

TOWN OF ELLINGTON, CONNECTICUT

**BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2017

Contents

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Governmental Fund Financial Statements:	
Balance Sheet	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	24
Proprietary Fund Financial Statements:	
Statement of Net Position	25
Statement of Revenues, Expenses, and Changes in Fund Net Position	26
Statement of Cash Flows	27
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	28
Statement of Changes in Fiduciary Net Position	29
Notes to the Financial Statements	30
Required Supplementary Information	
Schedule of the Town's Proportionate Share of the Net Pension Liability – State of Connecticut Municipal Employees' Retirement System (Unaudited)	63
Schedule of Contributions – State of Connecticut Municipal Employees' Retirement System (Unaudited)	64
Schedule of the Town's Proportionate Share of the Net Pension Liability – Connecticut State Teachers' Retirement System (Unaudited)	65
Schedule of Funding Progress – Other Post Employment Benefits (Unaudited)	66

Contents *(Continued)*

	Page
Combining and Individual Fund Statements and Schedules:	
Governmental Funds:	
General Fund:	
Schedule of Revenues and Other Financing Sources - Budget and Actual - Budgetary Basis	67
Schedule of Expenditures - Budget and Actual - Budgetary Basis	70
Schedule of Property Taxes Levied, Collected and Outstanding	77
Schedule of Debt Limitation	78
Combining Statements:	
Combining Balance Sheet by Fund Type - Nonmajor Governmental Funds	79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances by Fund Type - Nonmajor Governmental Funds	80
Special Revenue Funds:	
Combining Balance Sheet - Nonmajor Special Revenue Funds	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	83
Capital Projects Funds:	
Combining Balance Sheet - Nonmajor Capital Projects Funds	85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds	88
Permanent Funds:	
Combining Balance Sheet - Nonmajor Permanent Funds	91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Permanent Funds	93
Proprietary Funds:	
Enterprise Funds:	
Combining Statement of Net Position - Nonmajor Enterprise Funds	95
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Nonmajor Enterprise Funds	96
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	97

Contents *(Continued)*

	Page
Combining and Individual Fund Statements and Schedules <i>(Continued)</i>:	
Fiduciary Funds:	
Private Purpose Trust Funds:	
Combining Statement of Fiduciary Net Position	98
Combining Statement of Changes in Fiduciary Net Position	100
Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities	102
Combining Statement of Changes in Fiduciary Assets and Liabilities	103

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance of the
Town of Ellington, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Ellington, Connecticut (the "Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ellington, Connecticut, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison schedule for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 and the schedules of the Town's pension plans and other postretirement benefit plan on pages 63 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 combining and individual fund financial statements and schedules on pages 67 through 103 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Mahoney Sabol + Company, LLP

Glastonbury, Connecticut
April 13, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

The management of the Town of Ellington, Connecticut (the "Town"), offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities at the close of the most recent fiscal year by \$88,666,098 (net position). Of this amount, \$11,899,680 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens and creditors.
- The Town's change in net position for the year ended June 30, 2017 amounted to an increase of \$5,088,565 or 6.09% in comparison to the prior year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$13,614,680, an increase of \$4,203,084 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,590,354 or 4.39% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 0.53 months of General Fund operating expenditures. Committed fund balance for future "Capital Reserves" and other "Capital and Nonrecurring" requirements totaled \$6,379,338 at June 30, 2017.
- Effective January 1, 2008, Town Charter Section 1004, requires the Board of Finance to maintain at least a minimum of 5% of the total expenditures for the current year in capital reserves. No expenditure or transfer may be made from the Capital Reserves without the approval of the Board of Finance. Amounts committed for "Capital Reserves" totaled \$5,678,650 as of June 30, 2017, which represents 10.44% of budgetary expenditures for the year ended June 30, 2017.
- The Town's total long-term bonded debt decreased by \$540,000, or 2.54%, due to scheduled principal payments of \$1,915,000, offset by current year bond issuance of \$1,375,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

Government-wide Financial Statements (*Continued*)

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

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, boards and agencies, public safety, public works, recreation, library, human services, town properties and education. The business-type activities of the Town include sewer activities.

The government-wide financial statements can be found on pages 17 and 18 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Crystal Lake School Addition/Renovation Fund, and the Small Cities Program Income Fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 19 through 24 of this report.

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

Fund Financial Statements (*Continued*)

Proprietary Funds

The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer operations.

The Town maintains four individual enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Information is presented separately in the proprietary fund financial statements for the Sewer Authority Fund and the Crystal Lake Sewers Fund, both of which are considered to be major funds. Data from the other two enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 25 through 27 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 28 and 29 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 through 62 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual fund statements and schedules that can be found on pages 63 through 103 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. Total net position (governmental and business-type activities combined) of the Town totaled \$88,666,098 and \$83,577,533 as of June 30, 2017 and 2016, respectively, and are summarized as follows:

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

Town of Ellington
Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 16,518,104	\$ 7,791,424	\$ 24,309,528
Capital assets	83,690,438	10,095,729	93,786,167
Total assets	<u>100,208,542</u>	<u>17,887,153</u>	<u>118,095,695</u>
Deferred outflows of resources	<u>1,184,155</u>	-	<u>1,184,155</u>
Other liabilities	2,392,032	263,802	2,655,834
Long-term liabilities	<u>26,957,918</u>	<u>1,000,000</u>	<u>27,957,918</u>
Total liabilities	<u>29,349,950</u>	<u>1,263,802</u>	<u>30,613,752</u>
Net position:			
Net investment in capital assets	63,117,556	9,095,729	72,213,285
Restricted	4,553,133	-	4,553,133
Unrestricted	<u>4,372,058</u>	<u>7,527,622</u>	<u>11,899,680</u>
Total net position	<u>\$ 72,042,747</u>	<u>\$ 16,623,351</u>	<u>\$ 88,666,098</u>

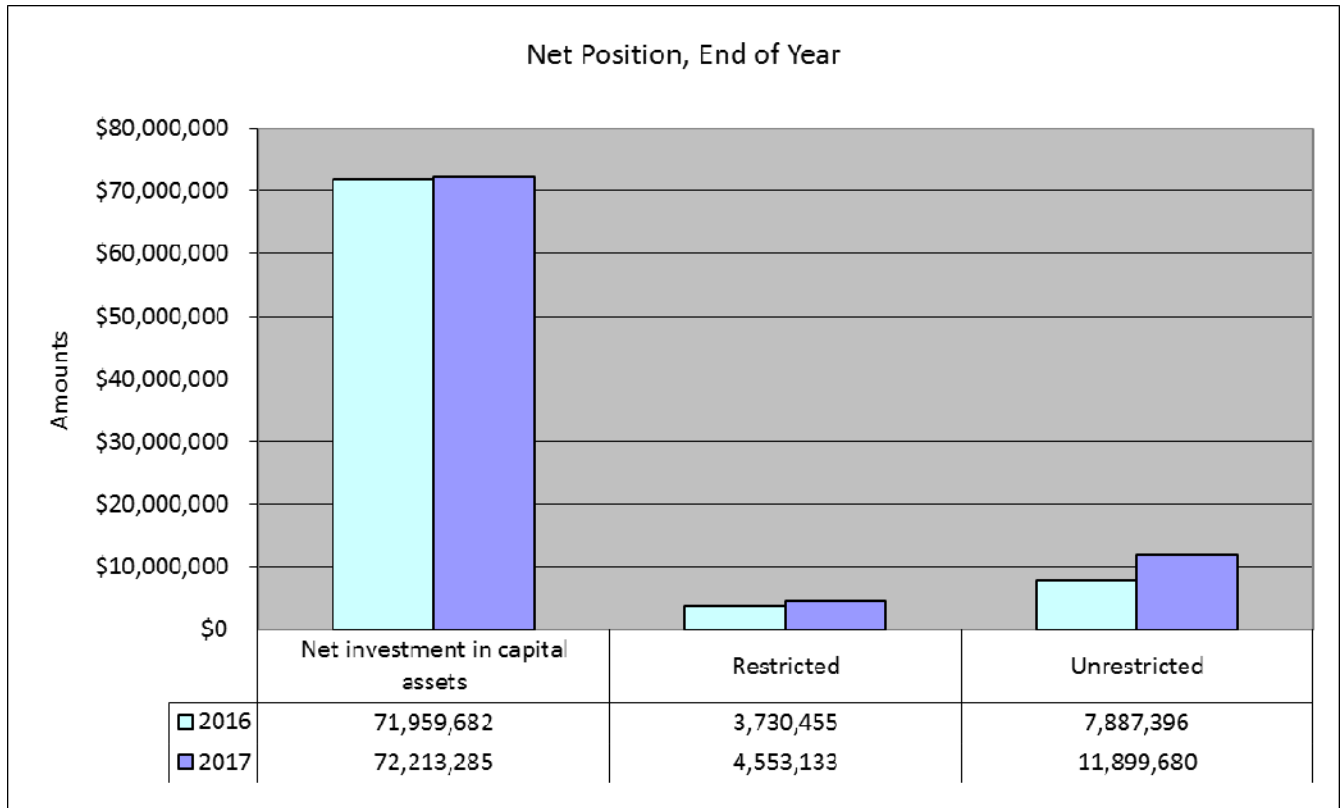
Town of Ellington
Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 14,048,459	\$ 7,293,068	\$ 21,341,527
Capital assets	<u>83,336,303</u>	<u>10,507,418</u>	<u>93,843,721</u>
Total assets	<u>97,384,762</u>	<u>17,800,486</u>	<u>115,185,248</u>
Deferred outflows of resources	<u>326,197</u>	-	<u>326,197</u>
Other liabilities	4,012,101	39,878	4,051,979
Long-term liabilities	<u>26,706,095</u>	<u>1,175,838</u>	<u>27,881,933</u>
Total liabilities	<u>30,718,196</u>	<u>1,215,716</u>	<u>31,933,912</u>
Net position:			
Net investment in capital assets	62,378,909	9,580,773	71,959,682
Restricted	3,730,455	-	3,730,455
Unrestricted	<u>883,399</u>	<u>7,003,997</u>	<u>7,887,396</u>
Total net position	<u>\$ 66,992,763</u>	<u>\$ 16,584,770</u>	<u>\$ 83,577,533</u>

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



81.4% of the Town's net position reflect its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

5.1% of the Town's net position are subject to external restrictions on how they may be used and are therefore presented as restricted net position.

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

Overall, net position increased \$5,088,565 or 6.09% in comparison to the prior year.

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

Changes in net position for the years ended June 30, 2017 and 2016 are as follows.

	Governmental Activities	Business-type Activities	Total
Town of Ellington			
Changes in Net Position			
For the Year Ended June 30, 2017			
Revenues			
Program revenues:			
Charges for services	\$ 4,268,487	\$ 2,734,539	\$ 7,003,026
Operating grants and contributions	16,548,906	-	16,548,906
Capital grants and contributions	3,029,350	-	3,029,350
General revenues:			
Property taxes	41,020,985	-	41,020,985
Grants and contributions not restricted to specific programs	160,304	-	160,304
Unrestricted investment earnings	77,361	27,671	105,032
Total revenues	65,105,393	2,762,210	67,867,603
Program expenses			
General government	4,177,611	-	4,177,611
Boards and agencies	124,208	-	124,208
Public safety	3,863,314	-	3,863,314
Public works	4,177,237	-	4,177,237
Recreation	481,008	-	481,008
Library	672,689	-	672,689
Human services	879,329	-	879,329
Town properties	766,685	-	766,685
Education	44,234,592	-	44,234,592
Interest on long-term debt	633,486	-	633,486
Sewer and solid waste	-	2,768,879	2,768,879
Total expenses	60,010,159	2,768,879	62,779,038
Change in net position before transfers	5,095,234	(6,669)	5,088,565
Transfers	(45,250)	45,250	-
Change in net position	\$ 5,049,984	\$ 38,581	\$ 5,088,565

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)

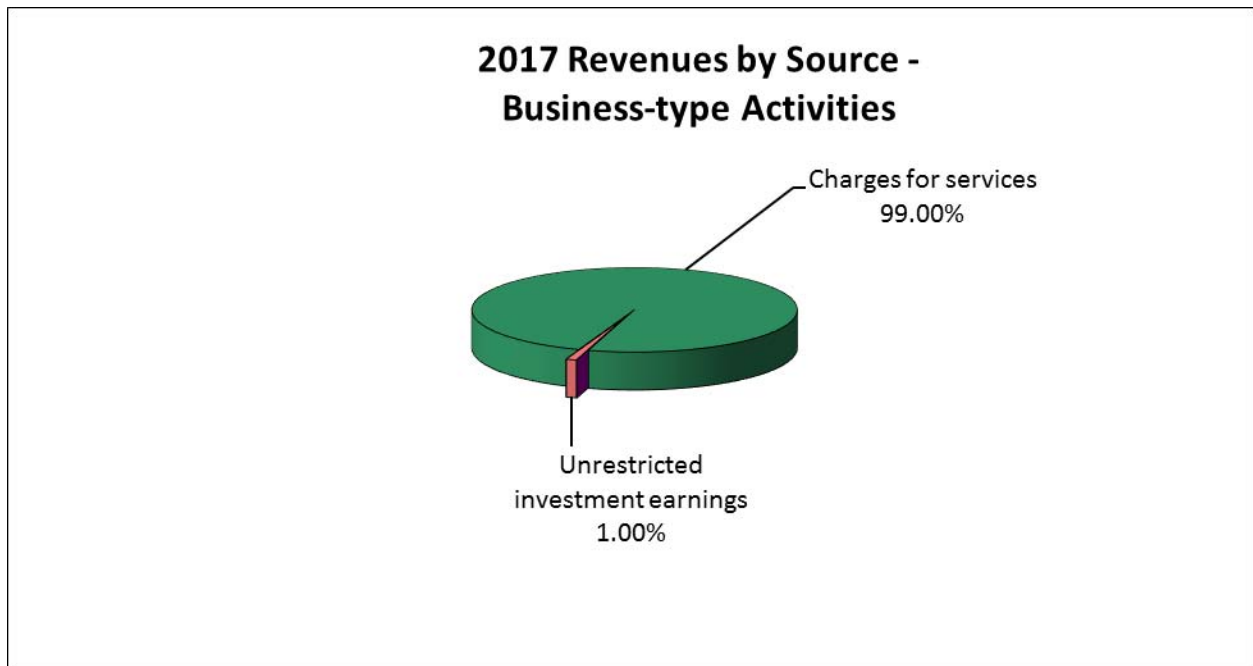
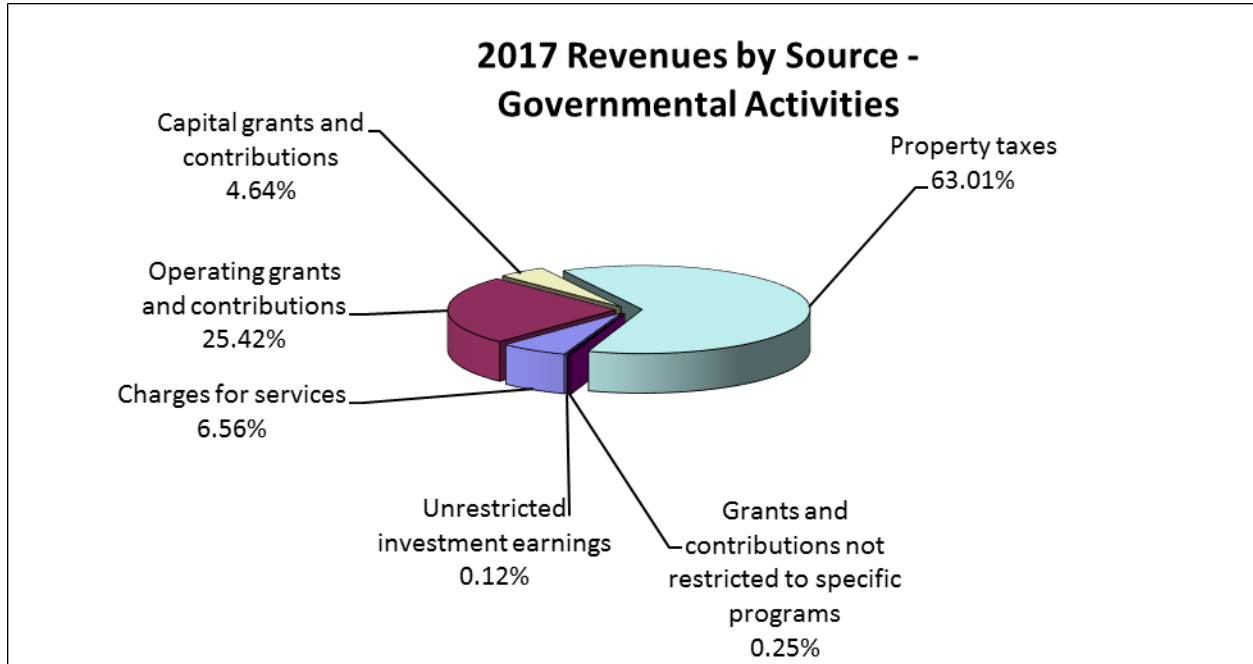
Town of Ellington
Changes in Net Position
For the Year Ended June 30, 2016

	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 3,318,891	\$ 2,767,764	\$ 6,086,655
Operating grants and contributions	16,167,164	-	16,167,164
Capital grants and contributions	634,113	-	634,113
General revenues:			
Property taxes	40,669,789	-	40,669,789
Grants and contributions not restricted to specific programs	175,887	-	175,887
Unrestricted investment earnings	29,816	1,443	31,259
Total revenues	60,995,660	2,769,207	63,764,867
Program expenses			
General government	4,425,580	-	4,425,580
Boards and agencies	109,953	-	109,953
Public safety	3,749,440	-	3,749,440
Public works	3,773,923	-	3,773,923
Recreation	452,503	-	452,503
Library	650,886	-	650,886
Human services	884,363	-	884,363
Town properties	701,597	-	701,597
Education	43,166,230	-	43,166,230
Interest on long-term debt	664,166	-	664,166
Sewer and solid waste	-	2,519,928	2,519,928
Total expenses	58,578,641	2,519,928	61,098,569
Change in net assets before transfers	2,417,019	249,279	2,666,298
Transfers	(49,000)	49,000	-
Change in net position	\$ 2,368,019	\$ 298,279	\$ 2,666,298

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

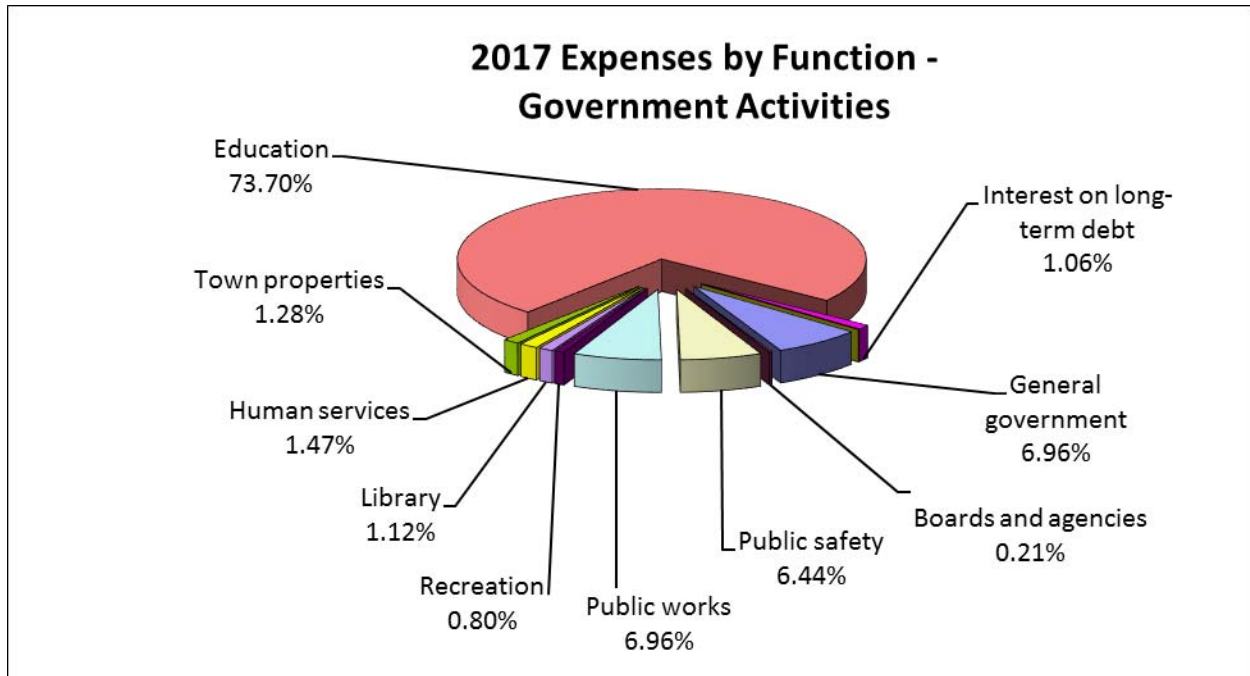
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)



Governmental Activities

Governmental activities increased the Town's net position by \$5,049,984 during fiscal year 2017, compared to a prior year increase of \$2,368,019. Overall revenues increased by \$4,109,733, or 6.7%, over the prior year. This increase is primarily due to an increase in capital grants and contributions of \$2,395,237 resulting from additional grant reimbursements received on the Crystal Lake School addition and renovation project. Overall expenditures increased by \$1,431,518, or 2.4%, over the prior year. This increase is primarily due to an increase in education expenses of \$1,068,362 resulting from contractual and operating increases.

Business-type Activities

Business-type activities increased the Town's net position by \$38,581 during fiscal year 2017, compared to a prior year increase of \$298,279. Overall revenues decreased by \$6,997 while overall expenses increased by \$248,951 over the prior year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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

Governmental Funds (*Continued*)

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$13,614,680, an increase of \$4,203,084 in comparison with the prior year. Of the total governmental fund balances, \$(2,663,892) constitutes a deficit in the Town's unassigned fund balance. This deficit is derived from a deficit within the Crystal Lake School Addition and Renovation Fund in the amount of \$5,188,995. This deficit represents a temporary deficit and is expected to be funded through future reimbursements from the State of Connecticut and/or future issuances of long-term debt. The remainder of the Town's fund balance has been classified as either restricted, committed or assigned and is not available for other uses without authorization from the Board of Finance or external parties.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,590,354, while total fund balance was \$12,306,210. Committed fund balance for future "Capital Reserves" and "Capital and Nonrecurring" totaled \$6,379,338. The remaining \$3,336,518 of fund balance is assigned for various purposes by the Board of Finance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 4.39% of total General Fund expenditures, while total fund balance represents 20.87% of that same amount. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 0.53 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$118,448 during the current fiscal year.

Crystal Lake School Addition/Renovation Fund

The fund balance of the Town's Crystal Lake School Addition/Renovation Fund increased by \$2,060,636 due to the receipt of school construction grant reimbursements in the amount of \$2,414,935, offset by current year project costs of \$354,299. The deficit fund balance in this fund is expected to be funded through future reimbursements from the State of Connecticut and/or future issuances of long-term debt.

Small Cities Program Income Fund

The fund balance of the Town's Small Cities Program Income Fund increased by \$163,571 from \$2,814,913 as of June 30, 2016 to \$2,978,484 as of June 30, 2017.

Proprietary Funds

Unrestricted net position of the Sewer Authority Fund as of June 30, 2017 totaled \$6,663,598, an increase of \$233,366 over the prior year unrestricted net position. Unrestricted net position of the Crystal Lake Sewer Fund as of June 30, 2017 totaled \$890,558, an increase of \$249,824 over the prior year.

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for 2017 planned for the utilization of fund balance of \$2,746,580. The final budget for 2017 included an additional appropriation of \$11,872, resulting in a final planned utilization of fund balance in the amount of \$2,758,452. The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$13,438, resulting in a favorable budgetary variance of \$2,771,890. Expenditures were \$949,894 less than budgeted, revenues were \$1,678,431 higher than expected and transfers in were \$143,565 more than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2017 totaled \$93,786,167 (net of accumulated depreciation). This investment in capital assets includes an art collection, land, property development rights, construction in progress, buildings and improvements, equipment, vehicles, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was \$57,554 which was comprised of a \$354,135 or 0.42% increase for governmental activities and a \$411,689 or 3.92% decrease for business-type activities.

The following table is a two year comparison of the investment in capital assets presented for both governmental and business-type activities:

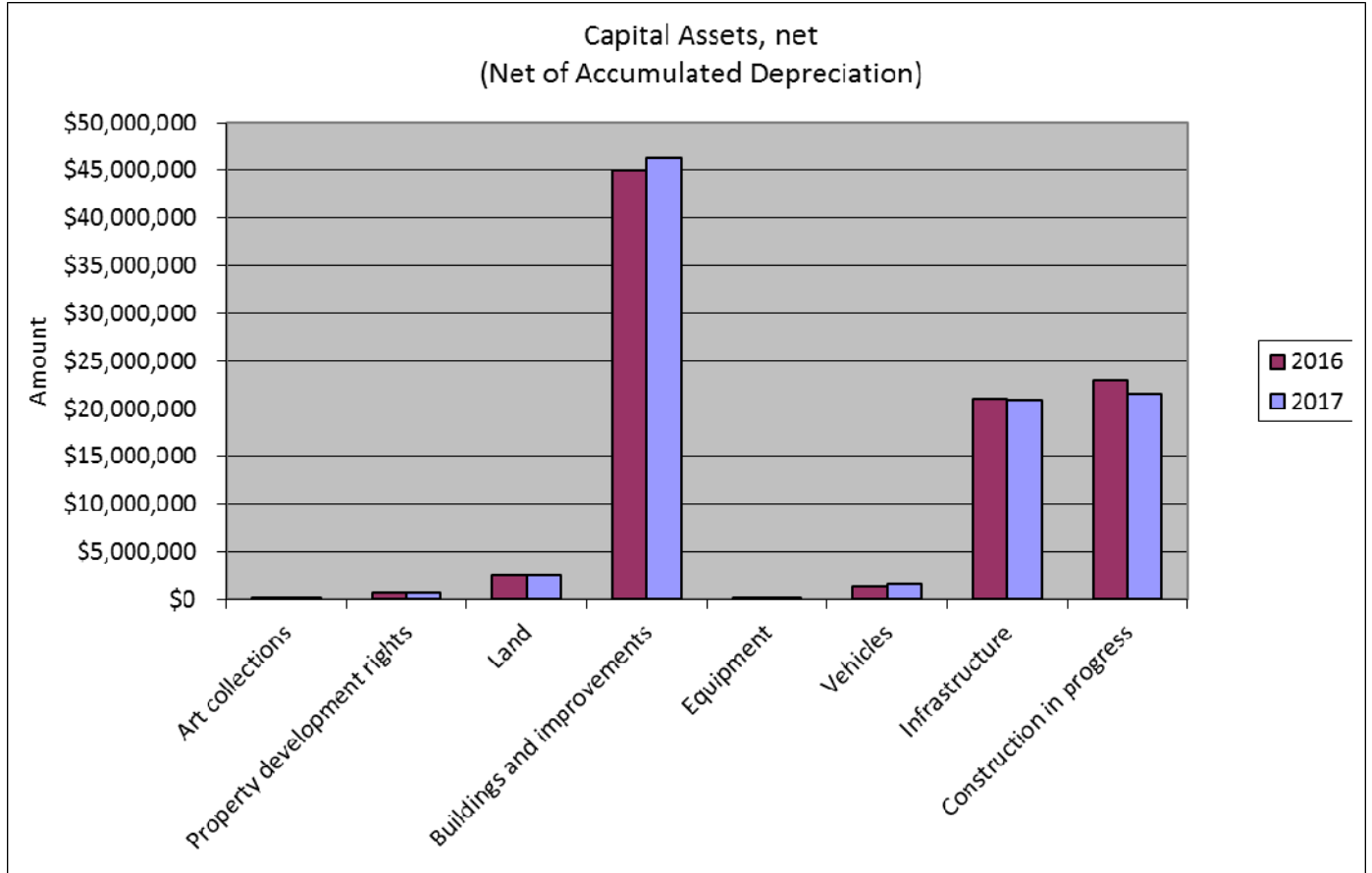
Town of Ellington
Capital Assets, net
June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Art collections	\$ 35,598	\$ 35,598	\$ -	\$ -	\$ 35,598	\$ 35,598
Property development rights	698,980	698,980	-	-	698,980	698,980
Land	2,507,844	2,507,844	-	-	2,507,844	2,507,844
Buildings and improvements	46,280,302	45,033,108	-	-	46,280,302	45,033,108
Equipment	72,799	142,727	45,194	55,588	117,993	198,315
Vehicles	1,679,983	1,375,136	-	-	1,679,983	1,375,136
Infrastructure	10,902,002	10,573,746	10,050,535	10,451,830	20,952,537	21,025,576
Construction in progress	21,512,930	22,969,164	-	-	21,512,930	22,969,164
Totals	<u>\$ 83,690,438</u>	<u>\$ 83,336,303</u>	<u>\$ 10,095,729</u>	<u>\$ 10,507,418</u>	<u>\$ 93,786,167</u>	<u>\$ 93,843,721</u>

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)



Additional information on the Town's capital assets can be found in Note 5 of this report.

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$20,760,000. This entire amount is comprised of debt backed by the full faith and credit of the Town.

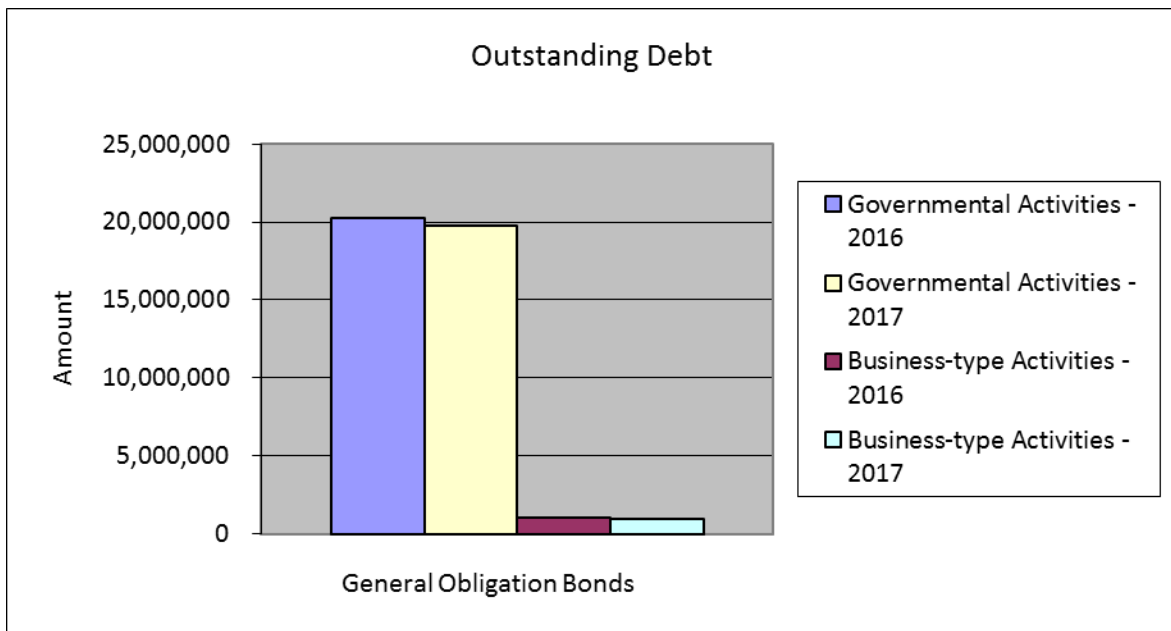
The Town's total bonded debt decreased by \$540,000, or 2.54%, due to scheduled principal payments of \$1,915,000, offset by current year bond issuance of \$1,375,000. The Town issued bonds in the current year to permanently fund property acquired and related building and site improvements made to the property in a prior year for a satellite fire station.

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

The following table is a two year comparison of long-term debt presented for both governmental and business-type activities:

Town of Ellington
Long-term Debt
June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 19,760,000	\$ 20,225,000	\$ 1,000,000	\$ 1,075,000	\$ 20,760,000	\$ 21,300,000



Additional information on the Town's long-term debt can be found in Note 9 of this report.

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which may affect the amount of intergovernmental revenues the Town will receive in fiscal year 2018 and thereafter.
- The unemployment rate in the Town compares favorably to the State's average unemployment rate and the national unemployment rate.
- Inflationary trends in the region approximate the national indices.

All of these factors were considered in preparing the Town's budget for fiscal year 2018.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Officer, Town of Ellington, 55 Main Street, Ellington, CT 06029.

BASIC FINANCIAL STATEMENTS

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 10,818,367	\$ 6,610,847	\$ 17,429,214
Investments	1,223,303	393,327	1,616,630
Receivables:			
Property taxes, net of allowance for uncollectibles of \$52,680	447,188	-	447,188
Interest on property taxes, net of allowance for uncollectibles of \$53,374	108,864	-	108,864
Sewer usage charges, net of allowance for uncollectibles of \$7,221	-	88,673	88,673
Solid waste charges, net of allowance for uncollectibles of \$4,079	-	65,616	65,616
Assessments, interest and liens	-	64,184	64,184
Grants and contracts	207,124	-	207,124
Other	387,249	7,332	394,581
Internal balances	306,205	(306,205)	-
Other assets	36,441	-	36,441
Assessments receivable - long-term portion	-	867,650	867,650
Loans receivable - long-term portion	2,983,363	-	2,983,363
Capital assets:			
Non-depreciable	24,755,352	-	24,755,352
Depreciable, net	58,935,086	10,095,729	69,030,815
Total assets	<u>100,208,542</u>	<u>17,887,153</u>	<u>118,095,695</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on pension	1,101,145	-	1,101,145
Deferred charges on refunding	83,010	-	83,010
Total deferred outflows of resources	<u>1,184,155</u>	<u>-</u>	<u>1,184,155</u>
LIABILITIES			
Accounts payable	2,106,826	218,962	2,325,788
Unearned revenue	285,206	44,840	330,046
Noncurrent liabilities:			
Due within one year	2,463,524	100,000	2,563,524
Due in more than one year	24,494,394	900,000	25,394,394
Total liabilities	<u>29,349,950</u>	<u>1,263,802</u>	<u>30,613,752</u>
NET POSITION			
Net investment in capital assets	63,117,556	9,095,729	72,213,285
Restricted for:			
Small Cities rehabilitation loan program	2,983,363	-	2,983,363
Education - open choice program	567,615	-	567,615
Endowments - expendable	949,658	-	949,658
Endowments - nonexpendable	52,497	-	52,497
Unrestricted	4,372,058	7,527,622	11,899,680
Total net position	<u>\$ 72,042,747</u>	<u>\$ 16,623,351</u>	<u>\$ 88,666,098</u>

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government:							
Governmental activities:							
General government	\$ 4,177,611	\$ 1,051,196	\$ 597,987	\$ -	\$ (2,528,428)	\$ -	\$ (2,528,428)
Boards and agencies	124,208	612,434	-	-	488,226	-	488,226
Public safety	3,863,314	428,151	59,527	-	(3,375,636)	-	(3,375,636)
Public works	4,177,237	108,662	-	399,458	(3,669,117)	-	(3,669,117)
Recreation	481,008	278,849	-	-	(202,159)	-	(202,159)
Library	672,689	-	-	-	(672,689)	-	(672,689)
Human services	879,329	167,453	81,893	-	(629,983)	-	(629,983)
Town properties	766,685	93,836	-	-	(672,849)	-	(672,849)
Education	44,234,592	1,527,906	15,809,499	2,629,892	(24,267,295)	-	(24,267,295)
Interest on long-term debt	633,486	-	-	-	(633,486)	-	(633,486)
Total governmental activities	<u>60,010,159</u>	<u>4,268,487</u>	<u>16,548,906</u>	<u>3,029,350</u>	<u>(36,163,416)</u>	<u>-</u>	<u>(36,163,416)</u>
Business-type activities:							
Sewers and solid waste	<u>2,768,879</u>	<u>2,734,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,340)</u>	<u>(34,340)</u>
Total business-type activities	<u>2,768,879</u>	<u>2,734,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,340)</u>	<u>(34,340)</u>
Total primary government	<u>\$ 62,779,038</u>	<u>\$ 7,003,026</u>	<u>\$ 16,548,906</u>	<u>\$ 3,029,350</u>	<u>(36,163,416)</u>	<u>(34,340)</u>	<u>(36,197,756)</u>
General revenues:							
Property taxes, levied for general purposes					41,020,985	-	41,020,985
Grants and contributions not restricted to specific programs					160,304	-	160,304
Unrestricted investment earnings					77,361	27,671	105,032
Total general revenues					<u>41,258,650</u>	<u>27,671</u>	<u>41,286,321</u>
Transfers					<u>(45,250)</u>	<u>45,250</u>	<u>-</u>
Total general revenues and transfers					<u>41,213,400</u>	<u>72,921</u>	<u>41,286,321</u>
Change in net position					5,049,984	38,581	5,088,565
Net position - beginning					<u>66,992,763</u>	<u>16,584,770</u>	<u>83,577,533</u>
Net position - ending					<u>\$ 72,042,747</u>	<u>\$ 16,623,351</u>	<u>\$ 88,666,098</u>

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

TOWN OF ELLINGTON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General Fund</u>	<u>Crystal Lake School Addition/ Renovation Fund</u>	<u>Small Cities Program Income Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 7,539,440	\$ -	\$ 12,736	\$ 3,266,191	\$ 10,818,367
Investments	404,200	-	-	819,103	1,223,303
Receivables:					
Property taxes receivable, net of allowance for uncollectibles of \$52,680	447,188	-	-	-	447,188
Grants and contracts	33,131	-	-	173,993	207,124
Loans	-	-	2,983,363	-	2,983,363
Other	110,173	-	-	277,076	387,249
Due from other funds	6,347,604	-	-	131,146	6,478,750
Prepaid items	32,144	-	-	-	32,144
Inventories	-	-	-	4,297	4,297
Total assets	<u>\$ 14,913,880</u>	<u>\$ -</u>	<u>\$ 2,996,099</u>	<u>\$ 4,671,806</u>	<u>\$ 22,581,785</u>
LIABILITIES					
Accounts payable	\$ 1,996,884	\$ 13,027	\$ -	\$ 84,205	\$ 2,094,116
Due to other funds	208,258	5,175,968	17,615	783,414	6,185,255
Unearned revenue	-	-	-	285,206	285,206
Total liabilities	<u>2,205,142</u>	<u>5,188,995</u>	<u>17,615</u>	<u>1,152,825</u>	<u>8,564,577</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	402,528	-	-	-	402,528
FUND BALANCES					
Nonspendable	-	-	-	56,794	56,794
Restricted	-	-	2,983,363	1,517,273	4,500,636
Committed	6,379,338	-	-	2,005,286	8,384,624
Assigned	3,336,518	-	-	-	3,336,518
Unassigned	2,590,354	(5,188,995)	(4,879)	(60,372)	(2,663,892)
Total fund balances	<u>12,306,210</u>	<u>(5,188,995)</u>	<u>2,978,484</u>	<u>3,518,981</u>	<u>13,614,680</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,913,880</u>	<u>\$ -</u>	<u>\$ 2,996,099</u>	<u>\$ 4,671,806</u>	<u>\$ 22,581,785</u>

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

TOWN OF ELLINGTON, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balances for governmental funds	\$	13,614,680
--	----	------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Land	\$	2,507,844	
Arts collection		35,598	
Property development rights		698,980	
Construction in progress		21,512,930	
Buildings and improvements		79,109,260	
Equipment		2,694,337	
Vehicles		9,873,445	
Infrastructure		14,528,430	
Less: accumulated depreciation and amortization		<u>(47,270,386)</u>	
Total capital assets, net			83,690,438

Some of the Town's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflow of resources in the funds.		402,528
--	--	---------

Accrued interest on property taxes, net of an allowance for uncollectibles are not susceptible to accrual and therefore are not reported in the funds.		108,864
--	--	---------

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.

Long-term debt:			
Bonds payable		(19,760,000)	
Unamortized bond premiums		(513,409)	
Unamortized deferred charges on refunding		83,010	
Obligations under capital lease		(382,483)	
Other long-term liabilities:			
Compensated absences		(1,086,714)	
Net pension liability		(3,877,319)	
Net OPEB obligation		<u>(1,337,993)</u>	
Total long-term liabilities			(26,874,908)

Deferred outflows of resources resulting from changes in the components of the net pension liability are reported in the statements of net position.		<u>1,101,145</u>
--	--	------------------

Net position of governmental activities:	\$	<u><u>72,042,747</u></u>
--	----	--------------------------

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Crystal Lake School Addition/ Renovation Fund	Small Cities Program Income Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 41,134,356	\$ -	\$ -	\$ -	\$ 41,134,356
Intergovernmental	15,568,276	2,414,935	-	1,923,265	19,906,476
Charges for services	1,159,603	-	171,309	1,711,835	3,042,747
Food sales	-	-	-	425,045	425,045
Investment income	46,350	-	78	83,619	130,047
Other	526,693	-	-	53,400	580,093
Total revenues	<u>58,435,278</u>	<u>2,414,935</u>	<u>171,387</u>	<u>4,197,164</u>	<u>65,218,764</u>
EXPENDITURES					
Current:					
General government	1,480,368	-	-	-	1,480,368
Boards and agencies	118,433	-	-	-	118,433
Public safety	3,203,054	-	-	-	3,203,054
Public works	3,902,341	-	-	-	3,902,341
Recreation	481,008	-	-	-	481,008
Library	597,624	-	-	-	597,624
Human services	633,693	-	-	-	633,693
Town properties	766,685	-	-	-	766,685
Education	40,678,815	-	-	-	40,678,815
Miscellaneous	3,483,885	-	-	-	3,483,885
Program expenditures	-	-	7,816	2,793,180	2,800,996
Debt service:					
Principal payments	2,016,595	-	-	-	2,016,595
Interest and fiscal charges	710,332	-	-	-	710,332
Capital outlays	880,807	354,299	-	570,423	1,805,529
Total expenditures	<u>58,953,640</u>	<u>354,299</u>	<u>7,816</u>	<u>3,363,603</u>	<u>62,679,358</u>
Excess (deficiency) of revenues over expenditures	(518,362)	2,060,636	163,571	833,561	2,539,406
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of bonds	-	-	-	1,375,000	1,375,000
Capital lease financing	333,928	-	-	-	333,928
Transfers in	377,738	-	-	408,746	786,484
Transfers out	(74,856)	-	-	(756,878)	(831,734)
Total other financing sources (uses)	<u>636,810</u>	<u>-</u>	<u>-</u>	<u>1,026,868</u>	<u>1,663,678</u>
Net change in fund balances	118,448	2,060,636	163,571	1,860,429	4,203,084
Fund balances - beginning	<u>12,187,762</u>	<u>(7,249,631)</u>	<u>2,814,913</u>	<u>1,658,552</u>	<u>9,411,596</u>
Fund balances - ending	<u>\$ 12,306,210</u>	<u>\$ (5,188,995)</u>	<u>\$ 2,978,484</u>	<u>\$ 3,518,981</u>	<u>\$ 13,614,680</u>

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

TOWN OF ELLINGTON, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances for governmental funds \$ 4,203,084

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

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

Expenditures for capital assets	\$ 2,856,315	
Depreciation and amortization expense	<u>(2,502,180)</u>	
Net adjustment		354,135

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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Debt issued or incurred:		
Capital leases	(333,928)	
Bonds	(1,375,000)	
Principal repayments:		
Bonds	1,840,000	
Capital leases	176,594	
Amortization of bond premiums	103,473	
Amortization of deferred amount on refunding	<u>(26,627)</u>	
Net adjustment		384,512

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. The net effect of such items is as follows:

Compensated absences	553,767	
Net pension liability	(1,023,996)	
Net OPEB obligation	<u>(192,733)</u>	
		(662,962)

(Continued)

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

TOWN OF ELLINGTON, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES *(Concluded)*
FOR THE YEAR ENDED JUNE 30, 2017

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in governmental funds. This amount represents the change in deferred inflows of resources.	\$ (66,778)
Interest on property taxes receivable are not susceptible to accrual and therefore are only reported as revenue in the funds when the cash is received by the Town. The change in interest receivable during the year increased revenues recognized in the funds.	(46,593)
Deferred outflows of resources resulting from changes in the components of the Town's net pension liability are amortized as a component of pension expense in the statement of activities.	<u>884,586</u>
Change in net position of governmental activities:	<u>\$ 5,049,984</u> <i>(Concluded)</i>

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxation	\$ 40,430,225	\$ 40,430,225	\$ 41,134,356	\$ 704,131
Intergovernmental - education	9,492,828	9,492,828	9,715,578	222,750
Intergovernmental - other	968,724	968,724	1,118,206	149,482
Charges for goods and services	980,940	980,940	1,444,483	463,543
Investment earnings	15,000	15,000	46,055	31,055
Other revenues	718,331	718,331	825,801	107,470
Total revenues	<u>52,606,048</u>	<u>52,606,048</u>	<u>54,284,479</u>	<u>1,678,431</u>
EXPENDITURES				
Current:				
General government	1,518,408	1,572,440	1,480,368	(92,072)
Boards and agencies	132,937	136,683	118,433	(18,250)
Public safety	2,832,279	2,944,169	2,869,126	(75,043)
Public works	3,942,567	3,992,701	3,751,770	(240,931)
Recreation	460,170	481,110	481,008	(102)
Library	600,915	600,915	597,624	(3,291)
Human services	668,762	687,914	633,693	(54,221)
Town properties	730,149	777,824	766,685	(11,139)
Miscellaneous	4,062,342	3,756,971	3,583,885	(173,086)
Education	36,099,749	36,099,749	35,909,026	(190,723)
Debt service	2,928,382	2,928,382	2,847,177	(81,205)
Capital outlays	1,375,968	1,385,642	1,375,811	(9,831)
Total expenditures	<u>55,352,628</u>	<u>55,364,500</u>	<u>54,414,606</u>	<u>(949,894)</u>
Excess (deficiency) of revenues over expenditures	(2,746,580)	(2,758,452)	(130,127)	2,628,325
OTHER FINANCING SOURCES				
Appropriation of fund balance	2,746,580	2,758,452	-	(2,758,452)
Transfer in	-	-	143,565	143,565
Total other financing sources	<u>2,746,580</u>	<u>2,758,452</u>	<u>143,565</u>	<u>(2,614,887)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	13,438	<u>\$ 13,438</u>
Fund balance - beginning of year			<u>7,365,805</u>	
Fund balance - ending of year			<u>\$ 7,379,243</u>	

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities - Enterprise Funds			Total
	Sewer Authority Fund	Crystal Lake Sewers Fund	Other Enterprise Funds	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,751,662	\$ 859,185	\$ -	\$ 6,610,847
Investments	393,327	-	-	393,327
Receivables:				
Sewer usage, net of allowance for uncollectibles of \$7,221	88,673	-	-	88,673
Solid waste charges, net of allowance for uncollectibles of \$4,079	-	22,851	42,765	65,616
Assessments, interest and liens	63,894	290	-	64,184
Other	-	7,332	-	7,332
Due from other funds	129,192	10,346	2,059	141,597
Total current assets	<u>6,426,748</u>	<u>900,004</u>	<u>44,824</u>	<u>7,371,576</u>
Noncurrent assets:				
Long-term assessments receivable	812,009	17,458	38,183	867,650
Capital assets:				
Depreciable, net	6,512,540	3,583,189	-	10,095,729
Total noncurrent assets	<u>7,324,549</u>	<u>3,600,647</u>	<u>38,183</u>	<u>10,963,379</u>
Total assets	<u>13,751,297</u>	<u>4,500,651</u>	<u>83,007</u>	<u>18,334,955</u>
LIABILITIES				
Current liabilities:				
Accounts payable	218,962	-	-	218,962
Bonds payable - current	100,000	-	-	100,000
Due to other funds	311,357	26,904	109,541	447,802
Unearned revenue	44,840	-	-	44,840
Total current liabilities	<u>675,159</u>	<u>26,904</u>	<u>109,541</u>	<u>811,604</u>
Noncurrent liabilities:				
Bonds payable	900,000	-	-	900,000
Total noncurrent liabilities	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>900,000</u>
Total liabilities	<u>1,575,159</u>	<u>26,904</u>	<u>109,541</u>	<u>1,711,604</u>
NET POSITION				
Net investment in capital assets	5,512,540	3,583,189	-	9,095,729
Unrestricted	6,663,598	890,558	(26,534)	7,527,622
Total net position	<u>\$ 12,176,138</u>	<u>\$ 4,473,747</u>	<u>\$ (26,534)</u>	<u>\$ 16,623,351</u>

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds			Total
	Sewer Authority Fund	Crystal Lake Sewers Fund	Other Enterprise Funds	
OPERATING REVENUES				
User charges, interest and lien fees	\$ 1,539,421	\$ 363,568	\$ -	\$ 1,902,989
Assessments	168,884	5,234	-	174,118
Permits and fees	2,700	600	-	3,300
Solid waste fees	-	-	644,236	644,236
Other	-	8,758	1,138	9,896
Total operating revenues	<u>1,711,005</u>	<u>378,160</u>	<u>645,374</u>	<u>2,734,539</u>
OPERATING EXPENSES				
Salaries and benefits	91,933	27,386	-	119,319
Services and supplies	-	24,989	-	24,989
Equipment	34,763	-	-	34,763
Town of Vernon fees	1,026,934	-	-	1,026,934
Town of Stafford fees	-	62,576	-	62,576
Depreciation and amortization	274,612	287,657	-	562,269
Utilities	35,572	12,771	-	48,343
General maintenance and repairs	7,668	27	-	7,695
Engineering	1,700	400	-	2,100
Public works and administrative expenses	222,946	3,290	604,939	831,175
Legal	2,034	-	-	2,034
Advertising	1,538	-	-	1,538
Total operating expenses	<u>1,699,700</u>	<u>419,096</u>	<u>604,939</u>	<u>2,723,735</u>
Operating income (loss)	11,305	(40,936)	40,435	10,804
NON-OPERATING REVENUES (EXPENSES)				
Interest income	24,568	3,103	-	27,671
Interest expense	(45,838)	-	-	(45,838)
Other	694	-	-	694
Total non-operating revenue (expenses)	<u>(20,576)</u>	<u>3,103</u>	<u>-</u>	<u>(17,473)</u>
Income before transfers in	(9,271)	(37,833)	40,435	(6,669)
Transfers in	<u>45,250</u>	<u>-</u>	<u>-</u>	<u>45,250</u>
Change in net position	35,979	(37,833)	40,435	38,581
Net position - beginning	<u>12,140,159</u>	<u>4,511,580</u>	<u>(66,969)</u>	<u>16,584,770</u>
Net position - ending	<u>\$ 12,176,138</u>	<u>\$ 4,473,747</u>	<u>\$ (26,534)</u>	<u>\$ 16,623,351</u>

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds			
	Sewer Authority Fund	Crystal Lake Sewers Fund	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,781,955	\$ 394,800	\$ 648,685	\$ 2,825,440
Receipts from interfund services provided	-	99,507	(43,746)	55,761
Payments to suppliers	(1,020,132)	(122,681)	(604,939)	(1,747,752)
Payments for interfund services	1,301,964	(14,455)	-	1,287,509
Payments to employees	(91,933)	-	-	(91,933)
Net cash provided by operating activities	<u>1,971,854</u>	<u>357,171</u>	<u>-</u>	<u>2,329,025</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(2,225)	-	-	(2,225)
Principal paid on capital debt	(175,838)	-	-	(175,838)
Interest paid on capital debt	(45,838)	-	-	(45,838)
Transfers in	45,250	-	-	45,250
Net cash (used in) capital and related financing activities	<u>(178,651)</u>	<u>-</u>	<u>-</u>	<u>(178,651)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from investments, net of purchases	360,066	-	-	360,066
Interest income	25,262	3,103	-	28,365
Net cash provided by investing activities	<u>385,328</u>	<u>3,103</u>	<u>-</u>	<u>388,431</u>
Net change in cash and cash equivalents	2,178,531	360,274	-	2,538,805
Cash and cash equivalents, beginning of year	<u>3,573,131</u>	<u>498,911</u>	<u>-</u>	<u>4,072,042</u>
Cash and cash equivalents, end of year	<u>\$ 5,751,662</u>	<u>\$ 859,185</u>	<u>\$ -</u>	<u>\$ 6,610,847</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 11,305	\$ (40,936)	\$ 40,435	\$ 10,804
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	274,612	287,657	-	562,269
(Increase) decrease in assets:				
Sewer usage receivable, net	6,274	-	-	6,274
Solid waste usage receivable, net	-	8,948	3,311	12,259
Assessment, interest and liens receivable	12,782	735	-	13,517
Other receivables	-	(62)	-	(62)
Due from other funds	1,138,307	99,507	-	1,237,814
Deferred asset - pump station	100,838	-	-	100,838
Long-term assessments receivable	40,155	15,777	-	55,932
Increase (decrease) in liabilities:				
Accounts payable	212,185	-	-	212,185
Unearned revenue	11,739	-	-	11,739
Due to other funds	163,657	(14,455)	(43,746)	105,456
Net cash provided by operating activities	<u>\$ 1,971,854</u>	<u>\$ 357,171</u>	<u>\$ -</u>	<u>\$ 2,329,025</u>

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Private- Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 302,426	\$ 607,954
Investments	234,743	-
Due from other funds	14,655	-
Total assets	551,824	\$ 607,954
LIABILITIES		
Due to other funds	1,944	\$ 607,954
Total liabilities	1,944	\$ 607,954
NET POSITION		
Held in trust for other purposes	\$ 549,880	

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Private- Purpose Trust Funds
ADDITIONS	
Contributions - private donations	\$ 209,473
Other	39,945
Total contributions	249,418
Investment earnings:	
Interest	791
Total additions	250,209
DEDUCTIONS	
Program expenses	171,855
Other	2,444
Total deductions	174,299
Change in net position	75,910
Net position - beginning	473,970
Net position - ending	\$ 549,880

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Ellington, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

The Town is governed by an elected, seven-member Board of Selectmen. The basic financial statements of the reporting entity include only the funds of the Town (the primary government) as no component units exist based on operational or financial relationships with the Town.

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

Related Organizations

The Board of Selectmen is responsible for appointing members to the Board of the Housing Authority of the Town of Ellington, but the Town's accountability for the Housing Authority does not extend beyond making the appointments. The Town did not receive any proceeds from the Housing Authority for the year ended June 30, 2017.

The Board of Selectmen is also responsible for appointing a Board member to the Town's regional group for public health. Amounts paid to the health district amounted to \$73,763 for the year ended June 30, 2017.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

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

Fund Financial Statements *(Continued)*

The Town reports the following major governmental funds:

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

Crystal Lake School Addition/Renovation Fund – This fund accounts for activities related to the Crystal Lake School renovation project.

Small Cities Program Income Fund – This fund accounts for activities related to deferred rehabilitation loans made to homeowners.

The Town reports the following major enterprise funds:

Sewer Authority Fund – This fund accounts for all sewer use activities and assessments in the Hockanum River section of the Town.

Crystal Lake Sewers Fund – This fund accounts for all sewer use activities and assessments in the Crystal Lake section of the Town.

In addition, the Town reports the following fund types:

Private Purpose Trust Funds – These funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Agency Funds – These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets held for student activities and for performance bonds.

Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Town’s enterprise funds consist of charges to customers for services and sewer use. Operating expenses of the Town’s proprietary funds consist of the cost of services, maintenance, administrative expenses, and depreciation and amortization of capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

Measurement Focus and Basis of Accounting *(Continued)*

Governmental Fund Financial Statements

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 susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Implementation of Accounting Standards

Effective July 1, 2016, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plans*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, GASB Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, and GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The adoption of these statements did not have a material effect on the Town's financial statements.

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

Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

The Town presents all investments at fair value, except for certain external investment pools, which the Town reports at net asset value per share as determined by the pool.

The Town invests in the State Treasurer's Short-Term Investment Fund (STIF), which is an investment pool managed by the State Treasurer's Office.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

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

Donor-restricted Endowments

The Town allocates investment income on endowment investments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town.

Donor-restricted endowments available for expenditure by the Town totaled \$949,658 as of June 30, 2017 and are included in restricted net position. Town policy requires all investment income to be recorded in the respective fund earned and is to be used to offset future donor restricted program expenditures.

Property Taxes

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments, July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Liens are filed on delinquent real estate taxes within one year. The Town establishes an allowance for doubtful accounts based on historical collections, experience and other factors.

Property tax revenues are recognized when they become available. Available means due, or past due, and receivable within the current period or expected to be collected within 60 days of the end of the current period. Property taxes receivable that are not expected to be collected during the available period are reflected as deferred inflows of resources.

Sewer Assessments and Usage Charges

Upon completion of sewer projects, sewer assessments are levied and assessed to the users. Sewer assessments and usage charges are billed in April and October. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties with assessments until the assessment is paid in full. The Town establishes an allowance for doubtful accounts based on historical collections, experience and other factors.

Inventories and Prepaid Items

Inventories are reported at cost using the first-in first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories of U.S. Department of Agriculture (USDA) food products of the School Lunch Fund (a Nonmajor Special Revenue Fund) are valued at amounts assigned by the USDA.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Loans Receivable

The Town records loans receivable at the time the loan proceeds are advanced. Such amounts are reported net of an allowance for uncollectible amounts.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

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

Capital Assets

Capital assets, which include an arts collection, property development rights, land, construction in progress, buildings and improvements, equipment, vehicles, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type 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 \$5,000. Such assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, equipment and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	50
Buildings and improvements	40
Vehicles	5 – 10
Equipment	3 – 7

Deferred Asset – Waste Water Treatment Facility – Sewer Authority

The Town has an operating agreement with a nearby town that owns and operates a waste water treatment facility (“Facility”), which the Town pays an annual user fee in order to use. In 1992, the Facility incurred significant upgrades to improve its operations. These upgrades are to be repaid by all towns that are using the Facility on an allocated basis. The Town has a note payable with the Facility for the Town’s portion of the facility upgrades. As of June 30, 2017, all of the Town’s obligations in regards to the note payable have been met.

Unearned Revenue

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

Deferred Outflows/Inflows of Resources

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

Deferred outflows of resources consist of deferred charges on refundings and deferred pension expenses reported in the government-wide statement of net position. Deferred charges on refundings are amortized to interest expense using the effective-interest method over the life of the related bonds. Deferred pension expenses are amortized as a component of pension expense on a systematic and rational basis.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

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

Deferred Outflows/Inflows of Resources *(Continued)*

Deferred inflows of resources consist of revenue that is considered unavailable under the modified accrual basis of accounting. Unavailable revenue is reported in the governmental funds balance sheet and is recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

Town and Board of Education employees accumulate vacation and sick leave for subsequent use or for payment upon termination or retirement. Compensated absences are accrued when incurred in the government-wide financial statements. Vacation and sick leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year, or the amount is expected to be paid with available resources.

Long-term Obligations

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

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

Net Position and Fund Equity

Information presented in the government-wide statement of net position column includes the Town's non-fiduciary assets and liabilities, with the difference reported as net position. Net position are reported in three categories:

Net investment in capital assets - This category consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

Restricted net position - This category consists of net position whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This category consists of net position which do not meet the definition of the two preceding categories.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2017

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

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

Net Position and Fund Equity (*Continued*)

The Town's governmental funds report the following fund balance categories:

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

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

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

Assigned - Amounts are constrained by the Town's intent to be used for specific purposes, but are not restricted or committed. The Board of Finance has delegated the responsibility to assign fund balance to management of the Town.

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

Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over the use of fund balance. The Town uses restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

The amount committed for Capital Reserves in the General Fund totaling \$5,678,650 was created by the Board of Finance, as mandated by Section 1004 of the Town Charter, to maintain a reserve of at least 5% of the total expenditures for the current year. No expenditure or transfer may be made from the Capital Reserves without the approval of the Board of Finance. Each year, the Board of Finance transfers amounts from the unallocated contingency fund and the capital reserve fund, both of which are budgeted within the General Fund. Amounts transferred to this account totaled \$200,000 and \$200,000, respectively, for the year ended June 30, 2017.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

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

Net Position and Fund Equity *(Continued)*

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Interfund Services Provided and Used

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

Interfund Transfers

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

Interfund Reimbursements

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

Use of Estimates

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE 2 - BUDGETARY INFORMATION AND DEFICIT FUND EQUITY

Budgetary Information

The General Fund is the only fund for which an annual budget is legally adopted. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- The Board of Finance submits a proposed operating budget for the fiscal year commencing July 1 to a public budget hearing, at which taxpayer comments are obtained. The Board of Finance then prepares the recommended Town budget, which it presents at the annual Town meeting held on the second Tuesday in May. The operating budget includes proposed expenditures and the means of financing them.
- Expenditures are budgeted by function, department and object. Management may not exceed appropriations at the department level and must seek approval from the Board of Finance to reassign resources within a department, except for the Board of Education. The Board of Education may reassign resources within its department without seeking Board of Finance approval. The legal level of budgetary control (the level at which expenditures may not exceed appropriations) is the department level for the Board of Education and the object level for all other departments. Because the legal level of control is more detailed than the accompanying budgetary comparison schedule presented herein, a separately issued budgetary report demonstrating legal compliance with the adopted budget is available from the Town. The Board of Finance is authorized to transfer budgeted amounts within and between departments and objects. Additional appropriations of less than \$40,000 must be approved by the Board of Finance. Appropriations in excess of \$40,000 must be approved at a Town meeting. During the year, the Board of Finance and, where required, Town meetings, approved additional appropriations from fund balance of \$11,872.
- Formal budgetary integration is employed as a management control device during the year.
- The budget is prepared on the modified accrual basis of accounting. Intergovernmental and other reimbursement for certain special education costs are recorded as reductions to expenditures for budgetary purposes and "on-behalf" payments made by the State of Connecticut into the State Teacher's Retirement System are not recorded for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.
- All unexpended appropriations lapse at year-end.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

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

Budgetary Information (Continued)

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America. A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented in conformity with accounting principles generally accepted in the United States of America is as follows for the year ended June 30, 2017:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources (Uses) - Transfers, net</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance</u>
Budgetary basis	\$ 54,284,479	\$ 54,414,606	\$ 143,565	\$ 13,438	\$ 7,379,243
"On-behalf" payments - State Teachers Retirement Fund	4,316,658	4,316,658	-	-	-
Changes in encumbrances:					
June 30, 2016	-	334,575	-	(334,575)	-
June 30, 2017	-	(184,006)	-	184,006	184,006
Capital lease not recorded for budgetary purposes	-	333,928	333,928	-	-
Certain revenues and expenses presented net for budgetary purposes	(284,880)	-	284,880	-	-
Certain transfers recorded as revenues/expenditures for budgetary purposes	-	(45,250)	(45,250)	-	-
Changes in designations recorded as expenditures for budgetary purposes:					
Capital reserves	-	(400,000)	-	400,000	3,736,073
Capital and nonrecurring	-	(95,004)	(80,313)	14,691	58,226
Post - employment benefits	-	(100,000)	-	100,000	900,000
Debt repayment reserve	(259,407)	-	-	(259,407)	-
Reimbursement for special education costs recorded as a reduction to expenditures for budgetary purposes	453,133	453,133	-	-	-
Reimbursement from proprietary fund recorded as revenue for budgetary purposes	(75,000)	(75,000)	-	-	-
Budgetary perspective difference:					
MIRA Sanitation Control Fund	295	-	-	295	48,662
GAAP basis	<u>\$ 58,435,278</u>	<u>\$ 58,953,640</u>	<u>\$ 636,810</u>	<u>\$ 118,448</u>	<u>\$ 12,306,210</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

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

Deficit Fund Balances

The following funds have deficit fund balances/net positions as of June 30, 2017, none of which constitutes a violation of statutory provisions:

Fund	Amount
Crystal Lake School Addition/Renovation Fund	\$ 5,188,995
Watermains, Tripp and Middle Roads Fund	71,358
Windermere School Alterations Fund	60,372

The deficit in the Watermains, Tripp and Middle Roads Fund is expected to be funded through future operations and/or transfers from the General Fund. The Crystal Lake School Addition/Renovation Fund and the Windermere School Alterations Fund is expected to be funded through reimbursements from the State of Connecticut and/or the future issuance of bonds.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2017, \$3,684,790 of the Town's bank balance of \$4,434,790 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,316,311
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	368,479
	\$ 3,684,790

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

A reconciliation of the Town's cash deposits as of June 30, 2017 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 17,429,214
Statement of fiduciary net position:	
Cash and cash equivalents	910,380
	18,339,594
Add: certificates of deposit classified as investments	797,524
Less: investments classified as cash equivalents	(15,443,607)
Total Cash Deposits	\$ 3,693,511

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments

A reconciliation of the Town's investments as of June 30, 2017 is as follows:

Government-wide statement of net position:		
Investments	\$	1,616,630
Statement of fiduciary net position:		
Private purpose trust funds - Investments		234,743
		1,851,373
Add: investments classified as cash equivalents		15,443,607
Less: certificates of deposit classified as investments		(797,524)
		\$ 16,497,456

As of June 30, 2017, the Town's investments consisted of the following:

Investment type	Valuation Basis	Value	Investment Maturities (In Years)		
			Less Than 1	1 to 5	6 to 10
Debt Securities:					
<i>Governmental activities:</i>					
Short Term Investment Fund (STIF)	Net Asset Value	\$ 8,601,810	\$ 8,601,810	\$ -	\$ -
Corporate bonds	Fair Value	216,755	-	167,243	49,512
Municipal bonds	Fair Value	151,834	-	131,294	20,540
Money market mutual funds	Net Asset Value	77,998	77,998	-	-
<i>Business-type activities:</i>					
Short Term Investment Fund (STIF)	Net Asset Value	6,610,847	6,610,847	-	-
<i>Fiduciary Funds:</i>					
Short Term Investment Fund (STIF)	Net Asset Value	152,952	152,952	-	-
		15,812,196	\$ 15,443,607	\$ 298,537	\$ 70,052
Other investments:					
<i>Governmental activities:</i>					
Mutual funds	Fair Value	450,517			
<i>Fiduciary Funds:</i>					
Equity securities	Fair Value	234,743			
Total		\$ 16,497,456			

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

Interest Rate Risk

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE 3 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut General Statutes. Connecticut general statutes permit the Town to invest in: (1) obligations of the United States, including its instrumentalities and agencies; (2) in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; (3) in shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations; (4) or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Other provisions of the statutes cover specific municipal funds with particular investment authority. The provisions of the statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, the investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable pension plan.

The Town's investments in debt securities were rated as follows at June 30, 2017:

<u>Investment type</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Unrated</u>
Debt Securities:					
<i>Governmental activities:</i>					
Short Term Investment Fund (STIF)	\$ 8,601,810	\$ -	\$ -	\$ -	\$ -
Corporate bonds	-	35,371	120,743	60,641	-
Municipal bonds	151,834				
Money market mutual funds	-	-	-	-	77,998
<i>Business-type activities:</i>					
Short Term Investment Fund (STIF)	6,610,847	-	-	-	-
<i>Fiduciary Funds:</i>					
Short Term Investment Fund (STIF)	152,952	-	-	-	-

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial risk because they are either not evidenced by securities that exist in physical or book entry form or they are held by a reputable custodian in the name of the Town.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2017, 94% of the Town's investments within the government-wide statement of net position were invested in the Short-term Investment Fund. As of June 30, 2017, 39% of the Town's investments within the fiduciary statement of net position were also invested in the Short-term Investment Fund.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE 4 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measure at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly), and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2017, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 450,517	\$ -	\$ -	\$ 450,517
Equity securities	234,743	-	-	234,743
Corporate and municipal bonds	-	368,589	-	368,589
	<u>\$ 685,260</u>	<u>\$ 368,589</u>	<u>\$ -</u>	<u>\$ 1,053,849</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Arts collection	\$ 35,598	\$ -	\$ -	\$ 35,598
Property development rights	698,980	-	-	698,980
Land	2,507,844	-	-	2,507,844
Construction in progress	22,969,164	988,345	(2,444,579)	21,512,930
Total capital assets, not being depreciated	<u>26,211,586</u>	<u>988,345</u>	<u>(2,444,579)</u>	<u>24,755,352</u>
Capital assets, being depreciated:				
Buildings and improvements	76,253,222	2,856,038	-	79,109,260
Equipment	2,621,537	72,800	-	2,694,337
Vehicles	9,097,757	775,688	-	9,873,445
Infrastructure	13,920,407	608,023	-	14,528,430
Total capital assets, being depreciated	<u>101,892,923</u>	<u>4,312,549</u>	<u>-</u>	<u>106,205,472</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	31,220,114	1,608,844	-	32,828,958
Equipment	2,478,810	142,728	-	2,621,538
Vehicles	7,722,621	470,841	-	8,193,462
Infrastructure	3,346,661	279,767	-	3,626,428
Total accumulated depreciation and amortization	<u>44,768,206</u>	<u>2,502,180</u>	<u>-</u>	<u>47,270,386</u>
Total capital assets, being depreciated, net	<u>57,124,717</u>	<u>1,810,369</u>	<u>-</u>	<u>58,935,086</u>
Governmental activities capital assets, net	<u>\$ 83,336,303</u>	<u>\$ 2,798,714</u>	<u>\$ (2,444,579)</u>	<u>\$ 83,690,438</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 5 - CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets, being depreciated:				
Equipment - Sewer Authority	\$ 222,854	\$ -	\$ -	\$ 222,854
Infrastructure - Sewer Authority	12,728,976	2,226	-	12,731,202
Equipment - Crystal Lake	23,135	-	-	23,135
Infrastructure - Crystal Lake	6,962,204	-	-	6,962,204
Total capital assets, being depreciated	19,937,169	2,226	-	19,939,395
Less accumulated depreciation and amortization for:				
Equipment - Sewer Authority	169,674	10,136	-	179,810
Infrastructure - Sewer Authority	5,997,229	264,476	-	6,261,705
Equipment - Crystal Lake	20,727	258	-	20,985
Infrastructure - Crystal Lake	3,242,121	139,045	-	3,381,166
Total accumulated depreciation and amortization	9,429,751	413,915	-	9,843,666
Total capital assets, being depreciated, net	10,507,418	(411,689)	-	10,095,729
Business-type activities capital assets, net	\$ 10,507,418	\$ (411,689)	\$ -	\$ 10,095,729

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

Governmental Activities:	
Education	\$ 1,576,373
Public safety	375,327
Public works	275,240
General government	200,174
Library	75,066
Total depreciation and amortization expense - governmental activities	\$ 2,502,180
 Business-type Activities:	
Sewer	\$ 413,915

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2017 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Crystal Lake School Addition/Renovation Fund	\$ 5,175,968
	Nonmajor Governmental Funds	704,275
	Other Enterprise Funds	109,541
	Sewer Authority Fund	311,357
	Crystal Lake Sewers Fund	26,904
	Small Cities Program Income Fund	17,615
	Private Purpose Trust Funds	1,944
		<u>6,347,604</u>
Nonmajor Governmental Funds	General Fund	52,006
	Nonmajor Governmental Funds	79,140
		<u>131,146</u>
		<u>\$ 6,399,610</u>
Enterprise Funds		
Sewer Authority Fund	General Fund	\$ 129,192
Other Enterprise Funds	General Fund	2,059
Crystal Lake Sewers Fund	General Fund	10,346
		<u>\$ 141,597</u>
Fidiciary Funds		
Private Purpose Trust Funds	General Fund	<u>\$ 14,655</u>

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

Interfund transfers for the year ended June 30, 2017 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Nonmajor Governmental Funds	\$ 377,738
Nonmajor Governmental Funds	General Fund	29,606
	Nonmajor Governmental Funds	379,140
		<u>408,746</u>
		<u>\$ 786,484</u>
Enterprise Funds		
Sewer Authority Fund	General Fund	<u>\$ 45,250</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 7 - INTERFUND TRANSFERS (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) account for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer to the Sewer Authority Fund was to assist with the debt service interest paid by the fund.

NOTE 8 - FUND BALANCE

The various components of fund balance at June 30, 2017 are as follows:

	<u>General Fund</u>	<u>Crystal Lake School Addition/ Renovation</u>	<u>Small Cities Program Income Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Endowments	\$ -	\$ -	\$ -	\$ 52,497	\$ 52,497
Inventories	-	-	-	4,297	4,297
Restricted for:					
Small Cities rehabilitation loan program	-	-	2,983,363	-	2,983,363
Education - open choice program	-	-	-	567,615	567,615
Special reserves - external	-	-	-	949,658	949,658
Committed to:					
Capital reserves	5,678,650	-	-	-	5,678,650
Other capital purposes	700,688	-	-	194,097	894,785
School lunch operations	-	-	-	71,387	71,387
Public safety	-	-	-	550,165	550,165
Human services	-	-	-	163,520	163,520
Town properties	-	-	-	529,938	529,938
Land use	-	-	-	93,352	93,352
Education programs	-	-	-	342,455	342,455
Assigned to:					
Compensated absences	1,183,774	-	-	-	1,183,774
Public works - encumbrances	184,004	-	-	-	184,004
Sanitation	48,740	-	-	-	48,740
Use in subsequent budget	1,920,000	-	-	-	1,920,000
Unassigned	2,590,354	(5,188,995)	(4,879)	-	(2,603,520)
	<u>\$ 12,306,210</u>	<u>\$ (5,188,995)</u>	<u>\$ 2,978,484</u>	<u>\$ 3,518,981</u>	<u>\$ 13,614,680</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 9 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 20,225,000	\$ 1,375,000	\$ (1,840,000)	\$ 19,760,000	\$ 1,960,000
Unamortized premiums	616,882	-	(103,473)	513,409	89,430
Total bonds payable	<u>20,841,882</u>	<u>1,375,000</u>	<u>(1,943,473)</u>	<u>20,273,409</u>	<u>2,049,430</u>
Other liabilities:					
Capital leases	225,149	333,928	(176,594)	382,483	184,094
Compensated absences	1,640,481	14,063	(567,830)	1,086,714	230,000
Net pension liability	2,853,323	1,023,996	-	3,877,319	-
Net OPEB obligation	1,145,260	192,733	-	1,337,993	-
	<u>\$ 26,706,095</u>	<u>\$ 2,939,720</u>	<u>\$ (2,687,897)</u>	<u>\$ 26,957,918</u>	<u>\$ 2,463,524</u>
Business-type Activities					
Bonds payable:					
General obligation bonds	\$ 1,075,000	\$ -	\$ (75,000)	\$ 1,000,000	\$ 100,000
Other liabilities:					
Note payable	100,838	-	(100,838)	-	-
	<u>\$ 1,175,838</u>	<u>\$ -</u>	<u>\$ (175,838)</u>	<u>\$ 1,000,000</u>	<u>\$ 100,000</u>

Bonds payable and other liabilities of Governmental Activities have typically been liquidated by the General Fund.

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2017 is as follows:

<u>Description of Bonds</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities			
General obligation refunding bonds issued 2010, original amount of \$3,580,000	2018	2.0% - 5.0%	\$ 645,000
General obligation refunding bonds issued 2011, original amount of \$8,240,000	2024	2.0% - 4.0%	4,635,000
General obligation bonds issued 2013, original amount of \$4,205,000	2034	2.0% - 4.0%	3,545,000
General obligation bonds issued 2015, original amount of \$10,630,000	2035	2.0% - 4.0%	9,560,000
General obligation bonds issued 2017, original amount of \$1,375,000	2027	2.06%	1,375,000
			<u>\$ 19,760,000</u>
Business-type Activities			
Sewer bonds issued 2007, original amount of \$1,750,000	2027	4.0% - 5.5%	\$ 1,000,000
			<u>\$ 1,000,000</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE 9 - LONG-TERM LIABILITIES *(Continued)*

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute as of June 30, 2017. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2017.

Authorized, Unissued Bonds

AS of June 30, 2017, the Town has authorized but unissued bonds totaling \$7,349,574.

Annual debt service requirements to maturity at June 30, 2017 are as follows:

Year ending June 30:	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2018	\$ 1,960,000	\$ 665,176	\$ 2,625,176
2019	1,945,000	603,287	2,548,287
2020	1,620,000	538,753	2,158,753
2021	1,605,000	476,969	2,081,969
2022	1,595,000	395,285	1,990,285
2023-2027	5,370,000	1,232,566	6,602,566
2028-2032	3,675,000	723,575	4,398,575
2033-2036	1,990,000	127,300	2,117,300
	<u>\$ 19,760,000</u>	<u>\$ 4,762,911</u>	<u>\$ 24,522,911</u>

Year ending June 30:	Business-Type Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2018	\$ 100,000	\$ 41,500	\$ 141,500
2019	100,000	37,500	137,500
2020	100,000	33,500	133,500
2021	100,000	29,375	129,375
2022	100,000	25,250	125,250
2023-2027	500,000	63,625	563,625
	<u>\$ 1,000,000</u>	<u>\$ 230,750</u>	<u>\$ 1,230,750</u>

Note Payable

The Town had a note payable to a local municipal water pollution control authority to pay for the Town's portion of capital costs incurred for various pump station upgrades. This note had an interest rate of 1.5% and required semi-annual payments including interest. The remaining balance on the note was paid off during the year ended June 30, 2017.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE 9 - LONG-TERM LIABILITIES *(Continued)*

Capital Leases

A summary of assets acquired through capital leases is as follows as of June 30, 2017:

	Governmental Activites
Vehicles	\$ 339,842
Machinery and Equipment	72,800
Computers	285,455
	698,097
Less: accumulated amortization	(523,359)
	\$ 174,738

Amortization expense relative to leased property under capital leases totaled \$244,026 for the year ended June 30, 2017 and is included in depreciation and amortization expense disclosed in Note 5.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 are as follows:

	Governmental Activites
Year Ending June 30:	
2018	\$ 188,525
2019	72,224
2020	72,224
2021	72,224
Total minimum lease payments	405,197
Less: amount representing interest	22,714
Present value of minimum lease payments	\$ 382,483

NOTE 10 - PENSION PLANS

Defined Contribution Plans

Money Purchase Plan

The Town provides retirement benefits for all full-time and part-time employees of the Town through a non-contributory money purchase plan. Employees are eligible to participate from the date of employment. The Town's contributions for each employee (and interest allocated to the employee's account) are fully vested from the date of employment. The Town is required to contribute 7.1% of the payroll of the active employees. In addition, the Town matches employee contributions up to an additional 3.0% of the employee's salary.

The Town's contribution amounted to \$302,892 for the year ended June 30, 2017. All monies contributed are used to purchase insurance contracts on-behalf of the participants, therefore the assets of the plan are not included in the Town's basic financial statements.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE 10 - PENSION PLANS *(Continued)*

Defined Contribution Plans *(Continued)*

Deferred Compensation Plan

The Town offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. Employee deferrals amounted to \$292,604 for the year ended June 30, 2017. Plan enrollment totaled 53 people at June 30, 2017. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in trust for the exclusive benefit of the plan participants and their beneficiaries. Accordingly, the assets of the trust are not included in the Town's basic financial statements.

Connecticut Municipal Employees' Retirement System

The Town participates in the Connecticut's Municipal Employees' Retirement System (CMERS). CMERS is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. The plan was established in 1947 and is governed by Connecticut Statute Title 7, Chapter 113. Chapter 113, Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions.

Municipalities may designate which departments are to be covered under the CMERS. Only employees covered under the State Teachers' Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

Plan Description

Plan administration - CMERS is a multiemployer pension plan administered by the Connecticut State Retirement Commission. The State Retirement Commission is responsible for the administration of the CMERS. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

Plan membership - All full-time employees of the Town, except for certified Board of Education personnel who are eligible for the State Teachers' Retirement System, who are age 55 or younger at the date of hire, participate in the CMERS plan for general employees with social security. Police employees of the Town participate in the CMERS plan for police and firemen with social security.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Plan Description *(Continued)*

Benefits provided - General employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Police are eligible at the compulsory retirement age for police and fire members are eligible at the age of 65.

For members not covered by social security, the benefit is 2% of average final compensation times years of service. For members covered by social security, the benefit is 1% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits. If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.

Employees are eligible for early retirement after 5 years of continuous or 15 years of active aggregate service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for non-service-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

The plan also offers a pre-retirement death benefit in the form of a lump sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions - The contribution requirements of plan members are established and may be amended by the State Retirement Commission. The Town is required to contribute annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions. The current rate is 11.38% of the annual covered payroll. The Town's contributions to the CMERS for the years ended June 30, 2017, 2016 and 2015 were \$535,138, \$587,703, and \$526,289, respectively, and were equal to the required contributions for each year.

For employees not covered by social security, each person is required to contribute 5% of compensation. For employees covered by social security, each person is required to contribute 2.25% of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Summary of Significant Accounting Policies

Pensions - For purposes of measuring the net pension liability, deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of CMERS and additions and deletions from CMERS' net position are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investment policy - The CMERS' policy in regard to the allocation of invested assets is established and may be amended by the State Retirement Commission. It is the policy of the State to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

Net Pension Liability

The total estimated net pension liability of the CMERS as of June 30, 2016 was \$332.670 million, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$3.877 million or approximately 1.16% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The portion of the net pension liability associated with the Town was based on the 2016 actuarial (expected) payroll amounts reported by participating employers. Expected payroll adjusts actual payroll for known changes in the status of employees, annualized salaries for partial year employees and anticipated salary increases.

Actuarial assumptions - The total pension liability for the CMERS was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25% - 11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

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

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Net Pension Liability *(Continued)*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large cap U.S. Equities	16.0%	5.80%
Developed Non-U.S. Equities	14.0%	6.60%
Emerging Markets (Non-U.S.)	7.0%	8.30%
Core Fixed Income	8.0%	1.30%
Inflation Linked Bonds	5.0%	1.00%
Emerging Market Bonds	8.0%	3.70%
High Yield Bonds	14.0%	3.90%
Real Estate	7.0%	5.10%
Private Equity	10.0%	7.60%
Alternative Investment	8.0%	4.10%
Liquidity Fund	3.0%	0.40%

Discount rate - The discount rate used to measure the CMERS' total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount (8.00%)</u>	<u>1% Increase (9.00%)</u>
Town proportionate share of the net pension liability as of June 30, 2017	\$6,117,565	\$ 3,877,319	\$ 1,977,665

Pension plan fiduciary net position - Detailed information about the CMERS plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Pension Expense and Deferred Outflows of Resources

For the year ended June 30, 2017, the Town recognized pension expense related to the CMERS of \$930,101. At June 30, 2017, the Town reported its proportionate share of deferred outflows of resources related to the CMERS from the following source:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	<u>\$ 1,101,145</u>

Amounts reported as deferred outflows of resources related to the CMERS will be recognized as a component of pension expense in future years as follows:

Year ended June 30,	
2018	\$ 237,101
2019	237,101
2020	399,763
2021	<u>227,180</u>
	<u>\$ 1,101,145</u>

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Town's Board of Education participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute one hundred percent of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty.

The Town has recognized on-behalf payments of \$4,316,658 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

The total estimated net pension liability of the TRS as of June 30, 2016 was \$14.245 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$63.030 million or approximately 0.44% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined. The pension expense attributed to the Town totaled \$6,873,685 for the year ended June 30, 2017.

The total pension liability in the June 30, 2016 actuarial valuation, was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75%
Salary increases	3.25% - 6.50% including inflation
Investment rate of return	8.00% net of related expense
Cost of living adjustments:	
Retirements prior to 9/1/1992	3.00%
Retirements on or after 9/1/1992	2.00%

For healthy retirees and beneficiaries, mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE 10 - PENSION PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large cap U.S. Equities	21.0%	5.80%
Developed Non-U.S. Equities	18.0%	6.60%
Private Equity	11.0%	7.60%
Emerging Markets (Non-U.S.)	9.0%	8.30%
Alternative Investment	8.0%	4.10%
Core Fixed Income	7.0%	1.30%
Real Estate	7.0%	5.10%
Cash	6.0%	0.40%
Emerging Market Bonds	5.0%	3.70%
High Yield Bonds	5.0%	3.90%
Inflation Linked Bonds	3.0%	1.00%

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount (8.00%)</u>	<u>1% Increase (9.00%)</u>
Town proportionate share of the net pension liability	\$77.8 million	\$63.0 million	\$50.6 million

Detailed information about the plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Town of Ellington administers the Town of Ellington Retirement Healthcare Plan (the "Plan"), which is a single-employer defined benefit healthcare plan. The Plan provides lifetime healthcare insurance benefits for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the Town and the union representing Town employees and are renegotiated each three-year bargaining period. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Funding Policy

Contribution requirements of the plan members and the Town are established in the Plan document and may be amended through negotiations between the Town and the respective labor union. Currently, Board of Education employees age 55 with 5 or more consecutive years of service or any age with 25 years of service in the Ellington School System are eligible to receive benefits. Also, Town employees with 25 or more years of service and age plus service must be greater than or equal to 75 years are eligible to receive benefits. Retirees contribute 100% towards dental and medical premiums. For Non-Union employees, the Town contributes 100% of the premium cost for retiree's health and dental insurance coverage. For Supervisor and White Collar employees, the Town contributes 90% towards pre age 65 retiree medical and dental premiums and 100% of the premium cost for Medicare and dental coverage for retirees age 65 and older. Employees hired on or after December 4, 2008 are not eligible for any post employment town contributions. For Public Works Department employees, the Town contributes 88% towards pre age 65 retiree medical and dental premiums and 100% of the premium cost for Medicare and dental coverage for retirees age 65 and older. Employees hired on or after March 25, 2008 are not eligible for any post-employment contributions from the Town.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation.

Annual required contribution	\$ 357,023
Interest on net OPEB obligation	45,810
Adjustment to annual required contribution	<u>(60,259)</u>
Annual OPEB cost (expense)	342,574
Contributions made	<u>149,841</u>
Increase in net OPEB obligation	192,733
Net OPEB obligation, beginning of year	<u>1,145,260</u>
Net OPEB obligation, end of year	<u><u>\$ 1,337,993</u></u>

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Annual OPEB Cost and Net OPEB Obligation *(Continued)*

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2017, 2016 and 2015 are as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 338,649	50.6%	\$ 995,566
2016	351,323	57.4%	1,145,260
2017	342,574	43.7%	1,337,993

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2016 (the date of the most recent actuarial valuation) was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2016	\$ -	\$ 4,477,030	\$ 4,477,030	0.0%	Not available	Not available

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Actuarial Methods and Assumptions *(Continued)*

Valuation date:	July 1, 2016
Actuarial cost method:	Entry Age Normal Cost Method
Amortization method:	Level Dollar
Remaining amortization period:	22.10 years, closed
Actuarial assumptions:	
Interest rate	4%
Inflation rate	2.5%
Healthcare cost trend rate	8.00% initial 5.00% final

NOTE 12 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town has commercial insurance for all risks of loss including workers' compensation, employee health and accident and property and casualty insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 13 - CONTINGENT LIABILITIES

There are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

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

NOTE 14 - RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE 14 - RECENTLY ISSUED ACCOUNTING STANDARDS *(Continued)*

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement addresses accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town does not expect this statement to have a material effect on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town has not yet determined the impact that this statement might have on its financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE 14 - RECENTLY ISSUED ACCOUNTING STANDARDS *(Continued)*

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town has not yet determined the impact that this statement might have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ELLINGTON , CONNECTICUT
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (Unaudited)
 CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
 LAST THREE FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	1.16%	0.86%	0.90%
Town's proportionate share of the net pension liability	<u>\$ 3,877,319</u>	<u>\$ 2,853,323</u>	<u>\$ 2,143,846</u>
Town's covered payroll	\$ 4,702,434	\$ 4,624,684	\$ 4,624,684
Town's proportionate share of the net pension liability as a percentage of its covered payroll	82.45%	61.70%	46.36%
Plan fiduciary net position as a percentage of the total pension liability	88.29%	92.72%	90.48%

Notes to Schedule:

The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

The total pension liability reported for each year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2017 is based on a June 30, 2016 measurement date).

Benefit changes - There were no changes in benefit terms that affected the measurement of the total pension liability.

Changes in assumption - There were no changes in assumptions that affected the measurement of the total pension liability.

TOWN OF ELLINGTON, CONNECTICUT
 SCHEDULE OF CONTRIBUTIONS (Unaudited)
 CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
 LAST THREE FISCAL YEARS

	2017	2016	2015
Contractually required contribution	\$ 535,138	\$ 587,703	\$ 526,289
Contributions in relation to the contractually required contribution	535,138	587,703	526,289
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 4,702,434	\$ 4,624,684	\$ 4,624,684
Contributions as a percentage of covered employee payroll	11.38%	12.71%	11.38%

Notes to Schedule:

The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (Unaudited)
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
(Dollar amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.442%	0.441%	0.441%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability attributed to the Town	63,030	48,421	44,756
Total	<u>\$ 63,030</u>	<u>\$ 48,421</u>	<u>\$ 44,756</u>
Town's covered payroll	\$ 17,669	\$ 15,912	\$ 17,176
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	52.56%	59.50%	61.51%

Notes to Schedule:

The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2017 is based on a June 30, 2016 measurement date).

Benefit changes - There were no changes in benefit terms that affected the measurement of the total pension liability.

Assumption changes - Since the prior valuation in 2015, new assumptions were adopted. Specifically:

- Inflation assumption was reduced from 3.00% to 2.75%
- Real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
- The annual rate of wage increase assumption was reduced from 0.75% to 0.50%.
- The payroll growth assumption was reduced from 3.75% to 3.25%.
- Various demographic assumption changes utilizing the RPH-2014 mortality tables.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS - UNAUDITED
JUNE 30, 2017

Other Post- Employment Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2016	\$ -	\$ 4,477,030	\$ 4,477,030	0%	Not available	Not available
7/1/2014	-	4,620,616	4,620,616	0%	Not available	Not available
7/1/2012	-	4,080,961	4,080,961	0%	Not available	Not available
7/1/2010	-	3,675,039	3,675,039	0%	Not available	Not available

See Independent Auditor's Report

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		OVER
				(UNDER)
PROPERTY TAXATION				
Revenues from Property Taxes	\$ 40,320,225	\$ 40,320,225	\$ 40,892,836	\$ 572,611
Interest and Lien Fees	110,000	110,000	241,520	131,520
Total Property Taxation	<u>40,430,225</u>	<u>40,430,225</u>	<u>41,134,356</u>	<u>704,131</u>
INTERGOVERNMENTAL - EDUCATION				
Education Cost Sharing Grants	9,351,112	9,351,112	9,700,530	349,418
Adult Education and Vocational Agricultural	14,124	14,124	15,048	924
Transportation	127,592	127,592	-	(127,592)
Total Intergovernmental - Education	<u>9,492,828</u>	<u>9,492,828</u>	<u>9,715,578</u>	<u>222,750</u>
INTERGOVERNMENTAL - OTHER				
Town Road Aid	336,233	336,233	336,332	99
Elderly Circuit Breaker Reimb	74,761	74,761	68,171	(6,590)
Disability Reimbursement	1,847	1,847	1,748	(99)
State Property Forest	97	97	96	(1)
Pequot/Mohegan Funds	44,970	44,970	44,853	(117)
Circuit Court Fines	11,790	11,790	6,418	(5,372)
Dog Damage	100	100	-	(100)
Telecomm Serv Pers Prop Tax	23,409	23,409	22,761	(648)
Additional Income Veterans	19,725	19,725	16,514	(3,211)
Local Capital Imp Program	106,719	106,719	-	(106,719)
Municipal Grants-In-Aid	223,527	223,527	223,527	-
MRSF - Revenue Sharing Grant	75,866	75,866	321,722	245,856
DWI Grant	37,575	37,575	51,633	14,058
Erase Grant	3,105	3,105	3,907	802
Historical Preserve Award	3,000	3,000	4,000	1,000
North Central Area- Agency on Aging	3,000	3,000	5,631	2,631
Emergency Management	3,000	3,000	7,893	4,893
NCAA - Nutrition PP	-	-	1,500	1,500
NCHD - Community Garden	-	-	1,500	1,500
Total Intergovernmental - Other	<u>968,724</u>	<u>968,724</u>	<u>1,118,206</u>	<u>149,482</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		OVER
CHARGES FOR GOODS AND SERVICES				(UNDER)
Building Department	\$ 350,000	\$ 350,000	\$ 611,384	\$ 261,384
Planning and Zoning	30,000	30,000	108,662	78,662
Fire Marshal	450	450	594	144
Rights of Way Permits	500	500	2,065	1,565
Recreation Program Receipts	274,040	274,040	278,849	4,809
Recreation Interagency After School Program	12,500	12,500	-	(12,500)
Cultural Arts Commission	500	500	-	(500)
Town Clerk Conveyance Tax	142,000	142,000	183,580	41,580
Town Clerk Recording Fees and Licenses	100,000	100,000	134,031	34,031
Aircraft Registration	2,500	2,500	1,620	(880)
Board Of Education	500	500	232	(268)
Police - Special Duty	20,000	20,000	65,551	45,551
Police DARE Donations	500	500	350	(150)
Animal Control Officer Fees and Licenses	25,000	25,000	22,445	(2,555)
Animal Control Donations	100	100	-	(100)
ADHOC Patriotic Committee	100	100	320	220
Youth Service Donations	1,000	1,000	-	(1,000)
Youth Service Activities	4,000	4,000	10,459	6,459
Human Services Donations	1,000	1,000	-	(1,000)
Human Services Food Pantry	1,000	1,000	1,406	406
Human Services Fuel Administration	1,000	1,000	120	(880)
Human Services Fuel Donations	1,000	1,000	10,727	9,727
Human Services Municipal Agent	500	500	-	(500)
Human Services Enrichment Program Donations	1,000	1,000	-	(1,000)
Senior Center Donations	500	500	585	85
Senior Center Programs	10,000	10,000	9,518	(482)
Senior Center EMATS	750	750	1,165	415
Senior Center Rental Income	-	-	200	200
Senior Center Transportation Prgm	500	500	620	120
Total Charges for Goods and Services	<u>980,940</u>	<u>980,940</u>	<u>1,444,483</u>	<u>463,543</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND *(Concluded)*
FOR THE YEAR ENDED JUNE 30, 2017

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		OVER
				(UNDER)
INVESTMENT EARNINGS				
Interest on earnings	\$ 15,000	\$ 15,000	\$ 46,055	\$ 31,055
WPCA	75,000	75,000	75,000	-
OTHER REVENUES				
Ambulance Fee Program	93,199	93,199	93,199	-
Insurance Claims and Refunds	7,500	7,500	592	(6,908)
WPCA Reimbursement	32,135	32,135	32,800	665
WPCA-Reimb Maintenance Budget	216,016	216,016	221,675	5,659
Building Demolition/Evictions	5,000	5,000	-	(5,000)
Eversource Bright Ideas Grant	-	-	20,000	20,000
Sundry Refunds and Receipts	20,000	20,000	29,293	9,293
Rental Income of Town Property	9,975	9,975	9,975	-
Sale of Property	100	100	83,861	83,761
Use of debt service reserve	259,406	259,406	259,406	-
Total Other Revenues	<u>643,331</u>	<u>643,331</u>	<u>750,801</u>	<u>107,470</u>
Total Revenues	<u>52,606,048</u>	<u>52,606,048</u>	<u>54,428,044</u>	<u>1,534,866</u>
OTHER FINANCING SOURCES				
Appropriation of Fund Balance	2,746,580	2,758,452	-	(2,758,452)
Transfers in	-	-	143,565	(143,565)
Total Other Financing Sources	<u>2,746,580</u>	<u>2,758,452</u>	<u>143,565</u>	<u>(2,902,017)</u>
Total Revenues and Other Financing Sources	<u>\$ 55,352,628</u>	<u>\$ 55,364,500</u>	<u>\$ 54,428,044</u>	<u>\$ (1,223,586)</u> <i>(Concluded)</i>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUDGETED AMOUNTS</u>			VARIANCE
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	(UNDER) OVER
GENERAL GOVERNMENT				
Board of Selectmen	\$ 239,973	\$ 262,291	\$ 262,291	\$ -
Board of Finance	9,950	9,950	8,781	(1,169)
Auditors	45,000	45,000	44,000	(1,000)
Auditors - Special Project	100	100	-	(100)
Finance Officer	331,671	340,747	330,639	(10,108)
Tax Assessor	215,980	215,980	178,223	(37,757)
Tax Collector	161,519	167,025	163,373	(3,652)
Board of Assessments Appeals	400	400	100	(300)
Insurance Advisory Board	100	100	-	(100)
Town Clerk	179,522	189,007	176,715	(12,292)
Town Counsel	110,000	114,137	98,963	(15,174)
Probate Court	7,353	7,353	7,353	-
Town Planner	216,840	220,350	209,930	(10,420)
Total General Government	<u>1,518,408</u>	<u>1,572,440</u>	<u>1,480,368</u>	<u>(92,072)</u>
BOARDS AND AGENCIES				
Registrars and Electors	80,762	80,762	67,564	(13,198)
Economic Development Commission	4,500	4,500	4,140	(360)
Planning and Zoning	31,654	31,654	30,685	(969)
Design Review Board	100	200	200	-
Zoning Board of Appeals	4,100	7,130	7,130	-
Shared Services Commission	100	100	-	(100)
Permanent Building Commission	1,750	1,750	625	(1,125)
Ethics Commission	1,170	1,170	425	(745)
Inland Wetland Agency	6,700	6,700	5,048	(1,652)
Flood & Erosion Control Board	100	100	-	(100)
Conservation Commission	2,000	2,616	2,616	-
WPCA	1	1	-	(1)
Total Boards and Agencies	<u>132,937</u>	<u>136,683</u>	<u>118,433</u>	<u>(18,250)</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(UNDER)</u>
				<u>OVER</u>
PUBLIC SAFETY				
Center Fire Department	\$ 256,060	\$ 256,909	\$ 256,908	\$ (1)
Crystal Lake Fire Department	81,152	108,532	108,531	(1)
Fire Protection Hydrants	326,604	350,431	350,430	(1)
Emergency 911	48,026	48,026	47,973	(53)
Police	1,211,918	1,218,200	1,180,294	(37,906)
Police Special Duty	20,000	43,218	43,218	-
Police Drug Abuse Resistance Education	1,500	1,500	1,017	(483)
Animal Control Officer	100,345	101,515	97,868	(3,647)
Emergency Management	53,874	54,710	53,494	(1,216)
Building Department	142,231	147,407	141,425	(5,982)
Volunteer Ambulance	268,199	287,408	287,407	(1)
Emergency Service Incentive Program	149,700	149,700	145,644	(4,056)
Adhoc Emergency Service Committee	535	535	125	(410)
Public Safety Commission	100	100	-	(100)
Fire Marshal	172,035	175,978	154,792	(21,186)
Total Public Safety	<u>2,832,279</u>	<u>2,944,169</u>	<u>2,869,126</u>	<u>(75,043)</u>
PUBLIC WORKS				
General Town Roads	1,821,116	1,871,250	1,780,180	(91,070)
New Equipment	10,000	10,569	10,569	-
Equipment Maintenance	244,000	244,000	215,183	(28,817)
Town Garage Maintenance	73,500	73,500	67,385	(6,115)
Street Signs	17,500	17,500	17,155	(345)
Grounds Maintenance - BOE/Parks	105,000	105,000	104,770	(230)
Town Aid Road - Winter	270,000	270,000	256,815	(13,185)
Town Aid Road - Materials	290,000	298,124	298,123	(1)
Sanitary Landfill	381,000	335,651	292,210	(43,441)
Sanitary Recycling	377,200	377,200	341,632	(35,568)
Household Hazardous Waste	15,000	15,000	12,070	(2,930)
WPCA Maintenance	116,016	116,016	96,789	(19,227)
Street Lighting	97,235	121,845	121,844	(1)
Engineer and Inspections	125,000	137,046	137,045	(1)
Total Public Works	<u>3,942,567</u>	<u>3,992,701</u>	<u>3,751,770</u>	<u>(240,931)</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(UNDER)</u>
RECREATION				
Parks Recreation Equipment	\$ 422,570	\$ 428,510	\$ 428,510	\$ -
Cultural Arts	100	100	-	(100)
Inter-Agency After School Program	12,500	12,500	12,498	(2)
Crystal Lake Water Monitor	25,000	40,000	40,000	-
Total Recreation	<u>460,170</u>	<u>481,110</u>	<u>481,008</u>	<u>(102)</u>
LIBRARY				
Hall Memorial Library	600,915	600,915	597,624	(3,291)
Total Library	<u>600,915</u>	<u>600,915</u>	<u>597,624</u>	<u>(3,291)</u>
HUMAN SERVICES				
Public Health Nursing	3,500	3,500	2,064	(1,436)
Nutmeg Big Brothers Big Sisters	500	500	500	-
Tri-Town Emergency Shelter	500	500	-	(500)
Cornerstone Foundation Inc.	500	500	500	-
Connecticut Legal Services	2,200	2,200	2,200	-
YWCA/SACS	800	800	800	-
Regional Mental Health Board	1,092	1,092	1,092	-
Kidsafe CT	3,000	3,000	3,000	-
Hockanum Valley Community Council	33,000	33,000	32,798	(202)
Food Pantry	1,000	1,846	1,846	-
Fuel Bank	1,500	1,500	237	(1,263)
Youth Enrichment	24,000	24,000	13,223	(10,777)
Youth Activity Programs	67,870	67,870	61,882	(5,988)
Hartford Interval House	2,000	2,000	2,000	-
Human Services	219,283	234,786	226,829	(7,957)
North Central Health District	73,763	73,763	73,763	-
Welfare	16,000	16,000	5,454	(10,546)
Municipal Agent	2,500	2,500	2,500	-
Senior Center	215,754	218,557	203,005	(15,552)
Total Human Services	<u>668,762</u>	<u>687,914</u>	<u>633,693</u>	<u>(54,221)</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUDGETED AMOUNTS</u>			VARIANCE
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	(UNDER) OVER
TOWN PROPERTIES				
Town Hall	\$ 455,372	\$ 492,636	\$ 492,636	\$ -
Center Cemetery	3,700	3,700	3,700	-
Hall Memorial Library Building	147,775	151,067	151,066	-
Arbor Commons - Human services	22,350	22,350	20,809	(1,541)
Arbor Commons - Police	19,250	19,250	13,179	(6,071)
Senior Center Building	69,002	76,121	76,121	-
Pinney House	1,500	1,500	1,317	(183)
Old Crystal Lake School House	11,200	11,200	7,857	(3,343)
Total Town Properties	<u>730,149</u>	<u>777,824</u>	<u>766,685</u>	<u>(11,138)</u>
DEBT SERVICE				
Debt Redemption - Principal	2,095,066	2,095,066	2,091,595	(3,471)
Debt Redemption - Interest	833,316	833,316	755,582	(77,734)
Total Debt Service	<u>2,928,382</u>	<u>2,928,382</u>	<u>2,847,177</u>	<u>(81,205)</u>
MISCELLANEOUS				
Social Security	430,900	430,900	402,944	(27,956)
Insurance	2,489,666	2,304,260	2,301,729	(2,531)
Insurance Reimbursement and Claims	7,500	2,997	862	(2,135)
Insurance Prior Year	5,000	5,000	-	(5,000)
Service Insurance	101,000	101,000	101,000	-
Contingency Fund	200,000	200,000	200,000	-
Capital Reserve Fund	200,000	200,000	200,000	-
AD HOC Prevention Council Developing	10,000	10,000	8,409	(1,591)
Erase	3,105	4,122	4,121	(1)
AD HOC Patriotic Committee	4,700	4,700	2,110	(2,590)
AD HOC Beautification Committee	-	2,198	2,198	-
Charter Revision Commission	4,550	4,550	583	(3,967)
Miscellaneous	2,000	2,000	1,337	(663)
GASB-OPEB	100,000	100,000	100,000	-
Referendum	18,000	18,000	3,793	(14,207)
Building Demolition/Eviction	10,000	14,247	14,247	-
Salary Adjustment	417,191	294,046	203,576	(90,470)
Employee Education Development	7,500	7,500	2,500	(5,000)
Town Communications	11,628	11,628	5,063	(6,565)
Town Web Site	23,602	23,823	23,823	-
Grant Applications	2,000	2,000	698	(1,302)
GIS	14,000	14,000	4,892	(9,108)
Total Miscellaneous	<u>4,062,342</u>	<u>3,756,971</u>	<u>3,583,885</u>	<u>(173,086)</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE (UNDER) OVER</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
CAPITAL OUTLAYS				
Local Capital Improvement Program	\$ 106,719	\$ 106,719	\$ 106,719	\$ -
Road Overlay	501,304	501,304	501,304	-
DPW - Snow Plow Dumptrucks Replacements	190,000	190,000	188,995	(1,005)
DPW - Mower Replacements	110,000	110,000	107,660	(2,340)
HML - Upgrades to Restrooms	75,000	75,000	75,000	-
Emergency Services Study	20,000	20,000	20,000	-
General Government Telephone System Replacement	26,200	26,200	24,102	(2,098)
DPW - Ice Grant Obligations	30,000	30,000	30,000	-
Parking Lot Renovations	50,000	50,000	50,000	-
Field Irrigation	25,000	25,000	24,739	(261)
EVFD - Replacement 4 Door Pickup	50,000	59,674	59,674	-
EVFD - Fire House Improvement	100,000	100,000	100,000	-
BOE - Center School Telephone	39,700	39,700	35,573	(4,127)
BOE - Systemwide Wheel Chair Van	52,045	52,045	52,045	-
Total Capital Outlays	<u>1,375,968</u>	<u>1,385,642</u>	<u>1,375,811</u>	<u>(9,831)</u>
EDUCATION				
Salaries				
Administrative	1,858,839	1,870,839	1,869,987	(852)
Faculty	16,792,243	16,917,262	16,824,514	(92,748)
Secretarial	831,752	847,452	893,346	45,894
Custodial	1,301,916	1,301,916	1,326,391	24,475
Nurses	372,324	372,324	388,427	16,103
Instructor Aides	1,147,818	1,147,818	1,230,301	82,483
General / Media Aides	442,064	489,793	474,584	(15,209)
Severance	151,712	196,552	121,253	(75,299)
Total Salaries	<u>22,898,668</u>	<u>23,143,956</u>	<u>23,128,803</u>	<u>(15,153)</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUDGETED AMOUNTS</u>			VARIANCE
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	(UNDER) OVER
EDUCATION (Continued)				
Employee Benefits				
Health Benefits	\$ 5,335,320	\$ 5,090,032	\$ 5,080,288	\$ (9,744)
Social Security	578,575	578,575	631,695	53,120
Unemployment	10,000	10,000	34,561	24,561
Retirement - MERS	538,093	538,093	551,529	13,436
Course Tuition	1,000	1,000	2,267	1,267
Total Employee Benefits	<u>6,462,988</u>	<u>6,217,700</u>	<u>6,300,340</u>	<u>82,640</u>
Contracted Services				
Program Improvement	352,127	352,127	378,491	26,364
Pupil Services	75,691	75,691	75,866	175
Management Services	24,000	24,000	39,500	15,500
Professional/Tech Services	650,632	650,632	632,727	(17,905)
Public Utilities-Electricity	694,700	694,700	706,076	11,376
Other Property Services	185,700	185,700	184,425	(1,275)
Property Insurance	350,500	350,500	342,795	(7,705)
Rentals	119,269	119,269	122,638	3,369
Repairs Instrument Equipment	48,933	48,933	43,665	(5,268)
Repairs/Maintenance	143,474	143,474	134,955	(8,519)
Reg. Pupil Transportation	1,641,367	1,641,367	1,518,672	(122,695)
Conference/Travel	54,700	54,700	52,523	(2,177)
Special Ed Transportation	437,244	437,244	425,587	(11,657)
Athletic Transportation	43,120	43,120	36,174	(6,946)
Telephone	55,030	55,030	71,071	16,041
Townwide Maintenance	40,500	40,500	99,835	59,335
Printing /Advertising	25,278	25,278	10,578	(14,700)
Outside Tuition	884,469	884,469	640,292	(244,177)
Total Contracted Services	<u>5,826,734</u>	<u>5,826,734</u>	<u>5,515,870</u>	<u>(310,864)</u>
Capital Outlays				
Replacement Equipment	31,602	31,602	113,860	82,258
Total Capital Outlays	<u>31,602</u>	<u>31,602</u>	<u>113,860</u>	<u>82,258</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(UNDER)</u>
EDUCATION (Continued)				
Supplies and Materials				
Administrative Supplies	\$ 59,096	\$ 59,096	\$ 57,844	\$ (1,252)
Program Supplies	306,184	306,184	297,060	(9,124)
Special Education	41,031	41,031	26,646	(14,385)
Basic	130,679	130,679	124,822	(5,857)
Custodial Supplies	134,500	134,500	118,909	(15,591)
Heating Fuel and Gasoline	5,000	5,000	2,754	(2,246)
Textbooks	86,324	86,324	94,125	7,801
Library/Media	58,068	58,068	56,057	(2,011)
Total Supplies and Materials	<u>820,882</u>	<u>820,882</u>	<u>778,217</u>	<u>(42,665)</u>
Miscellaneous				
Dues and Memberships	58,875	58,875	28,767	(30,108)
Other Supplies	-	-	43,169	43,169
Total Miscellaneous	<u>58,875</u>	<u>58,875</u>	<u>71,936</u>	<u>13,061</u>
Total Board of Education	<u>36,099,749</u>	<u>36,099,749</u>	<u>35,909,026</u>	<u>(190,723)</u>
Total Budgetary Expenditures	<u>\$ 55,352,628</u>	<u>\$ 55,364,500</u>	<u>\$ 54,414,606</u>	<u>\$ (949,893)</u>
				<i>(Concluded)</i>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2017

GRAND LIST YEAR	BALANCE		LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	BALANCE TO BE COLLECTED	COLLECTIONS				BALANCE UNCOLLECTED JUNE 30, 2017	
	UNCOLLECTED JUNE 30, 2016	CURRENT LEVY	ADDITIONS	DEDUCTIONS			TAXES	LIEN				TOTAL
								INTEREST	FEES			
2015	\$ -	\$ 40,982,434	\$ 132,702	\$ 232,321	\$ -	\$ 40,882,815	\$ 40,648,318	\$ 88,910	\$ 2,754	\$ 40,739,982	\$ 234,497	
2014	236,677	-	15,518	57,283	-	194,912	53,456	19,615	750	73,821	141,456	
2013	120,669	-	1,784	2,743	(29,540)	90,170	45,519	20,546	246	66,311	44,651	
2012	53,153	-	359	2,401	-	51,111	29,444	18,481	144	48,069	21,667	
2011	36,340	-	-	1,339	-	35,001	21,390	16,693	72	38,155	13,611	
2010	32,023	-	-	1,320	-	30,703	18,718	19,337	72	38,127	11,985	
2009	29,786	-	-	1,219	-	28,567	17,257	20,457	72	37,786	11,310	
2008	20,110	-	-	1,205	-	18,905	9,609	13,112	48	22,769	9,296	
2007	9,894	-	-	1,960	-	7,934	3,022	4,759	24	7,805	4,912	
2006	8,850	-	-	1,968	-	6,882	3,037	5,330	24	8,391	3,845	
2005	5,261	-	-	1,952	-	3,309	2,147	2,383	24	4,554	1,162	
2004	2,518	-	-	1,544	-	974	-	-	-	-	974	
2003	2,447	-	-	1,503	-	944	-	-	-	-	944	
2002	869	-	-	-	-	869	-	-	-	-	869	
2001	897	-	-	-	-	897	-	109	96	205	897	
2000	2,735	-	-	-	-	2,735	2,735	-	-	2,735	-	
	<u>\$ 562,229</u>	<u>\$ 40,982,434</u>	<u>\$ 150,363</u>	<u>\$ 308,758</u>	<u>\$ (29,540)</u>	<u>\$ 41,356,728</u>	<u>\$ 40,854,652</u>	<u>\$ 229,732</u>	<u>\$ 4,326</u>	<u>\$ 41,088,710</u>	<u>\$ 502,076</u>	

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374 (b)
FOR THE YEAR ENDED JUNE 30, 2017

Total cash collections for the
year ended June 30, 2017

Taxes	\$ 40,854,652
Interest and lien fees	234,058
Total	<u>41,088,710</u>

Reimbursed for	
Tax relief for elderly (CGS 12-129d)	68,171
Total	<u>68,171</u>

Base	<u>\$ 41,156,881</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	\$ 92,602,982	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	185,205,965	-	-	-
3-3/4 times base	-	-	154,338,304	-	-
3-1/4 times base	-	-	-	133,759,863	-
3 times base	-	-	-	-	123,470,643
Total debt limitation	<u>92,602,982</u>	<u>185,205,965</u>	<u>154,338,304</u>	<u>133,759,863</u>	<u>123,470,643</u>

Indebtedness:					
Bonds and notes payable	6,245,000	13,515,000	1,000,000	-	-
Authorized but unissued bonds	832,000	6,517,574	-	-	-
Total indebtedness	<u>7,077,000</u>	<u>20,032,574</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>

Debt limitation in excess of					
Outstanding and authorized debt	<u>\$ 85,525,982</u>	<u>165,173,391</u>	<u>153,338,304</u>	<u>133,759,863</u>	<u>123,470,643</u>

Total capacity of borrowing (7 times base)	\$ 288,098,167
--	----------------

Total present indebtedness	<u>28,109,574</u>
----------------------------	-------------------

Margin for additional borrowing	<u>\$ 259,988,593</u>
---------------------------------	-----------------------

COMBINING STATEMENTS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET - BY FUND TYPE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,862,706	\$ 246,688	\$ 156,797	\$ 3,266,191
Investments	-	-	819,103	819,103
Receivables:				
Grants and contracts	67,274	106,719	-	173,993
Other	277,076	-	-	277,076
Due from other funds	97,093	7,781	26,272	131,146
Inventories	4,297	-	-	4,297
Total assets	<u>\$ 3,308,446</u>	<u>\$ 361,188</u>	<u>\$ 1,002,172</u>	<u>\$ 4,671,806</u>
LIABILITIES				
Accounts payable	\$ 84,188	\$ -	\$ 17	\$ 84,205
Due to other funds	616,323	167,091	-	783,414
Unearned revenue	285,206	-	-	285,206
Total liabilities	<u>985,717</u>	<u>167,091</u>	<u>17</u>	<u>1,152,825</u>
FUND BALANCES				
Nonspendable:				
Endowments	-	-	52,497	52,497
Inventories	4,297	-	-	4,297
Restricted for:				
Special reserves - external	-	-	949,658	949,658
Education	567,615	-	-	567,615
Committed to :				
School lunch operations	71,387	-	-	71,387
Education	342,455	-	-	342,455
Public safety	550,165	-	-	550,165
Human services	163,520	-	-	163,520
Town properties	529,938	-	-	529,938
Land use	93,352	-	-	93,352
Capital purposes	-	254,469	-	254,469
Unassigned	-	(60,372)	-	(60,372)
Total fund balances	<u>2,322,729</u>	<u>194,097</u>	<u>1,002,155</u>	<u>3,518,981</u>
Total liabilities and fund balances	<u>\$ 3,308,446</u>	<u>\$ 361,188</u>	<u>\$ 1,002,172</u>	<u>\$ 4,671,806</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BY FUND TYPE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 1,645,181	\$ 278,084	\$ -	\$ 1,923,265
Charges for services	1,711,835	-	-	1,711,835
Food sales	425,045	-	-	425,045
Interest and dividends	9,664	1,507	376	11,547
Change in the fair value of investments	-	-	72,072	72,072
Other	32,211	-	21,189	53,400
Total revenues	<u>3,823,936</u>	<u>279,591</u>	<u>93,637</u>	<u>4,197,164</u>
EXPENDITURES				
Current:				
Program expenditures	2,783,297	-	9,883	2,793,180
Capital outlays	-	570,423	-	570,423
Total expenditures	<u>2,783,297</u>	<u>570,423</u>	<u>9,883</u>	<u>3,363,603</u>
Excess (deficiency) of revenues over expenditures	1,040,639	(290,832)	83,754	833,561
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of bonds	-	1,375,000	-	1,375,000
Transfers in	379,140	29,606	-	408,746
Transfers out	(664,020)	(92,858)	-	(756,878)
Total other financing sources (uses)	<u>(284,880)</u>	<u>1,311,748</u>	<u>-</u>	<u>1,026,868</u>
Net change in fund balances	755,759	1,020,916	83,754	1,860,429
Fund balances - beginning	<u>1,566,970</u>	<u>(826,819)</u>	<u>918,401</u>	<u>1,658,552</u>
Fund balances - ending	<u>\$ 2,322,729</u>	<u>\$ 194,097</u>	<u>\$ 1,002,155</u>	<u>\$ 3,518,981</u>

SPECIAL REVENUE FUNDS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Dog Fund	Education Grants Fund	Open Choice Tuition Fund	School Lunch Fund	Ambulance Fee Program Fund	Youth Service Bureau Fund	HUD Small Cities Housing Rehab Program Fund	Historic Document Preservation Fund
ASSETS								
Cash and cash equivalents	\$ -	\$ 546,834	\$ 577,900	\$ 75,656	\$ 672,445	\$ -	\$ 85,992	\$ 77,228
Receivables:								
Grants and contracts	-	-	-	30,981	-	-	-	-
Other	-	51,427	128,575	-	97,074	-	-	-
Due from other funds	13,232	79,140	-	-	-	-	-	290
Inventories	-	-	-	4,297	-	-	-	-
Total assets	<u>\$ 13,232</u>	<u>\$ 677,401</u>	<u>\$ 706,475</u>	<u>\$ 110,934</u>	<u>\$ 769,519</u>	<u>\$ -</u>	<u>\$ 85,992</u>	<u>\$ 77,518</u>
LIABILITIES								
Accounts payable	\$ 13,232	\$ 28,177	\$ -	\$ 35,250	\$ 7,529	\$ -	\$ -	\$ -
Due to other funds	-	-	364,020	-	211,825	-	-	-
Unearned revenue	-	81,609	-	-	-	-	-	-
Total liabilities	<u>13,232</u>	<u>109,786</u>	<u>364,020</u>	<u>35,250</u>	<u>219,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Nonspendable:								
Inventories	-	-	-	4,297	-	-	-	-
Restricted for:								
Education	-	567,615	-	-	-	-	-	-
Committed to:								
School lunch operations	-	-	-	71,387	-	-	-	-
Education	-	-	342,455	-	-	-	-	-
Public safety	-	-	-	-	550,165	-	-	-
Human services	-	-	-	-	-	-	85,992	77,518
Town properties	-	-	-	-	-	-	-	-
Land use	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>567,615</u>	<u>342,455</u>	<u>75,684</u>	<u>550,165</u>	<u>-</u>	<u>85,992</u>	<u>77,518</u>
Total liabilities and fund balances	<u>\$ 13,232</u>	<u>\$ 677,401</u>	<u>\$ 706,475</u>	<u>\$ 110,934</u>	<u>\$ 769,519</u>	<u>\$ -</u>	<u>\$ 85,992</u>	<u>\$ 77,518</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
COMBING BALANCE SHEET (Concluded)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Town Land Preservation Fund	DOT Elderly and Disabled Fund	Land Use Fees Fund	Open Space Fund	Small Cities Regular Rehab 13 Fund	Airport Improvement Grant Fund	Small Cities Regular Rehab 16 Fund	Total Nonmajor Special Revenue Funds
ASSETS								
Cash and cash equivalents	\$ 52,044	\$ -	\$ 47,448	\$ 722,964	\$ 10	\$ -	\$ 4,185	\$ 2,862,706
Receivables:								
Grants and contracts receivable	-	-	-	-	-	-	36,293	67,274
Other	-	-	-	-	-	-	-	277,076
Due from other funds	4,431	-	-	-	-	-	-	97,093
Inventories	-	-	-	-	-	-	-	4,297
Total assets	<u>\$ 56,475</u>	<u>\$ -</u>	<u>\$ 47,448</u>	<u>\$ 722,964</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 40,478</u>	<u>\$ 3,308,446</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,188
Due to other funds	-	-	-	-	-	-	40,478	616,323
Unearned revenue	-	-	-	203,597	-	-	-	285,206
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,597</u>	<u>-</u>	<u>-</u>	<u>40,478</u>	<u>985,717</u>
FUND BALANCES								
Nonspendable:								
Inventories	-	-	-	-	-	-	-	4,297
Restricted for:								
Education	-	-	-	-	-	-	-	567,615
Committed to:								
School lunch operations	-	-	-	-	-	-	-	71,387
Education	-	-	-	-	-	-	-	342,455
Public safety	-	-	-	-	-	-	-	550,165
Human services	-	-	-	-	10	-	-	163,520
Town properties	10,571	-	-	519,367	-	-	-	529,938
Land use	45,904	-	47,448	-	-	-	-	93,352
Total fund balances	<u>56,475</u>	<u>-</u>	<u>47,448</u>	<u>519,367</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>2,322,729</u>
Total liabilities and fund balances	<u>\$ 56,475</u>	<u>\$ -</u>	<u>\$ 47,448</u>	<u>\$ 722,964</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 40,478</u>	<u>\$ 3,308,446</u>

(Concluded)

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Dog Fund	Education Grants Fund	Open Choice Tuition Fund	School Lunch Fund	Ambulance Fee Program Fund	Youth Service Bureau Fund	HUD Small Cities Housing Rehab Program Fund	Historic Document Preservation Fund
REVENUES								
Intergovernmental	\$ -	\$ 1,258,400	\$ -	\$ 253,225	\$ -	\$ 19,000	\$ -	\$ -
Charges for services	97,868	467,347	786,035	-	238,958	-	-	-
Food sales	-	-	-	425,045	-	-	-	-
Interest and dividends	-	-	-	77	3,974	-	583	270
Other	-	-	-	-	-	-	-	6,778
Total revenues	<u>97,868</u>	<u>1,725,747</u>	<u>786,035</u>	<u>678,347</u>	<u>242,932</u>	<u>19,000</u>	<u>583</u>	<u>7,048</u>
EXPENDITURES								
Current:								
Program expenditures	97,868	1,537,272	-	692,857	187,065	19,000	10,007	-
Total expenditures	<u>97,868</u>	<u>1,537,272</u>	<u>-</u>	<u>692,857</u>	<u>187,065</u>	<u>19,000</u>	<u>10,007</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	188,475	786,035	(14,510)	55,867	-	(9,424)	7,048
OTHER FINANCING SOURCES (USES)								
Transfer in	-	379,140	-	-	-	-	-	-
Transfers out	-	-	(664,020)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>379,140</u>	<u>(664,020)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	567,615	122,015	(14,510)	55,867	-	(9,424)	7,048
Fund balances - beginning	-	-	220,440	90,194	494,298	-	95,416	70,470
Fund balances - ending	<u>\$ -</u>	<u>\$ 567,615</u>	<u>\$ 342,455</u>	<u>\$ 75,684</u>	<u>\$ 550,165</u>	<u>\$ -</u>	<u>\$ 85,992</u>	<u>\$ 77,518</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUNDS BALANCES *(Concluded)*
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Town Land Preservation Fund	DOT Elderly and Disabled Fund	Land Use Fees Fund	Open Space Fund	Small Cities Regular Rehab 13 Fund	Airport Improvement Grant Fund	Small Cities Regular Rehab 16 Fund	Total Nonmajor Special Revenue Funds
REVENUES								
Intergovernmental	\$ -	\$ 27,023	\$ -	\$ -	\$ -	\$ 5,640	\$ 81,893	\$ 1,645,181
Charges for services	121,617	-	-	-	10	-	-	1,711,835
Food sales	-	-	-	-	-	-	-	425,045
Interest and dividends	217	-	295	4,248	-	-	-	9,664
Other	-	-	1,050	24,383	-	-	-	32,211
Total revenues	<u>121,834</u>	<u>27,023</u>	<u>1,345</u>	<u>28,631</u>	<u>10</u>	<u>5,640</u>	<u>81,893</u>	<u>3,823,936</u>
EXPENDITURES								
Current:								
Program expenditures	118,897	27,023	5,775	-	-	5,640	81,893	2,783,297
Total expenditures	<u>118,897</u>	<u>27,023</u>	<u>5,775</u>	<u>-</u>	<u>-</u>	<u>5,640</u>	<u>81,893</u>	<u>2,783,297</u>
Excess (deficiency) of revenues over expenditures	2,937	-	(4,430)	28,631	10	-	-	1,040,639
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	379,140
Transfers out	-	-	-	-	-	-	-	(664,020)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(284,880)</u>
Net change in fund balances	2,937	-	(4,430)	28,631	10	-	-	755,759
Fund balances - beginning	<u>53,538</u>	<u>-</u>	<u>51,878</u>	<u>490,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,566,970</u>
Fund balances - ending	<u>\$ 56,475</u>	<u>\$ -</u>	<u>\$ 47,448</u>	<u>\$ 519,367</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,322,729</u>

(Concluded)

CAPITAL PROJECTS FUNDS

TOWN OF ELLINGTON, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

	Windsorville Road Improvement Fund	Local Capital Improvement Program Fund	Town Sidewalk Fund	Windermere Road Improvements Fund	Department of Public Works Maintenance Fund	Dojo Association Fund	Hall HVAC System Fund
ASSETS							
Cash and cash equivalents	\$ 25,940	\$ -	\$ 4,409	\$ 18,516	\$ 197,823	\$ -	\$ -
Grants and contract receivables	-	106,719	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 25,940</u>	<u>\$ 106,719</u>	<u>\$ 4,409</u>	<u>\$ 18,516</u>	<u>\$ 197,823</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES							
Due to other funds	\$ -	\$ 106,719	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>106,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Committed to:							
Capital purposes	25,940	-	4,409	18,516	197,823	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>25,940</u>	<u>-</u>	<u>4,409</u>	<u>18,516</u>	<u>197,823</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 25,940</u>	<u>\$ 106,719</u>	<u>\$ 4,409</u>	<u>\$ 18,516</u>	<u>\$ 197,823</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET (Continued)
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017

	<u>59 South Road Fund</u>	<u>Windermere Heat Control Fund</u>	<u>Senior Center Building Fund</u>	<u>Windermere School Alterations Fund</u>	<u>Bahler Farm Preservation Fund</u>	<u>Charter Farm Preservation Fund</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contracts receivable	-	-	-	-	-	-
Due from other funds	-	-	7,781	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ 60,372	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,372</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Committed to:						
Capital purposes	-	-	7,781	-	-	-
Unassigned	-	-	-	(60,372)	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>7,781</u>	<u>(60,372)</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
 COMBINING BALANCE SHEET *(Concluded)*
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

	McKight Farm Preservation Fund	Pinney Athletic Field Fund	STEAP Ellington Fire House Fund	6 Nutmeg Drive Fund	ICE Grant Fund	Total Nonmajor Capital Projects Funds
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 246,688
Grants and contracts receivable	-	-	-	-	-	106,719
Due from other funds	-	-	-	-	-	7,781
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361,188</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,091
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,091</u>
FUND BALANCES						
Committed to:						
Capital purposes	-	-	-	-	-	254,469
Unassigned	-	-	-	-	-	(60,372)
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,097</u>
Total liabilities and fund balance:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361,188</u>
						<i>(Concluded)</i>

TOWN OF ELLINGTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Windsorville Road Improvement Fund	Local Capital Improvement Program Fund	Town Sidewalk Fund	Windermere Road Improvements Fund	Department of Public Works Maintenance Fund	Dojo Association Fund	Hall HVAC System Fund
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and dividends	157	-	39	112	1,199	-	-
Total revenues	<u>157</u>	<u>-</u>	<u>39</u>	<u>112</u>	<u>1,199</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Current:							
Capital outlays	-	-	2,397	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>2,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	157	-	(2,358)	112	1,199	-	-
OTHER FINANCING SOURCES (USES)							
Proceeds from issuance of bonds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(24,350)	(16,823)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,350)</u>	<u>(16,823)</u>
Net change in fund balances	157	-	(2,358)	112	1,199	(24,350)	(16,823)
Fund balances - beginning	<u>25,783</u>	<u>-</u>	<u>6,767</u>	<u>18,404</u>	<u>196,624</u>	<u>24,350</u>	<u>16,823</u>
Fund balances - ending	<u>\$ 25,940</u>	<u>\$ -</u>	<u>\$ 4,409</u>	<u>\$ 18,516</u>	<u>\$ 197,823</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES *(Continued)*
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>59 South Road Fund</u>	<u>Windermere Heat Control Fund</u>	<u>Senior Center Building Fund</u>	<u>Windermere School Alterations Fund</u>	<u>Bahler Farm Preservation Fund</u>	<u>Charter Farm Preservation Fund</u>
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ 214,957	\$ -	\$ -
Interest and dividends	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,957</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Current:						
Capital outlays	-	-	80,813	405,220	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>80,813</u>	<u>405,220</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	(80,813)	(190,263)	-	-
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of bonds	-	-	-	-	-	-
Transfers in	-	-	-	-	29,606	-
Transfers out	(7,582)	(33,522)	-	-	-	(3,006)
Total other financing sources (uses)	<u>(7,582)</u>	<u>(33,522)</u>	<u>-</u>	<u>-</u>	<u>29,606</u>	<u>(3,006)</u>
Net change in fund balances	(7,582)	(33,522)	(80,813)	(190,263)	29,606	(3,006)
Fund balances - beginning	<u>7,582</u>	<u>33,522</u>	<u>88,594</u>	<u>129,891</u>	<u>(29,606)</u>	<u>3,006</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,781</u>	<u>\$ (60,372)</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES *(Concluded)*
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>McKnight Farm Preservation Fund</u>	<u>Pinney Athletic Field Fund</u>	<u>STEAP Ellington Fire House Fund</u>	<u>6 Nutmeg Drive Fund</u>	<u>ICE Grant Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 2,407	\$ -	\$ 60,720	\$ 278,084
Interest and dividends	-	-	-	-	-	1,507
Total revenues	<u>-</u>	<u>-</u>	<u>2,407</u>	<u>-</u>	<u>60,720</u>	<u>279,591</u>
EXPENDITURES						
Current:						
Capital outlays	-	-	2,407	18,866	60,720	570,423
Total expenditures	<u>-</u>	<u>-</u>	<u>2,407</u>	<u>18,866</u>	<u>60,720</u>	<u>570,423</u>
Excess (deficiency) of revenues over expenditures	-	-	-	(18,866)	-	(290,832)
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of bonds	-	-	-	1,375,000	-	1,375,000
Transfers in	-	-	-	-	-	29,606
Transfers out	<u>(1,714)</u>	<u>(5,861)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,858)</u>
Total other financing sources (uses)	<u>(1,714)</u>	<u>(5,861)</u>	<u>-</u>	<u>1,375,000</u>	<u>-</u>	<u>1,311,748</u>
Net change in fund balances	(1,714)	(5,861)	-	1,356,134	-	1,020,916
Fund balances - beginning	<u>1,714</u>	<u>5,861</u>	<u>-</u>	<u>(1,356,134)</u>	<u>-</u>	<u>(826,819)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,097</u>

(Concluded)

PERMANENT FUNDS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
JUNE 30, 2017

	Marshall E. Charter Fund	Kimball Memorial Fund	John T. McKnight Maintenance Fund	Eugene K. Mosley Fund	Arthur Hyde Fund
ASSETS					
Cash and cash equivalents	\$ 73,672	\$ -	\$ -	\$ 100	\$ 202
Investments	466,773	106,733	21,392	-	-
Due from other funds	1,930	7,287	1,461	-	-
Total assets	<u>\$ 542,375</u>	<u>\$ 114,020</u>	<u>\$ 22,853</u>	<u>\$ 100</u>	<u>\$ 202</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
FUND BALANCES					
Nonspendable:					
Endowments	29,697	5,000	1,000	100	200
Special reserves - external	512,678	109,020	21,853	-	-
Total fund balances	<u>542,375</u>	<u>114,020</u>	<u>22,853</u>	<u>100</u>	<u>200</u>
Total liabilities and fund balances	<u>\$ 542,375</u>	<u>\$ 114,020</u>	<u>\$ 22,853</u>	<u>\$ 100</u>	<u>\$ 202</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET (Concluded)
NONMAJOR PERMANENT FUNDS
JUNE 30, 2017

	Sarah H. McKinney Fund	Mary Wadsworth Gardner Fund	Hall Memorial Library Fund	Wiley Fund	Total Nonmajor Permanent Funds
ASSETS					
Cash and cash equivalents	\$ 505	\$ 81,308	\$ -	\$ 1,010	\$ 156,797
Investments	-	552	223,653	-	819,103
Due from other funds	-	324	15,270	-	26,272
Total assets	<u>\$ 505</u>	<u>\$ 82,184</u>	<u>\$ 238,923</u>	<u>\$ 1,010</u>	<u>\$ 1,002,172</u>
LIABILITIES					
Accounts payable	\$ 5	\$ -	\$ -	\$ 10	\$ 17
Total liabilities	<u>5</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>17</u>
FUND BALANCES					
Nonspendable:					
Endowments	500	5,000	10,000	1,000	52,497
Special reserves - external	-	77,184	228,923	-	949,658
Total fund balances	<u>500</u>	<u>82,184</u>	<u>238,923</u>	<u>1,000</u>	<u>1,002,155</u>
Total liabilities and fund balances	<u>\$ 505</u>	<u>\$ 82,184</u>	<u>\$ 238,923</u>	<u>\$ 1,010</u>	<u>\$ 1,002,172</u>

(Concluded)

TOWN OF ELLINGTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Marshall E. Charter Fund	Kimball Memorial Fund	John T. McKnight Maintenance Fund	Eugene K. Mosley Fund	Arthur Hyde Fund
REVENUES					
Interest and dividends	\$ 355	\$ -	\$ -	\$ -	\$ 2
Change in the fair value of investments	37,500	8,574	1,719	-	-
Other	11,025	2,521	505	-	-
Total revenues	<u>48,880</u>	<u>11,095</u>	<u>2,224</u>	<u>-</u>	<u>2</u>
EXPENDITURES					
Current:					
Program expenditures	4,858	1,111	224	-	2
Total expenditures	<u>4,858</u>	<u>1,111</u>	<u>224</u>	<u>-</u>	<u>2</u>
Net change in fund balances	44,022	9,984	2,000	-	-
Fund balances - beginning	<u>498,353</u>	<u>104,036</u>	<u>20,853</u>	<u>100</u>	<u>200</u>
Fund balances - ending	<u>\$ 542,375</u>	<u>\$ 114,020</u>	<u>\$ 22,853</u>	<u>\$ 100</u>	<u>\$ 200</u>

TOWN OF ELLINGTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES *(Continued)*
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Sarah H. McKinney Fund	Mary Wadsworth Gardner Fund	Hall Memorial Library Fund	Wiley Fund	Total Nonmajor Permanent Funds
REVENUES					
Interest and dividends	\$ 3	\$ 10	\$ -	\$ 6	\$ 376
Change in the fair value of investments	-	6,311	17,968	-	72,072
Other	-	1,855	5,283	-	21,189
Total revenues	<u>3</u>	<u>8,176</u>	<u>23,251</u>	<u>6</u>	<u>93,637</u>
EXPENDITURES					
Current:					
Program expenditures	<u>3</u>	<u>1,352</u>	<u>2,327</u>	<u>6</u>	<u>9,883</u>
Total expenditures	<u>3</u>	<u>1,352</u>	<u>2,327</u>	<u>6</u>	<u>9,883</u>
Net change in fund balances	-	6,824	20,924	-	83,754
Fund balances - beginning	<u>500</u>	<u>75,360</u>	<u>217,999</u>	<u>1,000</u>	<u>918,401</u>
Fund balances - ending	<u>\$ 500</u>	<u>\$ 82,184</u>	<u>\$ 238,923</u>	<u>\$ 1,000</u>	<u>\$ 1,002,155</u>

PROPRIETARY FUNDS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2017

	Solid Waste Collection Fund	Watermains, Tripp and Middle Roads Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Solid waste charges receivable, net of allowance for uncollectibles of \$3,113	\$ 42,765	\$ -	\$ 42,765
Noncurrent assets:			
Long-term assessments receivable	-	38,183	38,183
Due from other funds	2,059	-	2,059
Total assets	<u>44,824</u>	<u>38,183</u>	<u>83,007</u>
LIABILITIES			
Current liabilities:			
Due to other funds	-	109,541	109,541
Total liabilities	<u>-</u>	<u>109,541</u>	<u>109,541</u>
NET POSITION			
Unrestricted	44,824	(71,358)	(26,534)
Total net position	<u>\$ 44,824</u>	<u>\$ (71,358)</u>	<u>\$ (26,534)</u>

TOWN OF ELLINGTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Solid Waste Collection Fund	Watermains, Tripp and Middle Roads Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Solid waste fees	\$ 644,236	\$ -	\$ 644,236
Other	1,138	-	1,138
Total operating revenues	<u>645,374</u>	<u>-</u>	<u>645,374</u>
OPERATING EXPENSES			
Public works and administrative expenses	604,939	-	604,939
Total operating expenses	<u>604,939</u>	<u>-</u>	<u>604,939</u>
Change in net position	40,435	-	40,435
Net position - beginning	<u>4,389</u>	<u>(71,358)</u>	<u>(66,969)</u>
Net position - ending	<u>\$ 44,824</u>	<u>\$ (71,358)</u>	<u>\$ (26,534)</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Solid Waste Collection Fund	Watermains, Tripp and Middle Roads Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 648,685	\$ -	\$ 648,685
Receipts from interfund services provided	(43,746)	-	(43,746)
Payments to suppliers	(604,939)	-	(604,939)
Net cash provided by operating activities	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 40,435	\$ -	\$ 40,435
Decrease in assets:			
Solid waste charges receivable, net	3,311	-	3,311
Decrease in liabilities:			
Due to other funds	(43,746)	-	(43,746)
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FIDUCIARY FUNDS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2017

	Municipal Land Trust Fund	Public Health Nursing Fund	John T. McKnight Fund	Hall Memorial Library Fund	Senior Center Donation Fund	Graduation Fund
ASSETS						
Cash and cash equivalents	\$ 21,440	\$ 2,287	\$ 25,769	\$ 143,470	\$ 7,591	\$ 39,848
Investments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>21,440</u>	<u>2,287</u>	<u>25,769</u>	<u>143,470</u>	<u>7,591</u>	<u>39,848</u>
LIABILITIES						
Due to other funds	-	-	-	-	794	1,150
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>794</u>	<u>1,150</u>
NET POSITION						
Held in trust for other purposes	<u>\$ 21,440</u>	<u>\$ 2,287</u>	<u>\$ 25,769</u>	<u>\$ 143,470</u>	<u>\$ 6,797</u>	<u>\$ 38,698</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION *(Concluded)*
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2017

	Senior Citizen Activity Fund	Hall Memorial Endowment Fund	Hall Memorial Myrtle Eddy Fund	Hall Memorial Moriarty Fund	Ellington Senior Center Building Fund	Total Private Purpose Trust Funds
ASSETS						
Cash and cash equivalents	\$ 39,086	\$ -	\$ -	\$ -	\$ 22,935	\$ 302,426
Investments	-	213,352	7,130	14,261	-	234,743
Due from other funds	-	14,567	29	59	-	14,655
Total assets	<u>39,086</u>	<u>227,919</u>	<u>7,159</u>	<u>14,320</u>	<u>22,935</u>	<u>551,824</u>
LIABILITIES						
Due to other funds	-	-	-	-	-	1,944
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,944</u>
NET POSITION						
Held in trust for other purposes:	<u>\$ 39,086</u>	<u>\$ 227,919</u>	<u>\$ 7,159</u>	<u>\$ 14,320</u>	<u>\$ 22,935</u>	<u>\$ 549,880</u> <i>(Concluded)</i>

TOWN OF ELLINGTON, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Municipal Land Trust Fund	Public Health Nursing Fund	John T. McKnight Fund	Hall Memorial Library Fund	Senior Center Donation Fund	Graduation Fund
ADDITIONS						
Contributions - private donations	\$ -	\$ -	\$ -	\$ 125,856	\$ -	\$ 24,805
Other	-	-	-	15,542	-	-
Total contributions	-	-	-	141,398	-	24,805
Investment earnings:						
Interest	129	13	155	52	59	219
Total additions	129	13	155	141,450	59	25,024
DEDUCTIONS						
Program expenses	-	-	-	92,688	3,216	23,102
Other	-	-	-	-	-	-
Total deductions	-	-	-	92,688	3,216	23,102
Change in net position	129	13	155	48,762	(3,157)	1,922
Net position - beginning	21,311	2,274	25,614	94,708	9,954	36,776
Net position - ending	<u>\$ 21,440</u>	<u>\$ 2,287</u>	<u>\$ 25,769</u>	<u>\$ 143,470</u>	<u>\$ 6,797</u>	<u>\$ 38,698</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION *(Concluded)*
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Senior Citizen Activity Fund	Hall Memorial Endowment Fund	Hall Memorial Myrtle Eddy Fund	Hall Memorial Moriarty Fund	Ellington Senior Center Building Fund	Total Private Purpose Trust Funds
ADDITIONS						
Contributions - private donations	\$ 56,112	\$ -	\$ -	\$ -	\$ 2,700	\$ 209,473
Other	-	22,179	741	1,483	-	39,945
Total contributions	<u>56,112</u>	<u>22,179</u>	<u>741</u>	<u>1,483</u>	<u>2,700</u>	<u>249,418</u>
Investment earnings:						
Interest	15	-	-	-	149	791
Total additions	<u>56,127</u>	<u>22,179</u>	<u>741</u>	<u>1,483</u>	<u>2,849</u>	<u>250,209</u>
DEDUCTIONS						
Program expenses	47,187	-	352	704	4,606	171,855
Other	-	2,220	76	148	-	2,444
Total deductions	<u>47,187</u>	<u>2,220</u>	<u>428</u>	<u>852</u>	<u>4,606</u>	<u>174,299</u>
Change in net position	8,940	19,959	313	631	(1,757)	75,910
Net position - beginning	<u>30,146</u>	<u>207,960</u>	<u>6,846</u>	<u>13,689</u>	<u>24,692</u>	<u>473,970</u>
Net position - ending	<u>\$ 39,086</u>	<u>\$ 227,919</u>	<u>\$ 7,159</u>	<u>\$ 14,320</u>	<u>\$ 22,935</u>	<u>\$ 549,880</u>

(Concluded)

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Student Activities	Performance Bonds	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 568,644	\$ 39,310	\$ 607,954
Total assets	\$ 568,644	\$ 39,310	\$ 607,954
LIABILITIES			
Due to others	\$ 568,644	\$ 39,310	\$ 607,954
Total liabilities	\$ 568,644	\$ 39,310	\$ 607,954

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance, June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2017</u>
CASH AND CASH EQUIVALENTS				
Ellington Center School	\$ 5,881	\$ 16,068	\$ 14,515	\$ 7,434
Ellington High School	187,124	391,712	419,159	159,677
Ellington School Use Activity	9,372	3,219	5,947	6,644
Crystal Lake School	3,350	13,181	13,168	3,363
Windermere School	19,128	45,673	48,778	16,023
Special Education Preschool Department	29,496	98,443	40,295	87,644
Board of Education Educational Services	40,042	28,269	51,703	16,608
Special Education Petty Cash Reimbursement	1,016	9,770	9,770	1,016
Ellington Middle School	89,083	156,113	125,111	120,085
Petty Cash - All Schools	629	4,294	4,154	769
Central Office Flex Spending	13,924	51,260	49,951	15,233
COBRA Reimbursement	124,479	255,424	245,755	134,148
Construction Performance Bonds	12,051	37,287	10,028	39,310
Total cash and cash equivalents	<u>535,575</u>	<u>1,110,713</u>	<u>1,038,334</u>	<u>607,954</u>
Total assets	<u>\$ 535,575</u>	<u>\$ 1,110,713</u>	<u>\$ 1,038,334</u>	<u>\$ 607,954</u>
DUE TO OTHERS				
Ellington Center School	\$ 5,881	\$ 16,068	\$ 14,515	\$ 7,434
Ellington High School	187,124	391,712	419,159	159,677
Ellington School Use Activity	9,372	3,219	5,947	6,644
Crystal Lake School	3,350	13,181	13,168	3,363
Windermere School	19,128	45,673	48,778	16,023
Special Education Preschool Department	29,496	98,443	40,295	87,644
Board of Education Educational Services	40,042	28,269	51,703	16,608
Special Education Petty Cash Reimbursement	1,016	9,770	9,770	1,016
Ellington Middle School	89,083	156,113	125,111	120,085
Petty Cash - All Schools	629	4,294	4,154	769
Central Office Flex Spending	13,924	51,260	49,951	15,233
COBRA Reimbursement	124,479	255,424	245,755	134,148
Due to Contractors	12,051	37,287	10,028	39,310
Total Due to others	<u>535,575</u>	<u>1,110,713</u>	<u>1,038,334</u>	<u>607,954</u>
Total liabilities	<u>\$ 535,575</u>	<u>\$ 1,110,713</u>	<u>\$ 1,038,334</u>	<u>\$ 607,954</u>