

Basic Financial Statements, Supplementary Information and
Report of Independent Certified Public Accountants

TOWN OF EAST WINDSOR, CONNECTICUT

June 30, 2012

**TOWN OF EAST WINDSOR, CONNECTICUT
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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**TOWN OF EAST WINDSOR, CONNECTICUT
BASIC FINANCIAL STATEMENTS
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**Report of
Independent
Certified Public
Accountants**



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Finance of the
Town of East Windsor, Connecticut

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, 2012, which collectively comprise the Town's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of East Windsor, Connecticut as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2013 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and the schedules of funding progress on page 49 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The combining and individual fund statements and schedules and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the financial statements as a whole. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Grant Thornton LLP

Glastonbury, Connecticut
January 30, 2013

Management's Discussion and Analysis

TOWN OF EAST WINDSOR, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

As management of the Town of East Windsor (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2012.

FINANCIAL HIGHLIGHTS

- The assets of the Town's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$53,149,623 (net assets). Of this amount, \$8,757,708 is considered to be unrestricted, \$44,027,144 is considered to be invested in capital assets, net of related debt and \$364,771 is considered to be restricted.
- The Town's total net assets increased by \$4,774,946.
- The Town's total long-term debt increased by \$790,157 during the current fiscal year due to the issuance of a note payable in the amount of \$2,180,000 to finance the North Road sewer project, offset by \$1,389,843 in scheduled debt service payments.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,749,337, an increase of \$2,559,407 in comparison with the prior year. Approximately 50.3% or \$4,405,584 of this total amount is considered to be unassigned fund balance as of June 30, 2012.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,189,416, while total fund balance was \$5,516,556. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 15.2% of total general fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.8 months of General Fund operating expenditures. The Town's fund balance policy requires a gradual increase in fund balance to 17% or 2 months of General Fund operating expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements display information about the Town's governmental activities which include general government, public safety, conservation and health, highways, sanitation and waste removal, culture and recreation, and education. The Town does not have any business-type activities.

TOWN OF EAST WINDSOR, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

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 13 - 14 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, and the Capital Projects 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 15 - 19 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 20 - 21 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 - 48 of this report.

Other Information

Required supplementary information and combining and individual fund statements and schedules and other supplementary information can be found on pages 49 - 74 of this report.

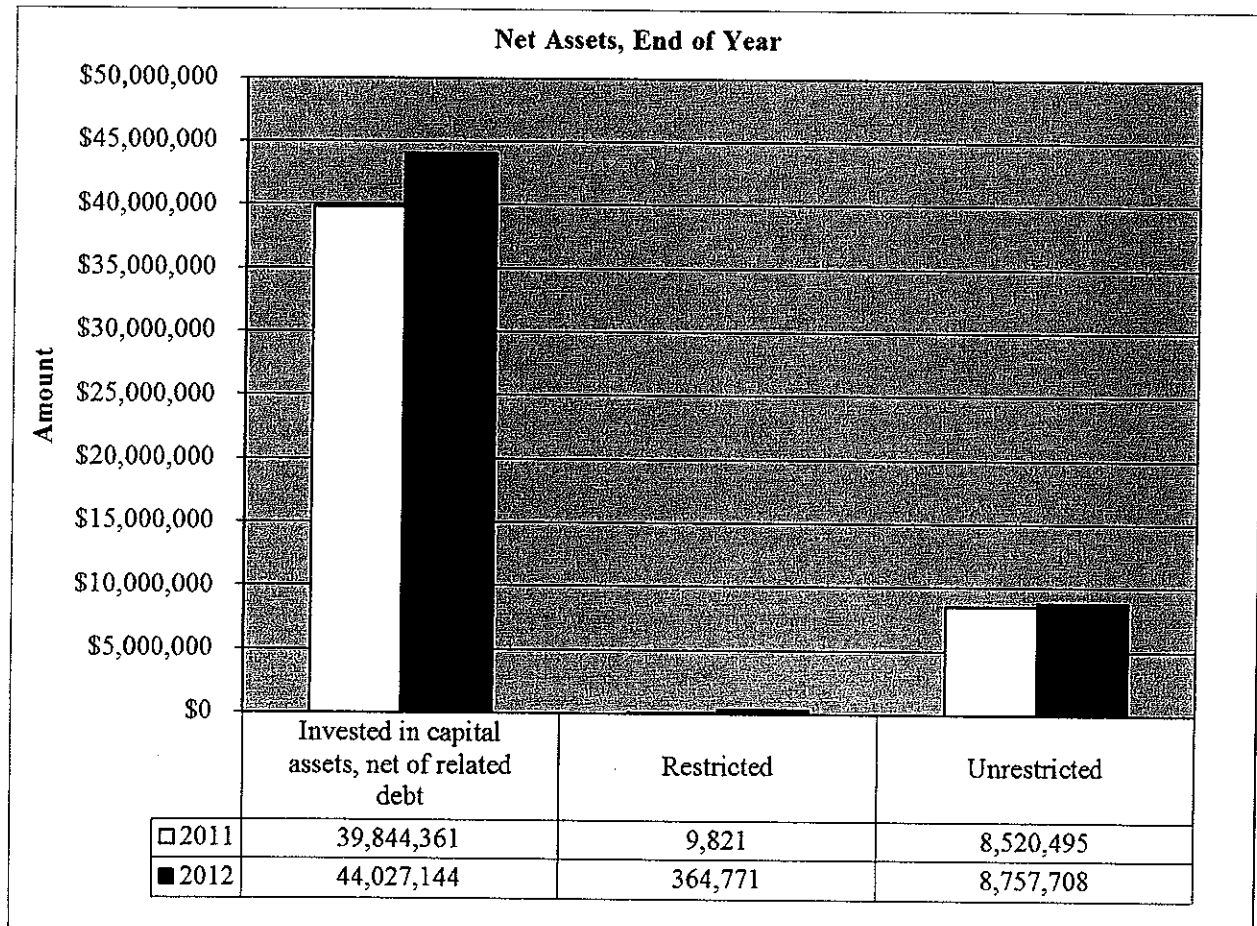
TOWN OF EAST WINDSOR, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

Over time, net assets may serve as one measure of a government's financial position. Total net assets of the Town totaled \$53,149,623 and \$48,374,677 as of June 30, 2012 and 2011, respectively and are summarized as follows:

	2012	2011
Current and other assets	\$ 14,639,755	\$ 14,357,680
Capital assets, net	52,706,028	49,547,608
Total assets	<u>67,345,783</u>	<u>63,905,288</u>
Other liabilities	3,038,958	5,185,010
Long-term liabilities	11,157,202	10,345,601
Total liabilities	<u>14,196,160</u>	<u>15,530,611</u>
Net assets:		
Invested in capital assets, net of related debt	44,027,144	39,844,361
Restricted	364,771	9,821
Unrestricted	8,757,708	8,520,495
Total net assets	<u>\$ 53,149,623</u>	<u>\$ 48,374,677</u>



TOWN OF EAST WINDSOR, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Assets *(Continued)*

82.8% of the Town's net assets reflect its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Less than 1.0% of net assets are considered restricted. The remainder of the Town's net assets are considered unrestricted.

Overall, net assets increased by \$4,774,946 in comparison to the prior year.

Changes in Net Assets

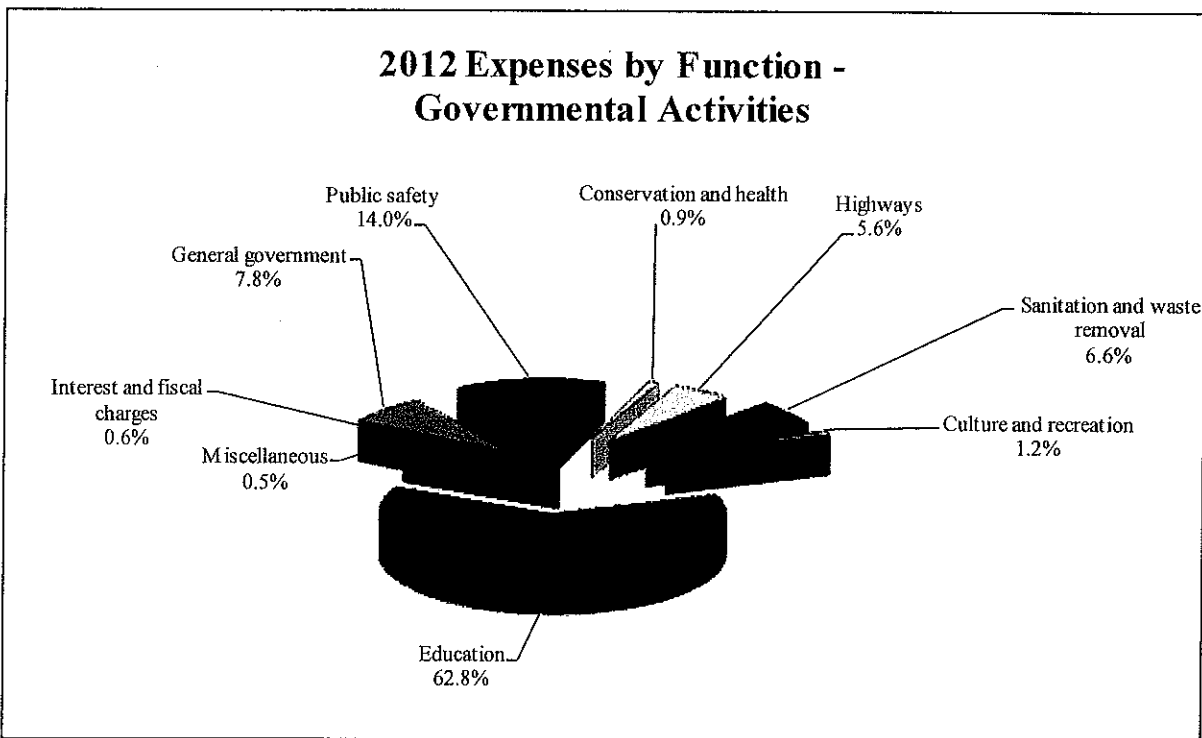
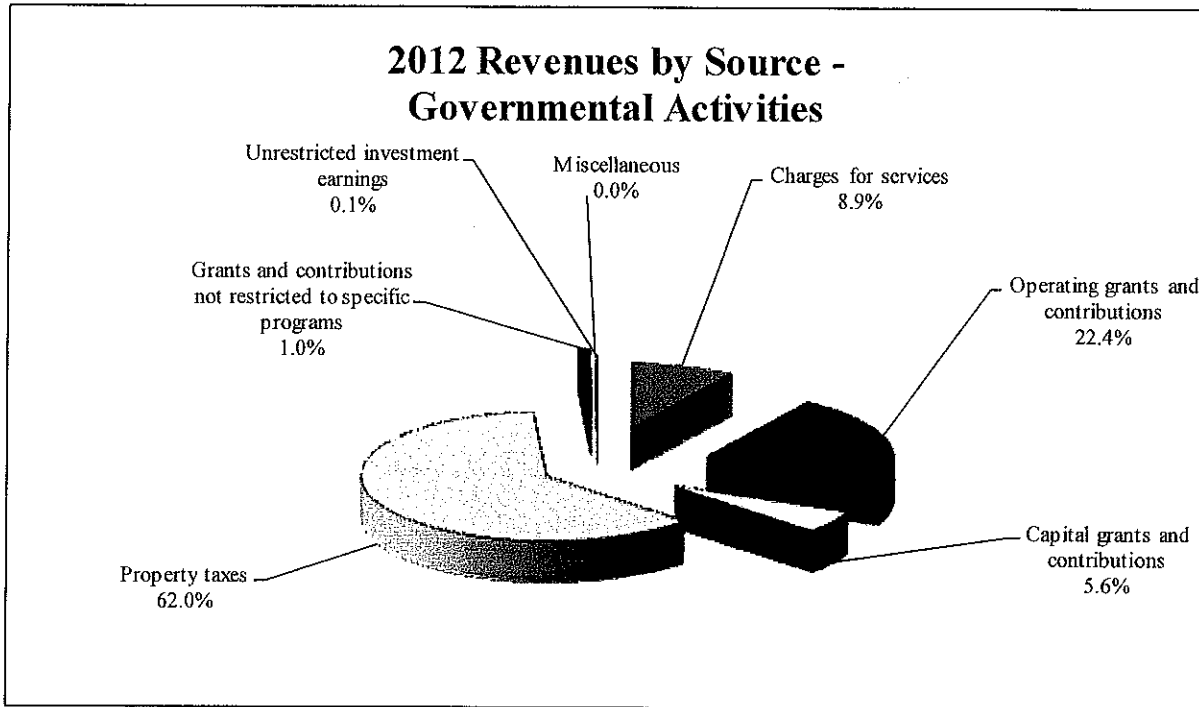
Changes in net assets for the years ended June 30, 2012 and 2011 are as follows:

	2012	2011
Revenues		
Program revenues:		
Charges for services	\$ 3,868,336	\$ 3,285,840
Operating grants and contributions	9,733,726	9,083,558
Capital grants and contributions	2,412,665	395,691
General revenues:		
Property taxes	26,863,493	26,107,014
Grants and contributions not restricted to specific programs	436,125	472,506
Unrestricted investment earnings	55,681	26,008
Miscellaneous	-	19,315
Total revenues	<u>43,370,026</u>	<u>39,389,932</u>
Program expenses		
General government	3,023,100	2,876,228
Public safety	5,411,067	5,433,750
Conservation and health	337,002	374,947
Highways	2,142,273	2,013,463
Sanitation and waste removal	2,556,219	2,302,215
Culture and recreation	473,187	465,709
Education	24,220,978	22,957,727
Miscellaneous	193,223	178,702
Interest and fiscal charges	238,031	283,339
Total expenses	<u>38,595,080</u>	<u>36,886,080</u>
Change in net assets	<u>\$ 4,774,946</u>	<u>\$ 2,503,852</u>

**TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets (Continued)



TOWN OF EAST WINDSOR, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (*Continued*)

Governmental Activities

Governmental activities increased the Town's net assets by \$4,774,946. Key elements of this increase are as follows:

- Grants and contributions increased by 7.2% due to awards of a Small Cities grant, which was used to improve the roads and drainage in the Prospect Hill area and an Urban Development grant which was used to improve the roads in the industrial park, including a portion of Newberry and Winkler roads,
- FEMA reimbursement for disaster relief also helped to offset storm related expenditures, and
- At least half of the 2.9% increase in property taxes was due to the collection of back taxes.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,749,337, an increase of \$2,559,407 in comparison with the prior year. Of this amount, \$4,405,584 constitutes unassigned fund balance. The remainder of fund balance is not available for new spending because it has already been restricted, assigned or committed to specific purposes.

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 \$5,189,416, while total fund balance was \$5,516,556. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 15.2% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.8 months of General Fund operating expenditures. The Town's fund balance policy requires a gradual increase in fund balance to 17% or 2 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased \$1,580,697 during the current fiscal year.

TOWN OF EAST WINDSOR, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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

Governmental Funds (Continued)

Capital and Nonrecurring Fund

The fund balance of the Capital and Nonrecurring Fund decreased by \$99,975 during the current fiscal year.

Capital Projects Fund

The fund balance deficit of the Capital Projects Fund decreased by \$214,093 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget contemplated the use of fund balance of \$105,811. The actual increase in fund balance totaled \$1,259,717, resulting in a favorable variance of \$1,365,528. Revenues exceeded budgetary estimates by \$650,648, while expenditures were less than budgetary estimates by \$714,879.

Municipal revenue sharing was received in the amount of \$174,805. Municipal revenue sharing was an unbudgeted amount and reflects a new revenue source received from the State of Connecticut. State revenues were lost from machinery and equipment exemptions monies received in prior years. The Town has also had the benefit of fees received from increased economic development activities. Decreases in expenditures were mainly due to changes in personnel practices, reallocation of resources and efficiencies where ever possible.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2012 totaled \$52,706,028 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The Town's investment in capital assets increased by \$3,158,420.

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

- An increase of approximately \$2,996,000 in construction in progress relating to the North Road sewer project.
- An increase of approximately \$1,000,000 in road construction and related improvements to the Prospect Hill Drive and Industrial Park Roadways.
- A decrease of approximately \$1,578,000 due to current year depreciation expense.

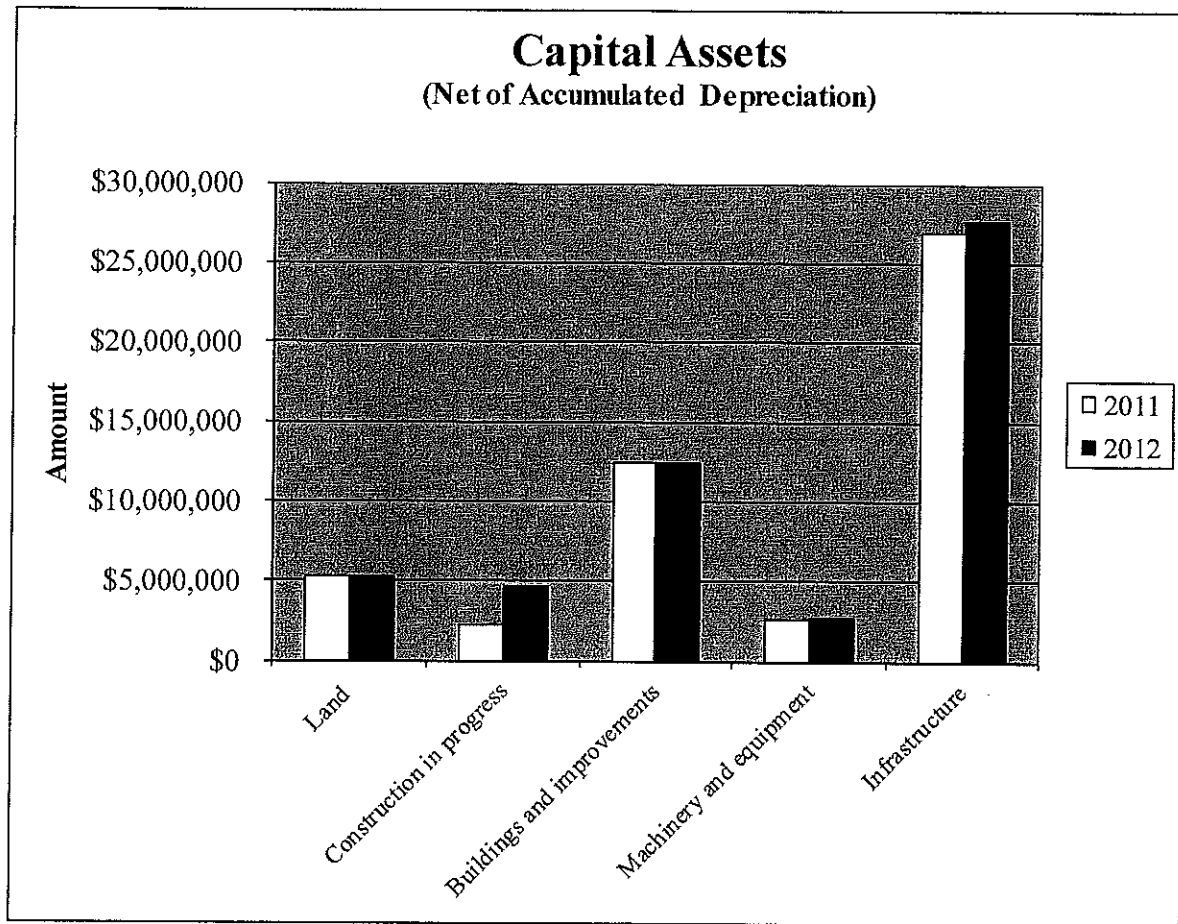
TOWN OF EAST WINDSOR, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Capital Assets *(Continued)*

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

	2012	2011
Land	\$ 5,328,962	\$ 5,328,962
Construction in progress	4,637,669	2,281,301
Buildings and improvements	12,361,274	12,364,129
Machinery and equipment	2,688,605	2,675,397
Infrastructure	27,689,518	26,897,819
Totals	<u>\$ 52,706,028</u>	<u>\$ 49,547,608</u>



Additional information on the Town's capital assets can be found in Note 4 to the basic financial statements.

TOWN OF EAST WINDSOR, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Long-term Debt

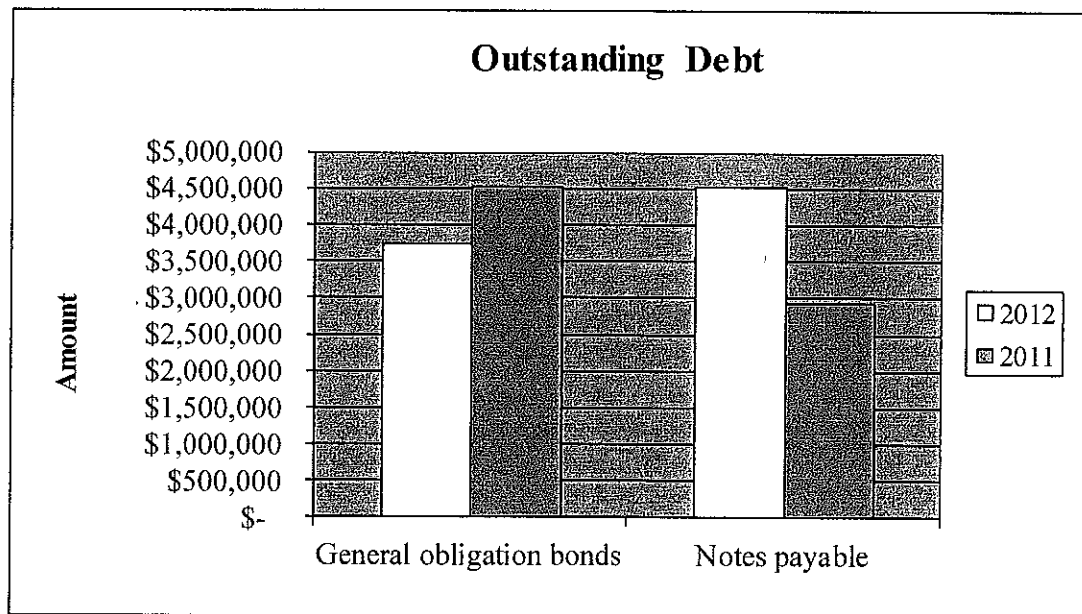
At the end of the current fiscal year, the Town had total bonded debt outstanding of \$3,735,000 and notes payable of \$4,527,457, all of which is backed by the full faith and credit of the government. The Town's total long-term debt increased by \$790,157 during the current fiscal year due to the issuance of a note payable in the amount of \$2,180,000 to finance the North Road sewer project, offset by \$1,389,843 in scheduled debt service payments.

The Town maintains an "AA2" rating from Moody's Investor Service for general obligation debt.

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.

The following is a two year comparison of long-term bonded debt:

	2012	2011
General obligation bonds	\$ 3,735,000	\$ 4,528,000
Notes payable	4,527,457	2,944,300
Totals	<u>\$ 8,262,457</u>	<u>\$ 7,472,300</u>



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)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The Town receives intergovernmental revenues from the State of Connecticut. Due to the current State budget crisis, the Town could experience a reduction in these revenues. Connecticut's economy moves in the same general cycle as the national economy.
- The unemployment rate for the Town is currently 8.8%, which is a decrease of 1.2% from the prior year, compared to the state's average unemployment rate of 8.1% and the national unemployment rate of 8.2%, a good sign for our economy.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town's budget for fiscal year 2013.

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

Basic Financial Statements

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 11,087,820
Receivables:	
Property taxes, net of allowance of \$87,396	1,413,562
Interest on property taxes, net of allowance of \$59,000	590,442
Assessments/user charges	360,519
Intergovernmental	492,543
Other	191,165
Deferred charges	71,600
Inventories	7,853
Grant and contracts receivable, long-term portion	424,251
Capital assets:	
Non-depreciable	9,966,631
Depreciable, net	42,739,397
Total assets	<u>67,345,783</u>
LIABILITIES	
Accounts payable	1,800,703
Accrued liabilities:	
Salaries and benefits payable	309,010
Accrued interest	26,992
Unearned revenue	482,252
Bond anticipation notes payable	420,000
Noncurrent liabilities:	
Due within one year	1,499,976
Due in more than one year	9,657,226
Total liabilities	<u>14,196,160</u>
NET ASSETS	
Invested in capital assets, net of related debt	44,027,144
Restricted for:	
Endowments - Expendable	9,821
Road improvements	354,950
Unrestricted	8,757,708
Total net assets	<u>\$ 53,149,623</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, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets - Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 3,023,100	\$ 814,163	\$ 25,371	\$ -	(2,183,566)
Public safety	5,411,067	231,661	75,793	-	(5,103,613)
Conservation and health	337,002	-	-	-	(337,002)
Highways	2,142,273	18,178	296,123	1,385,549	(442,423)
Sanitation and waste removal	2,556,219	1,640,027	-	1,027,116	110,924
Culture and recreation	473,187	35,768	-	-	(437,419)
Education	24,220,978	1,010,583	9,336,439	-	(13,873,956)
Miscellaneous	193,223	117,956	-	-	(75,267)
Interest and fiscal charges	238,031	-	-	-	(238,031)
Total governmental activities	<u>\$ 38,595,080</u>	<u>\$ 3,868,336</u>	<u>\$ 9,733,726</u>	<u>\$ 2,412,665</u>	<u>\$ (22,580,353)</u>
General revenues:					
Property taxes, levied for general purposes					26,863,493
Grants and contributions not restricted to specific programs					436,125
Unrestricted investment earnings					55,681
Total general revenues					<u>27,355,299</u>
Change in net assets					<u>4,774,946</u>
Net assets - beginning					<u>48,374,677</u>
Net assets - ending					<u>\$ 53,149,623</u>

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

TOWN OF EAST WINDSOR, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,780,953	\$ 1,447,121	\$ 578,626	\$ 2,281,120	\$ 11,087,820
Receivables:					
Property taxes, net of allowance of \$87,396	1,413,562	-	-	-	1,413,562
Interest on property taxes, net of allowance of \$59,000	590,442	-	-	-	590,442
Assessments/user charges	-	-	-	360,519	360,519
Intergovernmental	647,404	-	-	269,390	916,794
Other	37,146	34,092	-	119,927	191,165
Due from other funds	1,301,558	-	-	1,172,895	2,474,453
Inventories	-	-	-	7,853	7,853
Total assets	<u>\$ 10,771,065</u>	<u>\$ 1,481,213</u>	<u>\$ 578,626</u>	<u>\$ 4,211,704</u>	<u>\$ 17,042,608</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
Liabilities:					
Accounts payable	\$ 881,264	\$ 3,536	\$ 18,481	\$ 285,326	\$ 1,188,607
Accrued expenses:					
Salaries and benefits	276,667	-	-	32,343	309,010
Bond anticipation notes payable	-	-	420,000	-	420,000
Due to other funds	1,716,018	8,518	923,977	438,036	3,086,549
Unearned/deferred revenue	2,380,560	-	-	908,545	3,289,105
Total liabilities	<u>5,254,509</u>	<u>12,054</u>	<u>1,362,458</u>	<u>1,664,250</u>	<u>8,293,271</u>
Fund Balances (deficit):					
Nonspendable:					
Inventories	-	-	-	7,853	7,853
Restricted for:					
Grant program purposes	-	-	-	354,950	354,950
Special reserves - external	-	-	-	9,821	9,821
Committed to:					
Education	-	-	-	189,322	189,322
Public safety	-	-	-	152,593	152,593
Sanitation and waste removal	-	-	-	1,725,383	1,725,383
Capital projects	6,160	1,469,159	-	-	1,475,319
Other governmental fund purposes	-	-	-	107,532	107,532
Assigned to:					
Education	320,980	-	-	-	320,980
Unassigned	5,189,416	-	(783,832)	-	4,405,584
Total fund balances (deficit)	<u>5,516,556</u>	<u>1,469,159</u>	<u>(783,832)</u>	<u>2,547,454</u>	<u>8,749,337</u>
Total liabilities and fund balances (deficit)	<u>\$ 10,771,065</u>	<u>\$ 1,481,213</u>	<u>\$ 578,626</u>	<u>\$ 4,211,704</u>	<u>\$ 17,042,608</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 ASSETS
JUNE 30, 2012

Total fund balances for governmental funds	\$	8,749,337
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Total net assets reported for governmental activities in the statement of net assets is different because:

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

Land	\$	5,328,962	
Construction in progress		4,637,669	
Buildings and improvements		26,244,240	
Machinery and equipment		6,717,999	
Infrastructure		40,298,460	
Less accumulated depreciation and amortization		(30,521,302)	
Total capital assets, net			52,706,028

Rehabilitation loans receivable are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the governmental funds.		81,888
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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 revenue in the funds.		2,152,563
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Long-term school construction grant receivables received from the State of Connecticut are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.		572,402
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Bond issuance costs are recorded as expenditures in the governmental funds. However, these costs are deferred and amortized over the life of the related debt in the statement of net assets.		71,600
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Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets.

Long-term debt:		
Bonds and note payable	(8,262,457)	
Unamortized premium	(21,172)	
Deferred amount on refunding	24,745	
Accrued interest payable	(26,992)	
Other long-term liabilities:		
Net pension obligation	(1,684,530)	
Net OPEB obligation	(475,901)	
Compensated absences	(737,888)	
		(11,184,195)
Net assets of governmental activities	\$	53,149,623

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, 2012

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 26,659,418	\$ -	\$ -	\$ -	\$ 26,659,418
Assessments, including interest and liens	-	-	-	630,341	630,341
Intergovernmental revenues	8,420,974	-	1,624,993	2,686,947	12,732,914
Licenses, fees and charges for goods and services	1,006,865	2,900	-	2,200,733	3,210,498
Revenues from use of money	16,936	35,249	1,285	2,211	55,681
Other revenues	15,278	-	-	285,420	300,698
Total revenues	<u>36,119,471</u>	<u>38,149</u>	<u>1,626,278</u>	<u>5,805,652</u>	<u>43,589,550</u>
EXPENDITURES					
Current:					
General government	2,592,865	-	-	142,609	2,735,474
Public safety	4,778,687	-	-	300,307	5,078,994
Conservation and health	337,002	-	-	-	337,002
Highways	1,199,838	-	-	268,402	1,468,240
Sanitation and waste removal	820,420	-	-	1,464,599	2,285,019
Insurance and surety bonds	266,095	-	-	-	266,095
Culture and recreation	452,608	-	-	-	452,608
Education	21,503,161	-	-	2,427,575	23,930,736
Miscellaneous	193,223	-	-	-	193,223
Capital outlays	300,088	454,304	3,206,570	787,672	4,748,634
Debt service:					
Principal payments	1,389,843	-	-	-	1,389,843
Interest and fiscal charges	221,060	-	103,215	-	324,275
Total expenditures	<u>34,054,890</u>	<u>454,304</u>	<u>3,309,785</u>	<u>5,391,164</u>	<u>43,210,143</u>
Excess (deficiency) of revenues over expenditures	2,064,581	(416,155)	(1,683,507)	414,488	379,407
OTHER FINANCING SOURCES (USES)					
Proceeds from note payable	-	-	2,180,000	-	2,180,000
Transfers in	-	316,180	667,600	1,262,017	2,245,797
Transfers out	(483,884)	-	(950,000)	(811,913)	(2,245,797)
Total other financing sources (uses)	<u>(483,884)</u>	<u>316,180</u>	<u>1,897,600</u>	<u>450,104</u>	<u>2,180,000</u>
Net change in fund balances	1,580,697	(99,975)	214,093	864,592	2,559,407
Fund balances - beginning	<u>3,935,859</u>	<u>1,569,134</u>	<u>(997,925)</u>	<u>1,682,862</u>	<u>6,189,930</u>
Fund balances - ending	<u>\$ 5,516,556</u>	<u>\$ 1,469,159</u>	<u>\$ (783,832)</u>	<u>\$ 2,547,454</u>	<u>\$ 8,749,337</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, 2012

Net change in fund balances - total governmental funds \$ 2,559,407

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

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

Expenditures for capital assets	\$	4,754,163	
Depreciation and amortization expense		(1,578,300)	
Net adjustment			3,175,863

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. (17,443)

Intergovernmental revenue on school construction grants is not susceptible to accrual and, therefore, is only reported as revenue in the governmental funds when the cash is received by the Town. In the government-wide financial statements, the cash received reduces the grant receivable recognized in the government-wide statement of net assets. (150,398)

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred revenues in governmental funds. This amount represents the change in deferred revenue. (69,126)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Debt issued or incurred:			
Note payable	(2,180,000)		
Principal repayments:			
Bonds and notes payable	1,389,843		
Amortization of deferred charge on refunding	(13,855)		
Amortization of bond issuance costs	68,121		
Amortization of bond premiums	11,854		
			(724,037)

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	(32,144)		
Accrued interest	20,124		
Net pension obligation	3,150		
Net OPEB obligation	9,550		
			680

Change in net assets of governmental activities

	\$	4,774,946	
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The accompanying notes are an integral part of these financial statements.

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

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 26,581,878	\$ 26,581,878	\$ 26,659,418	\$ 77,540
Intergovernmental revenues	6,100,190	6,100,190	6,265,322	165,132
Licenses, fees and charges for goods and services	419,598	419,598	850,638	431,040
Revenues from use of money	40,000	40,000	16,936	(23,064)
Total revenues	<u>33,141,666</u>	<u>33,141,666</u>	<u>33,792,314</u>	<u>650,648</u>
EXPENDITURES				
Current:				
General government	2,839,000	2,878,991	2,592,865	(286,126)
Public safety	4,992,728	4,929,674	4,778,687	(150,987)
Conservation and health	352,453	355,035	337,002	(18,033)
Highways	1,369,353	1,256,027	1,199,838	(56,189)
Sanitation and waste removal	811,124	820,424	820,420	(4)
Insurance and surety bonds	363,700	355,900	266,095	(89,805)
Culture and recreation	460,486	462,086	452,608	(9,478)
Miscellaneous	281,780	276,488	193,223	(83,265)
Education	19,406,451	19,512,262	19,512,262	-
Capital outlays	485,667	300,589	300,088	(501)
Debt service	1,778,924	1,771,394	1,750,903	(20,491)
Total expenditures	<u>33,141,666</u>	<u>32,918,870</u>	<u>32,203,991</u>	<u>(714,879)</u>
Excess of revenues over expenditures	-	222,796	1,588,323	1,365,527
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	-	105,811	-	105,811
Transfers out	-	(328,607)	(328,606)	(1)
Total other financing sources (uses)	<u>-</u>	<u>(222,796)</u>	<u>(328,606)</u>	<u>105,810</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,259,717	<u>\$ 1,259,717</u>
Fund balance - beginning			<u>3,935,859</u>	
Fund balance - ending			<u>\$ 5,195,576</u>	

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

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

	Pension and Other Post Employment Benefits Trust Funds	Private Purpose Trust Fund - School Scholarships	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 659,634	\$ 104,020	\$ 129,008
Investments, at fair value:			
Corporate bonds	1,711,117	-	-
Mutual funds	13,044,835	184,214	-
Certificate of deposit	-	73,698	-
Contributions receivable	49,864	-	-
Due from other funds	-	-	612,096
Total assets	<u>15,465,450</u>	<u>361,932</u>	<u>\$ 741,104</u>
LIABILITIES			
Accounts payable	20,269	-	-
Due to student groups	-	-	103,256
Due to others	-	-	637,848
Total liabilities	<u>20,269</u>	<u>-</u>	<u>\$ 741,104</u>
NET ASSETS			
Held in trust for pension and other benefits	<u>\$ 15,445,181</u>	<u>\$ 361,932</u>	

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

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

	Pension and Other Post Employment Benefits Trust Funds	Private Purpose Trust Fund - School Scholarships
ADDITIONS		
Contributions:		
Employer	\$ 991,126	\$ -
Plan members	98,581	-
Private donations	-	13,400
Total contributions	<u>1,089,707</u>	<u>13,400</u>
Investment earnings:		
Interest	752	117
Net increase in the fair value of investments	<u>103,464</u>	<u>-</u>
Net investment earnings	<u>104,216</u>	<u>117</u>
Total additions	<u>1,193,923</u>	<u>13,517</u>
DEDUCTIONS		
Benefit payments	260,916	-
Administrative expenses	38,546	-
Awards expense	-	18,436
Total deductions	<u>299,462</u>	<u>18,436</u>
Change in net assets	894,461	(4,919)
Net assets - beginning	<u>14,550,720</u>	<u>366,851</u>
Net assets - ending	<u>\$ 15,445,181</u>	<u>\$ 361,932</u>

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of East Windsor, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

FINANCIAL REPORTING ENTITY

The Town of East Windsor, Connecticut was incorporated in 1768 and operates in accordance with the provisions of its charter, which was revised effective November 1998. 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, education, public improvements, planning and zoning 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.

The Town is the administrator of a single-employer defined benefit pension plan (the "Plan"). 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, 2012 are accounted for in the fiduciary fund financial statements as a pension trust fund.

The Town is the administrator of an Other Post Employment Benefits Program (the "OPEB Plan"), which is a single-employer defined benefit other post employment benefits plan. The OPEB Plan does not issue stand-alone financial statements and is a part of the Town's financial reporting entity. As such, balances of the OPEB Plan as of and for the year ended June 30, 2012 are accounted for in the fiduciary fund financial statements as an other post employment benefits trust fund.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are in substance, part of the government's operations and therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements (Continued)

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.

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

Pension and Other Post Employment Benefits Trust Funds - This fund type is 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.

Private Purpose Trust Fund - This fund type is used to account for trust arrangements under which principal and income benefit individuals. There is no requirement that any portion of the resources be preserved as capital. The Town utilizes a private purpose trust fund to account for activities of student scholarships.

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of the student activities funds, the contractor bonds fund and the performance bonds fund. The student activities funds account for monies generated by student activities in the Town's school system for use by students and for student awards. The contractor bonds fund accounts for monies received to ensure that correct specifications for new home construction are followed. The performance bonds fund accounts for monies received to ensure that driveways are installed to correct specifications for new construction.

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

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 transactions or events for recognition in the financial statements.

The government-wide 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 as soon as 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 government 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 expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease 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 received during the period or within the availability period for this revenue source (within 60 days of year end). 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 received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when the cash is received.

The pension and other post-employment benefits trust funds and private purpose trust fund are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

ASSETS, LIABILITIES AND FUND EQUITY

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)*
JUNE 30, 2012

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

ASSETS, LIABILITIES AND FUND EQUITY *(Continued)*

Investments

Investments for the Town are reported at fair value (generally based on quoted market prices) except as described below.

The Town invests in the State Treasurer's Short-Term Investment Fund (STIF), which is an investment pool managed by the State Treasurer's Office, and the Cooperative Liquid Asset Security Systems Fund (CLASS), which is an investment pool managed by Cutwater Asset Management. STIF and CLASS operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, STIF and CLASS qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though they are calculated using the amortized cost method. STIF and CLASS are subject to regulatory oversight even though they are not registered by the SEC.

The Town allocates investment income in accordance with donor restrictions and Connecticut law, which adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town.

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 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.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY (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 \$5,000 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements	25
Machinery	5
Office equipment	5
Computer equipment	3
Infrastructure	20 - 60

Unearned/Deferred Revenue

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

Compensated Absences

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.

Eligible Town employees earn 1 to 1.5 days of sick leave per month depending on employment contract. An employee leaving the Town is entitled to be paid for all unused vacation and a maximum of 36 to 126 days of sick leave upon retirement.

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)
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges.

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

Net Assets/Fund Balance

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

Invested in capital assets, net of related debt - This category consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net assets - This category consists of net assets whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - This category consists of net assets which do not meet the definition of the two preceding categories.

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

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 Board of Finance (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)*
JUNE 30, 2012

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

ASSETS, LIABILITIES AND FUND EQUITY *(Continued)*

Net Assets/Fund Balance *(Continued)*

The Town does not have a formal policy over the use of fund balance. In accordance with GASB Statement No. 54, the Town will use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned. It is the Town's policy to maintain a fund balance in the General Fund between 5% and 17% 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.

INTERFUND ACTIVITIES

Interfund activities are reported as follows:

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Interfund Services Provided and Used

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

Interfund Transfers

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

Interfund Reimbursements

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

USE OF ESTIMATES

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

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

NOTE 2 - BUDGETARY INFORMATION AND DEFICIT FUND EQUITY

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 the Annual Town Meeting.
- 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. During the year ended June 30, 2012, the Board of Finance and the Town, where applicable, approved additional appropriations in the amount of \$105,811.
- 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.

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

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

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"). 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, 2012:

	Total Revenues	Total Expenditures	Other Financing Sources (Uses) - Transfers, Net	Net Change In Fund Balance
Budgetary basis	\$ 33,792,314	\$ 32,203,991	\$ (328,606)	\$ 1,259,717
"On-behalf" payments - State Teachers Retirement Fund	1,757,384	1,757,384	-	-
Intergovernmental grants netted with expenses	554,495	554,495	-	-
Certain transfers recorded as revenues and expenditures for budgetary purposes	15,278	(140,000)	(155,278)	-
Encumbrances outstanding: June 30, 2012	-	(320,980)	-	320,980
GAAP basis	<u>\$ 36,119,471</u>	<u>\$ 34,054,890</u>	<u>\$ (483,884)</u>	<u>\$ 1,580,697</u>

Budgets for special revenue funds that are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. In some instances, such budgets cover more than one fiscal year or a fiscal period which does not coincide with the Town's fiscal year. It is not practicable to present a statement of budgetary operations for special revenue funds on a combined basis. Legal authorization for capital projects is provided by the related bond ordinances and/or intergovernmental grant agreements.

DEFICIT FUND BALANCE

The Capital Projects Fund has a deficit fund balance of \$783,832, which does not constitute a violation of statutory provisions. The deficit arose due to various expenditures funded through the issuance of short term debt and will be funded through the issuance of long-term debt or through future transfers from the General Fund.

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

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS

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

Government-wide statement of net assets:

Cash and cash equivalents	\$ 11,087,820
Less: cash equivalents considered investments for disclosure purposes	<u>(2,787,793)</u>
	<u>8,300,027</u>

Statement of fiduciary net assets:

Cash and cash equivalents	892,662
Add: investment considered cash deposit for disclosure purposes	73,698
Less: cash equivalents considered investments for disclosure purposes	<u>(465,365)</u>
	<u>500,995</u>
	<u>\$ 8,801,022</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$5,769,184 of the Town's bank balance of \$10,100,593 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,192,266
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>576,918</u>
	<u>\$ 5,769,184</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.

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

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

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

Government-wide statement of net assets:

Investments	\$ -
Add: cash equivalents considered investments for disclosure purposes	2,787,793
	<u>2,787,793</u>

Statement of fiduciary net assets:

Investments	15,013,864
Less: investments considered cash equivalents for disclosure purposes	(73,698)
Add: cash equivalents considered investments for disclosure purposes	465,365
	<u>15,405,531</u>
	<u>\$ 18,193,324</u>

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

Investment type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:					
Short Term Investment Fund (STIF)	\$ 1,044,784	\$ 1,044,784	\$ -	\$ -	\$ -
Cooperative Liquid Asset Security System (CLASS)	1,768,761	1,768,761	-	-	-
Money market mutual funds	439,613	439,613	-	-	-
Corporate bonds	1,711,117	-	720,745	546,709	443,663
	<u>4,964,275</u>	<u>\$ 3,253,158</u>	<u>\$ 720,745</u>	<u>\$ 546,709</u>	<u>\$ 443,663</u>
Other investments:					
Mutual funds	13,229,049				
	<u>\$ 18,193,324</u>				

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

Interest Rate Risk

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

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

NOTE 3 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

INVESTMENTS *(Continued)*

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. 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 investment in STIF was rated AAA by Standard and Poor's and the Town's investment in CLASS was rated AAA by Standard and Poor's. The Town's investment in mutual funds were unrated.

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 at June 30, 2012, as they are held by a trustee in the Town's name.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. More than 5 percent of the Town's investments are in STIF, CLASS and mutual funds. Investments in these types of accounts are considered to be diversified by nature.

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

NOTE 4 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 5,328,962	\$ -	\$ -	\$ 5,328,962
Construction in progress	2,281,301	3,577,630	(1,221,262)	4,637,669
Total capital assets, not being depreciated	<u>7,610,263</u>	<u>3,577,630</u>	<u>(1,221,262)</u>	<u>9,966,631</u>
Capital assets, being depreciated:				
Buildings and improvements	25,780,734	463,506	-	26,244,240
Machinery and equipment	6,364,021	443,212	(89,234)	6,717,999
Infrastructure	38,807,383	1,491,077	-	40,298,460
Total capital assets, being depreciated	<u>70,952,138</u>	<u>2,397,795</u>	<u>(89,234)</u>	<u>73,260,699</u>
Less accumulated depreciation:				
Buildings and improvements	13,416,605	466,361	-	13,882,966
Machinery and equipment	3,688,624	412,561	(71,791)	4,029,394
Infrastructure	11,909,564	699,378	-	12,608,942
Total accumulated depreciation	<u>29,014,793</u>	<u>1,578,300</u>	<u>(71,791)</u>	<u>30,521,302</u>
Total capital assets, being depreciated, net	<u>41,937,345</u>	<u>819,495</u>	<u>(17,443)</u>	<u>42,739,397</u>
Governmental activities capital assets, net	<u>\$ 49,547,608</u>	<u>\$ 4,397,125</u>	<u>\$ (1,238,705)</u>	<u>\$ 52,706,028</u>

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

Governmental Activities:	
General government	\$ 7,615
Public safety	332,073
Highway	656,590
Sanitation and waste removal	271,200
Culture and recreation	20,579
Education	290,243
Total depreciation and amortization expense	<u>\$ 1,578,300</u>

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

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Capital Projects Fund	\$ 923,977
	Capital and Nonrecurring Fund	8,518
	Nonmajor Governmental Funds	369,063
		<u>1,301,558</u>
Nonmajor Governmental Funds	General Fund	1,103,922
	Nonmajor Governmental Funds	68,973
		<u>1,172,895</u>
		<u>\$ 2,474,453</u>
Fiduciary Fund		
Other Fiduciary Funds	General Fund	<u>\$ 612,096</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.

NOTE 6 - INTERFUND TRANSFERS

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

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
Capital and Nonrecurring Fund	General Fund	<u>\$ 316,180</u>
Capital Projects Fund	General Fund	147,000
	Other Governmental Funds	520,600
		<u>667,600</u>
Other Governmental Funds	General Fund	20,704
	Capital Projects Fund	950,000
	Other Governmental Funds	291,313
		<u>1,262,017</u>
		<u>\$ 2,245,797</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.

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

NOTE 7 - SHORT-TERM DEBT

During October 2011, the Town retired a previously outstanding bond anticipation note in the amount of \$560,000 through a payment of \$140,000 and proceeds received from the issuance of a bond anticipation note in the amount of \$420,000. The \$420,000 bond anticipation note matured in October 2012 and was subsequently paid-off by the Town at maturity. During March 2012, the Town retired a previously outstanding bond anticipation note in the amount of \$1,680,000 through proceeds received from the issuance of a bond anticipation note in the amount of \$2,160,000. During April 2012, the Town used proceeds from the issuance of a note payable in the amount of \$2,180,000 to retire the \$2,160,000 bond anticipation note.

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Bond anticipation notes payable	\$ 2,240,000	\$ 2,580,000	\$ (4,400,000)	\$ 420,000

NOTE 8 - LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 4,528,000	\$ -	\$ (793,000)	\$ 3,735,000	\$ 520,000
Unamortized amounts:					
Premium on bonds issued	33,026	-	(11,854)	21,172	-
Deferred amount on refunding	(38,600)	-	13,855	(24,745)	-
Other liabilities:					
Note payable	2,944,300	2,180,000	(596,843)	4,527,457	639,497
Compensated absences	705,744	32,144	-	737,888	340,479
Net pension obligation (Note 10)	1,687,680	-	(3,150)	1,684,530	-
Net OPEB obligation (Note 11)	485,451	-	(9,550)	475,901	-
	<u>\$ 10,345,601</u>	<u>\$ 2,212,144</u>	<u>\$ (1,400,542)</u>	<u>\$ 11,157,203</u>	<u>\$ 1,499,976</u>

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are secured by the full faith and credit of the Town but are substantially liquidated by the General Fund via taxes collected from the levy on all taxable properties located within the Town. The remaining liabilities above typically have been liquidated in the general and other governmental funds.

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

NOTE 8 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS AND NOTE PAYABLE

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

Purpose of Bonds	Date of Issue	Original Issue	Interest Rates	Maturity Date	Amount Outstanding
Governmental Activities					
Bond refunding	10/2004	\$ 1,950,000	3.00% - 3.75%	9/15/2015	\$ 1,275,000
Land acquisition	10/2004	3,000,000	3.00% - 4.375%	9/15/2025	2,065,425
Public works improvements	10/2004	600,000	3.00% - 4.375%	9/15/2025	394,575
					<u>\$ 3,735,000</u>
Note payable					
Clean Water Loan	9/1996	10,812,482	4.50%	3/31/2016	2,347,457
Drinking Water Loan	4/2012	2,180,000	2.375%	4/1/2052	2,180,000
					<u>\$ 4,527,457</u>

Annual debt service requirements to maturity on general obligation bonds and the note payable are as follows as of June 30, 2012:

Year ending June 30:	Governmental Activities					
	Bonds Payable		Note Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 520,000	\$ 131,888	\$ 639,497	\$ 101,332	\$ 1,159,497	\$ 233,220
2014	510,000	114,583	652,629	88,200	1,162,629	202,783
2015	505,000	95,935	666,033	74,796	1,171,033	170,731
2016	500,000	77,710	516,870	61,392	1,016,870	139,102
2017	190,000	65,445	34,115	56,442	224,115	121,887
2018 - 2022	950,000	216,906	185,181	267,609	1,135,181	484,515
2023 - 2027	560,000	36,413	212,083	240,707	772,083	277,120
2028 - 2032	-	-	242,893	209,897	242,893	209,897
2033 - 2037	-	-	278,179	174,611	278,179	174,611
2038 - 2042	-	-	318,591	134,199	318,591	134,199
2043 - 2047	-	-	364,874	87,916	364,874	87,916
2048 - 2052	-	-	416,512	34,909	416,512	34,909
	<u>\$ 3,735,000</u>	<u>\$ 738,880</u>	<u>\$ 4,527,457</u>	<u>\$ 1,532,010</u>	<u>\$ 8,262,457</u>	<u>\$ 2,270,890</u>

STATUTORY DEBT LIMITATIONS

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$185,991,813 as of June 30, 2012. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2012.

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

NOTE 8 - LONG-TERM LIABILITIES (Continued)

SCHOOL BOND REIMBURSEMENTS

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The total amount of reimbursement for the year ended June 30, 2012 was \$169,715. Additional reimbursements of principal and interest aggregating \$572,402 and \$34,505, respectively, are expected to be received through the applicable bonds' maturity dates. The Town has recorded a receivable relating to the principal portion of these payments in the accompanying statement of net assets. The long term portion of \$424,251 will be realized by the Town through fiscal year 2016.

NOTE 9 - UNEARNED/DEFERRED REVENUE

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes and interest receivable	\$ 1,808,156	\$ -
Small Cities loans receivable	81,888	-
School building grant receivable	572,404	-
Sewer assessments receivable	258,958	-
Sewer usage receivable	85,447	-
Program fees	-	287,987
Grant drawdowns prior to meeting all eligibility requirements	-	194,265
	<u>\$ 2,806,853</u>	<u>\$ 482,252</u>

NOTE 10 - PENSION PLANS

DEFINED BENEFIT 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, 2012 are accounted for in the fiduciary fund financial statements as a pension trust fund.

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

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLAN (Continued)

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. 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 100% vested after five years of continuous 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 the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	34
Vested terminated employees	37
Active employees	<u>166</u>
	<u><u>237</u></u>

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 are recorded at fair 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.

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

Contributions

The contribution requirements of plan members are established and may be amended by the East Windsor 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 are 7.0% of covered payroll for police personnel and 2.0% for Town employees.

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

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLAN (Continued)

Benefit Provisions

The normal retirement benefit for all employees except for sworn police personnel is calculated at 1.75% (2.0% for public works employees) of the participant's average annual compensation for the highest three of the last ten calendar years, multiplied by years of credited service. Effective July 1, 2001, the normal retirement benefit for sworn police personnel is calculated at 2.25% of the participant's average annual compensation during the last two calendar years of employment, 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 participation; 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.

Concentrations

The Plan invests in equity and bond mutual funds which are considered to be diversified by nature.

Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2010 (the most recent actuarial date) is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2010	\$ 12,510,494	\$ 17,335,037	\$ 4,824,543	72.2%	\$ 6,637,610	72.7%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of the plan assets are increasing or decreasing over time relative to the AALs for benefits.

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

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLAN (Continued)

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2012	\$ 866,500	\$ 866,500	100%
2011	798,737	798,918	100%
2010	1,234,919	1,154,030	93%
2009	1,154,130	937,957	81%
2008	1,212,499	1,091,486	90%
2007	1,212,499	538,595	44%

Additional Information and Actuarial Assumptions

Valuation date	July 1, 2010
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent - Closed
Remaining amortization period	19 years
Asset valuation method	5 year smoothing of market gains/losses

Actuarial assumptions:

Investment rate of return	7.0%
Projected salary increases	4.0%

Annual Pension Cost and Net Pension Obligation

Annual required contribution	\$ 866,500
Interest on net pension obligation	118,138
Adjustment to annual required contribution	(121,288)
Annual pension cost	863,350
Contributions made	866,500
Decrease in net pension obligation	(3,150)
Net pension obligation, beginning of year	1,687,680
Net pension obligation, end of year	\$ 1,684,530

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

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 863,350	\$ 866,500	100.4%	\$ 1,684,530
2011	800,152	798,918	99.8%	1,687,680
2010	973,992	1,154,030	118.5%	1,686,446

Plan Financial Statements

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF PLAN NET ASSETS
JUNE 30, 2012

ASSETS

Cash and cash equivalents	\$ 439,613
Investments, at fair value:	
Corporate bonds	1,711,117
Mutual funds	13,044,835
Contributions receivable	49,864
Total assets	<u>15,245,429</u>

LIABILITIES

Accounts payable	<u>20,269</u>
Total liabilities	<u>20,269</u>

NET ASSETS

Held in trust for pension benefits	<u>15,225,160</u>
Total net assets	<u>\$ 15,225,160</u>

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

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLAN (Continued)

Plan Financial Statements (Continued)

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

ADDITIONS

Contributions

Employer	\$ 866,500
Plan members	98,581
Total contributions	<u>965,081</u>

Investment earnings:

Net appreciation in fair value of investments	103,464
Interest and dividends	752
Net investment earnings	<u>104,216</u>

Total additions	<u>1,069,297</u>
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DEDUCTIONS

Benefit payments	260,916
Administrative expenses	29,382
Total deductions	<u>290,298</u>

NET INCREASE	778,999
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**NET ASSETS HELD IN TRUST
FOR PENSION BENEFITS**

Beginning of year	<u>14,446,161</u>
End of year	<u>\$ 15,225,160</u>

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

NOTE 10 - PENSION PLANS (Continued)

TEACHERS' RETIREMENT SYSTEM

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

Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual Town basis. For the year ended June 30, 2012, Town teachers contributed \$620,304 to the plan and covered payroll for the year was \$8,555,912.

The Town has reported "on behalf" payments of \$1,757,384 made by the State of Connecticut into the plan as intergovernmental revenues and education expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of governmental funds.

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Town, 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 and dispatchers who retire with at least 20 years of service are eligible for coverage. Police and dispatchers contribute 50% of premiums with 20 to 24 years of experience and 25% of premiums with 25 years of service or over.

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

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

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (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. For fiscal year 2012, total employee and employer contributions were \$344,000. During the year ended June 30, 2012, the Town began funding these benefits in a trust fund.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 326,000
Interest on net OPEB obligation	38,836
Adjustment to annual required contribution	<u>(30,386)</u>
Annual OPEB cost	334,450
Contributions made	<u>344,000</u>
Decrease in net pension obligation	(9,550)
Net OPEB obligation, beginning of the year	<u>485,451</u>
Net OPEB obligation, end of the year	<u><u>\$ 475,901</u></u>

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

<u>Year Ended</u> <u>June 30:</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Actual</u> <u>Contribution</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2012	\$ 334,450	\$ 344,000	102.9%	\$ 475,901
2011	332,401	350,000	105.3%	485,451
2010	449,050	200,000	44.5%	503,050

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

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

Funded Status and Funding Progress

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

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit Cost Method (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$ 3,441,000	\$ 3,441,000	0.0%	N/A	N/A

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

Actuarial Methods and Assumptions

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

Valuation date:	July 1, 2010
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Percent
Remaining amortization period:	30 years decreasing
Asset valuation method:	N/A
Actuarial assumptions:	
Discount Rate	8.00%
Healthcare cost trend rate	6.1% initial
	4.5% final

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

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

Plan Financial Statements

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF PLAN NET ASSETS
JUNE 30, 2012

	<u>Other Post Employment Benefits Fund</u>
ASSETS	
Cash and cash equivalents	\$ 220,021
Total assets	<u>220,021</u>
NET ASSETS	
Held in trust for other post employment benefits	<u>\$ 220,021</u>

TOWN OF EAST WINDSOR, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Other Post Employment Benefits Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 124,626
Total addition	<u>124,626</u>
DEDUCTIONS	
Administrative expenses	<u>9,164</u>
Total deductions	<u>9,164</u>
NET INCREASE	115,462
NET ASSETS HELD IN TRUST FOR OTHER POST EMPLOYMENT BENEFITS	
Beginning of year	<u>104,559</u>
End of year	<u>\$ 220,021</u>

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

NOTE 12 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or natural disasters. The Town purchases commercial insurance for all risks of loss. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2012. There were no significant reductions in insurance coverage from amounts held in the prior year.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

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

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

Required Supplementary Information

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULES OF FUNDING PROGRESS
JUNE 30, 2012

Employee Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2006	\$ 8,313,911	\$ 12,977,635	\$ (4,663,724)	64.1%	\$ 5,152,888	90.5%
July 1, 2008	10,201,533	13,997,324	(3,795,791)	72.9%	5,347,942	71.0%
July 1, 2009	11,229,183	15,558,600	(4,329,417)	72.2%	6,145,388	70.4%
July 1, 2010	12,510,494	17,335,037	(4,824,543)	72.2%	6,637,610	72.7%

Other Post Employment Benefits Program

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2008	\$ -	\$ 5,068,000	\$ (5,068,000)	0.0%	N/A	N/A
July 1, 2010	-	3,441,000	(3,441,000)	0.0%	N/A	N/A

See accompanying Report of Certified Independent Accountants.

Combining and Individual Fund Statements and Schedules

General Fund

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, 2012

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PROPERTY TAXES				
Current and prior year levies	\$ 26,381,878	\$ 26,381,878	\$ 26,372,589	\$ (9,289)
Interest and lien fees	200,000	200,000	286,829	86,829
Total property taxes	26,581,878	26,581,878	26,659,418	77,540
INTERGOVERNMENTAL REVENUES				
Education equalization	5,482,135	5,482,135	5,492,363	10,228
Public school transportation	103,852	103,852	92,119	(11,733)
School building grants	169,715	169,715	169,715	-
Reimbursement in lieu of taxes	92,758	92,758	92,796	38
Pro-rata share of CT fines	2,000	2,000	6,881	4,881
Tax relief - elderly freeze	-	-	2,000	2,000
Tax relief - circuit breaker	85,845	85,845	78,927	(6,918)
Tax relief - veterans	5,557	5,557	5,512	(45)
Tax exempt property - disability	1,946	1,946	2,001	55
LOCIP	78,322	78,322	75,000	(3,322)
Telephone access grant	35,000	35,000	25,066	(9,934)
Miscellaneous State of Connecticut	1,137	1,137	4,079	2,942
Municipal revenue sharing	-	-	174,805	174,805
Mashantucket Pequot grant	41,923	41,923	44,058	2,135
Total intergovernmental revenues	6,100,190	6,100,190	6,265,322	165,132
LICENSES, FEES AND CHARGES FOR GOODS AND SERVICES				
Building department	145,000	145,000	409,092	264,092
Zoning Board of Appeals	500	500	856	356
Planning and zoning revenue	14,000	14,000	25,997	11,997
Recycling rebates	4,330	4,330	-	(4,330)
East Windsor Housing Authority	15,000	15,000	26,702	11,702
Conservation commission	5,000	5,000	27,837	22,837
Police department	5,188	5,188	7,722	2,534
Assessor's revenue	1,000	1,000	679	(321)
Town Clerk's revenue	172,550	172,550	189,529	16,979
Mini-bus donations	3,500	3,500	3,805	305
Greater Hartford transit district	2,500	2,500	6,938	4,438
Miscellaneous	3,000	3,000	105,394	102,394
Parks and recreation	36,800	36,800	31,753	(5,047)
Parking tickets	120	120	-	(120)
Land and building rental	1,700	1,700	1,561	(139)
Perpetual care	210	210	320	110
Road cut permits	300	300	800	500
Aircraft miscellaneous	5,400	5,400	5,719	319
Farmland preservation	3,500	3,500	5,934	2,434
Total licenses, fees and charges for goods and services	419,598	419,598	850,638	431,040

See accompanying Report of Certified Independent Accountants.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES FROM THE USE OF MONEY				
Interest on deposits	\$ 40,000	\$ 40,000	\$ 16,936	\$ (23,064)
Total revenues from the use of money	40,000	40,000	16,936	(23,064)
 Total revenues	 \$ 33,141,666	 \$ 33,141,666	 \$ 33,792,314	 \$ 650,648

See accompanying Report of Certified Independent Accountants.

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, 2012

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
GENERAL GOVERNMENT				
Board of Selectmen	\$ 161,630	\$ 165,318	\$ 164,785	\$ (533)
Town counsel and legal	150,000	178,000	176,654	(1,346)
Professional services	3,000	3,000	1,666	(1,334)
Auditor	58,000	58,000	45,580	(12,420)
Treasurer	188,801	190,276	183,657	(6,619)
Town clerk	119,770	119,770	117,873	(1,897)
Assessor	181,325	181,325	178,539	(2,786)
Tax collector	119,698	119,698	107,714	(11,984)
Tax relief	10	10	-	(10)
Board of Tax Review	2,650	2,650	1,497	(1,153)
Elections - registrar	48,406	60,700	59,033	(1,667)
Probate court	4,386	3,604	1,410	(2,194)
Pension fund	200	200	-	(200)
Town property	240,853	240,470	228,434	(12,036)
Building committee	200	680	480	(200)
Economic development commission	5,337	5,337	4,004	(1,333)
Zoning board of appeals	2,050	2,050	650	(1,400)
Planning and zoning commission	2,950	2,950	2,563	(387)
Town planner	188,225	188,225	186,654	(1,571)
Building department	132,152	162,784	149,314	(13,470)
Elderly commission	600	600	255	(345)
Senior center	254,309	254,309	235,111	(19,198)
Conservation commission	1,800	1,800	1,800	-
Board of finance	6,300	6,300	3,534	(2,766)
Miscellaneous	23,745	23,745	23,377	(368)
27th payroll	97,000	91,516	5,164	(86,352)
Employee benefits	845,603	815,674	713,117	(102,557)
Total general government	2,839,000	2,878,991	2,592,865	(286,126)
PUBLIC SAFETY				
Police department	2,680,317	2,660,684	2,617,797	(42,887)
Telecommunications system	41,000	41,000	40,471	(529)
Police commission	1,500	1,550	1,539	(11)
Broad Brook fire department	652,198	652,198	640,756	(11,442)
Fire protection (water)	311,648	311,648	293,999	(17,649)
Fire marshal	18,817	18,817	18,607	(210)
Civil preparedness	7,375	7,375	7,375	-
Hearing officer	30	30	-	(30)
Dog damage	10	10	10	-
Employee benefits	1,279,833	1,236,362	1,158,133	(78,229)
Total public safety	4,992,728	4,929,674	4,778,687	(150,987)

See accompanying Report of Certified Independent Accountants.

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, 2012

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
CONSERVATION AND HEALTH				
General assistance	\$ 15,500	\$ 15,500	\$ 10,874	\$ (4,626)
Human services	141,509	142,691	141,987	(704)
Visiting Nurse Association	6,628	6,628	6,628	-
Miscellaneous health agencies	66,953	66,953	66,953	-
Water purification	10	10	-	(10)
Immunizations and physicals	3,000	3,000	767	(2,233)
Ambulance Association	37,500	43,000	43,000	-
Employee benefits	81,353	77,253	66,793	(10,460)
Total conservation and health	352,453	355,035	337,002	(18,033)
HIGHWAYS				
Highways	600,319	598,519	585,642	(12,877)
General roads	200,000	84,175	84,175	-
Street lighting	150,301	150,300	137,516	(12,784)
Engineering	97,068	101,368	100,962	(406)
Employee benefits	321,665	321,665	291,543	(30,122)
Total highways	1,369,353	1,256,027	1,199,838	(56,189)
SANITATION AND WASTE REMOVAL				
Collection and disposal	806,124	820,424	820,420	(4)
Water Pollution Control Authority	5,000	-	-	-
Total sanitation and waste removal	811,124	820,424	820,420	(4)
INSURANCE AND SURETY BONDS				
Insurance and surety bonds	353,700	345,900	257,028	(88,872)
Unemployment compensation	10,000	10,000	9,067	(933)
Total insurance and surety bonds	363,700	355,900	266,095	(89,805)
CULTURE AND RECREATION				
Broad Brook library	2,500	2,500	2,500	-
Community activities	-	-	-	-
WHP library	225,000	225,000	225,000	-
Parks and recreation	205,609	203,109	194,347	(8,762)
Employee benefits	27,377	31,477	30,761	(716)
Total culture and recreation	460,486	462,086	452,608	(9,478)
MISCELLANEOUS				
Cemeteries	18,000	18,000	18,000	-
Contingency fund	86,000	73,706	-	(73,706)
Miscellaneous	2,700	2,702	2,190	(512)
Information technology	142,824	142,824	136,088	(6,736)
Communications	32,256	39,256	36,945	(2,311)
Total miscellaneous	281,780	276,488	193,223	(83,265)

See accompanying Report of Certified Independent Accountants.

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, 2012

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over (Under)
EDUCATION				
Salaries				
Administration	\$ 358,730	\$ 364,922	\$ 364,922	\$ -
Building administration	687,139	661,984	661,984	-
Certified personnel	7,523,343	7,259,931	7,259,931	-
Substitutes	246,334	491,253	491,253	-
Home bound	7,500	36,332	36,332	-
Tutors	298,843	320,834	320,834	-
Stipends	156,592	165,934	165,934	-
Summer school	22,091	21,246	21,246	-
Adult education/enrichment	21,889	22,149	22,149	-
Clerical	734,429	786,599	786,599	-
Teacher's Aides	670,202	688,073	688,073	-
Nurses	227,082	220,420	220,420	-
Custodial	495,771	509,459	509,459	-
Support services	134,047	129,117	129,117	-
School facility use	2,000	1,640	1,640	-
Total salaries	11,585,992	11,679,893	11,679,893	-
Employee Benefits				
Retirement and social security	640,247	720,412	720,412	-
Health insurance	2,419,955	2,381,379	2,381,379	-
Workmen's compensation and travel insurance	282,938	150,040	150,040	-
Total employee benefits	3,343,140	3,251,831	3,251,831	-
Purchased Services				
Instructional program improvements	16,400	7,506	7,506	-
Pupil services	39,047	20,094	20,094	-
Other professional services	269,909	362,599	362,599	-
Public utilities	257,622	260,570	260,570	-
Cleaning/repairing	314,238	234,067	234,067	-
Maintenance	37,800	118,553	118,553	-
Public transportation	1,259,036	1,287,347	1,287,347	-
Property insurance	50,158	50,158	50,158	-
Liability insurance	42,906	97,566	97,566	-
Communications	17,942	30,578	30,578	-
Printing/binding	42,541	31,441	31,441	-
Tuition	1,166,405	1,057,596	1,057,596	-
Travel, conferences and other transportation	17,255	15,385	15,385	-
Total purchased services	3,531,259	3,573,460	3,573,460	-

See accompanying Report of Certified Independent Accountants.

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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
EDUCATION <i>(Continued)</i>				
Supplies				
Instructional	\$ 219,731	\$ 223,059	\$ 223,059	\$ -
Custodial/maintenance	75,804	65,040	65,040	-
Heat and energy	330,068	178,373	178,373	-
Food services	2	-	-	-
Textbooks	74,025	47,783	47,783	-
Library	28,713	35,761	35,761	-
Other supplies	101,132	74,083	74,083	-
Total supplies	829,475	624,099	624,099	-
Capital equipment				
New equipment	96,900	368,121	368,121	-
Dues and fees	19,685	14,858	14,858	-
Total capital equipment	116,585	382,979	382,979	-
Total education	19,406,451	19,512,262	19,512,262	-
DEBT SERVICE	1,778,924	1,771,394	1,750,903	(20,491)
CAPITAL OUTLAYS	485,667	300,589	300,088	(501)
OTHER FINANCING USES				
Transfers out	-	328,607	328,606	(1)
Total other financing sources	-	328,607	328,606	(1)
Total expenditures and other financing sources	\$ 33,141,666	\$ 33,247,477	\$ 32,532,597	\$ (714,880)

See accompanying Report of Certified Independent Accountants.

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

Grand List Year	Balance Uncollected June 30, 2011	Current Levy	Lawful Corrections		Transfers		Balance To Be Collected	Taxes		Collections Interest and Lien Fees		Total	Balance Uncollected June 30, 2012
			Additions	Deductions	To	Suspense							
2010	\$ -	\$ 26,496,175	\$ 47,896	\$ 107,039	\$ 16,340	\$ -	\$ 26,420,692	\$ 25,790,429	\$ -	\$ 110,375	\$ -	\$ 25,900,804	\$ 630,263
2009	663,325	-	8,325	13,258	16,896	-	641,496	317,887	-	76,667	-	394,554	323,609
2008	319,734	-	113	4,211	18,251	-	297,385	84,348	-	29,205	-	113,553	213,037
2007	182,387	-	175	352	-	-	182,210	33,257	-	22,376	-	55,633	148,953
2006	80,042	-	120	267	-	-	79,895	21,788	-	15,645	-	37,433	58,107
2005	53,154	-	-	-	-	-	53,154	19,302	-	17,602	-	36,904	33,852
2004	26,016	-	-	-	-	-	26,016	2,607	-	1,790	-	4,397	23,409
2003	21,189	-	-	-	-	-	21,189	3,134	-	2,488	-	5,622	18,055
2002	13,465	-	12	-	-	-	13,477	2,994	-	2,038	-	5,032	10,483
2001	10,537	-	-	-	-	-	10,537	1,194	-	2,484	-	3,678	9,343
2000	8,510	-	-	-	-	-	8,510	1,128	-	2,124	-	3,252	7,382
1999	7,965	-	-	-	-	-	7,965	1,094	-	2,255	-	3,349	6,871
1998	7,169	-	4	-	-	-	7,173	1,069	-	92	-	1,161	6,104
1997	7,008	-	2	-	-	-	7,010	1,041	-	959	-	2,000	5,969
1996	5,663	-	16	-	-	-	5,679	158	-	379	-	537	5,521
1995 and prior	4,441	-	-	4,441	-	-	-	-	-	350	-	350	-
	\$ 1,410,605	\$ 26,496,175	\$ 56,663	\$ 129,568	\$ 51,487	\$ -	\$ 27,782,388	\$ 26,281,430	\$ -	\$ 286,829	\$ -	\$ 26,568,259	\$ 1,500,958

See accompanying Report of Certified Independent Accountants.

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

Total cash collections for the year ended
June 30, 2012:

Taxes	\$ 26,281,430
Interest and lien fees	<u>286,829</u>
Total	26,568,259
Reimbursement for revenue loss:	
Tax relief for elderly (CGS 12-129d)	<u>2,000</u>
Base	<u><u>\$ 26,570,259</u></u>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 59,783,083	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	119,566,166	-	-	-
3-3/4 times base	-	-	99,638,471	-	-
3-1/4 times base	-	-	-	86,353,342	-
3 times base	-	-	-	-	79,710,777
Total debt limitation	<u>59,783,083</u>	<u>119,566,166</u>	<u>99,638,471</u>	<u>86,353,342</u>	<u>79,710,777</u>
Indebtedness:					
Bonds payable	2,460,000	1,275,000	-	-	-
Note payable	-	-	4,527,457	-	-
Bond anticipation notes payable	<u>420,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2,880,000	1,275,000	4,590,457	-	-
Less: sewer assessments receivable	-	-	(258,958)	-	-
Less: school building grant	<u>-</u>	<u>(572,402)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>2,880,000</u>	<u>702,598</u>	<u>4,331,499</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 56,903,083</u></u>	<u><u>\$ 118,863,568</u></u>	<u><u>\$ 95,306,972</u></u>	<u><u>\$ 86,353,342</u></u>	<u><u>\$ 79,710,777</u></u>
Total capacity of borrowing (7 times base)	\$ 185,991,813				
Total present indebtedness	<u>7,914,097</u>				
Margin for additional borrowing	<u><u>\$ 178,077,716</u></u>				

See accompanying Report of Certified Independent Accountants.

*Nonmajor
Governmental
Funds*

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Nonmajor Special Revenue Funds							
	Federal and State Grants Fund	Hot Lunch Program	Dog License Fund	Sewer Operating Fund	Sewer Assessment Fund	Drug Forfeiture Fund	Small Cities Fund	Town Aid Road Fund
ASSETS								
Cash and cash equivalents	\$ -	\$ 182,818	\$ -	\$ 813,639	\$ 1,151,117	\$ 4,338	\$ 61,103	\$ -
Receivables:								
Assessments/user charges	-	-	-	101,561	258,958	-	-	-
Intergovernmental	8,032	40,005	-	-	-	-	-	-
Other	1,860	-	-	-	-	-	81,888	-
Due from other funds	180,025	7,285	16,788	68,973	-	-	-	488,120
Inventories	-	7,853	-	-	-	-	-	-
Total assets	\$ 189,917	\$ 237,961	\$ 16,788	\$ 984,173	\$ 1,410,075	\$ 4,338	\$ 142,991	\$ 488,120
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 141,547	\$ -	\$ 4,942	\$ 102,138	\$ -	\$ -	\$ 30,984	\$ -
Accrued expenses:								
Salaries and benefits payable	-	-	850	20,046	-	-	-	-
Due to other funds	-	120,818	-	132,797	69,479	-	-	-
Unearned/deferred revenue	22,222	-	-	85,447	258,958	-	112,007	133,170
Total liabilities	163,769	120,818	5,792	340,428	328,437	-	142,991	133,170
Fund Balances:								
Nonspendable:								
Inventories	-	7,853	-	-	-	-	-	-
Restricted for:								
Grant program purposes	-	-	-	-	-	-	-	354,950
Special reserves - external	-	-	-	-	-	-	-	-
Committed to:								
Education	26,148	109,290	-	-	-	-	-	-
Public safety	-	-	10,996	-	-	-	-	-
Sanitation and waste removal	-	-	-	643,745	1,081,638	-	-	-
Other governmental fund purposes	-	-	-	-	-	4,338	-	-
Total fund balances	26,148	117,143	10,996	643,745	1,081,638	4,338	-	354,950
Total liabilities and fund balances	\$ 189,917	\$ 237,961	\$ 16,788	\$ 984,173	\$ 1,410,075	\$ 4,338	\$ 142,991	\$ 488,120

See accompanying Report of Certified Independent Accountants.

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Nonmajor Special Revenue Funds				Nonmajor Permanent Funds			Total Nonmajor Governmental Funds
	Miscellaneous	Policy	Senior	After	Cemetery	Veterans	Subtotal	
	Fund	Private Duty	Center	School Program	Trust	Trust	Fund	
		Fund	Fund	Fund	Fund	Fund		
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 58,284	\$ 4,898	\$ 4,923	\$ 9,821	\$ 2,281,120
Receivables:								
Assessments/user charges	-	-	-	-	-	-	-	360,519
Intergovernmental	221,353	-	-	-	-	-	-	269,390
Other	-	36,179	-	-	-	-	-	119,927
Due from other funds	284,078	117,177	10,449	-	-	-	-	1,172,895
Inventories	-	-	-	-	-	-	-	7,853
Total assets	\$ 505,431	\$ 153,356	\$ 10,449	\$ 58,284	\$ 4,898	\$ 4,923	\$ 9,821	\$ 4,211,704
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 1,003	\$ 312	\$ -	\$ 4,400	\$ -	\$ -	\$ -	\$ 285,326
Accrued expenses:								
Salaries and benefits payable	-	11,447	-	-	-	-	-	32,343
Due to other funds	114,942	-	-	-	-	-	-	438,036
Unearned/deferred revenue	296,741	-	-	-	-	-	-	908,545
Total liabilities	412,686	11,759	-	4,400	-	-	-	1,664,250
Fund Balances:								
Nonspendable:								
Inventories	-	-	-	-	-	-	-	7,853
Restricted for:								
Grant program purposes	-	-	-	-	-	-	-	354,950
Special reserves - external	-	-	-	-	4,898	4,923	9,821	9,821
Committed to:								
Education	-	-	-	53,884	-	-	-	189,322
Public safety	-	141,597	-	-	-	-	-	152,593
Sanitation and waste removal	-	-	-	-	-	-	-	1,725,383
Other governmental fund purposes	92,745	-	10,449	-	-	-	-	107,532
Total fund balances	92,745	141,597	10,449	53,884	4,898	4,923	9,821	2,547,454
Total liabilities and fund balances	\$ 505,431	\$ 153,356	\$ 10,449	\$ 58,284	\$ 4,898	\$ 4,923	\$ 9,821	\$ 4,211,704

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Nonmajor Special Revenue Funds							
	Federal and State Grants Fund	Hot Lunch Program	Dog License Fund	Sewer Operating Fund	Sewer Assessment Fund	Drug Forfeiture Fund	Small Cities Fund	Town Aid Road Fund
REVENUES								
Assessment including interest and liens	\$ -	\$ -	\$ -	\$ -	\$ 630,341	\$ -	\$ -	\$ -
Intergovernmental revenues	1,351,264	225,724	-	-	-	-	787,672	-
Licenses, fees and charges for goods and services	-	263,579	8,605	1,282,887	-	-	-	-
Revenues from use of money	-	-	-	2,099	-	9	-	-
Other revenues	-	-	-	-	-	-	3,000	-
Total revenues	1,351,264	489,303	8,605	1,284,986	630,341	9	790,672	-
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	3,000	-
Public safety	-	-	32,349	-	-	600	-	-
Highways	-	-	-	-	-	-	-	69,544
Sanitation and waste removal	-	-	-	1,464,599	-	-	-	-
Education	1,311,255	579,324	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	787,672	-
Total expenditures	1,311,255	579,324	32,349	1,464,599	-	600	790,672	69,544
Excess (deficiency) of revenues over expenditures	40,009	(90,021)	(23,744)	(179,613)	630,341	(591)	-	(69,544)
OTHER FINANCING SOURCES								
Transfers in	-	37,340	20,704	253,973	950,000	-	-	-
Transfers out	(37,340)	-	-	(70,600)	(703,973)	-	-	-
Total other financing sources	(37,340)	37,340	20,704	183,373	246,027	-	-	-
Net change in fund balances	2,669	(52,681)	(3,040)	3,760	876,368	(591)	-	(69,544)
Fund balances - beginning	23,479	169,824	14,036	639,985	205,270	4,929	-	424,494
Fund balances - ending	\$ 26,148	\$ 117,143	\$ 10,996	\$ 643,745	\$ 1,081,638	\$ 4,338	\$ -	\$ 354,950

See accompanying Report of Certified Independent Accountants.

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Nonmajor Special Revenue Funds				Nonmajor Permanent Funds			Total Nonmajor Governmental Funds
	Miscellaneous Grants Fund	Private Duty Fund	Policy Fund	Senior Center Fund	School Program Fund	Cemetery Trust Fund	Veterans Trust Fund	
REVENUES								
Assessment including interest and liens	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 630,341
Intergovernmental revenues	322,287	-	-	-	-	-	-	2,686,947
Licenses, fees and charges for goods and services	-	215,334	4,015	426,313	-	-	-	2,200,733
Revenues from use of money	-	-	-	103	-	-	-	2,211
Other revenues	282,420	-	-	-	-	-	-	285,420
Total revenues	604,707	215,334	4,015	426,416	-	-	-	5,805,652
EXPENDITURES								
Current:								
General government	136,016	-	3,593	-	-	-	-	142,609
Public safety	75,793	191,565	-	-	-	-	-	300,307
Highways	198,858	-	-	-	-	-	-	268,402
Sanitation and waste removal	-	-	-	-	-	-	-	1,464,599
Education	164,464	-	-	372,532	-	-	-	2,427,575
Capital outlays	-	-	-	-	-	-	-	787,672
Total expenditures	575,131	191,565	3,593	372,532	-	-	-	5,391,164
Excess (deficiency) of revenues over expenditures	29,576	23,769	422	53,884	-	-	-	414,488
OTHER FINANCING SOURCES								
Transfers in	-	-	-	-	-	-	-	1,262,017
Transfers out	-	-	-	-	-	-	-	(811,913)
Total other financing sources	-	-	-	-	-	-	-	450,104
Net change in fund balances	29,576	23,769	422	53,884	-	-	-	864,592
Fund balances - beginning	63,169	117,828	10,027	-	-	4,898	4,923	1,682,862
Fund balances - ending	\$ 92,745	\$ 141,597	\$ 10,449	\$ 53,884	\$ 2,537,633	\$ 4,898	\$ 4,923	\$ 2,547,454

*Fiduciary
Funds*

TOWN OF EAST WINDSOR, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PENSION AND OTHER POST EMPLOYMENT
 BENEFITS TRUST FUNDS
 JUNE 30, 2012

	Pension Trust Fund	Other Post Employment Benefits Trust Fund	Total
ASSETS			
Cash and cash equivalents	\$ 439,613	\$ 220,021	\$ 659,634
Investments, at fair value:			
Corporate bonds	1,711,117	-	1,711,117
Mutual funds	13,044,835	-	13,044,835
Contributions receivable	49,864	-	49,864
Total assets	<u>15,245,429</u>	<u>220,021</u>	<u>15,465,450</u>
LIABILITIES			
Accounts payable	<u>20,269</u>	-	<u>20,269</u>
Total liabilities	<u>20,269</u>	<u>-</u>	<u>20,269</u>
NET ASSETS			
Held in trust for pension and other post-employment benefits	<u>\$ 15,225,160</u>	<u>\$ 220,021</u>	<u>\$ 15,445,181</u>

See accompanying Report of Certified Independent Accountants.

TOWN OF EAST WINDSOR, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION AND OTHER POST EMPLOYMENT
 BENEFITS TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Pension Trust Fund	Other Post Employment Benefits Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 866,500	\$ 124,626	\$ 991,126
Plan members	98,581	-	98,581
Total contributions	<u>965,081</u>	<u>124,626</u>	<u>1,089,707</u>
Investment earnings:			
Interest	752	-	752
Net increase in the fair value of investments	<u>103,464</u>	<u>-</u>	<u>103,464</u>
Net investment earnings	<u>104,216</u>	<u>-</u>	<u>104,216</u>
Total additions	<u>1,069,297</u>	<u>124,626</u>	<u>1,193,923</u>
DEDUCTIONS			
Benefit payments	260,916	-	260,916
Administrative expense	<u>29,382</u>	<u>9,164</u>	<u>38,546</u>
Total deductions	<u>290,298</u>	<u>9,164</u>	<u>299,462</u>
Change in net assets	778,999	115,462	894,461
Net assets - beginning	<u>14,446,161</u>	<u>104,559</u>	<u>14,550,720</u>
Net assets - ending	<u>\$ 15,225,160</u>	<u>\$ 220,021</u>	<u>\$ 15,445,181</u>

See accompanying Report of Certified Independent Accountants.

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2012

	<u>Student Activities</u>	<u>Contractor Bonds</u>	<u>Performance Bonds</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and cash equivalents	\$ 103,256	\$ 25,752	\$ -	\$ 129,008
Due from other funds	-	17,766	594,330	612,096
Total assets	<u>\$ 103,256</u>	<u>\$ 43,518</u>	<u>\$ 594,330</u>	<u>\$ 741,104</u>
LIABILITIES				
Due to student groups	\$ 103,256	\$ -	\$ -	\$ 103,256
Due to others	-	43,518	594,330	637,848
Total liabilities	<u>\$ 103,256</u>	<u>\$ 43,518</u>	<u>\$ 594,330</u>	<u>\$ 741,104</u>

See accompanying Report of Certified Independent Accountants.

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

	Balance, July 1, 2011	Additions	Deletions	Balance, June 30, 2012
Student Activities Fund				
Assets				
Cash and cash equivalents	\$ 74,885	\$ 261,424	\$ 233,053	\$ 103,256
Total assets	<u>\$ 74,885</u>	<u>\$ 261,424</u>	<u>\$ 233,053</u>	<u>\$ 103,256</u>
Liabilities				
Due to student groups	\$ 74,885	\$ 261,424	\$ 233,053	\$ 103,256
Total liabilities	<u>\$ 74,885</u>	<u>\$ 261,424</u>	<u>\$ 233,053</u>	<u>\$ 103,256</u>
Contractor Bonds				
Assets				
Cash and cash equivalents	\$ 43,515	\$ 3	\$ 17,766	\$ 25,752
Due from other funds	-	17,766	-	17,766
Total assets	<u>\$ 43,515</u>	<u>\$ 17,769</u>	<u>\$ 17,766</u>	<u>\$ 43,518</u>
Liabilities				
Due to others	\$ 43,515	\$ 17,769	\$ 17,766	\$ 43,518
Total liabilities	<u>\$ 43,515</u>	<u>\$ 17,769</u>	<u>\$ 17,766</u>	<u>\$ 43,518</u>
Performance Bonds				
Assets				
Due from other funds	\$ 240,555	\$ 639,630	\$ 285,855	\$ 594,330
Total assets	<u>\$ 240,555</u>	<u>\$ 639,630</u>	<u>\$ 285,855</u>	<u>\$ 594,330</u>
Liabilities				
Due to others	\$ 240,555	\$ 639,630	\$ 285,855	\$ 594,330
Total liabilities	<u>\$ 240,555</u>	<u>\$ 639,630</u>	<u>\$ 285,855</u>	<u>\$ 594,330</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 118,400	\$ 261,427	\$ 250,819	\$ 129,008
Due from other funds	240,555	657,396	285,855	612,096
Total assets	<u>\$ 358,955</u>	<u>\$ 918,823</u>	<u>\$ 536,674</u>	<u>\$ 741,104</u>
Liabilities				
Due to student groups	\$ 74,885	\$ 261,424	\$ 233,053	\$ 103,256
Due to others	284,070	657,399	303,621	637,848
Total liabilities	<u>\$ 358,955</u>	<u>\$ 918,823</u>	<u>\$ 536,674</u>	<u>\$ 741,104</u>

See accompanying Report of Certified Independent Accountants.

**OTHER
SUPPLEMENTARY
INFORMATION**

Town of East Windsor Organizational Chart

Table 1

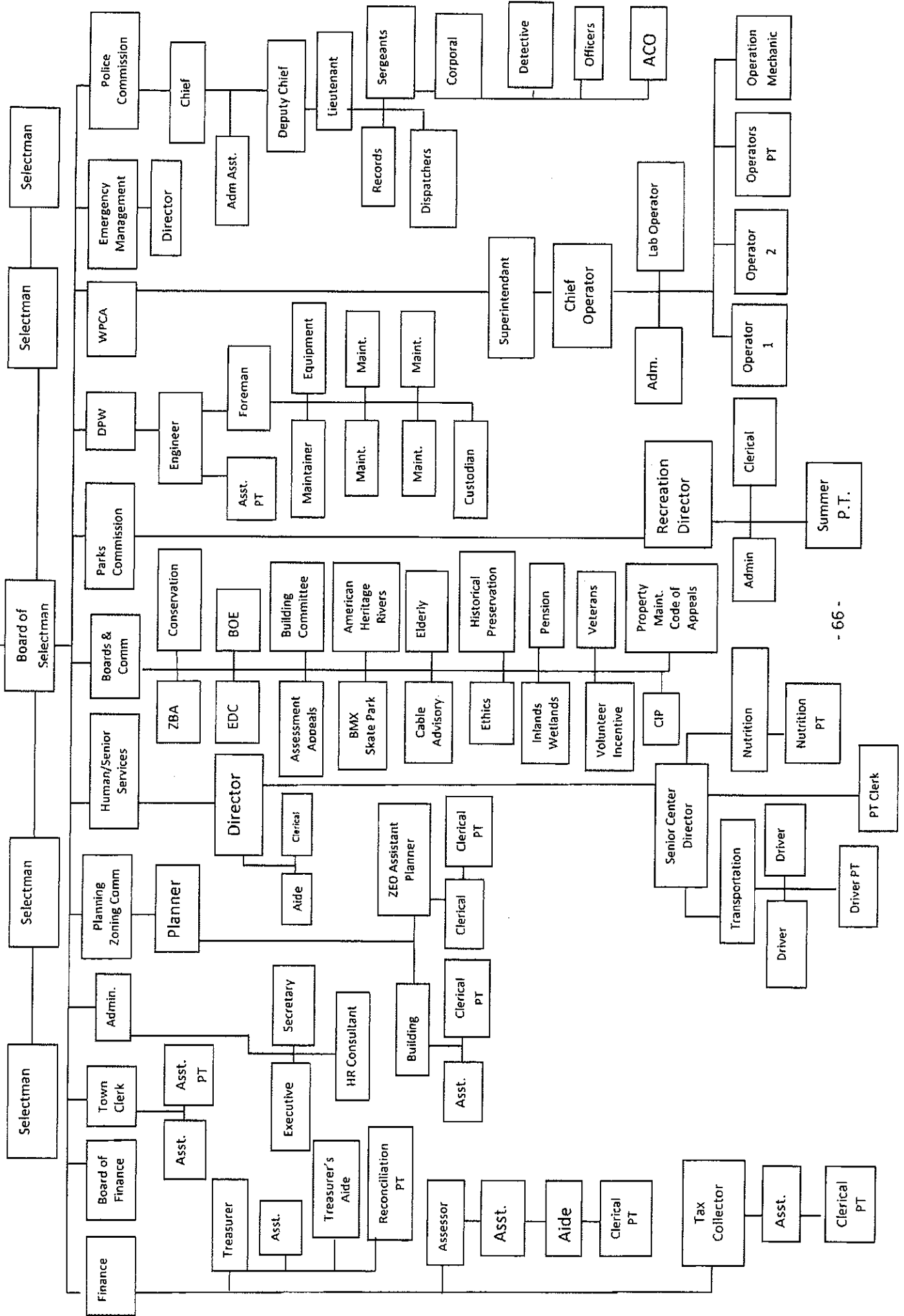


Table 2

**TOWN OF EAST WINDSOR, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS -
LAST EIGHT FISCAL YEARS**

(Unaudited)

FISCAL YEAR ENDED JUNE 30	GRAND LIST OF OCTOBER 1	(1) NET TAXABLE		TAX RATE (IN MILLS)	TOTAL ADJUSTED TAX LEVY	% COLLECTED END OF EACH FISCAL YEAR		% UNCOLLECTED END OF EACH FISCAL YEAR		% UNCOLLECTED AS OF JUNE 30, 2012
		GRAND LIST	TAXABLE							
2012	2010	\$ 1,082,305		24.3756	\$26,420,690	97.6%		2.4%		2.4%
2011	2009	1,077,999		23.9964	25,804,815	97.4		2.6		2.6
2010	2008	1,076,876		21.7488	23,167,459	97.1		2.9		1.2
2009	2007	1,062,759		20.9135	22,097,869	96.5		3.5		0.7
2008	2006	781,972		27.9113	21,980,310	97.1		2.9		0.3
2007	2005	755,775		27.8123	21,336,984	97.1		2.9		0.2
2006	2004	727,583		26.9978	19,843,791	97.0		3.0		0.1
2005	2003	700,281		26.1950	18,587,458	97.6		2.4		0.1

(1) 000s omitted

Source: Town Officials

Table 3

TOWN OF EAST WINDSOR, CONNECTICUT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY -
LAST EIGHT FISCAL YEARS
(Unaudited)

GRAND LIST DATED	RESIDENTIAL REAL PROPERTY PERCENT	COMMERCIAL AND INDUSTRIAL REAL PROPERTY PERCENT	LAND PERCENT	PERSONAL PROPERTY PERCENT	MOTOR VEHICLE PERCENT	GROSS TAXABLE GRAND LIST	LESS EXEMPTIONS	NET TAXABLE GRAND LIST (1)	PERCENT CHANGE
10/1/2010	55.6%	26.8%	2.0%	7.5%	8.1%	\$ 1,103,360,504	\$ 21,055,637	\$ 1,082,304,867	0.4%
10/1/2009	55.2	27.1	2.0	7.8	7.9	1,102,391,190	24,392,108	1,077,999,082	0.0
10/1/2008	58.7	24.8	1.9	6.8	8.0	1,094,209,660	17,332,794	1,076,876,866	1.4
10/1/2007	58.0	24.0	1.8	7.8	8.4	1,082,941,546	20,182,498	1,062,759,048	35.9
10/1/2006	53.9	23.9	1.6	9.8	10.8	798,412,957	16,441,044	781,971,913	3.5
10/1/2005	53.3	24.7	1.6	9.4	11.0	771,970,875	16,195,450	755,775,425	3.9
10/1/2004	54.0	24.8	1.7	9.2	10.3	742,769,706	15,186,972	727,582,734	3.9
10/1/2003	53.5	26.0	1.8	9.2	9.5	712,814,782	12,533,915	700,280,867	1.5

(1) The latest revaluation was effective October 1, 2009.

Source: Town Officials

Table 4

TOWN OF EAST WINDSOR, CONNECTICUT
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
JUNE 30, 2012
(Unaudited)

OVERALL DEBT (1)

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>PER CAPITA</u>	<u>TO NET TAXABLE GRAND LIST</u>	<u>TO ESTIMATED FULL VALUE</u>	<u>TO NET EQUALIZED GRAND LIST</u>	<u>RATIO OF DEBT PER CAPITA TO PER CAPITA INCOME</u>
2012	\$ 777.86	80.00%	56.00%	62.00%	2.52%

NET DIRECT DEBT (2)

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>PER CAPITA</u>	<u>TO NET TAXABLE GRAND LIST</u>	<u>TO ESTIMATED FULL VALUE</u>	<u>TO NET EQUALIZED GRAND LIST</u>	<u>RATIO OF DEBT PER CAPITA TO PER CAPITA INCOME</u>
2012	\$ 726.58	75.00%	52.00%	58.00%	2.35%

(1) Overall Debt: \$8,682,457

(2) Net Direct Debt: \$8,110,054

Table 5

TOWN OF EAST WINDSOR, CONNECTICUT
RATIOS OF DIRECT GROSS GENERAL BONDED DEBT
JUNE 30, 2012
(Unaudited)

FISCAL YEAR ENDED JUNE 30	POPULATION	ASSESSED VALUE	DIRECT GROSS INDEBTEDNESS	RATIO OF GROSS INDEBTEDNESS TO ASSESSED VALUE	GROSS INDEBTEDNESS PER CAPITA
2012	11,162 (2)	\$ 1,546,149,810 (1)	\$ 8,682,457	0.01	\$ 30,926

(1) Unaudited estimate.

(2) U.S. Department of Commerce, Bureau of Census

Table 6

TOWN OF EAST WINDSOR, CONNECTICUT
COMPUTATION OF NET DIRECT DEBT
JUNE 30, 2012
(Unaudited)

DESCRIPTION	DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO TOWN	TOWN SHARE OF DEBT
Current Debt:			
General purpose	\$ 2,460,000	100%	\$ 2,460,000
Schools	1,275,000	100%	1,275,000
Sewers	4,527,457	100%	4,527,457
Total Current Indebtedness			<u>8,262,457</u>
Direct Bonded Indebtedness			8,262,457
Short-term direct indebtedness			420,000
Gross direct indebtedness			<u>8,682,457</u>
Exclusion: School Construction Grants Receivable			(572,403)
Total net direct indebtedness			<u>\$ 8,110,054</u>

Table 7

TOWN OF EAST WINDSOR, CONNECTICUT
TEN LARGEST PRINCIPAL TAXPAYERS
2010 GRAND LIST
(Unaudited)

NAME OF TAXPAYER	NATURE OF BUSINESS	GRAND LIST AMOUNT (1)	% NET TAXABLE GRAND LIST (2)
Southern Auto Sales/Tribble, Cecelia/Tribble, Lawrence/LCC Partnership/Windsor Show Stables	Various	\$ 25,607,560	2.37
The Mansions at Canyon Ridge LLC	Apartments	17,434,010	1.61
Connecticut Water Company	Utility	15,070,300	1.39
Mill Pond Limited Partnership	Apartments	13,733,070	1.27
Balch Bridge Street Corp. & Related Entities	Various	11,170,642	1.03
Blue Dog Properties Trust	Technical School	11,140,280	1.03
East Windsor Properties Limited Partnership	Retail Shopping Center	9,450,380	0.87
Freemont Prospect Hill Road LLC	Commercial buildings	9,269,320	0.86
Wynwood Apartments Connecticut Ltd Ptnrs	Apartments	9,104,030	0.84
Connecticut Light & Power	Utility	8,767,900	0.81
Totals		<u>\$ 130,747,492</u>	<u>12.08</u>

(1) Net Taxable Grant List 10/1/2010

(2) Net Taxable Grant List 10/1/2010 Amount: \$1,082,304,867

Source: Town Officials

Table 8

TOWN OF EAST WINDSOR, CONNECTICUT
DEBT SERVICE REQUIREMENTS
(Unaudited)

FISCAL YEAR ENDING	PRINCIPAL PAYMENTS	INTEREST PAYMENTS	TOTAL PAYMENTS	CUMULATIVE PERCENT RETIRED
2013	\$ 1,159,498	\$ 233,220	\$ 1,392,718	13.22%
2014	1,162,630	202,783	1,365,413	12.96
2015	1,171,033	170,731	1,341,764	12.74
2016	1,016,872	139,105	1,155,977	10.97
2017	224,116	121,887	346,003	3.28
2018	225,055	113,823	338,878	3.22
2019	226,019	105,544	331,563	3.15
2020	227,009	97,049	324,058	3.08
2021	228,027	88,431	316,458	2.93
2022	229,073	79,666	308,739	2.86
2023	230,147	70,636	300,783	2.73
2024	226,251	61,448	287,699	2.65
2025	227,385	52,220	279,605	0.86
2026	43,551	47,007	90,558	0.86
2027	44,749	45,809	90,558	0.86
2028	45,979	44,579	90,558	0.86
2029	47,244	43,314	90,558	0.86
2030	48,543	42,015	90,558	0.86
2031	49,878	40,680	90,558	0.86
2032	51,250	39,308	90,558	0.86
2033	52,659	37,899	90,558	0.86
2034	54,107	36,451	90,558	0.86
2035	55,595	34,963	90,558	0.86
2036	57,124	33,434	90,558	0.86
2037	58,695	31,863	90,558	0.86
2038	60,309	30,249	90,558	0.86
2039	61,967	28,591	90,558	0.86
2040	63,671	26,887	90,558	0.86
2041	65,422	25,136	90,558	0.86
2042	67,221	23,337	90,558	0.86
2043	69,070	21,488	90,558	0.86
2044	70,969	19,589	90,558	0.86
2045	72,921	17,637	90,558	0.86
2046	74,926	15,632	90,558	0.86
2047	76,987	13,571	90,558	0.86
2048	79,104	11,454	90,558	0.86
2049	81,279	9,279	90,558	0.86
2050	83,515	7,043	90,558	0.86
2051	85,811	4,747	90,558	0.86
2052	86,796	2,385	90,558	0.86
Total	<u>\$ 8,262,457</u>	<u>\$ 2,270,890</u>	<u>\$ 10,534,724</u>	

Table 9

TOWN OF EAST WINDSOR, CONNECTICUT
CHANGES IN GENERAL FUND FUND BALANCE
LAST SIX FISCAL YEARS

(Modified Accrual Basis of Accounting - Unaudited)

	Fiscal Year					
	2006-07	2007-08	2008-09	2009-2010	2010-2011	2011-2012
Revenues						
Property taxes	\$ 21,760,585	\$ 21,914,851	\$ 22,039,940	\$ 23,540,079	\$ 26,071,181	\$ 26,659,418
Intergovernmental	6,984,588	12,388,137	8,607,535	7,305,528	7,273,015	6,265,322
Licenses, fees, and charges for goods and services	809,295	957,522	549,003	611,299	955,800	850,638
Revenue from use of money	452,858	313,713	86,311	27,024	18,383	16,936
Other revenues	-	-	-	-	3,300	-
Total revenues	<u>30,007,326</u>	<u>35,574,223</u>	<u>31,282,789</u>	<u>31,483,930</u>	<u>34,321,679</u>	<u>33,792,314</u>
Expenditures						
General government	2,209,594	2,377,962	2,703,149	2,498,192	2,658,301	2,592,865
Public Safety	4,136,973	4,419,602	4,400,954	4,832,390	4,752,054	4,778,687
Conservation and health	403,559	411,687	398,646	418,641	361,438	337,002
Highways	956,348	1,041,430	1,299,363	1,213,739	1,200,901	1,199,838
Sanitation and waste removal	681,998	693,995	731,541	722,658	797,948	820,420
Insurance and surety bonds	274,279	255,958	290,970	254,888	294,488	266,095
Culture and recreation	508,093	584,152	590,584	442,542	437,610	452,608
Education	17,052,072	23,401,901	20,760,869	19,351,289	20,522,588	19,512,262
Miscellaneous	161,967	135,197	180,163	156,077	178,702	193,223
Capital outlays	282,464	299,307	260,881	224,291	351,206	300,088
Debt service	2,030,217	2,080,785	2,029,137	1,789,548	1,647,198	1,750,903
Total expenditures	<u>28,697,564</u>	<u>35,701,976</u>	<u>33,646,257</u>	<u>31,904,255</u>	<u>33,202,434</u>	<u>32,203,991</u>
Excess of revenues over (under) expenditures	1,309,762	(127,753)	(2,363,468)	(420,325)	1,119,245	1,588,323
Other Financing Sources (Uses)						
Transfers in	440,000	576,556	452,278	518,677	350,007	-
Transfers out	(394,142)	(339,128)	(292,361)	(316,702)	(419,755)	(328,606)
Total other financing sources (uses)	<u>45,858</u>	<u>237,428</u>	<u>159,917</u>	<u>201,975</u>	<u>(69,748)</u>	<u>(328,606)</u>
Net change in fund balances	1,355,620	109,675	(2,203,551)	(218,350)	1,049,497	1,259,717
Fund balance, beginning of year	<u>3,842,968</u>	<u>5,198,588</u>	<u>5,308,263</u>	<u>3,104,712</u>	<u>2,886,362</u>	<u>3,935,859</u>
Fund balance, end of year	<u>\$ 5,198,588</u>	<u>\$ 5,308,263</u>	<u>\$ 3,104,712</u>	<u>\$ 2,886,362</u>	<u>\$ 3,935,859</u>	<u>\$ 5,195,576</u>

