

TOWN OF ELLINGTON, CONNECTICUT

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2019**

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, 2019, 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, 2019, 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.

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 69 through 81 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 82 through 112 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 June 30, 2020, 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
June 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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, 2019.

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 \$87,523,711 (net position). Of this amount, \$9,480,876 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, 2019 amounted to a decrease of \$90,174.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$16,068,259, a decrease of \$137,194 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 \$12,116,375, a decrease of \$575,948 in comparison with the prior year.
- The Town's total long-term debt decreased by \$1,281,534 or 6.6% due to scheduled principal repayments, offset by new capital lease financing.

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.

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, public safety, public works, recreation, library, human services and education. The business-type activities of the Town include sewer and solid waste 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, the Small Cities Loan Program Fund and the Education Grants 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.

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 and solid waste disposal 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 68 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 69 through 112 of this report.

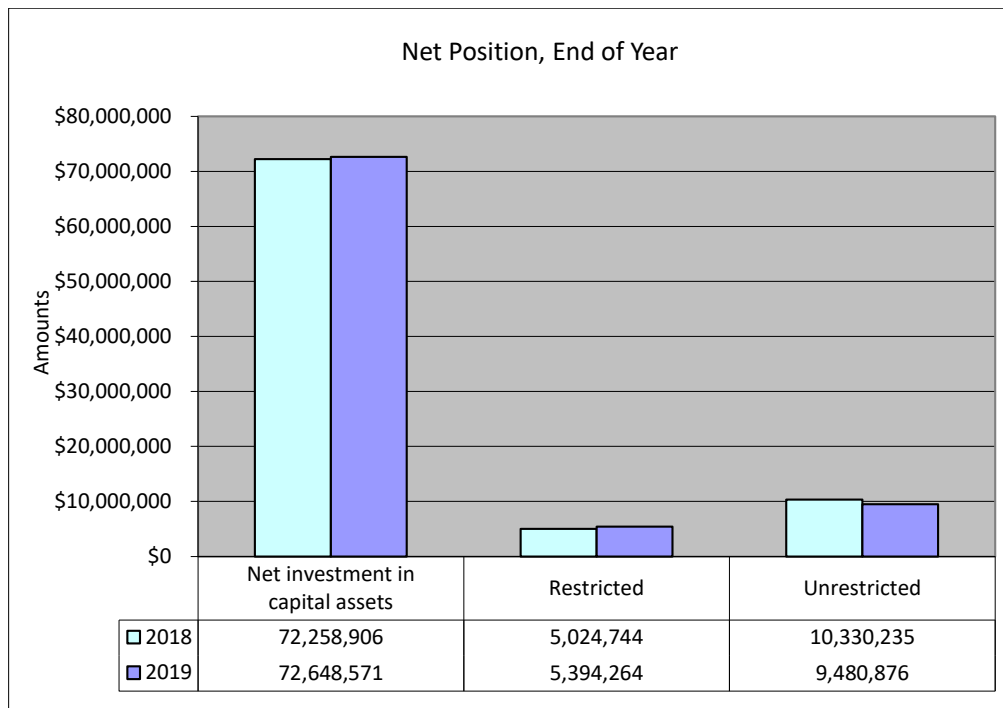
TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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 \$87,523,711 and \$87,613,885 as of June 30, 2019 and 2018, respectively, and are summarized below. Certain amounts reported as of June 30, 2018 have been reclassified to conform to the current year presentation.

	June 30, 2019			June 30, 2018		% Change
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	
Current and other assets	\$ 19,401,269	\$ 8,720,237	\$ 28,121,506	\$ 28,344,549	\$ (223,043)	-1%
Capital assets	81,694,097	9,266,861	90,960,958	91,892,597	(931,639)	-1%
Total assets	101,095,366	17,987,098	119,082,464	120,237,146	(1,154,682)	-1%
Deferred outflows of resources	6,291,875	-	6,291,875	682,504	5,609,371	822%
Other liabilities	2,950,852	42,755	2,993,607	3,553,706	(560,099)	-16%
Long-term liabilities	33,730,055	800,000	34,530,055	29,501,640	5,028,415	17%
Total liabilities	36,680,907	842,755	37,523,662	33,055,346	4,468,316	14%
Deferred inflows of resources	326,966	-	326,966	250,419	76,547	31%
Net position:						
Net investment in capital assets	64,181,710	8,466,861	72,648,571	72,258,906	389,665	1%
Restricted	5,394,264	-	5,394,264	5,024,744	369,520	7%
Unrestricted	803,394	8,677,482	9,480,876	10,330,235	(849,359)	-8%
Total net position	\$ 70,379,368	\$ 17,144,343	\$ 87,523,711	\$ 87,613,885	\$ (90,174)	0%



TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*

Increases in deferred outflows of resources and long-term liabilities is primarily due to an increase in the Town's proportionate share of the net pension liability and related deferrals reported by the State of Connecticut Municipal Employees' Retirement System. The increases in these amounts were primarily due to a decrease in the discount rate utilized to calculate the total pension liability.

83.0% 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.

6.2% 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 decreased by \$90,174 in comparison to the prior year.

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position

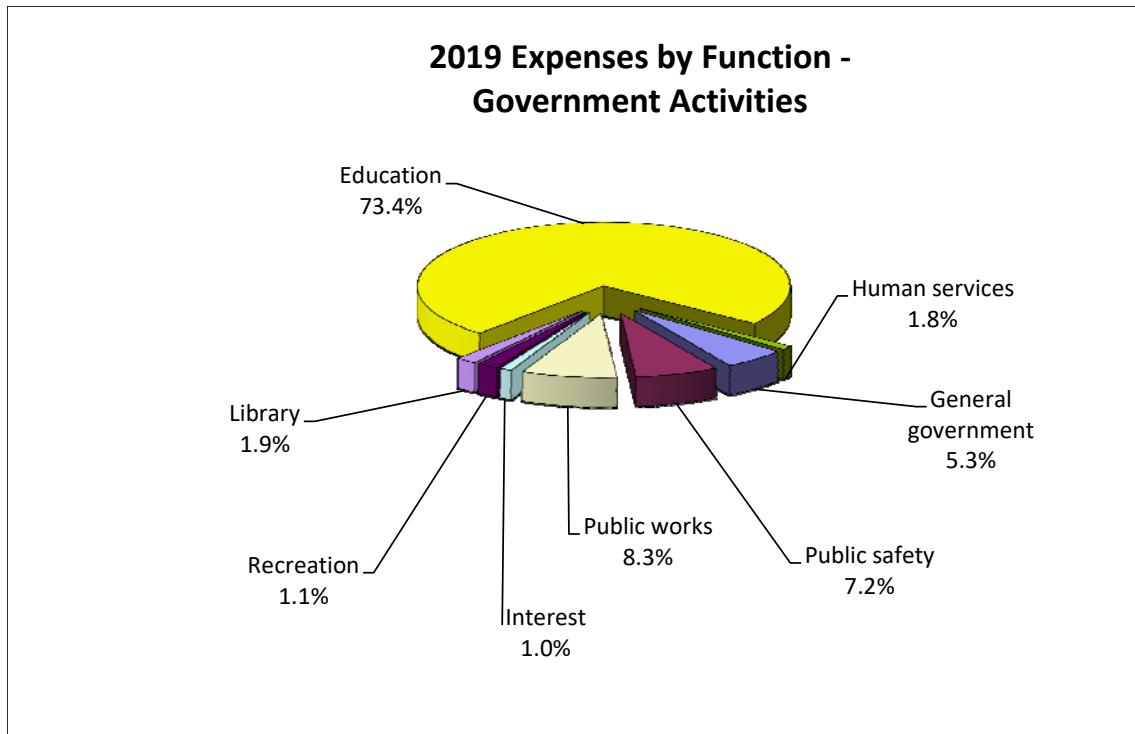
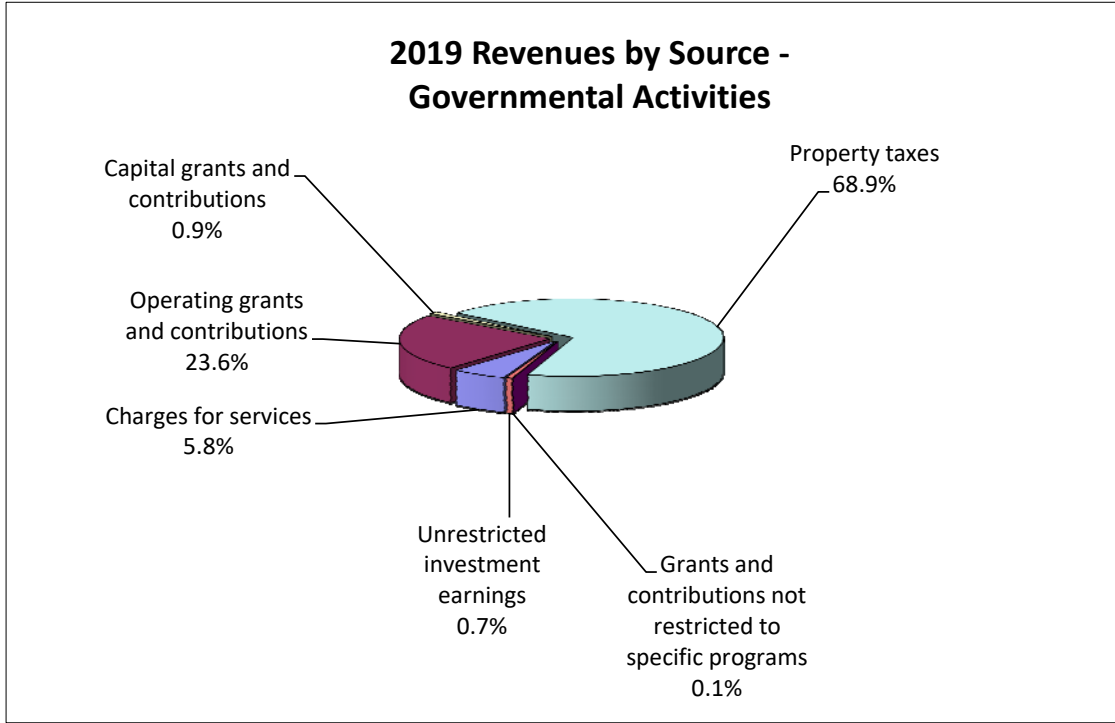
Changes in net position for the years ended June 30, 2019 and 2018 are as follows. Certain amounts reported for the year ended June 30, 2018 have been reclassified to conform to the current year presentation.

	June 30, 2019			June 30, 2018		\$ Change	% Change
	Governmental Activities	Business-type Activities	Total	Total			
Revenues							
Program revenues:							
Charges for services	\$ 3,787,561	\$ 2,933,221	\$ 6,720,782	\$ 7,800,593	\$ (1,079,811)		-14%
Operating grants and contributions	15,242,912	-	15,242,912	18,592,979	(3,350,067)		-18%
Capital grants and contributions	591,871	-	591,871	2,549,043	(1,957,172)		-77%
General revenues:							
Property taxes	44,468,447	-	44,468,447	43,595,630	872,817		2%
Grants and contributions	26,898	-	26,898	165,345	(138,447)		-84%
Unrestricted investment earnings	427,497	183,999	611,496	347,931	263,565		76%
Total revenues	64,545,186	3,117,220	67,662,406	73,051,521	(5,389,115)		-7%
Program expenses							
General government	3,488,861	-	3,488,861	2,939,767	549,094		19%
Public safety	4,653,766	-	4,653,766	4,850,204	(196,438)		-4%
Public works	5,355,904	-	5,355,904	4,665,974	689,930		15%
Recreation	689,235	-	689,235	649,549	39,686		6%
Library	1,209,463	-	1,209,463	1,086,164	123,299		11%
Human services	1,153,003	-	1,153,003	1,037,607	115,396		11%
Education	44,826,421	-	44,826,421	43,847,739	978,682		2%
Education - State Teachers' Retirement	2,789,484	-	2,789,484	7,623,299	(4,833,815)		-63%
Interest expense	668,700	-	668,700	535,276	133,424		25%
Sewer and solid waste	-	2,917,743	2,917,743	2,514,174	403,569		16%
Total expenses	64,834,837	2,917,743	67,752,580	69,749,753	(1,997,173)		-3%
Transfers	(37,500)	37,500	-	-	-		-
Change in net position	\$ (327,151)	\$ 236,977	\$ (90,174)	\$ 3,301,768	\$ (3,391,942)		-103%

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position *(Continued)*

Governmental Activities

Governmental activities decreased the Town's net position by \$327,151 during fiscal year 2019, compared to a prior year increase of \$3,017,753 in the prior year.

Overall revenues decreased by \$5,517,138 or 7.9% over the prior year. Revenues from operating and capital grants decreased by \$5,307,239 primarily due to a \$4,833,815 reduction in the on-behalf revenues recognized by the State of Connecticut in connection with the Town's participation in the Connecticut State Teachers' Retirement System, a decrease of \$2,016,027 in school construction reimbursements received in the prior year relating to the Crystal Lake School Addition/Renovation project, offset by an increase of \$1,260,456 in education cost sharing funds. Revenues from charges for services decreased by \$1,121,875 or 22.9%. This decrease was primarily due to a reductions in open choice tuition received from participating towns in addition to a reduction in charges for police private duty. Revenues from property taxes increased by \$872,817 or 2.0%, which was driven by an overall increase in the taxable grand list.

Overall expenses decreased by \$2,209,734 or 3.3% over the prior year. Expenses include a decrease of \$4,833,815 in on-behalf expenses recognized by the State of Connecticut in connection with the Town's participation in the Connecticut State Teachers' Retirement System. This decrease was offset by an increase in expenses recognized from changes in the Town's liabilities for other post-employment and pension benefits.

Business-type Activities

Business-type activities increased the Town's net position by \$236,977 during fiscal year 2019, compared to a prior year increase of \$284,015.

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, 2019

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 \$16,068,259, a decrease of \$137,194 in comparison with the prior year. Of the total governmental fund balances, \$(1,929,451) constitutes a deficit in the Town's unassigned fund balance. This deficit is primarily derived from a deficit within the Crystal Lake School Addition/Renovation Fund in the amount of \$3,195,890, which is expected to be funded by a combination of the remaining school construction grant held by the State of Connecticut pending completion of a project audit and the issuance of long-term debt. The remainder of the Town's fund balance has been classified as either restricted, committed or assigned and is not available for other uses without authorization from the 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 \$1,338,387, while total fund balance was \$12,116,375. In addition to unassigned fund balance, the Town maintains a capital reserve pursuant to its Charter in the amount of \$6,478,650. The remaining General Fund fund balance has been committed or assigned for various other purposes, including \$1,613,410, which has been assigned for use in the Town's fiscal year 2020 budget.

The fund balance of the Town's General Fund decreased by \$575,948 in comparison with the prior year.

Crystal Lake School Addition/Renovation Fund

The deficit fund balance in the Town's Crystal Lake School Addition/Renovation Fund increased by \$2,761. The current deficit of \$3,195,890 is expected to be funded by a combination of the remaining school construction grant held by the State of Connecticut pending completion of a project audit and the issuance of long-term debt.

Small Cities Loan Program Fund

The fund balance of the Town's Small Cities Loan Program Fund increased by \$1,336 to \$3,053,179.

Proprietary Funds

Unrestricted net position of the Sewer Authority Fund as of June 30, 2019 totaled \$7,287,384. Unrestricted net position of the Crystal Lake Sewer Fund as of June 30, 2019 totaled \$1,356,738.

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for 2019 planned for the utilization of fund balance of \$2,323,207. The final budget for 2019 included additional appropriations of \$754,186 and the use of capital and nonrecurring reserves of \$307,410, resulting in a final planned utilization of fund balance in the amount of \$3,384,803. The actual net change in fund balance of the General Fund on a budgetary basis was a decrease of \$1,064,601, resulting in a favorable budgetary variance of \$2,320,202. Revenues were higher than budgeted by \$1,202,064 and expenditures were \$1,118,138 less than budgeted. The Town recognized a favorable variance in education cost sharing funds after adoption of the budget, which subsequently allowed the Town to keep the mill rate level. Expenditures were generally under budget across all departments. Final budgetary results also reflected continued funding of the Town's Capital Reserves in the amount of \$400,000 and its Reserve for Other Post-employment Benefits in the amount of \$100,000.

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, 2019 totaled \$90,960,958 (net of accumulated depreciation and amortization). This investment in capital assets includes an art collection, land, property development rights, 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 \$931,639 or 1%. The decrease is due to current year depreciation and amortization in the amount of \$3,824,288, offset by current year capital asset additions of \$2,892,649.

Significant capital asset additions included the following:

- the acquisition of land in the amount of \$454,145 consisting of two properties funded through additional appropriations from the Town's unassigned fund balance;
- capital lease financing of technology equipment by the School District in the amount of \$409,557;
- capital lease financing of a fire apparatus in the amount of \$589,749 for the benefit of the Town's volunteer fire department;
- capital lease financing of a forestry vehicle in the amount of \$200,000 for the benefit of the Town's volunteer fire department; and
- infrastructure improvements made to various Town roads

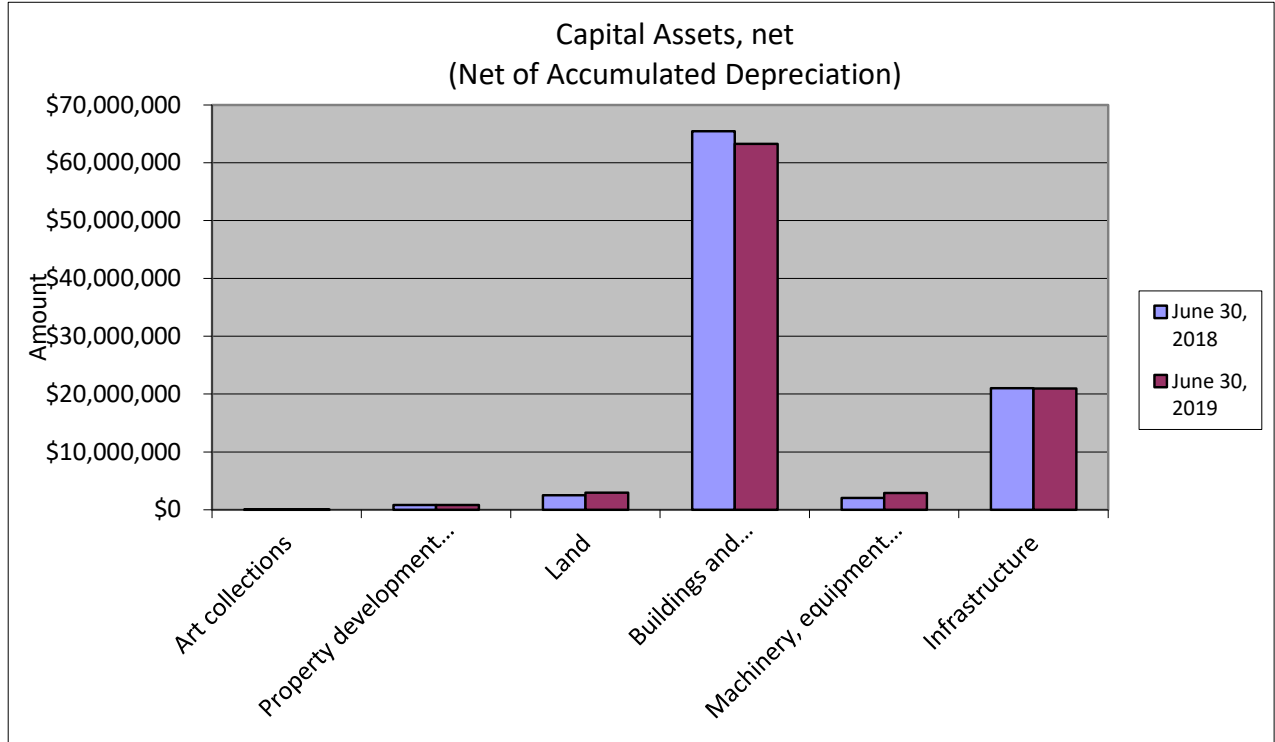
The following table is a two year comparison of the investment in capital assets presented for both governmental and business-type activities:

	June 30, 2019			June 30, 2018		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	% Change
Art collections	\$ 35,598	\$ -	\$ 35,598	\$ 35,598	\$ -	0%
Property development rights	817,877	-	817,877	817,877	-	0%
Land	2,961,989	-	2,961,989	2,507,844	454,145	18%
Buildings and improvements	63,311,619	-	63,311,619	65,444,527	(2,132,908)	-3%
Machinery, equipment and vehicles	2,857,176	17,627	2,874,803	2,044,960	829,843	41%
Infrastructure	11,709,838	9,249,234	20,959,072	21,041,791	(82,719)	0%
Totals	\$ 81,694,097	\$ 9,266,861	\$ 90,960,958	\$ 91,892,597	\$ (931,639)	-1%

TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

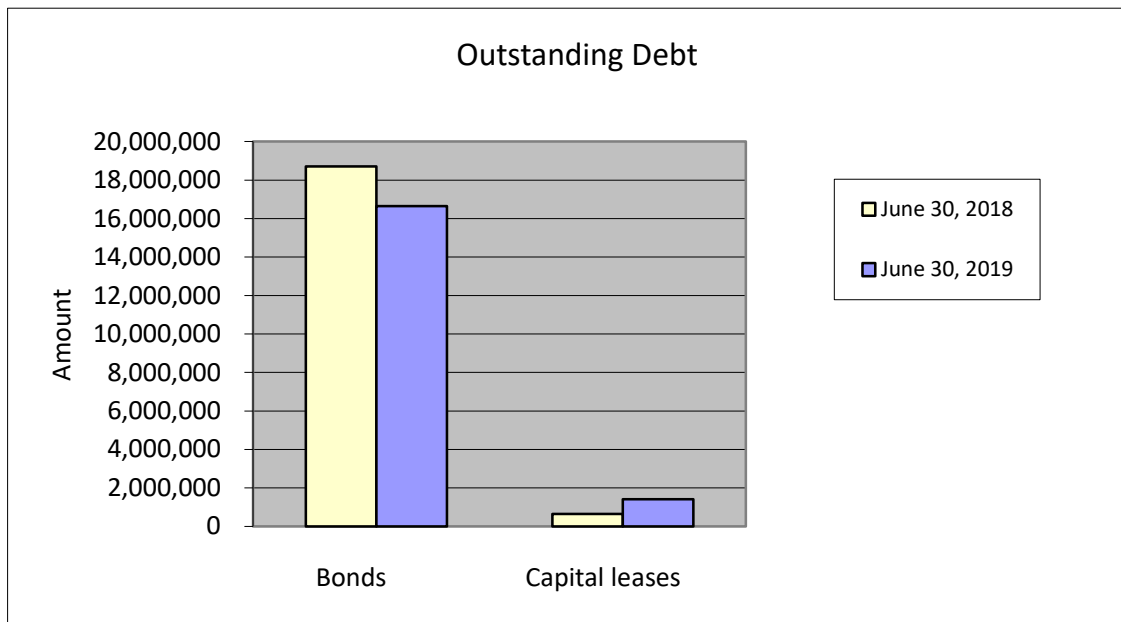
At the end of the current fiscal year, the Town had total general obligation debt outstanding of \$16,655,000. This entire amount is comprised of debt backed by the full faith and credit of the Town. In addition, the Town had capital leases from direct borrowings outstanding of \$1,413,981, which is collateralized by the related capital assets.

The Town's total debt decreased by \$1,281,534 or 7% due to scheduled principal repayments of \$2,380,840, offset by new capital lease financing arrangements in the amount of \$1,199,306.

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, 2019			June 30, 2018		
	Governmental Activities	Business-type Activities	Total	Total	\$ Change	
General obligation bonds	\$ 15,855,000	\$ 800,000	\$ 16,655,000	\$ 18,700,000	\$ (2,045,000)	-11%
Capital leases	1,413,981	-	1,413,981	650,515	763,466	117%
	<u>\$ 17,268,981</u>	<u>\$ 800,000</u>	<u>\$ 18,068,981</u>	<u>\$ 19,350,515</u>	<u>\$ (1,281,534)</u>	<u>-7%</u>



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, 2019

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 2020 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 2020.

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
AS OF JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 13,858,932	\$ 8,183,803	\$ 22,042,735
Investments	929,186	-	929,186
Receivables:			
Property taxes, net	425,921	-	425,921
Interest on property taxes, net	93,317	-	93,317
Sewer usage charges, net	-	109,519	109,519
Solid waste charges, net	-	31,098	31,098
Assessments, interest and liens	-	17,822	17,822
Grants and contracts	277,787	-	277,787
Other	371,858	26,314	398,172
Internal balances	331,355	(331,355)	-
Inventories	22,093	-	22,093
Assessments receivable - long-term portion	-	683,036	683,036
Loans receivable - long-term portion	3,090,820	-	3,090,820
Capital assets:			
Non-depreciable	3,815,464	-	3,815,464
Depreciable, net	77,878,633	9,266,861	87,145,494
Total assets	<u>101,095,366</u>	<u>17,987,098</u>	<u>119,082,464</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on pensions	5,262,287	-	5,262,287
Deferred LOSAP contributions	107,681	-	107,681
Deferred charges on OPEB	832,027	-	832,027
Deferred charges on refundings	89,880	-	89,880
Total deferred outflows of resources	<u>6,291,875</u>	<u>-</u>	<u>6,291,875</u>
LIABILITIES			
Accounts payable	1,873,418	-	1,873,418
Accrued interest	72,015	-	72,015
Unearned revenue	1,005,419	42,755	1,048,174
Noncurrent liabilities:			
Due within one year	2,157,280	100,000	2,257,280
Due in more than one year	31,572,775	700,000	32,272,775
Total liabilities	<u>36,680,907</u>	<u>842,755</u>	<u>37,523,662</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred charges on OPEB	231,861	-	231,861
Deferred charges on pensions	95,105	-	95,105
Total deferred inflows of resources	<u>326,966</u>	<u>-</u>	<u>326,966</u>
NET POSITION			
Net investment in capital assets	64,181,710	8,466,861	72,648,571
Restricted for:			
Housing rehabilitation loan program	3,208,721	-	3,208,721
Education	1,068,448	-	1,068,448
Endowments - expendable	1,064,598	-	1,064,598
Endowments - nonexpendable	52,497	-	52,497
Unrestricted	803,394	8,677,482	9,480,876
Total net position	<u>\$ 70,379,368</u>	<u>\$ 17,144,343</u>	<u>\$ 87,523,711</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, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	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	\$ 3,488,861	\$ 990,471	\$ 326,167	\$ -	\$ (2,172,223)	\$ -	\$ (2,172,223)
Public safety	4,653,766	247,084	67,830	-	(4,338,852)	-	(4,338,852)
Public works	5,355,904	8,155	1,285	463,111	(4,883,353)	-	(4,883,353)
Recreation	689,235	292,913	-	-	(396,322)	-	(396,322)
Library	1,209,463	-	-	-	(1,209,463)	-	(1,209,463)
Human services	1,153,003	47,633	45,625	92,360	(967,385)	-	(967,385)
Education	47,615,905	2,201,305	14,802,005	36,400	(30,576,195)	-	(30,576,195)
Interest	668,700	-	-	-	(668,700)	-	(668,700)
Total governmental activities	<u>64,834,837</u>	<u>3,787,561</u>	<u>15,242,912</u>	<u>591,871</u>	<u>(45,212,493)</u>	<u>-</u>	<u>(45,212,493)</u>
Business-type activities:							
Sewers and solid waste	<u>2,917,743</u>	<u>2,933,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,478</u>	<u>15,478</u>
Total business-type activities	<u>2,917,743</u>	<u>2,933,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,478</u>	<u>15,478</u>
Total primary government	<u>\$ 67,752,580</u>	<u>\$ 6,720,782</u>	<u>\$ 15,242,912</u>	<u>\$ 591,871</u>	<u>(45,212,493)</u>	<u>15,478</u>	<u>(45,197,015)</u>
General revenues:							
Property taxes, levied for general purposes					44,468,447	-	44,468,447
Grants and contributions not restricted to specific programs					26,898	-	26,898
Investment earnings					427,497	183,999	611,496
Total general revenues					<u>44,922,842</u>	<u>183,999</u>	<u>45,106,841</u>
Transfers					<u>(37,500)</u>	<u>37,500</u>	<u>-</u>
Total general revenues and transfers					<u>44,885,342</u>	<u>221,499</u>	<u>45,106,841</u>
Change in net position					(327,151)	236,977	(90,174)
Net position - beginning					<u>70,706,519</u>	<u>16,907,366</u>	<u>87,613,885</u>
Net position - ending					<u>\$ 70,379,368</u>	<u>\$ 17,144,343</u>	<u>\$ 87,523,711</u>

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

TOWN OF ELLINGTON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019

	General Fund	Crystal Lake School Addition/ Renovation Fund	Small Cities Loan Program Fund	Education Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 7,808,940	\$ -	\$ 59,414	\$ 3,256,596	\$ 2,733,982	\$ 13,858,932
Investments	-	-	-	-	929,186	929,186
Receivables:						
Property taxes receivable, net	425,921	-	-	-	-	425,921
Interest on property taxes, net	93,317	-	-	-	-	93,317
Grants and contracts	187,169	-	-	-	90,618	277,787
Loans	-	-	3,029,448	-	61,372	3,090,820
Other	150,672	-	-	-	221,186	371,858
Due from other funds	7,342,802	-	10,040	-	1,051,721	8,404,563
Inventories	-	-	-	-	22,093	22,093
Total assets	<u>\$ 16,008,821</u>	<u>\$ -</u>	<u>\$ 3,098,902</u>	<u>\$ 3,256,596</u>	<u>\$ 5,110,158</u>	<u>\$ 27,474,477</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 1,788,890	\$ 1	\$ -	\$ 4,049	\$ 80,478	\$ 1,873,418
Due to other funds	892,469	3,195,889	45,723	3,207,639	731,488	8,073,208
Unearned revenue	756,914	-	-	44,908	203,597	1,005,419
Total liabilities	<u>3,438,273</u>	<u>3,195,890</u>	<u>45,723</u>	<u>3,256,596</u>	<u>1,015,563</u>	<u>10,952,045</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	454,173	-	-	-	-	454,173
FUND BALANCES						
Nonspendable	-	-	-	-	74,590	74,590
Restricted	-	-	3,053,179	-	2,288,588	5,341,767
Committed	7,730,242	-	-	-	1,803,365	9,533,607
Assigned	3,047,746	-	-	-	-	3,047,746
Unassigned	1,338,387	(3,195,890)	-	-	(71,948)	(1,929,451)
Total fund balances	<u>12,116,375</u>	<u>(3,195,890)</u>	<u>3,053,179</u>	<u>-</u>	<u>4,094,595</u>	<u>16,068,259</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,008,821</u>	<u>\$ -</u>	<u>\$ 3,098,902</u>	<u>\$ 3,256,596</u>	<u>\$ 5,110,158</u>	<u>\$ 27,474,477</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
AS OF JUNE 30, 2019

Total fund balances for governmental funds	\$	16,068,259
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	\$	2,961,989
Property development rights		817,877
Arts collection		35,598
Buildings and improvements		100,983,044
Machinery, equipment and vehicles		14,946,719
Infrastructure		15,960,191
Less: accumulated depreciation and amortization		<u>(54,011,321)</u>
Total capital assets, net		81,694,097
Some of the Town's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflow of resources in the funds.		
		454,173
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.		
Accrued interest		(72,015)
Long-term debt:		
Bonds payable		(15,855,000)
Unamortized bond premiums		(333,286)
Unamortized deferred charges on refunding		89,880
Obligations under capital lease		(1,413,981)
Other long-term liabilities:		
Compensated absences		(1,104,939)
Net pension liability		(8,814,444)
Net LOSAP liability		(846,336)
Total OPEB liability		<u>(5,362,069)</u>
Total long-term liabilities		(33,712,190)
Deferred outflows and inflows of resources resulting from changes in the components of the pension, LOSAP and OPEB liabilities are reported in the statement of net position.		
		<u>5,875,029</u>
Net position of governmental activities	\$	<u><u>70,379,368</u></u>

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Crystal Lake School Addition/ Renovation Fund	Small Cities Loan Program Fund	Education Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 44,470,458	\$ -	\$ -	\$ -	\$ -	\$ 44,470,458
Intergovernmental	17,046,598	-	-	786,316	1,065,730	18,898,644
Charges for services	1,093,836	-	-	-	2,417,254	3,511,090
Investment income	355,355	-	1,336	-	70,849	427,540
Other	255,794	-	-	-	220,192	475,986
Total revenues	<u>63,222,041</u>	<u>-</u>	<u>1,336</u>	<u>786,316</u>	<u>3,774,025</u>	<u>67,783,718</u>
EXPENDITURES						
Current:						
General government	1,553,911	-	-	-	148,304	1,702,215
Boards and agencies	125,925	-	-	-	-	125,925
Public safety	3,144,111	-	-	-	182,044	3,326,155
Public works	3,927,874	-	-	-	-	3,927,874
Recreation	457,988	-	-	-	-	457,988
Library	620,366	-	-	-	2,394	622,760
Human services	678,777	-	-	-	85,601	764,378
Town properties	939,789	-	-	-	-	939,789
Education	44,739,813	-	-	786,316	2,610,277	48,136,406
Other	3,082,443	-	-	-	-	3,082,443
Debt service:						
Principal payments	2,380,840	-	-	-	-	2,380,840
Interest and fiscal charges	636,455	-	-	-	-	636,455
Capital outlays	2,974,135	2,761	-	-	2,594	2,979,490
Total expenditures	<u>65,262,427</u>	<u>2,761</u>	<u>-</u>	<u>786,316</u>	<u>3,031,214</u>	<u>69,082,718</u>
Excess (deficiency) of revenues over expenditures	(2,040,386)	(2,761)	1,336	-	742,811	(1,299,000)
OTHER FINANCING SOURCES (USES)						
Capital lease financing	1,199,306	-	-	-	-	1,199,306
Transfers in	302,632	-	-	-	-	302,632
Transfers out	(37,500)	-	-	-	(302,632)	(340,132)
Total other financing sources (uses)	<u>1,464,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(302,632)</u>	<u>1,161,806</u>
Net change in fund balances	(575,948)	(2,761)	1,336	-	440,179	(137,194)
Fund balances - beginning	12,692,323	(3,193,129)	3,051,843	-	3,654,416	16,205,453
Fund balances - ending	<u>\$ 12,116,375</u>	<u>\$ (3,195,890)</u>	<u>\$ 3,053,179</u>	<u>\$ -</u>	<u>\$ 4,094,595</u>	<u>\$ 16,068,259</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, 2019

Net change in fund balances for governmental funds \$ (137,194)

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	\$	2,892,649	
Depreciation and amortization expense		<u>(3,412,989)</u>	
Net adjustment			(520,340)

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		(1,199,306)	
Principal repayments:			
Bonds		1,945,000	
Capital leases		435,840	
Amortization of bond premiums		87,988	
Amortization of deferred amount on refunding		<u>(48,218)</u>	
Net adjustment			1,221,304

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		5,238	
Accrued interest		(72,015)	
Net pension liability		(5,549,044)	
Net LOSAP liability		39,232	
Total OPEB liability		<u>(893,363)</u>	
			(6,469,952)

(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, 2019

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.	\$ (2,011)
Deferred outflows and inflows of resources resulting from changes in the components of the Town's pension, LOSAP and OPEB liabilities are amortized as a component of pension and OPEB expense in the statement of activities.	<u>5,581,042</u>
Change in net position of governmental activities	<u>\$ (327,151)</u> <i>(Concluded)</i>

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF JUNE 30, 2019

	Business-type Activities - Enterprise Funds			Total
	Sewer Authority Fund	Crystal Lake Sewers Fund	Other Enterprise Funds	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,977,855	\$ 1,205,948	\$ -	\$ 8,183,803
Receivables:				
Sewer usage, net of an allowance of \$10,456	86,734	22,785	-	109,519
Solid waste fees, net of an allowance of \$1,157	-	-	31,098	31,098
Assessments	17,822	-	-	17,822
Other	18,982	7,332	-	26,314
Due from other funds	-	102,567	73,620	176,187
Total current assets	<u>7,101,393</u>	<u>1,338,632</u>	<u>104,718</u>	<u>8,544,743</u>
Noncurrent assets:				
Assessments receivable	626,747	18,106	38,183	683,036
Capital assets:				
Depreciable, net	5,962,676	3,304,185	-	9,266,861
Total noncurrent assets	<u>6,589,423</u>	<u>3,322,291</u>	<u>38,183</u>	<u>9,949,897</u>
Total assets	<u>13,690,816</u>	<u>4,660,923</u>	<u>142,901</u>	<u>18,494,640</u>
LIABILITIES				
Current liabilities:				
Bonds payable - current	100,000	-	-	100,000
Due to other funds	398,001	-	109,541	507,542
Unearned revenue	42,755	-	-	42,755
Total current liabilities	<u>540,756</u>	<u>-</u>	<u>109,541</u>	<u>650,297</u>
Noncurrent liabilities:				
Bonds payable	700,000	-	-	700,000
Total liabilities	<u>1,240,756</u>	<u>-</u>	<u>109,541</u>	<u>1,350,297</u>
NET POSITION				
Net investment in capital assets	5,162,676	3,304,185	-	8,466,861
Unrestricted	7,287,384	1,356,738	33,360	8,677,482
Total net position	<u>\$ 12,450,060</u>	<u>\$ 4,660,923</u>	<u>\$ 33,360</u>	<u>\$ 17,144,343</u>

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds			Total
	Sewer	Crystal	Other	
	Authority	Lake	Enterprise	
	Fund	Sewers Fund	Funds	
OPERATING REVENUES				
User charges	\$ 1,748,306	\$ 315,272	\$ -	\$ 2,063,578
Assessments	148,161	5,758	-	153,919
Permits and fees	7,200	300	-	7,500
Solid waste fees	-	-	649,440	649,440
Other	50,309	8,475	-	58,784
Total operating revenues	<u>1,953,976</u>	<u>329,805</u>	<u>649,440</u>	<u>2,933,221</u>
OPERATING EXPENSES				
Town of Vernon fees	1,317,387	-	-	1,317,387
Solid waste removal	-	-	623,670	623,670
Depreciation and amortization	271,798	139,501	-	411,299
Salaries and benefits	98,093	26,934	-	125,027
Equipment	36,520	51,131	-	87,651
Town of Stafford fees	-	75,826	-	75,826
Utilities	36,329	14,134	-	50,463
Engineering	75,557	-	-	75,557
Administration	30,075	3,295	-	33,370
Repairs and maintenance	27,750	896	-	28,646
Other	29,240	22,107	-	51,347
Total operating expenses	<u>1,922,749</u>	<u>333,824</u>	<u>623,670</u>	<u>2,880,243</u>
Operating income (loss)	31,227	(4,019)	25,770	52,978
NON-OPERATING REVENUES (EXPENSES)				
Interest income	156,885	27,114	-	183,999
Interest expense	(37,500)	-	-	(37,500)
Transfer in - interest on debt	37,500	-	-	37,500
Total non-operating revenue (expenses)	<u>156,885</u>	<u>27,114</u>	<u>-</u>	<u>183,999</u>
Change in net position	188,112	23,095	25,770	236,977
Net position - beginning	<u>12,261,948</u>	<u>4,637,828</u>	<u>7,590</u>	<u>16,907,366</u>
Net position - ending	<u>\$ 12,450,060</u>	<u>\$ 4,660,923</u>	<u>\$ 33,360</u>	<u>\$ 17,144,343</u>

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	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	\$ 2,080,266	\$ 339,765	\$ 645,881	\$ 3,065,912
Payments to suppliers and contractors	(1,784,258)	(167,388)	(623,670)	(2,575,316)
Interfund activities	(97,915)	(145,443)	(22,211)	(265,569)
Payments to employees	(98,093)	(26,934)	-	(125,027)
Net cash provided by operating activities	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on capital debt	(100,000)	-	-	(100,000)
Net cash used in capital and related financing activities	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	156,885	27,114	-	183,999
Net cash provided by investing activities	<u>156,885</u>	<u>27,114</u>	<u>-</u>	<u>183,999</u>
Net change in cash and cash equivalents	156,885	27,114	-	183,999
Cash and cash equivalents, beginning of year	<u>6,820,970</u>	<u>1,178,834</u>	<u>-</u>	<u>7,999,804</u>
Cash and cash equivalents, end of year	<u>\$ 6,977,855</u>	<u>\$ 1,205,948</u>	<u>\$ -</u>	<u>\$ 8,183,803</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 31,227	\$ (4,019)	\$ 25,770	\$ 52,978
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	271,798	139,501	-	411,299
(Increase) decrease in assets:				
Sewer usage receivable, net	1,939	8,167	-	10,106
Solid waste fees receivable, net	-	-	(3,559)	(3,559)
Assessments receivable	126,436	1,794	-	128,230
Due from other funds	-	(145,443)	(22,211)	(167,654)
Increase (decrease) in liabilities:				
Accounts payable	(231,400)	-	-	(231,400)
Unearned revenue	(2,085)	-	-	(2,085)
Due to other funds	(97,915)	-	-	(97,915)
Net cash provided by operating activities	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>
Noncash capital and related financing activities:				
Interest on capital debt paid by General Fund	\$ 37,500	\$ -	\$ -	\$ 37,500

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2019

	Pension Trust Fund	Private- Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 131,941	\$ 304,439	\$ 887,056
Investments	1,059,173	242,730	-
Accounts receivable	-	24,049	
Total assets	<u>1,191,114</u>	<u>571,218</u>	<u>\$ 887,056</u>
LIABILITIES			
Accounts payable	-	10,417	\$ 107,062
Due to others	-	-	779,994
Total liabilities	<u>-</u>	<u>10,417</u>	<u>\$ 887,056</u>
NET POSITION			
Held in trust for other purposes	<u>\$ 1,191,114</u>	<u>\$ 560,801</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, 2019

	Pension Trust Fund	Private- Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	\$ 107,681	\$ -
Private donations	-	143,382
Total contributions	<u>107,681</u>	<u>143,382</u>
Other	-	48,875
Investment earnings:		
Interest	36,735	9,111
Total additions	<u>144,416</u>	<u>201,368</u>
DEDUCTIONS		
Benefit payments	100,133	-
Program expenses	-	145,382
Other	-	2,511
Total deductions	<u>100,133</u>	<u>147,893</u>
Change in net position	44,283	53,475
Net position - beginning	<u>1,146,831</u>	<u>507,326</u>
Net position - ending	<u>\$ 1,191,114</u>	<u>\$ 560,801</u>

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, 2019

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, 2019.

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, 2019

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.

Education Grants Fund - This fund accounts for activities related to federal and State grants that are restricted for educational purposes.

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 accounts for the activities of the Volunteer Firefighters Length of Service Award Program, which accumulates resources for retirement benefits to eligible participants.

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.

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

Measurement Focus and Basis of Accounting *(Continued)*

Government-wide, Proprietary and Fiduciary Fund Financial Statements *(Continued)*

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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 non-operating revenues and expenses.

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, 2018, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The adoption of this statement did not have a material effect on the Town's financial statements.

Effective July 1, 2018, the Town adopted the provisions of GASB Statement No. 83, *Certain Asset Retirement Obligations*. GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). The Statement established criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The adoption of this statement did not have a material effect on the Town's financial statements.

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

Assets, Liabilities, Deferred Outflows and 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 funds held within its governmental and business-type activities 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 funds held within its pension trust fund in 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 \$1,064,598 as of June 30, 2019 and are included in restricted net position. Town policy requires all investment income to be recorded in the respective fund earned and is to be used to offset future donor restricted program expenditures.

Property Taxes

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments, July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Liens are filed on delinquent real estate taxes within one year. The Town establishes an allowance for doubtful accounts based on historical collections, experience and other factors. The Town has recorded an allowance for doubtful accounts on property taxes receivable in the amount of \$23,000 and on interest on property taxes receivable in the amount of \$20,000 as of June 30, 2019.

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.

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

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

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.

Inventories

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.

Housing Rehabilitation Loans Receivable

The Town manages the Ellington Regional Housing Rehabilitation Program, which offers financial and technical assistance to property owners in Ellington, Somers, and Suffield. The program's purposes are to correct building code deficiencies, improve energy efficiency and improve housing conditions. In connection with the program, the Town provides funding assistance in the form of a 0% interest deferred payment loan. The loan is only repaid when the property is sold. If the property is transferred to an heir, the loan does not need to be repaid but it remains in effect until a sale at a future date.

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 the estimated acquisition 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.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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

Capital Assets *(Continued)*

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

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

Unearned Revenue

Unearned revenue represents resources that have been received but not yet earned.

Deferred Outflows and 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 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 and other post-employment benefit expenses that are only reported in the government-wide financial statements. Deferred pension and other post-employment benefit expenses result from certain changes in the components of the Town's pension and other post-employment benefit liabilities and are being amortized as a component of the related expenses on a systematic and rational basis. Contributions made subsequent to the measurement date of the Town's pension and other post-employment benefit liabilities are reported as deferred contributions.

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.

Compensated Absences

Town and Board of Education employees may accumulate vacation, sick and retirement benefits for subsequent use or for payment upon termination or retirement. Compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for these benefits 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.

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

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

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.

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.

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

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

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.

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 non-operating 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.

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

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.

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, 2019, \$4,548,508 of the Town's bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,093,657
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	454,851
	\$ 4,548,508

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, 2019 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 22,042,735
Statement of fiduciary net position:	
Cash and cash equivalents	1,323,436
	23,366,171
Less: investments classified as cash equivalents	(18,688,566)
Total cash deposits	\$ 4,677,605

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Investments

A reconciliation of the Town's investments as of June 30, 2019 is as follows:

Government-wide statement of net position:		
Investments	\$	929,186
Statement of fiduciary net position:		
Investments		1,301,903
		2,231,089
Add: investments classified as cash equivalents		18,688,566
	\$	20,919,655

As of June 30, 2019, 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	\$ 10,140,912	\$ 10,140,912	\$ -	\$ -
Corporate bonds	Fair value	173,533	45,010	30,808	97,715
U.S. Agency Securities	Fair value	157,972	54,891	50,837	52,244
U.S. Treasury Securities	Fair value	102,215	9,971	92,244	-
Money market mutual funds	Net asset value	44,059	44,059	-	-
<i>Business-type activities:</i>					
Short Term Investment Fund (STIF)	Net asset value	8,183,803	8,183,803	-	-
<i>Fiduciary Funds:</i>					
Short Term Investment Fund (STIF)	Net asset value	307,853	307,853	-	-
Money market mutual funds	Net asset value	11,939	11,939	-	-
		19,122,286	\$ 18,798,438	\$ 173,889	\$ 149,959
Other investments:					
<i>Governmental activities:</i>					
Mutual funds	Fair value	495,466			
<i>Fiduciary Funds:</i>					
Insurance contracts	Contract value	1,059,173			
Equity securities	Fair value	242,730			
Total		\$ 20,919,655			

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

Interest Rate Risk

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Investments *(Continued)*

Credit Risk

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

The Town's investments in debt securities, excluding U.S. Treasury securities, were rated as follows at June 30, 2019:

<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)	\$ 10,140,912	\$ -	\$ -	\$ -	\$ -
Corporate bonds	-	35,914	122,250	15,369	-
U.S. Agency securities	-	157,972	-	-	-
Money market mutual funds	-	-	-	-	44,059
<i>Business-type activities:</i>					
Short Term Investment Fund (STIF)	8,183,803	-	-	-	-
<i>Fiduciary Funds:</i>					
Short Term Investment Fund (STIF)	307,853	-	-	-	-
Money market mutual funds	-	-	-	-	11,939

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.

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Investments *(Continued)*

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2019, 95.0% and 19.0%, 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, 2019, 65.3% of the Town's investments within the fiduciary statement of net position were invested in insurance contracts 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.

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2019, 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	\$ 495,466	\$ -	\$ -	\$ 495,466
Corporate bonds	-	173,533	-	173,533
U.S. Agency Securities	-	157,972	-	157,972
U.S. Treasury Securities	102,215	-	-	102,215
Equity securities	242,730	-	-	242,730
	<u>\$ 840,411</u>	<u>\$ 331,505</u>	<u>\$ -</u>	<u>\$ 1,171,916</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 consisted of the following for the governmental activities and business-type activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Arts collection	\$ 35,598	\$ -	\$ -	\$ 35,598
Property development rights	817,877	-	-	817,877
Land	<u>2,507,844</u>	<u>454,145</u>	<u>-</u>	<u>2,961,989</u>
Total capital assets, not being depreciated	<u>3,361,319</u>	<u>454,145</u>	<u>-</u>	<u>3,815,464</u>
Capital assets, being depreciated:				
Buildings and improvements	100,743,633	239,411	-	100,983,044
Machinery, equipment and vehicles	13,384,227	1,562,492	-	14,946,719
Infrastructure	<u>15,323,590</u>	<u>636,601</u>	<u>-</u>	<u>15,960,191</u>
Total capital assets, being depreciated	<u>129,451,450</u>	<u>2,438,504</u>	<u>-</u>	<u>131,889,954</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	35,299,106	2,372,319	-	37,671,425
Machinery, equipment and vehicles	11,370,677	718,866	-	12,089,543
Infrastructure	<u>3,928,549</u>	<u>321,804</u>	<u>-</u>	<u>4,250,353</u>
Total accumulated depreciation and amortization	<u>50,598,332</u>	<u>3,412,989</u>	<u>-</u>	<u>54,011,321</u>
Total capital assets, being depreciated, net	<u>78,853,118</u>	<u>(974,485)</u>	<u>-</u>	<u>77,878,633</u>
Governmental activities capital assets, net	<u>\$ 82,214,437</u>	<u>\$ (520,340)</u>	<u>\$ -</u>	<u>\$ 81,694,097</u>
	<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	12,731,152	-	-	12,731,152
Equipment - Crystal Lake	23,135	-	-	23,135
Infrastructure - Crystal Lake	<u>6,962,205</u>	<u>-</u>	<u>-</u>	<u>6,962,205</u>
Total capital assets, being depreciated	<u>19,939,346</u>	<u>-</u>	<u>-</u>	<u>19,939,346</u>
Less accumulated depreciation and amortization for:				
Equipment - Sewer Authority	193,336	13,525	-	206,861
Infrastructure - Sewer Authority	6,526,196	258,273	-	6,784,469
Equipment - Crystal Lake	21,243	258	-	21,501
Infrastructure - Crystal Lake	<u>3,520,411</u>	<u>139,243</u>	<u>-</u>	<u>3,659,654</u>
Total accumulated depreciation and amortization	<u>10,261,186</u>	<u>411,299</u>	<u>-</u>	<u>10,672,485</u>
Total capital assets, being depreciated, net	<u>9,678,160</u>	<u>(411,299)</u>	<u>-</u>	<u>9,266,861</u>
Business-type activities capital assets, net	<u>\$ 9,678,160</u>	<u>\$ (411,299)</u>	<u>\$ -</u>	<u>\$ 9,266,861</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS *(Continued)*

Depreciation and amortization expense was charged to functions as follows:

Governmental Activities:	
Education	\$ 2,150,183
Public safety	511,948
Public works	375,429
General government	273,039
Library	<u>102,390</u>
Total depreciation and amortization expense - governmental activities	<u><u>\$ 3,412,989</u></u>
Business-type Activities:	
Sewer	<u><u>\$ 411,299</u></u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2019 were as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds		
General Fund	Small Cities Loan Program Fund	\$ 45,723
	Crystal Lake School Addition/Renovation Fund	3,195,889
	Education Grants Fund	3,207,639
	Nonmajor Governmental Funds	386,009
	Sewer Authority Fund	398,001
	Other Enterprise Funds	<u>109,541</u>
		<u>7,342,802</u>
Small Cities Loan Program Fund	Nonmajor Governmental Funds	<u>10,040</u>
Nonmajor Governmental Funds	General Fund	716,282
	Nonmajor Governmental Funds	<u>335,439</u>
		<u>1,051,721</u>
		<u><u>\$ 8,404,563</u></u>
Enterprise Funds		
Other Enterprise Funds	General Fund	\$ 73,620
Crystal Lake Sewers Fund	General Fund	<u>102,567</u>
		<u><u>\$ 176,187</u></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.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2019 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Nonmajor Governmental Funds	<u>\$ 302,632</u>
Enterprise Funds		
Sewer Authority Fund	General Fund	<u>\$ 37,500</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.

NOTE 7 - FUND BALANCE

The various components of fund balance at June 30, 2019 are as follows:

	<u>General Fund</u>	<u>Crystal Lake School Addition/Renovation Fund</u>	<u>Small Cities Loan Program Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Endowments	\$ -	\$ -	\$ -	\$ 52,497	\$ 52,497
Inventories	-	-	-	22,093	22,093
Restricted for:					
Small Cities rehabilitation loan program	-	-	3,053,179	155,542	3,208,721
Education	-	-	-	1,068,448	1,068,448
Special reserves - external	-	-	-	1,064,598	1,064,598
Committed to:					
General government	-	-	-	753,791	753,791
Capital reserves	6,478,650	-	-	-	6,478,650
Capital and nonrecurring reserves	1,251,592	-	-	261,212	1,512,804
Public safety	-	-	-	575,055	575,055
Education programs	-	-	-	213,307	213,307
Assigned to:					
Other post-employment benefits	1,383,774	-	-	-	1,383,774
Sanitation	50,562	-	-	-	50,562
Use in subsequent budget	1,613,410	-	-	-	1,613,410
Unassigned	<u>1,338,387</u>	<u>(3,195,890)</u>	<u>-</u>	<u>(71,948)</u>	<u>(1,929,451)</u>
	<u>\$ 12,116,375</u>	<u>\$ (3,195,890)</u>	<u>\$ 3,053,179</u>	<u>\$ 4,094,595</u>	<u>\$ 16,068,259</u>

The amounts committed for Capital Reserves in the General Fund totaling \$6,478,650 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, 2019.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 7 - FUND BALANCE *(Continued)*

Deficit Fund Balances

The following funds have deficit fund balances as of June 30, 2019, none of which constitutes a violation of statutory provisions:

Fund	Amount
Crystal Lake School Addition/ Renovation Fund	\$ (3,195,890)
Small Cities Regular Rehab 17 Fund	(11,789)
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 the issuance of long-term debt. 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.

NOTE 8 - LONG-TERM DEBT

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

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 17,800,000	\$ -	\$ (1,945,000)	\$ 15,855,000	\$ 1,620,000
Unamortized premiums	421,274	-	(87,988)	333,286	-
Total bonds payable	18,221,274	-	(2,032,988)	16,188,286	1,620,000
Debt from direct borrowings:					
Capital leases	650,515	1,199,306	(435,840)	1,413,981	427,280
	\$ 18,871,789	\$ 1,199,306	\$ (2,468,828)	\$ 17,602,267	\$ 2,047,280
Business-type Activities					
Bonds payable:					
General obligation bonds	\$ 900,000	\$ -	\$ (100,000)	\$ 800,000	\$ 100,000

Long-term debt has typically been liquidated by the General Fund.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2019 is as follows:

<u>Description of Bonds</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Dates</u>	<u>Amount Outstanding</u>
Governmental Activities				
General obligation refunding bonds issued in August 2011	\$ 8,240,000	2.0% - 4.0%	9/15/2023	\$ 3,165,000
General obligation bonds issued in September 2013	4,205,000	2.0% - 4.0%	9/15/2033	3,105,000
General obligation bonds issued in June 2015	10,630,000	2.0% - 4.0%	6/15/2035	8,490,000
General obligation bonds issued in June 2017	1,375,000	2.06%	6/15/2027	1,095,000
				<u>\$ 15,855,000</u>
Business-type Activities				
General obligation bonds issued in June 2007	1,750,000	4.0% - 5.5%	6/15/2027	<u>\$ 800,000</u>

Annual debt service requirements to maturity at June 30, 2019 are as follows:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,180,000	305,243	1,485,243
2025-2029	4,080,000	1,094,296	5,174,296
2030-2034	3,665,000	469,250	4,134,250
2035	530,000	18,550	548,550
	<u>\$ 15,855,000</u>	<u>\$ 3,647,896</u>	<u>\$ 19,502,896</u>
Business-Type Activities			
<u>Year ending June 30:</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 100,000	\$ 33,500	\$ 133,500
2021	100,000	29,375	129,375
2022	100,000	25,250	125,250
2023	100,000	21,125	121,125
2024	100,000	17,000	117,000
2025-2027	300,000	25,500	325,500
	<u>\$ 800,000</u>	<u>\$ 151,750</u>	<u>\$ 951,750</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2019.

Authorized, Unissued Bonds

As of June 30, 2019, the Town has authorized but unissued bonds totaling \$730,000 for the purpose of funding the acquisition of farmland development rights and \$3,790,658 for the purpose of funding Crystal Lake and Windermere School Improvements.

Capital Leases from Direct Borrowings

Capital leases from direct borrowings include non-appropriation clauses and provide the obligor with a security interest in the underlying equipment in the event of default.

A summary of assets acquired through capital leases is as follows as of June 30, 2019:

	Governmental Activities
Machinery, equipment, and vehicles	\$ 2,094,618
Less: accumulated amortization	(337,493)
	\$ 1,757,125

Amortization expense relative to leased property under capital leases totaled \$270,833 for the year ended June 30, 2019 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, 2019 are as follows:

	Governmental Activities
Year Ending June 30:	
2020	\$ 469,011
2021	469,011
2022	396,787
2023	169,757
Total minimum lease payments	1,504,566
Less: amount representing interest	(90,585)
Present value of minimum lease payments	\$ 1,413,981

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Changes in other long-term liabilities for the year ended June 30, 2019 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Other liabilities:					
Compensated absences	\$ 1,110,177	\$ -	\$ (5,238)	\$ 1,104,939	\$ 110,000
Net LOSAP liability <i>(see Note 10)</i>	885,568	-	(39,232)	846,336	-
Net pension liability <i>(see Note 10)</i>	3,265,400	5,549,044	-	8,814,444	-
Total OPEB liability <i>(see Note 11)</i>	4,468,706	893,363	-	5,362,069	-
	<u>\$ 9,729,851</u>	<u>\$ 6,442,407</u>	<u>\$ (44,470)</u>	<u>\$ 16,127,788</u>	<u>\$ 110,000</u>

NOTE 10 - 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 4.64% of the employee's salary.

The Town's contribution amounted to \$360,610 for the year ended June 30, 2019. 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.

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 \$258,103 for the year ended June 30, 2019. 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.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - RETIREMENT BENEFIT PLANS *(Continued)*

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

Benefits: A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$8.00 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, 2018. The membership data related to the plan was as follows:

Entitled participants	43
Inactive participants with deferred benefits	92
Active participants	<u>79</u>
	<u>214</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 \$107,681 for the year ended June 30, 2019 and was equal to the actuarial recommended contribution.

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, 2018, 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.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - RETIREMENT BENEFIT PLANS *(Continued)*

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

Plan Financial Statements

The following presents the statement of fiduciary net position for the LOSAP as of July 31, 2018 and the statement of changes in fiduciary net position for the LOSAP for the plan year ended July 31, 2018:

ASSETS	
Cash and cash equivalents	\$ 131,941
Investments	1,059,173
Total assets	<u>1,191,114</u>
 NET POSITION	
Held in trust for LOSAP benefits	<u>\$ 1,191,114</u>
 ADDITIONS	
Contributions	\$ 107,681
Investment earnings:	
Net investment income	<u>36,735</u>
Total additions	<u>144,416</u>
 DEDUCTIONS	
Benefit payments	<u>100,133</u>
Change in net position	44,283
Net position - beginning	<u>1,146,831</u>
Net position - ending	<u>\$ 1,191,114</u>

Net Pension Liability

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

Total LOSAP liability	\$ 2,037,450
Plan fiduciary net position	1,191,114
Net LOSAP liability	<u>\$ 846,336</u>
Plan fiduciary net position as a percentage of the total LOSAP liability	58.46%

The Town's net pension liability for the LOSAP was measured as of July 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 1, 2018. The changes in Town's net pension liability for the LOSAP were as follows:

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - RETIREMENT BENEFIT PLANS *(Continued)*

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

Net Pension Liability *(Continued)*

	Increase (Decrease)		
	Total LOSAP Liability (a)	Plan Fiduciary Net Position (b)	Net LOSAP Liability (a) - (b)
Balance as of August 1, 2017	\$ 2,032,399	\$ 1,146,831	\$ 885,568
Changes for the year			-
Service cost	31,255	-	31,255
Interest	84,051	-	84,051
Differences between expected and actual experience	13,832	-	13,832
Change in assumptions	(23,954)	-	(23,954)
Contributions	-	107,681	(107,681)
Net investment income	-	36,735	(36,735)
Benefit payments	(100,133)	(100,133)	-
Net changes	<u>5,051</u>	<u>44,283</u>	<u>(39,232)</u>
Balance as of July 31, 2018	<u>\$ 2,037,450</u>	<u>\$ 1,191,114</u>	<u>\$ 846,336</u>

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of August 1, 2018, 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%

Mortality rates were based on the RP2000 Combined Table-Unisex. 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 contributions will be made 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, 2019

NOTE 10 - RETIREMENT BENEFIT PLANS *(Continued)*

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

Net Pension Liability *(Continued)*

Sensitivity of the net LOSAP liability to changes in the discount rate - The following presents the net pension liability of the LOSAP, calculated using the discount rate of 4.23% as well as what the LOSAP's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.23%) or 1-percentage-point higher (5.23%) than the current rate:

	1% Decrease (3.23%)	Current Discount (4.23%)	1% Increase (5.23%)
Net LOSAP liability	\$ 1,165,000	\$ 846,336	\$ 587,000

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the Town recognized pension expense for the LOSAP of \$78,571. In addition, the Town has reported deferred outflows and inflows of resources as of June 30, 2019 related to the LOSAP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 9,076	\$ -	\$ 9,076
Differences between expected and actual experience	12,439	-	12,439
Changes of assumptions	-	(21,542)	(21,542)
Total	\$ 21,515	\$ (21,542)	\$ (27)

Amounts reported as deferred outflows and inflows of resources will be recognized as a component of LOSAP expense in future years as follows:

Year ended June 30,	
2020	\$ 1,250
2021	1,250
2022	1,250
2023	1,250
2024	(1,019)
Thereafter	(4,008)
	\$ (27)

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - RETIREMENT BENEFIT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System

The Town and the Town's Board of Education 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 60 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. 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 1.5% 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.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - RETIREMENT BENEFIT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Plan Description *(Continued)*

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 hired prior to July 1, 1996, 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 contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to the CMERS for totaled \$692,362 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, 2019

NOTE 10 - 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, 2018 was \$956.443 million, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$8,814,000 or approximately 2.3047% 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, 2018. The portion of the net pension liability associated with the Town was based on the 2018 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, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50% - 10.00%, including inflation
Long-term investment rate of return	7.00%, net of pension plan investment expense, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

For the period after retirement and for dependent beneficiaries, mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

The long-term expected rate of return on pension plan investments was determined using a statistical analysis 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.

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - RETIREMENT BENEFIT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Net Pension Liability *(Continued)*

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>Target Allocation</u>	<u>Long-term Target Expected Real Rate of Return</u>
Domestic Equity	20.0%	5.3%
Developed Market International	11.0%	5.1%
Emerging Market International	9.0%	7.4%
Core Fixed Income	16.0%	1.6%
Inflation Linked Bond	5.0%	1.3%
Emerging Market Debt	5.0%	2.9%
High Yield Bond	6.0%	3.4%
Real Estate	10.0%	4.7%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	3.2%
Liquidity Fund	1.0%	0.9%
	<u>100.0%</u>	

Discount rate - The discount rate used to measure the CMERS' total pension liability was 7.00%. 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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town proportionate share of the net pension liability as of June 30, 2019	\$ 11,890,872	\$ 8,814,444	\$ 5,249,700

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - RETIREMENT BENEFIT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the Town recognized a pension expense benefit related to the CMERS of \$771,674. At June 30, 2019, the Town reported its proportionate share of deferred outflows and inflows of resources related to the CMERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflow (Inflows) of Resources</u>
Difference between expected and actual experience	\$ 1,255,738	\$ -	\$ 1,255,738
Difference between projected and actual earnings on pension plan investments	530,677	-	530,677
Change of assumptions	3,003,010	-	3,003,010
Changes in proportion and differences between employer contributions and proportionate share of contributions	451,347	(73,563)	377,784
	<u>\$ 5,240,772</u>	<u>\$ (73,563)</u>	<u>\$ 5,167,209</u>

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,	
2020	\$ 1,548,065
2021	1,346,201
2022	1,076,176
2023	1,196,767
	<u>\$ 5,167,209</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.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - RETIREMENT BENEFIT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Benefit Provisions *(Continued)*

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

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

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

Disability Retirement: There is no service requirement if incurred in the performance of duty. Employees are eligible for five years of credited service if not incurred in the performance of duty. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. 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.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - RETIREMENT BENEFIT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

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, 2018 based on an actuarial valuation performed as of June 30, 2018. 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, 2018 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, 2019 and for reporting the proportionate share of the collective net pension liability that is attributed to the Town as of June 30, 2019.

Allocation Methodology

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2018 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 2018, the Town's expected contribution effort for allocation purposes totaled \$5,883,405 or 0.462% 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, 2019.

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, 2018. The portion of the collective pension expense allocated to the Town totaled \$6,832,110.

The total collective net pension liability of participating employers for the TRS was approximately \$13.164 billion as of the June 30, 2018 measurement date. The portion attributed to the Town totaled \$60,875,000 or approximately 0.462% of the total collective net pension liability.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018 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 pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

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.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - RETIREMENT BENEFIT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions *(Continued)*

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% 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%.

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 Bonds	5.0%	3.7%
Inflation Linked Bond Fund	3.0%	1.0%
Cash	6.0%	0.4%
	<u>100.0%</u>	

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.

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - RETIREMENT BENEFIT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

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, 2018 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:

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Town proportionate share of the net pension liability	\$ 76,935,000	\$ 60,875,000	\$ 47,294,000

NOTE 11 - 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. For Non-Union employees, the Town contributes 100% of the premium cost for retiree’s health and dental insurance coverage for employees hired prior to July 1, 2013. For Supervisor and White Collar employees, the Town contributes between 83% and 85% towards pre age 65 retiree medical and dental premiums and 100% of the premium cost for Medicare and dental coverage for employees hired prior to December 4, 2008. For Public Works Department employees, the Town contributes between 83% and 85% 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 for employees hired prior to March 25, 2008. The Town pays the benefits on a pay-as-you-go basis.

Employees Covered by Benefit Terms

As of July 1, 2018, the date of most recent actuarial valuation, the following employees were covered by the benefit terms:

Retirees, beneficiaries, and dependents currently receiving benefits	56
Active participants	433
	489

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Town and Board of Education Program *(Continued)*

Total OPEB Liability

The Town's total OPEB liability reported as of June 30, 2019 totaled \$5,362,069. The total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018.

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	2.00%
Discount rate	3.50%
Dental trend rates	5.00%
Medical trend rates	7.50% decreasing to an ultimate rate of 5.00%

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 Pub-2010 head-weighted Mortality Table projected generationally with Scale MP-2019. 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 30.0% 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, 2019:

	Total OPEB Liability
Balance as of June 30, 2018	\$ 4,468,706
Changes for the year:	
Service cost	96,754
Interest	194,158
Changes of benefit terms	(1,791)
Changes of assumptions and differences between expected and actual experience	849,238
Benefit payments	(244,996)
Net changes	893,363
Balance as of June 30, 2019	\$ 5,362,069

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - 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 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 (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Total OPEB liability	\$ 4,636,968	\$ 5,362,069	\$ 6,289,933

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:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Total OPEB liability	\$ 6,230,760	\$ 5,362,069	\$ 4,668,448

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the Town recognized OPEB expense of \$374,646. As of June 30, 2019, the Town reported deferred outflows and inflows of resources related to OPEB from the following source:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Changes of assumptions	504,182	(231,861)	272,321
Differences between expected and actual experience	327,845	-	327,845
	<u>\$ 832,027</u>	<u>\$ (231,861)</u>	<u>\$ 600,166</u>

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

Year ended June 30,			
2020	\$	85,525	
2021		85,525	
2022		85,525	
2023		85,693	
2024		95,042	
Thereafter		162,856	
		<u>\$ 600,166</u>	

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

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. These reports can be obtained from the Connecticut Office of the State Comptroller.

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.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Connecticut State Teachers' Retirement System *(Continued)*

Contributions *(Continued)*

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.

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, 2018 based on an actuarial valuation performed as of June 30, 2018. 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, 2018 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, 2019 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the Town as of June 30, 2019.

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, 2018.

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, 2018.

For fiscal year 2018, the Town's expected contribution effort for allocation purposes totaled \$163,234 or 0.462% 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, 2019.

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, 2018. The portion of the collective negative OPEB expense allocated to the Town totaled \$(4,042,626).

TOWN OF ELLINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Connecticut State Teachers' Retirement System *(Continued)*

Allocation Methodology *(Continued)*

The total collective net OPEB liability of participating employers for the TRS was approximately \$2.632 billion as of the June 30, 2018 measurement date. The portion attributed to the Town totaled \$12,169,000 or approximately 0.462% of the total collective net OPEB liability.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Real Wage Growth	0.50%
Wage Inflation	3.25%
Salary increases	3.25% - 6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

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>Target 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, 2019

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

Connecticut State Teachers' Retirement System *(Continued)*

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. 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, 2018.

In addition to the actuarial methods and assumptions of the June 30, 2018 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 State contributions were assumed to be made.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2019 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, 2018 measurement date, calculated using a discount rate of 3.87%, 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 (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	1.00% Decrease	Current Rate	1.00% Increase
Proportionate share of the net OPEB liability attributed to the Town	\$ 14,450,000	\$ 12,169,000	\$ 10,349,000

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, 2018 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	\$ 10,198,000	\$ 12,169,000	\$ 14,786,000

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 - 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 13 - 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.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 14 - RECENTLY ISSUED ACCOUNTING STANDARDS

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

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, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town is currently evaluating the potential impact of adopting this 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, 2021, which reflects the eighteen month postponement pursuant to GASB Statement No. 95 issued in May 2020. 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, 2021, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022, which reflects the one year postponement pursuant to GASB Statement No. 95 issued in May 2020. The Town does not expect this statement to have a material effect on its financial statements.

NOTE 15 - SUBSEQUENT EVENTS

In early March 2020, there was a global outbreak of COVID-19 that resulted in an economic downturn, changes in global supply and demand, and the temporary closure of non-essential businesses within the State of Connecticut. The magnitude of any potential direct and indirect negative impacts to the Town cannot be determined at this time, but these events could have a significant impact on Town businesses and taxpayers.

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, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property Taxes	\$ 44,951,829	\$ 44,951,829	\$ 44,470,458	\$ (481,371)
State and Federal Grants	9,411,607	9,411,607	10,560,421	1,148,814
Charges for Goods and Services	980,280	980,280	1,093,836	113,556
Investment earnings	185,000	185,000	354,218	169,218
WPCA	100,000	100,000	100,000	-
Other Revenues	444,952	444,952	696,799	251,847
Total revenues	<u>56,073,668</u>	<u>56,073,668</u>	<u>57,275,732</u>	<u>1,202,064</u>
EXPENDITURES				
Current:				
General government	1,632,031	1,693,232	1,553,911	(139,321)
Boards and agencies	133,621	133,808	125,925	(7,883)
Public safety	3,027,465	3,165,329	3,144,111	(21,218)
Public works	4,130,624	4,135,917	4,053,763	(82,154)
Recreation	493,646	501,174	457,988	(43,186)
Library	620,367	620,367	620,366	(1)
Human services	773,440	785,252	678,777	(106,475)
Town properties	897,780	933,510	939,789	6,279
Fixed charges	3,296,515	3,082,138	3,010,347	(71,791)
Miscellaneous	689,236	626,765	572,096	(54,669)
Education	38,301,361	38,301,361	38,287,301	(14,060)
Debt service	3,044,247	3,126,427	3,121,130	(5,297)
Capital outlays	1,356,542	2,353,191	1,774,829	(578,362)
Total expenditures	<u>58,396,875</u>	<u>59,458,471</u>	<u>58,340,333</u>	<u>(1,118,138)</u>
Excess (deficiency) of revenues over expenditures	(2,323,207)	(3,384,803)	(1,064,601)	2,320,202
OTHER FINANCING SOURCES				
Appropriation of fund balance	2,323,207	3,077,393	-	(3,077,393)
Use of capital and nonrecurring reserve	-	307,410	-	(307,410)
Total other financing sources	<u>2,323,207</u>	<u>3,384,803</u>	<u>-</u>	<u>(3,384,803)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,064,601)</u>	<u>\$ (1,064,601)</u>

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 FIVE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	2.30%	1.98%	1.16%	0.86%	0.90%
Town's proportionate share of the net pension liability	<u>\$ 8,814,000</u>	<u>\$ 3,265,400</u>	<u>\$ 3,877,319</u>	<u>\$ 2,853,323</u>	<u>\$ 2,143,846</u>
Town's covered payroll	\$ 6,487,231	\$ 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	135.87%	57.89%	82.45%	61.70%	46.36%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	91.68%	88.29%	92.72%	90.48%

See notes to required supplementary information.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 692,362	\$ 662,260	\$ 535,138	\$ 587,703	\$ 526,289
Contributions in relation to the contractually required contribution	<u>692,362</u>	<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>	<u>\$ -</u>
Covered employee payroll	\$ 6,487,231	\$ 5,641,060	\$ 4,702,434	\$ 4,624,684	\$ 4,624,684
Contributions as a percentage of covered employee payroll	10.67%	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 TWO FISCAL YEARS

	<u>2019</u>	<u>2018</u>
Total LOSAP liability	\$ 2,037,450	\$ 2,032,399
Plan net position	<u>1,191,114</u>	<u>1,146,831</u>
Town's net LOSAP liability	<u>\$ 846,336</u>	<u>\$ 885,568</u>
Plan net pension as percentage of total LOSAP liability	58.5%	56.4%
Covered employee payroll	Not applicable	Not applicable
Town net LOSAP liability as a percentage of covered employee payroll	Not applicable	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 TWO FISCAL YEARS

	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 107,681	\$ 93,306
Contributions in relation to actuarially determined contribution	<u>107,681</u>	<u>93,306</u>
Excess (deficiency) of contribution	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	Not applicable	Not applicable
Contributions as a percentage of covered employee payroll	Not applicable	Not applicable
Annual money-weighted rate of return, net of investment expense	Not available	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 FIVE FISCAL YEARS
(Rounded to nearest thousand)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.462%	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	60,875,000	59,744,000	63,030,000	48,421,000	44,756,000
Total	<u>\$ 60,875,000</u>	<u>\$ 59,744,000</u>	<u>\$ 63,030,000</u>	<u>\$ 48,421,000</u>	<u>\$ 44,756,000</u>
Town's covered payroll	\$ 18,831,000	\$ 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%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	57.69%	55.93%	52.26%	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 TWO FISCAL YEARS

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 96,754	\$ 134,486
Interest	194,158	170,578
Changes of benefit terms	(1,791)	-
Changes of assumptions and differences between expected and actual experience	849,238	(192,419)
Benefit payments, including refunds	<u>(244,996)</u>	<u>(543,651)</u>
Net change in total OPEB liability	893,363	(431,006)
Total OPEB liability - beginning	<u>4,468,706</u>	<u>4,899,712</u>
Total OPEB liability - ending	<u>\$ 5,362,069</u>	<u>\$ 4,468,706</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 TWO FISCAL YEARS
(Rounded to nearest thousand)

	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability attributed to the Town	0.462%	0.442%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability attributed to the Town	12,169,000	15,377,000
Total	<u>\$ 12,169,000</u>	<u>\$ 15,377,000</u>
Town's covered employee payroll	\$ 18,831,000	\$ 18,122,000
Town's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	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, 2019

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 \$754,186.
- 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, 2019

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, 2019:

	<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	\$ 57,275,732	\$ 58,340,333	\$ -	\$ (1,064,601)
"On-behalf" payments - State Teachers Retirement Fund	6,046,639	6,046,639	-	-
Changes in encumbrances: June 30, 2018	-	12,484	-	(12,484)
Capital lease not recorded for budgetary purposes	-	1,199,306	1,199,306	-
Certain transfers recorded as revenues/expenditures for budgetary purposes	(441,005)	(175,873)	265,132	-
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	439,538	439,538	-	-
Budgetary perspective difference: MIRA Sanitation Control Fund	1,137	-	-	1,137
GAAP basis	<u>\$ 63,222,041</u>	<u>\$ 65,262,427</u>	<u>\$ 1,464,438</u>	<u>\$ (575,948)</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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, 2018. This information is utilized by the Town for reporting as of June 30, 2019.

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 - The following assumption changes had a significant effect on the measurement of the total pension liability reported as of June 30, 2019.

- Investment return assumed rate changed from 8.00% to 7.00%;
- Wage inflation assumed rate changed from 3.50% to 3.00%; and
- Assumed rates of Withdrawal, Disability, Retirement, and Mortality have been adjusted to more closely reflect experience.

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, 2017, 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: 21 years;
- Asset valuation method: Smoothed market with 20% recognition of investment gains and losses;
- Inflation: 2.50%;
- Investment rate of return: 7.00%, net of investment related expenses;
- Salary increases: Varies 3.50% to 10.00%;
- Cost of living adjustments: 2.50% for those retiring on or after January 1, 2002, for retirements prior to January 1, 2002 2.50% up to age 65, 3.25% afterwards;
- Social Security Wage Base: 3.00%; and
- Mortality: The RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB is used by General Employees for the period after retirement and for dependent beneficiaries. The RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB is used by Police and Fire for the period after retirement and for dependent beneficiaries. For disabled retirees, the RP-2014 Disabled Retiree Mortality Table projected to 2020 by Scale BB is used.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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, 2018. This information is utilized by the Town for reporting as of June 30, 2019.

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 - The following assumption changes had a significant effect on the measurement of the total LOSAP liability reported as of June 30, 2019:

- The inflation rate was increased from 2.00% as of July 31, 2017 to 2.75% as of July 31, 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, 2017, 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, 2019.

- Actuarial cost method: Unit Credit
- Amortization method: Level percentage, closed
- Remaining amortization period: 10 years
- Asset valuation method: Fair market value
- Discount rate: 5.00%
- 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, 2018. This information is utilized by the Town for reporting as of June 30, 2019.

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, 2019

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, 2019.

- the inflation assumption was reduced from 2.75% to 2.50%;
- the real rate of return assumption was reduced from 5.25% to 4.40%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.00% to 6.90%; and
- the annual rate of wage increase assumption was increased from 0.50% to 0.75%.

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, 2018, adjusted to the measurement date of June 30, 2019.

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 decreased from 3.87% to 3.50%.

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, 2018. This information is utilized by the Town for reporting as of June 30, 2019.

Benefit Changes - Effective July 1, 2018, the Plan changed the "base plan" to the Medicare Advantage Plan for the purposes of determining retiree health care plan subsidies and/or cost sharing amount(s), and introduced a two year waiting period for re-enrollment in a system-sponsored health care plan for those who cancel their coverage or choose not to enroll in a health care coverage option on or after the effective date.

Assumption Changes - The following assumption changes collectively had a significant effect on the measurement of the net OPEB liability reported as of June 30, 2018:

- the expected rate of return on Plan assets was changed from 4.25% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments;
- the discount rate used to measure Plan obligations and amortize supplemental costs was updated to match the expected rate of return on assets selected as of June 30, 2018;
- long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods; and
- the percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a system-sponsored health care plan option in the future was updated to better reflect anticipated plan experience.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		OVER
				(UNDER)
PROPERTY TAXES				
Current Year Levy	\$ 44,751,829	\$ 44,751,829	\$ 44,027,645	\$ (724,184)
Prior Year Levies	90,000	90,000	264,619	174,619
Interest and Lien Fees	110,000	110,000	178,194	68,194
Total Property Taxes	<u>44,951,829</u>	<u>44,951,829</u>	<u>44,470,458</u>	<u>(481,371)</u>
STATE AND FEDERAL GRANTS				
Education Cost Sharing Grants	8,544,715	8,544,715	9,685,297	1,140,582
State of CT Athletic Turf	-	-	36,400	36,400
Adult Education and Vocational Agriculture	13,000	13,000	16,718	3,718
Town Road Aid	337,991	337,991	339,811	1,820
MRSA - Grants for Municipal Projects	223,527	223,527	223,527	-
Local Capital Improvement Program	124,107	124,107	123,301	(806)
Pequot/Mohegan Funds	4,081	4,081	4,081	-
DWI Grant	50,000	50,000	59,657	9,657
Telecommunications Tax	17,303	17,303	17,011	(292)
Additional Income Veterans	15,670	15,670	16,732	1,062
Emergency Management Performance Grant	7,889	7,889	7,898	9
Historical Preservation Grant	4,000	4,000	4,500	500
DOT Senior Van	48,000	48,000	-	(48,000)
Erase Grant	3,907	3,907	3,905	(2)
Circuit Court Fines	6,417	6,417	5,659	(758)
North Central Area - Agency on Aging	5,000	5,000	2,734	(2,266)
NCAA - Nutrition PP	4,000	4,000	3,784	(216)
Disability Reimbursement	1,812	1,812	1,545	(267)
State Property Forest	88	88	4,540	4,452
NCRMH Opioid Use	-	-	3,321	3,321
Dog Damage	100	100	-	(100)
Total State and Federal Grants	<u>9,411,607</u>	<u>9,411,607</u>	<u>10,560,421</u>	<u>1,148,814</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		OVER
				(UNDER)
CHARGES FOR GOODS AND SERVICES				
Building Department	\$ 300,000	\$ 300,000	\$ 289,081	\$ (10,919)
Planning and Zoning	30,000	30,000	41,249	11,249
Fire Marshal	450	450	285	(165)
Rights of Way Permits	2,000	2,000	2,365	365
Recreation Program Receipts	290,740	290,740	292,483	1,743
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	163,611	13,611
Town Clerk Recording Fees and Licenses	100,000	100,000	114,418	14,418
Aircraft Registration	1,440	1,440	1,260	(180)
Board of Education	500	500	-	(500)
Police - Special Duty	40,000	40,000	113,709	73,709
Police DARE Donations	500	500	350	(150)
Animal Control Officer Fees and Licenses	25,000	25,000	26,782	1,782
Animal Control Donations	100	100	180	80
ADHOC Patriotic Committee	100	100	-	(100)
ADHOC ELL Beautification Committee	100	100	-	(100)
ADHOC ELL Trails Committee	100	100	430	330
Youth Service Donations	1,000	1,000	5	(995)
Youth Service Activities	8,000	8,000	14,309	6,309
Youth Services - Counseling Services	-	-	940	940
Human Services Donations	1,000	1,000	-	(1,000)
Human Services Food Pantry	1,000	1,000	2,753	1,753
Human Services Fuel Administration	500	500	3,326	2,826
Human Services Fuel Donations	1,000	1,000	8,685	7,685
Human Services Municipal Agent	500	500	-	(500)
Human Services Enrichment Program Donations	1,000	1,000	-	(1,000)
Senior Center Donations	500	500	25	(475)
Senior Center Programs	10,000	10,000	16,362	6,362
Senior Center EMATS	750	750	828	78
Senior Center Rental Income	500	500	160	(340)
Senior Center Transportation Program	500	500	240	(260)
Total Charges for Goods and Services	980,280	980,280	1,093,836	113,556
				<i>(Continued)</i>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		OVER (UNDER)
INVESTMENT EARNINGS				
Interest on earnings	\$ 185,000	\$ 185,000	\$ 354,218	\$ 169,218
WPCA	100,000	100,000	100,000	-
OTHER REVENUES				
Ambulance Fee Program	197,435	197,435	302,632	105,197
Insurance Claims and Refunds	7,500	7,500	7,261	(239)
WPCA Reimbursement	32,540	32,540	33,370	830
WPCA-Reimb Maintenance Budget	168,902	168,902	138,373	(30,529)
Building Demolition/Evictions	5,000	5,000	-	(5,000)
Eversource Bright Ideas Grant	-	-	(8,785)	(8,785)
Snow Removal Charge-Developers	-	-	8,155	8,155
Sundry Refunds and Receipts	27,000	27,000	127,219	100,219
Rental Income of Town Property	6,475	6,475	6,475	-
Sale of Property	100	100	55,845	55,745
Other	-	-	26,254	26,254
Total Other Revenues	<u>444,952</u>	<u>444,952</u>	<u>696,799</u>	<u>251,847</u>
Total Revenues	<u>56,073,668</u>	<u>56,073,668</u>	<u>57,275,732</u>	<u>1,202,064</u>
OTHER FINANCING SOURCES				
Appropriation of Fund Balance	2,323,207	3,077,393	-	(3,077,393)
Use of capital and nonrecurring reserve	-	307,410	-	(307,410)
Total Other Financing Sources	<u>2,323,207</u>	<u>3,384,803</u>	<u>-</u>	<u>(3,384,803)</u>
Total Revenues and Other Financing Sources	<u>\$ 2,323,207</u>	<u>\$ 3,077,393</u>	<u>\$ -</u>	<u>\$ (3,077,393)</u>

(Concluded)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		(UNDER) OVER
GENERAL GOVERNMENT				
Board of Selectmen	\$ 304,457	\$ 312,920	\$ 303,645	\$ (9,275)
Board of Finance	9,950	10,432	10,431	(1)
Auditors	45,750	45,750	58,000	12,250
Auditors - Special Projects	100	100	-	(100)
Finance Officer	347,457	357,011	272,074	(84,937)
Tax Assessor	204,440	208,396	196,701	(11,695)
Tax Collector	177,338	180,518	169,308	(11,210)
Board of Assessments Appeals	400	400	60	(340)
Insurance Advisory Board	100	100	-	(100)
Town Clerk	192,151	195,217	179,420	(15,797)
Town Counsel	110,000	138,000	137,810	(190)
Probate Court	7,353	7,353	7,353	-
Town Planner	232,535	237,035	219,109	(17,926)
Total General Government	<u>1,632,031</u>	<u>1,693,232</u>	<u>1,553,911</u>	<u>(139,321)</u>
BOARDS AND AGENCIES				
Registrars and Electors	80,200	80,387	80,386	(1)
Economic Development Commission	6,000	6,000	3,984	(2,016)
Planning and Zoning	30,600	30,600	29,258	(1,342)
Design Review Board	100	100	-	(100)
Zoning Board of Appeals	4,500	4,500	3,664	(836)
Shared Services Commission	100	100	-	(100)
Permanent Building Commission	1,750	1,750	125	(1,625)
Ethics Commission	1,170	1,170	-	(1,170)
Inland Wetland Agency	5,600	5,600	5,565	(35)
Flood & Erosion Control Board	100	100	-	(100)
Conservation Commission	3,500	3,500	2,943	(557)
WPCA	1	1	-	(1)
Total Boards and Agencies	<u>133,621</u>	<u>133,808</u>	<u>125,925</u>	<u>(7,883)</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		(UNDER) OVER
PUBLIC SAFETY				
Center Fire Department	\$ 209,140	\$ 209,140	\$ 203,624	\$ (5,516)
Crystal Lake Fire Department	63,644	72,282	72,281	(1)
Public Fire Protection	357,378	378,078	378,058	(20)
Emergency 911	48,595	48,595	48,565	(30)
Police	1,412,741	1,413,871	1,355,755	(58,116)
Police Special Duty	20,000	110,523	110,523	-
Police Drug Abuse Resistance Education	1,500	1,832	1,832	-
Animal Control Officer	103,507	103,507	103,403	(104)
Emergency Management	55,040	56,654	53,873	(2,781)
Building Department	154,781	158,221	146,693	(11,528)
Volunteer Ambulance	268,350	268,350	349,977	81,627
Emergency Service Incentive Program	157,047	157,047	132,600	(24,447)
Adhoc Emergency Service Committee	200	200	-	(200)
Public Safety Commission	100	100	-	(100)
Fire Marshal	175,442	186,929	186,927	(2)
Total Public Safety	<u>3,027,465</u>	<u>3,165,329</u>	<u>3,144,111</u>	<u>(21,218)</u>
PUBLIC WORKS				
General Town Roads	2,001,973	2,005,267	1,980,697	(24,570)
New Equipment	10,000	10,055	10,055	-
Equipment Maintenance	228,100	228,100	226,802	(1,298)
Town Garage Maintenance	74,000	75,909	75,907	(2)
Street Signs	17,500	17,500	15,063	(2,437)
Grounds Maintenance - BOE/Parks	112,000	112,000	110,319	(1,681)
Town Road Aid - Winter	260,000	260,000	258,084	(1,916)
Town Road Aid - Materials	275,000	275,035	275,034	(1)
Sanitary Landfill	421,600	421,600	350,716	(70,884)
Mun-Solid & Bulky Waste Curb	-	-	-	-
Sanitary Recycling	377,200	377,200	350,821	(26,379)
Household Hazardous Waste	15,000	15,000	11,784	(3,216)
WPCA Maintenance	116,016	116,016	138,373	22,357
Street Lighting	97,235	97,235	81,591	(15,644)
Engineer and Inspections	125,000	125,000	168,517	43,517
Total Public Works	<u>4,130,624</u>	<u>4,135,917</u>	<u>4,053,763</u>	<u>(82,154)</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		(UNDER) OVER
RECREATION				
Parks Recreation Equipment	\$ 456,146	\$ 463,500	\$ 432,815	\$ (30,685)
Inter-Agency After School Program	12,500	12,500	-	(12,500)
Crystal Lake Water Monitor	25,000	25,174	25,173	(1)
Total Recreation	<u>493,646</u>	<u>501,174</u>	<u>457,988</u>	<u>(43,186)</u>
LIBRARY				
Hall Memorial Library	<u>620,367</u>	<u>620,367</u>	<u>620,366</u>	<u>(1)</u>
Total Library	<u>620,367</u>	<u>620,367</u>	<u>620,366</u>	<u>(1)</u>
HUMAN SERVICES				
Public Health Nursing	2,100	2,100	2,052	(48)
Nutmeg Big Brothers Big Sisters	500	500	500	-
Cornerstone Foundation Inc.	1,500	1,500	1,500	-
Connecticut Legal Services	2,200	2,200	2,200	-
YWCA/SACS	2,000	2,000	2,000	-
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	861	(139)
Fuel Bank	1,500	5,300	5,281	(19)
Youth Activity Programs	90,811	90,811	75,880	(14,931)
Hartford Interval House	2,500	2,500	2,500	-
Human Services	281,887	289,899	247,730	(42,169)
North Central Health District	75,052	75,052	75,052	-
Welfare	16,000	16,000	9,330	(6,670)
Municipal Agent	2,500	2,500	363	(2,137)
Senior Center	<u>256,298</u>	<u>256,298</u>	<u>215,936</u>	<u>(40,362)</u>
Total Human Services	<u>773,440</u>	<u>785,252</u>	<u>678,777</u>	<u>(106,475)</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		(UNDER) OVER
TOWN PROPERTIES				
Town Hall	\$ 480,372	\$ 480,372	\$ 470,894	\$ (9,478)
Center Cemetery	3,700	3,700	3,700	-
Hall Memorial Library Building	154,350	181,619	181,619	-
EVAC Building	32,250	32,250	60,456	28,206
Crystal Lake Fire Building	20,500	24,040	24,038	(2)
Center Fire Building - Main Street	34,100	37,800	37,785	(15)
Center Fire Building - 6 Nutmeg Drive	24,300	24,300	22,993	(1,307)
Arbor Commons - Human Services	27,350	27,350	24,064	(3,286)
Arbor Commons - Police	20,550	20,550	19,647	(903)
Animal Control Facility	2,000	2,000	10	(1,990)
Senior Center Building	80,608	80,608	76,423	(4,185)
Pinney House	1,500	2,721	2,719	(2)
Old Crystal Lake School House	16,200	16,200	15,441	(759)
Total Town Properties	<u>897,780</u>	<u>933,510</u>	<u>939,789</u>	<u>6,279</u>
DEBT SERVICE				
Debt Redemption - Principal	2,370,290	2,447,180	2,447,175	(5)
Debt Redemption - Interest	673,957	679,247	673,955	(5,292)
Total Debt Service	<u>3,044,247</u>	<u>3,126,427</u>	<u>3,121,130</u>	<u>(5,297)</u>
FIXED CHARGES				
Social Security	442,605	442,605	429,222	(13,383)
Insurance	2,738,629	2,487,252	2,429,451	(57,801)
Insurance Reimbursement and Claims	7,500	44,500	43,993	(507)
Insurance Prior Year	100	100	-	(100)
Service Insurance	107,681	107,681	107,681	-
Total Fixed Charges	<u>3,296,515</u>	<u>3,082,138</u>	<u>3,010,347</u>	<u>(71,791)</u>
MISCELLANEOUS				
Contingency Fund	200,000	-	-	-
Capital Reserve Fund	200,000	400,000	400,000	-
AD HOC Prevention Council Developing	10,000	10,000	10,000	-
Erase Grant	3,907	3,907	3,973	66
AD HOC Patriotic Committee	4,700	4,700	4,696	(4)
AD HOC Beautification Committee	2,200	2,200	975	(1,225)
AD HOC Trails Committee	4,000	5,986	5,986	-
Charter Revision Commission	4,200	4,200	1,915	(2,285)
Miscellaneous	2,000	2,000	172	(1,828)
GASB-OPEB	100,000	100,000	100,000	-
Referendum/Primaries	18,000	18,000	6,566	(11,434)
Building Demolition/Eviction	10,000	10,000	3,019	(6,981)
Salary Adjustment	68,089	504	-	(504)
Employee Education Development	7,500	7,500	5,553	(1,947)
Town Communications	22,538	22,538	10,664	(11,874)
Town Web Site	24,102	24,102	10,750	(13,352)
Grant Applications	2,000	2,000	-	(2,000)
GIS	6,000	6,000	4,700	(1,300)
GIS Centric Permitting & Licensing Program	-	3,128	3,127	(1)
Total Miscellaneous	<u>689,236</u>	<u>626,765</u>	<u>572,096</u>	<u>(54,669)</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		(UNDER) OVER
EDUCATION	\$ 38,301,361	\$ 38,301,361	\$ 38,287,301	\$ (14,060)
CAPITAL OUTLAYS				
Local Capital Improvement Program	124,107	124,107	124,107	-
Unimproved Road Improvement	30,000	30,000	1,634	(28,366)
Road Overlay	500,000	500,000	500,000	-
Road Construction - Large/Small Bridges	30,000	30,000	-	(30,000)
DPW - Small Dump Truck	70,000	53,505	50,820	(2,685)
DPW - Pick Up Truck	35,000	51,495	51,495	-
Pool Car/Town Staff Vehicle	30,000	30,000	25,449	(4,551)
Human Services/Senior Center - Senior Center Bus	60,000	60,000	-	(60,000)
Revaluation	150,000	151,395	1,395	(150,000)
Townwide Sidewalks	25,000	25,000	-	(25,000)
Parking Lot Renovations	70,000	70,000	70,000	-
Field Irrigation	65,000	65,000	65,000	-
Middle Road Fields	70,000	70,000	17,679	(52,321)
EVFD - Masimo Rad-57 Handheld Pils Co-Oximeter	42,435	42,435	37,800	(4,635)
BOE - District Facilities Study	25,000	44,350	22,175	(22,175)
BOE - Modern Classroom Furniture EMS/EHS	30,000	30,000	20,298	(9,702)
Land Purchase - 74 Maple Street	-	199,146	199,145	(1)
Land Purchase - 99 Main Street	-	255,000	255,000	-
HML - Roof Replacement	-	180,000	-	(180,000)
EVFD-Equipment Sutphen Pumper	-	35,743	26,754	(8,989)
EVAC Replacement Ambulance	-	218,773	218,773	-
EVFD - Fire House Improvements 29 Main Street	-	20,765	20,765	-
Sidewalk Extension - West Road Rte 83	-	18,477	18,540	63
Plan of Conservation & Development 2018	-	48,000	48,000	-
Total Capital Outlays	<u>1,356,542</u>	<u>2,353,191</u>	<u>1,774,829</u>	<u>(578,362)</u>
Total Budgetary Expenditures	<u>\$ 58,396,875</u>	<u>\$ 59,458,471</u>	<u>\$ 58,340,333</u>	<u>\$ (1,118,138)</u>

(Concluded)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2019

GRAND LIST YEAR	BALANCE UNCOLLECTED JUNE 30, 2018	CURRENT LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	BALANCE TO BE COLLECTED	COLLECTIONS				BALANCE UNCOLLECTED JUNE 30, 2019
			ADDITIONS	DEDUCTIONS			TAXES	INTEREST	LIEN FEES	TOTAL	
2017	\$ -	\$ 44,493,493	\$ 92,120	\$ 242,973	\$ -	\$ 44,342,640	\$ 44,059,691	\$ 114,637	\$ 2,940	\$ 44,177,268	\$ 282,949
2016	237,951	-	2,755	17,403	-	223,303	108,012	28,059	768	136,839	115,291
2015	121,507	-	386	7,914	(34,463)	79,516	55,143	20,416	288	75,847	24,373
2014	30,817	-	-	6,296	-	24,521	11,525	3,104	72	14,701	12,996
2013	16,312	-	369	5,580	-	11,101	7,819	3,433	24	11,276	3,282
2012	8,010	-	-	5,522	-	2,488	934	434	-	1,368	1,554
2011	7,125	-	-	5,425	-	1,700	-	-	-	-	1,700
2010	6,827	-	-	5,347	-	1,480	-	-	-	-	1,480
2009	6,442	-	-	4,905	-	1,537	-	-	-	-	1,537
2008	4,487	-	-	3,425	-	1,062	-	-	-	-	1,062
2007	3,838	-	-	3,343	-	495	-	-	-	-	495
2006	3,844	-	-	3,356	-	488	-	-	-	-	488
2005	1,163	-	-	485	-	678	-	-	-	-	678
2004	973	-	-	446	-	527	-	-	-	-	527
2003	943	-	-	434	-	509	-	89	96	185	509
2002	869	-	-	869	-	-	-	-	-	-	-
	<u>\$ 451,108</u>	<u>\$ 44,493,493</u>	<u>\$ 95,630</u>	<u>\$ 313,723</u>	<u>\$ (34,463)</u>	<u>\$ 44,692,045</u>	<u>\$ 44,243,124</u>	<u>\$ 170,172</u>	<u>\$ 4,188</u>	<u>\$ 44,417,484</u>	<u>\$ 448,921</u>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374 (b)
AS OF JUNE 30, 2019

Total cash collections for the
year ended June 30, 2019:

Taxes	\$ 44,243,124
Interest and lien fees	174,360
Total	<u>44,417,484</u>

Reimbursed for

Tax relief for elderly (CGS 12-129d)	<u>18,277</u>
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Base

<u>\$ 44,435,761</u>

	GENERAL PURPOSE	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
Debt limitation:					
2-1/4 times base	\$ 99,980,462	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	199,960,925	-	-	-
3-3/4 times base	-	-	166,634,104	-	-
3-1/4 times base	-	-	-	144,416,223	-
3 times base	-	-	-	-	133,307,283
Total debt limitation	<u>99,980,462</u>	<u>199,960,925</u>	<u>166,634,104</u>	<u>144,416,223</u>	<u>133,307,283</u>
Indebtedness:					
Bonds and notes payable	<u>5,068,350</u>	<u>10,786,650</u>	<u>800,000</u>	-	-
Total indebtedness	<u>5,068,350</u>	<u>10,786,650</u>	<u>800,000</u>	-	-
Debt limitation in excess of Outstanding and authorized debt	<u>\$ 94,912,112</u>	<u>189,174,275</u>	<u>165,834,104</u>	<u>144,416,223</u>	<u>133,307,283</u>
Total capacity of borrowing (7 times base)	\$ 311,050,327				
Total present indebtedness	<u>16,655,000</u>				
Margin for additional borrowing	<u>\$ 294,395,327</u>				

COMBINING STATEMENTS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET - BY FUND TYPE
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,346,558	\$ 256,292	\$ 131,132	\$ 2,733,982
Investments	-	-	929,186	929,186
Receivables:				
Grants and contracts	90,618	-	-	90,618
Loans	61,372	-	-	61,372
Other	221,186	-	-	221,186
Due from other funds	989,938	4,920	56,863	1,051,721
Inventories	22,093	-	-	22,093
Total assets	<u>\$ 3,731,765</u>	<u>\$ 261,212</u>	<u>\$ 1,117,181</u>	<u>\$ 5,110,158</u>
LIABILITIES				
Accounts payable	\$ 80,392	\$ -	\$ 86	\$ 80,478
Due to other funds	671,329	60,159	-	731,488
Unearned revenue	203,597	-	-	203,597
Total liabilities	<u>955,318</u>	<u>60,159</u>	<u>86</u>	<u>1,015,563</u>
FUND BALANCES				
Nonspendable	22,093	-	52,497	74,590
Restricted	1,223,990	-	1,064,598	2,288,588
Committed	1,542,153	261,212	-	1,803,365
Unassigned	(11,789)	(60,159)	-	(71,948)
Total fund balances	<u>2,776,447</u>	<u>201,053</u>	<u>1,117,095</u>	<u>4,094,595</u>
Total liabilities and fund balances	<u>\$ 3,731,765</u>	<u>\$ 261,212</u>	<u>\$ 1,117,181</u>	<u>\$ 5,110,158</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, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 1,065,730	\$ -	\$ -	\$ 1,065,730
Charges for services	2,417,254	-	-	2,417,254
Investment earnings	36,972	6,138	27,739	70,849
Other	172,519	-	47,673	220,192
Total revenues	<u>3,692,475</u>	<u>6,138</u>	<u>75,412</u>	<u>3,774,025</u>
EXPENDITURES				
Current:				
General Government	141,051	-	7,253	148,304
Public Safety	182,044	-	-	182,044
Library	-	-	2,394	2,394
Human Services	85,601	-	-	85,601
Education	2,610,277	-	-	2,610,277
Capital outlays	-	2,594	-	2,594
Total expenditures	<u>3,018,973</u>	<u>2,594</u>	<u>9,647</u>	<u>3,031,214</u>
Excess (deficiency) of revenues over expenditures	673,502	3,544	65,765	742,811
OTHER FINANCING SOURCES (USES)				
Transfers out	(302,632)	-	-	(302,632)
Total other financing sources (uses)	<u>(302,632)</u>	<u>-</u>	<u>-</u>	<u>(302,632)</u>
Net change in fund balances	370,870	3,544	65,765	440,179
Fund balances - beginning	<u>2,405,577</u>	<u>197,509</u>	<u>1,051,330</u>	<u>3,654,416</u>
Fund balances - ending	<u>\$ 2,776,447</u>	<u>\$ 201,053</u>	<u>\$ 1,117,095</u>	<u>\$ 4,094,595</u>

SPECIAL REVENUE FUNDS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AS OF JUNE 30, 2019

	School District Funds				Dog Fund	Ambulance Fee Program Fund	Youth Service Bureau Fund	HUD Small Cities Housing Rehab Program Fund	Historic Document Preservation Fund
	Education Programs Fund	Education Special Revenue Fund	School Cafeteria Fund	Self-Insured Dental Fund					
ASSETS									
Cash and cash equivalents	\$ -	\$ 494,387	\$ 95,698	\$ -	\$ -	\$ 538,541	\$ -	\$ 124,101	\$ 80,114
Receivables:									
Grants and contracts	-	-	37,742	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Other	107,062	-	-	-	-	113,499	-	-	-
Due from other funds	884,166	-	383	54,359	14,031	-	-	-	11,764
Inventories	-	-	22,093	-	-	-	-	-	-
Total assets	<u>\$ 991,228</u>	<u>\$ 494,387</u>	<u>\$ 155,916</u>	<u>\$ 54,359</u>	<u>\$ 14,031</u>	<u>\$ 652,040</u>	<u>\$ -</u>	<u>\$ 124,101</u>	<u>\$ 91,878</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ 56,603	\$ -	\$ 14,031	\$ 750	\$ -	\$ -	\$ -
Due to other funds	-	335,439	-	-	-	76,235	-	29,940	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>335,439</u>	<u>56,603</u>	<u>-</u>	<u>14,031</u>	<u>76,985</u>	<u>-</u>	<u>29,940</u>	<u>-</u>
FUND BALANCES									
Nonspendable	-	-	22,093	-	-	-	-	-	-
Restricted	991,228	-	77,220	-	-	-	-	94,161	-
Committed	-	158,948	-	54,359	-	575,055	-	-	91,878
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>991,228</u>	<u>158,948</u>	<u>99,313</u>	<u>54,359</u>	<u>-</u>	<u>575,055</u>	<u>-</u>	<u>94,161</u>	<u>91,878</u>
Total liabilities and fund balances	<u>\$ 991,228</u>	<u>\$ 494,387</u>	<u>\$ 155,916</u>	<u>\$ 54,359</u>	<u>\$ 14,031</u>	<u>\$ 652,040</u>	<u>\$ -</u>	<u>\$ 124,101</u>	<u>\$ 91,878</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
COMBING BALANCE SHEET (Concluded)
NONMAJOR SPECIAL REVENUE FUNDS
AS OF JUNE 30, 2019

	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	53,989	\$ -	\$ 49,213	\$ 776,559	\$ 10	\$ 133,936	\$ 10	\$ 2,346,558
Receivables:								
Grants and contracts	-	-	-	-	-	52,876	-	90,618
Loans	-	-	-	-	-	61,372	-	61,372
Other	-	-	625	-	-	-	-	221,186
Due from other funds	16,227	9,008	-	-	-	-	-	989,938
Inventories	-	-	-	-	-	-	-	22,093
Total assets	<u>\$ 70,216</u>	<u>\$ 9,008</u>	<u>\$ 49,838</u>	<u>\$ 776,559</u>	<u>\$ 10</u>	<u>\$ 248,184</u>	<u>\$ 10</u>	<u>\$ 3,731,765</u>
LIABILITIES								
Accounts payable	-	\$ 9,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,392
Due to other funds	-	-	4,867	26,236	-	186,813	11,799	671,329
Unearned revenue	-	-	-	203,597	-	-	-	203,597
Total liabilities	<u>-</u>	<u>9,008</u>	<u>4,867</u>	<u>229,833</u>	<u>-</u>	<u>186,813</u>	<u>11,799</u>	<u>955,318</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	22,093
Restricted	-	-	-	-	10	61,371	-	1,223,990
Committed	70,216	-	44,971	546,726	-	-	-	1,542,153
Unassigned	-	-	-	-	-	-	(11,789)	(11,789)
Total fund balances	<u>70,216</u>	<u>-</u>	<u>44,971</u>	<u>546,726</u>	<u>10</u>	<u>61,371</u>	<u>(11,789)</u>	<u>2,776,447</u>
Total liabilities and fund balances	<u>\$ 70,216</u>	<u>\$ 9,008</u>	<u>\$ 49,838</u>	<u>\$ 776,559</u>	<u>\$ 10</u>	<u>\$ 248,184</u>	<u>\$ 10</u>	<u>\$ 3,731,765</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, 2019

	School District Funds				Dog Fund	Ambulance Fee Program Fund	Youth Service Bureau Fund	HUD Small Cities Housing Rehab Program Fund	Historic Document Preservation Fund
	Education Programs Fund	Education Special Revenue Fund	School Cafeteria Fund	Self-Insured Dental Fund					
REVENUES									
Intergovernmental	\$ 615,707	\$ 35,332	\$ 276,706	\$ -	\$ -	\$ -	\$ 18,602	\$ -	\$ -
Charges for services	276,117	981,020	453,407	197,203	103,413	293,558	-	-	6,994
Investment earnings	-	-	157	-	-	9,485	-	2,790	1,801
Other	156,905	-	-	-	-	-	-	-	-
Total revenues	<u>1,048,729</u>	<u>1,016,352</u>	<u>730,270</u>	<u>197,203</u>	<u>103,413</u>	<u>303,043</u>	<u>18,602</u>	<u>2,790</u>	<u>8,795</u>
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	103,413	78,631	-	-	-
Human Services	-	-	-	-	-	-	18,602	-	2,424
Education	857,711	857,404	752,318	142,844	-	-	-	-	-
Total expenditures	<u>857,711</u>	<u>857,404</u>	<u>752,318</u>	<u>142,844</u>	<u>103,413</u>	<u>78,631</u>	<u>18,602</u>	<u>-</u>	<u>2,424</u>
Excess (deficiency) of revenues over expenditures	191,018	158,948	(22,048)	54,359	-	224,412	-	2,790	6,371
OTHER FINANCING SOURCES (USES)									
Transfers out	-	-	-	-	-	(302,632)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(302,632)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	191,018	158,948	(22,048)	54,359	-	(78,220)	-	2,790	6,371
Fund balances - beginning	800,210	-	121,361	-	-	653,275	-	91,371	85,507
Fund balances - ending	<u>\$ 991,228</u>	<u>\$ 158,948</u>	<u>\$ 99,313</u>	<u>\$ 54,359</u>	<u>\$ -</u>	<u>\$ 575,055</u>	<u>\$ -</u>	<u>\$ 94,161</u>	<u>\$ 91,878</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, 2019

	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	\$ -	\$ -	\$ -	\$ 92,360	\$ -	\$ 1,065,730
Charges for services	105,542	-	-	-	-	-	-	2,417,254
Investment earnings	1,214	-	4,067	17,458	-	-	-	36,972
Other	-	-	11,850	3,764	-	-	-	172,519
Total revenues	<u>106,756</u>	<u>27,023</u>	<u>15,917</u>	<u>21,222</u>	<u>-</u>	<u>92,360</u>	<u>-</u>	<u>3,692,475</u>
EXPENDITURES								
Current:								
General Government	94,960	-	16,091	30,000	-	-	-	141,051
Public Safety	-	-	-	-	-	-	-	182,044
Human Services	-	27,023	-	-	-	30,989	6,563	85,601
Education	-	-	-	-	-	-	-	2,610,277
Total expenditures	<u>94,960</u>	<u>27,023</u>	<u>16,091</u>	<u>30,000</u>	<u>-</u>	<u>30,989</u>	<u>6,563</u>	<u>3,018,973</u>
Excess (deficiency) of revenues over expenditures	11,796	-	(174)	(8,778)	-	61,371	(6,563)	673,502
OTHER FINANCING SOURCES (USES)								
Transfers out	-	-	-	-	-	-	-	(302,632)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(302,632)</u>
Net change in fund balances	11,796	-	(174)	(8,778)	-	61,371	(6,563)	370,870
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 70,216</u>	<u>\$ -</u>	<u>\$ 44,971</u>	<u>\$ 546,726</u>	<u>\$ 10</u>	<u>\$ 61,371</u>	<u>\$ (11,789)</u>	<u>\$ 2,776,447</u>

(Concluded)

CAPITAL PROJECTS FUNDS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
AS OF JUNE 30, 2019

	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	\$ 26,910	\$ -	\$ 4,573	\$ 19,208	\$ 205,216	\$ 385	\$ -	\$ 256,292
Due from other funds	-	-	-	-	-	4,920	-	4,920
Total assets	<u>\$ 26,910</u>	<u>\$ -</u>	<u>\$ 4,573</u>	<u>\$ 19,208</u>	<u>\$ 205,216</u>	<u>\$ 5,305</u>	<u>\$ -</u>	<u>\$ 261,212</u>
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,159	\$ 60,159
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,159</u>	<u>60,159</u>
FUND BALANCES								
Committed	26,910	-	4,573	19,208	205,216	5,305	-	261,212
Unassigned	-	-	-	-	-	-	(60,159)	(60,159)
Total fund balances	<u>26,910</u>	<u>-</u>	<u>4,573</u>	<u>19,208</u>	<u>205,216</u>	<u>5,305</u>	<u>(60,159)</u>	<u>201,053</u>
Total liabilities and fund balances	<u>\$ 26,910</u>	<u>\$ -</u>	<u>\$ 4,573</u>	<u>\$ 19,208</u>	<u>\$ 205,216</u>	<u>\$ 5,305</u>	<u>\$ -</u>	<u>\$ 261,212</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, 2019

	Windsorville Road Improvement Fund	Local Capital Improvement Program Fund	Town Sidewalk Fund	Windsorville Road Improvements Fund	Department of Public Works Maintenance Fund	Senior Center Building Fund	Windsorville School Alterations Fund	Total Nonmajor Capital Projects Funds
REVENUES								
Investment earnings	\$ 605	\$ -	\$ 102	\$ 432	\$ 4,614	\$ 385	\$ -	\$ 6,138
Total revenues	<u>605</u>	<u>-</u>	<u>102</u>	<u>432</u>	<u>4,614</u>	<u>385</u>	<u>-</u>	<u>6,138</u>
EXPENDITURES								
Capital outlays	-	-	-	-	-	2,594	-	2,594
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,594</u>	<u>-</u>	<u>2,594</u>
Net change in fund balances	605	-	102	432	4,614	(2,209)	-	3,544
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 26,910</u>	<u>\$ -</u>	<u>\$ 4,573</u>	<u>\$ 19,208</u>	<u>\$ 205,216</u>	<u>\$ 5,305</u>	<u>\$ (60,159)</u>	<u>\$ 201,053</u>

PERMANENT FUNDS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
AS OF JUNE 30, 2019

	Marshall E. Charter Fund	Kimball Memorial Fund	John T. McKnight Maintenance Fund	Eugene K. Mosley Fund	Arthur Hyde Fund
ASSETS					
Cash and cash equivalents	\$ 102,503	\$ 5,428	\$ 1,852	\$ 105	\$ 209
Investments	484,383	110,364	21,956	-	-
Due from other funds	16,654	11,558	2,317	-	-
Total assets	<u>\$ 603,540</u>	<u>\$ 127,350</u>	<u>\$ 26,125</u>	<u>\$ 105</u>	<u>\$ 209</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 5	\$ 9
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>9</u>
FUND BALANCES					
Nonspendable	29,697	5,000	1,000	100	200
Restricted	573,843	122,350	25,125	-	-
Total fund balances	<u>603,540</u>	<u>127,350</u>	<u>26,125</u>	<u>100</u>	<u>200</u>
Total liabilities and fund balances	<u>\$ 603,540</u>	<u>\$ 127,350</u>	<u>\$ 26,125</u>	<u>\$ 105</u>	<u>\$ 209</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET (Concluded)
NONMAJOR PERMANENT FUNDS
AS OF JUNE 30, 2019

	Sarah H. McKinney Fund	Mary Wadsworth Gardner Fund	Hall Memorial Library Fund	Wiley Fund	Total Nonmajor Permanent Funds
ASSETS					
Cash and cash equivalents	\$ 524	\$ 8,088	\$ 11,375	\$ 1,048	\$ 131,132
Investments	-	81,222	231,261	-	929,186
Due from other funds	-	2,115	24,219	-	56,863
Total assets	<u>\$ 524</u>	<u>\$ 91,425</u>	<u>\$ 266,855</u>	<u>\$ 1,048</u>	<u>\$ 1,117,181</u>
LIABILITIES					
Accounts payable	\$ 24	\$ -	\$ -	\$ 48	\$ 86
Total liabilities	<u>24</u>	<u>-</u>	<u>-</u>	<u>48</u>	<u>86</u>
FUND BALANCES					
Nonspendable	500	5,000	10,000	1,000	52,497
Restricted	-	86,425	256,855	-	1,064,598
Total fund balances	<u>500</u>	<u>91,425</u>	<u>266,855</u>	<u>1,000</u>	<u>1,117,095</u>
Total liabilities and fund balances	<u>\$ 524</u>	<u>\$ 91,425</u>	<u>\$ 266,855</u>	<u>\$ 1,048</u>	<u>\$ 1,117,181</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, 2019

	Marshall E. Charter Fund	Kimball Memorial Fund	John T. McKnight Maintenance Fund	Eugene K. Mosley Fund	Arthur Hyde Fund
REVENUES					
Investment earnings	\$ 14,918	\$ 2,997	\$ 1,202	\$ 2	\$ 5
Other	24,806	5,672	1,136	-	-
Total revenues	<u>39,724</u>	<u>8,669</u>	<u>2,338</u>	<u>2</u>	<u>5</u>
EXPENDITURES					
Current:					
General government	4,997	1,143	229	2	5
Library	-	-	-	-	-
Total expenditures	<u>4,997</u>	<u>1,143</u>	<u>229</u>	<u>2</u>	<u>5</u>
Net change in fund balances	34,727	7,526	2,109	-	-
Fund balances - beginning	<u>568,813</u>	<u>119,824</u>	<u>24,016</u>	<u>100</u>	<u>200</u>
Fund balances - ending	<u>\$ 603,540</u>	<u>\$ 127,350</u>	<u>\$ 26,125</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, 2019

	Sarah H. McKinney Fund	Mary Wadsworth Gardner Fund	Hall Memorial Library Fund	Wiley Fund	Total Nonmajor Permanent Funds
REVENUES					
Investment earnings	\$ 12	\$ 2,298	\$ 6,281	\$ 24	\$ 27,739
Other	-	4,174	11,885	-	47,673
Total revenues	<u>12</u>	<u>6,472</u>	<u>18,166</u>	<u>24</u>	<u>75,412</u>
EXPENDITURES					
Current:					
General government	12	841	-	24	7,253
Library	-	-	2,394	-	2,394
Total expenditures	<u>12</u>	<u>841</u>	<u>2,394</u>	<u>24</u>	<u>9,647</u>
Net change in fund balances	-	5,631	15,772	-	65,765
Fund balances - beginning	<u>500</u>	<u>85,794</u>	<u>251,083</u>	<u>1,000</u>	<u>1,051,330</u>
Fund balances - ending	<u>\$ 500</u>	<u>\$ 91,425</u>	<u>\$ 266,855</u>	<u>\$ 1,000</u>	<u>\$ 1,117,095</u>

(Concluded)

PROPRIETARY FUNDS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
AS OF JUNE 30, 2019

	Solid Waste Collection Fund	Watermains, Tripp and Middle Roads Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Solid waste fees receivable, net of an allowance of \$1,157	\$ 31,098	\$ -	\$ 31,098
Due from other funds	73,620	-	73,620
Noncurrent assets:			
Assessments receivable	-	38,183	38,183
Total assets	<u>104,718</u>	<u>38,183</u>	<u>142,901</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	104,718	(71,358)	33,360
Total net position	<u>\$ 104,718</u>	<u>\$ (71,358)</u>	<u>\$ 33,360</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, 2019

	Solid Waste Collection Fund	Watermains, Tripp and Middle Roads Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Solid waste fees	\$ 649,440	\$ -	\$ 649,440
Total operating revenues	<u>649,440</u>	<u>-</u>	<u>649,440</u>
OPERATING EXPENSES			
Solid waste removal	<u>623,670</u>	-	<u>623,670</u>
Total operating expenses	<u>623,670</u>	<u>-</u>	<u>623,670</u>
Change in net position	25,770	-	25,770
Net position - beginning	<u>78,948</u>	<u>(71,358)</u>	<u>7,590</u>
Net position - ending	<u>\$ 104,718</u>	<u>\$ (71,358)</u>	<u>\$ 33,360</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Solid Waste Collection Fund	Watermains, Tripp and Middle Roads Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 645,881	\$ -	\$ 645,881
Payments to contractors	(623,670)	-	(623,670)
Interfund activities	(22,211)	-	(22,211)
Net cash provided by operating activities	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 25,770	\$ -	\$ 25,770
Adjustments to reconcile operating income to net cash provided by operating activities:			
Increase in assets:			
Solid waste fees receivable, net	(3,559)	-	(3,559)
Due from other funds	(22,211)	-	(22,211)
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FIDUCIARY FUNDS

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
AS OF JUNE 30, 2019

	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	\$ 20,205	\$ 2,372	\$ 26,732	\$ 129,827	\$ -	\$ 53,475
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Total assets	<u>20,205</u>	<u>2,372</u>	<u>26,732</u>	<u>129,827</u>	<u>-</u>	<u>53,475</u>
LIABILITIES						
Accounts payable	-	-	-	-	-	155
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155</u>
NET POSITION						
Held in trust for other purposes	<u>\$ 20,205</u>	<u>\$ 2,372</u>	<u>\$ 26,732</u>	<u>\$ 129,827</u>	<u>\$ -</u>	<u>\$ 53,320</u>

(Continued)

TOWN OF ELLINGTON, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION *(Concluded)*
 PRIVATE PURPOSE TRUST FUNDS
 AS OF JUNE 30, 2019

	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	\$ 42,756	\$ 10,851	\$ 363	\$ 725	\$ 17,133	\$ 304,439
Investments	-	220,611	7,373	14,746	-	242,730
Accounts receivable	-	23,104	315	630	-	24,049
Total assets	<u>42,756</u>	<u>254,566</u>	<u>8,051</u>	<u>16,101</u>	<u>17,133</u>	<u>571,218</u>
LIABILITIES						
Accounts payable	-	-	-	-	10,262	10,417
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,262</u>	<u>10,417</u>
NET POSITION						
Held in trust for other purposes	<u>\$ 42,756</u>	<u>\$ 254,566</u>	<u>\$ 8,051</u>	<u>\$ 16,101</u>	<u>\$ 6,871</u>	<u>\$ 560,801</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, 2019

	Municipal Land Trust Fund	Public Health Nursing Fund	John T. McKnight Fund	Hall Memorial Library Fund	Senior Center Donation Fund	Graduation Fund
ADDITIONS						
Contributions	\$ -	\$ -	\$ -	\$ 39,892	\$ -	\$ 27,614
Other	-	-	-	36,400	-	-
Total contributions	-	-	-	76,292	-	27,614
Investment earnings:						
Interest	454	53	601	63	-	943
Total additions	454	53	601	76,355	-	28,557
DEDUCTIONS						
Program expenses	-	-	-	50,795	-	16,794
Other	-	-	-	-	-	-
Total deductions	-	-	-	50,795	-	16,794
Change in net position	454	53	601	25,560	-	11,763
Net position - beginning	19,751	2,319	26,131	104,267	-	41,557
Net position - ending	<u>\$ 20,205</u>	<u>\$ 2,372</u>	<u>\$ 26,732</u>	<u>\$ 129,827</u>	<u>\$ -</u>	<u>\$ 53,320</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, 2019

	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	\$ 75,876	\$ -	\$ -	\$ -	\$ -	\$ 143,382
Other	-	11,338	379	758	-	48,875
Total contributions	<u>75,876</u>	<u>11,338</u>	<u>379</u>	<u>758</u>	<u>-</u>	<u>192,257</u>
Investment earnings:						
Interest	19	5,991	200	400	387	9,111
Total additions	<u>75,895</u>	<u>17,329</u>	<u>579</u>	<u>1,158</u>	<u>387</u>	<u>201,368</u>
DEDUCTIONS						
Program expenses	67,530	-	-	-	10,263	145,382
Other	-	2,283	76	152	-	2,511
Total deductions	<u>67,530</u>	<u>2,283</u>	<u>76</u>	<u>152</u>	<u>10,263</u>	<u>147,893</u>
Change in net position	8,365	15,046	503	1,006	(9,876)	53,475
Net position - beginning	<u>34,391</u>	<u>239,520</u>	<u>7,548</u>	<u>15,095</u>	<u>16,747</u>	<u>507,326</u>
Net position - ending	<u>\$ 42,756</u>	<u>\$ 254,566</u>	<u>\$ 8,051</u>	<u>\$ 16,101</u>	<u>\$ 6,871</u>	<u>\$ 560,801</u>

(Concluded)

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
AS OF JUNE 30, 2019

	<u>Student Activities</u>	<u>Performance Bonds</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 687,594	199,462	\$ 887,056
Total assets	<u>\$ 687,594</u>	<u>\$ 199,462</u>	<u>\$ 887,056</u>
LIABILITIES			
Accounts payable	\$ 107,062	\$ -	\$ 107,062
Due to others	580,532	199,462	779,994
Total liabilities	<u>\$ 687,594</u>	<u>\$ 199,462</u>	<u>\$ 887,056</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Balance, June 30, 2018	Additions	Deletions	Balance, June 30, 2019
CASH AND CASH EQUIVALENTS				
Ellington Center School	\$ 8,898	\$ 20,209	\$ 16,489	\$ 12,618
Ellington High School	147,291	543,122	459,534	230,879
Ellington School Use Activity	5,321	1,996	5,215	2,102
Crystal Lake School	5,660	17,438	15,930	7,168
Windermere School	19,842	23,029	21,440	21,431
Special Education Preschool Department	186,432	206,200	340,707	51,925
Board of Education Educational Services	47,325	43,030	35,218	55,137
Special Education Petty Cash Reimbursement	720	7,396	7,093	1,023
Ellington Middle School	125,610	150,852	150,445	126,017
Petty Cash - All Schools	768	1,086	911	943
Central Office Flex Spending	16,535	70,070	63,675	22,930
COBRA Reimbursement	159,128	232,209	235,916	155,421
Construction Performance Bonds	49,307	172,788	22,633	199,462
Total cash and cash equivalents	<u>772,837</u>	<u>1,489,425</u>	<u>1,375,206</u>	<u>887,056</u>
Total assets	<u>\$ 772,837</u>	<u>\$ 1,489,425</u>	<u>\$ 1,375,206</u>	<u>\$ 887,056</u>
DUE TO OTHERS				
Ellington Center School	\$ 8,898	\$ 20,209	\$ 16,489	\$ 12,618
Ellington High School	147,291	543,122	459,534	230,879
Ellington School Use Activity	5,321	1,996	5,215	2,102
Crystal Lake School	5,660	17,438	15,930	7,168
Windermere School	19,842	23,029	21,440	21,431
Special Education Preschool Department	186,432	206,200	340,707	51,925
Board of Education Educational Services	47,325	43,030	35,218	55,137
Special Education Petty Cash Reimbursement	720	7,396	7,093	1,023
Ellington Middle School	125,610	150,852	150,445	126,017
Petty Cash - All Schools	768	1,086	911	943
Central Office Flex Spending	16,535	70,070	63,675	22,930
COBRA Reimbursement	159,128	232,209	235,916	155,421
Due to Contractors	49,307	172,788	22,633	199,462
Total Due to others	<u>772,837</u>	<u>1,489,425</u>	<u>1,375,206</u>	<u>887,056</u>
Total liabilities	<u>\$ 772,837</u>	<u>\$ 1,489,425</u>	<u>\$ 1,375,206</u>	<u>\$ 887,056</u>