

TOWN OF EAST WINDSOR, CONNECTICUT

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

JUNE 30, 2016

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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, 2016, 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, 2016, 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.

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-employment benefit plan on page 50 through 53 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 54 through 68 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 69 through 77 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, 2016, 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.

Mahoney Sabol + Company, LLP

Glastonbury, Connecticut
December 23, 2016

Management's Discussion and Analysis

**TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2016**

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, 2016.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$57,878,358 (net position). Of this amount, \$10,630,484 is considered to be unrestricted. The Town's total net position increased by \$2,406,668.
- The Town's total long-term debt consisting of general obligation bonds, notes payable and capital leases decreased by \$841,656 or 11.7% during the current fiscal year due to scheduled principal repayments. Subsequent to year end, the Town converted \$3,000,000 in short-term general obligation bond anticipation notes into long-term general obligation bonds.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$13,453,236, an increase of \$859,189 in comparison with the prior year. Of this amount, \$7,990,933 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 \$7,995,983. Unassigned fund balance is sufficient to cover 2.5 months of and represents 20.9% of total General Fund GAAP basis expenditures and transfers out to other funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
JUNE 30, 2016

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 and 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, the Capital Projects Fund and the Educational Grants 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 through 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 through 21 of this report.

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
JUNE 30, 2016

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 through 49 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 50 through 77 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 \$57,878,358 and \$55,471,690 as of June 30, 2016 and 2015, respectively. Increases in capital assets over prior year relate primarily to the use of cash and cash equivalents generated from grants and the issuance of bond anticipation notes to fund capital improvements to the Town's Broad Brook Elementary School. Deferred outflows of resources and long-term liabilities relating to the Town's net pension liability were negatively impacted by differences between the actual annual return on pension investments of 2.5% compared to a long-term expected rate of return of 7.0%.

	2016	2015
Current and other assets	\$ 21,381,463	\$ 23,361,277
Capital assets	<u>57,717,740</u>	<u>53,243,790</u>
Total assets	<u>79,099,203</u>	<u>76,605,067</u>
Deferred outflows of resources	<u>1,547,289</u>	<u>433,402</u>
Other liabilities	9,067,631	8,747,424
Long-term liabilities	<u>13,625,561</u>	<u>12,723,595</u>
Total liabilities	<u>22,693,192</u>	<u>21,471,019</u>
Deferred inflows of resources	<u>74,942</u>	<u>95,760</u>
Net position:		
Net investment in capital assets	47,177,997	45,659,152
Restricted	69,877	112,673
Unrestricted	<u>10,630,484</u>	<u>9,699,865</u>
Total net position	<u>\$ 57,878,358</u>	<u>\$ 55,471,690</u>

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
JUNE 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

As of June 30, 2016 and 2015, 81.5% and 82.3%, 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, 2016 and 2015 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, 2016 and 2015 are as follows.

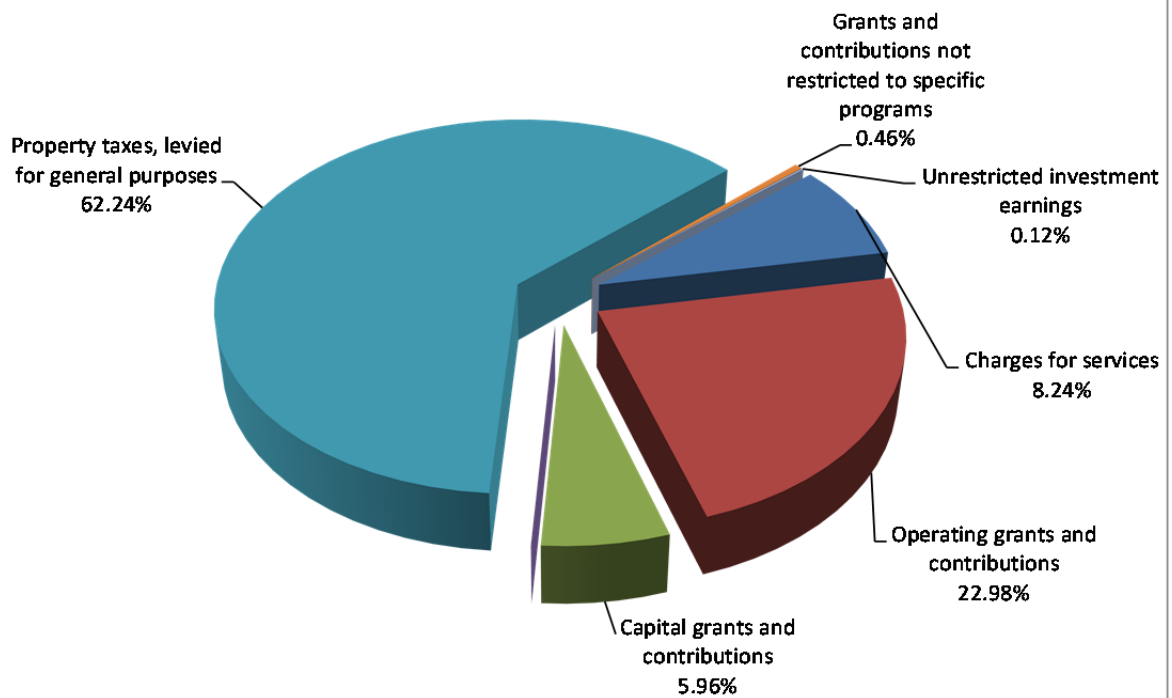
	<u>2016</u>	<u>2015</u>
Revenues		
Program revenues:		
Charges for services	\$ 3,897,607	\$ 3,702,731
Operating grants and contributions	10,869,596	10,652,042
Capital grants and contributions	2,818,717	799,109
General revenues:		
Property taxes, levied for general purposes	29,433,906	28,594,773
Grants and contributions not restricted to specific programs	216,587	279,398
Unrestricted investment earnings	53,993	25,536
Total revenues	<u>47,290,406</u>	<u>44,053,589</u>
Expenses		
General government	3,756,741	3,269,999
Public safety	6,787,084	5,896,810
Conservation and health	400,892	383,696
Highways	2,477,084	2,717,283
Sanitation and waste removal	3,277,211	3,167,630
Culture and recreation	608,579	595,090
Education	27,346,163	26,490,117
Interest expense	229,984	156,531
Total expenses	<u>44,883,738</u>	<u>42,677,156</u>
Change in net position	<u>\$ 2,406,668</u>	<u>\$ 1,376,433</u>

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
JUNE 30, 2016

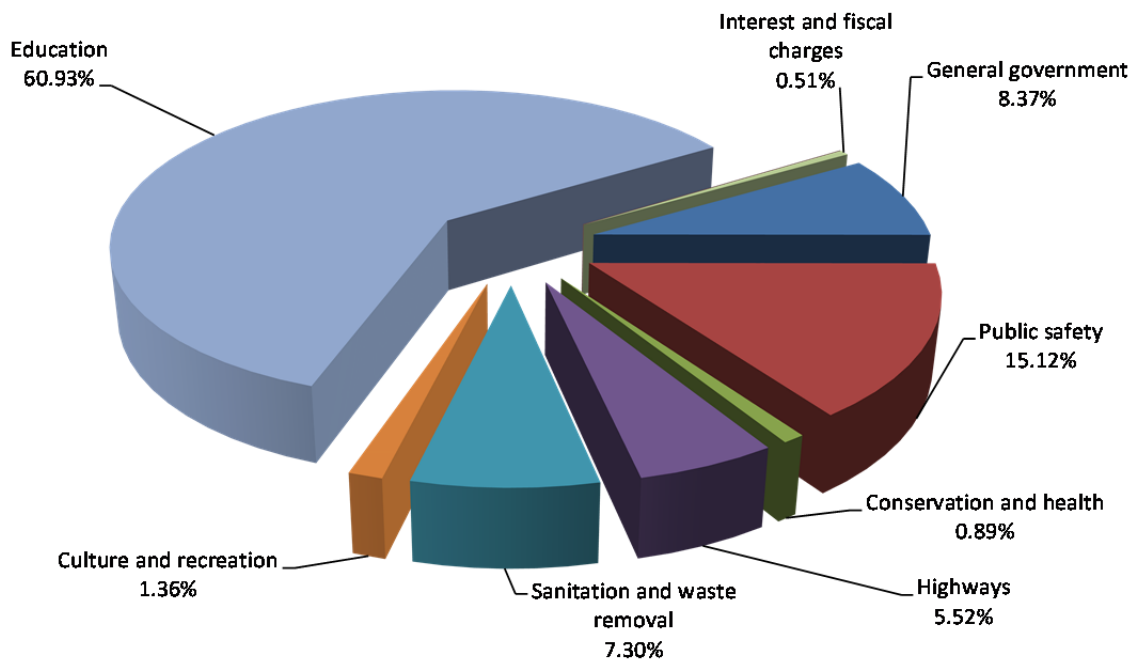
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)

2016 Revenues by Source - Governmental Activities



2016 Expenses by Function - Governmental Activities



TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
JUNE 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities

Overall, the net position of the Town increased by \$2,406,668 during the current fiscal year compared to an increase of \$1,376,433 during the prior year. Capital grants increased by \$2,019,608 primarily related to the recognition of grant revenue from the State of Connecticut for the design and construction of modular classrooms for the Broad Brook Elementary School. Property tax revenues increased by \$839,133 or 2.9% resulting from a 1.8% increase in the Town's mill rate combined with favorable growth in Town's grand list. Overall expenses increased by \$2,206,582 or 5.2%. Increases in expenses were attributed to an increase of \$571,092 in pension expense allocated amongst the Town's various programs, an increase of \$856,046 in education expenses primarily related to increases in contractual costs, and an increase of \$425,000 in public safety expenses related to the recording of an estimate for heart and hypertension obligations.

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 \$13,453,236, an increase of \$859,189 in comparison with the prior year. Of this amount, \$7,995,983 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 \$7,995,983. 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 20.9% of total General Fund GAAP basis expenditures and transfers out to other funds. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 2.5 months of General Fund expenditures.

Capital and Nonrecurring Fund

The fund balance in the Capital and Nonrecurring Fund decreased by \$733,539 from \$1,469,260 to \$735,721. The decrease in fund balance was primarily due to a planned use of fund balance to fund capital improvements and purchases.

Capital Projects Fund

The fund balance in the Capital Projects Fund increased by \$984,553 from \$155,007 to \$1,139,560. The increase in fund balance was primarily due to the receipt of grant revenues and proceeds from bond anticipation notes that were used to fund capital outlays for the design and construction of modular classrooms for the Broad Brook Elementary School.

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
JUNE 30, 2016

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)

Governmental Funds (Continued)

Educational Grants Fund

The Educational Grants Fund has no fund balance because the fund primarily records activity related to cost reimbursement grants and contracts. Consequently, grant and contract revenues equal expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original and final budget contemplated the use of fund balance of \$200,000. The actual increase in fund balance totaled \$716,282, resulting in a favorable budgetary variance of \$916,282. Revenues and transfers in exceeded budgetary estimates by \$189,397, while expenditures and transfers out were less than budgetary estimates by \$726,885.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for its governmental activities as of June 30, 2016 totaled \$57,717,740 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The carrying value of the Town's capital assets increased by \$4,473,950 during the year. The following is a summary of current year significant capital events:

- Infrastructure additions of \$976,911 relating to road and drainage improvements.
- Construction in progress additions of \$4,417,687 relating to the design and construction of modular classrooms for the Broad Brook Elementary School.

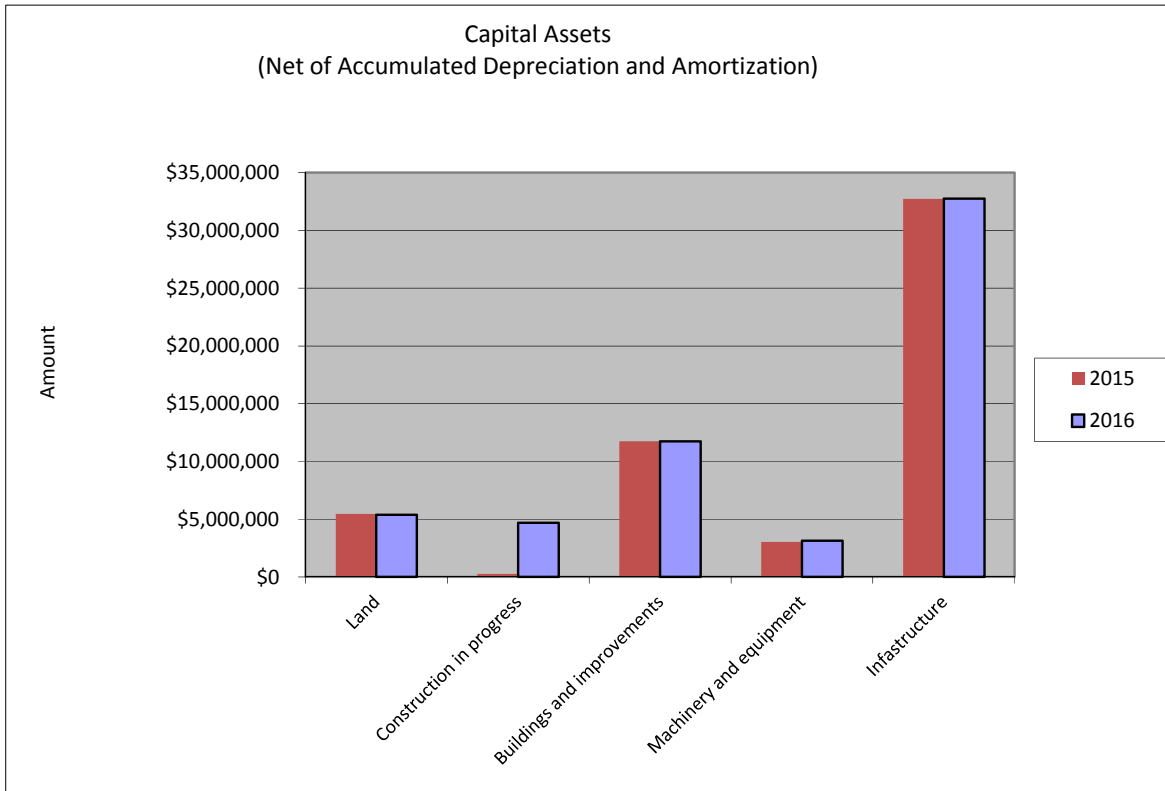
The following table is a two year comparison of the investment in capital assets, net of accumulated depreciation:

	<u>2016</u>	<u>2015</u>
Land	\$ 5,384,759	\$ 5,449,895
Construction in progress	4,687,123	268,782
Buildings and improvements	11,743,914	11,755,857
Machinery and equipment	3,144,612	3,045,316
Infrastructure	32,757,332	32,723,940
Totals	<u>\$ 57,717,740</u>	<u>\$ 53,243,790</u>

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
JUNE 30, 2016

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)



Additional information on the Town's capital assets can be found in Note 5 to the basic financial statements.

Long-term Debt

At the end of the current fiscal year, the Town had long-term bonded debt outstanding of \$2,150,000 and notes payable of \$3,467,276, all of which is backed by the full faith and credit of the government. In addition, the Town had capital leases payable of \$740,391. Total long-term debt decreased by \$841,656 or 11.7% due to scheduled principal repayments.

In addition to the long-term debt, the Town had short-term bond anticipation notes outstanding in the amount of \$4,900,000 as of June 30, 2016. The short-term debt was issued to finance improvements to the Town's educational facilities. Subsequent to year end, the Town converted \$3,000,000 in general obligation bond anticipation notes into long-term general obligation bonds.

TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
JUNE 30, 2016

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

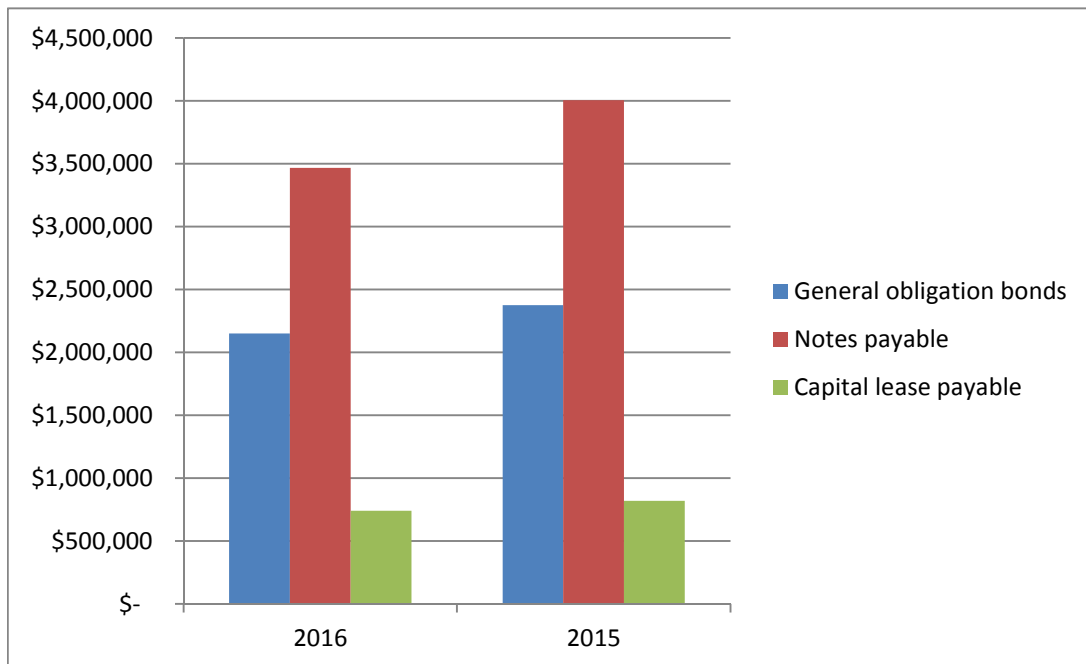
Long-term Debt (Continued)

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:

	2016	2015
General obligation bonds	\$ 2,150,000	\$ 2,375,000
Notes payable	3,467,276	4,004,296
Capital lease payable	740,391	820,027
Totals	<u>\$ 6,357,667</u>	<u>\$ 7,199,323</u>



Additional information on the Town's long-term debt can be found in Note 9 to the basic financial statements.

**TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
JUNE 30, 2016**

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 unemployment rate for the Town is comparable to the state's average unemployment rate and the national unemployment rate.
- 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 2017. In May 2016, the Town's fiscal year 2017 budget was approved at referendum. The General Fund budget contemplates an increase in expenditures of 2.05% over the prior year from \$36,356,748 to \$37,100,348. The Town has appropriated \$250,000 from fund balance for use in the fiscal year 2017 General Fund budget. This amount has been presented as part of the assigned fund balance within the General Fund as of June 30, 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, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 19,139,657
Receivables:	
Property taxes and interest, net	1,529,560
Assessments and user charges	370,024
Grants and contracts	197,557
Other	137,127
Other assets	7,538
Capital assets:	
Non-depreciable	10,071,882
Depreciable, net	47,645,858
Total assets	<u>79,099,203</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	24,671
Deferred pension expense	1,522,618
Total deferred outflows of resources	<u>1,547,289</u>
LIABILITIES	
Accounts payable	1,694,361
Accrued liabilities	254,115
Unearned revenue	2,219,155
Bond anticipation notes payable	4,900,000
Noncurrent liabilities:	
Due within one year	800,534
Due in more than one year	12,825,027
Total liabilities	<u>22,693,192</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred pension benefits	<u>74,942</u>
NET POSITION	
Net investment in capital assets	47,177,997
Restricted for:	
Endowments - expendable	11,751
Housing rehabilitation loan program	58,126
Unrestricted	10,630,484
Total net position	<u>\$ 57,878,358</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, 2016**

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	\$ 3,756,741	\$ 594,756	\$ 95,936	\$ -	\$ (3,066,049)
Public safety	6,787,084	140,949	95,222	-	(6,550,913)
Conservation and health	400,892	11,230	-	-	(389,662)
Highways	2,477,084	-	539,411	399,106	(1,538,567)
Sanitation and waste removal	3,277,211	2,177,119	24,562	-	(1,075,530)
Culture and recreation	608,579	104,502	-	-	(504,077)
Education	27,346,163	869,051	10,114,465	2,419,611	(13,943,036)
Interest expense	229,984	-	-	-	(229,984)
Total governmental activities	<u>\$ 44,883,738</u>	<u>\$ 3,897,607</u>	<u>\$ 10,869,596</u>	<u>\$ 2,818,717</u>	<u>\$ (27,297,818)</u>
General revenues:					
Property taxes, levied for general purposes					29,433,906
Grants and contributions not restricted to specific programs					216,587
Unrestricted investment earnings					53,993
Total general revenues					<u>29,704,486</u>
Change in net position					2,406,668
Net position - beginning of year					<u>55,471,690</u>
Net position - ending of year					<u>\$ 57,878,358</u>

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

TOWN OF EAST WINDSOR, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Educational Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 11,565,407	\$ 1,746,612	\$ 3,291,476	\$ -	\$ 2,536,162	\$ 19,139,657
Receivables:						
Property taxes and interest, net	1,529,560	-	-	-	-	1,529,560
Assessments and user charges	-	-	-	-	370,024	370,024
Grants and contracts	141,062	-	-	4,453	52,042	197,557
Other	72,195	1,812	-	-	63,120	137,127
Due from other funds	1,249,617	-	-	1,489,658	811,058	3,550,333
Inventories	-	-	-	-	7,538	7,538
Total assets	<u>\$ 14,557,841</u>	<u>\$ 1,748,424</u>	<u>\$ 3,291,476</u>	<u>\$ 1,494,111</u>	<u>\$ 3,839,944</u>	<u>\$ 24,931,796</u>
LIABILITIES						
Accounts payable	\$ 886,132	\$ 81,525	\$ 237,952	\$ -	\$ 42,072	\$ 1,247,681
Salaries and benefits payable	178,452	-	-	-	15,014	193,466
Bond anticipation notes payable	-	-	1,900,000	-	-	1,900,000
Due to other funds	2,747,396	931,178	13,964	-	304,475	3,997,013
Unearned revenue	-	-	-	1,494,111	725,044	2,219,155
Total liabilities	<u>3,811,980</u>	<u>1,012,703</u>	<u>2,151,916</u>	<u>1,494,111</u>	<u>1,086,605</u>	<u>9,557,315</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	<u>1,551,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370,024</u>	<u>1,921,245</u>
FUND BALANCES						
Nonspendable:						
Inventories	-	-	-	-	7,538	7,538
Loans receivable	-	-	-	-	37,817	37,817
Restricted	-	-	800,868	-	32,060	832,928
Committed to:						
Capital purposes	-	735,721	338,692	-	222,310	1,296,723
Other purposes	303,401	-	-	-	2,088,640	2,392,041
Assigned	895,256	-	-	-	-	895,256
Unassigned	7,995,983	-	-	-	(5,050)	7,990,933
Total fund balances	<u>9,194,640</u>	<u>735,721</u>	<u>1,139,560</u>	<u>-</u>	<u>2,383,315</u>	<u>13,453,236</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,557,841</u>	<u>\$ 1,748,424</u>	<u>\$ 3,291,476</u>	<u>\$ 1,494,111</u>	<u>\$ 3,839,944</u>	<u>\$ 24,931,796</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, 2016

Total fund balances for governmental funds	\$ 13,453,236
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.	57,717,740
Some of the Town's taxes, sewer usage fees and sewer assessments will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.	1,921,245
Deferred amounts on refunding are not susceptible to accrual and, therefore, are not reported in the governmental funds.	24,671
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 notes payable, net	\$ (5,724,891)
Bond anticipation notes payable	(3,000,000)
Capital leases	(740,391)
Accrued interest payable	(60,649)
Other long-term liabilities:	
Net pension liability	(5,495,643)
Net OPEB obligation	(544,877)
Heart and hypertension obligations	(425,000)
Compensated absences	(694,759)
	<u>(16,686,210)</u>
Deferred outflows and inflows of resources resulting from changes in the components of the Town's net pension liability are reported in the statement of net position.	<u>1,447,676</u>
Net position of governmental activities	<u><u>\$ 57,878,358</u></u>

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, 2016

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Educational Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 29,484,942	\$ -	\$ -	\$ -	\$ -	\$ 29,484,942
Intergovernmental	8,686,073	-	2,419,611	2,036,170	1,119,285	14,261,139
Charges for goods and services	618,911	-	-	-	2,874,232	3,493,143
Interest income	29,854	6,536	13,856	-	3,747	53,993
Other	-	14,370	-	-	230,909	245,279
Total revenues	<u>38,819,780</u>	<u>20,906</u>	<u>2,433,467</u>	<u>2,036,170</u>	<u>4,228,173</u>	<u>47,538,496</u>
EXPENDITURES						
Current:						
General government	2,369,636	-	-	-	350,891	2,720,527
Public safety	4,067,425	-	-	-	174,520	4,241,945
Conservation and health	291,623	-	-	-	-	291,623
Highways	1,174,958	-	-	-	518,489	1,693,447
Sanitation and waste removal	828,529	-	-	-	1,623,369	2,451,898
Culture and recreation	401,880	-	-	-	86,774	488,654
Education	24,287,205	-	-	2,036,170	851,627	27,175,002
Insurance and benefits	2,843,089	-	-	-	-	2,843,089
Other	248,018	-	-	-	-	248,018
Capital outlays	-	1,555,445	4,439,740	-	481,076	6,476,261
Debt service	1,032,169	-	31,227	-	-	1,063,396
Total expenditures	<u>37,544,532</u>	<u>1,555,445</u>	<u>4,470,967</u>	<u>2,036,170</u>	<u>4,086,746</u>	<u>49,693,860</u>
Excess (deficiency) of revenues over expenditures	1,275,248	(1,534,539)	(2,037,500)	-	141,427	(2,155,364)
OTHER FINANCING SOURCES (USES)						
Proceeds from bond anticipation notes	-	-	3,000,000	-	-	3,000,000
Premium on bond anticipation notes	-	-	14,553	-	-	14,553
Transfers in	29,772	801,000	7,500	-	548,821	1,387,093
Transfers out	(801,000)	-	-	-	(586,093)	(1,387,093)
Total other financing sources (uses)	<u>(771,228)</u>	<u>801,000</u>	<u>3,022,053</u>	<u>-</u>	<u>(37,272)</u>	<u>3,014,553</u>
Net change in fund balances	504,020	(733,539)	984,553	-	104,155	859,189
Fund balances - beginning of year	8,690,620	1,469,260	155,007	-	2,279,160	12,594,047
Fund balances - ending	<u>\$ 9,194,640</u>	<u>\$ 735,721</u>	<u>\$ 1,139,560</u>	<u>\$ -</u>	<u>\$ 2,383,315</u>	<u>\$ 13,453,236</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, 2016

Net change in fund balances - total governmental funds	\$	859,189
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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	\$ 6,573,604	
Depreciation and amortization expense	<u>(1,959,654)</u>	
Net adjustment		4,613,950

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on a disposal of capital assets.	(140,000)
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Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in the governmental funds.	(119,138)
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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:		
Bond anticipation notes payable	(3,000,000)	
Principal repayments:		
Bonds and notes payable	762,020	
Obligations under capital lease	79,636	
Amortization of deferred charge on refunding	(13,922)	
Amortization of bond premiums	<u>31,197</u>	
		(2,141,069)

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	36,653	
Accrued interest	(40,072)	
Heart and hypertension obligations	(425,000)	
Net pension liability	(1,455,682)	
Net OPEB obligation	<u>69,210</u>	
		(1,814,891)

Deferred outflows and 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>1,148,627</u>
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Change in net position of governmental activities	\$	<u>2,406,668</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, 2016**

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 29,048,762	\$ 29,048,762	\$ 29,484,942	\$ 436,180
Intergovernmental	6,625,246	6,625,246	6,182,666	(442,580)
Licenses, fees and charges for goods and services	472,740	472,740	618,911	146,171
Revenues from use of money	10,000	10,000	29,854	19,854
Total revenues	<u>36,156,748</u>	<u>36,156,748</u>	<u>36,316,373</u>	<u>159,625</u>
EXPENDITURES				
Current:				
General government	2,377,200	2,579,084	2,353,435	(225,649)
Public safety	3,926,238	4,178,834	4,067,425	(111,409)
Conservation and health	288,312	296,046	291,623	(4,423)
Highways	1,101,380	1,175,875	1,174,958	(917)
Sanitation and waste removal	887,806	875,100	828,529	(46,571)
Insurance and benefits	3,355,024	2,967,029	2,843,089	(123,940)
Culture and recreation	452,662	427,303	401,880	(25,423)
Other	329,942	295,751	248,018	(47,733)
Education	21,618,004	21,618,004	21,587,737	(30,267)
Debt service	1,109,905	1,034,225	1,032,169	(2,056)
Total expenditures	<u>35,446,473</u>	<u>35,447,251</u>	<u>34,828,863</u>	<u>(618,388)</u>
Excess (deficiency) of revenues over expenditures	710,275	709,497	1,487,510	778,013
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	200,000	200,000	-	(200,000)
Transfers in	-	-	29,772	29,772
Transfers out	(910,275)	(909,497)	(801,000)	108,497
Total other financing sources (uses)	<u>(710,275)</u>	<u>(709,497)</u>	<u>(771,228)</u>	<u>(61,731)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	716,282	<u>\$ 716,282</u>
Fund balance - beginning			<u>7,833,102</u>	
Fund balance - ending			<u>\$ 8,549,384</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, 2016

	Pension and Other Post Employment Benefits Trust Funds	Private Purpose Trust Fund - School Scholarships	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 750,056	\$ 113,544	\$ 120,717
Investments	21,681,393	358,609	-
Due from other funds	18,500	-	446,680
Total assets	<u>22,449,949</u>	<u>472,153</u>	<u>\$ 567,397</u>
LIABILITIES			
Due to other funds	18,500	-	-
Due to student groups	-	-	120,717
Due to others	-	-	446,680
Total liabilities	<u>18,500</u>	<u>-</u>	<u>\$ 567,397</u>
NET POSITION			
Restricted for pension and other benefits	<u>\$ 22,431,449</u>	<u>\$ 472,153</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, 2016**

	Pension and Other Post Employment Benefits Trust Funds	Private Purpose Trust Fund - School Scholarships
ADDITIONS		
Contributions:		
Employer	\$ 1,271,854	\$ -
Plan members	299,647	-
Private donations	-	9,600
Total contributions	<u>1,571,501</u>	<u>9,600</u>
Investment earnings:		
Interest and dividends	424,329	7,261
Net change in the fair value of investments, net of fees	<u>112,863</u>	<u>(9,996)</u>
Net investment earnings	<u>537,192</u>	<u>(2,735)</u>
Total additions	<u>2,108,693</u>	<u>6,865</u>
DEDUCTIONS		
Benefit payments	1,353,701	-
Awards expense	-	15,750
Administrative expenses	<u>39,455</u>	<u>87</u>
Total deductions	<u>1,393,156</u>	<u>15,837</u>
Change in net position	715,537	(8,972)
Net position - beginning	<u>21,715,912</u>	<u>481,125</u>
Net position - ending	<u><u>\$ 22,431,449</u></u>	<u><u>\$ 472,153</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, 2016

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, highway, sanitation and waste removal, culture and recreation, education and general government.

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

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, 2016 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, 2016 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, 2016

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.

Educational Grants Fund - This fund is used to account for revenues and expenditures of State and Federal education grants.

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 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 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, 2016

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 or is available to be 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, 2015, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB 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*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and certain provisions of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The adoption of these statements did not have a material effect on the Town's financial statements.

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.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Investments

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in certain external investment pools as described below.

Investments in certain external investment pools consist of money market mutual funds and the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the pool.

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 \$205,000 as of June 30, 2016.

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

Loans Receivable

The Town administers a Rehabilitation Loan Program. The loans bear an interest rate of 0.0%. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The loans may be paid in full or in part by the borrower at any time without penalty. Loans receivable under this program totaled \$37,817 as of June 30, 2016.

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.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

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:

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

Unearned Revenue

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

Deferred Outflows/Inflows of Resources

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

Deferred outflows of resources consists of deferred charges on refundings and deferred pension expenses reported in the government-wide statement of net position. Deferred charges on refundings are amortized to interest expense using the effective-interest method over the life of the related bonds. Deferred pension expenses are amortized as a component of pension expense on a systematic and rational basis.

Deferred inflows of resources consist of revenue that is considered unavailable under the modified accrual basis of accounting and deferred pension benefits. Unavailable revenue is reported in the governmental funds balance sheet and is recognized as an inflow of resources in the period that the amounts become available. Deferred pension benefits are reported in the government-wide statement of net position and are 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.

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

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts 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.

Net Position and Fund Balance

The government-wide statement of net position presents the Town's non-fiduciary assets, deferred outflows and 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.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

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 (Continued)

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.

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.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2016

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

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

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 2 - BUDGETARY INFORMATION (Continued)

A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2016:

	Total Revenues	Total Expenditures	Other Financing Uses, net	Net Change In Fund Balance	Fund Balance
Budgetary basis	\$ 36,316,373	\$ 34,828,863	\$ (771,228)	\$ 716,282	\$ 8,549,384
"On-behalf" payments - State Teachers' Retirement Fund	2,487,207	2,487,207	-	-	-
Intergovernmental grants netted with expenses	16,200	16,200	-	-	-
Change in encumbrances	-	212,262	-	(212,262)	645,256
GAAP basis	<u>\$ 38,819,780</u>	<u>\$ 37,544,532</u>	<u>\$ (771,228)</u>	<u>\$ 504,020</u>	<u>\$ 9,194,640</u>

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS

The carrying value of the Town's cash deposits as of June 30, 2016 totaled \$16,416,993. A reconciliation of the Town's cash deposits as of June 30, 2016 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 19,139,657
Less: cash equivalents considered investments for disclosure purposes	<u>(3,060,486)</u>
	<u>16,079,171</u>
Statement of fiduciary net position:	
Cash and cash equivalents	\$ 984,317
Add: investments considered cash deposits for disclosure purposes	74,132
Less: cash equivalents considered investments for disclosure purposes	<u>(720,627)</u>
	<u>337,822</u>
	<u>\$ 16,416,993</u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

CASH DEPOSITS (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2016, \$16,017,948 of the Town's bank balance of \$16,801,004 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 14,416,153
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>1,601,795</u>
	<u><u>\$ 16,017,948</u></u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut General Statutes. Under Connecticut General Statutes, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

INVESTMENTS

A reconciliation of the Town's investments as of June 30, 2016 is as follows:

Government-wide statement of net position:	
Investments	\$ -
Add: cash equivalents considered investments for disclosure purposes	<u>3,060,486</u>
	<u>3,060,486</u>
Statement of fiduciary net position:	
Investments	22,040,002
Less: investments considered cash equivalents for disclosure purposes	(74,132)
Add: cash equivalents considered investments for disclosure purposes	<u>720,627</u>
	<u>22,686,497</u>
	<u><u>\$ 25,746,983</u></u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

As of June 30, 2016, the Town's investments consisted of the following:

Investment type	Valuation Basis	Value	Investment Maturities (In Years)		
			Less Than 1	1 to 5	6 to 10
Debt Securities:					
Governmental Activities:					
Short Term Investment Fund (STIF)	Net asset value	\$ 3,060,486	\$ 3,060,486	\$ -	\$ -
Fiduciary Funds:					
Money market mutual funds	Net asset value	720,627	720,627	-	-
Fixed income securities	Fair value	4,616,348	754,764	2,283,009	1,578,575
		8,397,461	\$ 4,535,877	\$ 2,283,009	\$ 1,578,575
Other investments:					
Fiduciary Funds:					
Mutual funds	Fair value	17,349,522			
		\$ 25,746,983			

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.

Credit Risk

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

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Credit Risk (Continued)

The Town's investment in debt securities were rated by Standard & Poor's as follows at June 30, 2016:

<u>Investment type</u>	<u>Value</u>	<u>AAA</u>	<u>A</u>	<u>BBB</u>
Debt Securities:				
STIF	\$ 3,060,486	\$ 3,060,486	\$ -	\$ -
Fixed income securities	4,616,348	-	3,159,819	1,456,529

Investments in money market mutual funds were unrated as of June 30, 2016.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. The Town's investments are not exposed to custodial credit risk because they are either not evidenced by securities that exist in physical or book entry form or they are held by a reputable custodian in the name of the Town.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2016, 100% of the Town's investments within its governmental activities were invested in the Short-term Investment Fund. As of June 30, 2016, more than 10% of the Town's investments within its fiduciary funds were invested in the following:

<u>Investment</u>	<u>Value</u>	<u>Issuer</u>	<u>% of Fiduciary Investments</u>
S&P 500 ETF TRUST	\$ 5,599,686	SPDR State Street Global Advisors	24.7%
Edge MSCI Min Vol USA ETF	4,108,617	iShares	18.1%

NOTE 4 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly), and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2016, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 17,349,522	\$ -	\$ -	\$ 17,349,522
Fixed income securities	-	4,616,348	-	4,616,348
	<u>\$ 17,349,522</u>	<u>\$ 4,616,348</u>	<u>\$ -</u>	<u>\$ 21,965,870</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 5,449,895	\$ 74,864	\$ (140,000)	\$ 5,384,759
Construction in progress	268,782	4,418,341	-	4,687,123
Total capital assets, not being depreciated	<u>5,718,677</u>	<u>4,493,205</u>	<u>(140,000)</u>	<u>10,071,882</u>
Capital assets, being depreciated:				
Buildings and improvements	27,089,043	571,820	(45,000)	27,615,863
Machinery and equipment	8,146,225	531,668	(62,000)	8,615,893
Infrastructure	47,668,981	976,911	-	48,645,892
Total capital assets, being depreciated	<u>82,904,249</u>	<u>2,080,399</u>	<u>(107,000)</u>	<u>84,877,648</u>
Less accumulated depreciation:				
Buildings and improvements	15,333,186	583,763	(45,000)	15,871,949
Machinery and equipment	5,100,909	432,372	(62,000)	5,471,281
Infrastructure	14,945,041	943,519	-	15,888,560
Total accumulated depreciation	<u>35,379,136</u>	<u>1,959,654</u>	<u>(107,000)</u>	<u>37,231,790</u>
Total capital assets, being depreciated, net	<u>47,525,113</u>	<u>120,745</u>	<u>-</u>	<u>47,645,858</u>
Governmental activities capital assets, net	<u>\$ 53,243,790</u>	<u>\$ 4,613,950</u>	<u>\$ (140,000)</u>	<u>\$ 57,717,740</u>

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

Governmental Activities:	
General government	\$ 106,736
Public safety	277,839
Highway	634,988
Sanitation and waste removal	519,477
Culture and recreation	43,562
Education	377,052
Total depreciation and amortization expense	<u>\$ 1,959,654</u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2016 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Capital and Nonrecurring Fund	\$ 931,178
	Capital Projects Fund	13,964
	Nonmajor Governmental Funds	304,475
		<u>1,249,617</u>
Educational Grants Fund	General Fund	<u>1,489,658</u>
Nonmajor Governmental Funds	General Fund	811,058
		<u>\$ 3,550,333</u>
Fiduciary Fund		
Other Fiduciary Funds	General Fund	\$ 446,680
	Other Fiduciary Funds	18,500
		<u>\$ 465,180</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 7 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2016 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Nonmajor Governmental Funds	\$ 29,772
Capital and Nonrecurring Fund	General Fund	801,000
Capital Projects Fund	Nonmajor Governmental Funds	7,500
Nonmajor Governmental Funds	Nonmajor Governmental Funds	548,821
		<u>\$ 1,387,093</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, 2016

NOTE 8 - SHORT-TERM DEBT

The following is a summary of changes in short-term debt for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Bond anticipation notes payable	<u>\$ 6,190,000</u>	<u>\$ 4,900,000</u>	<u>\$ (6,190,000)</u>	<u>\$ 4,900,000</u>

During the year ended June 30, 2016, the Town retired \$6,190,000 of bond anticipation notes (the "2015 Notes") through the issuance of bond anticipation notes in the amount of \$4,900,000 (the "2016 Notes") and the repayment of \$1,290,000 from grant reimbursements received from the State of Connecticut. Proceeds from the notes are being used to provide interim financing for improvements to the Town's educational facilities. The 2016 Notes bear an interest rate of 1.0% and matured on October 27, 2016. The Town intends to permanently fund the 2016 Notes through a combination of grant reimbursements from the State of Connecticut and the issuance of general obligation bonds. On October 27, 2016, the Town retired the 2016 Notes through the issuance of general obligation bonds in the amount of \$3,000,000 and the repayment of \$1,900,000 from grant reimbursements received from the State of Connecticut (see Note 14). The Town has recognized the portion of the 2016 Notes subsequently retired through the issuance of general obligation bonds as an other financing source in the government-wide financial statements.

NOTE 9 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 2,375,000	\$ -	\$ (225,000)	\$ 2,150,000	\$ 325,000
Unamortized amounts:					
Premium on bonds issued	138,812	-	(31,197)	107,615	-
Total bonds payable	2,513,812	-	(256,197)	2,257,615	325,000
Other liabilities:					
Notes payable	4,004,296	-	(537,020)	3,467,276	54,818
Capital leases	820,027	-	(79,636)	740,391	75,716
Compensated absences	731,412	210,511	(247,164)	694,759	260,000
Heart and hypertension obligations	-	425,000	-	425,000	85,000
Net pension liability	4,039,961	1,455,682	-	5,495,643	-
Net OPEB obligation	614,087	-	(69,210)	544,877	-
	<u>\$ 12,723,595</u>	<u>\$ 2,091,193</u>	<u>\$ (1,189,227)</u>	<u>\$ 13,625,561</u>	<u>\$ 800,534</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, 2016

NOTE 9 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS AND NOTE PAYABLE

A summary of general obligation bonds and note payable outstanding at June 30, 2016 is as follows:

Purpose of Bonds	Fiscal Date of Issue	Original Issue	Interest Rates	Fiscal Maturity Date	Amount Outstanding
Governmental Activities					
General Obligation Refunding Bonds	2014	\$ 2,640,000	2.0% - 4.0%	2025	<u>\$ 2,150,000</u>
Notes payable					
Rural Development Loan	2012	2,180,000	2.375%	2052	\$ 2,052,424
Rural Development Loan	2015	1,435,000	2.75%	2055	<u>1,414,852</u>
					<u>\$ 3,467,276</u>

Annual debt service requirements to maturity on general obligation bonds and the note payable are as follows as of June 30, 2016:

Year ending June 30:	Governmental Activities					
	Bonds Payable		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	200,000	24,225	61,101	99,421	261,101	123,646
2022 - 2026	765,000	34,825	331,653	469,267	1,096,653	504,092
2027 - 2031	-	-	379,834	417,367	379,834	417,367
2032 - 2036	-	-	435,015	356,978	435,015	356,978
2037 - 2041	-	-	498,209	286,704	498,209	286,704
2042 - 2046	-	-	570,585	204,914	570,585	204,914
2047 - 2051	-	-	653,477	109,711	653,477	109,711
2052 - 2055	-	-	308,917	18,521	308,917	18,521
	<u>\$ 2,150,000</u>	<u>\$ 257,425</u>	<u>\$ 3,467,276</u>	<u>\$ 2,377,339</u>	<u>\$ 5,617,276</u>	<u>\$ 2,634,764</u>

Statutory Debt Limitations

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. 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, 2016.

School Bond Reimbursements

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. No reimbursements were received for the year ended June 30, 2016. Final reimbursements of principal and interest aggregating \$139,172 and \$2,081, respectively, are expected to be received upon close-out of the project. The Town has recorded a receivable relating to the principal portion of these payments in the accompanying statement of net position.

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 9 - LONG-TERM LIABILITIES (Continued)

HEART AND HYPERTENSION OBLIGATIONS

The Town's estimated liability for heart and hypertension obligations as of June 30, 2016 totaled \$425,000. Heart and hypertension obligations are based upon estimates of either the ultimate cost of claims to be incurred by eligible beneficiaries or the actual amount of settlements reached and unpaid as of year end. Because estimated future claim costs depend on a number of estimates, including inflation, life expectancy and expected claims frequency, it is reasonably possible that the Town's liability for heart and hypertension obligations as of June 30, 2016 will change in the near term.

NOTE 10 - PENSION PLANS

DEFINED BENEFIT PLAN

The Town is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its employees. The Plan does not issue stand-alone financial statements and is part of the Town's financial reporting entity. As such, balances of the Plan as of and for the year ended June 30, 2016 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, 2016

NOTE 10 - 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 measured at fair value, except for investments money market mutual funds which are permitted to be measured at net asset value. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Town. It is the policy of the Town to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of return - For the year ended June 30, 2016 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 2.50%. 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

As of June 30, 2016, more than 10% of the Plan's investments were invested in the following:

Investment	Value	Issuer	% of Plan Investments
S&P 500 ETF TRUST	\$ 5,371,777	SPDR State Street Global Advisors	24.8%
Edge MSCI Min Vol USA ETF	4,066,018	iShares	10.5%

Net Pension Liability

The components of the net pension liability of the Town at June 30, 2016, were as follows:

Total pension liability	\$ 27,191,862
Plan fiduciary net position	(21,696,219)
Town's net pension liability	<u>\$ 5,495,643</u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 10 - 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, 2016 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2015	\$ 25,162,891	\$ 21,122,930	\$ 4,039,961
Changes for the year:			
Service cost	777,006	-	777,006
Interest	1,816,355	-	1,816,355
Actuarial (gains) losses	561,417	-	561,417
Contributions - employer	-	912,750	(912,750)
Contributions - employee	-	299,647	(299,647)
Net investment income	-	524,907	(524,907)
Benefit payments, including refunds	(1,125,807)	(1,125,807)	-
Administrative expense	-	(38,208)	38,208
Net changes	2,028,971	573,289	1,455,682
Balance as of June 30, 2016	<u>\$ 27,191,862</u>	<u>\$ 21,696,219</u>	<u>\$ 5,495,643</u>

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2015, 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, 2016

NOTE 10 - 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, 2016 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	\$ 8,751,577	\$ 5,495,643	\$ 2,734,107

Pension Expense and Deferred Outflows/Inflows of Resources

At June 30, 2016, the Town reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual experience	\$ 461,164	\$ (74,942)
Net difference between projected and actual earnings on pension plan investments	1,061,454	-
Total	<u>\$ 1,522,618</u>	<u>\$ (74,942)</u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 10 - PENSION PLANS (Continued)

DEFINED BENEFIT PLAN (Continued)

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

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

Year ended June 30,	
2017	\$ 369,474
2018	369,474
2019	369,474
2020	279,102
2021	60,152
	<u>\$ 1,447,676</u>

Payable to the Pension Plan

At June 30, 2016, the Town did not report a payable for any contributions outstanding 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, 2016, plan members of the Town contributed \$738,119 to the plan and covered payroll for the year was \$10,180,952. The Town has recognized on-behalf payments of \$2,487,207 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, 2016

NOTE 10 - PENSION PLANS (Continued)

Connecticut State Teachers' Retirement System (Continued)

The total estimated net pension liability of the TRS as of June 30, 2015 was \$10.972 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$26.839 million or approximately 0.245% 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, rolled forward to the June 30, 2015 measurement date. 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 \$2,150,475 for the year ended June 30, 2016.

The total pension liability as of June 30, 2015 was rolled forward from the total pension liability determined from the June 30, 2014 actuarial valuation. The total pension liability 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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.00%	7.30%
Developed Non-U.S. Equities	18.00%	7.50%
Emerging Markets (Non-U.S.)	9.00%	8.60%
Core Fixed Income	7.00%	1.70%
Inflation Linked Bonds	3.00%	1.30%
Emerging Market Bonds	5.00%	4.80%
High Yield Bonds	5.00%	3.70%
Real Estate	7.00%	5.90%
Private Equity	11.00%	10.90%
Alternative Investment	8.00%	0.70%
Liquidity Fund	6.00%	0.40%

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 10 - PENSION PLANS (Continued)

Connecticut State Teachers' Retirement System (Continued)

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.

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:

	1% Decrease (7.5%)	Current Discount (8.5%)	1% Increase (9.5%)
Proportion of the net pension liability attributed to the Town	\$33.846 million	\$26.839 million	\$20.883 million

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

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

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

Plan Provisions

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

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

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

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

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

Funding Policy

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

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	\$ 285,282
Interest on net OPEB obligation	42,986
Adjustment to annual required contribution	<u>(38,374)</u>
Annual OPEB cost	289,894
Contributions made	<u>359,104</u>
Increase in Net OPEB obligation	(69,210)
Net OPEB obligation, beginning of the year	614,087
Net OPEB obligation, end of the year	<u><u>\$ 544,877</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of and for the years ended June 30, 2016, 2015 and 2014 are as follows:

Year Ended June 30:	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 289,894	\$ 359,104	123.9%	\$ 544,877
2015	431,398	319,984	78.9%	614,087
2014	405,650	319,984	78.9%	550,289

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:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit Cost Method (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ 455,111	\$ 3,472,085	\$ 3,016,974	13.1%	\$ 9,602,776	31.4%

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

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

Funded Status and Funding Progress (Continued)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The 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 12 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or natural disasters. The Town purchases commercial insurance for all risks of loss 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, 2016. 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, 2016

NOTE 12 - 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 13 - COMMITMENTS AND CONTINGENCIES

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

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

Assigned fund balance in the General Fund includes encumbrances of \$645,256 for unperformed educational commitments as of June 30, 2016 and \$250,000 of fund balance assigned for use in the Town's fiscal year 2017 General Fund budget.

Fund balance in the governmental funds has been committed for the following other purposes as of June 30, 2016:

	General Fund	Other Funds
Heat and hypertension obligations	\$ 202,094	\$ -
Storm emergency preparedness	101,307	-
General government	-	204,555
Public safety	-	190,079
Conservation and health	-	63,071
Sanitation	-	1,419,987
Recreation	-	48,035
Education	-	162,913
Other purposes	<u>\$ 303,401</u>	<u>\$ 2,088,640</u>

TOWN OF EAST WINDSOR, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 14 - SUBSEQUENT EVENTS

On October 27, 2016, the Town issued \$5,740,000 in general obligation bonds. The Town utilized \$3,000,000 of the proceeds from the issuance to permanently finance a portion of the \$4,900,000 bond anticipation notes that were outstanding as of June 30, 2016. The remaining \$2,740,000 of bond proceeds is to be used to finance authorized capital improvement projects, including various road and other infrastructure improvements. The general obligation bonds are payable in annual installments commencing on October 15, 2017, bear interest rates ranging from 2.0% to 3.0% and mature on October 15, 2036.

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

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 August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement establishes disclosure of information about the nature and magnitude of tax abatements to allow users of the financial statements to understand 1) how tax abatements affect a government's future ability to raise resources and meets its financial obligations and 2) the impact those abatements have on a government's financial position and economic condition. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. 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, 2016

NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE (Continued)

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Certain provisions of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. This statement amends the blending requirements established in GASB Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement addresses accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. 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
LAST THREE FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 862,350	\$ 959,089	\$ 938,840
Contributions in relation to the actuarially determined contribution	<u>912,750</u>	<u>959,089</u>	<u>938,840</u>
Contribution deficiency	<u>\$ (50,400)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 6,477,145	\$ 6,617,466	\$ 6,035,101
Contributions as a percentage of covered employee payroll	14.09%	14.49%	15.56%
Annual money-weighted rate of return, net of investment expense	2.50%	4.54%	16.12%

NOTES TO SCHEDULE:

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

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level percent of payroll
Remaining amortization period	14 years remaining as of July 1, 2015
Asset valuation method	5 year smoothed market
Inflation	2.75%
Investment rate of return	7.00%
Salary increases	4.00% (includes inflation)
Retirement age	Normal retirement age
Mortality	RP-2000 Combined Healthy Morality with generational projection per Scale AA

See accompanying Independent Auditor's Report.

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

	2016	2015	2014
Total pension liability			
Service cost	\$ 778,000	\$ 668,000	\$ 667,000
Interest	1,817,000	1,681,000	1,602,000
Changes in benefit terms	-	-	-
Differences between expected and actual experience	561,000	-	-
Changes of assumptions	-	-	-
Benefit payments, including refunds	(1,126,000)	(1,159,000)	(1,007,000)
Net change in total pension liability	2,030,000	1,190,000	1,262,000
Total pension liability - beginning	25,162,000	23,972,000	22,710,000
Total pension liability - ending	27,192,000	25,162,000	23,972,000
Plan fiduciary net position			
Contributions - employer	913,000	959,000	939,000
Contributions - members	300,000	252,000	272,000
Net investment income	524,000	917,000	2,776,000
Benefit payments, including refunds	(1,126,000)	(1,042,000)	(1,007,000)
Administrative expense	(38,000)	(40,000)	(30,000)
Net change in plan fiduciary net position	573,000	1,046,000	2,950,000
Plan fiduciary net position - beginning	21,123,000	20,077,000	17,127,000
Plan fiduciary net position - ending	21,696,000	21,123,000	20,077,000
Town's net pension liability	\$ 5,496,000	\$ 4,039,000	\$ 3,895,000
Plan fiduciary net position as a percentage of total pension liability	79.79%	83.95%	83.75%
Covered employee payroll	\$ 6,477,145	\$ 6,617,466	\$ 6,035,101
Town's net pension liability as a percentage of covered employee payroll	84.85%	61.04%	64.54%

NOTES TO SCHEDULE:

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

Benefit changes : There have been no changes in benefit terms that have affected the measurement of the total pension liability.

Assumption Changes : There have been no changes in assumptions that have affected the measurement of the total pension liability.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
(Rounded to Nearest Thousand)

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.245%	0.245%
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability attributed with the Town	26,839,000	24,807,000
Total	<u>\$ 26,839,000</u>	<u>\$ 24,807,000</u>
Town's covered payroll	\$ 10,181,000	\$ 9,969,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

NOTES TO SCHEDULE:

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

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2016 is based on a June 30, 2015 measurement date).

Benefit changes : There have been no changes in benefit terms that have affected the measurement of the total pension liability.

Assumption Changes : There have been no changes in assumptions that have affected the measurement of the total pension liability.

**TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULES OF FUNDING PROGRESS (UNAUDITED)
LAST THREE ACTUARIAL VALUATIONS**

Other Post-Employment Benefits Program						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 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.

NOTES TO SCHEDULE:

Benefit changes : There have been no changes in benefit terms that have affected the measurement of the actuarial accrued liability.

Assumption Changes : The medical inflation rate was decreased between the July 1, 2012 and the July 1, 2014 actuarial valuations to reflect a decrease in estimated fees resulting from effective Affordable Care Act.

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, 2016

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
PROPERTY TAXES				
Current and prior year levies	\$ 28,823,762	\$ 28,823,762	\$ 29,191,352	\$ 367,590
Interest and lien fees	225,000	225,000	293,590	68,590
Total property taxes	<u>29,048,762</u>	<u>29,048,762</u>	<u>29,484,942</u>	<u>436,180</u>
INTERGOVERNMENTAL REVENUES				
Education equalization	5,810,543	5,810,543	5,451,690	(358,853)
Town aid road grant	267,394	267,394	267,564	170
Local capital improvement program	-	-	128,221	128,221
Public school transportation	107,511	107,511	93,298	(14,213)
Tax relief - circuit breaker	90,000	90,000	77,151	(12,849)
Reimbursement in lieu of taxes	111,317	111,317	57,397	(53,920)
Mashantucket Pequot grant	48,673	48,673	49,781	1,108
Telephone access grant	19,400	19,400	23,186	3,786
Adult education	16,355	16,355	16,883	528
Pro-rata share of CT fines	3,000	3,000	8,424	5,424
Tax relief - veterans	7,000	7,000	7,167	167
Tax exempt property - disability	1,800	1,800	1,778	(22)
Other grants	1,000	1,000	126	(874)
School building grants	141,253	141,253	-	(141,253)
Total intergovernmental revenues	<u>6,625,246</u>	<u>6,625,246</u>	<u>6,182,666</u>	<u>(442,580)</u>
LICENSES, FEES AND CHARGES FOR GOODS AND SERVICES				
Building Department	180,000	180,000	228,723	48,723
Town Clerk	179,700	179,700	206,654	26,954
Other	-	-	76,462	76,462
Parks and Recreation	21,500	21,500	28,380	6,880
Treasurer	31,880	31,880	24,591	(7,289)
Land use permits	17,700	17,700	18,569	869
Police Department	8,000	8,000	12,884	4,884
Recycling rebates	21,000	21,000	8,165	(12,835)
Greater Hartford Transit District	6,000	6,000	7,575	1,575
Mini-bus donations	3,200	3,200	3,655	455
Aircraft miscellaneous	3,360	3,360	2,680	(680)
Assessor	400	400	573	173
Total licenses, fees and charges for goods and services	<u>472,740</u>	<u>472,740</u>	<u>618,911</u>	<u>146,171</u>
REVENUES FROM THE USE OF MONEY				
Interest on deposits	10,000	10,000	29,854	19,854
Total revenues from the use of money	<u>10,000</u>	<u>10,000</u>	<u>29,854</u>	<u>19,854</u>
OTHER FINANCING SOURCES				
Appropriation of Fund Balance	200,000	200,000	-	(200,000)
Operating transfers	-	-	29,772	29,772
Total other financing sources	<u>200,000</u>	<u>200,000</u>	<u>29,772</u>	<u>(170,228)</u>
Total revenues and other financing sources	<u>\$ 36,356,748</u>	<u>\$ 36,356,748</u>	<u>\$ 36,346,145</u>	<u>\$ (10,603)</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
GENERAL GOVERNMENT				
Town property	\$ 543,670	\$ 556,669	\$ 431,070	\$ (125,599)
Town Counsel and legal	142,800	296,607	296,002	(605)
Board of Selectmen	277,227	284,387	265,330	(19,057)
Treasurer	216,278	218,058	217,363	(695)
Senior Center	213,351	219,990	214,896	(5,094)
Town Planner	215,126	223,426	184,344	(39,082)
Assessor	182,743	185,006	179,507	(5,499)
Building Department	147,272	143,975	141,872	(2,103)
Town Clerk	128,790	129,271	127,604	(1,667)
Tax Collector	100,900	104,825	100,129	(4,696)
27th payroll	61,302	99,499	86,830	(12,669)
Elections - registrar	61,825	56,650	55,851	(799)
Board of Finance	64,127	43,734	40,041	(3,693)
Economic Development Commission	5,444	5,237	2,878	(2,359)
Planning and Zoning Commission	3,111	2,500	2,375	(125)
Probate Court	2,240	2,240	2,112	(128)
Conservation Commission	3,518	2,400	1,460	(940)
Zoning Board of Appeals	1,377	1,200	900	(300)
Board of Tax Review	1,683	1,050	881	(169)
Building Committee	734	960	880	(80)
Ethics Committee	10	800	800	-
Elderly Commission	612	600	310	(290)
Charter revision	3,060	-	-	-
Total general government	2,377,200	2,579,084	2,353,435	(225,649)
PUBLIC SAFETY				
Police Department	2,852,296	3,064,947	2,985,463	(79,484)
Warehouse Point Fire Department	249,015	335,015	335,015	-
Fire protection (water)	329,627	329,689	321,424	(8,265)
Employee benefits	252,960	251,000	240,319	(10,681)
Broad Brook Fire Department	148,202	147,315	139,592	(7,723)
Fire Marshal	18,224	17,867	17,730	(137)
Civil preparedness	59,670	16,250	13,654	(2,596)
Emergency management	14,612	15,225	12,702	(2,523)
Police Commission	1,632	1,526	1,526	(0)
Total public safety	3,926,238	4,178,834	4,067,425	(111,409)

See accompanying Independent Auditor's Report.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
CONSERVATION AND HEALTH				
Human services	\$ 166,222	\$ 173,528	\$ 169,846	\$ (3,682)
Health agencies	102,362	102,695	101,993	(702)
General assistance	13,066	13,066	13,037	(29)
Visiting Nurse Association	6,652	6,747	6,747	-
Water purification	10	10	-	(10)
Total conservation and health	<u>288,312</u>	<u>296,046</u>	<u>291,623</u>	<u>(4,423)</u>
HIGHWAYS				
Public works	683,170	749,090	749,090	-
Road improvements	285,600	285,585	285,585	-
Street lighting	132,610	141,200	140,283	(917)
Total highways	<u>1,101,380</u>	<u>1,175,875</u>	<u>1,174,958</u>	<u>(917)</u>
SANITATION AND WASTE REMOVAL				
Collection and disposal	887,806	875,100	828,529	(46,571)
Total sanitation and waste removal	<u>887,806</u>	<u>875,100</u>	<u>828,529</u>	<u>(46,571)</u>
INSURANCE AND BENEFITS				
Employee benefits	2,744,260	2,668,625	2,585,218	(83,407)
Insurance and surety bonds	610,764	298,404	257,871	(40,533)
Total insurance and surety bonds	<u>3,355,024</u>	<u>2,967,029</u>	<u>2,843,089</u>	<u>(123,940)</u>
CULTURE AND RECREATION				
Libraries	244,955	244,955	244,955	-
Parks and Recreation	206,687	181,348	155,925	(25,423)
Community activities	1,020	1,000	1,000	-
Total culture and recreation	<u>452,662</u>	<u>427,303</u>	<u>401,880</u>	<u>(25,423)</u>
OTHER				
Data processing	170,314	175,291	164,123	(11,168)
Cemeteries	15,298	14,998	14,998	-
Domestic violence	4,080	7,000	5,946	(1,054)
Contingency fund	71,400	33,730	-	(33,730)
Communications	68,850	64,732	62,951	(1,781)
Total miscellaneous	<u>329,942</u>	<u>295,751</u>	<u>248,018</u>	<u>(47,733)</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
EDUCATION				
Salaries				
Certified personnel	\$ 8,692,619	\$ 8,638,972	\$ 8,750,001	\$ 111,029
Clerical	905,172	956,525	955,939	(586)
Building administration	765,445	768,563	768,565	2
Teacher's aides	600,019	969,145	677,573	(291,572)
Custodial	577,918	609,576	614,647	5,071
Administration	450,494	453,819	453,177	(642)
Tutors	360,191	438,578	395,115	(43,463)
Nurses	246,667	258,082	261,210	3,128
Support services	177,535	188,254	188,256	2
Stipends	174,050	182,999	175,050	(7,949)
Substitutes	102,560	134,830	155,223	20,393
Summer school	76,325	70,496	70,496	-
Adult education/enrichment	25,201	25,201	39,146	13,945
Home bound	28,491	28,185	22,261	(5,924)
Total salaries	<u>13,182,687</u>	<u>13,723,225</u>	<u>13,526,659</u>	<u>(196,566)</u>
Employee Benefits				
Health insurance	2,082,876	1,415,510	1,376,147	(39,363)
Retirement and social security	820,451	820,451	840,106	19,655
Workmen's compensation and travel insurance	280,850	133,868	104,460	(29,408)
Total employee benefits	<u>3,184,177</u>	<u>2,369,829</u>	<u>2,320,713</u>	<u>(49,116)</u>
Purchased Services				
Public transportation	1,616,202	1,460,248	1,275,368	(184,880)
Tuition	1,333,371	1,325,011	1,133,998	(191,013)
Other professional services	895,060	1,070,780	1,062,786	(7,994)
Cleaning/repairing	214,491	274,604	395,600	120,996
Maintenance	27,466	152,466	382,579	230,113
Public utilities	273,639	265,899	250,130	(15,769)
Liability insurance	154,120	153,378	150,477	(2,901)
Pupil services	21,083	36,883	32,952	(3,931)
Travel, conferences and other transportation	27,340	36,340	28,810	(7,530)
Communications	55,600	20,210	22,135	1,925
Printing/binding	25,201	25,201	21,798	(3,403)
Property insurance	50,158	50,158	4,428	(45,730)
Instructional program improvements	600	600	560	(40)
Total purchased services	<u>4,694,331</u>	<u>4,871,778</u>	<u>4,761,621</u>	<u>(110,157)</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST WINDSOR, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
EDUCATION (Continued)				
Supplies				
Other supplies	\$ 73,493	\$ 112,473	\$ 364,452	\$ 251,979
Instructional	80,931	112,230	197,082	84,852
Heat and energy	240,000	215,000	116,865	(98,135)
Custodial/maintenance	61,418	61,418	116,639	55,221
Textbooks	21,366	37,509	35,024	(2,485)
Library	18,218	19,494	14,607	(4,887)
Food service	1	1	5,795	5,794
Total supplies	<u>495,427</u>	<u>558,125</u>	<u>850,464</u>	<u>292,339</u>
Capital equipment				
New equipment	30,466	63,531	102,098	38,567
Dues and fees	30,916	31,516	26,182	(5,334)
Total capital equipment	<u>61,382</u>	<u>95,047</u>	<u>128,280</u>	<u>33,233</u>
Total education	<u>21,618,004</u>	<u>21,618,004</u>	<u>21,587,737</u>	<u>(30,267)</u>
DEBT SERVICE	<u>1,109,905</u>	<u>1,034,225</u>	<u>1,032,169</u>	<u>(2,056)</u>
OTHER FINANCING USES				
Transfers out	910,275	909,497	801,000	(108,497)
Total other financing uses	<u>910,275</u>	<u>909,497</u>	<u>801,000</u>	<u>(108,497)</u>
Total expenditures and other financing uses	<u>\$ 36,356,748</u>	<u>\$ 36,356,748</u>	<u>\$ 35,629,863</u>	<u>\$ (726,885)</u>

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, 2016

Grand List Year	Balance Uncollected June 30, 2015	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2016
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
2014	\$ -	\$ 29,118,003	\$ 105,140	\$ 96,001	\$ 19,772	\$ 29,107,370	\$ 28,771,731	\$ 141,590	\$ 28,913,321	\$ 335,639
2013	385,295	-	47,774	18,349	8,679	406,041	268,631	65,122	333,753	137,410
2012	193,016	-	37,613	8,148	4,911	217,570	90,562	36,726	127,288	127,008
2011	145,244	-	-	3,121	1,542	140,581	32,180	19,346	51,526	108,401
2010	117,071	-	-	3,184	882	113,005	6,192	5,712	11,904	106,813
2009	114,536	-	-	3,028	639	110,869	6,656	7,514	14,170	104,213
2008	90,710	-	-	2,745	507	87,458	2,307	2,909	5,216	85,151
2007	59,419	-	-	2,639	558	56,222	1,225	1,615	2,840	54,997
2006	10,437	-	-	2,110	237	8,090	146	249	395	7,944
2005	7,173	-	-	1,841	236	5,096	35	81	116	5,061
2004	4,039	-	-	1,114	-	2,925	34	85	119	2,891
2003	4,489	-	-	1,081	-	3,408	33	90	123	3,375
2002	4,257	-	-	1,019	-	3,238	31	92	123	3,207
2001	2,537	-	-	1,026	-	1,511	37	112	149	1,474
2000	1,479	-	-	981	-	498	36	114	150	462
1999	1,432	-	-	-	1,432	-	-	-	-	-
	<u>\$ 1,141,134</u>	<u>\$ 29,118,003</u>	<u>\$ 190,527</u>	<u>\$ 146,387</u>	<u>\$ 39,395</u>	<u>\$ 30,263,882</u>	<u>\$ 29,179,836</u>	<u>\$ 281,357</u>	<u>\$ 29,461,193</u>	<u>\$ 1,084,046</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, 2016

Total cash collections for the year ended
June 30, 2016:

Taxes	\$ 29,179,836
Interest and lien fees	281,357
Total	<u>29,461,193</u>
Reimbursement for revenue loss:	
Tax relief (CGS 12-129d)	143,493
Base	<u><u>\$ 29,604,686</u></u>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 66,610,544	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	133,221,087	-	-	-
3-3/4 times base	-	-	111,017,573	-	-
3-1/4 times base	-	-	-	96,215,230	-
3 times base	-	-	-	-	88,814,058
Total debt limitation	<u>66,610,544</u>	<u>133,221,087</u>	<u>111,017,573</u>	<u>96,215,230</u>	<u>88,814,058</u>
Indebtedness:					
Bonds payable	1,654,000	496,000	-	-	-
Note payable	-	-	3,467,276	-	-
Bond anticipation notes payable	-	4,900,000	-	-	-
Authorized but not issued	2,740,000	-	-	-	-
	<u>4,394,000</u>	<u>5,396,000</u>	<u>3,467,276</u>	<u>-</u>	<u>-</u>
Less: sewer assessments receivable	-	-	(279,881)	-	-
Less: grant reimbursements	-	(1,900,000) *	-	-	-
Total indebtedness	<u>4,394,000</u>	<u>3,496,000</u>	<u>3,187,395</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 62,216,544</u></u>	<u><u>\$ 129,725,087</u></u>	<u><u>\$ 107,830,178</u></u>	<u><u>\$ 96,215,230</u></u>	<u><u>\$ 88,814,058</u></u>
Total capacity of borrowing (7 times base)	\$ 207,232,802				
Total present indebtedness	11,077,395				
Margin for additional borrowing	<u><u>\$ 196,155,407</u></u>				

* Includes school construction progress payments estimated to be 57.86% of eligible project costs resulting in an approximate net cost to the Town of \$3,000,000.

See accompanying Independent Auditor's Report.

***Nonmajor
Governmental
Funds***

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Nonmajor Special Revenue Funds							
	Park and Recreation Programs	Hot Lunch Program	Dog License Fund	Sewer Operating Fund	Sewer Assessment Fund	Sewer Capital Fund	Drug Forfeiture Fund	Town Aid Road Fund
ASSETS								
Cash and cash equivalents	\$ -	\$ 73,350	\$ -	\$ 1,262,082	\$ 761,157	\$ 222,310	\$ 5,068	\$ 20,909
Receivables:								
Assessments and user charges	-	-	-	90,143	279,881	-	-	-
Grants and contracts	-	42,781	-	-	-	-	-	-
Other	2,300	-	1,319	-	-	-	-	37,817
Due from other funds	15,140	-	-	-	3,787	-	-	-
Inventories	-	7,538	-	-	-	-	-	-
Total assets	<u>\$ 17,440</u>	<u>\$ 123,669</u>	<u>\$ 1,319</u>	<u>\$ 1,352,225</u>	<u>\$ 1,044,825</u>	<u>\$ 222,310</u>	<u>\$ 5,068</u>	<u>\$ 58,726</u>
LIABILITIES								
Accounts payable	\$ 1,103	\$ -	\$ 5,270	\$ 35,099	\$ -	\$ -	\$ -	\$ 600
Salaries and benefits payable	4,028	-	-	10,707	-	-	-	-
Due to other funds	-	102,256	1,099	163,326	-	-	1,655	-
Unearned revenue	-	-	-	397,907	-	-	-	-
Total liabilities	<u>5,131</u>	<u>102,256</u>	<u>6,369</u>	<u>607,039</u>	<u>-</u>	<u>-</u>	<u>1,655</u>	<u>600</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	90,143	279,881	-	-	-
FUND BALANCES								
Nonspendable:								
Inventories	-	7,538	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	37,817
Restricted	-	-	-	-	-	-	-	20,309
Committed to:								
Capital purposes	-	-	-	-	-	222,310	-	-
Other purposes	12,309	13,875	-	655,043	764,944	-	3,413	-
Unassigned	-	-	(5,050)	-	-	-	-	-
Total fund balances	<u>12,309</u>	<u>21,413</u>	<u>(5,050)</u>	<u>655,043</u>	<u>764,944</u>	<u>222,310</u>	<u>3,413</u>	<u>58,126</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,440</u>	<u>\$ 123,669</u>	<u>\$ 1,319</u>	<u>\$ 1,352,225</u>	<u>\$ 1,044,825</u>	<u>\$ 222,310</u>	<u>\$ 5,068</u>	<u>\$ 18,192</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, 2016

	Nonmajor Special Revenue Funds					Nonmajor Permanent Funds			Total Nonmajor
	Miscellaneous	Police	Senior	Family		Cemetery	Veterans		Governmental
	Grants	Private Duty	Center	Resource Center		Trust	Trust		Funds
	Fund	Fund	Fund	Fund	Subtotal	Fund	Fund	Subtotal	
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 179,535	\$ 2,524,411	\$ 4,919	\$ 6,832	\$ 11,751	\$ 2,536,162
Receivables:									
Assessments and user charges	-	-	-	-	370,024	-	-	-	370,024
Grants and contracts	9,261	-	-	-	52,042	-	-	-	52,042
Other	1,569	19,325	790	-	63,120	-	-	-	63,120
Due from other funds	602,922	160,910	10,107	-	811,058	-	-	-	811,058
Inventories	-	-	-	-	7,538	-	-	-	7,538
Total assets	<u>\$ 613,752</u>	<u>\$ 180,235</u>	<u>\$ 10,897</u>	<u>\$ 179,535</u>	<u>3,828,193</u>	<u>\$ 4,919</u>	<u>\$ 6,832</u>	<u>\$ 11,751</u>	<u>\$ 3,839,944</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 42,072	\$ -	\$ -	\$ -	\$ 42,072
Salaries and benefits payable	-	279	-	-	15,014	-	-	-	15,014
Due to other funds	-	-	-	36,139	304,475	-	-	-	304,475
Unearned revenue	308,945	-	-	-	725,044	-	-	-	725,044
Total liabilities	<u>308,945</u>	<u>279</u>	<u>-</u>	<u>36,139</u>	<u>1,086,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,086,605</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	-	-	-	370,024	-	-	-	370,024
FUND BALANCES									
Nonspendable:									
Inventories	-	-	-	-	7,538	-	-	-	7,538
Loans receivable	-	-	-	-	37,817	-	-	-	37,817
Restricted	-	-	-	-	20,309	4,919	6,832	11,751	32,060
Committed to:									
Capital purposes	-	-	-	-	222,310	-	-	-	222,310
Other purposes	304,807	179,956	10,897	143,396	2,088,640	-	-	-	2,088,640
Unassigned	-	-	-	-	(5,050)	-	-	-	(5,050)
Total fund balances	<u>304,807</u>	<u>179,956</u>	<u>10,897</u>	<u>143,396</u>	<u>2,371,564</u>	<u>4,919</u>	<u>6,832</u>	<u>11,751</u>	<u>2,383,315</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 613,752</u>	<u>\$ 180,235</u>	<u>\$ 10,897</u>	<u>\$ 179,535</u>	<u>\$ 3,828,193</u>	<u>\$ 4,919</u>	<u>\$ 6,832</u>	<u>\$ 11,751</u>	<u>\$ 3,839,944</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, 2016

	Nonmajor Special Revenue Funds								
	Park and Recreation Programs	Hot Lunch Program	Dog License Fund	Sewer Operating Fund	Sewer Assessment Fund	Sewer Capital Fund	Drug Forfeiture Fund	Small Cities Fund	Town Aid Road Fund
REVENUES									
Intergovernmental	\$ -	\$ 347,492	\$ -	\$ 24,562	\$ -	\$ -	\$ -	\$ -	\$ 518,489
Charges for goods and services	76,122	188,567	8,241	1,941,135	282,997	-	-	-	-
Interest income	1,013	-	-	2,697	-	-	15	-	-
Other	-	-	-	-	9,811	433	-	50	-
Total revenues	77,135	536,059	8,241	1,968,394	292,808	433	15	50	518,489
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	46,868	-
Public safety	-	-	13,582	-	-	-	5,039	-	-
Highways	-	-	-	-	-	-	-	-	518,489
Culture and recreation	76,010	-	-	-	-	-	-	-	-
Sanitation and waste removal	-	-	-	1,591,396	-	-	-	-	-
Education	-	606,104	-	-	-	-	-	-	-
Capital outlays	-	-	-	437,876	-	43,200	-	-	-
Total expenditures	76,010	606,104	13,582	2,029,272	-	43,200	5,039	46,868	518,489
Excess (deficiency) of revenues over expenditures	1,125	(70,045)	(5,341)	(60,878)	292,808	(42,767)	(5,024)	(46,818)	-
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	275,744	-	265,077	-	-	-
Transfers out	-	-	-	(221,877)	(356,216)	-	-	-	-
Total other financing sources (uses)	-	-	-	53,867	(356,216)	265,077	-	-	-
Net change in fund balances	1,125	(70,045)	(5,341)	(7,011)	(63,408)	222,310	(5,024)	(46,818)	-
Fund balances - beginning	11,184	91,458	291	662,054	828,352	-	8,437	104,944	-
Fund balances - ending	\$ 12,309	\$ 21,413	\$ (5,050)	\$ 655,043	\$ 764,944	\$ 222,310	\$ 3,413	\$ 58,126	\$ -

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, 2016

	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	Subtotal	Cemetery Trust Fund	Veterans Trust Fund	Subtotal	
REVENUES									
Intergovernmental	\$ 191,158	\$ -	\$ -	\$ 37,584	\$ 1,119,285	\$ -	\$ -	\$ -	\$ 1,119,285
Charges for goods and services	-	109,293	10,628	257,249	2,874,232	-	-	-	2,874,232
Interest income	-	-	-	-	3,725	14	8	22	3,747
Other	179,813	-	-	40,802	230,909	-	-	-	230,909
Total revenues	370,971	109,293	10,628	335,635	4,228,151	14	8	22	4,228,173
EXPENDITURES									
Current:									
General government	288,817	-	15,206	-	350,891	-	-	-	350,891
Public safety	63,864	92,035	-	-	174,520	-	-	-	174,520
Highways	-	-	-	-	518,489	-	-	-	518,489
Culture and recreation	10,764	-	-	-	86,774	-	-	-	86,774
Sanitation and waste removal	31,973	-	-	-	1,623,369	-	-	-	1,623,369
Education	4,173	-	-	241,350	851,627	-	-	-	851,627
Capital outlays	-	-	-	-	481,076	-	-	-	481,076
Total expenditures	399,591	92,035	15,206	241,350	4,086,746	-	-	-	4,086,746
Excess (deficiency) of revenues over expenditures	(28,620)	17,258	(4,578)	94,285	141,405	14	8	22	141,427
OTHER FINANCING SOURCES (USES)									
Transfers in	2,000	-	-	-	542,821	-	6,000	6,000	548,821
Transfers out	(6,000)	-	-	-	(584,093)	-	(2,000)	(2,000)	(586,093)
Total other financing sources (uses)	(4,000)	-	-	-	(41,272)	-	4,000	4,000	(37,272)
Net change in fund balances	(32,620)	17,258	(4,578)	94,285	100,133	14	4,008	4,022	104,155
Fund balances - beginning	337,427	162,698	15,475	49,111	2,271,431	4,905	2,824	7,729	2,279,160
Fund balances - ending	\$ 304,807	\$ 179,956	\$ 10,897	\$ 143,396	\$ 2,371,564	\$ 4,919	\$ 6,832	\$ 11,751	\$ 2,383,315

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, 2016**

	Pension Trust Fund	Other Post- Employment Benefits Trust Fund	Total
ASSETS			
Cash and cash equivalents	\$ 637,812	\$ 112,244	\$ 750,056
Investments	21,058,407	622,986	21,681,393
Due from other funds	18,500	-	18,500
Total assets	<u>21,714,719</u>	<u>735,230</u>	<u>22,449,949</u>
LIABILITIES			
Due to other funds	-	18,500	18,500
Total liabilities	<u>-</u>	<u>18,500</u>	<u>18,500</u>
NET POSITION			
Restricted for pension and other post-employment benefits	<u>\$ 21,714,719</u>	<u>\$ 716,730</u>	<u>\$ 22,431,449</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, 2016**

	Pension Trust Fund	Other Post- Employment Benefits Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 912,750	\$ 359,104	\$ 1,271,854
Plan members	299,647	-	299,647
Total contributions	<u>1,212,397</u>	<u>359,104</u>	<u>1,571,501</u>
Investment earnings:			
Interest and dividends	415,164	9,165	424,329
Net increase in the fair value of investments, net of fees	<u>109,743</u>	<u>3,120</u>	<u>112,863</u>
Total investment earnings	<u>524,907</u>	<u>12,285</u>	<u>537,192</u>
Total additions	<u>1,737,304</u>	<u>371,389</u>	<u>2,108,693</u>
DEDUCTIONS			
Benefit payments	1,125,807	227,894	1,353,701
Administrative expense	<u>38,208</u>	<u>1,247</u>	<u>39,455</u>
Total deductions	<u>1,164,015</u>	<u>229,141</u>	<u>1,393,156</u>
Change in net position	573,289	142,248	715,537
Net position - beginning	<u>21,141,430</u>	<u>574,482</u>	<u>21,715,912</u>
Net position - ending	<u>\$ 21,714,719</u>	<u>\$ 716,730</u>	<u>\$ 22,431,449</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2016

	Student Activities	Performance Bonds	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 120,717	\$ -	\$ 120,717
Due from other funds	-	446,680	446,680
Total assets	<u>\$ 120,717</u>	<u>\$ 446,680</u>	<u>\$ 567,397</u>
LIABILITIES			
Due to student groups	\$ 120,717	\$ -	\$ 120,717
Due to others	-	446,680	446,680
Total liabilities	<u>\$ 120,717</u>	<u>\$ 446,680</u>	<u>\$ 567,397</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, 2016**

	Balance, July 1, 2015	Additions	Deletions	Balance, June 30, 2016
Student Activities Fund				
Assets				
Cash and cash equivalents	\$ 111,701	\$ 159,138	\$ 150,122	\$ 120,717
Liabilities				
Due to student groups	\$ 111,701	\$ 159,138	\$ 150,122	\$ 120,717
Performance Bonds				
Assets				
Due from other funds	\$ 222,546	\$ 258,834	\$ 34,700	\$ 446,680
Liabilities				
Due to others	\$ 222,546	\$ 258,834	\$ 34,700	\$ 446,680
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 111,701	\$ 159,138	\$ 150,122	\$ 120,717
Due from other funds	222,546	258,834	34,700	446,680
Total assets	<u>\$ 334,247</u>	<u>\$ 417,972</u>	<u>\$ 184,822</u>	<u>\$ 567,397</u>
Liabilities				
Due to student groups	\$ 111,701	\$ 159,138	\$ 150,122	\$ 120,717
Due to others	222,546	258,834	34,700	446,680
Total liabilities	<u>\$ 334,247</u>	<u>\$ 417,972</u>	<u>\$ 184,822</u>	<u>\$ 567,397</u>

See accompanying Independent Auditor's Report.

***Other
Supplementary
Information***

TOWN ORGANIZATIONAL CHART

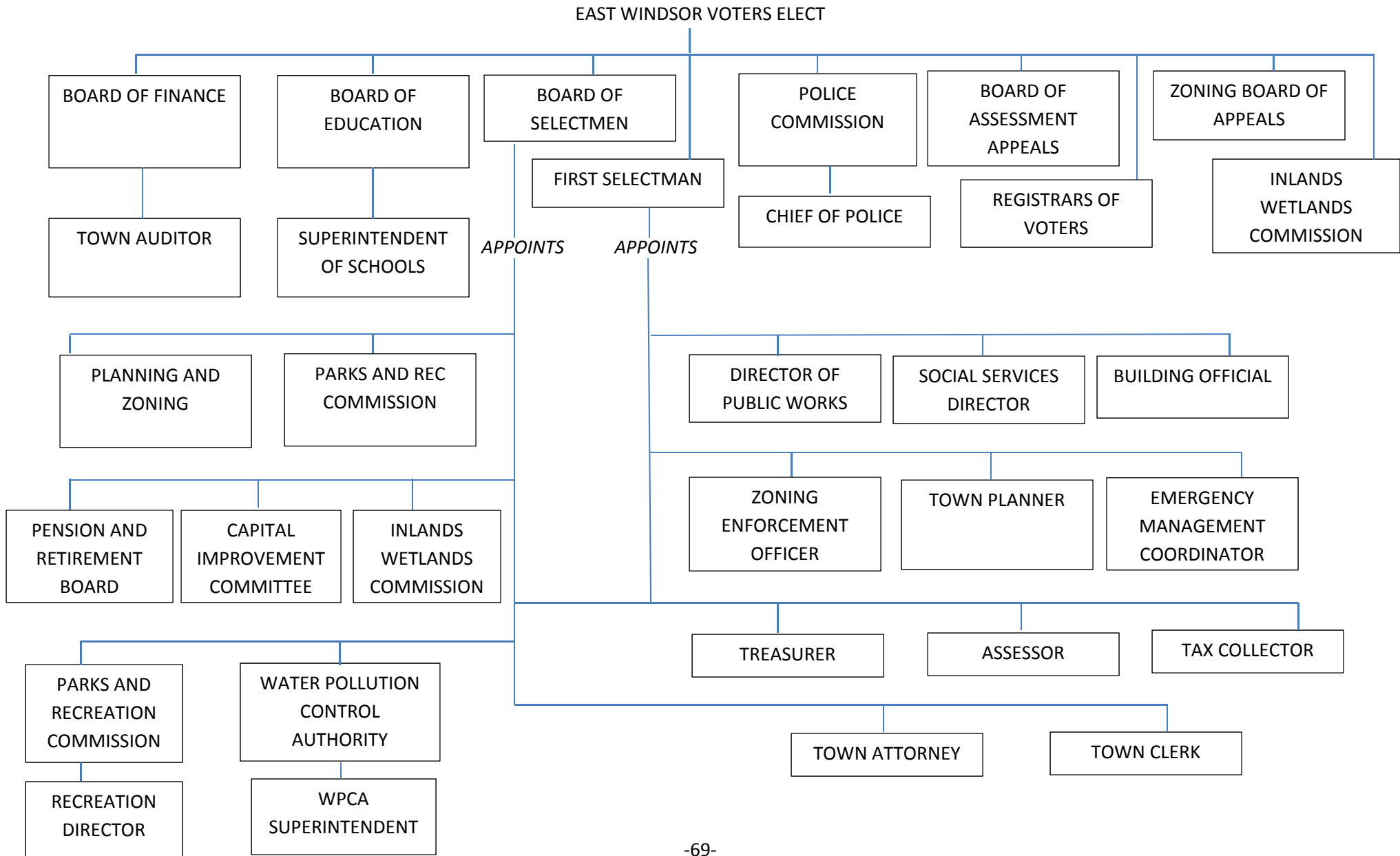


Table 2

TOWN OF EAST WINDSOR, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST NINE 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, 2016
2016	2014	951,996	30.31	\$29,107,370	98.9%	1.2%	1.2%
2015	2013	952,493	29.78	28,444,386	98.6%	1.4%	0.5%
2014	2012	932,907	29.78	27,238,385	97.7%	2.3%	0.5%
2013	2011	1,091,168	24.73	27,063,848	97.9%	2.1%	0.4%
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%	0.2%
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 NINE 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
10/1/2014	56.8%	24.9%	1.4%	7.6%	9.3%	981,067,401	29,071,650	951,995,751	-0.05%
10/1/2013	56.7%	23.3%	1.5%	8.5%	10.0%	988,168,145	35,675,650	952,492,495	2.10%
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	58.6%	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	54.0%	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, 2016
(Unaudited)

OVERALL DEBT (1)					
FISCAL YEAR ENDED JUNE 30	PER CAPITA	TO NET TAXABLE GRAND LIST	TO ESTIMATED FULL VALUE	TO NET EQUALIZED GRAND LIST	RATIO OF DEBT PER CAPITA TO PER CAPITA INCOME
2016	\$ 898	1.04%	0.73%	1.07%	2.75%
NET DIRECT DEBT (2)					
FISCAL YEAR ENDED JUNE 30	PER CAPITA	TO NET TAXABLE GRAND LIST	TO ESTIMATED FULL VALUE	TO NET EQUALIZED GRAND LIST	RATIO OF DEBT PER CAPITA TO PER CAPITA INCOME
2016	\$ 730	0.85%	0.59%	0.87%	2.71%

(1) Overall Debt: \$10,192,277

(2) Net Direct Debt: \$8,292,277

TOWN OF EAST WINDSOR, CONNECTICUT
RATIOS OF DIRECT GROSS GENERAL BONDED DEBT TO ASSESSED VALUE
JUNE 30, 2016
(Unaudited)

FISCAL YEAR ENDED JUNE 30	POPULATION*	ASSESSED VALUE	DIRECT GROSS INDEBTEDNESS	RATIO OF GROSS INDEBTEDNESS TO ASSESSED VALUE	GROSS INDEBTEDNESS PER CAPITA
2016	11,353	\$ 981,067,401	\$ 10,192,277	1.04%	\$ 898

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

Table 6

TOWN OF EAST WINDSOR, CONNECTICUT
COMPUTATION OF NET DIRECT DEBT
JUNE 30, 2016
(Unaudited)

DESCRIPTION	DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO TOWN	TOWN SHARE OF DEBT
Current Debt:			
General purpose	\$ 1,654,000	100%	\$ 1,654,000
Schools	496,000	100%	496,000
Sewers	3,467,276	100%	3,467,276
Total Current Indebtedness			<u>5,617,276</u>
Direct Bonded Indebtedness	5,292,277	100%	5,292,277
Short-term direct indebtedness	4,900,000	100%	4,900,000
Gross direct indebtedness			<u>10,192,277</u>
Exclusion: School Construction Grants Receivable			(1,900,000) *
Exclusion: Assessment Receivable			
Total net direct indebtedness			<u><u>\$ 8,292,277</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
2014 GRAND LIST
(Unaudited)

NAME OF TAXPAYER	NATURE OF BUSINESS	TAX PAID (1)	% NET TAXABLE GRAND LIST (2)
The Mansions at Canyon Ridge	Apartments	\$ 577,407	1.98%
Wal-Mart Stores East LP	Retail Store	553,181	1.90%
Mill Pond Limited Partnership	Apartments	460,673	1.58%
Blue Dog Properties	Commercial Property	333,110	1.14%
Connecticut Light and Power Company	Utility	311,824	1.07%
Southern Auto Sales, Ince	Commercial Auto Sales	293,518	1.01%
East Windsor Properties LTD Partnership	Apartments	266,014	0.91%
Freemont Prospect Hill Road, LLC	Hospitality	248,071	0.85%
Wynwood Apartments Connecticut LTD PTNR	Apartments	239,565	0.82%
West River Farms LLC	Approved Subdivison	168,088	0.58%
Totals		\$ <u>3,451,451</u>	<u>11.86%</u>

(1) Net Taxable Grant List 10/1/2014 Amount: \$951,996

Source: Town Officials

Table 8

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

<u>FISCAL YEAR ENDING</u>	<u>PRINCIPAL PAYMENTS</u>	<u>INTEREST PAYMENTS</u>	<u>TOTAL PAYMENTS</u>
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>\$ 5,617,276</u>	<u>\$ 2,634,764</u>	<u>\$ 8,252,040</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)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Revenues						
Property taxes	\$ 26,071,181	\$ 26,659,418	\$ 27,489,393	\$ 28,008,686	\$ 28,868,977	\$ 29,484,942
Intergovernmental	7,273,015	8,420,974	8,842,174	8,810,002	8,983,491	8,686,073
Licenses, fees, and charges for goods and services	955,800	1,006,865	487,094	538,040	536,450	618,911
Revenue from use of money	18,383	16,936	14,550	10,765	13,387	29,854
Other revenues	3,300	15,278	-	-	-	-
Total revenues	34,321,679	36,119,471	36,833,211	37,367,493	38,402,305	38,819,780
Expenditures						
General government	2,658,301	2,592,865	2,622,366	2,496,432	2,219,413	2,369,636
Public safety	4,752,054	4,778,687	4,870,222	5,015,420	3,939,523	4,067,425
Conservation and health	361,438	337,002	322,968	328,579	271,298	291,623
Highways	1,200,901	1,199,838	1,410,949	1,545,390	1,019,639	1,174,958
Sanitation and waste removal	797,948	820,420	812,211	814,819	844,217	828,529
Culture and recreation	437,610	452,608	465,146	458,738	437,978	401,880
Education	20,522,588	21,503,161	22,517,698	23,072,375	23,299,723	24,287,205
Insurance and benefits	294,488	266,095	431,107	385,601 *	2,967,798	2,843,089
Miscellaneous	178,702	193,223	298,099	168,961	182,802	248,018
Capital outlays	351,206	300,088	319,441	435,575	-	-
Debt service	1,647,198	1,610,903	1,396,258	1,410,318	1,062,306	1,032,169
Total expenditures	33,202,434	34,054,890	35,466,465	36,132,208	36,244,697	37,544,532
Excess of revenues over (under) expenditures	1,119,245	2,064,581	1,366,746	1,235,285	2,157,608	1,275,248
Other Financing Sources (Uses)						
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	350,007	-	-	324,447	-	29,772
Transfers out	(419,755)	(483,884)	(610,820)	(425,765)	(918,341)	(801,000)
Total other financing sources (uses)	(69,748)	(483,884)	(610,820)	(56,414)	(918,341)	(771,228)
Net change in fund balances	1,049,497	1,580,697	755,926	1,178,871	1,239,267	504,020
Fund balance, beginning of year	2,886,362	3,935,859	5,516,556	6,272,482	7,451,353	8,690,620
Fund balance, end of year	\$ 3,935,859	\$ 5,516,556	\$ 6,272,482	\$ 7,451,353	\$ 8,690,620	\$ 9,194,640

* Prior to fiscal year 2014-2015, employee benefits were allocated to the Town's various functions.