

**TOWN OF ELLINGTON,
CONNECTICUT**

**BASIC FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES**

**FOR THE YEAR ENDED
JUNE 30, 2011**

**TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**



TOWN OF ELLINGTON, CONNECTICUT
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Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

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, 2011, 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 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, 2011, 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 January 13, 2012 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 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 and 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 part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CCR LLP

Glastonbury, Connecticut
January 13, 2012

Management's Discussion and Analysis

TOWN OF ELLINGTON, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2011.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$65,742,737 (net assets). Of this amount, \$11,375,841 (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, 2011 amounted to a decrease of \$139,082 or 0.2% 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 \$5,493,378, a decrease of \$665,135 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 \$2,337,837 or 4.8% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 0.6 months of General Fund operating expenditures. Committed fund balance for future "Capital Reserves" and other "Capital and Nonrecurring" requirements totaled \$3,676,115 at June 30, 2011.
- The Town's total long-term bonded debt had a net decrease of \$1,660,000 or 10.3% during the current fiscal year due to scheduled principal repayments.
- Effective January 1, 2008, Town Charter Section 1004, now 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 \$3,480,017, or 7.7% of budgetary expenditures for the year ended June 30, 2011.

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*)

Government 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 58-94 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 \$65,742,737 and \$65,881,819 as of June 30, 2011 and 2010, respectively, and are summarized as follows:

**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>

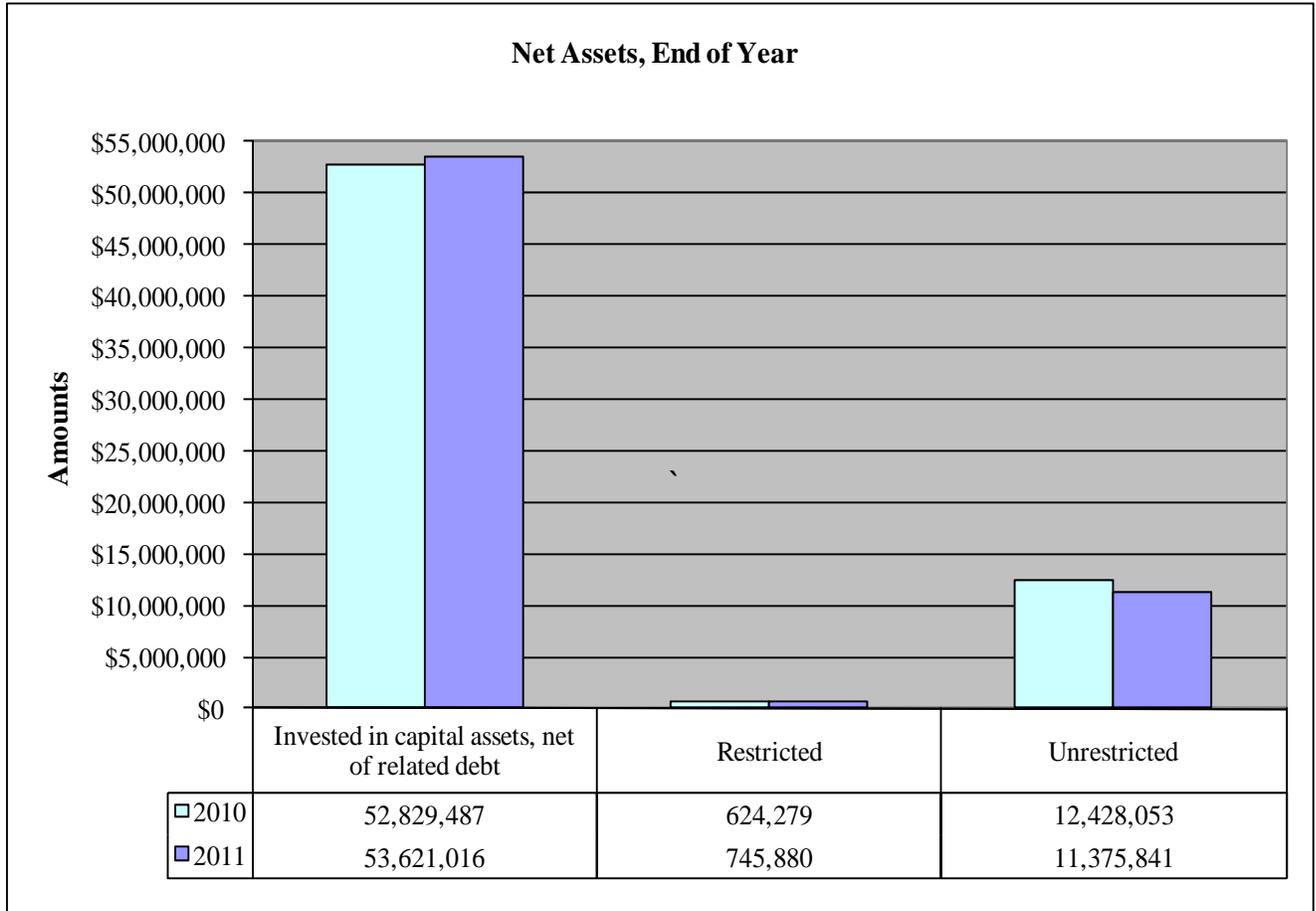
**Town of Ellington
Net Assets
June 30, 2010**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 10,232,011	\$ 7,786,306	\$ 18,018,317
Capital assets	59,370,754	11,750,939	71,121,693
Total assets	<u>69,602,765</u>	<u>19,537,245</u>	<u>89,140,010</u>
Other liabilities	2,715,130	100,664	2,815,794
Long-term debt outstanding	17,010,288	3,432,109	20,442,397
Total liabilities	<u>19,725,418</u>	<u>3,532,773</u>	<u>23,258,191</u>
Net assets:			
Invested in capital assets, net of related debt	43,364,687	9,464,800	52,829,487
Restricted	624,279	-	624,279
Unrestricted	5,888,381	6,539,672	12,428,053
Total net assets	<u>\$ 49,877,347</u>	<u>\$ 16,004,472</u>	<u>\$ 65,881,819</u>

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Assets (Continued)



81.6% 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.

1.1% 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 decreased by \$139,082 or 0.2% 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, 2011 and 2010 are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
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	81,650	(220,732)	(139,082)
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)

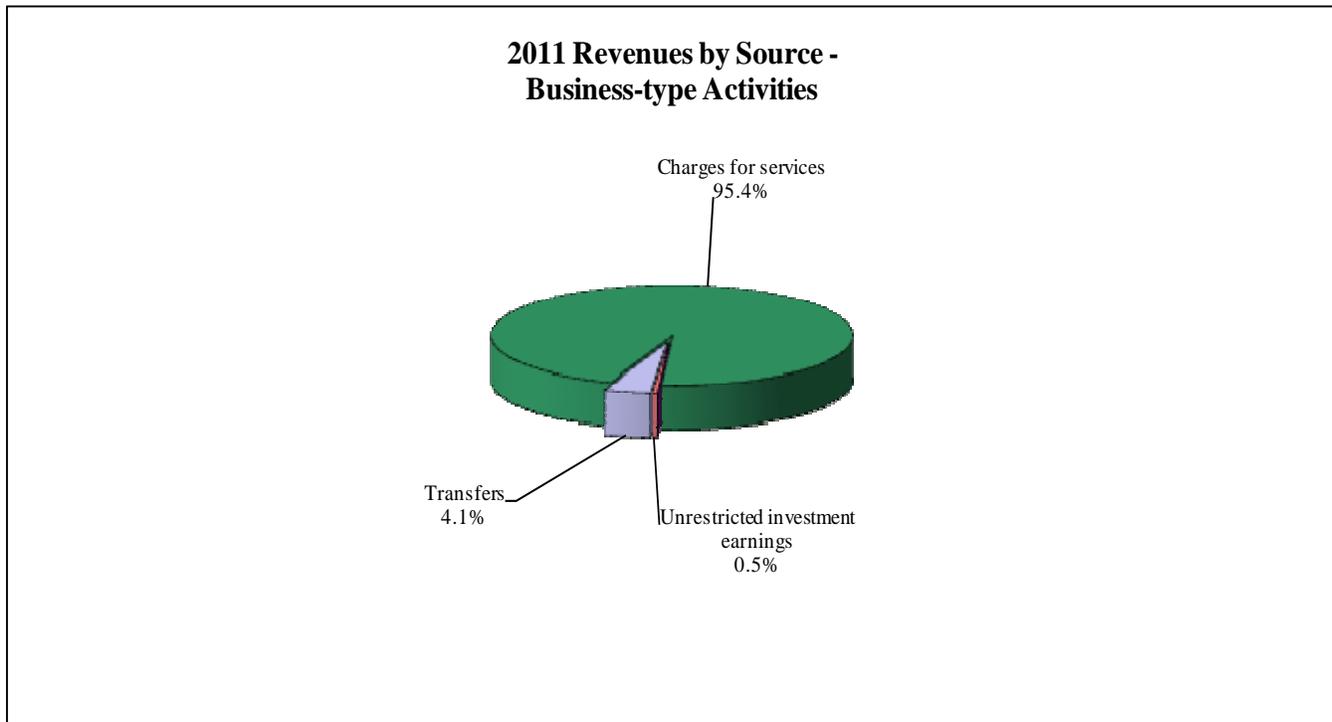
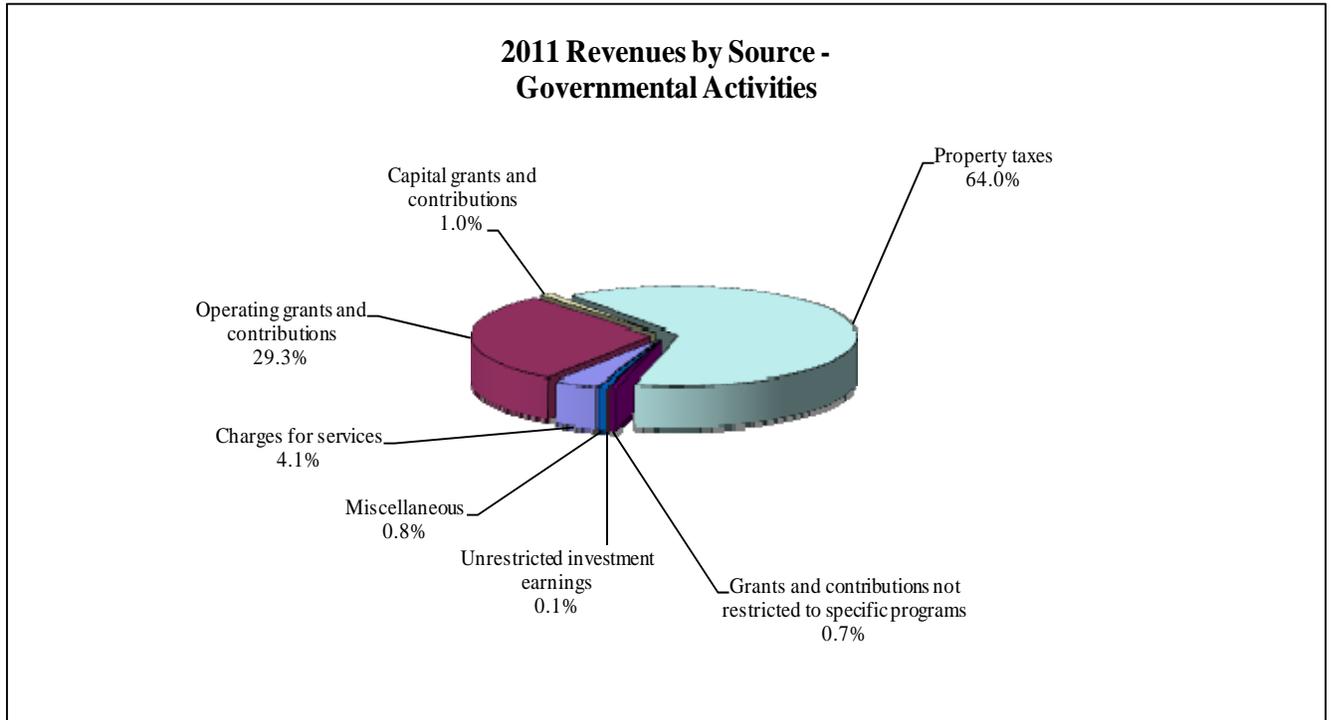
Changes in Net Assets (Continued)

Town of Ellington Changes in Net Assets For the Year Ended June 30, 2010			
	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 2,519,380	\$ 2,425,216	\$ 4,944,596
Operating grants and contributions	14,296,891	-	14,296,891
Capital grants and contributions	786,751	-	786,751
General revenues:			
Property taxes	31,448,444	-	31,448,444
Grants and contributions not restricted to specific programs	415,507	-	415,507
Unrestricted investment earnings	31,291	16,711	48,002
Miscellaneous	297,243	-	297,243
Total revenues	49,795,507	2,441,927	52,237,434
Program expenses			
General government	3,013,347	-	3,013,347
Boards and agencies	487,718	-	487,718
Public safety	2,572,838	-	2,572,838
Public works	4,895,427	-	4,895,427
Recreation	514,902	-	514,902
Library	881,053	-	881,053
Human services	563,625	-	563,625
Town properties	468,553	-	468,553
Education	34,552,602	-	34,552,602
Interest on long-term debt	648,934	-	648,934
Sewer	-	2,415,126	2,415,126
Total expenses	48,598,999	2,415,126	51,014,125
Change in net assets before transfers	1,196,508	26,801	1,223,309
Transfers	(122,236)	122,236	-
Change in net assets	1,074,272	149,037	1,223,309
Net assets - beginning	48,803,075	15,855,435	64,658,510
Net assets - ending	\$ 49,877,347	\$ 16,004,472	\$ 65,881,819

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

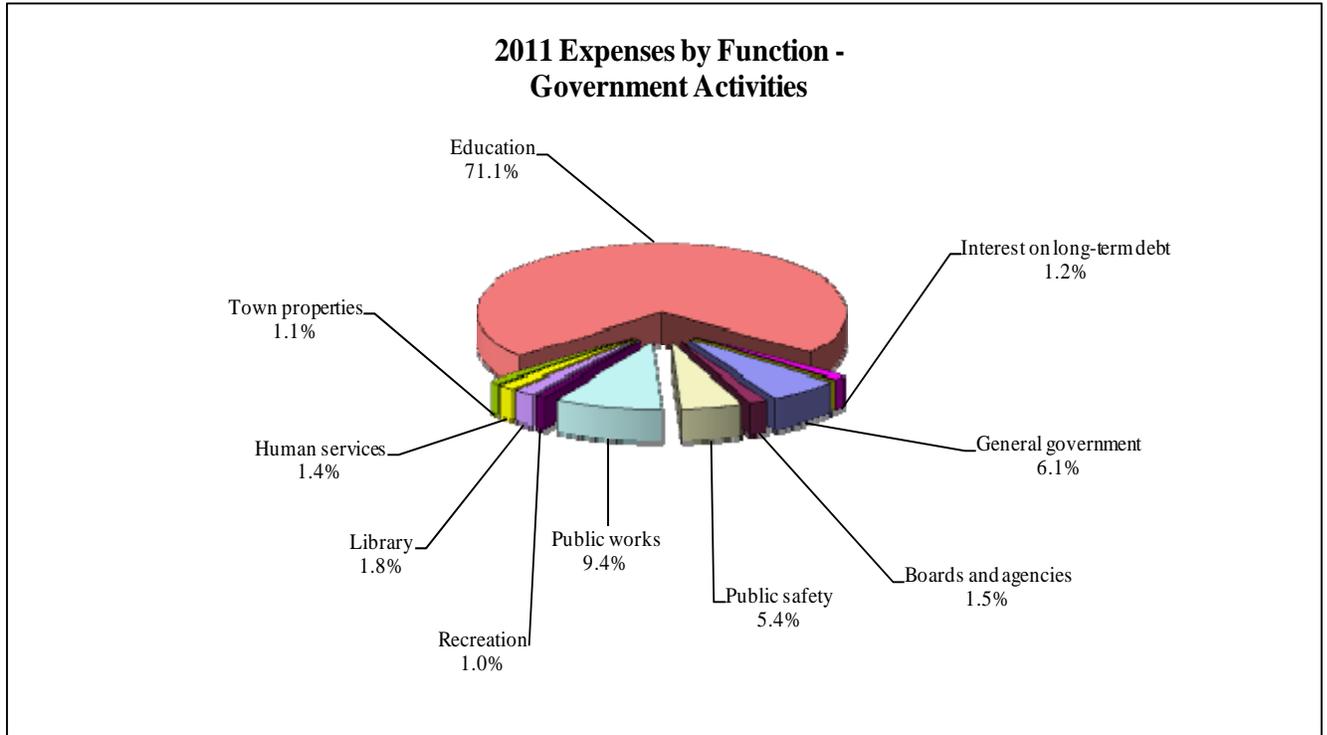
Changes in Net Assets (Continued)



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 \$81,650.

Business-type Activities

Business-type activities decreased the Town's net assets by \$220,732.

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 \$5,493,378, a decrease of \$665,135 in comparison with the prior year. Of the total governmental fund balances, (\$516,654) constitutes unassigned (deficit) 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 \$2,337,837, while total fund balance was \$6,848,833. Committed fund balance for future "Capital Reserves" and "Capital and Nonrecurring" totaled \$3,676,115. The remaining \$834,881 of fund balance is assigned for various purposes by the Board of Finance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 4.8% of total General Fund expenditures, while total fund balance represents 14.1% of that same amount. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 0.6 months of General Fund operating expenditures.

The fund balance of the Town's General Fund decreased by \$437,235 during the current fiscal year.

High School/Center School Project Fund

The deficit fund balance of the Town's High School/Center School Project Fund increased by \$7,238 due to unanticipated construction costs to complete the project. The Town is planning to close out this fund once the State of Connecticut completes their final close out of this project. This deficit is expected to be recovered through future reimbursements from the State of Connecticut once the final close out has occurred. Any remaining deficit balance after funding has been received from the State will be recovered through a transfer from the General Fund.

Proprietary Funds

Unrestricted net assets of the Sewer Authority Fund and the Crystal Lake Sewers Fund at the end of the year totaled \$5,578,466 and \$924,737, respectively. The total decrease in net assets for these funds was \$164,064 and \$31,688, 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 \$85,404. Significant components of this increase are as follows:

- Increase in Public Safety spending primarily for police special duty assignments for road construction projects
- Increase in Public Works spending primarily due to higher than anticipated costs for equipment maintenance

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, 2011 totaled \$70,529,037 (net of accumulated depreciation). This investment in capital assets includes an art collection, land, property development rights, construction in progress, buildings and improvements, equipment, vehicles, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was \$592,656, which was comprised of a \$214,343 decrease or a 0.4% decrease for governmental activities and a \$378,313 or a 3.2% decrease for business-type activities.

Major capital asset events during the current fiscal year included the following:

- Outlays for various road improvement and sewer projects to the Town's infrastructure to benefit the entire Town
- Acquisition of a new fire engine truck for the Ellington Volunteer Fire Department
- Acquisition of a new loader for the Public Works Department

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

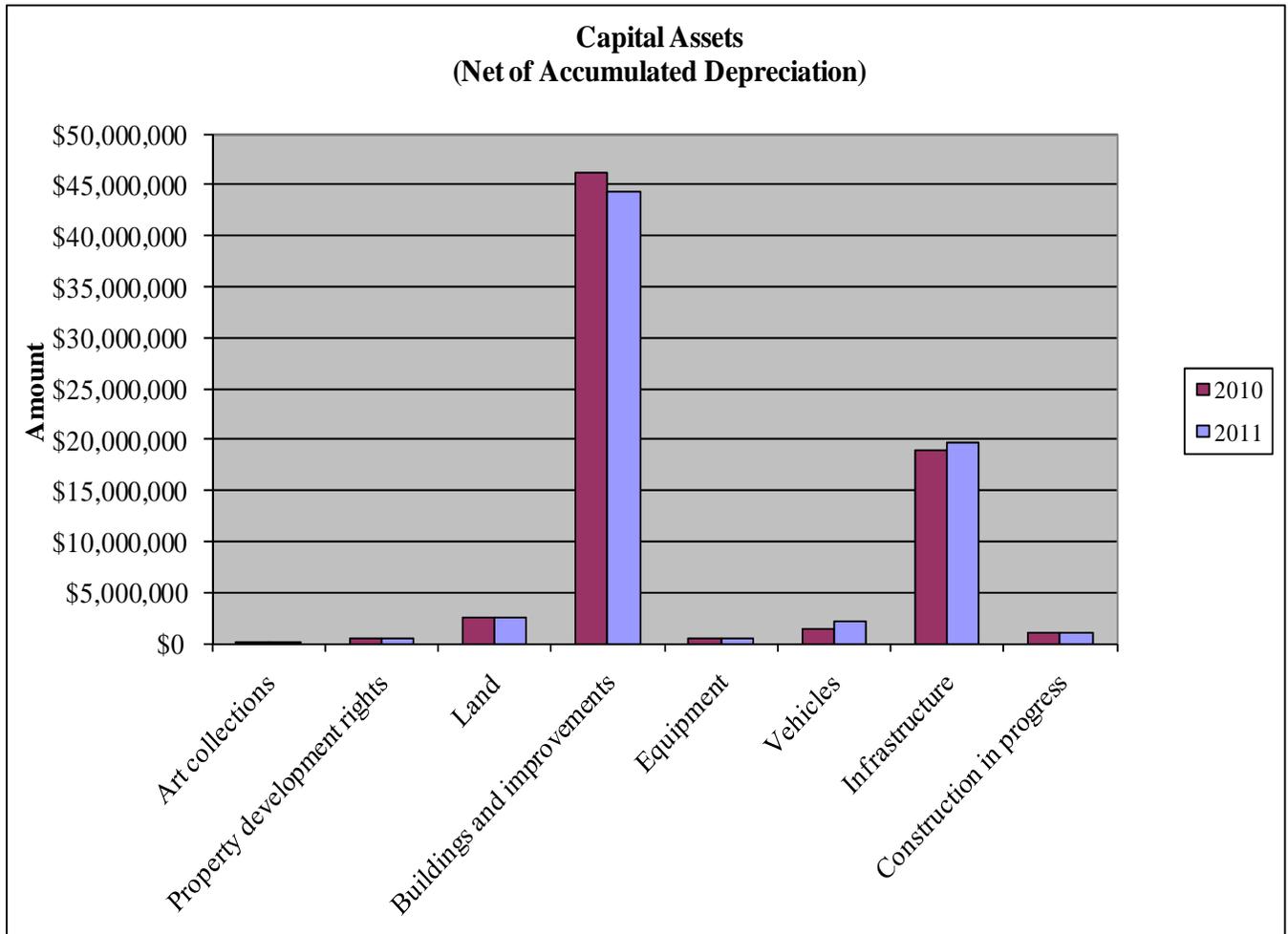
**TOWN OF ELLINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

**Town of Ellington
Capital Assets
June 30, 2011 and 2010**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
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	44,353,284	46,191,225	-	-	44,353,284	46,191,225
Equipment	320,053	496,073	58,306	61,421	378,359	557,494
Vehicles	2,197,597	1,468,931	-	-	2,197,597	1,468,931
Infrastructure	8,329,357	7,780,895	11,303,295	11,154,546	19,632,652	18,935,441
Construction in progress	923,317	400,827	11,025	534,972	934,342	935,799
Totals	\$ 59,156,411	\$ 59,370,754	\$ 11,372,626	\$ 11,750,939	\$ 70,529,037	\$ 71,121,693



**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.

Long-term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$14,520,000. 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 \$1,660,000 or 10.3%.

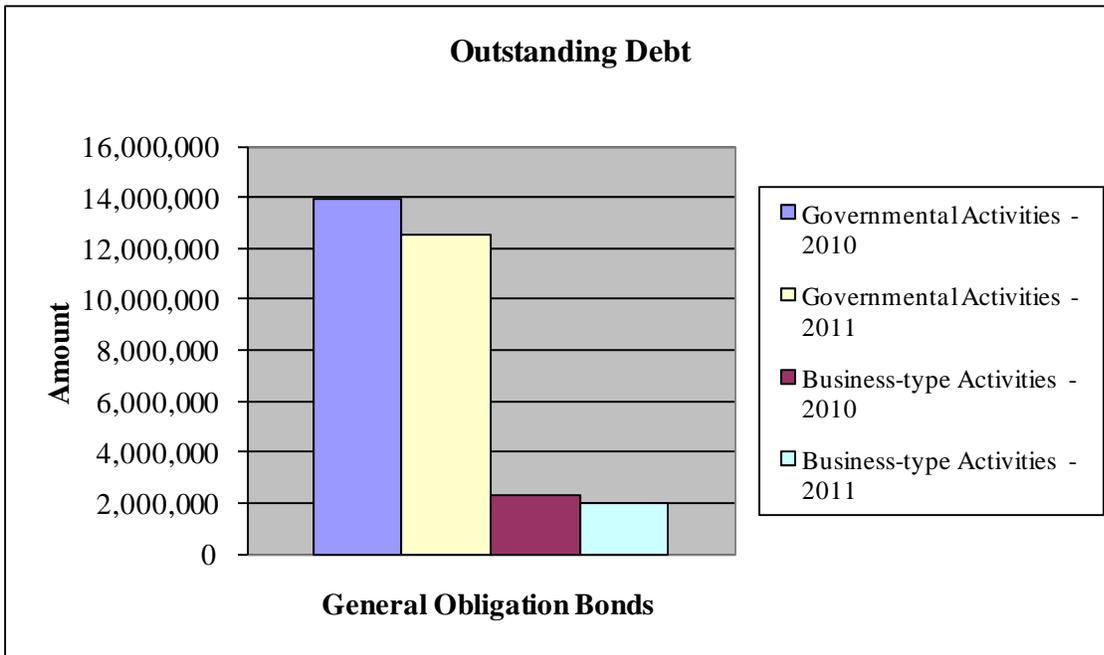
The Town maintains an A2 rating from Moody's Investor Service.

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 \$225,642,732, 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, 2011 and 2010**

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$12,520,000	\$ 13,915,000	\$ 2,000,000	\$2,265,000	\$14,520,000	\$16,180,000



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 for the Town is currently 7.1%, which is an increase from a rate of 7.0% in the prior year. This is favorable 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, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,089,582	\$ -	\$ 1,089,582
Investments	5,008,638	5,331,297	10,339,935
Receivables:			
Property taxes receivable, net of allowance for uncollectibles of \$172,400	893,996	-	893,996
Sewer usage charges receivable, net of allowance for uncollectibles of \$21,000	-	134,394	134,394
Solid waste charges receivable, net of allowance for uncollectibles of \$5,200	-	35,942	35,942
Assessments, interest and liens receivable	-	31,821	31,821
Grants and contracts receivable, current portion	514,685	-	514,685
Interest, net of allowance for uncollectibles of \$246,000	246,685	-	246,685
Other	339,723	-	339,723
Internal balances	239,872	(239,872)	-
Inventories	7,244	-	7,244
Prepaid expenses	311	4,694	5,005
Grants and contracts receivable, long-term portion	179,782	-	179,782
Deferred bond issuance costs, net	128,000	-	128,000
Deferred asset - waste water treatment facility	-	964,436	964,436
Long-term assessment receivable	-	1,184,090	1,184,090
Endowment investments	745,880	-	745,880
Capital assets:			
Non-depreciable	3,956,120	11,025	3,967,145
Depreciable, net	55,200,291	11,361,601	66,561,892
Total assets	<u>68,550,809</u>	<u>18,819,428</u>	<u>87,370,237</u>
LIABILITIES			
Accounts payable	1,508,590	276	1,508,866
Accrued liabilities:			
Accrued interest	-	1,500	1,500
Other accrued liabilities	55,954	-	55,954
Due to funding source	16,813	-	16,813
Unearned revenue	408,120	53,664	461,784
Bond anticipation note payable	410,000	-	410,000
Noncurrent liabilities:			
Due within one year:			
Bonds payable	1,245,000	265,000	1,510,000
Note payable	14,847	181,591	196,438
Capital leases	580,468	-	580,468
Compensated absences	80,000	-	80,000
Due in more than one year:			
Bonds payable	11,442,512	1,750,812	13,193,324
Note payable	194,147	782,845	976,992
Capital leases	1,005,234	-	1,005,234
Compensated absences	1,230,512	-	1,230,512
Other post employment benefits	399,615	-	399,615
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 for endowments:			
Expendable	693,383	-	693,383
Nonexpendable	52,497	-	52,497
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>

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

**TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

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	\$ 3,087,704	\$ 348,322	\$ 84,113	\$ -	\$ (2,655,269)	\$ -	\$ (2,655,269)
Boards and agencies	777,732	70,482	610,889	-	(96,361)	-	(96,361)
Public safety	2,736,137	346,342	62,347	-	(2,327,448)	-	(2,327,448)
Public works	4,729,479	486,623	7,259	486,572	(3,749,025)	-	(3,749,025)
Recreation	497,543	240,493	-	-	(257,050)	-	(257,050)
Library	920,980	-	-	-	(920,980)	-	(920,980)
Human services	718,395	8,730	177,614	-	(532,051)	-	(532,051)
Town properties	537,363	-	-	-	(537,363)	-	(537,363)
Education	35,852,412	567,803	13,863,542	18,667	(21,402,400)	-	(21,402,400)
Interest on long-term debt	558,382	-	-	-	(558,382)	-	(558,382)
Total governmental activities	<u>50,416,127</u>	<u>2,068,795</u>	<u>14,805,764</u>	<u>505,239</u>	<u>(33,036,329)</u>	<u>-</u>	<u>(33,036,329)</u>
Business-type activities:							
Sewer	<u>2,452,949</u>	<u>2,130,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(322,729)</u>	<u>(322,729)</u>
Total business-type activities	<u>2,452,949</u>	<u>2,130,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(322,729)</u>	<u>(322,729)</u>
Total primary government	<u>\$ 52,869,076</u>	<u>\$ 4,199,015</u>	<u>\$ 14,805,764</u>	<u>\$ 505,239</u>	<u>(33,036,329)</u>	<u>(322,729)</u>	<u>(33,359,058)</u>
General revenues:							
Property taxes, levied for general purposes					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
Transfers					(92,363)	92,363	-
Total general revenues					<u>33,117,979</u>	<u>101,997</u>	<u>33,219,976</u>
Change in net assets					81,650	(220,732)	(139,082)
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>

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

**TOWN OF ELLINGTON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General Fund</u>	<u>High School/ Center School Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 777,257	\$ -	\$ 312,325	\$ 1,089,582
Investments	3,597,855	-	2,156,663	5,754,518
Receivables:				
Property taxes receivable, net of allowance for uncollectibles of \$172,400	893,996	-	-	893,996
Grants and contracts receivable	64,827	-	358,391	423,218
Other	206,643	-	133,080	339,723
Due from other funds	3,880,520	-	36,501	3,917,021
Prepaid expenses	311	-	-	311
Inventories	-	-	7,244	7,244
Total assets	<u>\$ 9,421,409</u>	<u>\$ -</u>	<u>\$ 3,004,204</u>	<u>\$ 12,425,613</u>
LIABILITIES AND FUND BALANCES (DEFICIT)				
Liabilities:				
Accounts payable	\$ 1,480,864	\$ -	\$ 27,280	\$ 1,508,144
Accrued liabilities	55,954	-	-	55,954
Due to other funds	180,149	2,696,913	800,533	3,677,595
Unearned/deferred revenue	855,609	-	408,120	1,263,729
Due to funding source	-	-	16,813	16,813
Bond anticipation note payable	-	-	410,000	410,000
Total liabilities	<u>2,572,576</u>	<u>2,696,913</u>	<u>1,662,746</u>	<u>6,932,235</u>
Fund balances (deficit):				
Nonspendable:				
Endowments	-	-	52,497	52,497
Inventories	-	-	7,244	7,244
Committed:				
Capital reserves	3,480,017	-	-	3,480,017
Capital and nonrecurring	196,098	-	-	196,098
Capital purchases	-	-	326,722	326,722
School lunch operations	-	-	165,813	165,813
Public safety	-	-	309,206	309,206
Human services	-	-	119,024	119,024
Town properties	-	-	420,133	420,133
Land use	-	-	58,730	58,730
General government	-	-	39,667	39,667
Assigned:				
General government	583,774	-	-	583,774
Public works	202,838	-	-	202,838
Sanitation	48,269	-	-	48,269
Unassigned (deficit)	2,337,837	(2,696,913)	(157,578)	(516,654)
Total fund balances (deficit)	<u>6,848,833</u>	<u>(2,696,913)</u>	<u>1,341,458</u>	<u>5,493,378</u>
Total liabilities and fund balances (deficit)	<u>\$ 9,421,409</u>	<u>\$ -</u>	<u>\$ 3,004,204</u>	<u>\$ 12,425,613</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, 2011

Total fund balances for governmental funds \$ 5,493,378

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		68,400,238	
Equipment		2,336,082	
Vehicles		7,226,906	
Infrastructure		10,409,664	
Less: accumulated depreciation and amortization		<u>(33,172,599)</u>	
Total capital assets, net			59,156,411

School construction grants receivable from the State of Connecticut are not susceptible to accrual and are, therefore, not reported in the funds. 271,249

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		176,799	
Less: accumulated amortization		<u>(48,799)</u>	
Total bond issuance costs, net			128,000

Some of the Town's taxes 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. 855,609

Accrued interest on property taxes net of related allowance for uncollectibles are not susceptible to accrual and therefore are not reported in the funds. 246,685

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		(12,520,000)	
Unamortized premiums		(159,573)	
Deferred amount on refundings		(7,939)	
Obligations under capital lease		(1,585,702)	
Note payable		(208,994)	
Other long-term liabilities:			
Compensated absences		(1,310,512)	
Net OPEB obligation		<u>(399,615)</u>	
Total long-term liabilities			<u>(16,192,335)</u>

Net assets of governmental activities \$ 49,958,997

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, 2011**

	General Fund	High School/ Center School Project	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 31,933,571	\$ -	\$ -	\$ 31,933,571
Licenses, permits and fees	179,503	-	-	179,503
Intergovernmental	13,593,091	-	2,185,355	15,778,446
Charges for services	800,860	-	562,563	1,363,423
Food sales	-	-	563,592	563,592
Interest and dividends	5,228	-	34,591	39,819
Net increase in the fair value of investments	-	-	37,589	37,589
Other income	438,851	-	98,676	537,527
Total revenues	<u>46,951,104</u>	<u>-</u>	<u>3,482,366</u>	<u>50,433,470</u>
EXPENDITURES				
Current:				
General government	1,285,116	-	-	1,285,116
Boards and agencies	89,777	-	-	89,777
Public safety	2,139,380	-	-	2,139,380
Public works	3,323,949	-	-	3,323,949
Recreation	393,835	-	-	393,835
Library	605,323	-	-	605,323
Human services	535,975	-	-	535,975
Town properties	429,823	-	-	429,823
Education	32,365,108	-	-	32,365,108
Miscellaneous	2,475,711	-	5,348	2,481,059
Program expenditures	-	-	2,963,200	2,963,200
Debt service:				
Principal payments	2,017,090	-	-	2,017,090
Interest and fiscal charges	609,326	-	-	609,326
Capital outlays	2,134,627	7,238	693,085	2,834,950
Total expenditures	<u>48,405,040</u>	<u>7,238</u>	<u>3,661,633</u>	<u>52,073,911</u>
Deficiency of revenues over expenditures	(1,453,936)	(7,238)	(179,267)	(1,640,441)
OTHER FINANCING SOURCES (USES)				
Capital leases	1,067,669	-	-	1,067,669
Transfers in	141,395	-	100,000	241,395
Transfers out	(192,363)	-	(141,395)	(333,758)
Total other financing sources (uses)	<u>1,016,701</u>	<u>-</u>	<u>(41,395)</u>	<u>975,306</u>
Net change in fund balances	(437,235)	(7,238)	(220,662)	(665,135)
Fund balances (deficit) - beginning of year, as restated (<i>see Note 14</i>)	<u>7,286,068</u>	<u>(2,689,675)</u>	<u>1,562,120</u>	<u>6,158,513</u>
Fund balances (deficit) - ending of year	<u>\$ 6,848,833</u>	<u>\$ (2,696,913)</u>	<u>\$ 1,341,458</u>	<u>\$ 5,493,378</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, 2011**

Net change in fund balances for governmental funds \$ (665,135)

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	\$	2,580,177	
Depreciation and amortization expense		(2,794,520)	
Net adjustment			(214,343)

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. (94,074)

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:			
Capital leases		(1,067,669)	
Amortization of bond issuance costs		(13,495)	
Amortization of bond premium		63,447	
Amortization of deferred amount on refunding		992	
Principal repayments:			
Bonds payable		1,395,000	
Capital leases		607,782	
Note payable		14,307	
Net adjustment			1,000,364

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, 2011

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	\$ (47,898)	
Net OPEB obligation	<u>(148,008)</u>	
		\$ (195,906)
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.		243,884
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.		<u>6,860</u>
Change in net assets of governmental activities		<u><u>\$ 81,650</u></u>

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over (Under)</u>
REVENUES				
Property taxation	\$ 31,735,509	\$ 31,735,509	\$ 32,113,074	\$ 377,565
Intergovernmental - education	9,893,471	9,893,471	9,927,237	33,766
Intergovernmental - other	737,362	737,362	730,500	(6,862)
Charges for goods and services	726,659	726,659	800,860	74,201
Interest and dividends	25,000	25,000	5,159	(19,841)
Other revenues	813,960	813,960	845,246	31,286
Total revenues	<u>43,931,961</u>	<u>43,931,961</u>	<u>44,422,076</u>	<u>490,115</u>
EXPENDITURES				
Current:				
General government	1,385,174	1,393,625	1,266,120	(127,505)
Boards and agencies	128,376	128,376	89,777	(38,599)
Public safety	2,124,430	2,196,510	2,138,035	(58,475)
Public works	3,487,352	3,564,776	3,447,497	(117,279)
Recreation	430,177	433,221	393,835	(39,386)
Library	605,323	605,323	605,323	-
Human services	563,710	572,352	541,975	(30,377)
Town properties	448,010	448,010	429,823	(18,187)
Miscellaneous	2,724,997	2,601,260	2,537,407	(63,853)
Education	29,429,989	29,429,989	29,429,754	(235)
Debt service	3,086,431	3,086,431	3,083,779	(2,652)
Capital outlays	1,249,600	1,289,100	1,286,622	(2,478)
Total expenditures	<u>45,663,569</u>	<u>45,748,973</u>	<u>45,249,947</u>	<u>(499,026)</u>
Deficiency of revenues over expenditures	(1,731,608)	(1,817,012)	(827,871)	989,141
OTHER FINANCING SOURCES				
Appropriation of fund balance	<u>1,731,608</u>	<u>1,817,012</u>	<u>-</u>	<u>(1,817,012)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(827,871)</u>	<u>\$ (827,871)</u>
Fund balance - beginning of year			<u>6,034,521</u>	
Fund balance - ending of year			<u>\$ 5,206,650</u>	

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

TOWN OF ELLINGTON, CONNECTICUT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-type Activities - Enterprise Funds			Total
	Sewer Authority Fund	Crystal Lake Sewers Fund	Other Enterprise Funds	
ASSETS				
Current assets:				
Investments	\$ 4,587,590	\$ 743,707	\$ -	\$ 5,331,297
Receivables:				
Sewer user charges receivable, net of allowance for uncollectibles of \$21,000	95,282	39,112	-	134,394
Solid waste charges receivable, net of allowance for uncollectibles of \$5,200	-	-	35,942	35,942
Assessments, interest, liens and user charges receivable	17,355	14,466	-	31,821
Due from other funds	127,365	15,936	-	143,301
Prepaid expenses	-	4,694	-	4,694
Total current assets	<u>4,827,592</u>	<u>817,915</u>	<u>35,942</u>	<u>5,681,449</u>
Noncurrent assets:				
Deferred asset - pump station	964,436	-	-	964,436
Long-term assessments receivable	1,024,733	121,174	38,183	1,184,090
Capital assets:				
Construction in progress	-	11,025	-	11,025
Depreciable, net	7,236,301	4,125,300	-	11,361,601
Total noncurrent assets	<u>9,225,470</u>	<u>4,257,499</u>	<u>38,183</u>	<u>13,521,152</u>
Total assets	<u>14,053,062</u>	<u>5,075,414</u>	<u>74,125</u>	<u>19,202,601</u>
LIABILITIES				
Current liabilities:				
Accounts payable	276	-	-	276
Accrued interest	-	1,500	-	1,500
Unearned revenue	51,260	2,404	-	53,664
Due to other funds	222,323	10,448	150,402	383,173
Bonds payable - current	75,000	190,000	-	265,000
Note payable - current	181,591	-	-	181,591
Total current liabilities	<u>530,450</u>	<u>204,352</u>	<u>150,402</u>	<u>885,204</u>
Noncurrent liabilities:				
Bonds payable	1,375,000	375,812	-	1,750,812
Note payable	782,845	-	-	782,845
Total noncurrent liabilities	<u>2,157,845</u>	<u>375,812</u>	<u>-</u>	<u>2,533,657</u>
Total liabilities	<u>2,688,295</u>	<u>580,164</u>	<u>150,402</u>	<u>3,418,861</u>
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	5,786,301	3,570,513	-	9,356,814
Unrestricted (deficit)	5,578,466	924,737	(76,277)	6,426,926
Total net assets (deficit)	<u>\$ 11,364,767</u>	<u>\$ 4,495,250</u>	<u>\$ (76,277)</u>	<u>\$ 15,783,740</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, 2011

	Business-type Activities - Enterprise Funds			Total
	Sewer Authority Fund	Crystal Lake Sewers Fund	Other Enterprise Funds	
OPERATING REVENUES				
Assessments	\$ 7,369	\$ -	\$ 1,012	\$ 8,381
User charges, interest and lien fees	1,418,917	192,949	-	1,611,866
Permits and fees	3,750	600	-	4,350
Solid waste fees	-	-	470,630	470,630
Other	34,993	-	-	34,993
Total operating revenues	<u>1,465,029</u>	<u>193,549</u>	<u>471,642</u>	<u>2,130,220</u>
OPERATING EXPENSES				
Salaries and benefits	73,770	-	-	73,770
Services and supplies	21,257	-	-	21,257
Town of Vernon	1,161,385	-	-	1,161,385
Town of Stafford	-	27,724	-	27,724
Depreciation and amortization	263,789	134,835	-	398,624
Utilities	34,743	14,889	-	49,632
General maintenance and repairs	44,891	20,061	-	64,952
Engineering	-	-	-	-
Public works and administrative expenses	30,721	26,313	496,622	553,656
Legal	814	2,519	-	3,333
Advertising	1,072	-	-	1,072
Other	5,138	3,752	-	8,890
Total operating expenses	<u>1,637,580</u>	<u>230,093</u>	<u>496,622</u>	<u>2,364,295</u>
Operating loss	(172,551)	(36,544)	(24,980)	(234,075)
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment income	8,487	1,147	-	9,634
Debt service-interest expense	(65,781)	(21,311)	-	(87,092)
Debt issuance costs	-	(1,562)	-	(1,562)
Total non-operating revenues (expenses)	<u>(57,294)</u>	<u>(21,726)</u>	<u>-</u>	<u>(79,020)</u>
Loss before transfers in	(229,845)	(58,270)	(24,980)	(313,095)
OTHER FINANCING SOURCES				
Transfers in	65,781	26,582	-	92,363
Change in net assets	(164,064)	(31,688)	(24,980)	(220,732)
Net assets (deficit) - beginning	<u>11,528,831</u>	<u>4,526,938</u>	<u>(51,297)</u>	<u>16,004,472</u>
Net assets (deficit) - ending	<u>\$ 11,364,767</u>	<u>\$ 4,495,250</u>	<u>\$ (76,277)</u>	<u>\$ 15,783,740</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, 2011

	Business-type Activities - Enterprise Funds			Total
	Sewer Authority Fund	Crystal Lake Sewers Fund	Other Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,531,051	\$ 180,002	\$ 466,335	\$ 2,177,388
Receipts from interfund services provided	216,126	27,174	32,083	275,383
Payments to suppliers	(1,300,021)	-	(496,622)	(1,796,643)
Payments for interfund services	-	(57,176)	(1,796)	(58,972)
Payments to employees	(73,770)	(26,313)	-	(100,083)
Net cash provided by operating activities	<u>373,386</u>	<u>123,687</u>	<u>-</u>	<u>497,073</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(11,204)	(9,107)	-	(20,311)
Principal paid on capital debt	(256,591)	(190,000)	-	(446,591)
Interest paid on capital debt	(65,781)	(5,270)	-	(71,051)
Transfers in	65,781	26,582	-	92,363
Net cash used in capital and related financing activities	<u>(267,795)</u>	<u>(177,795)</u>	<u>-</u>	<u>(445,590)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from (purchases of) investments, net	(116,103)	52,961	-	(63,142)
Interest and dividends	8,487	1,147	-	9,634
Net cash provided by (used in) investing activities	<u>(107,616)</u>	<u>54,108</u>	<u>-</u>	<u>(53,508)</u>
Net decrease in cash and cash equivalents	(2,025)	-	-	(2,025)
Cash and cash equivalents, beginning of year	<u>2,025</u>	<u>-</u>	<u>-</u>	<u>2,025</u>
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 loss	\$ (172,551)	\$ (36,544)	\$ (24,980)	\$ (234,075)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation and amortization expense	263,789	134,835	-	398,624
(Increase) decrease in assets:				
Sewer usage receivable, net	(21,632)	(3,002)	-	(24,634)
Solid waste usage receivable, net	-	-	(6,091)	(6,091)
Assessment, interest and liens receivable	87,654	(10,545)	-	77,109
Due from other funds	10,259	27,174	-	37,433
Long-term assessments receivable	129,600	38,946	784	169,330
Prepaid expenses	-	1,562	-	1,562
Increase (decrease) in liabilities:				
Accounts payable	(48,473)	-	-	(48,473)
Unearned revenue	3,249	-	-	3,249
Due to other funds	121,491	(28,739)	30,287	123,039
Net cash provided by operating activities	<u>\$ 373,386</u>	<u>\$ 123,687</u>	<u>\$ -</u>	<u>\$ 497,073</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, 2011**

	Private- Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 92,731	\$ 497,300
Investments	305,228	78,095
Due from other funds	446	-
Total assets	<u>398,405</u>	<u>\$ 575,395</u>
LIABILITIES		
Accounts payable	2,451	\$ -
Due to others	-	575,395
Total liabilities	<u>2,451</u>	<u>\$ 575,395</u>
NET ASSETS		
Held in trust for other purposes	<u>\$ 395,954</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, 2011**

	Private- Purpose Trust Funds
ADDITIONS	
Contributions - private donations	\$ 163,847
Other income	43,337
Total contributions	207,184
Investment earnings:	
Interest	381
Net increase in the fair value of investments	9,604
Total investment earnings	9,985
Total additions	217,169
 DEDUCTIONS	
Other expenditures	1,368
Program expenditures	169,704
	171,072
Change in net assets	46,097
Net assets - beginning	349,857
Net assets - ending	\$ 395,954

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011.

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 \$59,000 for the year ended June 30, 2011.

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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, 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, 2011

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.

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, 2011

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 \$87,130.

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, 2011

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 are 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 \$693,383 as of June 30, 2011 and is 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 \$172,400 as of June 30, 2011.

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, 2011

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 if 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 is depreciated using the straight line method over the following estimated useful lives:

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

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

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, 2011, the Town has a noncurrent asset in the Sewer Authority Fund of \$964,436, which represents 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, 2011

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.

During the year ended June, 30, 2011, the Town implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which established criteria for classifying fund balances into specifically defined classifications for all governments that report governmental funds. The Town's governmental funds report the following fund balance categories:

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

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

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

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

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

The Town does not have a formal policy over the use of fund balance. In accordance with GASB Statement No. 54, 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 \$3,480,017 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 2011 to this account.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

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, 2011

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 \$85,404.
- 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, 2011:

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

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

BUDGETARY INFORMATION (Continued)

	<u>Total</u> <u>Revenues</u>	<u>Total</u> <u>Expenditures</u>	<u>Other Financing</u> <u>Sources (Uses) -</u> <u>Transfers, net</u>	<u>Net Change</u> <u>in Fund</u> <u>Balance</u>	<u>Fund</u> <u>Balance</u>
Budgetary basis	\$ 44,422,076	\$ 45,249,947	\$ -	\$ (827,871)	\$ 5,206,650
"On-behalf" payments - State Teachers Retirement Fund (<i>see Note 10</i>)	2,413,076	2,413,076	-	-	-
Changes in encumbrances:					
June 30, 2010	-	131,935	-	(131,935)	-
June 30, 2011	-	(202,838)	-	202,838	202,838
Certain transfers recorded as revenues/expenditures for budgetary purposes	(141,395)	(192,363)	(50,968)	-	-
Changes in designations recorded as expenditures for budgetary purposes:					
Capital projects	-	(303,061)	-	303,061	1,537,439
Capital and nonrecurring	-	83,397	-	(83,397)	(446,363)
Post employment benefits	-	(100,000)	-	100,000	300,000
Reimbursement for special education costs recorded as a reduction to expenditures for budgetary purposes	522,278	522,278	-	-	-
Reimbursement from proprietary fund recorded as revenue for budgetary purposes	(265,000)	(265,000)	-	-	-
Capital lease not recorded for budgetary purposes	-	1,067,669	1,067,669	-	-
Budgetary perspective difference:					
CRRRA Sanitation Control Fund	69	-	-	69	48,269
GAAP basis	<u>\$ 46,951,104</u>	<u>\$ 48,405,040</u>	<u>\$ 1,016,701</u>	<u>\$ (437,235)</u>	<u>\$ 6,848,833</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

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

DEFICIT FUND EQUITY

The following funds have deficit fund balances as of June 30, 2011, none of which constitutes a violation of statutory provisions:

Fund	Amount
High School / Center School Project	\$ 2,696,913
Dojo Association	407,848
59 South Road	342,347
Hall HVAC System	100,766
Watermains, Tripp and Middle Roads	71,358
Solid Waste Collection	4,919

The deficits in the High School / Center School Project Fund, the Dojo Association Fund, the 59 South Road Fund and the Hall HVAC System Fund will be funded through the future issuance of bonds. The deficit in 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, 2011, \$1,716,033 of the Town's bank balance of \$4,349,831 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,544,430
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	171,603
	<u>\$ 1,716,033</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

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, 2011 consisted of cash deposits of \$1,679,613 and various certificates of deposit with original maturities in excess of 3 months totaling \$1,880,100. 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, 2011 is as follows:

Government-wide statement of net assets:

Cash and cash equivalents	\$ 1,089,582
Add: certificates of deposits classified as investments	1,880,100
	2,969,682

Statement of fiduciary net assets:

Private purpose trust funds	92,731
Agency funds	497,300
	590,031
	\$ 3,559,713

INVESTMENTS

As of June 30, 2011, the Town's investments consisted of the following:

Investment type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:					
Short Term Investment Fund (STIF)	\$ 2,033,205	\$ 2,033,205	\$ -	\$ -	\$ -
Cooperative Liquid Asset Security Systems Fund (CLASS)	6,606,780	6,606,780	-	-	-
Corporate bonds	320,013	-	320,013	-	-
Money market funds	76,888	76,888	-	-	-
	9,036,886	\$ 8,716,873	\$ 320,013	\$ -	\$ -
Other investments:					
Equity securities	511,805				
Real estate equity fund	40,347				
Total	\$ 9,589,038				

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.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

A reconciliation of the Town's investments as of June 30, 2011 is as follows:

Government-wide statement of net assets:

Investments and endowment investments	\$ 11,085,815
Less: certificates of deposits considered cash deposits under GASB Statement No. 40	(1,880,100)
	9,205,715

Statement of fiduciary net assets:

Private purpose trust funds	305,228
Agency funds	78,095
	383,323
	\$ 9,589,038

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, 2011:

Debt Securities	Fair Value	AAA	B	Unrated
Short Term Investment Fund (STIF)	\$ 2,033,205	\$ 2,033,205	\$ -	\$ -
Cooperative Liquid Asset Security Sytem (CLASS)	6,606,780	6,606,780	-	-
Corporate bonds	320,013	286,701	33,312	-
Money market funds	76,888	-	-	76,888
	\$ 9,036,886	\$ 8,926,686	\$ 33,312	\$ 76,888

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

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 a 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, 2011 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Arts collection	\$ 35,598	\$ -	\$ -	\$ 35,598
Property development rights	489,361	-	-	489,361
Land	2,507,844	-	-	2,507,844
Construction in progress	400,827	522,490	-	923,317
Total capital assets, not being depreciated	<u>3,433,630</u>	<u>522,490</u>	<u>-</u>	<u>3,956,120</u>
Capital assets, being depreciated:				
Buildings and improvements	68,400,238	-	-	68,400,238
Equipment	2,336,082	-	-	2,336,082
Vehicles	5,919,728	1,307,178	-	7,226,906
Infrastructure	9,659,155	750,509	-	10,409,664
Total capital assets, being depreciated	<u>86,315,203</u>	<u>2,057,687</u>	<u>-</u>	<u>88,372,890</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	22,209,013	1,837,941	-	24,046,954
Equipment	1,840,009	176,020	-	2,016,029
Vehicles	4,450,797	578,512	-	5,029,309
Infrastructure	1,878,260	202,047	-	2,080,307
Total accumulated depreciation and amortization	<u>30,378,079</u>	<u>2,794,520</u>	<u>-</u>	<u>33,172,599</u>
Total capital assets, being depreciated, net	<u>55,937,124</u>	<u>(736,833)</u>	<u>-</u>	<u>55,200,291</u>
Governmental activities capital assets, net	<u>\$ 59,370,754</u>	<u>\$ (214,343)</u>	<u>\$ -</u>	<u>\$ 59,156,411</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

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	\$ 530,472	\$ -	\$ (530,472)	\$ -
Construction in progress - Crystal Lake	4,500	6,525	-	11,025
Total capital assets, not being depreciated	<u>534,972</u>	<u>6,525</u>	<u>(530,472)</u>	<u>11,025</u>
Capital assets, being depreciated:				
Equipment - Sewer Authority	147,527	11,202	-	158,729
Infrastructure - Sewer Authority	11,390,731	530,474	-	11,921,205
Equipment - Crystal Lake	20,553	2,582	-	23,135
Infrastructure - Crystal Lake	6,673,516	-	-	6,673,516
Total capital assets, being depreciated	<u>18,232,327</u>	<u>544,258</u>	<u>-</u>	<u>18,776,585</u>
Less accumulated depreciation and amortization for:				
Equipment - Sewer Authority	94,122	15,534	-	109,656
Infrastructure - Sewer Authority	4,485,722	248,255	-	4,733,977
Equipment - Crystal Lake	12,537	1,365	-	13,902
Infrastructure - Crystal Lake	2,423,979	133,470	-	2,557,449
Total accumulated depreciation and amortization	<u>7,016,360</u>	<u>398,624</u>	<u>-</u>	<u>7,414,984</u>
Total capital assets, being depreciated, net	<u>11,215,967</u>	<u>145,634</u>	<u>-</u>	<u>11,361,601</u>
Business-type activities capital assets, net	<u>\$ 11,750,939</u>	<u>\$ 152,159</u>	<u>\$ (530,472)</u>	<u>\$ 11,372,626</u>

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

Governmental Activities:

Education	\$ 1,751,077
Public works	314,319
Public safety	421,027
General government	220,597
Library	87,500
Total depreciation and amortization expense - governmental activities	<u>\$ 2,794,520</u>

Business-type Activities:

Sewer	<u>\$ 398,624</u>
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TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2011 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	High School/Center School Project	\$ 2,696,913
	Other Governmental Funds	800,533
	Other Enterprise Funds	150,402
	Sewer Authority Fund	222,224
	Crystal Lake Sewers Fund	10,448
		<u>3,880,520</u>
Other Governmental Funds	General Fund	<u>36,501</u>
		<u>\$ 3,917,021</u>
Enterprise Funds		
Sewer Authority Fund	General Fund	\$ 127,365
Crystal Lake Sewers Fund	General Fund	15,837
	Sewer Authority Fund	99
		<u>15,936</u>
		<u>143,301</u>
Fiduciary Funds		
Private Purpose Trust Funds	General Fund	<u>446</u>
		<u>446</u>
Total due from/to other funds		<u>\$ 4,060,768</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, 2011

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2011 consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
Governmental Funds		
General Fund	Crystal Lake Sewers Fund	\$ 26,582
	Sewer Authority Fund	65,781
	Other Governmental Funds	<u>100,000</u>
		<u>192,363</u>
Other Governmental Funds	General Fund	<u>141,395</u>
		<u>\$ 333,758</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, 2011:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Bond anticipation note payable issued in April 2010, original amount \$510,000	\$ 510,000	\$ -	\$ (510,000)	\$ -
Bond anticipation note payable issued in April 2011, original amount \$410,000	-	410,000	-	410,000
	<u>\$ 510,000</u>	<u>\$ 410,000</u>	<u>\$ (510,000)</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 2012.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 8 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	<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	\$ 13,915,000	\$ -	\$ (1,395,000)	\$ 12,520,000	\$ 1,245,000
Unamortized amounts:					
Unamortized premiums	223,020	-	(63,447)	159,573	-
Deferred amount on refunding	8,931	-	(992)	7,939	-
Total bonds payable	<u>14,146,951</u>	<u>-</u>	<u>(1,459,439)</u>	<u>12,687,512</u>	<u>1,245,000</u>
Other liabilities:					
Capital leases	1,125,815	1,067,669	(607,782)	1,585,702	580,468
Note payable	223,301	-	(14,307)	208,994	14,847
Compensated absences	1,262,614	94,556	(46,658)	1,310,512	80,000
Net OPEB obligation (see Note 12)	251,607	148,008	-	399,615	-
	<u>\$ 17,010,288</u>	<u>\$ 1,310,233</u>	<u>\$ (2,128,186)</u>	<u>\$ 16,192,335</u>	<u>\$ 1,920,315</u>
Business-type Activities					
Bonds payable:					
General obligation bonds	\$ 2,265,000	\$ -	\$ (265,000)	\$ 2,000,000	\$ 265,000
Unamortized amounts:					
Unamortized premiums	44,556	-	(11,139)	33,417	-
Deferred amount on refunding	(23,474)	-	5,869	(17,605)	-
	<u>2,286,082</u>	<u>-</u>	<u>(270,270)</u>	<u>2,015,812</u>	<u>265,000</u>
Other liabilities:					
Note payable	1,146,027	-	(181,591)	964,436	181,591
	<u>\$ 3,432,109</u>	<u>\$ -</u>	<u>\$ (451,861)</u>	<u>\$ 2,980,248</u>	<u>\$ 446,591</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, 2011

NOTE 8 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS

A summary of general obligation bonds outstanding at June 30, 2011 is as follows:

Description of Bonds	Final Maturity Dates	Interest Rates	Amount Outstanding
Governmental Activities			
School bonds issued 2002, original amount of \$9,650,000	2022	3.0% - 4.6%	\$ 5,205,000
School bonds issued 2003, original amount of \$6,640,000	2023	3.4% - 4.4%	4,215,000
General obligation refunding bonds issued 2010, original amount of \$3,580,000	2018	2.0% - 5.0%	3,100,000
			<u>\$ 12,520,000</u>
Business-type Activities			
Sewer bonds issued 2007, original amount of \$1,750,000	2027	4.0% - 5.5%	\$ 1,450,000
General obligation refunding bonds issued 2010, original amount of \$740,000	2013	2.0% - 5.0%	550,000
			<u>\$ 2,000,000</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 \$225,642,732 as of June 30, 2011. 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, 2011.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 8 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS (Continued)

Annual debt service requirements to maturity at June 30, 2011 are as follows:

Year ending June 30:	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2012	\$ 1,245,000	\$ 483,978	\$ 1,728,978
2013	1,255,000	443,823	1,698,823
2014	1,250,000	390,636	1,640,636
2015	1,245,000	345,278	1,590,278
2016	1,095,000	335,772	1,430,772
2017-2021	4,605,000	833,151	5,438,151
2022-2023	1,825,000	102,437	1,927,437
	<u>\$ 12,520,000</u>	<u>\$ 2,935,075</u>	<u>\$ 15,455,075</u>

Year ending June 30:	Business-Type Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2012	\$ 265,000	\$ 79,938	\$ 344,938
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
2017-2021	475,000	187,125	662,125
2022-207	500,000	84,625	584,625
2028	100,000	4,250	104,250
	<u>\$ 2,000,000</u>	<u>\$ 587,982</u>	<u>\$ 2,587,982</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, 2011 was \$94,074. Additional reimbursements of principal aggregating \$271,249 are expected to be received through the applicable bonds' maturity dates.

PRIOR-YEAR DEFEASANCE OF DEBT

In prior years, the Town defeased certain general obligation and other bonds by placing the proceeds of the new bonds into an irrevocable trust with an escrow agent to provide for all future payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. As of June 30, 2011, the outstanding principal balance for bonds defeased but still outstanding totaled \$3,795,000.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 8 - LONG-TERM LIABILITIES (Continued)

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 \$101,426 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
2012	\$ 14,847	\$ 9,154	\$ 24,001
2013	15,529	8,472	24,001
2014	16,243	7,758	24,001
2015	16,988	7,013	24,001
2016	17,769	6,232	24,001
2017-2021	103,620	16,385	120,005
2022-2023	23,998	756	24,754
	<u>\$ 208,994</u>	<u>\$ 55,770</u>	<u>\$ 264,764</u>

Year ending June 30:	Business-Type Activities		
	Note Payable		
	Principal	Interest	Total
2012	\$ 181,591	\$ 17,596	\$ 199,187
2013	188,996	13,856	202,852
2014	192,810	10,042	202,852
2015	196,702	6,150	202,852
2016	204,337	2,179	206,516
	<u>\$ 964,436</u>	<u>\$ 49,823</u>	<u>\$ 1,014,259</u>

CAPITAL LEASES

A summary of assets acquired through capital leases is as follows as of June 30, 2011:

	Governmental Activites
Vehicles	\$ 2,169,400
Computers	263,000
	<u>2,432,400</u>
Less: accumulated amortization	(605,960)
	<u>\$ 1,826,440</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

NOTE 8 - LONG-TERM LIABILITIES (Continued)

CAPITAL LEASES (Continued)

Amortization expense relative to leased property under capital leases totaled \$300,390 for the year ended June 30, 2011 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, 2011 are as follows:

	Governmental Activites
Year Ending June 30:	
2012	\$ 644,033
2013	383,646
2014	383,646
2015	313,207
Total minimum lease payments	<u>1,724,532</u>
Less: amount representing interest	<u>138,830</u>
Present value of minimum lease payments	<u><u>\$ 1,585,702</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:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 855,609	\$ -
Grant drawdowns prior to meeting all eligibility requirements	-	408,120
	<u>\$ 855,609</u>	<u>\$ 408,120</u>

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

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, 2011. All monies contributed are used to purchase insurance contracts on-behalf of the participants, therefore the assets of the plan are not included in the Town's basic financial statements.

Deferred Compensation Plan

The Town offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. Employee deferrals amounted to \$238,072 for the year ended June 30, 2011. Plan enrollment totaled 42 people at June 30, 2011. 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, 2011, 2010 and 2009 were \$449,486, \$351,795, and \$342,229, respectively, and were equal to the required contributions for each year.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

NOTE 10 - PENSION PLANS (*Continued*)

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, 2011, Town teachers contributed \$1,100,302 to the plan and covered payroll for the period was \$15,176,579.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on-behalf" payments of \$2,413,076 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.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2011

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

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	\$	297,646
Interest on net OPEB obligation		10,064
Adjustment to annual required contribution		(11,229)
Annual OPEB cost (expense)		296,481
Contributions made		148,473
Increase in net OPEB obligation		148,008
Net OPEB obligation, beginning of year		251,607
Net OPEB obligation, end of year	\$	399,615

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2011, 2010 and 2009 are as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 263,983	48.5%	\$ 135,877
2010	275,523	58.0%	251,607
2011	296,481	50.1%	399,615

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%

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

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

Funded Status and Funding Progress (*Continued*)

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:

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

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.

TOWN OF ELLINGTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2011

NOTE 13 - CONTINGENT LIABILITIES

There are several other 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.

NOTE 14 - RESTATEMENT

In February 2009, the Governmental Accounting Standards Board ("GASB") issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("Statement No. 54"). Statement No. 54 clarified the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type. The application of Statement No. 54 was effective for the Town as of July 1, 2010. Based on the interpretations of certain terms within the definition of the special revenue fund type provided for in Statement No. 54, the Town has determined that certain activities previously reported in special revenue funds are required to be reported in other fund types. Accordingly, fund balance reclassifications made by the Town have resulted in an increase in the beginning fund balance of the Town's General Fund and a corresponding decrease in the beginning fund balance of the Town's Other Governmental Funds in order to conform to the provisions of Statement No. 54.

**Required
Supplementary
Information**

**TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2011**

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, 2011**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		OVER (UNDER)
PROPERTY TAXATION				
Revenues from Property Taxes	\$ 31,615,509	\$ 31,615,509	\$ 31,933,571	\$ 318,062
Interest and Lien Fees	120,000	120,000	179,503	59,503
Total Property Taxation	<u>31,735,509</u>	<u>31,735,509</u>	<u>32,113,074</u>	<u>377,565</u>
INTERGOVERNMENTAL - EDUCATION				
Education Cost Sharing Grants	8,148,900	8,148,900	8,133,652	(15,248)
ARRA State Fiscal Stabilization Funds	1,356,019	1,356,019	1,356,019	-
Transportation	267,332	267,332	310,639	43,307
Adult Education and Vocational Agricultural	14,102	14,102	14,186	84
Building Grants	107,118	107,118	112,741	5,623
Total Intergovernmental - Education	<u>9,893,471</u>	<u>9,893,471</u>	<u>9,927,237</u>	<u>33,766</u>
INTERGOVERNMENTAL - OTHER				
Town Road Aid	165,026	165,026	166,120	1,094
Elderly Circuit Breaker Reimb	71,266	71,266	69,845	(1,421)
Manufacturers' Machinery/Equipment	250,000	250,000	181,426	(68,574)
Disability Reimbursement	1,575	1,575	1,543	(32)
State Property Forest	6,392	6,392	6,428	36
Pequot/Mohegan Funds	47,363	47,363	49,123	1,760
Circuit Court Fines	3,240	3,240	2,089	(1,151)
Reimbursement Boat Tax	-	-	3,115	3,115
Dog Damage	100	100	-	(100)
Telecomm Serv Pers Prop Tax	32,232	32,232	29,089	(3,143)
Additional Income Veterans	20,118	20,118	17,267	(2,851)
Local Capital Imp Program	99,977	99,977	105,979	6,002
DWI Grant	5,000	5,000	4,128	(872)
Historical Preserve Award	-	-	500	500
FEMA Disaster #1958	-	-	58,219	58,219
DEP Leef Program	-	-	6,079	6,079
Erase Grant	-	-	3,105	3,105
CRRA - Recyclables Rebate	-	-	7,259	7,259
Emergency Management	3,269	3,269	818	(2,451)
Municipal Video Competition Trust Acct Grant	-	-	1,516	1,516
CRRA-Pilot	31,804	31,804	16,852	(14,952)
Total Intergovernmental - Other	<u>737,362</u>	<u>737,362</u>	<u>730,500</u>	<u>(6,862)</u>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		OVER (UNDER)
CHARGES FOR GOODS AND SERVICES				
Building Department	\$ 120,000	\$ 120,000	\$ 208,234	\$ 88,234
Planning and Zoning	25,000	25,000	41,522	16,522
Fire Marshal	450	450	227	(223)
Recreation Program Receipts	260,339	260,339	240,493	(19,846)
Recreation Interagency After School Program	12,500	12,500	-	(12,500)
Town Clerk Conveyance Tax	130,000	130,000	104,065	(25,935)
Town Clerk Recording Fees and Licenses	104,000	104,000	89,701	(14,299)
Aircraft Registration	4,120	4,120	3,240	(880)
Animal Control Officer Fees and Licenses	24,050	24,050	26,341	2,291
Animal Control Donations	200	200	-	(200)
Cultural Arts Commission	1,000	1,000	-	(1,000)
Board Of Education	500	500	4,211	3,711
Police - Special Duty	20,000	20,000	55,949	35,949
Police DARE Donations	1,500	1,500	-	(1,500)
Youth Service Donations	1,000	1,000	-	(1,000)
Youth Service Activities	8,000	8,000	2,971	(5,029)
Human Services Municipal Agent	500	500	-	(500)
Human Service Fuel Administration	1,000	1,000	628	(372)
Human Services Enrichment Prgm Donations	4,000	4,000	-	(4,000)
Human Services-Food Pantry	1,000	1,000	3,959	2,959
Human Services Counseling Service	1,000	1,000	1,060	60
Human Services Donations	5,000	5,000	2,417	(2,583)
Human Services Fuel Donations	-	-	11,143	11,143
Senior Center Donations	500	500	-	(500)
Senior Center EMATS	500	500	4,504	4,004
Senior Center Transportation Prgm	500	500	195	(305)
Total Charges for Goods and Services	726,659	726,659	800,860	74,201

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		OVER (UNDER)
INVESTMENT EARNINGS				
Interest	\$ 25,000	\$ 25,000	\$ 5,159	\$ (19,841)
OTHER REVENUES				
WPCA	262,500	262,500	265,000	2,500
Marshall E. Charter Fund	14,600	14,600	7,725	(6,875)
Ambulance Fee Program	163,300	163,300	141,395	(21,905)
Town Sidewalk Fund	30,000	30,000	30,000	-
DPW Maintenance Fund	46,300	46,300	46,300	-
Insurance Claims and Refunds	5,000	5,000	57,911	52,911
WPCA Reimbursement	28,900	28,900	30,185	1,285
WPCA-Reimb Maintenance Budget	183,490	183,490	171,904	(11,586)
Building Demolition/Evictions	5,000	5,000	-	(5,000)
Snow Removal Charge-Developers	5,000	5,000	15,505	10,505
Sundry Refunds and Receipts	4,000	4,000	10,805	6,805
Rental Income of Town Property	15,870	15,870	15,870	-
Sale of Property	50,000	50,000	52,646	2,646
Total Other Revenues	<u>813,960</u>	<u>813,960</u>	<u>845,246</u>	<u>31,286</u>
TOTAL BUDGETARY REVENUES	<u><u>\$ 43,931,961</u></u>	<u><u>\$ 43,931,961</u></u>	<u><u>\$ 44,422,076</u></u>	<u><u>\$ 490,115</u></u>

**TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(UNDER) OVER</u>
GENERAL GOVERNMENT				
Board of Selectmen	\$ 203,870	\$ 206,995	\$ 199,837	\$ (7,158)
Board of Finance	8,000	8,000	6,994	(1,006)
Auditors	40,000	40,000	40,000	-
Auditors - Special Project	100	100	-	(100)
Finance Officer	230,660	232,553	227,838	(4,715)
Tax Assessor	236,895	236,895	223,711	(13,184)
Tax Collector	140,237	140,237	131,754	(8,483)
Board of Assessments Appeals	400	400	92	(308)
Insurance Advisory Board	100	100	-	(100)
Town Clerk	178,249	178,249	143,826	(34,423)
Town Counsel	115,098	115,098	66,756	(48,342)
Probate Court	7,851	7,851	6,122	(1,729)
Town Planner	223,714	227,147	219,190	(7,957)
Total General Government	<u>1,385,174</u>	<u>1,393,625</u>	<u>1,266,120</u>	<u>(127,505)</u>
BOARDS AND AGENCIES				
Registrars and Electors	57,575	57,575	48,279	(9,296)
Economic Development Commission	9,700	9,700	5,196	(4,504)
Planning and Zoning	30,050	30,050	24,230	(5,820)
Design Review Board	2,500	2,500	-	(2,500)
Zoning Board of Appeals	6,200	6,200	2,561	(3,639)
Shared Services Commission	750	750	-	(750)
Permanent Building Commission	1,850	1,850	633	(1,217)
Ethics Commission	1,150	1,150	750	(400)
Inland Wetland Agency	11,700	11,700	6,213	(5,487)
Flood & Erosion Control Board	1,000	1,000	-	(1,000)
Conservation Commission	5,900	5,900	1,915	(3,985)
WPCA	1	1	-	(1)
Total Boards and Agencies	<u>128,376</u>	<u>128,376</u>	<u>89,777</u>	<u>(38,599)</u>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(UNDER)</u> <u>OVER</u>
PUBLIC SAFETY				
Center Fire Department	\$ 191,298	\$ 192,321	\$ 192,320	\$ (1)
Crystal Lake Fire Department	67,003	71,424	71,423	(1)
Fire Protection Hydrants	299,184	300,145	300,144	(1)
Emergency 911	43,000	43,000	42,904	(96)
Police	733,533	733,533	709,005	(24,528)
Police Special Duty	20,000	57,759	57,758	(1)
Police Drug Abuse Resistance Education	1,500	2,292	2,292	-
Animal Control Officer	84,544	84,544	75,419	(9,125)
Emergency Management	29,273	29,741	27,926	(1,815)
Building Department	120,846	123,526	115,658	(7,868)
Volunteer Ambulance	320,040	320,040	312,370	(7,670)
Emergency Service Incentive Program	113,250	135,234	135,233	(1)
Adhoc Emergency Service Committee	1,000	1,000	343	(657)
Preemption Service Townwide	1,640	1,640	-	(1,640)
Public Safety Commission	100	100	-	(100)
Fire Marshal	98,219	100,211	95,240	(4,971)
Total Public Safety	<u>2,124,430</u>	<u>2,196,510</u>	<u>2,138,035</u>	<u>(58,475)</u>
PUBLIC WORKS				
General Town Roads	1,473,676	1,477,985	1,477,984	(1)
New Equipment	10,000	10,000	9,653	(347)
Equipment Maintenance	209,321	255,225	255,225	-
Town Garage Maintenance	62,748	66,230	66,230	-
Street Signs	10,000	10,000	9,999	(1)
Grounds Maintenance - BOE/Parks	60,044	74,167	74,166	(1)
Town Aid Road - Winter	311,155	332,972	332,971	(1)
Town Aid Road - Materials	278,000	278,000	272,079	(5,921)
Sanitary Landfill	423,183	408,811	346,642	(62,169)
Sanitary Recycling	344,365	344,365	328,819	(15,546)
Household Hazardous Waste	30,850	33,011	33,011	-
WPCA Maintenance	93,490	93,490	88,877	(4,613)
Street Lighting	89,520	89,520	80,536	(8,984)
Engineer and Inspections	91,000	91,000	71,305	(19,695)
Total Public Works	<u>3,487,352</u>	<u>3,564,776</u>	<u>3,447,497</u>	<u>(117,279)</u>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(UNDER)</u> <u>OVER</u>
RECREATION				
Administration	\$ 166,360	\$ 169,404	\$ 162,874	\$ (6,530)
Town-wide Maintenance	1,500	1,500	1,452	(48)
Summer Play Grounds	37,760	37,760	31,503	(6,257)
Water Front	24,850	24,850	24,461	(389)
Recreation Programs	104,107	104,107	106,637	2,530
Mini-Programs	50,000	50,000	41,013	(8,987)
Parks Recreation Equipment	4,000	4,000	950	(3,050)
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	24,945	(55)
Total Recreation	<u>430,177</u>	<u>433,221</u>	<u>393,835</u>	<u>(39,386)</u>
LIBRARY				
Hall Memorial Library	<u>605,323</u>	<u>605,323</u>	<u>605,323</u>	<u>-</u>
Total Library	<u>605,323</u>	<u>605,323</u>	<u>605,323</u>	<u>-</u>
HUMAN SERVICES				
Public Health Nursing	3,500	3,500	3,231	(269)
Hockanum Industries Inc.	500	500	500	-
Nutmeg Big Brothers Big Sisters	500	500	500	-
Connecticut Legal Services	2,000	2,000	2,000	-
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	27,000	27,000	26,999	(1)
Food Pantry	500	1,670	1,670	-
Fuel Bank	500	6,763	6,763	-
Youth Enrichment	18,000	18,000	16,426	(1,574)
Youth Activity Programs	41,870	41,870	35,978	(5,892)
Hartford Interval House	1,500	1,500	1,500	-
Human Services	190,536	190,536	189,611	(925)
North Central Health District	59,000	59,001	59,000	(1)
Welfare	16,000	16,000	15,794	(206)
Municipal Agent	1,800	1,800	1,799	(1)
Senior Center	195,500	196,708	175,200	(21,508)
Total Human Services	<u>563,710</u>	<u>572,352</u>	<u>541,975</u>	<u>(30,377)</u>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(UNDER)</u> <u>OVER</u>
TOWN PROPERTIES				
Town Hall	\$ 420,310	\$ 420,310	\$ 405,430	\$ (14,880)
Center Cemetary	3,700	3,700	3,700	-
Arbor Commons	19,000	19,000	16,102	(2,898)
Old Crystal Lake School House	5,000	5,000	4,591	(409)
Total Town Properties	<u>448,010</u>	<u>448,010</u>	<u>429,823</u>	<u>(18,187)</u>
DEBT SERVICE				
Debt Redemption - Principal	2,383,383	2,383,383	2,382,090	(1,293)
Debt Redemption - Interest	703,048	703,048	701,689	(1,359)
Total Debt Service	<u>3,086,431</u>	<u>3,086,431</u>	<u>3,083,779</u>	<u>(2,652)</u>
MISCELLANEOUS				
Social Security	319,325	319,325	311,633	(7,692)
Insurance	1,791,810	1,684,810	1,684,669	(141)
Insurance Reimbursement and Claims	7,500	10,639	10,638	(1)
Insurance Prior Year	5,000	5,000	-	(5,000)
Service Insurance	67,180	67,180	67,180	-
Contingency Fund	150,000	150,000	150,000	-
Capital Reserve Fund	148,633	148,633	148,633	-
AD HOC Alcohol/Drug Council	7,000	7,000	5,234	(1,766)
Erase	3,105	3,437	3,437	-
Memorial Day Committee	1,700	1,983	1,983	-
AD HOC Patriotic Committee	3,000	3,000	1,001	(1,999)
Miscellaneous	2,000	2,000	362	(1,638)
GASB-OPEB	100,000	100,000	100,000	-
Referendum	30,000	30,000	15,252	(14,748)
Building Demolition/Eviction	10,000	10,000	9,389	(611)
Salary Adjustment	28,000	7,509	-	(7,509)
Employee Education Development	7,500	7,500	3,056	(4,444)
Town Communications	15,944	15,944	15,738	(206)
Town Web Site	7,300	7,300	-	(7,300)
Grant Applications	5,000	5,000	118	(4,882)
GIS	15,000	15,000	9,084	(5,916)
Total Miscellaneous	<u>2,724,997</u>	<u>2,601,260</u>	<u>2,537,407</u>	<u>(63,853)</u>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE (UNDER) OVER</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
CAPITAL OUTLAYS				
Unimproved Road Improvement	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Local Capital Improvement Program	106,105	106,105	106,105	-
Road Overlay	569,445	569,445	569,444	(1)
Townwide Sidewalks	30,000	30,000	30,000	-
Old Crystal Lake School House Renovations	95,000	134,500	134,500	-
Stafford Road Sewer Extension	50,000	50,000	50,000	-
DPW-Skid Steer Loader/Accessories	46,300	46,300	46,300	-
EVAC-Protective Response Gear	26,000	26,000	26,000	-
EVAC-Chest Compression System	26,300	26,300	26,138	(162)
Revaluation	150,000	150,000	150,000	-
EVFD-Hydraulic Rescue Tools	80,000	80,000	80,000	-
CLFD-Hydraulic Rescue Tools	21,450	21,450	21,450	-
BOE-Replacement Vans-Special	24,000	24,000	21,685	(2,315)
Total Capital Outlays	<u>1,249,600</u>	<u>1,289,100</u>	<u>1,286,622</u>	<u>(2,478)</u>
EDUCATION				
Salaries				
Administrative	1,310,324	1,307,477	1,307,477	-
Faculty	14,142,910	14,116,254	14,116,254	-
Secretarial	738,630	745,147	745,147	-
Custodial	1,019,688	1,038,867	1,038,867	-
Nurses	302,257	295,067	295,067	-
Instructor Aides	801,171	795,725	795,725	-
General / Media Aides	307,307	304,646	304,646	-
Severance	3,879	40,543	40,543	-
Total Salaries	<u>18,626,166</u>	<u>18,643,726</u>	<u>18,643,726</u>	<u>-</u>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE (UNDER) OVER</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Employee Benefits				
Health Benefits	\$ 4,323,277	\$ 4,270,266	\$ 4,270,266	\$ -
Social Security	460,613	454,432	454,432	-
Unemployment	10,000	48,170	48,170	-
Retirement - MERS	354,959	336,877	336,877	-
Course Tuition	1,000	2,023	2,023	-
Total Employee Benefits	<u>5,149,849</u>	<u>5,111,768</u>	<u>5,111,768</u>	<u>-</u>
Contracted Services				
Program Improvement	138,831	133,453	133,453	-
Pupil Services	64,402	75,790	75,790	-
Management Services	20,136	17,553	17,553	-
Professional/Tech Services	427,925	339,880	339,880	-
Public Utilities-Electricity	741,761	751,910	751,910	-
Other Property Services	177,810	165,958	165,958	-
Property Insurance	272,499	252,099	252,099	-
Rentals	70,440	91,046	91,046	-
Repairs Instrument Equipment	37,986	32,008	32,008	-
Repairs/Maintenance	136,932	174,384	174,384	-
Cheney Vo-Ag Transportation	1,357,686	1,357,486	1,357,486	-
Conference/Travel	46,859	38,842	38,842	-
Special Ed Transportation	344,765	422,808	422,808	-
Athletic Transportation	32,290	30,027	30,027	-
Telephone	29,303	24,465	24,465	-
Townwide Maintenance	40,500	159,078	159,078	-
Printing /Advertising	34,475	18,685	18,685	-
Outside Tuition	888,415	808,347	808,347	-
Total Contracted Services	<u>4,863,015</u>	<u>4,893,819</u>	<u>4,893,819</u>	<u>-</u>
Capital Outlays				
Replacement Equipment	22,892	22,774	22,774	-
Total Capital Outlays	<u>22,892</u>	<u>22,774</u>	<u>22,774</u>	<u>-</u>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE (UNDER) OVER</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Supplies and Materials				
Administrative Supplies	\$ 53,685	\$ 50,751	\$ 50,751	\$ -
Program Supplies	246,311	235,363	235,363	-
Special Education	29,435	25,040	25,040	-
Basic	110,052	107,570	107,570	-
Custodial Supplies	92,792	84,648	84,648	-
Heating Fuel and Gasoline	81,743	87,413	87,413	-
Textbooks	80,064	90,677	90,677	-
Library/Media	46,832	44,689	44,689	-
Total Supplies and Materials	<u>740,914</u>	<u>726,151</u>	<u>726,151</u>	<u>-</u>
Miscellaneous				
Dues and Memberships	27,153	31,240	31,240	-
Transfer Account	-	511	276	(235)
Total Miscellaneous	<u>27,153</u>	<u>31,751</u>	<u>31,516</u>	<u>(235)</u>
TOTAL BOARD OF EDUCATION	<u>29,429,989</u>	<u>29,429,989</u>	<u>29,429,754</u>	<u>(235)</u>
TOTAL BUDGETARY EXPENDITURES	<u>\$ 45,663,569</u>	<u>\$ 45,748,973</u>	<u>\$ 45,249,947</u>	<u>\$ (499,026)</u>

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2011

GRAND LIST YEAR	BALANCE UNCOLLECTED	CURRENT LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	BALANCE TO BE COLLECTED	COLLECTIONS			BALANCE UNCOLLECTED	
	JUNE 30, 2010		ADDITIONS	DEDUCTIONS		COLLECTED	TAXES	INTEREST	LIEN FEES		TOTAL
2009	\$ -	\$ 32,169,148	\$ 133,647	\$ 79,866	\$ -	\$ 32,222,929	\$ 31,788,688	\$ 87,675	\$ 1,371	\$ 31,877,734	\$ 434,241
2008	365,167	-	5,824	10,578	-	360,413	121,107	26,892	1,571	149,570	239,306
2007	169,308	-	48	53	(17,823)	151,480	39,621	12,948	726	53,295	111,859
2006	84,737	-	37	-	-	84,774	10,001	9,195	192	19,388	74,773
2005	61,210	-	39	-	-	61,249	17,289	12,684	120	30,093	43,960
2004	30,815	-	-	-	-	30,815	2,575	1,930	72	4,577	28,240
2003	26,366	-	-	-	-	26,366	3,102	1,922	24	5,048	23,264
2002	20,708	-	-	-	-	20,708	756	1,984	24	2,764	19,952
2001	18,439	-	-	-	-	18,439	576	278	24	878	17,863
2000	18,960	-	-	-	-	18,960	-	265	-	265	18,960
1999	15,886	-	-	-	-	15,886	-	-	-	-	15,886
1998	15,102	-	-	-	-	15,102	-	-	-	-	15,102
1997	12,923	-	-	-	-	12,923	1,277	122	-	1,399	11,646
1996	6,375	-	-	-	-	6,375	-	354	-	354	6,375
1995	4,994	-	-	-	-	4,994	2,523	6,359	24	8,906	2,471
1994	4,994	-	-	-	-	4,994	2,523	8,013	24	10,560	2,471
	<u>\$ 855,984</u>	<u>\$ 32,169,148</u>	<u>\$ 139,595</u>	<u>\$ 90,497</u>	<u>\$ (17,823)</u>	<u>\$ 33,056,407</u>	<u>\$ 31,990,038</u>	<u>\$ 170,621</u>	<u>\$ 4,172</u>	<u>\$ 32,164,831</u>	<u>\$ 1,066,369</u>

**TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374 (b)
FOR THE YEAR ENDED JUNE 30, 2011**

Total cash collections for the
year ended June 30, 2011

Taxes	\$ 31,990,038
Interest and lien fees	<u>174,793</u>
Total	32,164,831

Reimbursed for

Tax relief for elderly (CGS 12-129d)	<u>69,845</u>
Total	<u>69,845</u>

Base	<u><u>\$ 32,234,676</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	\$ 72,528,021	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	145,056,042	-	-	-
3-3/4 times base	-	-	120,880,035	-	-
3-1/4 times base	-	-	-	104,762,697	-
3 times base	-	-	-	-	96,704,028
Total debt limitation	<u>72,528,021</u>	<u>145,056,042</u>	<u>120,880,035</u>	<u>104,762,697</u>	<u>96,704,028</u>
Indebtedness:					
Bonds and notes payable	1,013,994	11,715,000	2,964,436	-	-
Less: amounts to be provided by the State	<u>-</u>	<u>271,249</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>1,013,994</u>	<u>11,443,751</u>	<u>2,964,436</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of					
Outstanding and authorized debt	<u>\$ 71,514,027</u>	<u>\$ 133,612,291</u>	<u>\$ 117,915,599</u>	<u>\$ 104,762,697</u>	<u>\$ 96,704,028</u>
Total capacity of borrowing (7 times base)	\$225,642,732				
Total present indebtedness	<u>15,422,181</u>				
Margin for additional borrowing	<u><u>\$210,220,551</u></u>				

Combining Statements

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET - BY FUND TYPE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 312,325	\$ -	\$ -	\$ 312,325
Investments	1,078,076	326,722	751,865	2,156,663
Receivables:				
Grants and contracts receivable	265,969	92,422	-	358,391
Other	133,080	-	-	133,080
Due from other funds	33,528	2,152	821	36,501
Inventories	7,244	-	-	7,244
Total assets	<u>\$ 1,830,222</u>	<u>\$ 421,296</u>	<u>\$ 752,686</u>	<u>\$ 3,004,204</u>
LIABILITIES AND FUND BALANCES (DEFICIT)				
Liabilities:				
Accounts payable	\$ 27,280	\$ -	\$ -	\$ 27,280
Due to other funds	258,192	535,535	6,806	800,533
Unearned/deferred revenue	408,120	-	-	408,120
Due to funding source	16,813	-	-	16,813
Bond anticipation note payable	-	410,000	-	410,000
Total liabilities	<u>710,405</u>	<u>945,535</u>	<u>6,806</u>	<u>1,662,746</u>
Fund Balances (Deficit):				
Nonspendable:				
Endowments	-	-	52,497	52,497
Inventories	7,244	-	-	7,244
Committed:				
Capital purchases	-	326,722	-	326,722
School lunch operations	165,813	-	-	165,813
Public safety	309,206	-	-	309,206
Human services	119,024	-	-	119,024
Town properties	420,133	-	-	420,133
Land use	58,730	-	-	58,730
General government	39,667	-	-	39,667
Unassigned (deficit)	-	(850,961)	693,383	(157,578)
Total fund balances (deficit)	<u>1,119,817</u>	<u>(524,239)</u>	<u>745,880</u>	<u>1,341,458</u>
Total liabilities and fund balances (deficit)	<u>\$ 1,830,222</u>	<u>\$ 421,296</u>	<u>\$ 752,686</u>	<u>\$ 3,004,204</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, 2011**

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 1,986,308	\$ 199,047	\$ -	\$ 2,185,355
Charges for services	562,563	-	-	562,563
Food sales	563,592	-	-	563,592
Interest and dividends	2,434	517	31,640	34,591
Net increase in the fair value of investments	-	-	37,589	37,589
Other income	17,581	15,426	65,669	98,676
Total revenues	<u>3,132,478</u>	<u>214,990</u>	<u>134,898</u>	<u>3,482,366</u>
EXPENDITURES				
Current:				
Program expenditures	2,849,272	105,979	7,949	2,963,200
Miscellaneous	-	-	5,348	5,348
Capital outlays	-	693,085	-	693,085
Total expenditures	<u>2,849,272</u>	<u>799,064</u>	<u>13,297</u>	<u>3,661,633</u>
Excess (deficiency) of revenues over expenditures	283,206	(584,074)	121,601	(179,267)
OTHER FINANCING USES				
Transfers in	-	100,000	-	100,000
Transfers out	<u>(141,395)</u>	<u>-</u>	<u>-</u>	<u>(141,395)</u>
Net change in fund balances	141,811	(484,074)	121,601	(220,662)
Fund balances (deficit) - beginning, as restated (see Note 14)	<u>978,006</u>	<u>(40,165)</u>	<u>624,279</u>	<u>1,562,120</u>
Fund balances (deficit) - ending	<u>\$ 1,119,817</u>	<u>\$ (524,239)</u>	<u>\$ 745,880</u>	<u>\$ 1,341,458</u>

*Special Revenue
Funds*

**TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	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	\$ -	\$ 200,582	\$ 88,805	\$ 22,918	\$ -	\$ -	\$ -
Investments	-	-	55,517	192,509	-	48,729	39,599
Receivables:							
Grants and contracts receivable	-	28,638	24,500	-	-	-	-
Other	-	-	-	133,080	-	-	-
Due from other funds	14,036	-	-	-	15,098	-	68
Inventories	-	-	7,244	-	-	-	-
Total assets	<u>\$ 14,036</u>	<u>\$ 229,220</u>	<u>\$ 176,066</u>	<u>\$ 348,507</u>	<u>\$ 15,098</u>	<u>\$ 48,729</u>	<u>\$ 39,667</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 21,438	\$ 3,009	\$ 2,833	\$ -	\$ -	\$ -
Due to other funds	-	-	-	36,468	-	7,783	-
Unearned/deferred revenue	-	205,005	-	-	-	-	-
Due to funding source	14,036	2,777	-	-	-	-	-
Total liabilities	<u>14,036</u>	<u>229,220</u>	<u>3,009</u>	<u>39,301</u>	<u>-</u>	<u>7,783</u>	<u>-</u>
Fund Balances:							
Nonspendable:							
Inventories	-	-	7,244	-	-	-	-
Committed to:							
School lunch operations	-	-	165,813	-	-	-	-
Public safety	-	-	-	309,206	-	-	-
Human services	-	-	-	-	15,098	40,946	-
Town properties	-	-	-	-	-	-	-
Land use	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	39,667
Total fund balances	<u>-</u>	<u>-</u>	<u>173,057</u>	<u>309,206</u>	<u>15,098</u>	<u>40,946</u>	<u>39,667</u>
Total liabilities and fund balances	<u>\$ 14,036</u>	<u>\$ 229,220</u>	<u>\$ 176,066</u>	<u>\$ 348,507</u>	<u>\$ 15,098</u>	<u>\$ 48,729</u>	<u>\$ 39,667</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2011

	Small Cities Program Income Fund	Town Land Preservation Fund	DOT Elderly and Disabled Fund	Mental Health and Addiction Services Fund	Land Use Fees Fund	HUD Small Cities Rehab 2008 Fund	Open Space Fund	HUD Small Cities Rehab 2009 Fund
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10
Investments	61,200	33,206	-	-	59,830	-	587,486	-
Receivables:								
Grants and contracts receivable	-	-	-	-	-	-	-	13,404
Other	-	-	-	-	-	-	-	-
Due from other funds	-	1,556	-	-	-	-	1,000	-
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ 61,200</u>	<u>\$ 34,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,830</u>	<u>\$ -</u>	<u>\$ 588,486</u>	<u>\$ 13,414</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	1,100	-	-	13,404
Unearned/deferred revenue	-	-	-	-	-	-	203,115	-
Due to funding source	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,100</u>	<u>-</u>	<u>203,115</u>	<u>13,404</u>
Fund Balances:								
Nonspendable:								
Inventories	-	-	-	-	-	-	-	-
Committed to:								
School lunch operations	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Human services	61,200	-	-	-	-	-	-	10
Town properties	-	34,762	-	-	-	-	385,371	-
Land use	-	-	-	-	58,730	-	-	-
General government	-	-	-	-	-	-	-	-
Total fund balances	<u>61,200</u>	<u>34,762</u>	<u>-</u>	<u>-</u>	<u>58,730</u>	<u>-</u>	<u>385,371</u>	<u>10</u>
Total liabilities and fund balances	<u>\$ 61,200</u>	<u>\$ 34,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,830</u>	<u>\$ -</u>	<u>\$ 588,486</u>	<u>\$ 13,414</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2011

	HUD Small Cities Rehab 2010 Fund	Airport Improvement Grant Fund	Incentive Housing Overlay Zone Improvements Fund	ARRA Energy Efficiency Fund	Partnership Success Initiative Fund	Senior Bus Fund	Total Nonmajor Special Revenue Funds
ASSETS							
Cash and cash equivalents	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 312,325
Investments	-	-	-	-	-	-	1,078,076
Receivables:							
Grants and contracts receivable	130,354	5,640	-	63,433	-	-	265,969
Other	-	-	-	-	-	-	133,080
Due from other funds	-	-	-	-	1,770	-	33,528
Inventories	-	-	-	-	-	-	7,244
Total assets	<u>\$ 130,364</u>	<u>\$ 5,640</u>	<u>\$ -</u>	<u>\$ 63,433</u>	<u>\$ 1,770</u>	<u>\$ -</u>	<u>\$ 1,830,222</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,280
Due to other funds	130,364	5,640	-	63,433	-	-	258,192
Unearned/deferred revenue	-	-	-	-	-	-	408,120
Due to funding source	-	-	-	-	-	-	16,813
Total liabilities	<u>130,364</u>	<u>5,640</u>	<u>-</u>	<u>63,433</u>	<u>-</u>	<u>-</u>	<u>710,405</u>
Fund Balances:							
Nonspendable:							
Inventories	-	-	-	-	-	-	7,244
Committed to:							
School lunch operations	-	-	-	-	-	-	165,813
Public safety	-	-	-	-	-	-	309,206
Human services	-	-	-	-	1,770	-	119,024
Town properties	-	-	-	-	-	-	420,133
Land use	-	-	-	-	-	-	58,730
General government	-	-	-	-	-	-	39,667
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,770</u>	<u>-</u>	<u>1,119,817</u>
Total liabilities and fund balances	<u>\$ 130,364</u>	<u>\$ 5,640</u>	<u>\$ -</u>	<u>\$ 63,433</u>	<u>\$ 1,770</u>	<u>\$ -</u>	<u>\$ 1,830,222</u>

**TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	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	\$ -	\$ 934,831	\$ 178,861	\$ -	\$ 19,000	\$ -	\$ -
Charges for services	75,419	-	-	318,956	-	5,000	-
Food sales	-	-	563,592	-	-	-	-
Interest and dividends	-	-	904	220	-	68	108
Other income	-	-	-	-	-	-	5,594
Total revenues	<u>75,419</u>	<u>934,831</u>	<u>743,357</u>	<u>319,176</u>	<u>19,000</u>	<u>5,068</u>	<u>5,702</u>
EXPENDITURES							
Current:							
Program expenditures	<u>75,419</u>	<u>934,831</u>	<u>753,498</u>	<u>56,284</u>	<u>14,656</u>	<u>7,783</u>	<u>-</u>
Total expenditures	<u>75,419</u>	<u>934,831</u>	<u>753,498</u>	<u>56,284</u>	<u>14,656</u>	<u>7,783</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	(10,141)	262,892	4,344	(2,715)	5,702
OTHER FINANCING USES							
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(141,395)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	(10,141)	121,497	4,344	(2,715)	5,702
Fund balances - beginning, as restated (see Note 14)	<u>-</u>	<u>-</u>	<u>183,198</u>	<u>187,709</u>	<u>10,754</u>	<u>43,661</u>	<u>33,965</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,057</u>	<u>\$ 309,206</u>	<u>\$ 15,098</u>	<u>\$ 40,946</u>	<u>\$ 39,667</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, 2011

	Small Cities Program Income Fund	Town Land Preservation Fund	DOT Elderly and Disabled Fund	Mental Health and Addiction Services Fund	Land Use Fees Fund	HUD Small Cities Rehab 2008 Fund	Open Space Fund	HUD Small Cities Rehab 2009 Fund
REVENUES								
Intergovernmental	\$ -	\$ -	\$ 24,489	\$ 19,042	\$ -	\$ 79,394	\$ -	\$ 271,578
Charges for services	23,960	139,228	-	-	-	-	-	-
Food sales	-	-	-	-	-	-	-	-
Interest and dividends	81	221	-	-	-	-	832	-
Other income	-	-	-	-	4,987	-	7,000	-
Total revenues	<u>24,041</u>	<u>139,449</u>	<u>24,489</u>	<u>19,042</u>	<u>4,987</u>	<u>79,394</u>	<u>7,832</u>	<u>271,578</u>
EXPENDITURES								
Current:								
Program expenditures	<u>18,367</u>	<u>107,540</u>	<u>24,489</u>	<u>19,042</u>	<u>10,308</u>	<u>79,394</u>	<u>18,750</u>	<u>271,568</u>
Total expenditures	<u>18,367</u>	<u>107,540</u>	<u>24,489</u>	<u>19,042</u>	<u>10,308</u>	<u>79,394</u>	<u>18,750</u>	<u>271,568</u>
Excess (deficiency) of revenues over expenditures	5,674	31,909	-	-	(5,321)	-	(10,918)	10
OTHER FINANCING USES								
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	5,674	31,909	-	-	(5,321)	-	(10,918)	10
Fund balances - beginning, as restated (see Note 14)	<u>55,526</u>	<u>2,853</u>	<u>-</u>	<u>-</u>	<u>64,051</u>	<u>-</u>	<u>396,289</u>	<u>-</u>
Fund balances - ending	<u>\$ 61,200</u>	<u>\$ 34,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,730</u>	<u>\$ -</u>	<u>\$ 385,371</u>	<u>\$ 10</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, 2011

	HUD Small Cities Rehab 2010 Fund	Airport Improvement Grant Fund	Incentive Housing Overlay Zone Improvements Fund	ARRA Energy Efficiency Fund	Partnership Success Initiative Fund	Senior Bus Fund	Total Nonmajor Special Revenue Funds
REVENUES							
Intergovernmental	\$ 246,354	\$ 20,680	\$ 13,563	\$ 63,433	\$ 75,083	\$ 40,000	\$ 1,986,308
Charges for services	-	-	-	-	-	-	562,563
Food sales	-	-	-	-	-	-	563,592
Interest and dividends	-	-	-	-	-	-	2,434
Other income	-	-	-	-	-	-	17,581
Total revenues	<u>246,354</u>	<u>20,680</u>	<u>13,563</u>	<u>63,433</u>	<u>75,083</u>	<u>40,000</u>	<u>3,132,478</u>
EXPENDITURES							
Current:							
Program expenditures	246,354	20,680	13,563	63,433	73,313	40,000	2,849,272
Total expenditures	<u>246,354</u>	<u>20,680</u>	<u>13,563</u>	<u>63,433</u>	<u>73,313</u>	<u>40,000</u>	<u>2,849,272</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	1,770	-	283,206
OTHER FINANCING USES							
Transfers out	-	-	-	-	-	-	(141,395)
Net change in fund balances	-	-	-	-	1,770	-	141,811
Fund balances - beginning, as restated (see Note 14)	-	-	-	-	-	-	978,006
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,770</u>	<u>\$ -</u>	<u>\$ 1,119,817</u>

*Capital Projects
Funds*

**TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2011**

	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						
Investments	\$ 25,689	\$ -	\$ 71,802	\$ 18,337	\$ 210,894	\$ -
Grants and contract receivables	-	-	-	-	-	77,019
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 25,689</u>	<u>\$ -</u>	<u>\$ 71,802</u>	<u>\$ 18,337</u>	<u>\$ 210,894</u>	<u>\$ 77,019</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,019
Bond anticipation note payable	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,019</u>
Fund Balances (deficit):						
Committed to:						
Capital purchases	25,689	-	71,802	18,337	210,894	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances (deficit)	<u>25,689</u>	<u>-</u>	<u>71,802</u>	<u>18,337</u>	<u>210,894</u>	<u>-</u>
Total liabilities and fund balances (deficit)	<u>\$ 25,689</u>	<u>\$ -</u>	<u>\$ 71,802</u>	<u>\$ 18,337</u>	<u>\$ 210,894</u>	<u>\$ 77,019</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET (Continued)
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2011

	STEAP Pinney House Fund	STEAP Tennis Court Fund	Dojo Association Fund	Hall HVAC System Fund	59 South Road Fund	Total Nonmajor Capital Projects Funds
ASSETS						
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 326,722
Grants and contracts receivable	15,191	212	-	-	-	92,422
Due from other funds	-	-	2,152	-	-	2,152
Total assets	<u>\$ 15,191</u>	<u>\$ 212</u>	<u>\$ 2,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421,296</u>
LIABILITIES AND FUND BALANCES (DEFICIT)						
Liabilities:						
Due to other funds	\$ 15,191	\$ 212	\$ -	\$ 100,766	\$ 342,347	\$ 535,535
Bond anticipation note payable	-	-	410,000	-	-	410,000
Total liabilities	<u>15,191</u>	<u>212</u>	<u>410,000</u>	<u>100,766</u>	<u>342,347</u>	<u>945,535</u>
Fund Balances (deficit):						
Committed to:						
Capital purchases	-	-	-	-	-	326,722
Unassigned (deficit)	-	-	(407,848)	(100,766)	(342,347)	(850,961)
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>(407,848)</u>	<u>(100,766)</u>	<u>(342,347)</u>	<u>(524,239)</u>
Total liabilities and fund balances (deficit)	<u>\$ 15,191</u>	<u>\$ 212</u>	<u>\$ 2,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421,296</u>

**TOWN OF ELLINGTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	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	\$ -	\$ 105,979	\$ -	\$ -	\$ -	\$ 79,377
Interest and dividends	36	-	138	25	293	-
Other income	-	-	-	-	11,277	-
Total revenues	<u>36</u>	<u>105,979</u>	<u>138</u>	<u>25</u>	<u>11,570</u>	<u>79,377</u>
EXPENDITURES						
Current:						
Program expenditures	-	105,979	-	-	-	-
Capital outlays	-	-	60,545	-	46,300	79,377
Total expenditures	<u>-</u>	<u>105,979</u>	<u>60,545</u>	<u>-</u>	<u>46,300</u>	<u>79,377</u>
Excess (deficiency) of revenues over expenditures	36	-	(60,407)	25	(34,730)	-
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	36	-	(60,407)	25	(34,730)	-
Fund balances (deficit) - beginning	<u>25,653</u>	<u>-</u>	<u>132,209</u>	<u>18,312</u>	<u>245,624</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 25,689</u>	<u>\$ -</u>	<u>\$ 71,802</u>	<u>\$ 18,337</u>	<u>\$ 210,894</u>	<u>\$ -</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	STEAP Pinney House Fund	STEAP Tennis Court Fund	Dojo Association Fund	Hall HVAC System Fund	59 South Road Fund	Total Nonmajor Capital Projects Funds
REVENUES						
Intergovernmental	\$ 13,479	\$ 212	\$ -	\$ -	\$ -	199,047
Interest and dividends	-	-	25	-	-	517
Other income	-	-	4,149	-	-	15,426
Total revenues	<u>13,479</u>	<u>212</u>	<u>4,174</u>	<u>-</u>	<u>-</u>	<u>214,990</u>
EXPENDITURES						
Current:						
Program expenditures	-	-	-	-	-	105,979
Capital outlays	56,478	212	7,060	100,766	342,347	693,085
Total expenditures	<u>56,478</u>	<u>212</u>	<u>7,060</u>	<u>100,766</u>	<u>342,347</u>	<u>799,064</u>
Excess (deficiency) of revenues over expenditures	(42,999)	-	(2,886)	(100,766)	(342,347)	(584,074)
OTHER FINANCING SOURCES						
Transfers in	-	-	100,000	-	-	100,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Net change in fund balances	(42,999)	-	97,114	(100,766)	(342,347)	(484,074)
Fund balances (deficit) - beginning	<u>42,999</u>	<u>-</u>	<u>(504,962)</u>	<u>-</u>	<u>-</u>	<u>(40,165)</u>
Fund balances (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (407,848)</u>	<u>\$ (100,766)</u>	<u>\$ (342,347)</u>	<u>\$ (524,239)</u>

Permanent Funds

**TOWN OF ELLINGTON, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR PERMANENT FUNDS
 JUNE 30, 2011**

	Marshall E. Charter Fund	Kimball Memorial Fund	John T. McKnight Maintenance Fund	Eugene K. Mosley Fund	Arthur Hyde Fund
ASSETS					
Investments	\$ 413,491	\$ 83,012	\$ 16,653	\$ 100	\$ 200
Due from other funds	-	202	41	-	-
Total assets	\$ 413,491	\$ 83,214	\$ 16,694	\$ 100	\$ 200
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 6,806	\$ -	\$ -	\$ -	\$ -
Total liabilities	6,806	-	-	-	-
 Fund Balances:					
Nonspendable:					
Endowments	29,697	5,000	1,000	100	200
Unassigned	376,988	78,214	15,694	-	-
Total fund balances	406,685	83,214	16,694	100	200
Total liabilities and fund balances	\$ 413,491	\$ 83,214	\$ 16,694	\$ 100	\$ 200

TOWN OF ELLINGTON, CONNECTICUT
COMBINING BALANCE SHEET (Continued)
NONMAJOR PERMANENT FUNDS
JUNE 30, 2011

	Sarah H. McKinney Fund	Mary Wadsworth Gardner Fund	Hall Memorial Library Fund	Wiley Fund	Total Nonmajor Permanent Funds
ASSETS					
Investments	\$ 500	\$ 62,983	\$ 173,926	\$ 1,000	\$ 751,865
Due from other funds	-	155	423	-	821
Total assets	<u>\$ 500</u>	<u>\$ 63,138</u>	<u>\$ 174,349</u>	<u>\$ 1,000</u>	<u>\$ 752,686</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 6,806
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,806</u>
Fund Balances:					
Nonspendable:					
Endowments	500	5,000	10,000	1,000	52,497
Unassigned	-	58,138	164,349	-	693,383
Total fund balances	<u>500</u>	<u>63,138</u>	<u>174,349</u>	<u>1,000</u>	<u>745,880</u>
Total liabilities and fund balances	<u>\$ 500</u>	<u>\$ 63,138</u>	<u>\$ 174,349</u>	<u>\$ 1,000</u>	<u>\$ 752,686</u>

**TOWN OF ELLINGTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Marshall E. Charter Fund</u>	<u>Kimball Memorial Fund</u>	<u>John T. McKnight Maintenance Fund</u>	<u>Eugene K. Mosley Fund</u>	<u>Arthur Hyde Fund</u>
REVENUES					
Interest and dividends	\$ 47	\$ -	\$ 2,003	\$ -	\$ -
Net increase in the fair value of investments	19,906	4,349	872	-	-
Other income	51,482	11,259	256	-	-
Total revenues	<u>71,435</u>	<u>15,608</u>	<u>3,131</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Current:					
Program expenditures	7,725	-	-	-	-
Miscellaneous	2,830	620	124	-	-
Total expenditures	<u>10,555</u>	<u>620</u>	<u>124</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	60,880	14,988	3,007	-	-
Fund balances - beginning	<u>345,805</u>	<u>68,226</u>	<u>13,687</u>	<u>100</u>	<u>200</u>
Fund balances - ending	<u>\$ 406,685</u>	<u>\$ 83,214</u>	<u>\$ 16,694</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, 2011

	Sarah H. McKinney Fund	Mary Wadsworth Gardner Fund	Hall Memorial Library Fund	Wiley Fund	Total Nonmajor Permanent Funds
REVENUES					
Interest and dividends	\$ 1	\$ 8,668	\$ 20,920	\$ 1	\$ 31,640
Net increase in the fair value of investments	-	3,351	9,111	-	37,589
Other income	-	-	2,672	-	65,669
Total revenues	<u>1</u>	<u>12,019</u>	<u>32,703</u>	<u>1</u>	<u>134,898</u>
EXPENDITURES					
Current:					
Program expenditures	1	222	-	1	7,949
Miscellaneous	-	475	1,299	-	5,348
Total expenditures	<u>1</u>	<u>697</u>	<u>1,299</u>	<u>1</u>	<u>13,297</u>
Excess of revenues over expenditure	-	11,322	31,404	-	121,601
Fund balances - beginning	<u>500</u>	<u>51,816</u>	<u>142,945</u>	<u>1,000</u>	<u>624,279</u>
Fund balances - ending	<u>\$ 500</u>	<u>\$ 63,138</u>	<u>\$ 174,349</u>	<u>\$ 1,000</u>	<u>\$ 745,880</u>

*Proprietary
Funds*

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF NET ASSETS (DEFICIT)
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2011

	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	\$ 35,942	\$ -	\$ 35,942
Noncurrent assets:			
Long-term assessments receivable	-	38,183	38,183
Total assets	35,942	38,183	74,125
LIABILITIES			
Current liabilities:			
Due to other funds	40,861	109,541	150,402
Total liabilities	40,861	109,541	150,402
NET ASSETS (DEFICIT)			
Unrestricted (deficit)	(4,919)	(71,358)	(76,277)
Total net assets (deficit)	\$ (4,919)	\$ (71,358)	\$ (76,277)

**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, 2011**

	Solid Waste Collection Fund	Watermains, Tripp and Middle Roads Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Solid waste fees	\$ 470,630	\$ -	\$ 470,630
Assessments	-	1,012	1,012
Total operating revenues	<u>470,630</u>	<u>1,012</u>	<u>471,642</u>
 OPERATING EXPENSES			
Public works and administrative expenses	<u>496,622</u>	<u>-</u>	<u>496,622</u>
Total operating expenses	<u>496,622</u>	<u>-</u>	<u>496,622</u>
 Change in net assets	(25,992)	1,012	(24,980)
Net assets (deficit) - beginning	<u>21,073</u>	<u>(72,370)</u>	<u>(51,297)</u>
Net assets (deficit) - ending	<u>\$ (4,919)</u>	<u>\$ (71,358)</u>	<u>\$ (76,277)</u>

**TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Solid Waste Collection Fund	Watermains, Tripp and Middle Roads Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 464,539	\$ 1,796	\$ 466,335
Receipts from interfund services provided	32,083	-	32,083
Payments for interfund services provided	-	(1,796)	(1,796)
Payments to suppliers	(496,622)	-	(496,622)
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 income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (25,992)	\$ 1,012	\$ (24,980)
(Increase) decrease in assets:			
Solid waste charges receivable, net	(6,091)	-	(6,091)
Long-term assessments receivable	-	784	784
Increase (decrease) in liabilities:			
Due to other funds	32,083	(1,796)	30,287
Net cash provided by operating activities	\$ -	\$ -	\$ -

TOWN OF ELLINGTON, CONNECTICUT
SCHEDULE OF SEWER USAGE CHARGES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2011

BILLING YEAR	UNCOLLECTED USER CHARGES JUNE 30, 2010	LAWFUL CORRECTIONS	USER CHARGES COLLECTIBLE	ACTUAL CASH COLLECTIONS				UNCOLLECTED USER CHARGES JUNE 30, 2011
	AND CURRENT LEVY			USER CHARGES	INTEREST	LIEN FEES	TOTAL	
2010	\$ 1,420,863	\$ 119,137	\$ 1,540,000	\$ 1,460,568	\$ 6,794	\$ -	\$ 1,467,362	\$ 79,432
2009	70,856	(510)	70,346	39,978	5,069	763	45,810	30,368
2008	20,799	(85)	20,714	5,312	1,903	456	7,671	15,402
2007	10,822	-	10,822	1,805	831	240	2,876	9,017
2006	4,558	-	4,558	-	-	-	-	4,558
2005	3,370	-	3,370	-	-	-	-	3,370
2004	2,528	-	2,528	-	-	-	-	2,528
2003	3,473	-	3,473	-	-	-	-	3,473
2002	2,008	-	2,008	352	286	24	662	1,656
2001	869	-	869	22	2	24	48	847
2000	2,318	-	2,318	-	-	-	-	2,318
1999	818	-	818	-	-	-	-	818
1998	798	-	798	-	-	-	-	798
1997	624	-	624	-	-	-	-	624
1996	213	-	213	-	-	-	-	213
	<u>\$ 1,544,917</u>	<u>\$ 118,542</u>	<u>\$ 1,663,459</u>	<u>\$ 1,508,037</u>	<u>\$ 14,885</u>	<u>\$ 1,507</u>	<u>\$ 1,524,429</u>	<u>\$ 155,422</u>

*Fiduciary
Funds*

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2011

	Municipal Land Trust Fund	Public Health Nursing Fund	John T. McKnight Fund	Hall Memorial Library Fund	Senior Center Donation Fund
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 80,050	\$ -
Investments	21,233	2,265	25,520	-	48,675
Due from other funds	-	-	-	-	-
Total assets	<u>21,233</u>	<u>2,265</u>	<u>25,520</u>	<u>80,050</u>	<u>48,675</u>
LIABILITIES					
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS					
Held in trust for other purposes	<u>\$ 21,233</u>	<u>\$ 2,265</u>	<u>\$ 25,520</u>	<u>\$ 80,050</u>	<u>\$ 48,675</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS (Continued)
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2011

	<u>Graduation Fund</u>	<u>Senior Citizen Activity Fund</u>	<u>Hall Memorial Endowment Fund</u>	<u>Hall Memorial Myrtle Eddy Fund</u>	<u>Hall Memorial Moriarty Fund</u>	<u>Total Private Purpose Trust Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,284	\$ 11,397	\$ -	\$ -	\$ -	\$ 92,731
Investments	24,479	-	165,928	5,731	11,397	305,228
Due from other funds	-	-	404	14	28	446
Total assets	<u>25,763</u>	<u>11,397</u>	<u>166,332</u>	<u>5,745</u>	<u>11,425</u>	<u>398,405</u>
LIABILITIES						
Accounts Payable	<u>2,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,451</u>
Total liabilities	<u>2,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,451</u>
NET ASSETS						
Held in trust for other purposes	<u>\$ 23,312</u>	<u>\$ 11,397</u>	<u>\$ 166,332</u>	<u>\$ 5,745</u>	<u>\$ 11,425</u>	<u>\$ 395,954</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Municipal Land Trust Fund	Public Health Nursing Fund	John T. McKnight Fund	Hall Memorial Library Fund	Senior Center Donation Fund
ADDITIONS					
Contributions - private donations	\$ -	\$ -	\$ -	\$ 115,904	\$ 600
Other income	-	-	-	18,741	-
Total contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,645</u>	<u>600</u>
Investment earnings:					
Interest	30	3	36	171	68
Net increase in the fair value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net investment earnings	<u>30</u>	<u>3</u>	<u>36</u>	<u>171</u>	<u>68</u>
Total additions	<u>30</u>	<u>3</u>	<u>36</u>	<u>134,816</u>	<u>668</u>
DEDUCTIONS					
Other expenditures	-	-	-	-	-
Program expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,770</u>	<u>600</u>
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,770</u>	<u>600</u>
Change in net assets	30	3	36	13,046	68
Net Assets Held in Trust for Others:					
Beginning	<u>21,203</u>	<u>2,262</u>	<u>25,484</u>	<u>67,004</u>	<u>48,607</u>
Ending	<u>\$ 21,233</u>	<u>\$ 2,265</u>	<u>\$ 25,520</u>	<u>\$ 80,050</u>	<u>\$ 48,675</u>

TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS (*Continued*)
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Graduation Fund</u>	<u>Senior Citizen Activity Fund</u>	<u>Hall Memorial Endowment Fund</u>	<u>Hall Memorial Myrtle Eddy Fund</u>	<u>Hall Memorial Moriarty Fund</u>	<u>Total Private Purpose Trust Funds</u>
ADDITIONS						
Contributions - private donations	\$ 20,594	\$ 26,749	\$ -	\$ -	\$ -	\$ 163,847
Other income	-	-	22,507	699	1,390	43,337
Total contributions	<u>20,594</u>	<u>26,749</u>	<u>22,507</u>	<u>699</u>	<u>1,390</u>	<u>207,184</u>
Investment earnings:						
Interest	33	40	-	-	-	381
Net increase in the fair value of investments	<u>-</u>	<u>-</u>	<u>8,692</u>	<u>305</u>	<u>607</u>	<u>9,604</u>
Net investment earnings	<u>33</u>	<u>40</u>	<u>8,692</u>	<u>305</u>	<u>607</u>	<u>9,985</u>
Total additions	<u>20,627</u>	<u>26,789</u>	<u>31,199</u>	<u>1,004</u>	<u>1,997</u>	<u>217,169</u>
DEDUCTIONS						
Other expenditures	-	-	1,239	43	86	1,368
Program expenditures	<u>20,853</u>	<u>26,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,704</u>
Total deductions	<u>20,853</u>	<u>26,481</u>	<u>1,239</u>	<u>43</u>	<u>86</u>	<u>171,072</u>
Change in net assets	(226)	308	29,960	961	1,911	46,097
Net Assets Held in Trust for Others:						
Beginning	<u>23,538</u>	<u>11,089</u>	<u>136,372</u>	<u>4,784</u>	<u>9,514</u>	<u>349,857</u>
Ending	<u>\$ 23,312</u>	<u>\$ 11,397</u>	<u>\$ 166,332</u>	<u>\$ 5,745</u>	<u>\$ 11,425</u>	<u>\$ 395,954</u>

**TOWN OF ELLINGTON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2011</u>
CASH AND CASH EQUIVALENTS				
Ellington Center School	\$ 3,330	\$ 16,998	\$ 15,023	\$ 5,305
Ellington High School	118,175	368,584	369,097	117,662
Ellington School Use Activity	21,033	12,887	11,907	22,013
Crystal Lake School	3,342	7,737	8,085	2,994
Windermere School	24,938	51,059	48,382	27,615
Special Education Preschool Department	25,603	72,189	77,605	20,187
Board of Education Educational Services	19,349	24,363	21,352	22,360
Special Education Petty Cash Reimbursement	319	14,757	14,060	1,016
Ellington Middle School	79,906	160,480	167,357	73,029
Special Education Account	106,126	209,333	111,576	203,883
Petty Cash - BOE	100	1,801	1,700	201
Petty Cash - All Schools	1,396	-	361	1,035
INVESTMENTS				
Construction Performance Bonds	109,055	16,147	47,107	78,095
DUE FROM OTHER FUNDS				
Contractor activities	3,000	-	3,000	-
Total Assets	<u>\$ 515,672</u>	<u>\$ 956,335</u>	<u>\$ 896,612</u>	<u>\$ 575,395</u>
DUE TO OTHERS				
Ellington Center School	\$ 3,330	\$ 16,998	\$ 15,023	\$ 5,305
Ellington High School	118,175	368,584	369,097	117,662
Ellington School Use Activity	21,033	12,887	11,907	22,013
Crystal Lake School	3,342	7,737	8,085	2,994
Windermere School	24,938	51,059	48,382	27,615
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Ellington Middle School	79,906	160,480	167,357	73,029
Special Education Account	106,126	209,333	111,576	203,883
Petty Cash - BOE	100	1,801	1,700	201
Petty Cash - All Schools	1,396	-	361	1,035
Due to Contractors	112,055	16,147	50,107	78,095
Total Liabilities	<u>\$ 515,672</u>	<u>\$ 956,335</u>	<u>\$ 896,612</u>	<u>\$ 575,395</u>