

**TOWN OF EAST WINDSOR, CONNECTICUT**

**BASIC FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2015**

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# **Independent Auditor's Report**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Finance  
Town of East Windsor, Connecticut

### Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *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, 2015, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As disclosed in Note 1 to the financial statements, the Town implemented new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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 on the Town's pension plan and other post-retirement benefit plan on page 49 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial 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 financial statements and schedules on pages 53 through 67 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplementary information on pages 68 through 76 have 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 them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut  
December 23, 2015

## **Management's Discussion and Analysis**

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**JUNE 30, 2015**

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The management of the Town of East Windsor, Connecticut (the "Town"), offers readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015.

**FINANCIAL HIGHLIGHTS**

- Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaced the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*. GASB Statement No. 68 required the Town to recognize a net pension liability relating to its long-term obligations for pension benefits in the government-wide financial statements. In addition, the implementation of GASB Statement No. 68 resulted in enhanced note disclosures and required supplementary information. The Town has recognized a cumulative effect adjustment from implementing this statement, which resulted in a decrease in the Town's beginning net position of \$2,233,637.
- The assets and deferred outflows of resources of the Town's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$55,471,690 (net position). Of this amount, \$9,699,865 is considered to be unrestricted. The Town's total net position increased by \$1,376,433.
- The Town's total long-term debt consisting of bonds and notes payable and capital leases increased by \$1,317,456 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$12,594,047, an increase of \$3,075,532 in comparison with the prior year. Of this amount, \$7,348,007 constitutes unassigned fund balance and is available for new spending.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,633,103, while the total fund balance was \$8,690,620.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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

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

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Government-wide Financial Statements (Continued)**

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

The government-wide financial statements include only the Town itself because there are no legally separate organizations for which the Town is financially accountable. The government-wide financial statements can be found on pages 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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 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 - 76 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$55,471,690 and \$54,095,256 (as adjusted) as of June 30, 2015 and 2014, respectively and are summarized as follows. Amounts reported as of June 30, 2014 have been adjusted for the implementation of GASB Statement No. 68 for comparison purposes. The adjustment did not include the effects of any beginning deferred outflows/inflows of resources.

<b>Net Position</b>		
<b>June 30, 2015 and 2014 (As Adjusted)</b>		
	<b>2015</b>	<b>2014</b>
Current and other assets	\$ 23,361,277	\$19,393,713
Capital assets	53,243,790	53,415,073
Total assets	<u>76,605,067</u>	<u>72,808,786</u>
Deferred outflows of resources	<u>433,402</u>	<u>52,515</u>
Other liabilities	8,747,424	7,542,728
Long-term liabilities	12,723,595	11,223,317
Total liabilities	<u>21,471,019</u>	<u>18,766,045</u>
Deferred inflows of resources	<u>95,760</u>	<u>-</u>
Net position:		
Net investment in capital assets	45,659,152	46,225,787
Restricted	112,673	114,302
Unrestricted	9,699,865	7,755,167
Total net position	<u>\$ 55,471,690</u>	<u>\$54,095,256</u>

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Net Position (Continued)**

As of June 30, 2015 and 2014, 82.3% and 85.5%, respectively, of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Less than 1% of the Town's net position as of June 30, 2015 and 2014 were subject to external restrictions on how they may be used and are therefore presented as restricted net position.

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

**Changes in Net Position**

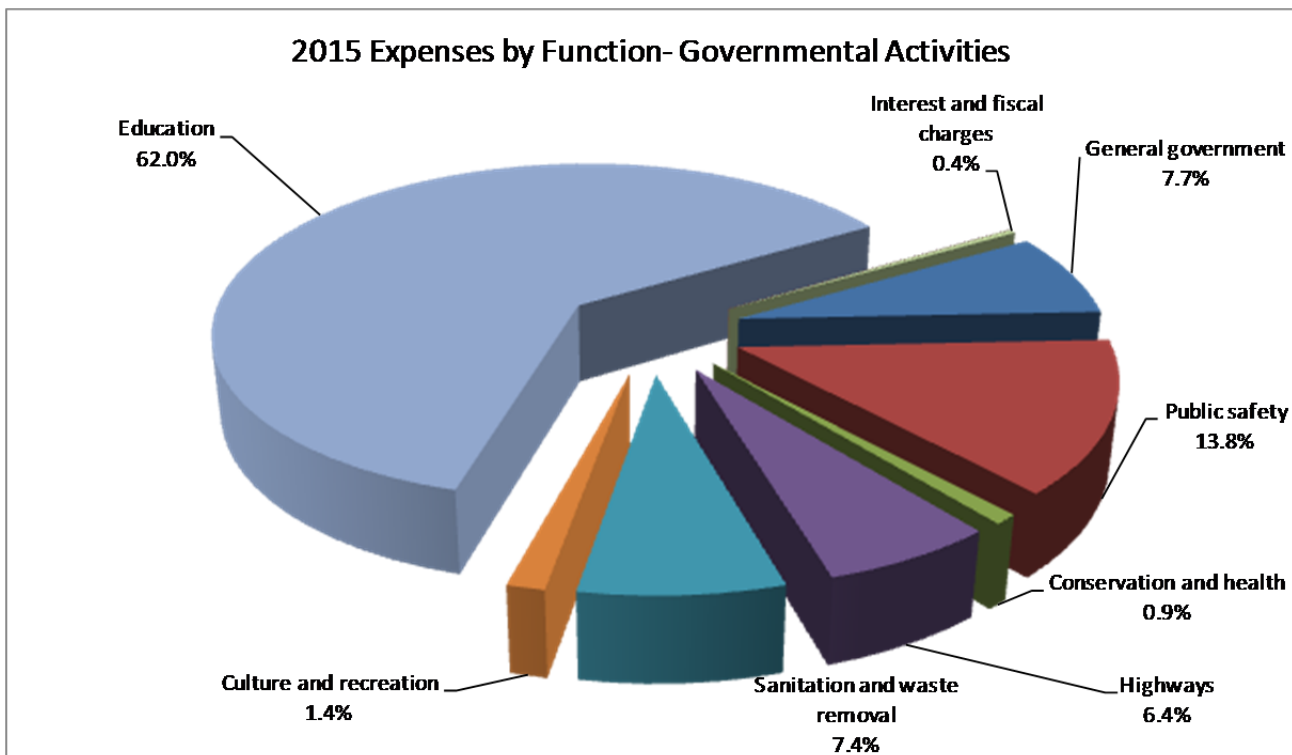
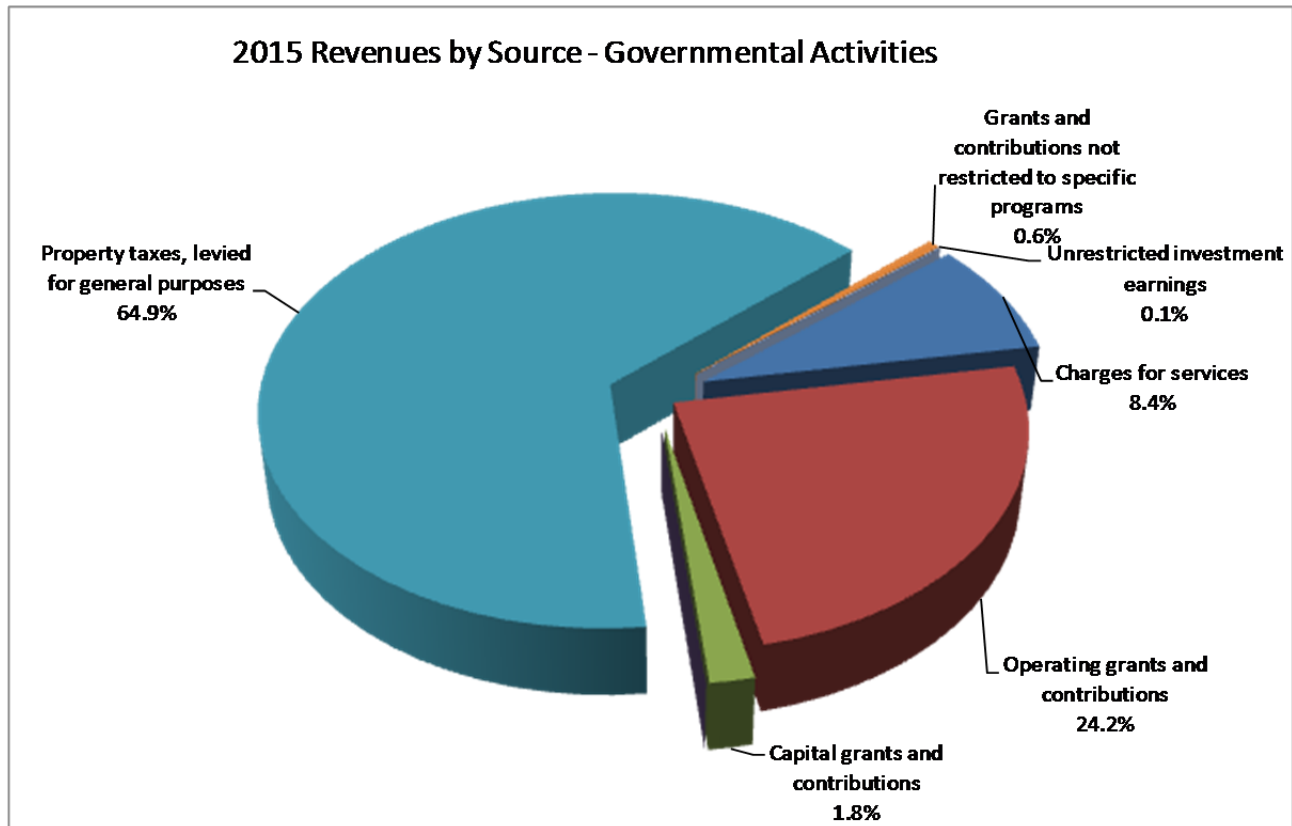
Changes in net position for the years ended June 30, 2015 and 2014 are as follows. Amounts reported for the year ended June 30, 2014 have not been adjusted for the implementation of GASB Statement No. 68 as the effects on the change in net position were not readily determinable.

<b>Changes in Net Position</b>		
<b>Years Ended June 30, 2015 and 2014</b>		
	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 3,702,731	\$ 3,430,956
Operating grants and contributions	10,652,042	10,581,165
Capital grants and contributions	799,109	887,442
General revenues:		
Property taxes, levied for general purposes	28,594,773	28,039,662
Grants and contributions not restricted to specific programs	279,398	379,784
Unrestricted investment earnings	<u>25,536</u>	<u>17,497</u>
Total revenues	<u>44,053,589</u>	<u>43,336,506</u>
<b>Expenses</b>		
General government	3,269,999	2,733,544
Public safety	5,896,810	5,690,098
Conservation and health	383,696	341,767
Highways	2,717,283	2,829,953
Sanitation and waste removal	3,167,630	3,198,735
Culture and recreation	595,090	544,464
Education	26,490,117	26,241,257
Interest expense	<u>156,531</u>	<u>233,267</u>
Total expenses	<u>42,677,156</u>	<u>41,813,085</u>
Change in net position	<u><u>\$ 1,376,433</u></u>	<u><u>\$ 1,523,421</u></u>

TOWN OF EAST WINDSOR, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)  
JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)



**TOWN OF EAST WINDSOR, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)  
JUNE 30, 2015**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

***Governmental Activities***

Overall, the net position of the Town increased by \$1,376,433 during the current fiscal year compared to an increase of \$1,523,421 during the prior year.

Revenues increased by \$717,083 or 1.7% over prior year revenues, while expenses increased by \$864,071 or 2.1%.

**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 \$12,594,047, an increase of \$3,075,532 in comparison with the prior year. Of this amount, \$7,348,007 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 \$7,633,103. 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 20.5% of total General Fund expenditures and transfer to other funds. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 2.4 months of General Fund expenditures. The Town's fund balance policy requires a gradual increase in fund balance to 17% or 2 months of General Fund operating expenditures.

***Capital Projects Fund***

The fund balance in the Capital Projects Fund increased by \$833,366 from \$(678,359) to \$155,007. The increase in fund balance was primarily due to the receipt of grant revenue and loan proceeds used to permanently retire bond anticipation notes payable that were used to fund sewer infrastructure improvements on North Road. This increase was offset by continued capital outlays for the design and construction of modular classrooms for the Broad Brook Elementary School. The cost of construction is currently being funded by a bond anticipation note payable. The Town intends to permanently retire the bond anticipation note through future grant reimbursements and permanent long-term financing.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The final budget contemplated the use of fund balance of \$303,420. The actual increase in fund balance totaled \$539,004. Revenues exceeded budgetary estimates by \$93,018, while expenditures were less than budgetary estimates by \$749,406.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's capital assets for its governmental activities as of June 30, 2015 totaled \$53,243,790 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The carrying value of the Town's capital assets decreased by \$171,283 during the year. The following is a summary of current year significant capital events:

- The purchase of two plow trucks and related accessories for the benefit of the Town's highway department in the amount of \$434,114, financed through a capital lease arrangement.
- The purchase and installation of a replacement HVAC system for the Town Hall in the amount of \$403,810, financed through a capital lease arrangement.
- Completion of a multi-year expansion of improvements to North Road sewers, a portion of which has been financed by a grant/loan from the U.S. Department of Agriculture.

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

**Capital Assets, Net**  
**June 30, 2015 and 2014**

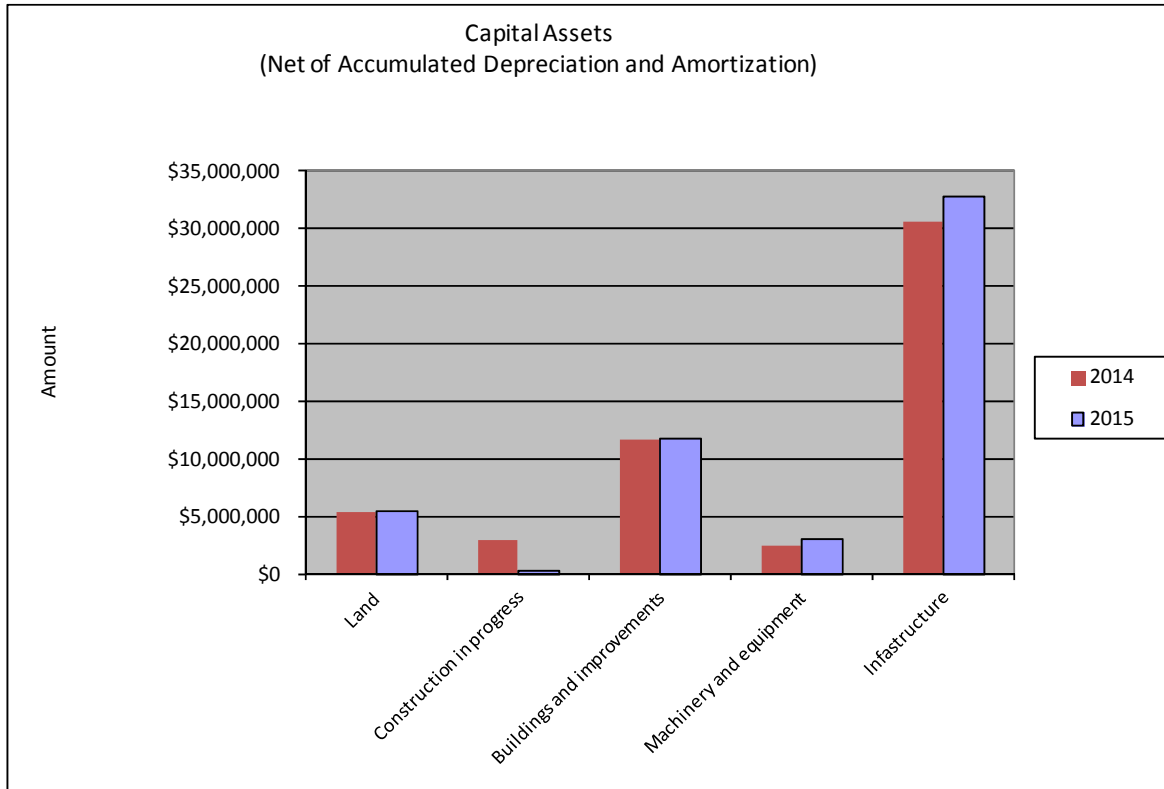
	2015	2014
Land	\$ 5,449,895	\$ 5,449,895
Construction in progress	268,782	3,010,591
Buildings and improvements	11,755,857	11,719,979
Machinery and equipment	3,045,316	2,556,153
Infrastructure	32,723,940	30,678,455
Totals	<u>\$ 53,243,790</u>	<u>\$ 53,415,073</u>

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

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**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Capital Assets (Continued)**



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

**Long-term Debt**

At the end of the current fiscal year, the Town had total long-term bonded debt outstanding of \$2,375,000 and notes payable of \$4,004,296, all of which is backed by the full faith and credit of the government. During the year ended June 30, 2015, the Town closed on a \$1,435,000 note payable from the U.S. Department of Agriculture. In addition, the Town is obligated for two separate capital lease arrangements executed during the year with an outstanding balance of \$820,027 as of year end. The Town's total long-term debt increased by \$1,317,456 during the current fiscal year.

In addition to the long-term debt, the Town has short-term bond anticipation notes outstanding in the amount of \$6,190,000 as of June 30, 2015. The short-term debt was issued in the current year to finance improvements to the Town's educational facilities. The Town intends to permanently fund the improvements to its educational facilities through grant reimbursements from the State of Connecticut Department of Education and the issuance of general obligation bonds.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Long-term Debt (Continued)**

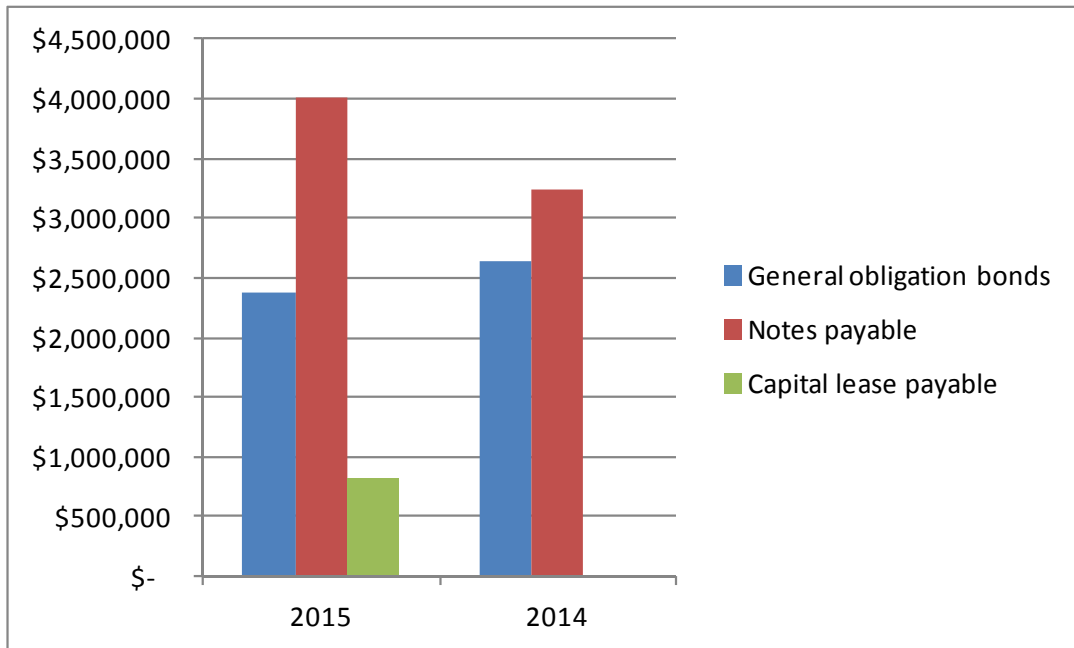
The Town maintains an "Aa2" rating from Moody's Investor Service for general obligation debt.

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:

**Long-term Debt**  
**June 30, 2015 and 2014**

	2015	2014
General obligation bonds	\$ 2,375,000	\$ 2,640,000
Notes payable	4,004,296	3,241,867
Capital lease payable	820,027	-
Totals	<u>\$ 7,199,323</u>	<u>\$ 5,881,867</u>



**TOWN OF EAST WINDSOR, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)  
JUNE 30, 2015**

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**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

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

**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. There is uncertainty in the allocation of funds for the next budget year. Connecticut's economy moves in the same general cycle as the national economy.
- The current unemployment rate (not seasonally adjusted) for the Town as of October 2014 was 4.8%, which is a decrease of 1.8% from the prior year, compared to the state's average unemployment rate of 4.8% and the national unemployment rate of 4.8%.
- 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 2016.

**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 POSITION**  
**JUNE 30, 2015**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,751,457
Receivables:	
Property taxes and interest, net	1,589,048
Assessments and user charges	255,446
Grants and contracts	279,646
Other	297,827
Other assets	7,853
Assessments, long-term portion	180,000
Capital assets:	
Non-depreciable	5,718,677
Depreciable, net	47,525,113
Total assets	<u>76,605,067</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	38,593
Deferred pension expense	394,809
Total deferred outflows of resources	<u>433,402</u>
<b>LIABILITIES</b>	
Accounts payable	1,086,675
Accrued liabilities:	
Salaries and benefits	364,650
Accrued interest	20,577
Unearned revenue	1,085,522
Bond anticipation notes payable	6,190,000
Noncurrent liabilities:	
Due within one year	1,078,453
Due in more than one year	11,645,142
Total liabilities	<u>21,471,019</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred pension benefits	<u>95,760</u>
<b>NET POSITION</b>	
Net investment in capital assets	45,659,152
Restricted for:	
Endowments - expendable	7,729
Housing Rehabilitation	104,944
Unrestricted	9,699,865
Total net position	<u>\$ 55,471,690</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, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 3,269,999	\$ 494,848	\$ 41,053	\$ -	\$ (2,734,098)
Public safety	5,896,810	185,382	57,641	-	(5,653,787)
Conservation and health	383,696	15,243	-	-	(368,453)
Highways	2,717,283	-	174,483	264,734	(2,278,066)
Sanitation and waste removal	3,167,630	2,143,617	12,450	534,375	(477,188)
Culture and recreation	595,090	88,419	15,243	-	(491,428)
Education	26,490,117	775,222	10,344,744	-	(15,370,151)
Interest expense	156,531	-	6,428	-	(150,103)
Total governmental activities	<u>\$ 42,677,156</u>	<u>\$ 3,702,731</u>	<u>\$ 10,652,042</u>	<u>\$ 799,109</u>	<u>\$ (27,523,274)</u>
General revenues:					
Property taxes, levied for general purposes					28,594,773
Grants and contributions not restricted to specific programs					279,398
Unrestricted investment earnings					25,536
Total general revenues					<u>28,899,707</u>
Change in net position					1,376,433
Net position - beginning of year, as originally reported					56,328,894
Cumulative effect of implementing new accounting standard (see Note 1)					<u>(2,233,637)</u>
Net position - beginning of year, as adjusted					<u>54,095,257</u>
Net position - ending of year					<u>\$ 55,471,690</u>

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	<b>General Fund</b>	<b>Capital and Nonrecurring Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,447,265	\$ 2,439,221	\$ 6,439,248	\$ 2,425,723	\$ 20,751,457
Receivables:					
Property taxes and interest, net	1,589,048	-	-	-	1,589,048
Assessments and user charges	-	-	-	435,446	435,446
Grants and contracts	217,404	-	-	62,242	279,646
Other	132,882	-	-	164,945	297,827
Due from other funds	1,586,025	-	-	1,322,183	2,908,208
Inventories	-	-	-	7,853	7,853
Total assets	<u>\$ 12,972,624</u>	<u>\$ 2,439,221</u>	<u>\$ 6,439,248</u>	<u>\$ 4,418,392</u>	<u>\$ 26,269,485</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 806,498	\$ 2,500	\$ 600	\$ 54,531	\$ 864,129
Salaries and benefits payable	325,840	-	-	38,810	364,650
Bond anticipation notes payable	-	-	6,190,000	-	6,190,000
Due to other funds	1,544,729	967,461	93,641	524,923	3,130,754
Unearned revenue	-	-	-	1,085,522	1,085,522
Total liabilities	<u>2,677,067</u>	<u>969,961</u>	<u>6,284,241</u>	<u>1,703,786</u>	<u>11,635,055</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	<u>1,604,937</u>	<u>-</u>	<u>-</u>	<u>435,446</u>	<u>2,040,383</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories	-	-	-	7,853	7,853
Loans receivable	-	-	-	81,888	81,888
Restricted	-	-	-	30,785	30,785
Committed to:					
Capital purposes	-	1,469,260	440,103	-	1,909,363
Other purposes	-	-	-	2,158,634	2,158,634
Assigned	1,057,517	-	-	-	1,057,517
Unassigned	<u>7,633,103</u>	<u>-</u>	<u>(285,096)</u>	<u>-</u>	<u>7,348,007</u>
Total fund balances	<u>8,690,620</u>	<u>1,469,260</u>	<u>155,007</u>	<u>2,279,160</u>	<u>12,594,047</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,972,624</u>	<u>\$ 2,439,221</u>	<u>\$ 6,439,248</u>	<u>\$ 4,418,392</u>	<u>\$ 26,269,485</u>

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

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Total fund balances for governmental funds	\$	12,594,047
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Total net position reported for governmental activities in the statement of net position is different because:

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

Land	\$	5,449,895	
Construction in progress		268,782	
Buildings and improvements		27,089,043	
Machinery and equipment		8,146,225	
Infrastructure		47,668,981	
Less accumulated depreciation and amortization		(35,379,136)	
Total capital assets, net			53,243,790

Some of the Town's taxes, sewer usage fees and sewer assessments will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.		2,040,383
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Deferred amounts on refunding are not susceptible to accrual and, therefore, are not reported in the governmental funds.		38,593
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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 position.

Long-term debt:			
Bonds and note payable	(6,379,296)		
Unamortized premium	(138,812)		
Capital leases	(820,027)		
Accrued interest payable	(20,577)		
Other long-term liabilities:			
Net pension liability	(4,039,961)		
Net OPEB obligation	(614,087)		
Compensated absences	(731,412)		
			(12,744,172)

Deferred outflows/inflows of resources resulting from changes in the components of the Town's net pension liability are reported in the statement of net position.		299,049
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Net position of governmental activities	\$	55,471,690
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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 BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 28,868,977	\$ -	\$ -	\$ -	\$ 28,868,977
Intergovernmental	8,983,491	-	534,375	2,274,618	11,792,484
Charges for goods and services	536,450	34,332	-	2,706,543	3,277,325
Interest income	13,387	2,127	6,940	3,082	25,536
Other	-	-	-	396,755	396,755
Total revenues	<u>38,402,305</u>	<u>36,459</u>	<u>541,315</u>	<u>5,380,998</u>	<u>44,361,077</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,219,414	-	-	25,165	2,244,579
Public safety	3,939,523	-	-	289,899	4,229,422
Conservation and health	271,298	-	-	-	271,298
Highways	1,019,639	-	-	360,985	1,380,624
Sanitation and waste removal	844,217	-	-	1,729,777	2,573,994
Culture and recreation	437,978	-	-	68,282	506,260
Education	23,299,723	-	-	2,575,334	25,875,057
Insurance and benefits	2,967,797	-	-	-	2,967,797
Miscellaneous	182,802	-	-	-	182,802
Capital outlays	-	1,770,878	439,251	-	2,210,129
Debt service	1,062,306	-	87,749	-	1,150,055
Total expenditures	<u>36,244,697</u>	<u>1,770,878</u>	<u>527,000</u>	<u>5,049,442</u>	<u>43,592,017</u>
Excess (deficiency) of revenues over expenditures	2,157,608	(1,734,419)	14,315	331,556	769,060
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from loan	-	-	1,435,000	-	1,435,000
Capital leases	-	837,924	-	-	837,924
Premium on bond anticipation note	-	-	33,548	-	33,548
Transfers in	-	892,426	-	718,846	1,611,272
Transfers out	(918,341)	-	(649,497)	(43,434)	(1,611,272)
Total other financing sources (uses)	<u>(918,341)</u>	<u>1,730,350</u>	<u>819,051</u>	<u>675,412</u>	<u>2,306,472</u>
Net change in fund balances	1,239,267	(4,069)	833,366	1,006,968	3,075,532
Fund balances - beginning of year	<u>7,451,353</u>	<u>1,473,329</u>	<u>(678,359)</u>	<u>1,272,192</u>	<u>9,518,515</u>
Fund balances - ending	<u>\$ 8,690,620</u>	<u>\$ 1,469,260</u>	<u>\$ 155,007</u>	<u>\$ 2,279,160</u>	<u>\$ 12,594,047</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, 2015**

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Net change in fund balances - total governmental funds	\$	3,075,532
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Total change in net position reported for governmental activities in the statement of activities is different because:

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

Expenditures for capital assets	\$	1,566,101	
Depreciation and amortization expense		<u>(1,737,384)</u>	
Net adjustment			(171,283)

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in the governmental funds.		(307,488)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Debt issued or incurred:			
Note payable	(1,435,000)		
Capital lease financing	(837,924)		
Principal repayments:			
Bonds and notes payable	937,571		
Obligations under capital lease	17,897		
Amortization of deferred charge on refunding	(13,922)		
Amortization of bond premiums	<u>23,607</u>		
			(1,307,771)

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	(1,562)		
Accrued interest	(5,177)		
Net pension liability	(143,861)		
Net OPEB obligation	<u>(61,006)</u>		
			(211,606)

Deferred outflows/inflows of resources resulting from changes in the components of the net pension liability are amortized as a component of pension expense in the statement of activities.		<u>299,049</u>
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Change in net position of governmental activities	\$	<u><u>1,376,433</u></u>
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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, 2015**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Property taxes	\$ 28,564,172	\$ 28,564,172	\$ 28,865,186	\$ 301,014
Intergovernmental	6,388,014	6,388,014	6,118,077	(269,937)
Licenses, fees and charges for goods and services	471,685	471,685	540,239	68,554
Revenues from use of money	20,000	20,000	13,387	(6,613)
Total revenues	<u>35,443,871</u>	<u>35,443,871</u>	<u>35,536,889</u>	<u>93,018</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,348,368	2,368,769	2,219,414	(149,355)
Public safety	3,903,428	4,168,235	3,939,302	(228,933)
Conservation and health	278,216	287,126	271,297	(15,829)
Highways	1,079,774	1,019,640	1,019,640	-
Sanitation and waste removal	870,400	870,400	844,217	(26,183)
Insurance and benefits	3,289,237	3,162,874	2,967,797	(195,077)
Culture and recreation	443,786	440,519	437,978	(2,541)
Miscellaneous	255,972	229,122	182,802	(46,320)
Education	21,194,122	21,194,123	21,134,791	(59,332)
Capital outlays	892,426	892,426	892,426	-
Debt service	1,088,142	1,088,142	1,062,306	(25,836)
Total expenditures	<u>35,643,871</u>	<u>35,721,376</u>	<u>34,971,970</u>	<u>(749,406)</u>
Excess (deficiency) of revenues over expenditures	(200,000)	(277,505)	564,919	842,424
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	200,000	303,420	-	303,420
Transfers out	-	(25,915)	(25,915)	-
Total other financing sources (uses)	<u>200,000</u>	<u>277,505</u>	<u>(25,915)</u>	<u>303,420</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	539,004	<u>\$ 539,004</u>
Fund balance - beginning			<u>7,294,098</u>	
Fund balance - ending			<u>\$ 7,833,102</u>	

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2015**

	<b>Pension and Other Post Employment Benefits Trust Funds</b>	<b>Private Purpose Trust Fund - School Scholarships</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 709,683	\$ 127,419	\$ 111,701
Investments, at fair value:			
Corporate bonds	4,568,963	-	-
Mutual funds	16,355,157	287,560	-
Certificate of deposit	-	76,539	-
Receivables	82,109	-	-
Due from other funds	-	-	222,546
Total assets	<u>21,715,912</u>	<u>491,518</u>	<u>\$ 334,247</u>
<b>LIABILITIES</b>			
Due to student groups	-	-	111,701
Due to others	-	-	222,546
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 334,247</u>
<b>NET POSITION</b>			
Held in trust for pension and other benefits	<u>\$ 21,715,912</u>	<u>\$ 491,518</u>	

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Pension and Other Post Employment Benefits Trust Funds</b>	<b>Private Purpose Trust Fund - School Scholarships</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 1,095,943	\$ -
Plan members	252,216	-
Private donations	-	39,046
Total contributions	<u>1,348,159</u>	<u>39,046</u>
Investment earnings:		
Interest	400,017	10,763
Net change in the fair value of investments	<u>600,659</u>	<u>2,266</u>
Net investment earnings	<u>1,000,676</u>	<u>13,029</u>
Total additions	<u>2,348,835</u>	<u>52,075</u>
<b>DEDUCTIONS</b>		
Benefit payments	1,020,905	-
Administrative expenses	123,089	-
Awards expense	-	19,876
Total deductions	<u>1,143,994</u>	<u>19,876</u>
Change in net position	1,204,841	32,199
Net position - beginning	<u>20,511,071</u>	<u>459,319</u>
Net position - ending	<u><u>\$ 21,715,912</u></u>	<u><u>\$ 491,518</u></u>

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**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, 2015 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, 2015 are accounted for in the fiduciary fund financial statements as an other post-employment benefits trust fund.

The basic financial statements of the reporting entity include only the funds of the Town as no component units exist based on operational or financial relationships with the Town.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, 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.

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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

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

**Fund Financial Statements**

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental 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** - These funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plan and other post-employment benefit plan.

**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.

**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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2015**

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

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (*Continued*)**

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. Agency funds have no measurement focus, but utilizes, the accrual basis of accounting for reporting assets and liabilities.

**IMPLEMENTATION OF NEW ACCOUNTING STANDARDS**

Effective July 1, 2014, the Town implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The implementation of these statements did not have a material effect on the Town's financial statements.

Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaced the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*. GASB Statement No. 68 required the Town to recognize a net pension liability relating to its long-term obligations for pension benefits in the government-wide financial statements. In addition, the implementation of GASB Statement No. 68 resulted in enhanced note disclosures and required supplementary information.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**IMPLEMENTATION OF NEW ACCOUNTING STANDARDS (Continued)**

The Town has reported the following cumulative effect of applying GASB Statement No. 68 as an adjustment of beginning net position as of July 1, 2014. The adjustment to beginning net position does not include the effects of any beginning deferred outflows/inflows of resources.

	<u>Governmental Activities</u>
Net position - beginning, as originally reported	\$ 56,328,894
Adjustment to remove net pension obligation previously recognized under GASB Statement No. 27	1,662,463
Adjustment to record net pension liability under GASB Statements No. 68	<u>(3,896,100)</u>
Net position - beginning, as adjusted	<u>\$ 54,095,257</u>

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/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.

**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. STIF operates 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 qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. STIF is subject to regulatory oversight even though it is 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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND  
NET POSITION/FUND EQUITY (Continued)**

**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. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest of \$176,000 as of June 30, 2015.

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

**Loans Receivable**

The Town administers a Rehabilitation Loan Program. The loans bear an interest rate of 0%. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The notes may be paid in full or in part by the borrower at any time without penalty.

**Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$7,000 for machinery and equipment, \$20,000 for building improvements and \$100,000 for infrastructure and an estimated useful life in excess of 3 years. 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 and equipment	5
Computer equipment	3
Infrastructure	20 - 60

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND  
NET POSITION/FUND EQUITY (Continued)**

**Unearned Revenue**

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

**Deferred Outflows/Inflows of Resources**

Deferred outflows of resources consists of a deferred charge on refunding and deferred pension expense. The deferred charge on refunding is being amortized to interest expense using the effective-interest method over the life of the related debt. The deferred pension expense resulting from changes in the components of the Town's net pension liability is being amortized as a component of pension expense on a systematic and rational basis.

Deferred inflows of resources consists of unavailable revenues and deferred pension benefits. Unavailable revenues are deferred and recognized in the period that the amounts become available. The deferred pension benefits resulting from changes in the components of the Town's net pension liability is being amortized as a component of pension expense on a systematic and rational basis.

**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 number of days of sick leave (as defined by contract) 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.

**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 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 expensed when incurred.

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND  
NET POSITION/FUND EQUITY (Continued)**

**Net Position and Fund Balance**

The government-wide statement of net position presents the Town's non-fiduciary assets, deferred outflows/inflows of resources and liabilities, with the difference reported as net position. Net position is reported in three categories:

**Net investment in capital assets** - 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** - This category of net position consists of amounts 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** - This category consists of net position which does 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.

The Town does not have a formal policy over the use of fund balance. In accordance with the applicable accounting guidance, the Town uses 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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND  
NET POSITION/FUND EQUITY (Continued)**

**INTERFUND ACTIVITIES**

Interfund activities are reported as follows:

**Interfund Receivables and Payables**

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

**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.

**NOTE 2 - BUDGETARY INFORMATION**

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

- The Board of Finance prepares the budget from information furnished by various Town departments and Board of Selectmen recommendations. The operating budgets include proposed expenditures and the means of financing them.
- The budget is presented at a public hearing before being formally voted on at 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, 2015, additional appropriations of \$103,420 were approved.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE 2 - BUDGETARY INFORMATION (Continued)**

- Formal budgetary integration is employed as a management control device during the year.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and, if necessary, Town Meeting approval.
- The budget is prepared on the modified accrual basis of accounting. "On-behalf" payments made by the State of Connecticut into the State Teacher's Retirement System are not recorded for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.
- Generally, all unexpended appropriations lapse at year-end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). 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, 2015:

	<b>Total Revenues</b>	<b>Total Expenditures</b>	<b>Other Financing Sources (Uses)</b>	<b>Net Change In Fund Balance</b>
Budgetary basis	\$ 35,536,889	\$ 34,971,970	\$ (25,915)	\$ 539,004
"On-behalf" payments - State Teachers' Retirement Fund	2,552,006	2,552,006	-	-
Intergovernmental grants netted with expenses	313,410	313,410	-	-
Reclassification of transfers to other funds	-	(892,426)	(892,426)	-
Encumbrances outstanding:				
June 30, 2014	-	157,254	-	(157,254)
June 30, 2015	-	(857,517)	-	857,517
GAAP basis	<u>\$ 38,402,305</u>	<u>\$ 36,244,697</u>	<u>\$ (918,341)</u>	<u>\$ 1,239,267</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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE 3 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS**

The carrying value of the Town's cash deposits as of June 30, 2015 totaled \$18,420,123. A reconciliation of the Town's cash deposits as of June 30, 2015 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 20,751,457
Less: cash equivalents considered investments for disclosure purposes	<u>(3,239,975)</u>
	<u>17,511,482</u>
Statement of fiduciary net position:	
Cash and cash equivalents	\$ 948,803
Add: investment considered cash deposit for disclosure purposes	76,539
Less: cash equivalents considered investments for disclosure purposes	<u>(116,701)</u>
	<u>908,641</u>
	<u>\$ 18,420,123</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, 2015, \$18,982,181 of the Town's bank balance of \$19,729,845 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 17,083,963
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>1,898,218</u>
	<u>\$ 18,982,181</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, 2015**

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

**INVESTMENTS**

A reconciliation of the Town's investments as of June 30, 2015 is as follows:

Government-wide statement of net position:	
Investments	\$ -
Add: cash equivalents considered investments for disclosure purposes	3,239,975
	<u>3,239,975</u>
Statement of fiduciary net position:	
Investments	21,288,219
Less: investments considered cash equivalents for disclosure purposes	(76,539)
Add: cash equivalents considered investments for disclosure purposes	116,701
	<u>21,328,381</u>
	<u>\$ 24,568,356</u>

As of June 30, 2015, 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	
<b>Debt Securities:</b>					
Short Term Investment Fund (STIF)	\$ 3,239,975	\$ 3,239,975	\$ -	\$ -	
Money market mutual funds	116,701	116,701	-	-	
Corporate bonds	4,568,963	-	3,217,005	1,351,958	
	7,925,639	<u>\$ 3,356,676</u>	<u>\$ 3,217,005</u>	<u>\$ 1,351,958</u>	
<b>Other investments:</b>					
Mutual funds	16,642,717				
	<u>\$ 24,568,356</u>				

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

**Interest Rate Risk**

The Town's pension investment policy limits the type of fixed income securities to minimize the level of interest rate risk. All fixed income securities must have readily ascertainable market value and must be readily marketable. The investment policy emphasizes long-term rather than short-term performance.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**INVESTMENTS (Continued)**

**Credit Risk**

The Town has does not have an investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes for its non-fiduciary investments. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Other provisions of the statutes cover specific municipal funds with particular investment authority. The provisions of the statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, the investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan. The Town's pension investment policy limits fixed income securities to those backed by the full faith and credit of the United States Government and other bonds, not guaranteed by the United States Government, provided they are at least a "BBB" or equivalent rating by a national rating agency.

The Town's investment in debt securities were rated by Standard & Poor's as follows at June 30, 2015:

<b>Investment type</b>	<b>Fair Value</b>	<b>AAA</b>	<b>A</b>	<b>B</b>	<b>BB</b>	<b>BBB</b>
<b>Debt Securities:</b>						
STIF	\$ 3,239,975	\$3,239,975	\$ -	\$ -	\$ -	\$ -
Corporate bonds	4,568,963	-	1,414,806	23,006	144,566	2,986,585

Investments in money market mutual funds were unrated as of June 30, 2015.

**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, 2015, 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 and certain mutual funds. Investments in these types of accounts are not subject to concentration of credit risk as they are considered to be diversified by nature.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 5,449,895	\$ -	\$ -	\$ 5,449,895
Construction in progress	3,010,591	343,951	(3,085,760)	268,782
Total capital assets, not being depreciated	<u>8,460,486</u>	<u>343,951</u>	<u>(3,085,760)</u>	<u>5,718,677</u>
Capital assets, being depreciated:				
Buildings and improvements	26,393,276	695,767	-	27,089,043
Machinery and equipment	7,395,387	750,838	-	8,146,225
Infrastructure	44,807,676	2,861,305	-	47,668,981
Total capital assets, being depreciated	<u>78,596,339</u>	<u>4,307,910</u>	<u>-</u>	<u>82,904,249</u>
Less accumulated depreciation:				
Buildings and improvements	14,673,297	659,889	-	15,333,186
Machinery and equipment	4,839,234	261,675	-	5,100,909
Infrastructure	14,129,221	815,820	-	14,945,041
Total accumulated depreciation	<u>33,641,752</u>	<u>1,737,384</u>	<u>-</u>	<u>35,379,136</u>
Total capital assets, being depreciated, net	<u>44,954,587</u>	<u>2,570,526</u>	<u>-</u>	<u>47,525,113</u>
Governmental activities capital assets, net	<u>\$ 53,415,073</u>	<u>\$ 2,914,477</u>	<u>\$ (3,085,760)</u>	<u>\$ 53,243,790</u>

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

Governmental Activities:	
General government	\$ 94,630
Public safety	246,326
Highway	562,966
Sanitation and waste removal	460,556
Culture and recreation	38,621
Education	334,285
Total depreciation and amortization expense	<u>\$ 1,737,384</u>

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Capital and Nonrecurring Fund	\$ 967,461
	Capital Projects Fund	93,641
	Nonmajor Governmental Funds	524,923
		<u>1,586,025</u>
Nonmajor Governmental Funds	General Fund	1,322,183
		<u>\$ 2,908,208</u>
<b>Fiduciary Fund</b>		
Other Fiduciary Funds	General Fund	\$ 222,546
	Other Fiduciary Funds	18,500
		<u>\$ 241,046</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, 2015 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
Capital and Nonrecurring Fund	General Fund	<u>\$ 892,426</u>
Nonmajor Governmental Funds	General Fund	25,915
	Capital Projects Fund	649,497
	Nonmajor Governmental Funds	43,434
		<u>718,846</u>
		<u>\$ 1,611,272</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, 2015**

**NOTE 7 - SHORT-TERM DEBT**

The following is a summary of changes in short-term debt for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Bond anticipation notes payable	\$ 4,915,000	\$ 6,190,000	\$ (4,915,000)	\$ 6,190,000

During the year ended June 30, 2015, the Town retired a \$4,915,000 bond anticipation note and issued a new bond anticipation note in the amount of \$6,190,000. Proceeds from the new note are being used to provide interim financing for improvements to the Town's educational facilities. The new note bears an interest rate of 1.25% and matures on January 28, 2016. The Town intends to permanently fund the new note through a combination of grant reimbursements from the State of Connecticut and the issuance of general obligation bonds.

**NOTE 8 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

	<u>Beginning Balance (As Adjusted)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 2,640,000	\$ -	\$ (265,000)	\$ 2,375,000	\$ 225,000
Unamortized amounts:					
Premium on bonds issued	162,419	-	(23,607)	138,812	-
Total bonds payable	2,802,419	-	(288,607)	2,513,812	225,000
Other liabilities:					
Notes payable	3,241,867	1,435,000	(672,571)	4,004,296	537,020
Capital leases	-	837,924	(17,897)	820,027	60,375
Compensated absences	729,850	1,562	-	731,412	256,058
Net pension liability	3,896,100	143,861	-	4,039,961	-
Net OPEB obligation	553,081	61,006	-	614,087	-
	<u>\$ 11,223,317</u>	<u>\$ 2,479,353</u>	<u>\$ (979,075)</u>	<u>\$ 12,723,595</u>	<u>\$ 1,078,453</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, 2015**

**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, 2015 is as follows:

<b>Purpose of Bonds</b>	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount Outstanding</b>
<b>Governmental Activities</b>					
General Obligation Refunding Bonds	Fiscal 2014	\$ 2,640,000	2.0% - 4.0%	Fiscal 2025	<u>\$ 2,375,000</u>
<b>Notes payable</b>					
Clean Water Loan	Fiscal 1997	10,812,482	4.50%	Fiscal 2016	\$ 483,669
Rural Development Loan	Fiscal 2012	2,180,000	2.375%	Fiscal 2052	2,085,627
Rural Development Loan	Fiscal 2015	1,435,000	2.75%	Fiscal 2055	<u>1,435,000</u>
					<u>\$ 4,004,296</u>

Annual debt service requirements to maturity on general obligation bonds and the note payable are as follows as of June 30, 2015:

<b>Year ending June 30:</b>	<b>Governmental Activities</b>					
	<b>Bonds Payable</b>		<b>Notes Payable</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2016	\$ 225,000	\$ 74,625	\$ 537,020	\$ 111,598	\$ 762,020	\$ 186,223
2017	325,000	67,500	54,818	106,030	379,818	173,530
2018	330,000	56,025	56,326	104,452	386,326	160,477
2019	335,000	42,725	57,875	102,825	392,875	145,550
2020	195,000	32,125	59,466	101,149	254,466	133,274
2021 - 2025	965,000	59,050	322,777	478,737	1,287,777	537,787
2026 - 2030	-	-	369,667	428,386	369,667	428,386
2031 - 2035	-	-	423,373	369,798	423,373	369,798
2036 - 2040	-	-	484,875	301,625	484,875	301,625
2041 - 2045	-	-	555,314	222,280	555,314	222,280
2046 - 2050	-	-	635,987	129,926	635,987	129,926
2051 - 2055	-	-	446,798	32,131	446,798	32,131
	<u>\$ 2,375,000</u>	<u>\$ 332,050</u>	<u>\$ 4,004,296</u>	<u>\$ 2,488,937</u>	<u>\$ 6,379,296</u>	<u>\$ 2,820,987</u>

**ADVANCE REFUNDING**

During a prior year, the Town issued general obligation refunding bonds to advance refund higher interest rate general obligation bonds. The Town used the net proceeds from the issuance of the refunding bonds to purchase U.S. Government securities. These securities were deposited into an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the bonds refunded are considered defeased and the Town removed the liability from its financial statements. The difference between the reacquisition price (the amount placed in escrow) and the net carrying amount of the refunded bonds is being carried as a deferred charge on refunding and is being amortized as a component of interest expense over the life of the new debt.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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

**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. 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, 2015.

**SCHOOL BOND REIMBURSEMENTS**

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The total amount of principal and interest reimbursement for the year ended June 30, 2015 was \$141,417 and \$6,428, respectively. Final reimbursements of principal and interest aggregating \$139,172 and \$2,081, respectively, are expected to be received during the year ended June 30, 2016. The Town has recorded a receivable relating to the principal portion of these payments in the accompanying statement of net position.

**NOTE 9 - 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, 2015 are accounted for in the fiduciary fund financial statements as a pension trust fund.

**Plan Description**

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

**Plan Membership**

Membership of the Plan consisted of the following as of the date of the latest actuarial valuation:

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

**Contributions**

The contribution requirements of plan members are established and may be amended by the Town Pension and Retirement Board. The Town's funding policy provides for periodic employer contributions at rates that, when expressed as a percentage of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The contribution rates for normal costs of the Plan was determined using the projected unit credit method. Required employee contribution rates under the Plan range from 2.0% to 7.0% of covered payroll based on the applicable bargaining unit.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE 9 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLAN (Continued)**

**Benefit Provisions**

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

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

**Summary of Significant Accounting Policies**

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

*Investments* - Investments are 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. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Town. It is the policy of the Town to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

*Rate of return* - For the year ended June 30, 2015 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 4.54%. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

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

**Concentrations**

The Plan's investments in equity and bond mutual funds are considered to be diversified by nature.

**Net Pension Liability**

The components of the net pension liability of the Town at June 30, 2015, were as follows:

Total pension liability	\$ 25,162,891
Plan fiduciary net position	<u>(21,122,930)</u>
Town's net pension liability	<u>\$ 4,039,961</u>
Plan fiduciary net position as a percentage of the total pension liability	83.94%

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE 9 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLAN (Continued)**

**Net Pension Liability (Continued)**

The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2015 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2014	\$ 23,972,518	\$ 20,076,418	\$ 3,896,100
<b>Changes for the year:</b>			
Service cost	667,726	-	667,726
Interest	1,680,818	-	1,680,818
Actuarial (gains) losses	(116,578)	-	(116,578)
Contributions - employer	-	959,089	(959,089)
Contributions - employee	-	252,217	(252,217)
Net investment income	-	916,520	(916,520)
Benefit payments, including refunds	(1,041,593)	(1,041,593)	-
Administrative expense	-	(39,721)	39,721
<b>Net changes</b>	<b>1,190,373</b>	<b>1,046,512</b>	<b>143,861</b>
Balance as of June 30, 2015	\$ 25,162,891	\$ 19,029,906	\$ 4,039,961

*Actuarial assumptions* - The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	4.00 percent, average, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Unisex Healthy Annuitant Mortality Table, with adjustments to the valuation year for mortality improvements based on Scale AA.

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE 9 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLAN (Continued)**

**Net Pension Liability (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	60.00%	5.87%
Fixed Income	40.00%	2.09%

*Discount rate* - The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Town, calculated using the discount rate of 7.0%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Town Plan's net pension liability \$	7,073,306	\$ 4,039,961	\$ 1,470,818

**Pension Expense and Deferred Outflows/Inflows of Resources**

At June 30, 2015, the Town reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ (95,760)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	394,809	-
Total	<u>\$ 394,809</u>	<u>\$ (95,760)</u>

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE 9 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLAN (Continued)**

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

Amounts reported as deferred outflows/inflows of resources will be recognized as a component of pension (benefit) expense as follows:

Year ended June 30,	
2016	\$ 77,884
2017	77,884
2018	77,884
2019	77,885
2020	(12,488)

**Payable to the Pension Plan**

At June 30, 2015, the Town did not report a payable for any contributions outstanding amount of contributions to the pension plan.

**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**

The faculty and professional personnel of the Town's Board of Education participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements. The Board issues publicly available financial reports.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute one hundred percent of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings 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.

For the year ended June 30, 2015, plan members of the Town contributed \$722,736 to the plan and covered payroll for the year was \$9,968,772. The Town has recognized on-behalf payments of \$2,552,006 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE 9 - PENSION PLANS (Continued)**

**Connecticut State Teachers' Retirement System (Continued)**

The total estimated net pension liability of the TRS as of June 30, 2014 was \$10.141 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$24.807 million or approximately 0.24% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined. Pension expense totaled \$1,861,251 for the year ended June 30, 2015.

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0%
Salary increases	3.75% - 7.0% (includes inflation)
Investment rate of return	8.5% (includes inflation)
Cost of living adjustments:	
Retirements prior to 9/1/1992	3.0%
Retirements on or after 9/1/1992	2.0%

For healthy retirees and beneficiaries, the RP-2000 Combined Mortality Table projected forward 19 years using scale AA, with a two-year setback for males and females.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Large Cap U.S. Equities	21.0%	7.3%
Developed Non-U.S. Equities	18.0	7.5
Emerging Markets (Non-U.S.)	9.0	8.6
Core Fixed Income	7.0	1.7
Inflation Linked Bonds	3.0	1.3
Emerging Market Bonds	5.0	4.8
High Yield Bonds	5.0	3.7
Real Estate	7.0	5.9
Private Equity	11.0	10.9
Alternative Investment	8.0	0.7
Liquidity Fund	6.0	0.4

The discount rate used to measure the total pension liability was 8.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE 9 - PENSION PLANS (Continued)**

**Connecticut State Teachers' Retirement System (Continued)**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.5%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.5%) or 1-percentage-point higher (9.5%) than the current rate:

	<u>1.0%</u> <u>Decrease</u>	<u>Current</u> <u>Rate</u>	<u>1.0%</u> <u>Increase</u>
Town's proportionate share of the net pension liability	\$31.657 million	\$24.807 million	\$18.984 million

Detailed information about the plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

**NOTE 10 - 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 health receive benefits with 100% contribution of premiums.

**Funding Policy**

Contribution requirements of the plan members and the Town are established under the provisions of various collective bargaining agreements and in accordance with the General Statutes of the State of Connecticut. The Town began funding the benefits in a trust fund during the year ended June 30, 2012.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined. 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	\$ 429,044
Interest on net OPEB obligation	38,520
Adjustment to annual required contribution	<u>(36,166)</u>
Annual OPEB cost	431,398
Contributions made	<u>370,392</u>
Increase in Net OPEB obligation	61,006
Net OPEB obligation, beginning of the year	<u>553,081</u>
Net OPEB obligation, end of the year	<u><u>\$ 614,087</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2013 through 2015 is as follows:

<b>Year Ended June 30:</b>	<b>Annual OPEB Cost</b>	<b>Actual Contribution</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2015	\$ 431,398	\$ 370,392	85.9%	\$ 614,087
2014	405,650	319,984	78.9%	550,289
2013	348,622	359,900	103.2%	464,623

**Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2014 (the date of the most recent actuarial valuation) was as follows:

<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit Cost Method (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>
\$ 455,111	\$ 3,472,085	\$ 3,016,974	13.1%	Not available	Not available

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Funded Status and Funding Progress (Continued)**

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The 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, 2014
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Percent
Remaining amortization period:	30 years closed
Asset valuation method:	N/A
Actuarial assumptions:	
Discount Rate	7.0%
Dental inflation rate	3.0%
Healthcare cost trend rate	7.1% initial 4.6% final

**NOTE 11 - 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 except workers' compensation and liability-automobile-property insurance for which it participates in risk sharing pools. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2015. There were no significant reductions in insurance coverage from amounts held in the prior year.

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et seq. of the Connecticut General Statutes.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE 11 - RISK MANAGEMENT (Continued)**

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

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

**NOTE 12 - 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.

Assigned fund balance in the General Fund includes encumbrances of \$857,517 for unperformed educational commitments as of June 30, 2015 and \$200,000 of fund balance assigned for use in the Town's fiscal year 2015-2016 budget.

Fund balance in the governmental funds has been committed for the following other purposes as of June 30, 2015:

Sanitation	\$ 1,490,406
Public safety	171,426
Educational purposes	470,143
General government	15,475
Other purposes	11,184
	<u>\$ 2,158,634</u>

**NOTE 13 - RECENTLY ISSUED ACCOUNTING STANDARDS**

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for a) determining a fair value measurement for financial reporting purposes and b) applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2015**

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**NOTE 13 - RECENTLY ISSUED ACCOUNTING STANDARDS (Continued)**

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees of state and local governmental employers and are not within the scope of GASB Statement No. 68. The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No. 68 are effective for the Town's reporting period beginning July 1, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for the Town's reporting period beginning July 1, 2015. The requirements of this statement for pension plans that are within the scope of GASB Statement No. 67, or for pensions that are within the scope of GASB Statement No. 68, are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement establishes new accounting and financial reporting requirements for OPEB plans included in the general purpose external financial reports of state and local governmental OPEB plans and replaces the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes the hierarchy of GAAP for state and local governments and supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

**Required  
Supplementary  
Information**

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS (UNAUDITED)**  
**PENSION PLAN**  
**JUNE 30, 2015**

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 959,089	\$ 938,840
Contributions in relation to the actuarially determined contribution	<u>959,089</u>	<u>938,840</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 6,555,889	\$ 6,035,101
Contributions as a percentage of covered employee payroll	17.91%	15.56%
Annual money-weighted rate of return, net of investment expense	4.54%	16.12%

**Notes to Schedule:**

**Valuation Date**

July 1, 2013

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

<b>Actuarial cost method</b>	Projected Unit Credit Cost Method
<b>Amortization method</b>	Level percent of payroll
<b>Remaining amortization period</b>	15 years remaining as of July 1, 2014
<b>Asset valuation method</b>	Five years
	Non-asymptotic
<b>Inflation</b>	2.75%
<b>Investment rate of return</b>	7.00%
<b>Salary increases</b>	4.00%
<b>Retirement age</b>	Normal retirement age
<b>Mortality</b>	RP-2000 Combined Healthy Morality with generational projection per Scale AA

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

*See accompanying Independent Auditor's Report.*

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)**  
**PENSION PLAN**  
**JUNE 30, 2015**  
**(Rounded to Nearest Thousand)**

	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>		
Service cost	\$ 668,000	\$ 667,000
Interest	1,681,000	1,602,000
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments, including refunds	(1,159,000)	(1,007,000)
Net change in total pension liability	1,190,000	1,262,000
Total pension liability - beginning	23,972,000	22,710,000
Total pension liability - ending	25,162,000	23,972,000
<b>Plan fiduciary net position</b>		
Contributions - employer	959,000	939,000
Contributions - members	252,000	272,000
Net investment income	917,000	2,776,000
Benefit payments, including refunds	(1,042,000)	(1,007,000)
Administrative expense	(40,000)	(30,000)
Net change in plan fiduciary net position	1,046,000	2,950,000
Plan fiduciary net position - beginning	20,077,000	17,127,000
Plan fiduciary net position - ending	21,123,000	20,077,000
<b>Town's net pension liability</b>	<b>\$ 4,039,000</b>	<b>\$ 3,895,000</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>83.95%</b>	<b>83.75%</b>
<b>Covered employee payroll</b>	<b>\$ 6,556,000</b>	<b>\$ 6,035,000</b>
<b>Town's net pension liability as a percentage of covered employee payroll</b>	<b>61.61%</b>	<b>64.54%</b>

**Notes to Schedule:**

**Benefit Changes** No significant changes from prior year.  
**Assumption Changes** No significant changes from prior year.

The Town began to report the schedule of changes in net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Connecticut State Teachers' Retirement System**  
**(Rounded to Nearest Thousand)**

	<u>2015</u>
Town's proportion of the net pension liability	0.245%
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	24,807,000
Total	<u>\$ 24,807,000</u>
Town's covered payroll	\$ 9,969,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	-
Plan fiduciary net position as a percentage of the total pension liability	61.51%
<b>Notes to Schedule:</b>	
<b>Valuation Date</b>	6/30/2014
<b>Measurement Date</b>	6/30/2014
<b>Reporting Date</b>	6/30/2015
<b>Methods and assumptions used to determine contribution rates:</b>	
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	22.4 years
Asset valuation method	4 year smoothed market
Investment rate of return	8.50%
Salary increases	3.75% - 7.00%, including inflation
Inflation	3.00%

The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULES OF FUNDING PROGRESS (Unaudited)**  
**JUNE 30, 2015**

<b>Other Post Employment Benefits Program</b>						
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	\$ -	\$ 3,441,000	\$ (3,441,000)	0.0%	Not available	Not available
July 1, 2012	220,021	4,260,367	(4,040,346)	5.2%	Not available	Not available
July 1, 2014	455,111	3,472,085	(3,016,974)	13.1%	9,603,000 *	-31.4%

\* Rounded to nearest thousand.

# **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, 2015**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>PROPERTY TAXES</b>				
Current and prior year levies	\$ 28,339,172	\$ 28,339,172	\$ 28,525,714	\$ 186,542
Interest and lien fees	225,000	225,000	339,472	114,472
Total property taxes	28,564,172	28,564,172	28,865,186	301,014
<b>INTERGOVERNMENTAL REVENUES</b>				
Education equalization	5,743,473	5,743,473	5,475,227	(268,246)
School building grants	147,846	147,846	147,846	-
Reimbursement in lieu of taxes	97,491	97,491	118,146	20,655
Public school transportation	93,570	93,570	110,724	17,154
Tax relief - circuit breaker	80,100	80,100	81,721	1,621
Local capital improvement program	132,000	132,000	78,232	(53,768)
Mashantucket Pequot grant	43,800	43,800	48,442	4,642
Telephone access grant	20,000	20,000	22,708	2,708
Adult education	15,734	15,734	15,938	204
Pro-rata share of CT fines	2,000	2,000	7,078	5,078
Tax relief - veterans	6,500	6,500	6,765	265
Miscellaneous State of Connecticut grants	3,500	3,500	3,634	134
Tax exempt property - disability	2,000	2,000	1,616	(384)
Total intergovernmental revenues	6,388,014	6,388,014	6,118,077	(269,937)
<b>LICENSES, FEES AND CHARGES FOR GOODS AND SERVICES</b>				
Town Clerk	177,425	177,425	175,085	(2,340)
Building Department	180,000	180,000	142,391	(37,609)
Parks and Recreation	30,500	30,500	23,089	(7,411)
Treasurer	26,410	26,410	22,881	(3,529)
Land use permits	15,800	15,800	18,767	2,967
Recycling rebates	20,000	20,000	18,156	(1,844)
Police Department	8,000	8,000	11,012	3,012
Greater Hartford Transit District	5,000	5,000	7,570	2,570
Mini-bus donations	3,000	3,000	4,923	1,923
Aircraft miscellaneous	4,800	4,800	3,790	(1,010)
Assessor	750	750	469	(281)
Miscellaneous	-	-	112,106	112,106
Total licenses, fees and charges for goods and services	471,685	471,685	540,239	68,554
<b>REVENUES FROM THE USE OF MONEY</b>				
Interest on deposits	20,000	20,000	13,387	(6,613)
Total revenues from the use of money	20,000	20,000	13,387	(6,613)
<b>OTHER FINANCING SOURCES</b>				
Appropriation of Fund Balance	200,000	303,420	-	(303,420)
Total other financing sources	200,000	303,420	-	(303,420)
Total revenues	\$ 35,643,871	\$ 35,747,291	\$ 35,536,889	\$ (210,402)

*See accompanying Independent Auditor's Report.*

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
GENERAL GOVERNMENT				
Town property	\$ 532,010	\$ 517,972	\$ 502,839	\$ (15,133)
Board of Selectmen	271,791	271,839	235,761	(36,078)
Town Planner	210,908	216,663	212,619	(4,044)
Treasurer	212,037	212,312	207,528	(4,784)
Senior Center	209,168	209,297	191,813	(17,484)
Assessor	179,160	181,410	179,611	(1,799)
Town Counsel and legal	140,000	152,607	152,607	-
Building Department	144,384	145,889	139,078	(6,811)
Town Clerk	126,265	128,635	123,836	(4,799)
Tax Collector	98,922	108,422	96,721	(11,701)
Elections - registrar	60,613	60,613	54,207	(6,406)
27th payroll	60,100	60,100	49,159	(10,941)
Board of Finance	62,870	62,870	42,998	(19,872)
Miscellaneous	18,777	18,777	15,552	(3,225)
Economic Development Commission	5,337	5,337	5,206	(131)
Planning and Zoning Commission	3,050	3,050	2,625	(425)
Conservation Commission	6,450	6,450	2,260	(4,190)
Probate court	2,196	2,196	2,001	(195)
Board of Tax Review	1,650	1,650	1,112	(538)
Building Committee	720	880	880	-
Zoning Board of Appeals	1,350	1,350	776	(574)
Elderly Commission	600	440	225	(215)
Ethics Committee	10	10	-	(10)
Total general government	2,348,368	2,368,769	2,219,414	(149,355)
PUBLIC SAFETY				
Police Department	2,796,369	2,976,176	2,899,481	(76,695)
Fire protection (water)	323,164	323,164	306,541	(16,623)
Warehouse Point Fire Department	244,132	306,721	257,456	(49,265)
Employee benefits	248,000	289,569	242,094	(47,475)
Broad Brook Fire Department	145,296	145,296	133,577	(11,719)
Telecommunications system	67,500	67,500	64,879	(2,621)
Fire Marshal	17,867	17,867	17,798	(69)
Civil Preparedness	59,500	40,342	15,976	(24,366)
Police Commission	1,600	1,600	1,500	(100)
Total public safety	3,903,428	4,168,235	3,939,302	(228,933)

*See accompanying Independent Auditor's Report.*

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CONSERVATION AND HEALTH				
Human services	\$ 162,963	\$ 171,883	\$ 159,968	\$ (11,915)
Miscellaneous health agencies	95,911	95,911	95,910	(1)
General assistance	12,810	12,810	8,897	(3,913)
Visiting Nurse Association	6,522	6,522	6,522	-
Water purification	10	-	-	-
Total conservation and health	278,216	287,126	271,297	(15,829)
HIGHWAYS				
Public works	669,774	684,574	684,574	-
Road improvements	280,000	191,076	191,076	-
Street lighting	130,000	143,990	143,990	-
Total highways	1,079,774	1,019,640	1,019,640	-
SANITATION AND WASTE REMOVAL				
Collection and disposal	870,400	870,400	844,217	(26,183)
Total sanitation and waste removal	870,400	870,400	844,217	(26,183)
INSURANCE AND BENEFITS				
Employee benefits	2,690,449	2,639,022	2,534,738	(104,284)
Insurance and surety bonds	598,788	523,852	433,059	(90,793)
Total insurance and surety bonds	3,289,237	3,162,874	2,967,797	(195,077)
CULTURE AND RECREATION				
Libraries	240,152	240,152	240,152	-
Parks and Recreation	202,634	199,367	196,826	(2,541)
Community activities	1,000	1,000	1,000	-
Total culture and recreation	443,786	440,519	437,978	(2,541)
MISCELLANEOUS				
Data processing	166,974	175,124	163,804	(11,320)
Cemeteries	14,998	14,998	14,998	-
Domestic violence	4,000	4,000	4,000	-
Contingency fund	70,000	35,000	-	(35,000)
Total miscellaneous	255,972	229,122	182,802	(46,320)

See accompanying Independent Auditor's Report.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
EDUCATION				
Salaries				
Certified personnel	\$ 8,581,750	\$ 8,428,388	\$ 8,165,499	\$ (262,889)
Clerical	867,195	861,853	868,679	6,826
Teacher's Aides	750,098	776,123	781,697	5,574
Building administration	733,222	741,984	738,799	(3,185)
Custodial	555,204	569,867	574,751	4,884
Administration	430,967	437,973	437,889	(84)
Tutors	353,930	348,477	343,607	(4,870)
Nurses	244,062	252,185	250,173	(2,012)
Support services	226,818	215,266	207,587	(7,679)
Stipends	170,836	161,499	161,574	75
Substitutes	103,363	137,012	141,648	4,636
Cafeteria	-	-	84,245	84,245
Summer school	62,654	61,909	61,909	-
Adult education/enrichment	24,853	23,418	22,955	(463)
Home bound	28,491	22,459	21,707	(752)
School facility use	2,000	225	225	-
Total salaries	13,135,443	13,038,638	12,862,944	(175,694)
Employee Benefits				
Health insurance	1,584,151	1,584,612	1,426,468	(158,144)
Retirement and social security	768,545	768,545	778,210	9,665
Workmen's compensation and travel insurance	266,500	214,433	90,352	(124,081)
Total employee benefits	2,619,196	2,567,590	2,295,030	(272,560)
Purchased Services				
Tuition	1,585,462	1,583,964	1,448,390	(135,574)
Public transportation	1,563,556	1,603,363	1,423,342	(180,021)
Other professional services	893,961	979,799	1,383,228	403,429
Public utilities	265,553	244,304	238,798	(5,506)
Cleaning/repairing	183,667	195,957	194,130	(1,827)
Liability insurance	122,766	154,411	154,411	-
Maintenance	87,463	92,793	122,439	29,646
Communications	38,623	66,744	71,906	5,162
Property insurance	50,158	41,432	41,432	-
Pupil services	31,176	32,172	30,311	(1,861)
Travel, conferences and other transportation	29,190	32,419	25,365	(7,054)
Printing/binding	31,473	28,675	21,014	(7,661)
Instructional program improvements	600	600	532	(68)
Total purchased services	4,883,648	5,056,633	5,155,298	98,665

See accompanying Independent Auditor's Report.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budgeted Amounts</b>			<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
				<b>Over (Under)</b>
<b>EDUCATION (Continued)</b>				
Supplies				
Heat and energy	\$ 219,060	\$ 219,060	\$ 215,461	\$ (3,599)
Instructional	88,969	98,205	185,319	87,114
Custodial/maintenance	52,537	46,425	120,174	73,749
Library	22,739	21,604	69,334	47,730
Other supplies	68,299	55,383	53,489	(1,894)
Textbooks	46,925	22,455	42,676	20,221
Total supplies	498,530	463,133	686,453	223,320
Capital equipment				
New equipment	26,790	37,389	109,041	71,652
Dues and fees	30,515	30,740	26,025	(4,715)
Total capital equipment	57,305	68,129	135,066	66,937
Total education	21,194,122	21,194,123	21,134,791	(59,332)
<b>DEBT SERVICE</b>	1,088,142	1,088,142	1,062,306	(25,836)
<b>CAPITAL OUTLAYS</b>	892,426	892,426	892,426	-
<b>OTHER FINANCING USES</b>				
Transfers out	-	25,915	25,915	-
Total other financing uses	-	25,915	25,915	-
Total expenditures	\$ 35,643,871	\$ 35,747,291	\$ 34,997,885	\$ (749,406)

See accompanying Independent Auditor's Report.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Grand List Year	Balance Uncollected June 30, 2014	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2015
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
2013	\$ -	\$ 28,570,651	\$ 32,050	\$ 129,199	\$ 29,116	\$ 28,444,386	\$ 28,059,091	\$ 140,326	\$ 28,199,417	\$ 385,295
2012	617,851	-	2,022	45,625	50,388	523,860	330,844	33,863	364,707	193,016
2011	227,839	-	1,068	8,667	10,391	209,849	64,605	3,860	68,465	145,244
2010	155,613	-	-	7,764	4,968	142,881	25,810	2,490	28,300	117,071
2009	141,055	-	212	4,610	5,604	131,053	16,517	288	16,805	114,536
2008	114,793	-	-	4,179	1,874	108,740	18,030	8,030	26,060	90,710
2007	81,820	-	113	3,507	553	77,873	18,454	240	18,694	59,419
2006	20,475	-	-	2,939	471	17,065	6,628	144	6,772	10,437
2005	12,514	-	-	2,928	476	9,110	1,937	96	2,033	7,173
2004	7,576	-	-	2,842	494	4,240	201	-	201	4,039
2003	7,247	-	-	2,758	-	4,489	-	-	-	4,489
2002	7,094	-	-	2,600	237	4,257	-	-	-	4,257
2001	5,589	-	-	2,646	406	2,537	-	-	-	2,537
2000	4,396	-	-	2,529	388	1,479	-	-	-	1,479
1999	4,057	-	-	2,449	176	1,432	-	-	-	1,432
	<u>\$ 1,407,919</u>	<u>\$ 28,570,651</u>	<u>\$ 35,465</u>	<u>\$ 225,242</u>	<u>\$ 105,542</u>	<u>\$ 29,683,251</u>	<u>\$ 28,542,117</u>	<u>\$ 189,337</u>	<u>\$ 28,731,454</u>	<u>\$ 1,141,134</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Total cash collections for the year ended

June 30, 2015:

Taxes	\$ 28,542,117
Interest and lien fees	189,337
Total	<u>28,731,454</u>

Reimbursement for revenue loss:

Tax relief (CGS 12-129d)	208,248
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Base	<u>\$ 28,939,702</u>
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	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 65,114,330	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	130,228,659	-	-	-
3-3/4 times base	-	-	108,523,883	-	-
3-1/4 times base	-	-	-	94,054,032	-
3 times base	-	-	-	-	86,819,106
Total debt limitation	<u>65,114,330</u>	<u>130,228,659</u>	<u>108,523,883</u>	<u>94,054,032</u>	<u>86,819,106</u>
Indebtedness:					
Bonds payable	1,827,000	548,000	-	-	-
Note payable	-	-	4,004,296	-	-
Bond anticipation notes payable	-	6,190,000	-	-	-
	<u>1,827,000</u>	<u>6,738,000</u>	<u>4,004,296</u>	<u>-</u>	<u>-</u>
Less: sewer assessments receivable	-	-	(305,443)	-	-
Less: grant reimbursements	-	(3,760,900) *	-	-	-
Total indebtedness	<u>1,827,000</u>	<u>2,977,100</u>	<u>3,698,853</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 63,287,330</u>	<u>\$ 127,251,559</u>	<u>\$ 104,825,030</u>	<u>\$ 94,054,032</u>	<u>\$ 86,819,106</u>
Total capacity of borrowing (7 times base)	\$ 202,577,914				
Total present indebtedness	<u>8,502,953</u>				
Margin for additional borrowing	<u>\$ 194,074,961</u>				

\* Includes future school construction reimbursements for principal payments and school construction progress payments estimated to be approximately 57.86% of eligible project costs.

***Nonmajor  
Governmental  
Funds***

TOWN OF EAST WINDSOR, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	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	Storm Emergency Fund	Town Aid Road Fund
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ 81,672	\$ -	\$ 1,138,662	\$ 824,565	\$ 8,437	\$ 23,656	\$ -	\$ -
Receivables:									
Assessments and user charges	-	-	-	130,003	305,443	-	-	-	-
Grants and contracts	12,549	49,693	-	-	-	-	-	-	-
Other	-	-	2,120	-	-	-	81,888	-	-
Due from other funds	212,097	-	3,595	-	3,787	-	-	-	536,682
Inventories	-	7,853	-	-	-	-	-	-	-
Total assets	<u>\$ 224,646</u>	<u>\$ 139,218</u>	<u>\$ 5,715</u>	<u>\$ 1,268,665</u>	<u>\$ 1,133,795</u>	<u>\$ 8,437</u>	<u>\$ 105,544</u>	<u>\$ -</u>	<u>\$ 536,682</u>
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ 12,368	\$ 5,424	\$ 26,731	\$ -	\$ -	\$ 600	\$ -	\$ -
Salaries and benefits payable	-	-	-	28,827	-	-	-	-	-
Due to other funds	-	35,392	-	205,017	-	-	-	-	-
Unearned revenue	224,646	-	-	216,033	-	-	-	-	536,682
Total liabilities	<u>224,646</u>	<u>47,760</u>	<u>5,424</u>	<u>476,608</u>	<u>-</u>	<u>-</u>	<u>600</u>	<u>-</u>	<u>536,682</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue	-	-	-	130,003	305,443	-	-	-	-
<b>FUND BALANCES</b>									
Nonspendable:									
Inventories	-	7,853	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	81,888	-	-
Restricted	-	-	-	-	-	-	23,056	-	-
Committed to other purposes	-	83,605	291	662,054	828,352	8,437	-	-	-
Total fund balances	<u>-</u>	<u>91,458</u>	<u>291</u>	<u>662,054</u>	<u>828,352</u>	<u>8,437</u>	<u>104,944</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 224,646</u>	<u>\$ 139,218</u>	<u>\$ 5,715</u>	<u>\$ 1,268,665</u>	<u>\$ 1,133,795</u>	<u>\$ 8,437</u>	<u>\$ 105,544</u>	<u>\$ -</u>	<u>\$ 536,682</u>

See accompanying Independent Auditor's Report.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Nonmajor Special Revenue Funds						Nonmajor Permanent Funds			Total Nonmajor Governmental Funds
	Miscellaneous Grants Fund	Police Private Duty Fund	Senior Center Fund	Family Resource Center Fund	Park and Recreation Programs	Subtotal	Cemetery Trust Fund	Veterans Trust Fund	Subtotal	
<b>ASSETS</b>										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 341,002	\$ -	\$ 2,417,994	\$ 4,905	\$ 2,824	\$ 7,729	\$ 2,425,723
Receivables:										
Assessments and user charges	-	-	-	-	-	435,446	-	-	-	435,446
Grants and contracts	-	-	-	-	-	62,242	-	-	-	62,242
Other	53,477	27,460	-	-	-	164,945	-	-	-	164,945
Due from other funds	394,101	142,473	15,475	-	13,973	1,322,183	-	-	-	1,322,183
Inventories	-	-	-	-	-	7,853	-	-	-	7,853
Total assets	<u>\$ 447,578</u>	<u>\$ 169,933</u>	<u>\$ 15,475</u>	<u>\$ 341,002</u>	<u>\$ 13,973</u>	<u>4,410,663</u>	<u>\$ 4,905</u>	<u>\$ 2,824</u>	<u>\$ 7,729</u>	<u>\$ 4,418,392</u>
<b>LIABILITIES</b>										
Accounts payable	\$ 1,990	\$ -	\$ -	\$ 7,377	\$ 41	\$ 54,531	\$ -	\$ -	\$ -	\$ 54,531
Salaries and benefits payable	-	7,235	-	-	2,748	38,810	-	-	-	38,810
Due to other funds	-	-	-	284,514	-	524,923	-	-	-	524,923
Unearned revenue	108,161	-	-	-	-	1,085,522	-	-	-	1,085,522
Total liabilities	<u>110,151</u>	<u>7,235</u>	<u>-</u>	<u>291,891</u>	<u>2,789</u>	<u>1,703,786</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,703,786</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue	-	-	-	-	-	435,446	-	-	-	435,446
<b>FUND BALANCES</b>										
Nonspendable:										
Inventories	-	-	-	-	-	7,853	-	-	-	7,853
Loans receivable	-	-	-	-	-	81,888	-	-	-	81,888
Restricted	-	-	-	-	-	23,056	4,905	2,824	7,729	30,785
Committed to other purposes	337,427	162,698	15,475	49,111	11,184	2,158,634	-	-	-	2,158,634
Total fund balances	<u>337,427</u>	<u>162,698</u>	<u>15,475</u>	<u>49,111</u>	<u>11,184</u>	<u>2,271,431</u>	<u>4,905</u>	<u>2,824</u>	<u>7,729</u>	<u>2,279,160</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 447,578</u>	<u>\$ 169,933</u>	<u>\$ 15,475</u>	<u>\$ 341,002</u>	<u>\$ 13,973</u>	<u>\$ 4,410,663</u>	<u>\$ 4,905</u>	<u>\$ 2,824</u>	<u>\$ 7,729</u>	<u>\$ 4,418,392</u>

See accompanying Independent Auditor's Report.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	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	Storm Emergency Fund	Town Aid Road Fund
REVENUES									
Intergovernmental	\$ 1,441,511	\$ 320,001	\$ -	\$ 12,450	\$ -	\$ -	\$ -	\$ -	\$ 174,483
Charges for goods and services	-	165,769	8,312	1,826,751	181,642	7,354	-	-	-
Interest income	-	-	-	1,403	-	21	-	-	-
Other revenues	-	-	-	-	8,934	-	29	-	-
Total revenues	1,441,511	485,770	8,312	1,840,604	190,576	7,375	29	-	174,483
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	1,666	-	-
Public safety	-	-	36,189	-	-	13,195	-	36,028	-
Highways	-	-	-	-	-	-	-	-	174,483
Culture and recreation	-	-	-	-	-	-	-	-	-
Sanitation and waste removal	-	-	-	1,729,777	-	-	-	-	-
Education	1,441,511	426,079	-	-	-	-	-	-	-
Total expenditures	1,441,511	426,079	36,189	1,729,777	-	13,195	1,666	36,028	174,483
Excess (deficiency) of revenues over expenditures	-	59,691	(27,877)	110,827	190,576	(5,820)	(1,637)	(36,028)	-
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	25,915	114,034	578,897	-	-	-	-
Transfers out	-	-	-	-	(43,434)	-	-	-	-
Total other financing sources (uses)	-	-	25,915	114,034	535,463	-	-	-	-
Net change in fund balances	-	59,691	(1,962)	224,861	726,039	(5,820)	(1,637)	(36,028)	-
Fund balances - beginning	-	31,767	2,253	437,193	102,313	14,257	106,581	36,028	-
Fund balances - ending	\$ -	\$ 91,458	\$ 291	\$ 662,054	\$ 828,352	\$ 8,437	\$ 104,944	\$ -	\$ -

See accompanying Independent Auditor's Report.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Nonmajor Special Revenue Funds						Nonmajor Permanent Funds			Total Nonmajor Governmental Funds
	Miscellaneous Grants Fund	Police Private Duty Fund	Senior Center Fund	Family Resource Center Fund	Park and Recreation Programs	Subtotal	Cemetery Trust Fund	Veterans Trust Fund	Subtotal	
<b>REVENUES</b>										
Intergovernmental	\$ 216,673	\$ -	\$ -	\$ 109,500	\$ -	\$ 2,274,618	\$ -	\$ -	\$ -	\$ 2,274,618
Charges for goods and services	-	158,704	6,837	280,613	70,561	2,706,543	-	-	-	2,706,543
Interest income	-	-	-	-	1,650	3,074	7	1	8	3,082
Other revenues	387,792	-	-	-	-	396,755	-	-	-	396,755
Total revenues	604,465	158,704	6,837	390,113	72,211	5,380,990	7	1	8	5,380,998
<b>EXPENDITURES</b>										
Current:										
General government	18,299	-	5,200	-	-	25,165	-	-	-	25,165
Public safety	73,512	130,975	-	-	-	289,899	-	-	-	289,899
Highways	186,502	-	-	-	-	360,985	-	-	-	360,985
Culture and recreation	7,255	-	-	-	61,027	68,282	-	-	-	68,282
Sanitation and waste removal	-	-	-	-	-	1,729,777	-	-	-	1,729,777
Education	335,418	-	-	372,326	-	2,575,334	-	-	-	2,575,334
Total expenditures	620,986	130,975	5,200	372,326	61,027	5,049,442	-	-	-	5,049,442
Excess (deficiency) of revenues over expenditures	(16,521)	27,729	1,637	17,787	11,184	331,548	7	1	8	331,556
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	-	-	-	-	-	718,846	-	-	-	718,846
Transfers out	-	-	-	-	-	(43,434)	-	-	-	(43,434)
Total other financing sources (uses)	-	-	-	-	-	675,412	-	-	-	675,412
Net change in fund balances	(16,521)	27,729	1,637	17,787	11,184	1,006,960	7	1	8	1,006,968
Fund balances - beginning	353,948	134,969	13,838	31,324	-	1,264,471	4,898	2,823	7,721	1,272,192
Fund balances - ending	\$ 337,427	\$ 162,698	\$ 15,475	\$ 49,111	\$ 11,184	\$ 2,271,431	\$ 4,905	\$ 2,824	\$ 7,729	\$ 2,279,160

See accompanying Independent Auditor's Report.

***Fiduciary  
Funds***

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION AND OTHER POST EMPLOYMENT**  
**BENEFITS TRUST FUNDS**  
**JUNE 30, 2015**

	<b>Pension Trust Fund</b>	<b>Other Post Employment Benefits Trust Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 116,701	\$ 592,982	\$ 709,683
Investments, at fair value:			
Corporate bonds	4,568,963	-	4,568,963
Mutual funds	16,355,157	-	16,355,157
Receivables	82,109	-	82,109
Due from other funds	18,500	-	18,500
Total assets	<u>21,141,430</u>	<u>592,982</u>	<u>21,734,412</u>
<b>LIABILITIES</b>			
Due to other funds	-	18,500	18,500
Total liabilities	<u>-</u>	<u>18,500</u>	<u>18,500</u>
<b>NET POSITION</b>			
Held in trust for pension and other post-employment benefits	<u>\$ 21,141,430</u>	<u>\$ 574,482</u>	<u>\$ 21,715,912</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION AND OTHER POST EMPLOYMENT**  
**BENEFITS TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Pension Trust Fund</b>	<b>Other Post Employment Benefits Trust Fund</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 959,089	\$ 136,854	\$ 1,095,943
Plan members	252,216	-	252,216
Total contributions	<u>1,211,305</u>	<u>136,854</u>	<u>1,348,159</u>
Investment earnings:			
Interest	399,000	1,017	400,017
Net increase in the fair value of investments	<u>600,659</u>	<u>-</u>	<u>600,659</u>
Total investment earnings	<u>999,659</u>	<u>1,017</u>	<u>1,000,676</u>
Total additions	<u>2,210,964</u>	<u>137,871</u>	<u>2,348,835</u>
<b>DEDUCTIONS</b>			
Benefit payments	1,020,905	-	1,020,905
Administrative expense	<u>104,589</u>	<u>18,500</u>	<u>123,089</u>
Total deductions	<u>1,125,494</u>	<u>18,500</u>	<u>1,143,994</u>
Change in net position	1,085,470	119,371	1,204,841
Net position - beginning	<u>20,055,960</u>	<u>455,111</u>	<u>20,511,071</u>
Net position - ending	<u><u>\$ 21,141,430</u></u>	<u><u>\$ 574,482</u></u>	<u><u>\$ 21,715,912</u></u>

*See accompanying Independent Auditor's Report.*

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2015**

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	<b>Student Activities</b>	<b>Contractor Bonds</b>	<b>Performance Bonds</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 111,701	\$ -	\$ -	\$ 111,701
Due from other funds	-	-	222,546	222,546
Total assets	<u>\$ 111,701</u>	<u>\$ -</u>	<u>\$ 222,546</u>	<u>\$ 334,247</u>
<b>LIABILITIES</b>				
Due to student groups	\$ 111,701	\$ -	\$ -	\$ 111,701
Due to others	-	-	222,546	222,546
Total liabilities	<u>\$ 111,701</u>	<u>\$ -</u>	<u>\$ 222,546</u>	<u>\$ 334,247</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF EAST WINDSOR, CONNECTICUT  
COMBINING STATEMENT OF CHANGES IN  
FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Balance, July 1, 2014	Additions	Deletions	Balance, June 30, 2015
<b>Student Activities Fund</b>				
Assets				
Cash and cash equivalents	\$ 98,459	\$ 166,126	\$ 152,884	\$ 111,701
Liabilities				
Due to student groups	\$ 98,459	\$ 166,126	\$ 152,884	\$ 111,701
<b>Contractor Bonds</b>				
Assets				
Cash and cash equivalents	\$ 25,789	\$ 32	\$ 25,821	\$ -
Due from other funds	17,766	-	17,766	-
Total assets	\$ 43,555	\$ 32	\$ 43,587	\$ -
Liabilities				
Due to others	\$ 43,555	\$ 32	\$ 43,587	\$ -
<b>Performance Bonds</b>				
Assets				
Due from other funds	\$ 281,765	\$ 23,640	\$ 82,859	\$ 222,546
Liabilities				
Due to others	\$ 281,765	\$ 23,640	\$ 82,859	\$ 222,546
<b>Total All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 124,248	\$ 166,158	\$ 178,705	\$ 111,701
Due from other funds	299,531	23,640	100,625	222,546
Total assets	\$ 423,779	\$ 189,798	\$ 279,330	\$ 334,247
Liabilities				
Due to student groups	\$ 98,459	\$ 166,126	\$ 152,884	\$ 111,701
Due to others	325,320	23,672	126,446	222,546
Total liabilities	\$ 423,779	\$ 189,798	\$ 279,330	\$ 334,247

See accompanying Independent Auditor's Report.

***Other  
Supplementary  
Information***

Table 1

# TOWN ORGANIZATIONAL CHART

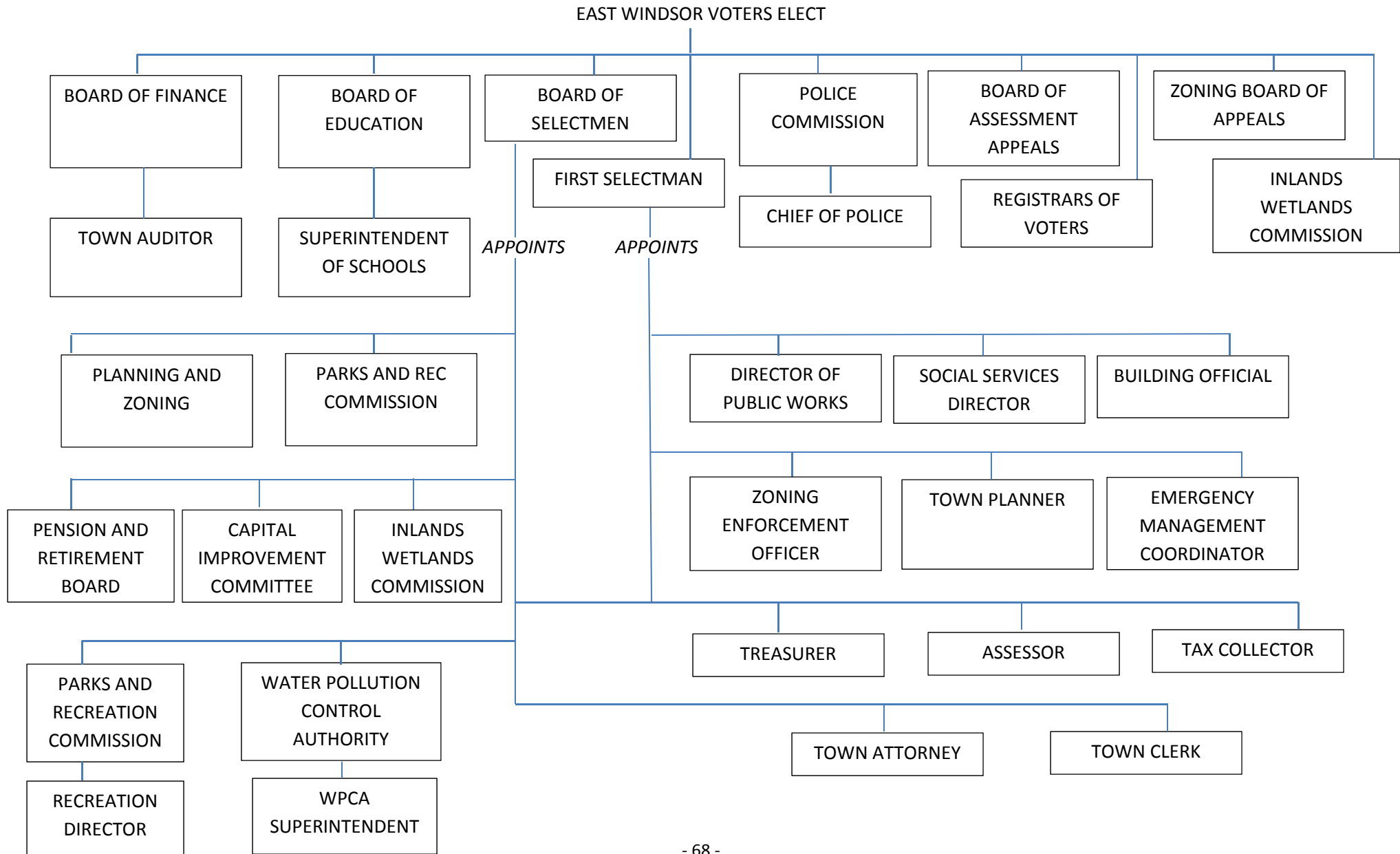


Table 2

**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 GRAND LIST	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, 2015
2015	2013	\$ 955,151	29.78	\$28,444,386	98.6%	1.4%	1.4%
2014	2012	939,843	29.78	27,238,385	97.7%	2.3%	0.7%
2013	2011	1,091,168	24.73	27,063,848	97.9%	2.1%	0.5%
2012	2010	1,082,305	24.38	26,420,690	97.6%	2.4%	0.4%
2011	2009	1,077,999	24.00	25,804,815	97.4%	2.6%	0.4%
2010	2008	1,076,876	21.75	23,167,459	97.1%	2.9%	0.4%
2009	2007	1,062,759	20.91	22,097,869	96.5%	3.5%	0.3%
2008	2006	781,972	27.91	21,980,310	97.1%	2.9%	0.0%

(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
10/1/2013	62.3%	36.9%	0.8%	9.1%	10.0%	988,168,145	33,017,507	955,150,638	2.38%
10/1/2012	51.4%	29.2%	1.0%	8.5%	10.0%	966,738,367	33,830,985	932,907,382	-14.56%
10/1/2011	56.0%	27.7%	1.9%	6.3%	8.1%	1,115,602,190	23,686,724	1,091,915,466	0.89%
10/1/2010	56.4%	27.1%	2.0%	7.0%	7.6%	1,103,360,504	21,055,637	1,082,304,867	0.40%
10/1/2009	55.2%	27.1%	2.0%	7.8%	7.9%	1,102,391,190	24,392,108	1,077,999,082	0.10%
10/1/2008	58.7%	24.8%	1.9%	6.8%	8.0%	1,094,209,660	17,332,794	1,076,876,866	1.33%
10/1/2007	58.0%	24.0%	1.8%	7.8%	8.4%	1,082,941,546	20,182,498	1,062,759,048	35.91%
10/1/2006	53.9%	23.9%	1.6%	9.8%	10.8%	798,412,957	16,441,044	781,971,913	3.50%

(1) The latest revaluation was effective October 1, 2012

Source: Town Officials

Table 4

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE**  
**JUNE 30, 2015**  
*(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>
2015	\$ 1,102	1.32%	0.92%	0.96%	2.89%
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>
2015	\$ 772	0.89%	0.63%	0.65%	1.66%

(1) Overall Debt: \$12,569,296

(2) Net Direct Debt: \$8,502,953

*See accompanying Independent Auditor's Report*

Table 5

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**RATIOS OF DIRECT GROSS GENERAL BONDED DEBT TO ASSESSED VALUE**  
**JUNE 30, 2015**  
*(Unaudited)*

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>POPULATION*</u>	<u>ASSESSED VALUE</u>	<u>DIRECT GROSS INDEBTEDNESS</u>	<u>RATIO OF GROSS INDEBTEDNESS TO ASSESSED VALUE</u>	<u>GROSS INDEBTEDNESS PER CAPITA</u>
2015	11,406	\$ 955,150,638	\$ 12,569,296	1.32%	\$ 1,102

\* U.S. Department of Commerce, Bureau of Census

Table 6

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**COMPUTATION OF NET DIRECT DEBT**  
**JUNE 30, 2015**  
*(Unaudited)*

DESCRIPTION	DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO TOWN	TOWN SHARE OF DEBT
Current Debt:			
General purpose	\$ 1,827,000	100%	\$ 1,827,000
Schools	6,738,000	100%	6,738,000
Sewers	4,004,296	100%	4,004,296
Total Current Indebtedness			<u>12,569,296</u>
Direct Bonded Indebtedness	6,379,296	100%	6,379,296
Short-term direct indebtedness	6,190,000	100%	6,190,000
Gross direct indebtedness			<u>12,569,296</u>
Exclusion: School Construction Grants Receivable			(3,760,900) *
Exclusion: Assessment Receivable			(305,443)
Total net direct indebtedness			<u><u>\$ 8,502,953</u></u>

\* Includes future school construction reimbursements for principal payments and school construction progress payments estimated to be based on percentage of expected eligible project costs.

*See accompanying Independent Auditor's Report*

Table 7

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**TEN LARGEST PRINCIPAL TAXPAYERS**  
**2013 GRAND LIST**  
*(Unaudited)*

NAME OF TAXPAYER	NATURE OF BUSINESS	TAX PAID (1)	% NET TAXABLE GRAND LIST (2)
The Mansions at Canyon Ridge LLC	Apartments	\$ 567,293	1.99%
Wal-Mart Stores East LP	Retail	543,508	1.91%
Mill Pond Limited Partnership	Apartments	452,617	1.59%
Blue Dog Properties Trust	Technical School	327,285	1.15%
Eversource	Utility	290,768	1.02%
Southern Auto Sales, Inc	Car Dealership	276,239	0.97%
East Windsor Properties Limited Partnership	Retail Shopping Center	261,362	0.92%
Freemont Prospect Hill Road LLC	Commercial buildings	243,733	0.86%
Wynwood Apartments Connecticut Ltd Ptnrs	Apartments	235,375	0.83%
STR Solar (Connecticut) LLC	Commercial Building	149,949	0.53%
Totals		\$ <u>3,348,129</u>	<u>11.77%</u>

(1) Net Taxable Grant List 10/1/2013

(2) Net Taxable Grant List 10/1/2013 Amount: \$959,151

Source: Town Officials

Table 8

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

FISCAL YEAR ENDING	PRINCIPAL PAYMENTS	INTEREST PAYMENTS	TOTAL PAYMENTS
2016	\$ 762,020	\$ 186,223	\$ 948,243
2017	379,818	173,530	553,348
2018	386,326	160,477	546,803
2019	392,875	145,550	538,425
2020	254,466	133,274	387,740
2021	261,101	123,646	384,747
2022	262,782	113,865	376,647
2023	259,508	106,079	365,587
2024	251,282	100,155	351,437
2025	253,104	94,042	347,146
2026	69,977	89,951	159,928
2027	71,902	87,879	159,781
2028	73,878	85,744	159,622
2029	75,911	83,541	159,452
2030	77,999	81,271	159,270
2031	80,144	78,932	159,076
2032	82,348	76,521	158,869
2033	84,612	74,036	158,648
2034	86,939	71,474	158,413
2035	89,330	68,833	158,163
2036	91,786	66,112	157,898
2037	94,311	63,306	157,617
2038	96,904	60,414	157,318
2039	99,568	57,433	157,001
2040	102,306	54,360	156,666
2041	105,120	51,191	156,311
2042	108,011	47,926	155,937
2043	110,981	44,560	155,541
2044	114,033	41,090	155,123
2045	117,169	37,513	154,682
2046	120,391	33,826	154,217
2047	123,702	30,025	153,727
2048	127,104	26,106	153,210
2049	130,599	22,067	152,666
2050	134,191	17,903	152,094
2051	137,881	13,610	151,491
2052	140,298	9,185	149,483
2053	54,973	4,637	59,610
2054	56,485	3,125	59,610
2055	57,161	1,575	58,736
Total	<u>\$ 6,379,296</u>	<u>\$ 2,820,987</u>	<u>\$ 9,200,283</u>

*See accompanying Independent Auditor's Report*

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					
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Revenues</b>						
Property taxes	\$ 23,540,079	\$ 26,071,181	\$ 26,659,418	\$ 27,489,393	\$ 28,008,686	\$ 28,868,977
Intergovernmental	7,305,528	7,273,015	8,420,974	8,842,174	8,810,002	8,983,491
Licenses, fees, and charges for goods and services	611,299	955,800	1,006,865	487,094	538,040	536,450
Revenue from use of money	27,024	18,383	16,936	14,550	10,765	13,387
Other revenues	-	3,300	15,278	-	-	-
Total revenues	31,483,930	34,321,679	36,119,471	36,833,211	37,367,493	38,402,305
<b>Expenditures</b>						
General government	2,498,192	2,658,301	2,592,865	2,622,366	2,496,432	2,219,414
Public safety	4,832,390	4,752,054	4,778,687	4,870,222	5,015,420	3,939,523
Conservation and health	418,641	361,438	337,007	322,968	328,579	271,298
Highways	1,213,739	1,200,901	1,199,838	1,410,949	1,545,390	1,019,639
Sanitation and waste removal	722,658	797,948	820,420	812,211	814,819	844,217
Culture and recreation	442,542	437,610	452,608	465,146	458,738	437,978
Education	19,351,289	20,522,588	21,503,161	22,517,698	23,072,375	23,299,723
Insurance and surety bonds	254,888	294,488	266,095	431,107	385,602	433,059
Employee benefits	-	-	-	-	-	2,534,738
Miscellaneous	156,077	178,702	193,214	298,099	168,964	182,802
Capital outlays	224,291	351,206	300,088	319,441	435,575	-
Debt service	1,789,548	1,647,198	1,610,903	1,396,258	1,410,318	1,062,306
Total expenditures	31,904,255	33,202,434	34,054,886	35,466,465	36,132,212	36,244,697
Excess of revenues over (under) expenditures	(420,325)	1,119,245	2,064,585	1,366,746	1,235,281	2,157,608
<b>Other Financing Sources (Uses)</b>						
Payment to refunded bond escrow agent	-	-	-	-	(2,757,515)	-
Proceeds from bonds, notes and capital leases	-	-	-	-	2,640,000	-
Premium on bonds and notes	-	-	-	-	162,419	-
Transfers in	518,677	350,007			324,447	-
Transfers out	(316,702)	(419,755)	(483,884)	(610,820)	(425,765)	(918,341)
Total other financing sources (uses)	201,975	(69,748)	(483,884)	(610,820)	(56,414)	(918,341)
Net change in fund balances	(218,350)	1,049,497	1,580,701	755,926	1,178,867	1,239,267
Fund balance, beginning of year	3,104,712	2,886,362	3,935,859	5,516,560	6,272,486	7,451,353
Fund balance, end of year	\$ 2,886,362	\$ 3,935,859	\$ 5,516,560	\$ 6,272,486	\$ 7,451,353	\$ 8,690,620

See accompanying Independent Auditor's Report