

TOWN OF EAST WINDSOR, CONNECTICUT

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2023**

TOWN OF EAST WINDSOR, CONNECTICUT
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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of East Windsor, Connecticut

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of East Windsor, Connecticut, (the Town) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of East Windsor, Connecticut, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 and the information on pages 58 through 69 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Certified Public Accountants
Glastonbury, Connecticut
December 22, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

The management of the Town of East Windsor, Connecticut, (the Town) offers readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$61,486,615 (net position). Of this amount, \$14,817,356 represents the Town's unrestricted net position.
- The Town's total net position increased by \$4,829,772 during the current fiscal year.
- The Town's total long-term debt decreased by \$325,147 or 5.3%.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$24,914,776, an increase of \$4,851,300 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,858,186. Unassigned fund balance is sufficient to cover 2.9 months of and represents 24.5% of the Town's fiscal year 2024 General Fund budgetary expenditure appropriations.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows and inflows of resources and liabilities, with the residual of these elements reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

Both of the government-wide financial statements display information about the Town's governmental activities which include general government, public safety, public works, community services and education. The Town does not have any business-type activities.

The government-wide financial statements include only the Town itself because there are no legally separate organizations for which the Town is financially accountable. The government-wide financial statements can be found on pages 15 and 16 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 two categories: governmental funds and fiduciary funds.

Governmental Funds

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

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

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital and Nonrecurring Fund, the Capital Projects Fund, and the Town Grant Fund, all of which are considered to be major funds. Data from the other 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 17 through 20 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 basic fiduciary fund financial statements can be found on pages 21 through 22 of this report.

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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 23 through 57 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on pages 58 through 69 of this report. Individual fund statements and schedules can be found on pages 70 through 84 of this report and other supplementary information can be found on pages 85 and 86.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

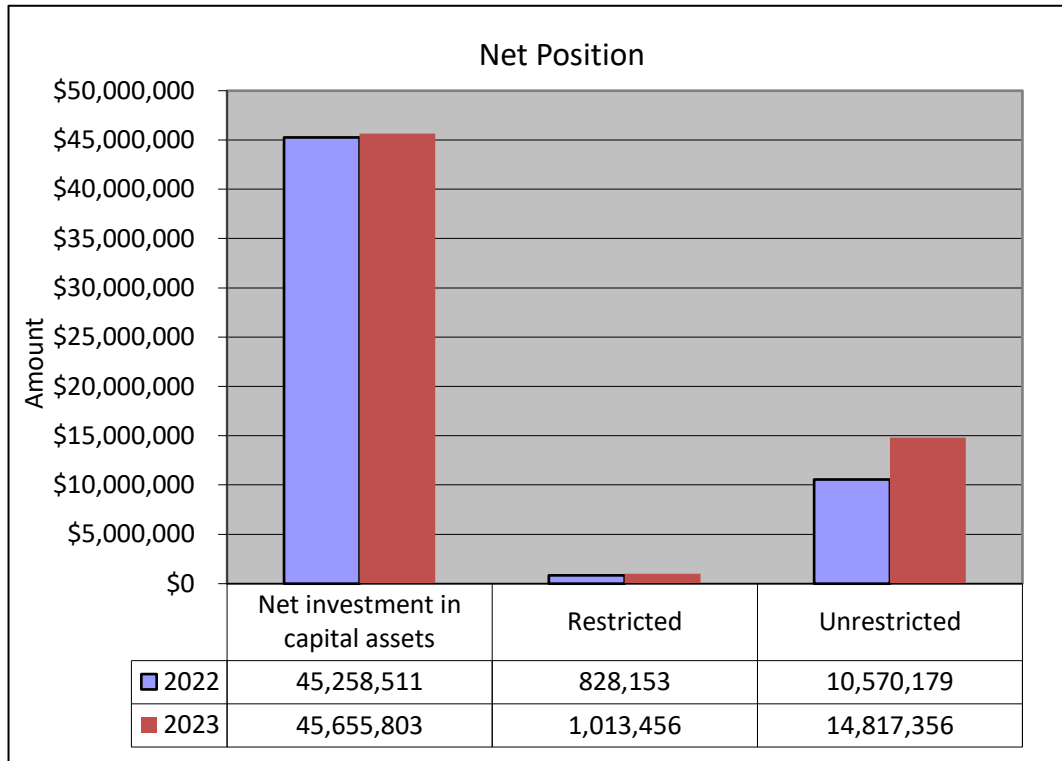
Over time, net position may serve as one measure of a government's financial position. Net position of the Town totaled \$61,486,615 and \$56,656,843 as of June 30, 2023 and 2022, respectively, and are summarized as follows:

	2023	2022	\$ Variance	% Variance
Current and other assets	\$ 32,584,580	\$ 26,023,276	\$ 6,561,304	25.2%
Capital assets	51,034,374	50,969,223	65,151	0.1%
Total assets	<u>83,618,954</u>	<u>76,992,499</u>	<u>6,626,455</u>	8.6%
Deferred outflows of resources	<u>3,170,166</u>	<u>3,880,229</u>	<u>(710,063)</u>	-18.3%
Other liabilities	5,987,828	4,466,924	1,520,904	34.0%
Long-term liabilities	<u>17,563,890</u>	<u>17,598,341</u>	<u>(34,451)</u>	-0.2%
Total liabilities	<u>23,551,718</u>	<u>22,065,265</u>	<u>1,486,453</u>	6.7%
Deferred inflows of resources	<u>1,750,787</u>	<u>2,150,620</u>	<u>(399,833)</u>	-18.6%
Net position:				
Net investment in capital assets	45,655,803	45,258,511	397,292	0.9%
Restricted	1,013,456	828,153	185,303	22.4%
Unrestricted	<u>14,817,356</u>	<u>10,570,179</u>	<u>4,247,177</u>	40.2%
Total net position	<u>\$ 61,486,615</u>	<u>\$ 56,656,843</u>	<u>\$ 4,829,772</u>	8.5%

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



As of June 30, 2023, the majority of the Town's net position reflects 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.

Approximately 1.65% of the Town's net position as of June 30, 2023 was subject to external restrictions on how they may be used and are therefore presented as restricted net position.

The remainder of the Town's net position is considered unrestricted.

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

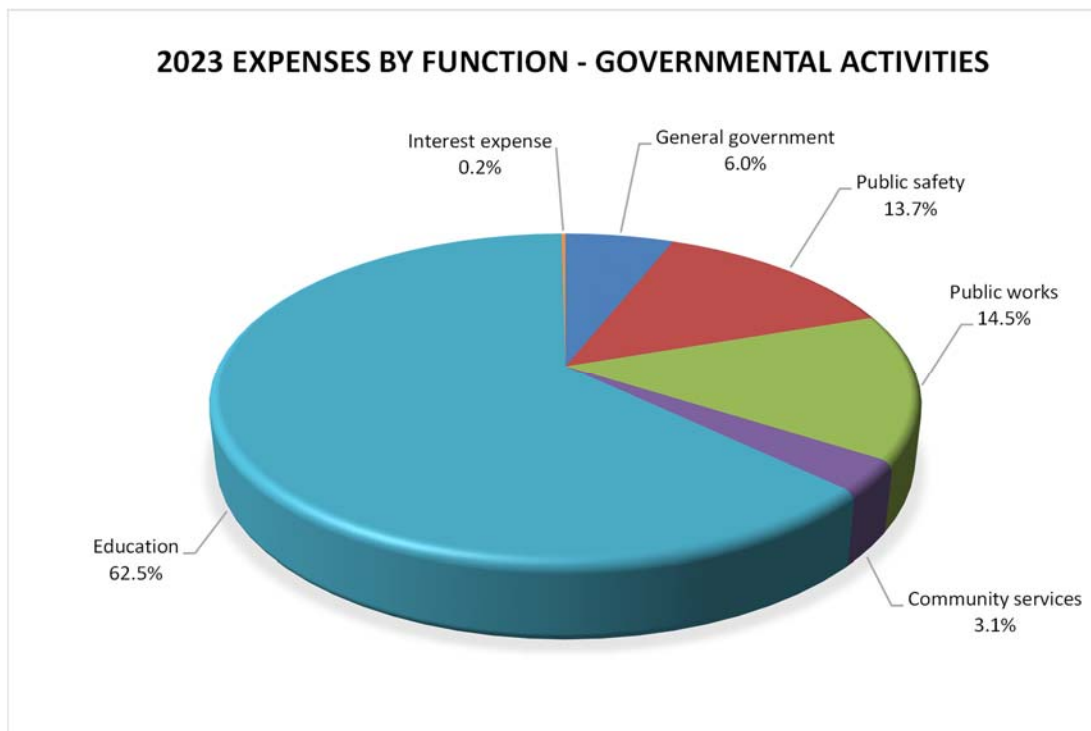
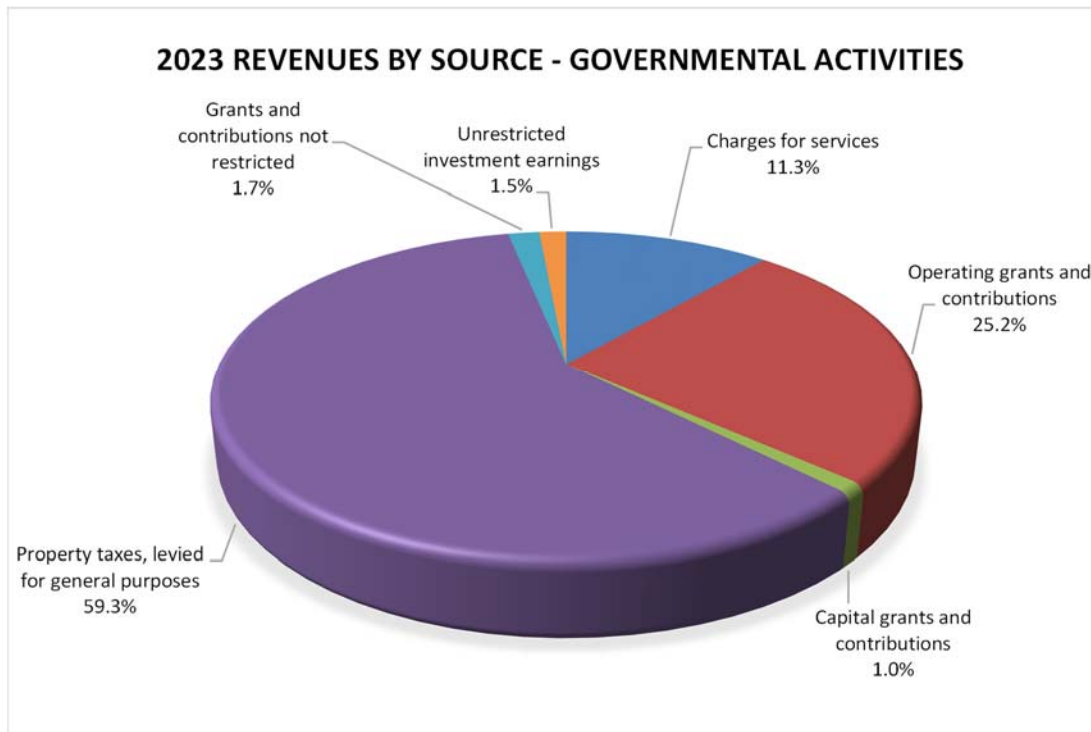
Changes in net position for the years ended June 30, 2023 and 2022 are as follows. Amounts reported for the year ended June 30, 2022 include certain reclassifications to conform with the current year presentation.

	<u>2023</u>	<u>2022</u>	<u>\$ Variance</u>	<u>% Variance</u>
Revenues				
Program revenues:				
Charges for services	\$ 6,937,743	\$ 4,363,241	\$ 2,574,502	59.0%
Operating grants and contributions	15,442,181	13,493,649	1,948,532	14.4%
Capital grants and contributions	590,728	-	590,728	-
General revenues:				
Property taxes, levied for general purposes	36,232,860	35,779,382	453,478	1.3%
Grants and contributions not restricted to specific programs	1,051,639	589,327	462,312	78.4%
Unrestricted investment earnings	903,661	40,601	863,060	2125.7%
Total revenues	<u>61,158,812</u>	<u>54,266,200</u>	<u>6,892,612</u>	12.7%
Expenses				
General government	3,361,298	3,851,142	(489,844)	-12.7%
Public safety	7,715,749	6,724,406	991,343	14.7%
Public works	8,154,498	7,794,916	359,582	4.6%
Community services	1,723,122	2,039,239	(316,117)	-15.5%
Education	35,259,114	31,680,135	3,578,979	11.3%
Interest expense	115,259	165,635	(50,376)	-30.4%
Total expenses	<u>56,329,040</u>	<u>52,255,473</u>	<u>4,073,567</u>	7.8%
Change in net position	<u>\$ 4,829,772</u>	<u>\$ 2,010,727</u>	<u>\$ 2,819,045</u>	140.2%

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position *(Continued)*



TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Governmental Activities

The Town's net position increased by \$4,829,772. Total revenues increased by \$6,892,612 or 12.7% over the prior year. Total expenses increased by \$4,073,567 or 7.8% over the prior year. Significant variances over prior year consisted of the following:

- An increase in charges for services of \$2,574,502 or 59.0% over the prior year. This increase includes a \$2,004,306 increase in revenues recorded by the Building Department related to a solar project.
- An increase in operating grants of \$1,948,532 or 14.4% over the prior year. This increase includes an increase of \$2,486,401 in on-behalf pension and other post-employment benefit contributions related to the Town's participation in the Connecticut Teachers' Retirement System. Although the Town is not liable for pension and other post-employment benefits provided by the Connecticut Teachers' Retirement System, the Town recognizes both revenues and expenses for the full pension and other post-employment benefit expenses that have been attributed to employees of the Town's School District.
- An increase in investment earnings of \$863,060 driven by the historic increases in market interest rates.
- An increase in public safety expense of \$991,343 or 14.7% primarily due to an increase the amount of pension expense recognized for personnel of the police department.
- An increase in education expenses of \$3,578,979 or 11.3% primarily due to an increase of \$2,486,401 in on-behalf pension and other post-employment benefit expenses related to the Town's participation in the Connecticut Teachers' Retirement System. In addition, education expenses increased as a result of contractual and other operating cost increases.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for in spending at the end of the fiscal year. As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$24,914,776, an increase of \$4,851,300 in comparison with the prior year.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,858,186. Unassigned fund balance is sufficient to cover 2.9 months of and represents 24.5% of the Town's fiscal year 2024 General Fund budgetary expenditure appropriations.

Capital and Nonrecurring Fund

The fund balance in the Capital and Nonrecurring Fund increased by \$2,401,531. The increase was primarily due to supplemental transfers in from the General Fund to fund authorized capital appropriations in future years.

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS *(Continued)*

Capital Projects Fund

The fund balance in the Capital Projects Fund decreased by \$155,430.

Town Grant Fund

The fund balance in the Town Grant Fund increased by \$52,389. This fund primarily accounts for cost reimbursement grants and revenues are typically recognized to the extent of expenditures incurred.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget contemplated the use of fund balance of \$750,000 in order to balance the budget. Additional appropriations of \$1,310,000 were authorized during the year. The actual change in fund balance on a budgetary basis was an increase of \$2,050,418, resulting in a favorable budgetary variance of \$4,110,418. Revenues and other financing sources exceeded budgetary estimates by \$3,503,506, while expenditures and transfers out were less than budgetary estimates by \$606,912.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for its governmental activities as of June 30, 2023 totaled \$51,034,374 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The carrying value of the Town's capital assets increased by \$65,151 during the year.

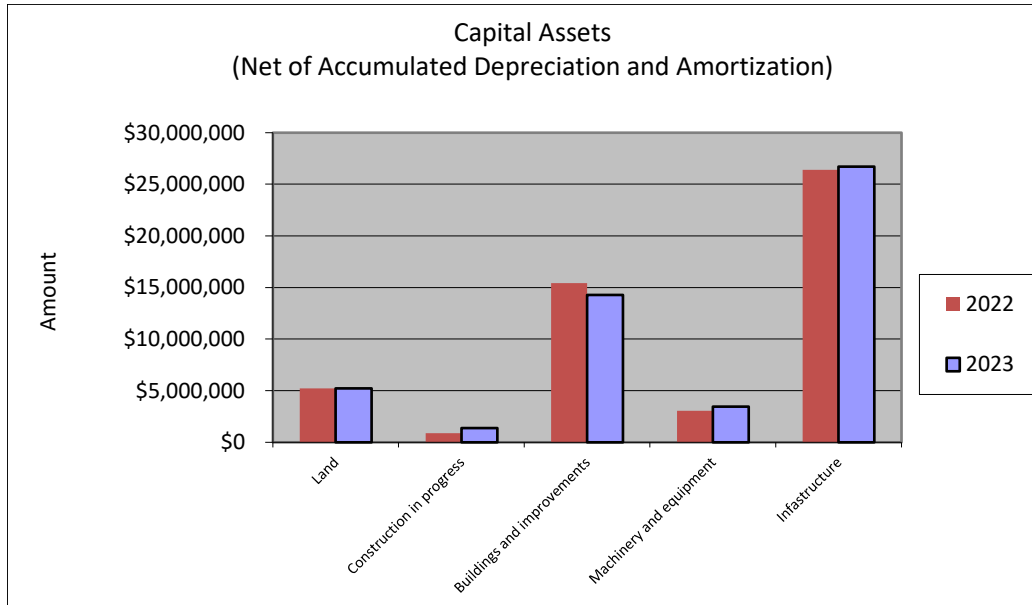
The following table is a two-year comparison of the investment in capital assets, net of accumulated depreciation:

	2023	2022	\$ Variance	% Variance
Land	\$ 5,229,174	\$ 5,229,174	\$ -	0.0%
Construction in progress	1,368,766	877,074	491,692	56.1%
Buildings and improvements	14,280,457	15,419,459	(1,139,002)	-7.4%
Machinery and equipment	3,453,935	3,058,201	395,734	12.9%
Infrastructure	26,702,042	26,385,315	316,727	1.2%
Totals	<u>\$ 51,034,374</u>	<u>\$ 50,969,223</u>	<u>\$ 65,151</u>	0.1%

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Capital Assets *(Continued)*



Significant capital asset additions consisted road and bridge improvements and vehicles for the Town's police, fire and public works departments.

Additional information on the Town's capital assets can be found in Note 7 to the basic financial statements.

Debt

At the end of the current fiscal year, the Town had long-term bonded debt outstanding of \$4,030,000 and notes payable of \$1,792,978, all of which is backed by the full faith and credit of the government.

The Town's total debt decreased by \$325,147 or 5.3% during the current fiscal year. No new long-term debt was issued during the year ended June 30, 2023.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is significantly in excess of the Town's outstanding general obligation debt.

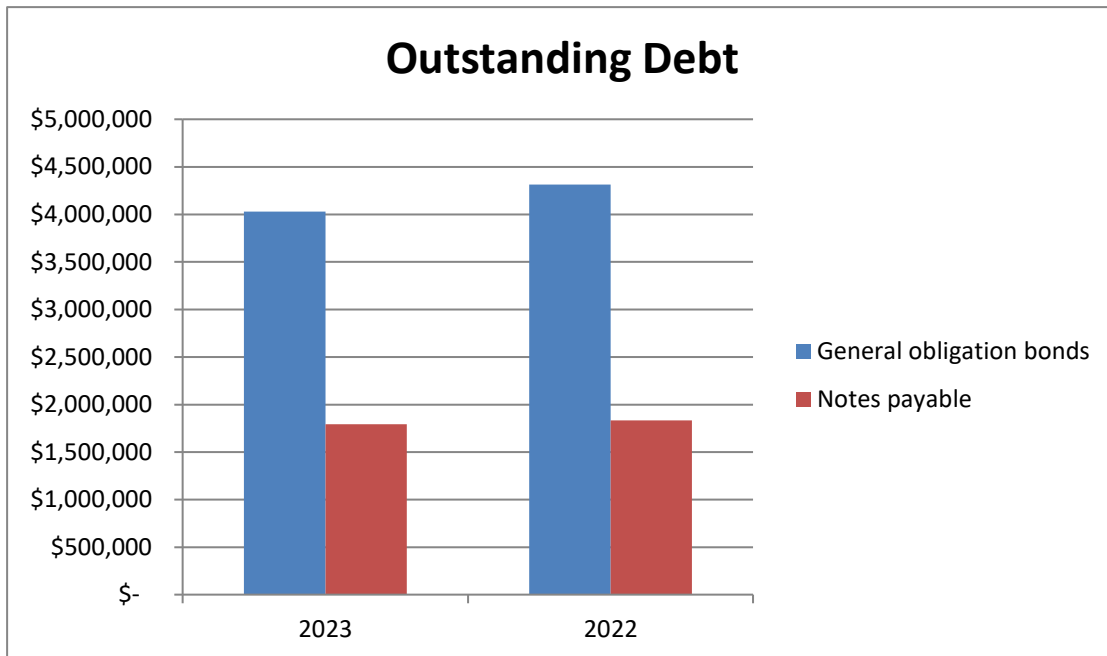
TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Debt (Continued)

The following is a two-year comparison of bonded and other debt:

	2023	2022	\$ Variance	% Variance
General obligation bonds	\$ 4,030,000	\$ 4,315,000	\$ (285,000)	-6.6%
Notes payable	1,792,978	1,833,125	(40,147)	-2.2%
Totals	<u>\$ 5,822,978</u>	<u>\$ 6,148,125</u>	<u>\$ (325,147)</u>	-5.3%



Additional information on the Town's long-term debt can be found in Note 8 to the basic financial statements.

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:

- For purposes of calculating property tax revenues for fiscal year 2023, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive.
- The State has established a minimum budget requirement (MBR) for budgeted education expenditures. The MBR prohibits town from budgeting less for education than it did in the previous year unless, and within limits, the Town can demonstrate a decrease in school enrollment or savings through increased efficiencies. Any increases or decreases that the Town receives in its Education Cost Sharing grant will result in a corresponding increase or decrease in the Town's MBR.
- It is unknown how the weakened economy will impact real estate activity and related revenues collected by the Town Clerk, the Building Department and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2024. The Town's fiscal year 2024 budget for the General Fund authorizes expenditure appropriations of \$44,278,939, which represents a 3.3% increase over the Town's original fiscal year 2023 budget. The Town assigned \$1,200,000 of its General Fund fund balance for use in the fiscal year 2024 budget to reduce the overall impact on the Town's mill rate.

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 Finance Director/Treasurer, Town of East Windsor, 11 Rye Street, Broad Brook, Connecticut 06016.

BASIC FINANCIAL STATEMENTS

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 30,052,032
Investments	353,466
Receivables:	
Property taxes and interest, net	1,403,416
User charges	168,810
Grants and contracts	274,719
Lease	91,352
Other	90,630
Other assets	5,802
Assessments	144,353
Capital assets:	
Non-depreciable	6,597,940
Depreciable, net	44,436,434
Total assets	<u>83,618,954</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	2,388,186
OPEB related	781,980
Total deferred outflows of resources	<u>3,170,166</u>
LIABILITIES	
Accounts payable	1,669,248
Accrued liabilities	519,684
Deposits payable	637,018
Unearned revenue	3,161,878
Noncurrent liabilities:	
Due within one year	934,170
Due in more than one year	16,629,720
Total liabilities	<u>23,551,718</u>
DEFERRED INFLOWS OF RESOURCES	
Lease related	91,352
Pension related	146,586
OPEB related	1,512,849
Total deferred inflows of resources	<u>1,750,787</u>
NET POSITION	
Net investment in capital assets	45,655,803
Restricted for:	
Educational scholarships	425,941
Housing rehabilitation loan program	39,284
Other programs	548,231
Unrestricted	14,817,356
Total net position	<u>\$ 61,486,615</u>

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

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 3,361,298	\$ 2,969,656	\$ 112,211	\$ -	\$ (279,431)
Public safety	7,715,749	345,172	171,878	-	(7,198,699)
Public works	8,154,498	3,037,533	307,825	590,728	(4,218,412)
Community services	1,723,122	176,083	144,173	-	(1,402,866)
Education	35,259,114	409,299	14,706,094	-	(20,143,721)
Interest expense	115,259	-	-	-	(115,259)
Total governmental activities	<u>\$ 56,329,040</u>	<u>\$ 6,937,743</u>	<u>\$ 15,442,181</u>	<u>\$ 590,728</u>	<u>(33,358,388)</u>
General revenues:					
Property taxes, levied for general purposes					36,232,860
Grants and contributions not restricted to specific programs					1,051,639
Unrestricted investment earnings					903,661
Total general revenues					<u>38,188,160</u>
		Change in net position			4,829,772
		Net position - beginning			<u>56,656,843</u>
		Net position - ending			<u>\$ 61,486,615</u>

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

TOWN OF EAST WINDSOR, CONNECTICUT

BALANCE SHEET -
GOVERNMENTAL FUNDS

AS OF JUNE 30, 2023

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Town Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 17,014,683	\$ 6,229,576	\$ 495,715	\$ 2,430,626	\$ 3,881,432	\$ 30,052,032
Investments	-	-	-	-	353,466	353,466
Receivables:						
Property taxes and interest, net	1,403,416	-	-	-	-	1,403,416
Assessments and user charges	-	-	-	-	313,163	313,163
Grants and contracts	-	-	-	66,486	208,233	274,719
Lease	91,352	-	-	-	-	91,352
Other	30,047	-	-	-	60,583	90,630
Due from other funds	212,963	16,490	-	317,757	1,423,233	1,970,443
Other	1,000	-	-	-	4,802	5,802
Total assets	<u>\$ 18,753,461</u>	<u>\$ 6,246,066</u>	<u>\$ 495,715</u>	<u>\$ 2,814,869</u>	<u>\$ 6,244,912</u>	<u>\$ 34,555,023</u>
LIABILITIES						
Accounts payable	\$ 1,212,312	\$ 875	\$ -	\$ -	\$ 456,061	\$ 1,669,248
Salaries and benefits payable	400,688	-	-	-	92,976	493,664
Due to other funds	1,757,480	-	-	-	212,963	1,970,443
Deposits payable	637,018	-	-	-	-	637,018
Unearned revenue	-	-	-	2,710,604	451,274	3,161,878
Total liabilities	<u>4,007,498</u>	<u>875</u>	<u>-</u>	<u>2,710,604</u>	<u>1,213,274</u>	<u>7,932,251</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	1,303,481	-	-	-	313,163	1,616,644
Lease related	91,352	-	-	-	-	91,352
Total deferred inflows of resources	<u>1,394,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,163</u>	<u>1,707,996</u>
FUND BALANCES						
Nonspendable	1,000	-	-	-	4,802	5,802
Restricted	-	-	493,108	104,265	909,191	1,506,564
Committed	993,089	6,245,191	2,607	-	3,804,482	11,045,369
Assigned	1,498,855	-	-	-	-	1,498,855
Unassigned	10,858,186	-	-	-	-	10,858,186
Total fund balances	<u>13,351,130</u>	<u>6,245,191</u>	<u>495,715</u>	<u>104,265</u>	<u>4,718,475</u>	<u>24,914,776</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,753,461</u>	<u>\$ 6,246,066</u>	<u>\$ 495,715</u>	<u>\$ 2,814,869</u>	<u>\$ 6,244,912</u>	<u>\$ 34,555,023</u>

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

TOWN OF EAST WINDSOR, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

Total fund balances for governmental funds	\$ 24,914,776
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	51,034,374
Some of the Town's taxes, sewer usage fees and sewer assessments will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.	1,616,644
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.	
Long-term debt:	
Bonds	\$ (4,030,000)
Unamortized bond premiums	(48,701)
Notes	(1,792,978)
Accrued interest	(26,020)
Other long-term liabilities:	
Net pension liability	(8,616,843)
Net OPEB liability	(1,572,245)
Heart and hypertension	(147,435)
Compensated absences	(1,355,688)
	(17,589,910)
Deferred outflows and inflows of resources resulting from changes in the components of the Town's net pension and OPEB liabilities are reported in the statement of net position.	1,510,731
Net position of governmental activities	\$ 61,486,615

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

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Town Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 35,147,410	\$ -	\$ -	\$ -	\$ 976,518	\$ 36,123,928
Intergovernmental	11,207,443	-	-	912,761	3,698,987	15,819,191
Charges for goods and services	3,158,857	-	-	-	3,101,035	6,259,892
Investment earnings	506,048	209,160	9,890	82,747	95,816	903,661
Other	50	681,745	-	19,575	137,637	839,007
Total revenues	<u>50,019,808</u>	<u>890,905</u>	<u>9,890</u>	<u>1,015,083</u>	<u>8,009,993</u>	<u>59,945,679</u>
EXPENDITURES						
Current:						
General government	2,395,076	-	-	20,854	29,385	2,445,315
Public safety	4,056,088	-	-	143,123	1,089,611	5,288,822
Public works	3,802,206	-	-	72,850	2,003,039	5,878,095
Community services	1,136,323	-	-	135,139	260,250	1,531,712
Employee benefits	3,239,212	-	-	-	-	3,239,212
Education	29,767,892	-	-	-	3,902,236	33,670,128
Capital outlays	-	1,226,124	365,320	590,728	393,645	2,575,817
Debt service	465,278	-	-	-	-	465,278
Total expenditures	<u>44,862,075</u>	<u>1,226,124</u>	<u>365,320</u>	<u>962,694</u>	<u>7,678,166</u>	<u>55,094,379</u>
Excess (deficiency) of revenues over expenditures	5,157,733	(335,219)	(355,430)	52,389	331,827	4,851,300
OTHER FINANCING SOURCES (USES)						
Transfers in	6,944	2,736,750	200,000	-	268,070	3,211,764
Transfers out	(2,804,820)	-	-	-	(406,944)	(3,211,764)
Total other financing sources (uses)	<u>(2,797,876)</u>	<u>2,736,750</u>	<u>200,000</u>	<u>-</u>	<u>(138,874)</u>	<u>-</u>
Net change in fund balances	2,359,857	2,401,531	(155,430)	52,389	192,953	4,851,300
Fund balances - beginning	<u>10,991,273</u>	<u>3,843,660</u>	<u>651,145</u>	<u>51,876</u>	<u>4,525,522</u>	<u>20,063,476</u>
Fund balances - ending	<u>\$ 13,351,130</u>	<u>\$ 6,245,191</u>	<u>\$ 495,715</u>	<u>\$ 104,265</u>	<u>\$ 4,718,475</u>	<u>\$ 24,914,776</u>

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

TOWN OF EAST WINDSOR, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds	\$	4,851,300
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Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation expense exceeded capital outlays in the current period is as follows:

Expenditures for capital assets	\$	2,723,295	
Depreciation and amortization expense		(2,525,095)	
Net adjustment			198,200

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on a disposal of capital assets.	(133,049)
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Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in the governmental funds.	180,675
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Principal repayments:			
Bonds	285,000		
Notes	40,147		
Amortization of bond premiums	6,994		
			332,141

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. However, in the statement of activities, 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	(25,402)		
Accrued interest	17,877		
Heart and hypertension	8,834		
Net pension liability	424,509		
Net OPEB liability	(705,631)		
			(279,813)

Deferred outflows and inflows of resources resulting from changes in the components of the net pension and OPEB liabilities are amortized as a component of pension and OPEB expense in the statement of activities.	(319,682)
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Change in net position of governmental activities	\$	4,829,772
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The accompanying notes are an integral part of these financial statements .

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
AS OF JUNE 30, 2023

	Pension and Other Post- Employment Benefits Trust Funds
ASSETS	
Cash and cash equivalents	\$ 662,286
Investments:	
Mutual funds	28,904,898
Fixed income securities	7,354,228
Total investments	36,259,126
Interest receivable	154,358
Total assets	37,075,770
LIABILITIES	
Payables	48,574
Total liabilities	48,574
NET POSITION	
Restricted for:	
Pension benefits	35,275,108
Other Post-employment benefits	1,752,088
	\$ 37,027,196

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

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Pension and Other Post- Employment Benefits Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 1,279,333
Plan members	430,545
Total contributions	<u>1,709,878</u>
Investment earnings:	
Interest and dividends	827,485
Net change in the fair value of investments, net of fees	<u>2,974,297</u>
Net investment earnings	<u>3,801,782</u>
Total additions	<u>5,511,660</u>
DEDUCTIONS	
Benefit payments	2,157,042
Administrative expenses	61,790
Total deductions	<u>2,218,832</u>
Change in net position	3,292,828
Net position - beginning	<u>33,734,368</u>
Net position - ending	<u>\$ 37,027,196</u>

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

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Town of East Windsor, Connecticut, (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

Financial Reporting Entity

The Town of East Windsor, Connecticut, was incorporated in 1768 and operates in accordance with the provisions of its charter, which was revised effective November 2020. The Town operates under a Board of Selectmen, Town Meeting and Board of Finance form of government and provides the following services: public safety, community maintenance, conservation and health, highway, sanitation and waste removal, culture and recreation, education and general government.

The legislative power of the Town is vested with the Board of Selectmen and Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units - The Town has established a single-employer defined benefit pension plan and an other post-employment benefit (OPEB) plan to provide retirement and health care benefits to employees and their beneficiaries. The Town performs the duties of a governing board for the pension and OPEB plans and makes contributions to the plans. The financial statements of the fiduciary component units are reported as Pension and OPEB Trust Funds in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

Related Organizations

The Warehouse Point Fire District (the Fire District) is responsible for the operations of the fire department within the boundaries of the Fire District, which is located within Town. The Fire District is governed by an independent Board of Commissioners. The Fire District is considered an overlapping government as the geographic area serviced by the Fire District is within the boundaries of the Town.

The Town is responsible for appointing members to the Board of Directors of the East Windsor Housing Authority (the Authority), but the Town's accountability for the Authority does not extend beyond making the appointments. During the year ended June 30, 2023, the Town paid sewer charges of \$35,360 on-behalf of the Authority. The Town made no other appropriations for the operation of this agency for the fiscal year ended June 30, 2023.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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 and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental 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 accounted for in another fund.

Capital and Nonrecurring Fund - This fund accounts for financial revenues used for the financing of the planning, construction, reconstruction or acquisition of any specific capital improvement or the acquisition of specific equipment and capital additions.

Capital Projects Fund - This fund is used to account for appropriations related to major capital purchases and projects.

Town Grant Fund - This fund is used to account for restricted grant proceeds and related expenditures.

In addition, the Town reports the following fiduciary fund types:

Pension and Other Post-Employment Benefits Trust Funds - These funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plan and other post-employment benefit plan.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide and fiduciary fund financial statements 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible 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 fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the Town the right to use leased assets and subscription based technology, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and subscription based technology arrangements are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is either received or available to be received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is either received or available to be received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when the cash is received.

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

Cash and Cash Equivalents

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

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

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

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are reported at cost or amortized cost. Investments in certain external investment pools that meet specific criteria for measuring its investments at amortized cost are reported at amortized cost. All other investments in external investment pools and investments with maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Donor-restricted Funds

The Town allocates investment income of donor-restricted funds in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under UPMIFA, 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 position or unrestricted net position, depending on the applicable donor's stipulations regarding the treatment of investment income and appreciation.

Inventories

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenses/expenditures when consumed rather than when purchased.

Property Taxes, Sewer Assessment and Usage Charges

Property taxes are assessed as of October 1. Taxes are billed in July and due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and due in one installment, July 1. Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest of approximately \$534,000 as of June 30, 2023.

Upon completion of projects, sewer assessments are levied and assessed to the users. Usage charges are billed in advance. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full.

Loans Receivable

The Town administers a Rehabilitation Loan Program. The loans bear an interest rate of 0.0%. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The loans may be paid in full or in part by the borrower at any time without penalty. Loans receivable under this program totaled \$24,817 as of June 30, 2023.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

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

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$7,000 for machinery and equipment, \$20,000 for building improvements and \$100,000 for infrastructure and an estimated useful life in excess of 3 years. As the Town constructs or acquires capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. Other tangible and intangible property and equipment are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	25
Machinery and equipment	5
Computer equipment	3
Infrastructure	20 - 60

Leases (as Lessor)

The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Town uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Town monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Unearned Revenue

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

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

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

Deferred Outflows and Inflows of Resources

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

Deferred outflows and inflows of resources consists of deferred pension and OPEB expenses reported in the government-wide statement of net position. Deferred pension and OPEB expenses resulted from changes in the components of the Town's net pension and OPEB liabilities and are being amortized as a component of pension and OPEB expenses on a systematic and rational basis. Deferred inflows of resources also include unavailable revenues from property taxes and related interest in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-term Obligations

Long-term Debt

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

In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Premiums and discounts on long-term debt are deferred and amortized over the life of the related debt using the effective interest rate method and the debt is reported net of any unamortized premium or discount. In the governmental fund financial statements, premiums and discounts are recognized in the current period.

In the governmental fund financial statements, debt premiums and discounts are recognized 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.

Compensated Absences

Vacation time earned may be accumulated by employees until termination of their employment, at which time they are paid for this accumulated time. Vacation leave is valued using current salary costs, as well as any salary-related payments that are directly or incrementally connected with leave payments to employees. Sick leave is accrued and is contingent upon absences being caused by employee future illness or retirements. The sick leave calculation is also based on current salary costs as well as salary related payments.

All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or when the vested amount is expected to be paid with available resources.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

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

Net Position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of the following three components:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets. Deferred outflows and inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related are also included in this component of net position.

Restricted net position - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on the use of those assets either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position - This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's practice to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

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

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

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

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

Assigned - Amounts are constrained by the Town's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Charter.

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

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

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

Fund Balance *(Continued)*

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. In accordance with the Town's policy, the Town uses restricted resources first, then unrestricted resources as needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Interfund Activity

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds or advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Use of Estimates

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

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash and cash equivalents as of June 30, 2023 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 30,052,032
Add: investments considered cash deposits for disclosure purposes	77,178
Less: cash equivalents considered investments for disclosure purposes	<u>(22,582,909)</u>
	<u>7,546,301</u>
Statement of fiduciary net position:	
Cash and cash equivalents	662,286
Less: cash equivalents considered investments for disclosure purposes	<u>(662,286)</u>
	<u>-</u>
	<u><u>\$ 7,546,301</u></u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Cash Deposits *(Continued)*

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, 2023, \$7,296,791 of the Town's bank balance of \$8,301,883 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,567,112
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>729,679</u>
	<u><u>\$ 7,296,791</u></u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut General Statutes. Under Connecticut General Statutes, 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.

Investments

A reconciliation of the Town's investments as of June 30, 2023 is as follows:

Government-wide statement of net position:	
Investments	\$ 353,466
Less: investments considered cash equivalents for disclosure purposes	(77,178)
Add: cash equivalents considered investments for disclosure purposes	<u>22,582,909</u>
	<u>22,859,197</u>
Statement of fiduciary net position:	
Investments	36,259,126
Add: cash equivalents considered investments for disclosure purposes	<u>662,286</u>
	<u>36,921,412</u>
	<u><u>\$ 59,780,609</u></u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town limits its exposure to fair value losses arising from changes in interest rates by structuring its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Investments *(Continued)*

Interest Rate Risk *(Continued)*

The Town's pension investment policy limits the type of fixed income securities to minimize the level of interest rate risk. All fixed income securities must have readily ascertainable market value and must be readily marketable. The investment policy emphasizes long-term rather than short-term performance. Information about the exposure of the Town's investments to this risk using the segmented time distribution model is as follows:

Investment type	Valuation Basis	Value	Investment Maturities (In Years)	
			Less Than 1	1 to 5
Debt Securities:				
<i>Governmental Activities:</i>				
Short Term Investment Fund (STIF)	Amortized cost	\$ 22,582,909	\$ 22,582,909	\$ -
<i>Fiduciary Funds:</i>				
Money market mutual funds	Amortized cost	662,286	662,286	-
U.S. Treasury securities	Fair value	4,902,448	2,680,233	2,222,215
Corporate securities	Fair value	2,451,780	494,525	1,957,255
		30,599,423	<u>\$ 26,419,953</u>	<u>\$ 4,179,470</u>
Other investments:				
<i>Governmental Activities:</i>				
Mutual funds	Fair value	276,288		
<i>Fiduciary Funds:</i>				
Mutual funds	Fair value	28,904,898		
		<u>\$ 59,780,609</u>		

Because the STIF and money market mutual funds have weighted average maturities of less than 90 days, they have been presented as investments with maturities less than one year.

Credit Risk

The Town has does not have an investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes for its non-fiduciary investments. 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. Other provisions of the statutes cover specific municipal funds with particular investment authority. The provisions of the statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, the investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan. The Town's pension investment policy limits fixed income securities to those backed by the full faith and credit of the United States Government and other bonds, not guaranteed by the United States Government, provided they are at least a "BBB" or equivalent rating by a national rating agency.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Investments *(Continued)*

Credit Risk *(Continued)*

The Town's investment in debt securities were rated by Standard & Poor's as follows at June 30, 2023:

Investment type	Value	AAA	A	BBB	Unrated
Debt Securities:					
STIF	\$ 22,582,909	\$ 22,582,909	\$ -	\$ -	\$ -
Money market mutual funds	662,286	-	-	-	662,286
Corporate securities	2,451,780	-	494,525	1,957,255	-
	<u>\$ 25,696,975</u>	<u>\$ 22,582,909</u>	<u>\$ 494,525</u>	<u>\$ 1,957,255</u>	<u>\$ 662,286</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. The Town's investments are not exposed to custodial credit risk because they are either not evidenced by securities that exist in physical or book entry form or they are held by a reputable custodian in the name of the Town.

Concentrations of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit risk disclosures. The Town places no limit on the amount of investment in any one issuer. As of June 30, 2023, none of the Town's investments, in any one issuer that is subject to concentration of credit risk disclosures, exceeded 5.0% or more of the total investments reported for the Town's governmental activities or fiduciary funds.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than those in Level 1; and
- Level 3: Unobservable inputs.

Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - FAIR VALUE MEASUREMENTS *(Continued)*

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2023, by level within the fair value hierarchy are presented in the table below:

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. Treasury securities	\$ 4,902,448	\$ -	\$ -	\$ 4,902,448
Corporate securities	-	2,451,780	-	2,451,780
Mutual funds	29,181,186	-	-	29,181,186
	<u>\$ 34,083,634</u>	<u>\$ 2,451,780</u>	<u>\$ -</u>	36,535,414
		Investments measured at amortized cost		23,245,195
				<u>\$ 59,780,609</u>

Mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 4 - LEASE RECEIVABLES

Leases (as Lessor)

The Town is a lessor for a noncancellable lease of property through January 31, 2031. The Town recognized \$11,880 in lease related revenue during the current fiscal year. As of June 30, 2023, the Town's receivable for lease payments was \$91,352. In addition the Town has recognized a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term.

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2023 are as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds		
General Fund	Nonmajor Governmental Funds	\$ 212,963
Capital and Nonrecurring Fund	General Fund	16,490
Town Grant Fund	General Fund	317,757
Nonmajor Governmental Funds	General Fund	1,423,233
		<u>\$ 1,970,443</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 EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2023 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Nonmajor Governmental Funds	\$ 6,944
Capital and Nonrecurring Fund	General Fund	2,736,750
Capital Projects Fund	Nonmajor Governmental Funds	200,000
Nonmajor Governmental Funds	General Fund	68,070
	Nonmajor Governmental Funds	200,000
		<u>268,070</u>
		<u>\$ 3,211,764</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 consisted of the following.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 5,229,174	\$ -	\$ -	\$ -	\$ 5,229,174
Construction in progress	877,074	861,967	-	(370,275)	1,368,766
Total capital assets, not being depreciated	<u>6,106,248</u>	<u>861,967</u>	<u>-</u>	<u>(370,275)</u>	<u>6,597,940</u>
Capital assets, being depreciated:					
Buildings and improvements	39,506,767	180,238	-	130,446	39,817,451
Machinery and equipment	11,673,670	808,218	(1,266,846)	239,829	11,454,871
Infrastructure	53,730,223	872,872	-	-	54,603,095
Total capital assets, being depreciated	<u>104,910,660</u>	<u>1,861,328</u>	<u>(1,266,846)</u>	<u>370,275</u>	<u>105,875,417</u>
Less accumulated depreciation:					
Buildings and improvements	(24,087,308)	(1,449,686)	-	-	(25,536,994)
Machinery and equipment	(8,615,469)	(519,264)	1,133,797	-	(8,000,936)
Infrastructure	(27,344,908)	(556,145)	-	-	(27,901,053)
Total accumulated depreciation	<u>(60,047,685)</u>	<u>(2,525,095)</u>	<u>1,133,797</u>	<u>-</u>	<u>(61,438,983)</u>
Total capital assets, being depreciated, net	<u>44,862,975</u>	<u>(663,767)</u>	<u>(133,049)</u>	<u>370,275</u>	<u>44,436,434</u>
Governmental activities capital assets, net	<u>\$ 50,969,223</u>	<u>\$ 198,200</u>	<u>\$ (133,049)</u>	<u>\$ -</u>	<u>\$ 51,034,374</u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 - CAPITAL ASSETS (Continued)

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

Governmental Activities:	
Public safety	\$ 181,510
Public works	1,655,873
Community services	50,983
Education	636,729
Total depreciation and amortization expense	<u>\$ 2,525,095</u>

NOTE 8 - LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
<i>Long-term Debt:</i>					
Bonds payable:					
General obligation bonds	\$ 4,315,000	\$ -	\$ (285,000)	\$ 4,030,000	\$ 285,000
Unamortized premium	55,695	-	(6,994)	48,701	-
Total bonds payable	4,370,695	-	(291,994)	4,078,701	285,000
<i>Other Long-term Obligations:</i>					
Notes payable	1,833,125	-	(40,147)	1,792,978	41,251
Compensated absences	1,330,286	35,548	(10,146)	1,355,688	607,919
Heart and hypertension obligations	156,269	-	(8,834)	147,435	-
Net pension liability (see Note 9)	9,041,352	(424,509)	-	8,616,843	-
Net OPEB liability (see Note 11)	866,614	705,631	-	1,572,245	-
	<u>\$ 17,598,341</u>	<u>\$ 316,670</u>	<u>\$ (351,121)</u>	<u>\$ 17,563,890</u>	<u>\$ 934,170</u>

Long-term liabilities are typically liquidated in the General Fund.

General Obligation Bonds and Notes

The Town issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes are uncollateralized, direct obligations and are pledged by the full faith and credit of the Town. General obligation bonds and notes outstanding at June 30, 2023, are as follows:

Purpose of Bonds	Fiscal Date of Issue	Original Issue	Interest Rates	Fiscal Maturity Date	Amount Outstanding
Governmental Activities					
Bonds payable:					
General Obligation Bonds	2016	\$ 5,740,000	2.0% - 3.0%	2037	<u>\$ 4,030,000</u>
Notes payable:					
Rural Development Loan	2012	2,180,000	2.375%	2052	<u>\$ 1,792,978</u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the statute. Further, the statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The statute does exclude from the Town's aggregate debt calculation any debt issued (a) in anticipation of taxes; (b) for water, gas, or electricity supply, electric demand response, conservation and load management, distributed generation, renewable energy projects, cable, wire, and pipe subway construction, underground cable, wire, and pipe conduit construction, constructing and operating a municipal community antenna television system, or a combination of such projects; (c) in anticipation of public improvement benefit assessment revenue; (d) in anticipation of state or federal grant funding; (e) for water pollution control projects in order to meet the energy and environmental protection commissioner's abatement order requirements; and debt issued (f) for which funds have been placed in escrow (from the proceeds of refunding bonds, notes, or other obligations or other municipal funds) in an amount sufficient, together with investment earnings, to provide for the payment when due of the principal of and interest on such debt. The Town did not exceed this statutory debt limitation as of June 30, 2023.

Authorized, Unissued Bonds

As of June 30, 2023, the Town had no authorized, unissued debt.

Long-term Debt Service Requirements

The debt service requirements for the Town's long-term debt are as follows:

Year ending	Governmental Activities			
	Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
June 30:				
2024	\$ 285,000	\$ 82,595	\$ 41,251	\$ 49,307
2025	285,000	76,895	42,385	48,173
2026	285,000	71,195	43,551	47,007
2027	285,000	65,495	44,749	45,809
2028	285,000	59,795	45,979	44,579
2029-2033	1,425,000	212,549	249,573	203,217
2034-2039	1,180,000	56,209	285,829	166,961
2040-2044	-	-	327,353	125,437
2045-2050	-	-	374,908	77,882
2051-2052	-	-	337,400	23,455
	<u>\$ 4,030,000</u>	<u>\$ 624,733</u>	<u>\$ 1,792,978</u>	<u>\$ 831,827</u>

Heart and Hypertension Obligations

The Town's estimated liability for heart and hypertension obligations as of June 30, 2023 totaled \$147,435. Heart and hypertension obligations are based upon estimates of either the ultimate cost of claims to be incurred by eligible beneficiaries or the actual amount of settlements reached and unpaid as of year end. Because estimated future claim costs depend on a number of estimates, including inflation, life expectancy and expected claims frequency, it is reasonably possible that the Town's liability for heart and hypertension obligations as of June 30, 2023 will change in the near term.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 - PENSION PLANS

The Town accounts for activity relating to two defined benefit pension plans, (1) the Town of East Windsor Employees' Pension Plan (the Town Plan), and 2) the Connecticut Teachers' Retirement System. As of and for the year ended June 30, 2023, the plans had the following balances reported in the Town's government-wide financial statements:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>On-Behalf Revenues</u>	<u>Pension Expense</u>
Governmental Activities					
Town Employees' Pension Plan	\$ 8,616,843	\$ 2,388,186	\$ 146,586	\$ -	\$ 2,062,426
Connecticut Teachers' Retirement System (proportionate share)	-	-	-	4,541,585	4,541,585
	<u>\$ 8,616,843</u>	<u>\$ 2,388,186</u>	<u>\$ 146,586</u>	<u>\$ 4,541,585</u>	<u>\$ 6,604,011</u>

Detailed disclosures for each plan follow.

Town Employees' Pension Plan

The Town is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its employees. The Plan does not issue stand-alone financial statements and is part of the Town's financial reporting entity. As such, balances of the Plan as of and for the year ended June 30, 2023 are accounted for in the fiduciary fund financial statements as a pension trust fund.

Plan Description

The Plan covers all full-time employees of the Town except certified employees of the Board of Education, who are covered by a plan administered by the Connecticut State Teacher's Retirement Board, police dispatch employees hired after July 1, 2007 and clerical employees hired after January 1, 2018. Employees become eligible to participate in the Plan on the eligibility date coinciding with, or next following, a specified date of hire and completion of 1,000 hours of service. Employees are generally 100% vested after five years of continuous service, except for police personnel, which are 100% vested after ten years of service. Benefits and contributions are established and may be amended by the Town.

Plan Membership

Membership of the Plan consisted of the following as of July 1, 2022, the date of the most recent actuarial valuation:

Retirees and beneficiaries currently receiving benefits	121
Vested terminated employees	203
Active employees	<u>188</u>
	<u>512</u>

Contributions

The contribution requirements of plan members are established and may be amended by the Town Pension and Retirement Board. The Town's funding policy provides for periodic employer contributions at rates that, when expressed as a percentage of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The contribution rates for normal costs of the Plan was determined using the projected unit credit method.

Required employee contribution rates under the Plan range from 2.0% to 7.5% of covered payroll.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 - PENSION PLANS *(Continued)*

Town Employees' Pension Plan *(Continued)*

Benefit Provisions

Retirement benefits range from 1.25% to 2.25% of the participant's average annual compensation for the applicable service period multiplied by years of credited service.

Normal retirement age for public works and WPCA employees is the later of age 60 or 15 years of service; for sworn police personnel it is the later of age 50 or 25 years of service; for dispatchers it is the later of age 60 and 25 years of service; and for all other employees it is the later of age 65 and 5 years of service. Early retirement age is the later of age 55 and the completion of at least ten years of credited service.

Summary of Significant Accounting Policies

The Plan is accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments - Investments are measured at fair value, except for investments money market mutual funds which are permitted to be measured at net asset value. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Town. It is the policy of the Town to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of return - For the year ended June 30, 2023 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 11.16%. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

Investment concentrations -As of June 30, 2023, more than 5.0% of the Plan's investments were invested certain mutual funds. Disclosure of concentrations in mutual funds are not required as these investments are considered diversified by nature.

Administrative costs of the Plan are generally financed through investment earnings.

Net Pension Liability

The components of the net pension liability of the Town at June 30, 2023, were as follows:

Total pension liability	\$ 43,891,951
Less: Plan fiduciary net position	<u>(35,275,108)</u>
Town's net pension liability	<u><u>\$ 8,616,843</u></u>

Plan fiduciary net position as a percentage of the total pension liability	80.37%
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TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 - PENSION PLANS *(Continued)*

Town Employees' Pension Plan *(Continued)*

Net Pension Liability *(Continued)*

The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2023 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2022	\$ 41,180,798	\$ 32,139,446	\$ 9,041,352
Changes for the year:			
Service cost	1,090,725	-	1,090,725
Interest	2,576,646	-	2,576,646
Actuarial (gains) losses	1,200,824	-	1,200,824
Contributions - employer	-	1,275,264	(1,275,264)
Contributions - employee	-	430,545	(430,545)
Net investment income	-	3,620,985	(3,620,985)
Changes of assumptions	-	-	-
Benefit payments, including refunds	(2,157,042)	(2,157,042)	-
Administrative expense	-	(34,090)	34,090
Net changes	<u>2,711,153</u>	<u>3,135,662</u>	<u>(424,509)</u>
Balance as of June 30, 2023	<u>\$ 43,891,951</u>	<u>\$ 35,275,108</u>	<u>\$ 8,616,843</u>

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Method	Projected unit credit
Inflation	2.75 percent
Salary increases	3.50 percent
Investment rate of return	6.25 percent
Discount rate	6.25 percent

Mortality rates were based on the Pub-2010 Mortality Table with generational projection per the MP-2021 Ultimate Scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 - PENSION PLANS *(Continued)*

Town Employees' Pension Plan *(Continued)*

Net Pension Liability *(Continued)*

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	60.00%	7.11%
Fixed Income	40.00%	4.82%

Discount rate - The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Town, calculated using the discount rate of 6.25%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Net pension liability	\$ 13,838,429	\$ 8,616,843	\$ 4,197,546

Pension Expense and Deferred Outflows and Inflows of Resources

Pension expense for the year ended June 30, 2023 totaled \$2,062,426. At June 30, 2023, the Town reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferrals</u>
Differences between expected and actual experience	\$ 1,229,686	\$ 31,752	\$ 1,197,934
Changes of assumptions	430,070	114,834	315,236
Net difference between projected and actual earnings on pension plan investments	728,430	-	728,430
Total	<u>\$ 2,388,186</u>	<u>\$ 146,586</u>	<u>\$ 2,241,600</u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 - PENSION PLANS *(Continued)*

Town Employees' Pension Plan *(Continued)*

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

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

Year ended June 30,	
2024	\$ 694,411
2025	481,230
2026	1,333,334
2027	(267,375)
	<u>\$ 2,241,600</u>

Payable to the Pension Plan

At June 30, 2023, the Town did not report a payable for any contributions outstanding to the pension plan.

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System (TRS or the Plan) is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board (TRB). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in the service of public schools are provided with pensions through the Connecticut Teachers' Retirement System - a cost sharing multi-employer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions

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

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

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

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Benefit Provisions

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

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2.0% per year of service times the average of the highest three years of pensionable salary, but not less than 15.0%, nor more than 50.0%. In addition, disability benefits under this Plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75.0% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100.0% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

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

Contributions

State of Connecticut - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State are amended and certified by the TRB and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

Employers - School District employers are not required to make contributions to the Plan, as contributions are required only from employees and the State.

Employees - Effective January 1, 2018, each teacher is required to contribute 7.0% of pensionable salary for the pension benefit.

Administrative Expenses

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

Basis of Presentation

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2022. The net pension liability has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Annual Comprehensive Financial Report can be obtained at www.ct.gov.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Basis of Presentation *(Continued)*

The accounting standards require participating employers to recognize their proportional share of the collective net pension liability, deferred outflows and inflows of resources and pension expense on the accrual basis of accounting. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.257% as of the most recent measurement date.

Collective Net Pension Liability

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2022, the measurement date, in addition to the Town's and State's proportionate shares of the collective net pension liability that is attributed to the Town:

Collective Net Pension Liability of the State for the TRS		<u>\$ 18,310,599,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net Pension Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net Pension Liability attributed to the Town	0.257%	<u>\$ 46,989,000</u>

Collective Pension Expense

The Town's expected contribution effort for allocation purposes totaled \$3,704,778 or 0.257% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2023.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the Town totaled \$4,541,585 or 0.257% of the total collective pension expense and has been recognized as an operating contribution and related education expense in the statement of activities for the year ended June 30, 2023.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% - 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

Mortality rates were based on the PubT-2010 Healthy Retiree Table, adjusted 105% for males and 103% for females as ages 82 and above, projected generationally with MP-2019 for the period after service retirement.

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3.0% and a maximum of 5.0% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6.0% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5.0% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3.0%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term Rate of Return

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

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 - PENSION PLANS *(Continued)*

Connecticut Teachers' Retirement System *(Continued)*

Long-Term Rate of Return *(Continued)*

The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.4%
Developed Market Intl. Stock Fund	11.0%	6.4%
Emerging Market Intl. Stock Fund	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%
Emerging Market Debt Fund	5.0%	3.8%
High Yield Bond Fund	3.0%	3.4%
Real Estate Fund	19.0%	5.2%
Private Equity	10.0%	9.4%
Private Credit	5.0%	6.5%
Alternative Investments	3.0%	3.1%
Liquidity Fund	2.0%	-0.4%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 10 - OTHER RETIREMENT PLANS

The Town offers eligible employees participation in a deferred compensation plan and a defined contribution plan. All amounts contributed to the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. In addition, the Town has no liability for losses under the plans. Therefore, the plans are not reported in the basic financial statements of the Town.

Deferred Compensation Plan - The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Defined Contribution Plan - The Town offers a defined contribution plan to employees that are participants in a hybrid plan or ineligible to participate in the Town's Defined Benefit Pension Plan. Plan provisions are established by and may be amended by the Board of Selectman. Under the Plan, participants are required to make contributions between 2% and 5% of their annual compensation and the Town is required to make contributions between 3% and 5% of their annual compensation. Contributions made by the Town for the year ended June 30, 2023 totaled \$114,305.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Town accounts for activity relating to two other post-employment benefits plans, (1) the Town of East Windsor Employees' Other Post-Employment Benefit Plan and (2) the Connecticut Teachers' Retirement System. As of and for the year ended June 30, 2023, the two plans had the following balances reported in the Town's government-wide financial statements:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	On-Behalf Revenues	OPEB Expense
Governmental Activities					
Town and Board of Education	\$ 1,572,245	\$ 781,980	\$ 1,512,849	\$ -	\$ (3,952)
Other Post-employment Benefit Plan					
Connecticut Teachers' Retirement System					
(proportionate share)	-	-	-	248,054	248,054
	<u>\$ 1,572,245</u>	<u>\$ 781,980</u>	<u>\$ 1,512,849</u>	<u>\$ 248,054</u>	<u>\$ 244,102</u>

Detailed disclosures for each plan follow.

Town and Board of Education Plan

Plan Description

The Town, in accordance with various collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees and their spouses. The Post-Retirement Medical Program (the Plan), is accounted for as a single-employer defined benefit plan. The Plan provides healthcare insurance benefits for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Benefit provisions are established by the Town and the General Statutes of the State of Connecticut. The Plan is considered to be part of the Town's financial reporting entity. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Plan Provisions

Teachers and administrators: Teachers or administrators retiring under the Connecticut State Teachers Retirement System are eligible to receive health benefits for self and spouse with 100% contribution of premiums.

Police and dispatchers: Police who retire with at least 20 years of service are eligible for coverage to the extent the retiree is not eligible to receive health insurance benefits from another employer and those benefits are either substantially equivalent or better than those currently in effect. Dispatchers hired before June 30, 2018 and who retire with at least 20 years of service are eligible for coverage. Police and dispatchers contribute 25% or 50% of their premiums and 50% or 75% of premiums for eligible family members based on years of experience.

Town hall, public works, Board of Education non-certified and unaffiliated personnel: Eligible to receive health benefits with 100% contribution of premiums.

Plan Membership

Membership of the Plan consisted of the following as of July 1, 2022, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	16
Active employees	<u>301</u>
	<u>317</u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Town and Board of Education Plan *(Continued)*

Funding Policy

Contribution requirements of the plan members and the Town are established under the provisions of various collective bargaining agreements and in accordance with the General Statutes of the State of Connecticut. The Town began funding the benefits in a trust fund during the year ended June 30, 2012. Town contributions totaled \$180,166 for the year ended June 30, 2023 and included \$4,069 contributed directly into the Trust.

Summary of Significant Accounting Policies

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

Investments - Investments are measured at fair value, except for investments money market mutual funds which are permitted to be measured at net asset value. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date. The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Town. It is the policy of the Town to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of return - For the year ended June 30, 2023 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 11.42%. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

Investment concentrations - As of June 30, 2023, more than 5.0% of the OPEB Plan's investments were invested certain mutual funds. Disclosure of concentrations in mutual funds are not required as these investments are considered diversified by nature.

Administrative costs of the Plan are generally financed through investment earnings.

Net OPEB Liability

The components of the Town's net OPEB liability related to its OPEB Plan as of June 30, 2023, was as follows:

Total OPEB liability	\$ 3,324,333
Less: Plan fiduciary net position	<u>(1,752,088)</u>
Town's net OPEB liability	<u>\$ 1,572,245</u>
Plan fiduciary net position as a percentage of the total OPEB liability	52.70%

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Town and Board of Education Plan *(Continued)*

Net OPEB Liability *(Continued)*

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The total OPEB liability was determined by an actuarial valuation date as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Method	Entry age normal
Inflation	2.30 percent
Salary increases	3.50 percent or graded by service for Teachers and Administrators
Investment rate of return	6.25 percent
Discount rate	6.25 percent
Healthcare cost trend rates	6.4 percent to 4.0 percent over 51 years

Mortality rates were based on the Pub-2010 mortality tables with general projection of future improvements per the MP-2021 Ultimate Table.

The long-term expected rate of returns on OPEB Plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	60.00%	7.11%
Fixed Income	40.00%	4.82%

Discount rate - The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Town and Board of Education Plan *(Continued)*

Changes in Net OPEB Liability

The components of the change in the net OPEB liability of the Town Plan for the year ended June 30, 2023 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance as of June 30, 2022	\$ 2,461,536	\$ 1,594,922	\$ 866,614
Changes for the year:			
Service cost	69,113	-	69,113
Interest	152,745	-	152,745
Changes of assumptions	104,826	-	104,826
Actuarial (gains) losses	712,210	-	712,210
Contributions - employer	-	180,166	(180,166)
Net investment income	-	180,797	(180,797)
Benefit payments, including refunds	(176,097)	(176,097)	-
Administrative expense	-	(27,700)	27,700
Net changes	862,797	157,166	705,631
Balance as of June 30, 2023	<u>\$ 3,324,333</u>	<u>\$ 1,752,088</u>	<u>\$ 1,572,245</u>

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the Town's net OPEB liability for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount	1% Increase
Net OPEB liability	\$ 1,856,877	\$ 1,572,245	\$ 1,314,772

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the Town's net OPEB liability for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	\$ 1,251,187	\$ 1,572,245	\$ 1,942,386

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Town and Board of Education Plan *(Continued)*

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, the Town recognized an OPEB benefit of \$3,952. As of June 30, 2023, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferrals</u>
Differences between expected and actual experience	\$ 659,474	\$ 1,376,653	\$ (717,179)
Changes of assumptions	90,660	136,196	(45,536)
Net difference between projected and actual earnings on pension plan investments	31,846	-	31,846
Total	<u>\$ 781,980</u>	<u>\$ 1,512,849</u>	<u>\$ (730,869)</u>

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

Year ended June 30,	
2024	\$ (211,759)
2025	(228,342)
2026	(177,520)
2027	(243,369)
2028	(24,449)
Thereafter	154,570
	<u>\$ (730,869)</u>

Connecticut Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System (TRS or the Plan) is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multi-employer pension plan administered by the Connecticut State Teachers' Retirement Board (TRB). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System - a cost sharing multi-employer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Connecticut Teachers' Retirement System *(Continued)*

Benefit Provisions

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

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, with any remaining portion used to offset the school district's costs. The subsidy amount is set by statute. A subsidy amount of \$440 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$440 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

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

Contributions

State of Connecticut - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

Employers - School District employers are not required to make contributions to the Plan.

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

Administrative Expenses

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

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Connecticut Teachers' Retirement System *(Continued)*

Basis of Presentation

The components associated with the other postemployment benefits (OPEB) expense and deferred outflows and inflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2022. The net OPEB liability has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Annual Comprehensive Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net OPEB liability, deferred outflows and inflows of resources and OPEB expense on the accrual basis of accounting. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution for each participating employer. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to the District totaled 0.257% as of the most recent measurement date.

Collective Net OPEB Liability

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2022, the measurement date, in addition to the Town's and State's proportionate shares of the collective net OPEB liability that is attributed to the Town:

Collective Net OPEB Liability of the State for the TRS		<u>\$ 1,603,585,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net OPEB Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net OPEB Liability attributed to the Town	0.257%	<u>\$ 4,115,000</u>

Collective OPEB Expense

The Town's expected contribution effort for allocation purposes totaled \$52,400 or 0.257% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2023.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Connecticut Teachers' Retirement System *(Continued)*

Collective OPEB Expense *(Continued)*

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective OPEB expense attributed to the Town totaled \$248,054 or 0.257% of the total collective OPEB expense and has been recognized as an operating contribution and related education expense in the statement of activities for the year ended June 30, 2023.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurements:

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Discount rate	3.53%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Medicare	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.5% by 2031

Mortality rates were based on the PubT-2010 Healthy Retiree Table, adjusted 105% for males and 103% for females as ages 82 and above, projected generationally with MP-2019 for the period after service retirement.

Long-Term Rate of Return

The long-term expected rate of return on plan assets is reviewed as part of the actuarial valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Treasuries (Cash Equivalents)	100.0%	-0.98%

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Connecticut Teachers' Retirement System *(Continued)*

Discount Rate

The discount rate used to measure the total OPEB liability was 3.53%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2022. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate of 3.54% was used in the determination of the single equivalent rate of 3.53%.

NOTE 12 - FUND BALANCE

Fund Balance Policy

It is the Town's policy to maintain a fund balance in the General Fund between 10% and 20% of operating expenditures. A gradual increase of 1% per year is required under this policy to restore the General Fund unassigned balance should it fall below the minimum level. As of June 30, 2023, unassigned fund balance in the General Fund represented 24.5% of the Town's approved budgeted operating revenues for the fiscal year 2023-2024 General Fund budget.

The various components of fund balance as of June 30, 2023 are as follows:

	<u>General Fund</u>	<u>Capital and Nonrecurring Fund</u>	<u>Capital Projects Fund</u>	<u>Town Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:						
Prepaid and inventories	\$ 1,000	\$ -	\$ -	\$ -	\$ 4,802	\$ 5,802
Restricted for:						
Small Cities grant program	-	-	-	-	39,284	39,284
Town programs	-	-	-	104,265	253,410	357,675
Maintenance of cemeteries	-	-	-	-	5,439	5,439
Educational activities	-	-	-	-	611,058	611,058
Roads and dams	-	-	493,108	-	-	493,108
	<u>-</u>	<u>-</u>	<u>493,108</u>	<u>104,265</u>	<u>909,191</u>	<u>1,506,564</u>
						<i>(Continued)</i>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 12 - FUND BALANCE (Continued)

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Town Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Committed for:						
Capital purposes	\$ -	\$ 6,245,191	\$ 2,607	\$ -	\$ 94,096	\$ 6,341,894
Other purposes:						
Heart & hypertension	350,727	-	-	-	-	350,727
Storm emergencies	163,982	-	-	-	-	163,982
BOE Nonlapsing	478,380	-	-	-	-	478,380
Parks and recreation programs	-	-	-	-	19,847	19,847
Police	-	-	-	-	109,017	109,017
Sewer operations	-	-	-	-	1,969,050	1,969,050
Assessments - debt service	-	-	-	-	898,119	898,119
Pre-K	-	-	-	-	24,552	24,552
School cafeteria	-	-	-	-	276,873	276,873
Family resource center	-	-	-	-	72,162	72,162
Youth services	-	-	-	-	105,857	105,857
Broad Brook Fire Department	-	-	-	-	180,527	180,527
Other purposes	-	-	-	-	54,382	54,382
	993,089	-	-	-	3,710,386	4,703,475
Assigned to:						
Use in fiscal year 2023 budget	1,200,000	-	-	-	-	1,200,000
Encumbrances - public works	35,975	-	-	-	-	35,975
Encumbrances - education	262,880	-	-	-	-	262,880
	1,498,855	-	-	-	-	1,498,855
Unassigned	10,858,186	-	-	-	-	10,858,186
	<u>\$ 13,351,130</u>	<u>\$ 6,245,191</u>	<u>\$ 495,715</u>	<u>\$ 104,265</u>	<u>\$ 4,718,475</u>	<u>\$ 24,914,776</u>

NOTE 13 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except workers' compensation and liability-automobile-property insurance for which it participates in risk sharing pools. During the year ended June 30, 2023 deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. In addition, there have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

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

Workers' Compensation Pool

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

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 13 - RISK MANAGEMENT (Continued)

Liability-Automobile-Property Pool

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

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Federal Awards and State Financial Assistance

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

Legal Contingencies

The Town, in the normal course of operations, is named as defendants in lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. The outcome and eventual liability to the Town, if any, for such matters are 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 matters would not materially affect the financial position of the Town.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
REVENUES				
Property taxes	\$ 34,960,697	\$ 34,960,697	\$ 35,147,410	\$ 186,713
Intergovernmental	6,546,050	6,546,050	6,832,722	286,672
Local revenues	579,220	579,220	3,121,349	2,542,129
Revenues from use of money	25,000	25,000	506,048	481,048
Total revenues	<u>42,110,967</u>	<u>42,110,967</u>	<u>45,607,529</u>	<u>3,496,562</u>
EXPENDITURES				
Current:				
General government	2,360,280	2,459,734	2,368,102	(91,632)
Public safety	4,076,811	4,110,026	3,984,415	(125,611)
Public works	3,846,774	3,924,961	3,838,181	(86,780)
Community services	1,065,337	1,194,508	1,136,323	(58,185)
Employee benefits	3,460,562	3,425,562	3,239,212	(186,350)
Contingency	180,000	73,223	71,673	(1,550)
Debt service	<u>1,128,133</u>	<u>483,133</u>	<u>465,278</u>	<u>(17,855)</u>
Total Town	16,117,897	15,671,147	15,103,184	(567,963)
Current:				
Education	<u>25,725,000</u>	<u>25,725,000</u>	<u>25,686,051</u>	<u>(38,949)</u>
Total expenditures	<u>41,842,897</u>	<u>41,396,147</u>	<u>40,789,235</u>	<u>(606,912)</u>
Excess of revenues over expenditures	268,070	714,820	4,818,294	4,103,474
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	750,000	2,060,000	-	(2,060,000)
Transfers in	-	-	6,944	6,944
Transfers out	<u>(1,018,070)</u>	<u>(2,774,820)</u>	<u>(2,774,820)</u>	<u>-</u>
Total other financing sources (uses)	<u>(268,070)</u>	<u>(714,820)</u>	<u>(2,767,876)</u>	<u>(2,053,056)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,050,418</u>	<u>\$ 2,050,418</u>

See accompanying notes to required supplementary information.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
PENSION PLAN (UNAUDITED)
LAST TEN FISCAL YEARS
(Rounded to Nearest Thousand)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 1,091,000	\$ 1,064,000	\$ 797,000	\$ 1,049,000	\$ 875,000	\$ 901,000	\$ 801,000	\$ 778,000	\$ 668,000	\$ 667,000
Interest	2,576,000	2,463,000	2,373,000	2,289,000	2,112,000	2,019,000	1,916,000	1,817,000	1,681,000	1,602,000
Changes in benefit terms	3,000	(107,000)	122,000	-	-	-	-	-	-	-
Differences between expected and actual experience	1,349,000	394,000	(71,000)	(31,000)	319,000	270,000	(62,000)	561,000	-	-
Changes of assumptions	(151,000)	-	545,000	1,042,000	-	-	2,301,000	-	-	-
Benefit payments, including refunds	(2,157,000)	(1,936,000)	(1,772,000)	(1,591,000)	(1,498,000)	(1,337,000)	(1,258,000)	(1,126,000)	(1,159,000)	(1,007,000)
Net change in total pension liability	2,711,000	1,878,000	1,994,000	2,758,000	1,808,000	1,853,000	3,698,000	2,030,000	1,190,000	1,262,000
Total pension liability - beginning	41,181,000	39,303,000	37,309,000	34,551,000	32,743,000	30,890,000	27,192,000	25,162,000	23,972,000	22,710,000
Total pension liability - ending	43,892,000	41,181,000	39,303,000	37,309,000	34,551,000	32,743,000	30,890,000	27,192,000	25,162,000	23,972,000
Plan fiduciary net position										
Contributions - employer	1,275,000	1,497,000	1,414,000	1,345,000	1,307,000	1,229,000	967,000	913,000	959,000	939,000
Contributions - members	431,000	397,000	314,000	302,000	298,000	295,000	290,000	300,000	252,000	272,000
Net investment income	3,621,000	(4,516,000)	7,084,000	1,739,000	1,572,000	2,281,000	2,194,000	524,000	917,000	2,776,000
Benefit payments, including refunds	(2,157,000)	(1,936,000)	(1,772,000)	(1,591,000)	(1,498,000)	(1,337,000)	(1,258,000)	(1,126,000)	(1,042,000)	(1,007,000)
Administrative expense	(35,000)	(31,000)	(39,000)	(31,000)	(22,000)	(26,000)	(24,000)	(38,000)	(40,000)	(30,000)
Net change in plan fiduciary net position	3,135,000	(4,589,000)	7,001,000	1,764,000	1,657,000	2,442,000	2,169,000	573,000	1,046,000	2,950,000
Plan fiduciary net position - beginning	32,140,000	36,729,000	29,728,000	27,964,000	26,307,000	23,865,000	21,696,000	21,123,000	20,077,000	17,127,000
Plan fiduciary net position - ending	35,275,000	32,140,000	36,729,000	29,728,000	27,964,000	26,307,000	23,865,000	21,696,000	21,123,000	20,077,000
Town's net pension liability	\$ 8,617,000	\$ 9,041,000	\$ 2,574,000	\$ 7,581,000	\$ 6,587,000	\$ 6,436,000	\$ 7,025,000	\$ 5,496,000	\$ 4,039,000	\$ 3,895,000
Plan fiduciary net position as a percentage of total pension liability	80.37%	78.05%	93.45%	79.68%	80.94%	80.34%	77.26%	79.79%	83.95%	83.75%
Covered payroll	\$ 8,946,515	\$ 9,609,334	\$ 10,028,745	\$ 8,330,913	\$ 8,385,439	\$ 7,839,918	\$ 7,520,064	\$ 6,477,145	\$ 6,617,466	\$ 6,035,101
Town's net pension liability as a percentage of covered payroll	96.32%	94.09%	25.67%	91.00%	78.55%	82.09%	93.42%	84.85%	61.04%	64.54%

See accompanying notes to required supplementary information.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS -
PENSION PLAN (UNAUDITED)
LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,275,264	\$ 1,496,613	\$ 1,413,241	\$ 1,344,995	\$ 1,306,989	\$ 1,228,568	\$ 946,526	\$ 862,350	\$ 959,089	\$ 938,840
Contributions in relation to the actuarially determined contribution	<u>1,275,264</u>	<u>1,496,613</u>	<u>1,413,241</u>	<u>1,344,995</u>	<u>1,306,989</u>	<u>1,228,568</u>	<u>966,582</u>	<u>912,750</u>	<u>959,089</u>	<u>938,840</u>
Contribution (excess) deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,056)</u>	<u>\$ (50,400)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,946,515	\$ 9,609,334	\$ 10,028,745	\$ 8,330,913	\$ 8,385,439	\$ 7,839,918	\$ 7,520,064	\$ 6,477,145	\$ 6,617,466	\$ 6,035,101
Contributions as a percentage of covered payroll	14.25%	15.57%	14.09%	16.14%	15.59%	15.67%	12.85%	14.09%	14.49%	15.56%
Annual money-weighted rate of return, net of investment expense	11.16%	-12.10%	24.12%	6.29%	6.05%	9.68%	10.16%	2.50%	4.54%	16.12%

See accompanying notes to required supplementary information.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY -
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST NINE FISCAL YEARS*
(Rounded to nearest thousand)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability attributed to the Town	46,989,000	38,052,000	48,045,000	44,910,000	34,629,000	34,283,000	36,169,000	26,839,000	24,807,000
Total	<u>\$ 46,989,000</u>	<u>\$ 38,052,000</u>	<u>\$ 48,045,000</u>	<u>\$ 44,910,000</u>	<u>\$ 34,629,000</u>	<u>\$ 34,283,000</u>	<u>\$ 36,169,000</u>	<u>\$ 26,839,000</u>	<u>\$ 24,807,000</u>
Town's covered payroll	\$ 11,731,000	\$ 11,474,000	\$ 11,097,000	\$ 11,547,000	\$ 11,368,000	\$ 10,871,000	\$ 10,478,000	\$ 9,992,000	\$ 9,631,000
Town's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective pension liability	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY -
OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)
LAST SEVEN FISCAL YEARS*
(Rounded to Nearest Thousand)

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	\$ 69,000	\$ 58,000	\$ 69,000	\$ 114,000	\$ 159,000	\$ 121,000	\$ 113,000
Interest	153,000	150,000	309,000	306,000	276,000	268,000	260,000
Changes in benefit terms	-	-	(1,000)	-	-	-	-
Differences between expected and actual experience	712,000	-	(2,315,000)	-	1,131,000	-	-
Changes of assumptions	105,000	-	(180,000)	-	(763,000)	-	-
Benefit payments, including refunds	(177,000)	(159,000)	(311,000)	(320,000)	(306,000)	(284,000)	(230,000)
Net change in total OPEB liability	862,000	49,000	(2,429,000)	100,000	497,000	105,000	143,000
Total OPEB liability - beginning	2,462,000	2,413,000	4,842,000	4,742,000	4,245,000	4,140,000	3,997,000
Total OPEB liability - ending	3,324,000	2,462,000	2,413,000	4,842,000	4,742,000	4,245,000	4,140,000
Plan fiduciary net position							
Contributions	180,000	179,000	391,000	445,000	436,000	349,000	351,000
Net investment income	181,000	(216,000)	347,000	73,000	69,000	78,000	73,000
Benefit payments, including refunds	(177,000)	(159,000)	(311,000)	(320,000)	(306,000)	(284,000)	(230,000)
Administrative expense	(28,000)	(25,000)	(3,000)	(27,000)	(5,000)	(23,000)	(4,000)
Net change in plan fiduciary net position	156,000	(221,000)	424,000	171,000	194,000	120,000	190,000
Plan fiduciary net position - beginning	1,595,000	1,816,000	1,392,000	1,221,000	1,027,000	907,000	717,000
Plan fiduciary net position - ending	1,751,000	1,595,000	1,816,000	1,392,000	1,221,000	1,027,000	907,000
Town's net OPEB liability	\$ 1,573,000	\$ 867,000	\$ 597,000	\$ 3,450,000	\$ 3,521,000	\$ 3,218,000	\$ 3,233,000
Plan fiduciary net position as a percentage of total OPEB liability	52.68%	64.78%	75.26%	28.75%	25.75%	24.19%	21.91%
Covered payroll	\$ 20,622,629	\$ 19,500,635	\$ 19,500,635	\$ 19,526,175	\$ 19,526,175	\$ 19,046,175	\$ 19,046,175
Town's net pension liability as a percentage of covered payroll	7.63%	4.45%	3.06%	17.67%	18.03%	16.90%	16.97%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS -
OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)
LAST SEVEN FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 148,592	\$ 166,855	\$ 405,936	\$ 399,903	\$ 350,117	\$ 337,621	\$ 297,826
Contributions in relation to the actuarially determined contribution:	180,166	179,419	390,886	444,902	436,469	348,860	351,387
Contribution (excess) deficiency	<u>\$ (31,574)</u>	<u>\$ (12,564)</u>	<u>\$ 15,050</u>	<u>\$ (44,999)</u>	<u>\$ (86,352)</u>	<u>\$ (11,239)</u>	<u>\$ (53,561)</u>
Covered payroll	\$ 20,622,629	\$ 19,500,635	\$ 19,500,635	\$ 19,526,175	\$ 19,526,175	\$ 19,046,175	\$ 19,046,175
Contributions as a percentage of covered payroll	0.87%	0.92%	2.00%	2.28%	2.24%	1.83%	1.84%
Annual money-weighted rate of return, net of investment expense	11.42%	-11.93%	24.62%	5.72%	6.65%	8.55%	9.41%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY -
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST SIX FISCAL YEARS*
(Rounded to Nearest Thousand)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the Town	4,115,000	4,146,000	7,166,000	7,004,039	6,922,000	8,824,000
Total	<u>\$ 4,115,000</u>	<u>\$ 4,146,000</u>	<u>\$ 7,166,000</u>	<u>\$ 7,004,039</u>	<u>\$ 6,922,000</u>	<u>\$ 8,824,000</u>
Town's covered employee payroll	\$ 11,731,000	\$ 11,474,000	\$ 11,097,000	\$ 11,547,000	\$ 11,368,000	\$ 10,871,000
Town's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total collective OPEB liability	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%

* This schedule is intended to show information for ten years and additional years' information will be displayed as it becomes available.

See accompanying notes to required supplementary information.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - BUDGETARY INFORMATION

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- The Board of Finance prepares the budget from information furnished by various Town departments and Board of Selectmen recommendations. The operating budgets include proposed expenditures and the means of financing them.
- The budget is presented at a public hearing before being formally voted on at a Town Referendum.
- The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established at the department, office, board or commission level.
- Additional appropriations may be made during the year based upon recommendations of the Board of Finance and subject to Town meeting approval.
- Formal budgetary integration is employed as a management control device during the year.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and, if necessary, Town Meeting approval.
- The budget is prepared on the modified accrual basis of accounting. "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.
- Generally, all unexpended appropriations lapse at year-end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP basis).

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 - BUDGETARY INFORMATION (Continued)

A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2023:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Uses</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 45,607,529	\$ 40,789,235	\$ (2,767,876)	\$ 2,050,418
"On-behalf" payments - State Teachers Retirement Fund	3,757,178	3,757,178	-	-
Change in encumbrances	-	(298,855)	-	298,855
Reimbursement for certain grant costs recorded as a reduction to expenditures for budgetary purposes	617,543	617,543	-	-
Budgetary perspective differences funds combined for GAAP financial reporting purposes:				
Warehouse Point Fire Fund	37,558	26,974	-	10,584
Reclassification of transfers	-	(30,000)	(30,000)	-
GAAP basis	<u>\$ 50,019,808</u>	<u>\$ 44,862,075</u>	<u>\$ (2,797,876)</u>	<u>\$ 2,359,857</u>

NOTE 2 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY - TOWN EMPLOYEE PENSION PLAN

The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2022.

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

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

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - TOWN EMPLOYEE PENSION PLAN

The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates for 2023 are as follows:

Actuarial cost method:	Projected Unit Credit
Amortization method:	Level percent
Remaining amortization period:	Closed 12 years
Asset valuation method:	Market value
Investment rate of return:	6.25%
Salary increases:	3.50%

Mortality PubG-2010 Combined Healthy Mortality with generational projection per MP-2019 Ultimate Scale.

NOTE 4 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY - CONNECTICUT TEACHERS' RETIREMENT SYSTEM

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2022. The liabilities were estimated based on a measurement date of June 30, 2022. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. This information is utilized by the Town for reporting as of June 30, 2023.

Benefit Changes - There were no benefit term changes that had a significant effect on the measurement of the collective net pension liability reported as of June 30, 2023.

Assumption Changes - There were no changes in assumptions that had a significant effect on the measurement of the collective net pension liability reported as of June 30, 2023.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN

The Town began to report this schedule when it implemented GASB Statement No. 74, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2017. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2021.

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

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

NOTE 6 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - OTHER POST-EMPLOYMENT BENEFITS PLAN

The Town began to report this schedule when it implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in fiscal year 2017. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarially determined contributions rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates for 2023 are as follows:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level Percentage
Remaining amortization period:	18 years, closed
Asset valuation method:	Market value
Actuarial assumptions:	
Investment rate of return	6.25%
Discount rate	6.25%
Inflation rate	2.60%
Healthcare cost trend rate:	Initial 5.30%
	Ultimate 4.10%

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT TEACHERS' RETIREMENT SYSTEM

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2022. The liabilities were estimated based on a measurement date of June 30, 2022. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. This information is utilized by the Town for reporting as of June 30, 2023.

Benefit Changes - There were no benefit term changes that had a significant effect on the measurement of the collective net OPEB liability reported as of June 30, 2023.

Assumption Changes - The following assumption changes had a significant effect on the measurement of the collective net OPEB liability reported as of June 30, 2023.

- The discount rate was increased from 2.17% to 3.53% to reflect the change in the Municipal Bond Index rate.
- The expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019.
- The expected rate of inflation was decreased and the Real Wage Growth assumption was increased.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET - GENERAL FUND
AS OF JUNE 30, 2023

	General Fund	Heart & Hypertension Fund	Storm Emergency Fund	Warehouse Point Fire Fund	BOE Nonlapsing Fund	Eliminations	Combined General Fund
ASSETS							
Cash and cash equivalents	\$ 17,014,683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,014,683
Receivables:							
Property taxes and interest, net	1,403,416	-	-	-	-	-	1,403,416
Lease	91,352	-	-	-	-	-	91,352
Other	29,157	-	-	890	-	-	30,047
Due from other funds	212,963	350,727	163,982	29,289	478,380	(1,022,378)	212,963
Other	1,000	-	-	-	-	-	1,000
Total assets	<u>\$ 18,752,571</u>	<u>\$ 350,727</u>	<u>\$ 163,982</u>	<u>\$ 30,179</u>	<u>\$ 478,380</u>	<u>\$ (1,022,378)</u>	<u>\$ 18,753,461</u>
LIABILITIES							
Accounts payable	\$ 1,212,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,212,312
Salaries and benefits payable	400,688	-	-	-	-	-	400,688
Due to other funds	2,779,858	-	-	-	-	(1,022,378)	1,757,480
Deposits payable	637,018	-	-	-	-	-	637,018
Total liabilities	<u>5,029,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,022,378)</u>	<u>4,007,498</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	1,303,481	-	-	-	-	-	1,303,481
Lease related	91,352	-	-	-	-	-	91,352
Total deferred inflows of resources	<u>1,394,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,394,833</u>
FUND BALANCES							
Nonspendable	1,000	-	-	-	-	-	1,000
Committed	-	350,727	163,982	-	478,380	-	993,089
Assigned	1,498,855	-	-	-	-	-	1,498,855
Unassigned	10,828,007	-	-	30,179	-	-	10,858,186
Total fund balances	<u>12,327,862</u>	<u>350,727</u>	<u>163,982</u>	<u>30,179</u>	<u>478,380</u>	<u>-</u>	<u>13,351,130</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,752,571</u>	<u>\$ 350,727</u>	<u>\$ 163,982</u>	<u>\$ 30,179</u>	<u>\$ 478,380</u>	<u>\$ (1,022,378)</u>	<u>\$ 18,753,461</u>

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Heart & Hypertension Fund	Storm Emergency Fund	Warehouse Point Fire Fund	BOE Nonlapsing Fund	Eliminations	Combined General Fund
REVENUES							
Property taxes	\$ 35,147,410	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,147,410
Intergovernmental	11,207,443	-	-	-	-	-	11,207,443
Charges for services	3,121,299	-	-	37,558	-	-	3,158,857
Investment earnings	506,048	-	-	-	-	-	506,048
Other	50	-	-	-	-	-	50
Total revenues	<u>49,982,250</u>	<u>-</u>	<u>-</u>	<u>37,558</u>	<u>-</u>	<u>-</u>	<u>50,019,808</u>
EXPENDITURES							
Current:							
General government	2,368,102	-	-	26,974	-	-	2,395,076
Public safety	4,056,088	-	-	-	-	-	4,056,088
Public works	3,802,206	-	-	-	-	-	3,802,206
Community services	1,136,323	-	-	-	-	-	1,136,323
Employee benefits	3,239,212	-	-	-	-	-	3,239,212
Education	29,767,892	-	-	-	-	-	29,767,892
Debt service	465,278	-	-	-	-	-	465,278
Total expenditures	<u>44,835,101</u>	<u>-</u>	<u>-</u>	<u>26,974</u>	<u>-</u>	<u>-</u>	<u>44,862,075</u>
Excess of revenues over expenditures	5,147,149	-	-	10,584	-	-	5,157,733
OTHER FINANCING SOURCES (USES)							
Transfers in	6,944	-	-	-	-	-	6,944
Transfers out	(2,804,820)	-	-	-	-	-	(2,804,820)
Total other financing sources (uses)	<u>(2,797,876)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,797,876)</u>
Net change in fund balances	2,349,273	-	-	10,584	-	-	2,359,857
Fund balances - beginning	<u>9,978,589</u>	<u>350,727</u>	<u>163,982</u>	<u>19,595</u>	<u>478,380</u>	<u>-</u>	<u>10,991,273</u>
Fund balances - ending	<u>\$ 12,327,862</u>	<u>\$ 350,727</u>	<u>\$ 163,982</u>	<u>\$ 30,179</u>	<u>\$ 478,380</u>	<u>\$ -</u>	<u>\$ 13,351,130</u>

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PROPERTY TAXES				
Current and prior year levies	\$ 34,860,697	\$ 34,860,697	\$ 34,880,849	\$ 20,152
Interest and lien fees	100,000	100,000	266,561	166,561
Total property taxes	34,960,697	34,960,697	35,147,410	186,713
INTERGOVERNMENTAL REVENUES				
Educational cost sharing grant	5,669,122	5,669,122	5,490,926	(178,196)
Adult education	15,045	15,045	15,583	538
Tax exempt property - totally disabled persons	1,650	1,650	1,937	287
Tax relief - veterans	5,850	5,850	6,256	406
Town aid road grant	270,518	270,518	265,336	(5,182)
Mashantucket Pequot and Mohegan Fund grant	15,432	15,432	15,432	-
Payment in lieu of taxes on State owned property	548,433	548,433	548,433	-
Telephone access grant	15,000	15,000	17,980	2,980
Pro-rata share of CT fines	5,000	5,000	9,238	4,238
Motor vehicle tax cap reimbursement	-	-	236,724	236,724
Revenue sharing	-	-	224,877	224,877
Total intergovernmental revenues	6,546,050	6,546,050	6,832,722	286,672
LOCAL REVENUES				
Assessor	300	300	90	(210)
Building Department	250,000	250,000	2,435,454	2,185,454
Town Clerk	220,100	220,100	344,429	124,329
Land use permits	13,800	13,800	19,635	5,835
Dial-A-Ride	3,000	3,000	2,202	(798)
Police Department	10,500	10,500	11,715	1,215
Public Works	2,500	2,500	5,720	3,220
Treasurer	35,200	35,200	249,070	213,870
Greater Hartford Transit District	7,000	7,000	7,420	420
Parks and Recreation	32,500	32,500	41,754	9,254
Aircraft miscellaneous	4,300	4,300	3,810	(490)
Other	20	20	50	30
Total licenses, fees and charges for goods and services	579,220	579,220	3,121,349	2,542,129
REVENUES FROM THE USE OF MONEY				
Interest on deposits	25,000	25,000	506,048	481,048
Total revenues from the use of money	25,000	25,000	506,048	481,048
OTHER FINANCING SOURCES				
Appropriation of Fund Balance	750,000	2,060,000	-	(2,060,000)
Transfers in:				
Sewer Assessment Fund	-	-	6,944	6,944
Total other financing sources	750,000	2,060,000	6,944	(2,053,056)
Total revenues and other financing sources	\$ 42,860,967	\$ 44,170,967	\$ 45,614,473	\$ 1,443,506

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
GENERAL GOVERNMENT				
Selectmen	\$ 288,939	\$ 316,200	\$ 306,001	\$ (10,199)
Ethic's Commission	750	750	-	(750)
Diversity Council	900	900	375	(525)
Arts & Culture Council	4,900	4,900	4,731	(169)
Board of Finance	54,225	54,225	50,057	(4,168)
Assessor	211,903	217,007	206,326	(10,681)
Board of Assessment Appeals	3,300	3,300	786	(2,514)
Tax Collector	142,314	145,258	140,031	(5,227)
Treasurer	261,653	268,907	261,194	(7,713)
Capital improvement planning	750	750	750	-
Legal	280,000	325,000	309,805	(15,195)
Activities, Agency Fees & Associations	120,514	120,514	119,593	(921)
Information Technology	283,092	286,341	283,328	(3,013)
Town Clerk	151,873	154,835	149,080	(5,755)
Registrar of Voters	72,889	72,888	70,786	(2,102)
Planning	284,253	287,434	271,144	(16,290)
Planning & Zoning Commission	5,250	5,250	4,621	(629)
Zoning Appeals Board	2,150	2,150	450	(1,700)
Property Insurance	185,000	187,500	186,044	(1,456)
Inlands, Wetlands & Watercourse Agency	2,325	2,325	925	(1,400)
Veterans Commission	900	900	675	(225)
Agricultural Commission	750	750	700	(50)
Conservation Commission	750	750	550	(200)
Economic Development Commission	900	900	150	(750)
Total General Government	2,360,280	2,459,734	2,368,102	(91,632)
PUBLIC SAFETY				
Police Department	3,835,585	3,842,056	3,743,034	(99,022)
Police Commission	1,725	1,725	1,500	(225)
Emergency management	41,048	41,048	35,552	(5,496)
Building Department	176,471	188,215	173,321	(14,894)
Communications	21,982	36,982	31,008	(5,974)
Total Public Safety	4,076,811	4,110,026	3,984,415	(125,611)
PUBLIC WORKS				
Public Works	1,157,386	1,150,574	1,096,888	(53,686)
Town property	1,194,443	1,194,442	1,180,109	(14,333)
Road improvements	430,000	430,000	422,960	(7,040)
Building Commission	1,500	1,500	375	(1,125)
Sanitation	1,063,445	1,148,445	1,137,849	(10,596)
Total Public Works	3,846,774	3,924,961	3,838,181	(86,780)
COMMUNITY SERVICES				
Senior Services	256,042	264,179	216,753	(47,426)
Elderly Commission	750	750	-	(750)
Social Services	149,466	266,009	257,208	(8,801)
Libraries	324,750	324,750	324,750	-
Park and Recreation	333,579	338,070	337,612	(458)
Historical Commission	750	750	-	(750)
Total Community Services	1,065,337	1,194,508	1,136,323	(58,185)

(Continued)

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
EDUCATION	\$ 25,725,000	\$ 25,725,000	\$ 25,686,051	\$ (38,949)
DEBT SERVICE	1,128,133	483,133	465,278	(17,855)
EMPLOYEE BENEFITS	3,460,562	3,425,562	3,239,212	(186,350)
CONTINGENCY	180,000	73,223	71,673	(1,550)
Total expenditures	41,842,897	41,396,147	40,789,235	(606,912)
OTHER FINANCING USES				
Transfers out:				
Dog Fund	39,230	39,230	39,230	-
Youth Service Bureau Fund	28,840	28,840	28,840	-
Capital Nonrecurring Fund	950,000	2,506,750	2,506,750	-
Capital Projects Fund	-	200,000	200,000	-
Total other financing uses	1,018,070	2,774,820	2,774,820	-
Total expenditures and other financing uses	\$ 42,860,967	\$ 44,170,967	\$ 43,564,055	\$ (606,912)
				(Concluded)

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - BUDGETARY BASIS - EDUCATION
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
EDUCATION				
Teachers	\$ 12,009,950	\$ 12,009,950	\$ 12,012,765	\$ 2,815
Instructional aid/assistant	1,845,331	1,845,331	1,844,116	(1,215)
Substitutes	144,088	144,088	144,088	-
Regular employees	2,086,499	2,086,499	2,099,571	13,072
Overtime	6,525	6,525	6,525	-
Comp bonuses/incentives	260,657	260,657	264,257	3,600
Other	392,032	392,032	396,771	4,739
Group insurance	1,395,294	1,395,294	1,357,549	(37,745)
Dental	110,276	110,276	110,217	(59)
Employer share social security	644,968	644,968	648,023	3,055
Retirement contributions	528,803	528,803	528,803	-
Unemployment compensation	48,000	48,000	35,683	(12,317)
Workers' compensation	125,266	125,266	125,266	-
Purchased professional services	705,705	705,705	703,877	(1,828)
Nursing services	4,969	4,969	4,969	-
Curriculum development	4,316	4,316	4,580	264
Testing/Scoring	21,394	21,394	17,194	(4,200)
Professional educational services	24,185	24,185	36,357	12,172
Technology services	768,260	768,260	766,761	(1,499)
Sports officials	45,282	45,282	44,662	(620)
Utility Services	644,148	644,148	644,395	247
Snow plowing/Sanding	15,200	15,200	15,200	-
Cleaning services	1,764	1,764	1,764	-
Repairs and maintenance	360,404	360,404	360,091	(313)
Building maintenance	160,492	160,492	162,162	1,670
Water/Sewer	38,570	38,570	35,090	(3,480)
Other purchased property services	71,105	71,105	68,976	(2,129)
Student transportation	1,388,751	1,388,751	1,378,431	(10,320)
Postage	12,690	12,690	12,459	(231)
Tuition	1,340,850	1,340,850	1,338,020	(2,830)
Travel reimbursement	15,061	15,061	14,984	(77)
Other purchased services	1,325	1,325	1,325	-
Supplies	8,361	8,361	8,586	225
General supplies	253,990	253,990	254,620	630
Instructional supplies	102,235	102,235	99,893	(2,342)
Admin supplies	5,404	5,404	5,404	-
Textbooks	4,908	4,908	4,908	-
Other supplies	56,655	56,655	55,418	(1,237)
Technology related hardware	2,179	2,179	1,879	(300)
Instructional equipment	1,000	1,000	1,000	-
Technology software	26,705	26,705	26,280	(425)
Other equipment	1,000	1,000	1,000	-
Dues and fees	40,403	40,403	42,132	1,729
Total education	<u>\$ 25,725,000</u>	<u>\$ 25,725,000</u>	<u>\$ 25,686,051</u>	<u>\$ (38,949)</u>

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2023

TOWN										
Grand List Year	Balance Uncollected June 30, 2022	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2023
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
2021	\$ -	\$ 35,160,435	\$ 182,988	\$ 99,251	\$ -	\$ 35,244,172	\$ 34,490,433	\$ 134,109	\$ 34,624,542	\$ 753,739
2020	461,570	-	13,767	7,956	-	467,381	281,653	78,632	360,285	185,728
2019	122,091	-	8,654	1,398	-	129,347	53,934	26,789	80,723	75,413
2018	63,566	-	-	74	-	63,492	6,607	-	6,607	56,885
2017	57,069	-	4	-	-	57,073	3,001	3,406	6,407	54,072
2016	47,124	-	190	-	-	47,314	2,160	2,600	4,760	45,154
2015	37,597	-	-	-	-	37,597	952	1,311	2,263	36,645
2014	19,632	-	-	-	-	19,632	237	382	619	19,395
2013	14,867	-	-	-	-	14,867	446	978	1,424	14,421
2012	32,020	-	-	-	-	32,020	591	1,167	1,758	31,429
2011	6,427	-	-	-	-	6,427	303	532	835	6,124
2010	26	-	-	-	-	26	-	-	-	26
	<u>\$ 861,989</u>	<u>\$ 35,160,435</u>	<u>\$ 205,603</u>	<u>\$ 108,679</u>	<u>\$ -</u>	<u>\$ 36,119,348</u>	<u>\$ 34,840,317</u>	<u>\$ 249,906</u>	<u>\$ 35,090,223</u>	<u>\$ 1,279,031</u>

BROAD BROOK FIRE DISTRICT										
Grand List Year	Balance Uncollected June 30, 2022	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2023
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
2021	\$ -	\$ 974,344	\$ 244	\$ 86	\$ -	\$ 974,502	\$ 971,418	\$ 2,068	\$ 973,486	\$ 3,084
2020	2,460	-	37	68	-	2,429	2,144	888	3,032	285
	<u>\$ 2,460</u>	<u>\$ 974,344</u>	<u>\$ 281</u>	<u>\$ 154</u>	<u>\$ -</u>	<u>\$ 976,931</u>	<u>\$ 973,562</u>	<u>\$ 2,956</u>	<u>\$ 976,518</u>	<u>\$ 3,369</u>

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF DEBT LIMITATION -
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
AS OF JUNE 30, 2023

Total cash collections for the year ended
June 30, 2023:

Taxes	\$ 34,840,317
Interest and lien fees	249,906
Broad Brook Fire District (taxes, interest and liens)	976,518
Wharehouse Point Fire District (taxes, interest and liens)	987,149
Total	37,053,890

Reimbursement for revenue loss:

Tax relief (CGS 12-129d)	8,193
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Base \$ 37,062,083

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 83,389,687	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	166,779,374	-	-	-
3-3/4 times base	-	-	138,982,811	-	-
3-1/4 times base	-	-	-	120,451,770	-
3 times base	-	-	-	-	111,186,249
Total debt limitation	83,389,687	166,779,374	138,982,811	120,451,770	111,186,249
Indebtedness:					
Direct debt:					
Bonds payable	1,930,000	2,100,000	-	-	-
Notes payable	-	-	1,792,978	-	-
Authorized but unissued debt	-	-	-	-	-
	<u>1,930,000</u>	<u>2,100,000</u>	<u>1,792,978</u>	<u>-</u>	<u>-</u>
Less: grant reimbursements	-	(674,866) *	-	-	-
Total direct debt	1,930,000	1,425,134	1,792,978	-	-
Overlapping debt:					
Bonds payable - Wharehouse Point Fire District	1,733,333	-	-	-	-
Total indebtedness	3,663,333	1,425,134	1,792,978	-	-
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 79,726,354</u></u>	<u><u>\$ 165,354,240</u></u>	<u><u>\$ 137,189,833</u></u>	<u><u>\$ 120,451,770</u></u>	<u><u>\$ 111,186,249</u></u>
Total capacity of borrowing (7 times base)	\$ 259,434,581				
Total present indebtedness	6,881,445				
Margin for additional borrowing	<u><u>\$ 252,553,136</u></u>				

* Includes State of Connecticut school construction progress payments estimated to be 57.86% of eligible project costs.

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2023

	Nonmajor Special Revenue Funds								
	Park and Recreation Programs	Police Private Duty Fund	Dog Fund	Sewer Operating Fund	Sewer Assessment Fund	Sewer Capital Fund	Drug Forfeiture Fund	Small Cities Fund	Youth Services Fund
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,210,332	\$ 1,105,063	\$ 100,115	\$ 38,193	\$ 14,467	\$ -
Investments	-	-	-	-	-	-	-	-	-
Receivables:									
Assessments and user charges	-	-	-	168,810	144,353	-	-	-	-
Grants and contracts	-	-	-	9,042	-	-	-	-	-
Other	-	35,766	-	-	-	-	-	24,817	-
Due from other funds	62,948	57,963	44,959	39,805	-	-	2,903	-	130,381
Other	1,341	-	-	-	-	-	-	-	-
Total assets	<u>\$ 64,289</u>	<u>\$ 93,729</u>	<u>\$ 44,959</u>	<u>\$ 2,427,989</u>	<u>\$ 1,249,416</u>	<u>\$ 100,115</u>	<u>\$ 41,096</u>	<u>\$ 39,284</u>	<u>\$ 130,381</u>
LIABILITIES									
Accounts payable	\$ 4,334	\$ -	\$ 6,704	\$ 38,334	\$ -	\$ -	\$ 5,003	\$ -	\$ 24,524
Salaries and benefits payable	2,195	18,569	1,024	29,174	-	-	-	-	-
Due to other funds	-	-	-	-	206,944	6,019	-	-	-
Unearned revenue	36,572	2,236	-	222,621	-	-	-	-	-
Total liabilities	<u>43,101</u>	<u>20,805</u>	<u>7,728</u>	<u>290,129</u>	<u>206,944</u>	<u>6,019</u>	<u>5,003</u>	<u>-</u>	<u>24,524</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	-	-	168,810	144,353	-	-	-	-
FUND BALANCES									
Nonspendable	1,341	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	39,284	-
Committed to:									
Capital purposes	-	-	-	-	-	94,096	-	-	-
Other purposes	19,847	72,924	37,231	1,969,050	898,119	-	36,093	-	105,857
Total fund balances	<u>21,188</u>	<u>72,924</u>	<u>37,231</u>	<u>1,969,050</u>	<u>898,119</u>	<u>94,096</u>	<u>36,093</u>	<u>39,284</u>	<u>105,857</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 64,289</u>	<u>\$ 93,729</u>	<u>\$ 44,959</u>	<u>\$ 2,427,989</u>	<u>\$ 1,249,416</u>	<u>\$ 100,115</u>	<u>\$ 41,096</u>	<u>\$ 39,284</u>	<u>\$ 130,381</u>

(Continued)

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Continued)
AS OF JUNE 30, 2023

	Nonmajor Special Revenue Funds							
	Town Donations Fund	Broad Brook Fire Fund	Senior Center Fund	Educational Program Fund	School Cafeteria Fund	Family Resource Center Fund	Student Activity Fund	Subtotal
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 63,616	\$ 102,825	\$ 46,935	\$ 127,661	\$ 3,809,207
Investments	-	-	-	-	-	-	-	-
Receivables:								
Assessments and user charges	-	-	-	-	-	-	-	313,163
Grants and contracts	-	-	-	97,007	102,184	-	-	208,233
Other	-	-	-	-	-	-	-	60,583
Due from other funds	255,978	245,649	17,151	460,605	76,182	28,459	-	1,422,983
Other	-	-	-	-	3,461	-	-	4,802
Total assets	<u>\$ 255,978</u>	<u>\$ 245,649</u>	<u>\$ 17,151</u>	<u>\$ 621,228</u>	<u>\$ 284,652</u>	<u>\$ 75,394</u>	<u>\$ 127,661</u>	<u>5,818,971</u>
LIABILITIES								
Accounts payable	\$ 2,568	\$ 23,108	\$ -	\$ 343,936	\$ 4,318	\$ 3,232	\$ -	\$ 456,061
Salaries and benefits payable	-	42,014	-	-	-	-	-	92,976
Due to other funds	-	-	-	-	-	-	-	212,963
Unearned revenue	-	-	-	189,845	-	-	-	451,274
Total liabilities	<u>2,568</u>	<u>65,122</u>	<u>-</u>	<u>533,781</u>	<u>4,318</u>	<u>3,232</u>	<u>-</u>	<u>1,213,274</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	313,163
FUND BALANCES								
Nonspendable	-	-	-	-	3,461	-	-	4,802
Restricted	253,410	-	-	62,895	-	-	127,661	483,250
Committed to:								
Capital purposes	-	-	-	-	-	-	-	94,096
Other purposes	-	180,527	17,151	24,552	276,873	72,162	-	3,710,386
Total fund balances	<u>253,410</u>	<u>180,527</u>	<u>17,151</u>	<u>87,447</u>	<u>280,334</u>	<u>72,162</u>	<u>127,661</u>	<u>4,292,534</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 255,978</u>	<u>\$ 245,649</u>	<u>\$ 17,151</u>	<u>\$ 621,228</u>	<u>\$ 284,652</u>	<u>\$ 75,394</u>	<u>\$ 127,661</u>	<u>\$ 5,818,971</u>

(Continued)

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
AS OF JUNE 30, 2023

	Nonmajor Permanent Fund			Total Nonmajor
	Cemetery	Scholarship		Governmental
	Trust	Trust		Funds
	Fund	Fund	Subtotal	
ASSETS				
Cash and cash equivalents	\$ 5,439	\$ 66,786	\$ 72,225	\$ 3,881,432
Investments	-	353,466	353,466	353,466
Receivables:				
Assessments and user charges	-	-	-	313,163
Grants and contracts	-	-	-	208,233
Other	-	-	-	60,583
Due from other funds	-	250	250	1,423,233
Other	-	-	-	4,802
Total assets	<u>\$ 5,439</u>	<u>\$ 420,502</u>	<u>\$ 425,941</u>	<u>\$ 6,244,912</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 456,061
Salaries and benefits payable	-	-	-	92,976
Due to other funds	-	-	-	212,963
Unearned revenue	-	-	-	451,274
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,213,274</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,163</u>
FUND BALANCES				
Nonspendable	-	-	-	4,802
Restricted	5,439	420,502	425,941	909,191
Committed to:				
Capital purposes	-	-	-	94,096
Other purposes	-	-	-	3,710,386
Total fund balances	<u>5,439</u>	<u>420,502</u>	<u>425,941</u>	<u>4,718,475</u>
Total liabilities, deferred inflows of				
resources and fund balances	<u>\$ 5,439</u>	<u>\$ 420,502</u>	<u>\$ 425,941</u>	<u>\$ 6,244,912</u>
				(Concluded)

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Nonmajor Special Revenue Funds								
	Park and Recreation Programs	Police Private Duty Fund	Dog Fund	Sewer Operating Fund	Sewer Assessment Fund	Sewer Capital Fund	Drug Forfeiture Fund	Small Cities Fund	Youth Services Fund
REVENUES									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	45,461	-	-	19,517	40,250	5,849
Charges for goods and services	117,110	324,354	8,833	2,074,414	156,543	-	-	-	-
Investment earnings	-	-	-	66,535	27,843	241	600	257	-
Other	-	-	-	1,907	-	-	-	-	-
Total revenues	117,110	324,354	8,833	2,188,317	184,386	241	20,117	40,507	5,849
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	324,819	31,799	-	-	-	12,877	-	-
Public works	-	-	-	2,003,039	-	-	-	-	-
Community services	191,720	-	-	-	-	-	-	40,338	11,698
Education	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	393,645	-	-	-	-	-
Total expenditures	191,720	324,819	31,799	2,396,684	-	-	12,877	40,338	11,698
Excess (deficiency) of revenues over expenditures	(74,610)	(465)	(22,966)	(208,367)	184,386	241	7,240	169	(5,849)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	39,230	200,000	-	-	-	-	28,840
Transfers out	-	-	-	-	(206,944)	-	-	-	-
Total other financing sources (uses)	-	-	39,230	200,000	(206,944)	-	-	-	28,840
Net change in fund balances	(74,610)	(465)	16,264	(8,367)	(22,558)	241	7,240	169	22,991
Fund balances - beginning	95,798	73,389	20,967	1,977,417	920,677	93,855	28,853	39,115	82,866
Fund balances - ending	\$ 21,188	\$ 72,924	\$ 37,231	\$ 1,969,050	\$ 898,119	\$ 94,096	\$ 36,093	\$ 39,284	\$ 105,857

(Continued)

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2023

	Nonmajor Special Revenue Funds							Subtotal
	Town Donations Fund	Broad Brook Fire Fund	Senior Center Fund	Educational Program Fund	School Cafeteria Fund	Family Resource Center Fund	Student Activity Fund	
REVENUES								
Property taxes	\$ -	\$ 976,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 976,518
Intergovernmental	-	-	-	2,808,516	652,322	127,072	-	3,698,987
Charges for goods and services	2,885	-	7,597	66,047	3,666	225,385	114,201	3,101,035
Investment earnings	-	-	-	-	-	-	-	95,476
Other	91,357	-	300	-	31,288	-	-	124,852
Total revenues	94,242	976,518	7,897	2,874,563	687,276	352,457	114,201	7,996,868
EXPENDITURES								
Current:								
General government	29,385	-	-	-	-	-	-	29,385
Public safety	24,888	695,228	-	-	-	-	-	1,089,611
Public works	-	-	-	-	-	-	-	2,003,039
Community services	10,287	-	6,207	-	-	-	-	260,250
Education	476	-	-	2,787,116	640,716	335,370	115,471	3,879,149
Capital outlays	-	-	-	-	-	-	-	393,645
Total expenditures	65,036	695,228	6,207	2,787,116	640,716	335,370	115,471	7,655,079
Excess (deficiency) of revenues over expenditures	29,206	281,290	1,690	87,447	46,560	17,087	(1,270)	341,789
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	268,070
Transfers out	-	(200,000)	-	-	-	-	-	(406,944)
Total other financing sources (uses)	-	(200,000)	-	-	-	-	-	(138,874)
Net change in fund balances	29,206	81,290	1,690	87,447	46,560	17,087	(1,270)	202,915
Fund balances - beginning	224,204	99,237	15,461	-	233,774	55,075	128,931	4,089,619
Fund balances - ending	\$ 253,410	\$ 180,527	\$ 17,151	\$ 87,447	\$ 280,334	\$ 72,162	\$ 127,661	\$ 4,292,534

(Continued)

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS *(Concluded)*
FOR THE YEAR ENDED JUNE 30, 2023

	Nonmajor Permanent Funds			Total Nonmajor
	Cemetery	Scholarship		Governmental
	Trust	Trust		Funds
	Fund	Fund	Subtotal	
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 976,518
Intergovernmental	-	-	-	3,698,987
Charges for goods and services	-	-	-	3,101,035
Investment earnings	206	134	340	95,816
Other	-	12,785	12,785	137,637
Total revenues	206	12,919	13,125	8,009,993
EXPENDITURES				
Current:				
General government	-	-	-	29,385
Public safety	-	-	-	1,089,611
Public works	-	-	-	2,003,039
Community services	-	-	-	260,250
Education	-	23,087	23,087	3,902,236
Capital outlays	-	-	-	393,645
Total expenditures	-	23,087	23,087	7,678,166
Excess (deficiency) of revenues over expenditures	206	(10,168)	(9,962)	331,827
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	268,070
Transfers out	-	-	-	(406,944)
Total other financing sources (uses)	-	-	-	(138,874)
Net change in fund balances	206	(10,168)	(9,962)	192,953
Fund balances - beginning	5,233	430,670	435,903	4,525,522
Fund balances - ending	\$ 5,439	\$ 420,502	\$ 425,941	\$ 4,718,475

(Concluded)

FIDUCIARY FUNDS

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION -
PENSION AND OTHER POST-EMPLOYMENT BENEFITS TRUST FUNDS
AS OF JUNE 30, 2023

	Pension Trust Fund	Other Post- Employment Benefits Trust Fund	Total
ASSETS			
Cash and cash equivalents	\$ 607,783	\$ 54,503	\$ 662,286
Investments:			
Mutual funds	27,210,309	1,694,589	28,904,898
Fixed income securities	7,354,228	-	7,354,228
Total investments	34,564,537	1,694,589	36,259,126
Interest receivable	150,139	4,219	154,358
Total assets	35,322,459	1,753,311	37,075,770
LIABILITIES			
Payables	47,351	1,223	48,574
Total liabilities	47,351	1,223	48,574
NET POSITION			
Restricted for pension and other post-employment benefits	\$ 35,275,108	\$ 1,752,088	\$ 37,027,196

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PENSION AND OTHER POST-EMPLOYMENT BENEFITS TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Pension Trust Fund	Other Post- Employment Benefits Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 1,275,264	\$ 4,069	\$ 1,279,333
Plan members	430,545	-	430,545
Total contributions	<u>1,705,809</u>	<u>4,069</u>	<u>1,709,878</u>
Investment earnings:			
Interest and dividends	790,344	37,141	827,485
Net change in the fair value of investments, net of fees	<u>2,830,641</u>	<u>143,656</u>	<u>2,974,297</u>
Total investment earnings	<u>3,620,985</u>	<u>180,797</u>	<u>3,801,782</u>
Total additions	<u>5,326,794</u>	<u>184,866</u>	<u>5,511,660</u>
DEDUCTIONS			
Benefit payments	2,157,042	-	2,157,042
Administrative expenses	<u>34,090</u>	<u>27,700</u>	<u>61,790</u>
Total deductions	<u>2,191,132</u>	<u>27,700</u>	<u>2,218,832</u>
Change in net position	3,135,662	157,166	3,292,828
Net position - beginning	<u>32,139,446</u>	<u>1,594,922</u>	<u>33,734,368</u>
Net position - ending	<u><u>\$ 35,275,108</u></u>	<u><u>\$ 1,752,088</u></u>	<u><u>\$ 37,027,196</u></u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF EAST WINDSOR, CONNECTICUT
OTHER SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2023

I. Amounts of the gross and the net taxable Grand List (October 1, 2022):

1. Gross Taxable Grand List	1,193,478,001
2. Net Taxable Grand List	1,045,318,250

II. Ten largest taxpayers on the October 1, 2022 Grand List, with taxable valuation:

	Net Assessment	% of Net Taxable Grand List
1 Eversource	\$ 25,278,890	2.4%
2 The Mansions at Canyon Ridge	21,792,490	2.1%
3 Walmart Stores East, LP	17,427,670	1.7%
4 Southern Auto Sales, Inc.	15,404,570	1.5%
5 Millpond Limited Partnership	14,707,390	1.4%
6 Connecticut Water Company	10,280,710	1.0%
7 East Windsor Properties Ltd Partnership	9,772,210	0.9%
8 Wynwood Apartments Connecticut LP	8,640,270	0.8%
9 RM18 Holdings LLC	8,421,240	0.8%
10 SL 12 South Main Street LLC	7,947,890	0.8%
	<u>\$ 139,673,330</u>	<u>13.4%</u>

III. Percentage of the annual property tax levy uncollected as of the close of the fiscal year ending June 30, 2023:

	Adjusted Levy	Uncollected Taxes June 30, 2023	% Uncollecte
October 1, 2021 Grand List	\$ 35,244,172	\$ 753,739	2.1%

IV. Calculation of debt as of the close of the fiscal year ending June 30, 2023:

Long-Term Debt:	
General obligation bonds payable	\$ 4,030,000
Notes payable	1,792,980
Total Direct Debt	<u>5,822,980</u>
Less:	
Grant reimbursements	(674,866)
Net Direct Debt	<u>5,148,114</u>
Overlapping and Underlying Debt	1,733,333
Total Overall Net Debt	<u>\$ 6,881,447</u>