

Basic Financial Statements and
Report of Independent Certified Public Accountants

Town of Ellington, Connecticut

June 30, 2012

TOWN OF ELLINGTON, CONNECTICUT
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Report of
Independent
Certified Public
Accountants



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

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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 the Town of Ellington, Connecticut (the "Town") as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 established by the American Institute of Certified Public Accountants 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2013 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 the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 and the schedule of funding progress on page 57 be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. These limited procedures 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.

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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the 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 established by the American Institute of Certified Public Accountants. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Grant Thornton LLP

Glastonbury, Connecticut
April 30, 2013

Management's Discussion and Analysis

TOWN OF ELLINGTON, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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, 2012.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$74,408,932 (net assets). Of this amount, \$17,567,384 (unrestricted net assets) may be used to meet the Town's ongoing obligations to its citizens and creditors.
- The Town's change in net assets for the year ended June 30, 2012 amounted to an increase of \$8,666,195 or 12% in comparison to the prior year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,774,433, an increase of \$4,281,065 in comparison with the prior year.
- At the end of the close of the current fiscal year, unassigned fund balance for the General Fund was \$3,337,577 or 6.8% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.2 months of General Fund operating expenditures. Committed fund balance for future "Capital Reserves" and other "Capital and Nonrecurring" requirements totaled \$4,274,790 at June 30, 2012.
- The Town's total long-term bonded debt had a net decrease of \$1,610,000 or 11% during the current fiscal year due to scheduled principal repayments.
- Effective January 1, 2008, Town Charter Section 1004, requires the Board of Finance to maintain at least a minimum of 5% of the total expenditures for the current year. No expenditure or transfer may be made from the Capital Reserves without the approval of the Board of Finance. Amounts committed for "Capital Reserves" totaled \$3,778,650 or 8.2% of budgetary expenditures for the year ended June 30, 2012.

TOWN OF ELLINGTON, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)

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

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets 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 (e.g., uncollected taxes and earned but unused vacation leave).

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

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

Fund Financial Statements

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

Governmental Funds

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

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

TOWN OF ELLINGTON, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

Fund Financial Statements (*Continued*)

Governmental Funds (Continued)

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

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

Proprietary Funds

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

The Town maintains 4 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 2 enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report.

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

Fiduciary Funds

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

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

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-56 of this report.

Required Supplementary Information

The schedule of funding progress for the Town's healthcare plan for other post-employment benefits (OPEB) can be found on page 57 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains combining and individual fund statements and schedules that can be found on pages 58-95 of this report.

TOWN OF ELLINGTON, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

Over time, net assets may serve as one measure of a government's financial position. Total net assets (governmental and business-type activities combined) of the Town totaled \$74,409,032 and \$65,742,737 as of June 30, 2011 and 2010, respectively, and are summarized as follows:

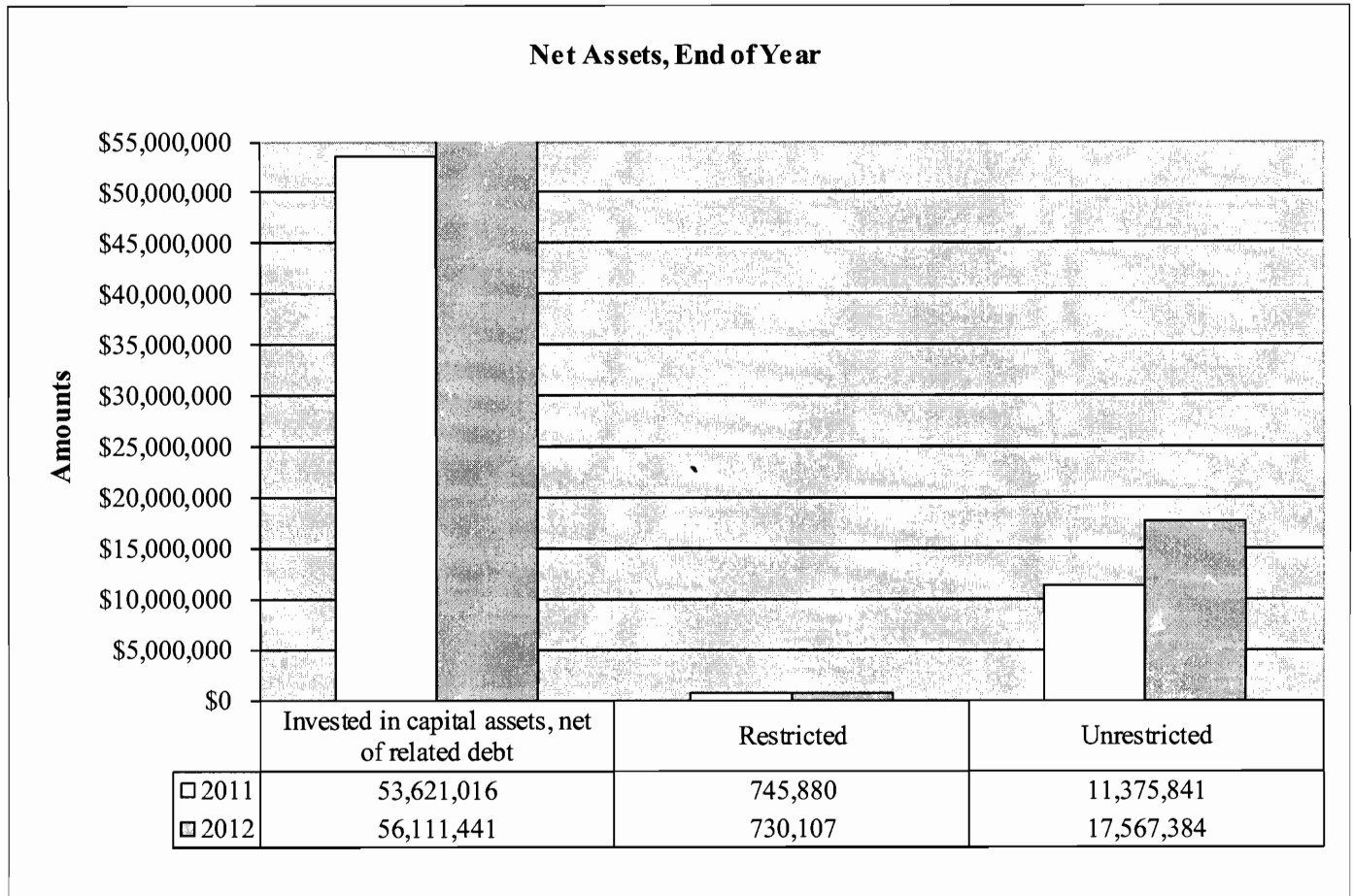
Town of Ellington			
Net Assets			
June 30, 2012			
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 16,098,095	\$ 7,605,019	\$ 23,703,114
Capital assets	59,665,458	10,979,304	70,644,762
Total assets	<u>75,763,553</u>	<u>18,584,323</u>	<u>94,347,876</u>
Other liabilities	2,453,991	312,515	2,766,506
Long-term debt outstanding	14,647,716	2,524,722	17,172,438
Total liabilities	<u>17,101,707</u>	<u>2,837,237</u>	<u>19,938,944</u>
Net assets:			
Invested in capital assets, net of related debt	46,867,137	9,244,304	56,111,441
Restricted	730,107	-	730,107
Unrestricted	11,064,602	6,502,782	17,567,384
Total net assets	<u>\$ 58,661,846</u>	<u>\$ 15,747,086</u>	<u>\$ 74,408,932</u>

Town of Ellington			
Net Assets			
June 30, 2011			
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 9,394,398	\$ 7,446,802	\$ 16,841,200
Capital assets	59,156,411	11,372,626	70,529,037
Total assets	<u>68,550,809</u>	<u>18,819,428</u>	<u>87,370,237</u>
Other liabilities	2,399,477	55,440	2,454,917
Long-term debt outstanding	16,192,335	2,980,248	19,172,583
Total liabilities	<u>18,591,812</u>	<u>3,035,688</u>	<u>21,627,500</u>
Net assets:			
Invested in capital assets, net of related debt	44,264,202	9,356,814	53,621,016
Restricted	745,880	-	745,880
Unrestricted	4,948,915	6,426,926	11,375,841
Total net assets	<u>\$ 49,958,997</u>	<u>\$ 15,783,740</u>	<u>\$ 65,742,737</u>

TOWN OF ELLINGTON, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Assets *(Continued)*



75.0% of the Town's net assets 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.

1.0% of the Town's net assets are subject to external restrictions on how they may be used and are therefore presented as restricted net assets.

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

Overall, net assets increased of \$8,666,195 or 13% in comparison to the prior year.

TOWN OF ELLINGTON, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Assets

Changes in net assets for the years ended June 30, 2012 and 2011 are as follows:

Town of Ellington Changes in Net Assets For the Year Ended June 30, 2012			
	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 1,801,809	\$ 2,450,216	\$ 4,252,025
Operating grants and contributions	19,523,956	-	19,523,956
Capital grants and contributions	3,653,853	-	3,653,853
General revenues:			
Property taxes	34,678,508	-	34,678,508
Grants and contributions not restricted to specific programs	126,120	-	126,120
Unrestricted investment earnings	(26,160)	2,410	(23,750)
Total revenues	<u>59,758,086</u>	<u>2,452,626</u>	<u>62,210,712</u>
Program expenses			
General government	1,456,022	-	1,456,022
Boards and agencies	100,911	-	100,911
Public safety	2,768,450	-	2,768,450
Public works	4,303,166	-	4,303,166
Recreation	445,570	-	445,570
Library	782,271	-	782,271
Human services	662,921	-	662,921
Town properties	550,227	-	550,227
Education	39,092,555	-	39,092,555
Interest on long-term debt	813,206	-	813,206
Sewer	-	2,569,218	2,569,218
Total expenses	<u>50,975,299</u>	<u>2,569,218</u>	<u>53,544,517</u>
Change in net assets before transfers	8,782,787	(116,592)	8,666,195
Transfers	<u>(79,938)</u>	<u>79,938</u>	<u>-</u>
Change in net assets	8,702,849	(36,654)	8,666,195
Net assets - beginning	<u>49,958,997</u>	<u>15,783,740</u>	<u>65,742,737</u>
Net assets - ending	<u>\$ 58,661,846</u>	<u>\$ 15,747,086</u>	<u>\$ 74,408,932</u>

TOWN OF ELLINGTON, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Assets *(Continued)*

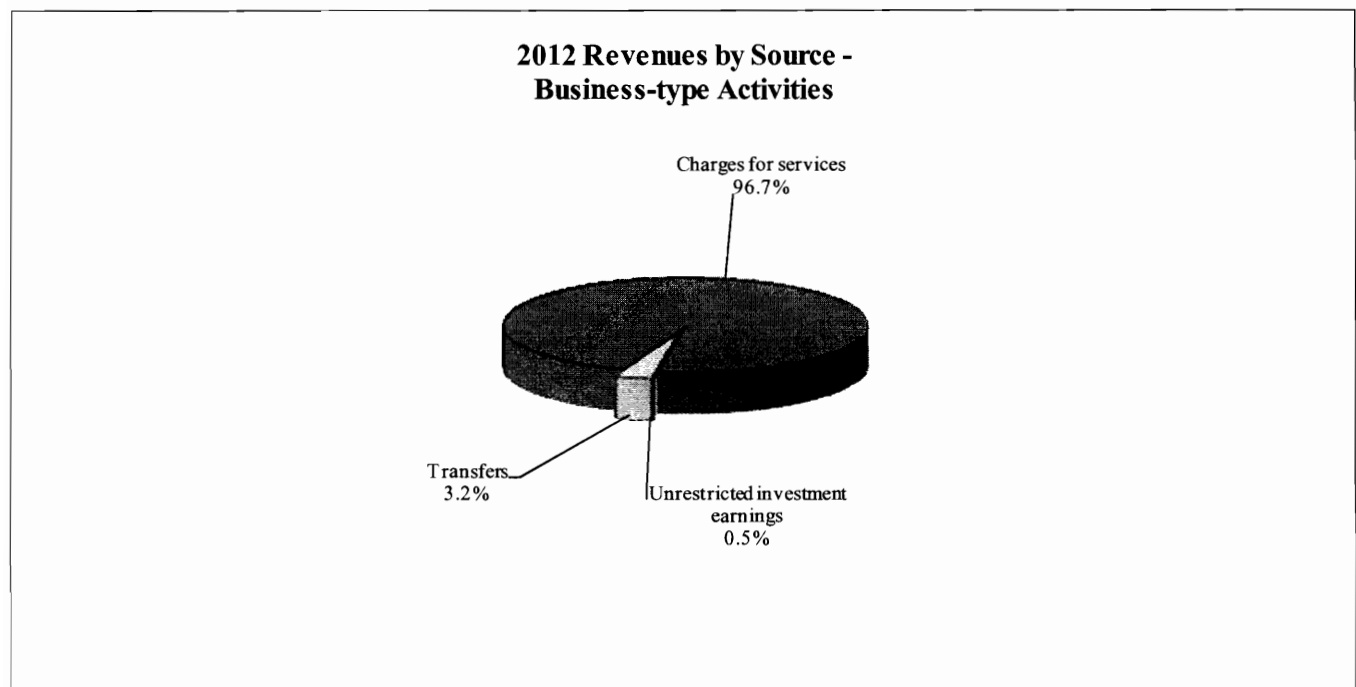
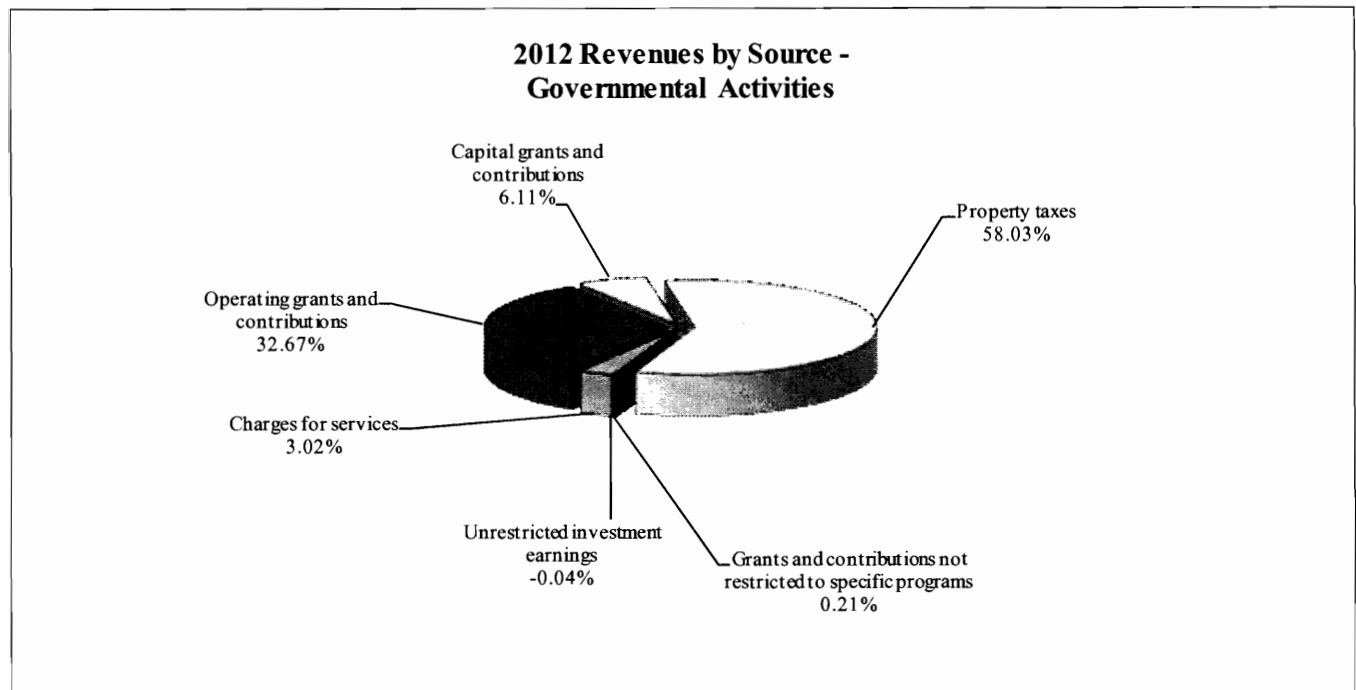
Town of Ellington Changes in Net Assets For the Year Ended June 30, 2011

	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 2,068,795	\$ 2,130,220	\$ 4,199,015
Operating grants and contributions	14,805,764	-	14,805,764
Capital grants and contributions	505,239	-	505,239
General revenues:			
Property taxes	32,363,818	-	32,363,818
Grants and contributions not restricted to specific programs	377,074	-	377,074
Unrestricted investment earnings	77,339	9,634	86,973
Miscellaneous	392,111	-	392,111
Total revenues	<u>50,590,140</u>	<u>2,139,854</u>	<u>52,729,994</u>
Program expenses			
General government	3,087,704	-	3,087,704
Boards and agencies	777,732	-	777,732
Public safety	2,736,137	-	2,736,137
Public works	4,729,479	-	4,729,479
Recreation	497,543	-	497,543
Library	920,980	-	920,980
Human services	718,395	-	718,395
Town properties	537,363	-	537,363
Education	35,852,412	-	35,852,412
Interest on long-term debt	558,382	-	558,382
Sewer	-	2,452,949	2,452,949
Total expenses	<u>50,416,127</u>	<u>2,452,949</u>	<u>52,869,076</u>
Change in net assets before transfers	174,013	(313,095)	(139,082)
Transfers	<u>(92,363)</u>	<u>92,363</u>	<u>-</u>
Change in net assets	<u>81,650</u>	<u>(220,732)</u>	<u>(139,082)</u>
Net assets - beginning	<u>49,877,347</u>	<u>16,004,472</u>	<u>65,881,819</u>
Net assets - ending	<u>\$ 49,958,997</u>	<u>\$ 15,783,740</u>	<u>\$ 65,742,737</u>

TOWN OF ELLINGTON, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

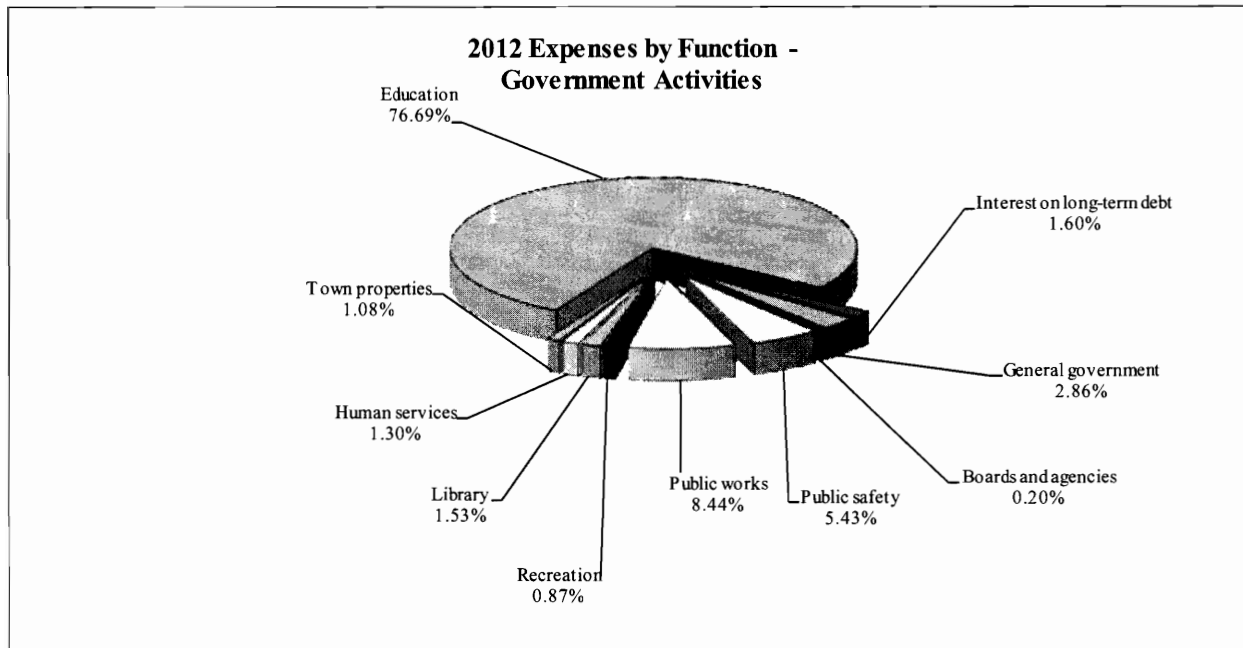
Changes in Net Assets (Continued)



TOWN OF ELLINGTON, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (*Continued*)

Changes in Net Assets (*Continued*)



Governmental Activities

Governmental activities increased the Town's net assets by \$8,702,849.

Business-type Activities

Business-type activities decreased the Town's net assets by \$36,654.

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 (*Continued*)

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 \$9,774,433, an increase of \$4,281,065 in comparison with the prior year. Of the total governmental fund balances, \$2,949,207 constitutes unassigned fund balance. The remainder of fund balance has been classified as either restricted, committed or assigned and is not available for other uses without authorization from the Board of Finance or external parties.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,337,577, while total fund balance was \$8,582,749. Committed fund balance for future "Capital Reserves" and "Capital and Nonrecurring" totaled \$4,274,790. The remaining \$970,382 of fund balance is assigned for various purposes by the Board of Finance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 6.8% of total General Fund expenditures, while total fund balance represents 17.6% of that same amount. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.2 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$1,733,916 during the current fiscal year.

High School/Center School Project Fund

The fund balance of the Town's High School/Center School Project Fund increased by \$3,047,525 due to the receipt of additional grant proceeds from the State of Connecticut related to the final close out of the project.

Small Cities Program Income Fund

The fund balance of the Town's Small Cities Program Income Fund decreased by \$32,211 due to the disbursement of funds for rehabilitation program expenditures.

Proprietary Funds

Unrestricted net assets of the Sewer Authority Fund and the Crystal Lake Sewers Fund at the end of the year totaled \$5,775,240 and \$812,093, respectively. The total increase/(decrease) in net assets for these funds was \$10,948 and (\$8,274), respectively.

TOWN OF ELLINGTON, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original expenditures budget and the final amended expenditures budget was an increase in appropriations of \$778,310. However, actual revenues were \$1,685,649 higher than anticipated and actual expenditures were \$756,841 lower than budgeted resulting in an increase to budgetary fund balance of \$999,740.

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, 2012 totaled \$70,644,762 (net of accumulated depreciation). This investment in capital assets includes an art collection, land, property development rights, construction in progress, buildings and improvements, equipment, vehicles, and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was \$115,725 which was comprised of a \$509,047 increase or a 0.9% increase for governmental activities and a \$393,322 or a 3.4% decrease for business-type activities.

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

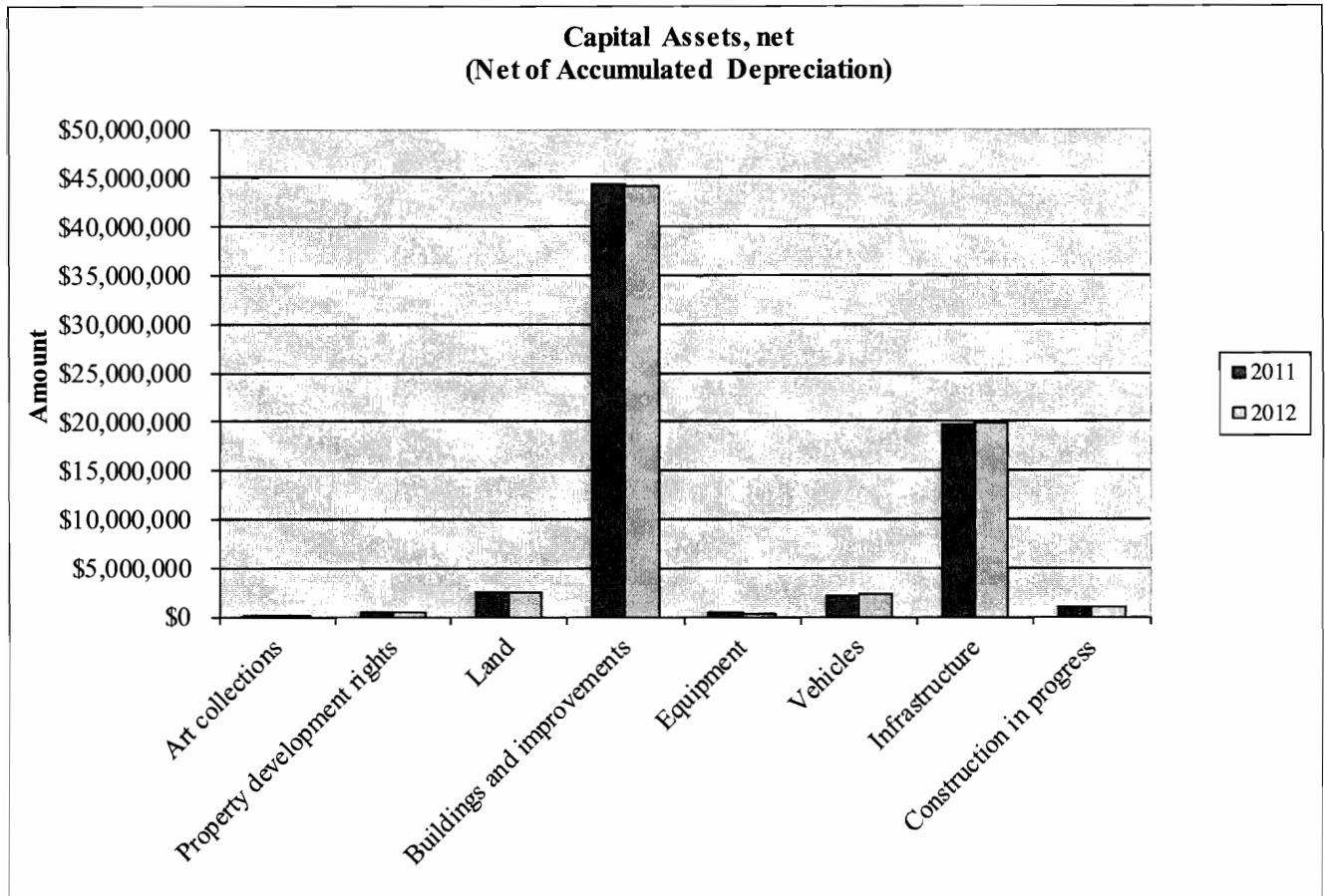
Town of Ellington
Capital Assets , net
June 30, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Art collections	\$ 35,598	\$ 35,598	\$ -	\$ -	\$ 35,598	\$ 35,598
Property development rights	489,361	489,361	-	-	489,361	489,361
Land	2,507,844	2,507,844	-	-	2,507,844	2,507,844
Buildings and improvements	44,141,855	44,353,284	-	-	44,141,855	44,353,284
Equipment	276,503	320,053	46,709	58,306	323,212	378,359
Vehicles	2,384,673	2,197,597	-	-	2,384,673	2,197,597
Infrastructure	8,906,307	8,329,357	10,921,570	11,303,295	19,827,877	19,632,652
Construction in progress	923,317	923,317	11,025	11,025	934,342	934,342
Totals	<u>\$ 59,665,458</u>	<u>\$ 59,156,411</u>	<u>\$ 10,979,304</u>	<u>\$ 11,372,626</u>	<u>\$ 70,644,762</u>	<u>\$ 70,529,037</u>

TOWN OF ELLINGTON, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)



Additional information on the Town's capital assets can be found in Note 4 on pages 43 and 44 of this report.

TOWN OF ELLINGTON, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Long-term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$12,910,000. This entire amount is comprised of debt backed by the full faith and credit of the Town.

The Town's total bonded debt decreased by \$1,610,000 or 11%.

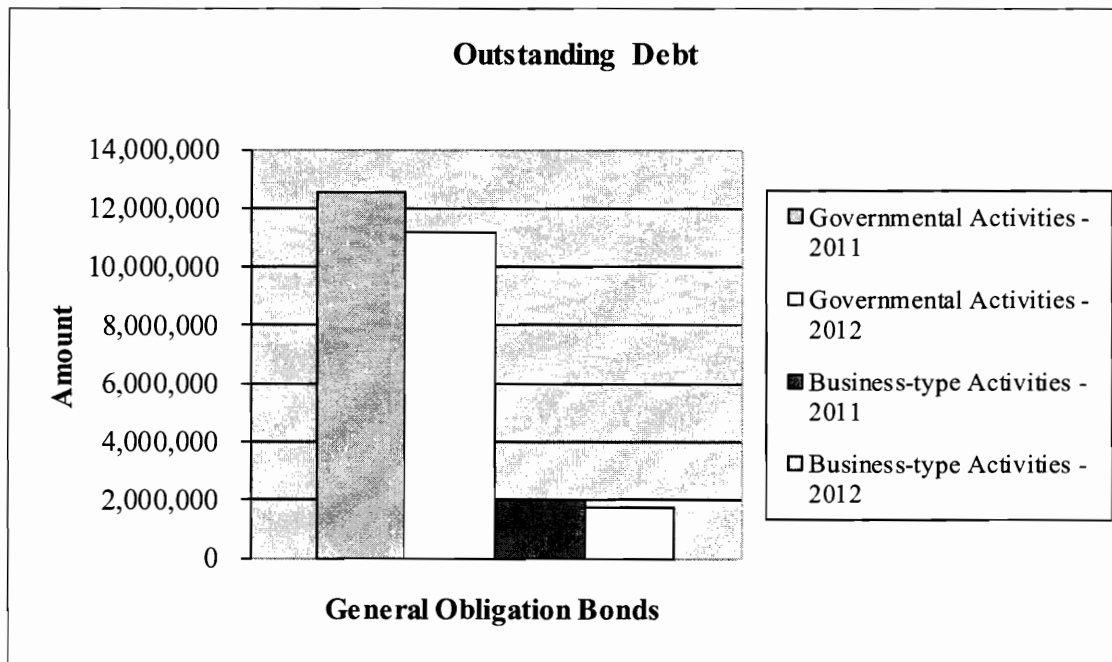
The Town maintains an Aa3 rating from Moody's Investor Service.

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 \$242,603,977, which is significantly in excess of the Town's outstanding general obligation debt.

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

**Town of Ellington
Long-term Debt
June 30, 2012 and 2011**

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 11,175,000	\$ 12,520,000	\$ 1,735,000	\$ 2,000,000	\$ 12,910,000	\$ 14,520,000



Additional information on the Town's long-term debt can be found in Note 8 on pages 47-51 of this report.

TOWN OF ELLINGTON, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)

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 2012 and thereafter.
- The unemployment rate in the Town compares favorably to the State's average unemployment rate and the national unemployment rate.
- Inflationary trends in the region approximate the national indices.

All of these factors were considered in preparing the Town's budget for fiscal year 2012.

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 ASSETS
JUNE 30, 2012

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 960,465	\$ -	\$ 960,465
Investments	10,145,411	5,145,855	15,291,266
Receivables:			
Property taxes receivable, net of allowance for uncollectibles of \$174,633	917,676	-	917,676
Sewer usage charges receivable, net of allowance for uncollectibles of \$5,248	-	98,012	98,012
Solid waste charges receivable, net of allowance for uncollectibles of \$13,143	-	77,549	77,549
Assessments, interest and liens receivable	-	118,089	118,089
Grants and contracts receivable, current portion	904,454	-	904,454
Interest, net of allowance for uncollectibles of \$246,000	283,985	-	283,985
Other	2,700,698	-	2,700,698
Internal balances	(262,575)	262,575	-
Inventories	8,612	-	8,612
Prepaid expenses	22,735	-	22,735
Grants and contracts receivable, long-term portion	271,250	-	271,250
Deferred bond issuance costs, net	145,384	-	145,384
Deferred asset - pump station	-	779,180	779,180
Long-term assessment receivable	-	1,123,759	1,123,759
Capital assets:			
Non-depreciable	3,956,120	11,025	3,967,145
Depreciable, net	55,709,338	10,968,279	66,677,617
Total assets	<u>75,763,553</u>	<u>18,584,323</u>	<u>94,347,876</u>
LIABILITIES			
Accounts payable	1,550,579	241,012	1,791,591
Accrued liabilities:			
Accrued interest	-	1,500	1,500
Other accrued liabilities	51,544	-	51,544
Due to funding source	14,995	-	14,995
Unearned revenue	426,873	70,003	496,876
Bond anticipation note payable	410,000	-	410,000
Noncurrent liabilities:			
Due within one year:			
Bonds payable	1,295,000	260,000	1,555,000
Note payable	15,529	185,256	200,785
Capital leases	348,600	-	348,600
Compensated absences	43,946	-	43,946
Due in more than one year:			
Bonds payable	10,302,777	1,485,542	11,788,319
Note payable	179,781	593,924	773,705
Capital leases	656,634	-	656,634
Compensated absences	1,247,687	-	1,247,687
Other post employment benefits	557,762	-	557,762
Total liabilities	<u>17,101,707</u>	<u>2,837,237</u>	<u>19,938,944</u>
NET ASSETS			
Invested in capital assets, net of related debt	46,867,137	9,244,304	56,111,441
Restricted for endowments:			
Expendable	52,497	-	52,497
Nonexpendable	677,610	-	677,610
Unrestricted	11,064,602	6,502,782	17,567,384
Total net assets	<u>\$ 58,661,846</u>	<u>\$ 15,747,086</u>	<u>\$ 74,408,932</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, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government:							
Governmental activities:							
General government	\$ 1,456,022	\$ 438,631	\$ 299,251	\$ -	\$ (718,140)	\$ -	\$ (718,140)
Boards and agencies	100,911	-	-	-	(100,911)	-	(100,911)
Public safety	2,768,450	399,634	1,789	-	(2,367,027)	-	(2,367,027)
Public works	4,303,166	-	784,136	383,065	(3,135,965)	-	(3,135,965)
Recreation	445,570	359,494	41,333	-	(44,743)	-	(44,743)
Library	782,271	-	-	-	(782,271)	-	(782,271)
Human services	662,921	26,259	2,862,153	-	2,225,491	-	2,225,491
Town properties	550,227	-	45,421	213,272	(291,534)	-	(291,534)
Education	39,092,555	577,791	15,489,873	3,057,516	(19,967,375)	-	(19,967,375)
Interest on long-term debt	813,206	-	-	-	(813,206)	-	(813,206)
Total governmental activities	50,975,299	1,801,809	19,523,956	3,653,853	(25,995,681)	-	(25,995,681)
Business-type activities:							
Sewer and Solid waste	2,569,218	2,450,216	-	-	-	(119,002)	(119,002)
Total business-type activities	2,569,218	2,450,216	-	-	-	(119,002)	(119,002)
Total primary government	\$ 53,544,517	\$ 4,252,025	\$ 19,523,956	\$ 3,653,853	(25,995,681)	(119,002)	(26,114,683)
General revenues:							
Property taxes, levied for general purposes					34,678,508	-	34,678,508
Grants and contributions not restricted to specific programs					126,120	-	126,120
Unrestricted investment earnings					(26,160)	2,410	(23,750)
Transfers					(79,938)	79,938	-
Total general revenues					34,698,530	82,348	34,780,878
Change in net assets					8,702,849	(36,654)	8,666,195
Net assets - beginning					49,958,997	15,783,740	65,742,737
Net assets - ending					\$ 58,661,846	\$ 15,747,086	\$ 74,408,932

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

TOWN OF ELLINGTON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	High School/ Center School Project	Small Cities Program Income Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 375,738	\$ -	\$ -	\$ 584,727	\$ 960,465
Investments	7,941,657	-	29,342	2,174,412	10,145,411
Receivables:					
Property taxes receivable, net of allowance for uncollectibles of \$174,635	917,676	-	-	-	917,676
Grants and contracts receivable	505,899	-	-	490,024	995,923
Other	147,000	-	2,432,446	121,252	2,700,698
Due from other funds	1,721,067	350,612	-	61,451	2,133,130
Prepaid expenses	22,735	-	-	-	22,735
Inventories	-	-	-	8,612	8,612
Total assets	<u>\$ 11,631,772</u>	<u>\$ 350,612</u>	<u>\$ 2,461,788</u>	<u>\$ 3,440,478</u>	<u>\$ 17,884,650</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,211,498	\$ -	\$ -	\$ 340,378	\$ 1,551,876
Accrued liabilities	51,544	-	-	-	51,544
Due to other funds	957,906	-	353	1,436,149	2,394,408
Unearned/deferred revenue	828,075	-	2,432,446	426,873	3,687,394
Due to funding source	-	-	-	14,995	14,995
Bond anticipation note payable	-	-	-	410,000	410,000
Total liabilities	<u>3,049,023</u>	<u>-</u>	<u>2,432,799</u>	<u>2,628,395</u>	<u>8,110,217</u>
Fund balances:					
Nonspendable:					
Endowments	-	-	-	52,497	52,497
Inventories	-	-	-	8,612	8,612
Committed:					
Capital reserves	3,778,650	-	-	-	3,778,650
Capital and nonrecurring	496,140	-	-	-	496,140
Capital purchases	-	-	-	326,769	326,769
School lunch operations	-	-	-	178,444	178,444
Public safety	-	-	-	443,547	443,547
Human services	-	-	-	55,511	55,511
Town properties	-	-	-	409,234	409,234
Land use	-	-	-	60,388	60,388
General government	-	-	-	45,052	45,052
Assigned:					
General government	683,775	-	-	-	683,775
Public works	238,332	-	-	-	238,332
Public safety	-	-	-	-	-
Sanitation	48,275	-	-	-	48,275
Unassigned	3,337,577	350,612	28,989	(767,971)	2,949,207
Total fund balances	<u>8,582,749</u>	<u>350,612</u>	<u>28,989</u>	<u>812,083</u>	<u>9,774,433</u>
Total liabilities and fund balances	<u>\$ 11,631,772</u>	<u>\$ 350,612</u>	<u>\$ 2,461,788</u>	<u>\$ 3,440,478</u>	<u>\$ 17,884,650</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 ASSETS
JUNE 30, 2012

Total fund balances for governmental funds \$ 9,774,433

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

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

Land	\$	2,507,844	
Arts collection		35,598	
Property development rights		489,361	
Construction in progress		923,317	
Buildings and improvements		69,288,345	
Equipment		2,336,082	
Vehicles		7,652,462	
Infrastructure		11,236,893	
Less: accumulated depreciation and amortization		<u>(34,804,444)</u>	
Total capital assets, net			59,665,458

School construction grants receivable from the State of Connecticut are not susceptible to accrual and are, therefore, not reported in the funds. 179,781

Bond issuance costs are recorded as expenditures in the governmental funds. However, these costs are deferred and amortized over the life of the related debt in the statement of net assets.

Bond issuance costs	201,271		
Less: accumulated amortization		<u>(55,887)</u>	
Total bond issuance costs, net			145,384

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 revenue in the funds. 3,260,521

Accrued interest on property taxes net of related allowance for uncollectibles are not susceptible to accrual and therefore are not reported in the funds. 283,985

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 assets.

Long-term debt:			
Bonds payable	(11,175,000)		
Unamortized premiums		(643,943)	
Deferred amount on refundings		221,166	
Obligations under capital lease		(1,005,234)	
Note payable		(195,310)	
Other long-term liabilities:			
Compensated absences		(1,291,633)	
Net OPEB obligation		<u>(557,762)</u>	
Total long-term liabilities			<u>(14,647,716)</u>

Net assets of governmental activities \$ 58,661,846

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	High School/ Center School Project	Small Cities Program Income Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 34,334,410	\$ -	\$ -	\$ -	\$ 34,334,410
Licenses, permits and fees	306,798	-	-	-	306,798
Intergovernmental	14,663,268	3,049,268	850	2,811,610	20,524,996
Charges for services	780,248	-	-	443,417	1,223,665
Food sales	-	-	-	577,294	577,294
Interest and dividends	6	-	8	1,131	1,145
Net decrease in the fair value of investments	-	-	-	(27,305)	(27,305)
Other income	387,107	-	-	79,232	466,339
Total revenues	<u>50,471,837</u>	<u>3,049,268</u>	<u>858</u>	<u>3,885,379</u>	<u>57,407,342</u>
EXPENDITURES					
Current:					
General government	1,351,347	-	-	-	1,351,347
Boards and agencies	87,726	-	-	-	87,726
Public safety	2,165,477	-	-	-	2,165,477
Public works	3,550,914	-	-	-	3,550,914
Recreation	387,352	-	-	-	387,352
Library	629,923	-	-	-	629,923
Human services	576,304	-	-	-	576,304
Town properties	478,335	-	-	-	478,335
Education	33,773,953	-	-	-	33,773,953
Miscellaneous	2,991,321	-	-	4,784	2,996,105
Program expenditures	-	-	33,069	3,433,791	3,466,860
Debt service:					
Principal payments	1,788,868	-	-	-	1,788,868
Interest and fiscal charges	481,770	-	-	-	481,770
Bond Issuance costs	125,092	-	-	-	125,092
Capital outlays	455,800	1,743	-	853,862	1,311,405
Total expenditures	<u>48,844,182</u>	<u>1,743</u>	<u>33,069</u>	<u>4,292,437</u>	<u>53,171,431</u>
Deficiency of revenues over expenditures	1,627,655	3,047,525	(32,211)	(407,058)	4,235,911
OTHER FINANCING SOURCES (USES)					
Proceeds from refundng bonds issued	8,240,000	-	-	-	8,240,000
Premium on refunding bonds issued	606,812	-	-	-	606,812
Payment to refunded bonds escrow agent	(8,721,720)	-	-	-	(8,721,720)
Transfers in	76,092	-	-	14,985	91,077
Transfers out	(94,923)	-	-	(76,092)	(171,015)
Total other financing sources (uses)	<u>106,261</u>	<u>-</u>	<u>-</u>	<u>(61,107)</u>	<u>45,154</u>
Net change in fund balances	1,733,916	3,047,525	(32,211)	(468,165)	4,281,065
Fund balances (deficit) - beginning	6,848,833	(2,696,913)	61,200	1,280,248	5,493,368
Fund balances (deficit) - ending	<u>\$ 8,582,749</u>	<u>\$ 350,612</u>	<u>\$ 28,989</u>	<u>\$ 812,083</u>	<u>\$ 9,774,433</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, 2012**

Net change in fund balances for governmental funds \$ 4,281,065

Total change in net assets 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	\$	2,362,365	
Depreciation and amortization expense		(1,841,932)	
Net adjustment			520,433

The statement of activities reports losses from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on the sale of capital assets. (11,386)

Intergovernmental revenue on school construction grants is not susceptible to accrual and, therefore, is only reported as revenue in the funds when the cash is received by the Town. In the government-wide financial statements, the cash received reduces the grant receivable recognized in the government-wide statement of net assets. (91,468)

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 assets. Also, governmental funds report the effect of issuance costs, 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:			
Deferred amount on refunding		331,436	
Premium on bonds issued		(606,812)	
Refunding bonds payable		(8,240,000)	
Bond issuance costs		125,092	
Amortization of bond issuance costs		(107,066)	
Amortization of bond premium		121,690	
Amortization of deferred amount on refunding		(102,231)	
Principal repayments:			
Bonds payable		9,585,000	
Capital leases		580,468	
Note payable		13,684	
Net adjustment			1,701,261

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 *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2012

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	\$ 18,879	
Net OPEB obligation	<u>(158,147)</u>	
		\$ (139,268)

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred revenues in governmental funds. This amount represents the change in deferred revenue. 2,404,912

Interest on property taxes receivable are not susceptible to accrual and therefore are only reported as revenue in the funds when the cash is received by the Town. The change in interest receivable during the year reduced revenues recognized in the funds. 37,300

Change in net assets of governmental activities \$ 8,702,849

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
REVENUES				
Property taxation	\$ 33,819,822	\$ 33,819,822	\$ 34,641,208	\$ 821,386
Intergovernmental - education	9,776,934	9,776,934	9,741,394	(35,540)
Intergovernmental - other	441,871	441,871	1,158,987	717,116
Charges for goods and services	679,109	679,109	780,248	101,139
Interest and dividends	25,000	25,000	-	(25,000)
Other revenues	621,750	621,750	728,298	106,548
Total revenues	<u>45,364,486</u>	<u>45,364,486</u>	<u>47,050,135</u>	<u>1,685,649</u>
EXPENDITURES				
Current:				
General government	1,378,187	1,415,168	1,369,019	(46,149)
Boards and agencies	102,411	102,411	87,726	(14,685)
Public safety	2,174,715	2,209,197	2,175,237	(33,960)
Public works	3,537,480	3,643,676	3,564,975	(78,701)
Recreation	441,731	444,896	387,352	(57,544)
Library	629,923	629,923	629,923	-
Human services	587,386	601,914	570,304	(31,610)
Town properties	436,213	480,821	478,335	(2,486)
Miscellaneous	2,892,394	3,345,244	3,091,323	(253,921)
Education	30,033,940	30,033,940	30,011,166	(22,774)
Debt service	2,843,117	2,843,117	2,630,561	(212,556)
Capital outlays	971,429	1,056,929	1,054,474	(2,455)
Total expenditures	<u>46,028,926</u>	<u>46,807,236</u>	<u>46,050,395</u>	<u>(756,841)</u>
Excess (deficiency) of revenues over expenditures	(664,440)	(1,442,750)	999,740	2,442,490
OTHER FINANCING SOURCES				
Appropriation of fund balance	<u>664,440</u>	<u>1,442,750</u>	<u>-</u>	<u>(1,442,750)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>999,740</u>	<u>\$ 999,740</u>
Fund balance - beginning of year			<u>5,206,650</u>	
Fund balance - ending of year			<u>\$ 6,206,390</u>	

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities - Enterprise Funds			
	Sewer Authority Fund	Crystal Lake Sewers Fund	Other Enterprise Funds	Total
ASSETS				
Current assets:				
Investments	\$ 4,402,043	\$ 743,812	\$ -	\$ 5,145,855
Receivables:				
Sewer user charges receivable, net of allowance for uncollectibles of \$5,428	98,012	-	-	98,012
Solid waste charges receivable, net of allowance for uncollectibles of \$13,143	-	35,605	41,944	77,549
Assessments, interest and liens receivable	116,282	1,807	-	118,089
Due from other funds	492,086	53,031	-	545,117
Prepaid expenses	-	-	-	-
Total current assets	<u>5,108,423</u>	<u>834,255</u>	<u>41,944</u>	<u>5,984,622</u>
Noncurrent assets:				
Deferred asset - pump station	779,180	-	-	779,180
Long-term assessments receivable	975,528	110,048	38,183	1,123,759
Capital assets:				
Construction in progress	-	11,025	-	11,025
Depreciable, net	6,975,475	3,992,804	-	10,968,279
Total noncurrent assets	<u>8,730,183</u>	<u>4,113,877</u>	<u>38,183</u>	<u>12,882,243</u>
Total assets	<u>13,838,606</u>	<u>4,948,132</u>	<u>80,127</u>	<u>18,866,865</u>
LIABILITIES				
Current liabilities:				
Accounts payable	241,012	-	-	241,012
Accrued interest	-	1,500	-	1,500
Unearned revenue	67,599	2,404	-	70,003
Due to other funds	100	117,764	164,678	282,542
Bonds payable - current	75,000	185,000	-	260,000
Note payable - current	185,256	-	-	185,256
Total current liabilities	<u>568,967</u>	<u>306,668</u>	<u>164,678</u>	<u>1,040,313</u>
Noncurrent liabilities:				
Bonds payable	1,300,000	185,542	-	1,485,542
Note payable	593,924	-	-	593,924
Total noncurrent liabilities	<u>1,893,924</u>	<u>185,542</u>	<u>-</u>	<u>2,079,466</u>
Total liabilities	<u>2,462,891</u>	<u>492,210</u>	<u>164,678</u>	<u>3,119,779</u>
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	5,600,475	3,643,829	-	9,244,304
Unrestricted (deficit)	5,775,240	812,093	(84,551)	6,502,782
Total net assets (deficit)	<u>\$ 11,375,715</u>	<u>\$ 4,455,922</u>	<u>\$ (84,551)</u>	<u>\$ 15,747,086</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 ASSETS (DEFICIT)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Business-type Activities - Enterprise Funds			
	Sewer Authority Fund	Crystal Lake Sewers Fund	Other Enterprise Funds	Total
OPERATING REVENUES				
Assessments	\$ 309,955	\$ 32,616	\$ -	\$ 342,571
User charges, interest and lien fees	1,348,325	192,856	-	1,541,181
Permits and fees	6,600	900	-	7,500
Solid waste fees	-	-	515,537	515,537
Other	43,427	-	-	43,427
Total operating revenues	<u>1,708,307</u>	<u>226,372</u>	<u>515,537</u>	<u>2,450,216</u>
OPERATING EXPENSES				
Salaries and benefits	86,511	-	-	86,511
Services and supplies	2,460	-	-	2,460
Sewer capacity charges -Town of Vernon	966,067	-	-	966,067
Sewer capacity charges - Town of Stafford	-	19,759	-	19,759
Depreciation and amortization	262,931	134,835	-	397,766
Utilities	34,293	12,555	-	46,848
General maintenance and repairs	72,798	56,584	-	129,382
Engineering	394	42,391	-	42,785
Public works and administrative expenses	271,423	-	523,811	795,234
Legal	1,585	118	-	1,703
Advertising	1,201	-	-	1,201
Other	-	3,272	-	3,272
Total operating expenses	<u>1,699,663</u>	<u>269,514</u>	<u>523,811</u>	<u>2,492,988</u>
Operating income (loss)	8,644	(43,142)	(8,274)	(42,772)
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment income	2,304	106	-	2,410
Debt service-interest expense	(62,688)	(11,980)	-	(74,668)
Debt issuance costs - amortization	-	(1,562)	-	(1,562)
Total non-operating expenses	<u>(60,384)</u>	<u>(13,436)</u>	<u>-</u>	<u>(73,820)</u>
Loss before transfers in	(51,740)	(56,578)	(8,274)	(116,592)
OTHER FINANCING SOURCES				
Transfers in	<u>62,688</u>	<u>17,250</u>	<u>-</u>	<u>79,938</u>
Change in net assets	10,948	(39,328)	(8,274)	(36,654)
Net assets (deficit) - beginning	<u>11,364,767</u>	<u>4,495,250</u>	<u>(76,277)</u>	<u>15,783,740</u>
Net assets (deficit) - ending	<u>\$ 11,375,715</u>	<u>\$ 4,455,922</u>	<u>\$ (84,551)</u>	<u>\$ 15,747,086</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, 2012

	Business-type Activities - Enterprise Funds			
	Sewer Authority Fund	Crystal Lake Sewers Fund	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,606,620	\$ 211,538	\$ 509,535	\$ 2,327,693
Receipts from interfund services provided	-	117,041	14,277	131,318
Payments to suppliers	(924,573)	(134,679)	(523,812)	(1,583,064)
Payments for interfund services	(336,114)	-	-	(336,114)
Payments to employees	(271,423)	-	-	(271,423)
Net cash provided by operating activities	<u>74,510</u>	<u>193,900</u>	<u>-</u>	<u>268,410</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(2,105)	(2,339)	-	(4,444)
Principal paid on capital debt	(260,256)	(196,832)	-	(457,088)
Interest paid on capital debt	(62,688)	(11,980)	-	(74,668)
Transfers in	62,688	17,250	-	79,938
Net cash used in capital and related financing activities	<u>(262,361)</u>	<u>(193,901)</u>	<u>-</u>	<u>(456,262)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from (purchases of) investments, net	185,547	(105)	-	185,442
Interest and dividends	2,304	106	-	2,410
Net cash provided by investing activities	<u>187,851</u>	<u>1</u>	<u>-</u>	<u>187,852</u>
Net decrease in cash and cash equivalents	-	-	-	-
Cash and cash equivalents, beginning of year	-	-	-	-
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating loss to net cash provided by operating activities:				
Operating income (loss)	\$ 8,644	\$ (43,142)	\$ (8,274)	\$ (42,772)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation and amortization expense	262,931	134,835	-	397,766
(Increase) decrease in assets:				
Sewer usage receivable, net	(2,730)	3,507	-	777
Solid waste usage receivable, net	-	-	(6,002)	(6,002)
Assessment, interest and liens receivable	(98,927)	12,659	-	(86,268)
Due from other funds	(364,721)	(37,095)	-	(401,816)
Long-term assessments receivable	234,461	11,126	-	245,587
Prepaid expenses	-	4,694	-	4,694
Increase (decrease) in liabilities:				
Accounts payable	240,736	-	-	240,736
Unearned revenue	16,339	-	-	16,339
Due to other funds	(222,223)	107,316	14,276	(100,631)
Net cash provided by operating activities	<u>\$ 74,510</u>	<u>\$ 193,900</u>	<u>\$ -</u>	<u>\$ 268,410</u>

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Private- Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 99,409	\$ 480,684
Investments	348,656	12,048
Due from other funds	726	-
Total assets	<u>448,791</u>	<u>492,732</u>
LIABILITIES		
Due to other funds	2,023	-
Due to others	-	492,732
Total liabilities	<u>2,023</u>	<u>\$ 492,732</u>
NET ASSETS		
Held in trust for other purposes	<u>\$ 446,768</u>	

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Private- Purpose Trust Funds
ADDITIONS	
Contributions - private donations	\$ 140,689
Other income	21,467
Total contributions	<u>162,156</u>
Investment earnings (loss):	
Interest	178
Net decrease in the fair value of investments	<u>(7,048)</u>
Total investment earnings	<u>(6,870)</u>
Total additions	<u>155,286</u>
DEDUCTIONS	
Other expenditures	20,196
Program expenditures	<u>84,276</u>
	<u>104,472</u>
Change in net assets	50,814
Net assets - beginning	<u>395,954</u>
Net assets - ending	<u><u>\$ 446,768</u></u>

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012.

The Board of Selectmen is also responsible for appointing a Board member to the Town's regional group for public health. Amounts paid to the health district amounted to \$61,837 for the year ended June 30, 2012.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The statement of net assets 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.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2012

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (*Continued*)

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.

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.

High School/Center School Project Fund – This fund accounts for all activity pertaining to the renovations taking place at Ellington High School and Center School.

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

The Town reports the following major enterprise funds:

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

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

In addition, the Town reports the following fund types:

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

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2012

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide, Proprietary and Fiduciary Fund Financial Statements

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

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

Governmental Fund Financial Statements

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

ASSETS, LIABILITIES AND FUND EQUITY

Cash Equivalents

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents and consist of a money market account totaling \$111,659.

Investments

The Town presents all investments at fair value, except for money market investments, which the Town has elected to report at amortized cost.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2012

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

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

Investments (*Continued*)

The fair value of investments traded on public markets is determined using quoted market prices. The Town invests in the State Treasurer's Short-Term Investment Fund (STIF), which is an investment pool managed by the State Treasurer's Office and in the Cooperative Liquid Assets Security Fund (CLASS), which is an investment pool managed by Cutwater Asset Management. The Town's balance in the pools is reported at net asset value, which are representative of the fair value of the pools' shares.

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 \$52,497 as of June 30, 2012 and are included in restricted net assets. 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. Based on historical collection experience and other factors, the Town has established an allowance for doubtful accounts of \$174,633 as of June 30, 2012.

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 revenue.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2012

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

ASSETS, LIABILITIES AND 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 and Prepaid Items

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

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

Capital Assets

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

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

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

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

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2012

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

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

Deferred Asset – Waste Water Treatment Facility

The Town has an operating agreement with a nearby town that owns and operates a waste water treatment facility ("Facility"), which the Town pays an annual user fee in order to use. In 1992, the Facility incurred significant upgrades to improve its operations. These upgrades are to be repaid by all towns that are using the Facility on an allocated basis. The Town has a note payable with the Facility for the Town's portion of the facility upgrades that is due in 2016. As of June 30, 2012, the Town has a noncurrent asset in the Sewer Authority Fund of \$779,180, which represents the remaining value of allocated upgrades and the amount still owed by the Town to the Facility. This amount will be amortized over the life of the note payable between the Town and the Facility.

Unearned/Deferred Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not available during the current period.

Compensated Absences

Town employees are not entitled to accumulate vacation and sick leave. Board of Education employees accumulate vacation and sick leave for subsequent use or for payment upon termination or retirement. Compensated absences are accrued when incurred in the government-wide financial statements. Vacation and sick leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year, or the amount is expected to be paid with available resources.

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, 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 reported as deferred charges.

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2012

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

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

Fund Equity

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

Invested in capital assets, net of related debt - 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 assets - This category consists of net assets 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 assets - This category consists of net assets which do not meet the definition of the two preceding categories.

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

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

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

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

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

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

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

The amount committed for Capital Reserves in the General Fund totaling \$3,778,650 was created by the Board of Finance, as mandated by Section 1004 of the Town Charter, to maintain a reserve of at least 5% of the total expenditures for the current year. No expenditure or transfer may be made from the Capital Reserves without the approval of the Board of Finance. Each year, the Board of Finance transfers the unallocated contingency fund and the capital reserve fund totaling \$150,000 and \$148,633, respectively, for 2012 to this account.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2012

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

INTERFUND ACTIVITIES

Interfund activities are reported as follows:

Interfund Receivables and Payables

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

Interfund Services Provided and Used

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

Interfund Transfers

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

Interfund Reimbursements

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

USE OF ESTIMATES

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2012

NOTE 2 - BUDGETARY INFORMATION AND DEFICIT FUND EQUITY

BUDGETARY INFORMATION

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

- The Board of Finance submits a proposed operating budget for the fiscal year commencing July 1 to a public budget hearing, at which taxpayer comments are obtained. The Board of Finance then prepares the recommended Town budget, which it presents at the annual Town meeting held on the second Tuesday in May. The operating budget includes proposed expenditures and the means of financing them.
- Expenditures are budgeted by function, department and object. Management may not exceed appropriations at the department level and must seek approval from the Board of Finance to reassign resources within a department, except for the Board of Education. The Board of Education may reassign resources within its department without seeking Board of Finance approval. The legal level of budgetary control (the level at which expenditures may not exceed appropriations) is the department level for the Board of Education and the object level for all other departments. Because the legal level of control is more detailed than the accompanying budgetary comparison schedule presented herein, a separately issued budgetary report demonstrating legal compliance with the adopted budget is available from the Town. The Board of Finance is authorized to transfer budgeted amounts within and between departments and objects. Additional appropriations of less than \$40,000 must be approved by the Board of Finance. Appropriations in excess of \$40,000 must be approved at a Town meeting. During the year, the Board of Finance and, where required, Town meetings, approved additional appropriations from fund balance of \$778,310
- 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.

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, 2012:

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

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

BUDGETARY INFORMATION (Continued)

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Sources (Uses) - Transfers, net</u>	<u>Net Change in Fund Balance</u>	<u>Fund Balance</u>
Budgetary basis	\$ 47,050,135	\$ 46,050,395	\$ -	\$ 999,740	\$ 6,206,390
"On-behalf" payments - State Teachers Retirement Fund (see Note 10)	3,298,211	3,298,211	-	-	-
Changes in encumbrances:					
June 30, 2011	-	202,838	-	(202,838)	-
June 30, 2012	-	(238,332)	-	238,332	238,332
Certain transfers recorded as revenues/expenditures for budgetary purposes	(76,092)	(94,923)	(18,831)	-	-
Changes in designations recorded as expenditures for budgetary purposes:					
Capital projects	-	(298,633)	-	298,633	1,836,072
Capital and nonrecurring	-	(300,042)	-	300,042	(146,321)
Post employment benefits	-	(100,000)	-	100,000	400,000
Reimbursement for special education costs recorded as a reduction to expenditures for budgetary purposes	464,576	464,576	-	-	-
Reimbursement from proprietary fund recorded as revenue for budgetary purposes	(265,000)	(265,000)	-	-	-
Certain transactions related to issuance of refunding bonds:					
Proceeds from refunding bonds	-	-	8,240,000	-	-
Premium on refunding bonds	-	-	606,812	-	-
Payment to escrow agent	-	-	(8,721,720)	-	-
Bond issuance costs	-	125,092	-	-	-
Budgetary perspective difference:					
CRRA Sanitation Control Fund	7	-	-	7	48,276
GAAP basis	<u>\$ 50,471,837</u>	<u>\$ 48,844,182</u>	<u>\$ 106,261</u>	<u>\$ 1,733,916</u>	<u>\$ 8,582,749</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

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

DEFICIT FUND EQUITY

The following funds have deficit fund balances as of June 30, 2012, none of which constitutes a violation of statutory provisions:

Fund	Amount
Partnership Success Initiative Fund	\$ 17
Dojo Association Fund	412,949
Hall HVAC System Fund	312,013
59 South Road Fund	342,347
Windermere Heat Control Fund	311,640
Sewer Center Building	96905
CLS Add/Renovate	517
Windermere School Alt	73

The deficit in the Partnership Success Initiative Fund will be funded through future revenues. The deficits in the Dojo Association Fund, Hall HVAC System Fund, 59 South Road Fund, and the Windermere Heat Control Fund will be funded through the future issuance of bonds. The deficit in the Solid Waste Collection Fund and the Watermains, Tripp and Middle Roads Fund will be funded through future operations and transfers from the General Fund.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS – CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$1,696,421 of the Town's bank balance of \$5,302,880 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,542,201
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	154,220
	<u>\$ 1,696,421</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

CASH DEPOSITS – CUSTODIAL CREDIT RISK (Continued)

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.

The Town's cash and cash equivalents as of June 30, 2012 consisted of cash deposits of \$1,540,568 and various certificates of deposit with original maturities in excess of 3 months totaling \$1,885,236. These certificates of deposit are classified as investments in the accompanying financial statements, although they are considered to be cash deposits for purposes of disclosure under GASB No. 40.

A reconciliation of the Town's cash deposits as of June 30, 2012 is as follows:

Government-wide statement of net assets:

Cash and cash equivalents	\$ 960,465
Add: certificates of deposits classified as investments	1,885,236
	<u>2,845,701</u>

Statement of fiduciary net assets:

Private purpose trust funds	99,409
Agency funds	480,684
	<u>580,093</u>
	<u>\$ 3,425,794</u>

INVESTMENTS

As of June 30, 2012, the Town's investments consisted of the following:

Because the STIF and CLASS have weighted average maturities of less than 90 days, they were presented as investments with maturities of less than one year.

<u>Investment type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More Than 10</u>
Debt Securities:					
Short Term Investment Fund (STIF)	\$ 2,870,428	\$ 2,870,428	\$ -	\$ -	\$ -
Cooperative Liquid Asset Security					
Systems Fund (CLASS)	9,973,868	9,973,868	-	-	-
Corporate bonds	298,297	-	298,297	-	-
Money market funds	101,005	101,005	-	-	-
	<u>13,243,598</u>	<u>\$ 12,945,301</u>	<u>\$ 298,297</u>	<u>\$ -</u>	<u>\$ -</u>
Other investments:					
Equity securities	480,303				
Real Estate Equity Fund	42,833				
Total	<u>\$ 13,766,734</u>				

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

A reconciliation of the Town's investments as of June 30, 2012 is as follows:

Government-wide statement of net assets:

Investments and endowment investments	\$ 15,291,266
Less: certificates of deposits considered cash deposits under GASB Statement No. 40	<u>(1,885,236)</u>
	<u>13,406,030</u>

Statement of fiduciary net assets:

Private purpose trust funds	348,656
Agency funds	<u>12,048</u>
	<u>360,704</u>
	<u><u>\$ 13,766,734</u></u>

Interest Rate Risk

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

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; 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; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The pension trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

The Town's investments in debt securities were rated by Standard & Poor's as follows at June 30, 2012:

Debt Securities	Fair Value	AAA	B	Unrated
Short Term Investment Fund (STIF)	\$ 2,870,428	\$ 2,870,428	\$ -	\$ -
Cooperative Liquid Asset Security Sytem (CLASS)	9,973,868	9,973,868	-	-
Corporate bonds	298,297	286,701	11,596	-
Money market funds	101,005	-	-	101,005
	<u>\$ 13,243,598</u>	<u>\$ 13,130,997</u>	<u>\$ 11,596</u>	<u>\$ 101,005</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of 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 does not have a policy for custodial credit risk. In accordance with GASB No. 40, the Town's investments in debt securities do not require custodial credit risk disclosures because they are not evidenced by securities that exist in physical or book entry form.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. No other issuer other than the CLASS and STIF accounts constitute an investment in excess of 5% of the Town's total investments.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Arts collection	\$ 35,598	\$ -	\$ -	\$ 35,598
Property development rights	489,361	-	-	489,361
Land	2,507,844	-	-	2,507,844
Construction in progress	923,317	-	-	923,317
Total capital assets, not being depreciated	<u>3,956,120</u>	<u>-</u>	<u>-</u>	<u>3,956,120</u>
Capital assets, being depreciated:				
Buildings and improvements	68,400,238	888,107	-	69,288,345
Equipment	2,336,082	-	-	2,336,082
Vehicles	7,226,906	647,029	(221,473)	7,652,462
Infrastructure	10,409,664	827,229	-	11,236,893
Total capital assets, being depreciated	<u>88,372,890</u>	<u>2,362,365</u>	<u>(221,473)</u>	<u>90,513,782</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	24,046,954	1,099,536	-	25,146,490
Equipment	2,016,029	43,550	-	2,059,579
Vehicles	5,029,309	448,567	(210,087)	5,267,789
Infrastructure	2,080,307	250,279	-	2,330,586
Total accumulated depreciation and amortization	<u>33,172,599</u>	<u>1,841,932</u>	<u>(210,087)</u>	<u>34,804,444</u>
Total capital assets, being depreciated, net	<u>55,200,291</u>	<u>520,433</u>	<u>(11,386)</u>	<u>55,709,338</u>
Governmental activities capital assets, net	<u>\$ 59,156,411</u>	<u>\$ 520,433</u>	<u>\$ (11,386)</u>	<u>\$ 59,665,458</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 4 - CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets, not being depreciated:				
Construction in progress - Sewer Authority	\$ -	\$ -	\$ -	\$ -
Construction in progress - Crystal Lake	11,025	-	-	11,025
Total capital assets, not being depreciated	<u>11,025</u>	<u>-</u>	<u>-</u>	<u>11,025</u>
Capital assets, being depreciated:				
Equipment - Sewer Authority	158,729	2,105	-	160,834
Infrastructure - Sewer Authority	11,921,205	-	-	11,921,205
Equipment - Crystal Lake	23,135	2,339	-	25,474
Infrastructure - Crystal Lake	6,673,516	-	-	6,673,516
Total capital assets, being depreciated	<u>18,776,585</u>	<u>4,444</u>	<u>-</u>	<u>18,781,029</u>
Less accumulated depreciation and amortization for:				
Equipment - Sewer Authority	109,656	14,676	-	124,332
Infrastructure - Sewer Authority	4,733,977	248,255	-	4,982,232
Equipment - Crystal Lake	13,902	1,365	-	15,267
Infrastructure - Crystal Lake	2,557,449	133,470	-	2,690,919
Total accumulated depreciation and amortization	<u>7,414,984</u>	<u>397,766</u>	<u>-</u>	<u>7,812,750</u>
Total capital assets, being depreciated, net	<u>11,361,601</u>	<u>(393,322)</u>	<u>-</u>	<u>10,968,279</u>
Business-type activities capital assets, net	<u>\$ 11,372,626</u>	<u>\$ (393,322)</u>	<u>\$ -</u>	<u>\$ 10,979,304</u>

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

Governmental Activities:

Education	\$ 1,154,175
Public works	207,175
Public safety	277,509
General government	145,401
Library	57,673
Total depreciation and amortization expense - governmental activities	<u>\$ 1,841,932</u>

Business-type Activities:

Sewer	<u>\$ 397,766</u>
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TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2012 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Other Governmental Funds	\$ 1,436,149
	Other Enterprise Funds	164,678
	Sewer Authority Fund	100
	Small Cities Program Fund	353
	Crystal Lake Sewers Fund	117,764
	Private Purpose Trust Funds	2,023
		<u>1,721,067</u>
High School/Center School Project	General Fund	350,612
Other Governmental Funds	General Fund	61,451
		<u>\$ 2,133,130</u>
Enterprise Funds		
Sewer Authority Fund	General Fund	492,086
Crystal Lake Sewers Fund	General Fund	53,031
		<u>545,117</u>
Fidiciary Funds		
Private Purpose Trust Funds	General Fund	726
		<u>726</u>
Total due from/to other funds		<u>\$ 2,678,973</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 THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2012 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
Crystal Lake Sewers Fund	General Fund	\$ 17,250
Sewer Authority Fund	General Fund	62,688
		<u>79,938</u>
Other Governmental Funds	General Fund	<u>14,985</u>
General Fund	Other Governmental Funds	<u>76,092</u>
		<u><u>\$ 171,015</u></u>

The transfers to the Crystal Lake Sewers Fund and the Sewer Authority Fund were to assist in the operations of this fund. The transfer to the Other Governmental Funds was to pay down the bond anticipation note during the year. The transfer from the Other Governmental Funds was to reimburse the General Fund for expenditures incurred.

NOTE 7 - SHORT-TERM LIABILITIES

The following is a summary of changes in short-term debt for the year ended June 30, 2012:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Bond anticipation note payable issued in April 2011, original amount \$410,000	\$ 410,000	\$ -	\$ (410,000)	\$ -
Bond anticipation note payable issued in April 2012, original amount \$410,000	-	410,000	-	410,000
	<u>\$ 410,000</u>	<u>\$ 410,000</u>	<u>\$ (410,000)</u>	<u>\$ 410,000</u>

The proceeds from the bond anticipation note were used to provide interim financing until general obligation bonds are issued in 2013.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 8 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2012:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 12,520,000	\$ 8,240,000	\$ (9,585,000)	\$ 11,175,000	\$ 1,295,000
Unamortized amounts:					
Unamortized premiums	159,573	606,812	(122,442)	643,943	-
Deferred amount on refunding	7,939	(331,436)	102,331	(221,166)	-
Total bonds payable	12,687,512	8,515,376	(9,605,111)	11,597,777	1,295,000
Other liabilities:					
Capital leases	1,585,702	-	(580,468)	1,005,234	348,600
Note payable	208,994	-	(13,684)	195,310	15,529
Compensated absences	1,310,512	33,293	(52,172)	1,291,633	43,946
Net OPEB obligation (<i>see Note 11</i>)	399,615	158,147	-	557,762	-
	<u>\$ 16,192,335</u>	<u>\$ 8,706,816</u>	<u>\$ (10,251,435)</u>	<u>\$ 14,647,716</u>	<u>\$ 1,703,075</u>
Business-type Activities					
Bonds payable:					
General obligation bonds	\$ 2,000,000	\$ -	\$ (265,000)	\$ 1,735,000	\$ 260,000
Unamortized amounts:					
Unamortized premiums	33,417	-	(11,139)	22,278	-
Deferred amount on refunding	(17,605)	-	5,869	(11,736)	-
	2,015,812	-	(270,270)	1,745,542	260,000
Other liabilities:					
Note payable	964,436	-	(185,256)	779,180	185,256
	<u>\$ 2,980,248</u>	<u>\$ -</u>	<u>\$ (455,526)</u>	<u>\$ 2,524,722</u>	<u>\$ 445,256</u>

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 8 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS

A summary of general obligation bonds outstanding at June 30, 2012 is as follows:

Description of Bonds	Final Maturity Dates	Interest Rates	Amount Outstanding
Governmental Activities			
School bonds issued 2003, original amount of \$6,640,000	2023	3.4% - 4.4%	325,000
General obligation refunding bonds issued 2010, original amount of \$3,580,000	2018	2.0% - 5.0%	2,610,000
General obligation refunding bonds issued 2011, original amount of \$8,240,000	2024	2-4%	8,240,000
			<u>\$ 11,175,000</u>
Business-type Activities			
Sewer bonds issued 2007, original amount of \$1,750,000	2027	4.0% - 5.5%	\$ 1,375,000
General obligation refunding bonds issued 2010, original amount of \$740,000	2013	2.0% - 5.0%	360,000
			<u>\$ 1,735,000</u>

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, or \$242,603,977 of June 30, 2012. 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, 2012.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 8 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS (Continued)

Annual debt service requirements to maturity at June 30, 2012 are as follows:

Year ending June 30:	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2013	\$ 1,295,000	\$ 335,301	\$ 1,630,301
2014	1,285,000	303,101	1,588,101
2015	1,125,000	280,721	1,405,721
2016	1,105,000	241,851	1,346,851
2017	1,085,000	207,876	1,292,876
2018-2023	4,970,000	568,151	5,538,151
2024-2027	310,000	32,700	342,700
	<u>\$ 11,175,000</u>	<u>\$ 1,969,701</u>	<u>\$ 13,144,701</u>

Year ending June 30:	Business-Type Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2013	\$ 260,000	\$ 70,294	\$ 330,294
2014	250,000	60,000	310,000
2015	75,000	52,750	127,750
2016	75,000	49,000	124,000
2017	475,000	187,125	662,125
2018-2023	500,000	84,625	584,625
2024-2027	100,000	4,250	104,250
	<u>\$ 1,735,000</u>	<u>\$ 508,044</u>	<u>\$ 2,243,044</u>

School Bond Reimbursements

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of reimbursement for the year ended June 30, 2012 was \$91,468. Additional reimbursements of principal aggregating \$179,781 are expected to be received through the applicable bonds' maturity dates.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 8 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS (Continued)

Debt Refundings

During the year ended June 30, 2012, the Town issued \$8,240,000 of refunding bonds with an average coupon rate of 3.36% to advance refund \$8,330,000 of general obligation bonds with an average coupon rate of 4.25%.

The proceeds of the refunding bonds were used to purchase U.S. Government securities which were deposited into an irrevocable trust with an escrow agent to provide for all future payments on the refunded bonds. Thus, the refunded bonds are considered defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements.

The Town advance refunded these bonds to reduce its total debt service payments over the next twelve years by approximately \$455,379 and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$666,355. The reacquisition price exceeded the carrying amount of the old debt by \$331,436. This deferred amount is being netted against the new debt and amortized over the remaining life of the refunded debt. As of June 30, 2012, \$8,330,000 of outstanding general obligation bonds are considered defeased.

NOTES PAYABLE

The Town has a note payable to pay for property purchased in 2008. This note has an interest rate of 4.4% and has annual payments including interest of \$24,001 through June 2023.

The Town has a note payable to a local municipal water pollution control authority to pay for the Town's portion of capital costs incurred for various pump station upgrades. This note has an interest rate of 1.5% and has semi-annual payments including interest of \$202,852 through January 2016.

Aggregate principal maturities on the note payables in subsequent years are as follows:

Year ending June 30:	Governmental Activities		
	Note Payable		
	Principal	Interest	Total
2013	15,529	8,471	24,000
2014	16,243	7,757	24,000
2015	16,988	7,012	24,000
2016	17,769	6,231	24,000
2017	18,585	5,415	24,000
2018-2022	110,196	13,476	123,672
	<u>\$ 195,310</u>	<u>\$ 48,362</u>	<u>\$ 243,672</u>

Year ending June 30:	Business-Type Activities		
	Note Payable		
	Principal	Interest	Total
2013	188,996	13,856	202,852
2014	192,810	10,042	202,852
2015	196,702	6,150	202,852
2016	200,672	2,179	202,851
	<u>\$ 779,180</u>	<u>\$ 32,227</u>	<u>\$ 811,407</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 8 - LONG-TERM LIABILITIES (Continued)

CAPITAL LEASES

A summary of assets acquired through capital leases is as follows as of June 30, 2012:

	Governmental
	Activites
Vehicles	\$ 1,390,251
Computers	263,000
	<u>1,653,251</u>
Less: accumulated amortization	(976,329)
	<u><u>\$ 676,922</u></u>

Amortization expense relative to leased property under capital leases totaled \$300,390 for the year ended June 30, 2012 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, 2012 are as follows:

	Governmental
	Activites
Year Ending June 30:	
2013	383,646
2014	383,646
2015	<u>313,208</u>
Total minimum lease payments	1,080,500
Less: amount representing interest	75,265
Present value of minimum lease payments	<u><u>\$ 1,005,235</u></u>

NOTE 9 - UNEARNED/DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 828,075	\$ -
Loans receivable	2,432,446	-
Grants drawdown prior to meeting eligibility requirements	-	426,873
	<u><u>\$ 3,260,521</u></u>	<u><u>\$ 426,873</u></u>

NOTE 10 - PENSION PLANS

DEFINED CONTRIBUTION PLANS

Money Purchase Plan

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

The Town's contribution amounted to \$154,277 for the year ended June 30, 2012. All monies contributed are used to purchase insurance contracts on-behalf of the participants, therefore the assets of the plan are not included in the Town's basic financial statements.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2012

NOTE 10 - PENSION PLANS (*Continued*)

DEFINED CONTRIBUTION PLANS (*Continued*)

Deferred Compensation Plan

The Town offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. Employee deferrals amounted to \$238,072 for the year ended June 30, 2012. Plan enrollment totaled 42 people at June 30, 2012. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in trust for the exclusive benefit of the plan participants and their beneficiaries. Accordingly, the assets of the trust are not included in the Town's basic financial statements.

CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description and Benefit Provisions

All full-time employees for the Town, except for certified board of education personnel, who are age 55 or younger at the date of hire participate in the Connecticut Municipal Employees' Retirement Fund B (MERF), a cost sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost of living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Annual cost of living increases between 3% and 5% are paid to disabled members and nondisabled retired members which have reached age 65. All benefits vest after 5 years of continuous service or 15 years of active aggregate service. Vested members who retire after age 55 or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life. 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. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling (860) 702-3480.

Contributions

Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to the MERF for the years ended June 30, 2012, 2011 and 2010 were \$452,874, \$449,486 and \$351,795, respectively, and were equal to the required contributions for each year.

CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. Prior to completing five years of service, teachers are fully vested in their contributions up to 5% of their earnings. After five years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on actuarial information for the plan as a whole which does not provide actuarial information on an individual town basis. For the year ended June 30, 2012, Town teachers contributed \$1,164,169 to the plan and covered payroll

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

NOTE 10 - PENSION PLANS (Continued)

CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (Continued)

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on-behalf" payments of \$3,298,211 made by the State of Connecticut into the Teachers' Retirement System as intergovernmental revenues and education expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of governmental funds.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation.

Annual required contribution	\$ 311,447
Interest on net OPEB obligation	15,985
Adjustment to annual required contribution	<u>(18,310)</u>
Annual OPEB cost (expense)	309,122
Contributions made	<u>150,975</u>
Increase in net OPEB obligation	158,147
Net OPEB obligation, beginning of year	<u>399,615</u>
Net OPEB obligation, end of year	<u>\$ 557,762</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

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

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2012, 2011 and 2010 are as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 275,523	58.0%	\$ 251,607
2011	296,481	50.1%	399,615
2012	309,122	48.8%	557,762

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010 (the date of the most recent actuarial valuation) was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2010	\$ -	\$ 3,675,039	\$ 3,675,039	0.0%	\$21,414,616	17.2%

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

Actuarial Methods and Assumptions

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

Valuation date:	July 1, 2010
Actuarial cost method:	Entry Age Normal Cost Method
Amortization method:	Level Dollar Amount
Remaining amortization period:	27.2 years, closed
Asset valuation method:	N/A
Actuarial assumptions:	
Interest rate	4.00%
Inflation rate	2.50%
Healthcare cost trend rate	9.00% initial 5.00% final

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2012

NOTE 12 - RISK MANAGEMENT

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

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

NOTE 13 - CONTINGENT LIABILITIES

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

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

NOTE 14- RECENTLY ISSUED ACCOUNTING STANDARDS

The GASB has issued several new accounting standards that will become effective in future years. Management is currently evaluating the effect implementation of these standards, as applicable, will have on its financial statements. A summary of recently issued accounting standards that will become effective in future years is as follows:

In December 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Statement No. 62 incorporates into the GASB authoritative literature certain accounting and financial reporting guidance that is included in FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The provisions of GASB 62 are effective for financial statements for periods beginning after December 15, 2011 and early adoption is permitted.

The GASB has issued GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). GASB 63 requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. GASB 63 also amends certain provisions of GASB Statement No. 34, Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. The provisions of GASB 63 are effective for financial statements for periods beginning after December 15, 2011 and early adoption is permitted.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2012

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

The GASB has issued GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, Elements of Financial Statements, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, GASB 65 recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The provisions of GASB 65 are effective for periods beginning after December 15, 2012 and early adoption is permitted.

The GASB has issued Statement No. 66, Technical Corrections – 2012, which amends GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, by modifying the specific guidance on accounting for 1) operating lease payments that vary from a straight-line basis, 2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and 3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues. The provisions in GASB 66 are effective for periods beginning after December 15, 2012 and early adoption is permitted.

The GASB has issued Statement No. 67, Financial Reporting for Pension Plans - An amendment of GASB Statement No. 25, which replaces the requirements of GASB Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and GASB Statement No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. The provisions in GASB 67 are effective for financial statements for periods beginning after June 15, 2013 and early adoption is permitted.

The GASB has issued Statement No. 68, Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27, which replaces the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, and GASB Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014 and early adoption is permitted.

Required Supplementary Information

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS - UNAUDITED
JUNE 30, 2012

OPEB Plan

Town of Ellington Retirement Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2010	\$ -	\$ 3,675,039	\$ 3,675,039	0.0%	\$ 21,414,616	17.2%
July 1, 2008	-	3,311,285	3,311,285	0.0%	20,550,656	16.1%

Combining and Individual Fund Statements and Schedules

General Fund

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS			VARIANCE OVER (UNDER)
	ORIGINAL	FINAL	ACTUAL	
PROPERTY TAXATION				
Revenues from Property Taxes	\$ 33,709,822	\$ 33,709,822	\$ 34,334,410	\$ 624,588
Interest and Lien Fees	110,000	110,000	306,798	196,798
Total Property Taxation	33,819,822	33,819,822	34,641,208	821,386
INTERGOVERNMENTAL - EDUCATION				
Education Cost Sharing Grants	9,504,917	9,504,917	9,464,509	(40,408)
Transportation	157,769	157,769	157,875	106
Adult Education and Vocational Agricultural	14,248	14,248	14,509	261
Building Grants	100,000	100,000	104,501	4,501
Total Intergovernmental - Education	9,776,934	9,776,934	9,741,394	(35,540)
INTERGOVERNMENTAL - OTHER				
Town Road Aid	165,026	165,026	167,107	2,081
Elderly Circuit Breaker Reimb	69,845	69,845	71,062	1,217
Disability Reimbursement	1,543	1,543	1,676	133
State Property Forest	6,217	6,217	6,219	2
Pequot/Mohegan Funds	48,428	48,428	52,532	4,104
Circuit Court Fines	2,060	2,060	2,177	117
Dog Damage	100	100	-	(100)
Telecomm Serv Pers Prop Tax	-	-	29,960	29,960
Additional Income Veterans	17,266	17,266	17,793	527
Local Capital Imp Program	105,979	105,979	107,979	2,000
Revenue Sharing	-	-	132,035	132,035
DWI Grant	5,000	5,000	1,789	(3,211)
Historical Preserve Award	-	-	3,500	3,500
Erase Grant	-	-	3,105	3,105
Emergency Management	3,269	3,269	1,200	(2,069)
FEMA Disaster #3176	-	-	502,309	502,309
North Central Area Agency on Aging	-	-	3,264	3,264
Municipal Video Competition Trust Acct Grant	-	-	2,796	2,796
USDA NRCS-Myers Nursery	-	-	35,685	35,685
CRRA-Pilot	17,138	17,138	16,799	(339)
Total Intergovernmental - Other	441,871	441,871	1,158,987	717,116

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS			VARIANCE OVER
	ORIGINAL	FINAL	ACTUAL	(UNDER)
CHARGES FOR GOODS AND SERVICES				
Building Department	\$ 100,000	\$ 100,000	\$ 180,608	\$ 80,608
Planning and Zoning	30,000	30,000	37,163	7,163
Fire Marshal	450	450	205	(245)
Recreation Program Receipts	260,669	260,669	242,377	(18,292)
Recreation Interagency After School Program	12,500	12,500	-	(12,500)
Town Clerk Conveyance Tax	83,000	83,000	103,489	20,489
Town Clerk Recording Fees and Licenses	119,000	119,000	114,421	(4,579)
Aircraft Registration	3,240	3,240	2,950	(290)
Animal Control Officer Fees and Licenses	24,050	24,050	27,056	3,006
Animal Control Donations	200	200	475	275
Cultural Arts Commission	1,000	1,000	-	(1,000)
Board Of Education	500	500	497	(3)
Police - Special Duty	20,000	20,000	38,991	18,991
Police DARE Donations	-	-	100	100
Youth Service Donations	1,000	1,000	-	(1,000)
Youth Service Activities	4,000	4,000	6,507	2,507
Human Services Municipal Agent	500	500	18	(482)
Human Service Fuel Administration	1,000	1,000	1,260	260
Human Services Enrichment Prgm Donations	4,000	4,000	-	(4,000)
Human Services-Food Pantry	1,000	1,000	4,351	3,351
Human Services Counseling Service	1,000	1,000	-	(1,000)
Human Services Donations	5,000	5,000	3,104	(1,896)
Human Services Fuel Donations	5,000	5,000	14,760	9,760
Senior Center Donations	500	500	-	(500)
Senior Center EMATS	1,000	1,000	1,581	581
Senior Center Transportation Prgm	500	500	335	(165)
Total Charges for Goods and Services	<u>679,109</u>	<u>679,109</u>	<u>780,248</u>	<u>101,139</u>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS			VARIANCE
	ORIGINAL	FINAL	ACTUAL	OVER (UNDER)
INVESTMENT EARNINGS				
Interest on earnings	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
	25,000	25,000	-	(25,000)
DEBT RETIREMENT				
Crystal Lake Sewer Debt	190,000	190,000	190,000	-
Airport Sewer Debt	75,000	75,000	75,000	-
	265,000	265,000	265,000	-
OTHER REVENUES				
Ambulance Fee Program	95,000	95,000	76,092	(18,908)
Insurance Claims and Refunds	28,170	28,170	44,813	16,643
WPCA Reimbursement	29,710	29,710	30,245	535
WPCA-Reimb Maintenance Budget	173,000	173,000	247,886	74,886
Building Demolition/Evictions	5,000	5,000	-	(5,000)
Snow Removal Charge-Developers	5,000	5,000	3,696	(1,304)
Sundry Refunds and Receipts	5,000	5,000	15,045	10,045
Rental Income of Town Property	15,870	15,870	7,309	(8,561)
Sale of Property	-	-	38,212	38,212
Total Other Revenues	356,750	356,750	463,298	106,548
Appropriation of Budget Balance	664,440	1,442,750	-	(1,442,750)
TOTAL BUDGETARY REVENUES	\$ 46,028,926	\$ 46,807,236	\$ 47,050,135	\$ 242,899

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE (UNDER) OVER
	ORIGINAL	FINAL		
GENERAL GOVERNMENT				
Board of Selectmen	\$ 204,937	\$ 211,265	\$ 211,265	\$ -
Board of Finance	6,950	6,950	5,963	(987)
Auditors	41,000	41,000	41,000	-
Auditors - Special Project	100	100	-	(100)
Finance Officer	237,013	239,400	239,400	-
Tax Assessor	233,311	233,311	220,438	(12,873)
Tax Collector	141,708	141,708	137,321	(4,387)
Board of Assessments Appeals	400	400	55	(345)
Insurance Advisory Board	100	100	-	(100)
Town Clerk	165,958	165,958	155,146	(10,812)
Town Counsel	111,098	132,243	132,242	(1)
Probate Court	7,610	11,126	11,126	-
Town Planner	228,002	231,607	215,063	(16,544)
Total General Government	<u>1,378,187</u>	<u>1,415,168</u>	<u>1,369,019</u>	<u>(46,149)</u>
BOARDS AND AGENCIES				
Registrars and Electors	58,510	58,510	50,048	(8,462)
Economic Development Commission	3,950	3,950	3,530	(420)
Planning and Zoning	24,650	24,650	24,065	(585)
Design Review Board	100	100	-	(100)
Zoning Board of Appeals	4,100	4,100	2,480	(1,620)
Shared Services Commission	100	100	-	(100)
Permanent Building Commission	1,350	1,350	940	(410)
Ethics Commission	750	750	625	(125)
Inland Wetland Agency	6,300	6,300	4,155	(2,145)
Flood & Erosion Control Board	100	100	-	(100)
Conservation Commission	2,500	2,500	1,883	(617)
WPCA	1	1	-	(1)
Total Boards and Agencies	<u>102,411</u>	<u>102,411</u>	<u>87,726</u>	<u>(14,685)</u>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE (UNDER) OVER
	ORIGINAL	FINAL		
PUBLIC SAFETY				
Center Fire Department	\$ 200,155	\$ 200,155	\$ 194,192	\$ (5,963)
Crystal Lake Fire Department	66,203	67,888	67,887	(1)
Fire Protection Hydrants	303,583	307,246	307,246	-
Emergency 911	43,725	43,725	43,381	(344)
Police	755,724	758,557	758,556	(1)
Police Special Duty	20,000	34,924	34,924	-
Police Drug Abuse Resistance Education	1,500	2,061	2,060	(1)
Animal Control Officer	86,969	86,969	74,738	(12,231)
Emergency Management	28,449	33,732	33,731	(1)
Building Department	123,886	127,109	127,108	(1)
Volunteer Ambulance	316,750	309,393	296,148	(13,245)
Emergency Service Incentive Program	125,000	132,357	132,356	(1)
Adhoc Emergency Service Committee	700	700	270	(430)
Preemption Service Townwide	1,640	1,640	-	(1,640)
Public Safety Commission	100	100	-	(100)
Fire Marshal	100,331	102,641	102,640	(1)
Total Public Safety	2,174,715	2,209,197	2,175,237	(33,960)
PUBLIC WORKS				
General Town Roads	1,542,229	1,547,229	1,523,002	(24,227)
New Equipment	10,000	40,566	40,566	-
Equipment Maintenance	221,054	303,137	303,137	-
Town Garage Maintenance	65,924	71,712	71,711	(1)
Street Signs	10,300	10,300	9,638	(662)
Grounds Maintenance - BOE/Parks	61,846	82,896	82,895	(1)
Town Aid Road - Winter	315,217	178,410	178,410	-
Town Aid Road - Materials	286,340	286,340	285,159	(1,181)
Sanitary Landfill	370,653	370,653	344,082	(26,571)
Sanitary Recycling	333,700	405,395	405,395	-
Household Hazardous Waste	31,990	31,990	27,784	(4,206)
WPCA Maintenance	106,710	133,531	133,531	-
Street Lighting	90,517	90,517	83,653	(6,864)
Engineer and Inspections	91,000	91,000	76,012	(14,988)
Total Public Works	3,537,480	3,643,676	3,564,975	(78,701)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE (UNDER) OVER
	ORIGINAL	FINAL		
RECREATION				
Administration	\$ 170,557	\$ 173,722	\$ 161,606	\$ (12,116)
Town-wide Maintenance	1,500	1,500	1,315	(185)
Summer Play Grounds	34,405	34,405	25,804	(8,601)
Water Front	24,350	24,350	28,370	4,020
Recreation Programs	105,319	105,319	100,890	(4,429)
Mini-Programs	60,000	60,000	44,367	(15,633)
Parks Recreation Equipment	4,000	4,000	-	(4,000)
Teen Center Activities	4,000	4,000	-	(4,000)
Cultural Arts	100	100	-	(100)
Inter-Agency After School Program	12,500	12,500	-	(12,500)
Crystal Lake Water Monitor	25,000	25,000	25,000	-
Total Recreation	441,731	444,896	387,352	(57,544)
LIBRARY				
Hall Memorial Library	629,923	629,923	629,923	-
Total Library	629,923	629,923	629,923	-
HUMAN SERVICES				
Public Health Nursing	3,500	3,500	3,483	(17)
Nutmeg Big Brothers Big Sisters	500	500	500	-
Connecticut Legal Services	1,700	1,700	1,700	-
YWCA/SACS	1,100	1,100	1,100	-
Regional Mental Health Board	904	904	904	-
Kidsafe CT	3,000	3,000	3,000	-
Hockanum Valley Community Council	27,500	27,500	27,500	-
Food Pantry	500	1,490	1,490	-
Fuel Bank	1,000	14,444	14,444	-
Youth Enrichment	19,000	19,000	14,683	(4,317)
Youth Activity Programs	43,455	43,455	39,629	(3,826)
Hartford Interval House	1,500	1,500	1,500	-
Human Services	196,342	196,342	191,991	(4,351)
North Central Health District	61,837	61,837	61,837	-
Welfare	16,000	16,000	10,159	(5,841)
Municipal Agent	1,800	1,882	1,882	-
Senior Center	207,748	207,760	194,502	(13,258)
Total Human Services	587,386	601,914	570,304	(31,610)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE (UNDER) OVER
	ORIGINAL	FINAL		
TOWN PROPERTIES				
Town Hall	\$ 402,613	\$ 426,177	\$ 426,176	\$ (1)
Center Cemetary	3,700	3,700	3,700	-
Arbor Commons	19,000	37,700	35,215	(2,485)
Pinney House	500	2,348	2,348	-
Old Crystal Lake School House	10,400	10,896	10,896	-
Total Town Properties	436,213	480,821	478,335	(2,486)
DEBT SERVICE				
Debt Redemption - Principal	2,198,301	2,198,301	2,195,013	(3,288)
Debt Redemption - Interest	644,816	644,816	435,548	(209,268)
Total Debt Service	2,843,117	2,843,117	2,630,561	(212,556)
MISCELLANEOUS				
Social Security	333,989	333,989	317,641	(16,348)
Insurance	1,964,163	1,892,586	1,811,368	(81,218)
Insurance Reimbursement and Claims	7,500	48,632	48,632	-
Insurance Prior Year	5,000	5,000	-	(5,000)
Service Insurance	67,730	67,730	67,730	-
Contingency Fund	150,000	150,000	150,000	-
Capital Reserve Fund	148,633	148,633	148,633	-
Emergency Appropriation - Generators	-	161,000	101,044	(59,956)
FEMA-Debris Account	-	300,000	236,752	(63,248)
AD HOC Alcohol/Drug Council	7,000	8,270	8,269	(1)
Erase	3,105	3,105	2,472	(633)
AD HOC Patriotic Committee	4,700	4,700	3,358	(1,342)
Miscellaneous	2,000	2,000	-	(2,000)
GASB-OPEB	100,000	100,000	100,000	-
Referendum	18,000	18,000	14,561	(3,439)
Building Demolition/Eviction	5,000	43,867	43,867	-
Salary Adjustment	32,630	14,724	14,724	-
Employee Education Development	7,500	7,500	3,164	(4,336)
Town Communications	16,144	16,208	16,208	-
Town Web Site	2,300	2,300	1,200	(1,100)
Grant Applications	2,000	2,000	-	(2,000)
GIS	15,000	15,000	1,700	(13,300)
Total Miscellaneous	2,892,394	3,345,244	3,091,323	(253,921)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS			VARIANCE (UNDER) OVER
	ORIGINAL	FINAL	ACTUAL	
CAPITAL OUTLAYS				
Unimproved Road Improvement	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Local Capital Improvement Program	105,979	107,979	107,979	-
Road Overlay	573,250	573,250	573,250	-
Culvert Replacement	21,000	21,000	21,000	-
Arbor Way Parks & Recreation	13,900	13,900	13,900	-
Stafford Road Sewer Extension	75,000	75,000	75,000	-
Meyers Nursery	-	83,500	83,500	-
CLFD-Communications - FCC Narrow Banding Radios	20,000	20,000	20,000	-
CLFD-Replmt Generator-Fire House	21,000	21,000	21,000	-
EVFD-Communications-FCC Narrow Banding Radios	32,500	32,500	32,500	-
EVFD-Replmnt Firefighter Protective Clothing	13,800	13,800	13,800	-
BOE-Replacement Vans-Special	25,000	25,000	22,545	(2,455)
BOE-EHS Locker Additions	20,000	20,000	20,000	-
Total Capital Outlays	<u>971,429</u>	<u>1,056,929</u>	<u>1,054,474</u>	<u>(2,455)</u>
EDUCATION				
Salaries				
Administrative	1,432,145	1,425,666	1,425,665	(1)
Faculty	14,619,023	14,390,108	14,390,108	-
Secretarial	747,101	747,032	747,032	-
Custodial	1,055,483	1,060,757	1,060,755	(2)
Nurses	296,768	295,393	295,392	(1)
Instructor Aides	784,897	732,037	732,037	-
General / Media Aides	306,560	311,807	311,806	(1)
Severance	21,584	125,411	125,411	-
Total Salaries	<u>19,263,561</u>	<u>19,088,211</u>	<u>19,088,206</u>	<u>(5)</u>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE (UNDER) OVER
	ORIGINAL	FINAL		
Employee Benefits				
Health Benefits	\$ 4,015,908	\$ 3,983,214	\$ 3,983,213	\$ (1)
Social Security	465,971	467,455	467,454	(1)
Unemployment	10,000	47,063	47,062	(1)
Retirement - MERS	430,560	452,874	452,874	-
Course Tuition	1,000	1,446	1,446	-
Total Employee Benefits	4,923,439	4,952,052	4,952,049	(3)
Contracted Services				
Program Improvement	151,891	165,644	165,644	-
Pupil Services	78,304	106,406	106,405	(1)
Management Services	20,136	33,956	33,955	(1)
Professional/Tech Services	406,526	430,742	430,742	-
Public Utilities-Electricity	741,761	638,282	638,281	(1)
Other Property Services	177,810	170,176	170,176	-
Property Insurance	266,637	251,623	251,623	-
Rentals	85,209	90,811	90,811	-
Repairs Instrument Equipment	39,909	39,160	39,160	-
Repairs/Maintenance	136,930	147,453	147,453	-
Reg. Pupil Transportation	1,391,311	1,355,693	1,355,693	-
Conference/Travel	46,209	45,622	45,620	(2)
Special Ed Transportation	399,763	438,040	438,040	-
Athletic Transportation	38,104	35,292	35,292	-
Telephone	29,673	28,473	28,473	-
Printing /Advertising	31,435	25,625	25,625	-
Outside Tuition	909,904	866,038	866,038	-
Total Contracted Services	4,951,512	4,869,036	4,869,031	(5)
Capital Outlays				
Replacement Equipment	62,973	183,301	183,300	(1)
Total Capital Outlays	62,973	183,301	183,300	(1)

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE (UNDER) OVER
	ORIGINAL	FINAL		
Supplies and Materials				
Administrative Supplies	\$ 52,585	\$ 90,241	\$ 90,240	\$ (1)
Program Supplies	268,672	255,488	255,487	(1)
Special Education	28,444	27,534	27,534	-
Basic	111,148	117,038	117,038	-
Maintenance Gasoline	-	22,755	22,755	-
Custodial Supplies	92,792	111,471	111,470	(1)
Heating Fuel and Gasoline	81,742	57,660	57,660	-
Textbooks	69,528	126,345	126,345	-
Library/Media	47,691	45,684	45,683	(1)
Total Supplies and Materials	<u>752,602</u>	<u>854,216</u>	<u>854,212</u>	<u>(4)</u>
Miscellaneous				
Dues and Memberships	39,353	40,809	40,808	(1)
Transfer Account	40,500	46,315	23,560	(22,755)
Total Miscellaneous	<u>79,853</u>	<u>87,124</u>	<u>64,368</u>	<u>(22,756)</u>
TOTAL BOARD OF EDUCATION	<u>30,033,940</u>	<u>30,033,940</u>	<u>30,011,166</u>	<u>(22,774)</u>
TOTAL BUDGETARY EXPENDITURES	<u>\$ 46,028,926</u>	<u>\$ 46,807,236</u>	<u>\$ 46,050,395</u>	<u>\$ (756,841)</u>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2012

GRAND LIST YEAR	BALANCE UNCOLLECTED JUNE 30, 2011	CURRENT LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	BALANCE TO BE COLLECTED	COLLECTIONS				REFUNDS & ADJUSTMENTS	BALANCE UNCOLLECTED JUNE 30, 2012
			ADDITIONS	DEDUCTIONS			TAXES	INTEREST	LIEN FEES	TOTAL		
2010	\$ -	\$ 34,363,347	\$ 150,451	\$ 182,790	\$ -	\$ 34,331,008	\$ 33,887,727	\$ 98,661	\$ 2,222	\$ 33,988,610	\$ 59,546	\$ 443,281
2009	434,241	-	2,981	4,703	-	432,519	212,107	56,715	4,239	273,061	2,657	220,412
2008	239,306	-	138	524	(16,119)	222,801	95,007	38,146	3,006	136,159	-	127,794
2007	111,859	-	-	96	(1,754)	110,009	23,556	16,712	192	40,460	-	86,453
2006	74,773	-	-	-	-	74,773	17,472	15,149	144	32,765	-	57,301
2005	43,960	-	-	-	-	43,960	12,504	6,946	144	19,594	-	31,456
2004	28,240	-	-	-	-	28,240	4,704	7,479	48	12,231	-	23,536
2003	23,264	-	-	-	-	23,264	4,655	5,735	72	10,462	-	18,609
2002	19,952	-	-	-	-	19,952	4,436	6,245	48	10,729	-	15,516
2001	17,863	-	-	-	-	17,863	3,758	6,388	48	10,194	-	14,105
2000	18,960	-	-	-	-	18,960	3,597	6,849	48	10,494	-	15,363
1999	15,886	-	-	-	-	15,886	3,997	8,228	48	12,273	-	11,889
1998	15,102	-	-	-	-	15,102	3,810	8,529	48	12,387	-	11,292
1997	11,646	-	-	-	-	11,646	3,810	9,215	48	13,073	-	7,836
1996	6,375	-	-	-	-	6,375	1,380	2,553	24	3,957	-	4,995
1995	2,471	-	-	-	-	2,471	-	200	-	200	-	2,471
	<u>\$ 1,063,898</u>	<u>\$ 34,363,347</u>	<u>\$ 153,570</u>	<u>\$ 188,113</u>	<u>\$ (17,873)</u>	<u>\$ 35,374,829</u>	<u>\$ 34,282,520</u>	<u>\$ 293,750</u>	<u>\$ 10,379</u>	<u>\$ 34,586,649</u>	<u>\$ 62,203</u>	<u>\$ 1,092,309</u>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374 (b)
FOR THE YEAR ENDED JUNE 30, 2012

Total cash collections for the
year ended June 30, 2012

Taxes	\$ 34,282,520
Interest and lien fees	<u>304,129</u>
Total	34,586,649

Reimbursed for

Tax relief for elderly (CGS 12-129d)	<u>71,062</u>
Total	<u>71,062</u>

Base	<u><u>\$ 34,657,711</u></u>
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	<u>GENERAL PURPOSE</u>	<u>SCHOOLS</u>	<u>SEWERS</u>	<u>URBAN RENEWAL</u>	<u>PENSION DEFICIT</u>
Debt limitation:					
2-1/4 times base	\$ 77,979,850	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	155,959,700	-	-	-
3-3/4 times base	-	-	129,966,416	-	-
3-1/4 times base	-	-	-	112,637,561	-
3 times base	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,973,133</u>
Total debt limitation	<u>77,979,850</u>	<u>155,959,700</u>	<u>129,966,416</u>	<u>112,637,561</u>	<u>103,973,133</u>
Indebtedness:					
Bonds and notes payable	11,045,310	325,000	2,514,180	-	-
Less: amounts to be provided by the State	<u>-</u>	<u>179,781</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>11,045,310</u>	<u>145,219</u>	<u>2,514,180</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of					
Outstanding and authorized debt	<u><u>\$ 66,934,540</u></u>	<u><u>\$ 155,814,481</u></u>	<u><u>\$ 127,452,236</u></u>	<u><u>\$ 112,637,561</u></u>	<u><u>\$ 103,973,133</u></u>
Total capacity of borrowing (7 times base)	\$ 242,603,977				
Total present indebtedness	<u>13,704,709</u>				
Margin for additional borrowing	<u><u>\$ 228,899,268</u></u>				

Combining Statements

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET - BY FUND TYPE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 584,727	\$ -	\$ -	\$ 584,727
Investments	1,118,297	326,769	729,346	2,174,412
Receivables:				
Grants and contracts receivable	150,012	340,012	-	490,024
Other	121,252	-	-	121,252
Due from other funds	59,851	-	1,600	61,451
Inventories	8,612	-	-	8,612
Total assets	<u>\$ 2,042,751</u>	<u>\$ 666,781</u>	<u>\$ 730,946</u>	<u>\$ 3,440,478</u>
LIABILITIES AND FUND BALANCES (DEFICIT)				
Liabilities:				
Accounts payable	\$ 335,335	\$ 5,043	\$ -	\$ 340,378
Due to other funds	33,897	1,401,413	839	1,436,149
Unearned/deferred revenue	426,873	-	-	426,873
Due to funding source	14,995	-	-	14,995
Bond anticipation note payable	-	410,000	-	410,000
Total liabilities	<u>811,100</u>	<u>1,816,456</u>	<u>839</u>	<u>2,628,395</u>
Fund Balances (Deficit):				
Nonspendable:				
Endowments	-	-	52,497	52,497
Inventories	8,612	-	-	8,612
Committed:				
Capital purchases	-	326,769	-	326,769
School lunch operations	178,444	-	-	178,444
Public safety	443,547	-	-	443,547
Human services	55,511	-	-	55,511
Town properties	409,234	-	-	409,234
Land use	60,388	-	-	60,388
General government	45,052	-	-	45,052
Unassigned (deficit)	30,863	(1,476,444)	677,610	(767,971)
Total fund balances (deficit)	<u>1,231,651</u>	<u>(1,149,675)</u>	<u>730,107</u>	<u>812,083</u>
Total liabilities and fund balances (deficit)	<u>\$ 2,042,751</u>	<u>\$ 666,781</u>	<u>\$ 730,946</u>	<u>\$ 3,440,478</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, 2012

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 2,531,211	\$ 280,399	\$ -	\$ 2,811,610
Charges for services	443,417	-	-	443,417
Food sales	577,294	-	-	577,294
Interest and dividends	956	169	6	1,131
Net decrease in the fair value of investments	-	-	(27,305)	(27,305)
Other income	21,427	40,852	16,953	79,232
Total revenues	<u>3,574,305</u>	<u>321,420</u>	<u>(10,346)</u>	<u>3,885,379</u>
EXPENDITURES				
Current:				
Program expenditures	3,325,169	107,979	643	3,433,791
Miscellaneous	-	-	4,784	4,784
Capital outlays	-	853,862	-	853,862
Total expenditures	<u>3,325,169</u>	<u>961,841</u>	<u>5,427</u>	<u>4,292,437</u>
Excess (deficiency) of revenues over expenditures	249,136	(640,421)	(15,773)	(407,058)
OTHER FINANCING USES				
Transfers in	-	14,985	-	14,985
Transfers out	(76,092)	-	-	(76,092)
Total other financing uses	<u>(76,092)</u>	<u>14,985</u>	<u>-</u>	<u>(61,107)</u>
Net change in fund balances	173,044	(625,436)	(15,773)	(468,165)
Fund balances (deficit) - beginning	<u>1,058,607</u>	<u>(524,239)</u>	<u>745,880</u>	<u>1,280,248</u>
Fund balances (deficit) - ending	<u>\$ 1,231,651</u>	<u>\$ (1,149,675)</u>	<u>\$ 730,107</u>	<u>\$ 812,083</u>

Special Revenue Funds

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Dog Fund	Education Grants Fund	School Lunch Fund	Ambulance Fee Program Fund	Youth Service Bureau Fund	HUD Small Cities Housing Rehab Program Fund	Historic Document Preservation Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ 425,225	\$ 102,855	\$ 56,617	\$ -	\$ -	\$ -
Investments	-	-	55,759	277,542	-	48,737	39,604
Receivables:							
Grants and contracts receivable	-	43,283	22,676	-	-	-	-
Other	-	-	-	121,252	-	-	-
Due from other funds	12,196	-	-	-	17,534	-	5,448
Inventories	-	-	8,612	-	-	-	-
Total assets	<u>12,196</u>	<u>468,508</u>	<u>189,902</u>	<u>455,411</u>	<u>17,534</u>	<u>48,737</u>	<u>45,052</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	-	241,951	2,846	666	-	-	-
Due to other funds	-	-	-	11,198	-	10,753	-
Unearned/deferred revenue	-	223,758	-	-	-	-	-
Due to funding source	12,196	2,799	-	-	-	-	-
Total liabilities	<u>12,196</u>	<u>468,508</u>	<u>2,846</u>	<u>11,864</u>	<u>-</u>	<u>10,753</u>	<u>-</u>
Fund Balances (deficit):							
Nonspendable:							
Inventories	-	-	8,612	-	-	-	-
Committed to:							
School lunch operations	-	-	178,444	-	-	-	-
Public safety	-	-	-	443,547	-	-	-
Human services	-	-	-	-	17,534	37,984	-
Town properties	-	-	-	-	-	-	-
Land use	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	45,052
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>187,056</u>	<u>443,547</u>	<u>17,534</u>	<u>37,984</u>	<u>45,052</u>
Total liabilities and fund balances (deficit)	<u>\$ 12,196</u>	<u>\$ 468,508</u>	<u>\$ 189,902</u>	<u>\$ 455,411</u>	<u>\$ 17,534</u>	<u>\$ 48,737</u>	<u>\$ 45,052</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012

	Town Land Preservation Fund	DOT Elderly and Disabled Fund	Land Use Fees Fund	Open Space Fund	HUD Small Cities Rehab 2009 Fund	HUD Small Cities Rehab 2010 Fund	Airport Improvement Grant Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ 10	\$ -
Investments	33,210	-	61,667	601,778	-	-	-
Receivables:							
Grants and contracts receivable	-	-	-	-	5,000	247	5,640
Other	-	-	-	-	-	-	-
Due from other funds	8,224	-	-	-	-	10,893	-
Inventories	-	-	-	-	-	-	-
Total assets	<u>41,434</u>	<u>-</u>	<u>61,667</u>	<u>601,778</u>	<u>5,010</u>	<u>11,150</u>	<u>5,640</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	-	-	-	-	-	11,150	-
Due to other funds	-	-	1,279	-	5,010	-	5,640
Unearned/deferred revenue	-	-	-	203,115	-	-	-
Due to funding source	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,279</u>	<u>203,115</u>	<u>5,010</u>	<u>11,150</u>	<u>5,640</u>
Fund Balances (deficit):							
Nonspendable:							
Inventories	-	-	-	-	-	-	-
Committed to:							
School lunch operations	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Town properties	10,571	-	-	398,663	-	-	-
Land use	-	-	60,388	-	-	-	-
General government	-	-	-	-	-	-	-
Unassigned (deficit)	30,863	-	-	-	-	-	-
Total fund balances (deficit)	<u>41,434</u>	<u>-</u>	<u>60,388</u>	<u>398,663</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances (deficit)	<u>\$ 41,434</u>	<u>\$ -</u>	<u>\$ 61,667</u>	<u>\$ 601,778</u>	<u>\$ 5,010</u>	<u>\$ 11,150</u>	<u>\$ 5,640</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012

	Partnership Success Initiative Fund	SC Regular Rehab 12	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 10	\$ 584,727
Investments	-	-	1,118,297
Receivables:			
Grants and contracts receivable	-	73,166	150,012
Other	-	-	121,252
Due from other funds	-	5,556	59,851
Inventories	-	-	8,612
Total assets	-	78,732	2,042,751
LIABILITIES AND FUND BALANCES (DEFICIT)			
Liabilities:			
Accounts payable	-	78,722	335,335
Due to other funds	17	-	33,897
Unearned/deferred revenue	-	-	426,873
Due to funding source	-	-	14,995
Total liabilities	17	78,722	811,100
Fund Balances (deficit):			
Nonspendable:			
Inventories	-	-	8,612
Committed to:			
School lunch operations	-	-	178,444
Public safety	-	-	443,547
Human services	(17)	10	55,511
Town properties	-	-	409,234
Land use	-	-	60,388
General government	-	-	45,052
Unassigned (deficit)	-	-	30,863
Total fund balances (deficit)	(17)	10	1,231,651
Total liabilities and fund balances (deficit)	\$ -	\$ 78,732	\$ 2,042,751

**TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS BALANCES (DEFICIT)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Dog Fund	Education Grants Fund	School Lunch Fund	Ambulance Fee Program Fund	Youth Service Bureau Fund	HUD Small Cities Housing Rehab Program Fund	Historic Document Preservation Fund
REVENUES							
Intergovernmental	\$ -	\$ 1,879,940	\$ 188,239	\$ -	\$ 19,000	\$ -	\$ -
Charges for services	74,738	-	-	258,069	-	-	-
Food sales	-	-	577,294	-	-	-	-
Interest and dividends	-	-	812	33	-	8	15
Other income	-	-	-	-	-	-	5,380
Total revenues	<u>74,738</u>	<u>1,879,940</u>	<u>766,345</u>	<u>258,102</u>	<u>19,000</u>	<u>8</u>	<u>5,395</u>
EXPENDITURES							
Current:							
Program expenditures	<u>74,738</u>	<u>1,879,940</u>	<u>752,346</u>	<u>47,669</u>	<u>16,564</u>	<u>2,970</u>	<u>-</u>
Total expenditures	<u>74,738</u>	<u>1,879,940</u>	<u>752,346</u>	<u>47,669</u>	<u>16,564</u>	<u>2,970</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	13,999	210,433	2,436	(2,962)	5,395
OTHER FINANCING USES							
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(76,092)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	13,999	134,341	2,436	(2,962)	5,395
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>173,057</u>	<u>309,206</u>	<u>15,098</u>	<u>40,946</u>	<u>39,657</u>
Fund balances (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,056</u>	<u>\$ 443,547</u>	<u>\$ 17,534</u>	<u>\$ 37,984</u>	<u>\$ 45,052</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Town Land Preservation Fund	DOT Elderly and Disabled Fund	Land Use Fees Fund	Open Space Fund	HUD Small Cities Rehab 2009 Fund	HUD Small Cities Rehab 2010 Fund	Airport Improvement Grant Fund
REVENUES							
Intergovernmental	\$ -	\$ 18,367	\$ -	\$ -	\$ 15,596	\$ 156,893	\$ -
Charges for services	110,610	-	-	-	-	-	-
Food sales	-	-	-	-	-	-	-
Interest and dividends	5	-	-	83	-	-	-
Other income	-	-	2,838	13,209	-	-	-
Total revenues	110,615	18,367	2,838	13,292	15,596	156,893	-
EXPENDITURES							
Current:							
Program expenditures	103,943	18,367	1,180	-	15,606	156,893	-
Total expenditures	103,943	18,367	1,180	-	15,606	156,893	-
Excess (deficiency) of revenues over expenditures	6,672	-	1,658	13,292	(10)	-	-
OTHER FINANCING USES							
Transfers out	-	-	-	-	-	-	-
Net change in fund balances	6,672	-	1,658	13,292	(10)	-	-
Fund balances - beginning	34,762	-	58,730	385,371	10	-	-
Fund balances (deficit) - ending	\$ 41,434	\$ -	\$ 60,388	\$ 398,663	\$ -	\$ -	\$ -

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Partnership Success Initiative Fund	SC Regular Rehab 12	Total Nonmajor Special Revenue Funds
REVENUES			
Intergovernmental	\$ 75,000	\$ 178,176	\$ 2,531,211
Charges for services	-	-	443,417
Food sales	-	-	577,294
Interest and dividends	-	-	956
Other income	-	-	21,427
Total revenues	<u>75,000</u>	<u>178,176</u>	<u>3,574,305</u>
EXPENDITURES			
Current:			
Program expenditures	<u>76,787</u>	<u>178,166</u>	<u>3,325,169</u>
Total expenditures	<u>76,787</u>	<u>178,166</u>	<u>3,325,169</u>
Excess (deficiency) of revenues over expenditures	(1,787)	10	249,136
OTHER FINANCING USES			
Transfers out	<u>-</u>	<u>-</u>	<u>(76,092)</u>
Net change in fund balances	(1,787)	10	173,044
Fund balances - beginning	<u>1,770</u>	<u>-</u>	<u>1,058,607</u>
Fund balances (deficit) - ending	<u>\$ (17)</u>	<u>\$ 10</u>	<u>\$ 1,231,651</u>

Capital Projects Funds

**TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2012**

	Windsorville Road Improvement Fund	Local Capital Improvement Program Fund	Town Sidewalk Fund	Windermere Road Improvements Fund	Department of Public Works Maintenance Fund	Sewer Relocation Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	25,693	-	71,812	18,340	210,924	-
Grants and contract receivables	-	107,979	-	-	-	62,033
Due from other funds	-	-	-	-	-	-
Total assets	<u>25,693</u>	<u>107,979</u>	<u>71,812</u>	<u>18,340</u>	<u>210,924</u>	<u>62,033</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Due to other funds	-	107,979	-	-	-	62,033
Bond anticipation note payable	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>107,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,033</u>
Fund Balances (deficit):						
Committed to:						
Capital purchases	25,693	-	71,812	18,340	210,924	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances (deficit)	<u>25,693</u>	<u>-</u>	<u>71,812</u>	<u>18,340</u>	<u>210,924</u>	<u>-</u>
Total liabilities and fund balances (deficit)	<u>\$ 25,693</u>	<u>\$ 107,979</u>	<u>\$ 71,812</u>	<u>\$ 18,340</u>	<u>\$ 210,924</u>	<u>\$ 62,033</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET (Continued)
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2012

	STEAP Pinney House Fund	STEAP Tennis Court Fund	Dojo Association Fund	Hall HVAC System Fund	59 South Road Fund	Windermere Heat Control
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Grants and contracts receivable	-	170,000	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>-</u>	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Accounts payable	-	-	-	-	-	4,718
Due to other funds	-	170,000	2,949	312,013	342,347	306,922
Bond anticipation note payable	-	-	410,000	-	-	-
Total liabilities	<u>-</u>	<u>170,000</u>	<u>412,949</u>	<u>312,013</u>	<u>342,347</u>	<u>311,640</u>
Fund Balances (deficit):						
Committed to:						
Capital purchases	-	-	-	-	-	-
Unassigned (deficit)	-	-	(412,949)	(312,013)	(342,347)	(311,640)
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>(412,949)</u>	<u>(312,013)</u>	<u>(342,347)</u>	<u>(311,640)</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 170,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET (Continued)
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2012

	Sewer Center Building	CLS Add/Renovate	Windermere School Alt	Total Nonmajor Capital Projects Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	326,769
Grants and contracts receivable	-	-	-	340,012
Due from other funds	-	-	-	-
Total assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>666,781</u>
LIABILITIES AND FUND BALANCES (DEFICIT)				
Liabilities:				
Accounts payable	325	-	-	5,043
Due to other funds	96,580	517	73	1,401,413
Bond anticipation note payable	-	-	-	410,000
Total liabilities	<u>96,905</u>	<u>517</u>	<u>73</u>	<u>1,816,456</u>
Fund Balances (deficit):				
Committed to:				
Capital purchases	-	-	-	326,769
Unassigned (deficit)	<u>(96,905)</u>	<u>(517)</u>	<u>(73)</u>	<u>(1,476,444)</u>
Total fund balances (deficit)	<u>(96,905)</u>	<u>(517)</u>	<u>(73)</u>	<u>(1,149,675)</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 666,781</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Windsorville Road Improvement Fund	Local Capital Improvement Program Fund	Town Sidewalk Fund	Windermere Road Improvements Fund	Department of Public Works Maintenance Fund	Sewer Relocation Fund
REVENUES						
Intergovernmental	\$ -	\$ 107,979	\$ -	\$ -	\$ -	\$ -
Interest and dividends	4	-	10	3	-	-
Other income	-	-	-	-	30	-
Total revenues	<u>4</u>	<u>107,979</u>	<u>10</u>	<u>3</u>	<u>30</u>	<u>-</u>
EXPENDITURES						
Current:						
Program expenditures	-	107,979	-	-	-	-
Capital outlays	-	-	-	-	-	14,985
Total expenditures	<u>-</u>	<u>107,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,985</u>
Excess (deficiency) of revenues over expenditures	4	-	10	3	30	(14,985)
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	14,985
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,985</u>
Net change in fund balances	4	-	10	3	30	-
Fund balances (deficit) - beginning	<u>25,689</u>	<u>-</u>	<u>71,802</u>	<u>18,337</u>	<u>210,894</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 25,693</u>	<u>\$ -</u>	<u>\$ 71,812</u>	<u>\$ 18,340</u>	<u>\$ 210,924</u>	<u>\$ -</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) (Continued)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	STEAP Pinney House Fund	STEAP Tennis Court Fund	Dojo Association Fund	Hall HVAC System Fund	59 South Road Fund	Windermere Heat Control
REVENUES						
Intergovernmental	\$ 2,420	\$ 170,000	\$ -	\$ -	\$ -	-
Interest and dividends	-	-	152	-	-	-
Other income	-	30,000	-	10,822	-	-
Total revenues	<u>2,420</u>	<u>200,000</u>	<u>152</u>	<u>10,822</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Current:						
Program expenditures	-	-	-	-	-	-
Capital outlays	<u>2,420</u>	<u>200,000</u>	<u>5,253</u>	<u>222,069</u>	<u>-</u>	<u>311,640</u>
Total expenditures	<u>2,420</u>	<u>200,000</u>	<u>5,253</u>	<u>222,069</u>	<u>-</u>	<u>311,640</u>
Excess (deficiency) of revenues over expenditures	-	-	(5,101)	(211,247)	-	(311,640)
OTHER FINANCING SOURCES						
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	(5,101)	(211,247)	-	(311,640)
Fund balances (deficit) - beginning	<u>-</u>	<u>-</u>	<u>(407,848)</u>	<u>(100,766)</u>	<u>(342,347)</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (412,949)</u>	<u>\$ (312,013)</u>	<u>\$ (342,347)</u>	<u>\$ (311,640)</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) (Continued)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Sewer Center Building	CLS Add/Renovate	Windermere School Alt	Total Nonmajor Capital Projects Funds
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 280,399
Interest and dividends	-	-	-	169
Other income	-	-	-	40,852
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,420</u>
EXPENDITURES				
Current:				
Program expenditures	-	-	-	107,979
Capital outlays	96,905	517	73	853,862
Total expenditures	<u>96,905</u>	<u>517</u>	<u>73</u>	<u>961,841</u>
Excess (deficiency) of revenues over expenditures	(96,905)	(517)	(73)	(640,421)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	14,985
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,985</u>
Net change in fund balances	(96,905)	(517)	(73)	(625,436)
Fund balances (deficit) - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>(524,239)</u>
Fund balances (deficit) - ending	<u>\$ (96,905)</u>	<u>\$ (517)</u>	<u>\$ (73)</u>	<u>\$ (1,149,675)</u>

Permanent Funds

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
JUNE 30, 2012

	Marshall E. Charter Fund	Kimball Memorial Fund	John T. McKnight Maintenance Fund	Eugene K. Mosley Fund	Arthur Hyde Fund
ASSETS					
Investments	\$ 399,581	\$ 81,111	\$ 16,272	\$ 100	\$ 200
Due from other funds	-	329	66	-	-
Total assets	<u>\$ 399,581</u>	<u>\$ 81,440</u>	<u>\$ 16,338</u>	<u>\$ 100</u>	<u>\$ 200</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 839	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable:					
Endowments	29,697	5,000	1,000	100	200
Unassigned	369,045	76,440	15,338	-	-
Total fund balances	<u>398,742</u>	<u>81,440</u>	<u>16,338</u>	<u>100</u>	<u>200</u>
Total liabilities and fund balances	<u>\$ 399,581</u>	<u>\$ 81,440</u>	<u>\$ 16,338</u>	<u>\$ 100</u>	<u>\$ 200</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET (Continued)
NONMAJOR PERMANENT FUNDS
JUNE 30, 2012

	Sarah H. McKinney Fund	Mary Wadsworth Gardner Fund	Hall Memorial Library Fund	Wiley Fund	Total Nonmajor Permanent Funds
ASSETS					
Investments	\$ 500	\$ 60,640	\$ 169,942	\$ 1,000	\$ 729,346
Due from other funds	-	516	689	-	1,600
Total assets	<u>\$ 500</u>	<u>\$ 61,156</u>	<u>\$ 170,631</u>	<u>\$ 1,000</u>	<u>\$ 730,946</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 839
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>839</u>
Fund Balances:					
Nonspendable:					
Endowments	500	5,000	10,000	1,000	52,497
Unassigned	-	56,156	160,631	-	677,610
Total fund balances	<u>500</u>	<u>61,156</u>	<u>170,631</u>	<u>1,000</u>	<u>730,107</u>
Total liabilities and fund balances	<u>\$ 500</u>	<u>\$ 61,156</u>	<u>\$ 170,631</u>	<u>\$ 1,000</u>	<u>\$ 730,946</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Marshall E. Charter Fund	Kimball Memorial Fund	John T. McKnight Maintenance Fund	Eugene K. Mosley Fund	Arthur Hyde Fund
REVENUES					
Interest and dividends	\$ 6	\$ -	\$ -	\$ -	\$ -
Net increase in the fair value of investments	(14,350)	(3,198)	(641)	-	-
Other income	8,918	1,983	397	-	-
Total revenues	<u>(5,426)</u>	<u>(1,215)</u>	<u>(244)</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Current:					
Program expenditures	-	-	-	-	-
Miscellaneous	2,517	559	112	-	-
Total expenditures	<u>2,517</u>	<u>559</u>	<u>112</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	(7,943)	(1,774)	(356)	-	-
Fund balances - beginning	<u>406,685</u>	<u>83,214</u>	<u>16,694</u>	<u>100</u>	<u>200</u>
Fund balances - ending	<u>\$ 398,742</u>	<u>\$ 81,440</u>	<u>\$ 16,338</u>	<u>\$ 100</u>	<u>\$ 200</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Sarah H. McKinney Fund	Mary Wadsworth Gardner Fund	Hall Memorial Library Fund	Wiley Fund	Total Nonmajor Permanent Funds
REVENUES					
Interest and dividends	\$ -	\$ -	\$ -	\$ -	\$ 6
Net increase in the fair value of investments	-	(2,417)	(6,699)	-	(27,305)
Other income	-	1,502	4,153	-	16,953
Total revenues	-	(915)	(2,546)	-	(10,346)
EXPENDITURES					
Current:					
Program expenditures	-	643	-	-	643
Miscellaneous	-	424	1,172	-	4,784
Total expenditures	-	1,067	1,172	-	5,427
Excess of revenues over expenditure	-	(1,982)	(3,718)	-	(15,773)
Fund balances - beginning	500	63,138	174,349	1,000	745,880
Fund balances - ending	\$ 500	\$ 61,156	\$ 170,631	\$ 1,000	\$ 730,107

Proprietary Funds

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF NET ASSETS (DEFICIT)
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2012

	Solid Waste Collection Fund	Watermains, Tripp and Middle Roads Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Solid waste charges receivable, net of allowance for uncollectibles of \$5,200	\$ 41,944	\$ -	\$ 41,944
Noncurrent assets:			
Long-term assessments receivable	-	38,183	38,183
Total assets	<u>41,944</u>	<u>38,183</u>	<u>80,127</u>
LIABILITIES			
Current liabilities:			
Due to other funds	<u>55,137</u>	<u>109,541</u>	<u>164,678</u>
Total liabilities	<u>55,137</u>	<u>109,541</u>	<u>164,678</u>
NET ASSETS (DEFICIT)			
Unrestricted (deficit)	<u>(13,193)</u>	<u>(71,358)</u>	<u>(84,551)</u>
Total net assets (deficit)	<u><u>\$ (13,193)</u></u>	<u><u>\$ (71,358)</u></u>	<u><u>\$ (84,551)</u></u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS (DEFICIT)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Solid Waste Collection Fund	Watermains, Tripp and Middle Roads Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Solid waste fees	\$ 515,537	\$ -	\$ 515,537
Total operating revenues	<u>515,537</u>	<u>-</u>	<u>515,537</u>
 OPERATING EXPENSES			
Public works and administrative expenses	<u>523,811</u>	<u>-</u>	<u>523,811</u>
Total operating expenses	<u>523,811</u>	<u>-</u>	<u>523,811</u>
 Change in net assets	(8,274)	-	(8,274)
 Net assets (deficit) - beginning	<u>(4,919)</u>	<u>(71,358)</u>	<u>(76,277)</u>
 Net assets (deficit) - ending	<u><u>\$ (13,193)</u></u>	<u><u>\$ (71,358)</u></u>	<u><u>\$ (84,551)</u></u>

**TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Solid Waste Collection Fund	Watermains, Tripp and Middle Roads Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 509,535	\$ -	\$ 509,535
Receipts from interfund services provided	14,277	-	14,277
Payments for interfund services provided	-	-	-
Payments to suppliers	(523,812)	-	(523,812)
Net cash provided by (used in) operating activities	-	-	-
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	-	-	-
Cash and cash equivalents, end of year	\$ -	\$ -	\$ -
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (8,274)	\$ -	\$ (8,274)
Increase in assets:			
Solid waste charges receivable, net	(6,002)	-	(6,002)
Long-term assessments receivable	-	-	-
Increase in liabilities:			
Due to other funds	14,276	-	14,276
Net cash provided by (used in) operating activities	\$ -	\$ -	\$ -

Fiduciary Funds

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2012

	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	\$ -	\$ -	\$ -	\$ 84,738	\$ -	\$ 971
Investments	21,236	2,265	25,523	-	48,182	22,174
Due from other funds	-	-	-	-	-	-
Total assets	<u>21,236</u>	<u>2,265</u>	<u>25,523</u>	<u>84,738</u>	<u>48,182</u>	<u>23,145</u>
LIABILITIES						
Due to other funds	-	-	-	-	-	2,023
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,023</u>
NET ASSETS						
Held in trust for other purposes	<u>\$ 21,236</u>	<u>\$ 2,265</u>	<u>\$ 25,523</u>	<u>\$ 84,738</u>	<u>\$ 48,182</u>	<u>\$ 21,122</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS *(Continued)*
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2012

	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	\$ 13,700	\$ -	\$ -	\$ -	\$ -	\$ 99,409
Investments	-	162,127	5,518	10,973	50,658	348,656
Due from other funds	-	658	23	45	-	726
Total assets	<u>13,700</u>	<u>162,785</u>	<u>5,541</u>	<u>11,018</u>	<u>50,658</u>	<u>448,791</u>
LIABILITIES						
Due to other funds	-	-	-	-	-	2,023
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,023</u>
NET ASSETS						
Held in trust for other purposes	<u>\$ 13,700</u>	<u>\$ 162,785</u>	<u>\$ 5,541</u>	<u>\$ 11,018</u>	<u>\$ 50,658</u>	<u>\$ 446,768</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Municipal Land Trust Fund	Public Health Nursing Fund	John T. McKnight Fund	Hall Memorial Library Fund	Senior Center Donation Fund	Graduation Fund
ADDITIONS						
Contributions - private donations	\$ -	\$ -	\$ -	\$ 26,881	\$ 100	\$ 20,527
Other income	-	-	-	17,343	-	-
Total contributions	-	-	-	44,224	100	20,527
Investment earnings:						
Interest	3	-	3	123	7	4
Net decrease in the fair value of investments	-	-	-	-	-	-
Net investment earnings (losses)	3	-	3	123	7	4
Total additions	3	-	3	44,347	107	20,531
DEDUCTIONS						
Other expenditures	-	-	-	-	-	-
Program expenditures	-	-	-	39,659	600	22,721
Total deductions	-	-	-	39,659	600	22,721
Change in net assets	3	-	3	4,688	(493)	(2,190)
Net Assets Held in Trust for Others:						
Beginning	21,233	2,265	25,520	80,050	48,675	23,312
Ending	<u>\$ 21,236</u>	<u>\$ 2,265</u>	<u>\$ 25,523</u>	<u>\$ 84,738</u>	<u>\$ 48,182</u>	<u>\$ 21,122</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS (Continued)
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Senior Citizen Activity Fund	Hall Memorial Endowment Fund	Hall Memorial Myrtle Eddy Fund	Hall Memorial Moriarty Fund	Ellington Senior Center Building Fund	Total Private Purpose Trust Funds
ADDITIONS						
Contributions - private donations	\$ 23,562	\$ -	\$ -	\$ -	\$ 69,619	\$ 140,689
Other income	-	3,962	55	107	-	21,467
Total contributions	23,562	3,962	55	107	69,619	162,156
Investment earnings:						
Interest	37	-	-	-	1	178
Net decrease in the fair value of investments	-	(6,391)	(220)	(437)	-	(7,048)
Net investment earnings (losses)	37	(6,391)	(220)	(437)	1	(6,870)
Total additions	23,599	(2,429)	(165)	(330)	69,620	155,286
DEDUCTIONS						
Other expenditures	-	1,118	39	77	18,962	20,196
Program expenditures	21,296	-	-	-	-	84,276
Total deductions	21,296	1,118	39	77	18,962	104,472
Change in net assets	2,303	(3,547)	(204)	(407)	50,658	50,814
Net Assets Held in Trust for Others:						
Beginning	11,397	166,332	5,745	11,425	-	395,954
Ending	\$ 13,700	\$ 162,785	\$ 5,541	\$ 11,018	\$ 50,658	446,768

**TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Balance, June 30, 2011	Additions	Deletions	Balance, June 30, 2012
CASH AND CASH EQUIVALENTS				
Ellington Center School	\$ 5,305	\$ 14,989	\$ 14,854	\$ 5,440
Ellington High School	117,662	494,762	517,001	95,423
Ellington School Use Activity	22,013	11,848	14,383	19,478
Crystal Lake School	2,994	11,323	11,245	3,072
Windermere School	27,615	56,830	60,252	24,193
Special Education Preschool Department	20,187	83,123	77,201	26,109
Board of Education Educational Services	22,360	26,291	29,641	19,010
Special Education Petty Cash Reimbursement	1,016	13,425	12,203	2,238
Ellington Middle School	73,029	160,261	151,758	81,532
Special Education Account	203,883	251,947	290,000	165,830
Petty Cash - BOE	201	2,301	2,168	334
Petty Cash - All Schools	1,035	-	191	844
Central Office Flex Spending	-	46,187	32,754	13,433
COBRA Reimbursement	-	23,748	-	23,748
INVESTMENTS				
Construction Performance Bonds	78,095	33,500	99,547	12,048
Total Assets	<u>\$ 575,395</u>	<u>\$ 1,230,535</u>	<u>\$ 1,313,198</u>	<u>\$ 492,732</u>
DUE TO OTHERS				
Ellington Center School	\$ 5,305	\$ 14,989	\$ 14,854	\$ 5,440
Ellington High School	117,662	494,762	517,001	95,423
Ellington School Use Activity	22,013	11,848	14,383	19,478
Crystal Lake School	2,994	11,323	11,245	3,072
Windermere School	27,615	56,830	60,252	24,193
Special Education Preschool Department	20,187	83,123	77,201	26,109
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Special Education Petty Cash Reimbursement	1,016	13,425	12,203	2,238
Ellington Middle School	73,029	160,261	151,758	81,532
Special Education Account	203,883	251,947	290,000	165,830
Petty Cash - BOE	201	2,301	2,168	334
Petty Cash - All Schools	1,035	-	191	844
Central Office Flex Spending	-	46,187	32,754	13,433
COBRA Reimbursement	-	23,748	-	23,748
Due to Contractors	78,095	33,500	99,547	12,048
Total Liabilities	<u>\$ 575,395</u>	<u>\$ 1,230,535</u>	<u>\$ 1,313,198</u>	<u>\$ 492,732</u>

Federal and State Single Audit Reports

Town of Ellington, Connecticut

June 30, 2012

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Internal Control and Compliance Report



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ellington, Connecticut (the "Town") as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 30, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control would not necessarily identify all deficiencies in internal control over financial reporting that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in the Town's internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Finance and management of the Town, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Glastonbury, Connecticut
April 30, 2013

Federal Single Audit Section



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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE
RELATED TO MAJOR PROGRAMS (OMB CIRCULAR A-133) AND ON INTERNAL CONTROL
OVER COMPLIANCE**

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

Compliance

We have audited the compliance of the Town of Ellington, Connecticut (the "Town") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2012. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Federal Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major federal program as a basis for designing audit procedures for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion of the effectiveness of the Town's internal control over compliance. Accordingly, we express no such opinion.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in the Town's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

This report is intended solely for the information and use of the Board of Finance and management of the Town, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Glastonbury, Connecticut
April 30, 2013



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America (US GAAS) established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ellington, Connecticut (the "Town") as of and for the year ended June 30, 2012, and our report dated April 30, 2013, expressed unqualified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on these financial statements that collectively comprise the Town's financial statements.

The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2012 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Grant Thornton LLP

Glastonbury, Connecticut
April 30, 2013

**TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor; Program Title; Description	Pass-Through Grantor's Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through State of Connecticut			
Department of Economic and Community Development:			
Small Cities - Rehab - 2009	12060-ECD46350-20730	14.218	\$ 15,596
Small Cities - Rehab - 2010	12060-ECD46350-20730	14.218	156,893
Small Cities - Rehab - 2012	12060-ECD46350-20730	14.218	178,176
Total Department of Housing and Urban Development			350,665
U.S. DEPARTMENT OF EDUCATION			
Passed through State of Connecticut			
Department of Education:			
IDEA - Part B, Section 611 - 2011	12060-SDE64370-20977	84.027	69,497
IDEA - Part B, Section 611 - 2012	12060-SDE64370-20977	84.027	323,832
IDEA - Part B, Section 619 - 2011	12060-SDE64370-20983	84.173	8,954
IDEA - Part B, Section 619 - 2012	12060-SDE64370-20983	84.173	4,444
			406,727
Title I Improving Basic Programs - 2011	12060-SDE6430-20679	84.010	1,200
Title I Improving Basic Programs - 2012	12060-SDE6430-20679	84.010	66,012
			67,212
Title II Part A Teachers - 2011	12060-SDE64370-20858	84.367	24,047
Title II Part A Teachers - 2012	12060-SDE64370-20858	84.367	30,574
			54,621
Education Jobs Fund - ARRA	12060-SDE64370-22405	84.410	563,970
Vocational Education Occupation Grant	12060-SDE64370-20742	84.048	15,012
Total Department of Education			1,107,542
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the State of Connecticut Department of Mental Health and Addiction Services:			
Partnership for Success Initiative	-	93.243	75,000
Total Department of Health and Human Services			75,000

The accompanying notes are an integral part of this schedule.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor; Program Title; Description	Pass-Through Grantor's Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through State of Connecticut			
Department of Agriculture:			
National School Lunch Program - Cash	12060-SDE64370-20560	10.555	\$ 131,988
National School Lunch Program - Commodities	-	10.555	25,835
National School Milk	12060-SDE64370-20500	10.556	1,280
Total Department of Agriculture			<u>159,103</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through State of Connecticut			
Department of Transportation:			
Alcohol Traffic Safety Grants		20.601	<u>1,789</u>
Total Department of Transportation			<u>1,789</u>
DEPARTMENT OF HOMELAND SECURITY			
Passed through the State of Connecticut Office of Emergency Management:			
Disaster Grants - Public Assistance	12060-DPS32985-21891	97.036	33,057
Disaster Grants - Public Assistance	12060-DPS32985-21891	97.036	<u>468,194</u>
Total Department of Homeland Security			<u>501,251</u>
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 2,195,350</u>

The accompanying notes are an integral part of this schedule.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE A - ACCOUNTING BASIS

BASIC FINANCIAL STATEMENTS

The accounting policies of the Town of Ellington, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of federal awards.

NOTE B - OTHER FEDERAL ASSISTANCE

The United States Department of Agriculture makes available commodities for donations to schools. An amount of \$25,835 is reflected in the expenditures column in the accompanying schedule of expenditures of federal awards and represents the market value of such commodities received during the period.

No other federal assistance was received in the form of loans, loan guarantees or insurance.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

☐ Material weakness(es) identified? _____ Yes ☒ No

☐ Significant deficiency(ies) identified? _____ Yes ☒ None reported

Noncompliance material to financial statements noted? _____ Yes ☒ No

Federal Awards

Internal control over major programs:

☐ Material weakness(es) identified? _____ Yes ☒ No

☐ Significant deficiency(ies) identified? _____ Yes ☒ None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? _____ Yes ☒ No

Identification of major programs:

CFDA Number	Name of Federal Program
97.036	Disaster Grants Public Assistance
84.410	Education Jobs Funding

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

There were no federal findings or questioned costs reported in the Town's prior year federal single audit.

State Single Audit Section



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE RELATED TO MAJOR PROGRAMS (CONNECTICUT STATE SINGLE AUDIT ACT) AND ON INTERNAL CONTROL

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

Compliance

We have audited the compliance of the Town of Ellington, Connecticut (the "Town") with the types of compliance requirements described in the State of Connecticut, Office of Policy and Management *Compliance Supplement to the State Single Audit Act* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2012. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of state findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major state program as a basis for designing audit procedures for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion of the effectiveness of the Town's internal control over compliance. Accordingly, we express no such opinion.

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

Our consideration of internal control would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in the Town's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

This report is intended solely for the information and use of the Board of Finance and management of the Town, state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Glastonbury, Connecticut
April 30, 2013



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America (US GAAS) established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ellington, Connecticut (the "Town") as of and for the year ended June 30, 2012, and our report dated April 30, 2013, expressed unqualified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on these financial statements that collectively comprise the Town's financial statements.

The accompanying Schedule of Expenditures of State Financial Assistance for the year ended June 30, 2012 is presented for purposes of additional analysis as required by the State Single Audit Act (C.G.S. sections 4-230 to 4-236), and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Grant Thornton LLP

Glastonbury, Connecticut
April 30, 2013

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012

State Grantor; Pass-through Grantor; Program Title	State Grant Program Core - CT Number	Expenditures
NON-EXEMPT PROGRAMS:		
OFFICE OF POLICY AND MANAGEMENT		
Direct:		
Property Tax Relief for Totally Disabled	11000-OPM20600-17011	\$ 1,676
Property Tax Relief for Elderly Homeowner	11000-OPM20600-17018	71,062
Property Tax Relief for Veterans	11000-OPM20600-17024	17,793
Municipal Video Competition	12060-OPM20600-35362	2,796
Municipal Revenue Sharing	12060-OPM20600-35458	132,035
Local Capital Improvement Program	12050-OPM20600-40254	107,979
Total Office of Policy and Management		333,341
DEPARTMENT OF TRANSPORTATION		
Direct:		
Town Aid Road Grant	12001-DOT-57131-17036	167,107
Bus Operations	12001-DOT57931-12175	18,367
Total Department of Transportation		185,474
DEPARTMENT OF EDUCATION		
Direct:		
State Match	11000-SDE64370-16211	9,182
Healthy Foods Initiative	11000-SDE64370-16212	19,954
Sheff Settlement	11000-SDE64370-12457	83,625
Youth Service Bureau	11000-SDE64370-17052	14,000
Youth Service Bureau Enhancement	11000-SDE64370-16201	5,000
Adult Education	11000-SDE64370-17030	36,523
Open Choice Program	11000-SDE64370-17053	140,766
Competitive School Readiness	11000-SDE64370-17097	2,978
Early Childhood Program	11000-SDE64370-12113	74,500
Total Department of Education		386,528
CONNECTICUT STATE LIBRARY		
Direct:		
Connecticard	11000-CSL66051-17010	2,207
Historic Documents Preservation	12060-CSL66094-35150	3,500
State Grants to Public Libraries	11000-CSL66051-17003	1,887
Total Connecticut State Library		7,594
OFFICE OF THE STATE COMPTROLLER		
Direct:		
Payment in Lieu of Taxes on State-Owned Property	11000-OSC15910-17004	6,219
DEPARTMENT OF ENVIRONMENTAL PROTECTION		
Direct:		
Environmental Quality Fees	11000-DEP43970-12501	10
STEAP Ellington High School Tennis Courts	12052-DEP43153-40531	170,000
Clean Air Account Fund	11000-DEP43540-12490	20
Total Department of Environmental Protection		170,030
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT		
Direct:		
STEAP Pinney House	12052-ECD46000-42411-149	2,420
DEPARTMENT OF AGRICULTURE		
Direct:		
Farmland Preservation	12060-DAG42720-90460	10

The accompanying note is an integral part of this schedule.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

<u>State Grantor; Pass-through Grantor; Program Title</u>	<u>State Grant State Grant Number</u>	<u>Expenditures</u>
NON-EXEMPT PROGRAMS (Continued):		
STATE JUDICIAL BRANCH		
Direct:		
Non-Budgeted Operating Appropriations	34001-JUD95162-40001	\$ 1,929
DIVISION OF EMERGENCY MANAGEMENT AND HOMELAND SECURITY		
Direct:		
FEMA Assistance - State Portion	12060-DPS32985-21891	1,058
Total Non-exempt programs		<u>1,094,603</u>
EXEMPT PROGRAMS:		
OFFICE OF THE STATE COMPTROLLER		
Direct:		
Pequot Grant	12009-OSC15910-17005	52,532
DEPARTMENT OF EDUCATION		
Direct:		
Education Cost Sharing	11000-SDE64370-17041	9,464,509
Public School Transportation	11000-SDE64370-17027	157,875
Excess Cost - Student Based	11000-SDE64370-17047	464,576
School Building Project - Interest	13009-SDE64370-40896	8,248
School Building Project - Principal	13010-SDE64370-40901	3,140,736
Total Department of Education Exempt		<u>13,235,944</u>
Total Exempt programs		<u>13,288,476</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 14,383,079</u>

The accompanying note is an integral part of this schedule.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs of the Town.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Ellington, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The following is a summary of the more significant policies relating to the aforementioned grant programs.

BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of state financial assistance is presented in accordance with regulations established by the State of Connecticut, Office of Policy and Management.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

The schedule of expenditures of state financial assistance contained in this report is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

☐ Material weakness(es) identified? _____ Yes ☒ No

☐ Significant deficiency(ies) identified? _____ Yes ☒ None Reported

Noncompliance material to financial statements noted? _____ Yes ☒ No

STATE FINANCIAL ASSISTANCE

Internal control over major programs:

☐ Material weakness(es) identified? _____ Yes ☒ No

☐ Significant deficiency(ies) identified? _____ Yes ☒ None Reported

Type of auditors' report issued on compliance for major programs: Unqualified

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

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

State Grantor and Program	State Grant Program Core-CT Number	Expenditures
Department of Transportation		
Town Aid Road	12001-DOT-57131-17036	\$ 167,107
Department of Energy and Environmental Protection		
Small Town Economic Assistance Program	12052-DEP43153-40351	\$ 170,000
Office of Policy and Management		
Local Capital Improvement Program	12050-OPM20600-40254	\$ 107,979
Department of Education		
Open Choice	11000-SDE64370-17053	\$ 140,766

Dollar threshold used to distinguish between Type A and Type B programs: \$200,000

II. FINANCIAL STATEMENT FINDINGS

☐ No findings were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

☐ No findings were reported.