

TOWN OF ELLINGTON

BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

**AS OF AND
FOR THE YEAR ENDED
JUNE 30, 2007**

**TOGETHER WITH
INDEPENDENT AUDITORS REPORT**



CARLIN, CHARRON & ROSEN, LLP
Certified Public Accountants and Business Advisors

TOWN OF ELLINGTON
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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, 2007, 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, 2007, 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 December 31, 2007 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.

The management's discussion and analysis presented on pages 3 through 16 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Carlin, Chamen & Rosen, LLP

Glastonbury, Connecticut
December 31, 2007

Management's Discussion and Analysis

TOWN OF ELLINGTON 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, 2007.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$61,030,468 (net assets). Of this amount, \$9,787,037 (unrestricted net assets) may be used to meet the Town's ongoing obligations to its citizens and creditors.
- The Town's changes in net assets for the year ended June 30, 2007 amounted to \$2,151,220 or 3.7% 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 \$5,083,096, an increase of \$967,577 in comparison with the prior year. This increase is due to greater than budgeted growth in the grand list and actual revenues from the Building Department and resident State trooper special assignments in excess of the respective budgeted amounts. Of this amount 28.7% or \$1,460,056 of governmental ending fund balances are available for spending at the Town's discretion (unreserved and undesignated fund balance).
- At the end of the close of the current fiscal year, unreserved fund balance for the general fund was \$1,933,797 or 4.6% of total general fund expenditures. Designations of unreserved fund balance for future "Capital Reserves", other "Capital and Nonrecurring" and post employment benefits requirements totaled \$3,371,129 at June 30, 2007.
- The Town's total long-term bonded debt had a net decrease of \$219,900 or 1.0% during the current fiscal year due to the regularly scheduled principal repayments of \$1,969,900 and new debt issued for \$1,750,000.
- Effective January 1, 2003, Town Charter Section 1004, now requires the Board of Finance to designate 5 to 7% of the operating budget to support the working capital requirements of the Town. Amounts designated for "Capital Reserves" totaled \$2,306,146, or 5.9% of the budgetary expenditures for the year ended June 30, 2007.

TOWN OF ELLINGTON

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, social 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 MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

Government Funds (Continued)

The Town maintains 32 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 other 30 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 5 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, the Hockanum River Fund and the Crystal Lake Sewers Fund, all 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 30-53 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 54-84 of this report.

TOWN OF ELLINGTON
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 \$61,030,468 and \$58,879,248 for the years ended June 30, 2007 and 2006, respectively, and are summarized as follows:

Town of Ellington
Net Assets
June 30, 2007

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 8,149,344	\$ 8,699,303	\$ 16,848,647
Capital assets	61,537,715	11,873,658	73,411,373
Total assets	<u>69,687,059</u>	<u>20,572,961</u>	<u>90,260,020</u>
Long-term debt outstanding	20,983,895	4,921,625	25,905,520
Other liabilities	1,543,445	1,780,587	3,324,032
Total liabilities	<u>22,527,340</u>	<u>6,702,212</u>	<u>29,229,552</u>
Net assets:			
Invested in capital assets, net of related debt	41,696,390	8,811,159	50,507,549
Restricted	735,882	-	735,882
Unrestricted	4,727,447	5,059,590	9,787,037
Total net assets	<u>\$ 47,159,719</u>	<u>\$ 13,870,749</u>	<u>\$ 61,030,468</u>

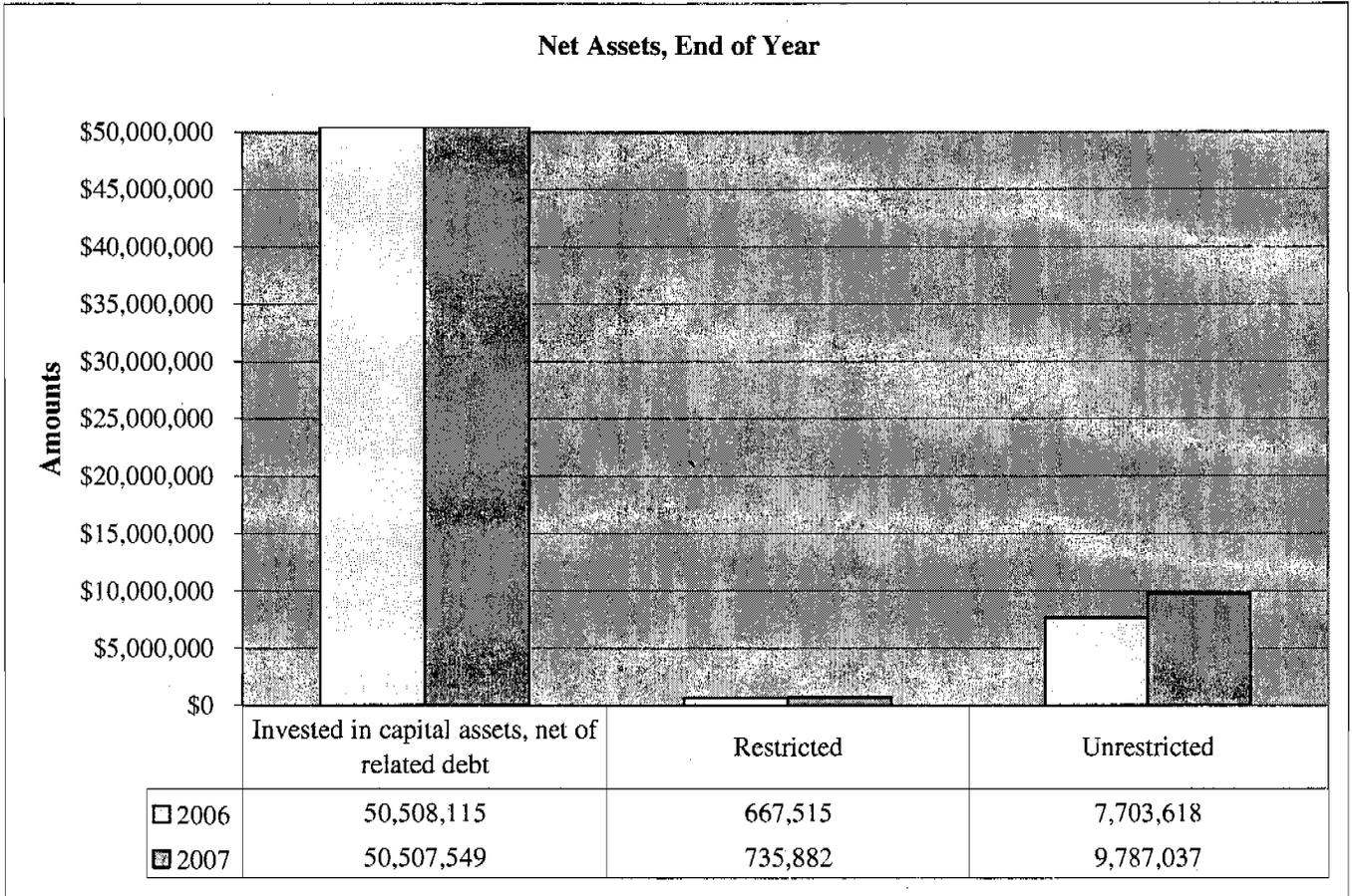
Town of Ellington
Net Assets
June 30, 2006

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 7,109,441	\$ 5,363,329	\$ 12,472,770
Capital assets	61,986,798	10,562,654	72,549,452
Total assets	<u>69,096,239</u>	<u>15,925,983</u>	<u>85,022,222</u>
Long-term debt outstanding	21,685,930	1,784,500	23,470,430
Other liabilities	1,377,507	1,295,037	2,672,544
Total liabilities	<u>23,063,437</u>	<u>3,079,537</u>	<u>26,142,974</u>
Net assets:			
Invested in capital assets, net of related debt	41,445,460	9,062,655	50,508,115
Restricted	667,515	-	667,515
Unrestricted	3,919,827	3,783,791	7,703,618
Total net assets	<u>\$ 46,032,802</u>	<u>\$ 12,846,446</u>	<u>\$ 58,879,248</u>

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Assets (Continued)



82.8% 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.

1.2% of the Town's net assets are subject to external restrictions on how they may be used and are therefore presented as restricted net assets.

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

Overall, net assets increased by \$2,151,220 or 3.7% in comparison to the prior year.

TOWN OF ELLINGTON
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, 2007 and 2006 are as follows:

Town of Ellington			
Changes in Net Assets			
For the Year Ended June 30, 2007			
	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 2,714,554	\$ 2,177,534	\$ 4,892,088
Operating grants and contributions	11,359,574	-	11,359,574
Capital grants and contributions	483,909	-	483,909
General revenues:			
Property taxes	27,814,594	-	27,814,594
Grants and contributions not restricted to specific programs	397,228	500,000	897,228
Unrestricted investment earnings	501,653	62,154	563,807
Miscellaneous	331,104	115,624	446,728
Total revenues	43,602,616	2,855,312	46,457,928
Program expenses			
General government	2,645,389	-	2,645,389
Boards and agencies	457,693	-	457,693
Public safety	2,366,384	-	2,366,384
Public works	4,103,128	-	4,103,128
Recreation	408,395	-	408,395
Library	774,823	-	774,823
Social services	474,303	-	474,303
Town properties	360,807	-	360,807
Education	29,979,023	-	29,979,023
Interest on long-term debt	833,004	-	833,004
Sewer	-	1,903,759	1,903,759
Total expenses	42,402,949	1,903,759	44,306,708
Excess before transfers	1,199,667	951,553	2,151,220
Transfers	(72,750)	72,750	-
Change in net assets	1,126,917	1,024,303	2,151,220
Net assets - beginning	46,032,802	12,846,446	58,879,248
Net assets - ending	\$ 47,159,719	\$ 13,870,749	\$ 61,030,468

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets (Continued)

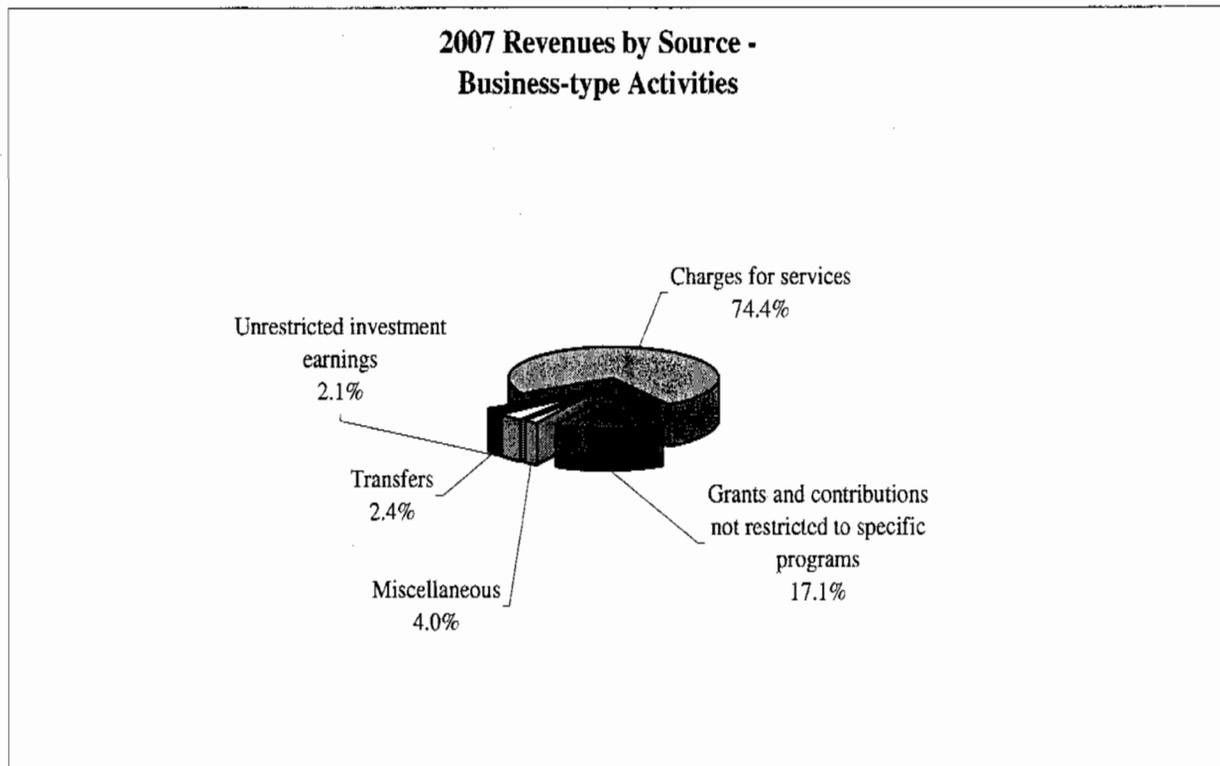
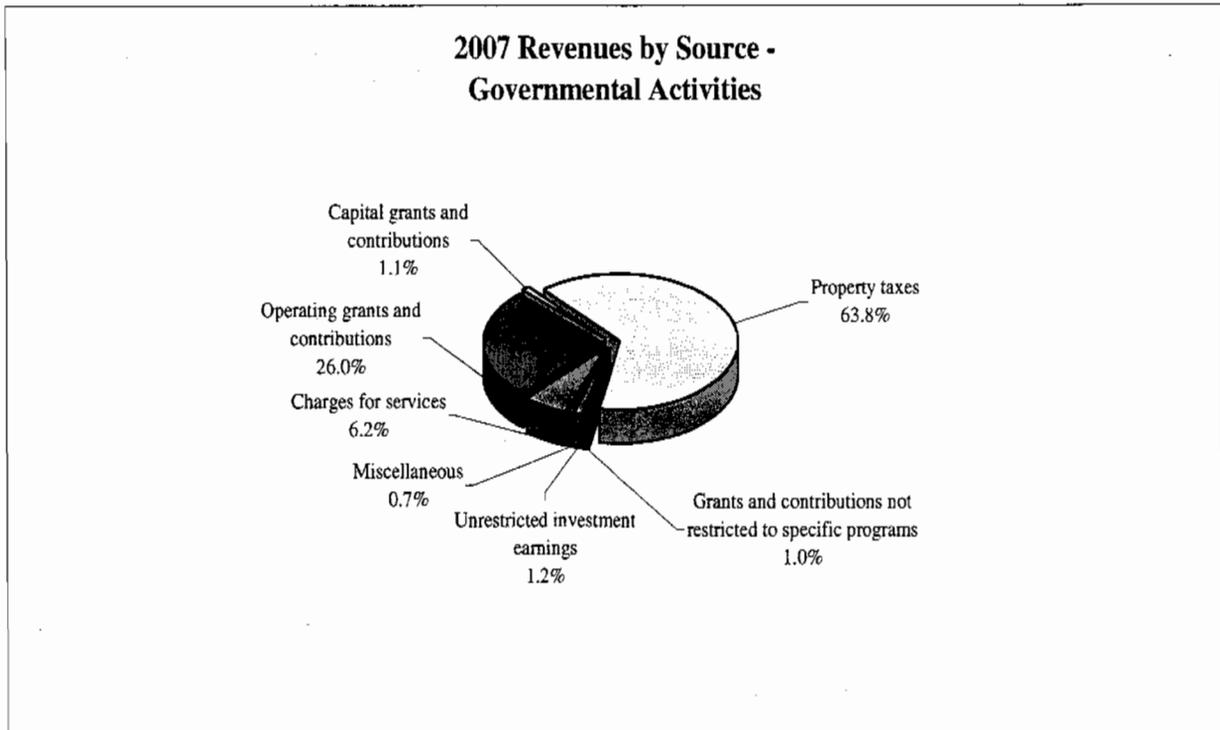
Town of Ellington
Changes in Net Assets
For the Year Ended June 30, 2006

	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 2,600,879	\$ 2,139,463	\$ 4,740,342
Operating grants and contributions	11,278,664	-	11,278,664
Capital grants and contributions	1,085,252	-	1,085,252
General revenues:			
Property taxes	25,849,018	-	25,849,018
Grants and contributions not restricted to specific programs	409,783	-	409,783
Unrestricted investment earnings	311,471	47,564	359,035
Miscellaneous	220,164	69,016	289,180
Total revenues	<u>41,755,231</u>	<u>2,256,043</u>	<u>44,011,274</u>
Program expenses			
General government	2,122,268	-	2,122,268
Boards and agencies	214,020	-	214,020
Public safety	2,129,079	-	2,129,079
Public works	3,917,806	-	3,917,806
Recreation	371,902	-	371,902
Library	707,553	-	707,553
Social services	422,231	-	422,231
Town properties	307,641	-	307,641
Education	28,628,297	-	28,628,297
Interest on long-term debt	906,969	-	906,969
Sewer	-	1,786,407	1,786,407
Total expenses	<u>39,727,766</u>	<u>1,786,407</u>	<u>41,514,173</u>
Excess before transfers	2,027,465	469,636	2,497,101
Transfers	<u>(81,375)</u>	<u>81,375</u>	<u>-</u>
Change in net assets	1,946,090	551,011	2,497,101
Net assets - beginning, as originally reported	41,889,211	12,295,435	54,184,646
Adjustment	<u>2,197,501</u>	<u>-</u>	<u>2,197,501</u>
Net assets - beginning, as adjusted	<u>44,086,712</u>	<u>12,295,435</u>	<u>56,382,147</u>
Net assets - ending	<u>\$ 46,032,802</u>	<u>\$ 12,846,446</u>	<u>\$ 58,879,248</u>

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

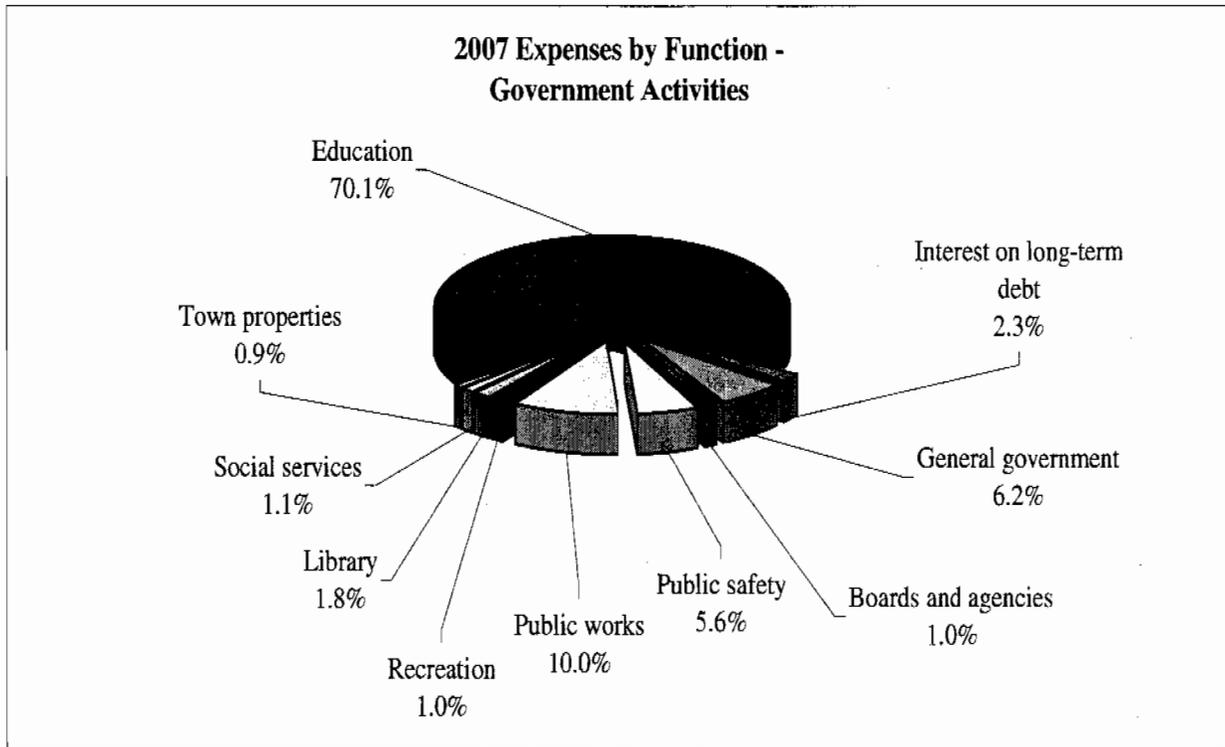
Changes in Net Assets (Continued)



TOWN OF ELLINGTON 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 \$1,126,917, thereby accounting for 52.4% of the total growth of the Town's net assets. This increase is primarily attributable to greater than budgeted growth in the grand list and actual revenues from the Building Department and resident State trooper special assignments in excess of the respective budgeted amounts.

Business-type Activities

Business-type activities increased the Town's net assets by \$1,024,303, thereby accounting for 47.6% of the total growth of the Town's net assets. This increase is primarily attributable to additional assessments due to new housing developments in the Hockanum River and the Crystal Lake sections of the Town that were built and occupied within the last year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved 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 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 \$5,083,096 an increase of \$967,577 in comparison with the prior year. This increase is primarily attributable to greater than budgeted growth in the grand list and actual revenues from the Building Department and resident State trooper special assignments in excess of the respective budgeted amounts. Of the total governmental fund balances, \$4,381,185 constitutes unreserved fund balance, of which \$3,371,129 has been designated for specific purposes by the Town. The remaining fund balance of \$1,010,056 is mainly attributable to greater than budgeted growth in the grand list and actual revenues from the Building Department and resident State trooper special assignments in excess of the respective budgeted amounts.

General Fund

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$1,933,797, while total fund balance was \$5,426,926. Designations of unreserved fund balance for future "Capital Reserves", "Capital and Nonrecurring" and "Post Employment Benefits" totaled \$3,371,129. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 4.6% of total general fund expenditures, while total fund balance represents 12.9% of that same amount.

The fund balance of the Town's general fund increased by \$841,976 during the current fiscal year. Key factors in this growth are as follows:

- Greater than projected growth of prorates in the 2006-2007 budget
- Various increases in State financial assistance
- Increase in Building Department permits
- Increase in special assignments for the resident State trooper

High School/Center School Project Fund

The fund balance of the Town's High School/Center School Project decreased by \$94,767 due to unanticipated construction costs to complete the project.

Proprietary Funds

Unrestricted net assets of the Sewer Authority, the Hockanum River and the Crystal Lake Sewers funds at the end of the year totaled \$7,100,581, \$2,744,555 and \$4,112,622, respectively. The total increase in net assets for these funds was \$473,000, \$464,252, and \$92,262, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original expenditures budget and the final amended expenditures budget was an increase in appropriations of \$829,372. Significant components of this increase are as follows:

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

GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

- Increase in the Police account of \$81,447 primarily due to Resident State Troopers Overtime
- Increases in Public Works spending of \$100,128 primarily from general road maintenance materials
- Increase in Town Hall account of \$54,541 for computer repairs and building equipment
- Increase in Capital Outlays of \$397,319 for various unanticipated road improvements and school building repairs and updates

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, 2007 totaled \$73,411,373 (net of accumulated depreciation). This investment in capital assets includes an art collection, land, construction in progress, buildings and improvements, equipment, vehicles, and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was \$861,921, a 1.0% decrease for governmental activities and a 12.1% increase for business-type activities.

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

- Outlays for purchases of various Public Works and Fire Department vehicles
- Outlays for various road improvement and sewer projects to the Town's infrastructure to benefit the entire Town.

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

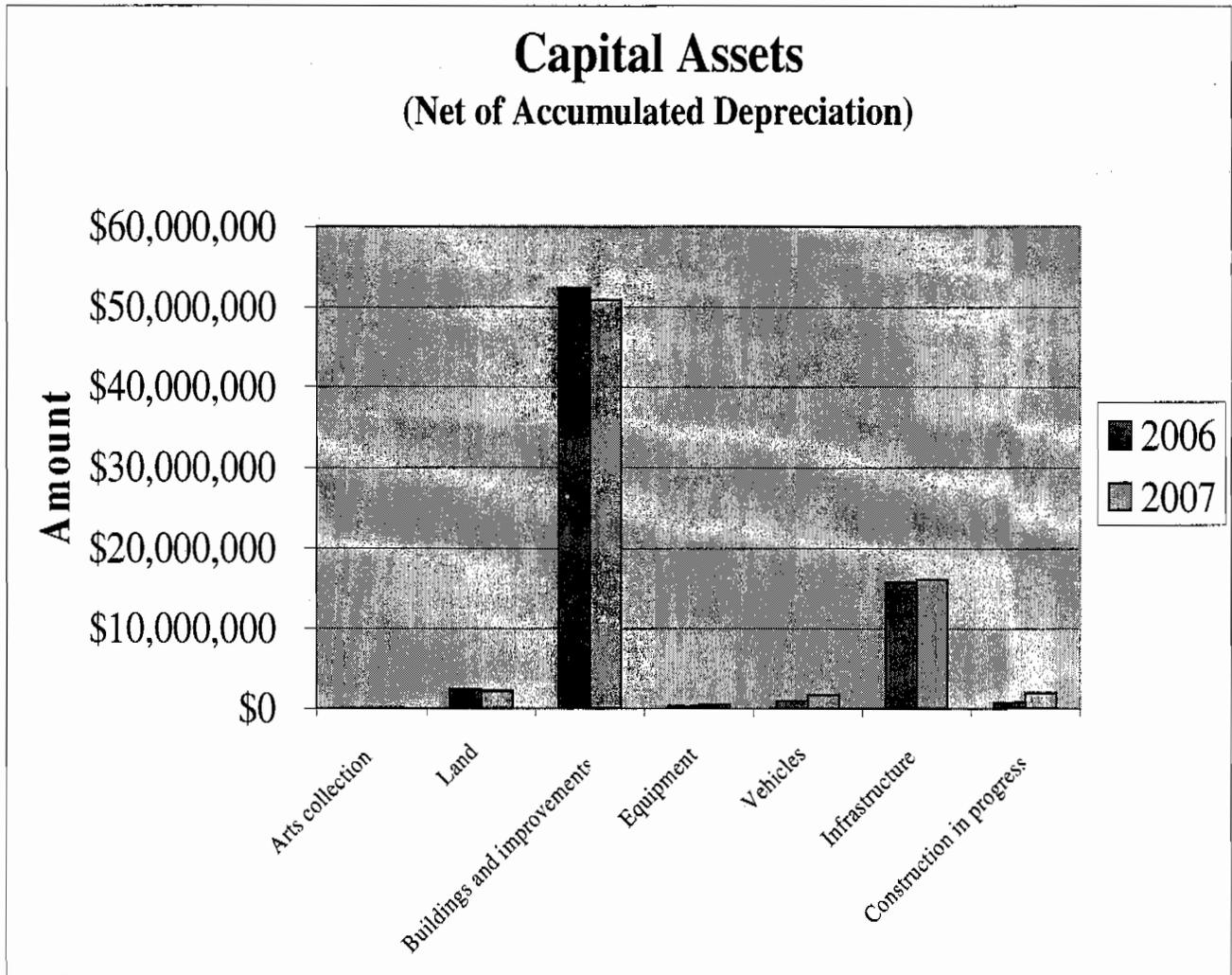
**Town of Ellington
Capital Assets
June 30, 2007**

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Arts collection	\$ 35,598	\$ 35,598	\$ -	\$ -	\$ 35,598	\$ 35,598
Land	2,182,844	2,349,864	-	-	2,182,844	2,349,864
Buildings and improvements	50,903,531	52,425,536	-	-	50,903,531	52,425,536
Equipment	461,142	256,943	12,901	4,596	474,043	261,539
Vehicles	1,701,383	961,622	-	-	1,701,383	961,622
Infrastructure	6,205,907	5,487,186	9,942,049	10,269,393	16,147,956	15,756,579
Construction in progress	47,310	470,049	1,918,708	288,665	1,966,018	758,714
Totals	\$ 61,537,715	\$ 61,986,798	\$ 11,873,658	\$ 10,562,654	\$ 73,411,373	\$ 72,549,452

**TOWN OF ELLINGTON
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 42 and 43 of this report.

Long-term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$21,779,600. 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 \$219,900 or 1.0% during the current fiscal year due to regularly scheduled principal repayments of \$1,969,900 and new debt issued for \$1,750,000.

The Town maintains an A2 rating from Moody's Investor Service for general obligation debt.

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 \$196,730,317, which is significantly in excess of the Town's outstanding general obligation debt.

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

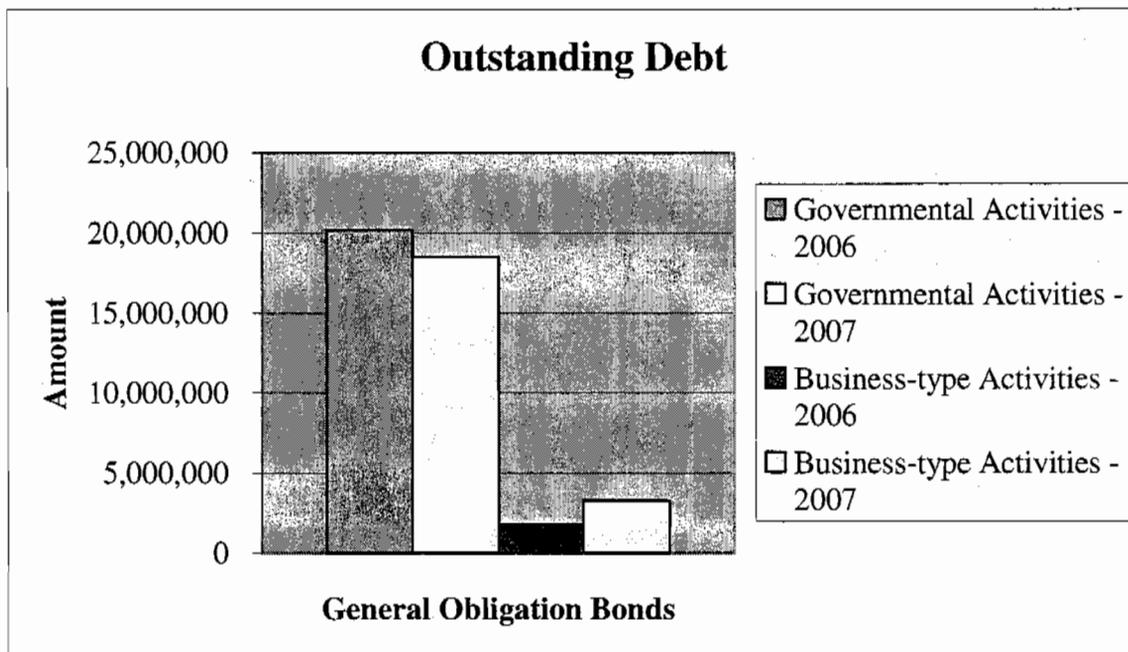
CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt (Continued)

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, 2006**

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 18,527,500	\$ 20,215,000	\$ 3,252,100	\$ 1,784,500	\$ 21,779,600	\$ 21,999,500



Additional information on the Town's long-term debt can be found in Note 7 on pages 45-48 of this report.

**TOWN OF ELLINGTON
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 2007 and thereafter.
- The unemployment rate for the Town is currently 3.7%, which is an increase from a rate of 3.4% in the prior year. This compares favorably to the state's average unemployment rate of 4.3% and the national unemployment rate of 4.6%.
- Inflationary trends in the region approximate the national indices.

During the current fiscal year, unreserved and undesignated fund balance of the general fund increased to \$1,933,797. The Town has appropriated \$976,743 of this amount for spending in the 2008 fiscal year budget.

All of these factors were considered in preparing the Town's budget for fiscal year 2008.

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
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 602,897	\$ 27,847	\$ 630,744
Investments	5,704,209	5,636,750	11,340,959
Receivables:			
Property taxes receivable, net of allowance for uncollectibles of \$196,090	649,443	-	649,443
Sewer usage charges receivable, net of allowance for uncollectibles of \$19,500	-	119,285	119,285
Assessments, interest and liens receivable	-	88,070	88,070
Grants and contracts receivable, current portion	560,536	-	560,536
Interest, net of allowance for uncollectibles of \$239,000	229,270	-	229,270
Other	344,282	-	344,282
Internal balances	(552,957)	552,957	-
Inventories	4,992	-	4,992
Prepaid expenses	-	23,913	23,913
Deferred assessments	-	580,956	580,956
Grants and contracts receivable, long-term portion	526,263	-	526,263
Deferred bond issuance costs, net	80,409	-	80,409
Deferred asset - pump station	-	1,669,525	1,669,525
Capital assets:			
Non-depreciable	2,265,752	1,918,708	4,184,460
Depreciable, net	59,271,963	9,954,950	69,226,913
Total assets	<u>69,687,059</u>	<u>20,572,961</u>	<u>90,260,020</u>
LIABILITIES			
Accounts payable	1,265,478	539,407	1,804,885
Accrued liabilities:			
Accrued interest	64,132	5,702	69,834
Other accrued liabilities	100,550	-	100,550
Due to funding source	13,609	-	13,609
Unearned revenue	99,676	1,235,478	1,335,154
Noncurrent liabilities:			
Due within one year:			
Bonds payable	1,612,639	357,400	1,970,039
Note payable	-	171,024	171,024
Capital leases	299,352	-	299,352
Compensated absences	110,000	-	110,000
Due in more than one year:			
Bonds payable	16,916,021	2,894,700	19,810,721
Note payable	-	1,498,501	1,498,501
Capital leases	1,013,314	-	1,013,314
Compensated absences	1,032,569	-	1,032,569
Total liabilities	<u>22,527,340</u>	<u>6,702,212</u>	<u>29,229,552</u>
NET ASSETS			
Invested in capital assets, net of related debt	41,696,390	8,811,159	50,507,549
Restricted for endowments:			
Expendable	683,385	-	683,385
Nonexpendable	52,497	-	52,497
Unrestricted	4,727,447	5,059,590	9,787,037
Total net assets	<u>\$ 47,159,719</u>	<u>\$ 13,870,749</u>	<u>\$ 61,030,468</u>

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

**TOWN OF ELLINGTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 2,645,389	\$ 612,543	\$ -	\$ 56,350	\$ (1,976,496)	\$ -	\$ (1,976,496)
Boards and agencies	457,693	254,142	259,381	-	55,830	-	55,830
Public safety	2,366,384	302,813	15,657	-	(2,047,914)	-	(2,047,914)
Public works	4,103,128	673,867	-	407,164	(3,022,097)	-	(3,022,097)
Recreation	408,395	263,881	-	-	(144,514)	-	(144,514)
Library	774,823	-	-	-	(774,823)	-	(774,823)
Social services	474,303	14,785	48,398	-	(411,120)	-	(411,120)
Town properties	360,807	-	-	-	(360,807)	-	(360,807)
Education	29,979,023	592,523	11,036,138	20,395	(18,329,967)	-	(18,329,967)
Interest on long-term debt	833,004	-	-	-	(833,004)	-	(833,004)
Total governmental activities	42,402,949	2,714,554	11,359,574	483,909	(27,844,912)	-	(27,844,912)
Business-type activities:							
Sewer	1,903,759	2,177,534	-	-	-	273,775	273,775
Total business-type activities	1,903,759	2,177,534	-	-	-	273,775	273,775
Total primary government	\$ 44,306,708	\$ 4,892,088	\$ 11,359,574	\$ 483,909	(27,844,912)	273,775	(27,571,137)
General revenues:							
Property taxes, levied for general purposes					27,814,594	-	27,814,594
Grants and contributions not restricted to specific programs					397,228	500,000	897,228
Unrestricted investment earnings					501,653	62,154	563,807
Miscellaneous					331,104	115,624	446,728
Transfers					(72,750)	72,750	-
Total general revenues					28,971,829	750,528	29,722,357
Change in net assets					1,126,917	1,024,303	2,151,220
Net assets - beginning					46,032,802	12,846,446	58,879,248
Net assets - ending					\$ 47,159,719	\$ 13,870,749	\$ 61,030,468

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

**TOWN OF ELLINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	General Fund	High School/ Center School Project	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 311,873	\$ -	\$ 291,024	\$ 602,897
Investments	4,093,775	-	1,610,434	5,704,209
Receivables:				
Property taxes receivable, net of allowance for uncollectibles of \$196,090	649,443	-	-	649,443
Grants and contracts receivable	382,012	-	79,331	461,343
Other	168,719	-	173,657	342,376
Due from other funds	2,760,302	-	105,462	2,865,764
Inventories	-	-	4,992	4,992
Total assets	<u>\$ 8,366,124</u>	<u>\$ -</u>	<u>\$ 2,264,900</u>	<u>\$ 10,631,024</u>
LIABILITIES AND FUND BALANCES (DEFICIT)				
Liabilities:				
Accounts payable	\$ 1,220,172	\$ 27,884	\$ 15,468	\$ 1,263,524
Accrued liabilities	100,550	-	-	100,550
Due to other funds	966,676	2,258,659	193,434	3,418,769
Unearned/deferred revenue	651,800	-	99,676	751,476
Due to funding source	-	-	13,609	13,609
Total liabilities	<u>2,939,198</u>	<u>2,286,543</u>	<u>322,187</u>	<u>5,547,928</u>
Fund balances (deficit):				
Reserved for:				
Inventories	-	-	4,992	4,992
Sanitation	-	-	45,954	45,954
Document preservation	-	-	15,897	15,897
Land preservation	-	-	10,571	10,571
Endowments	-	-	52,497	52,497
Encumbrances	122,000	-	-	122,000
Unreserved	1,933,797	(2,286,543)	-	(352,746)
Unreserved, designated for post employment benefits	283,774	-	-	283,774
Unreserved, designated for capital reserves	2,306,146	-	-	2,306,146
Unreserved, designated for capital and nonrecurring	781,209	-	-	781,209
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	992,689	992,689
Capital project funds	-	-	136,728	136,728
Permanent funds	-	-	683,385	683,385
Total fund balances (deficit)	<u>5,426,926</u>	<u>(2,286,543)</u>	<u>1,942,713</u>	<u>5,083,096</u>
Total liabilities and fund balances (deficit)	<u>\$ 8,366,124</u>	<u>\$ -</u>	<u>\$ 2,264,900</u>	<u>\$ 10,631,024</u>

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

TOWN OF ELLINGTON
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Total fund balances for governmental funds \$ 5,083,096

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	\$ 2,182,844	
Arts collection	35,598	
Construction in progress	47,310	
Buildings and improvements	67,310,603	
Equipment	1,371,769	
Vehicles	7,037,203	
Infrastructure	7,600,281	
Less: accumulated depreciation and amortization	<u>(24,047,893)</u>	
Total capital assets, net		61,537,715

School construction grants receivable from the State of Connecticut are not susceptible to accrual and are, therefore, not reported in the funds. 625,456

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	100,620	
Less: accumulated amortization	<u>(20,211)</u>	
Total bond issuance costs, net		80,409

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. 651,799

Accrued interest on property taxes are not susceptible to accrual and therefore are not reported in the funds. 229,270

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	(18,527,500)	
Unamortized premiums	(1,160)	
Obligations under capital lease	(1,312,665)	
Accrued interest payable	(64,132)	
Other long-term liabilities:		
Compensated absences	<u>(1,142,569)</u>	
Total long-term liabilities		<u>(21,048,026)</u>

Net assets of governmental activities \$ 47,159,719

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

TOWN OF ELLINGTON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	High School/ Center School Project	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 27,794,644	\$ -	\$ -	\$ 27,794,644
Licenses, permits and fees	191,273	-	-	191,273
Intergovernmental	11,333,020	-	1,156,005	12,489,025
Charges for services	1,311,782	-	512,113	1,823,895
Food sales	-	-	532,031	532,031
Interest and dividends	453,367	-	48,286	501,653
Other income	349,146	-	183,541	532,687
Total revenues	<u>41,433,232</u>	<u>-</u>	<u>2,431,976</u>	<u>43,865,208</u>
EXPENDITURES				
Current:				
General government	1,264,085	-	-	1,264,085
Boards and agencies	137,029	-	-	137,029
Public safety	1,884,138	-	-	1,884,138
Public works	2,740,732	-	-	2,740,732
Recreation	325,877	-	-	325,877
Library	494,781	-	-	494,781
Social services	426,069	-	-	426,069
Town properties	360,807	-	-	360,807
Education	27,133,354	-	-	27,133,354
Miscellaneous	2,046,670	-	8,131	2,054,801
Program expenditures	-	-	1,991,814	1,991,814
Debt service:				
Principal payments	1,895,922	-	-	1,895,922
Interest and fiscal charges	839,563	-	-	839,563
Capital outlays	2,360,638	94,767	16,562	2,471,967
Total expenditures	<u>41,909,665</u>	<u>94,767</u>	<u>2,016,507</u>	<u>44,020,939</u>
Excess (deficiency) of revenues over expenditures	(476,433)	(94,767)	415,469	(155,731)
OTHER FINANCING SOURCES (USES)				
Capital lease	1,196,058	-	-	1,196,058
Transfers in	316,940	-	121,839	438,779
Transfers out	(194,589)	-	(316,940)	(511,529)
Total other financing sources (uses)	<u>1,318,409</u>	<u>-</u>	<u>(195,101)</u>	<u>1,123,308</u>
Net change in fund balances	841,976	(94,767)	220,368	967,577
Fund balances (deficit) - beginning	<u>4,584,950</u>	<u>(2,191,776)</u>	<u>1,722,345</u>	<u>4,115,519</u>
Fund balances (deficit) - ending	<u>\$ 5,426,926</u>	<u>\$ (2,286,543)</u>	<u>\$ 1,942,713</u>	<u>\$ 5,083,096</u>

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

TOWN OF ELLINGTON
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, 2007

Net change in fund balances for governmental funds \$ 967,577

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	\$ 2,171,296	
Depreciation and amortization expense	(2,452,779)	
Net adjustment		(281,483)

The statement of activities reports losses from the sale of existing capital assets. Conversely, governmental funds do not report any gain or loss on the sale of capital assets. (167,600)

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. (114,938)

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	(1,196,059)	
Amortization of bond issuance costs	(5,031)	
Principal repayments:		
Bonds payable	1,687,500	
Capital leases	208,422	
Net adjustment		694,832

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

TOWN OF ELLINGTON
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, 2007

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. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Compensated absences	\$	2,023	
Accrued interest		6,409	
Amortization of bond premium		150	
			\$ 8,582
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.			33,512
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.			(13,565)
Change in net assets of governmental activities			\$ 1,126,917

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

TOWN OF ELLINGTON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxation	\$ 27,573,739	\$ 27,573,739	\$ 27,985,918	\$ 412,179
Intergovernmental - education	8,587,865	8,587,865	8,489,935	(97,930)
Intergovernmental - other	822,035	822,035	931,134	109,099
Charges for goods and services	1,167,580	1,167,580	1,311,782	144,202
Interest and dividends	235,000	235,000	453,367	218,367
Other revenues	354,060	354,060	631,545	277,485
Total revenues	<u>38,740,279</u>	<u>38,740,279</u>	<u>39,803,681</u>	<u>1,063,402</u>
EXPENDITURES				
Current:				
General government	1,292,332	1,322,484	1,264,086	(58,398)
Boards and agencies	162,476	164,265	118,029	(46,236)
Public safety	1,765,577	1,923,750	1,884,141	(39,609)
Public works	2,836,168	2,936,296	2,730,732	(205,564)
Recreation	322,825	339,913	332,231	(7,682)
Library	464,675	494,781	494,781	-
Human services	423,839	435,783	426,072	(9,711)
Town properties	310,902	365,443	360,807	(4,636)
Miscellaneous	2,269,363	2,297,495	2,046,664	(250,831)
Education	25,273,265	25,273,265	25,221,402	(51,863)
Debt service	3,178,138	3,178,138	3,090,635	(87,503)
Capital outlays	890,431	1,287,750	1,287,749	(1)
Total expenditures	<u>39,189,991</u>	<u>40,019,363</u>	<u>39,257,329</u>	<u>(762,034)</u>
Excess (deficiency) of revenues over expenditures	(449,712)	(1,279,084)	546,352	1,825,436
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	307,712	1,258,923	-	(1,258,923)
Transfers in	142,000	142,000	316,940	174,940
Transfers out	-	(121,839)	(121,839)	-
Total other financing sources (uses)	<u>449,712</u>	<u>1,279,084</u>	<u>195,101</u>	<u>(1,083,983)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	741,453	<u>\$ 741,453</u>
Fund balance - beginning			<u>4,061,187</u>	
Fund balance - ending			<u>\$ 4,802,640</u>	

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

**TOWN OF ELLINGTON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007**

	<u>Business-type Activities - Enterprise Funds</u>				<u>Total</u>
	<u>Sewer Authority</u>	<u>Hockanum River</u>	<u>Crystal Lake Sewers</u>	<u>Other Enterprise Funds</u>	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 27,847	\$ -	\$ -	\$ -	\$ 27,847
Investments	1,794,291	2,798,067	1,044,392	-	5,636,750
Receivables:					
Sewer usage charges receivable, net of allowances for uncollectibles of \$19,500	62,893	-	31,369	25,023	119,285
Assessments, interest and liens receivable	-	43,619	44,451	-	88,070
Due from other funds	717,030	96,671	30,812	14,747	859,260
Deferred assessments	-	308,922	225,811	46,223	580,956
Prepaid expenses	5,711	-	18,202	-	23,913
Total current assets	<u>2,607,772</u>	<u>3,247,279</u>	<u>1,395,037</u>	<u>85,993</u>	<u>7,336,081</u>
Noncurrent assets:					
Deferred asset - pump station	1,669,525	-	-	-	1,669,525
Capital assets:					
Non-depreciable	1,918,708	-	-	-	1,918,708
Depreciable, net	5,293,665	-	4,661,285	-	9,954,950
Total noncurrent assets	<u>8,881,898</u>	<u>-</u>	<u>4,661,285</u>	<u>-</u>	<u>13,543,183</u>
Total assets	<u>11,489,670</u>	<u>3,247,279</u>	<u>6,056,322</u>	<u>85,993</u>	<u>20,879,264</u>
LIABILITIES					
Current liabilities:					
Accounts payable	539,407	-	-	-	539,407
Accrued interest	-	4,202	1,500	-	5,702
Unearned revenue	258,233	308,922	622,100	46,223	1,235,478
Due to other funds	171,924	-	7,600	126,779	306,303
Bonds payable - current	75,000	94,900	187,500	-	357,400
Note payable - current	171,024	-	-	-	171,024
Total current liabilities	<u>1,215,588</u>	<u>408,024</u>	<u>818,700</u>	<u>173,002</u>	<u>2,615,314</u>
Noncurrent liabilities:					
Bonds payable	1,675,000	94,700	1,125,000	-	2,894,700
Note payable	1,498,501	-	-	-	1,498,501
Total noncurrent liabilities	<u>3,173,501</u>	<u>94,700</u>	<u>1,125,000</u>	<u>-</u>	<u>4,393,201</u>
Total liabilities	<u>4,389,089</u>	<u>502,724</u>	<u>1,943,700</u>	<u>173,002</u>	<u>7,008,515</u>
NET ASSETS (DEFICIT)					
Invested in capital assets, net of related debt	5,462,373	-	3,348,786	-	8,811,159
Unrestricted (deficit)	1,638,208	2,744,555	763,836	(87,009)	5,059,590
Total net assets (deficit)	<u>\$ 7,100,581</u>	<u>\$ 2,744,555</u>	<u>\$ 4,112,622</u>	<u>\$ (87,009)</u>	<u>\$ 13,870,749</u>

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

TOWN OF ELLINGTON
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds				Total
	Sewer Authority	Hockanum River	Crystal Lake Sewers	Other Enterprise Funds	
OPERATING REVENUES					
Assessments	\$ -	\$ 360,751	\$ 120,010	\$ 6,990	\$ 487,751
User charges, interest and lien fees	1,054,204	-	166,179	-	1,220,383
Permits and fees	17,725	-	-	-	17,725
Solid waste fees	-	-	-	446,028	446,028
Miscellaneous	2,897	-	2,750	-	5,647
Total operating revenues	<u>1,074,826</u>	<u>360,751</u>	<u>288,939</u>	<u>453,018</u>	<u>2,177,534</u>
OPERATING EXPENSES					
Town of Vernon	793,668	-	-	-	793,668
Town of Stafford	-	-	23,659	-	23,659
Depreciation and amortization	193,532	-	134,577	-	328,109
Utilities	23,008	-	16,579	-	39,587
General maintenance and repairs	45,260	-	11,248	-	56,508
Engineering	4,359	-	-	-	4,359
Public works and administrative expenses	98,861	-	10,121	457,565	566,547
Legal	180	-	-	-	180
Advertising	2,928	-	-	-	2,928
Other	969	-	1,708	664	3,341
Total operating expenses	<u>1,162,765</u>	<u>-</u>	<u>197,892</u>	<u>458,229</u>	<u>1,818,886</u>
Operating income (loss)	(87,939)	360,751	91,047	(5,211)	358,648
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment income	60,939	-	1,215	-	62,154
Other income	-	115,624	-	-	115,624
Debt service-interest expense	-	(12,123)	(72,750)	-	(84,873)
Total non-operating revenues (expenses)	<u>60,939</u>	<u>103,501</u>	<u>(71,535)</u>	<u>-</u>	<u>92,905</u>
Income before transfers in and capital contribution	(27,000)	464,252	19,512	(5,211)	451,553
CAPITAL CONTRIBUTION	500,000	-	-	-	500,000
TRANSFERS IN	-	-	72,750	-	72,750
Change in net assets	473,000	464,252	92,262	(5,211)	1,024,303
Net assets (deficit) - beginning	<u>6,627,581</u>	<u>2,280,303</u>	<u>4,020,360</u>	<u>(81,798)</u>	<u>12,846,446</u>
Net assets (deficit) - ending	<u>\$ 7,100,581</u>	<u>\$ 2,744,555</u>	<u>\$ 4,112,622</u>	<u>\$ (87,009)</u>	<u>\$ 13,870,749</u>

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

**TOWN OF ELLINGTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Business-type Activities - Enterprise Funds				Total
	Sewer Authority	Hockanum River	Crystal Lake Sewers	Other Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,074,826	\$ 368,216	\$ 273,686	\$ 451,616	\$ 2,168,344
Receipts from (payments for) interfund services provided	(54,311)	224,184	492,519	5,949	668,341
Payments to suppliers	(1,063,904)	-	(53,194)	(457,565)	(1,574,663)
Payments to employees	(98,861)	-	(10,121)	-	(108,982)
Net cash provided by (used in) operating activities	<u>(142,250)</u>	<u>592,400</u>	<u>702,890</u>	<u>-</u>	<u>1,153,040</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from debt	1,750,000	-	-	-	1,750,000
Proceeds from grant	500,000	-	-	-	500,000
Purchases of capital assets	(1,630,043)	-	(9,070)	-	(1,639,113)
Principal paid on capital debt	-	(94,900)	(187,500)	-	(282,400)
Interest paid on capital debt	-	(12,123)	(72,750)	-	(84,873)
Transfers in	-	-	72,750	-	72,750
Net cash provided by (used in) capital and related financing activities	<u>619,957</u>	<u>(107,023)</u>	<u>(196,570)</u>	<u>-</u>	<u>316,364</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of investments	(512,496)	(601,001)	(507,535)	-	(1,621,032)
Interest and dividends	60,939	115,624	1,215	-	177,778
Net cash used in investing activities	<u>(451,557)</u>	<u>(485,377)</u>	<u>(506,320)</u>	<u>-</u>	<u>(1,443,254)</u>
Net increase in cash and cash equivalents	26,150	-	-	-	26,150
Cash and cash equivalents, beginning of year	1,697	-	-	-	1,697
Cash and cash equivalents, end of year	<u>\$ 27,847</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,847</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (87,939)	\$ 360,751	\$ 91,047	\$ (5,211)	\$ 358,648
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization expense	193,532	-	134,577	-	328,109
(Increase) decrease in assets:					
Sewer usage receivable, net	11,631	-	3,159	(1,402)	13,388
Assessment, interest and liens receivable	-	7,465	(18,412)	-	(10,947)
Due from other funds	(427,281)	280,526	463,074	13,603	329,922
Deferred assessments	-	-	-	6,541	6,541
Other assets	(2)	-	4,895	-	4,893
Increase (decrease) in liabilities:					
Accounts payable	539,407	-	-	-	539,407
Accrued liabilities	(130,583)	(2,100)	4	-	(132,679)
Unearned revenue	68,417	-	16,946	(6,541)	78,822
Due to other funds	(309,432)	(54,242)	7,600	(6,990)	(363,064)
Net cash provided by (used in) operating activities	<u>\$ (142,250)</u>	<u>\$ 592,400</u>	<u>\$ 702,890</u>	<u>\$ -</u>	<u>\$ 1,153,040</u>

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

TOWN OF ELLINGTON
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 83,035	\$ 276,062
Investments	602,252	556,773
Due from other funds	1,954	-
Total assets	<u>687,241</u>	<u>\$ 832,835</u>
LIABILITIES		
Due to other funds	1,906	-
Due to others	-	832,835
Total liabilities	<u>1,906</u>	<u>\$ 832,835</u>
NET ASSETS		
Held in trust for other purposes	<u>\$ 685,335</u>	

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

TOWN OF ELLINGTON
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Private- Purpose Trust Funds</u>
ADDITIONS	
Contributions - private donations	\$ 76,554
Other income	147,907
Total contributions	<u>224,461</u>
Investment earnings:	
Interest	17,918
Net increase in the fair value of investments	<u>13,887</u>
Total investment earnings	<u>31,805</u>
Total additions	<u>256,266</u>
 DEDUCTIONS	
Other expenditures	1,996
Program expenditures	134,498
	<u>136,494</u>
Change in net assets	119,772
Net assets - beginning	<u>565,563</u>
Net assets - ending	<u>\$ 685,335</u>

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

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Ellington (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.

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, 2007.

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 \$50,201 for the year ended June 30, 2007.

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 net assets presents the reporting entity'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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements (Continued)

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.

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 in the Hockanum River section of the Town.

Hockanum River Fund – This fund accounts for all assessments charged to users 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
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

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.

Accounting and financial reporting for governmental and business-type activities is based on all applicable Governmental Accounting Standards Board ("GASB") pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements:

- a. Financial Accounting Standards Board ("FASB") Statements and Interpretations;
- b. Accounting Principles Board Opinions;
- c. Accounting Research Bulletins of the Committee on Accounting Procedure.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Town may also apply FASB pronouncements issued after November 30, 1989 to business-type activities and enterprise funds, unless these pronouncements conflict with or contradict GASB pronouncements. The Town has elected not to follow subsequent private-sector pronouncements.

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.

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Investments

In accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Town presents all investments at fair value, except for money market investments as defined in the Statement, which the Town has elected to report at amortized cost.

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. The fair value of the Town's position in the pool is the same as the value of the pool shares. In addition, the Town invests in the Cooperative Liquid Assets Security Fund (CLASS), which is an investment pool managed by MBIA Municipal Investors Service Corp. The fair value of the Town's position in the pool is the same as the value of the pool shares.

Donor-restricted Endowments

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Management of Institutional Funds Act (UMIFA). Under UMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net assets or unrestricted net assets, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

Net appreciation of donor-restricted endowments available for expenditure by the Town totaled \$683,385 as of June 30, 2007 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 \$196,090 as of June 30, 2007.

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
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY (Continued)

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, 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>
Public domain infrastructure	50
Buildings and improvements	40
Vehicles	5 – 10
Equipment	3 – 7

Deferred Asset – Pump Station

The Town has an operating agreement with a nearby town that 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 that is due in 2016. As of June 30, 2007 the Town has a noncurrent asset in the Sewer Authority Fund of \$1,669,525, 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.

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY (Continued)

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.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Reservations and designations of fund equity are discussed more fully in Note 8.

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

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".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reservation in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

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 \$30,000 must be approved by the Board of Finance. Appropriations in excess of \$30,000 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 \$951,211.
- Formal budgetary integration is employed as a management control device during the year.
- The budget is prepared on the modified accrual basis of accounting. Intergovernmental and other reimbursement for certain special education costs are recorded as reductions to expenditures for budgetary purposes and "on behalf" payments made by the State of Connecticut into the State Teacher's Retirement System are not recorded for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.
- All unexpended appropriations lapse at year-end.

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

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

BUDGETARY INFORMATION (Continued)

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America. A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented in conformity with accounting principles generally accepted in the United States of America is as follows for the year ended June 30, 2007:

	<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>
Budgetary basis	\$ 39,803,681	\$ 39,257,329	\$ 195,101	\$ 741,453
"On-behalf" payments - State Teachers Retirement Fund (see Note 9)	1,666,465	1,666,465	-	-
Changes in encumbrances:				
June 30, 2006	-	144,646	-	(144,646)
June 30, 2007	-	(122,000)	-	122,000
Capital lease not recorded for budgetary purposes	-	1,196,058	1,196,058	-
Certain transfers recorded as expenditures for budgetary purposes	-	(72,750)	(72,750)	-
Changes in designations recorded as expenditures for budgetary purposes:				
Capital projects	-	(238,568)	-	238,568
Capital and nonrecurring	-	115,399	-	(115,399)
Reimbursement for special education costs recorded as a reduction to expenditures for budgetary purposes	245,488	245,488	-	-
Reimbursement from proprietary fund recorded as revenue for budgetary purposes	(282,402)	(282,402)	-	-
GAAP basis	<u>\$ 41,433,232</u>	<u>\$ 41,909,665</u>	<u>\$ 1,318,409</u>	<u>\$ 841,976</u>

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

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

DEFICIT FUND EQUITY

The following funds have deficit fund balances as of June 30, 2007, none of which constitutes a violation of statutory provisions:

Fund	Amount
High School / Center School Project	\$ 2,286,543
Watermains, Tripp and Middle Roads	126,779

The deficit in the High School / Center School Project will be funded through the issuance of bonds. The deficit in the Watermains, Tripp and Middle Roads will be funded through 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, 2007, \$3,423,605 of the Town's bank balance of \$3,823,595 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,081,275
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	342,330
	<u>\$ 3,423,605</u>

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, 2007 consisted of cash deposits of \$989,841 and various certificates of deposit with original maturities in excess of 3 months totaling \$1,737,410. Since these certificates of deposit have maturities greater than 3 months, they 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.

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

CASH DEPOSITS – CUSTODIAL CREDIT RISK (Continued)

A reconciliation of the Town's cash deposits as of June 30, 2007 is as follows:

Government-wide statement of net assets:

Cash and cash equivalents	\$ 630,744
Add: certificates of deposits classified as investments	1,737,410
	2,368,154

Statement of fiduciary net assets:

Private purpose trust funds	83,035
Agency funds	276,062
	359,097
	\$ 2,727,251

INVESTMENTS

As of June 30, 2007, 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)	\$ 2,638,735	\$ 2,638,735	\$ -	\$ -	\$ -
Cooperative Liquid Asset Security Systems Fund (CLASS)	7,254,788	7,254,788	-	-	-
U.S. Treasuries	100,510	-	34,256	66,254	-
Corporate bonds	117,417	45,150	25,137	47,130	-
Money market funds	85,783	85,783	-	-	-
	10,197,233	\$ 10,024,456	\$ 59,393	\$ 113,384	\$ -
Other investments:					
Equity securities	565,341				
Total	\$ 10,762,574				

Because the STIF and CLASS have weighted average maturities of 35 days and 39 days, respectively, they were presented as investments with maturities of less than one year.

A reconciliation of the Town's investments as of June 30, 2007 is as follows:

Government-wide statement of net assets:

Investments	\$ 11,340,959
Less: certificates of deposits considered cash deposits under GASB Statement No. 40	(1,737,410)
	9,603,549

Statement of fiduciary net assets:

Private purpose trust funds	602,252
Agency funds	556,773
	1,159,025
	\$ 10,762,574

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

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, 2007:

<u>Debt Securities</u>	<u>Fair Value</u>	<u>AAA</u>	<u>A</u>	<u>Unrated</u>
Short Term Investment Fund (STIF)	\$ 2,638,735	\$ 2,638,735	\$ -	\$ -
Cooperative Liquid Asset Security Sytem (CLASS)	7,254,788	7,254,788	-	-
Corporate bonds	117,417	47,130	70,287	-
Money market funds	85,783	-	-	85,783
	<u>\$ 10,096,723</u>	<u>\$ 9,940,653</u>	<u>\$ 70,287</u>	<u>\$ 85,783</u>

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.

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 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
Land	2,349,864	-	(167,020)	2,182,844
Construction in progress	470,049	-	(422,739)	47,310
Total capital assets, not being depreciated	<u>2,855,511</u>	<u>-</u>	<u>(589,759)</u>	<u>2,265,752</u>
Capital assets, being depreciated:				
Buildings and improvements	67,026,763	283,840	-	67,310,603
Equipment	999,844	371,925	-	1,371,769
Vehicles	6,190,964	1,074,239	(228,000)	7,037,203
Infrastructure	6,736,830	863,451	-	7,600,281
Total capital assets, being depreciated	<u>80,954,401</u>	<u>2,593,455</u>	<u>(228,000)</u>	<u>83,319,856</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	14,601,227	1,805,845	-	16,407,072
Equipment	742,901	167,726	-	910,627
Vehicles	5,229,342	334,478	(228,000)	5,335,820
Infrastructure	1,249,644	144,730	-	1,394,374
Total accumulated depreciation and amortization	<u>21,823,114</u>	<u>2,452,779</u>	<u>(228,000)</u>	<u>24,047,893</u>
Total capital assets, being depreciated, net	<u>59,131,287</u>	<u>140,676</u>	<u>-</u>	<u>59,271,963</u>
Governmental activities capital assets, net	<u>\$ 61,986,798</u>	<u>\$ 140,676</u>	<u>\$ (589,759)</u>	<u>\$ 61,537,715</u>
	<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	\$ 288,665	\$ 1,630,043	\$ -	\$ 1,918,708
Total capital assets, not being depreciated	<u>288,665</u>	<u>1,630,043</u>	<u>-</u>	<u>1,918,708</u>
Capital assets, being depreciated:				
Equipment - Sewer Authority	64,443	-	-	64,443
Infrastructure - Sewer Authority	9,150,474	-	-	9,150,474
Equipment - Crystal Lake	11,491	9,070	-	20,561
Infrastructure - Crystal Lake	6,673,516	-	-	6,673,516
Total capital assets, being depreciated	<u>15,899,924</u>	<u>9,070</u>	<u>-</u>	<u>15,908,994</u>
Less accumulated depreciation and amortization for:				
Equipment - Sewer Authority	61,550	469	-	62,019
Infrastructure - Sewer Authority	3,666,121	193,063	-	3,859,184
Equipment - Crystal Lake	9,788	296	-	10,084
Infrastructure - Crystal Lake	1,888,476	134,281	-	2,022,757
Total accumulated depreciation and amortization	<u>5,625,935</u>	<u>328,109</u>	<u>-</u>	<u>5,954,044</u>
Total capital assets, being depreciated, net	<u>10,273,989</u>	<u>(319,039)</u>	<u>-</u>	<u>9,954,950</u>
Business-type activities capital assets, net	<u>\$ 10,562,654</u>	<u>\$ 1,311,004</u>	<u>\$ -</u>	<u>\$ 11,873,658</u>

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 4 - CAPITAL ASSETS (Continued)

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

Governmental Activities:

Education	\$ 1,540,487
Public works	367,457
Public safety	305,344
General government	151,991
Library	87,500
Total depreciation and amortization expense - governmental activities	<u>\$ 2,452,779</u>

Business-type Activities:

Sewer	<u>\$ 328,109</u>
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TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2007 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	High School/Center School Project	\$ 2,258,659
	Other Governmental Funds	193,434
	Other Enterprise Funds	126,779
	Crystal Lake Sewers	7,600
	Sewer Authority	171,924
	Private Purpose Trust Funds	1,906
		<u>2,760,302</u>
Other Governmental Funds	General Fund	<u>105,462</u>
		<u>\$ 2,865,764</u>
Enterprise Funds		
Sewer Authority	General Fund	717,030
Hockanum River	General Fund	96,671
Crystal Lake Sewers	General Fund	30,812
Other Enterprise Funds	General Fund	14,747
		<u>859,260</u>
Fidiciary Funds		
Private Purpose Trust Funds	General Fund	<u>1,954</u>
Total due from/to other funds		<u>\$ 3,726,978</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
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2007 consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
Governmental Funds		
General Fund	Crystal Lake Sewers	\$ 72,750
General Fund	Other Governmental Funds	121,839
Other Governmental Funds	General Fund	316,940
		<u>\$ 511,529</u>

The transfers to the Crystal Lake Sewers were to assist in the operations of this fund. The transfers to the Other Governmental Funds were operating transfers to remove deficit fund balances.

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2007:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 20,215,000	\$ -	\$ (1,687,500)	\$ 18,527,500	\$ 1,612,500
Unamortized amounts:					
Premium	1,310	-	(150)	1,160	139
Total bonds payable	<u>20,216,310</u>	<u>-</u>	<u>(1,687,650)</u>	<u>18,528,660</u>	<u>1,612,639</u>
Other liabilities:					
Capital leases	325,028	1,196,058	(208,422)	1,312,664	299,352
Compensated absences	1,144,592	90,274	(92,297)	1,142,569	110,000
	<u>\$ 21,685,930</u>	<u>\$ 1,286,332</u>	<u>\$ (1,988,369)</u>	<u>\$ 20,983,893</u>	<u>\$ 2,021,991</u>
Business-type Activities					
Bonds payable:					
General obligation bonds	\$ 1,784,500	\$ 1,750,000	\$ (282,400)	\$ 3,252,100	\$ 357,400
Note payable	-	1,669,525	-	1,669,525	171,024
Total bonds payable	<u>\$ 1,784,500</u>	<u>\$ 3,419,525</u>	<u>\$ (282,400)</u>	<u>\$ 4,921,625</u>	<u>\$ 528,424</u>

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

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 7 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS

A summary of general obligation bonds outstanding at June 30, 2007 is as follows:

Description of Bonds	Final Maturity Dates	Interest Rates	Amount Outstanding
Governmental Activities			
School bonds issued 1994, original amount \$3,810,000	2014	4.75%	\$ 1,062,500
School bonds issued 1999, original amount \$5,390,000	2019	4.00%	3,230,000
Public improvement bonds issued 1990, original amount of \$3,360,000	2011	6.75%	600,000
Public improvement bonds issued 1999, original amount of \$1,650,000	2019	4.00%	970,000
School bonds issued 2002, original amount \$9,650,000	2022	3.00%	7,150,000
School bonds issued 2003, original amount \$6,640,000	2023	3.45%	5,515,000
			<u>\$ 18,527,500</u>
Business-type Activities			
Sewer bonds issued 1981, original amount \$2,642,000	2008	5.00%	\$ 189,600
Sewer bonds issued 1994, original amount \$3,375,000	2014	4.75%	1,312,500
Sewer bonds issued 2007, original amount \$1,750,000	2027	5.50%	1,750,000
			<u>\$ 3,252,100</u>

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 7 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS (Continued)

Annual debt service requirements to maturity at June 30, 2007 are as follows:

Year ending June 30:	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2008	\$ 1,612,500	\$ 747,782	\$ 2,360,282
2009	1,427,500	689,126	2,116,626
2010	1,417,500	633,594	2,051,094
2011	1,417,500	574,894	1,992,394
2012	1,267,500	520,436	1,787,936
2013-2017	5,850,000	1,867,429	7,717,429
2018-2022	4,460,000	697,945	5,157,945
2023	1,075,000	37,969	1,112,969
	<u>\$ 18,527,500</u>	<u>\$ 5,769,175</u>	<u>\$ 24,296,675</u>

Year ending June 30:	Business-Type Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2008	\$ 357,400	\$ 154,905	\$ 512,305
2009	357,200	140,714	497,914
2010	262,500	115,467	377,967
2011	262,500	102,531	365,031
2012	262,500	117,859	380,359
2013-2017	750,000	263,094	1,013,094
2018-2022	500,000	167,125	667,125
2023-2027	500,000	63,625	563,625
	<u>\$ 3,252,100</u>	<u>\$ 1,125,320</u>	<u>\$ 4,377,420</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, 2007 was \$114,938. Additional reimbursements of principal aggregating \$625,456 are expected to be received through the applicable bonds' maturity dates.

NOTE PAYABLE

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.

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 7 - LONG-TERM LIABILITIES (Continued)

NOTE PAYABLE (Continued)

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

Year ending June 30:	Business-Type Activities		
	Note Payable		
	Principal	Interest	Total
2008	\$ 171,024	\$ 31,828	\$ 202,852
2009	174,476	28,377	202,853
2010	177,998	24,855	202,853
2011	181,591	21,262	202,853
2012	185,256	17,597	202,853
2013-2016	779,180	32,232	811,412
	<u>\$ 1,669,525</u>	<u>\$ 156,151</u>	<u>\$ 1,825,676</u>

CAPITAL LEASES

A summary of assets acquired through capital leases is as follows as of June 30, 2007:

	Governmental Activites
Vehicles	\$ 1,552,123
Computers	330,000
	<u>1,882,123</u>
Less: accumulated amortization	(569,010)
	<u>\$ 1,313,113</u>

Amortization expense relative to leased property under capital leases totaled \$236,302 for the year ended June 30, 2007 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, 2007 is as follows:

Year Ending June 30:	Governmental Activites
2008	\$ 362,298
2009	362,298
2010	362,450
2011	198,713
2012	198,713
Total minimum lease payments	<u>1,484,472</u>
Less: amount representing interest	171,808
Present value of minimum lease payments	<u>\$ 1,312,664</u>

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 8 - FUND BALANCE DESIGNATIONS

Designations of unreserved fund balance reported in the governmental funds balance sheet represent the Town's self-imposed limitations on the use of otherwise available expendable financial resources of governmental funds. Descriptions of significant unreserved fund balance designations reported in the governmental fund balance sheet as of June 30, 2007 are as follows:

Designated for capital reserves	\$ 2,306,146
Designated for capital and nonrecurring	781,209
Designated for post employment benefits	283,774
	<u>\$ 3,371,129</u>

The amount designated for Capital Reserves totaling \$2,306,146 was created by the Board of Finance, as mandated by the Town Charter, to reserve 5 to 7% of the operating budget to support the working capital requirements of the Town. Each year, the Board of Finance transfers the unallocated contingency fund and the capital reserve fund totaling \$147,000 and \$91,538, respectively, for 2007 to this account.

NOTE 9 - PENSION PLANS

DEFINED CONTRIBUTION PLANS

Money Purchase Plan

The Town provides pension plan 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 \$128,255 for the year ended June 30, 2007. All monies contributed are used to purchase insurance contracts on behalf of the participants, therefore the assets of the plan are not included in the Town's basic financial statements.

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 9 - PENSION PLANS (Continued)

DEFINED CONTRIBUTION PLANS (Continued)

Deferred Compensation Plan

The Town offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. Employee deferrals amounted to \$142,628 for the year ended June 30, 2007. Plan enrollment totaled 51 people at June 30, 2007. 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

Description of the Plan

The Town participates in the Connecticut Municipal Employee's Retirement System (MERS), which is a cost-sharing multiple employer defined benefit plan established by the State of Connecticut and administered by the State Retirement Commission. MERS covers all full time employees of the Town, except for Board of Education employees who participate in the Connecticut State Teacher's Retirement System. MERS 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. There are no separate financial statements available for MERS.

Terms of the Plan

Plan provisions are set by statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Annual cost of living increases of between 3% and 5% are paid to disabled members and non-disabled retired members who have reached age 65. Effective January 1, 2002, all other retired members receive a 2.5% annual adjustment until age 65, at which point they will receive the same COLA as those currently age 65. For those retiring after December 31, 2001, annual cost of living increases will be between 2.5% and 6%. All benefits vest after 5 years of continuous service or 15 years of active aggregated service. Members who retire after age 55 with 10 years of service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit payable for life, in an amount for each year of service equal to:

- If not covered by Social Security: 2% of the average of earnings for the three highest paid years of service.
- If covered by Social Security: 1-1/2% of the three-year average of earnings not in excess of the year's breakpoint, plus 2% of the average of earnings for the three highest paid years of service in excess of the year's breakpoint. The year's breakpoint for 2006 is \$43,400.

Funding Policy

Covered employees are required by State statute to contribute 2.25% of earnings upon which Social Security Tax is paid plus 5% of earnings on which no Social Security Tax is paid. The Town's current rate of contributions is equivalent to 3.75% of the annual active member payroll. The contribution requirement of plan members and the participating towns are established and may be amended by the State Retirement Commission through revision of State statutes.

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 9 - PENSION PLANS (Continued)

CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Continued)

Annual Pension Cost

For the year ended June 30, 2007 the Town's annual pension cost of \$242,486 was equal to the Town's required and actual contributions. The required contribution was determined as part of the July 1, 2006 actuarial valuation using the entry age normal cost method. Significant actuarial assumptions used include the following:

- Rate of return on the investment of present and future assets of 8.5% per year compounded annually.
- Projected salary increases of 3.75% per year compounded annually, attributable to inflation.
- Additional projected salary increases ranging from 0.75% to 7.5%, per year, attributable to seniority/merit.
- Annual cost of living increases are applied to disabled and non-disabled retirement benefits and vary based upon member age and date of retirement. For members that retired prior to January 1, 2002, increases of 4% are assumed for those who have reached age 65 and (effective January 1, 2002) increases of 2.5% are assumed for those who have not yet reached age 65. For members that retire after December 31, 2001, increases of 2.6% are assumed, regardless of age.

The actuarial value of plan assets is based on a market-related method that recognizes assumed investment income fully each year. Differences between actual and assumed investment income are phased in over a closed 5-year period.

Three Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
June 30, 2005	\$ 116,044	100.0%	\$ -
June 30, 2006	124,722	100.0%	-
June 30, 2007	242,486	100.0%	-

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contributions	Actual Contributions	Percentage Contributed
June 30, 2002	\$ 99,726	\$ 99,726	100%
June 30, 2003	99,485	99,485	100%
June 30, 2004	126,413	126,413	100%
June 30, 2005	116,044	116,044	100%
June 30, 2006	124,722	124,722	100%
June 30, 2007	242,486	242,486	100%

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 9 - PENSION PLANS (Continued)

CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Continued)

Schedule of Funding Progress (in millions of dollars)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Accrued Liability (AAL)	(3) % Funded (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (4)/(5)
July 1, 2001	\$ 1,353	\$ 1,238	109%	\$ (115)	\$ 311	(37)
July 1, 2002	1,403	1,319	106	(84)	322	(26)
July 1, 2003	1,418	1,379	103	(39)	326	(12)
July 1, 2004	1,434	1,393	103	(41)	313	(12)
July 1, 2005	1,512	1,398	108	(114)	352	(13)
July 1, 2006	1,588	1,509	105	(79)	366	(10)

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, 2007, Town teachers contributed \$961,932 to the plan and covered payroll for the period was \$13,268,031.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on behalf" payments of \$1,666,465 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.

TOWN OF ELLINGTON
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

Employees covered under various union contracts are eligible to receive post-retirement benefits. Employees are only eligible to receive these benefits after having been employed with the Town for twenty-five years and after having attained a combined number of years employed by the Town and age of seventy-five years.

As of June 30, 2007, there were seven employees who had retired and were receiving benefits. There are currently four employees that are eligible for these benefits. The Town finances the plan on a pay-as-you-go basis. For the year ended June 30, 2007, the Town had expenditures of \$24,244 for these benefits.

NOTE 11 - RISK MANAGEMENT

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

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

NOTE 12 - 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 13 - PRONOUNCEMENT ISSUED BUT NOT YET EFFECTIVE

The Town has not completed the process of implementing GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Town is therefore unable to disclose the impact that adopting this statement will have on its financial position and results of operations when such statement is adopted. GASB Statement No. 45 is effective for fiscal periods beginning after December 15, 2007.

**Combining and
Individual Fund
Statements and
Schedules**

General Fund

TOWN OF ELLINGTON
SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		OVER (UNDER)
PROPERTY TAXATION				
Revenues from Property Taxes	\$ 27,373,739	\$ 27,373,739	\$ 27,794,645	\$ 420,906
Interest and Lien Fees	200,000	200,000	191,273	(8,727)
Total Property Taxation	<u>27,573,739</u>	<u>27,573,739</u>	<u>27,985,918</u>	<u>412,179</u>
INTERGOVERNMENTAL - EDUCATION				
Education Cost Sharing Grant	8,023,396	8,023,396	8,007,442	(15,954)
Special Education- Excess Costs	81,999	81,999	-	(81,999)
Transportation	316,542	316,542	313,149	(3,393)
Adult Education and Vocational Agriculture	12,669	12,669	13,163	494
Blind Grant	-	-	20,848	20,848
Building Grant	153,259	153,259	135,333	(17,926)
Total Intergovernmental - Education	<u>8,587,865</u>	<u>8,587,865</u>	<u>8,489,935</u>	<u>(97,930)</u>
INTERGOVERNMENTAL - OTHER				
Town Aid Road	163,193	163,193	167,632	4,439
Elderly Circuit Breaker Reimbursement	70,984	70,984	70,073	(911)
Manufacturers Machinery/Equipment Grant	161,880	161,880	141,313	(20,567)
Disability Reimbursement	1,478	1,478	1,191	(287)
State Property Forest	8,723	8,723	8,750	27
Mashantucket Pequot Fund	85,748	85,748	92,045	6,297
Circuit Court Fines	145	145	2,535	2,390
In Lieu of Taxes - Boats	3,848	3,848	3,849	1
Dog Damage	100	100	-	(100)
Telephone Tax/SNET	56,109	56,109	54,778	(1,331)
Additional Income Veterans	15,706	15,706	18,229	2,523
Local Capital Improvement Program	101,431	101,431	101,561	130
DWI Grant	-	-	15,657	15,657
Erase Grant	-	-	3,105	3,105
CRRA Transfer Station Use Fee	6,059	6,059	11,620	5,561
Historical Preserve Award	-	-	7,000	7,000
North Central Area Agency on Aging	3,000	3,000	3,654	654
Emergency Management	4,460	4,460	2,080	(2,380)
Pupil Tuition	40,000	40,000	60,260	20,260
OPM-Supplement Education Needs	25,000	25,000	-	(25,000)
Property Tax Relief Grant	74,171	74,171	74,171	-
DOT-Speed Enforcement	-	-	31,200	31,200
Secry State Election Telephone	-	-	1,103	1,103
BOE - CLS Wells	-	-	59,328	59,328
Total Intergovernmental - Other	<u>822,035</u>	<u>822,035</u>	<u>931,134</u>	<u>109,099</u>
CHARGES FOR GOODS AND SERVICES				
Building Department	360,000	360,000	388,441	28,441
Planning and Zoning	100,000	100,000	109,350	9,350
Fire Marshal	750	750	519	(231)
Recreation Program Receipts	201,205	201,205	263,731	62,526
Cultural Arts	1,000	1,000	150	(850)
Town Clerk Conveyance Tax	250,000	250,000	266,850	16,850
Town Clerk Recording Fees and Licenses	200,000	200,000	169,177	(30,823)
Aircraft Registration	3,800	3,800	2,790	(1,010)
Board of Education	1,000	1,000	232	(768)
Special Duty	10,000	10,000	65,656	55,656
Animal Control Officer Fees and Licenses	23,500	23,500	23,029	(471)
Animal Control Donations	100	100	181	81
Police DARE Donations	1,500	1,500	1,634	134
Youth Service Donations	1,000	1,000	-	(1,000)
Youth Service Activities	7,000	7,000	9,509	2,509
Senior Center Donations	500	500	-	(500)
Senior Center EMATS	225	225	158	(67)
Human Service Counseling Services	1,000	1,000	1,364	364
Human Services Municipal Agent	-	-	100	100
Human Service Donations	1,000	1,000	8,167	7,167
Human Services Food Pantry Donations	1,000	1,000	744	(256)
Human Services Rope Donations	3,000	3,000	-	(3,000)
Total Charges for Goods and Services	<u>1,167,580</u>	<u>1,167,580</u>	<u>1,311,782</u>	<u>144,202</u>

TOWN OF ELLINGTON
SCHEDULE OF REVENUES - BUDGET AND ACTUAL - (Continued)
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
INTEREST AND DIVIDENDS				
Interest and Dividends	\$ 235,000	\$ 235,000	\$ 453,367	\$ 218,367
OTHER REVENUES				
WPCA	181,875	181,875	296,625	114,750
Closeout-Prior Year Capital Projects	-	-	56,350	56,350
Insurance Claims and Refunds	5,000	5,000	13,196	8,196
WPCA Reimbursement	26,400	26,400	28,495	2,095
WPCA Reimbursement Maintenance Budget	93,000	93,000	113,476	20,476
Building Demolition	3,000	3,000	-	(3,000)
Cingular Wireless Cell Tower Lease	24,000	24,000	24,000	-
Snow Removal Charge-Developers	-	-	23,251	23,251
Sundry Refunds and Receipts	4,000	4,000	11,201	7,201
Rental Income of Town Property	16,785	16,785	16,500	(285)
Sale of Property	-	-	48,451	48,451
Total Other Revenues	<u>354,060</u>	<u>354,060</u>	<u>631,545</u>	<u>277,485</u>
TOTAL BUDGETARY REVENUES	\$ <u>38,740,279</u>	\$ <u>38,740,279</u>	\$ <u>39,803,681</u>	\$ <u>1,063,402</u>

TOWN OF ELLINGTON
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	BUDGETED AMOUNTS		ACTUAL	VARIANCE (UNDER) OVER
	ORIGINAL	FINAL		
GENERAL GOVERNMENT				
Board of Selectmen	\$ 189,026	\$ 189,026	\$ 188,255	\$ (771)
Board of Finance	8,000	8,425	8,424	(1)
Auditors	29,500	29,500	29,500	-
Auditors - Special Project	100	100	-	(100)
Finance Officer	222,286	222,286	221,094	(1,192)
Tax Assessor	209,734	209,734	195,362	(14,372)
Tax Collector	132,852	132,852	122,656	(10,196)
Board of Assessments Appeals	500	502	501	(1)
Insurance Advisory Board	100	100	-	(100)
Town Clerk	203,505	203,505	183,997	(19,508)
Town Counsel	86,500	116,225	116,224	(1)
Probate Court	7,602	7,602	5,351	(2,251)
Town Planner	202,627	202,627	192,722	(9,905)
Total General Government	<u>1,292,332</u>	<u>1,322,484</u>	<u>1,264,086</u>	<u>(58,398)</u>
BOARDS AND AGENCIES				
Registrars and Electors	48,421	48,421	41,973	(6,448)
Economic Development Commission	8,200	9,989	9,988	(1)
Planning and Zoning	61,304	61,304	54,301	(7,003)
Design Board	1,000	1,000	-	(1,000)
Zoning Board of Appeals	7,200	7,200	4,463	(2,737)
Permanent Building Commission	1,850	1,850	359	(1,491)
Inland Wetland Agency	16,750	16,750	6,347	(10,403)
Flood & Erosion Control Board	10,000	10,000	-	(10,000)
Conservation Commission	7,750	7,750	598	(7,152)
WPCA	1	1	-	(1)
Total Boards and Agencies	<u>162,476</u>	<u>164,265</u>	<u>118,029</u>	<u>(46,236)</u>
PUBLIC SAFETY				
Center Fire Department	140,665	150,214	150,214	-
Crystal Lake Fire Department	62,313	67,499	67,499	-
Fire Protection Hydrants	274,900	274,900	249,884	(25,016)
Emergency 911	38,112	38,112	38,111	(1)
Police	667,677	749,124	749,124	-
Police Special Duty	10,000	54,886	54,886	-
Police Drug Abuse Resistance Education	1,500	1,634	1,634	-
Animal Control Officer	75,326	75,326	64,447	(10,879)
Emergency Management	16,773	16,773	16,762	(11)
Building Department	114,727	114,727	111,127	(3,600)
Volunteer Ambulance	198,949	203,389	203,389	-
Emergency Service Incentive Program	95,000	107,124	107,123	(1)
Public Safety Commission	100	100	-	(100)
Fire Marshal	69,535	69,942	69,941	(1)
Total Public Safety	<u>1,765,577</u>	<u>1,923,750</u>	<u>1,884,141</u>	<u>(39,609)</u>
PUBLIC WORKS				
General Town Roads	1,232,819	1,232,819	1,172,343	(60,476)
New Equipment	10,000	19,180	19,180	-
Equipment Maintenance	184,735	188,851	188,851	-
Town Garage	60,168	65,996	65,995	(1)
Street Signs	10,000	10,668	10,667	(1)
Grounds Maintenance - BOE/Parks	49,100	49,828	49,827	(1)
Town Aid Road - Winter	120,000	120,000	117,856	(2,144)
Town Aid Road - Materials	204,399	242,154	242,154	-
Sanitary Landfill	484,280	484,280	343,777	(140,503)
Sanitary Recycling	243,007	269,758	269,757	(1)
Household Hazardous Waste	23,000	23,000	22,132	(868)
WPCA Maintenance	63,000	64,259	64,259	-
Street Lighting	71,660	71,660	70,091	(1,569)
Engineer and Inspections	80,000	93,843	93,843	-
Total Public Works	<u>2,836,168</u>	<u>2,936,296</u>	<u>2,730,732</u>	<u>(205,564)</u>

TOWN OF ELLINGTON
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

	BUDGETED AMOUNTS			VARIANCE (UNDER) OVER
	ORIGINAL	FINAL	ACTUAL	
RECREATION				
Parks and Recreation	\$ 307,025	\$ 322,363	\$ 322,363	\$ -
Cultural Arts	100	100	-	(100)
Crystal Lake Water Monitor	6,700	8,450	8,450	-
Inter-Agency After School Program	9,000	9,000	1,418	(7,582)
Total Recreation	<u>322,825</u>	<u>339,913</u>	<u>332,231</u>	<u>(7,682)</u>
LIBRARY				
Hall Memorial Library	464,675	494,781	494,781	-
Total Library	<u>464,675</u>	<u>494,781</u>	<u>494,781</u>	<u>-</u>
HUMAN SERVICES				
Public Health Nursing	7,225	7,225	2,060	(5,165)
Potter's House	500	500	500	-
Hockanum Industries Inc.	500	500	500	-
Connecticut Legal Services	1,700	1,700	1,700	-
Women's Center Northeast Connecticut	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	21,000	21,000	21,000	-
Food Pantry	500	1,590	1,590	-
Rope	12,000	12,000	11,136	(864)
Youth Activity Programs	22,845	22,845	19,170	(3,675)
Hartford Interval House	1,500	1,500	1,500	-
Human Services	160,452	167,722	167,722	-
North Central Health District	50,201	50,201	50,201	-
Welfare	14,500	15,902	15,902	-
Municipal Agent	1,800	1,800	1,793	(7)
Senior Center	124,112	126,294	126,294	-
Total Human Services	<u>423,839</u>	<u>435,783</u>	<u>426,072</u>	<u>(9,711)</u>
TOWN PROPERTIES				
Town Hall	293,602	348,143	348,143	-
Center Cemetery	500	500	500	-
Arbor Commons	16,800	16,800	12,164	(4,636)
Total Town Properties	<u>310,902</u>	<u>365,443</u>	<u>360,807</u>	<u>(4,636)</u>
DEBT SERVICE				
Debt Redemption - Principal	2,178,323	2,178,323	2,178,322	(1)
Debt Redemption - Interest	999,815	999,815	912,313	(87,502)
Total Debt Service	<u>3,178,138</u>	<u>3,178,138</u>	<u>3,090,635</u>	<u>(87,503)</u>
MISCELLANEOUS				
Social Security	266,000	266,000	263,481	(2,519)
Insurance	1,568,975	1,568,975	1,407,758	(161,217)
Insurance Reimbursement and Claims	7,500	27,011	27,011	-
Insurance Prior Year	5,000	5,000	-	(5,000)
Service Insurance	56,000	56,000	56,000	-
Contingency Fund	147,000	147,000	147,000	-
Capital Reserve Fund	91,538	91,538	91,538	-
AD HOC Alcohol/Drug Council	6,700	6,700	5,266	(1,434)
CADAC-Recreation	2,400	2,400	-	(2,400)
Memorial Day Committee	1,700	1,700	1,648	(52)
Charter Revision Commission	2,650	2,650	1,952	(698)
Miscellaneous	2,000	9,555	9,555	-
Referendum	25,000	25,000	15,746	(9,254)
Building Demolition/Eviction	5,000	5,000	-	(5,000)
Salary Adjustment	29,400	29,400	-	(29,400)
Town Communications	10,200	11,266	11,265	(1)
Town Web Site	7,300	7,300	-	(7,300)
Grant Applications	5,000	5,000	1,125	(3,875)
GIS	30,000	30,000	7,319	(22,681)
Total Miscellaneous	<u>2,269,363</u>	<u>2,297,495</u>	<u>2,046,664</u>	<u>(250,831)</u>

TOWN OF ELLINGTON
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

	BUDGETED AMOUNTS			VARIANCE (UNDER) OVER
	ORIGINAL	FINAL	ACTUAL	
CAPITAL OUTLAYS				
Unimproved Road Improvement	\$ 80,000	\$ 80,000	\$ 80,000	\$ -
Local Capital Improvement Program	101,431	101,561	101,561	-
Road Overlay	300,000	380,253	380,252	(1)
Townwide Sidewalks	30,000	30,000	30,000	-
Brookside Park Fencing	-	31,389	31,389	-
DPW- One Ton Truck Replacement	40,000	85,000	85,000	-
Windermere Rd/Pinney St Roundabout	60,000	60,000	60,000	-
Windermere Bridge Engineering	45,000	45,000	45,000	-
EVAC-Train/Emergency Response Vehicle	50,000	50,000	50,000	-
EVAC-Defibrillators/CPR Equipment	11,000	41,000	41,000	-
EVAC-Laptop Computers for Ambulance	22,000	22,000	22,000	-
ELFD-Hose Tower Rebuilt	18,000	23,547	23,547	-
BOE-Replacement Vans Special Ed	50,000	56,000	56,000	-
BOE-CLS Renovation Wells	-	160,000	160,000	-
BOE-Windermere Soffit Repair/Painting	30,000	30,000	30,000	-
BOE-EHS Video Production Lab	53,000	53,000	53,000	-
BOE-Resurfacing EHS Track	-	39,000	39,000	-
Total Capital Outlays	<u>890,431</u>	<u>1,287,750</u>	<u>1,287,749</u>	<u>(1)</u>
EDUCATION				
Salaries				
Administrative	1,040,579	1,056,242	1,056,242	-
Faculty	12,267,791	12,170,684	12,170,683	(1)
Secretarial	639,391	660,404	660,403	(1)
Custodial	819,389	789,858	789,858	-
Health Aides	224,205	225,413	225,412	(1)
Instructor Aides	694,506	682,125	682,124	(1)
General Aides	12,500	23,941	23,940	(1)
Media Personnel	54,542	56,096	56,096	-
Severance	(13,258)	82,548	82,548	-
Alpha and Omega Tutors	3,894	-	-	-
Secretarial Substitutes	33,120	17,372	17,371	(1)
Custodial Substitutes	24,500	21,093	21,093	-
Substitute Teachers	225,000	182,590	182,589	(1)
Coaches and Advisors	161,259	148,145	148,144	(1)
Custodial Overtime	86,182	74,218	74,218	-
Total Salaries	<u>16,273,600</u>	<u>16,190,729</u>	<u>16,190,721</u>	<u>(8)</u>
Employee Benefits				
Health Benefits	3,333,011	3,291,046	3,291,045	(1)
Social Security	387,169	370,407	370,407	-
Unemployment	15,000	2,486	2,486	-
Retirement - MERS	241,231	232,534	232,534	-
Course Tuition	1,000	857	857	-
Total Employee Benefits	<u>3,977,411</u>	<u>3,897,330</u>	<u>3,897,329</u>	<u>(1)</u>
Contracted Services				
Program Improvement	80,519	75,012	75,011	(1)
Pupil Services	68,430	85,977	85,977	-
Management Services	17,836	51,067	51,066	(1)
Professional/Tech Services	265,407	405,162	405,162	-
Public Utilities-Electricity	394,853	473,178	473,177	(1)
Other Property Services	166,178	174,221	174,221	-
Property Insurance	192,837	205,859	205,859	-
Rentals	120,075	119,445	119,445	-
Repairs Instrument Equipment	42,973	43,198	43,198	-
Propane	25,263	109,637	109,636	(1)
Water	52,423	36,617	36,616	(1)
Repairs/Maintenance	129,267	166,761	166,761	-
Regional Pupil Transportation	1,159,922	1,151,201	1,151,200	(1)
Conference/Travel/Admin.	20,730	19,950	19,950	-
Conference/Travel/Teachers	8,500	7,924	7,924	-
Special Ed Transp.	302,367	271,831	271,830	(1)
Athletic Transportation	4,196	4,196	4,196	-
Cheney Vo-Ag Transportation	56,863	57,407	57,406	(1)
Conference/Travel Support Staff	8,629	3,429	3,429	-
Other Transportation Service	7,000	7,628	7,627	(1)
Communications/Telephone	46,704	23,426	23,426	-
Printing /Advertising	37,233	34,532	34,531	(1)
Outside Tuition	661,657	520,589	520,589	-
Total Contracted Services	<u>3,869,862</u>	<u>4,048,247</u>	<u>4,048,237</u>	<u>(10)</u>

TOWN OF ELLINGTON
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

	<u>BUDGETED AMOUNTS</u>			VARIANCE (UNDER) OVER
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Capital Outlays				
Replacement Equipment	\$ 4,880	\$ 83,689	\$ 83,688	\$ (1)
Total Capital Outlays	<u>4,880</u>	<u>83,689</u>	<u>83,688</u>	<u>(1)</u>
Supplies and Materials				
Administrative Supplies	52,641	47,974	47,973	(1)
Program Supplies	270,864	256,886	256,885	(1)
Special Education	26,295	24,672	24,672	-
Basic	102,913	93,901	93,900	(1)
Custodial/Maintenance Gasoline	17,259	15,861	15,861	-
Custodial Supplies	62,886	61,217	61,217	-
Heating Fuel and Gasoline	301,075	193,174	193,174	-
Textbooks	58,529	57,091	57,091	-
Library/Media	16,134	14,200	14,200	-
Total Supplies and Materials	<u>908,596</u>	<u>764,976</u>	<u>764,973</u>	<u>(3)</u>
Miscellaneous				
Dues and Memberships	32,542	29,194	29,193	(1)
Transfer Account	-	51,838	-	(51,838)
Food Service	165,874	153,335	153,334	(1)
Townwide Maintenance Program	40,500	53,927	53,927	-
Total Miscellaneous	<u>238,916</u>	<u>288,294</u>	<u>236,454</u>	<u>(51,840)</u>
TOTAL BOARD OF EDUCATION	<u>25,273,265</u>	<u>25,273,265</u>	<u>25,221,402</u>	<u>(51,863)</u>
TOTAL BUDGETARY EXPENDITURES	<u>\$ 39,189,991</u>	<u>\$ 40,019,363</u>	<u>\$ 39,257,329</u>	<u>\$ (762,034)</u>

TOWN OF ELLINGTON
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2007

GRAND LIST YEAR	BALANCE UNCOLLECTED JUNE 30, 2006		CURRENT LEVY	LAWFUL CORRECTIONS		TRANSFERS TO (FROM) SUSPENSE	BALANCE TO BE COLLECTED		COLLECTIONS			TOTAL	REFUNDS AND ADJUSTMENTS	BALANCE UNCOLLECTED JUNE 30, 2007
				ADDITIONS	DEDUCTIONS		TAXES	INTEREST	LIEN FEES					
2005			27,685,296	224,375	69,206	-	27,840,465	27,610,080	93,354	3,000	27,706,434	72,350	302,735	
2004	279,197			2,031	7,008		274,220	105,805	24,351	2,115	132,271	(33,462)	134,953	
2003	156,663				1,167	(23,372)	132,124	43,876	18,139	575	62,590	(8,758)	79,490	
2002	93,310			104	907		92,507	25,149	9,197	322	34,668		67,358	
2001	72,181				787		71,394	13,145	6,354	216	19,715	6	58,255	
2000	61,379				753		60,626	12,475	7,694	210	20,379		48,151	
1999	45,701			335	1,138		44,898	5,669	4,698	168	10,535		39,229	
1998	31,198				1,085		30,113	5,160	4,664	120	9,944		24,953	
1997	23,865				1,085		22,780	2,797	4,051	72	6,920		19,983	
1996	21,162				1,024		20,138	2,639	4,296	72	7,007		17,499	
1995	16,651				1,024		15,627	2,684	5,222	72	7,978		12,943	
1994	12,183				1,024		11,159	1,341	2,735	48	4,124		9,818	
1993	12,625				1,024		11,601	1,341	2,976	48	4,365		10,260	
1992	11,171				975		10,196	1,068	2,371	48	3,487		9,128	
1991	9,354				930		8,424	474	2,255	24	2,753		7,950	
1990	4,596			30	943		3,683	855	179	54	1,088		2,828	
	<u>851,236</u>		<u>27,685,296</u>	<u>226,875</u>	<u>90,080</u>	<u>(23,372)</u>	<u>28,649,955</u>	<u>27,834,558</u>	<u>192,536</u>	<u>7,164</u>	<u>28,034,258</u>	<u>30,136</u>	<u>845,533</u>	

**TOWN OF ELLINGTON
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374 (b)
FOR THE YEAR ENDED JUNE 30, 2007**

Total cash collections for the
year ended June 30, 2007

Taxes	\$ 27,834,558
Interest and lien fees	199,700
Total	28,034,258

Reimbursed for
Tax relief for elderly (CGS 12-129d)

70,073

Base

\$ 28,104,331

Debt limitation:

	GENERAL PURPOSE	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
2-1/4 times base	\$ 63,234,745	-	-	-	\$ -
4-1/2 times base	-	126,469,490	-	-	-
3-3/4 times base	-	-	105,391,241	-	-
3-1/4 times base	-	-	-	91,339,076	-
3 times base	-	-	-	-	84,312,993
Total debt limitation	63,234,745	126,469,490	105,391,241	91,339,076	84,312,993

Indebtedness:

Bonds and notes payable	2,745,000
Less: sewer assessments and usage charges receivable	4,921,625
Less: amounts to be provided by the State	207,355

Total indebtedness

4,714,270

Debt limitation in excess of

Outstanding and authorized debt

\$ 60,489,745

\$ 111,312,446

\$ 100,676,971

\$ 91,339,076

\$ 84,312,993

Total capacity of borrowing (7 times base)

\$ 196,730,317

Total present indebtedness

22,616,314

Margin for additional borrowing

\$ 174,114,003

Combining Statements

TOWN OF ELLINGTON
COMBINING BALANCE SHEET - BY FUND TYPE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 291,024	\$ -	\$ -	\$ 291,024
Investments	737,309	136,728	736,397	1,610,434
Receivables:				
Grants and contracts receivable	79,331	-	-	79,331
Other	173,657	-	-	173,657
Due from other funds	103,704	-	1,758	105,462
Inventories	4,992	-	-	4,992
Total assets	<u>\$ 1,390,017</u>	<u>\$ 136,728</u>	<u>\$ 738,155</u>	<u>\$ 2,264,900</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 14,568	\$ -	\$ 900	\$ 15,468
Due to other funds	192,061	-	1,373	193,434
Unearned/deferred revenue	99,676	-	-	99,676
Due to funding source	13,609	-	-	13,609
Total liabilities	<u>319,914</u>	<u>-</u>	<u>2,273</u>	<u>322,187</u>
Fund Balances:				
Reserved for:				
Inventories	4,992	-	-	4,992
Sanitation	45,954	-	-	45,954
Document preservation	15,897	-	-	15,897
Land preservation	10,571	-	-	10,571
Endowments	-	-	52,497	52,497
Unreserved	992,689	136,728	683,385	1,812,802
Total fund balances	<u>1,070,103</u>	<u>136,728</u>	<u>735,882</u>	<u>1,942,713</u>
Total liabilities and fund balances	<u>\$ 1,390,017</u>	<u>\$ 136,728</u>	<u>\$ 738,155</u>	<u>\$ 2,264,900</u>

TOWN OF ELLINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BY FUND TYPE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 1,018,034	\$ 137,971	\$ -	\$ 1,156,005
Charges for services	512,113	-	-	512,113
Food sales	532,031	-	-	532,031
Interest and dividends	40,079	6,541	1,666	48,286
Other income	106,169	-	77,372	183,541
Total revenues	<u>2,208,426</u>	<u>144,512</u>	<u>79,038</u>	<u>2,431,976</u>
EXPENDITURES				
Current:				
Miscellaneous	-	-	8,131	8,131
Program expenditures	1,887,713	101,561	2,540	1,991,814
Capital outlays	-	16,562	-	16,562
Total expenditures	<u>1,887,713</u>	<u>118,123</u>	<u>10,671</u>	<u>2,016,507</u>
Excess of revenues over expenditures	320,713	26,389	68,367	415,469
OTHER FINANCING SOURCES (USES)				
Transfers in	-	121,839	-	121,839
Transfers out	(175,509)	(141,431)	-	(316,940)
Total other financing sources (uses)	<u>(175,509)</u>	<u>(19,592)</u>	<u>-</u>	<u>(195,101)</u>
Net change in fund balances	145,204	6,797	68,367	220,368
Fund balances - beginning	<u>924,899</u>	<u>129,931</u>	<u>667,515</u>	<u>1,722,345</u>
Fund balances - ending	<u>\$ 1,070,103</u>	<u>\$ 136,728</u>	<u>\$ 735,882</u>	<u>\$ 1,942,713</u>

*Special Revenue
Funds*

**TOWN OF ELLINGTON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2007**

	CRRRA Sanitation Control	Dog Fund	Education Grants	School Lunch	Ambulance Fee Program	Youth Service Bureau	Housing Rehab Program	Historic Document Preservation
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ 82,518	\$ 164,001	\$ 44,495	\$ -	\$ -	\$ -
Investments	45,954	-	-	-	398,059	-	57,811	14,321
Receivables:								
Grants and contracts receivable	-	-	2,565	17,191	-	-	-	-
Other	-	-	-	-	173,657	-	-	-
Due from other funds	-	10,710	-	-	-	3,501	100	1,576
Inventories	-	-	-	4,992	-	-	-	-
Total assets	\$ 45,954	\$ 10,710	\$ 85,083	\$ 186,184	\$ 616,211	\$ 3,501	\$ 57,911	\$ 15,897

LIABILITIES AND FUND BALANCES

Liabilities:								
Accounts payable	\$ -	\$ -	\$ 10,415	\$ 2,210	\$ 1,943	\$ -	\$ -	\$ -
Due to other funds	-	-	22,445	-	103,690	-	-	-
Unearned/deferred revenue	-	-	49,324	-	-	-	-	-
Due to funding source	-	10,710	2,899	-	-	-	-	-
Total liabilities	-	10,710	85,083	2,210	105,633	-	-	-

Fund Balances:

Reserved for:								
Inventories	-	-	-	4,992	-	-	-	-
Sanitation	45,954	-	-	-	-	-	-	-
Document preservation	-	-	-	-	-	-	-	15,897
Land preservation	-	-	-	-	-	-	-	-
Unreserved	-	-	-	178,982	510,578	3,501	57,911	-
Total fund balances	45,954	-	-	183,974	510,578	3,501	57,911	15,897
Total liabilities and fund balances	\$ 45,954	\$ 10,710	\$ 85,083	\$ 186,184	\$ 616,211	\$ 3,501	\$ 57,911	\$ 15,897

TOWN OF ELLINGTON
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2007

	Small Cities Program Income	HUD Small Cities Rehab 2005	Town Land Preservation	DOT Elderly and Disabled	Mental Health and Addiction Services	Land Use Fees Fund	Total Nonmajor Special Revenue Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ 291,024
Investments	178,727	-	16,630	-	-	25,807	737,309
Receivables:							
Grants and contracts receivable	-	59,575	-	-	-	-	79,331
Other	-	-	-	-	-	-	173,657
Due from other funds	37,465	-	-	-	50,352	-	103,704
Inventories	-	-	-	-	-	-	4,992
Total assets	\$ 216,192	\$ 59,585	\$ 16,630	\$ -	\$ 50,352	\$ 25,807	\$ 1,390,017

LIABILITIES AND FUND BALANCES

Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,568
Due to other funds	-	59,575	6,059	-	-	292	192,061
Unearned/deferred revenue	-	-	-	-	50,352	-	99,676
Due to funding source	-	-	-	-	-	-	13,609
Total liabilities	-	59,575	6,059	-	50,352	292	319,914

Fund Balances:

Reserved for:							
Inventories	-	-	-	-	-	-	4,992
Sanitation	-	-	-	-	-	-	45,954
Document preservation	-	-	-	-	-	-	15,897
Land preservation	-	-	10,571	-	-	-	10,571
Unreserved	216,192	10	-	-	-	25,515	992,689
Total fund balances	216,192	10	10,571	-	-	25,515	1,070,103
Total liabilities and fund balances	\$ 216,192	\$ 59,585	\$ 16,630	\$ -	\$ 50,352	\$ 25,807	\$ 1,390,017

TOWN OF ELLINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS BALANCES (DEFICIT)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	CRRRA Sanitation Control	Dog Fund	Education Grants	School Lunch	Ambulance Fee Program	Youth Service Bureau	HUD Small Cities Housing Rehab Program	Historic Document Preservation
REVENUES								
Intergovernmental	\$ -	\$ -	\$ 579,557	\$ 130,698	\$ -	\$ 14,000	\$ -	\$ -
Charges for services	-	64,447	-	-	277,004	-	100	-
Food sales	-	-	-	532,031	-	-	-	-
Interest and dividends	2,199	-	-	4,727	21,879	-	2,906	1,037
Other income	-	-	-	-	-	-	-	9,240
Total revenues	2,199	64,447	579,557	667,456	298,883	14,000	3,006	10,277
EXPENDITURES								
Current:								
Program expenditures	-	64,447	579,557	727,648	38,384	13,836	4,223	13,195
Total expenditures	-	64,447	579,557	727,648	38,384	13,836	4,223	13,195
Excess (deficiency) of revenues over expenditures	2,199	-	-	(60,192)	260,499	164	(1,217)	(2,918)
OTHER FINANCING USES								
Transfers out	-	-	-	-	(175,509)	-	-	-
Net change in fund balances	2,199	-	-	(60,192)	84,990	164	(1,217)	(2,918)
Fund balances (deficit) - beginning	43,755	-	-	244,166	425,588	3,337	59,128	18,815
Fund balances - ending	\$ 45,954	\$ -	\$ -	\$ 183,974	\$ 510,578	\$ 3,501	\$ 57,911	\$ 15,897

TOWN OF ELLINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS BALANCES (DEFICIT) (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Small Cities Program Income	HUD Small Cities Rehab 2005	Town Land Preservation	DOT Elderly and Disabled	Mental Health and Addiction Services	Land Use Fees Fund	Total Nonmajor Special Revenue Funds
REVENUES							
Intergovernmental	\$ -	\$ 259,381	\$ -	\$ 21,000	\$ 13,398	\$ -	\$ 1,018,034
Charges for services	144,692	-	-	-	-	25,870	512,113
Food sales	-	-	-	-	-	-	532,031
Interest and dividends	6,745	-	586	-	-	-	40,079
Other income	-	-	96,929	-	-	-	166,169
Total revenues	151,437	259,381	97,515	21,000	13,398	25,870	2,208,426
EXPENDITURES							
Current:							
Program expenditures	57,080	259,361	95,229	21,000	13,398	355	1,887,713
Total expenditures	57,080	259,361	95,229	21,000	13,398	355	1,887,713
Excess (deficiency) of revenues over expenditures	94,357	20	2,286	-	-	25,515	320,713
OTHER FINANCING USES							
Transfers out	-	-	-	-	-	-	(175,509)
Net changes in fund balances	94,357	20	2,286	-	-	25,515	145,204
Fund balances (deficit) - beginning	121,835	(10)	8,285	-	-	-	924,899
Fund balances - ending	\$ 216,192	\$ 10	\$ 10,571	\$ -	\$ -	\$ 25,515	\$ 1,070,103

***Capital Projects
Funds***

TOWN OF ELLINGTON
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2007

	Windsorville Road Improvement	Local Capital Improvement Program	Town Sidewalk Fund	Longview Middle School	Windermere Road Improvements	Dept of Public Works Maintenance
\$	24,457	\$ -	\$ 36,024	\$ -	\$ 17,458	\$ 58,789
\$	24,457	\$ -	\$ 36,024	\$ -	\$ 17,458	\$ 58,789

ASSETS

Investments
 Total assets

LIABILITIES AND FUND BALANCES

Liabilities:

Total liabilities

\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
----	---	------	------	------	------	------

Fund Balances:

Unreserved

Total fund balances

Total liabilities and fund balances

24,457	-	36,024	-	17,458	58,789
24,457	-	36,024	-	17,458	58,789
\$ 24,457	\$ -	\$ 36,024	\$ -	\$ 17,458	\$ 58,789

TOWN OF ELLINGTON
COMBINING BALANCE SHEET (Continued)
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2007

	Windermere School Addition	Total Nonmajor Capital Projects Funds
ASSETS		
Investments	-	\$ 136,728
Total assets	-	\$ 136,728
LIABILITIES AND FUND BALANCES		
Liabilities:		
Total liabilities	-	\$ -
Fund Balances:		
Unreserved	-	136,728
Total fund balances	-	136,728
Total liabilities and fund balances	-	\$ 136,728

TOWN OF ELLINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Windsorville Road Improvement	Local Capital Improvement Program	Town Sidewalk Fund	Longview Middle School	Windermere Road Improvements	Dept of Public Works Maintenance
REVENUES						
Intergovernmental	\$ -	\$ 101,561	\$ -	\$ 29,738	\$ -	\$ -
Interest and dividends	1,170	-	1,724	-	835	2,812
Total revenues	1,170	101,561	1,724	29,738	835	2,812
EXPENDITURES						
Current:						
Program expenditures	-	101,561	-	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	-	101,561	-	-	-	-
Excess (deficiency) of revenues over expenditures	1,170	-	1,724	29,738	835	2,812
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(141,431)	-	-
Total other financing sources (uses)	-	-	-	(141,431)	-	-
Net change in fund balances	1,170	-	1,724	(111,693)	835	2,812
Fund balances (deficit) - beginning	23,287	-	34,300	111,693	16,623	55,977
Fund balances - ending	\$ 24,457	\$ -	\$ 36,024	\$ -	\$ 17,458	\$ 58,789

TOWN OF ELLINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) (Continued)
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Windermere School Addition	Total Nonmajor Capital Projects Funds
REVENUES		
Intergovernmental	\$ 6,672	\$ 137,971
Interest and dividends	-	6,541
Total revenues	<u>6,672</u>	<u>144,512</u>
EXPENDITURES		
Current:		
Program expenditures	-	101,561
Capital outlays	16,562	16,562
Total expenditures	<u>16,562</u>	<u>118,123</u>
Excess (deficiency) of revenues over expenditures	(9,890)	26,389
OTHER FINANCING SOURCES (USES)		
Transfers in	121,839	121,839
Transfers out	-	(141,431)
Total other financing sources (uses)	<u>121,839</u>	<u>(19,592)</u>
Net change in fund balances	111,949	6,797
Fund balances (deficit) - beginning	<u>(111,949)</u>	<u>129,931</u>
Fund balances - ending	<u>-</u>	<u>\$ 136,728</u>

*Permanent
Funds*

**TOWN OF ELLINGTON
COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
JUNE 30, 2007**

ASSETS	Marshall E. Charter	Kimball Memorial	John T.			Arthur Hyde	Sarah H. McKinney
			McKnight Maintenance	Eugene K. Mosley			
Investments	\$ 411,086	\$ 77,666	\$ 15,581	\$ 150	\$ 300	\$ 750	
Due from other funds	1,052	214	43	-	-	-	
Total assets	\$ 412,138	\$ 77,880	\$ 15,624	\$ 150	\$ 300	\$ 750	

LIABILITIES AND FUND BALANCES

Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 50	\$ 100	\$ 250
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	-	50	100	250

Fund Balances:

Reserved for endowments	29,697	5,000	1,000	100	200	500
Unreserved	382,441	72,880	14,624	-	-	-
Total fund balances	412,138	77,880	15,624	100	200	500
Total liabilities and fund balances	\$ 412,138	\$ 77,880	\$ 15,624	\$ 150	\$ 300	\$ 750

TOWN OF ELLINGTON
COMBINING BALANCE SHEET (Continued)
NONMAJOR PERMANENT FUNDS
JUNE 30, 2007

	Mary Wadsworth Gardner	Hall Memorial Library Fund	Wiley Fund	Total Nonmajor Permanent Funds
ASSETS				
Investments	\$ 66,640	\$ 162,724	\$ 1,500	\$ 736,397
Due from other funds	-	449	-	1,758
Total assets	<u>\$ 66,640</u>	<u>\$ 163,173</u>	<u>\$ 1,500</u>	<u>\$ 738,155</u>

LIABILITIES AND FUND BALANCES

Liabilities:				
Accounts payable	\$ -	\$ -	\$ 500	\$ 900
Due to other funds	1,373	-	-	1,373
Total liabilities	<u>1,373</u>	<u>-</u>	<u>500</u>	<u>2,273</u>

Fund Balances:

Reserved for endowments	5,000	10,000	1,000	52,497
Unreserved	60,267	153,173	-	683,385
Total fund balances	<u>65,267</u>	<u>163,173</u>	<u>1,000</u>	<u>735,882</u>
Total liabilities and fund balances	<u>\$ 66,640</u>	<u>\$ 163,173</u>	<u>\$ 1,500</u>	<u>\$ 738,155</u>

TOWN OF ELLINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Marshall E. Charter	Kimball Memorial	John T. McKnight Maintenance	Eugene K. Mosley	Arthur Hyde	Sarah H. McKinney
REVENUES						
Interest and dividends	\$ 1,389	\$ -	\$ -	\$ 7	\$ 14	\$ 36
Other income	42,127	8,542	1,714	-	-	-
Total revenues	43,516	8,542	1,714	7	14	36
EXPENDITURES						
Current:						
Program expenditures	-	-	-	7	14	36
Miscellaneous	4,427	898	180	-	-	-
Total expenditures	4,427	898	180	7	14	36
Excess of revenues over expenditures	39,089	7,644	1,534	-	-	-
Fund balances - beginning	373,049	70,236	14,090	100	200	500
Fund balances - ending	\$ 412,138	\$ 77,880	\$ 15,624	\$ 100	\$ 200	\$ 500

TOWN OF ELLINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Mary Wadsworth Gardner	Hall Memorial Library Fund	Wiley Fund	Total Nonmajor Permanent Funds
REVENUES				
Interest and dividends	\$ 148	\$ -	\$ 72	\$ 1,666
Other income	7,093	17,896	-	77,372
Total revenues	<u>7,241</u>	<u>17,896</u>	<u>72</u>	<u>79,038</u>
EXPENDITURES				
Current:				
Program expenditures	2,411	-	72	2,540
Miscellaneous	745	1,881	-	8,131
Total expenditures	<u>3,156</u>	<u>1,881</u>	<u>72</u>	<u>10,671</u>
Excess of revenues over expenditures	4,085	16,015	-	68,367
Fund balances - beginning	61,182	147,158	1,000	667,515
Fund balances - ending	<u>\$ 65,267</u>	<u>\$ 163,173</u>	<u>\$ 1,000</u>	<u>\$ 735,882</u>

*Proprietary
Funds*

TOWN OF ELLINGTON
COMBINING STATEMENT OF NET ASSETS (DEFICIT)
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2007

	<u>Solid Waste Collection</u>	<u>Watermains, Tripp and Middle Roads</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS			
Current assets:			
Sewer usage charges receivable, net of allowance for uncollectibles of \$4,000	\$ 25,023	\$ -	\$ 25,023
Deferred assessments	-	46,223	46,223
Due from other funds	14,747	-	14,747
Total assets	<u>39,770</u>	<u>46,223</u>	<u>85,993</u>
LIABILITIES			
Current liabilities:			
Deferred revenue	-	46,223	46,223
Due to other funds	-	126,779	126,779
Total liabilities	<u>-</u>	<u>173,002</u>	<u>173,002</u>
NET ASSETS (DEFICIT)			
Unrestricted	39,770	(126,779)	(87,009)
Total net assets (deficit)	<u>\$ 39,770</u>	<u>\$ (126,779)</u>	<u>\$ (87,009)</u>

TOWN OF ELLINGTON
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS (DEFICIT)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Solid Waste Collection	Watermains, Tripp and Middle Roads	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Solid waste fees	\$ 446,028	\$ -	\$ 446,028
Assessments	-	6,990	6,990
Total operating revenues	<u>446,028</u>	<u>6,990</u>	<u>453,018</u>
OPERATING EXPENSES			
Public works and administrative expenses	457,565	-	457,565
Other	664	-	664
Total operating expenses	<u>458,229</u>	<u>-</u>	<u>458,229</u>
Change in net assets	(12,201)	6,990	(5,211)
Net assets (deficit) - beginning	<u>51,971</u>	<u>(133,769)</u>	<u>(81,798)</u>
Net assets (deficit) - ending	<u>\$ 39,770</u>	<u>\$ (126,779)</u>	<u>\$ (87,009)</u>

TOWN OF ELLINGTON
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Solid Waste Collection	Watermains, Tripp and Middle Roads	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 444,626	\$ 6,990	\$ 451,616
Receipts from (payments for) interfund services provided	12,939	(6,990)	5,949
Payments to suppliers	(457,565)	-	(457,565)
Net cash provided by (used in) operating activities	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	-	-	-
Cash and cash equivalents, end of year	\$ -	\$ -	\$ -
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (12,201)	\$ 6,990	\$ (5,211)
(Increase) decrease in assets:			
Sewer usage receivable, net	(1,402)	-	(1,402)
Deferred assessments	-	6,541	6,541
Due from other funds	13,603	-	13,603
Decrease in liabilities:			
Deferred revenue	-	(6,541)	(6,541)
Due to other funds	-	(6,990)	(6,990)
Net cash (used in) provided by operating activities	\$ -	\$ -	\$ -

TOWN OF ELLINGTON
SCHEDULE OF SEWER USAGE CHARGES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2007

GRAND LIST YEAR	UNCOLLECTED USER CHARGES JUNE 30, 2006 & CURRENT LEVY	LAWFUL CORRECTIONS	USER CHARGES COLLECTIBLE	ACTUAL CASH COLLECTIONS			TOTAL	REFUNDS	UNCOLLECTED USER CHARGES JUNE 30, 2007
				USER CHARGES	INTEREST	LIEN FEES			
2006	\$ 1,105,564	\$ 78,383	\$ 1,183,947	\$ 1,130,101	\$ 5,539	\$ -	\$ 1,135,640	\$ 478	\$ 54,324
2005	62,675	5,701	68,376	51,084	6,393	1,392	58,869	-	17,292
2004	21,077	6	21,083	11,127	3,860	1,248	16,235	-	9,956
2003	12,698	-	12,698	5,435	2,762	682	8,879	-	7,263
2002	10,616	(5)	10,611	3,968	2,584	456	7,008	-	6,643
2001	6,874	-	6,874	2,419	1,986	309	4,714	-	4,455
2000	4,201	-	4,201	164	1,464	168	1,796	-	4,037
1999	2,215	-	2,215	681	472	72	1,225	-	1,534
1998	1,514	-	1,514	-	-	48	48	-	1,514
1997	1,340	-	1,340	-	-	-	-	-	1,340
1996	1,071	-	1,071	-	-	-	-	-	1,071
1995	690	-	690	-	-	-	-	-	690
1994	688	-	688	-	-	-	-	-	688
1993	696	-	696	-	-	-	-	-	696
1992	740	-	740	-	-	-	-	-	740
1991	700	-	700	-	-	-	-	-	700
1990	537	-	537	-	-	-	-	-	537
	\$ 1,233,896	\$ 84,085	\$ 1,317,981	\$ 1,204,979	\$ 25,060	\$ 4,375	\$ 1,234,414	\$ 478	\$ 113,480

*Fiduciary
Funds*

TOWN OF ELLINGTON
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS

JUNE 30, 2007

	Municipal Land Trust Fund	Public Health Nursing	John T. McKnight	Hall Memorial Library	D.A.R.E.	Senior Center Donation	Graduation Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 61,618	\$ -	\$ -	\$ 6,606
Investments	20,215	2,157	24,296	-	4,748	35,753	8,899
Due from other funds	-	-	-	-	-	-	-
Total assets	<u>20,215</u>	<u>2,157</u>	<u>24,296</u>	<u>61,618</u>	<u>4,748</u>	<u>35,753</u>	<u>15,505</u>
LIABILITIES							
Due to other funds	-	-	-	-	-	-	1,906
NET ASSETS							
Held in trust for other purposes	<u>\$ 20,215</u>	<u>\$ 2,157</u>	<u>\$ 24,296</u>	<u>\$ 61,618</u>	<u>\$ 4,748</u>	<u>\$ 35,753</u>	<u>\$ 13,599</u>

TOWN OF ELLINGTON
COMBINING STATEMENT OF FIDUCIARY NET ASSETS (Continued)
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2007

	Senior Citizen Activity	Hall			Open Space	Total Private Purpose Trust Funds
		Hall Memorial Endowment	Memorial Myrtle Eddy	Hall Memorial Moriarty		
ASSETS						
Cash and cash equivalents	\$ 14,811	\$ -	\$ -	\$ -	\$ -	\$ 83,035
Investments	-	155,241	5,779	11,493	333,671	602,252
Due from other funds	-	429	16	32	1,477	1,954
Total assets	14,811	155,670	5,795	11,525	335,148	687,241
LIABILITIES						
Due to other funds	-	-	-	-	-	1,906
NET ASSETS						
Held in trust for other purposes	\$ 14,811	\$ 155,670	\$ 5,795	\$ 11,525	\$ 335,148	\$ 685,335

TOWN OF ELLINGTON
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Municipal Land Trust Fund	Public Health Nursing	John T. McKnight	Hall Memorial Library	D.A.R.E.	Senior Center Donation	Graduation Fund
ADDITIONS							
Private donations	\$ -	\$ -	\$ -	\$ 45,841	\$ -	\$ 10,000	\$ 20,713
Other income	3,000	-	-	18,031	-	-	-
Total contributions	3,000	-	-	63,872	-	10,000	20,713
Investment earnings:							
Interest	859	104	1,162	187	296	1,448	430
Net increase in the fair value of investments	-	-	-	-	-	-	-
Total investment earnings	859	104	1,162	187	296	1,448	430
Total additions	3,859	104	1,162	64,059	296	11,448	21,143
DEDUCTIONS							
Other expenditures	-	-	-	-	-	-	-
Program expenditures	-	-	-	63,262	1,634	500	15,097
Total deductions	-	-	-	63,262	1,634	500	15,097
Change in net assets	3,859	104	1,162	797	(1,338)	10,948	6,046
Net Assets Held in Trust for Others:							
Beginning	16,356	2,053	23,134	60,821	6,086	24,805	7,553
Ending	\$ 20,215	\$ 2,157	\$ 24,296	\$ 61,618	\$ 4,748	\$ 35,753	\$ 13,599

TOWN OF ELLINGTON
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS (Continued)
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Senior Citizen Activity	Hall Memorial Endowment	Hall Memorial Myrtle Eddy	Hall Memorial Moriarty	Open Space	Total Private Purpose Trust Funds
ADDITIONS						
Private donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,554
Other income	51,769	4,596	69	138	70,304	147,907
Total contributions	51,769	4,596	69	138	70,304	224,461
Investment earnings:						
Interest	32	-	-	-	13,400	17,918
Net increase in the fair value of investments	-	12,477	472	938	-	13,887
Total investment earnings	32	12,477	472	938	13,400	31,805
Total additions	51,801	17,073	541	1,076	83,704	256,266
DEDUCTIONS						
Other expenditures	-	1,794	68	134	-	1,996
Program expenditures	54,005	-	-	-	-	134,498
Total deductions	54,005	1,794	68	134	-	136,494
Change in net assets	(2,204)	15,279	473	942	83,704	119,772
Net Assets Held in Trust for Others:						
Beginning	17,015	140,391	5,322	10,583	251,444	565,563
Ending	\$ 14,811	\$ 155,670	\$ 5,795	\$ 11,525	\$ 335,148	\$ 685,335

TOWN OF ELLINGTON
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance,</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2007</u>
CASH AND CASH EQUIVALENTS				
Ellington Center School	\$ 6,819	\$ 17,314	\$ 19,280	\$ 4,853
Ellington High School	85,255	370,395	353,493	102,157
Ellington School Use Activity	22,972	16,016	6,020	32,968
Crystal Lake School	2,558	6,554	6,421	2,691
Windermere School	29,078	45,048	47,355	26,771
Special Education Preschool Department	44,350	50,211	59,370	35,191
Board of Education Educational Services	9,320	7,444	13,980	2,784
Special Education Petty Cash Reimbursement	516	14,800	14,431	885
Ellington Middle School	38,881	141,811	113,617	67,075
Special Education Account	301	60,260	60,260	301
Petty Cash - High School	893	-	893	-
Petty Cash - BOE	178	-	88	90
Petty Cash - All Schools	-	1,686	1,390	296
INVESTMENTS				
Construction Performance Bonds	385,777	175,027	4,031	556,773
Total Assets	<u>\$ 626,898</u>	<u>\$ 906,566</u>	<u>\$ 700,629</u>	<u>\$ 832,835</u>
DUE TO OTHERS				
Ellington Center School	\$ 6,819	\$ 17,314	\$ 19,280	\$ 4,853
Ellington High School	85,255	370,395	353,493	102,157
Ellington School Use Activity	22,972	16,016	6,020	32,968
Crystal Lake School	2,558	6,554	6,421	2,691
Windermere School	29,078	45,048	47,355	26,771
Special Education Preschool Department	44,350	50,211	59,370	35,191
Board of Education Educational Services	9,320	7,444	13,980	2,784
Special Education Petty Cash Reimbursement	516	14,800	14,431	885
Ellington Middle School	38,881	141,811	113,617	67,075
Special Education Account	301	60,260	60,260	301
Petty Cash - BOE	893	-	893	-
Petty Cash - High School	178	-	88	90
Petty Cash - All Schools	-	1,686	1,390	296
Due to Contractors	385,777	175,027	4,031	556,773
Total Liabilities	<u>\$ 626,898</u>	<u>\$ 906,566</u>	<u>\$ 700,629</u>	<u>\$ 832,835</u>