

TOWN OF ELLINGTON, CONNECTICUT

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018**

TOWN OF ELLINGTON, CONNECTICUT
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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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Town adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Correction of an Error in Previously Issued Financial Statements

As discussed in Note 1 to the financial statements, the Town restated amounts previously reported in its financial statements as of and for the year ended June 30, 2017 for the correction of an error. Our opinion is not modified with respect to this matter.

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 15 and the information on pages 68 through 90 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 statements and schedules on pages 91 through 113 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund 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 September 27, 2019, 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.



Certified Public Accountants
Glastonbury, Connecticut
September 27, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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, 2018.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$87,613,885 (net position). Of this amount, \$11,251,806 represents the Town's unrestricted net position, which 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, 2018 amounted to an increase of \$3,301,768.
- The beginning net position of the Town was decreased by \$3,561,719 as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This decrease represented the difference between the net other post-employment benefits obligation previously recognized in accordance with GASB Statement No. 45 and the total other post-employment benefits liability recognized in accordance with GASB Statement No. 75.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$16,205,453, an increase of \$2,590,773 in comparison with the prior year.
- At the end of the current fiscal year, the total fund balance of the Town's General Fund was \$12,692,323, an increase of \$386,113 in comparison with the prior year.
- The Town's total long-term general obligation debt decreased by \$2,060,000 or 10% due to scheduled principal repayments. No new general obligation debt was issued during the year ended June 30, 2018.

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, 2018

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 16 and 17 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 18 through 22 of this report.

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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 23 through 25 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 26 and 27 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 28 through 67 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 68 through 113 of this report.

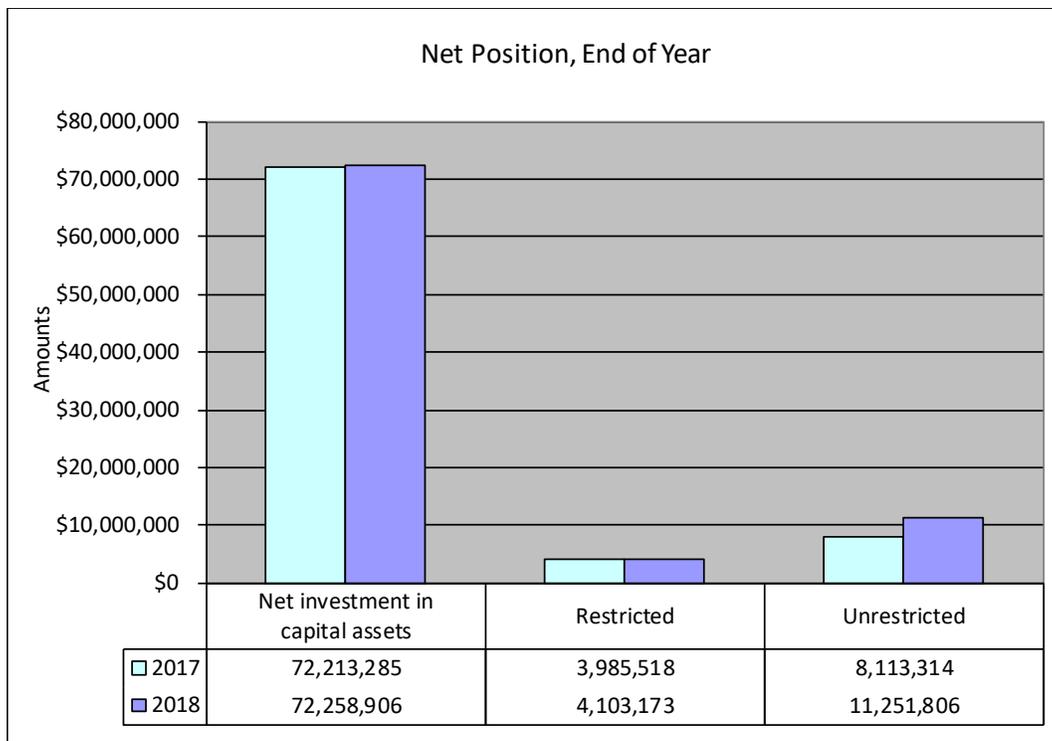
TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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 \$87,613,885 and \$84,312,117 as of June 30, 2018 and 2017, respectively, and are summarized below. Amounts reported as of June 30, 2017 have been adjusted for the implementation of GASB Statement No. 75 and to correct an error relating to the reporting of the Town's net pension liability attributed to the Town's Volunteer Firefighters' Length of Service Awards Program (LOSAP).

	June 30, 2018			June 30, 2017		
	Governmental Activities	Business-type Activities	Total	Total (As Restated)	\$ Variance	
Current and other assets	\$ 19,939,103	\$ 8,405,446	\$ 28,344,549	\$ 24,309,528	\$ 4,035,021	17%
Capital assets	82,214,437	9,678,160	91,892,597	93,786,167	(1,893,570)	-2%
Total assets	<u>102,153,540</u>	<u>18,083,606</u>	<u>120,237,146</u>	<u>118,095,695</u>	<u>2,141,451</u>	2%
Deferred outflows of resources	682,504	-	682,504	1,184,155	(501,651)	-42%
Other liabilities	3,277,466	276,240	3,553,706	2,655,834	897,872	34%
Long-term liabilities	28,601,640	900,000	29,501,640	32,311,899	(2,810,259)	-9%
Total liabilities	<u>31,879,106</u>	<u>1,176,240</u>	<u>33,055,346</u>	<u>34,967,733</u>	<u>(1,912,387)</u>	-5%
Deferred inflows of resources	250,419	-	250,419	-	250,419	
Net position:						
Net investment in capital assets	63,480,746	8,778,160	72,258,906	72,213,285	45,621	0%
Restricted	4,103,173	-	4,103,173	3,985,518	117,655	3%
Unrestricted	3,122,600	8,129,206	11,251,806	8,113,314	3,138,492	39%
Total net position	<u>\$ 70,706,519</u>	<u>\$ 16,907,366</u>	<u>\$ 87,613,885</u>	<u>\$ 84,312,117</u>	<u>\$ 3,301,768</u>	4%



TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*

82% 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% 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 is considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Overall, net position increased by \$3,301,768 in comparison to the prior year. A significant component of the increase in the Town's unrestricted net position related to the recognition of school construction grant reimbursements received in the amount of \$2,016,027 for costs incurred in prior years on the Crystal Lake School Addition/Renovation project. These costs were temporarily funded through the use of unrestricted funds.

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

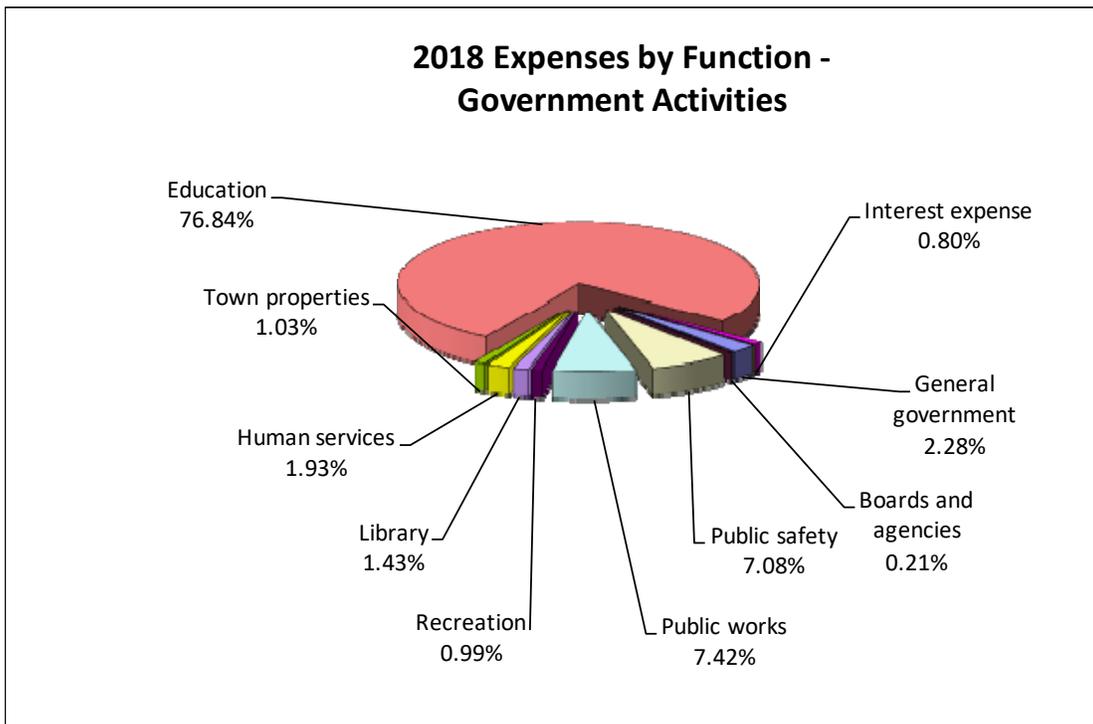
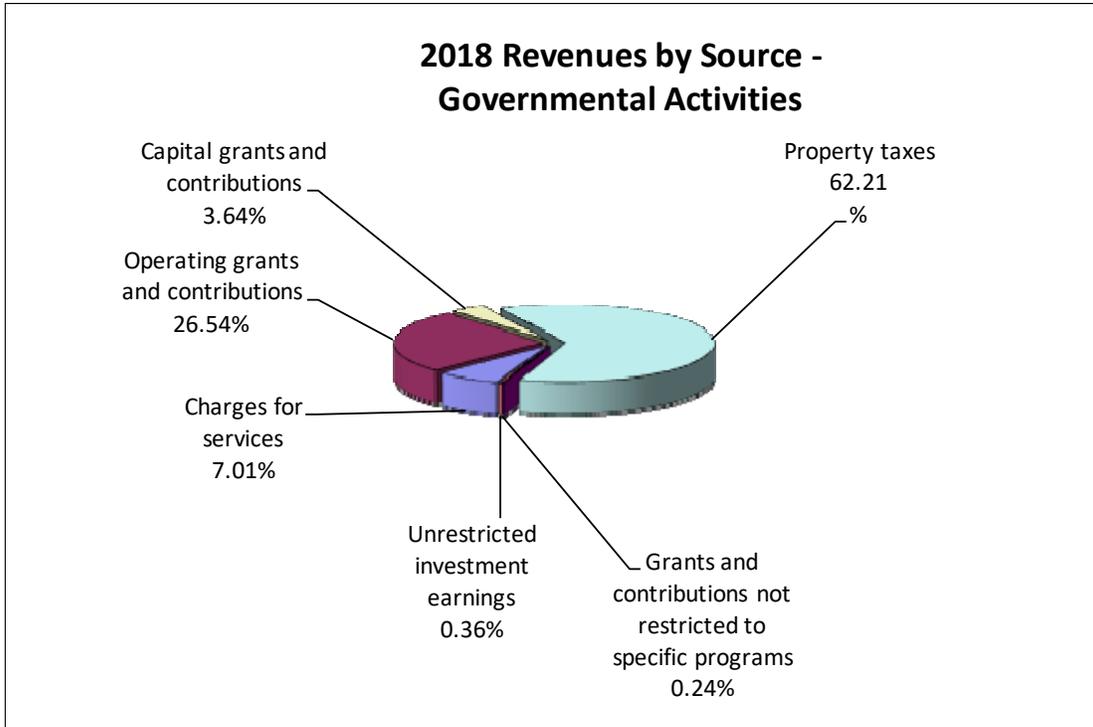
Changes in net position for the years ended June 30, 2018 and 2017 are as follows. The amounts reported for the year ended June 30, 2017 have not been adjusted for the implementation of GASB Statement No 75 or for the correction of the error relating to the reporting of the Town's net LOSAP liability, since the effects of the adjustments on the statements of changes in net position were not readily determinable.

	June 30, 2018			June 30, 2017		
	Governmental Activities	Business-type Activities	Total	Total	\$ Variance	
Revenues						
Program revenues:						
Charges for services	\$ 4,909,436	\$ 2,891,157	\$ 7,800,593	\$ 7,003,026	\$ 797,567	11%
Operating grants and contributions	18,592,979	-	18,592,979	19,105,933	(512,954)	-3%
Capital grants and contributions	2,549,043	-	2,549,043	3,029,350	(480,307)	-16%
General revenues:						
Property taxes	43,595,630	-	43,595,630	41,020,985	2,574,645	6%
Grants and contributions not restricted to specific programs	165,345	-	165,345	160,304	5,041	3%
Unrestricted investment earnings	249,891	98,040	347,931	105,032	242,899	231%
Total revenues	<u>70,062,324</u>	<u>2,989,197</u>	<u>73,051,521</u>	<u>70,424,630</u>	<u>2,626,891</u>	4%
Program expenses						
General government	1,527,928	-	1,527,928	1,449,265	78,663	5%
Boards and agencies	139,944	-	139,944	152,448	(12,504)	-8%
Public safety	4,746,307	-	4,746,307	4,488,137	258,170	6%
Public works	4,975,686	-	4,975,686	5,351,283	(375,597)	-7%
Recreation	661,809	-	661,809	722,901	(61,092)	-8%
Library	956,542	-	956,542	1,011,972	(55,430)	-5%
Human services	1,291,835	-	1,291,835	1,199,390	92,445	8%
Town properties	693,116	-	693,116	766,685	(73,569)	-10%
Education	51,516,128	-	51,516,128	46,791,619	4,724,509	10%
Interest expense	535,276	-	535,276	633,486	(98,210)	-16%
Sewer and solid waste	-	2,705,182	2,705,182	2,768,879	(63,697)	-2%
Total expenses	<u>67,044,571</u>	<u>2,705,182</u>	<u>69,749,753</u>	<u>65,336,065</u>	<u>4,413,688</u>	7%
Change in net position	<u>\$ 3,017,753</u>	<u>\$ 284,015</u>	<u>\$ 3,301,768</u>	<u>\$ 5,088,565</u>	<u>\$ (1,786,797)</u>	-35%

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)



TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position *(Continued)*

Governmental Activities

Governmental activities increased the Town's net position by \$3,017,753 during fiscal year 2018, compared to a prior year increase of \$5,049,984.

Overall revenues increased by \$2,399,904 or 3.5% over the prior year. This increase is primarily due to increases in property tax revenues in the amount of \$2,574,645 and charges for services in the amount of \$640,949, offset by reductions in operating and capital grants in the amount of \$993,261.

Overall expenses increased by \$4,477,385 or 7.2% over the prior year. This increase is primarily due to an increase in education expenses in the amount of \$4,724,509. Increases in education expenses reflect budgetary operating increases in addition to current year expenses recorded for other post-employment benefits liabilities and depreciation on the capital additions for the Crystal Lake School.

Business-type Activities

Business-type activities increased the Town's net position by \$284,015 during fiscal year 2018, compared to a prior year increase of \$38,581. Overall revenues increased by \$181,737 while overall expenses decreased by \$63,697 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, 2018

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 \$16,205,453, an increase of \$2,590,773 in comparison with the prior year. Of the total governmental fund balances, \$(1,199,310) 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 \$3,193,129, which is expected to be funded through a combination of future remaining school construction reimbursements from the State of Connecticut upon completion of a project audit and either the future issuance of long-term debt or appropriations from the General Fund. 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 governing bodies of the Town 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 \$2,059,204, while total fund balance was \$12,692,323. Unassigned fund balance represents 3.53% of the Town's fiscal year 2019 General Fund budgetary expenditure appropriations. In addition, pursuant to the Town's charter, the Town maintains 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 \$6,078,650 as of June 30, 2018, which represents 11.61% of the Town's fiscal year 2019 General Fund budgetary expenditure appropriations. The remaining General Fund fund balance has been committed or assigned for various other purposes, included \$2,323,207, which has been assigned for use in the Town's fiscal year 2019 budget.

The fund balance of the Town's General Fund increased by \$386,113 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 \$1,995,866 due to the receipt of school construction grant reimbursements from the State of Connecticut. The deficit fund balance as of June 30, 2018 in the amount of \$3,193,129 is expected to be funded through a combination of future remaining school construction reimbursements from the State of Connecticut upon completion of a project audit and either the future issuance of long-term debt or appropriations from the General Fund. The project is substantially completed and the related capital additions have been placed into service during the year ended June 30, 2018.

Small Cities Program Income Fund

The fund balance of the Town's Small Cities Program Income Fund increased by \$73,359 from \$2,978,484 as of June 30, 2017 to \$3,051,843 as of June 30, 2018.

Proprietary Funds

Unrestricted net position of the Sewer Authority Fund as of June 30, 2018 totaled \$6,927,475 as of June 30, 2018. Unrestricted net position of the Crystal Lake Sewer Fund as of June 30, 2018 totaled \$1,194,141.

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for 2018 planned for the utilization of fund balance of \$1,920,000. The final budget for 2018 included additional appropriations from unassigned fund balance in the amount \$89,945, and the use of committed fund balance in the amount of \$143,972, the latter which represented the portion of prior year capital and nonrecurring authorizations carried forward and expended during the current fiscal year. This resulted in a final planned utilization of unassigned fund balance in the amount of \$2,009,945. The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$56,946, resulting in a favorable budgetary variance of \$2,066,891. Expenditures were \$2,245,849 less than budgeted, which was offset by lower than expected revenues in the amount of \$34,986. Shortfalls in funding from the State of Connecticut were offset by favorable property tax collections. Expenditures were generally under budget across all departments and included a return of budgeted contingency funds in the amount of \$400,000 to unassigned fund balance. Final budgetary results also reflected continued funding of the Town's Capital Reserve Fund in the amount of \$400,000 and the Reserve for Other Post-employment Benefits Fund in the amount of \$100,000. Appropriations carried forward for authorized capital projects totaled \$885,579 as of June 30, 2019.

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, 2018 totaled \$91,892,597 (net of accumulated depreciation). This investment in capital assets includes an art collection, land, property development rights, construction in progress, buildings and improvements, machinery, equipment and vehicles, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was \$1,893,570 or 2%. The decrease is due to current year depreciation and amortization in the amount of \$3,745,515, offset by current year capital asset additions of \$1,851,945.

Significant capital asset additions included the following:

- Purchase of a snow plow dump truck for the benefit of the Town's public works department
- Acquisition of a breathing apparatus for the benefit of the Town's volunteer public safety department
- Infrastructure improvements made to various Town roads

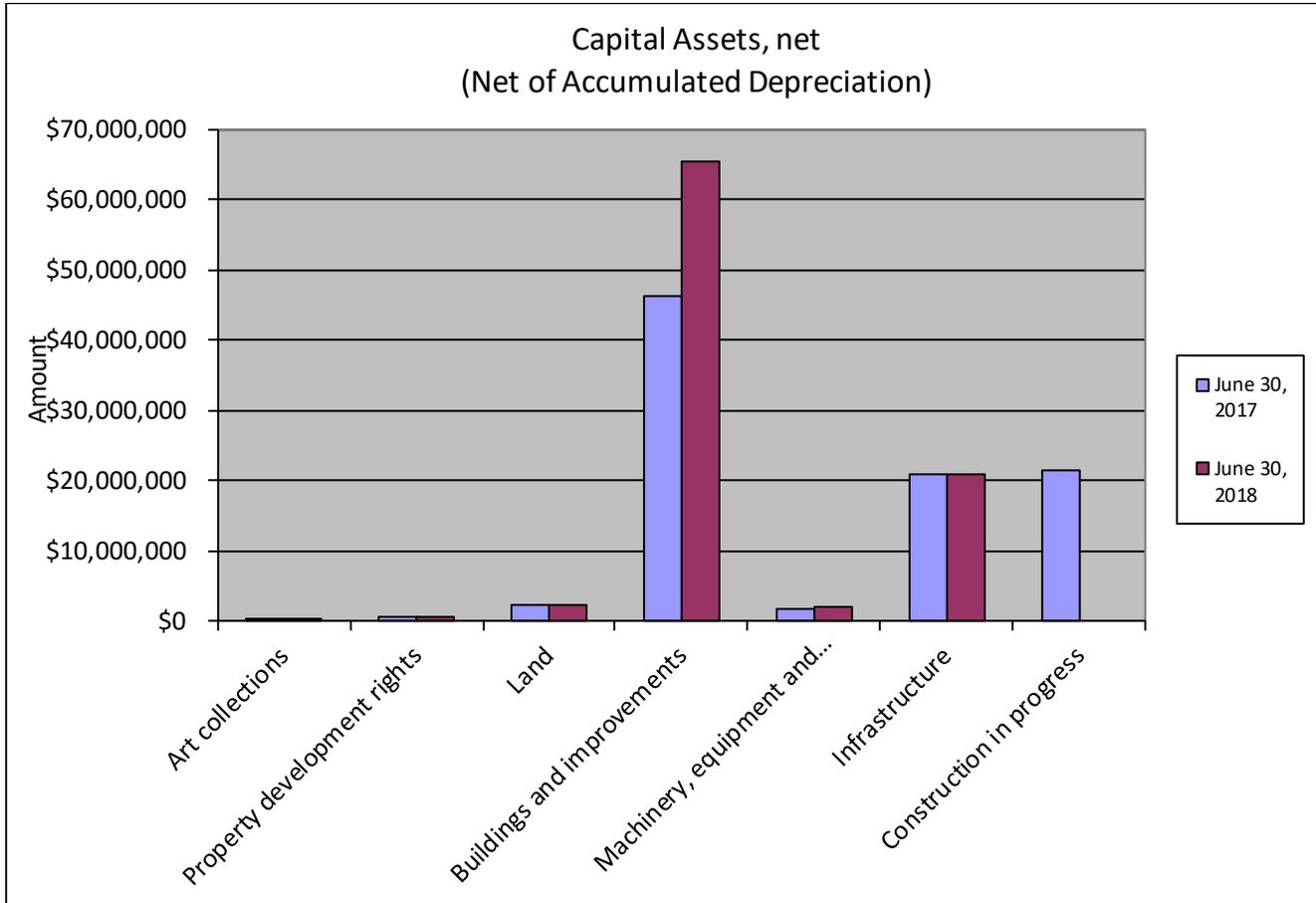
The following table is a two year comparison of the investment in capital assets presented for both governmental and business-type activities:

	June 30, 2018		June 30, 2017		\$ Variance	% Variance
	Governmental Activities	Business-type Activities	Total	Total		
Art collections	\$ 35,598	\$ -	\$ 35,598	\$ 35,598	\$ -	0%
Property development rights	817,877	-	817,877	698,980	118,897	17%
Land	2,507,844	-	2,507,844	2,507,844	-	0%
Buildings and improvements	65,444,527	-	65,444,527	46,280,302	19,164,225	41%
Machinery, equipment and vehicles	2,013,550	31,410	2,044,960	1,797,976	246,984	14%
Infrastructure	11,395,041	9,646,750	21,041,791	20,952,537	89,254	0%
Construction in progress	-	-	-	21,512,930	(21,512,930)	-100%
Totals	\$ 82,214,437	\$ 9,678,160	\$ 91,892,597	\$ 93,786,167	\$ (1,893,570)	-2%

TOWN OF ELLINGTON, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Capital Assets *(Continued)*



Additional information on the Town's capital assets can be found in the notes to the basic financial statements.

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

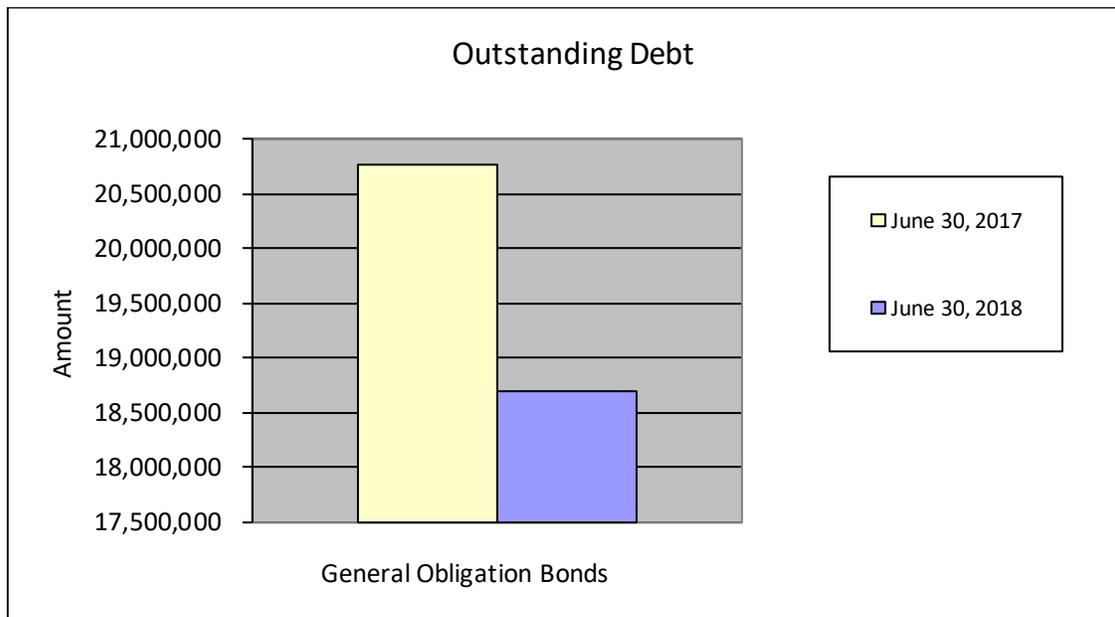
At the end of the current fiscal year, the Town had total general obligation debt outstanding of \$18,700,000. This entire amount is comprised of debt backed by the full faith and credit of the Town.

The Town's total bonded debt decreased by \$2,060,000 or 10% due to scheduled principal repayments.

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:

	June 30, 2018		June 30, 2017		\$ Variance	% Variance
	Governmental Activities	Business-type Activities	Total	Total		
General obligation bonds	<u>\$ 17,800,000</u>	<u>\$ 900,000</u>	<u>\$ 18,700,000</u>	<u>\$ 20,760,000</u>	<u>\$ (2,060,000)</u>	-10%



Additional information on the Town's long-term debt can be found in the notes to the basic financial statements.

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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 2019 and thereafter.
- The State imposes a cap on municipal spending to limit the budgeted expenditures to 2.5% above the previous year, or the rate of inflation, whichever is greater. The cap includes certain exemptions relating to increases in debt service, special education costs, claims and judgements and costs incurred related to major disaster or emergency declarations. Municipalities that increase their adopted budget expenditures over the previous fiscal year by an amount that exceeds the cap may receive a reduced municipal revenue sharing grant.
- The State has established a minimum budget requirement ("MBR") for budgeted education expenditures. The MBR prohibits towns from budgeting less for education than it did in the previous year unless, and within limits, the Town can demonstrate a decrease in school enrollment or savings through increased efficiencies. Any increases or decreases that the Town receives in its Education Cost Sharing grant will result in a corresponding increase or decrease in the Town's MBR.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town's budget for fiscal year 2019. The Town's fiscal year 2019 budget was approved by Town referendum on May 15, 2018. The Town's fiscal year 2019 budgeted expenditures for the General Fund totaled \$58,396,875, an increase of \$1,286,274 or 2.2% over the fiscal year 2018 original approved budgeted expenditures. The Town has assigned the use of General Fund fund balance in the amount of \$2,323,207 to help offset increases in the Town's mill rate. The Town's Board of Finance set the mill rate at 31.7 mills, which is a zero percent increase over the prior year.

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, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 13,679,330	\$ 7,999,804	\$ 21,679,134
Investments	928,368	-	928,368
Receivables:			
Property taxes, net	410,463	-	410,463
Interest on property taxes, net	101,975	-	101,975
Sewer usage charges, net	-	119,625	119,625
Solid waste charges, net	-	27,539	27,539
Assessments, interest and liens	-	64,184	64,184
Grants and contracts	343,702	-	343,702
Other	881,391	7,332	888,723
Internal balances	596,923	(596,923)	-
Other assets	3,186	-	3,186
Assessments receivable - long-term portion	-	783,885	783,885
Loans receivable - long-term portion	2,993,765	-	2,993,765
Capital assets:			
Non-depreciable	3,361,319	-	3,361,319
Depreciable, net	78,853,118	9,678,160	88,531,278
Total assets	<u>102,153,540</u>	<u>18,083,606</u>	<u>120,237,146</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on pensions	436,725	-	436,725
Deferred LOSAP contributions	107,681	-	107,681
Deferred charges on refundings	138,098	-	138,098
Total deferred outflows of resources	<u>682,504</u>	<u>-</u>	<u>682,504</u>
LIABILITIES			
Accounts payable and accrued liabilities	3,046,012	231,400	3,277,412
Unearned revenue	231,454	44,840	276,294
Noncurrent liabilities:			
Due within one year	2,349,894	100,000	2,449,894
Due in more than one year	26,251,746	800,000	27,051,746
Total liabilities	<u>31,879,106</u>	<u>1,176,240</u>	<u>33,055,346</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred charges on OPEB	163,547	-	163,547
Deferred charges on pensions	86,872	-	86,872
Total deferred inflows of resources	<u>250,419</u>	<u>-</u>	<u>250,419</u>
NET POSITION			
Net investment in capital assets	63,480,746	8,778,160	72,258,906
Restricted for:			
Housing rehabilitation loan program	3,051,843	-	3,051,843
Endowments - expendable	998,833	-	998,833
Endowments - nonexpendable	52,497	-	52,497
Unrestricted	3,122,600	8,129,206	11,251,806
Total net position	<u>\$ 70,706,519</u>	<u>\$ 16,907,366</u>	<u>\$ 87,613,885</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, 2018

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	\$ 1,527,928	\$ 605,787	\$ 231,351	\$ -	\$ (690,790)	\$ -	\$ (690,790)
Boards and agencies	139,944	379,823	-	-	239,879	-	239,879
Public safety	4,746,307	675,817	36,043	-	(4,034,447)	-	(4,034,447)
Public works	4,975,686	60,347	-	533,016	(4,382,323)	-	(4,382,323)
Recreation	661,809	286,678	-	-	(375,131)	-	(375,131)
Library	956,542	-	-	-	(956,542)	-	(956,542)
Human services	1,291,835	193,763	197,964	-	(900,108)	-	(900,108)
Town properties	693,116	27,959	-	-	(665,157)	-	(665,157)
Education	51,516,128	2,679,262	18,127,621	2,016,027	(28,693,218)	-	(28,693,218)
Interest	535,276	-	-	-	(535,276)	-	(535,276)
Total governmental activities	<u>67,044,571</u>	<u>4,909,436</u>	<u>18,592,979</u>	<u>2,549,043</u>	<u>(40,993,113)</u>	<u>-</u>	<u>(40,993,113)</u>
Business-type activities:							
Sewers and solid waste	<u>2,705,182</u>	<u>2,891,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,975</u>	<u>185,975</u>
Total business-type activities	<u>2,705,182</u>	<u>2,891,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,975</u>	<u>185,975</u>
Total primary government	<u>\$ 69,749,753</u>	<u>\$ 7,800,593</u>	<u>\$ 18,592,979</u>	<u>\$ 2,549,043</u>	<u>(40,993,113)</u>	<u>185,975</u>	<u>(40,807,138)</u>
General revenues:							
Property taxes, levied for general purposes					43,595,630	-	43,595,630
Grants and contributions not restricted to specific programs					165,345	-	165,345
Investment earnings					249,891	98,040	347,931
Total general revenues					<u>44,010,866</u>	<u>98,040</u>	<u>44,108,906</u>
Change in net position					3,017,753	284,015	3,301,768
Net position - beginning, as originally reported					72,042,747	16,623,351	88,666,098
Cumulative effect of implementing new accounting standard (See Note 1)					(3,561,719)	-	(3,561,719)
Adjustment (See Note 1)					(792,262)	-	(792,262)
Net position - beginning, as adjusted					<u>67,688,766</u>	<u>16,623,351</u>	<u>84,312,117</u>
Net position - ending					<u>\$ 70,706,519</u>	<u>\$ 16,907,366</u>	<u>\$ 87,613,885</u>

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

TOWN OF ELLINGTON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Crystal Lake School Addition/ Renovation Fund	Small Cities Program Income Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 10,324,529	\$ -	\$ 58,078	\$ 3,296,723	\$ 13,679,330
Investments	-	-	-	928,368	928,368
Receivables:					
Property taxes receivable, net	410,463	-	-	-	410,463
Interest on property taxes, net	101,975	-	-	-	101,975
Grants and contracts	14,272	-	-	329,430	343,702
Loans	-	-	2,993,765	-	2,993,765
Other	198,412	-	-	682,979	881,391
Due from other funds	5,325,126	-	-	477,384	5,802,510
Inventories	-	-	-	3,186	3,186
Total assets	<u>\$ 16,374,777</u>	<u>\$ -</u>	<u>\$ 3,051,843</u>	<u>\$ 5,718,070</u>	<u>\$ 25,144,690</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 2,929,670	\$ -	\$ -	\$ 97,554	\$ 3,027,224
Due to other funds	296,600	3,193,129	-	1,734,646	5,224,375
Unearned revenue	-	-	-	231,454	231,454
Total liabilities	<u>3,226,270</u>	<u>3,193,129</u>	<u>-</u>	<u>2,063,654</u>	<u>8,483,053</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	456,184	-	-	-	456,184
FUND BALANCES					
Nonspendable	-	-	-	55,683	55,683
Restricted	-	-	3,051,843	998,833	4,050,676
Committed	6,964,229	-	-	2,665,285	9,629,514
Assigned	3,668,890	-	-	-	3,668,890
Unassigned	2,059,204	(3,193,129)	-	(65,385)	(1,199,310)
Total fund balances	<u>12,692,323</u>	<u>(3,193,129)</u>	<u>3,051,843</u>	<u>3,654,416</u>	<u>16,205,453</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,374,777</u>	<u>\$ -</u>	<u>\$ 3,051,843</u>	<u>\$ 5,718,070</u>	<u>\$ 25,144,690</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, 2018

Total fund balances for governmental funds	\$	16,205,453
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
Property development rights		817,877
Arts collection		35,598
Buildings and improvements		100,743,633
Machinery, equipment and vehicles		13,384,227
Infrastructure		15,323,590
Less: accumulated depreciation and amortization		<u>(50,598,332)</u>
Total capital assets, net		82,214,437
Some of the Town's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.		
		456,184
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		(17,800,000)
Unamortized bond premiums		(421,274)
Unamortized deferred charges on refunding		138,098
Obligations under capital lease		(650,515)
Other long-term liabilities:		
Compensated absences		(1,110,177)
Net pension liability		(3,265,400)
Net LOSAP liability		(885,568)
Total OPEB liability		<u>(4,468,706)</u>
Total long-term liabilities		(28,463,542)
Deferred outflows and inflows of resources resulting from changes in the components of the net pension, net LOSAP and total OPEB liabilities are reported in the statement of net position.		
		<u>293,987</u>
Net position of governmental activities	\$	<u><u>70,706,519</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, 2018

	General Fund	Crystal Lake School Addition/ Renovation Fund	Small Cities Program Income Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 43,643,949	\$ -	\$ -	\$ -	\$ 43,643,949
Intergovernmental	14,493,790	2,016,027	-	1,740,933	18,250,750
Charges for services	1,146,106	-	72,924	3,178,196	4,397,226
Investment income	217,778	-	435	31,678	249,891
Other	423,107	-	-	95,991	519,098
Total revenues	<u>59,924,730</u>	<u>2,016,027</u>	<u>73,359</u>	<u>5,046,798</u>	<u>67,060,914</u>
EXPENDITURES					
Current:					
General government	1,531,117	-	-	-	1,531,117
Boards and agencies	107,064	-	-	-	107,064
Public safety	3,637,499	-	-	-	3,637,499
Public works	3,751,595	-	-	-	3,751,595
Recreation	479,758	-	-	-	479,758
Library	622,512	-	-	-	622,512
Human services	681,067	-	-	-	681,067
Town properties	693,116	-	-	-	693,116
Education	42,806,046	-	-	-	42,806,046
Other	2,622,006	-	-	-	2,622,006
Program expenditures	-	-	-	3,819,630	3,819,630
Debt service:					
Principal payments	2,259,027	-	-	-	2,259,027
Interest and fiscal charges	676,824	-	-	-	676,824
Capital outlays	1,128,811	20,161	-	195,292	1,344,264
Total expenditures	<u>60,996,442</u>	<u>20,161</u>	<u>-</u>	<u>4,014,922</u>	<u>65,031,525</u>
Excess (deficiency) of revenues over expenditures	(1,071,712)	1,995,866	73,359	1,031,876	2,029,389
OTHER FINANCING SOURCES (USES)					
Capital lease financing	561,384	-	-	-	561,384
Transfers in	896,441	-	-	382,625	1,279,066
Transfers out	-	-	-	(1,279,066)	(1,279,066)
Total other financing sources (uses)	<u>1,457,825</u>	<u>-</u>	<u>-</u>	<u>(896,441)</u>	<u>561,384</u>
Net change in fund balances	386,113	1,995,866	73,359	135,435	2,590,773
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 12,692,323</u>	<u>\$ (3,193,129)</u>	<u>\$ 3,051,843</u>	<u>\$ 3,654,416</u>	<u>\$ 16,205,453</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, 2018

Net change in fund balances for governmental funds \$ 2,590,773

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 depreciation and amortization exceeded capital outlays in the current period is as follows:

Expenditures for capital assets	\$ 1,851,945	
Depreciation and amortization expense	<u>(3,327,946)</u>	
Net adjustment		(1,476,001)

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	(561,384)	
Principal repayments:		
Bonds	1,960,000	
Capital leases	293,352	
Amortization of bond premiums	92,135	
Amortization of deferred amount on refunding	<u>55,088</u>	
Net adjustment		1,839,191

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	(23,463)	
Net pension liability	611,919	
Net LOSAP liability	-	
Total OPEB liability	<u>431,006</u>	
		1,019,462

(Continued)

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, 2018

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.	\$ (55,208)
Deferred outflows and inflows of resources resulting from changes in the components of the Town's net pension, LOSAP and OPEB liabilities are amortized as a component of pension and OPEB expense in the statement of activities.	<u>(900,464)</u>
Change in net position of governmental activities	<u>\$ 3,017,753</u> <i>(Concluded)</i>

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

TOWN OF ELLINGTON, CONNECTICUT

STATEMENTS OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2018

	Business-type Activities - Enterprise Funds			Total
	Sewer Authority Fund	Crystal Lake Sewers Fund	Other Enterprise Funds	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,820,970	\$ 1,178,834	\$ -	\$ 7,999,804
Receivables:				
Sewer usage, net of allowance for uncollectibles of \$8,187	88,673	30,952	-	119,625
Solid waste charges, net of allowance for uncollectibles of \$3,113	-	-	27,539	27,539
Assessments	63,894	290	-	64,184
Other	-	7,332	-	7,332
Due from other funds	-	-	51,409	51,409
Total current assets	<u>6,973,537</u>	<u>1,217,408</u>	<u>78,948</u>	<u>8,269,893</u>
Noncurrent assets:				
Assessments receivable	726,093	19,609	38,183	783,885
Capital assets:				
Depreciable, net	6,234,473	3,443,687	-	9,678,160
Total noncurrent assets	<u>6,960,566</u>	<u>3,463,296</u>	<u>38,183</u>	<u>10,462,045</u>
Total assets	<u>13,934,103</u>	<u>4,680,704</u>	<u>117,131</u>	<u>18,731,938</u>
LIABILITIES				
Current liabilities:				
Accounts payable	231,400	-	-	231,400
Bonds payable - current	100,000	-	-	100,000
Due to other funds	495,915	42,876	109,541	648,332
Unearned revenue	44,840	-	-	44,840
Total current liabilities	<u>872,155</u>	<u>42,876</u>	<u>109,541</u>	<u>1,024,572</u>
Noncurrent liabilities:				
Bonds payable	800,000	-	-	800,000
Total noncurrent liabilities	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
Total liabilities	<u>1,672,155</u>	<u>42,876</u>	<u>109,541</u>	<u>1,824,572</u>
NET POSITION				
Net investment in capital assets	5,334,473	3,443,687	-	8,778,160
Unrestricted	6,927,475	1,194,141	7,590	8,129,206
Total net position	<u>\$ 12,261,948</u>	<u>\$ 4,637,828</u>	<u>\$ 7,590</u>	<u>\$ 16,907,366</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, 2018

	Business-type Activities - Enterprise Funds			Total
	Sewer Authority Fund	Crystal Lake Sewers Fund	Other Enterprise Funds	
OPERATING REVENUES				
User charges	\$ 1,503,582	\$ 400,833	\$ -	\$ 1,904,415
Assessments	292,068	3,305	-	295,373
Permits and fees	6,000	7,500	-	13,500
Solid waste fees	-	-	649,390	649,390
Other	23,012	5,467	-	28,479
Total operating revenues	<u>1,824,662</u>	<u>417,105</u>	<u>649,390</u>	<u>2,891,157</u>
OPERATING EXPENSES				
Town of Vernon fees	1,209,857	-	-	1,209,857
Solid waste fees	-	-	615,266	615,266
Depreciation and amortization	278,067	139,502	-	417,569
Salaries and benefits	148,168	43,840	-	192,008
Town of Stafford fees	-	55,334	-	55,334
Utilities	31,664	12,474	-	44,138
Equipment	25,814	7,971	-	33,785
Administration	29,785	3,290	-	33,075
Engineering	30,669	1,488	-	32,157
Repairs and maintenance	12,677	2,295	-	14,972
Other	15,521	-	-	15,521
Total operating expenses	<u>1,782,222</u>	<u>266,194</u>	<u>615,266</u>	<u>2,663,682</u>
Operating income	42,440	150,911	34,124	227,475
NON-OPERATING REVENUES (EXPENSES)				
Interest income	84,870	13,170	-	98,040
Interest expense	(41,500)	-	-	(41,500)
Total non-operating revenue (expenses)	<u>43,370</u>	<u>13,170</u>	<u>-</u>	<u>56,540</u>
Change in net position	85,810	164,081	34,124	284,015
Net position - beginning	<u>12,176,138</u>	<u>4,473,747</u>	<u>(26,534)</u>	<u>16,623,351</u>
Net position - ending	<u>\$ 12,261,948</u>	<u>\$ 4,637,828</u>	<u>\$ 7,590</u>	<u>\$ 16,907,366</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, 2018

	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	\$ 1,910,575	\$ 406,853	\$ 664,616	\$ 2,982,044
Payments to suppliers	(1,313,758)	(79,562)	(615,266)	(2,008,586)
Payments for interfund services	(30,785)	(3,290)	-	(34,075)
Payments to employees	(147,168)	(43,840)	-	(191,008)
Net cash provided by operating activities	<u>418,864</u>	<u>280,161</u>	<u>49,350</u>	<u>748,375</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund activity	<u>313,747</u>	<u>26,318</u>	<u>(49,350)</u>	<u>290,715</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on capital debt	(100,000)	-	-	(100,000)
Interest paid on capital debt	(41,500)	-	-	(41,500)
Net cash used in capital and related financing activities	<u>(141,500)</u>	<u>-</u>	<u>-</u>	<u>(141,500)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from investments, net	393,327	-	-	393,327
Interest income	84,870	13,170	-	98,040
Net cash provided by investing activities	<u>478,197</u>	<u>13,170</u>	<u>-</u>	<u>491,367</u>
Net change in cash and cash equivalents	1,069,308	319,649	-	1,388,957
Cash and cash equivalents, beginning of year	<u>5,751,662</u>	<u>859,185</u>	<u>-</u>	<u>6,610,847</u>
Cash and cash equivalents, end of year	<u>\$ 6,820,970</u>	<u>\$ 1,178,834</u>	<u>\$ -</u>	<u>\$ 7,999,804</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 42,440	\$ 150,911	\$ 34,124	\$ 227,475
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	278,067	139,502	-	417,569
(Increase) decrease in assets:				
Sewer usage receivable, net	-	(8,101)	-	(8,101)
Solid waste usage receivable, net	-	-	15,226	15,226
Assessments receivable	85,916	(2,151)	-	83,765
Increase (decrease) in liabilities:				
Accounts payable	12,441	-	-	12,441
Net cash provided by operating activities	<u>\$ 418,864</u>	<u>\$ 280,161</u>	<u>\$ 49,350</u>	<u>\$ 748,375</u>

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

	<u>July 31, 2017</u>	<u>June 30, 2018</u>	
	<u>Pension Trust Fund</u>	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 132,950	\$ 306,027	\$ 725,512
Investments	1,013,881	182,511	-
Due from other funds	-	19,237	-
Total assets	<u>1,146,831</u>	<u>507,775</u>	<u>\$ 725,512</u>
LIABILITIES			
Due to others	-	-	\$ 725,512
Due to other funds	-	449	-
Total liabilities	<u>-</u>	<u>449</u>	<u>\$ 725,512</u>
NET POSITION			
Held in trust for other purposes	<u>\$ 1,146,831</u>	<u>\$ 507,326</u>	

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, 2018

	Private- Purpose Trust Funds
ADDITIONS	
Contributions - private donations	\$ 122,926
Other	33,729
Total contributions	156,655
Investment earnings:	
Interest	1,554
Total additions	158,209
DEDUCTIONS	
Program expenses	198,225
Other	2,538
Total deductions	200,763
Change in net position	(42,554)
Net position - beginning	549,880
Net position - ending	\$ 507,326

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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, 2018.

The Board of Selectmen is also responsible for appointing a Board member to the Town's regional group for public health.

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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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 Loan Program Fund - This fund accounts for activities related to housing rehabilitation loans.

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:

Pension Trust Fund - This fund is used to account for resources held in trust for participants in the Town's volunteer firefighters' Length of Service Awards Program.

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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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 or are available to be received 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, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The adoption of these statements did not have a material effect on the Town's financial statements.

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 established standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expenses/expenditures for post-employment benefits other than pensions. This standard identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actual present value, and attribute that present value to periods of employee service. In addition, this statement provides for certain required supplementary information and note disclosures about postemployment benefits other than pensions. The Town has reported the following cumulative effect of applying GASB Statement No. 75 as an adjustment of the beginning net position of its governmental activities as of July 1, 2017:

Adjustment to remove net other postemployment benefit obligation recognized under GASB Statement No. 45	\$ 1,337,993
Adjustment to record the total other postemployment benefits liability recognized under GASB Statement No. 75	<u>(4,899,712)</u>
Decrease in net position - governmental activities	<u>\$ (3,561,719)</u>

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Adjustment to the Beginning Net Position of the Governmental Activities

In addition to the adjustment to implement GASB Statement No. 75, the Town has further adjusted the beginning net position of its governmental activities as of July 1, 2017 for the correction of an error. The effects of the adjustments on the Town's changes in net position for the prior year has not been determined. The following is a summary of the adjustments to the beginning net position of the Town's governmental activities as of July 1, 2017:

	Governmental Activities
Net position - beginning, as originally reported	\$ 72,042,747
Cumulative effect of implementing new accounting standard	(3,561,719)
Adjustment to recognize the Town's net LOSAP liability not reported in the prior year	(792,262)
Net position - beginning, as adjusted	\$ 67,688,766

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

Cash and Equivalents

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

Investments

The Town presents all investments at fair value, except for investments in certain external investment pools and insurance contracts as described below:

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. The Town measures investments in STIF at net asset value per share as determined by the pool.

The Town invests in group annuity insurance contracts. The Town measures investments in these contracts at contract value, which approximates fair value.

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 \$998,833 as of June 30, 2018 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.

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

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

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. The Town has recorded an allowance for property taxes in the amount of \$35,520 and an allowance for interest on property taxes of \$47,900 as of June 30, 2018.

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 provides low interest loans in connection with the Town's small business and residential housing rehabilitation loan programs. Loans made by the Town under the program bear an interest rate of 0.0% and repayment of the loans are deferred. Repayment of the deferred loans become due and payable only upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The Town records loans receivable at the time the loan proceeds are advanced and such amounts are reported net of an allowance for uncollectible amounts.

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:

Assets	Years
Infrastructure	50
Buildings and improvements	40
Vehicles	5 – 10
Equipment	3 – 7

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 either an acquisition or consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time.

Deferred outflows and inflows of resources include deferred charges on pension, LOSAP and OPEB expenses reported in the government-wide financial statements. Deferred pension, LOSAP and OPEB expenses result from certain changes in the components of the Town’s net pension, net LOSAP, and total OPEB liabilities and are being amortized as a component of the related expenses on as systematic and rational basis.

Deferred outflows of resources also include deferred charges on refundings 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 inflows of resources also consists of revenues that are 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.

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

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

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 and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. 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. Bond issuance costs are expensed as incurred.

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

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.

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 Town's legislative body 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(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)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 - 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. As of June 30, 2018, \$4,521,348 of the Town's bank balance of \$4,784,181 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,110,316
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>411,032</u>
	<u><u>\$ 4,521,348</u></u>

The Town does not have a deposit policy for custodial credit risk. 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, 2018 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 21,679,134
Statement of fiduciary net position:	
Cash and cash equivalents	<u>1,164,489</u>
	22,843,623
Less: investments classified as cash equivalents	<u>(18,501,187)</u>
Total Cash Deposits	<u><u>\$ 4,342,436</u></u>

Investments

A reconciliation of the Town's investments as of June 30, 2018 is as follows:

Government-wide statement of net position:	
Investments	\$ 928,368
Statement of fiduciary net position:	
Investments	<u>1,196,392</u>
	2,124,760
Add: investments classified as cash equivalents	<u>18,501,187</u>
	<u><u>\$ 20,625,947</u></u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Investments *(Continued)*

As of June 30, 2018, 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	\$ 10,285,705	\$ 10,285,705	\$ -	\$ -
Corporate bonds	Fair value	225,837	-	163,987	61,850
Municipal bonds	Fair value	188,353	-	138,720	49,633
<i>Business-type activities:</i>					
Short Term Investment Fund (STIF)	Net asset value	7,999,804	7,999,804	-	-
<i>Fiduciary Funds:</i>					
Short Term Investment Fund (STIF)	Net asset value	155,263	155,263	-	-
Money market mutual funds	Net asset value	60,415	60,415	-	-
		18,915,377	\$ 18,501,187	\$ 302,707	\$ 111,483
Other investments:					
<i>Governmental activities:</i>					
Mutual funds	Fair value	453,763			
Equity securities	Fair value	60,415			
<i>Fiduciary Funds:</i>					
Insurance contracts	Contract value	1,013,881			
Equity securities	Fair value	182,511			
Total		\$ 20,625,947			

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.

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.

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Investments *(Continued)*

The Town's investments in debt securities were rated as follows at June 30, 2018:

<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)	\$ 10,285,705	\$ -	\$ -	\$ -	\$ -
Corporate bonds	-	34,127	132,259	59,451	-
Municipal bonds	188,353	-	-	-	-
<i>Business-type activities:</i>					
Short Term Investment Fund (STIF)	7,999,804	-	-	-	-
<i>Fiduciary Funds:</i>					
Short Term Investment Fund (STIF)	155,263	-	-	-	-
Money market mutual funds	-	-	-	-	60,415

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, 2018, 95.2% and 11.0%, respectively, of the Town's investments within the government-wide and fiduciary statements of net position were invested in the Short-term Investment Fund, which is managed by the State of Connecticut Treasurer's Office. As of June 30, 2018, 71.8% of the Town's investments within the fiduciary statement of net position were also invested in an insurance contract held with First Security Benefit Life Insurance and Annuity Company of New York.

NOTE 3 - 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 measures Level 2 investments based on quoted prices for similar investments in active markets. Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - FAIR VALUE MEASUREMENTS *(Continued)*

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2018, 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	\$ 453,763	\$ -	\$ -	\$ 453,763
Equity securities	242,926	-	-	242,926
Corporate and municipal bonds	-	414,190	-	414,190
	<u>\$ 696,689</u>	<u>\$ 414,190</u>	<u>\$ -</u>	<u>\$ 1,110,879</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 consisted of the following for the governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Arts collection	\$ 35,598	\$ -	\$ -	\$ 35,598
Property development rights	698,980	118,897	-	817,877
Land	2,507,844	-	-	2,507,844
Construction in progress	21,512,930	(21,512,930)	-	-
Total capital assets, not being depreciated	<u>24,755,352</u>	<u>(21,394,033)</u>	<u>-</u>	<u>3,361,319</u>
Capital assets, being depreciated:				
Buildings and improvements	79,109,260	21,634,373	-	100,743,633
Machinery, equipment and vehicles	12,567,782	816,445	-	13,384,227
Infrastructure	14,528,430	795,160	-	15,323,590
Total capital assets, being depreciated	<u>106,205,472</u>	<u>23,245,978</u>	<u>-</u>	<u>129,451,450</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	32,828,958	2,470,148	-	35,299,106
Machinery, equipment and vehicles	10,815,000	555,677	-	11,370,677
Infrastructure	3,626,428	302,121	-	3,928,549
Total accumulated depreciation and amortization	<u>47,270,386</u>	<u>3,327,946</u>	<u>-</u>	<u>50,598,332</u>
Total capital assets, being depreciated, net	<u>58,935,086</u>	<u>19,918,032</u>	<u>-</u>	<u>78,853,118</u>
Governmental activities capital assets, net	<u>\$ 83,690,438</u>	<u>\$ (1,476,001)</u>	<u>\$ -</u>	<u>\$ 82,214,437</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS *(Continued)*

Capital asset activity for the year ended June 30, 2018 consisted of the following for the business-type activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets, being depreciated:				
Equipment - Sewer Authority	\$ 222,854	\$ -	\$ -	\$ 222,854
Infrastructure - Sewer Authority	12,731,202	-	-	12,731,202
Equipment - Crystal Lake	23,135	-	-	23,135
Infrastructure - Crystal Lake	6,962,204	-	-	6,962,204
Total capital assets, being depreciated	<u>19,939,395</u>	<u>-</u>	<u>-</u>	<u>19,939,395</u>
Less accumulated depreciation and amortization for:				
Equipment - Sewer Authority	179,810	13,526	-	193,336
Infrastructure - Sewer Authority	6,261,705	264,541	-	6,526,246
Equipment - Crystal Lake	20,985	258	-	21,243
Infrastructure - Crystal Lake	3,381,166	139,244	-	3,520,410
Total accumulated depreciation and amortization	<u>9,843,666</u>	<u>417,569</u>	<u>-</u>	<u>10,261,235</u>
Total capital assets, being depreciated, net	<u>10,095,729</u>	<u>(417,569)</u>	<u>-</u>	<u>9,678,160</u>
Business-type activities capital assets, net	<u>\$ 10,095,729</u>	<u>\$ (417,569)</u>	<u>\$ -</u>	<u>\$ 9,678,160</u>

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

Governmental Activities:	
Education	\$ 2,311,816
Public safety	393,408
Public works	334,222
General government	209,818
Library	<u>78,682</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 3,327,946</u>
Business-type Activities:	
Sewer	<u>\$ 417,569</u>

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2018 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Crystal Lake School Addition/Renovation Fund	\$ 3,193,129
	Nonmajor Governmental Funds	1,483,216
	Sewer Authority Fund	495,915
	Other Enterprise Funds	109,541
	Crystal Lake Sewers Fund	42,876
	Private Purpose Trust Funds	449
		<u>5,325,126</u>
Nonmajor Governmental Funds	General Fund	225,954
	Nonmajor Governmental Funds	251,430
		<u>477,384</u>
		<u>\$ 5,802,510</u>
Enterprise Funds		
Other Enterprise Funds	General Fund	<u>\$ 51,409</u>
Fidiciary Funds		
Private Purpose Trust Funds	General Fund	<u>\$ 19,237</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.

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2018 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Nonmajor Governmental Funds	\$ 896,441
Nonmajor Governmental Funds	Nonmajor Governmental Funds	382,625
		<u>\$ 1,279,066</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 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.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7 - FUND BALANCE

The various components of fund balance at June 30, 2018 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	-	-	-	3,186	3,186
Restricted for:					
Small Cities rehabilitation loan program	-	-	3,051,843	-	3,051,843
Special reserves - external	-	-	-	998,833	998,833
Committed to:					
Capital reserves	6,078,650	-	-	-	6,078,650
Other capital purposes	885,579	-	-	257,668	1,143,247
School lunch operations	-	-	-	118,175	118,175
Public safety	-	-	-	653,275	653,275
Human services	-	-	-	176,888	176,888
Town properties	-	-	-	566,075	566,075
Land use	-	-	-	92,994	92,994
Education programs	-	-	-	800,210	800,210
Assigned to:					
Other post-employment benefits	1,283,774	-	-	-	1,283,774
Public works - encumbrances	12,484	-	-	-	12,484
Sanitation	49,425	-	-	-	49,425
Use in subsequent budget	2,323,207	-	-	-	2,323,207
Unassigned	2,059,204	(3,193,129)	-	(65,385)	(1,199,310)
	<u>\$ 12,692,323</u>	<u>\$ (3,193,129)</u>	<u>\$ 3,051,843</u>	<u>\$ 3,654,416</u>	<u>\$ 16,205,453</u>

The amounts committed for Capital Reserves in the General Fund totaling \$6,078,650 was created by the Board of Finance, as mandated by Section 1004 of the Town Charter, to maintain a reserve of at least 5.0% of the total expenditures for the current year. No expenditure or transfer may be made from Capital Reserves without the approval of the Board of Finance. Amounts transferred to this account totaled \$400,000 for the year ended June 30, 2018.

Deficit Fund Balances

The following funds have deficit fund balances as of June 30, 2018, none of which constitutes a violation of statutory provisions:

<u>Fund</u>	<u>Amount</u>
Crystal Lake School Addition/ Renovation Fund	\$ (3,193,129)
Small Cities Regular Rehab 17 Fund	(5,226)
Windermere School Alterations Fund	(60,159)

The Town plans to fund the deficit of the Crystal Lake School Addition/Renovation Fund through a combination of school construction reimbursements from the State of Connecticut and either the issuance of long-term debt or appropriations from the General Fund. The Town intends to fund the deficit in the Windermere School Alterations Fund through school construction reimbursements from the State of Connecticut. The Town plans to fund the deficit in the Small Cities Regular Rehab 17 Fund through future program revenues or transfers in from the General Fund.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	<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	\$ 19,760,000	\$ -	\$ (1,960,000)	\$ 17,800,000	\$ 1,945,000
Unamortized premiums	513,409	-	(92,135)	421,274	-
Total bonds payable	<u>20,273,409</u>	<u>-</u>	<u>(2,052,135)</u>	<u>18,221,274</u>	<u>1,945,000</u>
Other liabilities:					
Capital leases	382,483	561,384	(293,352)	650,515	174,894
Compensated absences	1,086,714	23,463	-	1,110,177	230,000
Net LOSAP liability	792,262	93,306	-	885,568	-
Net pension liability	3,877,319	-	(611,919)	3,265,400	-
Total OPEB liability	<u>4,899,712</u>	<u>-</u>	<u>(431,006)</u>	<u>4,468,706</u>	<u>-</u>
	<u>\$ 31,311,899</u>	<u>\$ 678,153</u>	<u>\$ (3,388,412)</u>	<u>\$ 28,601,640</u>	<u>\$ 2,349,894</u>
Business-type Activities					
Bonds payable:					
General obligation bonds	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ 900,000</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, 2018 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 in 2010 in the original amount of \$4,320,000	12/15/2018	2.0% - 5.0%	\$ 320,000
General obligation refunding bonds; issued in 2011 in the original amount of \$8,240,000	9/15/2023	2.0% - 4.0%	3,895,000
General obligation bonds; issued in 2013 in the original amount of \$4,205,000	9/15/2033	2.0% - 4.0%	3,325,000
General obligation bonds; issued in 2015 in the original amount of \$10,630,000	6/15/2035	2.0% - 4.0%	9,025,000
General obligation bonds; issued in 2017 in the original amount of \$1,375,000	6/15/2027	2.06%	<u>1,235,000</u>
			<u>\$ 17,800,000</u>
Business-type Activities			
General obligation bonds; issued in 2007 in the original amount of \$1,750,000	6/15/2027	4.0% - 5.5%	<u>\$ 900,000</u>

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - LONG-TERM LIABILITIES *(Continued)*

General Obligation Bonds *(Continued)*

Annual debt service requirements to maturity at June 30, 2018 are as follows:

Year ending June 30:	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
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	1,580,000	349,550	1,929,550
2024-2028	4,525,000	1,076,027	5,601,027
2029-2033	3,670,000	598,214	4,268,214
2034-2035	1,260,000	59,650	1,319,650
	<u>\$ 17,800,000</u>	<u>\$ 4,097,735</u>	<u>\$ 21,897,735</u>

Year ending June 30:	Business-Type Activities		
	General Obligation Bonds		
	Principal	Interest	Total
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	100,000	17,000	117,000
2024-2027	400,000	46,625	446,625
	<u>\$ 900,000</u>	<u>\$ 189,250</u>	<u>\$ 1,089,250</u>

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, 2018. 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, 2018.

Authorized, Unissued Bonds

As of June 30, 2018, the Town has authorized but unissued bonds totaling \$730,000 for acquisition of working farmland agricultural land development rights and \$3,790,658 for improvements to Crystal Lake and Windermere Schools.

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - LONG-TERM LIABILITIES *(Continued)*

Capital Leases

A summary of assets acquired through capital leases is as follows as of June 30, 2018:

	Governmental Activites
Vehicles	\$ 339,928
Machinery and Equipment	561,384
	901,312
Less: accumulated amortization	(122,798)
	\$ 778,514

Amortization expense relative to leased property under capital leases totaled \$89,468 for the year ended June 30, 2018 and is included in depreciation and amortization expense disclosed in Note 4.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 are as follows:

	Governmental Activites
Year Ending June 30:	
2019	\$ 188,699
2020	188,699
2021	188,699
2022	116,475
Total minimum lease payments	682,572
Less: amount representing interest	32,057
Present value of minimum lease payments	\$ 650,515

NOTE 9 - RETIREMENT BENEFIT PLANS

Defined Contribution 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 \$324,824 for the year ended June 30, 2018. 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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - RETIREMENT BENEFIT 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 \$298,494 for the year ended June 30, 2018. 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.

Volunteer Firefighters Length of Service Award Program

The Town sponsors a defined benefit Length of Service Award Program ("LOSAP") for active volunteer firefighters of the Crystal Lake Fire Department and the Ellington Fire Department. The program was established pursuant to Connecticut General Statutes and provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters.

Program Description

Participation, vesting and service credit: Active volunteer firefighters who have reached the age of 17 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age 65.

Benefits: A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$8.0 multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed 35 years. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program also provides certain death and disability benefits on some active participants, which is provided through a group term life insurance policy.

Plan membership: The most current actuarial valuation was completed as of August 1, 2017. The membership data related to the plan was as follows:

Entitled participants	40
Inactive participants with deferred benefits	85
Active participants	<u>99</u>
	<u><u>224</u></u>

Contributions: The Town funds the plan based on an actuarial recommended contribution, which includes the current year cost plus a payment to amortize the unfunded liability. LOSAP contributions made by the Town totaled \$93,306 for the year ended June 30, 2018 and was equal to the actuarial recommended contribution.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - RETIREMENT BENEFIT PLANS *(Continued)*

Volunteer Firefighters Length of Service Award Program *(Continued)*

Summary of Significant Accounting Policies

The LOSAP is accounted for using the accrual basis of accounting. Contributions to the LOSAP are recognized when due and the Town has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the LOSAP.

Investments - Investments are generally reported at fair value, except for investments in insurance contracts. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date. Investments insurance contracts are measured at contract value, which approximates fair value.

Investment policy - The allocation of invested assets for the LOSAP is developed by Town management and the investment advisor. It is the policy of the Town to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Concentrations - As of July 31, 2017, 100% of the investments with the LOSAP Plan were invested in an insurance contract held with First Security Benefit Life Insurance and Annuity Company of New York.

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

Plan Statements

The following presents the statement of fiduciary net position for the LOSAP as of July 31, 2017.

ASSETS	
Cash and cash equivalents	\$ 132,950
Investments	<u>1,013,881</u>
Total assets	<u>1,146,831</u>
 NET POSITION	
Held in trust for LOSAP benefits	<u><u>\$ 1,146,831</u></u>

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - RETIREMENT BENEFIT PLANS *(Continued)*

Volunteer Firefighters Length of Service Award Program *(Continued)*

Net Pension Liability

The components of the Town's net pension liability for the LOSAP was as follows:

Total LOSAP liability	\$	2,032,399
Plan fiduciary net position		1,146,831
Net LOSAP liability	\$	885,568

The Town's net pension liability for the LOSAP was measured as of July 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 1, 2017. The changes in Town's net pension liability for the LOSAP were as follows:

	Increase (Decrease)		
	Total LOSAP Liability (a)	Plan Fiduciary Net Position (b)	Net LOSAP Liability (a) - (b)
Balance as of August 1, 2016	\$ 1,884,855	\$ 1,092,593	\$ 792,262
Changes for the year	147,544	54,238	93,306
Balance as of July 31, 2017	\$ 2,032,399	\$ 1,146,831	\$ 885,568

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of August 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return, including inflation	4.25%
Discount rate	4.23%

The long-term expected rate of return on LOSAP 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.

Discount rate - The discount rate used to measure the total pension liability was 4.23% for the LOSAP. The projection of cash flows used to determine the discount rate assumed that the contributors at rates equal to the actuarially determined contribution rates. For this purpose, only Town contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the LOSAP's fiduciary net position was projected to be depleted prior to making 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 up to the depletion date and the municipal bond rate was applied to all periods after the depletion date to determine the total pension liability.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - RETIREMENT BENEFIT PLANS *(Continued)*

Volunteer Firefighters Length of Service Award Program *(Continued)*

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2018, the Town recognized pension expense for the LOSAP of \$93,306. In addition, the Town has reported deferred outflows and inflows of resources as of June 30, 2018 related to the LOSAP from the following sources:

Deferred contributions	<u>\$ 107,681</u>
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Amounts reported as deferred contributions will be recognized as a component of LOSAP expense during the Town's year ending June 30, 2019.

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 - Union employees, police officers and other Town employees, who were hired after September 30, 1969, who are 55 or younger at the date of hire, and who work at least 20 hours per week are eligible to participate.

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.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - RETIREMENT BENEFIT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Plan Description *(Continued)*

Benefits provided (Continued) - 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 11.74% of the annual Town employees' covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to the CMERS for the year ended June 30, 2018 was \$662,260 and was equal to the required contributions for the 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.

Summary of Significant Accounting Policies

Pensions - For purposes of measuring the net pension liability, deferred outflows and 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.

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - RETIREMENT BENEFIT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Net Pension Liability

The total estimated net pension liability of the CMERS as of June 30, 2017 was \$248.200 million, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$3,265,400 or approximately 1.3156% 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:

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-term Target Expected Real Rate of Return</u>
Large cap U.S. Equities	16.0%	5.8%
Developed Non-U.S. Equities	14.0%	6.6%
Emerging Markets (Non-U.S.)	7.0%	8.3%
Core Fixed Income	8.0%	1.3%
Inflation Linked Bonds	5.0%	1.0%
Emerging Market Bond	8.0%	3.7%
High Yield Bonds	14.0%	3.9%
Real Estate	7.0%	5.1%
Private Equity	10.0%	7.6%
Alternative Investments	8.0%	4.1%
Liquidity Fund	3.0%	0.4%
	<u>100.0%</u>	

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - RETIREMENT BENEFIT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Net Pension Liability *(Continued)*

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:

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Town proportionate share of the net pension liability (asset) as of June 30, 2018	\$ 8,047,985	\$ 3,265,400	\$ (760,473)

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.

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2018, the Town recognized a pension expense benefit related to the CMERS of \$771,674. At June 30, 2018, the Town reported its proportionate share of deferred outflows and inflows of resources related to the CMERS from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources	Net Deferred Outflow (Inflows) of Resources
Difference between expected and actual experience	\$ 62,080	\$ -	\$ 62,080
Difference between projected and actual earnings on pension plan investments	261,476	-	261,476
Changes in proportion and differences between employer contributions and proportionate share of contributions	113,169	(86,872)	26,297
	\$ 436,725	\$ (86,872)	\$ 349,853

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - RETIREMENT BENEFIT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

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

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

Year ended June 30,		
2019	\$	108,756
2020		271,417
2021		98,832
2022		<u>(129,152)</u>
	\$	<u>349,853</u>

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The TRS is included as a fiduciary pension trust fund in the State of Connecticut's Comprehensive Annual Financial Report and the Board issues publicly available financial reports.

Benefit Provisions

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

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

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

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - RETIREMENT BENEFIT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Benefit Provisions *(Continued)*

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

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

Contributions

Per CGS 10-183z, contribution requirements of active employees and the State are amended and certified by the Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

In accordance with CGS Section 10-183z, 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 100% of an employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Effective January, 1, 2018, active employees are required to contribute 7.0%, previously 6.0%, of their annual earnings to the plan.

Administrative Expenses

Administrative costs of the plan are funded by the State.

Basis of Presentation

The collective net pension liability, deferred outflows and inflows of resources, and pension expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net pension liability that is attributed to the Town as of June 30, 2018.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - RETIREMENT BENEFIT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Allocation Methodology

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2017 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$4,478,532 or 0.442% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective pension expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective pension expense allocated to the Town totaled \$6,910,631. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net pension liability of participating employers for the TRS was approximately \$13.502 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$59,743,965 or approximately 0.442% of the total collective net pension liability.

Actuarial Assumptions

The total pension liability 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	2.75%
Salary increases	3.25%-6.50%, including inflation
Investment rate of return	8.00%, net of investment related expense

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.

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - RETIREMENT BENEFIT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Long-Term Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Core Fixed Income	7.0%	1.3%
High Yield Bonds	5.0%	3.9%
Emerging Market Bond	5.0%	3.7%
Inflation Linked Bond Fund	3.0%	1.0%
Cash	6.0%	0.4%
	100.0%	

Discount Rate

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 the State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

Proportionate Share of the Collective Net Pension Liability

The following presents the proportionate share of the collective net pension liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 8.00%, as well as what the proportionate share of the net pension liability attributed to the Town 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	\$ 74,781,827	\$ 59,743,965	\$ 47,030,395

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

Town and Board of Education Program

Plan Description

The Town provides eligible retirees and their spouses with other post-employment benefits (“OPEB Program”) for medical and dental coverage through the Town’s group health insurance plans, 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 OPEB Program does not issue a publicly available financial report and is not included in the financial statements of another entity.

Funding Policy

Participant contribution requirements are established and may be amended through negotiations between the Town and the respective labor union. 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. 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 premium cost share by the Town. 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 premium cost share by the Town. The Town pays the benefits on a pay-as-you-go basis.

Employees Covered by Benefit Terms

As of July 1, 2017, the date of most recent actuarial valuation, the following employees were covered by the benefit terms:

Retirees, beneficiaries, and dependents currently receiving benefits	43
Active participants	456
	499

Total OPEB Liability

The Town’s total OPEB liability reported as of June 30, 2018 totaled \$4,468,706. The total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions - The total OPEB liability as of June 30, 2018 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50%
Discount rate	3.87%
Dental trend rates	5.00%
Medical trend rates	8.00% decreasing to an ultimate rate of 5.00%

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Town and Board of Education Program *(Continued)*

Total OPEB Liability *(Continued)*

The discount rate was based on the Bond Buyer 20 (GO 20 Index) as of the measurement date, which represents municipal bond trends based on a portfolio of 20 general obligation bonds that mature in 20 years. Mortality rates were based on RP-2000 Combined Male and Female Fully Generational Mortality Table using scale AA. Other significant assumptions were as follows:

- It was assumed that 85.0% of the current Town active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement.
- It was assumed that 50.0% of the current school active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement.
- It was assumed that 0.0% of retirees would elect Medicare Plan F upon attainment of age 65 due to the change in the Town's subsidy level.
- It was assumed that 50% of the male and 50% of the female employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement.

Changes in the Total OPEB Liability

The following presents the changes in the Town's total OPEB liability for the year ended June 30, 2018:

	Total OPEB Liability
Balance as of June 30, 2017	\$ 4,899,712
Changes for the year:	
Service cost	134,486
Interest	170,578
Changes of benefit terms	-
Changes of assumptions and differences between expected and actual experience	(192,419)
Benefit payments	(543,651)
Net changes	(431,006)
Balance as of June 30, 2018	\$ 4,468,706

Changes of assumptions primarily reflects a change in the discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1% Decrease (2.87%)	Current Discount (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 5,092,102	\$ 4,468,706	\$ 3,974,763

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Town and Board of Education Program *(Continued)*

Changes in the Total OPEB Liability *(Continued)*

Sensitivity of the Total OPEB liability to Changes in the Healthcare Cost Trend Rates - The following presents the Town's total OPEB liability, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
	in Trend Rates	Trend Rates	in Trend Rates
Total OPEB liability	\$ 4,359,687	\$ 4,468,706	\$ 5,857,760

OPEB Expense and Deferred Inflows of Resources

For the year ended June 30, 2018, the Town recognized OPEB expense of \$276,192. As of June 30, 2018, the Town reported deferred inflows of resources related to OPEB from the following source:

Changes of assumptions	\$ 163,547
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Amounts reported as deferred inflows of resources related to OPEB will be recognized as a reduction of OPEB expense as follows:

Year ended June 30,	
2019	\$ 28,872
2020	28,872
2021	28,872
2022	28,872
2023	28,872
Thereafter	19,187
	\$ 163,547

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Benefit Provisions

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

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

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

Contributions

Per CGS 10-183z, which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through and annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan.

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

Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Administrative Expenses

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

Basis of Presentation

The collective net OPEB liability, deferred outflows and inflows of resources, and OPEB expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the Town as of June 30, 2018.

The components associated with the OPEB expense and deferred outflows and inflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes for the year ended June 30, 2017.

Allocation Methodology

The schedule of allocations have been prepared to provide the total amount of employer contributions from the State and the proportionate share percentages that have been determined based on these contributions. Based on these percentages the proportionate share amounts of the net OPEB liability associated with each participating employer and the employer OPEB expense and revenue for State support for each participating employer for the year ending June 30, 2017.

For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$88,149 or 0.442% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective OPEB expense and deferred outflows and inflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective OPEB expense allocated to the Town totaled \$712,668. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net OPEB liability of participating employers for the TRS was approximately \$3.475 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$15,377,424 or approximately 0.442% of the total collective net OPEB liability.

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions

The total OPEB liability 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	2.75%
Salary increases	3.25%-6.50%, including inflation
Investment rate of return	2.75%, net of investment related expense
Healthcare cost trend rates:	
Pre-Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022
Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022

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.

Long-Term Rate of Return

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

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	<u>Expected 10-Year Geometric Real Rate of Return</u>
U.S. Treasuries (Cash Equivalents)	100.0%	0.04%

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate.
- Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.
- For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

Proportionate Share of the Collective Net OPEB Liability

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 3.56%, as well as what the proportionate share of the net OPEB liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate:

	1% Decrease (2.56%)	Current Rate (3.56%)	1% Increase (4.56%)
Proportionate share of the net OPEB liability attributed to the Town	\$ 18,532,258	\$ 15,377,424	\$ 12,896,815

Proportionate Share of the Collective Net OPEB Liability

Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Proportionate share of the net OPEB liability attributed to the Town	\$ 12,661,168	\$ 15,377,424	\$ 19,034,530

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except workers' compensation and liability-automobile-property insurance for which it participates in risk sharing pools. During the year ended June 30, 2018, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. In addition, there have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

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

Liability-Automobile-Property Pool

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

Workers' Compensation Pool

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

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Legal Contingencies

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.

Federal and State Grants

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.

Encumbrances

Encumbrance accounting is utilized as an extension of formal budgetary integration for the General Fund. Encumbrances are recognized as a valid and proper charge against a General Fund budget appropriation in the year in which a purchase order, contract, or other commitment is issued. Open encumbrances as of June 30, 2018 totaled \$12,484 and are reported as a component of assigned fund balance of the General Fund.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 - RECENTLY ISSUED ACCOUNTING STANDARDS

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 is currently evaluating the potential impact of adopting the Statement 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 is currently evaluating the potential impact of adopting the Statement on its financial statements.

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 is currently evaluating the potential impact of adopting the Statement on its financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2018. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 14 - SUBSEQUENT EVENTS

During October 2018, the Town executed two master lease agreements to finance the purchase of technology equipment for Town's School District in the amount of \$284,628 and \$124,929. The leases are payable in equal annual installments of \$76,890 and \$33,665, respectively, beginning October 1, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxation	\$ 42,598,309	\$ 42,598,309	\$ 43,643,949	\$ 1,045,640
Intergovernmental - education	9,697,704	9,697,704	8,438,424	(1,259,280)
Intergovernmental - other	1,225,359	1,225,359	995,804	(229,555)
Charges for goods and services	1,022,595	1,022,595	1,180,025	157,430
Investment earnings	45,000	45,000	217,093	172,093
Other	601,634	601,634	680,320	78,686
Total revenues	<u>55,190,601</u>	<u>55,190,601</u>	<u>55,155,615</u>	<u>(34,986)</u>
EXPENDITURES				
Current:				
General government	1,599,037	1,630,467	1,531,117	(99,350)
Boards and agencies	138,193	139,515	107,064	(32,451)
Public safety	3,037,296	3,192,879	3,076,115	(116,764)
Public works	4,049,428	4,096,663	3,829,966	(266,697)
Recreation	490,027	528,397	479,758	(48,639)
Library	620,710	622,512	622,512	-
Human services	766,412	771,915	681,067	(90,848)
Town properties	754,055	756,532	693,116	(63,416)
Other	4,045,021	3,772,740	3,122,009	(650,731)
Education	36,871,969	36,871,969	36,596,259	(275,710)
Debt service	3,319,249	3,319,249	3,035,851	(283,398)
Capital outlays	1,419,204	1,641,680	1,323,835	(317,845)
Total expenditures	<u>57,110,601</u>	<u>57,344,518</u>	<u>55,098,669</u>	<u>(2,245,849)</u>
Excess (deficiency) of revenues over expenditures	(1,920,000)	(2,153,917)	56,946	2,210,863
OTHER FINANCING SOURCES				
Use of fund balance	1,920,000	2,153,917	-	(2,153,917)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,946</u>	<u>\$ 56,946</u>

See notes to required supplementary information.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		OVER
				(UNDER)
PROPERTY TAXATION				
Revenues from Property Taxes	\$ 42,488,309	\$ 42,488,309	\$ 43,417,245	\$ 928,936
Interest and Lien Fees	110,000	110,000	226,704	116,704
Total Property Taxation	<u>42,598,309</u>	<u>42,598,309</u>	<u>43,643,949</u>	<u>1,045,640</u>
INTERGOVERNMENTAL - EDUCATION				
Education Cost Sharing Grants	9,684,435	9,684,435	8,424,841	(1,259,594)
Adult Education and Vocational Agricultural	13,269	13,269	13,583	314
Total Intergovernmental - Education	<u>9,697,704</u>	<u>9,697,704</u>	<u>8,438,424</u>	<u>(1,259,280)</u>
INTERGOVERNMENTAL - OTHER				
Town Road Aid	336,331	336,331	337,991	1,660
MRSF - Revenue Sharing Grant	463,112	463,112	223,527	(239,585)
Local Capital Improvement Program	195,651	195,651	195,025	(626)
Municipal Stabilization Grant	-	-	74,208	74,208
Pequot/Mohegan Funds	45,656	45,656	44,853	(803)
MIRA - Recycables Rebate	-	-	31,049	31,049
DWI Grant	37,575	37,575	28,151	(9,424)
Telecommunications Tax	22,760	22,760	17,303	(5,457)
Additional Income Veterans	16,514	16,514	15,671	(843)
Emergency Management Performance Grant	7,889	7,889	7,893	4
Historical Preservation Grant	4,000	4,000	4,000	-
Erase Grant	3,907	3,907	3,907	-
Circuit Court Fines	7,500	7,500	3,825	(3,675)
North Central Area - Agency on Aging	5,000	5,000	2,546	(2,454)
NCAA - Nutrition PP	4,000	4,000	2,454	(1,546)
Disability Reimbursement	1,748	1,748	1,813	65
NCHD - Community Garden	-	-	1,500	1,500
State Property Forest	5,445	5,445	88	(5,357)
Elderly Circuit Breaker Reimbursement	68,171	68,171	-	(68,171)
Dog Damage	100	100	-	(100)
Total Intergovernmental - Other	<u>1,225,359</u>	<u>1,225,359</u>	<u>995,804</u>	<u>(229,555)</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		OVER (UNDER)
CHARGES FOR GOODS AND SERVICES				
Building Department	\$ 350,000	\$ 350,000	\$ 371,158	\$ 21,158
Planning and Zoning	30,000	30,000	37,260	7,260
Fire Marshal	450	450	240	(210)
Rights of Way Permits	1,200	1,200	2,155	955
Recreation Program Receipts	288,375	288,375	286,678	(1,697)
Recreation Interagency After School Program	12,500	12,500	-	(12,500)
Cultural Arts Commission	500	500	-	(500)
Town Clerk Conveyance Tax	150,000	150,000	195,117	45,117
Town Clerk Recording Fees and Licenses	100,000	100,000	122,942	22,942
Aircraft Registration	1,620	1,620	1,440	(180)
Board of Education	500	500	765	265
Police - Special Duty	40,000	40,000	86,957	46,957
Police DARE Donations	500	500	1,500	1,000
Animal Control Officer Fees and Licenses	25,000	25,000	21,156	(3,844)
Animal Control Donations	100	100	-	(100)
ADHOC Patriotic Committee	100	100	4,700	4,600
Youth Service Donations	1,000	1,000	500	(500)
Youth Service Activities	4,000	4,000	19,636	15,636
Human Services Donations	1,000	1,000	6,598	5,598
Human Services Food Pantry	1,000	1,000	2,982	1,982
Human Services Fuel Administration	1,000	1,000	180	(820)
Human Services Fuel Donations	-	-	3,774	3,774
Human Services Municipal Agent	500	500	-	(500)
Human Services Enrichment Program Donations	1,000	1,000	-	(1,000)
Senior Center Donations	500	500	350	(150)
Senior Center Programs	10,000	10,000	12,564	2,564
Senior Center EMATS	750	750	973	223
Senior Center Rental Income	500	500	100	(400)
Senior Center Transportation Prgm	500	500	300	(200)
Total Charges for Goods and Services	<u>1,022,595</u>	<u>1,022,595</u>	<u>1,180,025</u>	<u>157,430</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		OVER (UNDER)
INVESTMENT EARNINGS				
Interest on earnings	\$ 45,000	\$ 45,000	\$ 217,093	\$ 172,093
WPCA	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
OTHER REVENUES				
Ambulance Fee Program	146,000	146,000	203,000	57,000
Insurance Claims and Refunds	7,500	7,500	2,200	(5,300)
WPCA Reimbursement	32,540	32,540	33,075	535
WPCA-Reimb Maintenance Budget	202,677	202,677	249,891	47,214
Building Demolition/Evictions	5,000	5,000	-	(5,000)
Eversource Bright Ideas Grant	-	-	19,993	19,993
Snow Removal Charge-Developers	-	-	3,094	3,094
Sundry Refunds and Receipts	20,000	20,000	41,108	21,108
Rental Income of Town Property	9,975	9,975	8,225	(1,750)
Sale of Property	100	100	19,734	19,634
Sidewalk Extension West Road	77,842	77,842	-	(77,842)
Total Other Revenues	<u>501,634</u>	<u>501,634</u>	<u>580,320</u>	<u>78,686</u>
Total Revenues	<u>55,190,601</u>	<u>55,334,573</u>	<u>55,155,615</u>	<u>(178,958)</u>
OTHER FINANCING SOURCES				
Use of Unassigned Fund Balance	1,920,000	2,009,945	-	(2,009,945)
Use of Committed Fund Balance - Capital	-	143,972	-	(143,972)
Total Other Financing Sources	<u>1,920,000</u>	<u>2,153,917</u>	<u>-</u>	<u>(2,153,917)</u>
Total Revenues and Other Financing Sources	<u>\$ 57,110,601</u>	<u>\$ 57,344,518</u>	<u>\$ 55,155,615</u>	<u>\$ (2,188,903)</u> <i>(Concluded)</i>

See notes to required supplementary information.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		(UNDER) OVER
GENERAL GOVERNMENT				
Board of Selectmen	\$ 286,935	\$ 293,329	\$ 290,195	\$ (3,134)
Board of Finance	9,950	9,950	8,866	(1,084)
Auditors	45,000	45,000	45,000	-
Auditors - Special Project	100	100	-	(100)
Finance Officer	340,873	350,023	339,802	(10,221)
Tax Assessor	209,093	212,861	177,958	(34,903)
Tax Collector	171,392	175,178	166,508	(8,670)
Board of Assessments Appeals	400	400	118	(282)
Insurance Advisory Board	100	100	-	(100)
Town Clerk	190,124	194,171	175,199	(18,972)
Town Counsel	110,000	110,000	96,011	(13,989)
Probate Court	7,353	7,353	7,353	-
Town Planner	227,717	232,002	224,107	(7,895)
Total General Government	<u>1,599,037</u>	<u>1,630,467</u>	<u>1,531,117</u>	<u>(99,350)</u>
BOARDS AND AGENCIES				
Registrars and Electors	84,122	84,122	60,306	(23,816)
Economic Development Commission	5,000	5,000	3,705	(1,295)
Planning and Zoning	32,150	32,150	28,044	(4,106)
Design Review Board	100	100	-	(100)
Zoning Board of Appeals	5,100	6,422	6,422	-
Shared Services Commission	100	100	-	(100)
Permanent Building Commission	1,750	1,750	-	(1,750)
Ethics Commission	1,170	1,170	170	(1,000)
Inland Wetland Agency	6,100	6,100	5,935	(165)
Flood & Erosion Control Board	100	100	-	(100)
Conservation Commission	2,500	2,500	2,482	(18)
WPCA	1	1	-	(1)
Total Boards and Agencies	<u>138,193</u>	<u>139,515</u>	<u>107,064</u>	<u>(32,451)</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		(UNDER) OVER
PUBLIC SAFETY				
Center Fire Department	\$ 264,760	\$ 264,760	\$ 258,218	\$ (6,542)
Crystal Lake Fire Department	81,152	84,740	84,739	(1)
Fire Protection Hydrants	351,268	360,851	360,851	-
Emergency 911	48,332	48,332	47,989	(343)
Police	1,366,470	1,366,470	1,277,521	(88,949)
Police Special Duty	20,000	53,247	53,246	(1)
Police Drug Abuse Resistance Education	1,500	2,137	2,136	(1)
Animal Control Officer	103,318	104,415	104,414	(1)
Emergency Management	53,540	55,290	52,273	(3,017)
Building Department	148,681	151,989	149,954	(2,035)
Volunteer Ambulance	266,199	365,160	365,160	-
Emergency Service Incentive Program	157,047	157,047	145,486	(11,561)
Adhoc Emergency Service Committee	35	35	-	(35)
Public Safety Commission	100	100	-	(100)
Fire Marshal	174,894	178,306	174,128	(4,178)
Total Public Safety	<u>3,037,296</u>	<u>3,192,879</u>	<u>3,076,115</u>	<u>(116,764)</u>
PUBLIC WORKS				
General Town Roads	1,943,977	1,948,911	1,921,032	(27,879)
New Equipment	10,000	10,000	10,000	-
Equipment Maintenance	228,100	228,100	202,889	(25,211)
Town Garage Maintenance	74,000	74,000	70,448	(3,552)
Street Signs	17,500	17,500	13,631	(3,869)
Grounds Maintenance - BOE/Parks	110,000	118,974	118,973	(1)
Town Aid Road - Winter	260,000	286,783	286,783	-
Town Aid Road - Materials	275,000	281,544	281,543	(1)
Sanitary Landfill	400,400	400,400	315,310	(85,090)
Sanitary Recycling	377,200	377,200	346,593	(30,607)
Household Hazardous Waste	15,000	15,000	12,502	(2,498)
WPCA Maintenance	116,016	116,016	58,883	(57,133)
Street Lighting	97,235	97,235	86,074	(11,161)
Engineer and Inspections	125,000	125,000	105,305	(19,695)
Total Public Works	<u>4,049,428</u>	<u>4,096,663</u>	<u>3,829,966</u>	<u>(266,697)</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		(UNDER) OVER
RECREATION				
Parks Recreation Equipment	\$ 452,427	\$ 490,797	\$ 454,035	\$ (36,762)
Cultural Arts	100	100	-	(100)
Inter-Agency After School Program	12,500	12,500	723	(11,777)
Crystal Lake Water Monitor	25,000	25,000	25,000	-
Total Recreation	<u>490,027</u>	<u>528,397</u>	<u>479,758</u>	<u>(48,639)</u>
LIBRARY				
Hall Memorial Library	<u>620,710</u>	<u>622,512</u>	<u>622,512</u>	-
Total Library	<u>620,710</u>	<u>622,512</u>	<u>622,512</u>	-
HUMAN SERVICES				
Public Health Nursing	3,500	3,500	2,052	(1,448)
Nutmeg Big Brothers Big Sisters	500	500	500	-
Cornerstone Foundation Inc.	1,000	1,000	1,000	-
Connecticut Legal Services	2,200	2,200	2,200	-
YWCA/SACS	1,000	1,000	1,000	-
Regional Mental Health Board	1,092	1,092	1,092	-
Kidsafe CT	1,500	1,500	1,500	-
Hockanum Valley Community Council	35,000	35,000	35,000	-
Food Pantry	1,000	1,000	748	(252)
Fuel Bank	1,500	4,493	4,493	-
Youth Enrichment	24,000	24,000	17,736	(6,264)
Youth Activity Programs	66,811	66,811	38,260	(28,551)
Hartford Interval House	2,500	2,500	2,500	-
Human Services	277,061	279,571	264,276	(15,295)
North Central Health District	74,328	74,328	74,328	-
Welfare	16,000	16,000	9,393	(6,607)
Municipal Agent	2,500	2,500	2,275	(225)
Senior Center	254,920	254,920	222,714	(32,206)
Total Human Services	<u>766,412</u>	<u>771,915</u>	<u>681,067</u>	<u>(90,848)</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		(UNDER) OVER
TOWN PROPERTIES				
Town Hall	\$ 460,372	\$ 460,372	\$ 409,291	\$ (51,081)
Center Cemetery	3,700	3,700	3,700	-
Hall Memorial Library Building	153,775	153,775	152,328	-
Arbor Commons - Human services	22,350	23,422	23,422	-
Arbor Commons - Police	20,550	20,550	13,493	(7,057)
Senior Center Building	76,608	77,841	77,840	(1)
Pinney House	1,500	1,672	1,672	-
Old Crystal Lake School House	15,200	15,200	11,370	(3,830)
Total Town Properties	<u>754,055</u>	<u>756,532</u>	<u>693,116</u>	<u>(61,969)</u>
DEBT SERVICE				
Debt Redemption - Principal	2,481,904	2,481,904	2,359,027	(122,877)
Debt Redemption - Interest	837,345	837,345	676,824	(160,521)
Total Debt Service	<u>3,319,249</u>	<u>3,319,249</u>	<u>3,035,851</u>	<u>(283,398)</u>
OTHER				
Social Security	430,009	430,009	409,943	(20,066)
Insurance	2,434,453	2,218,568	2,050,294	(168,274)
Insurance Reimbursement and Claims	7,500	7,500	(1,313)	(8,813)
Insurance Prior Year	5,000	5,000	-	(5,000)
Service Insurance	101,000	101,000	101,000	-
Contingency Fund	600,000	400,000	-	(400,000)
Capital Reserve Fund	200,000	400,000	400,000	-
AD HOC Prevention Council Developing	10,000	10,000	8,982	(1,018)
Erase	3,907	3,907	3,652	(255)
AD HOC Patriotic Committee	4,700	6,653	6,653	-
AD HOC Beautification Committee	-	250	250	-
AD HOC Trails Committee	-	3,610	3,610	-
Charter Revision Commission	4,000	4,090	4,090	-
Miscellaneous	2,000	2,000	1,380	(620)
GASB-OPEB	100,000	100,000	100,000	-
Referendum	18,000	18,000	3,156	(14,844)
Building Demolition/Eviction	10,000	10,000	3,352	(6,648)
Salary Adjustment	64,500	2,201	-	(2,201)
Employee Education Development	7,500	7,500	-	(7,500)
Town Communications	2,850	2,850	62	(2,788)
Town Web Site	23,602	23,602	22,039	(1,563)
Grant Applications	2,000	2,000	-	(2,000)
GIS	14,000	14,000	4,859	(9,141)
Total Other	<u>4,045,021</u>	<u>3,772,740</u>	<u>3,122,009</u>	<u>(650,731)</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		(UNDER) OVER
CAPITAL OUTLAYS				
Local Capital Improvement Program	\$ 195,651	\$ 195,651	\$ 195,651	\$ -
Unimproved Road Improvement	20,000	22,740	9,215	(13,525)
Road Overlay	500,000	543,468	543,468	-
DPW - Snow Plow Dumptrucks Replacements	190,000	190,000	190,000	-
Pool Car/Town Staff Vehicle	30,000	30,000	30,000	-
HML - Upgrades to Restrooms	-	54,813	54,813	-
HML - Carpet Replacement	95,750	95,750	-	(95,750)
Townwide Sidewalks	20,000	40,000	-	(40,000)
Sidewalk Extension - West Road	97,303	127,616	29,375	(98,241)
DPW - Ice Grant Obligations	-	16,157	18,510	2,353
Revaluation	-	3,232	3,232	-
Parking Lot Renovations	50,000	80,000	80,000	-
Plan of Conservation and Development	80,000	80,000	24,257	(55,743)
EVFD - Generator Station 423 Replacement	55,000	55,000	38,061	(16,939)
EVFD - Fire House Improvement	-	17,109	17,109	-
BOE - Windermere Air Conditioning Cafeteria	85,500	85,077	85,077	-
Baseball fields	-	5,067	5,067	-
Total Capital Outlays	<u>1,419,204</u>	<u>1,641,680</u>	<u>1,323,835</u>	<u>(317,845)</u>
EDUCATION				
Salaries				
Administrative	1,915,633	1,915,633	1,957,695	42,062
Faculty	17,316,530	17,316,530	16,955,219	(361,311)
Secretarial	954,566	954,566	964,322	9,756
Custodial	1,368,230	1,368,230	1,367,674	(556)
Nurses	380,611	380,611	374,748	(5,863)
Instructor Aides	1,243,425	1,243,425	1,003,614	(239,811)
General / Media Aides	502,554	502,554	502,542	(12)
Severance	53,000	53,000	74,593	21,593
Total Salaries	<u>23,734,549</u>	<u>23,734,549</u>	<u>23,200,407</u>	<u>(534,142)</u>

(Continued)

See notes to required supplementary information.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		(UNDER) OVER
EDUCATION (Continued)				
Employee Benefits				
Health Benefits	\$ 4,881,163	\$ 4,881,163	\$ 5,037,292	\$ 156,129
Social Security	644,510	644,510	638,209	(6,301)
Unemployment	10,000	10,000	31,066	21,066
Retirement - MERS	525,679	525,679	617,662	91,983
Course Tuition	1,000	1,000	9,282	8,282
Total Employee Benefits	<u>6,062,352</u>	<u>6,062,352</u>	<u>6,333,511</u>	<u>271,159</u>
Contracted Services				
Program Improvement	371,404	371,404	352,671	(18,733)
Pupil Services	81,049	81,049	74,949	(6,100)
Management Services	30,000	30,000	5,386	(24,614)
Professional/Tech Services	653,255	653,255	662,278	9,023
Public Utilities-Electricity	664,200	664,200	710,000	45,800
Other Property Services	196,000	196,000	187,760	(8,240)
Property Insurance	371,275	371,275	383,157	11,882
Rentals	127,271	127,271	116,778	(10,493)
Repairs Instrument Equipment	50,476	50,476	39,597	(10,879)
Repairs/Maintenance	162,450	162,450	173,681	11,231
Reg. Pupil Transportation	1,745,315	1,745,315	1,494,436	(250,879)
Conference/Travel	54,700	54,700	56,484	1,784
Special Ed Transportation	485,957	485,957	558,763	72,806
Athletic Transportation	39,460	39,460	38,667	(793)
Telephone	58,716	58,716	56,038	(2,678)
Townwide Maintenance	42,500	42,500	94,972	52,472
Printing /Advertising	22,611	22,611	17,089	(5,522)
Outside Tuition	995,121	995,121	884,044	(111,077)
Total Contracted Services	<u>6,151,760</u>	<u>6,151,760</u>	<u>5,906,750</u>	<u>(245,010)</u>
Capital Outlays				
Replacement Equipment	7,500	7,500	214,054	206,554
Total Capital Outlays	<u>7,500</u>	<u>7,500</u>	<u>214,054</u>	<u>206,554</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Concluded)
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		(UNDER) OVER
EDUCATION (Continued)				
Supplies and Materials				
Administrative Supplies	\$ 60,075	\$ 60,075	\$ 55,091	\$ (4,984)
Program Supplies	325,739	325,739	326,562	823
Special Education	37,170	37,170	48,357	11,187
Basic	138,466	138,466	123,244	(15,222)
Custodial Supplies	136,700	136,700	132,592	(4,108)
Heating Fuel and Gasoline	4,500	4,500	2,587	(1,913)
Textbooks	94,572	94,572	98,484	3,912
Library/Media	59,951	59,951	57,034	(2,917)
Total Supplies and Materials	<u>857,173</u>	<u>857,173</u>	<u>843,951</u>	<u>(13,222)</u>
Miscellaneous				
Dues and Memberships	58,635	58,635	56,265	(2,370)
Other Supplies	-	-	41,321	41,321
Total Miscellaneous	<u>58,635</u>	<u>58,635</u>	<u>97,586</u>	<u>38,951</u>
Total Board of Education	<u>36,871,969</u>	<u>36,871,969</u>	<u>36,596,259</u>	<u>(275,710)</u>
Total Budgetary Expenditures	<u>\$ 57,110,601</u>	<u>\$ 57,344,518</u>	<u>\$ 55,098,669</u>	<u>\$ (2,244,402)</u> <i>(Concluded)</i>

See notes to required supplementary information.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	1.31%	1.16%	0.86%	0.90%
Town's proportionate share of the net pension liability	<u>\$ 3,265,400</u>	<u>\$ 3,877,319</u>	<u>\$ 2,853,323</u>	<u>\$ 2,143,846</u>
Town's covered payroll	\$ 5,641,060	\$ 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	57.89%	82.45%	61.70%	46.36%
Plan fiduciary net position as a percentage of the total pension liability	91.68%	88.29%	87.47%	90.48%

See notes to required supplementary information.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 662,260	\$ 535,138	\$ 587,703	\$ 526,289
Contributions in relation to the contractually required contribution	<u>662,260</u>	<u>535,138</u>	<u>587,703</u>	<u>526,289</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 5,641,060	\$ 4,702,434	\$ 4,624,684	\$ 4,624,684
Contributions as a percentage of covered employee payroll	11.74%	11.38%	12.71%	11.38%

See notes to required supplementary information.

TOWN OF ELLINGTON, CONNECTICUT
 SCHEDULE OF CHANGES IN THE TOWN'S NET LOSAP LIABILITY AND RELATED RATIOS
 VOLUNTEER FIREFIGHTERS' LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED)
 LAST FISCAL YEAR

	2018
Total LOSAP liability	\$ 2,032,399
Plan net position	1,146,831
Town's net LOSAP liability	\$ 885,568
Plan net pension as percentage of total LOSAP liability	56.4%
Covered employee payroll	Not applicable
Town net LOSAP liability as a percentage of covered employee payroll	Not applicable

See notes to required supplementary information.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
VOLUNTEER FIREFIGHTERS' LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED)
LAST FISCAL YEAR

	<u>2018</u>
Actuarially determined contribution	\$ 93,306
Contributions in relation to actuarially determined contribution	<u>93,306</u>
Excess (deficiency) of contribution	<u>\$ -</u>
Covered payroll	Not applicable
Contributions as a percentage of covered employee payroll	Not applicable
Annual money-weighted rate of return, net of investment expense	Not available

See notes to required supplementary information.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST FOUR FISCAL YEARS
(Rounded to nearest thousand)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.442%	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	59,744,000	63,030,000	48,421,000	44,756,000
Total	<u>\$ 59,744,000</u>	<u>\$ 63,030,000</u>	<u>\$ 48,421,000</u>	<u>\$ 44,756,000</u>
Town's covered payroll	\$ 18,122,000	\$ 17,669,000	\$ 17,616,000	\$ 17,176,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.56%	59.50%	61.51%

See notes to required supplementary information.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)
LAST FISCAL YEAR

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 134,486
Interest	170,578
Differences between expected and actual experience	-
Changes in assumptions	(192,419)
Benefit payments, including refunds	<u>(543,651)</u>
Net change in total OPEB liability	(431,006)
Total OPEB liability - beginning	<u>4,899,712</u>
Total OPEB liability - ending	<u><u>\$ 4,468,706</u></u>

See notes to required supplementary information.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST FISCAL YEAR
(Rounded to nearest thousand)

	2018
Proportion of the net OPEB liability attributed to the Town	0.442%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability attributed to the Town	15,377,000
Total	\$ 15,377,000
Town's covered employee payroll	\$ 18,122,000
Town's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

See notes to required supplementary information.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS

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 \$89,945.
- 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 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS *(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, 2018:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources (Uses) - Transfers, net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 55,155,615	\$ 55,098,669	\$ -	\$ 56,946
"On-behalf" payments - State Teachers Retirement Fund	4,566,681	4,566,681	-	-
Changes in encumbrances:				
June 30, 2017	-	184,002	-	(184,002)
June 30, 2018	-	(12,484)	-	12,484
Capital lease not recorded for budgetary purposes	-	561,384	561,384	-
Certain transfers recorded as revenues/expenditures for budgetary purposes	-	896,441	896,441	-
Changes in designations recorded as expenditures for budgetary purposes:				
Capital reserves	-	(400,000)	-	400,000
Post - employment benefits	-	(100,000)	-	100,000
Debt repayment reserve	(100,000)	(100,000)	-	-
Reimbursement for special education costs recorded as a reduction to expenditures for budgetary purposes	746,665	746,665	-	-
Reimbursement from proprietary fund recorded as revenue for budgetary purposes	(444,916)	(444,916)	-	-
Budgetary perspective difference:				
MIRA Sanitation Control Fund	685	-	-	685
GAAP basis	<u>\$ 59,924,730</u>	<u>\$ 60,996,442</u>	<u>\$ 1,457,825</u>	<u>\$ 386,113</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

Assumption Changes - There have been no changes in assumptions that have had a significant effect on the measurement of the total pension liability.

NOTE 3 - SCHEDULE OF CONTRIBUTIONS - STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarially determined contribution rates are calculated as of June 30, 2016, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Utilized

- Actuarial cost method: Entry Age Actuarial Cost Method
- Amortization method: Level dollar, closed
- Remaining amortization period: 23 years
- Asset valuation method: Smoothed market with 20% recognition of investment gains and losses
- Inflation: 3.25%
- Investment rate of return: 8.00%
- Salary increases: Varies 4.25% to 11.00%
- Mortality: RP2000 Mortality Table for Annuitants and Non-Annuitants

NOTE 4 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - VOLUNTEER FIREFIGHTERS' LENGTH OF SERVICE AWARD PROGRAM

The Town began to report the schedule of net LOSAP liability in fiscal year 2018. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years. Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 31, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total LOSAP liability.

Assumption Changes - There have been no assumption changes that have had a significant effect on the calculation of the Town's total LOSAP liability calculated as June 30, 2018.

NOTE 5 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - VOLUNTEER FIREFIGHTERS' LENGTH OF SERVICE AWARD PROGRAM

The Town began to report the schedule of net LOSAP liability in fiscal year 2018. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarially determined contribution rates are calculated as of August 1, 2016, two years prior to the end of the fiscal year in which contributions are reported. The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018.

- Actuarial cost method: Unit Credit
- Amortization method: Level percentage, closed
- Remaining amortization period: 10 years
- Asset valuation method: Fair market value
- Discount rate: 5.25%
- Inflation: 2.25%
- Investment rate of return: 5.25%
- Salary increases: Not applicable
- Mortality: RP-2000 projected to valuation date using Scale AA

NOTE 6 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM *(Continued)*

Assumption Changes - The following assumption changes had a significant effect on the measurement of the total pension liability reported as of June 30, 2018.

- the inflation assumption was reduced from 3.00% to 2.75%,
- the real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.50% to 8.00%,
- the payroll growth assumption was reduced from 3.75% to 3.25%, and
- various demographic assumption changes including the utilization of the RPH-2014 mortality tables

NOTE 7 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PROGRAM

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

The total OPEB Liability was determined based upon the results of the actuarial valuation as of July 1, 2017, adjusted to the measurement date of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

Assumption Changes - The discount rate was increased from 3.58% as of July 1, 2017 to 3.87% as of July 1, 2018.

NOTE 8 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

Assumption Changes - There have been no changes in assumptions that have had a significant effect on the measurement of the total OPEB liability.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2018

GRAND LIST YEAR	BALANCE UNCOLLECTED JUNE 30, 2017	CURRENT LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	BALANCE TO BE COLLECTED	COLLECTIONS				BALANCE UNCOLLECTED JUNE 30, 2018
			ADDITIONS	DEDUCTIONS			TAXES	INTEREST	LIEN FEES	TOTAL	
2016	\$ -	\$ 43,415,100	\$ 115,743	\$ 159,699	\$ -	\$ 43,371,144	\$ 43,133,192	\$ 96,114	\$ 2,730	\$ 43,232,036	\$ 237,952
2015	234,497	-	14,279	7,526	-	241,250	119,744	38,577	1,176	159,497	121,506
2014	141,456	-	211	140	(27,880)	113,647	83,044	35,763	528	119,335	30,603
2013	44,651	-	-	-	-	44,651	30,931	15,743	216	46,890	13,720
2012	21,667	-	-	-	-	21,667	14,484	8,424	96	23,004	7,183
2011	13,611	-	290	-	-	13,901	7,371	5,849	48	13,268	6,530
2010	11,985	-	-	-	-	11,985	5,369	6,114	48	11,531	6,616
2009	11,310	-	-	-	-	11,310	5,224	6,907	24	12,155	6,086
2008	9,296	-	-	-	-	9,296	5,128	7,724	24	12,876	4,168
2007	4,912	-	-	-	-	4,912	1,082	352	-	1,434	3,830
2006	3,845	-	-	-	-	3,845	-	176	24	200	3,845
2005	1,162	-	-	-	-	1,162	5	10	-	15	1,157
2004	974	-	-	-	-	974	-	-	-	-	974
2003	944	-	-	-	-	944	-	-	-	-	944
2002	869	-	-	-	-	869	-	-	-	-	869
2001	897	-	-	-	-	897	897	-	-	897	-
	<u>\$ 502,076</u>	<u>\$ 43,415,100</u>	<u>\$ 130,523</u>	<u>\$ 167,365</u>	<u>\$ (27,880)</u>	<u>\$ 43,852,454</u>	<u>\$ 43,406,471</u>	<u>\$ 221,753</u>	<u>\$ 4,914</u>	<u>\$ 43,633,138</u>	<u>\$ 445,983</u>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374 (b)
FOR THE YEAR ENDED JUNE 30, 2018

Total cash collections for the
year ended June 30, 2018:

Taxes	\$ 43,406,471
Interest and lien fees	226,667
Total	<u>43,633,138</u>

Reimbursed for

Tax relief for elderly (CGS 12-129d)	<u>-</u>
--------------------------------------	----------

Base

<u>\$ 43,633,138</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	\$ 98,174,561	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	196,349,121	-	-	-
3-3/4 times base	-	-	163,624,268	-	-
3-1/4 times base	-	-	-	141,807,699	-
3 times base	-	-	-	-	130,899,414
Total debt limitation	<u>98,174,561</u>	<u>196,349,121</u>	<u>163,624,268</u>	<u>141,807,699</u>	<u>130,899,414</u>
Indebtedness:					
Bonds and notes payable	5,595,950	12,204,050	900,000	-	-
Authorized but unissued bonds	730,000	3,790,658	-	-	-
Total indebtedness	<u>6,325,950</u>	<u>15,994,708</u>	<u>900,000</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of					
Outstanding and authorized debt	<u>\$ 91,848,611</u>	<u>180,354,413</u>	<u>162,724,268</u>	<u>141,807,699</u>	<u>130,899,414</u>
Total capacity of borrowing (7 times base)	\$ 305,431,966				
Total present indebtedness	<u>23,220,658</u>				
Margin for additional borrowing	<u>\$ 282,211,308</u>				

COMBINING STATEMENTS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET - BY FUND TYPE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,962,041	\$ 250,154	\$ 84,528	\$ 3,296,723
Investments	-	-	928,368	928,368
Receivables:				
Grants and contracts	134,405	195,025	-	329,430
Other	682,979	-	-	682,979
Due from other funds	431,393	7,514	38,477	477,384
Inventories	3,186	-	-	3,186
Total assets	<u>\$ 4,214,004</u>	<u>\$ 452,693</u>	<u>\$ 1,051,373</u>	<u>\$ 5,718,070</u>
LIABILITIES				
Accounts payable	\$ 97,511	\$ -	\$ 43	\$ 97,554
Due to other funds	1,479,462	255,184	-	1,734,646
Unearned revenue	231,454	-	-	231,454
Total liabilities	<u>1,808,427</u>	<u>255,184</u>	<u>43</u>	<u>2,063,654</u>
FUND BALANCES				
Nonspendable	3,186	-	52,497	55,683
Restricted	-	-	998,833	998,833
Committed	2,407,617	257,668	-	2,665,285
Unassigned	(5,226)	(60,159)	-	(65,385)
Total fund balances	<u>2,405,577</u>	<u>197,509</u>	<u>1,051,330</u>	<u>3,654,416</u>
Total liabilities and fund balances	<u>\$ 4,214,004</u>	<u>\$ 452,693</u>	<u>\$ 1,051,373</u>	<u>\$ 5,718,070</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, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 1,545,908	\$ 195,025	\$ -	\$ 1,740,933
Charges for services	3,178,196	-	-	3,178,196
Investment earnings	22,959	3,466	5,253	31,678
Other	41,419	213	54,359	95,991
Total revenues	<u>4,788,482</u>	<u>198,704</u>	<u>59,612</u>	<u>5,046,798</u>
EXPENDITURES				
Current:				
Program expenditures	3,809,193	-	10,437	3,819,630
Capital outlays	-	195,292	-	195,292
Total expenditures	<u>3,809,193</u>	<u>195,292</u>	<u>10,437</u>	<u>4,014,922</u>
Excess (deficiency) of revenues over expenditures	979,289	3,412	49,175	1,031,876
OTHER FINANCING SOURCES (USES)				
Transfers in	382,625	-	-	382,625
Transfers out	(1,279,066)	-	-	(1,279,066)
Total other financing sources (uses)	<u>(896,441)</u>	<u>-</u>	<u>-</u>	<u>(896,441)</u>
Net change in fund balances	82,848	3,412	49,175	135,435
Fund balances - beginning	<u>2,322,729</u>	<u>194,097</u>	<u>1,002,155</u>	<u>3,518,981</u>
Fund balances - ending	<u>\$ 2,405,577</u>	<u>\$ 197,509</u>	<u>\$ 1,051,330</u>	<u>\$ 3,654,416</u>

SPECIAL REVENUE FUNDS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Dog Fund	Education Programs 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	\$ -	\$ 478,619	\$ 808,472	\$ 118,449	\$ 499,826	\$ -	\$ 121,311	\$ 78,313
Receivables:								
Grants and contracts	-	-	-	39,963	-	-	-	-
Other	-	-	554,157	-	128,822	-	-	-
Due from other funds	13,320	350,284	-	383	24,627	-	-	7,194
Inventories	-	-	-	3,186	-	-	-	-
Total assets	<u>\$ 13,320</u>	<u>\$ 828,903</u>	<u>\$ 1,362,629</u>	<u>\$ 161,981</u>	<u>\$ 653,275</u>	<u>\$ -</u>	<u>\$ 121,311</u>	<u>\$ 85,507</u>
LIABILITIES								
Accounts payable	\$ 13,320	\$ 43,571	\$ -	\$ 40,620	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	1,319,894	-	-	-	29,940	-
Unearned revenue	-	27,857	-	-	-	-	-	-
Total liabilities	<u>13,320</u>	<u>71,428</u>	<u>1,319,894</u>	<u>40,620</u>	<u>-</u>	<u>-</u>	<u>29,940</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	-	3,186	-	-	-	-
Committed	-	757,475	42,735	118,175	653,275	-	91,371	85,507
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>757,475</u>	<u>42,735</u>	<u>121,361</u>	<u>653,275</u>	<u>-</u>	<u>91,371</u>	<u>85,507</u>
Total liabilities and fund balances	<u>\$ 13,320</u>	<u>\$ 828,903</u>	<u>\$ 1,362,629</u>	<u>\$ 161,981</u>	<u>\$ 653,275</u>	<u>\$ -</u>	<u>\$ 121,311</u>	<u>\$ 85,507</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
COMBING BALANCE SHEET (Concluded)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Town Land Preservation Fund	DOT Elderly and Disabled Fund	Land Use Fees Fund	Open Space Fund	Small Cities Regular Rehab 13 Fund	Small Cities Regular Rehab 16 Fund	Small Cities Regular Rehab 17 Fund	Total Nonmajor Special Revenue Funds
ASSETS								
Cash and cash equivalents	\$ 52,775	\$ -	\$ 45,145	\$ 759,101	\$ 10	\$ 10	\$ 10	\$ 2,962,041
Receivables:								
Grants and contracts	-	-	-	-	-	94,442	-	134,405
Other	-	-	-	-	-	-	-	682,979
Due from other funds	5,645	-	-	-	-	29,940	-	431,393
Inventories	-	-	-	-	-	-	-	3,186
Total assets	<u>\$ 58,420</u>	<u>\$ -</u>	<u>\$ 45,145</u>	<u>\$ 759,101</u>	<u>\$ 10</u>	<u>\$ 124,392</u>	<u>\$ 10</u>	<u>\$ 4,214,004</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,511
Due to other funds	-	-	-	-	-	124,392	5,236	1,479,462
Unearned revenue	-	-	-	203,597	-	-	-	231,454
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,597</u>	<u>-</u>	<u>124,392</u>	<u>5,236</u>	<u>1,808,427</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	3,186
Committed	58,420	-	45,145	555,504	10	-	-	2,407,617
Unassigned	-	-	-	-	-	-	(5,226)	(5,226)
Total fund balances	<u>58,420</u>	<u>-</u>	<u>45,145</u>	<u>555,504</u>	<u>10</u>	<u>-</u>	<u>(5,226)</u>	<u>2,405,577</u>
Total liabilities and fund balances	<u>\$ 58,420</u>	<u>\$ -</u>	<u>\$ 45,145</u>	<u>\$ 759,101</u>	<u>\$ 10</u>	<u>\$ 124,392</u>	<u>\$ 10</u>	<u>\$ 4,214,004</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, 2018

	Dog Fund	Education Programs 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	\$ -	\$ 1,068,597	\$ -	\$ 233,797	\$ -	\$ 18,639	\$ -	\$ -
Charges for services	104,414	1,309,340	949,406	420,516	249,495	-	35,547	-
Investment earnings	-	-	-	116	8,728	-	1,354	1,085
Other	-	-	-	-	-	-	-	6,904
Total revenues	<u>104,414</u>	<u>2,377,937</u>	<u>949,406</u>	<u>654,429</u>	<u>258,223</u>	<u>18,639</u>	<u>36,901</u>	<u>7,989</u>
EXPENDITURES								
Current:								
Program expenditures	<u>104,414</u>	<u>2,540,762</u>	<u>-</u>	<u>608,752</u>	<u>155,113</u>	<u>18,639</u>	<u>1,582</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	(162,825)	949,406	45,677	103,110	-	35,319	7,989
OTHER FINANCING SOURCES (USES)								
Transfer in	-	352,685	-	-	-	-	-	-
Transfers out	-	-	(1,249,126)	-	-	-	(29,940)	-
Total other financing sources (uses)	<u>-</u>	<u>352,685</u>	<u>(1,249,126)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,940)</u>	<u>-</u>
Net change in fund balances	-	189,860	(299,720)	45,677	103,110	-	5,379	7,989
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ -</u>	<u>\$ 757,475</u>	<u>\$ 42,735</u>	<u>\$ 121,361</u>	<u>\$ 653,275</u>	<u>\$ -</u>	<u>\$ 91,371</u>	<u>\$ 85,507</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, 2018

	Town Land Preservation Fund	DOT Elderly and Disabled Fund	Land Use Fees Fund	Open Space Fund	Small Cities Regular Rehab 13 Fund	Small Cities Regular Rehab 16 Fund	Small Cities Regular Rehab 17 Fund	Total Nonmajor Special Revenue Funds
REVENUES								
Intergovernmental	\$ -	\$ 27,023	\$ -	\$ -	\$ -	\$ 197,852	\$ -	\$ 1,545,908
Charges for services	109,468	-	-	-	-	-	10	3,178,196
Investment earnings	731	-	658	10,287	-	-	-	22,959
Other	-	-	8,665	25,850	-	-	-	41,419
Total revenues	<u>110,199</u>	<u>27,023</u>	<u>9,323</u>	<u>36,137</u>	<u>-</u>	<u>197,852</u>	<u>10</u>	<u>4,788,482</u>
EXPENDITURES								
Current:								
Program expenditures	<u>108,254</u>	<u>27,023</u>	<u>11,626</u>	<u>-</u>	<u>-</u>	<u>227,792</u>	<u>5,236</u>	<u>3,809,193</u>
Excess (deficiency) of revenues over expenditures	1,945	-	(2,303)	36,137	-	(29,940)	(5,226)	979,289
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	29,940	-	382,625
Transfers out	-	-	-	-	-	-	-	(1,279,066)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,940</u>	<u>-</u>	<u>(896,441)</u>
Net change in fund balances	1,945	-	(2,303)	36,137	-	-	(5,226)	82,848
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 58,420</u>	<u>\$ -</u>	<u>\$ 45,145</u>	<u>\$ 555,504</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ (5,226)</u>	<u>\$ 2,405,577</u>

(Concluded)

CAPITAL PROJECTS FUNDS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Windsorville Road Improvement Fund	Local Capital Improvement Program Fund	Town Sidewalk Fund	Windermere Road Improvements Fund	Department of Public Works Maintenance Fund	Senior Center Building Fund	Windermere School Alterations Fund	Total Nonmajor Capital Projects Funds
ASSETS								
Cash and cash equivalents	\$ 26,305	\$ -	\$ 4,471	\$ 18,776	\$ 200,602	\$ -	\$ -	\$ 250,154
Grants and contract receivables	-	195,025	-	-	-	-	-	195,025
Due from other funds	-	-	-	-	-	7,514	-	7,514
Total assets	<u>\$ 26,305</u>	<u>\$ 195,025</u>	<u>\$ 4,471</u>	<u>\$ 18,776</u>	<u>\$ 200,602</u>	<u>\$ 7,514</u>	<u>\$ -</u>	<u>\$ 452,693</u>
LIABILITIES								
Due to other funds	\$ -	\$ 195,025	\$ -	\$ -	\$ -	\$ -	\$ 60,159	\$ 255,184
Total liabilities	<u>-</u>	<u>195,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,159</u>	<u>255,184</u>
FUND BALANCES								
Committed	26,305	-	4,471	18,776	200,602	7,514	-	257,668
Unassigned	-	-	-	-	-	-	(60,159)	(60,159)
Total fund balances	<u>26,305</u>	<u>-</u>	<u>4,471</u>	<u>18,776</u>	<u>200,602</u>	<u>7,514</u>	<u>(60,159)</u>	<u>197,509</u>
Total liabilities and fund balances	<u>\$ 26,305</u>	<u>\$ 195,025</u>	<u>\$ 4,471</u>	<u>\$ 18,776</u>	<u>\$ 200,602</u>	<u>\$ 7,514</u>	<u>\$ -</u>	<u>\$ 452,693</u>

TOWN OF ELLINGTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Windsorville Road Improvement Fund	Local Capital Improvement Program Fund	Town Sidewalk Fund	Windermere Road Improvements Fund	Department of Public Works Maintenance Fund	Senior Center Building Fund	Windermere School Alterations Fund	Total Nonmajor Capital Projects Funds
REVENUES								
Intergovernmental	\$ -	\$ 195,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,025
Investment earnings	365	-	62	260	2,779	-	-	3,466
Other	-	-	-	-	-	-	213	213
Total revenues	<u>365</u>	<u>195,025</u>	<u>62</u>	<u>260</u>	<u>2,779</u>	<u>-</u>	<u>213</u>	<u>198,704</u>
EXPENDITURES								
Capital outlays	-	195,025	-	-	-	267	-	195,292
Net change in fund balances	365	-	62	260	2,779	(267)	213	3,412
Fund balances - beginning	<u>25,940</u>	<u>-</u>	<u>4,409</u>	<u>18,516</u>	<u>197,823</u>	<u>7,781</u>	<u>(60,372)</u>	<u>194,097</u>
Fund balances - ending	<u>\$ 26,305</u>	<u>\$ -</u>	<u>\$ 4,471</u>	<u>\$ 18,776</u>	<u>\$ 200,602</u>	<u>\$ 7,514</u>	<u>\$ (60,159)</u>	<u>\$ 197,509</u>

PERMANENT FUNDS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
JUNE 30, 2018

	Marshall E. Charter Fund	Kimball Memorial Fund	John T. McKnight Maintenance Fund	Eugene K. Mosley Fund	Arthur Hyde Fund
ASSETS					
Cash and cash equivalents	\$ 78,684	\$ -	\$ -	\$ 102	\$ 205
Investments	483,042	110,453	22,137	-	-
Due from other funds	7,087	9,371	1,879	-	-
Total assets	<u>\$ 568,813</u>	<u>\$ 119,824</u>	<u>\$ 24,016</u>	<u>\$ 102</u>	<u>\$ 205</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 2	\$ 5
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>5</u>
FUND BALANCES					
Nonspendable	29,697	5,000	1,000	100	200
Restricted	539,116	114,824	23,016	-	-
Total fund balances	<u>568,813</u>	<u>119,824</u>	<u>24,016</u>	<u>100</u>	<u>200</u>
Total liabilities and fund balances	<u>\$ 568,813</u>	<u>\$ 119,824</u>	<u>\$ 24,016</u>	<u>\$ 102</u>	<u>\$ 205</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET (Concluded)
NONMAJOR PERMANENT FUNDS
JUNE 30, 2018

	Sarah H. McKinney Fund	Mary Wadsworth Gardner Fund	Hall Memorial Library Fund	Wiley Fund	Total Nonmajor Permanent Funds
ASSETS					
Cash and cash equivalents	\$ 512	\$ 4,001	\$ -	\$ 1,024	\$ 84,528
Investments	-	81,288	231,448	-	928,368
Due from other funds	-	505	19,635	-	38,477
Total assets	<u>\$ 512</u>	<u>\$ 85,794</u>	<u>\$ 251,083</u>	<u>\$ 1,024</u>	<u>\$ 1,051,373</u>
LIABILITIES					
Accounts payable	\$ 12	\$ -	\$ -	\$ 24	\$ 43
Total liabilities	<u>12</u>	<u>-</u>	<u>-</u>	<u>24</u>	<u>43</u>
FUND BALANCES					
Nonspendable	500	5,000	10,000	1,000	52,497
Restricted	-	80,794	241,083	-	998,833
Total fund balances	<u>500</u>	<u>85,794</u>	<u>251,083</u>	<u>1,000</u>	<u>1,051,330</u>
Total liabilities and fund balances	<u>\$ 512</u>	<u>\$ 85,794</u>	<u>\$ 251,083</u>	<u>\$ 1,024</u>	<u>\$ 1,051,373</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, 2018

	Marshall E. Charter Fund	Kimball Memorial Fund	John T. McKnight Maintenance Fund	Eugene K. Mosley Fund	Arthur Hyde Fund
REVENUES					
Investment earnings	\$ 3,204	\$ 491	\$ 98	\$ -	\$ -
Other	28,284	6,467	1,296	-	-
Total revenues	<u>31,488</u>	<u>6,958</u>	<u>1,394</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Current:					
Program expenditures	<u>5,050</u>	<u>1,154</u>	<u>231</u>	<u>-</u>	<u>-</u>
Net change in fund balances	26,438	5,804	1,163	-	-
Fund balances - beginning	<u>542,375</u>	<u>114,020</u>	<u>22,853</u>	<u>100</u>	<u>200</u>
Fund balances - ending	<u>\$ 568,813</u>	<u>\$ 119,824</u>	<u>\$ 24,016</u>	<u>\$ 100</u>	<u>\$ 200</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Concluded)
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Sarah H. McKinney Fund	Mary Wadsworth Gardner Fund	Hall Memorial Library Fund	Wiley Fund	Total Nonmajor Permanent Funds
REVENUES					
Investment earnings	\$ 7	\$ 411	\$ 1,028	\$ 14	\$ 5,253
Other	-	4,760	13,552	-	54,359
Total revenues	<u>7</u>	<u>5,171</u>	<u>14,580</u>	<u>14</u>	<u>59,612</u>
EXPENDITURES					
Current:					
Program expenditures	<u>7</u>	<u>1,561</u>	<u>2,420</u>	<u>14</u>	<u>10,437</u>
Net change in fund balances	-	3,610	12,160	-	49,175
Fund balances - beginning	<u>500</u>	<u>82,184</u>	<u>238,923</u>	<u>1,000</u>	<u>1,002,155</u>
Fund balances - ending	<u>\$ 500</u>	<u>\$ 85,794</u>	<u>\$ 251,083</u>	<u>\$ 1,000</u>	<u>\$ 1,051,330</u>

(Concluded)

PROPRIETARY FUNDS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2018

	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	\$ 27,539	\$ -	\$ 27,539
Due from other funds	51,409	-	51,409
Noncurrent assets:			
Assessments receivable	-	38,183	38,183
Total assets	<u>78,948</u>	<u>38,183</u>	<u>117,131</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	78,948	(71,358)	7,590
Total net position	<u>\$ 78,948</u>	<u>\$ (71,358)</u>	<u>\$ 7,590</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, 2018

	Solid Waste Collection Fund	Watermains, Tripp and Middle Roads Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Solid waste fees	\$ 649,390	\$ -	\$ 649,390
Total operating revenues	<u>649,390</u>	<u>-</u>	<u>649,390</u>
OPERATING EXPENSES			
Public works and administrative expenses	615,266	-	615,266
Total operating expenses	<u>615,266</u>	<u>-</u>	<u>615,266</u>
Change in net position	34,124	-	34,124
Net position - beginning	<u>44,824</u>	<u>(71,358)</u>	<u>(26,534)</u>
Net position - ending	<u>\$ 78,948</u>	<u>\$ (71,358)</u>	<u>\$ 7,590</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Solid Waste Collection Fund	Watermains, Tripp and Middle Roads Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 664,616	\$ -	\$ 664,616
Payments to suppliers	(615,266)	-	(615,266)
Net cash provided by operating activities	<u>49,350</u>	<u>-</u>	<u>49,350</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund activity	<u>(49,350)</u>	<u>-</u>	<u>(49,350)</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	\$ 34,124	\$ -	\$ 34,124
Adjustments to reconcile operating income to net cash provided by operating activities:			
Increase in assets:			
Solid waste charges receivable, net	15,226	-	15,226
Net cash provided by operating activities	<u>\$ 49,350</u>	<u>\$ -</u>	<u>\$ 49,350</u>

FIDUCIARY FUNDS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2018

	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	\$ 19,751	\$ 2,319	\$ 26,131	\$ 104,267	\$ -	\$ 42,006
Investments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>19,751</u>	<u>2,319</u>	<u>26,131</u>	<u>104,267</u>	<u>-</u>	<u>42,006</u>
LIABILITIES						
Due to other funds	-	-	-	-	-	449
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>449</u>
NET POSITION						
Held in trust for other purposes	<u>\$ 19,751</u>	<u>\$ 2,319</u>	<u>\$ 26,131</u>	<u>\$ 104,267</u>	<u>\$ -</u>	<u>\$ 41,557</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION *(Concluded)*
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2018

	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	\$ 34,391	\$ 60,415	\$ -	\$ -	\$ 16,747	\$ 306,027
Investments	-	160,374	7,379	14,758	-	182,511
Due from other funds	-	18,731	169	337	-	19,237
Total assets	<u>34,391</u>	<u>239,520</u>	<u>7,548</u>	<u>15,095</u>	<u>16,747</u>	<u>507,775</u>
LIABILITIES						
Due to other funds	-	-	-	-	-	449
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>449</u>
NET POSITION						
Held in trust for other purposes	<u>\$ 34,391</u>	<u>\$ 239,520</u>	<u>\$ 7,548</u>	<u>\$ 15,095</u>	<u>\$ 16,747</u>	<u>\$ 507,326</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, 2018

	Municipal Land Trust Fund	Public Health Nursing Fund	John T. McKnight Fund	Hall Memorial Library Fund	Senior Center Donation Fund	Graduation Fund
ADDITIONS						
Contributions	\$ -	\$ -	\$ -	\$ 40,109	\$ -	\$ 24,400
Other	4,180	-	-	14,246	-	-
Total contributions	<u>4,180</u>	<u>-</u>	<u>-</u>	<u>54,355</u>	<u>-</u>	<u>24,400</u>
Investment earnings:						
Interest	272	32	362	48	22	519
Total additions	<u>4,452</u>	<u>32</u>	<u>362</u>	<u>54,403</u>	<u>22</u>	<u>24,919</u>
DEDUCTIONS						
Program expenses	6,141	-	-	93,606	6,819	22,060
Other	-	-	-	-	-	-
Total deductions	<u>6,141</u>	<u>-</u>	<u>-</u>	<u>93,606</u>	<u>6,819</u>	<u>22,060</u>
Change in net position	(1,689)	32	362	(39,203)	(6,797)	2,859
Net position - beginning	<u>21,440</u>	<u>2,287</u>	<u>25,769</u>	<u>143,470</u>	<u>6,797</u>	<u>38,698</u>
Net position - ending	<u>\$ 19,751</u>	<u>\$ 2,319</u>	<u>\$ 26,131</u>	<u>\$ 104,267</u>	<u>\$ -</u>	<u>\$ 41,557</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, 2018

	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	\$ 58,417	\$ -	\$ -	\$ -	\$ -	\$ 122,926
Other	-	13,909	465	929	-	33,729
Total contributions	<u>58,417</u>	<u>13,909</u>	<u>465</u>	<u>929</u>	<u>-</u>	<u>156,655</u>
Investment earnings:						
Interest	16	-	-	-	283	1,554
Total additions	<u>58,433</u>	<u>13,909</u>	<u>465</u>	<u>929</u>	<u>283</u>	<u>158,209</u>
DEDUCTIONS						
Program expenses	63,128	-	-	-	6,471	198,225
Other	-	2,308	76	154	-	2,538
Total deductions	<u>63,128</u>	<u>2,308</u>	<u>76</u>	<u>154</u>	<u>6,471</u>	<u>200,763</u>
Change in net position	(4,695)	11,601	389	775	(6,188)	(42,554)
Net position - beginning	<u>39,086</u>	<u>227,919</u>	<u>7,159</u>	<u>14,320</u>	<u>22,935</u>	<u>549,880</u>
Net position - ending	<u>\$ 34,391</u>	<u>\$ 239,520</u>	<u>\$ 7,548</u>	<u>\$ 15,095</u>	<u>\$ 16,747</u>	<u>\$ 507,326</u>

(Concluded)

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2018

	<u>Student Activities</u>	<u>Performance Bonds</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 676,205	\$ 49,307	\$ 725,512
Total assets	<u>\$ 676,205</u>	<u>\$ 49,307</u>	<u>\$ 725,512</u>
LIABILITIES			
Due to others	\$ 676,205	\$ 49,307	\$ 725,512
Total liabilities	<u>\$ 676,205</u>	<u>\$ 49,307</u>	<u>\$ 725,512</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Balance, June 30, 2017	Additions	Deletions	Balance, June 30, 2018
CASH AND CASH EQUIVALENTS				
Ellington Center School	\$ 7,434	\$ 21,765	\$ 20,301	\$ 8,898
Ellington High School	159,677	380,661	393,047	147,291
Ellington School Use Activity	6,644	1,700	3,023	5,321
Crystal Lake School	3,363	19,679	17,382	5,660
Windermere School	16,023	32,283	28,464	19,842
Special Education Preschool Department	87,644	129,274	30,486	186,432
Board of Education Educational Services	16,608	3,845	20,453	-
Special Education Petty Cash Reimbursement	1,016	6,047	6,343	720
Ellington Middle School	120,085	165,871	160,346	125,610
Petty Cash - All Schools	769	3,640	3,641	768
Central Office Flex Spending	15,233	58,995	57,693	16,535
COBRA Reimbursement	134,148	252,079	227,099	159,128
Construction Performance Bonds	39,310	37,273	27,276	49,307
Total cash and cash equivalents	<u>607,954</u>	<u>1,113,112</u>	<u>995,554</u>	<u>725,512</u>
Total assets	<u>\$ 607,954</u>	<u>\$ 1,113,112</u>	<u>\$ 995,554</u>	<u>\$ 725,512</u>
DUE TO OTHERS				
Ellington Center School	\$ 7,434	\$ 21,765	\$ 20,301	\$ 8,898
Ellington High School	159,677	380,661	393,047	147,291
Ellington School Use Activity	6,644	1,700	3,023	5,321
Crystal Lake School	3,363	19,679	17,382	5,660
Windermere School	16,023	32,283	28,464	19,842
Special Education Preschool Department	87,644	129,274	30,486	186,432
Board of Education Educational Services	16,608	3,845	20,453	-
Special Education Petty Cash Reimbursement	1,016	6,047	6,343	720
Ellington Middle School	120,085	165,871	160,346	125,610
Petty Cash - All Schools	769	3,640	3,641	768
Central Office Flex Spending	15,233	58,995	57,693	16,535
COBRA Reimbursement	134,148	252,079	227,099	159,128
Due to Contractors	39,310	37,273	27,276	49,307
Total Due to others	<u>607,954</u>	<u>1,113,112</u>	<u>995,554</u>	<u>725,512</u>
Total liabilities	<u>\$ 607,954</u>	<u>\$ 1,113,112</u>	<u>\$ 995,554</u>	<u>\$ 725,512</u>