33,159	(2,159) *
Duplicating Expense	4,000	-	4,000	5,747	(1,747) *
Postage and Meter Rental	13,000	-	13,000	12,170	830
Telephone	13,000	-	13,000	9,895	3,105
Town Office Building - Custodian	20,000	-	20,000	20,337	(337) *
	<u>152,500</u>	<u>-</u>	<u>152,500</u>	<u>141,308</u>	<u>11,192</u>
Property Casualty					
Fire/Liability/Casualty Insurance	78,648	-	78,648	75,246	3,402
	<u>78,648</u>	<u>-</u>	<u>78,648</u>	<u>75,246</u>	<u>3,402</u>
Fringe Benefits					
Workers Compensation Insurance	50,543	-	50,543	47,211	3,332
Unemployment Insurance	1	-	1	-	1
Social Security/Medicare	86,000	-	86,000	85,667	333
Medical/Dental Coverage	288,200	(36,276)	251,924	251,924	-
Life/Disability Insurance	8,250	-	8,250	5,384	2,866
Pension Plans	69,292	-	69,292	67,810	1,482
Actuarial Expense	6,500	-	6,500	5,400	1,100
	<u>508,786</u>	<u>(36,276)</u>	<u>472,510</u>	<u>463,396</u>	<u>9,114</u>
Grant Writer	1	-	1	-	1
Contingency	1	-	1	-	1
IT Department					
Computer Supplies	7,000	-	7,000	2,879	4,121
Computer Maintenance and Licenses	42,236	-	42,236	34,919	7,317
GIS Applications	3,500	-	3,500	3,500	-
Town Website	6,000	-	6,000	2,757	3,243
Internet Access	1,700	-	1,700	1,963	(263) *
IT Network Support	60,024	-	60,024	70,306	(10,282) *
	<u>120,460</u>	<u>-</u>	<u>120,460</u>	<u>116,324</u>	<u>4,136</u>
Subtotal General Government	<u>1,705,233</u>	<u>22,280</u>	<u>1,727,513</u>	<u>1,699,487</u>	<u>28,026</u>
Public Safety					
Fire Company					
Fire Company	191,402	-	191,402	210,902	(19,500) *
Ambulance/Fire Service Recognition Plan	130,000	-	130,000	129,400	600
Stipend in lieu of tax abatement	12,905	-	12,905	12,872	33
KVFC/KAA Life Insurance	26,000	-	26,000	18,200	7,800
Actuarial Expense	10,000	-	10,000	12,975	(2,975) *
	<u>370,307</u>	<u>-</u>	<u>370,307</u>	<u>384,349</u>	<u>(14,042)</u>
Fire Marshal					
Fire Marshal Stipend	21,443	-	21,443	21,443	-
Fire Marshal Expense	5,778	-	5,778	4,216	1,562
	<u>27,221</u>	<u>-</u>	<u>27,221</u>	<u>25,659</u>	<u>1,562</u>
Open Burning Official					
Open Burning Official Stipend	1,000	-	1,000	1,000	-
	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Office of Emergency Management					
Office of Emergency Management Expenses	5,000	-	5,000	6,762	(1,762) *
Emergency Planning Committee	1	-	1	-	1
	<u>5,001</u>	<u>-</u>	<u>5,001</u>	<u>6,762</u>	<u>(1,761)</u>
Resident State Trooper					
Resident State Trooper - Assessment	189,604	(34,278)	155,326	155,326	-
Resident State Trooper Expenses	38,100	(772)	37,328	37,328	-
	<u>227,704</u>	<u>(35,050)</u>	<u>192,654</u>	<u>192,654</u>	<u>-</u>
Paramedic					
Paramedic Obligation	6,268	-	6,268	6,268	-
	<u>6,268</u>	<u>-</u>	<u>6,268</u>	<u>6,268</u>	<u>-</u>
Communication					
Valley Shore Communication	91,579	-	91,579	91,579	-
	<u>91,579</u>	<u>-</u>	<u>91,579</u>	<u>91,579</u>	<u>-</u>
Subtotal Public Safety	<u>729,080</u>	<u>(35,050)</u>	<u>694,030</u>	<u>708,271</u>	<u>(14,241) *</u>
Highway					
Foreman Salary	93,151	(28,960)	64,191	64,191	-
Mechanic Salary	65,370	-	65,370	67,184	(1,814) *
Driver/Operator Salary	142,267	-	142,267	152,634	(10,367) *
OT/Special	8,500	-	8,500	7,601	899
Highway Other	382,903	(70,712)	312,191	296,880	15,311
Snow Removal	190,000	-	190,000	117,739	72,261
Groundskeepers/Contractors	5,500	-	5,500	6,674	(1,174) *
Cemetery Care	11,000	-	11,000	6,826	4,174
	<u>898,691</u>	<u>(99,672)</u>	<u>799,019</u>	<u>719,729</u>	<u>79,290</u>

Continued

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

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Sanitation and Health					
Compactor Supervisor's Salary	21,314	-	21,314	1,916	19,398
Compactor Attendant Salary	36,088	-	36,088	44,954	(8,866) *
Compactor Maintenance and Operation	27,800	-	27,800	22,532	5,268
Carting and Disposal Expense	140,000	-	140,000	122,958	17,042
Bulky Waste Disposal	90,500	-	90,500	77,516	12,984
Mosquito Control	1	-	1	-	1
Hazardous Waste Collection	12,400	-	12,400	9,666	2,734
Health District Assessment	72,550	-	72,550	72,550	-
Public Health Agency	360	-	360	-	360
Vital Statistics	200	-	200	-	200
	<u>401,213</u>	<u>-</u>	<u>401,213</u>	<u>352,092</u>	<u>49,121</u>
Conservation and Land Use					
Planning and Zoning	1,975	-	1,975	935	1,040
Land Use Reporting Requirement	6,000	-	6,000	4,988	1,012
Zoning Enforcement Officer - Salary	24,000	-	24,000	18,516	5,484
Zoning Enforcement Officer - Expense	1,000	-	1,000	720	280
Zoning Board of Appeals	500	-	500	137	363
Conservation Commission	500	-	500	-	500
IWWC	700	-	700	408	292
IWWC Enforcement Officer Salary	16,000	-	16,000	12,344	3,656
IWWC Enforcement Officer Expense	500	-	500	-	500
Water Pollution Control	1	-	1	-	1
CT River Conservation District	1,661	-	1,661	1,661	-
Tree Warden	2,500	-	2,500	2,016	484
	<u>55,337</u>	<u>-</u>	<u>55,337</u>	<u>41,725</u>	<u>13,612</u>
Recreation					
Killingworth Park and Rec Commission	90,000	-	90,000	87,746	2,254
Regional Recreation	71,410	-	71,410	71,417	(7) *
	<u>161,410</u>	<u>-</u>	<u>161,410</u>	<u>159,163</u>	<u>2,247</u>
Miscellaneous Community Services					
Committee on Aging	1,500	-	1,500	880	620
Killingworth Library Association	269,500	-	269,500	269,500	-
Animal Control (Dog Fund) Support	26,000	-	26,000	26,000	-
Parmelee Farm Committee	10,000	-	10,000	10,910	(910) *
Open Space Committee	1	-	1	-	1
Open Space Acquisition Expense	1	-	1	-	1
Community Services Support	1	-	1	500	(499) *
LCRVCOG	10,313	-	10,313	10,313	-
Comm Renewal Team	3,000	-	3,000	3,000	-
Estuary Council of Seniors, Inc.	11,989	-	11,989	11,989	-
Estuary Transit District	10,365	-	10,365	10,365	-
Literacy Volunteers	500	-	500	500	-
Youth and Family Services	93,500	-	93,500	93,500	-
Substance Abuse / Addiction Services	1	-	1	-	1
The Connection - Eddy Shelter	1,000	-	1,000	1,000	-
Council of Small Towns	1,075	-	1,075	1,075	-
CT Conference of Municipalities	3,643	-	3,643	3,643	-
Tax Abatement and Refunds	1	-	1	22,749	(22,748) *
Miscellaneous Grants	1	-	1	7,618	(7,617) *
Miscellaneous Government Refunds	1	112,442	112,443	112,442	1
	<u>442,392</u>	<u>112,442</u>	<u>554,834</u>	<u>585,984</u>	<u>(31,150)</u>
Welfare					
Social Services/Municipal Agent	12,336	-	12,336	12,805	(469) *
Administrative Expense	100	-	100	23	77
	<u>12,436</u>	<u>-</u>	<u>12,436</u>	<u>12,828</u>	<u>(392)</u>

Continued

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

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Financial Obligations					
Bonding	388,078	-	388,078	388,210	(132) *
	<u>388,078</u>	<u>-</u>	<u>388,078</u>	<u>388,210</u>	<u>(132)</u>
Transfers for Capital Improvement					
Transfer to Capital Reserve	1,060,000	-	1,060,000	1,060,000	-
	<u>1,060,000</u>	<u>-</u>	<u>1,060,000</u>	<u>1,060,000</u>	<u>-</u>
Total General Government	<u>5,853,870</u>	<u>-</u>	<u>5,853,870</u>	<u>5,727,489</u>	<u>126,381</u>
Education					
Regional School District #17	17,831,251	-	17,831,251	17,812,355	18,896
Total Education	<u>17,831,251</u>	<u>-</u>	<u>17,831,251</u>	<u>17,812,355</u>	<u>18,896</u>
Total Expenditures	<u>23,685,121</u>	<u>-</u>	<u>23,685,121</u>	<u>23,539,844</u>	<u>145,277</u>
Excess (deficiency) of revenues over expenditures - Budgetary Basis	<u>\$ (1,451,731)</u>	<u>\$ -</u>	<u>\$ (1,451,731)</u>	<u>\$ (566,742)</u>	<u>\$ 884,989</u>
Adjustments to Generally Accepted Accounting Principals (GAAP):					
Change in accrued payroll				<u>10,887</u>	
Excess (deficiency) of revenues over expenditures - GAAP Basis				<u>\$ (555,855)</u>	

* indicates overexpended line item

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total pension liability:										
Service cost	\$ 62,886	\$ 63,781	\$ 59,216	\$ 57,237	\$ 61,411	\$ 61,736	\$ 64,900	\$ 57,312	\$ 34,120	\$ 38,474
Interest	170,601	174,821	175,757	160,414	164,738	172,356	177,281	171,628	167,500	179,076
Differences between expected and actual experience	-	-	-	144,907	(7,139)	(8,743)	(13,448)	77,140	106,655	(75,702)
Changes of assumptions	-	(31,449)	(79,507)	(169,721)	20,776	(35,001)	(89,849)	(128,933)	71,887	70,449
Benefit payments, including refunds of member contributions	(106,008)	(112,852)	(274,687)	(122,057)	(130,580)	(114,581)	(114,581)	(125,888)	(137,195)	(237,247)
Net change in total pension liability	127,479	94,301	(119,221)	70,780	109,206	75,767	24,303	51,259	242,967	(24,950)
Total pension liability - beginning	2,426,383	2,553,862	2,648,163	2,528,942	2,599,722	2,708,928	2,784,695	2,808,998	2,860,257	3,103,224
Total pension liability - ending	2,553,862	2,648,163	2,528,942	2,599,722	2,708,928	2,784,695	2,808,998	2,860,257	3,103,224	3,078,274
Plan fiduciary net position:										
Contributions - employer	106,018	104,018	104,319	112,425	96,722	96,722	104,421	104,421	57,447	57,447
Investment income, net of admin expenses	2,446	(7,770)	159,021	95,044	109,345	73,645	532,424	(391,830)	224,316	265,461
Benefit payments, including refunds of member contributions	(106,008)	(112,852)	(274,687)	(122,057)	(130,580)	(114,581)	(114,581)	(125,888)	(137,195)	(237,247)
Administrative expenses	-	-	-	-	-	-	-	-	-	-
Net change in fiduciary net position	2,456	(16,604)	(11,347)	85,412	75,487	55,786	522,264	(413,297)	144,568	85,661
Plan fiduciary net position - beginning	2,104,716	2,107,172	2,090,509	2,079,162	2,164,574	2,240,061	2,295,847	2,818,111	2,404,814	2,549,382
Plan fiduciary net position - ending	2,107,172	2,090,568	2,079,162	2,164,574	2,240,061	2,295,847	2,818,111	2,404,814	2,549,382	2,635,043
Net Pension Liability (Asset) - Ending	\$ 446,690	\$ 557,595	\$ 449,780	\$ 435,148	\$ 468,867	\$ 488,848	\$ (9,113)	\$ 455,443	\$ 553,842	\$ 443,231
Plan fiduciary net position as a percentage of the total pension liability	82.51%	78.94%	82.21%	83.26%	82.69%	82.45%	100.32%	84.08%	82.15%	85.60%
Covered-employee payroll	702,696	652,649	520,287	598,381	623,075	633,603	619,479	483,836	524,438	374,241
Net pension liability as a percentage of covered-employee payroll	63.57%	85.44%	86.45%	72.72%	75.25%	77.15%	-1.47%	94.13%	105.61%	118.43%

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total pension liability:										
Service cost	\$ 49,081	\$ 35,845	\$ 27,072	\$ 29,523	\$ 31,871	\$ 18,878	\$ 25,711	\$ 27,182	\$ 30,960	\$ 39,694
Interest	126,159	123,654	126,986	125,841	132,371	131,634	130,225	129,855	135,656	169,294
Differences between expected and actual experience	-	-	-	153,053	(5,597)	(6,291)	(9,558)	73,582	40,151	100,964
Changes of benefit terms	-	-	-	-	-	-	-	-	646,741	-
Changes of assumptions	(75,026)	(29,680)	55,336	(96,813)	(56,414)	(52,276)	42,751	(17,009)	89,714	91,926
Benefit payments, including refunds of member contributions	(75,964)	(96,572)	(67,874)	(107,038)	(115,256)	(111,900)	(115,340)	(114,460)	(127,140)	(457,179)
Net change in total pension liability	24,250	33,247	141,520	104,566	(13,025)	(19,955)	73,789	99,150	816,082	(55,301)
Total pension liability - beginning	1,790,524	1,814,774	1,848,021	1,989,541	2,094,107	2,081,082	2,061,127	2,134,916	2,234,066	3,050,148
Total pension liability - ending	1,814,774	1,848,021	1,989,541	2,094,107	2,081,082	2,061,127	2,134,916	2,234,066	3,050,148	2,994,847
Plan fiduciary net position:										
Contributions - employer	100,000	140,376	128,000	111,334	102,371	102,371	89,178	89,178	129,400	129,400
Investment income, net of admin expenses	(3,128)	(7,226)	86,163	54,583	62,113	44,575	293,349	(217,042)	124,379	105,086
Benefit payments, including refunds of member contributions	(75,964)	(96,572)	(67,874)	(107,038)	(115,256)	(111,900)	(115,340)	(114,460)	(127,140)	(457,179)
Administrative expenses	-	-	-	-	-	-	-	-	-	-
Net change in fiduciary net position	20,908	36,578	146,289	58,879	49,228	35,046	267,187	(242,324)	126,639	(222,693)
Plan fiduciary net position - beginning	951,835	972,743	1,009,321	1,155,610	1,214,489	1,263,717	1,298,763	1,565,950	1,323,626	1,450,265
Plan fiduciary net position - ending	972,743	1,009,321	1,155,610	1,214,489	1,263,717	1,298,763	1,565,950	1,323,626	1,450,265	1,227,572
Net Pension Liability (Asset) - Ending	\$ 842,031	\$ 838,700	\$ 833,931	\$ 879,618	\$ 817,365	\$ 762,364	\$ 568,966	\$ 910,440	\$ 1,599,883	\$ 1,767,275
Plan fiduciary net position as a percentage of the total pension liability	53.60%	54.62%	58.08%	58.00%	60.72%	63.01%	73.35%	59.26%	47.55%	40.99%
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ 106,018	\$ 104,018	\$ 104,319	\$ 112,425	\$ 96,722	\$ 96,722	\$ 104,421	\$ 104,421	\$ 57,447	\$ 57,447
Contributions in relation to the actuarially determined contribution	106,018	104,018	104,319	112,425	96,722	96,722	104,421	104,421	57,447	57,447
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	702,696	652,649	580,287	589,381	623,075	633,603	619,479	483,836	524,438	374,241
Contributions as a percentage of covered-employee payroll	15.09%	15.94%	17.98%	19.08%	15.52%	15.27%	16.86%	21.58%	10.95%	15.35%

Notes to Schedule

Valuation date: June 30, 2024
Measurement Date: June 30, 2024
Actuarially determined contribution rates are calculated as of June 30, 30 months prior to the end of the fiscal year in which contributions are reported

Actuarial method: Entry Age Normal
Amortization method: Level Percentage of payroll, closed
Discount Rate: 5.75% (previously 6.00%)
Asset value method: Fair Market Value
Remaining amortization period: 30 years from 7/1/2011
Inflation: 2.50%
Investment rate of return: 5.75% (previously 6.00%)
Salary increases: 3.00%
Mortality rates: RP-2014 (adjusted to 2006) with MP-2021 mortality improvements

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ 100,000	\$ 140,376	\$ 128,000	\$ 111,334	\$ 102,371	\$ 102,371	\$ 89,178	\$ 102,371	\$ 78,883	\$ 78,883
Contributions in relation to the actuarially determined contribution	100,000	140,376	128,000	111,334	102,371	102,371	89,178	102,371	129,400	129,400
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (50,517)	\$ (50,517)
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: June 30, 2024
Measurement Date: June 30, 2024
Actuarially determined contribution rates are calculated as of June 30, 30 months prior to the end of the fiscal year in which contributions are reported

Actuarial method: Entry Age Normal
Amortization method: Level Percentage of payroll, closed
Remaining amortization period: 30 years from 7/1/2011
Asset value method: Fair Market Value
Inflation: 2.50%
Investment rate of return: 5.75% (previously 6.00%)
Salary increases: N/A
Mortality rates: RP-2014 (adjusted to 2006) with MP-2021 mortality improvements

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Annual money-weighted rate of return, net of investment expense										
Municipal Employees Plan	-0.33%	-0.37%	8.22%	4.61%	5.09%	3.31%	23.35%	-13.98%	9.45%	10.72%
Volunteer Fire Company Plan	0.12%	-0.73%	8.39%	4.79%	5.21%	3.59%	23.12%	-14.12%	9.52%	8.50%

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Beginning Balance	\$ 130,415	\$ 127,252	\$ 138,039	\$ 149,716	\$ 168,473	\$ 174,733	\$ 185,505
Changes for the year:							
Service cost	7,379	5,398	7,698	7,985	8,860	5,581	4,990
Interest	4,721	4,607	4,321	3,982	3,673	7,147	7,661
Differences between expected and actual experience	(10,860)	(3,070)	(3,778)	2,892	13,056	(1,724)	(47,768)
Changes of assumptions	(4,403)	3,852	3,436	3,898	(19,329)	(232)	(407)
Net changes	<u>(3,163)</u>	<u>10,787</u>	<u>11,677</u>	<u>18,757</u>	<u>6,260</u>	<u>10,772</u>	<u>(35,524)</u>
Ending Balance	<u>\$ 127,252</u>	<u>\$ 138,039</u>	<u>\$ 149,716</u>	<u>\$ 168,473</u>	<u>\$ 174,733</u>	<u>\$ 185,505</u>	<u>\$ 149,981</u>
Town's covered payroll	\$ 499,350	\$ 429,611	\$ 489,151	\$ 490,060	\$ 509,943	\$ 280,805	\$ 310,711
Total OPEB liability as a percentage of its covered payroll	25.48%	32.13%	30.61%	34.38%	34.27%	66.06%	48.27%

NOTES TO SCHEDULE

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

Changes in Actuarial Assumptions

Investment Rate of Return 4.21% as of June 30, 2024 (Prior was 4.13%).

Inflation 2.50%

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

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

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OTHER SUPPLEMENTARY INFORMATION

**TOWN OF KILLINGWORTH, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024**

	ASSETS				
	<u>DOG FUND</u>	<u>TOWN CLERK RECORD PRESERVATION FUND</u>	<u>TOWN CLERK RECORD SURCHARGE FUND</u>	<u>FIRE PROTECTION FUND</u>	<u>HELPING HANDS FUND</u>
ASSETS					
Cash and cash equivalents	\$ 13,358	\$ 4,334	\$ 5,408	\$ 15,150	\$ 10,828
Total current assets	<u>\$ 13,358</u>	<u>\$ 4,334</u>	<u>\$ 5,408</u>	<u>\$ 15,150</u>	<u>\$ 10,828</u>
 LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 765	\$ -	\$ -	\$ -	2,013
Unearned revenues	-	-	-	-	-
Total current liabilities	<u>765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,013</u>
 FUND BALANCE					
Restricted	12,593	4,334	5,408	15,150	8,815
Total fund balance	<u>12,593</u>	<u>4,334</u>	<u>5,408</u>	<u>15,150</u>	<u>8,815</u>
Total liabilities and fund balance	<u>\$ 13,358</u>	<u>\$ 4,334</u>	<u>\$ 5,408</u>	<u>\$ 15,150</u>	<u>\$ 10,828</u>

Continued

See independent auditors' report

TOWN OF KILLINGWORTH, CONNECTICUT
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

ASSETS

	FRIENDLY FUND	PARMELEE FARM FUND	TAX SALE FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS				
Cash and cash equivalents	\$ 13,130	\$ 72,703	\$ -	\$ 134,911
Total current assets	\$ 13,130	\$ 72,703	\$ -	\$ 134,911

LIABILITIES AND FUND BALANCE

LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,778
Unearned Revenues	-	2,100	-	2,100
Total current liabilities	-	2,100	-	4,878
FUND BALANCE				
Restricted	13,130	70,603	-	130,033
Total fund balance	13,130	70,603	-	130,033
Total liabilities and fund balance	\$ 13,130	\$ 72,703	\$ -	\$ 134,911

See independent auditors' report

**TOWN OF KILLINGWORTH, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	DOG FUND	TOWN CLERK RECORD PRESERVATION FUND	TOWN CLERK RECORD SURCHARGE FUND	FIRE PROTECTION FUND	HELPING HANDS FUND
REVENUES					
Intergovernmental revenues	\$ 9,101	\$ 7,622	\$ 586	\$ -	\$ -
Local revenue	4	-	-	-	16,519
Total revenues	<u>9,105</u>	<u>7,622</u>	<u>586</u>	<u>-</u>	<u>16,519</u>
EXPENDITURES					
Current					
General government	29,319	8,450	-	-	-
Community services	-	-	-	-	17,886
Total expenditures	<u>29,319</u>	<u>8,450</u>	<u>-</u>	<u>-</u>	<u>17,886</u>
Excess (deficiency) of revenues over expenditures	(20,214)	(828)	586	-	(1,367)
OTHER FINANCING USES					
Transfers in	<u>26,000</u>	-	-	-	-
	26,000	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	5,786	(828)	586	-	(1,367)
FUND BALANCE, beginning of year	<u>6,807</u>	<u>5,162</u>	<u>4,822</u>	<u>15,150</u>	<u>10,182</u>
FUND BALANCE, end of year	<u>\$ 12,593</u>	<u>\$ 4,334</u>	<u>\$ 5,408</u>	<u>\$ 15,150</u>	<u>\$ 8,815</u>

See independent auditors' report

Continued

**TOWN OF KILLINGWORTH, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	FRIENDLY FUND	PARMELEE FARM FUND	TAX SALE FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 17,309
Local revenue	4,606	55,002	-	76,131
Total revenues	<u>4,606</u>	<u>55,002</u>	<u>-</u>	<u>93,440</u>
EXPENDITURES				
Current				
General Government	-	-	518	38,287
Community services	3,530	53,703	-	75,119
Total expenditures	<u>3,530</u>	<u>53,703</u>	<u>518</u>	<u>113,406</u>
Excess (deficiency) of revenues over expenditures	1,076	1,299	(518)	(19,966)
OTHER FINANCING USES				
Transfers in	-	-	-	26,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	1,076	1,299	(518)	6,034
FUND BALANCE, beginning of year	<u>12,054</u>	<u>69,304</u>	<u>518</u>	<u>123,999</u>
FUND BALANCE, end of year	<u>\$ 13,130</u>	<u>\$ 70,603</u>	<u>\$ -</u>	<u>\$ 130,033</u>

See independent auditors' report

**TOWN OF KILLINGWORTH, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2024**

	PENSION TRUST FUNDS		
	MUNICIPAL EMPLOYEE PENSION FUND	VOLUNTEER FIRE COMPANY PENSION FUND	TOTAL
ASSETS			
Investments	\$ 2,635,043	\$ 1,227,572	\$ 3,862,615
Total assets	\$ 2,635,043	\$ 1,227,572	\$ 3,862,615
 NET POSITION			
Restricted for:			
Pensions	\$ 2,635,043	\$ 1,227,572	\$ 3,862,615
Total net position	\$ 2,635,043	\$ 1,227,572	\$ 3,862,615

See independent auditors' report

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

	PENSION TRUST FUNDS		
	MUNICIPAL EMPLOYEE PENSION FUND	VOLUNTEER FIRE COMPANY PENSION FUND	TOTAL
ADDITIONS			
Net appreciation in the fair value of investments	\$ 282,525	\$ 113,646	\$ 396,171
Contributions	57,447	129,400	186,847
Total additions	<u>339,972</u>	<u>243,046</u>	<u>583,018</u>
DEDUCTIONS			
Benefits	237,247	457,179	694,426
Administrative expenses	17,064	8,560	25,624
Total deductions	<u>254,311</u>	<u>465,739</u>	<u>720,050</u>
Net increase (decrease) in fiduciary net position	85,661	(222,693)	(137,032)
NET POSITION			
Beginning of year	2,549,382	1,450,265	3,999,647
End of year	<u>\$ 2,635,043</u>	<u>\$ 1,227,572</u>	<u>\$ 3,862,615</u>

See independent auditors' report

**TOWN OF KILLINGWORTH, CONNECTICUT
REPORT OF THE PROPERTY TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2024**

Grand List	Taxes Receivable	Current Year	Lawful Corrections		Transfer to Suspense	Net Taxes	Collections During the Year		Suspense	Total	Taxes Receivable
	July 1, 2023	Levy	Additions	Deductions	Add-backs	Collectible	Taxes	Interest & Liens	Collections		June 30, 2024
2022	\$ -	\$19,672,345	\$ 7,826	\$ 43,383	\$ -	\$19,636,788	\$19,514,087	\$42,684	\$ 3,045	\$19,559,816	\$ 122,701
2021	118,961	-	560	4,671	-	114,850	79,416	17,887	320	97,623	35,434
2020	47,019	-	-	440	17,691	28,888	20,087	7,700	100	27,887	8,801
2019	11,251	-	77	80	-	11,248	8,912	2,516	72	11,500	2,336
2018	1,615	-	9	82	-	1,542	778	422	24	1,224	764
2017	655	-	-	82	-	573	(82)	-	-	(82)	655
2016	406	-	-	-	-	406	-	-	-	-	406
2015	299	-	-	-	-	299	-	-	-	-	299
2014	286	-	-	-	-	286	-	-	-	-	286
2013	260	-	10	-	-	270	-	-	-	-	270
2012	271	-	6	-	-	277	-	-	-	-	277
Prior	2,755	-	9	612	-	2,152	-	-	-	-	2,152
	<u>\$ 183,778</u>	<u>\$19,672,345</u>	<u>\$ 8,497</u>	<u>\$ 49,350</u>	<u>\$ 17,691</u>	<u>\$19,797,579</u>	<u>\$19,623,198</u>	<u>\$71,209</u>	<u>\$ 3,561</u>	<u>\$19,697,968</u>	<u>\$ 174,381</u>

See independent auditors' report

TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF CHANGES IN FUND BALANCE - BY PROJECT
RESERVE FOR CAPITAL AND NONRECURRING EXPENDITURES FUND
FOR THE YEAR ENDED JUNE 30, 2024

	BEGINNING BALANCE	TRANSFERS IN BUDGET ADDITIONS (REDUCTIONS)	ADDITIONS (REVENUES POSTED)	REDUCTIONS (EXPENDITURES POSTED)	PROJECT CLOSEOUTS	ENDING BALANCE
Committed fund balance						
Continuing Projects						
IT upgrades	\$ -	\$ -	\$ -	\$ (4,235)	\$ -	\$ (4,235)
KVFC turnout gear	-	34,500	-	-	-	34,500
KVFC brush/light rescue 887	3,147	-	-	(3,106)	(41)	-
KVFC heavy rescue	310,871	-	-	(302,746)	-	8,125
KVFC knox box/apparatus key boxes	2,097	-	-	(1,744)	-	353
KVFC brush/light rescue 887	92,497	-	-	(50,497)	-	42,000
KVFC training building improvements	39	-	-	-	(39)	-
KVFC - Station 1 Reno - Conceptual Design	500,000	-	-	(13,850)	-	486,150
HW Dept - Large Dump/Plow/Sander	12,442	-	-	(11,494)	(948)	-
HW Dept - Brush Chipper	75,000	-	-	(75,000)	-	-
Pavilion at Eric Auer Recreational Park	30,000	-	-	-	-	30,000
Roof for Salt Shed	40,000	-	-	(29,979)	(10,021)	-
Town office building - modular roof and HVAC system	-	200,000	-	(69,900)	-	130,100
Town office building - repair or replace assessment	-	25,000	-	-	-	25,000
On-line permitting software	-	19,892	-	(16,217)	-	3,675
Road Projects						
Country Road Bridge - phase 2	24,503	-	-	(588)	(22,915)	1,000
Emanuel Church Road Bridge	219,747	-	-	(1,193)	-	218,554
Cow Hill Road - drainage swale	-	100,000	-	(23,723)	-	76,277
Emanuel Church Road - mill and fill	-	100,000	-	-	-	100,000
Drainage Inlet Repair of Green Hill Rd	42,181	-	-	-	-	42,181
Drainage Improvement on Beckwith Rd	144,523	-	-	(159,038)	-	(14,515)
Chip seal	-	600,000	81,798	(502,182)	-	179,616
Sinking Funds						
Sick/vacation payout at retirement	33,000	-	-	(33,000)	-	-
Open Space	1,008	-	-	-	-	1,008
Capital surcharge account	97,685	-	1,758	-	-	99,443
Total committed fund balance	<u>1,628,740</u>	<u>1,079,392</u>	<u>83,556</u>	<u>(1,298,492)</u>	<u>(33,964)</u>	<u>1,459,232</u>
Assigned fund balance						
General government	18,111	(19,392)	45,829	-	33,964	78,512
Total assigned fund balance	<u>18,111</u>	<u>(19,392)</u>	<u>45,829</u>	<u>-</u>	<u>33,964</u>	<u>78,512</u>
Total fund balance	<u>\$ 1,646,851</u>	<u>\$ 1,060,000</u>	<u>\$ 129,385</u>	<u>\$ (1,298,492)</u>	<u>\$ -</u>	<u>\$ 1,537,744</u>

See independent auditors' report

STATE SINGLE AUDIT REPORTS

**STATE INTERNAL CONTROL AND
COMPLIANCE REPORTS**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Finance
Town of Killingworth, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Killingworth, Connecticut (the Town), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 1, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Hoyt, Filippetti & Malashan, LLC

Groton, Connecticut

November 1, 2024

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

To the Board of Finance
Town of Killingworth, Connecticut

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM

Opinion on Each Major State Program

We have audited Town of Killingworth, Connecticut's (the Town) compliance with the types of compliance requirements identified as a subject to audit in the *Office of Policy and Management's Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2024. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of state findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibility for the Audit of Compliance

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut

November 1, 2024

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

**TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2024**

State Grantor; Pass-through Grantor; Program Title	State Grant Program Core-CT Number	Expenditures
NONEXEMPT PROGRAMS		
CONNECTICUT STATE LIBRARY		
Historic Documents Preservation Grants	12060-CSL66094-35150	\$ 6,000
Total Connecticut State Library		<u>6,000</u>
DEPARTMENT OF TRANSPORTATION		
Town Aid Road Grants Transportation Program	12001-DOT57131-17036	248,398
Total Department of Transportation		<u>248,398</u>
SECRETARY OF THE STATE		
Early Voting	11000-SOS12500-12651	10,500
Total Secretary of the State		<u>10,500</u>
DEPARTMENT OF JUSTICE		
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	850
Total Department of Justice		<u>850</u>
OFFICE OF POLICY AND MANAGEMENT		
Reimbursement of Property Tax - Disability Exemption	11000-OPM20600-17011	330
Property Tax Relief for Veterans	11000-OPM20600-17024	1,455
Tiered PILOT	12002-OPM20600-17111	50,606
Local Capital Improvement Program (LOCIP)	12050-OPM20600-40254	81,798
Municipal Purposes and Projects	12052-OPM20600-43587	5,148
Total Office of Policy and Management		<u>139,337</u>
Total State Financial Assistance before Exempt Programs		<u>405,085</u>
EXEMPT PROGRAMS		
DEPARTMENT OF EDUCATION		
Education Cost Sharing	11000-SDE64370-17041	1,811,469
Total Department of Education		<u>1,811,469</u>
OFFICE OF POLICY AND MANAGEMENT		
Municipal Revenue Sharing	12060-OPM20600-35458	156,194
Supplemental Revenue Sharing	12002-OPM20600-17102	155,954
Total Office of Policy and Management		<u>312,148</u>
Total Exempt Programs		<u>2,123,617</u>
Total State Financial Assistance		<u>\$ 2,528,702</u>

The accompanying notes are an integral part of this schedule

TOWN OF KILLINGWORTH, CONNECTICUT
NOTE TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2024

NOTE A - ACCOUNTING BASIS

GENERAL

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Killingworth, Connecticut (the “Town”) under programs of the State of Connecticut for the fiscal year ended June 30, 2024. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut.

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

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

BASIS OF ACCOUNTING

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

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

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

**SCHEDULE OF STATE FINDINGS
AND QUESTIONED COSTS**

**TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes √ No

Significant deficiency(ies) identified? _____ Yes √ None reported

Noncompliance material to financial statements noted? _____ Yes √ No

STATE FINANCIAL ASSISTANCE

Internal control over major programs:

Material weakness(es) identified? _____ Yes √ No

Significant deficiency(ies) identified? _____ Yes √ None reported

Type of auditors’ report issued on compliance for major programs: Unmodified

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

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

<i>State Grantor/Program</i>	State Grant Program Identification Number	Expenditures
Department of Transportation:		
Town Aid Roads Grants Transportation	12001-DOT57131-17036	\$248,398
Dollar threshold used to distinguish between Type A and Type B program:		<u> \$100,000 </u>

**TOWN OF KILLINGWORTH, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

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

- We issued a report dated November 1, 2024 on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no material weaknesses.

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

- There were no findings or questioned costs reported.

**TOWN OF KILLINGWORTH, CONNECTICUT
SUMMARY SCHEDULE OF THE STATUS OF
PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

There were no prior year findings reported.